Dovre GROUP

ANNUAL REPORT 2018

INDEX

(*) PART OF THE AUDITED FINANCIAL STATEMENTS

DOVRE GROUP IN BRIEF

Dovre Group is a global provider of project management services. The Group's parent company Dovre Group Plc is domiciled in Finland listed on Nasdaq Helsinki (symbol DOV1V).

Dovre Group has two business areas: Project Personnel and Consulting. Dovre Group's Project Personnel business area has over 30 years of experience as a global provider of project professionals for large investment projects. The Group's Consulting business area operates in the Nordic countries and provides management and project management expertise for the development and execution of large investment projects.

In 2018, Dovre Group's net sales were EUR 65.5 million and the Group's operating result was EUR 0.5 million. Project Personnel accounted for 91% and Consulting for 9% of the net sales. Dovre Group employs around 500 people worldwide.

BUSINESS AREAS

PROJECT PERSONNEL

Dovre Group's Project Personnel business area has over 30 years of experience as a global provider of project professionals for large investment projects. Our main markets are the Nordic countries, Asia Pacific, North America, and the Middle East. Dovre Group has offices in Norway, Canada, Finland, Singapore and the United States.

The key to success in the project personnel business is access to the best project people. Many of our consultants have been with us for decades, on numerous different assignments around the world. We take good care of our consultants, and together we take good care of our clients. We are building a solid portfolio of long-term framework agreements with existing and new clients.

PROJECT PERSONNEL BUSINESS IS ABOUT TRUST AND LOYALTY

Dovre Group supports world leading organizations to project success. We ensure access to the best project professionals – whenever or wherever our clients need them. As a publicly listed company, we are a compliant, transparent and trustworthy partner for our clients. We consistently get top scores for quality and service when the customers review our work.

GROWTH IN 2018

Our net sales in 2018 increased by 4.5% and totaled to EUR 59.7 (57.1) million. We experienced strong growth in Norway and the rest of EMEA area, but experienced challenges in North America and Asia Pacific. Operating result improved significantly, from EUR 0.8 million to 1.5. million. In 2018, the average number of personnel employed by Project Personnel was 454 (427).

CONSULTING

Dovre Group's Consulting business area provides advisory services for the effective development and execution of large projects. We operate in the Nordic countries, with offices in Finland and Norway.

Key to successful consulting is the ability to provide our clients with valuable advice over time. We focus on building long-term relationships with our clients through frame agreements and practical recommendations.

OUR CLIENTS TRUST OUR PROJECT EXPERTISE

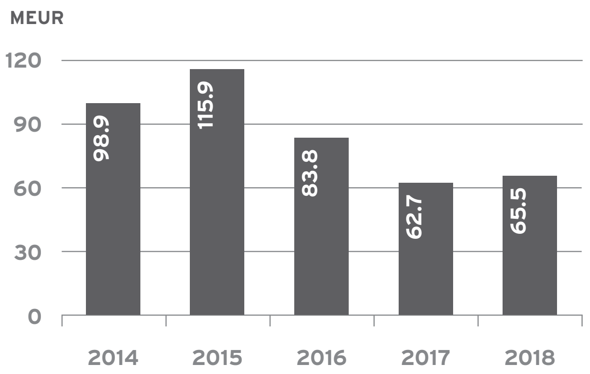
Large projects typically entail several years of concept development and planning before execution, and involve large scale investments. Many of our clients have project portfolios covering several projects of different sizes, with each project in a different phase, or portfolios of large procurement projects. Others have only one major project, often very large compared to their other investments or operational costs.

2018 – DEVELOPMENT TOWARDS THE YEAR END

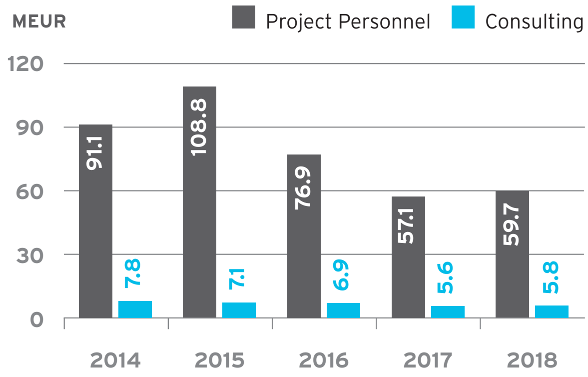
Our net sales in 2018 increased by 3.5% and totaled to EUR 5.8 (5.6) million. The operating result reached EUR 0.4 (0.7) million. In Norway, we have strengthened our consulting organization, giving us increased capacity. In Finland, we launched a new software, Intelli R, for building and constructions entities. In 2018, the average number of personnel employed by Consulting was 36 (36).

KEY FIGURES

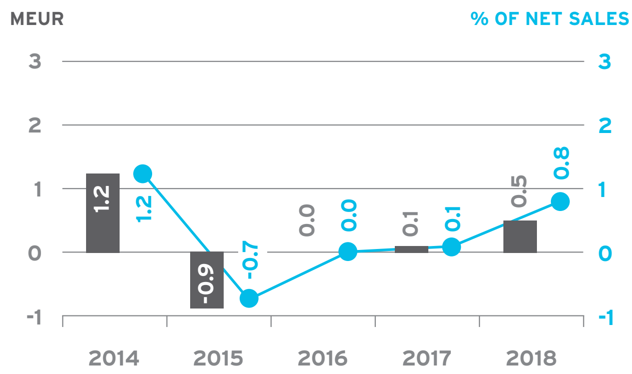
NET SALES



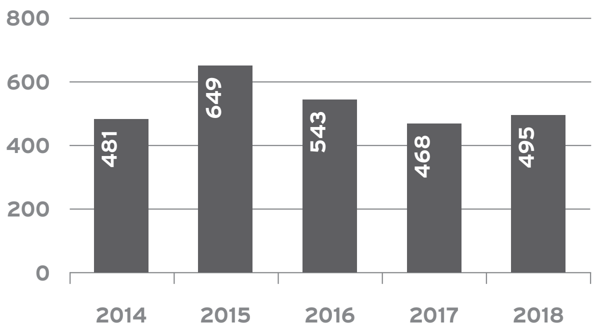
NET SALES BY BUSINESS AREA



OPERATING RESULT



AVERAGE PERSONNEL OF THE YEAR



EUR THOUSAND	IFRS 2018	IFRS 2017	IFRS 2016	IFRS 2015	IFRS 2014
Net sales	65,466	62,681	83,810	115,947	98,889
Change, %	4.4%	-25.2%	-27.7%	17.2%	-1.9%
Operating result	539	52	4	-858	1,173
% of net sales	0.8%	0.1%	0.0%	-0.7%	1.2%
Result before tax	1,058	-398	-1,545	-1,841	885
% of net sales	1.6%	-0.6%	-1.8%	-1.6%	0.9%
Result for the period	844	-547	-1,669	-2,012	268
% of net sales	1.3%	-0.9%	-2.0%	-1.7%	0.3%
Return on equity, %	3.8%	-2.3%	-6.3%	-8.2%	1.1%
Return on investment, %	4.6%	-1.1%	-4.2%	-6.1%	3.9%
Equity-ratio, %	59.1%	62.2%	60.3%	52.5%	60.4%
Gearing, %	-7.8%	-9.4%	-18.3%	-19.1%	-42.2%
Balance sheet total	37,513	36,389	42,794	52,040	35,545
Gross capital expenditure	164	249	322	2,096	346
% of net sales	0.2%	0.4%	0.4%	1.8%	0.3%
Research and development	160	135	106	117	135
% of net sales	0.2%	0.2%	0.1%	0.1%	0.1%
Average number of personnel	495	468	543	649	481
Personnel at end of period	495	476	462	714	486

CEO'S REVIEW

ANNUAL NET SALES GREW AND OPERATING RESULT IMPROVED

The target of Dovre Group is to be our clients' preferred partner in projects. We deliver management consulting, project personnel and IT tools for project success. Our focus is large projects in oil & gas, energy, infrastructure and industry. Our clients are leading private and public organizations around the world.

Many things are moving in the right direction for Dovre Group. The demand for our services is growing and we have experienced increased activity and increased rates for some of our oil & gas clients during the year. This combined with the effects of our cost reduction program during the last years are further improving our development.

The project personnel market in Norway really turned positive during 2018, and we expect our operations in Norway to be strong also in 2019. In the last 3 months, we have signed two new frame agreements. One frame agreement with a new client, Wood, for delivery of technical consultants for all locations in Norway was signed in December 2018. In January 2019, we signed a frame agreement with Nye Veier for supply of strategic consulting services and operative project personnel in the areas of Project Management and HESQ (Health, Environment, Safety & Quality). This was a joint bid between Project Personnel and Consulting in Norway and shows that our total offering enables us to continue the diversification outside oil and gas industry.

There were also positive developments in other areas of EMEA in 2018. The efforts in our newest project personnel market – Finland – are starting to pay off. Dovre Group Plc signed a framework agreement with the Balticconnector project, co-owned by the Estonian company Elering AS and the Finnish company Baltic Connector Oy, in March 2018, and Dovre Group Plc has provided project management resources to the project. We also had several new assignments with the clients operating in nuclear industry and in the United Arab Emirates.

Our APAC unit started the year strong with a large, but relatively short project that ended during the Q2. This caused a headcount and sales drop in the second half of the year. However, the activity in the area has increased, and the unit has succeeded to secure a stronger backlog for 2019.

The sales in North America decreased in 2018. We did reorganize our services in the US and Canada during the second half of the year, and the market is now served by one business unit. The new structure lowered our cost base and enables further synergies in our organization, clients and consultants.

Overall, the net sales progress was positive in the project personnel business area and especially the profitability improved significantly from 0.8 million to 1.5 million euros.

The net sales of the Consulting business unit was also ahead of previous year. The profitability decreased compared to the previous year, but remains on a very respectable level. The reason for a lower profit is a short-term lower activity level in Norway.

We are very proud that our Consulting business unit in Norway was ranked as number one in the annual Norwegian Management Consulting survey (Konsulentguiden 2018) carried out at end of 2018. Clients were asked their impression of consulting companies they have worked with, and the number one ranking in a very competitive peer group is very motivating.

The Consulting unit in Finland also launched a new software, Intelli R, for a construction cost control tool for building and construction entities during 2018. We expect to see increased sales of this product in 2019. It was also decided to spin off the function to a new company, Proha Oy. The aim is to form an efficient and focused ICT/Project Management company with its own identity and growth plans. The name Proha Oy has a long history in the Finnish Project Management world. The company will seek opportunities via joint ventures and mergers with other Finnish companies operating in the same business disciplines.

Finally, I want to thank all our clients, our consultants out there in the frontline, as well as our other personnel and our partners for great work in 2018. I look forward to continuing the development in 2019.

Arve Jensen
CEO

REPORT OF THE BOARD OF DIRECTORS

JAN. 1-DEC. 31, 2018

2. REPORT OF THE BOARD OF DIRECTORS

MARKET SITUATION

The project personnel market recovered in 2018, especially in oil and gas in Norway. Norway is expected to be strong also in 2019 both in volumes and pricing due to the rising demand. There were also positive developments in other areas of EMEA in 2018. APAC and North America experienced decline in sales in 2018 compared to the previous year, but markets are improving. The Consulting market is stable both in Norway and Finland.

KEY FIGURES

EUR MILLION	2018	2017	CHANGE %
Net sales	65.5	62.7	4.4
Operating result	0.5	0.1	942.5
% net sales	0.8	0.1	
Profit before taxes	1.1	-0.4	365.8
% of net sales	1.6	-0.6	
Result for the period	0.8	-0.5	254.4
% of net sales	1.3	-0.6	
Net cash flow from operations	0.8	-0.9	222.2
Net debt	-1.7	-2.1	-18.3
Debt-equity ratio (Gearing), %	-7.8	-9.4	-16.6
Earnings per share, EUR:			
Undiluted	0.01	-0.01	254.1
Diluted	0.01	-0.01	254.2

NET SALES AND PROFITABILITY

In January–December, Dovre Group's net sales increased by 4.4%, totaling EUR 65.5 (62.7) million. Project Personnel accounted for 91 (91) % and Consulting for 9 (9) % of the Group's net sales.

During the year, net sales for Project Personnel increased by 4.5%, totaling EUR 59.7 (57.1) million. Net sales for Consulting increased by 3.5%, totaling EUR 5.8 (5.6) million.

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

During the period under review fluctuations in foreign currency exchange rates impacted revenues somewhat, and the Group's full year net sales would have grown by some 7.5% if the currency exchange rates were comparable.

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

During the period under review, the Group's result before taxes was EUR 1.1 (-0.4) million. Result included EUR 0.6 (-0.2) million of finance items, consisting mainly of an income of EUR 0.6 million as a result of fair value of SaraRasa Bioindo investment through profit and loss.

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

CASH FLOW, FINANCING, AND INVESTMENTS

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

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

Net cash flow from operating activities was EUR 1.1 (-0.9) million, which includes EUR 0.2 (-1.0) million change in working capital. The last day of 2017 was a Sunday, and approx. EUR 2 million of payments from customers were received at beginning of January 2018.

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

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

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

SARARASA

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

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

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

RESEARCH AND DEVELOPMENT

The Group's research and development costs were EUR 0.2 (0.1) million, which equals 0.2 (0.2) % of the Group's net sales.

PERSONNEL

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

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

In 2018, the Group's employee benefit expenses were EUR 59.2 (56.4) million.

GROUP EXECUTIVE TEAM

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

BOARD OF DIRECTORS

Dovre Group Plc's Annual General Meeting held on March 28, 2018 decided that the number of Board members be set at four (4). Ilari Koskelo and Ole Olsen were re-elected as members of the Board, and Antti Manninen and Svein Stavelin were elected as new members of the Board.

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

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

SHARES, SHAREHOLDERS, AND STOCK OPTIONS

SHARE CAPITAL AND TRADING

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

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

OWN SHARES

In December 2017, the Board of Directors of Dovre Group Plc decided to commence repurchasing the company's own shares on the basis of the authorization given by the Annual General Meeting held on March 30, 2017. The repurchases started on December 5, 2017 and ended on March 27, 2018.

In January–December 2018, Dovre Group Plc repurchased in total 527,066 of its own shares with an average price of 0.2761 euro. The total price of the shares repurchased during the period under review was 145,507.34 euro. During the third quarter, board member Ole Olsen resigned and returned 31,075 shares to Dovre Group. At the end of December 2018, Dovre Group Plc held 870,337 of its own shares, representing approximately 0.9% of all the company's shares.

SHAREHOLDERS

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

STOCK OPTIONS

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

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

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

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

HOLDINGS OF THE BOARD OF DIRECTORS AND THE CEO

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

On December 31, 2018, Dovre Group's CEO held a total of 80,000 shares representing 0.1% of all shares. In addition Arve Jensen held at the end of 2018 a total of 200,000 stock options from 2013 option plan.

More information about the shares and shareholders of Dovre Group on www.dovregroup.com/investors.

ANNUAL GENERAL MEETING AND THE AUTHORIZATIONS OF THE BOARD OF DIRECTORS

Dovre Group Plc's Annual General Meeting held on March 28, 2018, adopted the financial statements and consolidated financial statements for 2017 and discharged the members of the Board of Directors and the CEO from liability for the financial year ending on December 31, 2017. In accordance with the Board's proposal, the Annual General Meeting decided that a dividend of EUR 0.01 per share to be paid for the financial year 2017.

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

The total amount of the annual compensation paid to Board members and the method of payment did not change from the previous year. The Annual General Meeting elected the Authorized Public Accountant entity BDO Oy as the Company's auditor. BDO Oy has informed that Authorized Public Accountant Ari Lehto will be the principal auditor.

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

Dovre Group follows the recommendations of the Corporate Governace Code issued by the Finnish Securities Market Association. The Corporate Governance Statement 2018 has been issued separately from the report of the Board of Directors. Dovre Group's corporate governance principles are available on the company's website at www.dovregroup.com -> Investors.

SHORT-TERM RISKS AND UNCERTAINTIES

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

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

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

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

EVENTS AFTER THE REPORTING PERIOD

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

OUTLOOK FOR 2019

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

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

In the Consulting business area, market outlook remains unchanged.

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

BOARD OF DIRECTORS' PROPOSAL FOR DIVIDEND

The parent company's distributable funds were EUR 18,402,849.49 on December 31, 2018. The Board of Directors proposes to the Annual General Meeting to be held on March 27, 2019 that a dividend of EUR 0.01 (0.01) per share to be paid. The Board of Directors further proposes that the dividend is paid to a shareholder who on the record date March 29, 2019 is registered as a shareholder in the company's shareholder register maintained by Euroclear Finland Ltd and that the dividend be paid on April 25, 2019. Dividend is not paid to the shares owned by the company. No significant changes have occurred in the company's financial position after the end of the financial year. The proposed distribution of dividend poses no risk to the company's financial standing.

Oslo, Norway, February 20, 2019

Dovre Group Plc
Board of Directors

SHARES AND SHAREHOLDERS

3. SHARES AND SHAREHOLDERS

SHARES AND SHARE CAPITAL

Dovre Group Plc has one class of shares. Each share entitles the shareholder to one vote. Dovre Group Plc's shares are listed in Nasdaq Helsinki Ltd.

On January 1, 2018 and December 31, 2018, Dovre Group Plc's share capital was EUR 9,603,084.48. The total number of shares was 100,168,769 on January 1, 2018 and on January 31, 2018.

