

DOVRE GROUP'S FINANCIAL STATEMENT RELEASE 1.1.–31.12.2020: A solid year despite the Covid 19 pandemic

Dovre Group Plc

Financial Statement Release

25 Feb. 2021 at 8:45

*Last year's corresponding period is shown in parentheses.***January–December 2020**

- Net sales was EUR 77.5 (83.1) million – decrease of 6.8% was impacted by the adverse effects of the COVID-19 pandemic and currency exchange rates.
 - Project Personnel: Net sales totalled EUR 62.9 (77.0) million – decline of 18.3%.
 - Consulting: Net sales totalled EUR 14.5 (6.1) million – increase of 136.7%.
- Operating result was EUR 2.4 (2.7) million – decrease of 13.1%. In 2019, the operating result included a non-recurring gain of EUR 0.8 million from the sale of the Kuukoti office premises.
- Profit before tax was EUR 2.2 (2.6) million and included EUR -0.2 (-0.1) million of finance items.
- Result for the period totalled EUR 1.6 (2.1) million.
- Earnings per share was EUR 0.016 (0.021).
- Net cash flow from operating activities was EUR 4.2 (1.3) million.
- Board of Directors proposes to the Annual General Meeting (AGM) to be held on 10 June 2021 that a dividend of EUR 0.01 (0.01) per share will be paid.

July–December 2020

- Net sales was EUR 34.3 (44.9) million – decrease of 23.6% following the temporary slowdown in demand caused by the COVID-19 pandemic and the adverse impacts of the currency exchange rates.
 - Project Personnel: net sales totalled EUR 27.5 (41.8) million – decrease of 34.3%.
 - Consulting: net sales totalled EUR 6.8 (3.1) million – increase of 118.3%.
- Operating result was EUR 1.2 (2.2) – decrease of 44.4%. In the comparison period, the operating result included a non-recurring gain of EUR 0.8 million from the sale of the office premises.
- Profit before tax was EUR 1.0 (2.2) million including EUR -0.2 (0.1) million of finance items.
- Result for the period was EUR 0.5 (1.9) million.
- Earnings per share was EUR 0.005 (0.018).
- Net cash flow from operating activities was EUR 1.8 (2.7) million.

Outlook for 2021:

Based on the prevailing Corona situation Dovre Group expects its revenue in 2021 to increase slightly from 2020. Dovre will give its guidance for the operating profit in 2021 together with its financial reporting at the latest on April 28, 2021.

CEO ARVE JENSEN:

Dovre's net sales in 2020 decreased by 6.8% to 77.5 million euros following the adverse impacts of the COVID-19 pandemic on demand and the effects of the weak Norwegian krone against the euro on our euro-nominated net sales. In constant currencies, our net sales were flat at 82.7 million

euros. Despite the decline in net sales, we were able to reach our original profitability guidance for 2020 with operating profit excluding non-recurring items increasing to 2.2 million euros. I am pleased with this performance considering the exceptional market environment in 2020.

Starting from March, the impacts of the imposed COVID-19-related travel and other restrictions started to show especially in our Project Personnel business. Norway, our largest market with a strong oil and gas focus, was severely hit by restrictions in March–April, and we adjusted our operations accordingly with temporary layoffs in Norway.

Business demand started to recover gradually in H2, with Singapore leading the return to normal and Norway following after the summer – supported by the introduced tax changes for the oil companies – and the other units gradually. In the Consulting business in Norway and Finland, some projects were delayed, but the Consulting market has generally been less impacted. The positive market development continued in Q4.

Our widespread client projects and locations have given us the resilience to continue our business during the pandemic. Dovre’s healthy financial position and timely-implemented cost-control measures have also supported our business. I have been particularly proud of our employees and consultants’ ability to keep the projects running under these exceptional conditions. I am also very pleased that several existing clients have used their options to extend agreements and that we have won several new frame agreements and single contracts in both business areas.

At the beginning of 2020, we were expecting to see further growth through the materialisation of synergies from the 2019 Tech4Hire acquisition and the benefits of the organisational changes implemented in Norway at the beginning of 2020. Despite the pandemic, we have seen these benefits materialise in the form of a stronger client base and a new strengthened organisation. Competition is still strong in our markets, but at the same time the availability of consultants improved as some projects have been delayed or put on hold.

In 2021, our focus will be to continue our strategic road on profitable growth. We will take further active steps to diversify our services into the energy sector where a major ongoing transformation is moving the sector towards a more extensive use of renewable and wind energy. We also aim at increasing the share of Consulting of our total business and continue the work in this field to include new clients and projects in transportation, buildings and construction, ICT, defence and health sectors.

At the moment, we expect the negative effects of the pandemic to impact our business to some degree at least for the next six months’ period. We continue to monitor the development of the pandemic and COVID-19 vaccination schedules, oil price development, and other market movements. If necessary, we will continue to adjust our operations accordingly.

