Annual report 2019

We lead the way and build tomorrow's society

bouvet

Bouvet in brief

We are a Scandinavian consultancy in the field of IT and digital communication. We support both private- and public-sector players in digitalising their operations, and help them to meet the challenges and exploit the opportunities presented by digital technology.

We are committed to maintaining long-term client relationships, and are a strategic partner for a number of enterprises through innovation, development and imple¬mentation of solutions. Clients value our good understanding of their activities, and the fact that our broad range of services – comprising development and consultancy services in information technology, communication and enterprise management – means we can be a turnkey supplier.

Our solid client base includes a number of important societal players, and we contribute through our work for them to the necessary development of society. That is in line with our vision.

We are able to maintain close relationships with clients because our business and our employees pursue our assignments with a high level of integrity. In addition to our standards for delivering good solutions, we set strict requirements for ethics, avoiding conflicts of interest, security, openness and trustworthiness.

At the same time, digital reality is always changing. To be able to handle this and to seize the opportunities which arise, we devote particular attention to the enduring job satisfaction and expertise of our employees, their continuous service progress and their credibility as long-term partners.

With a regional model where each office and organisational unit has considerable freedom, we have reduced bureaucracy and shortened decision paths. That gives us an adaptability which is essential for the ability to create good, flexible and durable solutions.

At 31 December 2019, we had 1 557 employees at 10 offices in Norway and three in Sweden.

Our key figures

NOK MILLION	2019	2018	2017	2016	2015
Operating revenue	**2 132**	1 847	1 607	1 331	1 232
Operating profit (EBIT)	**232**	192	144	106	99
Profit for the year	**180**	150	112	80	75
EBIT margin	**10.9 %**	10.4 %	9.0 %	8.0 %	8.1 %
Equity ratio	**29.4 %**	36.6 %	34.2 %	32.9 %	35.9 %
Number of employees (year end)	**1 557**	1 369	1 215	1 090	1 036

Turnover public/private

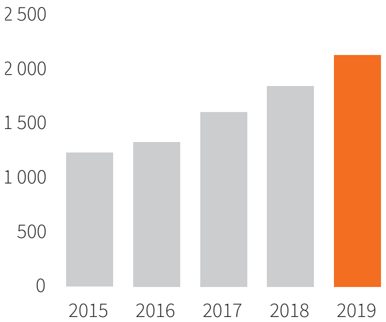
- Revenue from customer 100 % public owned: 50.9 %
- Revenue from customer wholly or partially private owned: 49.1 %

Turnover per business

Oil & gas	28.6 %
Public admin	28.5 %
Power supply	10.3 %
Transportation	6.2 %
Retail	6.0 %
Industry	4.5 %
Bank & finance	4.3 %
Info and communication	4.0 %
Service industry	3.9 %
Health	2.0 %
Other	1.7 %

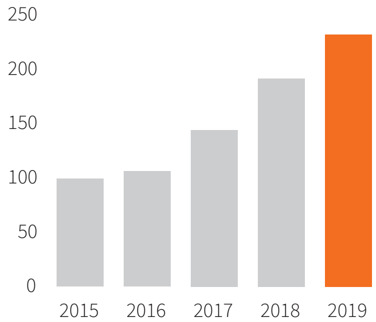
Operating revenue

NOK MILLION

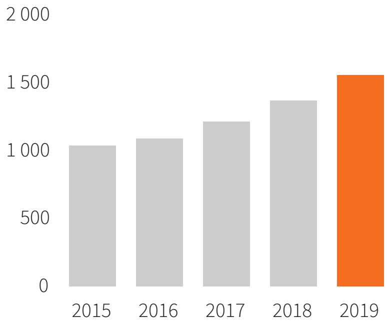


Operating profit (EBIT)

NOK MILLION



Number of employees (Year End)



LETTER FROM THE CEO

Bouvet shares!

We had a good year in 2019. Our good reputation and the work we devoted to attracting and retaining people meant that we welcomed a number of new colleagues to the team. Our clients, who largely comprise large and important societal players in the private and public sectors, increased their investment in digitalisation, and we were able to participate in a number of interesting and socially beneficial assignments. During the autumn, we demerged our Sesam product into a separate subsidiary. The growth in our workforce and the good job done at our clients led to a year with very good financial results.

During 2019, we implemented and initiated a number of activities which have enhanced pride and motivation among our employees. We continued to work on developing a culture where everyone can feel at home, and an organisation where everyone can contribute. We are and will be a workplace where everyone is included, believe they are heard, has equal opportunities, feels secure, and has respect and tolerance for one and other. Results of this work in 2019 included a better gender balance in the company. We also enhanced our expertise, we developed new service areas and, through newly established arenas, we shared expertise and experience to an even greater extent than before. Despite the fact that we have acquired considerably more people, this sharing culture has built up a sense of community which is stronger than ever. We have all felt and experienced that we are stronger together. Our Bouvet community is keen to accept more responsibility for society's progress. We have therefore adopted "we lead the way and build tomorrow's society" as our vision. This is a commitment which calls for special action and behaviour internally, in relation to clients and towards our partners. We see from the results of employee, client satisfaction and reputational surveys that this vision motivates, and is both important and appropriate.

Existing clients showed increased confidence in us during 2019. We also attracted a number of new clients who want contributions from us. Our clients also allow us to participate in solving highly interesting assignments which are very much sustainable and a contribution to society's progress. We had assignments in 2019 in both public and private sectors, and from clients in every sector. That included involvement in digitalisation and development of more intelligent public services, contributing to increased use of electricity in the oil sector and to efficiency improvements which reduce its emissions, and taking part in highly interesting offshore wind power projects. We also worked with many large power generators, we participated in developing tomorrow's transport structure, our contracts in the health sector gave us opportunities to help develop critical solutions, and our expertise in retailing assisted a number of companies facing difficult competitive conditions.

During 2019, we designed the architecture of the future together with our clients, we built data platforms, we developed critical technical systems, and we secured a number of assignments where artificial intelligence and machine learning were an important part of the solution.

The digitalisation process now under way calls for good expertise on the client side. Organisations must change rapidly in order to exploit the new solutions in an efficient way. Demand for our consultancy expertise was very good.

Sesam, which has developed our Sesam data hub integration platform, was demerged as a separate company in 2019. This

product makes data from various systems accessible as well as transforming and integrating them. During 2019, Sesam further developed the solution and won more new clients. The solution was implemented in 2019 with such companies as Hafslund, Statnett, Aker Solutions, Agder Energi, Avinor and Berggård Amundsen, as well as Sweden's Medical Products Agency. Sesam also entered into agreements with a number of partners who have built up expertise with its solution. Gartner, one of the world's largest analysis companies, is full of praise for Sesam.

Our sharing of expertise extends far beyond our own walls. We share expertise and stories with our clients and others through assignments. We share useful knowledge through presentations at breakfast seminars and conferences, and in specialist contexts. One initiative which deserves mention is the construction of a technology centre in Stavanger, where clients, partners and our people gather to exchange experience, discuss opportunities and test new technology. Given the name Futurum, this facility will be formally opened in March 2020.

In addition, we share expertise through our course department. This offers relevant learning programmes with external and internal instructors. A new record for the number of these courses was set in 2019.

Our continuous efforts to build an organisation characterised by diversity has made us an even more attractive company to work in and with. And this led not least to very good financial results. We will continue this work. We are convinced it equips us to continue providing good and integrated advice, solutions and services.

The Norwegian government adopted stringent measures in March 2020 in response to the coronavirus (Covid-19) outbreak and spread. This has led to most of our employees working from home. The future consequences will depend on the continued development of the virus outbreak, government measures, and general economic and market trends.

Sverre Hurum
CEO

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BOUVET ASA

Directors' report

Highlights

Bouvet had a very good year in 2019. The group delivered growth in its workforce, turnover and profit. Demand from its existing clients for the breadth of Bouvet's services increased during the year. At the same time, the group acquired new large clients in several areas. One sector where all Bouvet's offices had assignments during the year was energy, with such clients as Agder Energi, Statnett, Lyse, TrønderEnergi, Svenska Kraftnät and BKK.

During 2019, Bouvet revitalised the group's strategic platform and established "we lead the way and build tomorrow's society" as its new vision. This is grounded in Bouvet's long-term client relationships and sharing culture, and the breadth and leading-edge expertise of its employees. The group's long-term goals have been characterised by their continuity – to have the best workplace, to be client-orientated and to be a successful business. That underpins a positive trend from earlier years in reputational and client surveys carried out during 2019.

Bouvet was an important development partner for a number of its clients in 2019. The need for the whole range of its services and cross-disciplinary teams has been growing. In the transport sector, for example, the group made deliveries across the range of its services, from communication and consultancy to technology. The client list included Sporveien, Entur, Ruter, Kolumbus, Go-Ahead and Vy.

Many projects were changed over the year from fixed duration to continuous product development. One consequence of this shift has been the need for closer involvement by the organisation in digital restructuring. Demand for and interest in strategic consultancy and services related to digital and change management increased during 2019.

Technology was once again an important driver during 2019 and an instrument in society's progress. Bouvet contributed to the digitalisation of the core systems at its clients. Sustainability has become a more visible item on the agenda, and demands to reduce the climate footprint have begun to influence client digitalisation initiatives and assignments. The group's service development was pursued in close collaboration with its clients, on the basis of societal, market and technology trends and with attention concentrated on people. This led Bouvet to strengthen its range of services in every area during 2019, including consultancy, design, cloud and platform services, and security.

Bouvet's clients have had a growing need for expertise on technology, design, innovation and organisational development. Expertise-sharing is integrated in the group's deliveries, and it has worked on a cross-disciplinary basis as part of enhancing digital understanding and knowledge among its clients. The concept of #bouvetdeler (bouvetshares) became a better known and clearer part of Bouvet's sharing culture in 2019. To build further on this, its Rogaland region has developed a new sharing arena. Known as Futurum, this is a centre where the sharing of expertise and experience will trigger innovation and thinking along new lines, as well as creating frameworks for building new networks. Bouvet's course business attracted more participants in both open and internal company programmes during 2019. Close collaboration was pursued over the year between consultants, courses on development and marketing, and the staging of Bouvet's breakfast seminars. A total of 1 300 people attended the latter, an increase from 2018.

Sesam was demerged as a separate subsidiary on 1 November 2019. This company develops the Sesam data hub integration platform, which makes data from various systems accessible as well as transforming and integrating them.

Bouvet continued to devote attention in 2019 to recruiting new employees in a tough labour market. Surveys conducted during the year by the Universum Professional Survey and the Young Professional Attraction Index (YPAI) show that Bouvet's reputation has increased among students and young professionals, and that the group belonged in the top-10 list of attractive employers in general. It came first among IT companies. This was partly the result of several communication initiatives during the year. One was the 24-hour live Hackathon staged in February 2019. Bouvet has subsequently won both national and international awards for this event.

The group's workforce increased by 188 people to reach 1 557 employees by 31 December.

Operations

Digital transformation and innovation are central to Bouvet's work. The group is an important partner for many enterprises on their digitalisation journey. It helps to support companies in differentiating their optimal customer experiences, in developing new and unique services, and in efficiency enhancement and automation to realise the benefits. Given the market position of its clients, the goal is to take maximum advantage together of the technology opportunities – at the same time as taking care of the individual and making provision for enterprises to build digital skills.

Bouvet is a culture-driven organisation, concerned with well-being, social solidarity and team spirit. By concentrating attention on long-term and continuous learning and further development of a well-established sharing culture, the group has developed an ability to collaborate which is much in demand. Clients appreciate its ability to understand and jointly overcome their challenges with an expertise structure and delivery model tailored to their individual requirements.

Viewed overall, Bouvet reinforced its position during 2019 as a visible and leading turnkey supplier with services in the fields of information technology, digital communication and enterprise management.

High level of expertise

Bouvet is sought-after for its strong technical expertise, business comprehension, quality, ability to deliver and pragmatism. Through broad and leading-edge expertise in communication, design, consultancy and technology, the group takes an integrated approach to supporting its clients in overcoming challenges throughout the value chain – from strategy to development and change.

Great emphasis is placed by Bouvet on close collaboration with clients in customising services, expertise requirements and engagement models. That creates a good relationship with each client, and makes it possible to execute assignments with a high level of integrity.

Continuous expertise enhancement is integrated as a natural part of Bouvet's assignments. It therefore puts together client teams with consultants who possess different specialist capabilities and experience. The group's consultants also participate in many external arenas in order to share technical expertise and experience, while simultaneously developing their own professional skills.

As a regional organisation, knowledge transfer in Bouvet also occurs across the regions. Network-building, where personnel learn from and build on the experience of colleagues, creates a good basis for local adaptation.

In total, this means that Bouvet can meet client requirements both for relevant and required leading-edge expertise and for assembling teams of consultants with supplementary competence and personal qualities. This equips the group to meet tomorrow's challenges.

Sharing culture

Bouvet has established and developed the #bouvetdeler concept, and integrated this as a natural part of its culture. This concept includes events where employees share expertise and experience with client and challenge them to dialogue and network building. This is valued, and Bouvet has taken on an expert role in several professional disciplines.

The group's commitment to courses and breakfast seminars encourages sharing across disciplines, sectors, projects and regions. These courses utilise various forms of communication for learning and involvement.

Internal expertise development in Bouvet is organised around its established sharing culture. Open evenings are held at regular intervals within various disciplines. The biggest arena for sharing is the group's internal BouvetOne conference concept, where employees learn from each other. This conference is staged regularly in the regions.

Bouvet's sharing culture is part of its DNA. It equips the group for continuous learning and thereby for being a leader technologically. Sharing expertise means that Bouvet can overcome future development requirements in partnership with clients.

Closeness to clients
Bouvet's regional model, with local offices and closeness to assignments and clients, provides clear advantages for adapting to local markets. A number of enterprises give priority to suppliers who combine good technological knowledge with cultural understanding, industry knowledge and a local presence. Bouvet's closeness and culture of sharing gives the client valuable knowledge about the opportunities provided by the technology in digitalising its own business. The model facilitates a positive and efficient approach to the client's challenges – and thereby to long-term cooperation.

At the same time, the group's structure and culture lays the basis for collaboration across its regions. The power inherent in this community helps to enhance the quality of Bouvet's deliveries and opens the way to continuous service development locally or through joint forces with a local outcome.

Major technology investments sharpen demands for short- and long-term commercial gains. This trend led to increased interest in Bouvet's services in customer experiences and consultancy. Its services for design thinking, digital leadership and advice, collaboration and experience management were therefore strengthened and further developed in 2019.

In this way, Bouvet is able to spot trends quickly and to realise new services which create client value.

Balanced client portfolio
Bouvet works systematically and strategically to secure long-term client relationships. The result has been that more clients want expanded support from the group. A long-term and stable client base means that the group is less vulnerable to cyclical fluctuations and reduces sales costs.

No less than 97 per cent of Bouvet's turnover in 2019 came from clients who were also using the group the year before. In addition, it continued to win new assignments during 2019. Overall, this yielded a substantial turnover increase in most sectors.

The group's 20 largest clients accounted for 51 per cent of its overall revenues in 2019. Satisfied clients will always be the best ambassadors, and good references are valuable in sales work. The score produced by the client satisfaction survey conducted in the autumn of 2019 increased from an already high level.

Solid business
Bouvet's business is built up around a culture which encourages autonomy and learning. Its structure and management principles are intended to prevent bureaucracy and promote a rapid response to market changes.

The foundation is the group's strategic platform and its new vision of "we lead the way and build tomorrow's society". This vision relates not only to assignments and collaboration with clients, but also to the development of Bouvet. The group gained attention and recognition during 2019 in the form of prizes for the way it works on employer branding. External interest has also been shown in its own internal communication and collaboration solutions. Having other players and clients look to the group's ways of working and results for inspiration is a source of pride.

Bouvet has increased its market share in recent years. Results show that the group has a good business model and a range of services adapted to client needs. Thanks to the clear attention devoted to management principles, Bouvet is perceived as a solid, well-run and reputable group.

Key features of the market

The market for Bouvet's service areas is good in Norway and Sweden. Its biggest sectors in 2019 were oil and gas, the public sector, energy, transport and retail. In addition, demand increased during the year in the manufacturing, banking and finance, health care and educational sectors.

Focus on sustainability
Sustainability moved higher up the agenda at a number of Bouvet's clients and in society as a whole during 2019. The group will work with this in the time to come, both in its own organisation and together with its clients.

