

Dovre Group Plc

Half year financial statement

July 28, 2020 at 8.45 a.m.

## DOVRE GROUP'S HALF-YEAR FINANCIAL REPORT 1.1.–30.6.2020: Net sales increased by 13% and profitability improved in January–June 2020

*The figures presented in this half year financial report are not audited. Last year's corresponding period in parentheses.*

### January–June 2020

- Net sales grew by 13.0% to EUR 43.2 (38.2) million
  - Project Personnel: net sales totaled EUR 35.5 (35.2) million – increase of 0.8%.
  - Consulting: net sales totaled EUR 7.7 (3.0) million – increase of 155.9%.
- Operating result improved to EUR 1.2 (0.6) million.
- Profit before tax was EUR 1.2 (0.4) million including EUR 0.1 (-0.1) million of finance items.
- Result for the period improved to EUR 1.1 (0.2) million.
- Earnings per share EUR 0.011 (0.002).
- Net cash flow from operating activities increased to EUR 2.5 (-1.4) million.

### Outlook for 2020 unchanged (issued on 28 April 2020):

The impact of the pandemic, oil price and currencies on Dovre's operations and business environment will depend on the duration and extent of the crisis. Based on the current situation, Dovre's net sales are expected to be slightly below 2019 and the operating profit is expected to be in line with 2019 excluding non-recurring items and currency effects.

Due to the company's healthy balance sheet and sound business, we still consider Dovre's long-term growth opportunities and prospects to be good.

### GROUP'S KEY FIGURES

EUR million	1–6 2020	1–6 2019	Change %	1–12 2019
Net sales	43.2	38.2	13.0	83.1
Operating result	1.2	0.6	109.7	2.7
% of net sales	2.7	1.4		3.3
Profit before taxes	1.2	0.4	185.5	2.6
% of net sales	2.8	1.1		3.2
Result for the period	1.1	0.2	407.1	2.1
% of the net sales	2.6	0.6		2.5
Net cash flow from operating activities	2.5	-1.4	279.8	1.3
Net debt	-1.6	4.1	139.0	0.0
Debt-equity ratio (Gearing), %	-6.7	18.4	136.4	0.2
Earnings per share, EUR				
Undiluted	0.011	0.002	395.6	0.021
Diluted	0.011	0.002	395.6	0.021

**CEO ARVE JENSEN:**

In H1, Dovre's net sales increased by 13% from the comparison period, with both segments contributing to this growth. The period was, however, twofold. In the first quarter performance was good and in line with our expectations, but in the second quarter the impacts of the coronavirus pandemic started to show in a slowing business demand. We monitored market developments closely and adjusted our operations accordingly. Thanks to these measures taken our relative profitability continued to improve in H1, and our operating profit doubled from the comparison period to 1.2 million euros. We saw profitable growth in both Project Personnel and Consulting segments. Our operations in Singapore have had a very strong start of the year even with the challenging Corona impacts.

The acquisition of Tech4Hire in 2019 and the reorganization of our operations in Norway in January 2020 have proven to be successful. We see clear strengths in our current business model and our plan is to further develop our services during H2 2020.

Although the coronavirus pandemic seems to have stabilized in Norway, Finland and some parts of Europe and Asia, the situation is still critical globally, and especially in our market area Americas. In the last period, the oil price has developed positively and in June, the Norwegian Government has implemented tax changes for the oil companies in Norway in order to stimulate new investments. We continue to closely monitor market developments. At the moment it looks that the negative effects of the pandemic will impact our business at least in the latter half of 2020.

**NET SALES**

In January–June Dovre Group's net sales increased by 13.0%, totaling EUR 43.2 (38.2) million. The acquisition of Tech4Hire AS, which was completed in the second quarter of 2019, explains around one fourth of the revenue growth in the review period whereas the rest stems from the organic growth of the business.

Project Personnel accounted for 82 (92) percent and Consulting for 18 (8) percent of the Group's net sales. Project Personnel's net sales were flat year-on-year and totaled EUR 35.5 (35.2) million. Net sales for Consulting increased by 155.9%, totaling EUR 7.7 (3.0) million.

Considering the retrospective impact of the organizational changes in Norway in January 2020 to H1 2019 figures, Project Personnel would have accounted for 79% of net sales and Consulting for 21% of new sales in the first half 2019. Consequently, the growth of the Project business would have been 17.8%, of which the effect of the Tech4Hire acquisition would have been around one fourth. Tech4Hire is fully reported in Project Personnel. In the Consulting business, on the other hand, net sales would have declined by 4.9% year-on-year following the slowing demand in caused by the coronavirus pandemic.