GROUP’S KEY FIGURES

EUR million	7–12 2020	7–12 2019	Change %	1–12 2020	1–12 2019	Change %
Net sales	34.3	44.9	-23.6	77.5	83.1	-6.8
Operating result	1.2	2.2	-44.4	2.4	2.7	-13.1
% of net sales	3.5	4.8		3.0	3.3	
Profit before taxes	1.0	2.2	-56.6	2.2	2.6	-17.9
% of net sales	2.8	4.9		2.8	3.2	
Result for the period	0.5	1.9	-72.4	1.6	2.1	-21.4

% of the net sales	1.5	4.2		2.1	2.5	
Net cash flow from operating activities	1.8	2.7	-33.6	4.2	1.3	231.8
Net debt	-2.4	0.0		-2.4	0.0	
Debt-equity ratio (Gearing), %	-10.1	0.2		-10.1	0.2	
Earnings per share, EUR						
Undiluted	0.005	0.018	-72.6	0.016	0.021	-22.7
Diluted	0.005	0.018	-72.6	0.016	0.021	-22.7

NET SALES AND PROFITABILITY

Net sales in January–December

In 2020, Dovre Group's net sales decreased by 6.8%, totalling EUR 77.5 (83.1) million. The decrease was mainly impacted by the slowdown in demand caused by the COVID-19 pandemic and the adverse impacts of the currency exchange rates on Group net sales. Tech4Hire's net sales are reported as part of the Group's Project Personnel segment as of 1 May 2019.

Project Personnel accounted for 81 (93)% and Consulting for 19 (7)% of the Group's net sales. Net sales for Project Personnel decreased by 18.3%, totalling EUR 62.9 (77.0) million. Net sales for Consulting increased by 136.7%, totalling EUR 14.5 (6.1) million.

Considering the retrospective impact of the organisational changes in Norway in January 2020 to January–December 2019 figures, Project Personnel would have accounted for 83% of net sales and Consulting for 17% of new sales in the comparison period in 2019. Consequently, net sales in the Project business would have declined by 9.2% year-on-year in the period under review. In the Consulting business, net sales would have increased by 5.1% year-on-year.

By market area, EMEA's net sales totalled EUR 59.9 (66.4) million, accounting for 77 (80)% of the Group's net sales during the year. Net sales for AMERICAS were EUR 7.7 (9.6) million, accounting for 10 (12)% of the Group's net sales. Net sales for APAC were EUR 9.9 (7.2) million, accounting for 13 (9)% of the Group's net sales.

Year-on-year fluctuations in the foreign currency exchange rates, especially the depreciation of the Norwegian krone against the euro, had a clear negative impact on the Group's net sales in the period under review. At constant currencies, net sales would have been on a 2019 level despite the adverse impact of the pandemic.

Several existing clients used their options to extend agreements in 2020, and in addition Dovre won several new frame agreements and single contracts in both business units.

Net sales by reporting segment EUR million	7-12 2020	7-12 2019	Change %	1-12 2020	1-12 2019	Change %
Project Personnel	27.5	41.8	-34.3	62.9	77.0	-18.3
Consulting	6.8	3.1	118.3	14.5	6.1	136.7
Group total	34.3	44.9	-23.6	77.5	83.1	-6.8

Net sales by market area EUR million	7-12 2020	7-12 2019	Change %	1-12 2020	1-12 2019	Change %
EMEA	26.2	36.2	-27.7	59.9	66.4	-9.8
AMERICAS	2.6	4.9	-46.9	7.7	9.6	-19.3
APAC	5.6	3.9	43.7	9.9	7.2	37.2
Group total	34.3	44.9	-23.6	77.5	83.1	-6.8

Dovre Group's market areas are:

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

Dovre's other operating income totalled EUR 0.2 (0.8) million euros.

Net sales in H2

In H2, Dovre Group's net sales decreased by 23.6% to EUR 34.3 (44.9) million, mainly due to the slowdown in demand caused by the COVID-19 pandemic and the adverse impacts of the currency exchange rates on Group net sales.

Project Personnel accounted for 80 (93)% and Consulting for 20 (7)% of the Group's net sales. Project Personnel's net sales decreased by 34.3% to EUR 27.5 (41.8) million and net sales in Consulting increased by 118.3%, totalling EUR 6.8 (3.1) million. Reported net sales figures are impacted, in addition to general business demand, by the organisation changes in Norway in January 2020.

Profitability in January–December

In 2020, the Group's operating result totalled EUR 2.4 (2.7) million, corresponding to 3.0 (3.3)% of net sales. Project Personnel's operating result was EUR 1.9 (2.4) million. Consulting business area's operating result was EUR 1.5 (0.6) million. The operating result of the Group's Other functions was EUR -0.7 (-0.1) million. In the comparison year, the figures included the sales gain of EUR 0.8 million from the divestment of office premises in September 2019. The unallocated costs were EUR -0.3 (-0.3) million

Considering the retrospective impact of the organisational changes in Norway in January 2020 to January–December 2019 figures, the operating profit of Project Personnel would have been EUR 1.7 million and the operating profit of the consulting business EUR 1.3 million in the comparison period of 2019.

