

**DOVRE GROUP'S FINANCIAL STATEMENT RELEASE JANUARY 1–DECEMBER 31, 2018****ANNUAL NET SALES GREW AND OPERATING RESULT IMPROVED**

*Last year's corresponding period in parentheses.*

**July–December 2018**

- Net sales at EUR 32.7 (29.6) million – increase 10.6%
- Project Personnel: net sales EUR 29.8 (27.2) million – increase 9.8%
- Consulting: net sales EUR 2.9 (2.4) million – increase 20.0%
- Operating result improved to EUR 0.4 (0.3) million. Q4 operating result EUR 0.3 (0.2) million.
- Result before tax EUR 1.0 (0.1) million, incl. EUR 0.6 (-0.0) million of finance items
- Result for the period EUR 0.9 (-0.1) million
- Earnings per share EUR 0.009 (-0.005)
- Net cash flow from operating activities EUR 1.8 (0.1) million

**January–December 2018**

- Net sales grew to EUR 65.5 (62.7) million – increase 4.4%
- Project Personnel: net sales EUR 59.7 (57.1) million – increase 4.5%
- Consulting: net sales EUR 5.8 (5.6) million – increase 3.5%
- Operating result improved to EUR 0.5 (0.1) million
- Result before tax EUR 1.1 (-0.4), incl. EUR 0.6 (-0.2) million of finance items.
- Result for the period EUR 0.8 (-0.5) million
- Earnings per share EUR 0.008 (-0.005)
- Net cash flow from operating activities was EUR 1.1 (-0.9) million
- Board of Directors proposes to AGM a dividend of EUR 0.01 (0.01) per share.

**Outlook for 2019 (unchanged, published 25 January 2019):** Net sales are expected to improve compared to 2018 (2018: EUR 65.5 million) and the operating profit is expected to be more than EUR 1.3 million (2018: EUR 0.5 million).

## KEY FIGURES

EUR million	7-12 2018	7-12 2017	Change %	1-12 2018	1-12 2017	Change %
Net sales	32.7	29.6	10.6	65.5	62.7	4.4
Operating result	0.4	0.3	59.3	0.5	0.1	942.5
% of net sales	1.3	0.9		0.8	0.1	
Result before tax	1,0	0,1	1 286,5	1,1	-0,4	365,8
% of net sales	3,1	0,3		1,6	-0,6	
Result for the period	0.9	-0.1	1,254.9	0.8	-0.5	254.4
% of net sales	2.8	-0.3		1.3	-0.9	
Net cash flow from operations	1.8	0.1	1,205.7	1.1	-0.9	222.2
Net debt	-1.7	-2.1	-18.3	-1.7	-2.1	-18.3
Debt-equity ratio (Gearing), %	-7.8	-9.4	-16.6	-7.8	-9.4	-16.6
Earnings per share, EUR:						
Undiluted	0.009	-0.005	295.5	0.008	-0.005	254.1
Diluted	0.009	-0.005	295.5	0.008	-0.005	254.2

### ARVE JENSEN, CEO:

“Dovre Group’s H2 figures confirm the positive trend from H1, and both Q4 and H2 show improved sales and profit compared to the previous year, in line with our expectations. The order stock has also continued to grow. The operating result is still not satisfying, but the positive effect of reduced overhead costs combined with increased sales has started to materialize. The key for Dovre Group moving forward is to ensure that we can continue the growth.

Project personnel: Net sales in H2 developed positively compared to 2017 mainly due to the Norwegian entity. The market has really turned positive in Norway. The other units have also seen signs of a positive development, but not yet the growth seen in Norway. The EMEA outside Norway has had high activity and continues the growth. Our services in US and Canada were reorganised in H2 in order to lower our cost base and enable further synergies in our organization, clients and consultants. We now have one business unit serving customers in North America, managed by Dean Sullivan. Our APAC unit ended a major short term contract at end of H1, which caused a headcount and sales drop in 2018 and succeeded in H2 to secure a stronger backlog for the beginning of 2019.

Consulting: The net sales in H2 were ahead of 2017. The profitability decreased compared to the previous year, but remains on a very respectable level. The reason for a lower profit is a short term lower activity level in Norway.

Dovre Group was awarded a new frame agreement after the year end: In Norway, we signed in January 2019 a frame agreement with Nye Veier for supply of strategic consulting services and operative project personnel in the areas of Project Management and HESQ (Health, Environment, Safety & Quality). This was a joint bid between Project Personnel and Consulting in Norway and shows that, going forward, our total offering enables us to continue the diversification outside oil and gas industry.”

## NET SALES AND PROFITABILITY

### Net sales

In July–December, Dovre Group's net sales increased by 10.6%, totaling EUR 32.7 (29.6) million. Project Personnel accounted for 91 (92) % and Consulting for 9 (8) % of Group's net sales. Net sales of Project Personnel increased by 9.8%, totaling EUR 29.8 (27.2) million. Net sales of Consulting increased by 20.0%, totaling EUR 2.9 (2.4) million.

In January–December, Dovre Group's net sales increased by 4.4%, totaling EUR 65.5 (62.7) million. Project Personnel accounted for 91 (91) % and Consulting for 9 (9) % of the Group's net sales. During the year, net sales for Project Personnel increased 4.5%, totaling EUR 59.7 (57.1) million. Net sales for Consulting increased by 3.5%, totaling EUR 5.8 (5.6) million.

By market area, EMEA's net sales totaled EUR 50.0 (43.5) million, accounting for 76 (69) % of the Group's net sales during the year. Net sales for AMERICAS were EUR 9.4 (12.8) million, accounting for 14 (20) % the Group's net sales. Net sales for APAC were EUR 6.0 (6.4) million, accounting for 9 (10) % the Group's net sales.

Fluctuations in foreign currency exchange rates did not have a significant impact on the Group's total net sales during the second half of the year. During the period under review fluctuations in foreign currency exchange rates impacted revenues somewhat, and the Group's full year net sales would have grown by some 7.5% if the currency exchange rates were comparable.