Year-on-year fluctuations in foreign currency exchange rates, especially the depreciation of the Norwegian krone against the euro, had a clear negative impact the Group's net sales in H1. At

constant currencies, net sales would have increased by 22.0% year-on-year in H1 instead of 13.0 per cent.

<b>Net sales by reporting segment</b>	<b>1–6</b>	<b>1–6</b>	<b>Change</b>	<b>1–12</b>
EUR million	<b>2020</b>	<b>2019</b>	<b>%</b>	<b>2019</b>
Project Personnel	35.5	35.2	0.8	77.0
Consulting	7.7	3.0	155.9	6.1
<b>Group total</b>	<b>43.2</b>	<b>38.2</b>	<b>13.0</b>	<b>83.1</b>

<b>Net sales by market area</b>	<b>1–6</b>	<b>1–6</b>	<b>Change</b>	<b>1–12</b>
EUR million	<b>2020</b>	<b>2019</b>	<b>%</b>	<b>2019</b>
EMEA	33.7	30.2	11.7	66.4
AMERICAS	4.3	4.7	-8.6	9.6
APAC	5.2	3.3	55.3	7.2
<b>Group total</b>	<b>43.2</b>	<b>38.2</b>	<b>13.0</b>	<b>83.1</b>

Dovre Group's market areas are:

- EMEA: Norway, Middle-East, Finland
- AMERICAS: Canada, US
- APAC: Singapore

## PROFITABILITY

Dovre's other operating income totaled EUR 0.1 (0.0) million euros during the review period. Employee benefit expenses increased broadly in line with the net sales, by 13.7% to EUR 39.6 (34.8) million. Other operating expenses, especially those related to travel, declined following the slowdown in business.

In H1, the Group's operating result improved to EUR 1.2 (0.6) million. Project Personnel's operating result was EUR 1.0 (0.8) million. Consulting's operating result was EUR 0.7 (0.2) million. The operating result of the Group's Other functions was EUR -0.4 (-0.4) million.

Considering the retrospective impact of the organizational changes in Norway in January 2020 to H1 2019 figures, the operating profit of Project Personnel would have been EUR 0.4 million and the operating profit of the consulting business EUR 0.6 million in H1 2019.

<b>Operating result</b>	<b>1–6</b>	<b>1–6</b>	<b>Change</b>	<b>1–12</b>
EUR million	<b>2020</b>	<b>2019</b>	<b>%</b>	<b>2019</b>
Project Personnel	1.0	0.8	15.5	2.4
Consulting	0.7	0.2	222.1	0.6
Other functions	-0.4	-0.4	5.2	-0.1
Unallocated *)	-0.1	-0.1	-41.9	-0.3
<b>Group total</b>	<b>1.2</b>	<b>0.6</b>	<b>109.7</b>	<b>2.7</b>

\*) Unallocated expenses include amortization of customer agreements and relations, expenses recorded as a result of adoption of IFRS 16 in 2019.

The Group's result before taxes was EUR 1.2 (0.4) million. Result included EUR 0.1 (-0.1) million of finance items, including foreign currency items of EUR 0.2 (-0.1) million.

The Group's result for the period was EUR 1.1 (0.2) million. The Group's earnings per share was EUR 0.011 (0.002). The Group's return on average capital employed before taxes (ROI) was 9.0 (2.3) %.

## **CASH FLOW, FINANCING AND INVESTMENTS**

On June 30, the Group's balance sheet total was EUR 45.4 (47.6) million. The Group's cash and cash equivalents totaled EUR 6.7 (3.1) million. In addition, the Group has an unused credit limit of EUR 2.7 million.

At the end of June, the equity ratio was 52.7 (47.0) % and the debt-equity ratio (gearing) -6.8 (18.4) %. The interest-bearing liabilities amounted to EUR 5.1 (7.2) million, accounting for 11.1 (15.2) % of the Group's shareholders' equity and liabilities. A total of EUR 2.9 (3.1) million of the Group's interest-bearing liabilities were current and a total of EUR 2.2 (4.1) million non-current.