TRADING AND MARKET CAPITALIZATION

In January - December 2018, approximately 14.5 (22.7) million shares in Dovre Group Plc were traded on Nasdaq Helsinki Ltd, corresponding to an exchange of approximately EUR 3.6 (6.3) million.

During the financial year, the lowest quotation was EUR 0.20 (0.22) and the highest EUR 0.29 (0.33). On December 31, 2018, the closing quotation was EUR 0.21 (0.27).

The period-end market capitalization was approximately EUR 21.0 (27.3) million.

On December 31, 2018, the number of registered shareholders of Dovre Group Plc totaled 3,179 (3,373), including 8 (8) nominee registers. 0.4 (0.3) % of the Group's shares were nominee registered.

AUTHORIZATIONS OF THE BOARD OF DIRECTORS

The Annual General Meeting held on March 28, 2018 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, 2019 and revokes earlier repurchase authorizations.

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

By virtue of the authorization, the Board may also decide on a directed issue of shares and special rights, i.e. waiving the pre-emptive subscription rights of the shareholders, under the requirements of the law. By virtue of the authorization, a maximum of 9,900,000 shares may be issued, corresponding to approximately 10.0% of the Company's existing shares. The Board may use the authorization in one or more instalments. The Board may use the authorization to finance or conclude acquisitions or other arrangements, to strengthen the Company's capital structure, to incentive programs or other purposes decided by the Board. The new shares may be issued or the Company's own shares conveyed either against payment or free of charge. The new shares may also be issued as an issue without payment to the Company itself. The Board was authorized to decide on other terms of the issuance of shares and special rights. By virtue of the authorization, the Board of Directors may decide on the realization of the Company's own shares possibly held by the Company as pledge. The authorization is valid until June 30, 2019. The authorization revokes earlier authorizations to issue shares and grant option rights and other special rights entitling to shares.

OWN SHARES

In December 2017, the Board of Directors of Dovre Group Plc decided to commence repurchasing the company's own shares on the basis of the authorization given by the Annual General Meeting held on March 30, 2017. The repurchases started on December 5, 2017 and it ended on March 27, 2018. During January – December 2018 Dovre Group Plc repurchased in total 527,066 of its own shares with an average price of 0.2761 euro. The total price of the repurchased shares was 145,507.34 euro.

At the end of December 2018 Dovre Group Plc held 870,337 of its own shares, representing approximately 0.9% of all the company's shares. During the fourth quarter of 2018, Ole Olsen returned 31,075 shares to Dovre Group following his resignation from the Dovre Group Board of Directors on August 31, 2018.

OPTION RIGHTS

Dovre Group has one option plan, 2013. Each stock option entitles the holder to subscribe one share in Dovre Group Plc.

Option rights issued under the 2013 option plan are as follows:

2013 OPTION PLAN SUBSCRIPTION PERIOD	SUBSCRIPTION PRICE (EUR)	NUMBER OF OPTIONS	NUMBER OF SHARES
A March 1, 2015–February 29, 2018	0.39	1,000,000	1,000,000
B March 1, 2016–February 28, 2019	0.52	1,000,000	1,000,000
C March 1, 2017–February 28, 2020	0.43	1,000,000	1,000,000
Total		**3,000,000**	**3,000,000**
Cancelled		1,000,000	1,000,000
Share subscriptions		0	0
Remaining December 31, 2018		2,000,000	2,000,000
Of which in reserve		1,150,000	1,150,000

No option rights were granted under the 2013 option plan during the financial year. A total of 935,000 stock options under the 2013 option plan were returned to the company. At the end of the financial year, the company had granted a total of 850,000 stock options under the 2013 option plan and had in reserve a total of 1,1500,000 stock options.

The subscription period for A serie of the Dovre Group's 2013 option plan 2 ended on February 29, 2018. The remaining 565,000 stock options were cancelled.

LARGEST SHAREHOLDERS ON DECEMBER 31, 2018

SHAREHOLDER		NUMBER OF SHARES	% OF SHARES AND VOTES
1	Commuter 2 AS	15,764,351	15.7%
2	Etra Capital Oy	15,000,000	15.0%
3	GA1 Finance AS	13,710,000	13.7%
4	Koskelo Ilari	6,529,653	6.5%
	Koskelo Ilari	5,229,653	5.2%
	Navdata Oy 1)	1,300,000	1.3%
5	OP-Suomi Mikroyhtiöt - Erikoissijoitusrahasto	2,531,631	2.5%
6	Siik Seppo	1,923,759	1.9%
7	Mäkelä Pekka	1,775,713	1.8%
8	Siik Rauni	1,591,420	1.6%
9	Paasi Kari	1,320,000	1.3%
10	Oy Cen-Invest Ab	1,300,000	1.3%
11	Hinkka Petri	1,000,000	1.0%
12	Keep it simple KIS Oy Ab	900,000	0.9%
13	Dovre Group Oyj	870,337	0.9%
14	Toivanen Kari	807,600	0.8%
15	Heikki Tervonen Oy	685,000	0.8%
16	Ruokostenpohja Ismo	667,967	0.7%
17	Zeroman Oy	590,001	0.6%
18	Hinkka Invest Oy	583,390	0.6%
19	OP-Henkivakuutus Oy	537,052	0.5%
20	Schengen Investment Oy	524,540	0.5%
20 largest shareholders (total)		**68,612,414**	**68.5%**
Nominee registered shares (total)		412,595	0.4%
Total remaining		31,143,760	31.1%
Total		**100,168,769**	**100.0%**

1) Ilari Koskelo, who is a member of Dovre Group's Board of Directors, holds control in Navdata Oy.

ANALYSIS OF SHAREHOLDINGS ON DECEMBER 31, 2018

By number of shares owned

NUMBER OF SHARES	NUMBER OF SHAREHOLDERS	% OF ALL SHAREHOLDERS	TOTAL NUMBER OF SHARES	% OF ALL SHARES
1–100	294	9.2	17,804	0.0
101–500	607	19.1	209,423	0.2
501–1,000	473	14.9	421,338	0.4
1,001–5,000	974	30.6	2,654,316	2.6
5,001–10,000	336	10.6	2,662,422	2.7
10,001–50,000	349	11.0	8,405,481	8.4
50,001–100,000	60	1.9	4,615,188	4.6
100,001–500,000	64	2.0	12,050,382	12.0
500,001–	22	0.7	69,132,415	69.0
Total	**3,179**	**100.0**	**100,168,769**	**100.0**

By shareholder category

NUMBER OF SHARES	NUMBER OF SHAREHOLDERS	% OF ALL SHAREHOLDERS	TOTAL NUMBER OF SHARES	% OF ALL SHARES
Private companies	132	4.2	25,445,599	25.4
Financial and insurance institutions	12	0.4	3,589,913	3.6
Non-profit organizations	5	0.2	25,460	0.0
Households	2,990	94.1	40,524,766	40.5
Foreign shareholders	40	1.3	30,583,031	30.5
Total	**3,179**	**100.0**	**100,168,769**	**100.0**
Nominee registered	8		412,595	0.4

HOLDINGS OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

On December 31, 2018, the members of the Board of Directors, including ownership through controlled/significant influence companies, held a total of 7,101,189 shares, representing approximately 7.1% of all shares and votes.

On December 31, 2018, the CEO of Dovre Group Plc held a total of 80,000 shares, representing approximately 0.1% of all shares and votes.

NAME	NUMBER OF SHARES	% OF ALL SHARES	NUMBER OF STOCK OPTIONS 1)
Svein Stavelin	138,051	0.1%	0
Ilari Koskelo 2)	6,529,653	6.5%	0
Antti Manninen 3)	433,485	0.4%	0
Board total	**7,101,189**	**7.1%**	**0**
Arve Jensen (CEO)	80,000	0.1%	200,000

1) Each stock option entitles the holder to subscribe for one new share. The subscription price varies between EUR 0.43 and EUR 0.52 per share.

2) Ilari Koskelo holds control in Navdata Oy, which holds a total of 1,300,000 shares.

3) Antti Manninen holds control in Amlax Oy, which holds a total of 200,000 shares and has signigicant influence in Rio Group Oy, which holds a total of 100,000 shares.

KEY FIGURES BY SHARE

EUR	IFRS 2018	IFRS 2017	IFRS 2016	IFRS 2015	IFRS 2014
Undiluted earnings per share (EUR)	0.008	-0.005	-0.017	-0.024	0.004
Diluted earnings per share (EUR)	0.008	-0.005	-0.017	-0.024	0.004
Undiluted equity per share (EUR)	0.22	0.23	0.26	0.32	0.34
Dividends EUR (1,000) *)	993	993	1,002	999	5,073
Dividend per share, EUR	0.01	0.01	0.01	0.01	0.08
Dividend per earnings, %	0.0%	-200.0%	-60.0%	-42.1%	1,882.9%
Effective dividend yield, %	0.0%	3.7%	3.5%	2.9%	22.3%
P/E ratio (EUR)	24.93	-54.60	-17.35	-14.31	84.53
Highest share price (EUR)	0.29	0.33	0.36	0.57	0.69
Lowest share price (EUR)	0.20	0.22	0.26	0.33	0.33
Average share price (EUR)	0.25	0.28	0.30	0.47	0.53
Market capitalization (EUR million)	21.0	27.3	29.0	34.0	22.8
Value of traded shares (EUR million)	3.6	6.3	3.9	8.2	10.1
Shares traded, %	14.4%	22.5%	13.0%	20.6%	30.2%
Average number of shares:					
Undiluted (1,000)	100,169	100,119	99,869	84,655	63,020
Diluted (1,000)	100,169	100,130	99,933	84,979	63,459
Number of shares at end of period (1,000)	100,169	100,169	99,869	99,869	63,266

*) Dividend for 2018 in accordance with the Board of Directors' proposal. 2017 information updated as per actual.

CALCULATION OF KEY INDICATORS

Return on shareholders' equity (ROE), % *)

$$\frac{\text{Result for the period}}{\text{Shareholders' equity (average)}} \times 100$$

Return on investment (ROI), % *)

$$\frac{\text{Result before taxes + interest and other financial expenses}}{\text{Balance sheet total (average) - interest free liabilities (average)}} \times 100$$

Equity-ratio, %

$$\frac{\text{Shareholders' equity}}{\text{Balance sheet total – advances received}} \times 100$$

Gearing, %

$$\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Shareholders' equity}} \times 100$$

Earnings per share, EUR

$$\frac{\text{Result for the period}}{\text{Adjusted number of shares (average)}}$$

Equity per share, EUR

$$\frac{\text{Shareholders' equity}}{\text{Adjusted number of shares at end of period}}$$

Dividend per share, EUR

$$\frac{\text{Dividend payable for the financial year}}{\text{Adjusted number of shares at end of period}}$$

Dividend per earnings, %

$$\frac{\text{Adjusted dividend per share}}{\text{Earnings per share}} \times 100$$

Effective dividend yield, %

$$\frac{\text{Adjusted dividend per share}}{\text{Adjusted share price at end of period}} \times 100$$

Price-earnings ratio (P/E), EUR

$$\frac{\text{Adjusted share price at end of period}}{\text{Earnings per share}}$$

*) Divisor calculated as the average of shareholders' equity in the balance sheet at the end of the current and the directly preceding financial year.

CONSOLIDATED FINANCIAL STATEMENTS, IFRS

4. CONSOLIDATED FINANCIAL STATEMENTS, IFRS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR THOUSAND	NOTE	JAN. 1.–DEC. 31, 2018	JAN. 1.–DEC. 31, 2017
NET SALES	3, 4	65,466	62,681
Other operating income	5	32	67
Material and services	6	-195	-113
Employee benefits expense	7	-59,218	-56,375
Depreciation and amortization	8	-447	-484
Other operating expenses	9	-5,099	-5,724
OPERATING RESULT		**539**	**52**
Financing income	10, 17	668	89
Financing expenses	10	-119	-324
Share of results in joint ventures	16	-31	-215
RESULT BEFORE TAX		**1,058**	**-398**
Tax on income from operations	11	-214	-149
RESULT FOR THE PERIOD		**844**	**-547**
Other comprehensive income			
Items which may be subsequently reclassified to profit and loss:			
Translation differences		-212	-1,645
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**632**	**-2,192**
Earnings per share calculated from profit attributable to shareholders of the parent company:			
Earnings per share, undiluted (EUR), result for the period	12	**0.01**	**-0.01**
Earnings per share, diluted (EUR), result for the period	12	**0.01**	**-0.01**
Average number of shares:			
Undiluted	12	100,168,769	100,118,769
Diluted	12	100,168,769	100,129,956

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR THOUSAND	NOTE	DEC. 31, 2018	DEC. 31, 2017
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	13	2,951	3,183
Goodwill	14	15,185	15,177
Tangible assets	15	960	1,010
Investments in joint ventures	16	0	61
Financial assets	17	723	125
Deferred tax asset	11	183	183
NON-CURRENT ASSETS		**20,002**	**19,740**
CURRENT ASSETS			
Trade receivables and other receivables	18	12,526	11,427
Tax receivable, income tax		15	71
Cash and cash equivalents		4,970	5,151
CURRENT ASSETS		**17,511**	**16,649**
TOTAL ASSETS		**37,513**	**36,389**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	19	9,603	9,603
Reserve for invested non-restricted equity	19	12,300	12,300
Revaluation reserve	19	2,869	2,869
Treasury shares	19	-237	-84
Translation differences		-3,462	-3,251
Retained earnings		1,080	1,188
SHAREHOLDERS' EQUITY		**22,153**	**22,625**
NON-CURRENT LIABILITIES			
Deferred tax liability	11	758	788
Other non-current liabilities	21	518	1,050
NON-CURRENT LIABILITIES		**1,276**	**1,838**
CURRENT LIABILITIES			
Short-term liabilities, interest-bearing	22	2,785	1,977
Trade payables and other liabilities	23	11,025	9,739
Tax liability, income tax		275	210
CURRENT LIABILITIES		**14,084**	**11,926**
TOTAL EQUITY AND LIABILITIES		**37,513**	**36,389**

CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS

EUR THOUSAND	NOTE	2018	2017
Cash flow from operating activities			
Operating result, continuing operations		539	52
Adjustments:			
Depreciation/amortization	8	447	484
Personnel expenses	7	42	7
Restructuring provision	24	0	-111
Adjustments, total		**489**	**380**
Changes in working capital:			
Trade and other receivables, increase (-) / decrease (+)		-1,217	628
Trade and other payables, increase (+) / decrease (-)		1,433	-1,636
Changes in working capital, total		**217**	**-1,008**
Interest paid		-58	-52
Interest received		29	16
Other financial expenses paid and received		-28	-173
Income taxes paid		-115	-106
Net cash generated by operating activities		**1,072**	**-891**
Cash flow from investing activities			
Investments in tangible and intangible assets		-188	-293
Purchase of shares in joint ventures		0	3
Increase (-) / decrease (+) in loans receivable		0	-47
Net cash generated by investing activities		**-188**	**-337**
Cash flow from financing activities			
Stock options exercised		0	81
Repurchases of own shares		-160	-69
Repayments of non-current loans	25	-600	-600
Proceeds from short-term loans	25	752	1,576
Repayments of short-term loans	25	0	-1,403
Dividends paid		-993	-1,002
Net cash generated by financing activities		**-1,001**	**-1,417**
Translation differences		-64	-517
Change in cash and cash equivalents		**-181**	**-3,162**
Cash and cash equivalents at the beginning of the period		5,151	8,313
Cash and cash equivalents at the end of the period		**4,970**	**5,151**

Cash and cash equivalents include cash in bank and other liquid investments with maturities of three months and less.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY, IFRS

	Equity attributable to the shareholders of the parent						
EUR THOUSAND	SHARE CAPITAL	RESERVE FOR INVESTED NON-RESTRICTED EQUITY	FAIR VALUE RESERVE	TREASURY SHARES	TRANSLATION DIFFERENCES	RETAINED EARNINGS	TOTAL EQUITY
SHAREHOLDERS' EQUITY Jan. 1, 2017	**9,603**	**12,219**	**2,869**	**0**	**-1,605**	**2,729**	**25,815**
Comprehensive income							
Result for the period						-547	-547
Other comprehensive income							
Items that may be reclassified to profit and loss in subsequent periods:							
Translation differences					-1,646	1	-1,645
Total comprehensive income	**0**	**0**	**0**	**0**	**-1,646**	**-546**	**-2,192**
Transactions with shareholders							
Share based compensation						7	7
Exercised stock options		81					81
Repurchases of own shares				-84			-84
Dividend distribution						-1,002	-1,002
Total transactions with shareholders	**0**	**81**	**0**	**-84**	**0**	**-995**	**-998**
SHAREHOLDERS' EQUITY Dec. 31, 2017	**9,603**	**12,300**	**2,869**	**-84**	**-3,251**	**1,188**	**22,625**

	Equity attributable to the shareholders of the parent						
EUR THOUSAND	SHARE CAPITAL	RESERVE FOR INVESTED NON-RESTRICTED EQUITY	FAIR VALUE RESERVE	TREASURY SHARES	TRANSLATION DIFFERENCES	RETAINED EARNINGS	TOTAL EQUITY
SHAREHOLDERS' EQUITY Jan. 1, 2018	**9,603**	**12,300**	**2,869**	**-84**	**-3,251**	**1,188**	**22,625**
Comprehensive income							
Result for the period						844	844
Other comprehensive income							
Items that may be reclassified to profit and loss in subsequent periods:							
Translation differences					-211	-1	-212
Total comprehensive income	**0**	**0**	**0**	**0**	**-211**	**843**	**632**
Transactions with shareholders							
Share based compensation						42	42
Repurchases of own shares				-153			-153
Dividend distribution						-993	-993
Total transactions with shareholders	**0**	**0**	**0**	**-153**	**0**	**-951**	**-1,104**
SHAREHOLDERS' EQUITY Dec. 31, 2018	**9,603**	**12,300**	**2,869**	**-237**	**-3,462**	**1,080**	**22,153**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, IFRS

1. GENERAL INFORMATION

Dovre Group is a global provider of project personnel and project management services and software. The Group's parent company, Dovre Group Plc, is a public limited company incorporated under Finnish law and domiciled in Helsinki, Finland. The company's registered address is Maapallonkuja 1 B, 02210 Espoo, Finland. Dovre Group Plc's shares are listed on Nasdaq Helsinki Ltd (symbol DOV1V).