Operating result EUR million	7-12 2020	7-12 2019	Change %	1-12 2020	1-12 2019	Change %
Project Personnel	0.9	1.5	-40.4	1.9	2.4	-20.6
Consulting	0.8	0.4	81.5	1.5	0.6	130.0
Other functions**	-0.3	0.4	-196.8	-0.7	-0.1	-1,056.6
Unallocated *	-0.1	-0.2	6.3	-0.3	-0.3	-12.7
Group total	1.2	2.2	-44.4	2.4	2.7	-13.1

* Unallocated expenses include the amortisation of customer agreements and relations, expenses recorded as a result of adopting of IFRS 16 in 2019.

**In 2019, gain from the sale of Kuukoti office property included.

Profitability in H2

In H2, the Group's operating result was down to EUR 1.2 (2.2) million. Project Personnel's operating result was EUR 0.9 (1.5) million. Consulting's operating result totalled EUR 0.8 (0.4) million. The operating result of the Group's Other functions was EUR -0.3 (0.4) million. In the comparison year, the figures included the sales gain of EUR 0.8 million from the divestment of office premises in September 2019. The unallocated costs were EUR -0.3 (-0.3) million. Employee benefit expenses decreased broadly in line with the net sales, by 6.2% to EUR 71 (75.6) million.

Result

The Group's result before taxes was EUR 2.2 (2.6) million. The result included EUR -0.2 (-0.1) million of finance items, including an income of EUR 0.2 (0.2) million as a result of fair value of SaraRasa Bioindo investment through profit and loss. Dovre owns 19.9% of SaraRasa shares.

The Group's result for the period was EUR 1.6 (2.1) million. The Group's earnings per share was EUR 0.02 (0.02). The Group's return on average capital employed before taxes (ROI) was 7.9 (10.3)%.

CASH FLOW, FINANCING AND INVESTMENTS

On 31 December, the Group's balance sheet total was EUR 44.5 (49.5) million. The Group's cash and cash equivalents totalled EUR 8.5 (5.8) million. In addition, the Group has unused credit limits. At year-end, the equity ratio was 53.6 (49.2)% and the debt-equity ratio (gearing) -10.1 (0.2)%. The interest-bearing liabilities amounted to EUR 6.1 (5.8) million, accounting for 13.8 (11.8) % of the Group's shareholders' equity and liabilities. A total of EUR 4.2 (3.1) million of the Group's interest-bearing liabilities were current and a total of EUR 1.9 (2.7) million non-current.

Net cash flow from operating activities was EUR 4.2 (1.3) million, which includes EUR 1.9 (-1.1) million change in working capital. In the comparison period, the Group's cash flow includes Tech4Hire's cash flows from 1 May 2019. The increase in trade and other receivables and decrease in trade and other payables, in particular, had an effect on the cash flow.

Net cash flow from investing activities was EUR -1.0 (-0.2) million. Gross investments totalled EUR 0.0 (0.1) million, proceeds from sale of tangible assets totalled EUR 0.0 (1.6) million, and business acquisition (additional purchase price for Tech4Hire acquisition) amounted to EUR -1.0 (-1.8) million.

Net cash flow from financing activities was EUR -0.1 (-0.4) million. It includes a directed share issue of 0.3 million euros related to the payment of additional purchase price to the sellers of Tech4Hire (share issue of 0.4 million euros in 2019 related to the Tech4Hire acquisition). In 2020, the Group paid a total of EUR 1.0 (1.0) million in dividends. The balance sheet goodwill totalled EUR 16.4 (17.4) million on 31 December. 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 organisational structure combined those businesses that have specific features in the energy sector as one entity, and those with core expertise in consulting as one entity, thereby enabling Dovre's personnel to utilise their expertise better in the management of customer projects and in developing Dovre's business.

Following the reorganisation, Dovre Group has two companies in Norway: Dovre Group Energy AS, earlier Dovre Group Projects AS, focuses on supplying project personnel to clients within the energy sector. Dovre Group Consulting AS focuses on consulting within project management and supplying project personnel to clients within industries other than energy.

Dovre Group Energy AS is reported as part of Project Personnel segment and Dovre Group Consulting AS as part of Consulting segment in the Group's financial reporting. The changes had no effect on the legal structures in other units outside of Norway.

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 the cost efficiency and profitability of Dovre, but the COVID-19 pandemic has significantly slowed down the start of operations.

RESEARCH AND PRODUCT DEVELOPMENT

The Group's research and development costs were EUR 0.2 (0.2) million, which equals 0.2 (0.2)% of the Group's net sales.

PERSONNEL

On 31 December, Dovre Group employed 610 (691) people: 521 (653) of which were employed by Project Personnel, 86 (35) by Consulting, and 3 (3) by Other functions. The changes especially reflect the organisational change implemented in Norway at the beginning of the year. In addition, Dovre has adjusted its operations from Q2 onwards in Norway by implementing temporary layoffs to meet the current changes in demand.

During 2020, the average number of personnel employed by the Group was 629 (620). Project Personnel employed 541 (580) and Consulting 85 (37) people. In the Project Personnel business area 22 (30)% of the employees were independent contractors.

The Group's personnel expenses in 2020 were EUR 70.9 (75.6) million.