In March 2018, Dovre Group announced a significant frame agreement with Baltic Connector to provide project management resources in their natural gas pipeline project. In December 2018, Dovre Group was awarded a frame agreement with Wood for delivery of technical consultants for all locations in Norway. Other new agreements remain confidential at the request of our clients.

<b>Net sales by reporting segment</b> EUR million	<b>7-12 2018</b>	<b>7-12 2017</b>	<b>Change %</b>	<b>1-12 2018</b>	<b>1-12 2017</b>	<b>Change %</b>
Project Personnel	29.8	27.2	9.8	59.7	57.1	4.5
Consulting	2.9	2.4	20.0	5.8	5.6	3.5
<b>Group total</b>	<b>32.7</b>	<b>29.6</b>	<b>10.6</b>	<b>65.5</b>	<b>62.7</b>	<b>4.4</b>

<b>Net sales by market area</b> EUR million	<b>7-12 2018</b>	<b>7-12 2017</b>	<b>Change %</b>	<b>1-12 2018</b>	<b>1-12 2017</b>	<b>Change %</b>
EMEA	25.8	21.1	22.4	50.0	43.5	15.0
AMERICAS	4.6	5.9	-21.6	9.4	12.8	-26.7
APAC	2.3	2.6	-11.8	6.0	6.4	-5.4
<b>Group total</b>	<b>32.7</b>	<b>29.6</b>	<b>10.6</b>	<b>65.5</b>	<b>62.7</b>	<b>4.4</b>

Dovre Group's market areas are:

- EMEA: Norway, Middle East, Finland

- AMERICAS: Canada, US
- APAC: Singapore, Russia (Sakhalin), Korea

### Profitability

In July–December, the Group’s operating result was EUR 0.4 (0.3) million or 1.3 (0.9) % of net sales. Project Personnel’s operating result was EUR 0.8 (0.8) million. Consulting business area’s operating result was EUR 0.1 (0.2) million. The operating result of the Group’s Other functions was EUR -0.4 (-0.6) million and the unallocated expenses were EUR 0.1 (0.1) million.

During the year, the Group’s operating result was EUR 0.5 (0.1) million or 0.8 (0.1) % of net sales. Project Personnel’s operating result was EUR 1.5 (0.8) million. Consulting business area’s operating result was EUR 0.4 (0.7) million. The operating result of the Group’s Other functions was EUR -1.1 (-1.2) million. The unallocated expenses amounted to EUR 0.2 (0.3) million. In the comparable period, the Group reported a total of EUR 0.3 million restructuring costs in the Project Personnel business area.

<b>Operating result</b> EUR million	<b>7-12</b> <b>2018</b>	<b>7-12</b> <b>2017</b>	<b>Change</b> <b>%</b>	<b>1-12</b> <b>2018</b>	<b>1-12</b> <b>2017</b>	<b>Change</b> <b>%</b>
Project Personnel	0.8	0.8	8.8	1.5	0.8	83.8
Consulting	0.1	0.2	-38.1	0.4	0.7	-44.4
Other functions	-0.4	-0.6	26.2	-1.1	-1.2	6.6
Unallocated *	-0.1	-0.1	18.9	-0.2	-0.3	17.6
<b>Group total</b>	<b>0.4</b>	<b>0.3</b>	<b>58.5</b>	<b>0.5</b>	<b>0.1</b>	<b>936.5</b>

\* Unallocated expenses mainly includes amortization of customer agreements and relations.

### Result

In July–December, the Group’s result before taxes was EUR 1.0 (0.1) million. Result included EUR 0.6 (-0.0) million of finance items, consisting mainly of an income of EUR 0.6 million as a result of fair value of SaraRasa Bioindo investment through profit and loss.

The Group’s result for the period, after taxes, in July–December was EUR 0.9 (-0.1) million. The earnings per share amounted to EUR 0.01 (-0.00). The Group’s return on average capital employed before taxes (ROI) was 4.3 (0.5) %.

During the period under review, the Group’s result before taxes was EUR 1.1 (-0.4) million. Result included EUR 0.6 (-0.2) million of finance items, comprising mainly income related to fair value of Sararasa Bioindo investment through profit and loss.

The Group’s result for the period was EUR 0.8 (-0.5) million. The Group’s earnings per share was EUR 0.01 (-0.01). The Group’s return on average capital employed before taxes (ROI) was 4.6 (-1.1) %.

### CASH FLOW, FINANCING, AND INVESTMENTS

On December 31, 2018, the Group’s balance sheet total was EUR 37.5 (36.4) million. The Group’s cash and cash equivalents totaled EUR 5.0 (5.2) million. In addition, the Group has unused credit limits.

On December 31, 2018, the equity ratio was 59.1 (62.2) % and the debt-equity ratio (gearing) -7.8 (-9.4) %. The interest-bearing liabilities amounted to EUR 3.2 (3.0) million, accounting for 8.6 (8.3) % of the Group's shareholders' equity and liabilities. A total of EUR 2.8 (2.0) million of the Group's interest-bearing liabilities were current and a total of EUR 0.4 (1.0) million non-current.

Net cash flow from operating activities was EUR 1.1 (-0.9) million, which includes EUR 0.2 (-1.0) million change in working capital. The last day of 2017 was a Sunday, and approx. EUR 2.0 million of payments from customers were received at beginning of January 2018.

Net cash flow from investing activities was EUR -0.2 (-0.3) million. Gross investments totaled EUR 0.2 (0.2) million.

Net cash flow from financing activities was EUR -1.0 (-1.4) million. During the period under review, the Group used EUR 0.2 (0.1) million to acquire its own shares. The Group paid a total of EUR 1.0 (1.0) million in dividends in 2018.

The balance sheet goodwill totaled EUR 15.2 (15.2) million on December 31, 2018. No indications of impairment exist.