Dovre Group's Board of Directors has approved these financial statements for publication in its meeting on February 21, 2018. In accordance with the Finnish Companies Act, the shareholders of the company have the option to adopt, reject, or amend the financial statements in the Annual General Meeting to be held following their publication. A copy of the consolidated financial statements of Dovre Group is available online at www.dovregroup.com or at the company's offices at Maapallonkuja 1 B, 02210 Espoo, Finland.

2. ACCOUNTING PRINCIPLES

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS). In preparing the financial statements, the IAS and IFRS standards and SIC and IFRIC interpretations effective on December 31, 2017 have been followed. In accordance with the Finnish Accounting Act and the regulations issued by virtue of it, 'IFRS' refers to the standards and interpretations, which have been endorsed by the EU in accordance with the procedure defined in the EU Regulation (EC) No. 1606/2002. The notes to the consolidated financial statements also comply with the provisions of Finnish accounting and corporate legislation that supplement IFRS provisions.

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

The consolidated financial statements have been prepared under the historical cost convention unless otherwise stated. Monetary figures in the financial statements are expressed in thousands of euros (EUR thousand) unless otherwise stated.

The preparation of consolidated financial statements in accordance with IFRS requires management to make certain estimates and exercise judgment when applying accounting principles. The areas involving a higher degree of judgment or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed under 'Critical Accounting Estimates and Judgments'.

Principles of consolidation

Subsidiaries

The consolidated financial statements include the parent company, Dovre Group Plc, and all its subsidiaries. Subsidiaries are companies in which the Group holds control either directly or indirectly. Control arises when the Group either controls more than half of the voting rights or otherwise holds control. Subsidiaries are fully consolidated in the Group's financial statements from the date on which control has been transferred to the Group. They are deconsolidated from the date that control ceases.

Mutual shareholdings are eliminated using the acquisition method. The acquisition consideration and the acquired company's identifiable assets acquired and liabilities assumed are measured at fair value on the date of acquisition.

All intra-Group transactions, receivables, liabilities, unrealized gains, and the distribution of profits within the Group are eliminated in the consolidated financial statements.

Dovre Group consolidates all wholly owned subsidiaries. The share of non-controlling interest is not disclosed in the statement of financial position, as the parent company had a call option, which gave the Group present access to financial benefits associated with the ownership. Dovre Group Plc exercised the option in 2016, after which all subsidiaries were wholly owned.

Joint ventures

Joint ventures are entities where material decisions about the relevant activities require unanimous consent of the parties sharing control. Joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. Joint ventures include goodwill arising from the acquisition.

The Group's share of results in joint ventures is presented as a separate line item below the Group's operating result in the consolidated statement of income, because the operations of the Group's joint ventures are not linked to the Group's business operations. The Group's share of changes in the joint ventures' other comprehensive income is recognized in the Group's other comprehensive income.

Foreign currency translation

Items included in the financial statements are initially recognized in the functional currencies of each Group company. Consolidated financial statements are presented in euros, which is the parent company's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are recorded in the functional currency at the rate of exchange prevailing on the date of transaction. In practice, transactions are often translated at the rate of exchange that approximates the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies held at the end of the reporting period are translated using the period end exchange rate.

Foreign exchange gains and losses resulting from business transactions and from the translation of monetary items at period end exchange rates are recognized in the income statement and recorded in financial income and expenses.

Translation of financial statements of the Group's foreign subsidiaries

The statements of income of the Group's foreign subsidiaries are translated into euros at the weighted average rate of exchange for the financial period and the items in the statement of financial position at the rate of exchange at the end of the reporting period. The use of different exchange rates for items in the income statement and items on the statement of financial position results in a translation difference, which is recorded in the Group's other comprehensive income. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and from equity items accumulated after the acquisition are also recorded in other comprehensive income.

As of the IFRS effective date of January 1, 2004, the translation differences in equity resulting from exchange rate fluctuations have been entered as a separate item in translation differences in the consolidated statement of changes in shareholders' equity. Translation differences accumulated prior to the effective date have been entered in the Group's retained earnings as allowed by the exemption in IFRS 1.

Tangible assets

Tangible assets are stated at historical cost, less accumulated depreciation and impairment losses.

Tangible assets include machinery and equipment as well as renovation expenditure relating to leased premises. Depreciation is calculated on a straight-line basis over the expected economic useful lives of the assets, which is 3–5 years.

Gains and losses on disposal of tangible assets are recognized in either other operating income or other operating expenses.

Intangible assets

Goodwill

For business combinations after January 1, 2010, goodwill represents the excess of the consideration transferred, non-controlling interest in the acquiree, and previously held interest in the acquiree over the Group's interest in the fair values of the acquired net assets. Acquisitions of companies between January 1, 2004, and December 31, 2009, are accounted for in accordance with previous IFRS standards (IFRS 3 (2004)). For acquisitions prior to 2004, goodwill represents the carrying amount determined in accordance with previous accounting standards and which is used as the deemed cost as defined by IFRS.

Goodwill is not amortized, but it is tested annually for possible impairment. For impairment testing, goodwill is allocated to groups of cash generating units. Goodwill is stated at the historical acquisition cost less any impairment. Goodwill arising in connection with the acquisition of foreign subsidiaries has been translated into euros at the rate of exchange at the end of the reporting period.

Research and development costs

Research and development costs are expensed as incurred. Development costs for new products and product versions with significant improvements are recognized as an asset according to IAS 38. Dovre Group Plc has capitalized development work to create IntelliR software, which is a construction cost control tool for building and construction entities. Development work was finalized during the first half of the year in 2018. The capitalized development costs will be amortized over 4 years.

Other intangible assets

Other intangible assets include customer contracts and customer relations, trademarks, software, and other capitalized expenditure. Intangible assets are recognized in the statement of financial position when the criteria specified in IAS 38 are met.

Intangible assets with limited useful economic lives are initially recognized at historical acquisition cost in the statement of financial position and entered as an expense in the income statement during their estimated useful economic lives using the straight-line method. No amortization is recognized for intangible assets with indefinite useful economic lives, but they are tested annually for impairment. Dovre Group has not determined a definite useful economic life for the trademark that relates to the merger between Dovre Group and NPC in 2015.

The useful economic life of customer agreements and customer relations is estimated at 10 years. The useful economic life of other intangible assets is estimated at 2–5 years.

Leases

Lease agreements have been classified as finance leases and other leases in accordance with IAS 17. Lease agreements where the lessee bears a substantial part of the risks and benefits of ownership are classified as finance leases. Lease agreements where the lessor retains a significant part of the risks and benefits of ownership are classified as operating leases.

The Group has no finance leases. The Group's operating leases include cars and office equipment. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Impairment of assets

Goodwill, intangible assets with indefinite useful economic lives, and intangible assets not ready to use are annually tested for impairment. In addition, assets and cash-generating units are regularly tested for indications of possible impairment. Should any such indications arise, the recoverable amount of the asset or cash-generating unit is estimated. An impairment loss is recognized in the income statement, if the carrying value of the asset or cash-generating unit exceeds its recoverable amount.

Employee benefits

Employee benefits expense

In addition to normal employee benefits expenses, the Group's employee benefits expense includes also expenses related to independent contractors in the Project Personnel business area. The Group acts as a principal towards its clients and, depending on the situation, the project personnel contracted to the client are either employees of the Group or independent contractors.

Pension liabilities

The Group operates various pension plans in accordance with local regulations and practices. In accordance with IAS 19, pension plans are classified as either defined contribution or defined benefit plans.

The Group's current pension plans are defined contribution plans. Contributions to defined contribution plans are charged to the statement of income in the period to which these contributions relate. The defined benefit plan that was previously in use in the Group's Norwegian subsidiary was changed to a defined contribution plan in 2011.

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

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

Provisions
Provisions are recognized when the Group has, as a result of past events, a present legal or constructive obligation, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Income taxes and deferred taxes
The tax expense presented in the income statement comprises current taxes based on taxable result for the financial year and deferred taxes. Current income taxes are calculated from taxable result on the basis of current tax legislation in the countries where the Group operates and generates taxable income. Deferred taxes are determined using tax rates effective at the end of the reporting period.

Deferred taxes are recognized for temporary differences arising between the carrying amount of assets and liabilities and their tax bases. Deferred tax liabilities are recognized in full in the statement of financial position, and deferred tax assets only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax is not recognized for temporary differences that arise from goodwill that is not deductible for tax purposes or for the undistributed earnings of subsidiaries to the extent that the reversal of temporary differences is not probable in the foreseeable future. Most significant temporary differences arise from fair value measurements made in connection with acquisitions.

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

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

Other operating income
Other operating income includes proceeds from rental revenue, gains on disposal of fixed and financial assets, and public funding. Public funding is recognized when it is reasonably certain that the terms related to funding are met and that the funding will be received.

Financial assets and liabilities

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

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

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

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

Critical accounting estimates and judgments
The preparation of consolidated financial statements requires the management to make estimates and assumptions concerning the future that may differ from actual results. Also, the management is required to use judgment when applying accounting principles. The estimates are based on the management's best knowledge and understanding at the end of the reporting period.

The Group's estimates and assumptions relate to the valuation of assets, impairment of trade receivables, deferred tax assets, and provisions. The Group annually tests goodwill and intangible assets with indefinite useful economic lives for impairment and monitors indications of impairment in accordance with the accounting principles presented above. The recoverable amounts of cash-generating units are determined using calculations based on value-in-use. The preparation of these calculations requires the use of estimates and assumptions.

Application of new and revised IFRS and interpretations

The Group applies new and revised standards and interpretations as of the effective date of each standard or interpretation or, when the effective date is other than the first day of the financial year, as of the first day of the financial year following the effective date of the standard.

IFRS 16 Leases

The Group will apply the standard as of January 1, 2019. Under IFRS 16 an entity wil recognize a lease asset and a liability for almost all lease contracts. Exceptions are lease contracts, which have less than 12 month rent period or the value of the lease asset as a new is less than 5,000 US dollars.

The lease contracts in Dovre Group are mainly office leases with rent periods of 3–5 years and with options to extend the term. In addition to the office lease contracts, the Group has one car lease contract. Dovre Group will recognize new assets and liabilities for these leases. Dovre Group will not apply IFRS 16 standard for its office equipment leases, like printers.

Dovre Group will apply the simplified approach in the adoption, and will not restate 2018 comparatives for 2019. Dovre Group will recognize a right to use asset and a lease liability for its lease contract, both estimated to be total of EUR 2.2 at the begin of 2019. Dovre Group has considered some payments to lessors as non-lease components (such as general maintence and/or data transfer cost) and has excluded them when calculating the IFRS 16 balances.

The standard will also impact to the income statement, as a lease expense will be split between depreciation of an asset and interest expense, and to the cash flow statement, as the repayment of the leasing liability will be presented in the cash flow from financing activities. The Group estimates that the decrease in the lease expense will be approx. 0.4 million euros and the increase in the depreciation will be approx. 0.4 million euros. Dovre Group estimates to recognize interest expense of approx. 0.1 million from the lease liability. The cash flow from operating activities will be improved by approx. 0.3 million euros, as the amount will be reported in the cash flow from the financing activities.

Other interpretations, amendments and annual improvements:

- Interpretation IFRIC 23 *Uncertainty over Income Tax Treatments*, Dovre Group will do more detailed assessments of the interpretation later
- Amendments to IFRS 9, IAS 28 and IAS 19 standards will not have material impact to the Group's financial statement
- Annual improvements 2015–2017 to standards will not have material impact to the Group's financial statement

3. SEGMENT INFORMATION

Reporting 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 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 by segment

EUR THOUSAND	2018	2017	% OF NET SALES
Project Personnel	59,652	57,063	91.0%
Consulting	5,814	5,618	9.0%
Total	**65,466**	**62,681**	**100.0%**

In 2018, Dovre Group had one customer, which accounts for more than 10% of the Group's net sales. The Group's income from this customer was approximately EUR 9 million. In 2017, the Group had three major customers, each of which accounted for more than 10% of the Group's net sales. The Group's income from these customers was approximately EUR 22 million. The income is mainly included in the Project Personnel business area.

Operating result

EUR THOUSAND	2018	2017	CHANGE %
Project Personnel	1,485	808	83.8%
Consulting	395	711	-44.4%
Other functions	-1,121	-1,200	6.6%
Unallocated	-220	-267	17.6%
Total	**539**	**52**	**936.5%**

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

Personnel

AVERAGE NUMBER OF PERSONNEL	2018	2017
Project Personnel	454	427
Consulting	36	36
Other functions	5	5
Total	**495**	**468**

In the Project Personnel business area, 23 (27) % of employees were independent contractors.

Non-current assets

EUR THOUSAND	2018	2017
Finland	1,728	1,055
Norway	1,122	1,297
Singapore	454	527
Canada	0	3
Trademark	1,330	1,373
Goodwill	15,185	15,177
Total	**19,819**	**19,432**

Non-current assets excluding financial instruments and deferred tax assets by location of assets. Goodwill and trademark have not been allocated geographically.

4. NET SALES

NET SALES BY REVENUE TYPE EUR THOUSAND	2018	% NET SALES	2017	% NET SALES
Services	64,983	99.3%	62,363	99.5%
License revenue	281	0.4%	174	0.3%
Maintenance	202	0.3%	144	0.2%
Yhteensä	**65,466**	**100.0%**	**62,681**	**100.0%**

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

Contract assets are sales accruals and presented in the note 18 Trade and other receivables. Contract liabilities are presented in the note 23 Trade payables and other liabilities.

NET SALES BY DOMICILE OF THE COMPANY EUR THOUSAND	2018	% NET SALES	2017	% NET SALES
Finland	5,709	8.7%	4,216	6.7%
Norway	44,333	67.7%	38,927	62.1%
Canada	8,264	12.6%	10,944	17.5%
Singapore	5,590	8.5%	5,840	9.3%
Other countries	1,570	2.4%	2,754	4.4%
Total	**65,466**	**100.0%**	**62,681**	**100.0%**

5. OTHER OPERATING INCOME

EUR THOUSAND	2018	2017
Rents	8	48
Other operating income	24	19
Total	**32**	**67**

6. MATERIAL AND SERVICES

EUR THOUSAND	2018	2017
License fees	-132	-63
External services	-63	-51
Total	**-195**	**-113**

7. EMPLOYEE BENEFITS EXPENSE

EUR THOUSAND	2018	2017
Salaries and fees	-53,955	-51,505
Pension expenses, defined contribution plans	-1,280	-918
Share-based compensation	-44	0
Share options granted to employees *)	0	-7
Other employee benefits	-3,939	-3,946
Total	**-59,218**	**-56,375**

Dovre Group offers share-based compensation plan for its key employees. The remuneration is based on an annually set performance condition and a service condition. The performance obligation does not include a market condition, whereupon the program does not include a fair value part. The vesting condition for a service condition requires that an employee is employed by Dovre Group at the beginning of 2021. An employee will receive earned shares at the begin of 2021. In 2018, the expense recognized in the income statement equals to 169,631 Dovre Group Plc shares.

*) Note information on share-based compensation is presented in the note 20 Share-based Compensation.

Information on management renumeration and fringe benefits as well as compensation for key personnel is presented in the note 30 Related Party Transactions.