Personnel, average	7-12 2020	7-12 2019	Change %	1-12 2020	1-12 2019	Change %
Project Personnel	507	644	-21.3	541	580	-6.7
Consulting	84	37	127.0	85	37	129.5
Other functions	3	3	0.0	3	3	0.0
Group total	594	684	-13.2	629	620	1.5

GROUP MANAGEMENT

Dovre Group appointed Ms Sirpa Haavisto (M.Sc. Econ.) as the Group's new CFO as of 1 October 2020, following the former CFO, Ms Mari Paski's resignation from the position in July 2020. Ms Haavisto reports to CEO Arve Jensen and is a member of the Dovre Group's Executive team.

At the end of 2020, the Executive Team consists of Arve Jensen (CEO), Stein Berntsen (President, Consulting), and Sirpa Haavisto (CFO).

SHARES, SHAREHOLDERS AND STOCK OPTIONS

Share capital and trading

Dovre Group Plc has one series of shares. Each share entitles its holder to one vote. Dovre Group Plc's shares are listed on Nasdaq Helsinki Oy.

The share capital of Dovre Group Plc on 1 January 2020 and 31 December 2020 was EUR 9,603,084.48. The number of shares was 101,946,747 on 1 January 2020 and 102,956,494 on 31 December 2020.

On 31 December 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 Q1 2020 when Dovre Group issued 1,009,747 new shares to the sellers of Tech4Hire AS, originally acquired in spring 2019, 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 used to subscribe for new shares in Dovre Group Plc. The share subscription price was EUR 0.34 and the total subscription price was EUR 343,314. The share subscription price was based on the trade-weighted average price of Dovre Group's shares on Nasdaq Helsinki between 7 February 2020 and 13 February 2020. The share subscription price was recorded in full in the company's invested unrestricted equity fund.

In 2020, altogether 31.1 (50.0) million Dovre Group shares were exchanged on Nasdaq Helsinki Ltd., corresponding to a trade of approximately EUR 8.7 (11.9) million. The trading volume in the comparison year was impacted by the share transactions made by the company's largest shareholders in early November 2019.

The volume weighted average price of Dovre share was 0.28 (0.24), the lowest quotation was EUR 0.20 (0.20) and the highest EUR 0.37 (0.34). On 31 December 2020, the closing quotation was EUR 0.28 (0.29). The year-end market capitalisation was approximately EUR 28.7 (29.6) million.

Own shares

Dovre Group did not repurchase the Company's own shares during the period under review. At the end of December 2020, Dovre Group Plc held 870,337 of its own shares, representing approximately 0.8% of all the company's shares and votes.

Shareholders and holdings of the Board of Directors and the CEO

On 31 December 2020, the number of registered shareholders of Dovre Group Plc totalled 4,016 (3,875), including 10 (8) nominee-registers. The share of nominee-registered shares was 4.2 (2.4)% of the Group's shares.

On 31 December 2020, members of the Group's Board of Directors and the CEO held, including holdings through controlled and/or influential companies and family members living in the same household, a total of 8,147,751 (7,997,751) shares in the company, representing 7.9 (7.8)% of all the shares.

Holdings of Board of Directors and CEO 31/12/2020	Shares, Pcs	Percentage of shares
Name		
Svein Stavelin	334,613	0.3
Ilari Koskelo ¹	7,279,653	7.1
Antti Manninen ²	533,485	0.5
Kristine Larneng	0	0.0
Board members, total	8,147,751	7.9
Arve Jensen (CEO)	80,000	0.1

¹ Including 1,300,000 shares owned by Navdata Oy, a company controlled by Ilari Koskelo.

² Including 300,000 shares owned by Amlax Oy, a company controlled by Antti Manninen, and 100,000 shares owned by Antti Manninen's influential company Rio Group Oy.

One flagging notification was issued during the financial year. The ownership of Joensuun Kauppa ja Kone Oy to shares and voting rights in Dovre Group Plc increased above 10% in August. The combined holding of Joensuun Kauppa ja Kone Oy and K22 Finance Oy (both entities controlled by Kyösti Kakkonen) is 11.96%.

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 the 2013C option plan ended on 28 February 2020. The share subscription period and price per series under the 2013C option plan was as follows: subscription price EUR 0.43;

subscription period 1 March 2017 – 28 February 2020. No shares were subscribed to during this period.

More information about the shares, shareholders and stock options of Dovre Group is available at www.dovregroup.com/investors.

Long-term incentive programmes 2018–2020

The Board of Directors decided on a long-term share-based remuneration and incentive programme for the top management of Dovre Group in June 2018. The remuneration is based on 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.

Estimated number of shares earned

Year	Shares, pcs
2018	213,960
2019	354,564
2020	290,105
Total accrued	858,629

ANNUAL GENERAL MEETING AND THE AUTHORISATIONS OF THE BOARD OF DIRECTORS

Dovre Group Plc's Annual General Meeting (AGM) was held on 28 April 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 31 December 2019.

The AGM decided to authorise 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. On 26 October 2020, the Board of Directors of Dovre Group Plc decided based on this authorisation that a dividend of EUR 0.01 per share will be paid to a shareholder who is registered in the company's shareholder register maintained by Euroclear Finland Ltd on the date of record of 2 November 2020. The dividend was paid on 10 November 2020.