## **SARARASA**

In the comparable period, Dovre Group Plc had a joint venture SaraRasa Bioindo Pte. Ltd. (Bioindo) of which Dovre Group owned 29% at the end of 2017. Following the share issues in 2018, Dovre Group's ownership was diluted to 19.86%. Additionally, Bioindo's shareholder agreement has been amended and the clause of the unanimous decision making has been removed. Dovre Group Plc therefore no longer has a significant influence in Bioindo and at the year-end 2018, the ownership is presented as a financial asset at fair value through profit and loss.

Bioindo's net result in 2018 developed positively and amounted to about EUR 1.0 (-1.2) million. The result included a one-off saving of about EUR 0.8 million related to restructuring of company's loan portfolio. The market price for pellets improved during the year and the Bioindo's pellet plant increased its production. Sales contracts for the entire year of 2019 indicate that positive results will continue.

During the period under review, Dovre Group's result included a finance income of EUR 0.6 million as a result of fair value of SaraRasa Bioindo investment through profit and loss. In the comparable period, Dovre Group's result included Group's share of Bioindo's result amounting to EUR -0.2 million.

## **PERSONNEL**

On December 31, 2018, Dovre Group employed 495 (476) people, 453 (438) of which were employed by Project Personnel, 38 (33) by Consulting, and 4 (5) by Other functions.

During the period under review, the average number of personnel employed by the Group was 495 (468). Project Personnel employed 453 (438) and Consulting 38 (33) people. In the Project Personnel business area 29 (23) % of employees were independent contractors.

Personnel, average	7-12 2018	7-12 2017	Change %	1-12 2018	1-12 2017	Change %
Project Personnel	451	418	7.9	454	427	6.3
Consulting	38	35	8.6	36	36	0.0
Other functions	4	5	-20.0	5	5	0.0
<b>Group total</b>	<b>493</b>	<b>458</b>	<b>7.6</b>	<b>495</b>	<b>468</b>	<b>5.8</b>

## CHANGES IN GROUP EXECUTIVE TEAM AND BOARD OF DIRECTORS

Mari Paski was appointed Dovre Group Plc's CFO as of January 1, 2018. Arve Jensen, formerly President of Project Personnel Norway, was appointed CEO of Dovre Group as of November 1, 2018. At the end of 2018, Dovre Group's Group Executive Team consists of Arve Jensen (CEO), Stein Berntsen (President, Consulting) and Mari Paski (CFO).

Board member Ole Olsen resigned on August 31, 2018. At the end of 2018, the Board of Directors comprised Svein Stavelin (Chairman), Ilari Koskelo (Vice Chairman) and Antti Manninen.

## SHARES, SHAREHOLDERS, AND STOCK OPTIONS

### Share capital and trading

On December 31, 2018, Dovre Group's share capital was EUR 9,603,084.48 and the total number of shares 100,168,769. There were no changes in the Group's share capital or number of shares during the period under review.

In January–December 2018, approximately 14.5 (22.7) million Dovre Group shares were exchanged on the Nasdaq Helsinki Ltd., corresponding to a trade of approximately EUR 3.6 (6.3) million. The lowest quotation was EUR 0.20 (0.24) and the highest EUR 0.29 (0.33). On December 31, 2018, the closing quotation was EUR 0.21 (0.27). The period-end market capitalization was approx. EUR 21.0 (27.3) million.

### Own shares

In December 2017, the Board of Directors of Dovre Group Plc decided to commence repurchasing the company's own shares on the basis of the authorization given by the Annual General Meeting held on March 30, 2017. The repurchases started on December 5, 2017 and ended on March 27, 2018. In January–December 2018, Dovre Group Plc repurchased in total 527,066 of its own shares with an average price of 0.2761 euro. The total price of the shares repurchased during the period under review was EUR 145,507.34. During the third quarter, board member Ole Olsen resigned and returned 31,075 shares to Dovre Group. At the end of December 2018, Dovre Group Plc held 870,337 of its own shares, representing approximately 0.9% of all the company's shares.

### Shareholders and holdings of the Board of Directors and the CEO

On December 31, 2018, the number of registered shareholders of Dovre Group Plc totaled 3,179 (3,373), including 8 (8) nominee-registers. A new major shareholder was added when a Finnish fund bought two million Dovre Group Plc shares in June 2018. The share of nominee-registered shares was 0.4 (0.4) % of the Group's shares.

On December 31, 2018, members of the Group's Board of Directors and the CEO held, including holdings through controlled companies and family members living in the same household, a total of 7,101,189 (21,765,851) shares in the company, representing 7.1 (21.7) % of all shares.

More information about the shares and shareholders of Dovre Group on [www.dovregroup.com/investors](http://www.dovregroup.com/investors).

### **Stock options**

At the end of the period under review, Dovre Group had one open option plan, 2013. Each stock option entitles the holder to subscribe one share in Dovre Group Plc.

Under the 2013 option plan, the total number of stock options offered for subscription to Dovre Group's key personnel is 3,000,000. The share subscription period and price per series under the 2013 option plan are as follows:

- 2013B: Subscription price EUR 0.52; subscription period March 1, 2016 - February 28, 2019.
- 2013C: Subscription price EUR 0.43; subscription period March 1, 2017 - February 28, 2020.

No stock options were granted to key personnel under the Group's 2013 stock option plan during the period under review. The subscription period for 2013A options ended on February 29, 2018. No shares were subscribed for under these options. The remaining 565,000 2013A options expired as unused. The 2013B and 2013C options held by the previous CEO Patrick von Essen were returned to the company at the end of his employment. At the end of the period under review, the company had granted a total of 850,000 options under the 2013 option plan and had in reserve a total of 1,150,000 options.

## **ANNUAL GENERAL MEETING AND THE AUTHORIZATIONS OF THE BOARD OF DIRECTORS**

Dovre Group Plc's Annual General Meeting held on March 28, 2018, adopted the financial statements and consolidated financial statements for 2017 and discharged the members of the Board of Directors and the CEO from liability for the financial year ending on December 31, 2017. The Annual General Meeting decided on the use of the profit shown on the balance sheet and the payment of dividend, the composition and remuneration of the Board of Directors, the election of the auditor, the authorization of the Board of Directors to decide on the repurchase of the Company's own shares, the issuance of shares as well as the issuance of other special rights entitling to shares.

