

DOVRE GROUP HALF YEAR FINANCIAL REPORT JANUARY 1–JUNE 30, 2019
NET SALES AND RESULT INCREASED DUE TO POSITIVE MARKET AND TECH4HIRE ACQUISITION

Dovre Group Plc issues today the company's half year financial report for the six months ended on 30 June 2019. The figures presented in this half year financial report are not audited. Last year's corresponding period in parentheses.

January - June 2019

- Net sales grew both organically and due to an acquisition to EUR 38.2 (32.7) million – increase 16.6%
- Project Personnel: net sales EUR 35.2 (29.8) million – increase 17.9%
- Consulting: net sales EUR 3.0 (2.9) million – increase 3.2%
- Operating result improved to EUR 0.6 (0.1) million, Q1 operating result EUR 0.3 (0.0) million, Q2 operating result EUR 0.3 (0.1) million, incl. some EUR 0.1 million of transaction costs for Tech4hire acquisition
- Result for the period EUR 0.2 (-0.1) million, incl. EUR -0.1 (-0.1) million finance items.
- Earnings per share EUR 0.002 (-0.001)
- Net cash flow from operating activities EUR -1.4 (-0.7) million

Outlook for 2019 (unchanged, published 26 June 2019): Net sales in 2019 are expected to improve compared to 2018 and the operating profit is expected to be more than EUR 1.6 million.

KEY FIGURES

EUR million	1-6 2019	1-6 2018	Change %	1-12 2018
Net sales	38.2	32.7	16.6	65.5
Operating result	0.6	0.1	384.5	0.5
% of net sales	1.4	0.3		0.8
Result before taxes	0.4	0.0	1,429.3	1.1
% of net sales	1.1	0.1		1.6
Result	0.2	-0.1	414.1	0.8
% of net sales	0.6	-0.2		1.3
Net cash flow from operations	-1.4	-0.7	-92.3	1.1
Net debt	4.1	-0.1	6,002.2	-1.7
Debt-equity ratio (Gearing), %	18.4	-0.3	-6,233.3	-7.8
Earnings per share, EUR:				
Undiluted	0.002	-0.001	-413.1	0.008
Diluted	0.002	-0.001	-413.1	0.008

ARVE JENSEN, CEO:

“The first six months of 2019 have been favourable to Dovre Group. Net sales grew in both business areas and our result improved significantly. While some of this development was the result of newly acquired business, we showed good organic growth as well.

The acquisition of an Norwegian staffing and consultancy company Tech4Hire AS, specializing in providing highly qualified engineering consultants primarily to the oil and gas industry, strengthens our position in Norway and helps us to grow further.

Project Personnel continues benefit from positive market environment. There is clearly increased demand for our services. Our net sales increased by 17% in the first six months, of which 11 percentage points was organic growth. It is also positive, that the high demand has enabled increased rates in our main markets.

Sales increased also in the Consulting business area, in particular in Norway. In Finland, our new company structure is finalized and we expect this restructuring to improve efficiency as well as enable new growth in the market.

We have now seen increased sales and improved profits for five consecutive quarters. We reported our strongest Q1 quarterly operating result since 2014, and our result in Q2 was equally strong. Our efforts of restructuring the business to reduce overhead costs and focus on increasing sales are clearly materializing. Due to corporate restructuring, we have reduced our corporate fixed overhead by about EUR 400 thousand annually, starting in the beginning of 2019. Keeping our costs low and continuously grow our operations are key in taking Dovre Group forward to better profitability.

After the review period, we were awarded a frame agreement with The Norwegian Ministry of Finance for supply of external quality assurance for large public projects in Norway. Like the frame agreement with Nye Veier signed in January, this was a joint bid between Project Personnel and Consulting in Norway and demonstrates our competitiveness outside oil and gas industry.”