The Group's cash flow includes Tech4Hire's cash flows from May 1, 2019. In H1 2020, net cash flow from operating activities was EUR 2.5 (1.4) million, which includes EUR 1.2 (-1.9) million change in working capital. The decrease in trade and other receivables, in particular, had an effect on the cash flow.

Net cash flow from investing activities was EUR -1.0 (-1.8) million and relates to the payment of additional purchase price to the sellers of Tech4Hire in February 2020. The comparison figure relates to the original acquisition of Tech4Hire in June 2019.

Net cash flow from financing activities was EUR -0.2 (1.1) million. The figure includes a directed share issue to the sellers of Tech4Hire in February 2020, as a part of the additional consideration was used to subscribe for new shares in Dovre Group Plc. The comparison figure, on the other hand, includes an increase in long-term debt, amounting to EUR 1.7 million, used to finance the Tech4Hire acquisition in H1 2019. The balance sheet goodwill totaled EUR 16.2 (17.9) million on June 30. No indications of impairment exist.

## **CHANGES IN THE GROUP STRUCTURE**

### **Legal restructuring in Norway**

At the beginning of January 2020, Dovre Group reorganised its business in Norway and transferred a part of the business from the Project Personnel segment to be reported as a part of the Consulting segment. The new organizational structure combines those businesses that have specific features in the energy sector as one entity, and those with core expertise in consulting as

one entity. The new structure enables Dovre’s personnel to utilize their expertise better in the management of customer projects and in developing Dovre’s business.

The new companies in Norway are Dovre Group Energy AS and Dovre Group Consulting AS. Dovre Group Energy AS, earlier Dovre Group Projects AS, focuses on supplying project personnel to clients within the energy sector and Dovre Group Consulting AS focuses on consulting within project management and supplying of project personnel to clients within other industries than energy.

Dovre Group Energy AS will be reported as part of Project Personnel segment in the Group’s financial reporting. Dovre Group Consulting AS will be reported as part of Consulting segment in the Group’s financial reporting. The changes will not have any effect on the legal structures in other units outside Norway. Other units will continue to serve all clients with large projects in the energy sector and other industries.

### New subsidiary in Russia

In February 2020, Dovre Group expanded its offering to a new geographical area of Western Russia by establishing a new subsidiary company in St. Petersburg (Dovre ooo). The company initially planned to offer project personnel, specialists and advanced project services for both foreign and Russian companies operating in Russia, as well as administrative support and other back-office services for all Dovre companies internally to improve cost efficiency and profitability of Dovre, but the corona virus pandemic has slowed down the start of the operations significantly.

## PERSONNEL

During H1 2020, the average number of personnel employed by the Group was 665 (555). Project Personnel employed 576 (514) and Consulting 86 (37) people. In the Project Personnel business area 28 (26) % of employees were independent contractors. The increase in the average number of employees was driven by both organic growth and the acquisition of Tech4Hire.

Personnel average	1–6 2020	1–6 2019	Change %	1–12 2019
Project Personnel	576	514	12.1	580
Consulting	86	37	131.5	37
Other functions	3	4	-25.0	3
<b>Group total</b>	<b>665</b>	<b>555</b>	<b>19.8</b>	<b>620</b>

The number of people employed at the end of June declined, however. On June 30, 2020, Dovre Group employed 621 (672) people, 534 (632) of whom were employed by Project Personnel, 84 (37) by Consulting and 3 (3) by Other functions. The organizational change in Norway increased the number of people in Consulting and had an opposite effect on Project Personnel segment. The number of employees in Project Personnel declined also as a result of adaptive measures caused by the slow-down in demand, which resulted from the coronavirus pandemic.

## **GROUP MANAGEMENT**

There were no changes in the Group Executive Team during the period under review. At the end of June 2020, Dovre Group's Group Executive Team consists of Arve Jensen (CEO), Stein Berntsen (President, Consulting) and Mari Paski (CFO).

The Annual General Meeting of 28 April 2020 elected Ilari Koskelo, Kristine Larneng, Antti Manninen and Svein Stavelin as members of the Board of Directors. Convening after the AGM, the Board elected Svein Stavelin as Chairman of the Board and Ilari Koskelo as Vice Chairman.

## **SHARES, SHAREHOLDERS, AND STOCK OPTIONS**

### **Share capital and trading**

On June 30, 2020, Dovre Group's share capital was EUR 9,603,084.48 and the total number of shares 102 956 494.