In accordance with the Board's proposal, the Annual General Meeting decided that a dividend of EUR 0.01 per share to be paid for the financial year 2017. The dividend was paid to a shareholder who, on the dividend record date April 3, 2018 was registered as a shareholder in the Company's shareholder register maintained by Euroclear Finland Ltd. The dividend was paid on April 10, 2018.

The Annual General Meeting decided that the number of Board members be set at four (4). Ilari Koskelo and Ole Olsen were re-elected as members of the Board, and Antti Manninen and Svein Stavelin were elected as new members of the Board.

The Annual General Meeting resolved that the chairman of the Board is paid EUR 35,000, the vice chairman of the Board EUR 25,000, and each other member of the Board EUR 22,000 per year. In addition, reasonable travel expenses are also compensated. Out of the annual compensation, 40% of the total gross compensation will be used to purchase Dovre Group Plc's shares on regulated market in trading through Nasdaq Helsinki Ltd, or alternatively by using the own shares held by the company. The shares will be purchased and/or granted as soon as possible after the Annual General Meeting. The remaining 60% of the annual compensation that is to be paid in cash will be paid no later than April 30, 2018. The total amount of

the annual compensation paid to Board members and the method of payment did not change from the previous year.

The Annual General Meeting elected the Authorized Public Accountant entity BDO Oy as the Company's auditor. BDO Oy has informed that Authorized Public Accountant Ari Lehto will be the principal auditor.

The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the Company's own shares on the following conditions: the Board is entitled to decide on repurchase of a maximum of 9,900,000 of the Company's own shares, which shall be repurchased in deviation from the proportion to the holdings of the shareholders using the non-restricted equity and acquired through trading at the regulated market organized by Nasdaq Helsinki Ltd at the share price prevailing at the time of acquisition. This number of shares corresponds to a maximum of 10.0% of the total number of shares in the Company. The shares may be repurchased in order to be used as consideration in possible acquisitions or other arrangements related to the Company's business, to finance investments or as part of the Company's incentive program or to be held, otherwise conveyed or cancelled by the Company. The Board of Directors shall decide on other matters related to the repurchase of the Company's own shares. This repurchase authorization is valid until June 30, 2019 and revokes earlier repurchase authorizations. The Board did not use the authorization during the period under review.

The Annual General Meeting authorized the Board of Directors to decide on the issuance of new shares and/or the conveyance of own shares held by the Company and/or the granting of special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act on the following conditions:

By virtue of the authorization, the Board may also decide on a directed issue of shares and special rights, i.e. waiving the pre-emptive subscription rights of the shareholders, under the requirements of the law. By virtue of the authorization, a maximum of 9,900,000 shares may be issued, corresponding to a maximum of 10.0% of the Company's existing shares. The Board may use the authorization in one or more instalments. The Board may use the authorization to finance or conclude acquisitions or other arrangements, to strengthen the Company's capital structure, to incentive programs or other purposes decided by the Board. The new shares may be issued or the Company's own shares conveyed either against payment or free of charge. The new shares may also be issued as an issue without payment to the Company itself. The Board was authorized to decide on other terms of the issuance of shares and special rights. By virtue of the authorization, the Board of Directors may decide on the realization of the Company's own shares possibly held by the Company as pledge. The authorization is valid until June 30, 2019. The authorization revokes earlier authorizations to issue shares and grant option rights and other special rights entitling to shares. The Board did not use this authorization during the period under review.

The Board of Directors of Dovre Group Plc repurchased, between December 5, 2017 and March 27, 2018, 839,262 of the company's own shares on the basis of the authorization given by the Annual General Meeting held on March 30, 2017.

## **SHORT-TERM RISKS AND UNCERTAINTIES**

In the Project Personnel business area, the Group's most significant risks include the cyclical nature of our clients' business. Market developments in Norway are particularly important for Project Personnel due to the business area's strong position in the Norwegian market. In addition, expansion to new client segments requires expenditure and includes risks. The business area's other challenges are maintaining its competitiveness and profitability. Project Personnel business is project-based by nature, thus adding an element of uncertainty to forecasting. From time to time there might be a dependency locally on one major project or client. Dovre Group is responsible for the work performed by its consultants. However, the company has no overall responsibility for project delivery.

In the Consulting business area, general economic uncertainty does not affect as directly the demand for the Group's services. This is mainly due to the fact that one of our main clients, the Norwegian public sector, aims to invest counter-cyclically. Project delivery involves minor risks due to both clients and the Group's own personnel such as project delays or loss of key personnel.

Dovre Group holds a minority share in SaraRasa Bioindo Pte. Ltd. (Bioindo), a company producing pellets from wood residue. Bioindo's production unit is located in Indonesia and is thus exposed to high country risk. Other significant risks include risks relating to commercial agreements, especially feedstock purchase and end-product sale agreements. Dovre Group accounts for the investment as a fair value through profit and loss.

The Group's reporting currency is euro. The Group's most important functional currencies are the Norwegian crown, the Canadian dollar, the Singaporean dollar, and the United States dollar. Although the Group's sales and corresponding expenses are mainly in the same currency, currency fluctuations can affect the Group's net sales and operating result. Foreign currency denominated assets and liabilities can also result in foreign exchange gains or losses. Foreign exchange risks are hedged, when necessary, centrally in the Group.

#### **EVENTS AFTER THE REPORTING PERIOD**

Dovre Group announced on January 15, 2019 that it will spin off and incorporate its Finnish ICT and Project Management function to a new company, Proha Oy. Dovre Group will own 100% of the company, which will start operations April 1st, 2019. All current staff will transfer to the new company as old employees. The aim is to form an efficient and focused ICT/Project Management company with its own identity and growth plans. The name Proha Oy has a long history in the Finnish Project Management world. The company will seek opportunities via joint ventures and mergers with other Finnish companies operating in the same business disciplines.

#### **OUTLOOK FOR 2019 (unchanged, published 25 January 2019)**

The market is still affected by several uncertainties, including general economic development, oil price, and political instability. Our main markets are, however, in politically and economically stable countries.

