

Q1 2017

INTERIM REPORT





28 April 2017 at 8:00 a.m.

eQ PLC'S INTERIM REPORT Q1 2017 – eQ ASSET MANAGEMENT CONTINUED TO GROW AND IMPROVED ITS PROFITABILITY CONSIDERABLY**January to March 2017 in brief**

- During the period under review, the Group's net revenue totalled EUR 9.4 million (EUR 9.4 million from 1 Jan. to 31 March 2016).
 - The Group's net fee and commission income was EUR 9.2 million (EUR 9.1 million).
 - The Group's net investment income from own investment operations was EUR 0.2 million (EUR 0.4 million).
- The Group's operating profit grew by 3 per cent to EUR 4.2 million (EUR 4.1 million).
- The Group's profit was EUR 3.4 million (EUR 3.3 million).
- The consolidated earnings per share were EUR 0.09 (EUR 0.09).
- The net cash flow from own investment operations was EUR 0.0 million (EUR 0.1) and the change in fair value was EUR 0.7 million (EUR 0.0 million).
- The net revenue of the Asset Management segment increased by 30 per cent to EUR 8.0 million (EUR 6.1 million) and the operating profit by 51 per cent to EUR 4.0 million (EUR 2.7 million).
- The net revenue of the Corporate Finance segment fell to EUR 1.2 million (EUR 3.0 million). 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.

Key ratios	1-3/17	1-3/16	Change %	1-12/16
Net revenue, Group, M€	9.4	9.4	-1%	35.4
Net revenue, Asset Management, M€	8.0	6.1	30%	25.6
Net revenue, Corporate Finance, M€	1.2	3.0	-58%	7.9
Net revenue, Investments, M€	0.1	0.3	-63%	1.9
Net revenue, Group administration and eliminations, M€	0.0	0.0	0%	0.0
Operating profit, Group, M€	4.2	4.1	3%	16.2
Operating profit, Asset Management, M€	4.0	2.7	51%	12.0
Operating profit, Corporate Finance, M€	0.5	1.6	-71%	3.7
Operating profit, Investments, M€	0.1	0.3	-63%	1.9
Operating profit, Group administration, M€	-0.3	-0.4	18%	-1.4
Profit for the period, M€	3.4	3.3	3%	12.8



Key ratios	1-3/17	1-3/16	Change %	1-12/16
Earnings per share, €	0.09	0.09	3%	0.35
Equity per share, €	1.36	1.50	-9%	1.74
Cost/income ratio, Group, %	54.5	55.0	-1%	53.0
Liquid assets, M€	21.3	24.2	-12%	16.7
Private equity investments, M€	20.1	22.8	-12%	19.2
Interest-bearing liabilities, M€	0.0	0.0	0%	0.0
Assets under management, € billion	8.9	7.5	19%	8.8

Janne Larma, CEO

The net revenue of the Group remained at previous year's level totalling EUR 9.4 million and the operating profit grew slightly to EUR 4.2 million. The Group's profit increased by 3 per cent to EUR 3.4 million.

The net revenue of eQ Asset Management grew by 30 per cent

The business operations of eQ Asset Management developed extremely positively. The net revenue of the Asset Management segment increased by 30 per cent to EUR 8.0 million and the operating profit by 51 per cent to EUR 4.0 million. The management fees of real estate and private equity asset management grew the most, i.e. by 47 per cent, but the management fees from traditional asset management also grew by 17 per cent. The strong interest of investors in real estate funds continued in the first quarter, during which we received new subscriptions worth EUR 57 million to the eQ Finnish Real Estate Fund. Subscriptions in the eQ Care Fund were interrupted temporarily during one quarter in order to secure the benefits of the present unit holders. eQ Private Equity also succeeded excellently in its operations. At the end of January, we held the first close of the eQ PE IX US Fund at USD 45 million, and at the end of April, the second close at USD 82 million. Our aim is to hold the final close in June. We also established a fund called eQ Private Credit, to which we raised EUR 90 million of capital. The fund makes investments in non-listed debt instruments in Europe. Traditional asset management also grew in the first quarter, and the returns of our funds were at a good level. During the past three years, 93 per cent of all the funds managed by eQ have surpassed their benchmark indices. eQ's product portfolio is very well suited for the present market situation, and we believe that the market situation will continue to be favourable for us.

Advium's commissions at a lower level than last year

In the Corporate Finance segment Advium acted as advisor in four finalised transactions during the first quarter. Advium was advisor to the sellers when they agreed on the sale of Temet Oy's share capital to Väistö Group Oy. Advium also acted as advisor to Genesta, when a fund managed by it, Genesta Nordic Baltic Real Estate Fund I, sold an office property in Pitäjänmäki, Helsinki to a fund managed by the Swedish Areim. Advium's net revenue fell to EUR 1.2 million from the previous year (EUR 3.0 million from 1 Jan. to 31 March 2016) and its operating profit fell to EUR 0.5 million (EUR 1.6 million). Great variations in commissions per quarter are typical of corporate finance operations. The low interest rates and good availability of financing still maintain a high activity level in corporate and real estate transactions, and we believe that the good market situation will continue.