NET SALES AND PROFITABILITY**Net sales**

In January-June, Dovre Group's net sales grew to EUR 38.2 (32.7) million. The increase from comparable period was 16.6% and it was a result of organic development in both segments and the acquisition of a Norwegian consultancy company Tech4Hire AS. Tech4Hire's net sales from May and June 2019 are consolidated with Dovre Group, reported as part of the Project Personnel segment.

Project Personnel accounted for 92 (91) % and Consulting for 8 (9) % of the Group's net sales in January - June. During the period under review, net sales for Project Personnel grew by 17.9%, of which 10.6 percentage points was organic. Net sales in Project Personnel totaled EUR 35.2 (29.8) million. Net sales for Consulting increased by 3.2%, totaling EUR 3.0 (2.9) million.

By market area, EMEA's net sales totaled EUR 30.2 (24.2) million, accounting for 79 (74) % of the Group's net sales during the period under review. Net sales for AMERICAS were EUR 4.7 (4.8) million, accounting for 12 (15) % the Group's net sales. Net sales for APAC were EUR 3.3 (3.7) million, accounting for 9 (11) % the Group's net sales.

Fluctuations in foreign currency exchange rates did not impact net sales in the first six months of 2019.

Significant frame agreements in the first half of the year include an agreement signed with Nye Veier in Norway in January for supply of strategic consulting services and operative project personnel in the areas of Project Management and HESQ (Health, Environment, Safety & Quality) as well as a framework agreement with the City of Oslo, Fornebubanen within project management, signed in April. Other new agreements remain confidential at the request of our clients.

Net sales by reporting segment	1-6	1-6	Change	1-12
EUR million	2019	2018	%	2018
Project Personnel	35.2	29.8	17.9	59.7
Consulting	3.0	2.9	3.2	5.8
Group total	38.2	32.7	16.6	65.5

Net sales by market area	1-6	1-6	Change	1-12
EUR million	2019	2018	%	2018
EMEA	30.2	24.2	24.5	50.0
AMERICAS	4.7	4.8	-1.7	9.4
APAC	3.3	3.7	-10.7	6.0
Group total	38.2	32.7	16.6	65.5

Dovre Group's market areas are:

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

Profitability

During the period under review, the Group's operating result improved to EUR 0.6 (0.1) million. The Group's operating result was 1.4 (0.3) % of net sales. Project Personnel's operating result was EUR 0.8 (0.7) million, including Tech4Hire's result from May and June 2019 as well as some EUR 0.1 million of transaction costs related to the Tech4Hire acquisition. Consulting business area's operating result was EUR 0.2 (0.3) million. The operating result of the Group's Other functions was EUR -0.4 (-0.7) million. The unallocated costs were EUR 0.1 (0.1) million.

Operating result	1-6	1-6	Change	1-12
EUR million	2019	2018	%	2018
Project Personnel	0.8	0.7	26.5	1.5
Consulting	0.2	0.3	-11.5	0.4
Other functions	-0.4	-0.7	39.6	-1.1
Unallocated *)	-0.1	-0.1	15.4	-0.2
Group total	0.6	0.1	381.2	0.5

*) Unallocated expenses include amortization of customer agreements and relations, expenses recorded as a result of adoption of IFRS 16 in 2019 and share-based compensation recognized as expense in the income statement in 2018.

Result

During the period under review, the Group's result before taxes was EUR 0.4 (0.0) million, including EUR -0.1 (-0.1) million of finance items.

The Group's result for the period, after taxes was EUR 0.2 (-0.1) million. The Group's earnings per share was EUR 0.002 (-0.001). The Group's return on average capital employed before taxes (ROI) was 2.3 (0.3) %.

CASH FLOW, FINANCING, AND INVESTMENTS

On June 30, 2019, the Group balance sheet total was EUR 47.6 (37.2) million. Tech4Hire's balance sheet is consolidated with Dovre Group's as of June 30, 2019. The Group's cash flow includes Tech4Hire's cash flows from May and June 2019. The Group's cash and cash equivalents totaled EUR 3.1 (3.5) million. In addition, the Group has unused credit limits.