In the Project Personnel business area, demand has improved and the prices are improving slightly. Thanks to a strong portfolio of frame agreements, cost savings already implemented, as well as improving demand, we expect our operating result to improve from 2018.

In the Consulting business area, market outlook remains unchanged.

Dovre Group's net sales are expected to improve compared to 2018 (2018: EUR 65.5 million) and the operating profit is expected to be more than EUR 1.3 million (2018: EUR 0.5 million).

**BOARD OF DIRECTORS' PROPOSAL FOR DIVIDEND**

The parent company's distributable funds were EUR 18,42,849.49 on December 31, 2018. The Board of Directors proposes to the Annual General Meeting to be held on March 27, 2019 that a dividend of EUR 0.01 (0.01) per share to be paid. The Board of Directors further proposes that the dividend is paid to a shareholder who on the record date March 29, 2019 is registered as a shareholder in the company's shareholder register maintained by Euroclear Finland Ltd and that the dividend be paid on April 25, 2019. Dividend is not paid to the shares owned by the company. No significant changes have occurred in the company's financial position after the end of the financial year. The proposed distribution of dividend poses no risk to the company's financial standing.

Espoo, February 21, 2019

DOVRE GROUP PLC  
BOARD OF DIRECTORS

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**Financial reporting in 2019**

Dovre Group releases its financial reports in 2019 as follows:

- Q1 trading statement for January 1–March 31, 2019 on Tuesday, April 30, 2019
- Half-year financial report for January 1–June 30, 2019 on Thursday, July 25, 2019
- Q3 trading statement for January 1–September 30, 2019 on Thursday, October 24, 2019

The company's Annual General Meeting is to be held on Wednesday, March 27, 2019. Dovre Group's Board of Directors will summon the meeting at a later date. The Annual Report 2018, which includes the company's financial statements, the report of the Board of Directors, and the corporate governance statement, will be published online during week 10.

**Distribution**

Nasdaq Helsinki Ltd  
Major media  
www.dovregroup.com

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR thousand	7-12 2018	7-12 2017	Change %	1-12 2018	1-12 2017	Change %
<b>NET SALES</b>	<b>32,722</b>	<b>29,581</b>	<b>10.6</b>	<b>65,466</b>	<b>62,681</b>	<b>4.4</b>
Other operating income	21	23	-7.4	32	67	-51.3
Material and services	-96	-56	71.5	-195	-113	72.2
Employee benefit expenses	-29,517	-26,397	11.8	-59,218	-56,375	5.0
Depreciation and amortization	-220	-240	-8.5	-447	-484	-7.8
Other operating expenses	-2,485	-2,644	-6.0	-5,099	-5,724	-10.9
<b>OPERATING RESULT</b>	<b>426</b>	<b>267</b>	<b>59.3</b>	<b>539</b>	<b>52</b>	<b>942.5</b>
Financing income	653	55	1,086.4	668	89	650.5
Financing expenses	-48	-90	-46.6	-119	-324	-63.4
Share of results in joint ventures	0	-158	-100.0	-31	-215	-85.6
<b>RESULT BEFORE TAX</b>	<b>1,031</b>	<b>74</b>	<b>1,286.5</b>	<b>1,058</b>	<b>-398</b>	<b>365.8</b>
Tax on income from operations	-116	-154	-24.8	-214	-149	43.9
<b>RESULT FOR THE PERIOD</b>	<b>915</b>	<b>-80</b>	<b>1,250.7</b>	<b>844</b>	<b>-547</b>	<b>254.4</b>
<b>Other comprehensive income</b>						
Other comprehensive income to be classified to profit or loss in subsequent periods:						
Translation differences	-554	-615	-9.9	-212	-1,645	-87.1
Other comprehensive income for the period, net of tax	-554	-615	-9.9	-212	-1,645	-87.1
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>361</b>	<b>-695</b>	<b>-152.0</b>	<b>632</b>	<b>-2,192</b>	<b>-128.8</b>
<b>Earnings/share (EUR)</b>						
Basic, result for the period	0.009	-0.001	1,250.7	0.008	-0.005	254.3
Diluted, result for the period	0.009	-0.001	1,250.7	0.008	-0.005	254.3

<b>Average number of shares</b>	<b>7-12 2018</b>	<b>7-12 2017</b>	<b>1-12 2018</b>	<b>1-12 2017</b>
Basic	100,168,769	100,168,769	100,168,769	100,118,769
Diluted	100,168,769	100,168,769	100,168,769	100,129,956
<b>Number of shares, period end</b>	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017</b>	<b>Dec. 31, 2018</b>	<b>Dec. 31, 2017</b>
Basic	100,168,769	100,168,769	100,168,769	100,168,769
Diluted	100,168,769	100,168,769	100,168,769	100,168,769

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR thousand	Dec. 31, 2018	Dec. 31, 2017	Change %
<b>ASSETS</b>			
Non-current assets			
Intangible assets	2,951	3,183	-7.3
Goodwill	15,185	15,177	0.0
Tangible assets	960	1,010	-5.0
Investments in joint ventures	0	61	-100.0
Other receivables	723	125	478.3
Deferred tax assets	183	183	0.0
Non-current assets	20,002	19,740	1.3
Current assets			
Trade receivables and other receivables	12,526	11,427	9.6
Tax receivable, income tax	15	71	-78.4
Cash and cash equivalents	4,970	5,151	-3.5
Current assets	17,511	16,649	5.2
<b>TOTAL ASSETS</b>	<b>37,513</b>	<b>36,389</b>	<b>3.1</b>
<b>EQUITY AND LIABILITIES</b>			
Shareholders' equity			
Share capital	9,603	9,603	0.0
Reserve for invested non-restricted equity	12,300	12,300	0.0
Fair value reserve	2,869	2,869	0.0
Treasury shares	-237	-84	183.5
Translation differences	-3,462	-3,251	6.5
Retained earnings	1,080	1,188	-9.0
Shareholders' equity	22,153	22,625	-2.1
Non-current liabilities			
Deferred tax liability	758	788	-3.8
Non-current liabilities, interest-bearing	450	1,050	-57.1
Other non-current liabilities	68	0	
Non-current liabilities	1,276	1,838	-30.6
Current liabilities			
Short-term liabilities, interest-bearing	2,785	1,977	40.8
Trade payables and other liabilities	11,025	9,739	13.2
Tax liability, income tax	275	210	30.9
Current liabilities	14,084	11,926	18.1
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>37,513</b>	<b>36,389</b>	<b>3.1</b>