During 2019, Bouvet worked closely with its clients to identify how digitalisation can contribute to sustainability. It presented a report on the subject during the Arendal Week which attracted great interest.

A number of the group's clients in the oil and gas sector are making a commitment to renewable energy. In addition to new development, this involves existing technology being utilised in new areas. Technology has also been a means of reducing the sector's negative climate footprint through realising new work processes, improved information flow and automation. Bouvet has worked closely here with clients, both strategically to see the opportunities and operationally for rapid adoption.

The energy sector is experiencing major changes in its markets, both nationally and internationally. All Bouvet's regions have experienced increased demand from this sector in 2019, and have assignments in it.

Bouvet's breadth, its industry experience and its sharing culture will be important factors in identifying opportunities together with clients in the time to come, and in the effects digitalisation could have for enterprises in this area.

Changed business models and value chains
A number of sectors are being challenged by changed user behaviour, disruption and the entry of global players. In particular, 2019 proved challenging for many retailers. Bouvet

contributed during the year with development expertise and resources for strategic consultancy, design, analysis and development to support its clients in their meeting with rapidly changing and tougher competition.

While enterprises have different digital models, large and established players by and large respond to changes with digital renewal. To support clients involved in markets affected by swift and unpredictable changes, Bouvet further developed and broadened services during 2019 in consultancy, service design, innovation and change management. It also tailored its modes of delivery and collaboration to support product development leading to continuous launches. Combined with its services in artificial intelligence and machine learning, cloud technology, virtual and augmented reality, sensors and robots, these areas provide enterprises with new opportunities. During the year, Bouvet experienced an increase in demand for this kind of leading-edge expertise as well as for cross-disciplinary teams with broad expertise.

With its cross-disciplinary capabilities, broad range of services and wide-ranging sectoral expertise, Bouvet is well positioned to overcome both commercial and organisational challenges together with its clients and with a pace of development tailored to the market.

From technology to people focus

The significance of organisation and culture was further emphasised during 2019. A number of players are experiencing obstacles and lack of success which derive from their culture and structure. When introducing new services and products, they have failed to take account of the human aspects and thereby reduced the benefits obtained. That has increased demand for and the need to acquire knowledge of digital leadership and change management.

Enterprises need, more than ever, to deliver good integrated customer and employee experiences which cut across channels. During 2019, Bouvet combined understanding of people, their patterns of behaviour and their emotional reactions with knowledge of technology and business in order to deliver on this.

Together with its clients, the group can offer different approaches to issues and uncover organisational interdependencies. That puts it in a good position to handle complex assignments.

From project to product

Bouvet's clients must face up to change if they are to have a sustainable business model. Requirements for adaptability, innovation and stronger market orientation are among the drivers which transform technology projects into continuous product development. This change affects the whole enterprises, as individuals and departments as well as for reporting, financing and the actual organisational structure.

The group worked closely with its clients on this development in 2019, based on such facets as technological maturity, culture, size and enterprise strategy. Bouvet's services and expertise have been adjusted continuously to make it possible to foresee changes and support clients on what these mean for their organisation.

Data-driven enterprises

A number of Bouvet's clients moved in 2019 towards becoming more data-driven. Exploiting data and facilitating scalability calls for platform-oriented development, usually based on cloud technology. During 2019, the group realised several proofs of concept which have shown a big potential for benefits. These assignments were within predictive maintenance, digital twins and the use of artificial intelligence and machine learning in specialist applications.

To ensure rapid and business-driven development, this type of assignment incorporates cross-disciplinary expertise from Bouvet's whole portfolio of services, such as consultancy, customer experiences, data science, artificial intelligence and machine learning, the internet of things, data platforms and cloud technology. The group has ambitions to continue developing deliveries from this type of assignment and to support its clients in their strategic choices.

Bouvet has the combination of disciplines and services required to see the overall picture and to make the right start in establishing data platforms which can take out gains.

Accounts and financial position

Operating revenues

Bouvet had operating revenues of NOK 2 132.1 million in 2019, up by 15.5 per cent from NOK 1 846.7 million the year before. A 12.9 per cent increase in the average number of employees compared with 2018 contributed to the growth in operating revenues. These earnings were also affected positively by a 4.2 per cent rise in prices for the group's hourly based services from the year before. The billing ratio for the group's consultants declined by 1.3 percentage points from 2018, which had a negative effect on operating revenues.

Revenues from existing clients made good progress in 2019. Those who were also clients in 2018 accounted for 97 per cent of operating revenues. New clients acquired during the year contributed combined operating revenues of NOK 65.9 million.

Bouvet uses the services of external consultants in cases where it lacks the capacity to meet demand with its own personnel or where the client requires leading-edge expertise outside the group's own priority areas. The sub-consultant share of total revenues was 12.9 per cent, down from 13 per cent in 2018.

Operating expenses

Overall expenses in Bouvet grew by 14.8 per cent in 2019 to reach NOK 1 900 million, compared with NOK 1 655.1 million the year before.

The cost of sales rose by 10.9 per cent to NOK 286.6 million. This growth primarily reflected increased use of sub-consultants. Payroll costs for the year as a whole rose by 16.9 per cent from 2018 to NOK 1 377.9 million. Depreciation and amortisation accounted for NOK 60.7 million, up from NOK 24.8 million the year before. Implementing IFRS 16 Leases (see note 20) increased depreciation by NOK 35.9 million compared with 2018. Viewed in isolation, implementing the lease standard from 1 January 2019 reduced other operating costs by NOK 38.6 million from the year before. An overall increase of NOK 20.5 million in costs for office premises, recruitment, expertise enhancement and marketing meant that the net reduction of NOK 18.1 million in other operating costs to a total of NOK 174.7 million for the year.

Bouvet experienced a rise of 1.8 per cent in average pay costs per employee during 2019, compared with 1.2 per cent the year before.

Profit

Bouvet achieved an operating profit (EBIT) of NOK 232.1 million in 2019, compared with NOK 191.6 million the year before. That represents an increase of 22.1 per cent from 2018. The EBIT margin was 10.9 per cent, compared with 10.4 per cent in 2018. Implementing IFRS 16 Leases had a positive effect of NOK 2.7 million on operating profit for the year.

Pre-tax profit came to NOK 228.2 million, up by 19.1 per cent from NOK 191.6 million in 2018. Implementing IFRS 16 Leases had a negative effect of NOK 2.3 million on pre-tax profit for the year.

Net profit was NOK 180.1 million, up from NOK 150.5 million in 2018. That represents an increase of 19.7 per cent. Earnings per issued share came to NOK 17.61, compared with NOK 14.80 in 2018.

Balance sheet and financial aspects

Bouvet had a total balance sheet of NOK 1 079.5 million at 31 December 2019, compared with NOK 756.6 million a year earlier. The group implemented IFRS 16 Leases from 1 January 2019, which explains the bulk of the increase in its total balance sheet through the recognition of right-to-use assets and lease liabilities (see note 20). The group has good control with and overview of its receivables, and regards them as sound.

Consolidated equity at 31 December came to NOK 317.8 million, compared with NOK 277 million in 2018. Bouvet paid a total of NOK 133.3 million in dividend to shareholders during the year. The group's capital adequacy measured by the carried equity ratio was 29.4 per cent at 31 December 2019, compared with 36.6 per cent a year earlier. Implementing IFRS 16 Leases reduced the equity ratio at 31 December 2019 by 7.2 percentage points compared with the year before.

Consolidated cash flow from operations was NOK 277.1 million, compared with NOK 219 million in 2018. Liquid assets of NOK 344.7 million take the form of bank deposits.

Consolidated investment totalled NOK 25.3 million in 2019. Of this total, purchases of new operating equipment accounted for NOK 16.4 million and investment in intangible assets for NOK 8.9 million. The group disposed of business assets and minority holdings in subsidiaries totalling NOK 1.4 million during the year, so that net investment for 2019 came to NOK 24 million compared with NOK 57.1 million the year before.

The board takes the view that Bouvet has sufficient capital to finance the group's liabilities, investment needs and operations from internal funds.

Net profit for parent company Bouvet ASA came to NOK 172.5 million, compared with NOK 134.5 million in 2018. The bulk of the company's profit comprises recognised dividend and group contribution from the Bouvet Norge AS subsidiary, and the rise for the year primarily reflected increased income from Bouvet Norge. The investment in Bouvet Norge is the parent company's principal asset. Liabilities for the parent company consist almost entirely of provision for dividend and debt to subsidiaries. Cash flow from operations was positive at NOK 0.4 million, compared with a negative NOK 2.6 million in 2018.

Pursuant to section 3, sub-section 3a of the Norwegian Accounting Act, the board confirms that the going concern assumption is realistic, and the accounts for 2019 have been prepared on that basis. This is based on the group's long-term forecasts as well as its equity and liquidity positions.

Risk and uncertainties

Bouvet is exposed to various risk and uncertainty factors, which are operational, market-related and financial in character. Managing and dealing with uncertainty factors form an integrated part of business operations in order to help attain the group's strategic and financial goals.

The board of Bouvet ensures that the group's executive management identifies all relevant risk factors and that the necessary risk management systems and tools are available to reduce the scope of undesirable incidents of a strategic, operational or financial character.

Operational risk factors

The most important operational risk factors to which the group is exposed relate to the implementation of projects for clients and the availability of employees with relevant expertise.

Estimate risk
Estimate risk is the risk of errors in estimates which form the basis for entering into contracts with clients where fixed-price elements are included.

Reputational risk
Reputational risk will primarily arise because the quality of a delivery is inadequate.

Risk related to availability of expertise
The group is dependent on the availability of relevant expertise to be able to deliver quality and to meet client demand. Increased staff turnover and a generally tight labour market are important elements related to such risk.

Financial risk factors
The most important financial risks to which Bouvet is exposed relate to liquidity and credit. The board makes continuous assessments and specifies guidelines for the way these risks should be handled by the executive management.

Credit risk
Bouvet's client portfolio consists mainly of large and financially sound enterprises and organisations with high credit ratings, and the group has no significant credit risk related to a single counterparty or several counterparties which can be regarded as a group because of similarities in the credit risk. The group reduces its exposure by subjecting counterparties to a credit assessment before possible significant credit is approved.

Liquidity risk
Liquidity risk is the risk that Bouvet will be unable to meet its financial obligations as and when they fall due. The group manages this type of risk by maintaining sufficient liquid assets at all times to be able to meet its financial obligations when they fall due, under both normal and extraordinary conditions. A continuous overview is maintained of the maturity structure of the group's financial obligations, which in general takes account of all the possibilities where early redemption might be required. At 31 December, the group had no interest-bearing debt and bank deposits of NOK 344.7 million. It also possessed undrawn credit facilities totalling NOK 101.4 million.

Market risk
Market risk relates primarily to external factors which could affect fair value and/or future cash flows.

Interest rate risk
Changes in interest rates affect both financial income and expenses and the income statement. Bouvet had no interest-bearing debt at 31 December 2019. The group's interest rate risk is accordingly limited to a possible reduction in financial income, and can accordingly be characterised as limited.

Foreign exchange risk
The bulk of the group's business is conducted in Norwegian kroner, and risk related to foreign exchange fluctuations can accordingly be characterised as limited.

Price risk
Financial developments in Bouvet depend primarily on market and price trends in the Scandinavian market for services related to technology, communication and enterprise management in general. With a high proportion of fixed costs, the group is exposed to fluctuations in the level of activity. Bouvet's strategy is to utilise services from external consultants when it does not have sufficient capacity to meet demand with its own workforce. This provides increased flexibility in adapting to the market conditions prevailing at any given time.

Risk coverage
Although Bouvet seeks to reduce the consequences of undesirable incidents through risk management systems, risk factors will always remain which cannot be adequately addressed by preventive measures. The group accordingly seeks to cover this type of risk as far as possible through the purchase of insurance policies.

Share and shareholders

Shareholder structure
Bouvet had 2 441 shareholders at 31 December. Its 20 largest shareholders owned 6 123 011 shares, which corresponded to 59.74 per cent of total issued shares.

Share price and turnover
The Bouvet share was priced at NOK 388.00 at 31 December, compared with NOK 196.00 a year earlier. This price varied over the year between a low of NOK 196.00 and a peak of NOK 388.00. The share price rose by 98 per cent over the year. Including a dividend of NOK 13.00 per share paid for fiscal 2018, the return in 2019 was 105 per cent. A total of 2.04 million Bouvet shares were traded in 5 231 transactions during the year, compared with 1.19 million in 4 113 transactions for 2018.

Capital changes
Bouvet's share capital at 31 December was NOK 10 250 000, divided between 10 250 000 issued shares with a nominal value of NOK 1.00. This was unchanged from the year before. The group held 467 of its own shares at 31 December, compared with 1 264 a year earlier.

The board was mandated by the AGM on 24 May 2019 to increase the share capital of Bouvet ASA by up to NOK 1 million to finance other companies and businesses. In addition, the board was mandated to increase the share capital by up to NOK 200 000 in connection with the share saving programme for group employees. The board was also mandated to acquire Bouvet's own shares up to a total nominal value of NOK 1 025 000 for use as full or partial settlement in the acquisition of businesses and to have a holding of shares in hand for that purpose, and for implementing the share saving programme for group employees. These mandates run until 30 June 2020.

Dividend
Bouvet aims to give its shareholders a return in the form of dividend and rising share value which is at least on a par with alternative investments offering a comparable level of risk. A dividend is proposed to the extent that the board feels this would not have a negative effect on the group's growth ambitions and capital structure.

A dividend of NOK 13.00 per share proposed by the board was approved by the AGM on 22 May 2019, and the share was traded ex-dividend from 23 May.

Share saving programme for employees
Bouvet has adopted incentive schemes for its employees in the form of profit sharing and a share saving programme.

Corporate social responsibility (CSR)

Social role
Bouvet will be a group which creates positive spin-offs in society. This is achieved through the group's value creation, through its contribution to development and efficiency improvements at its clients, and through its role as an employer. Put briefly, digitalisation is regard by Bouvet as a social responsibility. It gives meaning to everyday life and creates a priceless pride internally. In this way, each employee and the group as a whole contribute to society's progress.

The group participates in every sector. In collaboration with its clients, it defines and develops solutions which will influence and have effects on society. Bouvet's new vision is "we lead the way and build tomorrow's society", which provides direction and motivation. It influences choices in each person's daily life, in assignments, in client and partner relationships and in collaboration with educational institutions. The vision is important for how Bouvet develops its services – and which ones it chooses to pursue.

Employees and organisation
The employees are Bouvet's most important resources. Great emphasis is accordingly given to professional development through seminars, certification and knowledge sharing – and by integrating learning in the way work is done. Employees have a strong commitment, which helps to manifest the group's expertise and make the group an attractive place to work. In addition to offering challenging job, Bouvet works actively to retain and strengthen a good social environment. It has succeeded in these efforts, and its workforce turnover is below the industry average.

The Cornerstones for Bouvet's management training programme, with the emphasis on the corporate culture and on building this, was taken by 140 managers in 2019. An employee survey conducted in the autumn of 2019 showed that Bouvet has a strong internal reputation, which was largely attributable to clear and inspiring leadership. The survey yielded very good results, and showed that Bouvet employees have a high level of job satisfaction as well as being motivated and loyal. This proportion was higher than in comparable companies.

Many new employees in 2019 chose the group as their first or second employer. Surveys by Universum and Academic Work show that Bouvet has improved its reputation among young professionals. It tops the list of attractive places to work in the IT sector, and among employers in general.

Total sickness absence for 2019 was 108 048 hours or 3.8 per cent, down from 4.1 per cent the year before. No serious working accidents occurred during 2019. Bouvet has contracts with local medical centres to provide an occupational health service.

Health, safety and the environment are a priority area. The group has established documented routines and divisions of responsibility in this area, including local safety delegates and working environment committees.

Bouvet is working long-term to increase the percentage of women among its employees. The female proportion is 28.2 per cent, up from 27.7 per cent in 2018. The proportion in management is 27 per cent, unchanged from the year before. Women and men in comparable jobs receive the same pay.

Diversity and inclusion
All employees are duty-bound to contribute to a positive and professional working environment. This means that they will treat each other with respect, and that all forms of discrimination are unacceptable. That includes discrimination on the basis of religion, skin colour, gender, sexual orientation, age, nationality, race or disability.