The result of the Investments segment slightly lower than last year

The operating profit of the Investments segment fell slightly from last year to EUR 0.1 million (EUR 0.3 million). At the end of March, the balance sheet value of the private equity investments was EUR 20.1 million (EUR 19.2 million on 31 December 2016). In January, eQ Plc made a USD 1.0 million investment commitment in the eQ PE IX US Fund.



eQ's interim report 1 January to 31 March 2017 is enclosed to this release and it is also available on the company website at www.eQ.fi.

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

Distribution: Nasdaq Helsinki, www.eQ.fi, media

eQ Group is a Finnish group of companies specialising in asset management and corporate finance business. eQ Asset Management offers a wide range of asset management services (including private equity funds and real estate asset management) for institutions and individuals. The assets managed by the Group total approximately EUR 8.9 billion. Advium Corporate Finance, which is part of the Group, offers services related to mergers and acquisitions, real estate transactions and equity capital markets.

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



eQ PLC'S INTERIM REPORT 1 JAN. TO 31 MARCH 2017

Result of operations and financial position 1 Jan. to 31 March 2017

- During the period under review, the Group's net revenue totalled EUR 9.4 million (EUR 9.4 million from 1 Jan. to 31 March, 2016).
 - The Group's net fee and commission income was EUR 9.2 million (EUR 9.1 million).
 - The Group's net investment income from own investment operations was EUR 0.2 million (EUR 0.4 million).
- The Group's operating profit grew by 3 per cent to EUR 4.2 million (EUR 4.1 million).
- The Group's profit was EUR 3.4 million (EUR 3.3 million).
- The consolidated earnings per share were EUR 0.09 (EUR 0.09).
- The net cash flow from own investment operations was EUR 0.0 million (EUR 0.1) and the change in fair value was EUR 0.7 million (EUR 0.0 million).

- The net revenue of the Asset Management segment increased by 30 per cent to EUR 8.0 million (EUR 6.1 million) and the operating profit by 51 per cent to EUR 4.0 million (EUR 2.7 million).
- The net revenue of the Corporate Finance segment fell to EUR 1.2 million (EUR 3.0 million). 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.

Operating environment

The beginning of 2017 was characterised by trust in the revival of global economic growth. The US has continued to post strong financial figures, and the election of Mr Trump as president strengthened hopes for increased fiscal policy stimulus. In the euro zone and in the industrial and service sectors, the purchasing managers' indices rose to the highest levels in six years. Strong and stable growth continued in China as well. In deviation from previous years, inflation, i.e. the increase in prices, also accelerated.

The stronger belief in economic growth led to a rise in share prices in January and February. At the same time, the bond market was anxious about potential interest rate increases by the US Central Bank, the FED. After this, the rise in share prices levelled off in the Western market and share prices fell in the US, as many of the reforms promised by president Trump met with headwinds in the Congress. On the other hand, the election results in the Netherlands calmed down the market in Europe. Emerging equity markets were supported by the strong Asian economic and result growth and lower valuation level than that of the Western markets. President Trump's protectionist goals did not advance, and the FED seems to increase interest rates at a more moderate pace than predicted, which also had a positive impact on emerging equity markets.

During the entire first quarter, the returns of the major equity markets were clearly positive. The increase was the strongest in emerging equity markets, where the rise at index level was 9.9 per cent. Variations by region were great, however: in Russia Q1 remained negative, whereas in China and above all in India share prices increased strongly. In Europe, share prices rose by 6.0 per cent and in the US by 4.4 per cent calculated in euros (5.9 per cent in dollars). Finland lagged somewhat behind the general development in Europe, and shares prices rose by 4.4 per cent. In Japan, share prices rose by 3.1 per cent calculated in euros.

In the bond market, the FED raised rates at the end of March, and due to steeper yield curves the return of euro government bonds also became negative (-1.5 per cent) in the first quarter. Investment grade loans gave a 0.3 per cent, high yield loans 1.8 per cent and emerging market corporate loans a 2.5 per cent return calculated in Western currencies.

Major events during the period under review

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 as a 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 decisions by the Annual General Meeting have been presented in a separate chapter below.

Group net revenue and result development

During the period under review, the Group's net revenue totalled EUR 9.4 million (EUR 9.4 million from 1 Jan. to 31 March 2016). The Group's net fee and commission income increased to EUR 9.2 million (EUR 9.1 million). The Group's net investment income from own investment operations was EUR 0.2 million (EUR 0.4 million).

The Group's expenses and depreciation totalled EUR 5.1 million (EUR 5.3 million). Personnel expenses were EUR 4.0 million (EUR 4.1 million), other administrative expenses totalled EUR 0.5 million (EUR 0.5 million), and the other operating expenses were EUR 0.5 million (EUR 0.5 million). Depreciation was EUR 0.1 million (EUR 0.2 million).