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

- a) Share capital
- b) Reserve for non-restricted equity
- c) Fair value reserve
- d) Treasury shares
- d) Translation differences
- e) Retained earnings
- f) Shareholders' equity total

EUR thousand	a)	b)	c)	d)	e)	f)	g)
<b>SHAREHOLDERS' EQUITY Jan. 1, 2017</b>	<b>9,603</b>	<b>12,219</b>	<b>2,869</b>		<b>-1,605</b>	<b>2,729</b>	<b>25,815</b>
<b>Comprehensive income</b>							
Result for the period						-547	-547
Other comprehensive income							
Items that may be reclassified to profit and loss in subsequent periods:							
Translation differences					-1,646	1	-1,645
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>-1,646</b>	<b>-546</b>	<b>-2,192</b>
<b>Transactions with shareholders</b>							
Exercised stock options		81					81
Share based compensation						7	7
Buyback of shares				-84			-84
Dividend distribution						-1,002	-1,002
<b>Total transactions with shareholders</b>	<b>0</b>	<b>81</b>	<b>0</b>	<b>-84</b>	<b>0</b>	<b>-995</b>	<b>-998</b>
<b>SHAREHOLDERS' EQUITY Dec. 31, 2017</b>	<b>9,603</b>	<b>12,300</b>	<b>2,869</b>	<b>-84</b>	<b>-3,251</b>	<b>1,188</b>	<b>22,625</b>
EUR thousand	a)	b)	c)	d)	e)	f)	g)
<b>SHAREHOLDERS' EQUITY Jan. 1, 2018</b>	<b>9,603</b>	<b>12,300</b>	<b>2,869</b>	<b>-84</b>	<b>-3,251</b>	<b>1,188</b>	<b>22,625</b>
<b>Comprehensive income</b>							
Result for the period						844	844
Other comprehensive income							
Items that may be reclassified to profit and loss in subsequent periods:							
Translation differences					-211	-1	-212
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-211</b>	<b>843</b>	<b>632</b>
<b>Transactions with shareholders</b>							
Share based compensation						42	42
Buyback of shares				-153			-153
Dividend distribution						-993	-993
<b>Total transactions with shareholders</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-153</b>		<b>-951</b>	<b>-1,104</b>
<b>SHAREHOLDERS' EQUITY Dec. 31, 2018</b>	<b>9,603</b>	<b>12,300</b>	<b>2,869</b>	<b>-237</b>	<b>-3,462</b>	<b>1,080</b>	<b>22,153</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS**

EUR thousand	7-12 2018	7-12 2017	Change %	1-12 2018	1-12 2017	Change %
<b>Cash flow from operating activities</b>						
Operating result	425	268	58.6	539	52	936.5
Adjustments:						
Depreciation / Amortization	220	240	-8.3	447	484	-7.6
Restructuring provision	0	-111	-100.0	0	-111	-100.0
Personnel expenses	16	0	100.0	42	7	500.0
<b>Adjustments, total</b>	<b>236</b>	<b>129</b>	<b>82.9</b>	<b>489</b>	<b>380</b>	<b>28.7</b>
Changes in working capital						
Trade and other receivables, increase (-) / decrease (+)	849	700	21.3	-1,218	628	-293.9
Trade and other payables, increase (+) / decrease (-)	381	-960	139.7	1,433	-1,636	187.6
<b>Changes in working capital, total</b>	<b>1,230</b>	<b>-260</b>	<b>573.1</b>	<b>215</b>	<b>-1,008</b>	<b>121.3</b>
Interest paid	-31	-24	-29.2	-58	-52	-11.5
Interest received	14	9	55.6	29	16	81.3
Other financial expenses paid and received	-6	-85	92.9	-28	-173	83.8
Income taxes paid	-69	112	161.6	-115	-106	-8.5
<b>Net cash generated by operating activities</b>	<b>1,799</b>	<b>149</b>	<b>1,107.4</b>	<b>1,071</b>	<b>-891</b>	<b>220.2</b>
<b>Cash flow from investing activities</b>						
Investments in tangible and intangible assets	0	-229	100.0	-188	-293	35.8
Purchase of shares in joint ventures	0	3	-100.0	0	3	-100.0
Loan receivables, increase (-) / decrease (+)	0	0		0	-47	100.0
<b>Net cash generated by investing activities</b>	<b>0</b>	<b>-226</b>	<b>-100.0</b>	<b>-188</b>	<b>-337</b>	<b>-44.2</b>
<b>Cash flow from financing activities</b>						
Stock options exercised	0	0		0	81	-100.0
Repurchases of own shares	0	-69	-100.0	-161	-69	133.3
Repayments of non-current loans	-300	-300	0.0	-600	-600	0.0
Proceeds from short-term loans	130	368	-64.7	752	1,576	-52.3
Repayments of short-term loans	0	0		0	-1,403	100.0
Dividends paid	0	0		-993	-1,002	0.9
<b>Net cash generated by financing activities</b>	<b>-170</b>	<b>-1</b>	<b>16,900.0</b>	<b>-1,002</b>	<b>-1,417</b>	<b>-29.3</b>
Translation differences	-113	-188	39.9	-64	-517	87.6
<b>Change in cash and cash equivalents</b>	<b>1,516</b>	<b>-266</b>	<b>669.9</b>	<b>-183</b>	<b>-3,162</b>	<b>94.2</b>
Cash and cash equivalents at beginning of the period	3,452	5,417		5,151	8,313	
<b>Cash and cash equivalents at end of the period</b>	<b>4,968</b>	<b>5,151</b>		<b>4,968</b>	<b>5,151</b>	

## NOTES TO THE FINANCIAL STATEMENT RELEASE

The financial statement release has been prepared in line with IAS 34 and, apart from the additions below, the same accounting principles have been applied as in the 2017 financial statements. Key indicator calculations remain unchanged and have been presented in the 2017 financial statements.