On June 30, 2019, the equity ratio was 47.0 (58.6) % and the debt-equity ratio (gearing) 18.4 (-0.3) %. The interest-bearing liabilities amounted to EUR 7.2 (3.4) million, accounting for 15.2 (9.1) % of the Group's shareholders' equity and liabilities. The acquisition of Tech4Hire AS, completed in the second quarter of 2019, increased Dovre Group's interest-bearing liabilities and had an effect on the equity ratio and gearing. In addition, the adoption of IFRS 16 standard affected these indicators as Dovre Group used a simplified transition method and the comparable figures were not adjusted accordingly. A total of EUR 3.4 (2.6) million of the Group's interest-bearing liabilities were current and a total of EUR 3.8 (0.8) million non-current.

Net cash flow from operating activities was EUR -1.4 (-0.7) million, which includes EUR -1.9 (-1.0) million change in working capital. The increase in trade and other receivables, in particular, had an effect on the cash flow in the first six months.

Net cash flow from investing activities was EUR -1.8 (-0.2) million. Gross investments totaled EUR 0.0 (0.2) million and business acquisition amounted to EUR 1.8 (0.0) million.

Net cash flow from financing activities was EUR 1.2 (-0.8) million. The change is related to the increase in long-term debt, amounting to EUR 1.7 million, used to finance the acquisition. In addition, there was a directed share issue totaling EUR 0.4 million during the period under review. In the comparable period, the Group used EUR 0.2 million to acquire its own shares. During the period under review, the Group paid a total of EUR 1.0 (1.0) million in dividends.

The balance sheet goodwill totaled EUR 17.9 (15.5) million on June 30, 2019. The increase of goodwill is related to the Tech4Hire acquisition in the second quarter. Dovre Group will finalize the acquisition cost calculation during the second half of the year. No indications of impairment exist.

CHANGES IN THE GROUP STRUCTURE

In January, Dovre Group announced that it will spin off and incorporate its Finnish ICT and Project Management function to a new company, Proha Oy, with an aim to form an efficient and focused ICT/Project Management company with its own identity and growth plans. Dovre Group owns 100% of the company, which started operations on April 1, 2019. All staff was transfer to the new company as old employees.

In March, Dovre Group announced its intention to acquire Norwegian staffing and consultancy company Tech4Hire AS. The deal was finalized in June and the final enterprise value for Tech4Hire AS shares amounted to NOK 23.6 million (around EUR 2.4 million), including NOK 3.6 million compensation for disposable cash. As part of the transaction, the sellers used NOK 4.0 million (EUR 0.4) to subscribe Dovre Group Plc shares. The sellers may also receive an additional consideration estimated between NOK 0 to 10 million (EUR 0 - 1.0 million), if certain financial targets are met by the end of 2019. Part of this potential additional consideration will be used to subscribe additional shares.

Tech4Hire was consolidated with Dovre Group as of 30 April 2019 and reported as part of the Project Personnel segment. In 2018, Tech4Hire recorded sales of NOK 73.5 million (around EUR 7.6 million) and an EBITDA of NOK 3.7 million (around EUR 0.4 million). The transactions cost related to the acquisition are around EUR 0.1 million.

PERSONNEL

On June 30, 2019, Dovre Group employed 672 (462) people, 632 (421) of which were employed by Project Personnel, 37 (36) by Consulting, and 3 (5) by Other functions. The increase in people employed came from organic growth in Project Personnel as well as from the acquisition of Tech4Hire.

During the period under review, the average number of personnel employed by the Group was 555 (498). Project Personnel employed 514 (458) and Consulting 37 (35) people. In the Project Personnel business area 26 (29) % of employees were independent contractors.

Personnel average	1-6 2019	1-6 2018	Change %	1-12 2018
Project Personnel	514	458	12.2	454
Consulting	37	35	5.7	36
Other functions	4	5	-20.0	5
Group total	555	498	11.4	495

GROUP MANAGEMENT

There were no changes in the Group Executive Team during the period under review. At the end of June 2019, Dovre Group's Group Executive Team consists of Arve Jensen (CEO), Stein Berntsen (President, Consulting) and Mari Paski (CFO).