8. DEPRECIATION AND AMORTIZATION

EUR THOUSAND	2018	2017
Amortization according to plan, intangible assets	-319	-382
Depreciation according to plan, tangible assets	-127	-102
Total	**-446**	**-484**

9. OTHER OPERATING EXPENSES

EUR THOUSAND	2018	2017
Premises	-619	-651
Marketing	-139	-150
Travel	-2,293	-3,051
Administration and other operating expenses	-2,048	-1,872
Total	**-5,099**	**-5,724**

RESEARCH AND DEVELOPMENT EUR THOUSAND	2018	2017
Research and development expenses on the balance sheet	-126	-135
Capitalized research and development expenditure	-34	0
Total	**-160**	**-135**

AUDITOR FEES EUR THOUSAND	2018	2017
External audit	-102	-176
Tax consultancy	-45	-39
Other professional services	-14	-17
Total	**-161**	**-232**

10. FINANCING INCOME AND EXPENSES

FINANCING INCOME EUR THOUSAND	2018	2017
Unquoted equity investments at fair value through profit and loss	623	0
Foreign exchange gains	20	65
Other interest and financing income	25	24
Financing income, total	**668**	**89**

FINANCING EXPENSES EUR THOUSAND	2018	2017
Foreign exchange losses	-9	-216
Other interest and financing expenses	-110	-108
Financing expenses, total	**-119**	**-324**
Financing income and expenses, total	**549**	**-235**

11. INCOME TAX

EUR THOUSAND	2018	2017
Tax on income from operations	-302	-212
Tax expense for prior years	66	14
Change in deferred tax assets and liabilities	77	49
Change in deferred tax assts and liabilities, prior year	-55	0
Total	**-214**	**-149**

Reconciliation of the tax expense recognized in the consolidated statement of income and income taxes computed at the Finnish statutory tax rate 20%

EUR THOUSAND	2018	2017
Result before tax	1,058	-398
Income tax expense at Finnish statutory rate	**-212**	**80**
Effect of different tax rates in foreign subsidiaries	-54	-40
Income that is exempt from taxation and expenses that not deductible:		
Unquoted equity investment at fair value through profit and loss	125	0
Share of results in joint ventures	-6	-43
Other income and expenses	-9	11
Changes in corporate tax rates	11	14
Unrecognized tax benefits for losses for the period	-215	-290
Previously unrecognized and unused tax losses	137	119
Tax expense for prior periods	11	14
Impairment loss on deferred tax assets	0	-10
Other items	-2	-4
Income tax in the consolidated statement of income	**-214**	**-149**

Deferred tax asset and liabilities

EUR THOUSAND	DEC. 31, 2018	DEC. 31, 2017
Deferred tax asset	183	183
Deferred tax liabilities	-758	-788
Total	**-575**	**-605**

Reconciliation of deferred tax assets and liabilities 2018

EUR THOUSAND	JAN. 1, 2018	CHARGED TO INCOME STATEMENT	TRANSLATION DIFFERENCES	DEC. 31, 2018
Tax losses carried forward	183	0	0	183
Allocation of fair value on acquisitions	-644	63	0	-581
Withholding tax on undistributed earnings	-17	0	0	-17
Other temporary differences	-127	-41	8	-160
Total	**-605**	**22**	**8**	**-575**

Reconciliation of deferred tax assets and liabilities 2017

EUR THOUSAND	JAN. 1, 2017	CHARGED TO INCOME STATEMENT	TRANSLATION DIFFERENCES	DEC. 31, 2017
Tax losses carried forward	196	-13	0	183
Restructuring provision	117	-114	-3	0
Allocation of fair value on acquisitions	-777	82	51	-644
Withholding tax on undistributed earnings	-35	18	0	-17
Other temporary differences	-211	76	8	-127
Total	**-710**	**49**	**56**	**-605**

Carry-forward losses

On December 31, 2018, the Group carried forward losses worth of EUR 5.7 million (EUR 6.6 million on December 31, 2017), for which no deferred tax assets have been recognized. A total of EUR 1.5 million of the Group's losses expire in 2019–2026 and a total of EUR 2.8 million later. The remaining losses expire later or have no definite expiration date.

12. EARNINGS PER SHARE

Undiluted earnings per share

Undiluted earnings per share is calculated by dividing the result attributable to the shareholders of the parent by the weighted average number of shares during the financial year.

UNDILUTED EARNINGS PER SHARE	2018	2017
Result attributable to the shareholders of the parent (EUR thousand)	844	-547
Weighted average number of shares during the financial year (1,000)	100,169	100,119
Undiluted earnings per share (EUR / share)	**0.01**	**-0.01**

UNDILUTED COMPREHENSIVE EARNINGS PER SHARE	2018	2017
Comprehensive result attributable to the shareholders of the parent (EUR thousand)	632	-2,192
Weighted average number of shares during the financial year (1,000)	100,169	100,119
Undiluted comprehensive earnings per share (EUR / share)	**0.01**	**-0.02**

Diluted earnings per share

The potential increase in the number of shares caused by all instruments entitling to shares is taken into account when calculating the diluted earnings per share. The Group has instruments, share options, with the potential to increase the number of shares. An instrument has a dilutive effect when its subscription price is lower than the market value of the share. The weighted average number of shares and the dilutive effect are calcualted quarterly taking into account those instruments that have an exercise price lower than the weighted average share price during that quarter. The dilutive effect is relative to the difference between the exercise price and the weighted average share price. The total dilutive effect for the financial year or several quarters is calculated as a weighted average for the period in question.

DILUTED EARNINGS PER SHARE	2018	2017
Result attributable to the shareholders of the parent (EUR thousand)	844	-547
Weighted average number of shares during the financial year (1,000)	100,169	100,119
Stock option adjustment (1,000)	0	11
Weighted average number of shares for calculating the diluted earnings per share (1,000)	100,169	100,130
Diluted earnings per share (EUR / share)	**0.01**	**-0.01**

DILUTED COMPREHENSIVE EARNINGS PER SHARE	2018	2017
Comprehensive result attributable to the shareholders of the parent (EUR thousand)	632	-2,192
Weighted average number of shares during the financial year (1,000)	100,169	100,119
Stock option adjustment (1,000)	0	11
Weighted average number of shares for calculating the diluted earnings per share (1,000)	100,169	100,130
Diluted comprehensive earnings per share (EUR / share)	**0.01**	**-0.02**

13. INTANGIBLE ASSETS

A significant part of the Group's customer agreements and relations was formed as a result of the Group's merger with NPC in 2015. On December 31, 2018, the item's carrying amount was EUR 1,436 thousand and its amortization period 6.4 years. Also the trademark relates to the merger between Dovre Group and NPC, as a result of which Dovre Group's logo was changed and is now a combination of both companies' logos. The Group has not determined a definite useful economic life for the trademark. The trademark is annually tested for impairment in connection with goodwill.

INTANGIBLE ASSETS 2018 EUR THOUSAND	CUSTOMER AGREEMENTS AND RELATIONS	TRADEMARK	DEVELOPMENT COSTS	OTHER INTANGIBLE ASSETS	TOTAL
Acquisition cost, Jan. 1	2,304	1,329	98	384	4,114
Translation differences (+/-)	-5	1	0	0	-4
Additions	0	0	85	0	85
Disposals	-60	0	0	0	-60
Acquisition cost, Dec. 31	2,239	1,330	183	384	4,135
Accumulated amortization and value adjustments, Jan. 1	-637	0	0	-295	-931
Translation differences (+/-)	6	0	0	0	6
Accumulated amortization from disposals	60	0	0	0	60
Amortization charges for the period	-232	0	-34	-53	-319
Accumulated amortization and value adjustments, Dec. 31	-803	0	-34	-348	-1,184
Book value, Dec. 31, 2018	**1,436**	**1,330**	**149**	**36**	**2,951**

INTANGIBLE ASSETS 2017 EUR THOUSAND	CUSTOMER AGREEMENTS AND RELATIONS	TRADEMARK	DEVELOPMENT COSTS	OTHER INTANGIBLE ASSETS	TOTAL
Acquisition cost, Jan. 1	2,680	1,427	0	381	4,488
Translation differences (+/-)	-182	-98	0	0	-280
Additions	0	0	98	3	101
Disposals	-194	0	0	0	-194
Acquisition cost, Dec. 31	2,304	1,329	98	384	4,115
Accumulated amortization and value adjustments, Jan. 1	-620	0	0	-172	-792
Translation differences (+/-)	49	0	0	0	49
Accumulated amortization from disposals	194	0	0	0	194
Amortization charges for the period	-260	0	0	-123	-382
Accumulated amortization and value adjustments, Dec. 31	-637	0	0	-295	-931
Book value, Dec. 31, 2017	**1,667**	**1,329**	**98**	**89**	**3,183**

14. GOODWILL

EUR THOUSAND	2018	2017
Acquisition cost, Jan. 1	15,177	16,198
Translation differences (+/-)	8	-1,021
Book value, Dec. 31	**15,185**	**15,177**

GOODWILL BY CASH GENERATING UNIT EUR THOUSAND	2018	2017
Project Personnel	14,460	14,481
Consulting, Finland	484	484
Consulting, Norway	241	212
Total	**15,185**	**15,177**

Impairment testing

Goodwill is allocated to both of the Group's business areas. Impairment testing has been performed at the year end, with December 31, 2018 as the testing date. The recoverable amount of a cash generating unit is based on value in use calculations. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Group's Project Personnel business area consists of one and the Consulting business area of two cash generating units. In the Consulting business area, the business area's operations in Norway form one cash generating unit and operations in Finland the other cash generating unit. As a result of the testing, no indications of impairment exist.

The discount rate used in testing is based on the weighted average cost of capital (WACC) after tax, which is based on risk-free rate of return, operational risks, market risk premium, comparable peer industry beta coefficient, cost of debt, and target capital structure. In 2018, the discount rate used was 10.2% (11.0% in 2017). The change in the discount rate due to a decrease in the industry beta coefficient and in the market risk premium, as well as a change in the target capital structure. The discount rate before tax per unit varied between 12.28% and 12.74%.

Key variables used in testing are net sales growth rate, sales margin % and EBIT %. For the projection period 2019–2023, the variables used varied across units. Terminal growth rate was 1% for all units. The variables used are based on current business performance, the business area's market position, and the business area's potential for growth.

Project Personnel

The trademark, which has an indefinite useful life, was also tested in connection with goodwill. The book value of the trademark was EUR 1.3 million on December 31, 2018. The business area's market situation has been challenging due to the lower demand as well as the lower price level in the oil and gas sector. Demand has recovered during 2018 and the business area's net sales increased by 4.5%. The operating result almost doubled compared to the previous year due to the positive effect of reduced overhead costs. The management estimates that the project personnel market is increasing and the outlook is better than before.

The average rate of growth during the projection period is 10%. The sales margin % was unchanged during the projection period, but the overhead cost were expected to grow approx. 5% annually. The business area's EBIT % is expected to improve steadily with growing net sales and the area's reported EBIT was approx. 4% of the net sales in the calculation. For the purpose of impairment testing, EUR 0.2 million of the Group's Other Functions cost was allocated to the cash generating unit. Based on the calculations, the unit's recoverable amount exceeds its carrying amount by 24%.

The sensitivity of the standard calculation was tested by changing the expected net sales growth rate and the overhead cost level. In the sensitivity analysis the avarage growth rate was 5%, but the average growth rate of the overhead costs was 0%. Other factors remained the same. Based on the sensitivity analysis, growth in net sales and EBIT being over 3% of the net sales during the projection period are critical in order for the business area's recoverable amount to exceed its carrying amount. Alternatively, over 2.5% higher discount rate, with all other factors remaining the same, would lead to impairment.

Consulting, Finland

In the calculation, the variables used for the whole projection period are based on the budget for 2019. Based on the calculations, the unit's recoverable amount exceeds its carrying amount by 72%. As the majority of the unit's expenses are fixed, the calculation is sensitive to reaching the projected net sales. The unit's recoverable amount will equal its carrying amount, if the net sales will not grow, when other factors remain the same.

Consulting, Norway

In the calculation, variables used for the whole projection period are based on the budget for 2019. The amount of goodwill to be tested is small compared to the recoverable amount.

15. TANGIBLE ASSETS

TANGIBLE ASSETS 2018 EUR THOUSAND	LAND	BUILDINGS	MACHINERY AND EQUIPMENT	TANGIBLE ASSETS	TOTAL
Acquisition cost, Jan. 1	240	638	794	53	1,725
Translation differences (+/-)	0	0	-32	-14	-46
Additions	0	0	75	0	75
Disposals	0	0	-14	0	-14
Acquisition cost, Dec. 31	240	638	823	39	1,740
Accumulated depreciation and value adjustments, Jan. 1	0	-52	-635	-28	-715
Translation differences (+/-)	0	0	42	7	49
Accumulated depreciation from disposals	0	0	14	0	14
Depreciation charges for the period	0	-17	-92	-18	-127
Accumulated depreciation and value adjustments, Dec. 31	0	-70	-671	-39	-780
Book value, Dec. 31, 2018	**240**	**568**	**151**	**0**	**960**

TANGIBLE ASSETS 2017 EUR THOUSAND	LAND	BUILDINGS	MACHINERY AND EQUIPMENT	TANGIBLE ASSETS	TOTAL
Acquisition cost, Jan. 1	240	638	704	56	1,638
Translation differences (+/-)	0	0	-49	-3	-52
Additions	0	0	151	0	151
Disposals	0	0	-12	0	-12
Acquisition cost, Dec. 31	240	638	794	53	1,725
Accumulated depreciation and value adjustments, Jan. 1	0	-35	-626	-11	-672
Translation differences (+/-)	0	0	46	1	47
Accumulated depreciation from disposals	0	0	12	0	12
Depreciation charges for the period	0	-17	-67	-18	-102
Accumulated depreciation and value adjustments, Dec. 31	0	-52	-635	-28	-715
Book value, Dec. 31, 2017	**240**	**586**	**158**	**25**	**1,010**

The shares in Kiinteistö Oy Kuukoti are divided into land and buildings. The parent company presents the shares in Kiinteistö Oy Kuukoti as shares in associates.

16. INVESTMENTS IN JOINT VENTURES

EUR THOUSAND	2018	2017
At the beginning of the financial year	61	304
Additions	121	-3
Share of profit and loss in joint ventures	-31	-215
Transfer to financial assets (note 17)	-151	0
Translation differences	0	-25
At the end of the financial year	**0**	**61**

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

Bioindo holds 100% of shares in SaraRasa Sinergy Pte. Ltd. and 1% of the shares in PT SaraRasa Biomass, which operates a pellet production plant using wood residue in Indonesia. SaraRasa Sinergy Pte. Ltd holds 99% of the shares in PT SaraRasa Biomass. The SaraRasa Group's main line of business is the sale of biomass and renewable energy.

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 calculates the result of the joint venture based on unaudited figures, hence the financial information on Bioindo is accompanied by uncertainty.

BALANCES WITH JOINT VENTURES EUR THOUSAND	2018	2017
Loan receivables		125
Interest receivables		8
Interest income		8

Bioindo reports the loan receivables as prepayments from shareholders', as it has been decided to convert the loan receivables to equity. Bioindo paid the interest receivables, EUR 8 thousand, to Dovre Group in January 2018.

Summary of joint ventures' financial information

	SARARASA BIOINDO PTE. LTD.	
EUR THOUSAND	2018	2017
Current assets		1,184
Non-current assets		1,995
Current liabilities		-3,106
Non-current liabilities		-1,113
Shareholders' prepayments		-1,209
Net sales		1,908
Result for the period		-743
Reconciliation to book value on the Group's balance sheet:		
Group's ownership %		29.00%
Group's share of net assets		-652
Prepayments for additions		0
Goodwill		713
Book value on the Group's balance sheet		**61**

17. FINANCIAL ASSETS

Financial assets at fair value through profit and loss

EUR THOUSAND	DEC. 31, 2018	DEC. 31, 2017
Unquoted equity investment	723	0
Total	**723**	**0**

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

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

- Net Sales during the forecast period USD 5.5 million
- Operting result (EBIT) during the forecast period 8.4% of the net sales
- Discount rate 11.9%

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

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

Financial assets at amortised cost

EUR THOUSAND	DEC. 31, 2018	DEC. 31, 2017
Non-current receivables from joint ventures	0	125
Total	**0**	**125**

The loan receivable has been converted to shares in Bioindo during the first half of 2018. In 2017, the book value of the receivable is based on a reasonable estimate of the their fair value.

18. TRADE AND OTHER RECEIVABLES

EUR THOUSAND	DEC. 31, 2018	DEC. 31, 2017
Trade receivables	11,759	10,493
Other receivables	65	120
Prepayments and accrued income on sales	440	384
Other prepayments and accrued income	262	422
Other receivables from joint ventures	0	8
Total	**12,526**	**11,427**

Other prepayments and accrued income include accrued expenses.

The book values of the receivables are based on a reasonable estimate of their fair values. Dovre Group has not recongnised a loss allowance as required by IFRS 9 on expected credit losses with the basis of aging on December 31, 2018. Trade receivables in Dovre Group are not significantly overdue, nor the Group has recognized any impairment on trade receivables during the years 2016–2018.

AGEING ANALYSIS OF TRADE RECEIVABLES

EUR THOUSAND	DEC. 31, 2018	DEC. 31, 2017
Not due	8,127	6,403
Overdue		
1–30 days	3,397	3,857
31–60 days	155	181
61–90 days	74	22
Over 90 days	6	30
Total	**11,759**	**10,493**

19. SHAREHOLDERS' EQUITY

Dovre Group Plc has one class of shares. The book value of the shares is EUR 0.10 per share (EUR 0.10 per share in 2017). Each share entitles the shareholder to one vote. Dovre Group Plc's shares are listed on Nasdaq Helsinki Ltd.

The maximum number of Dovre Group Plc's shares is 160 million shares (160 million in 2017). The shares do not carry a nominal value. The Group's maximum share capital is EUR 41.6 million (EUR 41.6 million in 2017). All shares issued have been fully paid for.

Reconciliation of the number of shares

EUR THOUSAND	NUMBER OF SHARES	SHARE CAPITAL	RESERVE FOR NON-RESTRICTED EQUITY	FAIR VALUE RESERVE	TREASURY SHARES	TOTAL
Dec. 31, 2016	**99,868,769**	**9,603**	**12,219**	**2,869**	**0**	**24,691**
Exercised stock options	300,000		81			81
Repurchase of own shares					-84	-84
Dec. 31, 2017	**100,168,769**	**9,603**	**12,300**	**2,869**	**-84**	**24,688**
Repurchase of own shares					-153	-153
Dec. 31, 2018	**100,168,769**	**9,603**	**12,300**	**2,869**	**-237**	**24,535**

Changes in 2018

The repurchase of Dovre Group Plc's own shares continued until March 27, 2018, after which Dovre Group Plc holded 839,262 of its own shares. Following his resignation from the position as Chairman of the Dovre Group's Board of Directors, Ole Olsen returned 31,075 shares to the company. At the end of December 2018, Dovre Group Plc held 870,337 of its own shares.

Changes in 2017

A total of 300,000 shares were subscribed for under Dovre Group Plc's 2010C option plan in Q1. The subscription period of the plan was March 1, 2014–February 28, 2017. The increase in the company's shares was entered in the Finnish trade register on March 6, 2017. The subscription price for the 2010C options was EUR 0.27. The increases in the number of shares due to stock options exercised have been recorded in the reserve for non-restricted equity.

On December 4, 2017, the Board of Directors of Dovre Group Plc decided to commence repurchasing the company's own shares on the basis of the authorization given by the Annual General Meeting held on March 30, 2017. The repurchases started on December 5, 2017 and ended on March 27, 2018. The Annual General Meeting held on March 30, 2017, 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. At the end of December 2017 Dovre Group Plc held 312,196 of its own shares.

Dividend distribution in 2018

Dovre Group Plc's Annual General Meeting held on March 28, 2018, decided that shareholders be paid a dividend of EUR 0.01 per share for the financial year 2017, corresponding to approx. EUR 1.0 million. The dividend was paid on April 9, 2018.

Dividend distribution in 2017

Dovre Group Plc's Annual General Meeting held on March 30, 2017, decided that shareholders be paid a dividend of EUR 0.01 per share for the financial year 2016, corresponding to approx. EUR 1.0 million. The dividend was paid on April 12, 2017.

20. SHARE-BASED COMPENSATION

2013 stock option plan

In its meeting on January 24, 2013, the Board of Directors of Dovre Group Plc approved the 2013 option plan based on the authorization granted by the Annual General Meeting held on March 15, 2012. The plan is divided into three series (2013A, 2013B, and 2013C). Each option series includes a maximum of 1,000,000 stock options.

Should the subscriber's employment in Dovre Group end for some other reason than retirement or death, the company has, by Board decision, the right to redeem at no cost the subscriber's option rights the subscription period of which has not yet started. Should the subscriber's employment in Dovre Group end for some other reason than those mentioned above after the start of the subscription period, the subscriber is entitled and liable to subscribe for the stock options within 30 days after the end of the term of employment. The company's Board reserves the right to grant subscribers the entitlement to stock options held or to a part of them.

2013 STOCK OPTION PLAN	2013B	2013C
Grant date	Jan. 24, 2014	Jan. 22, 2015
Option life in years	5	5
Subscription period	March 1, 2016–Feb. 28, 2019	March 1, 2017–Feb. 28, 2020
Period for determining subscription price	Feb. 1–March 31, 2014	Feb. 1–March 31, 2015
Original subscription price *)	EUR 0.60	EUR 0.51
Subscription price on Dec. 31, 2018	EUR 0.52	EUR 0.43
Total number of options on grant date	1,000,000	1,000,000
Total number of options outstanding on Dec. 31, 2018	375,000	475,000

*) Should the company distribute assets as dividends or as equity return from non-restricted equity, the per-share amounts of dividends and/or equity returns distributed from non-restricted equity shall be deducted from the share subscription price of the stock options, if this distribution is decided after the period for determination of the share subscription price but before the share subscription period has begun and providing that the shares subscribed for do not entitle to such dividends or equity return. The minimum share subscription price shall always be at least EUR 0.01.

CHANGES IN THE NUMBER OF OPTIONS AND THE WEIGHTED AVERAGE EXERCISE PRICE IN 2018	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE (EUR / SHARE)
Outstanding at the beginning of the year	2,350,000	0.45
Returned	-935,000	0.46
Expired	-565,000	0.39
Outstanding on Dec. 31, 2018	**850,000**	**0.47**
Exercisable on Dec. 31, 2018	**850,000**	**0.47**

CHANGES IN THE NUMBER OF OPTIONS AND THE WEIGHTED AVERAGE EXERCISE PRICE IN 2017	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE (EUR / SHARE)
Outstanding at the beginning of the year	3,020,000	0.41
Returned	-100,000	0.39
Exercised stock options	-300,000	0.27
Expired	-270,000	0.27
Outstanding on Dec. 31, 2017	**2,350,000**	**0.45**
Exercisable on Dec. 31, 2017	**1,475,000**	**0.45**

OUTSTANDING OPTIONS ON DEC. 31, 2018; EXERCISE PRICE AND WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	NUMBER OF SHARES	EXERCISE PRICE (EUR / SHARE)	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)
Options 2013B	375,000	0.52	0.2
Options 2013C	475,000	0.43	1.2
Outstanding on Dec. 31, 2018	**850,000**	**0.47**	**0.8**

OUTSTANDING OPTIONS ON DEC. 31, 2017; EXERCISE PRICE AND WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	NUMBER OF SHARES	EXERCISE PRICE (EUR / SHARE)	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE (YEARS)
Options 2013A	740,000	0.39	0.2
Options 2013B	735,000	0.52	1.2
Options 2013C	875,000	0.43	2.2
Outstanding on Dec. 31, 2017	**2,350,000**	**0.45**	**1.3**

Fair value of options

Dovre Group calculates the fair value of stock options at grant date using the Black & Scholes model. The fair value is recognized as personnel expense over the vesting period (see Note 6). The key variables used for determining the fair value of the options are presented in the table below.

2013 OPTION PLAN	2013B	2013C
Share price at grant date	EUR 0.48	EUR 0.48
Exercise price	EUR 0.60	EUR 0.51
Expected volatility	28%	31%
Expected option life in years (at grant date)	5	5
Risk-free rate	0.88%	0.15%
Anticipated cuts in personnel %	N/A	N/A
Fair value of option at grant date	EUR 0.09	EUR 0.12
Granted options	1,000,000	1,000,000
Fair value of option plan at grant date (EUR 1,000)	91	122

21. NON-CURRENT FINANCIAL LIABILITIES

EUR THOUSAND	DEC. 31, 2018	DEC. 31, 2017
Non-current loans from financial institutions	450	1,050
Other liabilities	68	0
Total	**518**	**1,050**

The average interest rate for the Group's non-current loans from financial institutions was 0.75% in 2018 (0.75% in 2017). The fair value of the Group's non-current financial liabilities is based on a reasonable estimate of their book value. Non-current loan will mature on September 30, 2020.

22. CURRENT FINANCIAL LIABILITIES

EUR THOUSAND	DEC. 31, 2018	DEC. 31, 2017
Current loans from financial institutions	600	600
Lines of credit in use	2,185	1,377
Total	**2,785**	**1,977**

The average interest rate for current loans was 0.75% in 2018 (0.75% in 2017). The fair values of the liabilities correspond, in material aspects, to their carrying values. The interest rate for the Group's lines of credit in use in 2018 was 2.33% (1.39% in 2017).

23. TRADE PAYABLES AND OTHER LIABILITIES

EUR THOUSAND	DEC. 31, 2018	DEC. 31, 2017
Trade payables	2,931	2,928
Other current liabilities	3,126	2,484
Total	**6,057**	**5,412**

CURRENT ACCRUALS AND DEFERRED INCOME EUR THOUSAND	DEC. 31, 2018	DEC. 31, 2017
Current deferred income	27	68
Accrued employee expenses	4,109	3,526
Other current accrued liabilities on income and expenses	832	732
Total	**4,968**	**4,326**
Trade payables and other liabilities, total	**11,025**	**9,740**

The fair values of the liabilities are equal to their carrying values.

24. NON-CURRENT AND CURRENT PROVISIONS

CHANGES IN PROVISIONS, 2017 EUR THOUSAND	JAN 1, 2017	INCREASE	REVERSAL OF PROVISIONS	PROVISIONS USED	TRANSLATION DIFFERENCES	DEC. 31, 2017
Restructuring provision	488	75	-186	-364	-13	0
Total	**488**	**75**	**-186**	**-364**	**-13**	**0**

25. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

2018 EUR THOUSAND	JAN 1, 2018	CASHFLOW	TRANSLATION DIFFERENCES	DEC. 31, 2018
Non-current loans and borrowings	1,050	-600	0	450
Current loans and borrowings	1,977	752	55	2,784
Total	**3,027**	**152**	**55**	**3,234**

2017 EUR THOUSAND	JAN 1, 2017	CASHFLOW	TRANSLATION DIFFERENCES	DEC. 31, 2017
Non-current loans and borrowings	1,650	-600	0	1,050
Current loans and borrowings	1,928	173	-124	1,977
Total	**3,578**	**-427**	**-124**	**3,027**

26. FINANCIAL RISK AND CAPITAL STRUCTURE MANAGEMENT

Financial Risk Management

In its operations, Dovre Group is exposed to common financial risks, most importantly foreign exchange risk. The purpose of financial risk management is to ensure that the Group has access to sufficient and cost-effective funding in all market situations and to monitor and minimize any potential risks. Financial risks are managed centrally by the Group's parent company's finance function, which is responsible for the Group's financing. Financial risk management is part of the Group's operational management.

Foreign exchange risks

The Group operates internationally and is thus exposed to a variety of foreign exchange risks. Such risks arise from exchange rate fluctuations relating to foreign currency denominated assets, liabilities, and planned business transactions (transaction risk) and from investments in foreign subsidiaries and associates (translation risk). The Group manages its foreign exchange risks in accordance with the Group's currency hedging policy, approved by the Board of Directors in 2014. The purpose of the policy is to minimize the company's subsidiaries' foreign exchange risks and to centrally hedge the Group's foreign exchange risks at the parent company, when necessary. The company does not automatically hedge its foreign currency positions. However, should it be deemed necessary for risk management and be in the best interest of the company's shareholders, the company's Board of Directors may pursue prudent and selective hedging. Operatively, the company seeks to avoid any unnecessary increase in foreign exchange risks and any unnecessary currency transactions.

Foreign exchange risk management is a regular part of the Boards' charter.

Transaction risks

Majority of the Group's operations is local service business and is denominated in local functional currencies. It does not therefore involve transaction risks. The Group's internal invoicing and loans are primarily initiated in the local currencies of the subsidiaries and any possible foreign exchange risks are hedged using foreign currency derivatives at the parent company.

The foreign exchange risk sensitivity analysis for the most important currency pairs, disclosed in accordance with IFRS 7, has been calculated for the Group's foreign currency nominated financial assets and liabilities including foreign currency derivatives outstanding on the balance sheet date. The exposures in the most important currency pairs are disclosed in the table below.

EXPOSURE AGAINST EUR EUR MILLION	NOK	CAD	USD	SGD	GBP	AED	TOTAL
Exposure Dec. 31, 2018	-0.7	0.0	0.4	0.0	0.0	0.1	-0.2
Exposure Dec. 31, 2017	0.0	0.0	0.4	0.0	0.0	0.0	0.5

EXPOSURE AGAINST NOK EUR MILLION	NOK	CAD	USD	SGD	GBP	EUR	TOTAL
Exposure Dec. 31, 2018		0.0	0.1		0.1	0.0	0.2
Exposure Dec. 31, 2017		0.0	0.0		0.1	0.0	0.2

EXPOSURE AGAINST SGD EUR MILLION	NOK	CAD	USD	SGD	GBP	EUR	TOTAL
Exposure Dec. 31, 2018	0.2		-0.2			0.1	0.1
Exposure Dec. 31, 2017	0.1		-0.2			0.1	0.0

EXPOSURE AGAINST USD EUR MILLION	NOK	CAD	USD	SGD	GBP	EUR	TOTAL
Exposure Dec. 31, 2018							0.0
Exposure Dec. 31, 2017					0.0	0.0	0.0

EXPOSURE AGAINST CAD EUR MILLION	NOK	CAD	USD	SGD	GBP	TOTAL
Exposure Dec. 31, 2018	0.0		0.1			0.1
Exposure Dec. 31, 2017			0.2			0.2

The foreign exchange risk sensitivity analysis illustrates the impact of a 20% movement in exchange rates and has been calculated before taxes. An estimated 20% movement in the foreign exchange rates on the balance sheet date would have resulted in an impact of EUR 0.0 (0.2) million on the Group's result before taxes with the exchange rates strengthening and EUR -0.0 (-0.2) million with the exchange rates weakening.

Translation risk

Changes in consolidation exchange rates affect the Group's income statement, cash flow statement, and the statement of financial position, which are presented in euros, thus giving rise to translation risk. As the majority of the Group's net sales occur in functional currencies other than the euro, the translation risk related to the Group's net sales and operating result is material to the Group. In 2018, the Group's comparable net sales changed by +4.4 (-25.2) % in euros. In local currencies the change in net sales would have been 7.5 (-24.8) %.

The impact of a 10% movement in average annual exchange rates of the Group's main currencies on the Group's net sales is presented in the table below.

EUR MILLION	CHANGE IN EXCHANGE RATE	IMPACT ON NET SALES DENOMINATED IN NOK	IMPACT ON NET SALES DENOMINATED IN CAD	IMPACT ON NET SALES DENOMINATED IN USD	IMPACT ON NET SALES DENOMINATED IN SGD
2018	10%	-4.0	-0.8	-0.1	-0.5
	-10%	4.9	0.9	0.1	0.6
2017	10%	-3.5	-1.0	-0.4	-0.5
	-10%	4.3	1.2	0.5	0.7

In 2018, the translation differences arising from the translation of the Group's subsidiaries' balance sheets into euros was EUR -0.2 (-1.6) million. The translation difference was caused by the weakening of the Norwegian crown and the Canadian dollar against the euro, but the Singaporean dollar and the United States dollar in contrast strengthened against the euro. In 2017, the translation difference was caused by the weakening of all the Group's main currencies, i.e. the Norwegian crown, the Canadian dollar, the Singaporean dollar, and the United States dollar, against the euro. The translation risk was not hedged during the financial year.

Interest rate risk

The Group's interest rate risk relates to the Group's non-current loans, totaling EUR 0.5 (1.1) million on December 31, 2018. The Group does not hedge the interest rate risk.

Liquidity risk

The purpose of liquidity risk management is to ensure that the Group has access to sufficient liquid assets and credit facilities in order to guarantee sufficient funding of the Group's business operations. The Group's liquidity is controlled through cash and liquidity management. The Group's liquidity remained strong in 2018.

On December 31, 2018, the Group's cash and cash equivalents were EUR 5.0 (5.2) million. In addition, the parent company and subsidiaries have unused credit limits.

EUR MILLION	2018	2017
Cash and cash equivalents	5.0	5.2
Credit facilities	4.3	3.8
Lines of credit in use	-2.2	-1.4
Total	**7.0**	**7.6**

Customer credit risk

A substantive part of the Group's receivables are from a small number of customers. However, the Group does not consider there to be any significant concentrations of customer credit risk because these customers are large and financially solid companies. Customers' credit-worthiness is secured through credit checks. Trade receivables are monitored centrally by Group functions. The Group does not provide customer financing.

Ageing structure of the Group's receivables and impairment losses recognized during the financial year are presented in Note 18 Trade and Other Receivables.

Capital Structure Management

The purpose of the Group's capital structure management is to ensure the Group's liquidity in all market situations, to secure funding for the Group's strategic investments, and to maintain the Group's shareholder value. Capital structure management comprises the management of the Group's solidity and liquidity. The Group's capital structure is monitored by using the debt to equity ratio (gearing). The debt-equity ratio is calculated by dividing total net liabilities by total assets. Net liabilities include interest-bearing liabilities less cash and cash equivalents.

EUR MILLION	2018	2017
Interest-bearing liabilities	3.2	3.0
Cash and cash equivalents	5.0	5.2
Net debt	**-1.7**	**-2.1**
Shareholders' equity	22.2	22.6
Gearing	**-7.8%**	**-9.4%**

27. OTHER RENTAL AGREEMENTS

Group as Lessee

FUTURE MINIMUM LEASE PAYMENTS FOR NON-CANCELLABLE OPERATING LEASES EUR THOUSAND	2018	2017
Not later than one year	452	475
Later than one year and not later than five years	1,115	1,069
Total	**1,567**	**1,544**

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

In 2018, EUR 501 thousand in lease payments for business premises were recognized as expense in profit or loss (EUR 531 thousand in 2017) and EUR 38 thousand for cars (EUR 30 thousand in 2017). In 2017, the Group's leases for business premises included approx. EUR -62 thousand from release of the provision for business premises in Norway.

Group as Lessor

FUTURE MINIMUM INCOME ON NON-CANCELLABLE OTHER LEASES EUR THOUSAND	2018	2017
Not later than one year	7	1
Total	**7**	**1**

28. COMMITMENTS AND CONTINGENT LIABILITIES

EUR THOUSAND	DEC. 31, 2018	DEC. 31, 2017
Collateral for own commitments		
Trade receivables pledged as collateral	4,021	4,065
Floating charges	3,000	3,000
Pledged charges, book value in the Group	809	826

Disputes and court proceedings

The Group has no pending disputes or court proceedings.

29. SUBSIDIARIES

COMPANY	DOMICILE	COUNTRY	SHARE-HOLDING %, PARENT	SHARE-HOLDING %, GROUP
Dovre Asia Pte Ltd.	Singapore	Singapore	100.00	100.00
Dovre Australia Pty Ltd.	Sydney	Australia	100.00	100.00
Dovre Canada Ltd.	St. John's	Canada	100.00	100.00
Dovre Club Oy	Helsinki	Finland	100.00	100.00
Dovre Group Consulting AS	Stavanger	Norway	100.00	100.00
Dovre Group Inc.	Houston	USA	100.00	100.00
Dovre Group LLC	Južno-Sahalinsk	Russia	100.00	100.00
Dovre Group Projects AS	Stavanger	Norway	100.00	100.00
Dovre Group (Singapore) Pte Ltd.	Singapore	Singapore	0.00	100.00

Project Completion Management Ltd and Dovre Group (UK) Limited were liquidated during 2018. Dovre Group LLC is in a liquidation process at the turn of the year 2018.