Bouvet works to create a secure employee environment, which builds on diversity, broad expertise and space for people with different backgrounds to contribute. Diversity also covers specialist capabilities. This versatility is important in equipping Bouvet to provide advice, solutions and services which see the overall picture at its clients.

The group views diversity and inclusion as preconditions for a modern business, and for the functioning and success of a modern society.

Environment
Bouvet's goal is to be as environment-friendly as possible. Action in this area is described in a separate report concerning CSR on the group's website. The group's aim is for the whole group to be certified as an Eco-Lighthouse during 2020.

Corruption

Bouvet regards all forms of corruption as unacceptable. Guidelines and routines in this area are described in a separate report on CSR posted to the group's website.

Ethics

Bouvet appreciates the importance of having clear ethical guidelines for its employees. As a consultancy, compliance with these is particularly important. The guidelines emphasise that the group will always give the client the advice which is best for it, observe applicable legislation and statutory regulations, and require employees to show respect for others in their work.

All managers in Bouvet take the programme entitled Cornerstones for Bouvet's management. Behaving in a trustworthy manner towards clients and employees is an important element in this programme.

Organisation

Bouvet works on the basis of a regional model where closeness to the clients is important. This structure allows it to operate as a network organisation with local, relevant and forward-looking expertise.

The group has 10 offices in Norway and three in Sweden. These are located in Arendal, Bergen, Borlänge, Haugesund, Kristiansand, Örebro, Oslo, Sandefjord, Sandvika, Skien, Stavanger, Stockholm and Trondheim. The workforce grew to 1 557 employees during the year, up by 188 from 2018.

Bouvet will continue to build on its regional strategy, while remaining oriented towards the whole of society. The ambition is to be the industry leader in the regions where it operates.

Sesam

Sesam was demerged as a separate subsidiary on 1 November 2019. This company develops the Sesam data hub integration platform, which makes data from various systems accessible as well as transforming and integrating them. This allows enterprises to utilise the data rapidly and efficiently. The company's specialist services support clients in implementing and using the product.

The market for Sesam is growing fast. Client relationships were established during 2019 in Norway, Sweden and Germany. Examples include Hafslund, Statnett, Aker Solutions, Agder Energy, Avinor, Berggård Amundsen and Sweden's Medical Products Agency.

Sesam entered into nine new partner agreements in 2019 with both national and international consultancies.

Allocation of net profit

Consolidated net profit for 2019 was NOK 172.5 million, compared with NOK 134.5 million the year before. Parent company equity before provision for dividend at 31 December 2019 amounted to NOK 226.2 million.

The board proposes that a dividend of NOK 84,6 million be paid, corresponding to NOK 8.25 per share. It is proposed to transfer the net profit remaining after the payment of dividend to other equity.

Furthermore, it will be proposed that the general meeting grants an authorization to the Board of Directors to resolve additional dividends based on the annual account for 2019, upcoming market developments and the company's equity and liquidity. The authorization will cover the period until the annual general meeting in 2021.

The decision was made based on the uncertainty that now prevails regarding the development of the coronavirus outbreak, the government's measures, and general economic and market trends.

Prospects

Digitalisation has become a natural part of business development for enterprises in their encounter with more dynamic and unpredictable markets and with a changing society. It plays a key role in building sustainable competitiveness over time. Where Bouvet's customers are concerned, unique customer experiences and the right business models will be important in the time to come. That calls for a combination of deep customer and commercial understanding, creativity and technology expertise, and cross-disciplinary consultancy expertise in order to see the whole value chain from societal, market and organisational perspectives.

New societal and competitive conditions, and technology- and data-driven development, affect the way enterprises are organised. Devoting attention to people will be important for getting the whole business aboard for the transformation journey. The goal is to become adaptable to rapid change, and to be able to seize new opportunities. Technology will therefore occupy a more central place in both commercial and organisational development. The distinction between IT and business will become smaller.

IT projects will continue to transition into continuous product development, and will become an integrated part of the organisation. Enterprises will administer and develop product portfolios and digital ecosystems. These may include data platforms with opportunities in such areas as the internet of things, artificial intelligence and machine learning. These are examples of technologies which will have a big influence on an enterprise's own organisation with regard to such aspects as roles, expertise and structures.

These changes will affect the way Bouvet interacts in future with its clients, the expertise structures required for its assignments, and new services tailored to this development. Bouvet's regional model, adaptability, expertise and breadth of services mean it is well adapted to this change.

Bouvet expects demand for its services to remain high in both public and private sectors. Everything is in place for the group to continue developing an organisation which is already expert and motivated in order to ensure satisfied clients, a high rate of repeat orders and continued progress for the group.

The group's strategy is to grow organically through the recruitment of competent personnel and through the acquisition of businesses which provide the group with new expertise and clients. The board regards the group's prospects as good.

The coronavirus outbreak

A global outbreak of a respiratory infection caused by a previously unknown coronavirus (Covid-19) is currently under way. This has prompted governments in a steadily growing number of countries, including Norway, to implement stringent measures to reduce the spread of the virus. During March 2020, the vast majority of the group's employees converted to working from home. What the future consequences will be depends on the further development of the virus outbreak, the government's measures, and general economic and market trends.

These effects do not influence the presentation of the financial statements for 2019. Bouvet will give details of possible significant conditions in its future interim reporting.

Oslo, 22 April 2020
The board of directors of Bouvet ASA

Pål Egil Rønn
Chair of the board

Tove Raanes
Deputy chair

Grethe Høiland
Director

Ingebrigt Steen Jensen
Director

Egil Christen Dahl
Director

Sverre Hurum
President and CEO

Declaration by the board and CEO

The board of directors and the chief executive officer have today reviewed and approved the directors' report and the annual consolidated and parent company financial statements for Bouvet ASA at 31 December 2019.

We hereby confirm that, to the best of our knowledge:

- the annual financial statement for the Bouvet group have been prepared in accordance with the IFRS and IFRIC as adopted by the European Union (EU) and additional Norwegian disclosure requirements in the Norwegian Accounting Act, and the annual financial statements for Bouvet ASA have been prepared in accordance with the Norwegian Accounting Act,
- the director's report for the group and the parent company fulfills the requirements of the Norwegian Accounting Act and the Norwegian Accounting Standard no 16,
- the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position and results of the company and the group at 31 December 2019,
- the director's report gives a true and fair view of the development, performance, financial position, and principle risks and uncertainties of the group and parent company.

Oslo, 22 April 2020
The board of directors of Bouvet ASA

Pål Egil Rønn Chair of the board	Tove Raanes Deputy chair	Grethe Høiland Director
Ingebrigt Steen Jensen Director	Egil Christen Dahl Director	Sverre Hurum President and CEO

BOUVET – GROUP

Consolidated income statement

1 January - 31 December

NOK 1 000	NOTE	2019	2018
Revenue	4, 11	2 132 052	1 846 711
Operating expenses			
Cost of sales	5	286 639	258 514
Personnel expenses	6	1 377 938	1 178 968
Depreciation fixed assets	10, 20	53 851	17 388
Amortisation intangible assets	12	6 826	7 414
Other operating expenses	7, 20	174 747	192 865
Total operating expenses		1 900 001	1 655 149
Operating profit		232 051	191 562
Financial items			
Other interest income		3 245	1 815
Other financial income		316	929
Other interest expense		-5 206	-104
Other finance expense		-2 192	-2 627
Net financial items		-3 837	13
Ordinary profit before tax		228 214	191 575
Income tax expense			
Tax expense on ordinary profit	8	48 081	41 078
Total tax expense		48 081	41 078
Profit for the year		180 133	150 497
Assigned to:			
Shareholders in parent company		180 149	150 497
Non-controlling interests		-16	-
Diluted earnings per share	9	17.44	14.66
Earnings per share	9	17.61	14.80

BOUVET – GROUP

Consolidated statement of other income and costs

1 January - 31 December

NOK 1 000	NOTE	2019	2018
Profit for the year		180 133	150 497
Items that may be reclassified through profit or loss in subsequent periods			
Currency translation differences		-304	-28
Sum other income and costs		-304	-28
Total comprehensive income		179 829	150 469
Assigned to:			
Shareholders in parent company		179 845	150 469
Non-controlling interests		-16	0

BOUVET – GROUP

Consolidated balance sheet

At 31 December

NOK 1 000	NOTE	2019	2018
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Deferred tax asset	3, 8	1 133	0
Goodwill	3, 12, 13	32 722	32 944
Other intangible assets	3, 12	35 932	34 070
Total intangible assets		69 787	67 014
Fixed assets			
Office equipment	10	24 868	25 187
Office machines and vehicles	10	4 865	5 907
IT equipment	10	19 510	20 112
Right-of-use assets	20	232 611	0
Total fixed assets		281 854	51 206
Financial non-current assets			
Other financial assets		10	11
Other long-term receivables		1 927	1 935
Total financial non-current assets		1 937	1 946
Total non-current assets		353 578	120 166
CURRENT ASSETS			
Work in progress	3, 11	67 842	55 520
Trade accounts receivable	14	276 167	269 718
Other short-term receivables	15	37 142	32 765
Liquid assets	16	344 725	278 388
Total current assets		725 876	636 391
TOTAL ASSETS		1 079 454	756 557

BOUVET – GROUP

Consolidated balance sheet

At 31 December

NOK 1 000	NOTE	2019	2018
EQUITY AND LIABILITIES			
EQUITY			
Paid-in capital			
Share capital	17	10 250	10 250
Own shares - nominal value		0	-1
Share premium		10 000	10 000
Total paid-in capital		20 250	20 249
Earned equity			
Other equity		296 706	256 744
Total earned equity		296 706	256 744
Non-controlling interests		795	0
Total equity		317 751	276 993
DEBT			
Long-term debt			
Lease liabilities	20	201 352	0
Deferred tax	3, 8	0	574
Total long-term debt		201 352	574
Short-term debt			
Current lease liabilities	20	33 520	0
Trade accounts payable		51 661	58 012
Income tax payable	8	46 434	41 279
Public duties payable		181 807	169 088
Deferred revenue	3, 11	11 268	16 678
Other short-term debt	21	235 661	193 933
Total short-term debt		560 351	478 990
Total liabilities		761 703	479 564
TOTAL EQUITY AND LIABILITIES		1 079 454	756 557

Oslo, 22 April 2020
The board of directors of Bouvet ASA

Pål Egil Rønn
Chair of the board

Tove Raanes
Deputy chair

Grethe Høiland
Director

Ingebrigt Steen Jensen
Director

Egil Christen Dahl
Director

Sverre Hurum
President and CEO

BOUVET – GROUP

Consolidated statement of cash flows

1 January - 31 December

NOK 1 000	NOTE	2019	2018
Cash flow from operating activities			
Ordinary profit before tax		228 214	191 575
Taxes paid	8	-44 732	-30 807
(Gain)/loss on sale of fixed assets		-168	-406
Ordinary depreciation	10, 20	53 851	17 388
Amortisation intangible assets	12	6 826	7 414
Share based payments		8 044	7 272
Changes in work in progress, accounts receivable and accounts payable		-25 121	-14 658
Changes in other accruals		50 142	41 193
Net cash flow from operating activities		277 054	218 971
Cash flows from investing activities			
Sale of fixed assets		568	574
Purchase of fixed assets	10	-16 433	-30 609
Purchase of intangible assets	12	-8 921	-13 718
Purchase of business		812	-13 390
Net cash flow from investing activities		-23 973	-57 143
Cash flows from financing activities			
Purchase of own shares		-35 991	-19 544
Sales of own shares		21 152	17 858
Other payments on lease liabilities	20	-5 030	0
Payments principal portion on lease liabilities	20	-33 625	0
Dividend payments	17	-133 250	-87 125
Net cash flow from financing activities		-186 744	-88 811
Net changes in liquid assets		66 337	73 017
Liquid assets at the beginning of the period		278 388	205 371
Liquid assets at the end of the period		344 725	278 388
Unused credit facilities		101 322	101 358

BOUVET – GROUP

Consolidated statement of changes in equity

1 January - 31 December

NOTE	NOK 1 000	SHARE CAPITAL	OWN SHARES - NOMINAL VALUE	SHARE PREMIUM	TOTAL PAID-IN EQUITY	OTHER EQUITY	TRANSLA-TION DIFFERENCES	TOTAL EARNED EQUITY	NON-CON-TROLLING INTERESTS	TOTAL EQUITY
	Equity at 01.01.2018	10 250	-47	10 000	20 203	197 659	-472	197 186	3 019	220 408
	Profit for the year					150 497		150 497		150 497
	Other income and costs						-28	-28		-28
18	Purchase/sale of own shares (net)		46		46	-1 680		-1 680		-1 634
	Employee share scheme					8 264		8 264		8 264
2	Change non-controlling interests					-10 371		-10 371	-3 019	-13 390
18	Dividend					-87 125		-87 125		-87 125
	Equity at 31.12.2018	10 250	-1	10 000	20 249	257 244	-500	256 744	0	276 993
	Equity at 01.01.2019	10 250	-1	10 000	20 249	257 244	-500	256 744	0	276 993
	Profit for the year					180 149		180 149	-16	180 133
	Other income and costs						-304	-304		-304
18	Purchase/sale of own shares (net)		1		1	-14 796		-14 796		-14 795
	Employee share scheme					8 162		8 162		8 162
2	Change non-controlling interests								811	811
18	Dividend					-133 250		-133 250		-133 250
	Equity at 31.12.2019	10 250	0	10 000	20 250	297 509	-804	296 706	795	317 751

BOUVET – GROUP

Notes

Note 1: Accounting principles

The Group financial statements of Bouvet ASA for the period ending on 31 December 2019 were approved in a board meeting on 22 April 2020.

Bouvet ASA is a public limited company incorporated in Norway and listed on Oslo Børs. The Group's main office is located in Sørkedalsveien 8, 0369 Oslo, Norway. The Group delivers consultancy services and training within information technology. The Group's business concept is to create opportunities and increase the efficiency of their customers' processes by means of new ideas and new technology in close cooperation with the customer.

The basis for the preparation of the financial statements

The Group's financial statements of Bouvet for the accounting year 2019 have been prepared in accordance with international accounting standards and interpretations accepted by the EU, mandatory for the accounting year 2019.

The financial statements are based on the principles of historic cost.

The Group financial statements have been prepared on the basis of uniform accounting principles for uniform transactions and events under otherwise equal circumstances.

The Group's presentation currency is Norwegian Kroner (NOK) and the parent company's functional currency is NOK. Balance sheet items in subsidiaries with a functional currency other than NOK are converted to Norwegian kroner by applying the currency rate applicable on the balance sheet date. Currency conversion differences are booked against other comprehensive income. Income statement items are converted by applying the average currency rate for the period.

Changes in accounting principles and disclosures

The following new and changed standards and interpretations have been adopted for the first time in 2019:

IFRS 16 Leases

The Group has adopted IFRS 16 Leases on 1 January 2019. The standard replaces IAS 17 Leases and sets out the principles for the recognition, measurement and presentation of leases. The new standard requires lessees to recognise assets and liabilities for most leases. Bouvet has chosen to adopt IFRS 16 using the modified retrospective approach, with its exemptions, where lease contracts for which the lease terms ends within 12 months as of date of initial application, and lease contracts for which the underlying asset is of low value is not included.

For the Group mainly leases related to office premises was affected by IFRS 16. Bouvet leases office premises at the 13 locations where business is operated. At 1 January 2019 it was capitalised right-of-use-assets and lease liabilities of NOK 265 011 thousand. This reduced the equity ratio of 9.6 percentage points.

Reconciliation of lease commitments (IAS 17) to lease liabilities (IFRS 16):

NOK 1 000	01.01.2019
Operating lease commitments at 31 December 2018	289 210
Short-term leases	-1 252
Low-value leases	-419
Change in existing leases	548
Effect of discounting	-23 076
Lease liabilities	265 011
Incremental borrowing rate	2 %

See note 20 for statement of right-to-use-assets and lease liabilities per 31 December 2019.

In accordance with the new regulations leases recognised in the balance sheet will be depreciated over the lease period and recognised together with the Group's remaining depreciations. Interest effect from the discount calculation will be recognised as financial items. Due to the new regulations the Group's EBIT will slightly increase, provided the same type and number of lease objects.

Consolidation principles

The Group financial statements include Bouvet ASA and companies under the controlling interest of Bouvet ASA. An entity is considered to be controlled by the Group where the Group is exposed, or has the rights, to variable returns from its involvement with the entity in question, and has the ability to affect those returns through its power over the entity. Controlling interest is normally achieved when the Group owns more than 50% of the shares in the company, and the Group is able to exercise actual control over the company.

The purchase method is applied when accounting for mergers. Companies that are sold or purchased during the year are included in the Group accounts from the date when a controlling interest is achieved and until the control ends. Ref. paragraph Business Combinations.

Inter-company transactions and balances, including internal profit and unrealized profit and loss have been eliminated.

The use of estimates in the preparation of the financial statements

Management has used estimates and assumptions that have affected assets, liabilities, revenue, expenses and information on potential liabilities. The most significant accounting estimations concerns the revenue recognition of customer projects with elements of fixed price, write-down of goodwill and other intangible assets, and the calculation of fair value of assets and liabilities at acquisitions. Future events may imply that the estimates change. Estimates and the underlying assumptions are considered on a continuous basis. Changes in accounting estimates are recognised in the period the changes arise. In the event that the changes also apply for future periods, the effect is distributed over current and future periods. Ref. note 3.

Currency

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in foreign currency are translated at de end of every period to the rate applicable on the balance sheet date. Non-monetary items valued at historic costs are translated at the transaction date. Non-monetary items assessed at real value denominated in foreign currency are translated at the rate applicable on the balance sheet date. Exchange rate changes are recognised in the income statement as they occur during the accounting period.

Revaluation of foreign subsidiaries

Asset and liabilities in foreign enterprises, with another functional currency than Norwegian kroner, are converted to Norwegian kroner by applying the rate applicable on the balance sheet date. Revenue and expenses are converted based on average rate for the reporting period.

Currency translation differences are reported in the statement of other income and costs. When a foreign enterprise is disposed in a way where Bouvet ASA no longer is in control, currency translation differences are expensed and simultaneously reversed in the statement of other income and costs.

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group is primarily delivering its services based on time and material used and has in most cases legal rights for payment for services delivered at date.

In cases where the Group has income from projects with predefined results at a fixed price or which has elements causing the income per hour to be unknown before completion of the project, the income is recognised in line with the degree of completion. Progress is measured as accrued hours in relation to totally estimated hours.

When the transaction's result cannot be reliably estimated only revenue equaling accrued project costs are taken to income, provided that it is likely that the revenue will be greater than accrued project costs. Any estimated loss on a project will be fully recognised in the income statement in the period when it is identified that the contract will result in a loss.

Revenue from the sale of products is recognised when the significant risks and rewards of ownership of the products have passed to the buyer. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits from the asset.

The Group also produces and delivers customised products to customers where the promised goods and services are sold together. Some of these contracts for bundled goods and services comprise one performance obligation when the promise to deliver goods and services are not separately identifiable.

Revenue from the sale of goods and services that constitute one performance obligation is recognised over time when either:

- The Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced
- The Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

Contract balances

Work in progress: Is contract assets defined as the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Deferred revenue: Is contract liabilities defined as the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group fulfils the performance obligation(s) under the contract.

Segments

The Group is not reporting internally on separated business areas. The Group's business is uniform and within the Scandinavian market for IT-consultancy services. Risks and earnings are followed up by the business united with the same markets, on a project basis and per consultant. Based on this the Group has one reportable business segment.

Financial information regarding geographical allocation of revenue is presented in note 4.

Income tax

The tax expense consists of tax payable and changes in deferred tax. Deferred tax/tax assets are calculated on all temporary differences between book and tax value on assets and liabilities, with the exception of

- temporary differences related to not tax-deductible goodwill
- temporary differences related to investments in subsidiaries, associated companies or joint ventures when the Group controls the time of reversal of the temporary differences and it is assumed that this will not happen in the foreseeable future.

Deferred tax assets are recognised when it is probable that the tax jurisdiction will make sufficient profit in future periods to utilise the tax asset.

The companies recognise previous not recorded deferred tax assets to the extent that it is probable that the Group can utilise the deferred tax asset. Likewise, the Group will reduce the deferred tax assets when it is considered unlikely that the deferred tax asset can be utilised.

Deferred tax and deferred tax assets are measured on the basis of the adopted future tax rates of the Group companies where temporary differences have arisen.

Deferred tax and deferred tax assets are disclosed at a nominal value and classified as long-term debt/assets in the balance sheet.

Tax payable and deferred tax assets are set-off directly against equity to the extent that the underlying items are booked against equity.

Fixed assets

Fixed assets are valued at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the gross carrying amount and depreciation are reversed, and any gain or loss on the sale or disposal is recognised in the income statement.

The gross carrying amount of fixed assets is the purchase price, including duties/taxes and direct acquisition costs related to making the fixed asset ready for use. Subsequent costs, such as repair and maintenance costs, are normally expensed when incurred, whereas other expenses expected to increase future economic benefits are balance sheet recorded.

Depreciation is calculated using the straight-line method over the following periods.

Office equipment	5-10 years
Office machines and vehicles	5 years
IT equipment	3 years

The depreciation periods and methods are assessed each year. The residual value is estimated every year-end and changes in the estimate for residual value is accounted for as an estimation change.

Leases

The Group has applied IFRS 16 using the modified retrospective approach. The impact of changes in accounting policies and impact of the initial application is disclosed in note 20 Leases.

Significant accounting policies

Identifying a lease

At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

Separating components in the lease contract

For contracts that constitute, or contain a lease, the Group separates lease components if it benefits from the use of each underlying asset either on its own or together with other resources that are readily available, and the underlying asset is neither highly dependent on, nor highly interrelated with, the other underlying assets in the contract. The Group then accounts for each lease component within the contract as a lease separately from non-lease components of the contract.

Recognition of leases and exemptions

At the lease commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognises the lease payments as other operating expenses in the statement of profit or loss when they incur.

Lease liabilities

The lease liability is recognised at the commencement date of the lease. The Group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group is reasonably certain to exercise this option.

The lease payments included in the measurement comprise of:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- Amount expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option, if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group does not include variable lease payments which do not depend on an index or interest rate in the lease liability. Instead, the Group recognises these variable lease expenses in profit or loss.

The Group presents its lease liabilities as separate line items in the statement of financial position.

Right-of-use assets
The Group measures the right-of use asset at cost, less any accumulated depreciation and impairment losses, adjusted for any remeasurement of lease liabilities The cost of the right-of-use asset comprise:

- The amount of the initial measurement of the lease liability recognised
- Any lease payments made at or before the commencement date, less any incentives received
- Any initial direct costs incurred by the Group. An estimate of the costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The Group applies the depreciation requirements in IAS 16 Property, Plant and Equipment in depreciating the right-of-use asset, except that the right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset.

The Group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Intangible assets

Intangible assets acquired separately are recorded at cost. Costs related to intangible assets at acquisitions are disclosed at real value in the Group's opening balance. Balance sheet recorded intangible assets are carried at cost less any accumulated amortisation and impairment losses.

The cost of intangible assets includes the purchase price and any duties/taxes.

Internally generated intangible assets, with the exception of capitalised development costs, are not capitalised, and expenditure is charged to profit and loss in the year in which the expenditure is incurred.

The useful lives are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Goodwill is not depreciated, but tested annually for impairment. The amortisation period and method are assessed at least once a year. Changes in amortisation method and/or period are treated as a change in estimate.

Research and development

Expenses relating to research are recognised in the income statement when incurred.

Expenses related to development are balance sheet recorded to the extent that the product or the process is technically and commercially viable, and:

- the Group has adequate resources and the intention to complete the development, and
- it is probable for the Group that this will accrue future profit, and
- that costs related to development can be measured reliably.

Expenses recorded in the balance sheet include materials, direct salary costs and a portion of directly attributable joint expenses.

Development costs are recorded in the balance sheet at cost less accumulated depreciation and impairment losses.

Balance sheet recorded development costs are depreciated on a straight-line basis and over the asset's estimated useful life.

Business Combinations

Goodwill

The difference between cost at acquisition and the Group's share fair value of net measureable assets at the time of acquisition is classified as goodwill. Concerning investments in associated companies, goodwill is included in the investment's balance sheet recorded value.

In the balance sheet, goodwill is recognised at cost less any accumulated amortisation.

Assets and liabilities taken over in mergers are recognised at fair value in the Group's opening balance.

The allocation of compensation at mergers is changed if any new information on fair value at the date of the take-over of control arises and 12 months after the acquisition.

Goodwill is allocated to cash flow generating units or groups of cash generating units expected to have synergy effects of the merger, and is tested at least annually for impairment.

Equity at real value in excess of acquisition cost
Equity at real value in excess of acquisition cost at mergers is immediately recognised as income at the time of the acquisition.

Liquid assets

Liquid assets are bank deposits and short-term liquid investments that can be converted to cash within three months and at a known amount. Cash tied-up for more than three months is not included in liquid assets.

Equity

Liabilities and equity
Interest, dividend, profit and loss related to a financial instrument classified as debt will be presented as expense or income. Distributions to owners of financial instruments classified as equity will be set off directly against equity.

Own shares
On repurchase of own shares, costs including directly attributable expenses are recorded as a change in equity. Own shares are disclosed as a reduction of equity. Gains or losses on transactions with own shares are not recognised in the income statement.

Costs of equity transactions
Transaction costs directly relating to an equity transaction are set off directly against equity after deducting tax expenses.

Translation differences
Translation differences arise in connection with exchange-rate differences of consolidated foreign entities.

Exchange-rate differences in monetary amounts (liabilities or receivables) which are in reality a part of a company's net investment in a foreign entity are also included as translation differences.

If a foreign entity is sold, the accumulated translation difference linked to the entity is reversed and recognised in the statement of comprehensive income in the same period as the gain or loss on the sale is recognised.

Employee benefits

Defined contribution plan
The Group has a defined contribution plan by which it is committed to contribute to each employee's pension plan with a fixed amount. The future pension depends on the size of the contributions and the yield on the pension savings. The Group's obligation is fully met when paid. The pension costs are charged as an expense when accrued.

Share scheme for employees

The Group has a share scheme including all employees not under notice and who have, at the latest, started work on the first day of the month when the offer is made. The fair value of the scheme is measured at the grant date and expensed over the vesting period of three years. The scheme is an arrangement with settlement in shares, where the cost is recognised as a payroll expense with equity as the contra entry. Employer's National Insurance contribution on the award is recognised in profit and loss over the expected vesting period.

Provisions

A provision is recognised when the Group has an obligation as a result of a previous event and it is probable that a financial settlement will take place as a result of this obligation and the size of the amount can be measured reliably. If the effect is considerable, the provision is calculated by discounting estimated future cash flows using a discount rate before tax that reflects the market's pricing of the time value of money and, if relevant, risks specifically linked to the obligation.

Potential restructuring provisions are recognised when the Group has approved a detailed, formal restructuring plan and the restructuring has either started or been publicly announced within the company.

Provisions for loss-making contracts are recognised when the Group's estimated revenues from a contract are lower than unavoidable costs which were incurred to meet the obligations pursuant to the contract.

Contingent liabilities and assets

Contingent liabilities are not recognised in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are very unlikely to be incurred.

Contingent assets are not recognised in the annual accounts but are disclosed if there is a certain probability that a benefit will be added to the Group.

Events after the balance sheet date

New information on the Group's position at the balance sheet date is taken into account in the financial statements. Events after the balance sheet date that do not affect the Group's position at the balance sheet date, but will affect the Group's position in the future, are stated if significant.

Amendments to standards and interpretations with a future effective date

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective are disclosed below. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

Amendments to IFRS 3 Definition of a Business
The amendments will help companies determine whether an acquisition made is of a business or a group of assets.
The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to

investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance.

The amendments must be applied to transactions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020. It is not expected that the amendments will have significant effects for the Group.

Amendments to IAS 1 and IAS 8 - Definition of Material

The International Accounting Standards Board has issued amendments to its definition of material to make it easier for companies to make materiality judgements. The definition of material, an important accounting concept in IFRS Standards, helps companies decide whether information should be included in their financial statements. The updated definition amends IAS 1 and IAS 8.

The amendments are a response to findings that some companies experienced difficulties using the old definition when judging whether information was material for inclusion in the financial statements.

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

The changes are effective for annual periods beginning on or after 1 January 2020.

Note 2: Overview of subsidiaries

The following subsidiaries are included in the consolidated accounts:

COMPANY	COUNTRY	MAIN BUSINESS LINE	RESULTS 2019	EQUITY 31.12.2019	RESULTS 2018	EQUITY 31.12.2018	OWNER-SHIP	VOTING SHARE
Ontopia AS [1)]	Norway	IT consultancy company	39	3 642	26	3 602	100 %	100 %
Nordic Integrator Management AS [2)]	Norway	IT consultancy company	4	1 142	-2	1 138	100 %	100 %
Olavstoppen AS [3)]	Norway	IT consultancy company	5 839	10 326	5 440	8 487	100 %	100 %
Bouvet AB [4)]	Sweden	IT consultancy company	1 236	10 532	5 290	9 532	100 %	100 %
Sesam.IO AS [5)]	Norway	Software company	-851	41 151	0	0	98 %	98 %
Bouvet Norge AS	Norway	IT consultancy company	174 581	206 542	142 795	201 081	100 %	100 %

1) Consolidated from 1 April 2007
2) Consolidated from 1 July 2007
3) Established in March 2010
4) Consolidated from 1 October 2008. Bouvet AB has two subsidiaries; Bouvet Sverige AB and Bouvet Public Skills AB.
5) Consolidated from 1 November 2019 as a separate subsidiary. Previous the Sesam business was consolidated through Bouvet Norge AS.

Interests held by non-controlling interests in the Group's activities and cash flows:

COMPANY	LOCATION	MAIN BUSINESS LINE	OWNERSHIP	VOTING SHARE
Sesam.IO AS	Oslo	Software company	2 %	2 %

Summary of financial information regarding non-controlling interests (2 %):

NOK 1 000	2019
Revenue	186
Profit for the year	-16
Total comprehensive income	-16
Non-current assets	638
Current assets	377
Total assets	1 015
Equity	795
Long-term debt	0
Short-term debt	220
Total equity and liabilities	1 015

Note 3: Estimation uncertainty

In preparing the financial statements in accordance with IFRS, the Group's management has applied estimations based on their best judgement and on assumptions considered to be realistic. Unexpected situations or changes in market conditions can result in changed estimations and thereby have an effect on the company's assets, liabilities, equity and result.

The Group's most significant accounting estimations concern the following items:

- Estimations relating to the degree of completion of customer projects
- Write-down/reversal of goodwill and other intangible assets
- Fair value of assets and liabilities at acquisitions

The Group is primarily delivering its services based on time and material used and has in most cases legal rights for payment for services delivered at date. The Group has some income from fixed price or target price projects where the Group shall deliver a predefined result at a price that is either fixed or has elements causing income per hour not to be known before the projects are finalised. For these projects the income is recorded in correlation with the degree of completion. Progress is measured as incurred hours in relation to totally estimated hours. For these projects the customer controles the asset being made or improved. For the accounting year 2019, NOK 42.61 million or 2 percent of the Group's income was generated by projects with such an element of uncertainty and the income is recorded based on the degree of completion (ref. note 11). For the accounting year 2018 corresponding figures was NOK 25.51 million or 1.4 percent.

The Group's balance recorded goodwill and other intangible assets are annually assessed for impairment and any reversal of previous write-downs (ref. note 13). The impairment test is based on expectations from the time of acquisition and when substantial changes in these expectations a write-down must be considered. The expectations are attached to moderate growth in number of employees, market and customers.

Bouvet ASA distributes costs for acquired businesses on acquired assets and liabilities based on an estimated fair value at acquisition. The Group has performed the necessary analysis to decide the fair value of acquired assets and liabilities. The management has to perform substantial judgement in deciding on methods, estimates and assumptions for these valuations. Significant purchased intangible assets recognised comprise customer contracts and customer relations. Assumptions used for assessing intangible assets include, but are not limited to, the expected economic life of customer contracts and the customer relationship based on lapse of customers. Assumptions used for assessing assets include, but are not limited to, the replacement costs for fixed assets. Management's calculations of fair value are based on assumptions considered to be fair, but with an inherent uncertainty. As a consequence, the actual result may deviate from the calculations.

Note 4: Income

Information about geographical allocation of revenue
Revenue from external customers attributable to:

NOK 1 000	2019	2018
Norway	1 969 409	1 695 602
Sweden	154 897	144 771
Other countries	7 746	6 338
Total income	2 132 052	1 846 711

See note 10 for geographical allocation of fixed assets.

Information about major customers
Included in revenue in 2019 is NOK 383.5 million (2018: NOK 290.6 million) from the groups largest customer.

Note 5: Cost of sales

NOK 1 000	2019	2018
Hired consultants	243 680	217 564
Hired training instructors	11 116	9 581
Purchase of training documentation	1 565	1 086
Purchase of software and hardware for resale	30 278	30 283
Total cost of sales	286 639	258 514

Note 6: Salary costs and remunerations

NOK 1 000	2019	2018
Salary	1 074 181	923 048
Bonus/profit sharing	74 094	58 813
Social security tax	175 651	150 701
Pension costs (see note 19)	46 088	42 154
Personnel insurance	6 052	5 162
Other expenses (see note 18)	13 636	11 877
Government grant related to R&D	-1 930	0
Capitalised development expenses	-9 834	-12 787
Total salary expenses	1 377 938	1 178 968
Average number of man-labour years:		
Administration, sales and management	182	150
Other employees	1 272	1 137
Total	1 454	1 287
Average number of employees:		
Administration, sales and management	184	152
Other employees	1 290	1 153
Total	1 474	1 305

See note 22 for transactions with related parties.

Note 7: Other operating expenses

NOK 1 000	2019	2018
Office premises	15 577	47 456
Travel and transport	11 590	10 906
Social costs and welfare initiatives	44 191	24 219
Office supplies, EDP etc.	34 459	37 272
Competence development	13 861	10 992
Recruitment costs	15 058	12 896
Marketing expenditure	10 243	7 029
External services	12 157	16 829
Other expenses	17 611	25 266
Total other operating expenses	174 747	192 865

Auditor fees

TYPE	2019	2018
Ordinary audit [1)]	1 150	815
Tax advice	80	91
Other services	91	175
Total	1 320	1 081

1) In addition there are fees to auditors, other than the group auditor, that amounts to NOK 51 thousand in 2018.

Note 8: Income taxes

Income tax expense

NOK 1 000	2019	2018
Tax payable	49 915	40 465
Adjustment of previous years current income tax	-27	29
Changes in deferred tax	-1 806	584
Tax expense	48 081	41 078

Tax payable in balance sheet

NOK 1 000	2019	2018
Calculated tax payable	49 915	40 465
Government grant related to R&D	-3 955	0
Payable tax (receivable) subsidiary in Sweden	474	814
Total income tax payable	46 434	41 279

Reconciliation of effective tax rate

NOK 1 000	2019	2018
Ordinary profit before tax	228 214	191 575
Calculated tax 22%	50 207	44 062
Adjustment current income tax of previous years	-27	29
Not tax deductible costs	498	315
Tax losses carry forward not recognised	-272	-2 405
Other permanent differences	-2 324	-832
Effect change in tax rate	0	-91
Tax expense	48 081	41 078
Effective tax rate	21 %	21 %

Specification of basis for deferred tax

NOK 1 000	2019	2018
Basis for deferred tax asset		
Other differences	-9 473	-5 332
Tax losses carry forward	-33 922	-32 519
Of this tax losses carry forward Sweden, not recorded in the balance sheet	24 969	24 767
Basis deferred tax asset - gross	-18 426	-13 084
Basis deferred tax liability		
Intangible assets	1 453	1 625
Fixed assets	7 906	5 078
Other differences	3 618	8 693
Basis deferred tax liability - gross	12 977	15 396
Basis deferred tax - net	-5 449	2 312
Net recognised deferred tax/ deferred tax asset (-)	-1 133	574

Note 9: Earnings per share

The basic earnings per share are calculated as the ratio between the profit for the year that is attributable to the shareholders in the parent company of NOK 180.1 million (NOK 150.5 million in 2018) divided by the weighted average number of ordinary shares throughout the year of 10.23 millions (10.17 millions in 2018). EBIT per share is calculated as the ratio between this year's operating profit attributable to the shareholders in the parent company NOK 232.1 million (NOK 191.6 million in 2018) divided by the weighted average number of ordinary shares throughout the accounting year.

When calculating diluted earnings per share, the weighted average basic shares outstanding is adjusted for dilutive effects from the employee share scheme (see note 18).

	2019	2018
EBIT (NOK 1000)	232 073	191 562
Profit for the year (NOK 1000)	180 149	150 497
Weighted average shares issued	10 250 000	10 250 000
Weighted average basic shares outstanding	10 228 839	10 169 093
Weighted average diluted shares outstanding	10 332 463	10 268 110
Earnings per share (NOK)	17.61	14.80
Diluted earnings per share (NOK)	17.44	14.66
Weighted average shares		
Weighted average shares issued	10 250 000	10 250 000
Weighted average own-shares	-21 161	-80 907
Weighted average basic shares outstanding	10 228 839	10 169 093
Dilutive effects from employee share scheme	103 623	99 017
Weighted average diluted shares outstanding	10 332 463	10 268 110

Note 10: Property, plant and equipment

NOK 1 000	EDP EQUIPMENT	OFFICE MACHINES AND VEHICLES	FIXTURES AND FITTINGS	TOTAL 2019	EDP EQUIPMENT	OFFICE MACHINES AND VEHICLES	FIXTURES AND FITTINGS	TOTAL 2018
Acquisition cost								
Accumulated 1 January	47 631	10 674	33 703	92 008	38 173	7 086	26 212	71 472
Additions of the year	12 603	752	3 078	16 433	13 491	3 916	13 202	30 609
Disposals of the year	-4 861	-459	-166	-5 486	-3 972	-329	-5 694	-9 995
Exchange rate variances	-67	0	-20	-86	-61	0	-18	-79
Accumulated 31 December	55 306	10 967	36 595	102 868	47 631	10 674	33 703	92 008
Depreciation								
Accumulated 1 January	27 519	4 766	8 516	40 801	20 419	3 661	9 239	33 319
Disposals of ordinary depreciation	-4 773	-270	-82	-5 124	-3 929	-258	-5 693	-9 880
This year's ordinary depreciation	13 087	1 606	3 302	17 996	11 047	1 364	4 977	17 388
Exchange rate variances	-38	0	-10	-47	-18	0	-7	-25
Accumulated 31 December	35 796	6 103	11 727	53 626	27 519	4 766	8 516	40 801
Book value								
Book value at 1 January	20 112	5 907	25 187	51 206	17 755	3 425	16 973	38 153
Book value at 31 December	19 510	4 865	24 868	49 243	20 112	5 907	25 187	51 206
Depreciation rate	20-33 %	20 %	10-20 %		20-33 %	20 %	10-20 %	
Economic life	3-5 years	5 years	5-10 years		3-5 years	5 years	5-10 years	
Depreciation method	linear	linear	linear		linear	linear	linear	

Booked value of total fixed assets, except for deferred tax assets, right-of-use-assets and financial assets, located in Norway is NOK 108 million (2018: NOK 107 million), and the remaining fixed assets are located in Sweden NOK 10 million (2018: NOK 11 million).

Note 11: Work in progress

The Group is primarily delivering its services based on time and material used and has in most cases legal rights for payment for services delivered at date. In cases where the Group has income from projects with predefined results at a fixed price or which has elements causing the income per hour to be unknown before completion of the project, the income is recognised in line with the degree of completion. Progress is measured as accrued hours in relation to totally estimated hours. For these projects the customer controls the asset being made or improved.

When project outcome cannot be reliably estimated, only income corresponding to incurred project costs are taken to income, given that it is likely that the income will be greater than the incurred project costs. Any estimated loss on a project will be fully recognised in the income statement in the period when it is identified that the project will result in a loss. Included in other short-term debt are provisions for losses on fixed price contracts with NOK 0.51 million (2018: NOK 0.12 million). The provision for loss covers remaining work on the contracts.

Specification revenue

NOK 1 000	JAN-DEC 2019	JAN-DEC 2018
Contract category		
Fixed- and target price	33 639	39 011
Variable contracts	2 098 413	1 807 700
Total revenue	2 132 052	1 846 711
Business sector		
Bank & finance	91 504	79 041
Power supply	208 448	179 018
Health	47 890	45 087
Industry	102 139	75 959
Info and communication	82 776	97 997
Public admin	588 008	503 137
Oil & gas	595 774	455 669
Service industry	96 261	98 349
Transportation	155 548	159 046
Retail	123 826	109 469
Other	39 880	43 940
Total revenue	2 132 052	1 846 711
Public/privat sector		
Public sector (100% owned)	1 084 005	939 417
Privat sector	1 048 047	907 294
Total revenue	2 132 052	1 846 711
Work in progress	67 842	55 520
Deferred revenue	11 268	16 678

At the balance sheet date, processed but not billed services amounted to NOK 67.84 million (2018: NOK 55.52 million). NOK 57.70 million (2018: NOK 52.62 million) of these was services delivered on running account, and NOK 10.14 million (2018: NOK 2.90 million) was related to customer projects with elements of fixed price. No write-down or provision for loss has been made for these contracts. Services delivered on running accounts at the end of accounting year 2019 was invoiced to customers at the beginning of January 2020. Net received prepayments from customer projects amounted to NOK 3.90 million (2018: NOK 0.31 million) at balance sheet date. At the balance sheet date in total NOK 49.76 million (2018: NOK 31.30 million) was recognised as income and NOK 38.28 million (2018: NOK 22.47 million) was recognised as costs on still running customer projects. At the balance sheet date a total of 14 631 hours at an estimated transaction price of NOK 13.29 million (2018: 4 097 hours at a transaction price of NOK 3.86 million) is estimated as remaining work for these projects. Accrued income related to customer projects is settled based on degrees of completion as described above and in notes 1 and 3.

Note 12: Intangible assets

Intangible assets and goodwill are related to added value from the acquisitions of subsidiaries, businesses, and costs related to development of software and internally developed internet homepage.

NOK 1 000	CUSTOMER RELATIONS	SOFTWARE	INTERNET	GOODWILL	TOTAL 2019	CUSTOMER RELATIONS	SOFTWARE	INTERNET	GOODWILL	TOTAL 2018
Acquisition cost										
Accumulated 1 January	16 764	42 098	6 241	32 944	98 046	15 964	29 311	6 241	33 460	84 975
Addition purchase of subsidiary	0	0	0	0	0	931	0	0	0	931
Self-developed intangible assets	0	8 921	0	0	8 921	0	12 787	0	0	12 787
Disposals of the year	0	0	0	0	0	0	0	0	-263	-263
Exchange rate variances	-117	0	0	-222	-339	-131	0	0	-253	-384
Accumulated 31 December	16 647	51 018	6 241	32 722	106 628	16 764	42 098	6 241	32 944	98 046
Amortisation										
Accumulated 1 January	11 929	14 193	4 911	0	31 032	10 161	9 310	4 282	0	23 752
Disposals of ordinary amortisation	0	0	0	0	0	0	0	0	0	0
This year's ordinary amortisation	609	5 837	380	0	6 826	1 901	4 883	629	0	7 414
Exchange rate variances	117	0	0	0	117	-134	0	0	0	-134
Accumulated 31 December	12 654	20 030	5 291	0	37 974	11 929	14 193	4 911	0	31 032
Book value										
Book value 1 January	4 835	27 905	1 330	32 944	67 014	5 803	20 001	1 959	33 460	61 224
Book value 31 December	3 993	30 988	950	32 722	68 654	4 835	27 905	1 330	32 944	67 014
Amortisation rate	10 %	10 %	20 %	N/A		10 %	10 %	20 %	N/A	
Economic life	10 years	5 years	5 years	not decided		10 years	5 years	5 years	not decided	
Amortisation method	linear	linear	linear	N/A		linear	linear	linear	N/A	

Amortisations relates to amortisation of customer relations, software and internally developed internet homepage. The value of customer relations is based on expected future cash flows before tax, discounted with a relevant discount rate taking into consideration expected term to maturity and risk at the time of group formation. The value of software is based on expected future maintenance income. Internet homepage are amortised based on estimated useful life.

The group is developing a software for sale, Sesam, a search engine for enterprise data. Sesam can collect all type of information, tie it together and make use of the compound information in a range of valuable services. Version 3 of Sesam was completed September 2016 with investment costs of NOK 10 783 thousand. Version 4 of Sesam was completed December 2017 with investment costs of NOK 12 250 thousand. Version 5 is under development and consists of several modules. Module GDPR was completed in June 2018 and module Swarm was completed June 2019. The rest has an expected completion during second quarter of 2020. So far, the investment costs is NOK 22 621 thousand. All versions has an economic life of 5 years.

1 November 2019 the Sesam business was separated as a subsidiary, Sesam.IO AS. See note 2.

In connection with the development of the software for sale, Sesam, the group has been assigned government grant related to R&D of NOK 3 955 thousand. All conditions and contingencies attached to the grant have been fulfilled. Assigned government grant lower personnel cost with NOK 1 930 thousand, software costs with NOK 1 111 thousand and self-developed intangible assets with NOK 914 thousand.

In 2019 research costs of NOK 11 731 thousand has been charged as an expense (2018: NOK 8 928 thousand).

Goodwill is not amortised, but an impairment test is carried out at least once a year. Impairment testing of goodwill is discussed in note 13.

Note 13: Impairment test of goodwill

Recognised goodwill in the Group at 31.12.2019 constitutes NOK 32.7 million. This is mainly related to the acquisitions of Nordic Integrator Management AS (NOK 15.3 million) that took place in 2007 and Bouvet AB (NOK 2.9 million) that took place in 2008, and the acquisition in 2014 of the business Capgemini Trondheim (NOK 8.9 million) and in 2016 the acquisition of Ciber's business in Stockholm (NOK 5.1 million). Capgemini's business in Trondheim has been integrated with Bouvet's business in Trondheim and Ciber's business has been integrated with Bouvet Sverige AB's business.

After the acquisition of Nordic Integrator Management AS, Capgemini Trondheim and Ciber in Stockholm the businesses has been integrated into Bouvet's business respectively in Bergen, Trondheim and Stockholm, in such a way that they do not represent separate cash generating units. They will be measured together with cash flows from remaining business in respectively in Bergen, Trondheim and Stockholm. Bouvet AB is considered to be a separate cash generating unit within the Group. All goodwill from these acquisitions are allocated to the respective cash generating units.

The recoverable amount is based on an assessment of the enterprise's value in use. The value in use is calculated based on a discount of expected future cash flows before tax, discounted with a relevant discount rate before tax considering term to maturity and risk. Future cash flow is based on budgeted values and an expectation of moderate growth. It is assumed an annual growth of 2 percent for hourly rates and operating expenses. The interest rate applied for discounting cash flows is 8 percent before tax. This is based on a risk free interest rate of 1 percent, with an additional risk premium of 7 percent. The discount rate is based on a calculated WACC derived from CAPM methodology. The WACC applied in discounting the future cash flows is based on a risk free interest rate, market risk premium, asset beta, gearing and corporate tax rate.

Cash generating units

The projection of cash flows is based on budget for the first five years. The cash flows are based on historic figures for the division, and an expectation of moderate growth in the total market and prices on services is considered. In the management's opinion, it is a reasonable assumption, that it will continue to be a demand for such IT services. After the five year period, a prudent estimate of 2% nominal growth in net cash flows is included.

Sensitivity analysis of key assumptions

Ciber Stockholm / part of the business in Bouvet Sverige AB

Ciber's business in Stockholm was acquired in 2016. In the management's view, this purchase has added value to the Group. The value, however, based on some key assumptions. In the vent that these assumptions develop considerably different from expectations, this may imply a necessity to write down the goodwill of total NOK 5.1 million. If employees leave and there is no growth and development in Stockholm, but rather stagnation the business could be subject to write down if other assumptions are constant.

Capgemini Trondheim / part of the business in the North

Capgemini's business in Trondheim was acquired in 2014. In the management's view, this purchase has added value to the Group. The value is, however, based on some key assumptions. In the event that these assumptions develop considerably differently from expectations, this may imply a necessity to write down the goodwill a total of NOK 8.9 million. If employees leave and there is no growth and development in Trondheim, but rather stagnation the business could be subject to write downs if other assumptions are constant.

Bouvet AB

Bouvet AB was acquired in 2008. In the management's view, this purchase has added value to the Group. The value is, however, based on some key assumptions. In the event that these assumptions develop differently from expectations, this may imply a necessity to write down the goodwill that has a total value of NOK 2.9 million. If employees leave as a consequence of the acquisition, if there is no growth or development in the Swedish market, but on the contrary the unit experiences stagnation, the business area could be subject to write downs if other assumptions are constant.

Nordic Integrator Management AS / part of the business in Bergen

Nordic Integrator Management AS was acquired in 2007. In the management's view, this purchase has added value to the Group, and that the value of the company at least exceeds the compensation of NOK 21.3 million. The value is, however, based on some key assumptions. In the event that these assumptions develop considerably differently from expectations, this may imply a necessity to write down the goodwill. If employees leave as a consequence of the acquisition, if there is no growth in services delivered to the bank and finance sector or if Bergen as a geographic area experiences stagnation, the business area could be subject to write downs if other assumptions are constant.

The group has conducted a sensitivity analysis attached to the key assumptions for the cash generating units. The basis for the analysis is change in discount rate (increase of 1 percentage point), growth (decrease of 0.5 percentage points) and EBIT-margin (decreased with 5 percentage point). The analysis conclude that an impairment will not be needed unless significant change take place in the assumptions used. The group's opinion is that no changes in any key assumptions within a reasonable opportunity set will cause the booked value of the cash generating unit to exceed the recoverable amount.

Note 14: Trade accounts receivable

NOK 1 000	2019	2018
Gross trade accounts receivable	277 835	269 846
Expected credit losses	-1 668	-128
Trade accounts receivable	276 167	269 718

Accounts receivables are non-interest bearing. See note 23 for an analyse of accounts receivables, description of allowance for expected credit losses and description of the Group's credit risk management. Expected credit losses are classified as other operating expenses in the income statement.

Movements in the expected credit losses are as follows:

NOK 1 000	2019	2018
Opening balance	128	80
Expected credit losses of the year	1 601	48
Realised loss this year	-59	0
Reversal of previous provision	-2	0
Closing balance	1 668	128

At 31.12., the Group had the following trade accounts receivable due, but not paid or written off:

NOK 1 000	TOTAL	NOT DUE	<30 D	30-60D	60-90D	>90D
2019	276 167	186 513	78 100	7 581	1 570	2 403
2018	269 718	172 152	86 425	8 536	819	1 786

Contract assets for the Group are related to customer projects with elements of fixed price and recognised inn balance sheet under work in progress. These projects constitute a small part of the Group's business. See note 11 for further description. A credit loss is not expected on these projects.

Note 15: Other short-term receivables

NOK 1 000	2019	2018
Advances to employees	19 252	16 256
Prepaid rent	2 564	2 431
Prepaid software	8 966	7 981
Prepaid other expenses	5 586	5 284
Other receivables	774	813
Total other short-term receivables	37 142	32 765

Note 16: Liquid assets

NOK 1 000	2019	2018
Liquid assets - unrestricted funds	292 656	234 207
Employee withheld taxes - restricted funds	52 069	44 181
Liquid assets in the balance sheet	344 725	278 388

The group has unused credit facilities of NOK 101 322 thousand per 31.12.2019 (NOK 101 358 thousand in 2018). There are no restrictions on the use of these funds.

Note 17: Share capital, shareholder information and dividend

SHARES IN THOUSANDS	2019	2018
Ordinary shares, nominal value NOK 1	10 250	10 250
Total number of shares	10 250	10 250

Changes in share capital and premium

	NO. OF SHARES		SHARE CAPITAL	
NOK 1 000	2019	2018	2019	2018
Ordinary shares issued and fully paid at 31.12.	10 250	10 250	10 250	10 250
Own shares at nominal value	0	-1	0	-1

Throughout the year, Bouvet ASA has purchased 106 440 own shares at an average price of NOK 338.14 per share and sold 107 237 own shares to employees within the group at a total amount of NOK 28 801 thousand, giving an average sales price of NOK 268.57 per share (which includes the element of remuneration). The cash consideration for these shares was NOK 17 474 thousand. The Company owns 467 own shares per 31 December 2019.

The nominal value of the share is NOK 1. All shares in the company have equal voting rights and are equally entitled to dividend. The computation of earnings per share is shown in note 9.

The 20 main shareholders at 31.12.2019 are:

SHAREHOLDER	NUMBER OF SHARES	OWNERSHIP INTEREST
VARNER KAPITAL AS	1 070 000	10.44 %
VIRTUS KAR INTERNATIONAL SMALL-CAP	1 048 427	10.23 %
STENSHAGEN INVEST AS	586 699	5.72 %
SVERRE HURUM	462 068	4.51 %
VEVLEN GÅRD AS	453 502	4.42 %
VERDIPAPIRFONDET NORDEA AVKASTNING	370 005	3.61 %
MP PENSJON PK	270 082	2.63 %
VERDIPAPIRFOND ODIN NORDEN	242 068	2.36 %
ERIK STUBØ	238 568	2.33 %
UBS SWITZERLAND AG	203 903	1.99 %
VERDIPAPIRFONDET NORDEA KAPITAL	166 340	1.62 %
STATE STREET BANK AND TRUST COMP	155 879	1.52 %
STOREBRAND NORGE I VERDIPAPIRFOND	147 012	1.43 %
TELENOR PENSJONSKASSE	130 000	1.27 %
VERDIPAPIRFOND ODIN NORGE	117 932	1.15 %
ANDERS ERIKSEN-VOLLE	116 440	1.14 %
VERDIPAPIRFONDET DNB SMB	90 663	0.88 %
VERDIPAPIRFONDET NORDEA NORGE PLUS	88 643	0.86 %
EMPLOYEES RETIR SYSTEM OF TEXAS	82 400	0.80 %
NILS-HÅKAN RADIG	75 261	0.73 %
Remaining shareholders	4 134 108	40.33 %
Total	10 250 000	100.00 %

Dividend

The company has paid the following dividends:

NOK 1 000	2019	2018
Ordinary dividend for 2018: NOK 13.00 per share	133 250	
Ordinary dividend for 2017: NOK 8.50 per share		87 125
Total	133 250	87 125

Proposed dividend to be approved at the annual general meeting amounts to NOK 8.25 per share. Furthermore, it will be proposed that the general meeting grants an authorization to the Board of Directors to resolve additional dividends based on the annual account for 2019, upcoming market developments and the company's equity and liquidity. The authorization will cover the period until the annual general meeting in 2021.

Note 18: Share scheme for employees

Share scheme

The Group has a share scheme including all employees not under notice and who have, at the latest, started work on the first day of the month when the offer is made. The offer does not include employees paid by the hour. The scheme consists of annual offers where each employee can subscribe for shares once per calendar year. The share scheme is approved for one year at a time.

The share scheme gives the employee the opportunity to subscribe for shares at a value from NOK 7 500 to NOK 15 000 per year against a deduction in salary of 80 per cent of subscription amount. Bouvet will give a corresponding number of shares free of charge if the employee keeps the shares for three years and is still employed.

In 2019 a total of 55 689 shares were sold at a rate of NOK 333.18 minus a 20 per cent discount. 1 266 employees have participated in the scheme. The previous year 72 866 shares were sold at a rate of NOK 212.00 minus a 20 per cent discount.

The Group also has established an additional share scheme for the management. The share scheme consist of annual offers where each member can subscribe for shares once per calendar year. The share scheme is approved for one year at a time.

The share scheme gives members of the management the opportunity to subscribe for shares at a value of NOK 22 500 per year at market value without any subsidising from Bouvet. Bouvet will give a corresponding number of shares free of charge if the manager keeps the shares for three years and is still employed.

In 2019 a total of 7 797 shares were sold at a rate of NOK 333.18. A total of 119 employees have participated in the scheme. The previous year 11 372 shares were sold at a rate of NOK 212.00.

In 2019 a total of 43 751 shares were provided free of charge in relation to the 2017 share scheme. (In 2018: 51 551 shares related to the 2016 share scheme).

The share scheme is treated in accordance with IFRS 2. The fair value of the scheme is calculated at the grant date and expensed over the vesting period of three years. NOK 8 044 thousand in compensation costs have been charged in 2019 (in 2018 NOK 7 272 thousand). Remaining estimated compensation costs at 31 December 2019 for the years 2020 to 2022 are NOK 20 948 thousand.

Note 19: Pensions

The Group is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The Group's pension schemes satisfy the requirements of this law, and represents a defined contribution plan. At the end of the year there were 1 557 participants in this defined contribution plan.

Defined contribution plan

The Group has a defined contribution plan for all employees. The Group's obligation in Norway is to give contribution of 4 percent between 1G and 7,1G and 8 percent between 7,1G and 12G, to each employee's pension savings. The future pension depends on the size of the contributions and the return on the pension savings. The Group's commitment is fully met when paid. At the end of the accounting year, 1 557 employees were part of this scheme. The expensed contribution in Norway amounted to NOK 40 976 thousand and NOK 37 255 thousand in 2019 and 2018 respectively. In Sweden the expensed contribution amounted to NOK 5 112 thousand in 2019 and NOK 4 899 thousand in 2018, thus for the group the total expensed contribution amounted to NOK 46 088 thousand for 2019 and NOK 42 154 thousand for 2018.

Reconciliation of this year's total pension expense

NOK 1 000	2019	2018
Contribution plan - paid contribution for the year	46 088	42 154
This year's recognised pension costs (note 6)	46 088	42 154

Note 20: Leases

Right-of-use-assets

For the Group, it is mainly leases related to office premises that fall under the criteria in IFRS 16. Bouvet leases office premises at the 13 locations where business is operated. At 1 January 2019 NOK 265 011 was capitalised as right-of-use-assets and lease liabilities. The Group's right-of-use-assets are presented in the table below:

NOK 1 000	PREMISES	OTHER LEASES	TOTAL 2019
Acquisition cost			
Accumulated 1 January	264 941	70	265 011
Additions of the year	3 577	0	3 577
Disposals of the year	0	0	0
Exchange rate variances	-91		-91
Accumulated 31 December	268 427	70	268 497
Depreciation			
Accumulated 1 January	0	0	0
Disposals of ordinary depreciation	0	0	0
This year's ordinary depreciation	35 790	65	35 855
Exchange rate variances	31		31
Accumulated 31 December	35 821	65	35 886
Book value			
Book value at 1 January	264 941	70	265 011
Book value at 31 December	232 606	5	232 611
Economic life	1-9 years	<1 year	
Depreciation method	linear	linear	

Lease liabilities

Change in lease liabilities

NOK 1 000	2019
At initial application 01.01.2019	265 011
New/changed lease liabilities recognised in the period	3 577
Cash payments for the principal portion of the lease liability	-33 625
Cash payments for the interest portion of the lease liability	4 971
Interest expense on lease liabilities	-5 029
Currency exchange differences	-33
Total lease liabilities at 31.12.2019	234 872
Long-term lease liabilities	201 352
Current lease liabilities	33 520

In 2019 a total payment of NOK 37.48 million was made in lease agreements, of which NOK 3.85 million was lease agreements not recognised in the balanse sheet.

Reconciliation of changes in liabilities arising from financing activities

			NON-CASH CHANGES				
	01.01.2019	CASH FLOWS	FOREIGN EXCHANGE MOVEMENT	FAIR VALUE CHANGES	NEW LEASES	OTHER	31.12.2019
Lease liabilities	265 011	-33 625	-33	0	3 577	-58	234 872

		FUTURE LEASE PAYMENTS PER YEAR					
	FUTURE LEASE PAYMENTS	2020	2021	2022	2023	2024	> 2024
Undiscounted lease liabilities 31.12.2019	252 319	37 906	36 487	35 070	34 455	33 979	74 422

The leases do not contain any restrictions on the Group's dividend policy or financing. The Group does not have significant residual value guarantees related to its leases to disclose.

Other lease expenses recognised in profit or loss

NOK 1 000	2019
Operating expenses related to short-term leases	151
Operating expenses related to low value leases	3 014
Total lease expenses included in other operating expenses	3 165

Practical expedients applied

The Group also has other lease agreements with contract terms of 1 to 3 years or where the underlying asset is of low value. The Group has elected to apply the practical expedient of low value assets and short-term leases and does not recognise lease liabilities or right-of-use assets for any of these leases. The leases are instead expensed when they incur.

Extension options

The Group's lease agreements conserning rent of office premises have lease terms that vary from 1 year to 9 years, and several agreements involve a right of renewal which may be exercised during the last period of the lease term. The Group assesses at the commencement whether it is reasonably certain to exercise the renewal right. The Group's potential future lease payments not included in the lease liabilities related to extension options is MNOK 198 (gross) at 31 December 2019.

Note 21: Other short-term debt

NOK 1 000	2019	2018
Accrued salary, holiday pay and bonus	212 171	173 601
Employees' holiday and time-off balance	7 604	7 065
Other short-term debt	15 886	13 267
Total	235 661	193 933

Note 22: Transactions with related parties

NOK 1 000

Compensation to the Board

NAME	ROLE	FEES PAID IN 2019	FEES PAID IN 2018
Pål Egil Rønn	Chairman of the Board	300	300
Tove Raanes	Vice-chairman of the Board	175	175
Grethe Høiland	Board member	150	150
Ingebrigt Steen Jensen	Board member	150	150
Egil Christen Dahl	Board member	150	150
Total		925	925

Compensation to key Management 2019

NAME	SALARY	BONUS	PENSION CONTRIBUTION	OTHER REMUNERATION	TOTAL 2019
Sverre F. Hurum , CEO	3 291	1 070	63	70	4 494
Erik Stubø, CFO	2 591	900	64	71	3 626
Total	5 882	1 970	127	141	8 120

See note 18 for information about the share scheme.

Compensation to key Management 2018

NAME	SALARY	BONUS	PENSION CONTRIBUTION	OTHER REMUNERATION	TOTAL 2018
Sverre F. Hurum , CEO	3 132	789	64	67	4 052
Erik Stubø, CFO	2 504	789	66	68	3 427
Total	5 636	1 578	130	135	7 479

See note 18 for information about the share scheme.

Shares in the company directly or indirectly owned by the Board at 31.12.2019

NAME	ROLE	NO. OF SHARES
Pål Egil Rønn	Chairman of the Board	5 000
Tove Raanes	Vice-chairman of the Board	895
Grethe Høiland	Board member	0
Ingebrigt Steen Jensen	Board member	1 640
Egil Christen Dahl	Board member	453 502
Total		461 037

Shares in the company directly or indirectly owned by Management at 31.12.2019

NAME	ROLE	NO. OF SHARES
Sverre F. Hurum	CEO	462 068
Erik Stubø	CFO	238 568
Total		700 636

Other matters

The CEO has an agreement of 12 months' pay after termination of employment. No other key management personnel has any agreement of pay after termination of employment.

Note 23: Financial instruments

Financial risk

The Group has only financial instruments related to trade and other receivables and trade accounts payable, involving both credit risk and liquidity risk.

(i) Liquidity risk

The liquidity risk is the risk that the Group will not be able to service its financial obligations when due. The Group's strategy to manage liquidity risk is to have adequate liquid funds at all times to be able to meet the financial obligations when due, under normal as well as extraordinary circumstances, without risking unacceptable losses or bad reputation. Unused credit facilities are described in note 16.

The following table illustrates the maturity structure of the Group's financial commitments, based on non discounted contractual payments. In instances where the counterpart can require an earlier redemption, the amount is stated in the earliest period payment can be demanded. In the event that commitments can be required redeemed at request, these are included in the first column (less than 1 month).

	REMAINING PERIOD					
NOK 1 000	LESS THAN 1 MONTH	1-3 MONTHS	3-12 MONTHS	1-5 YEARS	MORE THAN 5 YEARS	TOTAL
31.12.2019						
Trade accounts payable	39 605	12 056	0	0	0	**51 661**
Other financial commitments	8 647	0	24 873	157 530	43 821	**234 872**
31.12.2018						
Trade accounts payable	47 786	10 226	0	0	0	**58 012**
Other financial commitments [1]	9 756	126	29 646	140 114	109 568	**289 210**

1) Maturity not-accounted commitments related to lease agreements.

(ii) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is mainly exposed to credit risk connected with trade accounts receivable, deposits with banks and other short-term receivables.

The Group is reducing its exposure against credit risk by requiring that all third parties, like customers, shall be approved and subject to an assessment of credit verification procedures.

The Group has no significant credit risk connected with one single contracting party or several that can be considered a group due to similarities in credit risk.

The Group has guidelines ensuring that sales are made only to customers without previous payment problems and that outstanding balances do not exceed set credit limits.

In the Group's view, the maximum risk exposure is the carrying value of trade accounts receivable (note 14), deposits with banks (note 16) and other short-term receivables (note 15).

Financial assets and financial liabilities

Classification of financial instruments:

NOK 1 000	AMORTISED COSTS	TOTAL 31.12.2019	FAIR VALUE 31.12.2019	AMORTISED COSTS	TOTAL 31.12.2018	FAIR VALUE 31.12.2018
Loans and receivable						
Work in progress [1]	67 842	67 842	67 842	55 520	55 520	55 520
Trade accounts receivable	276 167	276 167	276 167	269 718	269 718	269 718
Liquid assets	344 725	344 725	344 725	278 388	278 388	278 388
Liabilities						
Trade accounts payable	51 661	51 661	51 661	58 012	58 012	58 012

1) Primarily services based on time and material used, which is invoiced in the beginning of January the following year.

Trade accounts receivable
At 31 December 2019, the Group had 4 customers (2018: 9) that owed it more than TNOK 5 000 each and accounted for approximately 38 percent (2018: 44 percent) of all the receivables and contract assets outstanding.

The Group seldom experience credit loss on trade receivables, but an analysis is performed at each reporting date to measure expected credit losses. The provision rates are based loss patterns and on days past due. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Capital structure and equity
The main objective of the Group's management of the capital structure is to ensure a solid equity to secure further operations and also to have the ability to pursue opportunities for further profitable growth.

By producing satisfactory ratios connected with equity and debt, the Group will be able to support operations and thereby maximise the value of the shares.

The Group controls its capital structure and carries out required changes based on a continuous assessment of the present financial conditions and the possible prospects and opportunities in the short and mid-long term.

The capital structure is managed by adjusting dividend distributions, repurchasing own shares, reducing the share capital or by issuing new shares. There have been no changes in guidelines in this area in 2018 or 2019.

The Group is following up its capital structure by reviewing the equity share, defined as equity in percent of total capital. Group policy is to have a solid equity. The equity share was 29 percent per 31.12.2019.

NOK 1 000	2019	2018
Equity	317 751	276 993
Total capital	1 079 454	756 557
Equity share	29 %	37 %

Note 24: Events after the balance sheet date

The outbreak of the coronavirus
At present, a global outbreak of respiratory infection is currently ongoing, caused by a previously unknown coronavirus (Covid-19). Since the outbreak, authorities in a growing number of countries, including Norway, have taken strong measures to reduce the spread of the virus. During March 2020, the vast majority of the company's employees have established a home office.

The consequences going forward depend on the further development of the virus outbreak, government measures and overall economic and market developments.

The effects do not inluence the accounting settlement at the end of 2019. The Group will give an account of any significant conditions in the future quarterly reports.

There have been no events after the balance sheet date significantly affecting the Group's financial position.

BOUVET ASA – PARENT COMPANY

Income statement

1 January - 31 December

NOK 1 000	NOTE	2019	2018
Revenue	2	3 553	0
Operating costs			
Salary costs	3, 14	1 090	1 090
Depreciation fixed assets	7	3	13
Other operating costs	4	1 838	1 770
Total operating costs		2 931	2 873
Operating profit		622	-2 873
Financial items			
Other interest income		38	3
Received dividend and group contribution		173 179	138 196
Other interest expense		-1 004	-800
Other finance expense		-325	-34
Net financial items		171 888	137 365
Ordinary profit before tax		172 510	134 492
Income tax expense			
Tax expense on ordinary profit	5	2	-2
Total tax expense		2	-2
Profit for the year		172 508	134 494
Attributable to:			
Other equity		172 508	134 494

BOUVET ASA – PARENT COMPANY

Balance sheet

At 31 December

NOK 1 000	NOTE	2019	2018
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Deferred tax assets	5	0	2
Total intangible assets		0	2
Fixed assets			
IT equipment	7	0	3
Total fixed assets		0	3
Financial non-current assets			
Shares in subsidiaries	8	199 357	158 167
Total financial non-current assets		199 357	158 167
Total non-current assets		199 357	158 172
CURRENT ASSETS			
Trade accounts receivable group company	8	170 668	134 200
Other short-term receivables	9	52	0
Liquid assets	10	6 702	679
Total current assets		177 422	134 879
TOTAL ASSETS		376 779	293 051

BOUVET ASA – PARENT COMPANY

Balance sheet

At 31 December

NOK 1 000	NOTE	2019	2018
EQUITY AND LIABILITIES			
EQUITY			
Paid-in capital			
Share capital	11	10 250	10 250
Own shares - nominal value	11	0	-1
Share premium	11	10 000	10 000
Total paid-in capital		20 250	20 249
Earned equity			
Other equity		121 443	40 033
Total earned equity		121 443	40 033
Total equity		141 693	60 282
LONG-TERM DEBT			
Loan from group company	8	40 000	40 000
Total long-term debt		40 000	40 000
Short-term debt			
Short term debt to group company	8	109 862	58 728
Public duties payable		526	547
Other short-term debt	11, 13	84 698	133 494
Total short-term debt		195 086	192 769
Total liabilities		235 086	232 769
TOTAL EQUITY AND LIABILITIES		376 779	293 051

BOUVET ASA – PARENT COMPANY

Statement of cash flows

1 January - 31 December

NOK 1 000	NOTE	2019	2018
Cash flows from operating activities			
Ordinary profit before tax		172 510	134 492
Group contribution and dividend		-173 179	-138 196
Ordinary depreciation	7	3	13
Changes in work in progress, accounts receivable and accounts payable		945	0
Changes in other accruals		95	1 074
Net cash flows from operating activities		374	-2 617
Cash flows from investing activities			
Purchase and investment in subsidiary	8	-41 190	-13 390
Net from financing to group companies	8	25 749	-29 095
Net cash flows from investing activities		-15 441	-42 485
Cash flows from financing activities			
Purchase of own shares	11	-35 991	-19 544
Sale of own shares	11	21 152	17 858
Group contribution payments		169 179	133 696
Dividend payments	11	-133 250	-87 125
Net cash flows from financing activities		21 090	44 885
Net changes in liquid assets		6 023	-217
Liquid assets at the beginning of the year		679	896
Liquid assets at the end of the year		6 702	679

BOUVET ASA – PARENT COMPANY

Statement of changes in equity

1 January - 31 December

NOTE	NOK 1 000	SHARE CAPITAL	OWN SHARES - NOMINAL VALUE	SHARE PREMIUM	TOTAL PAID-IN EQUITY	TOTAL EARNED EQUITY	TOTAL EQUITY
	Equity at 01.01.2018	10 250	-47	10 000	20 203	32 408	52 611
	Income for the year					134 494	134 494
11	Purchase/sale of own shares (net)		46		46	-1 680	-1 634
	Employee share scheme					8 061	8 061
11	Proposed dividend					-133 250	-133 250
	Equity at 31.12.2018	10 250	-1	10 000	20 249	40 033	60 282
	Equity at 01.01.2019	10 250	-1	10 000	20 249	40 033	60 282
	Income for the year					172 508	172 508
11	Purchase/sale of own shares (net)		1		1	-14 796	-14 795
	Employee share scheme					8 260	8 260
11	Proposed dividend					-84 562	-84 562
	Equity at 31.12.2019	10 250	0	10 000	20 250	121 443	141 693

BOUVET ASA – PARENT COMPANY

Notes

Note 1: Accounting principles

The financial statements of Bouvet ASA for the period ending on 31 December 2019 were approved in a board meeting 22 April 2020.

Bouvet ASA is a public limited company incorporated in Norway and listed on Oslo Børs. The company's main office is located in Sørkedalsveien 8, 0369 Oslo, Norway.

The basis for the preparation of the financial statements

The financial statements of Bouvet ASA for the accounting year 2019 have been prepared in accordance with the Norwegian Accounting act and general accepted accounting principles in Norway (NGAAP). The financial statements are based on the principles of historic cost.

The company's functional currency and presentation currency is Norwegian Kroner (NOK).

The use of estimates in the preparation of the financial statements

Management has used estimates and assumptions that have affected the income statement and the valuation of assets and liabilities, together with potential assets and liabilities at balance sheet date under preparation of the financial statements in accordance with general accepted accounting principles in Norway (NGAAP).

Currency

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in foreign currency are translated at the end of every period to the rate applicable on the balance sheet date. Non-monetary items valued at historic cost are translated at the transaction date. Non-monetary items assessed at real value denominated in foreign currency are translated at the rate applicable on the balance sheet date. Exchange rate changes are recognised in the income statement as they occur during the accounting period.

Shares in subsidiaries

Shares in subsidiaries are initially recognized at cost in the parent company financial statement. Subsequently the investments are recognized at cost unless there is a need for impairment. An impairment to fair value will be recognized if the decrease in value is not assessed to be temporarily and it is in accordance with good accounting practice. Any impairment will be reversed if the basis for impairment is not longer applicable.

Dividend, group contribution and other distributions from subsidiaries are recognized as income in the year the distribution has been recognized as a liability in the subsidiary. If the distribution from the subsidiary exceeds the Company's share of profit after the subsidiary was acquired, the excess amount will be treated as repayment of invested capital, and thus recognized as a reduction of the investment.

Income tax

The tax expense consists of tax payable and changes in deferred tax. Deferred tax/tax assets are calculated on all temporary differences between book and tax value on assets and liabilities, with the exception of

- temporary differences related to not tax deductible goodwill
- temporary differences related to investments in subsidiaries, associated companies or joint ventures when the company controls the time of reversal of the temporary differences and it is assumed that this will not happen in the foreseeable future.

Deferred tax assets are recognised when it is probable that the company will make sufficient profit in future periods to utilise the tax asset. The company recognises previous not recorded deferred tax assets to the extent that it is probable that the company can utilise the deferred tax asset. Likewise, the company will reduce the deferred tax assets when it is considered unlikely that the deferred tax asset can be utilised.

Deferred tax and deferred tax assets are measured on the basis of the adopted future tax rate.

Deferred tax is disclosed at a nominal value and classified as long-term debt in the balance sheet.

Tax payable and deferred tax assets are set-off directly against equity to the extent that the underlying items are booked against equity.

Fixed assets

Fixed assets are valued at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the gross carrying amount and depreciation are reversed, and any gain or loss on the sale or disposal is recognised in the income statement.

The gross carrying amount of fixed assets is the purchase price, including duties/taxes and direct acquisition costs related to making the fixed asset ready for use. Subsequent costs, such as repair and maintenance costs, are normally expensed when incurred, whereas other expenses expected to increase future economic benefits are balance sheet recorded.

Depreciation is calculated using the straight-line method over the following periods.

Office equipment	5-10 years
Office machines and vehicles	5 years
IT equipment	3 years

The depreciation periods and methods are assessed each year. The residual value is estimated every year-end and changes in the estimate for residual value is accounted for as an estimation change.

Liquid assets

Liquid assets are bank deposits and short-term liquid investments that can be converted to cash within three months and at a known amount.

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method. Liquid assets comprise bank deposits and other liquid short-term assets.

Short term receivables

Trade and other short term receivables are recognized at nominal amount less of any impairment. Provision for doubtful debt is based on individual assessments for each of the receivables. If relevant, there may be unspecified provision for doubtful debt for covering expected loss on trade receivables.

Equity

Own shares

On repurchase of own shares, costs including directly attributable expenses are recorded as a change in equity. Own shares are disclosed as a reduction of equity. Gains or losses on transactions with own shares are not recognised in the income statement.

Costs of equity transactions

Transaction costs directly relating to an equity transaction are set off directly against equity after deducting tax expenses.

Share scheme for employees

The company has a share scheme including all employees in the Group not under notice and who have, at the latest, started work on the first day of the month when the offer is made. The fair value of the scheme is measured at the grant date and expensed over the vesting period of three years. The scheme is entirely charged to the subsidiaries and is an arrangement with settlement in shares with cost recognised as payroll expense with liability against parent company. The contra entry in parent company is equity. Employer's National Insurance contribution on the allocation is recognised in profit and loss over the expected vesting period.

Events after the balance sheet date

New information on the company's position at the balance sheet date is taken into account in the financial statements. Events after the balance sheet date that do not affect the company's position at the balance sheet date, but will affect the company's position in the future, are stated if significant.

Note 2: Revenue

TNOK	2019	2018
Re-invoiced operating costs group	3 553	0
Total revenue	3 553	0

Note 3: Salary costs and remunerations

NOK 1 000	2019	2018
Board remuneration	955	955
Social security tax	135	135
Total salary expenses	1 090	1 090

Note 4: Other operating expenses

NOK 1 000	2019	2018
Travel and transport	36	45
Social costs and welfare initiatives	3	0
Office supplies, EDP etc.	17	0
Marketing expenditure	0	5
External services	1 035	996
Stock exchange expenses	745	722
Other expenses	2	2
Total other operating expenses	1 838	1 770

Auditor fees

TYPE	2019	2018
Ordinary audit	296	205
Tax advice	24	23
Other services	64	15
Total	384	243

Note 5: Income taxes

Income tax expense

NOK 1 000	2019	2018
Tax payable	0	0
Changes in deferred taxes	2	-2
Tax expense	2	-2

Income tax payable

NOK 1 000	2019	2018
Ordinary profit before tax	172 510	134 492
Permanent differences	-4 000	-4 500
Changes in basis for deferred tax	-10	8
Group contribution	-168 500	-130 000
Basis for tax payable	0	0
Tax 22% being tax payable on this year's profit	0	0

Tax payable in balance sheet

NOK 1 000	2019	2018
Calculated tax payable	0	0
Tax payable recognised directly in equity	0	0
Total income tax payable	0	0

Reconciliation of effective tax rate

NOK 1 000	2019	2018
Profit before tax	172 510	134 492
Tax calculated based on 22%	37 952	30 933
Non taxable income	-37 950	-30 935
Tax expense	2	-2
Effective tax rate	0 %	0 %

Specification of basis for deferred tax

NOK 1 000	2019	2018
Basis for deferred tax asset		
Other differences	0	-10
Basis deferred tax asset - gross	0	-10
Basis deferred tax - net	0	-10
Net recognised deferred tax/ deferred tax asset (-)	0	-2

Note 6: Earnings per share

The basic earnings per share are calculated as the ratio between the profit for the year that is attributable to the shareholders of NOK 172.51 million (NOK 134.49 million in 2018) divided by the weighted average number of ordinary shares throughout the year of 10.23 millions (10.17 millions in 2018). EBIT per share is calculated as the ratio between this year's operating profit of NOK 0.62 million (NOK -2.87 million in 2018) divided by the weighted average number of ordinary shares throughout the accounting year.

When calculating diluted earnings per share, the weighted average basic shares outstanding is adjusted for dilutive effects from the employee share scheme (see note 12).

	2019	2018
EBIT (NOK 1000)	622	-2 873
Profit for the year (NOK 1000)	172 508	134 494
Weighted average shares issued	10 250 000	10 250 000
Weighted average basic shares outstanding	10 228 839	10 169 093
Weighted average diluted shares outstanding	10 332 463	10 268 110
Earnings per share (NOK)	16.86	13.23
Diluted earnings per share (NOK) 1)	16.70	13.10
Weighted average shares		
Weighted average shares issued	10 250 000	10 250 000
Weighted average own-shares	-21 161	-80 907
Weighted average basic shares outstanding	10 228 839	10 169 093
Dilutive effects from employee share scheme	103 623	99 017
Weighted average diluted shares outstanding	10 332 463	10 268 110

1) Potential diluted options are not included in the calculations because they do not have dilutive effect.

Note 7: Property, plant and equipment

NOK 1 000	EDP EQUIPMENT	TOTAL 2019	EDP EQUIPMENT	TOTAL 2018
Acquisition cost				
Accumulated 1 January	39	39	39	39
Additions of the year	0	0	0	0
Disposals of the year	0	0	0	0
Accumulated 31 December	39	39	39	39
Depreciation				
Accumulated 1 January	36	36	23	23
Disposals of ordinary depreciation	0	0	0	0
This year's ordinary depreciation	3	3	13	13
Accumulated 31 December	39	39	36	36
Book value				
Book value at 1 January	3	3	16	16
Book value at 31 December	0	0	3	3
Depreciation rate	20-33 %		20-33 %	
Economic life	3-5 years		3-5 years	
Depreciation method	linear		linear	

Note 8: Overview of subsidiaries

The following subsidiaries are included in the consolidated accounts:

NOK 1 000

COMPANY	COUNTRY	MAIN BUSINESS LINE	BOOK VALUE	OWNERSHIP	VOTING SHARE
Ontopia AS 1)	Norway	IT consultancy company	4 529	100 %	100 %
Nordic Integrator Management AS 2)	Norway	IT consultancy company	3 375	100 %	100 %
Olavstoppen AS 3)	Norway	IT consultancy company	14 590	100 %	100 %
Bouvet AB 4)	Sweden	IT consultancy company	29 067	100 %	100 %
Sesam.IO AS 5)	Norway	Software company	41 190	98 %	98 %
Bouvet Norge AS	Norway	IT consultancy company	106 606	100 %	100 %
Total subsidiaries			199 357		

1) Consolidated from 1 April 2007.
2) Consolidated from 1 July 2007.
3) Established in March 2010. Remaining 40 per cent of the shares transfered 5 January 2018.
4) Consolidated from 1 October 2008. Bouvet AB has to subsidiaries; Bouvet Sverige AB and Bouvet Public Skills AB.
5) Consolidated from 1 November 2019. Sesam separated as a subsidiary.

Loans, receivables and liabilities between Bouvet ASA and its subsidiaries

COMPANY	CURRENT RECEIVABLES DUE FROM SUBSIDIARIES	LOANS FROM SUBSIDIARIES	CURRENT LIABILITIES TO SUBSIDIARIES
Bouvet Norge AS	170 037	40 000	109 836
Olavstoppen AS	25	0	26
Sesam.IO AS	561	0	0
Bouvet AB med datterselskaper	45	0	0
Total	170 668	40 000	109 862

See note 3 in Group accounts for specification of results and equity in subsidiaries, and information about non-controlling interests.

Bouvet ASA has furnished guarantee in connection with tenancy agreements in Bouvet Norge AS:

CITY	LEASE TERM	AMOUNT OF GUARANTEE
Oslo	17.12.2016-16.12.2026	For all contractual obligations
Stavanger	07.05.2018-06.05.2028	13 049

Note 9: Other short-term receivables

NOK 1 000	2019	2018
Advances to board members	2	0
Prepaid software	50	0
Total other short-term receivables	52	0

Note 10: Liquid assets

NOK 1 000	2019	2018
Liquid assets - unrestricted funds	6 270	231
Employee withheld taxes - restricted funds	432	448
Liquid assets in the balance sheet	6 702	679

Note 11: Share capital, shareholder information and dividend

SHARES IN THOUSANDS	2019	2018
Ordinary shares, nominal value NOK 1	10 250	10 250
Total number of shares	10 250	10 250

Changes in share capital and premium

	NO. OF SHARES		SHARE CAPITAL	
NOK 1 000	2019	2018	2019	2018
Ordinary shares issued and fully paid at 31.12.	10 250	10 250	10 250	10 250
Own shares at nominal value	0	-1	0	-1

Throughout the year, Bouvet ASA has purchased 106 440 own shares at an average price NOK 338.14 and sold 107 237 own shares to employees within the group at a total amount of NOK 28 801 thousand, giving an average sales price of NOK 268.57 per share (which includes the element of remuneration). The cash consideration for these shares was NOK 17 474 thousand. The Company owns 467 own shares per 31 December 2019.

The nominal value of the shares is NOK 1. All shares in the company have equal voting rights and are equally entitled to dividend. Calculation of earnings per share are disclosed in note 6.

The 20 main shareholders at 31.12.2019 are:

SHAREHOLDER	NUMBER OF SHARES	OWNERSHIP INTEREST
VARNER KAPITAL AS	1 070 000	10.44 %
VIRTUS KAR INTERNATIONAL SMALL-CAP	1 048 427	10.23 %
STENSHAGEN INVEST AS	586 699	5.72 %
SVERRE HURUM	462 068	4.51 %
VEVLEN GÅRD AS	453 502	4.42 %
VERDIPAPIRFONDET NORDEA AVKASTNING	370 005	3.61 %
MP PENSJON PK	270 082	2.63 %
VERDIPAPIRFOND ODIN NORDEN	242 068	2.36 %
ERIK STUBØ	238 568	2.33 %
UBS SWITZERLAND AG	203 903	1.99 %
VERDIPAPIRFONDET NORDEA KAPITAL	166 340	1.62 %
STATE STREET BANK AND TRUST COMP	155 879	1.52 %
STOREBRAND NORGE I VERDIPAPIRFOND	147 012	1.43 %
TELENOR PENSJONSKASSE	130 000	1.27 %
VERDIPAPIRFOND ODIN NORGE	117 932	1.15 %
ANDERS ERIKSEN-VOLLE	116 440	1.14 %
VERDIPAPIRFONDET DNB SMB	90 663	0.88 %
VERDIPAPIRFONDET NORDEA NORGE PLUS	88 643	0.86 %
EMPLOYEES RETIR SYSTEM OF TEXAS	82 400	0.80 %
NILS-HÅKAN RADIG	75 261	0.73 %
Remaining shareholders	4 134 108	40.33 %
Total	10 250 000	100.00 %

Dividend

The company has paid the following dividends:

NOK 1 000	2019	2018
Ordinary dividend for 2018: NOK 13.00 per share	133 250	
Ordinary dividend for 2017: NOK 8.50 per share		87 125
Total	133 250	87 125

Proposed dividend to be approved at the annual general meeting amounts to NOK 8.25 per share. Furthermore, it will be proposed that the general meeting grants an authorization to the Board of Directors to resolve additional dividends based on the annual account for 2019, upcoming market developments and the company's equity and liquidity. The authorization will cover the period until the annual general meeting in 2021.

Note 12: Share scheme for employees

The Company did not have any employees in 2019 or 2018. All of the Group's costs related to the share scheme are expensed in the respective subsidiaries.

Share scheme

The Group has a share scheme including all employees not under notice and who have, at the latest, started work on the first day of the month when the offer is made. The offer does not include employees paid by the hour. The scheme consists of annual offers where each employee can subscribe for shares once per calendar year. The share scheme is approved for one year at a time.

The share scheme gives the employee the opportunity to subscribe for shares at a value from NOK 7 500 to NOK 15 000 per year against a deduction in salary of 80 per cent of subscription amount. Bouvet will give a corresponding number of shares free of charge if the employee keeps the shares for three years and is still employed.

In 2019 a total of 55 689 shares were sold at a rate of NOK 333.18 minus a 20 percent discount. 1 266 employees have participated in the scheme. In 2018 72 866 shares were sold at a rate of NOK 212.00 minus a 20 percent discount.

The Group also has an additional share scheme for the management. The share scheme consist of annual offers where each member can subscribe for shares once per calendar year. The share scheme is approved for one year at a time.

The share scheme gives members of the management the opportunity to subscribe for shares at a value of NOK 22 500 per year at market value without any subsidising from Bouvet. Bouvet will give a corresponding number of shares free of charge if the manager keeps the shares for three years and is still employed.

In 2019 a total of 7 797 shares were sold at a rate of NOK 333.18. A total of 119 employees have participated in the scheme. The previous year 11 372 shares were sold at a rate of NOK 212.00.

In 2019 a total of 43 751 shares were provided free of charge in relation to the 2017 share issue program. (In 2018: 51 551 shares related to the 2016 programme).

The share scheme is treated in accordance with Norwegian Accounting Standard 15A. The fair value of the scheme is calculated at the grant date and expensed over the vesting period of three years. NOK 8 044 thousand in share based payment costs have been charged the subsidiaries in 2019 in addition to the bonus shares described above. In 2018 NOK 7 287 thousand was charged. Remaining estimated compensation costs at 31 December 2019 for the years 2020 to 2022 are NOK 20 948 thousand.

Note 13: Other short-term debt

NOK 1 000	2019	2018
Other short-term debt	136	244
Accrued dividend payment	84 562	133 250
Total	84 698	133 494

Note 14: Transactions with related parties

NOK 1 000

Compensation to the Board

NAME	ROLE	FEES PAID IN 2019	FEES PAID IN 2018
Pål Egil Rønn	Styrets leder	300	300
Tove Raanes	Styrets nestleder	175	175
Grethe Høiland	Styremedlem	150	150
Ingebrigt Steen Jensen	Styremedlem	150	150
Egil Christen Dahl	Styremedlem	150	150
Total		925	925

Compensation to key Management

Key management has received its remuneration from Bouvet Norge AS. For information about the remuneration to the management see note 22 to the consolidated financial statements.

Shares in the Company directly or indirectly owned by the Board at 31.12.2019

NAME	ROLE	NO. OF SHARES
Pål Egil Rønn	Chairman of the Board	5 000
Tove Raanes	Vice-chairman of the Board	895
Grethe Høiland	Board member	0
Ingebrigt Steen Jensen	Board member	1 640
Egil Christen Dahl	Board member	453 502
Total		461 037

Shares in the Company directly or indirectly owned by Management at 31.12.2019

NAME	ROLE	NO. OF SHARES
Sverre F. Hurum	CEO	462 068
Erik Stubø	CFO	238 568
Total		700 636

Other matters

The CEO has an agreement of 12 months' pay after termination of employment. No other key management personnel has any agreement of pay after termination of employment.

Note 15: Financial instruments

The Company is a holding company, and has limited financial instruments except for its investment in subsidiaries and group receivables and group payables. For information about the Company's handling of financial risks such as liquidity risk and capital management, see note 23 to the consolidated financial statements.

Note 16: Events after the balance sheet date

The coronavirus outbreak

A global outbreak of a respiratory infection caused by a previously unknown coronavirus (Covid-19) is currently under way. This has prompted governments in a steadily growing number of countries, including Norway, to implement stringent measures to reduce the spread of the virus. During March 2020, the vast majority of the company's employees converted to working from home.

What the future consequences will be depends on the further development of the virus outbreak, the government's measures, and general economic and market trends.

These effects do not influence the presentation of the financial statements for 2019.

There have been no other events after the balance sheet date significantly affecting the Company's financial position.

Shareholder information

Key figures

NOK	2019	2018	2017	2016
Market value at 31 Dec	**3977.0 mill.**	2009.0 mill.	2091.0 mill.	1414.5 mill.
Share price at 31 Dec	**388.00**	196.00	204.00	138.00
Share price/ total equity per share	**12.52**	7.25	9.49	8.03
Dividend paid	**13.00**	8.50	7.00	6.50

The Bouvet share is listed on the Oslo Stock Exchange under the ticker code BOUVET.

Its price increased by 97.96 per cent during 2019. The company's market value was NOK 2 009.0 million at 1 January 2019 and had increased to NOK 3 977.0 million at 31 December.

Dividend

The Bouvet share will be a profitable investment for its owners through the increase in its value and payment of dividend. In accordance with the company's dividend policy, a significant part of the previous year's net profit will be distributed to the owners.

The annual general meeting held in 2019 resolved to pay a dividend of NOK 13.00 per share.

Shareholder policy

Bouvet communicates openly about conditions relevant to its financial position and future development so that market players can form the best possible picture of the company. All shareholders will be treated equally, and information will be provided at the right time, in a precise form and sufficiently comprehensive.

Price-sensitive information is made available to the whole market simultaneously through the Oslo Stock Exchange announcement system. The company's website is an important tool for ensuring that available information is comprehensive and updated. All information is also made available on the company's website at www.bouvet.no. Bouvet will work continuously on improving the site, so that its pages are updated with relevant data at all times.

Bouvet does not publish forecasts for key figures in coming periods, but bases its comments on expected general market trends.

In connection with the presentation of interim results, the company's management holds a presentation where investors, analysts, the media and other stakeholders can meet senior executives. Four such presentations were given in 2019.

Analyst coverage

Three Norwegian stockbrokers provide analysis of the company:

- ABG Sundal Collier
- Sparebank1 Markets
- Kepler Cheuvreux

Share data

The Bouvet share traded between NOK 196.00 per share and NOK 388.00 per share in 2019. A total of 2 042 000 shares were traded on the Oslo Stock Exchange through 5 231 transactions. The company's share price at 31 December 2019 was NOK 388.00 per share.

Issued shares at 31 December 2019 totaled 10 250 000, with a nominal price of NOK 1.00 per share.

Shareholders

The company had 2 441 shareholders at 31 December, including 2 243 Norwegian and 198 foreign.

The 20 largest shareholders owned 59.74 per cent of the shares. Bouvet owned 467 of its own shares at 31 December 2019, compared with 1 264 the year before.

Financial Calendar 2020

EVENT	DATE
Annual General Meeting	20 May 2020
First quarter 2019	19 May 2020
Second quarter 2019	25 August 2020
Third quarter 2019	10 November 2020
Fourth quarter 2019	19 February 2021

In connection with the presentation of interim results, the company's management holds a presentation where investors, analysts, the media and other stakeholders can meet senior executives. The presentations are held in Oslo

Share registrar

Nordea Bank Norge ASA
Registrar service
P O Box 1166 Sentrum
NO - 0107 Oslo

Investor relations contacts

The chief financial officer is the company's primary spokesperson for financial information, such as interim and annual reports. The chief executive will be the primary contact on other issues, such as important contracts and other price sensitive information.

Other members of Bouvet's executive management may serve as spokespersons in special cases where appropriate.

Share data

	2019	2018	2017	2016
Highest share price (NOK)	388.00	256.00	210.00	138.50
Lowest share price (NOK)	196.00	192.00	131.00	94.50
Number of trades	5 231	4 113	2 170	1 434
Number of shares traded	2 042 000	1 191 000	868 000	1 734 000
Shares at 31 December	10 250 000	10 250 000	10 250 000	10 250 000

Shareholders

SPREAD	NO OF SHAREHOLDERS	TOTAL NO OF SHARES	PERCENTAGE
1 - 100	775	32 887	0.32 %
101 - 1 000	1 116	385 976	3.77 %
1 001 - 10 000	444	1 182 678	11.54 %
10 001 - 100 000	90	2 841 752	27.72 %
100 001 - 1 000 000	14	3 701 537	36.11 %
1 000 001 -	2	2 105 170	20.54 %
Total	2 441	10 250 000	100.00 %

Corporate governance

Bouvet ASA (Bouvet) is concerned to practise good corporate governance in order to strengthen confidence in the company and thereby contribute to the best possible long-term value creation with the lowest possible risk to the benefit of shareholders, employees and other stakeholders. Good corporate governance is intended to regulate the division of roles between shareholders, the board and the executive management more comprehensively than is required by legislation.

Bouvet is subject to formal requirements for reporting on its corporate governance. Pursuant to section 3, sub-section 3b of the Norwegian Accounting Act, the company is obliged to report on its principles for and practice of corporate governance. In addition, the Oslo Stock Exchange requires an annual report on the company's principles in compliance with the applicable Norwegian code of practice for corporate governance (the code) issued by the Norwegian Corporate Governance Board (NCGB).

This report applies for fiscal 2019 and is based on the disposition specified in the legislation as well as the main points in the code.

Report on corporate governance pursuant to the Accounting Act and the disposition specified therein

1. The company complies with the Norwegian code of practice for corporate governance
2. The code can be found at www.nues.no
3. The board has presented a report on corporate governancebelow, and possible deviations from the code are commented upon under each point
4. Chapter 10 of the report describes the main components of Bouvet's risk management and internal control in the financial reporting process
5. Bouvet has no provisions in its articles of association which extend or deviate from the provisions in chapter 5 of the Act on Public Limited Companies
6. The composition of the board, control committee and working committees of the board are presented in chapter 8. The main elements in their instructions and guidelines are described in chapters 8 and 9
7. Provisions in the articles of association which regulate the term of office of directors are described in chapter 8 of the report
8. Provisions in the articles of association and mandates which authorise the board to issue or buy back shares or primary capital certificates are described in chapter 3

1. Implementation and reporting on corporate governance in Bouvet

Compliance

The board of directors of Bouvet complies with the applicable code from the NCGB, published on 17 October 2018. The board is responsible for implementing sound principles for corporate governance in the company. Bouvet provides an annual overall report of its principles for corporate governance and compliance with these in its annual report, and this information is also made available on the company's website at www.bouvet.no.

An annual review of the report on corporate governance is conducted by the board and the executive management, and the report for 2019 was adopted on 22 April 2020.

Confidence in the company's management and business is crucial for Bouvet's present and future competitiveness. The company practises open management, and thereby builds trust both in-house and externally.

Relations between owners and the company will be characterised by respect for the owners, good and timely information and equal treatment of shareholders.

Base values, ethics and corporate social responsibility (CSR)

A general principle for Bouvet is that the company will behave in a trustworthy manner towards its employees, clients, government agencies and other stakeholders. