

PRIVANET

Privanet Group Oyj

ANNOUNCEMENT

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Privanet gives a profit warning and launches co-operation negotiations

Privanet warns that its operational result for the whole year 2018 decreases to approximately three million euros negative and the turnover falls behind to eight million euros. Previously, the management of the Company estimated that the operational result falls clearly behind from the operational result of the previous year (2017 4.8 million euros) and that the turnover falls somewhat behind from the previous year (2017 14.0 million euros). The operational result was depressed particularly by the delay in the revenue recognition of a significant project, a heavy cost structure, non-recurring write-downs, as well as the general deterioration of sales.

As a result of the deteriorated operational result, Privanet launches a cost savings program that aims at achieving approximately five million euros of annual cost savings. As a part of the cost savings program Privanet launches co-operation negotiations that affect the whole personnel of Privanet Group Oyj, the parent company of the group, as well as its subsidiary, Privanet Capital Markets Ltd. The negotiations will altogether affect approximately 50 people. The structural changes in the Group may result in the reduction of 35 employees at the maximum. The reductions may be carried out through terminations of employments, different arrangements, as well as by outsourcing certain business operations.

"In spite of structural changes and cost savings measures, we in Privanet have a strong belief in the fact that new financing solutions for Finnish growth companies are here to stay and will strongly grow in the long run as the conventional bank-oriented financing models are tailing off. However, the recent market turbulence and negative publicity our Company has got have resulted in the weakening of sales, and this must be quickly responded to by adjusting the cost structure. At the same time, the focus of the company will be changed towards operations that generate clearly more recurring cash flow, and the risk of the own investment operations will be decreased", says Karri Salmi, the Chief Executive Officer of Privanet Group.

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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 only 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 12 Finnish cities. The customer base consists of private persons, companies and institutional investors. privanet.fi, privanetgroup.fi

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