The Group's operating profit was EUR 4.2 million (EUR 4.1 million) and the profit for the period was EUR 3.4 million (EUR 3.3 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 March, eQ had 26 mutual funds registered in Finland.

In the first quarter, eQ's fixed-income funds gave very good returns with the exception of the eQ Euro Government Bond Fund. The eQ Emerging Markets Corporate Bond funds and eQ High Yield fund were the best fixed-income funds in the first quarter with returns varying between 2.5 and 6 per cent. All fixed-income funds 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 mainly excellent in the first quarter. The best development in the first quarter was seen in the eQ CO2 Fund as well as the emerging market funds eQ Emerging Asia and eQ Emerging Dividend. The returns of the best equity funds clearly exceeded 10 per cent in the first quarter. The only fund with a slightly negative development was eQ Europe Property. The best returns as compared with the benchmark indices came from the eQ CO2, eQ Russia and eQ Nordic Small Cap funds. Of the funds managed by eQ, 71 per cent surpassed their benchmark indices in the first quarter, and in the past three years no less than 93 per cent have surpassed their benchmark indices. The average Morningstar rating in funds managed by eQ was 3.5 stars at the end of the quarter. The returns of the discretionary asset management portfolios that eQ manages varied between +1 and 5 per cent during the first quarter, 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 was held in April at almost USD 82 million and the final close will take place before Midsummer. A new fund called eQ Private Credit was established at the end of the quarter at EUR 90 million. The fund mainly invests in European senior loans, and it is implemented together with MV Credit, an experienced private credit actor. The assets managed under private equity operations grew during the first



quarter and amounted to EUR 4 483 million at the end of the first quarter (EUR 4 319 million on 31 Dec. 2016).

Real estate investments

The eQ Finnish Real Estate Fund continued to grow strongly, and at the end of the first quarter, new subscriptions for EUR 57 million were made in the fund. At the end of the quarter, the size of the fund was EUR 309 million, and its real estate property is EUR 395 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 1 500 unit holders.

The eQ Care Fund was temporarily closed from new subscriptions during the first quarter in order to safeguard the success of the investment operations. At the end of the quarter, the size of the fund was already EUR 397 million and its real estate assets totalled almost EUR 540 million. The return of the fund since establishment is excellent at 8.8 per cent p.a., and the fund already has almost 2 400 unit holders.

Towards the end of 2016, eQ established a new non-UCITS fund that is especially designed for institutions, eQ Forest. eQ Forest makes investments in Finnish forests, and it has made its first forest deals worth almost EUR 10 million.

Assets under management and clients

At the end of the quarter, the assets managed by eQ Asset Management totalled EUR 8 946 million. The assets increased by EUR 170 million from the close of the year (EUR 8 775 million on 31 Dec. 2016). At the end of the period, the assets managed by mutual funds registered in Finland totalled EUR 2 068 million (EUR 1 936 million), and the assets under management increased by more than EUR 130 million. Mutual funds managed by international partners and other assets covered by asset management operations totalled EUR 2 395 million (EUR 2 520 million). The assets managed under private equity funds and asset management totalled EUR 4 483 million (EUR 4 319 million). EUR 2 944 million (EUR 2 890 million) of these assets were covered by the reporting service.

Result of the Asset Management segment

In the first quarter, the net revenue of the Asset Management segment increased by 30 per cent and the operating profit by 51 per cent to EUR 4.0 million (EUR 2.7 million from 1 Jan. to 31 March 2016). The fee and commission income of the segment increased by 31 per cent during the quarter. Particularly the management fees from real estate and private equity asset management grew strongly. Expenses increase mainly due to performance-based salary items. Calculated as full-time resources, the Asset Management segment had 61 employees at the end of the first quarter.

Asset Management	1-3/17	1-3/16	Change %	1-12/16
Net revenue, M€	8.0	6.1	30%	25.6
Operating profit, M€	4.0	2.7	51%	12.0
Assets under management, € billion	8.9	7.5	19%	8.8
Cost/income ratio, %	49.7	54.8	-9%	51.6
Personnel as full-time resources	61	61	0%	62

Fee and commission income, Asset Management, M€	1-3/17	1-3/16	Change %	1-12/16
Management fees from traditional asset management	2.1	1.8	17%	7.7
Real estate and private equity management fees	4.1	2.8	47%	13.8
Other fee and commission income	0.1	0.1	-34%	0.3
Performance fees	1.7	1.4	20%	3.9
Total	8.1	6.2	31%	25.8



Corporate Finance

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

Despite the uncertainties in global politics, the low interest rates and good availability of financing have continued to contribute to a high activity in corporate and real estate transactions.