The Group has adopted the following new and amended IFRS standards with the effective date of January 1, 2018: IFRS 2 *Share-based Payment* (amended), IFRS 9 *Financial instruments* (new) and IFRS 15 *Revenue from Contracts with Customers* (new). The new and amended standards did not have a material impact. Except IFRS 9, which had somewhat impact. At the year end 2017, Dovre Group had a loan receivable from SaraRasa joint venture, but it converted into equity shares at the beginning of 2018. Dovre Group reclassified the SaraRasa investment from joint venture to a financial asset at fair value through profit and loss.

### Employee benefits

#### Share-based compensation

Dovre Group offers share-based incentive plans for its key employees. As of January 1, 2018, the Group has a new share-based remuneration and incentive program, where the remuneration is based on an annually set performance condition and a service condition. The performance obligation does not include a market condition, whereupon the program does not include a fair value part. The vesting condition for a service condition requires that an employee is employed by Dovre Group at the beginning of 2021. The program is a fully equity-settled share-based payment transaction and the Group will recognize the corresponding increase in equity. If the assumption regarding the realized number of shares changes, an adjustment is recorded through profit and loss.

The Group has one valid option plan, the 2013 option plan that originally had three series. The subscription period for 2013B stock options ends on February 28, 2019 and for 2013C stock options on February 28, 2020.

### Revenue recognition

The Group's sales consist of revenue from the sales of services and licenses as well as maintenance of licenses. Revenue from sales is recognized in accordance with IFRS 15 *Revenue from Contracts with Customers* standard when a performance obligation, either a good or service or combination, is satisfied. Travel expenses related to rendering services and invoiced to the client are presented as sales of services. License revenue includes a sale or a lease of a license, as well as a lease as part of SaaS-service. Maintenance includes recurring maintenance fee of sold licenses.

Significant part of the Group's sales are recognized over time based on the work done. Additionally, recurring service and license lease and maintenance income are recognized over time. The Group recognizes performance obligations, where the Group receives a recruitment fee, as well as a sale of a license, as a point in time. License sale is recognized upon the transfer of the license ownership to the buyer.

### Financial assets and liabilities

#### Financial assets

Dovre Group classifies its financial assets to fair value through profit and loss and at amortized cost in accordance with IFRS 9 *Financial instruments*.

Dovre Group's ownership in SaraRasa Bioindo Pte. Ltd. has been classified as fair value through profit and loss, as the investment is not part of the Group's core business. SaraRasa Bioindo Pte. Ltd. is unquoted equity investment resulting to Level 3 category in the fair value measurement according to IFRS 13 *Fair value measurement* -standard.

Loans and other receivables are recognized at amortized cost. They are presented in the statement of financial position as either current or non-current assets, with the latter including assets with maturities greater than 12 months. The loss allowance for trade receivables is measured using the simplified approach. The loss allowance is measured at an amount equal to lifetime expected credit losses with the basis of aging. Trade receivables in Dovre Group are not significantly overdue.

### Financial liabilities

In accordance with IFRS 9, financial liabilities are initially recognized on the basis of the original consideration received, less transaction costs, and subsequently measured at amortized cost using the effective interest rate method. The Group's financial liabilities are non-current and current, and they can be interest-bearing or non-interest-bearing. Interest expenses are recognized in the income statement as incurred. Financial liabilities are recognized as current unless the Group retains the right to reschedule the date of payment to a date that is later than at least 12 months after the end of the financial period.

## 1. OPERATING SEGMENTS

The Group has two reporting segments that are also the Group's strategic business areas:

- Project Personnel business area provides project personnel services for large investment projects worldwide
- Consulting business area provides management and project management consulting and project management software for enterprise level management in the Nordic countries.

The Group's segment information is based on internal management reporting prepared in accordance with IFRS standards. The Group does not allocate the parent company's intra-Group charges to segments for the purposes of segment reporting.

### NET SALES

EUR thousand	1-12/2018	1-12/2017	Change, %
Project Personnel	59,652	57,063	4.5
Consulting	5,814	5,618	3.5
<b>Total</b>	<b>65,466</b>	<b>62,681</b>	<b>4.4</b>

### OPERATING RESULT

EUR thousand	1-12/2018	1-12/2017	Change, %
Project Personnel	1,485	808	83.8
Consulting	395	711	-44.4
Other functions	-1,121	-1,200	6.6
Unallocated	-220	-267	17.6
<b>Total</b>	<b>539</b>	<b>52</b>	<b>936.5</b>

Unallocated expenses include amortization of customer agreements and relations and share-based compensation recognized as expense in the income statement.

### PERSONNEL

Average number of personnel	1-12/2018	1-12/2017	Change, %
Project Personnel	454	427	6.3
Consulting	36	36	0.0
Other functions	5	5	0.0
<b>Total</b>	<b>495</b>	<b>468</b>	<b>5.8</b>

In the Project Personnel business area, 29 (23) % of personnel were independent contractors.

## 2. NET SALES

### NET SALES BY REVENUE TYPE

EUR thousand	1-12/2018	1-12/2017	Change, %
Services	64,983	62,363	4.2
License revenue	281	174	61.4
Maintenance	202	144	40.3
<b>Total</b>	<b>65,466</b>	<b>62,681</b>	<b>4.4</b>

Services include 152 thousand euros (90 thousand euros in December 2017) revenue recognized as a point in time. License income includes 110 thousand euros (21 thousand euros) income recognized as a point in time.

