

PRIVANET

Privanet Group Oyj

ANNOUNCEMENT, INSIDE INFORMATION

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Privanet gives a profit warning

Privanet Group Oyj's Board of Directors has decided on significant write-downs on securities in the balance sheet of its group companies. The write-downs have a total effect on result and income from investment services of 3.8 million euros. In addition to the write-downs, the Board of Directors has decided to make 2.4 million euros of cost provisions regarding liabilities that may result from business operations carried out during the prior management, as well as impairment losses on receivables. As a result of these measures, income from investment services of the group from the financial year 2019 will decrease to -0.9 million euros (2018: 8.3 million euros) and the operating result will be approximately -11 million euros (2018: -3.4 million euros).

The write-downs stem from a strategic decision of the company, according to which investment activities carried out through the own balance sheet are primarily abandoned. Latest information from the target companies, as well as more prudent valuation than before, has been used in defining fair values of the securities. Thus, securities that the group companies own have been aimed to be measured at values with which they can be sold in a short term. The company has also decided to primarily give up its practice that has tied up a considerable amount of capital, according to which it has been a lead investor through its own balance sheet in all financing rounds that its group companies have arranged.

During the current year, enhancing the efficiency of the group activities has required a marked reduction of the cost structure, changes in the Board of Directors and senior management, strengthening solvency and liquidity, as well as clarifying the strategy. Strategic changes still require simplifying the company structure of the group, as well as concentrating activities that require a license to one authorized company. Strategic inputs are intended to be directed particularly to the development of the secondary marketplace, Premarket, and to financing arrangements for larger target companies than before that a more extensive investor base is believed to have demand for.

Solvency of the group will remain at a sufficient level despite the noteworthy write-downs, and the one-off balance sheet arrangements do not have negative effects on the cash flow. Liquidity of the group has strengthened in the second half of the year, and it is aimed at being further improved by contributing to the realization of securities. The company sees that the balance sheet of the group does not anymore involve a relevant risk regarding future write-down needs. The company estimates that the operating result from the year 2020 will be positive. The company has published its investor calendar for 2020 on its website www.privanetgroup.fi.

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More information:

Privanet Group Oyj

Timo T. Laitinen, Chairman of the Board
+358 (0)500 701 230
timo.laitinen@privanet.fi

Privanet Group Oyj

Riku Lindström, CEO
+358 (0)40 864 4483
riku.lindstrom@privanet.fi

Certified Adviser of Privanet Group Oyj is Valkia Advisors Oy, telephone +358 (0)50 368 6866.

Privanet Group briefly

Privanet Group Oyj is the parent company in a Finnish investment group. The group includes Privanet Capital Markets Ltd which focuses on capital arrangements, and Privanet Securities Ltd which operates Finland's leading secondary market for trading securities of unlisted companies. Privanet Group's main function is to bring together companies in need of funding and investors. Privanet Group serves about 17 000 customers in Finland and has offices in eight Finnish cities. The customer base consists of private persons, companies and institutional investors. privanet.fi, privanetgroup.fi

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