The number of shares increased during H1 2020 when Dovre Group issued 1,009,747 new shares to the sellers of Tech4Hire AS in a directed share issue. The issue was related to the payment of an additional purchase price to the sellers of Tech4Hire, where a part of the additional consideration was be used to subscribe for new shares in Dovre Group Plc. The subscription price per share was 0.34 euros and the total subscription price was 343,314.00 euros. The share subscription price was based on the volume-weighted average price of Dovre Group shares on Nasdaq Helsinki between 7 February 2020 and 13 February 2020. The subscription price was recorded in its entirety in the Company's invested non-restricted equity.

In H1 2020, altogether 17.6 (5.3) million Dovre Group shares were exchanged on the Nasdaq Helsinki Ltd., corresponding to a trade of approximately EUR 4.9 (1.2) million. The volume weighted average price of Dovre share was 0.28 (0.24), the lowest quotation was EUR 0.20 (0.21) and the highest EUR 0.37 (0.26). On June 30, 2020, the closing quotation was EUR 0.25 (0.25). The period-end market capitalization was approximately EUR 25.9 (24.8) million.

### **Own shares**

Dovre Group did not repurchase the Company's own shares during the period under review. At the end of June 2020, Dovre Group Plc held 870,337 of its own shares, representing approximately 0.85% of all the company's shares and votes.

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

On June 30, the number of registered shareholders of Dovre Group Plc totaled 3,973 (3,136), including 9 (8) nominee-registers. The share of nominee-registered shares was 3.8 (0.0) % of the Group's shares.

On June 30, 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

8,177,751 (7,541,251) shares in the company, representing 7.9 (7.4) % of all shares. The company did not have open stock option plans at the end of June.

There were no flagging notifications in H1 2020.

#### Holdings of Board of Directors and CEO 30.6.2020

Name	Shares, pcs	Percentage of shares
Svein Stavelin	334,613	0.3
Ilari Koskelo	7,229,653	7.0
Antti Manninen	533,485	0.5
Kristine Larneng	0	0.0
<b>Board members, total</b>	<b>8,097,751</b>	<b>7.9</b>
CEO Arve Jensen	80,000	0.1

#### Shareholder agreements

Dovre is not aware of any shareholder agreements pertaining to share ownership or the use of voting rights.

#### Stock options

At the end of the period under review, Dovre Group had no open option plans. The subscription period for 2013C option plan ended on February 28, 2020. The share subscription period and price per series under the 2013C option plan was as follows: subscription price EUR 0.43; subscription period March 1, 2017 – February 28, 2020.

#### Long-term incentive programs 2018–2020

The Board of Directors decided on a long-term share-based remuneration and incentive program for the top management of Dovre Group in June 2018. The remuneration is based on an annually set performance conditions and a service condition, and the key metric is operating profit.

The executive is responsible for personnel income tax on award. The shares will be awarded when the vesting period ends at the beginning of 2021. At the end of 2019, the estimated amount of shares earned was 354,564 in 2019 and 169,631 in 2018, in total 524,195.

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

Dovre Group Plc's Annual General Meeting (AGM) was held on April 28, 2020. The AGM adopted the financial statements and consolidated financial statements for 2019 and discharged the members of the Board of Directors and the CEO from liability for the financial year ending on December 31, 2019.

The AGM decided to authorize the Board of Directors to decide according to their own consideration on a dividend distribution of a maximum of EUR 0.01 for the financial year 2019. The Board of Directors expects to decide on the distribution of the dividend on October 26, 2020. The Board of Directors expects that the preliminary record date would be October 27, 2020 and the preliminary payment date would be November 4, 2020. Dovre Group shall make separate announcement of such resolution.

The AGM decided that the number of Board members be set at four (4). Svein Stavelin, Ilari Koskelo, Kristine Larneng and Antti Manninen were re-elected as members of the Board. The AGM 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. The annual compensation is to be paid in cash. In addition, reasonable travel expenses are also compensated.

The AGM elected Audit firm BDO Oy as the Company's auditor. BDO Oy has informed that Authorized Public Accountant Ari Lehto will be the principal auditor. The auditor's fee shall be paid according to the approved invoice of the auditor.

The AGM authorized the Board of Directors to decide on the repurchase of the Company's own shares and 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. Both authorizations cover a maximum of 10,100,000 shares, which corresponds to a maximum of 9.9% of the total number of shares in the company. The authorizations are valid until June 30, 2021 and revoke the previously granted, corresponding authorizations.

The Board did not use the authorization to decide on the repurchase of its own shares during H1 2020. In February the Board of Directors used the authorization granted by the 2019 AGM to decide on the issuance of new shares when it decided on the directed share issue to the sellers of Tech4Hire in February 2020. The authorization granted by the 2020 AGM is unused.

The decisions of the General Meeting are available in full at Dovre's website at <https://www.dovregroup.com/investors/share-and-ownership.html#authorizations>

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

In the Project Personnel business area, the Group's most significant risks include the cyclical nature of 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 Group's 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 REVIEW PERIOD**

Dovre Group's CFO Mari Paski submitted her resignation in Dovre Group in July and will leave her position by the beginning of October. As part of the process, Dovre Group has decided to investigate the reallocation of finance and corporate administration between Norway and Finland.

Espoo, July 28, 2020

DOVRE GROUP PLC  
BOARD OF DIRECTORS

### **For additional information, please contact:**

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## **Financial reporting in 2020**

- Q3 trading statement for January 1–September 30, 2020 on Tuesday, October 27, 2020

*Dovre Group is a global provider of project management services. Dovre Group has two business areas: Project Personnel and Consulting. Dovre Group has offices in Canada, Finland, Norway, Russia, Singapore and the US, and employs more than 670 people worldwide. Dovre Group is listed on the Nasdaq Helsinki (symbol: DOV1V). Company website [www.dovregroup.com](http://www.dovregroup.com).*

## **Distribution**

Nasdaq Helsinki Ltd

Major media

[www.dovregroup.com](http://www.dovregroup.com)

The figures presented in this half year financial report are not audited.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated statement of income				
	1-6	1-6	Change	1-12
EUR thousand	2020	2019 <sup>1</sup>	%	2019
<b>NET SALES</b>	<b>43,155</b>	<b>38,191</b>	<b>13.0</b>	<b>83,135</b>
Other operating income	97	28	253.7	817
Material and services	-117	-96	21.5	-180
Employee benefit expenses	-39,561	-34,805	13.7	-75,598
Depreciation and amortization	-447	-408	9.5	-882
Other operating expenses	-1,973	-2,360	-16.4	-4,587
<b>OPERATING RESULT</b>	<b>1,153</b>	<b>550</b>	<b>109.7</b>	<b>2,705</b>
Financing income	294	31	848.1	267
Financing expenses	-244	-160	52.8	-330
<b>RESULT BEFORE TAX</b>	<b>1,203</b>	<b>422</b>	<b>-185.5</b>	<b>2,642</b>
Tax on income from operations	-77	-199	-61.5	-552
<b>RESULT FOR THE PERIOD</b>	<b>1,127</b>	<b>222</b>	<b>407.1</b>	<b>2,091</b>
Other comprehensive income				
Other comprehensive income to be classified to profit or loss in subsequent periods:				
Translation differences	-1,808	597	-403.1	598
Other comprehensive income for the period, net of tax	-1,808	597	-403.1	598
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>-681</b>	<b>819</b>	<b>-183.2</b>	<b>2,689</b>
<b>Earnings/share (EUR)</b>				
Basic, result for the period	0.011	0.002	-395.6	0.021
Diluted, result for the period	0.011	0.002	-395.6	0.021
	1-6	1-6		1-12
<b>Average number of shares</b>	<b>2020</b>	<b>2019</b>		<b>2019</b>
Basic	102,788,203	100,465,099		101,205,923
Diluted	102,788,203	100,465,099		101,205,923
<b>Number of shares, period end</b>	<b>30.6.2020</b>	<b>30.6.2019</b>		<b>31.12.2019</b>
Basic	102,956,494	101,946,747		101,946,747
Diluted	102,956,494	101,946,747		101,946,747

<sup>1</sup> Dovre Group adopted IFRS 16 Leases standard as of January 1, 2019 using a simplified transition method.

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>				
EUR thousand	<b>30.6.</b>	<b>30.6.</b>	<b>Change</b>	<b>31.12.</b>
	<b>2019</b>	<b>2019</b>	<b>%</b>	<b>2020</b>
<b>ASSETS</b>				
Non-Current assets				
Intangible assets	3,250	2,850	14.0	3,735
Goodwill	16,221	17,919	-9.5	17,443
Tangible assets	1,651	2,950	-44.0	2,049
Financial assets	876	723	21.3	876
Deferred tax assets	136	197	-31.2	148
Non-Current assets	22,135	24,640	-10.2	24,252
Current assets				
Trade receivables and other receivables	16,606	19,836	-16.3	19,413
Tax receivable, income tax	1	1	-19.6	1
Cash and cash equivalents	6,698	3,092	116.7	5,794
Current assets	23,305	22,928	1.6	25,208
<b>TOTAL ASSETS</b>	<b>45,440</b>	<b>47,568</b>	<b>-4.5</b>	<b>49,460</b>
<b>EQUITY AND LIABILITIES</b>				
Shareholders' equity				
Share capital	9,603	9,603	0.0	9,603
Reserve for invested non-restricted equity	12,991	12,666	2.6	12,661
Fair value reserve	2,869	2,869	0.0	2,869
Treasury shares	-237	-237	0.0	-237
Translation differences	-4,673	-2,864	63.2	-2,865
Retained earnings	3,415	309	1 003.4	2,289
Shareholders' equity	23,968	22,345	7.3	24,319
Non-current liabilities				
Deferred tax liability	701	777	-9.8	954
Non-current liabilities, interest-bearing	2,181	3,808	-42.7	2,728
Other non-current liabilities	65	68	-3.7	65
Non-current liabilities	2,947	4,653	-36.7	3,747
Current liabilities				
Short-term liabilities, interest-bearing	2,884	3,402	-15.2	3,106
Trade payables and other liabilities	15,227	16,958	-10.2	17,697
Tax liability, income tax	415	209	98.1	591
Current liabilities	18,526	20,570	-9.9	21,394
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>45,440</b>	<b>47,568</b>	<b>-4.5</b>	<b>49,460</b>

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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

EUR thousand	a)	b)	c)	d)	e)	f)	g)
<b>SHAREHOLDERS' EQUITY Jan. 1, 2019</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>
<b>Comprehensive income</b>							
Result for the period						222	222
Other comprehensive income, items that may be reclassified to profit and loss in subsequent periods:							
Translation differences					598	-1	597
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>598</b>	<b>221</b>	<b>819</b>
<b>Transactions with shareholders</b>							
Directed share issue		366					366
Share based compensation						1	1
Dividend distribution						-993	-993
<b>Total transaction with shareholders</b>	<b>0</b>	<b>366</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-992</b>	<b>-626</b>
<b>SHAREHOLDERS' EQUITY Jun. 30, 2019</b>	<b>9,603</b>	<b>12,666</b>	<b>2,869</b>	<b>-237</b>	<b>-2,864</b>	<b>309</b>	<b>22,345</b>
EUR thousand	a)	b)	c)	d)	e)	f)	g)
<b>SHAREHOLDERS' EQUITY Jan. 1, 2020</b>	<b>9,603</b>	<b>12,661</b>	<b>2,869</b>	<b>-237</b>	<b>-2,865</b>	<b>2,288</b>	<b>24,319</b>
<b>Comprehensive income</b>							
Result for the period						1,127	1,127
Other comprehensive income, items that may be reclassified to profit and loss in subsequent periods:							
Translation differences					-1,808		-1,808
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,808</b>	<b>1,127</b>	<b>-681</b>
<b>Translation with shareholders</b>							
Directed share issue		330					330
<b>Total transactions with shareholders</b>	<b>0</b>	<b>330</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-884</b>	<b>330</b>
<b>SHAREHOLDERS' EQUITY Jun. 30 2020</b>	<b>9,603</b>	<b>12,991</b>	<b>2,869</b>	<b>-237</b>	<b>-4,673</b>	<b>3,415</b>	<b>23,968</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1-6 2020	1-6 2019	Change, %	1-12 2020
<b>Cash flow from operating activities</b>				
Operating result	1,153	550	109.7	2,705
Adjustments:				,
Depreciation / Amortization	447	408	9.5	882
Gain from sale of tangible assets			-	-776
Other adjustments	67	1	6 556.4	110
<b>Adjustments, total</b>	<b>513</b>	<b>409</b>	<b>25.5</b>	<b>216</b>
Changes in working capital				,
Trade and other receivables, increase (-) / decrease (+)	1,222	-4,453	127.4	-4,141
Trade and other payables, increase (+) / decrease (-)	-6	2,526	100.2	2,992
<b>Changes in working capital, total</b>	<b>1,216</b>	<b>-1,927</b>	<b>163.1</b>	<b>-1,149</b>
Interest paid	-87	-76	-14.5	-167
Interest received	13	25	-47.1	52
Other financial expenses paid and received	39	-38	203.1	-71
Income taxes paid	-369	-322	-14.5	-306
<b>Net cash generated by operating activities</b>	<b>2,480</b>	<b>-1,379</b>	<b>279.8</b>	<b>1,280</b>
				,
<b>Cash flow from investing activities</b>				,
Investments in tangible and intangible assets	-11	-9	-17.5	-84
Proceeds from sale of tangible assets	0	1	-100.0	1,642
Acquisitions of subsidiaries, less cash and cash equivalents	-979	-1,778	-44.9	-1,778
<b>Net cash generated by financing activities</b>	<b>-990</b>	<b>-1,786</b>	<b>-44.6</b>	<b>-220</b>
				,
<b>Cash flow from financing activities</b>				,
Directed share issue	331	406	-18.5	364
Proceeds from non-current loans	0	1,651	-100.0	1,651
Repayments of non-current loans	-149	0		-1,061
Proceeds(+)/repayments(-) from current credit limits	-125	262	-147.7	2
Repayments of leasing liabilities	-214	-170	25.9	-379
Dividends paid	0	-993	100.0	-993
<b>Net cash generated by financing activities</b>	<b>-157</b>	<b>1,156</b>	<b>-113.6</b>	<b>-416</b>
				,
Translation differences	-429	131	427.5	180
<b>Change in cash and cash equivalents</b>	<b>904</b>	<b>-1,878</b>	<b>148.1</b>	<b>824</b>
Cash and cash equivalents at beginning of the period	5,794	4,970		4,970
<b>Cash and cash equivalents at end of the period</b>	<b>6,698</b>	<b>3,092</b>		<b>5,794</b>

## NOTES TO THE HALF YEAR FINANCIAL REPORT

The half year financial report has been prepared in line with IAS 34 and, apart from the additions below, the same accounting principles have been applied as in the 2019 financial statements. Key indicator calculations remain unchanged and have been presented in the 2019 financial statements.

The amendments and additions to the IFRS standards that came into force at the beginning of 2020 did not have a material effect on the consolidated financial statements.

### 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 personnel services outside energy sector, as well as 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	1-6/2020	1-6/2019	Change	1-12/2019
Project Personnel	35,462	35,185	0.8 %	76,995
Consulting	7,692	7,692	0.0 %	7,692
<b>Total</b>	<b>43,154</b>	<b>42,877</b>	<b>0.6 %</b>	<b>84,687</b>

#### OPERATING RESULT

EUR thousand	1-6/2020	1-6/2019	Change	1-12/2019
Project Personnel	971	840	15.5 %	2,376
Consulting	715	222	222.1 %	643
Other functions	-392	-414	5.3 %	-63
Unallocated	-141	-99	-42.6 %	-252
<b>Total</b>	<b>1,153</b>	<b>550</b>	<b>109.7 %</b>	<b>2,705</b>

Unallocated expenses include amortization of customer agreements and relations and expenses recorded as a result of adaptation of IFRS 16.

#### PERSONNEL

Average number of personnel	1-6/2020	1-6/2019	Change	1-12/2019
Project Personnel	576	514	12.1	580
Consulting	86	37	131.5	37
Muut toiminnot	3	4	-25.0	3
<b>Total</b>	<b>665</b>	<b>555</b>	<b>19.8</b>	<b>620</b>

In the Project Personnel business area, 28 (26) % of personnel were independent contractors.

## 2. NET SALES

### NET SALES BY REVENUE TYPE

EUR thousand	1-6/2020	1-6/2019	Change	1-12/2019
Services	42,900	37,904	13.2%	82,634
License revenue	159	196	-18.7%	314
Maintenance	95	91	4.7%	187
<b>Total</b>	<b>43,155</b>	<b>38,191</b>	<b>13.0%</b>	<b>83,135</b>

Services include 49 thousand euros (48 thousand euros in June 2019) revenue recognized as a point in time. License income includes 47 thousand euros (76 thousand euros) income recognized as a point in time.