During the period under review, Advium acted as advisor in four finalised transactions. Among others, Advium acted as advisor to Genesta, as a fund managed by it, Genesta Nordic Baltic Real Estate Fund I, sold an office property in Pitäjänmäki, Helsinki to a fund managed by the Swedish Areim. In the traditional M&A sector, Advium acted as financial advisor to the sellers, when they agreed on the sale of Temet Oy's share capital to Väistö Group Oy. Temet is a global market leader in air-raid shelter technology

Result of the Corporate Finance segment

In the first quarter, Advium's net revenue was EUR 1.2 million (EUR 3.0 million from 1 Jan. to 31 March 2016). The operating profit was EUR 0.5 million (EUR 1.6 million). The segment had 14 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	1-3/17	1-3/16	Change %	1-12/16
Net revenue, M€	1.2	3.0	-58%	7.9
Operating profit, M€	0.5	1.6	-71%	3.7
Cost/income ratio, %	63.4	47.3	34%	52.7
Personnel as full-time resources	14	13	8%	13

Investments

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

During the period under review, the net revenue of the Investments segment totalled EUR 0.1 million (EUR 0.3 million from 1 Jan. to 31 March 2016). At the end of the period, the fair value of the private equity fund investments was EUR 20.1 million (EUR 19.2 million on 31 Dec. 2016) and the amount of the remaining investment commitments was EUR 11.3 million (EUR 11.2 million). Of the market value, 70 per cent has been invested in private equity funds managed by eQ. The breakdown of the market value and investment commitments of private equity investments per fund are presented in the tables on page 19.

During the period, the investment objects returned capital for EUR 0.5 million (EUR 0.5 million from 1 Jan. to 31 March 2016) and distributed a profit of EUR 0.2 million (EUR 0.4 million). Capital calls totalled EUR 0.7 million (EUR 0.8 million). The net cash flow from investments during the period was EUR 0.0 million (EUR 0.1 million). The Group's internal management fee expenses, which are included in the result of the Investments segment, totalled EUR 0.1 million (EUR 0.1 million).

The value change of investments in the fair value reserve before taxes was EUR 0.7 million (EUR 0.0 million). The unrealised value changes of investments in the fair value reserve after taxes were EUR 0.5 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 per cent p.a. (IRR).

In the first quarter, eQ Plc made a USD 1.0 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.



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	1-3/17	1-3/16	Change %	1-12/16
Net revenue, M€	0.1	0.3	-63%	1.9
Operating profit, M€	0.1	0.3	-63%	1.9
Fair value of investments, M€	20.1	22.8	-12%	19.2
Investment commitments, M€	11.3	12.5	-9%	11.2

Balance sheet and solvency

At the end of the period under review, the consolidated balance sheet total was EUR 80.3 million (EUR 76.2 million on 31 Dec. 2016) and the shareholders' equity was EUR 50.1 million (EUR 64.5 million). During the period, the shareholders' equity was influenced by the profit for the period of EUR 3.4 million, the change in the fair value reserve of EUR 0.6 million, the decided dividend distribution of EUR -12.9 million, the decided repayment of equity of EUR -5.5 million from the reserve for invested unrestricted equity, and the accrued expense of EUR 0.1 million related to the option scheme and entered in the shareholders' equity. The changes are specified in detail in the tables attached to this release.

At the end of the period, liquid assets totalled EUR 11.1 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 had no interest-bearing liabilities (EUR 0.0 million). Interest-free long-term debt, which consists of the deferred tax liability, was EUR 0.5 million (EUR 0.4 million) and interest-free short-term debt EUR 29.7 million (EUR 11.3 million), including EUR 18.5 million (EUR 0.0 million) of debt related to the dividend distribution and repayment of equity. eQ's equity to assets ratio was 62.4% (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 14.3% (13.9% on 31 Dec. 2016) at the end of the period. The minimum requirement for own funds is 8 per cent. At the end of the period, the Group's own funds based on solvency calculations totalled EUR 17.3 million (EUR 16.6 million on 31 Dec. 2016), and the risk-weighted items were EUR 120.9 million (EUR 119.3 million). Detailed information on the Group's solvency can be found in the tables section.

Shares and share capital

At the end of the period on 31 March 2017, the number of eQ Plc's shares was 36 977 198 and the share capital was EUR 11 383 873. There were no changes in the number or shares or share capital during the period.

The closing price of eQ Plc's share on 31 March 2017 was EUR 8.04 (EUR 8.11 on 31 Dec. 2016). The market capitalisation of the company was thus EUR 297.3 million (EUR 299.9 million) at the end of the period. During the period, 763 510 shares were traded on Nasdaq Helsinki (1 094 877 shares from 1 Jan. to 31 March 2016).

Own shares

At the end of the period, on 31 March 2017, eQ Plc held no own shares.



Shareholders

Ten major shareholders on 31 March 2017

	Shares	Share, %
1 Fennogens Investements SA	6 973 137	18.86
2 Chilla Capital S.A.	5 322 635	14.39
3 Anchor Oy Ab	3 783 677	10.23
4 Umo Capital Oy	3 779 286	10.22
5 Teamet Oy	3 700 000	10.01
6 Oy Cevante Ab	1 419 063	3.84
7 Fazer Jan Peter	1 353 780	3.66
8 Linnalex Ab	681 652	1.84
9 Lavventura Oy	550 000	1.49
10 Pinomonte Ab	529 981	1.43
10 major shareholders, total	28 093 211	75.97
Nominee registered	283 761	0.77
Other shares	8 600 226	23.26
Total	36 977 198	100.00

On 31 March 2017, eQ Plc had 4 826 shareholders (4 668 shareholders on 31 Dec. 2016).