The Annual General Meeting of 27 March 2019 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, 2019, Dovre Group's share capital was EUR 9,603,084.48 and the total number of shares 101,946,747. The number of shares increased when, in connection with the Tech4Hire acquisition, Dovre Group issued 1,777,978 new shares to the sellers of Tech4Hire AS in a directed share issue.

The number of new shares transferred was determined by dividing the NOK 4.0 million by the volume weighted average price of Dovre Group's shares on Nasdaq Helsinki between 12 June and 18 June, equaling to EUR 0.23 per share. The subscription price was credited in its entirety to the reserve for invested unrestricted equity. The new shares were registered on June 28, 2019 and the trading with these shares began on July 2, 2019. The increase in the number of shares diluted the ownership of other shareholders and Commuter 2 AS, entity controlled by Frank Ween, flagged on June 28, 2019 that their ownership had decreased from 15.07% to 14.81% of total shares in Dovre Group.

In January - June 2019, approximately 5.3 (6.7) million Dovre Group shares were exchanged on the Nasdaq Helsinki Ltd., corresponding to a trade of approximately EUR 1.2 (1.8) million. The lowest quotation was EUR 0.21 (0.24) and the highest EUR 0.26 (0.29). On June 30, 2019, the closing quotation was EUR 0.25 (0.25). The period-end market capitalization was approx. EUR 24.8 (25.0) million.

Own shares

Dovre Group did not repurchase the Company's own shares during the period under review. At the end of June 2019, 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 June 30, 2019, the number of registered shareholders of Dovre Group Plc totaled 3,136 (3,264), including 8 (8) nominee-registers. The share of nominee-registered shares was 2.2 (11.4) % of the Group's shares.

On June 30, 2019, 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 7,541,251 (21,482,191) shares in the company, representing 7.4 (21.4) % of all shares.

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 remaining share subscription period and price per series under the 2013 option plan are as follows:

- 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 option plan ended on February 29, 2018 and that for 2013B on February 28, 2019. No shares were subscribed for under the option plan. The remaining 375,000 2013B options expired as unused. 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.

On June 30, 2019, the Group's CEO Arve Jensen held a total of 100,000 stock options granted under the 2013 option plan.

ANNUAL GENERAL MEETING AND THE AUTHORIZATIONS OF THE BOARD OF DIRECTORS

Dovre Group Plc's Annual General Meeting held on March 27, 2019, adopted the financial statements and consolidated financial statements for 2018 and discharged the members of the Board of Directors and the CEO from liability for the financial year ending on December 31, 2018. In accordance with the Board's proposal, the AGM decided that a dividend of EUR 0.01 per share to be paid for the financial year 2018. The dividend was paid on April 25, 2019 to a shareholders registered in the Company's shareholder register maintained by Euroclear Finland Ltd on March 29, 2019.

The AGM set the number of Board members at four (4). Svein Stavelin, Ilari Koskelo and Antti Manninen were re-elected as members of the Board, and Kristine Larneng was elected as a new member 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 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 AGM 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 approximately 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, 2020 and revokes earlier repurchase authorizations. The Board of Directors did not use this authorization during the period under review.

The AGM 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 approximately 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, 2020. The authorization revokes earlier authorizations to issue shares and grant option rights and other special rights entitling to shares. The Board of Directors used this

authorization when it decided on the directed share issue to the sellers of Tech4Hire in June 2019. A total of 8,122,022 shares could still be issued under this authorization.

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.

OUTLOOK FOR 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 improving demand, a strong portfolio of frame agreements, cost savings already implemented, and the Tech4Hire acquisition, we expect our net sales and 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 1.6 million (2018: EUR 0.5 million).

Espoo, July 25, 2019

DOVRE GROUP PLC
BOARD OF DIRECTORS

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Financial reporting in 2019

Dovre Group releases its remaining financial reports in 2019 as follows:

- Q3 trading statement for January 1 - September 30, 2019 on Thursday, October 24, 2019

Distribution

Nasdaq Helsinki Ltd
Major media
www.dovregroup.com

The half year financial report is unaudited.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	1-6 2019 *)	1-6 2018	Change %	1-12 2018
NET SALES	38,191	32,743	16.6	65,466
Other operating income	28	11	145.8	32
Material and services	-96	-99	-2.5	-195
Employee benefits expense	-34,805	-29,701	17.2	-59,218
Depreciation and amortization	-408	-227	79.7	-447
Other operating expenses	-2,360	-2,614	-9.7	-5,099
OPERATING RESULT	550	114	384.5	539
Financing income	31	15	101.2	668
Financing expenses	-160	-70	126.7	-119
Share of results in joint ventures	0	-31	-100.0	-31
RESULT BEFORE TAX	422	28	-1,429.3	1,058
Tax on income from operations	-199	-98	102.8	-214
RESULT FOR THE PERIOD	222	-71	414.1	844
Other comprehensive income				
Other comprehensive income to be classified to profit or loss in subsequent periods:				
Translation differences	597	342	74.4	-212
Other comprehensive income for the period, net of tax	597	342	74.4	-212
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	819	271	201.8	632
Earnings/share (EUR)				
Basic, result for the period	0.002	-0.001	413.1	0.008
Diluted, result for the period	0.002	-0.001	413.1	0.008

	1-6 2019	1-6 2018	1-12 2018
Average number of shares			
Basic	100,465,099	100,168,769	100,168,769
Diluted	100,465,099	100,168,769	100,168,769
	June 30, 2019	June 30, 2018	Dec. 31, 2018
Number of shares, period end			
Basic	101,946,747	100,168,769	100,168,769
Diluted	101,946,747	100,168,769	100,168,769

*) Dovre Group adopted IFRS 16 Leases standard as of January 1, 2019 using a simplified transition method. The corresponding figures for 2018 have therefore not been adjusted accordingly.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	June 30, 2019*)	June 30, 2018	Change %	Dec 31, 2018
ASSETS				
Non-current assets				
Intangible assets	2,850	3,192	-10.7	2,951
Goodwill	17,919	15,460	15.9	15,185
Tangible assets	2,950	1,018	189.8	960
Investments in joint ventures	0	159	-100.0	0
Other receivables/Financial assets	723	0		723
Deferred tax assets	197	193	2.1	183
Non-current assets	24,640	20,022	23.1	20,002
Current assets				
Trade receivables and other receivables	19,836	13,705	44.7	12,526
Tax receivable, income tax	1	15	-92.0	15
Cash and cash equivalents	3,092	3,452	-10.5	4,970
Current assets	22,928	17,173	33.5	17,511
TOTAL ASSETS	47,568	37,195	27.9	37,513
EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital	9,603	9,603	0.0	9,603
Reserve for invested non-restricted equity	12,666	12,300	3.0	12,300
Fair value reserve	2,869	2,869	0.0	2,869
Treasury shares	-237	-229	3.6	-237
Translation differences	-2,864	-2,908	-1.5	-3,462
Retained earnings	309	149	107.2	1,080
Shareholders' equity	22,345	21,784	2.6	22,153
Non-current liabilities				
Deferred tax liability	777	821	-5.3	758
Non-current liabilities, interest-bearing	3,808	750	407.7	450
Other non-current liabilities	68	0		68
Non-current liabilities	4,653	1,571	196.1	1,276
Current liabilities				
Short-term liabilities, interest-bearing	3,402	2,633	29.2	2,785
Trade payables and other liabilities	16,958	11,002	54.1	11,025
Tax liability, income tax	209	205	2.2	275
Current liabilities	20,570	13,840	48.6	14,084
TOTAL EQUITY AND LIABILITIES	47,568	37,195	27.9	37,513

*) Dovre Group adopted IFRS 16 Leases standard as of January 1, 2019 using a simplified transition method. The corresponding figures for 2018 have therefore not been adjusted accordingly.

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)
SHAREHOLDERS' EQUITY Jan. 1, 2018	9,603	12,300	2,869	-84	-3,251	1,188	22,625
Comprehensive income							
Result for the period						-71	-71
Other comprehensive income							
Items that may be reclassified to profit and loss in subsequent periods:							
Translation differences					343	-1	342
Total comprehensive income	0	0	0	0	343	-72	271
Transactions with shareholders							
Share based compensation						26	26
Repurchases of own shares				-145			-145
Dividend distribution						-993	-993
Total transactions with shareholders	0	0	0	-145		-967	-1,112
SHAREHOLDERS' EQUITY Jun. 30, 2018	9,603	12,300	2,869	-229	-2,908	149	21,784
SHAREHOLDERS' EQUITY Jan. 1, 2019	9,603	12,300	2,869	-237	-3,462	1,080	22,153
Comprehensive income							
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
Total comprehensive income	0	0	0	0	598	221	819
Transactions with shareholders							
Directed share issue		366					366
Share based compensation						1	1
Dividend distribution						-993	-993
Total transactions with shareholders	0	366	0	0		-992	-626
SHAREHOLDERS' EQUITY Jun. 30, 2019	9,603	12,666	2,869	-237	-2,864	309	22,345

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1-6 2019*)	1-6 2018	Change %	1-12 2018
Cash flow from operating activities				
Operating result	550	114	-382.5	539
Adjustments:				
Depreciation / Amortization	408	227	79.7	447
Personnel expenses	1	26	-96.2	42
Adjustments, total	409	253	61.7	489
Changes in working capital				
Trade and other receivables, increase (-) / decrease (+)	-4,453	-2,067	-115.4	-1,218
Trade and other payables, increase (+) / decrease (-)	2,526	1,052	-140.1	1,433
Changes in working capital, total	-1,927	-1,015	-89.9	215
Interest paid	-76	-27	-181.5	-58
Interest received	25	15	66.7	29
Other financial expenses paid and received	-38	-22	-72.7	-28
Income taxes paid	-322	-46	-600.0	-115
Net cash generated by operating activities	-1,379	-728	-89.4	1,071
Cash flow from investing activities				
Investments in tangible and intangible assets	-9	-188	95.2	-188
Proceeds from sale of tangible assets	1	0		0
Acquisitions of subsidiaries, less cash and cash equi.	-1,778	0		0
Net cash generated by investing activities	-1,786	-188	850.0	-188
Cash flow from financing activities				
Directed share issue	406	0		0
Repurchases of own shares	0	-161	-100.0	-161
Proceeds from non-current loans	1,651	0		0
Repayments of non-current loans	0	-300	-100.0	-600
Proceeds from short-term loans	330	622	-46.9	752
Repayments of short-term loans	-68	0		0
Repayments of leasing liabilities	-170	0		0
Dividends paid	-993	-993	0.0	-993
Net cash generated by financing activities	1,156	-832	-238.9	-1,002
Translation differences	131	49	-167.3	-64
Change in cash and cash equivalents	-1,878	-1,699	-10.5	-183
Cash and cash equivalents at beginning of the period	4,970	5,151		5,151
Cash and cash equivalents at end of the period	3,092	3,452		4,968

*) Dovre Group adopted IFRS 16 Leases standard as of January 1, 2019 using a simplified transition method. The corresponding figures for 2018 have therefore not been adjusted accordingly.

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 2018 financial statements. Key indicator calculations remain unchanged and have been presented in the 2018 financial statements.

The Group has adopted the following new IFRS standard with the effective date of January 1, 2019: IFRS 16 *Leases*.

Under IFRS 16 *Leases*, as a lessee, the Dovre Group recognizes an asset that represents a right to use a leased asset that is recognized as an item of property, plant and equipment, and a lease liability that represents a liability for unpaid future lease payments. Except for contracts of less than 12 months' duration and those where the value of the leased asset is less than USD 5,000.

For leases that are valid indefinitely and have a short notice period, the Dovre Group estimates the probable lease term for each lease. Dovre Group has not included any overheads and/or telecommunications charges payable to the lessor in its calculation under IFRS 16. When calculating lease debt and interest expense, the Dovre Group applies additional loan rates to all lease agreements that reflect company-specific factors, land and lease term. The Dovre Group adopted the standard using a simplified transition method.

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	1-6/2019	1-6/2018	Change, %	1-12/2018
Project Personnel	35,185	29,830	18.0	59.652
Consulting	3,006	2,912	3.2	5.814
Total	38,191	32,742	16.6	65.466

OPERATING RESULT

EUR thousand	1-6/2019	1-6/2018	Change, %	1-12/2018
Project Personnel	840	662	26.8	1,485
Consulting	222	251	-11.5	395
Other functions	-414	-683	39.5	-1,121
Unallocated	-99	-117	15.5	-220
Total	550	114	384.5	539

Unallocated expenses include amortization of customer agreements and relations, expenses recorded as a result of adaptation of IFRS 16 in 2019 and share-based compensation recognized as expense in the income statement in 2018.

PERSONNEL

Average number of personnel	1-6/2019	1-6/2017	Change, %	1-12/2018
Project Personnel	514	458	12.2	454
Consulting	37	35	5.7	36
Other functions	4	5	-20.0	5
Total	555	498	11.4	495

In the Project Personnel business area, 26 (29) % of personnel were independent contractors.

2. NET SALES

NET SALES BY REVENUE TYPE

EUR thousand	1-6/2019	1-6/2018	Change, %	1-12/2018
Services	37,904	32,501	16.6	64,983
License revenue	196	145	35.6	281
Maintenance	91	97	-6.5	202
Total	38,191	32,743	16.6	65,466

Services include 48 thousand euros (17 thousand euros in June 2018) revenue recognized as a point in time. License income includes 76 thousand euros (64 thousand euros in June 2018) income recognized as a point in time.

NET SALES BY DOMICILE OF THE COMPANY

EUR thousand	1-6/2019	1-6/2018	Change, %	1-12/2018
Finland	3,764	2,659	41.5	5,709
Norway	26,396	21,574	22.4	44,333
Canada	3,718	4,234	-12.2	8,264
Singapore	3,320	3,460	-4.0	5,590
Other countries	993	817	21.5	1,570
Total	38,191	32,743	16.6	65,466

3. ACQUISITIONS

Dovre Group Projects AS acquired 100% of the shares of Tech4Hire AS, a Norwegian privately held oil and gas personnel company. In exchange, Dovre Group Projects AS paid Tech4Hire owners a total of NOK 23,643 thousand (approximately EUR 2,440 thousand) on June 25, 2019.

The parties agreed in the agreement to combine Tech4Hire with the Dovre Group result as of April 30, 2019.

As part of the transaction, the Dovre Group issued 1,777,978 new shares to the sellers of Tech4Hire AS in a directed share issue. The number of new shares transferred was determined by dividing the NOK 4.0 million by the volume weighted average price of Dovre Group's shares on Nasdaq Helsinki between 12 June and 18 June, equaling to EUR 0.23 per share. The subscription price, EUR 408,935, was fully booked in the Company's reserve for invested non-restricted equity.

The sellers may also receive an additional consideration estimated between NOK 0 to 10 million (EUR 0 - 1.0 million), if certain financial targets are met by the end of 2019. Part of this potential additional consideration will be used to subscribe additional shares. Dovre Group has recognized an additional consideration of NOK 5.9 million (EUR 0.6 million) as a liability on June 30, 2019.