### NET SALES BY DOMICILE OF THE COMPANY

EUR thousand	1-6/2020	1-6/2019	Change	1-12/2019
Finland	4,032	3,764	7.1%	8,193
Norway	29,663	26,396	12.4%	58,158
Singapore	5,155	3,320	55.3%	7,189
Other countries	4,305	4,711	-8.6%	9,595
<b>Total</b>	<b>43,155</b>	<b>38,191</b>	<b>13.0%</b>	<b>83,135</b>

## 3. LEASES

Dovre Group's right-to-use assets are office leases. During the period, one lease was terminated prematurely and one lease was reassessed as a short-term lease.

### Right-to-use assets

EUR thousand	2020
Acquisition cost, Jan. 1	2,379
Translation differences (+/-)	-165
Additions	160
Deductions	-250
Acquisition cost, Jun. 30	2,124
Accumulated depreciation, Jan. 1	-412
Translation differences (+/-)	32
Accumulated depreciation from deductions	84
Depreciation charges for the period	-228
Accumulated depreciation, Jun. 30	-524
<b>Book value, Jun. 30</b>	<b>1,600</b>



**Leasing liabilities**

EUR thousand	Jun. 30, 2020	Jun. 30, 2019	Dec. 31, 2019
Pitkäaikaiset vuokrasopimusvelat	1,301	1,857	1,592
Lyhytaikaiset vuokrasopimusvelat	349	198	417
<b>Total</b>	<b>1,650</b>	<b>2,055</b>	<b>2,009</b>

**Cash flow statement items**

EUR thousand	Jun. 30, 2020
Lease liability amortization payments	-214
Lease liability interest payments	-34
<b>Total</b>	<b>-248</b>

**4. TRADE AND OTHER RECEIVABLES**

EUR thousand	Jun. 30, 2020	Jun. 30, 2019	Dec. 31, 2019
Trade receivables	15,598	17,732	17,997
Valuation allowance for trade receivables	-65	0	-15
Other receivables	28	23	49
Accrued income on sales	834	1,652	1,022
Other prepayments	210	428	360
<b>Total</b>	<b>16,606</b>	<b>19,836</b>	<b>19,413</b>

**Aging analysis of trade receivables**

EUR thousand	Jun. 30, 2020	Jun. 30, 2019	Dec. 31, 2019
No due	13,612	15,750	11,825
Overdue			
1-30 days	1,609	1,358	5,607
31-60 days	239	486	429
61-90 days	103	92	75
Over 90 days	35	46	61
<b>Total</b>	<b>15,598</b>	<b>17,732</b>	<b>17,997</b>

**5. GROUP COMMITMENTS AND CONTINGENT LIABILITIES**

## Collateral for own commitments

EUR thousand	Jun. 30, 2020	Jun. 30, 2019	Dec. 31, 2019
Trade receivables pledged as collateral	5,130	4,126	5,677
Floating charges	3,000	3,000	3,000

## 6. GROUP QUARTERLY INFORMATION

EUR thousand	2020 1-3	2019 1-3	2020 4-6	2019 4-6	2019 7-9	2019 10-12
<b>NET SALES</b>						
Other operating income	<b>23,615</b>	<b>17,317</b>	<b>19,540</b>	<b>20,874</b>	<b>21,637</b>	<b>23,306</b>
Material and services	15	14	82	13	785	5
Employee benefits expense	-57	-27	-60	-69	-37	-47
Depreciation and amortization	-21,464	-15,777	-18,097	-19,028	-19,604	-21,189
Other operating expenses	-210	-205	-237	-203	-241	-233
<b>OPERATING RESULT</b>	<b>-1,190</b>	<b>-1,052</b>	<b>-783</b>	<b>-1,308</b>	<b>-1,072</b>	<b>-1,152</b>

## 7. GROUP KEY FINANCIAL PERFORMANCE INDICATORS

EUR million	1-6 2020	1-6 2019	1-12 2019
Cash and cash equivalents			
Interest-bearing liabilities	6.7	3.1	5.8
Net debt	5.1	7.2	5.8
Shareholders' equity	-1.6	4.1	0.0
Balance sheet total	24.0	22.3	24.3
Return on equity, %	45.4	47.6	49.5
Return on investment, %	4.9%	1.0%	9.0%
Debt-equity ratio (Gearing), %	9.0%	2.3%	10.3%
Equity-ratio, %	-6.8%	18.4%	0.2%
Personnel (average for period)	52.7%	47.0%	49.2%
Personnel (at end of period)	665	498	620
Earnings per share, EUR (basic, average for period)	621	462	691
Equity per share, EUR (basic, end of period)	0.011	0.002	0.021