Option schemes

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

Option scheme 2010

At the end of the period, altogether 1 700 000 options had been allocated from option scheme 2010. Of these options, altogether 620 000 had been exercised by the end of the period. The number of outstanding options was 1 080 000 at the end of the period. No options of the option scheme 2010 can any longer be allocated. Options 2010 of the option scheme 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.

Decisions by the Annual General Meeting

eQ Plc's Annual General Meeting (AGM), held on Wednesday 29 March 2017 in Helsinki, decided upon the following:

Confirmation of the financial statements

eQ Plc's AGM confirmed the financial statements of the company, which included the consolidated financial statements, the report by the Board of Directors, and the auditors' report for the financial year 2016.



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

The AGM confirmed the proposal by the Board of Directors that a dividend of EUR 0.35 per share and a repayment of equity of EUR 0.15 from the reserve for invested unrestricted equity be paid out. The dividend and equity repayment were paid to shareholders who, on the record date for the dividend payment, i.e. 31 March 2017, were recorded in the shareholder register held by Euroclear Finland Ltd. The payment date of the dividend and equity repayment was 7 April 2017.

Discharge from liability to the Board of Directors and the CEO

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

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

According to the decision of the AGM, five members shall be elected to eQ Plc's Board of Directors. Nicholas Berner, Georg Ehrnrooth, Timo Kokkila and Annika Poutiainen were re-elected and Carl Haglund was elected as a new member to the Board for a term of office that will end at the close of the next Annual General Meeting. The AGM decided that the directors will receive remuneration as follows: The Chairman of the Board will receive EUR 3 500 and the other directors EUR 2 000 per month. The Directors will also be paid EUR 400 for each Board meeting that they attend. Travel and lodging costs will be compensated in accordance with the company's expense policy. The Board elected Georg Ehrnrooth Chairman of the Board at its meeting held immediately after the AGM.

Auditors and auditors' compensation

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

Authorising the Board of Directors to decide on the repurchase of shares

The AGM 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 repurchased 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.

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

The AGM authorised the Board of Directors to decide on a share issue or share issues and/or the issuance of special rights entitling to shares referred to in Chapter 10 Section 1 of the Limited Liability Companies Act, in one or several transactions, comprising a maximum total of 5 000 000 new shares. The amount of the authorisation corresponded to approximately 13.52 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.

Personnel and organisation

At the end of the period, the number of Group personnel calculated as full-time resources was 80 (80 persons on 31 December 2016). Calculated as full-time resources, the Asset Management segment had 61 (62) employees and the Corporate Finance segment 14 (13) employees. Group administration had 5 (5) employees.

The overall salaries paid to the employees of eQ Group during the period totalled EUR 4.0 million (EUR 4.1 million from 1 Jan. to 31 March 2016).

Major risks and short-term uncertainties

The major single risk of the Group is the dependence of the operating income on changes in the external operating environment. The result of the Asset Management segment depends on the development of the assets under management, which is dependent of the development of the capital market. 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.

Events after the period under review

After the period under review on 27 April, the eQ PE IX US private equity fund held its second close at almost USD 82 million.

eQ Plc
Board of Directors



TABLES

Principles for drawing up the report

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

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

The interim report has not been audited.

CONSOLIDATED INCOME STATEMENT, EUR 1 000

	1-3/17	1-3/16	1-12/16
Fee and commission income	9 257	9 072	33 434
Interest income	0	2	4
Net income from available-for-sale financial assets	162	381	2 194
Operating income, total	9 420	9 455	35 633
Fee and commission expenses	-70	-48	-213
Interest expenses	0	0	-1
NET REVENUE	9 350	9 407	35 418
Administrative expenses			
Personnel expenses	-4 027	-4 087	-14 572
Other administrative expenses	-534	-506	-2 012
Depreciation on tangible and intangible assets	-76	-183	-644
Other operating expenses	-470	-512	-1 914
Impairment losses of other financial assets	-	-	-50
OPERATING PROFIT (LOSS)	4 244	4 119	16 227
PROFIT BEFORE TAXES	4 244	4 119	16 227
Income tax	-882	-868	-3 395
PROFIT (LOSS) FOR THE PERIOD	3 362	3 251	12 832