### NET SALES BY DOMICILE OF THE COMPANY

EUR thousand	1-12/2018	1-12/2017	Change, %
Finland	5,709	4,216	35.4
Norway	44,333	38,927	13.9
Canada	8,264	10,944	-24.5
Singapore	5,590	5,840	-4.3
Other countries	1,570	2,754	-43.0
<b>Total</b>	<b>65,466</b>	<b>62,681</b>	<b>4.4</b>

## 3. INVESTMENTS IN JOINT VENTURES

EUR thousand	Dec. 31, 2018	Dec. 31, 2017
Carrying value, opening balance	61	304
Additions	121	-3
Disposals	-31	-215
Share of profit and loss in joint ventures	-151	0
Translation differences	0	-25
<b>At end of period</b>	<b>0</b>	<b>61</b>

Dovre Group Plc's joint venture is SaraRasa Bioindo Pte. Ltd. (Bioindo) of which Dovre Group owned 29% at the end of 2017. Following the share issues in 2018, Dovre Group's ownership has been diluted below 20%. Additionally, Bioindo shareholder has amended the shareholder agreement and the clause of the unanimous decision making has been removed. Dovre Group Plc therefore no longer has a significant influence and the ownership is presented in the financial asset at the year end 2018.

## 4. FINANCIAL ASSETS

### Financial assets at fair value through profit and loss

EUR thousand	Dec. 31, 2018	Dec. 31, 2017
Unquoted equity investment	723	0
<b>Total</b>	<b>723</b>	<b>0</b>

Financial assets at fair value through profit and loss include Dovre Group Plc's ownership in SaraRasa Bioindo Pte. Ltd. (Bioindo). Dovre Group Plc's ownership is 19.86% at the year end 2018. Earlier Dovre Group Plc presented the ownership in the investment in joint ventures. Dovre Group's investment in Bioindo is not part of the Group's core business.

The category of the investment's fair value measurement is Level 3. The valuation technique has been discounted cash flow method with five year forecast period and 1% as terminal growth rate. The significant unobservable inputs used are the following:

- Net sales during the forecast period USD 5.5 million annually
- Operating result (EBIT) during the forecast period 8.4%
- Discount rate (WACC) 11.9%.

Increase of 4% in the profitability would result in increase in fair value by EUR 0.3 million. Decrease of net sales by 9% and increase of discount rate by 2% would result in decrease in fair value by EUR 0.2 million. The measurements do not include planned purchase of a new pellet mill in 2019 that Dovre Group Plc reported on Jan 3, 2019.

The audited equity of Bioindo was USD -1,850 thousand at the year end 2017. The management of Bioindo estimates that the equity will be USD -650 thousand at the end of 2018. The 2018 result includes a gain of EUR 800 thousand following the restructuring of Bioindo's long-term loans (published on Jan 3, 2019).

## 5. TRADE AND OTHER RECEIVABLES

EUR thousand	Dec. 31, 2018	Dec. 31, 2017
Trade receivables	11,759	10,493
Other receivables	65	120
Prepayments and accrued income on sales	440	384
Other prepayments and accrued income	262	422
Receivables from joint ventures	0	8
<b>Total</b>	<b>12,526</b>	<b>11,427</b>

The book values of the receivables are based on a reasonable estimate of their fair values. No significant concentrations of credit risk are associated with the receivables. Other prepayments and accrued income include accrued expenses.

### Ageing analysis of trade receivables

EUR thousand	Dec. 31, 2018	Dec. 31, 2017
Not due	8,127	6,403
Overdue		
1 - 30 days	3,397	3,857
31 - 60 days	155	181
61 - 90 days	74	22
Over 90 days	6	30
<b>Total</b>	<b>11,759</b>	<b>10,493</b>

## 6. GROUP COMMITMENTS AND CONTINGENT LIABILITIES

### Collateral for own commitments

EUR thousand	Dec. 31, 2018	Dec. 31, 2017
Trade receivables pledged as collateral	4,021	4,065
Floating charges	3,000	3,000
Pledged shares, book value in Group	809	826

### Rental agreements, Group as a Lessee

EUR thousand	Dec. 31, 2018	Dec. 31, 2017
Not later than one year	452	475
Later than one year and not later than five years	1,115	1,069
<b>Yhteensä</b>	<b>1,567</b>	<b>1,544</b>

The Group's leases business premises and cars under various non-cancellable leases. The leases have varying lengths, index clauses, and renewal and other terms.

## 7. GROUP QUARTERLY INFORMATION

EUR thousand	1-3 2018	1-3 2017	4-6 2018	4-6 2017	7-9 2018	7-9 2017	10-12 2018	10-12 2017
<b>NET SALES</b>	<b>16,418</b>	<b>17,259</b>	<b>16,325</b>	<b>15,843</b>	<b>15,539</b>	<b>14,701</b>	<b>17,184</b>	<b>14,880</b>
Other operating income	4	23	7	20	18	9	3	13
Material and services	-51	-30	-47	-27	-30	-25	-66	-31
Employee benefits expense	-14,871	-15,737	-14,830	-14,242	-14,083	-13,310	-15,434	-13,087
Depreciation and amortization	-109	-124	-118	-121	-112	-121	-108	-119
Other operating expenses	-1,343	-1,645	-1,271	-1,436	-1,169	-1,234	-1,317	-1,409
<b>OPERATING RESULT</b>	<b>48</b>	<b>-254</b>	<b>66</b>	<b>38</b>	<b>163</b>	<b>20</b>	<b>262</b>	<b>247</b>

## 8. GROUP KEY FINANCIAL PERFORMANCE INDICATORS

EUR million	1-12 2018	1-12 2017
Cash and cash equivalents	5.0	5.2
Interest-bearing liabilities	3.2	3.0
Net debt	-1.7	-2.1
Shareholders' equity	22.2	22.6
Balance sheet total	37.5	36.4
Return on equity, %	3.8%	-2.3%
Return on investment, %	4.6%	-1.1%
Debt-equity ratio (Gearing), %	-7.8%	-9.4%
Equity-ratio, %	59.1%	62.2%
Personnel (average for period)	495	468
Personnel (at end of period)	495	476
Earnings per share, EUR (basic, average for period)	0.008	-0.005
Equity per share, EUR (basic, end of period)	0.22	0.23