Advisory and expert services costs of EUR 81 thousand related to the transaction have been included in other operating expenses in the income statement. The expenses related to the directed share issue, EUR 43 thousand, are recognized in the reserve for non-restricted equity.

Dovre Group will finalize the acquisition cost calculation during the second half of the year.

4. LEASES

Leases according to IFRS 16 in the balance sheet as of 30 June 2019

EUR thousand	Right to use asset: buildings
Additions	2,225
Depreciation charges for the period	-188
Translation difference (+/-)	-1
Book value, Jun. 30	2,037

Leasing liability

EUR thousand	June 30, 2019
Long-term	1,857
Short-term	198
Leasing liability	2,055

Interest cost recognized on leasing liability were 39 thousand euros on June 30, 2019.

Impact of the adoption of IFRS 16 to gearing:

EUR thousand	June 30, 2019 excl. IFRS 16 impact	June 30, 2019
Equity	22,367	22,345
Cash and cash equivalent	3,092	3,092
Interest bearing liabilities	5,155	7,210
Gearing	9.2 %	18.4 %

5. TRADE AND OTHER RECEIVABLES

EUR thousand	June 30, 2019	June 30, 2018	Dec. 31, 2018
Trade receivables	17,732	12,739	11,759
Other receivables	23	75	65
Prepayments and accrued income on sales	1,652	347	440
Other prepayments and accrued income	428	545	262
Total	19,836	13,705	12,526

The book values of the receivables are based on a reasonable estimate of their fair values. Dovre Group has not recognised a loss allowance as required by IFRS 9 on expected credit losses with the basis of aging on June 30, 2019. Trade receivables in Dovre Group are not significantly overdue, nor the Group has recognized any impairment on trade receivables during the years 2016–2019.

Ageing analysis of trade receivables

EUR thousand	June 30, 2019	June 30, 2018	Dec. 31, 2018
Not due	15,750	11,887	8,127
Overdue			
1 - 30 days	1,358	574	3,397
31 - 60 days	486	179	155
61 - 90 days	92	39	74
Over 90 days	46	61	6
Total	17,732	12,740	11,759

6. GROUP COMMITMENTS AND CONTINGENT LIABILITIES

Collateral for own commitments

EUR thousand	June 30, 2019	June 30, 2018	Dec. 31, 2018
Trade receivables pledged as collateral	4,126	4,169	4,021
Floating charges	3,000	3,000	3,000
Pledged shares, book value in Group	800	817	809

7. GROUP QUARTERLY INFORMATION

EUR thousand	1-3 2019	1-3 2018	4-6 2019	4-6 2018	7-9 2018	10-12 2018
NET SALES	17,317	16,418	20,874	16,325	15,539	17,184
Other operating income	14	4	13	7	18	3
Material and services	-27	-51	-69	-47	-30	-66
Employee benefits expense	-15,777	-14,871	-19,028	-14,830	-14,083	-15,434
Depreciation and amortization	-205	-109	-203	-118	-112	-108
Other operating expenses	-1,052	-1,343	-1,308	-1,271	-1,169	-1,317
OPERATING RESULT	271	48	279	66	163	262

8. GROUP KEY FINANCIAL PERFORMANCE INDICATORS

EUR million	1-6 2019	1-6 2018	1-12 2018
Cash and cash equivalents	3.1	3.5	5.0
Interest-bearing liabilities	7.2	3.4	3.2
Net debt	4.1	-0.1	-1.7
Shareholders' equity	22.3	21.8	22.2
Balance sheet total	47.6	37.2	37.5
Return on equity, %	1.0%	-0.3%	3.8%
Return on investment, %	2.3%	0.3%	4.6%
Debt-equity ratio (Gearing), %	18.4%	-0.3%	-7.8%
Equity-ratio, %	47.0%	58.6%	59.1%
Personnel (average for period)	555	498	495
Personnel (at end of period)	672	462	495
Earnings per share, EUR (basic, average for period)	0.002	-0.001	0.008
Equity per share, EUR (basic, end of period)	0.22	0.22	0.22