30. RELATED PARTY TRANSACTIONS

Transactions with related parties

A related party is an entity, in which a member of the management of the Group or of its parent company holds either direct or indirect control, holds control together with another party, or has significant influence.

Transactions with joint ventures are presented in Note 16 Investments in Joint Ventures. Dovre Group did not have any material transactions with any other related parties in 2018 or 2017. There were no loans given to management in the Group balance sheet on December 31, 2018 or December 31, 2017.

Management remuneration and compensation

Key management remuneration and compensation

Key management remuneration and compensation Information includes total remuneration paid to the members of the Board and the members of the Group Executive Team.

EUR THOUSAND	2018	2017
Salaries and other short-term employee benefits	-964	-1,323
Severance pay in connection with termination of employment	0	-98
Share-based compensation	-44	-6
Total	**-1,008**	**-1,427**

In 2018, the CEO's share-based compensation totaled EUR 44 thousand (EUR 3 thousand in 2017).

Remuneration paid to the CEO and the members of the Board

Information includes the total remuneration, compensation, and fringe benefits paid to the CEO and the acting CEO of the parent company and the members of the Board of Directors of Dovre Group Plc.

BOARD MEMBERS AND CEO	2018	2017
Board members on Dec. 31, 2018:		
Svein Stavelin - Chairman of the Board as of August 31, 2018 *)	-22	0
Ilari Koskelo - Vice Chairman of the Board as of August 31, 2018	-23	-22
Antti Manninen - Board member as of March 28, 2018	-17	0
Former Board members:		
Rainer Häggblom - Chairman of the Board until March 28, 2018	-9	-35
Ole Olsen - Chairman of the Board March 28–August 31, 2018 *)	-21	-19
Louis Harrewijn - Board member	-6	-23
Christian Bull Eriksson - Board member until March 30, 2017	0	-5
CEO:		
Arve Jensen as of November 1, 2018	-49	0
Patrick von Essen until October 31, 2018	-208	-227
Total	**-354**	**-331**

*) Svein Stavelin was Vice Chairman of the Board as of March 28, 2018. Ole Olsen was Vice Chairman of the Board between March 30, 2017 and March 28, 2018.

In 2018 and 2017, 40% of total gross compensation paid to Board members has been paid in the company's shares purchased in public trading.

Management stock options

Information includes stock options granted to the Board member and members of the Group Executive Team.

	2018	2017
Number of options granted (1,000)	400	1,660
Of which exercisable (1,000)	400	1,660
Fair value of options, total (EUR million)	42	199
Total number of shares that can be subscribed for with stock options granted to management (1,000)	400	1,660

FINANCIAL STATEMENTS OF THE PARENT COMPANY, FAS

5. FINANCIAL STATEMENTS OF THE PARENT COMPANY, FAS

INCOME STATEMENT OF THE PARENT COMPANY, FAS

EUR THOUSAND	NOTE	JAN. 1–DEC. 31, 2018	JAN. 1–DEC. 31, 2017
NET SALES	2	**6,807**	**5,709**
Other operating income	3	10	49
Material and services	4	-1,661	-893
Employee benefits expense	5	-4,000	-3,663
Depreciation and amortization	6	-88	-87
Other operating expenses		-1,224	-1,305
OPERATING RESULT		**-157**	**-191**
Financing income and expenses	8	-3,558	519
RESULT BEFORE TAXES		**-3,715**	**328**
Tax		-18	-44
RESULT FOR THE PERIOD		**-3,734**	**284**

BALANCE SHEET OF THE PARENT COMPANY, FAS

EUR THOUSAND	NOTE	DEC. 31, 2018	DEC. 31, 2017
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	9	184	178
Tangible assets	10	13	22
Investments			
Investments in subsidiaries	11	24,222	27,822
Investments in associates	11	921	1,946
Investments in other shares	11	1,147	0
NON-CURRENT ASSETS		**26,486**	**29,968**
CURRENT ASSETS			
Non-current assets			
Loan receivables	12	3,815	4,565
Deferred tax assets	12	183	183
Current assets	13	1,098	1,046
Cash and cash equivalents		288	172
CURRENT ASSETS		**5,384**	**5,966**
TOTAL ASSETS		**31,871**	**35,934**

EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital	14	9,603	9,603
Reserve for invested non-restricted equity	14	12,300	12,300
Retained earnings	14	9,986	10,849
Result for the period	14	-3,734	284
SHAREHOLDERS' EQUITY		**28,155**	**33,035**
LIABILITIES			
Non-current liabilities	15	518	1,050
Current liabilities	16	3,198	1,848
LIABILITIES		**3,716**	**2,898**
TOTAL EQUITY AND LIABILITIES		**31,871**	**35,934**

CASH FLOW STATEMENT OF THE PARENT COMPANY, FAS

EUR THOUSAND	JAN. 1-DEC.31, 2018	JAN. 1-DEC.31, 2017
Cash flow from operating activities		
Operating profit (+) / loss (-)	-157	-191
Depreciation and amortization	88	87
Changes in working capital	165	319
Interest received	54	122
Interest paid	-33	-17
Other financial items	-6	-43
Income taxes paid	-18	-27
Net cash generated by operating activities	**85**	**250**
Cash flow from investing activities		
Investments in tangible and intangible assets	-110	-158
Purchase of shares in associates	0	3
Dividends received from investments	516	895
Increase (-) / decrease (+) in loan receivables	81	286
Net cash generated by investing activities	**487**	**1,026**
Cash flow from financing activities		
Stock options exercised	0	81
Repurchases of own shares	-160	-68
Repayments of non-current loans	-600	-600
Proceeds from short-term loans	1,300	339
Dividends paid	-993	-1,002
Net cash generated by financing activities	**-453**	**-1,250**
Translation differences	-3	-34
Change in cash and cash equivalents	**116**	**-8**
Cash and cash equivalents at the beginning of the period	172	180
Cash and cash equivalents at the end of the period	**288**	**172**

1. ACCOUNTING PRINCIPLES

The financial statements of the parent company Dovre Group Plc have been prepared in accordance with Finnish accounting and corporate legislation.

Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. At the end of the financial period, foreign currency nominated assets and liabilities are translated at the rate of exchange prevailing at the end of the reporting period. Foreign exchange gains and losses are presented under financing income and expense in the income statement.

Revenue recognition

Revenue from services is recognized upon delivery to the client. All service related travel and other expenses that have been invoiced from the client are included in revenue from services. Revenue from licenses is recognized upon the granting of user rights when all the main risks and rewards of license ownership have been transferred to the buyer. Revenue from maintenance is allocated to the contract period. Net sales includes royalty fee charged from Group companies for intangible marketing property and for using the Dovre Group trademark. Royalties are recognized on an accrual basis and in accordance with the respective licensing agreement.

Pensions

The parent company's pension schemes are funded through payments to an insurance company. Statutory pension expenses are recognized as expense in the year they are incurred.

Fixed assets

Fixed assets are stated at acquisition cost less accumulated depreciation and amortization. Depreciation and amortization are recorded on a straight-line basis over the expected economic useful lives of the assets as follows:

Intangible assets (capitalized development cost)	4 years
Intangible assets (software)	2–3 years
Intangible assets (trademarks)	5 years
Merger assets	5 years
Other capitalized expenditure	3–5 years
Machinery and equipment	3–5 years

Dovre Group has capitalized development work of Intelli R software according to Finnish Accounting Act 5.8§. of 2018. The capitalized development costs will be amortized over 4 years and it started on April 1, 2018.

Derivative instruments

The company hedges, when appropriate, receivables and liabilities denominated in foreign currency with different currency forward and option contracts. Derivatives are recognized in the balance sheet under other receivables or payables at fair value on the date of trade. Outstanding derivatives are remeasured at their fair value at the end of each reporting period and the resulting gain or loss is immediately recognized in profit or loss under financial items. In determining the fair value of a derivative, the appropriate quoted market price is used, if available. Alternatively, fair value is determined using commonly used valuation methods. The company had no outstanding derivate contracts at the end of 2018.

Taxes

Income tax is recognized in accordance with Finnish tax legislation. Taxes withheld in foreign jurisdictions are recognized as cost in the income statement if they cannot be utilized in taxation. Deferred tax assets are recognized with utmost prudency.

2. NET SALES

NET SALES BY BUSINESS ACTIVITY

EUR THOUSAND	2018	2017
Consulting	1,241	1,314
Project personnel	4,475	3,181
Other functions	1,091	1,214
Total	**6,807**	**5,709**

GEOGRAPICAL DISTRIBUTION

EUR THOUSAND	2018	2017
Finland	1,678	1,732
Canada	268	378
Norway	643	897
The Netherlands	3,595	2,144
Other countries	623	558
Total	**6,807**	**5,709**

3. OTHER OPERATING INCOME

EUR THOUSAND	2018	2017
Rents	8	46
Other income	2	3
Total	**10**	**49**

4. MATERIAL AND SERVICES

EUR THOUSAND	2018	2017
License fees	-132	-63
External services	-1,528	-830
Total	**-1,660**	**-893**

5. EMPLOYEE BENEFITS EXPENSE

EUR THOUSAND	2018	2017
Salaries and fees	-3,434	-3,273
Pension expenses	-485	-313
Other employee benefits	-81	-77
Total	**-4,000**	**-3,663**

Management remuneration

EUR	2018	2017
CEO	-207,649	-225,654
Members of the Board of Directors	-96,667	-104,000
Total	**-304,316**	**-329,654**

Pension liabilities for the members of the Board and the CEO

The contracts do not contain any special provisions concerning retirement age or pension. In 2018, a total of EUR 36,030 of the CEO's statutory pension expenses was charged to the income statement (EUR 42,645 in 2017).

NUMBER OF EMPLOYEES	2018	2017
Average	38	34
At the end of the financial year	33	35

6. DEPRECIATION AND AMORTIZATION

EUR THOUSAND	2018	2017
Amortization according to plan, intangible assets	-79	-71
Depreciation according to plan, tangible assets	-9	-16
Total	**-88**	**-87**

7. AUDITOR FEES

AUDIT FIRM ERNST & YOUNG OY EUR THOUSAND	2018	2017
External audit	0	-83
Other services referred to in the Finnish Auditing Act	0	-1
Tax consultancy	-18	0
Other services	-1	0
Total	**-18**	**-84**

AUDIT FIRM BDO OY EUR THOUSAND	2018	2017
External audit	-40	0
Other services	-5	0
Total	**-45**	**0**

8. FINANCING INCOME AND EXPENSES

DIVIDEND INCOME EUR THOUSAND	2018	2017
Dividend income from Group companies	516	1,157
Total	**516**	**1,157**

OTHER INTEREST AND FINANCING INCOME EUR THOUSAND	2018	2017
Interest income from Group companies	45	61
Interest income from associates	0	8
Other financing income from others	1	1
Total	**46**	**70**

IMPAIRMENT LOSSES EUR THOUSAND	2018	2017
Impairment, investments in Group companies	-4,100	-568
Total	**-4,100**	**-568**

INTEREST AND FINANCING EXPENSES EUR THOUSAND	2018	2017
Interest expenses to Group companies	-12	0
Interest expenses, interest-bearing liabilities	-21	-17
Other interest and financing expenses	12	-123
Total	**-21**	**-140**
Financing income and expenses, total	**-3,559**	**519**
Foreign exchange gains included in financing income	0	1
Foreign exchange losses included in financing income	21	-119

9. INTANGIBLE ASSETS

CAPITALIZED DEVELOPMENT COSTS EUR THOUSAND	2018	2017
Acquisition cost, Jan. 1	98	0
Additions	85	98
Acquisition cost, Dec. 31	183	98
Accumulated amortization and value adjustments, Jan. 1	0	0
Amortization charges for the year	-34	0
Accumulated amortization and value adjustments, Dec.31	-34	0
Book value, Dec. 31	**149**	**98**

Dovre Group Plc has capitalized development work to create IntelliR -software, which is a construction cost control tool for building and construction entities. The development work was finalized during the first half of the year 2018. The capitalized development costs will be amortized in 4 years.

INTANGIBLE RIGHTS AND OTHER CAPITALIZED EXPENDITURE EUR THOUSAND	2018	2017
Acquisition cost, Jan. 1	229	229
Acquisition cost, Dec. 31	229	229
Accumulated amortization and value adjustments, Jan. 1	-149	-105
Amortization charges for the year	-45	-44
Accumulated amortization and value adjustments, Dec. 31	-194	-149
Book value, Dec. 31	**35**	**80**

MERGER ASSETS EUR THOUSAND	2018	2017
Acquisition cost, Jan. 1	0	401
Disposals	0	-401
Acquisition cost, Dec. 31	0	0
Accumulated amortization and value adjustments, Jan. 1	0	-374
Accumulated amortization from disposals	0	401
Amortization charges for the year	0	-27
Accumulated amortization and value adjustments, Dec. 31	0	0
Book value, Dec. 31	**0**	**0**

10. TANGIBLE ASSETS

MACHINERY AND EQUIPMENT EUR THOUSAND	2018	2017
Acquisition cost, Jan. 1	119	102
Additions	0	19
Disposals	-14	-2
Acquisition cost, Dec. 31	105	119
Accumulated depreciation and value adjustments, Jan. 1	-97	-83
Accumulated depreciation from disposals	14	2
Depreciation charges for the year	-9	-16
Accumulated depreciation and value adjustments, Dec. 31	-92	-97
Book value, Dec. 31	**13**	**22**

11. INVESTMENTS

INVESTMENTS IN GROUP COMPANIES EUR THOUSAND	2018	2017
Acquisition cost, Jan. 1	28,700	27,380
Additions	500	1,320
Disposals	-575	0
Acquisition cost, Dec. 31	28,625	28,700
Accumulated value adjustments, Jan. 1	-878	-310
Impairment on disposals	575	0
Impairment	-4,100	-568
Accumulated impairment and value adjustments, Dec. 31	-4,403	-878
Book value, Dec. 31	**24,222**	**27,822**

INVESTMENTS IN ASSOCIATES EUR THOUSAND	2018	2017
Acquisition cost, Jan. 1	4,292	4,295
Additions	121	-3
Transfer to other shares	-3,492	0
Acquisition cost, Dec. 31	921	4,292
Accumulated impairment and value adjustments, Jan. 1	-2,346	-2,346
Impairment on transfer to other shares	2,346	0
Accumulated impairment and value adjustments, Dec. 31	0	-2,346
Book value, Dec. 31	**921**	**1,946**

OTHER INVESTMENTS EUR THOUSAND	2018
Acquisition cost, Jan. 1	0
Trasfer from investments in associates	1,147
Acquisition cost, Dec. 31	1,147
Book value, Dec. 31	**1,147**

INVESTMENTS IN SUBSIDIARIES ON DEC. 31, 2018	DOMICILE	COUNTRY	PARENT COMPANY OWNERSHIP %
Dovre Asia Pte Ltd.	Singapore	Singapore	100.00
Dovre Australia Pty Ltd.	Sydney	Australia	100.00
Dovre Canada Ltd.	St. John's	Canada	100.00
Dovre Club Oy	Helsinki	Finland	100.00
Dovre Group Consulting AS	Stavanger	Norway	100.00
Dovre Group Inc.	Houston	USA	100.00
Dovre Group LLC	Južno-Sahalinsk	Russia	100.00
Dovre Group Projects AS	Stavanger	Norway	100.00

INVESTMENTS IN ASSOCIATES ON DEC. 31, 2018	DOMICILE	COUNTRY	PARENT COMPANY OWNERSHIP %
Kiinteistö Oy Kuukoti	Espoo	Finland	43.12

INVESTMENTS IN OTHER COMPANIES ON DEC. 31, 2018	DOMICILE	COUNTRY	PARENT COMPANY OWNERSHIP %
SaraRasa Bioindo Pte Ltd.	Singapore	Singapore	19.86

12. NON-CURRENT RECEIVABLES

EUR THOUSAND	DEC. 31, 2018	DEC. 31, 2017
Loan receivables		
Non-current loan receivables from Group companies	3,815	4,440
Non-current loan receivables from associates	0	125
Total	**3,815**	**4,565**
Deferred tax assets	183	183
Non-current receivables, total	**3,998**	**4,748**

In 2018, the company had a total of EUR 0.2 million (EUR 0.6 million in 2017) unrecognized deferred tax assets for previous years' losses. In 2015, the company used a portion of the losses as well as recognized a deferred tax asset totaling EUR 183 thousand in the 2015 financial statements. The company expects its result to be positive in future periods primarily based on increases in royalty income, growth in the Project Personnel business area, and the capital gain on the sale of KOy Kuukoti shares.

13. CURRENT RECEIVABLES

EUR THOUSAND	DEC. 31, 2018	DEC. 31, 2017
Current receivables from Group companies		
Trade receivables	65	123
Loan receivables	184	140
Accrued receivables, interest receivable	0	5
	249	**268**
Current receivables from joint ventures		
Accrued receivables, interest receivable	0	8
	0	**8**
Current receivables from others		
Trade receivables	720	614
Other receivables	20	24
Accrued receivables	109	132
	849	**770**
Current receivables, total	**1,098**	**1,046**

ACCRUED RECEIVABLES FROM OTHERS

EUR THOUSAND	DEC. 31, 2018	DEC. 31, 2017
Sales accruals	49	58
Accrued expenses	60	74
Total	**109**	**132**

14. SHAREHOLDERS' EQUITY

Restricted equity

SHARE CAPITAL

EUR THOUSAND	2018	2017
Share capital, Jan. 1	9,603	9,603
Share capital, Dec. 31	9,603	9,603

Non-restricted equity

RESERVE FOR INVESTED NON-RESTRICTED EQUITY

EUR THOUSAND	2018	2017
Reserve for invested non-restricted equity, Jan. 1	12,300	12,219
Exercised stock options	0	81
Reserve for invested non-restricted equity, Dec. 31	12,300	12,300

RETAINED EARNINGS EUR THOUSAND	2018	2017
Retained earnings, Jan. 1	11,132	11,933
Repurchase of own shares	-154	-84
Dividend distribution	-993	-1,002
Result for the period	-3,734	285
Retained earnings, Dec. 31	6,252	11,132

CALCULATION OF DISTRIBUTABLE EARNINGS EUR THOUSAND	2018	2017
Retained earnings	9,985	10,847
Reserve for invested non-restricted equity	12,300	12,300
Capitalized development costs	-149	-98
Result for the period	-3,734	285
Total	**18,403**	**23,334**

15. NON-CURRENT LIABILITIES

EUR THOUSAND	DEC. 31, 2018	DEC. 31, 2017
Non-current loans from financial institutions	450	1,050
Other non-current liabilities	68	0
Total	**518**	**1,050**

16. CURRENT LIABILITIES

EUR THOUSAND	DEC. 31, 2018	DEC. 31, 2017
Current liabilities to Group companies		
Trade payables	15	49
Other liabilities	709	5
Accruals and deferred income	0	1
	724	**55**
Liabilities to others		
Current loans from banks	600	600
Current overdraft facility from banks	912	339
Trade payables	309	206
Other liabilities	135	72
Accruals and deferred income	518	576
	2,474	**1,793**
Current liabilities, total	**3,198**	**1,848**

ACCRUALS AND DEFERRED INCOME EUR THOUSAND	DEC. 31, 2018	DEC. 31, 2017
Accrued employee expenses	400	423
Deferred income	27	69
Other accrued expenses	92	84
Total	**519**	**576**

17. COMMITMENTS AND CONTINGENT LIABILITIES

Collateral

EUR THOUSAND	DEC. 31, 2018	DEC. 31, 2017
Collateral for own commitments		
Chattel mortgages and other pledges given as collateral for liabilities and commitments		
Loans from financial institutions	1,050	1,650
Floating charges	3,000	3,000
Collateral for own commitments, other		
Pledged shares	921	921
Guarantees given for others		
Loan guarantee (overdraft)	2,272	2,187
Other guarantees	1,005	1,016
Total	**3,277**	**3,203**

Contingent liabililties and other commitments

EUR THOUSAND	DEC. 31, 2018	DEC. 31, 2017
Lines of credit		
Lines of credit granted, total	1,000	580

Pension liabilities

The company's pension liabilities have been insured with an outside pension insurance company.

Future minimum lease payments for non-cancellable operating leases

EUR THOUSAND	2018	2017
Not later than one year	3	5
Total	**3**	**5**

Disputes and court proceedings

The Group has no pending disputes or court proceedings.

6. SIGNATURES FOR THE FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

Oslo, Norway, February 20, 2019

Svein Stavelin
Chairman of the Board of Directors

Ilari Koskelo
Vice Chairman of the Board of Directors

Antti Manninen
Member of the Board of Directors

Arve Jensen
CEO

Auditor's statement

Based on an audit, an opinion is expressed on these financial statements and on corporate governance on this date.

Espoo, February 27, 2019

BDO OY
Authorized Public Accountants

Ari Lehto
Authorized Public Accountant

AUDITOR'S REPORT

7. AUDITOR'S REPORT

(Translation of the Finnish original)

To the Annual General Meeting of Dovre Group Plc

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Dovre Group Plc (business identity code 0545139-6) for the year ended 31 December, 2018. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial performance and financial position in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the A*uditor's Responsibilities for the Audit of Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 9 to the consolidated financial statements and in note 7 to the parent company's financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Goodwill *We refer to the Group's accounting policies and the note 14*	
• The value of goodwill in the consolidated balance sheet amounted to EUR 15.2 million representing 40% of the total assets. • Goodwill is not amortized but is tested annually for impairment. An impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. • Determination of the key assumptions in future cash flow forecasts underlying the impairment tests requires management make judgements over certain key inputs, for example discount rate, growth rates and profitability levels.	• We assessed the allocation basis, i.e. the allocation of goodwill to the tested cash-generating units complies with the allocation principles defined by the company. • We have obtained an understanding of the management's process for evaluating the impairment of goodwill and reviewed assumptions supporting forecasted cash flows, comparison of prior year forecasts to actuals and the components of the cost of capital. • We involved our own valuation specialist when assessing the assumptions used in determining the discount rate to market and industry information. • Furthermore, we considered the accuracy of sensitivity analysis and the appropriateness of the notes in respect of impairment testing.
Revenue Recognition *We refer to the Group's accounting policies and the note 4*	
The sales of the Group consist of revenue from the sale of services, licenses and maintenance. Revenue from services sold is recognized when the services have been rendered. Revenue is a key performance measure used by the Group and due to the risk relating to incorrect timing of recognition of revenue a significant risk of material misstatement referred to in EU Regulation No 537/241, point (c) of Article 10(2).	• We have reviewed revenue recognition policies to verify its accordance to IFRS • We have verified the design and implementation of key controls related to revenue recognition and performed analytical procedures and detailed transaction testing • We have tested the sales cut-off on a transaction level before and after the balance sheet date • Assessment of the disclosures related to revenues

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities in the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 28.3.2018, and our appointment represents a total period of uninterrupted engagement of one year.

Other information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our report thereon. We obtained the report of the Board of Directors prior to the date of the auditor's report, and the Annual Report is expected to be made available to us after the date of the auditor's report.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement in the information included in the report of the Board of Directors, we are required to report this fact. We have nothing to report in this regard.

Espoo 27.2.2019

BDO Oy
Audit Firm

Ari Lehto
Authorized Public Accountant

CORPORATE GOVERNANCE STATEMENT 2018

8. CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

This Corporate Governance Statement has been composed in accordance with the reporting requirements of the Finnish Corporate Governance Code (2015) issued by the Finnish Securities Market Association, and Chapter 7, Section 7 of the Finnish Securities Markets Act. The Finnish Corporate Governance Code can be found on the Association's website, www.cgfinland.fi. This Corporate Governance Statement is issued separately from the report by the company's Board of Directors. The Statement has been reviewed by Dovre Group Plc's Board of Directors.

GENERAL PRINCIPLES

Dovre Group's parent company, Dovre Group Plc, is a public limited company registered in Finland and domiciled in Helsinki, Finland. In its decision-making and governance, Dovre Group complies with all applicable legislation, the company's Articles of Association, and the Finnish Corporate Governance Code issued by the Finnish Securities Market Association. In addition, the company complies with the rules and regulations of Nasdaq Helsinki Ltd and the standards, regulations, and guidelines of the Finnish Financial Supervisory Authority. Dovre Group's subsidiaries comply with local legislation.

The company deviates from the Corporate Government Code's recommendation 9 on the diversity of the board of directors, according to which both genders should be represented in the company's board of directors. The selection of the most recent members of the board of directors was based on their international background and industry competence. It was also not seen necessary to increase the number of members of the board of directors. In the previous years, there has been both genders represented on the company's board of directors. The company considers the diverse composition of the board as important and will strive to have representatives of both genders on the board.

The Board of Directors does not have any designated board committees. The establishment of committees has not been deemed necessary due to the size of the company and the Board. The duties of the Audit Committee are managed by the Board of Directors.

Up-to-date information about the company's corporate governance is available on the company's website, www.dovregroup.com/investors/corporate-governance.html.

DOVRE GROUP'S GOVERNING BODIES

The General Meeting of Shareholders, the Board of Directors, and the CEO are responsible for the Group's management. Their tasks and responsibilities are determined in accordance with the Finnish Limited Liability Companies Act. The CEO, assisted by the Group Executive Team, is responsible for the Group's operational management.

General Meeting of Shareholders

Dovre Group's supreme decision-making body is the General Meeting of Shareholders. The Annual General Meeting of Shareholders is organized once a year on a date set by the Board of Directors and is held within six (6) months of the end of the financial period. The Board of Directors may convene one or more Extraordinary General Meetings during the financial year if necessary. In accordance with the Articles of Association, the General Meeting is to be held in Espoo, Helsinki, or Vantaa. Notice of the Annual General Meeting and a proposal for the agenda are released as stock exchange releases and published on the company's website.

The Annual General Meeting decides on the following issues:

- Adoption of the income statement and balance sheet
- Use of the profit or loss shown on the balance sheet
- Discharging from liability the members of the Board and the CEO
- Number of Board members and their election
- Election of the Auditor
- Remuneration of the Board and compensation of the Auditor
- Other issues as outlined in the notice of the meeting

Board of Directors

Dovre Group's Board of Directors is responsible for the administration and the proper organization of the company's operations. The Board supervises the company's operations and management, and decides on significant matters concerning the company's strategy, organization, financing, and investments. The duties and responsibilities of the Board are determined in accordance with the company's Articles of Association and the Finnish Limited Liability Companies Act.

The Board has not established an audit committee; the duties of the audit committee are discharged by the Board in its entirety.

The Board prepares an annual charter that specifies the Board's meeting procedures and duties. In accordance with the Board charter, the duties of the Board include following:

- Assuming responsibility for tasks specified as obligatory for the Board of Directors by the Finnish Limited Liability Companies Act, the company's Articles of Association, or elsewhere
- Approving the Group's strategy and long-term financial targets
- Approving the Group's Code of Conduct
- Approving the Group's management system and organizational structure
- Approving annual business plans and changes to them, if any
- Approving internal control and risk management policies and monitor them
- Approving the Group's financial reports, including the company's half year financial report, annual financial statements, report by the Board of Directors, and Q1 and Q3 trading statements
- Assuming responsibility for communications related to the Group's financial objectives
- Approving the Group's financial policy
- Assuming responsibility for the development of the Group's market value and specifying dividend policy
- Approving business acquisitions and divestments and significant individual investments and contingent liabilities
- Approving the Group's incentive system and policy
- Appointing and dismissing the Group's top management (CEO and members of the Group Executive Team) and deciding on their terms of employment and remuneration
- Appointing a deputy to the CEO
- Overseeing the succession planning of the CEO
- Deciding on the establishment of new legal entities
- Assuming responsibility for the development of the Group's corporate governance

- Approving the agenda for Board meetings
- Reviewing the operations of the Board annually
- Reviewing the CEO's performance and giving feedback
- Acting as the Audit committee

In accordance with the Articles of Association, the Board has a minimum of three (3) and a maximum of eight (8) members. The Board members are elected by the Annual General Meeting for one term of office at a time. The term of office of a member of the Board begins at the end of the General Meeting that elected the member and expires at the end of the first Annual General Meeting following the election. The company's Articles of Association do not specify an upper age limit for, or the maximum number of terms of office, of a Board member, and place no other restrictions on the authority of the General Meeting to elect members to the Board. The Board selects a Chairman and a Vice Chairman from among its members, and the Board is deemed to have a quorum present when more than half of its members are present.

The company considers diverse composition of the Board as an important asset. In selecting candidates to the Board, the company pays attention, amongst other things, to the candidates' diverse and mutually complementary background, experience, and expertise, especially in international business. The company also aims to have, where possible, representatives of both genders on the Board.

The Board convenes normally once a month according to an preagreed schedule, and may hold additional meetings, if necessary. Minutes are kept for all meetings. In addition to matters requiring Board decision, the Board, in its meetings, is provided with up-to-date information on the Group's operations, financial situation, and risks.

Chief Executive Officer (CEO)

The Board of Directors appoints the CEO. The CEO is responsible for the day-to-day management of the Group's business operations and governance in accordance with the Articles of Association, the Finnish Limited Liability Companies Act, and the instructions issued by the Board. The CEO is assisted by the Group Executive Team.

Group Executive Team

The Group Executive Team is appointed by the Board of Directors. The Group Executive Team assists the CEO in the operative management of the Group, prepares items for the Board and the CEO, and plans and monitors the operations of the Group's business units. The Group Executive Team convenes at least once a month. The CEO acts as the Chairman of the Group Executive Team.

INTERNAL AUDIT

The Group has no separate internal audit organization. The establishment of an internal audit organization has not been deemed necessary due to the size of the company. The Group's Executive Team assesses and ensures the sufficiency and effectiveness of the Group's internal control, as well as supports the Board with its monitoring responsibility.

EXTERNAL AUDIT

According to the Articles of Association, Dovre Group shall have one auditor who shall be an audit firm. The term of the auditor expires at the end of the first Annual General Meeting following their selection. The Board's proposal for the auditor is disclosed in the notice of the General Meeting.

The primary purpose of an audit is to verify that the financial statements give accurate and adequate information concerning the Group's result and financial position for the financial period. In addition, the auditors shall report to the Board of Directors on the ongoing auditing of administration and operations.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS PERTAINING TO FINANCIAL REPORTING

The purpose of the Group's internal control is to support the implementation of the Group's strategy and to ensure that the Group complies with all relevant rules and regulations. The Group's internal control framework is based on the Dovre Group Authorization Matrix, which specifies the authority and the responsibilities of the Group's management. The Authorization Matrix is approved by the Board of Directors, which also acts as the highest supervisory body of the Group's internal control. The implementation of internal control measures is supervised primarily by the CEO and CFO, who report to the Board.

The ultimate responsibility for accounting and financial administration lies with Dovre Group's Board of Directors. The Board is responsible for internal control, and the CEO is responsible for the day-to-day organization and monitoring of the control system. The steering and monitoring of business operations is based on the reporting and business planning system that covers the entire Group. The CEO and CFO report monthly to the Board and the Group Executive Team on the Group's financial situation and development.

The purpose of financial reporting is to ensure that all assets and liabilities in the financial statements belong to the company; that all rights and liabilities of the company are presented in the financial statements; that items in the financial statements have been classified, disclosed, and described correctly; that assets, liabilities, income, and expenditure are entered in the financial statements at the correct amounts; that all transactions during the reporting period are included in the accounts; that transactions entered in the accounts are factual transactions; and that assets have been secured.

RISK MANAGEMENT AND RISK ASSESSMENT

The Group's risk management is guided by legal requirements, business requirements set by shareholders of the company, and the expectations of customers, personnel, and other important stakeholders. The goal of risk management is to acknowledge and identify systematically and comprehensibly any risks relating to the company's operations and to make sure that all such risks are appropriately accounted for when making business decisions.

The Group's risk management procedures support the achievement of the Group's strategic goals and seeks to ensure the continuity of the Group's business operations. The Group takes risks that are a natural part of its strategy and objectives. The Group is not ready to take risks that might endanger the continuity of its operations or be uncontrollable or that may significantly harm the Group's operations.

In accordance with the Group's risk management procedures, the Board of Directors receives an annual report of the most significant risks facing the Group. The Board analyses the risks from the point of view of shareholder value.

The company's risk management process includes an annual identification and analysis of risks pertaining to financial reporting. In addition, the company seeks to analyze and report all new risks immediately as soon as they have been identified. Taking into account the extent of the Group's business operations, the most significant risks pertaining to the reliability of financial reporting relate to revenue recognition, impairment testing (including goodwill), and tax reporting.

CONTROL FUNCTIONS

The correctness and reliability of financial reporting are ensured through compliance with Group policies and guidelines. Control functions that ensure the correctness of financial reporting include controls related to accounting transactions, to the selection of and compliance with the Group's accounting principles, to information systems, and to fraud or malpractice.

Revenue recognition is supervised by the Group's CFO and is based on the required sale and delivery documents.

The Group's bad debt provision is reviewed monthly. Any eventual bad debt provisions are based on the aging of trade receivables per sales company.

The Group's goodwill is tested for impairment at the end of each financial year on the balance sheet date. Key variables used in the calculations are net sales growth and the estimated change of profit margin. In addition, indications of impairment are monitored regularly. If indications of impairment are detected, a separate testing is performed.

The performance of business operations and the attainment of annual goals is assessed monthly in Group Executive Team and Board meetings. Monthly management and Board reporting includes both the actual and the estimated results compared to the budget and the actual results of previous periods. Financial reports generated for the management are used for monitoring certain key indicators associated with the development of sales, profitability, and trade receivables on a monthly basis.

In accordance with its strategy, Dovre Group may complement its organic growth with acquisitions. In making acquisitions, the Group follows due diligence and utilizes its internal competence together with external advisors in the planning phase (e.g. due diligence), takeover phase, and when integrating acquired functions into the Group's operations.

INTERNAL COMMUNICATION AND SHARING OF INFORMATION

The purpose of management reporting is to produce up-to-date, relevant information for decision-making. The CFO provides the Group's business units with monthly reporting guidelines and is in charge of any special reporting instructions related to budgeting and forecasting. The Group's financial administration distributes, on a regular basis, internal information on processes and procedures pertaining to financial reporting. Internal control tasks are carried out in accordance with this information. Financial administration also arranges targeted training for the organization's personnel on the procedures associated with financial reporting and changes in them, if necessary. The Group's investor relations maintains, in cooperation with the Group's financial administration, the guidelines on the disclosure of financial information, including, for example, the disclosure obligations of a publicly listed company.

MONITORING

Monitoring refers to the process of assessing Dovre Group's internal control system and its performance in the long term. The Group continuously monitors its operations also through various separate assessments, such as internal and external audits, and supplier audits carried out by clients. The Group's management monitors internal control as part of its day-to-day work. The Group Executive Team is responsible for ensuring that all operations comply with applicable laws and regulations. The Group's financial administration monitors compliance with the financial reporting processes. The financial administration also monitors the correctness of external and internal financial reporting. The Board of Directors assesses and ensures the appropriateness and effectiveness of the Group's internal control and risk management.

The Group's internal control is also assessed by the Group's external auditor. The auditor verifies the correctness of external annual financial reporting. The most significant observations and recommendations of the audit are reported to the Board of Directors.

INSIDER ADMINISTRATION AND TRADING RESTRICTIONS

With regards the company's insider guidelines, Dovre Group complies with the applicable legislation, the standards of the Finnish Financial Supervisory Authority as well as Nasdaq Helsinki Ltd.'s Guidelines for Insiders effective as of July 3, 2016. In accordance with the legislation in force and the standards and guidelines in question, inside information refers to all information of a precise nature, which has not been made public and relates, directly or indirectly, to one or more issuers or to one or more financial instruments and which, if made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments. Dovre Group discloses any possible inside information concerning the company as soon as possible and as a stock exchange release. However, the company may, on its own responsibility and on a case-by-case basis, delay disclosure of inside information to the public in accordance with the conditions outlined in the Market Abuse Regulation ((EU) No 596/2014). Should the company decide to delay disclosure, the company documents and continuously monitors the preconditions of delayed disclosure. The company notifies the Finnish Financial Supervisory Authority of the delayed disclosure immediately after the information has been publicly disclosed.

Dovre Group does not maintain a list of permanent insiders, but establishes project-specific insider lists following the identification of a specific issue as inside information by the company's Board of Directors and the Board's decision to establish an insider list relating to the identified issue. The CFO is responsible for administration of the company's insider registers and project-specific insider lists are maintained by the company.

The company has defined the Board of Directors, the CEO and the Group Executive Team as persons discharging managerial responsibilities. The company maintains a list of persons discharging managerial responsibilities and their closely associated persons. In accordance with current legislation, persons discharging managerial responsibilities in Dovre Group as well as their closely associated persons are obliged to notify the company and the FSA of every transaction in the company's financial instruments. The notification obligation applies to all transactions once a total amount of EUR 5,000 has been reached within a calendar year. Dovre Group will disclose all such transaction notifications as stock exchange releases within three (3) business days of the date of transaction.

Persons discharging managerial responsibilities in the company may not trade in any financial instruments in the company during a closed period of 30 calendar days before the announcement of the company's half year financial report, annual financial statements, or Q1 and Q3 trading statements. In addition to persons discharging managerial responsibilities in the company, the trading restriction applies to the company's employees participating in the preparation, drawing-up, and disclosure of the company's financial reports.

REMUNERATION

The Annual General Meeting decides on the remuneration of the Board of Directors. The Board decides on the terms and conditions of the employment of the CEO, specified in writing. The remuneration principles of the key management are set by the Board. The Board annually approves the Group's short-term and long-term incentive schemes.

The Board decides on the CEO's and the Group Executive Team's remuneration. The remuneration of the management of the Group's business areas is based on the so-called one-over-one principle whereby the remuneration decision must be approved by the supervisor of the employee's direct supervisor.

CORPORATE GOVERNANCE IN 2018

Annual General Meeting

Dovre Group's Annual General Meeting was held in Helsinki on March 28, 2018.

Board of Directors

The Annual General Meeting elected four (4) members to the Board of Directors. From March 28, 2018, to August 31, 2018, the Chairman of the Board was Ole Olsen and the Vice Chairman Svein Stavelin. The other members were Ilari Koskelo and Antti Manninen. Ole Olsen is dependent of the company and its significant shareholders. Other members of the Board were independent of the company and significant shareholders. Since August 31, 2018, the Chairman of the Board has been Svein Stavelin and the Vice Chairman Ilari Koskelo. Antti Manninen continued as the member of the Board. Until the Annual General Meeting held on March 28, 2018, the Board of Directors consisted of Rainer Häggblom (Chairman), Ole Olsen (Vice Chairman), Aloysius (Louis) Harrewijn and Ilari Koskelo.

In 2018, the Board convened 13 times, with an attendance rate of 96 per cent. The Group's CEO acted as the Secretary of the Board of Directors.

BOARD MEMBER ATTENDANCE AT MEETINGS:	
Stavelin, Svein	8/10
Koskelo, Ilari	13/13
Manninen, Antti	10/10
Olsen, Ole	8/8
Häggblom, Rainer	3/3
Harrewijn, Louis	3/3

CEO

Arve Jensen has served as the Group's CEO as of November 1, 2018. Patrick von Essen served as the Group's CEO from April 1, 2014 until November 1, 2018.

On December 31, 2018, Arve Jensen held a total of 200,000 options and a total of 80,000 shares in Dovre Group Plc.

Group Executive Team

At the end of 2018, the members of the Group Executive Team were Arve Jensen (CEO & President, business area Norway), Mari Paski (CFO) and Stein Berntsen (President, business area Consulting).

On December 31, 2018, members of the Group Executive Team held a total of 3,500 shares in Dovre Group Plc and a total of 200,000 stock options. Each stock option entitles the owner to subscribe to one share in Dovre Group Plc. The above information does not include the shares and options held by the company's CEO Arve Jensen.

Shareholdings and options of Dovre Group Plc's management on December 31, 2018:

NAME	SHARES	OPTIONS
Berntsen Stein (Member of the Group Executive Team)	0	200,000
Jensen Arve (CEO)	80,000	200,000
Koskelo Ilari (Vice Chairman of the Board)	6,529,653	0
Manninen Antti (Member of the Board)	433,485	0
Paski Mari (Member of the Group Executive Team)	3,500	0
Stavelin Svein (Chairman of the Board)	147,613	0

Information includes also ownership through controlled companies of the Board members.

External audit

In 2018, the Group's auditor was BDO Ltd., Authorized Public Accountants, with Ari Lehto, APA as the principal auditor.

REMUNERATION IN 2018

Board of Directors

The Annual General Meeting decides on the remuneration of the Board of Directors. The proposal for the remuneration of the Board of Directors presented to the Annual General Meeting is based on the shareholders' proposal delivered to the company. In 2018, the proposal for the remuneration of the Board of Directors came from shareholders, who represented over 35 per cent of all shares and votes in the company.

The Annual General Meeting held on March 28, 2018, decided that the Chairman of the Board be paid EUR 35,000, Vice Chairman EUR 25,000, and each other member of the Board EUR 22,000 for the term which will last to the next Annual General Meeting. Actual travelling expenses are compensated as incurred. Of the annual remuneration, 40 per cent of the total gross compensation will be used to purchase Dovre Group Plc's shares in public trading through Nasdaq Helsinki Ltd. Remuneration of the members of the Board and method of payment did not change from the previous year.

Remuneration of the members of the Board of Directors in 2018:

MEMBER	ANNUAL REMUNERATION, EUR	NO. OF SHARES PURCHASED *)
Stavelin Svein (Chairman) ***)	30,833	47,613
Koskelo Ilari (Vice Chairman) ***)	23,750	36,353

Olsen Ole (Chairman until Aug 2018)**)	14,583	22,197
Manninen Antti	22,000	33,485
Total	**91,167**	**139,648**

*) 40% of total annual remuneration has been paid in the company's shares

**) Total number of 53,272 shares were purchased to Ole Olsen in April 2018. Ole Olsen returned pro-rated amount of shares (31,075 shares) following his resignation in August 2018. 60% of excess remuneration was returned in cash.

***) Additional pro-rated shares were purchased in October 2018 due to new roles. 60% of the pro-rated remuneration was paid in cash.

CEO

The Board of Directors decides on the remuneration of the CEO. The terms and conditions of employment of the CEO are approved by the Board and specified in writing.

The service terms and conditions of the current CEO, Arve Jensen, comprise of an annual salary (including holiday pay, and car and phone benefits) of NOK 1,950,000 (approx. EUR 196 thousand) and a performance-based bonus decided by the Board. The CEO will have same pension and personnel insurance as the other Company employees in Norway. The contract does not specify the CEO's retirement age. The contract may be terminated by either party by giving six (6) months' notice. The contract does not include any additional severance payment to the CEO in case the company decide to terminate the employment contract.

The CEO's bonus is based on the company's or its individual units' performance and profitability or on the successful completion of organizational measures. These objectives are specified annually. The CEO will receive a yearly bonus of NOK 300,000–500,000 depending on budget compliance, structured in such a way that if budget for the year is met, minimum bonus payment will be NOK 300,000. In addition, the CEO is eligible for the STI/LTI program for the Group's key personnel. The STI part of the plan is paid in cash and the objectives are defined annually. The LTI part is a fully equity settled share-based payment transaction and the objectives are defined annually.

In 2018, CEO Arve Jensen's total compensation was NOK 2,526,659 (approx. EUR 263 thousand). The amount includes performance bonus of NOK 490,798 (approx. EUR 51 thousand). Additionally, Arve Jensen earned equal to 169,631 shares of Dovre Group Plc from the LTI 2018–2020 program. The shares will be awarded at the beginning of 2021. On December 31, 2018, Arve Jensen held a total 200,000 stock options and a total of 80,000 shares in Dovre Group Plc.

Group Executive Team

The Group Executive Team's remuneration consists of total salary (including salary in money and typical fringe benefits such as car and phone) as well as long- and short-term incentives as decided by the Board of Directors. Short-term incentives include a yearly performance-based bonus decided by the Board. Long-term incentives include option plans, for which all members of the Group Executive Team are eligible, as well as yearly performance-based share-based incentive plans. The Board decides on long term incentive plans. The Group has not taken out any additional pension insurance for the members of the Group Executive Team.

The Board approves annually the terms and criteria of the Group Executive Team's short-term incentives (or bonuses). Any bonuses are based on the achievement of financial targets, such as operating result and net sales and other related targets, on either Group and/or business unit level. In addition, members of the Group Executive Team may have either individual or team objectives.

In 2018, the total salaries and benefits of the Group Executive Team members, not including the CEO Arve Jensen, were EUR 400,413. The amount includes performance bonuses of EUR 74,474.

Long-term incentive plans for key personnel (option plans)

In 2018, the company had one open option plan, option plan 2013, directed to the Group's key personnel. Each stock option entitles the holder to subscribe one share in Dovre Group Plc.

The 2013 option plan was approved by the company's Board of Directors in their meeting on January 24, 2013 based on the authorization given by the Annual General Meeting held on March 15, 2012. The share subscription price and period per series under the 2013 option plan are as follows:

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

Options of the option plan 2013 were not granted during 2018. A total of 935,000 of 2013 options were returned to the company. The subscription period for Dovre Group Plc's 2013A option plan ended on February 29, 2018. No shares were subscribed for under the option plan. The remaining 565,000 stock options expired as unused.

At the end of 2018, 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.

The full terms and conditions of the company's option plan can be found on the company's Investor pages at https://www.dovregroup.com/investors/corporate-governance.html -> Remuneration.

The company's Board of Directors has also an authorization granted by the Annual General Meeting held on March 28, 2018, to decide on the issuance of new shares and the granting of option rights and other special rights entitling to shares. The authorization is valid until June 30, 2019. In accordance with the resolution of the Annual General Meeting, the Board may use the authorization, among other things, for the company's incentive programs. The Board may issue a maximum of 9,900,000 shares by virtue of the authorization, and the Board may use the authorization in one or more installments. The Board of Directors did not use the authorization in 2018.

Long-term incentive plans for key personnel (LTI 2018–2020)

As of January 1, 2018, the Group has a new share-based remuneration and incentive program, where the remuneration is based on an annually set performance condition and a service condition.

The total value of the bonus accrued from the 2018 earnings period corresponds to approximately 2.1 months' basic salary. The bonus paid in shares will consist of 169,631 of the company's shares. The executive is responsible for personnel income tax on award. The vesting period ends at the beginning of 2021.

Board members December 31, 2018

Svein Stavelin
Chairman of the Board
Board member since March 28, 2018

M.Sc. (Computer Science), Pedagogy (PUFS), Business Economist
b. 1957, Norwegian citizen

Key employment
Incepto AS, CEO and Founding Partner, 2007– present
Bridgehead AS, Partner, April 2005–August 2007
Telecomputing ASA, CEO, January 2004–March 2005
Creuna AS, CEO and founder, June 2001–December 2003
Ementor ASA (Avenir until 26 October 2000), several positions (CEO 2000–2001), 1994–2001

Independent of the company and significant shareholders

Ilari Koskelo
Vice Chairman of the Board
Board member since February 28, 2008

M. Sc. (Management)
b. 1959, Finnish citizen

Key employment
Navdata Ltd., Managing Director and founder, August 1988– present
Thai Biogas Energy Corporation, Pte, Ltd., Thailand, Co-investor and Director, June 2016– present
SaraRasa Bioindo, Pte, Ltd., Singapore, Co-investor and Director, August 2014– present
Soil Scout Oy, Finland, Co-founder and CFO, May 2013– present
Planman Oy, Co-investor and Director, January 2010–June 2015
Global Satellite Solutions Inc, USA, Co-investor, March 1997–September 2000

Key positions of trust
Chairman of the Board: Navdata Ltd
Member of the Board: Soil Scout Ltd, SaraRasa Bioindo Pte. Ltd.

Independent of the company and significant shareholders

Antti Manninen
M.Sc. (Econ.)
Board member since March 28, 2018
b. 1961, Finnish citizen

Key employment
Rio Group Oy, Chairman of the Board, 1998–
Dovre Group Plc, Member of the Board, Vice Chairman, and the Chairman, 2008–2013
Mega Vision S.A. Ltd., Director, Investments, 1993–1998

Other key positions of trust
Chairman of the Board, Event Management Group Oy, 2004– present

Independent of the company and significant shareholders

Group Executive Team on December 31, 2018

Arve Jensen
CEO and President, business area Norway
Member of the Group Executive Team since October 2009

M. Sc. (Mech.)
b. 1959, Norwegian citizen

Key employment
Dovre Group Plc, CEO, November 2018– present
Other positions at Dovre Group:
- President of Business Area Norway, Project Personnel June 2015–
- EVP – Project Personnel, May 2012–June 2015
- EVP Norway, 2009–May 2012
- CEO Dovre International AS, 2001–2008
- Regional Manager Oslo, Dovre International AS, 1993–2001
- Dovre International AS, Consultant within Contracts Management and Project Management (client : Statoil), various projects 1995–1999

ABB Global Engineering AS, Senior Project Engineer within Statfjord Satellite Project, 1990–1993
Senior Project Engineer at Aker and Statoil 1988–1990 through own company
Aker Engineering AS, Piping Engineer with Statoil (Gullfaks B project), 1985–1987

Stein Berntsen
President, business area Consulting
Member of the Group Executive Team since July 2014

M. Sc. (Econ. and BA)
b. 1965, Norwegian citizen

Key employment
Dovre Group Consulting AS:
- President, business area Consulting 2014– present
- Managing Director/ Managing Partner, Dovre Consulting Norway 2011–2014
- EVP, Management Consulting 2008–2011

Dovre International AS:
- Vice President, Project Management 2006–2008
- Vice President, Project Consulting 2002–2008
- Manager Project Analysis 2000–2002
- Project Control Manager (at Statoil) 1999–2000
- Senior Consultant (at Statoil) 1997–1999

Philips Petroleum AS:
- Department Manager, Risk Management 1995–1997
- Senior Cost Estimator 1993–1995
- Cost and Contracts Engineer 1991–1993
- Cost Estimator 1989–1991

Mari Paski
CFO
Member of the Group Executive Team since January 2018

M. Sc. (Econ)
b. 1974, Finnish citizen

Key employment
Dovre Group Plc, CFO, January 2018– present
Dovre Group Plc, Head of Group Accounting, June 2011–December 2017
Nokia Siemens Networks Oy, Senior Specialist in Corporate Accounting, April 2007–June 2011
Wihuri Oy, Controller & Financial Analyst (Group accounting), February 2001–March 2007

INVESTOR RELATIONS

The primary objective of Dovre Group's investor relations is to ensure that the market has at all times access to accurate and sufficient information to support the correct valuation of the company's share.

Up-to-date information about Dovre Group as an investment is available on the company's website **www.dovregroup.com -> Investors**. All financial releases can also be obtained by emailing to **info@dovregroup.com**.

Dovre Group reports half-yearly on its financial performance in accordance with the International Financial Reporting Standards (IFRS).

FINANCIAL REPORTING IN 2019

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

Dovre Group's Annual General Meeting will be held at Helsingin Pörssiklubi in Helsinki (address: Fabianinkatu 14) on Wednesday, March 27, 2019, at 3.00 pm.

CONTACT INFORMATION

Mari Paski, CFO, tel. +358 20 436 2000
info@dovregroup.com

SHARE INFORMATION

Dovre Group Plc's shares are listed on the Nasdaq Helsinki Ltd. Dovre Group has one class of shares (trading symbol: DOV1V).

Market: Nasdaq Helsinki
ISIN: FI0009008098
Symbol: DOV1V
Segment: OMX Helsinki Small Cap
Sector: Industrial goods and services
Number of shares on December 31, 2018: 100,168,769
For more information: **www.nasdaqomxnordic.com**

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