The AGM decided that the number of Board members shall be a total of 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 Authorised 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 authorised 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 authorisations 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 authorisations are valid until 30 June 2021 and revoke the previously granted, corresponding authorisations.

The Board did not use the authorisation granted in 2019 or 2020 to decide on the repurchase of its own shares in 2020. In February, the Board of Directors used the authorisation 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 authorisation granted by the 2020 AGM is unused.

The decisions of the General Meeting are available in full 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 the 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 local dependence 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.

OTHER EVENTS DURING THE REPORTING PERIOD

In December 2020, Dovre Group's partly owned equity investment (ownership 19.86%) SaraRasa Bioindo Pte. Ltd.'s fully owned subsidiary PT SaraRasa Biomass (Company) decided to expand its production at the factory site in Surabaya.

The current production capacity will increase by over 20% and the warehouse storage capacity by over 100% compared to 2020. The new production construction is expected to be completed by

August 2021. The expansion at the current site is expected to improve the profitability of the factory due to economy of scale and it will be financed with the Company's excess cash reserves.

EVENTS AFTER THE REPORTING PERIOD

Dovre Group confirmed its 2020 guidance and issued preliminary 2020 net sales and operating profit figures on 3 February. It also announced the postponement of its planned Annual General Meeting 2021 from 8 April to 10 June, due to COVID-19 vaccine delays. The company also disclosed its intention to publish its financial guidance at the latest in connection with its Q1 2021 business review on 28 April 2021.

BOARD OF DIRECTORS' PROPOSAL FOR DIVIDEND

The parent company's distributable funds were EUR 18,470,517.04 on 31 December 2020. The Board of Directors proposes to the Annual General Meeting to be held on 10 June 2021 that a dividend of EUR 0.01 (0.01) per share to be paid.

No significant changes have occurred in the company's financial position after the end of the financial year. The proposed distribution of a dividend poses no risk to the company's financial standing.

Espoo, 24 February 2021

DOVRE GROUP PLC
BOARD OF DIRECTORS

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Financial reporting in 2021

Dovre Group releases its financial reports in 2021 as follows:

- Q1 trading statement for 1 January–31 March 2021 on Wednesday, 28 April 2021
- Half-year financial report for 1 January–30 June 2021 on Wednesday, 28 July 2021
- Q3 trading statement for 1 January–30 September 2021 on Wednesday, 27 October 2021

The company's Annual General Meeting is to be held on Thursday, 10 June 2021. Dovre Group's Board of Directors will summon the meeting at a later date. The Annual Report 2020, which includes the company's financial and non-financial statements, the report of the Board of Directors, and the corporate governance statement, will be published online during week 11.

Distribution

Nasdaq Helsinki Ltd

Major media

www.dovregroup.com

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	7-12 2020	7-12 2019	Change %	1-12 2020	1-12 2019	Change %
NET SALES	34 319	44 944	-23,6	77 474	83 135	-6,8
Other operating income	58	790	-92,7	155	817	-81,0
Material and services	-74	-84	12,0	-191	-180	-5,9
Employee benefit expenses	-31 377	-40 793	23,1	-70 938	-75 598	6,2
Depreciation and amortization	-392	-474	17,3	-839	-882	4,9
Other operating expenses	-1 336	-2 227	40,0	-3 310	-4 587	27,8
OPERATING RESULT	1 198	2 154	-44,4	2 351	2 705	-13,1
Financing income	306	236	29,4	599	267	124,3
Financing expenses	-538	-170	-216,4	-782	-330	-137,2
RESULT BEFORE TAX	965	2 221	-56,5	2 168	2 642	-17,9
Tax on income from operations	-443	-352	-27,5	-526	-552	-4,7
RESULT FOR THE PERIOD	516	1 868	-72,4	1 643	2 091	-21,4
Other comprehensive income						
Other comprehensive income to be classified to profit or loss in subsequent periods:						
Translation differences	384	1	27 327,0	-1424	598	-338,1
Other comprehensive income for the period, net of tax	384	1	27 327,0	-1 424	598	-338,1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	900	1 870	-51,9	219	2 689	-91,9
Earnings/share (EUR)						
Basic, result for the period	0,005	0,018	-72,6	0,016	0,021	-22,7
Diluted, result for the period	0,005	0,018	-72,6	0,016	0,021	-22,7

Average number of shares	7-12 2020	7-12 2019	1-12 2020	1-12 2019
Basic	102 956 494	101 946 747	102 872 348	101 205 923
Diluted	102 956 494	101 946 747	102 872 348	101 205 923
Number of shares, period end	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Basic	102 956 494	101 946 747	102 956 494	101 946 747
Diluted	102 956 494	101 946 747	102 956 494	101 946 747

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31.12.	31.12.	Change
	2020	2019	%
ASSETS			
Non-current assets			
Intangible assets	3 151	3 735	-15,6
Goodwill	16 390	17 443	-6,0
Tangible assets	1 489	2 049	-27,4
Financial asset	1 056	876	20,5
Deferred tax assets	129	148	-13,1
Non-current assets	22 215	24 252	-8,4
Current assets			
Trade receivables and or other receivables	13 738	19 413	-29,2
Tax receivable, income tax	3	1	233,3
Cash and cash equivalents	8 541	5 794	47,4
Current assets	22 282	25 208	-11,6
TOTAL ASSETS	44 497	49 460	-10,0
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	9 603	9 603	0,0
Reserve for invested non-restricted equity	12 991	12 661	2,6
Fair value reserve	2 869	2 869	0,0
Treasury shares	-237	-237	0,0
Translation differences	-4 289	-2 865	-49,7
Retained earnings	2 932	2 289	28,1
Shareholders' equity	23 869	24 319	-1,9
Non-current liabilities			
Deferred tax liability	896	954	-6,1
Non-current liabilities, interest-bearing	1 939	2 728	-28,9
Other non-current liabilities	0	65	-100,0
Non-current liabilities	2 835	3 747	-24,3
Current liabilities			
Short-term liabilities, interest-bearing	4 195	3 106	35,1
Trade payables and other liabilities	13 219	17 697	-25,3
Tax liability, income tax	378	591	-36,0
Current liabilities	17 793	21 394	-16,8
TOTAL EQUITY AND LIABILITIES	44 497	49 460	-10,0

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)
SHAREHOLDERS' EQUITY Jan. 1, 2019	9 603	12 300	2 869	-237	-3 462	1 080	22 153
Comprehensive income							
Result for the period						2 091	2 091
Other comprehensive income Items that may be reclassified to profit and loss in subsequent periods:							
Translation differences					597	1	598
Total comprehensive income	0	0	0	0	597	2 092	2 689
Transactions with shareholders							
Directed share issue		361					361
Share based compensation						109	109
Dividend distribution						-993	-993
Total transaction with shareholders	0	361	0	0	0	-884	-523
SHAREHOLDERS' EQUITY Dec. 31, 2019	9 603	12 661	2 869	-237	-2 865	2 288	24 319
EUR thousand	a)	b)	c)	d)	e)	f)	g)
SHAREHOLDERS' EQUITY Jan. 1, 2020	9 603	12 661	2 869	-237	-2 865	2 288	24 319
Comprehensive income							
Result for the period						1 643	1 643
Other comprehensive income Items that may be reclassified to profit and loss in subsequent periods:							
Translation differences					-1 424	0	-1 424
SHAREHOLDERS' EQUITY Jan. 1, 2020	0	0	0	0	-1 424	1 643	219
Translation with shareholders							
Directed share issue		331					331
Dividend distribution						-1 021	-1 021
Other items						22	22
Total transaction with shareholders	0	331	0	0	0	-999	-668
SHAREHOLDERS' EQUITY Dec. 31, 2020	9 603	12 992	2 869	-237	-4 289	2 932	23 869

CONSOLIDATED CASH FLOW STATEMENT

EUR thousand	7-12 2020	7-12 2019	Change %	1-12 2020	1-12 2019	Change %
Cash flow from operating activities						
Operating result	1 198	2 155	-44,4	2 351	2 705	-13,1
Adjustments:						
Depreciation / Amortization	392	474	-17,2	839	882	-4,9
Gain from sale of tangible assets	0	-776	-100,0	0	-776	-100,0
Personnel expenses	28	109	-74,2	95	110	-13,9
Adjustments, total	421	-193	-317,9	934	216	332,4
Changes in working capital						
Trade and other receivables, increase (-) / decrease (+)	3 142	313	903,8	4 363	-4 141	205,4
Trade and other payables, increase (+) /decrease (-)	-2 450	466	-625,7	-2 456	2 992	-182,1
Changes in working capital, total	692	779	11,1	1 907	-1 149	266,0
Interest paid	-64	-91	29,6	-151	-167	9,5
Interest received	12	27	-53,8	26	52	-50,6
Other financial expenses paid and received	-175	-33	-430,8	-136	-71	-91,5
Income taxes paid	-316	16	-2 077,7	-685	-306	-123,8
Net cash generated by operating activities	1 767	2 660	-33,6	4 246	1 280	-231,8
Cash flow from investing activities						
Investments in tangible and intang. assets	2	-75	103,3	-8	-84	-90,4
Proceeds from sale of tangible assets	0	1 641	-100,0	0	1 642	-100,0
Acquisitions of subsidiaries, less cash and cash equivalents	-1	0	-	-980	-1 778	-44,9
Net cash generated by investing activities	1	1 566	-99,9	-989	-220	-349,3
Cash flow from financing activities						
Directed share issue	0	-42	-100,0	331	364	-9,1
Repurchases of own shares	0	0	-	0	1 651	-100,0
Proceeds of non-current loans	149	-1 061	-114,0	0	-1 061	-100,0
Repayments of non-current loans	1 296	620	109,1	1 296	882	47,0
Proceeds from short-term loans	-181	-880	79,5	-306	-880	-65,3
Repayments of short-term loans	-159	-209	23,9	-373	-379	-1,6
Repayments of lease liabilities	-1 017	0	-	-1 017	-993	2,5
Dividends paid	88	-1 572	-105,6	-69	-416	83,4
Translation differences	-12	49	-124,5	-441	180	345,0
Change in cash and cash equivalents	1 844	2 703	-31,8	2 747	824	-233,5
Cash and cash equivalents at beginning of the period	6 698	3 092		5 794	4 970	
Cash and cash equivalents at end of the period	8 541	5 794		8 541	5 794	

LIITETIEDOT

The financial statements release has been prepared according to IAS 34- standard. The accounting policies adopted are consistent with those of the annual financial statements for 2019 and comply with changes in IAS/IFRS standards effective from 1 January 2020 that had no material impact on the interim review. All figures presented have been rounded which may cause, for example, the sum of individual figures to deviate from the presented sum total.

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	2020	2019	Change
Project Personnel	62 941	76 995	-18,3 %
Consulting	14 533	6 140	136,7 %
Total	77 474	83 135	-6,8 %

In 2020, Dovre Group had one customer, which accounted for more than 10% of the Group's net sales. The Group's income from this customer was approximately EUR 9.3 million.

OPERATING RESULT

EUR thousand	2020	2019	Change
Project Personnel	1 886	2 376	-20,6 %
Consulting	1 480	643	130,0 %
Other functions	-731	-63	-1056,5 %
Unallocated	-284	-252	-12,7 %
Total	2 352	2 705	-13,1 %

Other operations are the common resources used by both segments of the Group and shareholders' expenses. In 2019, other functions include a gain of EUR 776 thousand from the sale of the office property.

Unallocated expenses include amortization of customer agreements and relations and expenses recorded as a result of adaptation of IFRS 16 in 2019.

PERSONNEL

Average number of personnel	2020	2019
Project Personnel	541	580
Consulting	85	37
Other functions	3	3
Total	629	620

The increase in Consulting business area and the decrease in Project Personnel area reflect the organisational change implemented in Norway at the beginning of the year 2020.

In the Project Personnel business area, 22 (30) % of personnel were independent contractors.

2. NET SALES

Net sales by revenue type

EUR thousand	2020	% of net sales	2019	% of net sales
Services	77 001	99,4 %	82 634	99,4 %
License revenue	278	0,4 %	314	0,4 %
Maintenance	195	0,3 %	187	0,2 %
Total	77 474	100,0 %	83 135	100,0 %

Services include 61 thousand euros (127 thousand euros in December 2019) revenue recognized as a point in time. License income includes 45 thousand euros (84 thousand euros) income recognized as a point in time.

Net sales by domicile of the company

EUR thousand	2020	% of net sales	2019	% of net sales
Finland	7 000	9,0 %	8 193	9,9 %
Norway	52 864	68,2 %	58 158	70,0 %
Canada	6 339	8,2 %	7 476	9,0 %
Singapore	9 863	12,7 %	7 189	8,6 %
Other countries	1 408	1,8 %	2 119	2,5 %
Total	77 474	100,0 %	83 135	100,0 %

3. GOODWILL

EUR thousand	2020	2019
Acquisition cost, Jan. 1	17 443	15 185
Additions	0	1 930
Translation differences (+/-)	-1 053	328
Book value, Dec. 31	16 390	17 443

The increase of goodwill is related to the Tech4Hire acquisition in the second quarter of 2019.

Goodwill by cash generating units:

EUR thousand	2020	2019
Project Personnel	15 668	16 720
Consulting	723	723
Total	16 390	17 443

Impairment testing has been performed at the year-end, with December 31, 2020 as the testing date. For Project Personnel, in addition to goodwill, we test also the NPC trademark, which has an indefinite useful life. The carrying amount of the trademark at December 31, 2020 was approximately EUR 1.3 million (EUR 1.4 million on December 31, 2019).

In testing, the carrying amount of a cash-generating unit is compared with its value in use, which is based on a calculation of its value in use. These calculations are based on management-approved plans covering a five-year period. The key variables used in the calculation are revenue growth and operating margin. The variables are based on past performance, the business group's market position and growth potential in the business group's market. The discount rate is determined using a capital structure based on peer group balance sheets and financial statements to which IAS 17 *Leases* applies.

Based on testing, the recoverable amounts of all cash-generating units exceeded their carrying amounts and, therefore, no indications of impairment exist.

Key variables

	2020	2019
Average growth in net sales, %		
Project Personnel	12,5	10,0
Consulting *)	2,5	
Consulting, Finland		1,5
Consulting, Norway		2,0
Average EBIT, %		
Project Personnel	3,6	3,5
Consulting *)	11,2	
Consulting, Finland		10,3
Consulting, Norway		10,0
Terminal growth rate, %		
Project Personnel	1,0	1,0
Consulting *)	1,0	1,0
Consulting, Finland		1,0
Consulting, Norway		1,0
Pre-tax discount rate, %		
Project Personnel	11,8	13,3
Consulting *)	12,0	

Consulting, Finland	13,1
Consulting, Norway	13,2

*) Beginning 2020, the testing was performed on Consulting business segment level. Before that Finland and Norway were tested separately.

If any of the following changes were made to the above key assumptions, the value in use and the carrying amount would be equal.

	Change
EBIT %, %-unit	
Project Personnel	-1,5
Consulting	-17,3
Pre-tax discount rate, %-unit	
Project Personnel	7,9
Consulting	468,2

4. LEASES

Dovre Group's right-to-use assets are office leases, which are presented as part of buildings. Dovre Group adopted a simplified approach to deployment, setting the starting date for existing contracts as January 1, 2019. Most office rentals are fixed-term contracts and some of these contracts include an option to extend the contract periodically.

Right-to-use assets		
EUR thousand	2020	2019
Acquisition cost, Jan. 1	2 379	0
Translation differences (+/-)	-105	0
Additions	160	2 379
Deductions	-248	0
Book value, Dec. 31	2 186	2 379
Accumulated depreciations, Jan. 1	-412	0
Translation differences (+/-)	21	-1
Depreciation charges for the period	83	0
Depreciation for the period	-413	-411
Accumulated depreciations, Dec. 31.	-721	-412
Book value, Dec. 31, 2019	1 465	1 967
Leasing liabilities		
EUR thousand	Dec 31 2020	Dec 31 2019
Long-term leasing liabilities	1 175	1 592
Short-term leasing liabilities	352	417
Total	1 527	2 009

5. FINANCIAL ASSETS

Dovre Group Oyj

Financial assets at fair value through profit and loss:

EUR thousand	Dec 31 2020	Dec 31 2019
Unquoted equity investment	1056	876
Total	1056	876

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 2020. 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 audited equity of Bioindo was USD 1 323 thousand at the year-end 2019 (397 USD thousand at year end 2018). The unaudited 2020 result was approximately USD 1.1 million.

SaraRasa has agreed to supply its entire production of pellets until January 2024 (published on July 25, 2019)

SaraRasa Bioindo Pte. Ltd.'s fully owned subsidiary PT SaraRasa Biomass has decided to expand its production at the factory site in Surabaya. The current production capacity will increase by over 20% and the warehouse storage capacity by over 100% compared to 2020. The new production construction is expected to be completed by August 2021. The expansion at the current site is expected to improve the profitability of the factory due to economy of scale and will be financed with Company's excess cash reserves (published on December 15, 2020)

6. TRADE AND OTHER RECEIVABLES

EUR thousand	Dec 31, 2020	Dec 31, 2019
Trade receivables	12 802	17 997
Valuation allowance for trade receivables	-24	-15
Other receivables	163	49
Accrued income on sales	626	1 022
Prepayments on expenses	172	360
Total	13 738	19 413

The book values of the receivables are based on a reasonable estimate of their fair values. Dovre Group has not recognized an expected credit loss provision under IFRS 9 for accounts receivable because the Dovre Group has not been able to do so due to the low amount of credit losses realized. During 2015-2018, the Group has not recognized any impairment provisions and the average amount of impairment of trade receivables during the last 10 years has been EUR 12 thousand, which is an average of 0.08% of trade receivables.

Ageing analysis of trade receivables

EUR thousand	Dec. 31, 2020	Dec. 31, 2019
Not due	8 793	11 825
Overdue		
1 - 30 days	3 380	5 607
31 - 60 days	440	429

61 - 90 days	181	75
Over 90 days	8	61
Total	12 802	17 997

7. GROUP COMMITMENTS

EUR thousand	Dec. 31, 2020	Dec. 31, 2019
Trade receivables pledged as collateral		
Floating charges	5 348	5 677
Pledged shares, book value in Group	3 000	3 000

Disputes and court proceedings

The Group has not pending disputes or court proceedings.

8. GROUP QUARTERLY INFORMATION

EUR thousand	2020 1-3	2019 1-3	2020 4-6	2019 4-6	2020 7-9	2019 7-9	2020 10-12	2019 10-12
NET SALES	23 615	17 317	19 540	20 874	16 507	21 637	17 812	23 306
Other operating income	15	14	82	13	7	785	50	5
Material and services	-57	-27	-60	-69	-37	-37	-37	-47
Employee benefits expense	-21 464	-15 777	-18 097	-19 028	-15 050	-19 604	-16 327	-21 189
Depreciation and amortization	-210	-205	-237	-203	-199	-241	-193	-233
Other operating expenses	-1 190	-1 052	-783	-1 308	-627	-1 072	-709	-1 152
OPERATING RESULT	709	271	445	279	602	1 469	595	686

9. GROUP KEY FINANCIAL PERFORMANCE INDICATORS

EUR million	1-12 2020	1-12 2019
Cash and cash equivalents	8,5	5,8
Interest-bearing liabilities	6,1	5,8
Net debt	-2,4	0,0
Shareholders' equity	23,9	24,3
Balance sheet total	44,5	49,5
Return on equity, %	6,8 %	9,0 %
Return on investment, %	7,9 %	10,3 %
Debt-equity ratio (Gearing), %	-10,1 %	0,2 %

Equity-ratio, %	53,6 %	49,2 %
Personnel (average for period)	629	620
Personnel (at end of period)	610	691
Earnings per share, EUR (basic, average for period)	0,016	0,021
Equity per share, EUR (basic, end of period)	0,23	0,24