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1-3/17	1-3/16	1-12/16
Other comprehensive income:			
Items that may be reclassified subsequently to the income statement:			
Available-for-sale financial assets, net	592	25	-761
Other comprehensive income after taxes	592	25	-761
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	3 954	3 275	12 071
Profit for the period attributable to:			
Equity holders of the parent company	3 362	3 251	12 832
Non-controlling interests	-	-	-
Comprehensive income for the period attributable to:			
Equity holders of the parent company	3 954	3 275	12 071
Non-controlling interests	-	-	-
Earnings per share calculated from the profit of equity holders of the parent company			
Earnings per average share, EUR	0.09	0.09	0.35
Diluted earnings per average share, EUR	0.08	0.09	0.33



CONSOLIDATED BALANCE SHEET, EUR 1 000

	31 March 2017	31 March 2016	31 Dec. 2016
ASSETS			
Liquid assets	63	56	47
Claims on credit institutions	11 118	19 161	6 579
Available-for-sale financial assets			
Financial securities	10 123	5 024	10 076
Private equity fund investments	20 066	22 823	19 209
Intangible assets	29 477	29 805	29 455
Tangible assets	352	402	368
Other assets	7 145	5 955	8 946
Accruals and prepaid expenditure	1 125	1 402	1 006
Income tax receivables	656	280	254
Deferred tax assets	198	243	237
TOTAL ASSETS	80 324	85 152	76 177
LIABILITIES AND EQUITY			
LIABILITIES			
Other liabilities	24 765	23 630	3 369
Accruals and deferred income	4 116	4 228	7 607
Income tax liabilities	862	1 583	316
Deferred tax liabilities	474	639	374
TOTAL LIABILITIES	30 218	30 079	11 666
EQUITY			
Attributable to equity holders of the parent company:			
Share capital	11 384	11 384	11 384
Fair value reserve	532	725	-61
Reserve for invested unrestricted equity	29 315	34 584	34 861
Retained earnings	5 514	5 130	5 495
Profit (loss) for the period	3 362	3 251	12 832
TOTAL SHAREHOLDERS' EQUITY	50 106	55 073	64 511
TOTAL LIABILITIES AND EQUITY	80 324	85 152	76 177



CONSOLIDATED CASH FLOW STATEMENT, EUR 1 000

	1-3/2017	1-3/2016	1-12/2016
CASH FLOW FROM OPERATIONS			
Operating profit	4 244	4 119	16 227
Depreciation and write-downs	76	183	999
Interest income and expenses	0	-1	-3
Transactions with no related payment transactions	130	160	525
Available-for-sale investments – private equity funds	-163	-318	1 886
Change in working capital			
Business receivables, increase (-) / decrease (+)	1 683	-1 428	-3 752
Interest-free debt, increase (+) / decrease (-)	-584	521	738
Total change in working capital	1 100	-907	-3 013
Cash flow from operations before financial items and taxes	5 386	3 236	16 620
Interests received	0	2	4
Interests paid	0	0	-1
Taxes	-749	-606	-3 422
CASH FLOW FROM OPERATIONS	4 637	2 631	13 202
CASH FLOW FROM INVESTMENTS			
Investments in intangible and tangible assets	-82	-38	-113
Investments in other investments – liquid mutual funds	-	-	-5 000
CASH FLOW FROM INVESTMENTS	-82	-38	-5 113
CASH FLOW FROM FINANCING			
Dividends paid/equity repayments	-	-	-18 364
Income from share issue	-	-	278
CASH FLOW FROM FINANCING	0	0	-18 086
INCREASE/DECREASE IN LIQUID ASSETS	4 555	2 594	-9 998
Liquid assets on 1 Jan.	6 626	16 623	16 623
Liquid assets on 31 March/Dec.	11 181	19 217	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. 2016	11 384	41 929	700	15 988	70 001	70 001
Profit (loss) for the period				3 251	3 251	3 251
Other comprehensive income						
Available-for-sale financial assets			25		25	25
Total comprehensive income			25	3 251	3 275	3 275
Dividend/equity repayment		-7 345		-11 018	-18 364	-18 364
Options granted				160	160	160
Shareholders' equity on 31 March 2016	11 384	34 584	725	8 381	55 073	55 073

Shareholders' equity on 1 Jan. 2017	11 384	34 861	-61	18 326	64 511	64 511
Profit (loss) for the period				3 354	3 354	3 354
Other comprehensive income						
Available-for-sale financial assets			592		592	592
Total comprehensive income			592	3 362	3 954	3 954
Dividend/equity repayment		-5 547		-12 942	-18 489	-18 489
Options granted				131	131	131
Other changes				0	0	0
Shareholders' equity on 31 March 2017	11 384	29 315	532	8 876	50 106	50 106



FEE AND COMMISSION INCOME, GROUP, EUR 1 000

	1-3/17	1-3/16	1-12/16
Asset management fees			
Management fees from traditional asset management	2 142	1 829	7 732
Real estate and private equity management fees	4 075	2 726	13 545
Other fee and commission income	77	117	344
Performance fees	1 719	1 431	3 909
Total	8 013	6 104	25 530
Corporate finance fees	1 244	2 969	7 905
Fee and commission income, total	9 257	9 072	33 434

FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES, EUR 1 000

	31 March 2017		31 March 2016		31 Dec. 2016	
	Fair value	Book value	Fair value	Book value	Fair value	Book value
Financial assets						
Available-for-sale financial assets						
Private equity investments	20 066	20 066	22 823	22 823	19 209	19 209
Financial securities	10 123	10 123	5 024	5 024	10 076	10 076
Accounts receivable and other receivables	920	920	1 444	1 444	1 517	1 517
Liquid assets	11 181	11 181	19 217	19 217	6 626	6 626
Total	42 290	42 290	48 508	48 508	37 429	37 429
Financial liabilities						
Accounts payable and other liabilities	1 509	1 509	2 418	2 418	643	643
Total	1 509	1 509	2 418	2 418	643	643

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



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

	31 March 2017		31 March 2016		31 Dec. 2016	
	Level 1	Level 3	Level 1	Level 3	Level 1	Level 3
Available-for-sale financial assets						
Private equity fund investments	-	20 066	-	22 823	-	19 209
Financial securities	10 123	-	5 024	-	10 076	-
Total	10 123	20 066	5 024	22 823	10 076	19 209

Level 3 reconciliation – Available-for-sale financial assets:

1-3/2017	Private equity fund Investments
Opening balance on 1 Jan. 2017	19 209
Calls	657
Returns	-494
Impairment loss	-
Change in fair value	694
Closing balance on 31 March 2017	20 066

1-3/2016	Private equity fund Investments
Opening balance on 1 Jan. 2016	22 456
Calls	813
Returns	-495
Impairment loss	-
Change in fair value	49
Closing balance on 31 March 2016	22 823

1-12/2016	Private equity fund Investments
Opening balance on 1 Jan. 2016	22 456
Calls	2 414
Returns	-4 328
Impairment loss	-305
Change in fair value	-1 028
Closing balance on 31 Dec. 2016	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 fund investments are valued in accordance with a practice widely used in the sector, International Private Equity and Venture Capital Guidelines. The impairment losses of private equity investments are based on the management's assessment, as described in the principles for preparing the financial statements. During the period under review, no transfers took place between the levels of the fair value hierarchy.



PRIVATE EQUITY FUND INVESTMENTS, EUR 1 000

	Market value		Acquisition cost		Unrealised value change*	
	31.3.17	31.12.16	31.3.17	31.12.16	31.3.17	31.12.16
Funds managed by eQ:						
Funds of funds:						
eQ PE IX US LP	0	-	0	-	0	-
eQ PE VIII North LP	171	182	208	208	-36	-26
eQ PE VII US LP	340	219	411	269	-71	-50
eQ PE VI North LP	1 018	818	1 099	909	-81	-91
Amanda V East LP	3 195	2 730	3 437	3 187	-242	-457
Amanda IV West LP	2 991	3 020	2 426	2 515	564	505
Amanda III Eastern PE LP	6 011	6 115	5 583	5 748	428	368
Eur Fund Inv. LP (EFI II)	249	197	324	337	-75	-140
Total	13 975	13 281	13 488	13 172	487	110
Funds managed by others:						
Large buyout funds	2 791	2 945	2 759	2 907	32	38
Midmarket funds	2 195	1 879	2 195	2 195	0	-315
Venture funds	1 106	1 104	1 049	1 066	57	37
Total	20 066	19 209	19 490	19 340	576	-131

*Unrealised value change before taxes

REMAINING INVESTMENT COMMITMENTS OF PRIVATE EQUITY FUNDS, EUR 1 000

	Investment commitment	
	31.3.17	31.12.16
Funds managed by eQ:		
Funds of funds:		
eQ PE IX US LP	935	-
eQ PE VIII North LP	2 792	2 792
eQ PE VII US LP	2 381	2 558
eQ PE VI North LP	1 611	1 860
Amanda V East LP	1 210	1 460
Amanda IV West LP	602	603
Amanda III Eastern PE LP	310	316
Eur Fund Inv. LP (EFI II)	34	35
Total	9 876	9 624
Funds managed by others:		
Large buyout funds	237	224
Midmarket funds	1 218	1 217
Venture funds	12	115
Total	11 342	11 180



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

	31.3.17	31.12.16
-2000	541	530
2001-2005	1 558	1 527
2006-2010	16 437	15 934
2011-	1 529	1 219
Total	20 066	19 209

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

	31.3.17	31.12.16
-2000	12	115
2001-2005	742	742
2006-2010	2 870	3 113
2011-	7 719	7 210
Total	11 342	11 180



SEGMENT INFORMATION, EUR 1 000

1-3/17	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group Total
Fee and commission income	8 013	1 244	-	-		9 257
From other segments	50	-	-	-	-50	-
Net income from foreign exchange dealing	-	-	-	-		-
Interest income	-	-	-	0		0
Net income from available-for-sale financial assets	-	-	162	-		162
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	-
Operating income, total	8 063	1 244	162	20	-69	9 420
Fee and commission expenses	-68	-	-	-2		-70
To other segments	-	-	-50	-	50	-
Interest expenses	-	-	-	0		0
NET REVENUE	7 996	1 244	112	17	-19	9 350
Administrative expenses						
Personnel expenses	-3 179	-622	-	-226		-4 027
Other administrative expenses	-416	-95	-	-41	19	-534
Depreciation on tangible and intangible assets	-65	-6	-	-6		-76
Other operating expenses	-326	-65	-	-79		-470
OPERATING PROFIT (LOSS)	4 010	456	112	-335	0	4 244
Income tax				-882		-882
PROFIT (LOSS) FOR THE PERIOD				-1 217		3 361

1-3/16	Asset Man.	Corporate Finance	Invest- ments	Other	Elimin- ations	Group Total
Fee and commission income	6 104	2 969	-	-		9 072
From other segments	75	-	-	-	-75	0
Net income from foreign exchange dealing	-	-	-	-		-
Interest income	-	-	-	2		2
Net income from available-for-sale financial assets	-	-	381	-		381
Other operating income	-	-	-	-		-
From other segments	-	-	-	19	-19	0
Operating income, total	6 179	2 969	381	21	-94	9 455
Fee and commission expenses	-45	-	-	-3		-48
To other segments	-	-	-75	-	75	0
Interest expenses	-	-	-	0		0
NET REVENUE	6 133	2 969	306	18	-19	9 407



1-3/16	Asset Man.	Corporate Finance	Investments	Other	Eliminations	Group Total
Administrative expenses						
Personnel expenses	-2 602	-1 246	-	-239		-4 087
Other administrative expenses	-370	-81	-	-75	19	-506
Depreciation on tangible and intangible assets	-171	-5	-	-7		-183
Other operating expenses	-338	-71	-	-103		-512
OPERATING PROFIT (LOSS)	2 653	1 566	306	-406	0	4 119
Income tax				-868		-868
PROFIT (LOSS) FOR THE PERIOD				-1 274		3 251

1-12/16	Asset Man.	Corporate Finance	Investments	Other	Eliminations	Group Total
Fee and commission income	25 530	7 905	-	-		33 434
From other segments	300	-	-	-	-300	-
Net income from foreign exchange dealing	-	-	-	-		-
Interest income	-	-	-	4		4
Net income from available-for-sale financial assets	-	-	2 194	-		2 194
Other operating income	-	-	-	-		-
From other segments	-	-	-	77	-77	-
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	-
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.



SOLVENCY, EUR 1 000

	CRR 31 March 2017 eQ Group	CRR 31 Dec. 2016 eQ Group
Own capital	50 106	64 511
Common equity tier 1 (CET 1) before deductions	50 106	64 511
Deductions from CET 1		
Intangible assets	-29 477	-29 451
Unconfirmed profit for the period	-3 362	-12 832
Dividend proposal by the Board*	-	-5 657
Common equity tier 1 (CET1)	17 268	16 571
Additional tier 1 (AT1)	0	0
Tier 1 (T1 = CET1 + AT1)	17 268	16 571
Tier 2 (T2)	0	0
Total capital (TC = T1 + T2)	17 268	16 571
Risk-weights, total	120 941	119 286
of which credit risk	58 449	57 713
of which market risk - currency risk	6 007	5 088
of which operative risk	56 485	56 485
Common equity tier 1 (CET1) / risk-weights, %	14.3%	13.9%
Tier 1 (T1) / risk-weights, %	14.3%	13.9%
Total capital (TC) / risk-weights, %	14.3%	13.9%
Minimum solvency ratio, %	27.8%	28.6%
Excess of total capital compared with the minimum level (8% solvency ratio)	7 593	7 028
Excess of total capital compared with the target level (12% solvency ratio)	2 755	2 257

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

GROUP KEY RATIOS

	31 March 2017	31 March 2016	31 Dec. 2016
Profit (loss) for the period to the equity holders of the parent company, EUR 1 000	3 362	3 251	12 832
Earnings per average share, EUR	0.09	0.09	0.35
Diluted earnings per average share, EUR	0.08	0.09	0.33
Equity per share, EUR	1.36	1.50	1.74
Equity per average share, EUR *)	1.36	1.50	1.75
Return on investment, ROI % p.a.	23.5	20.8	19.1
Return on equity, ROE % p.a.	23.5	20.8	19.1
Equity to assets ratio, %	62.4	64.7	84.7
Cost/income ratio, Group, %	54.5	55.0	53.0
Share price at the end of the period, EUR	8.04	5.67	8.11
Market value, EUR million	297.3	208.2	299.9
Personnel calculated as full-time resources at the end of the period	80	84	80

*) Weighted average number of shares outstanding.

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

REMAINING COMMITMENTS

On 31 March 2017, eQ's remaining investment commitments in private equity funds totalled EUR 11.3 million (EUR 11.2 million on 31 Dec. 2016). Other commitments at the end of the period totalled EUR 1.9 million (EUR 2.1 million on 31 Dec. 2016).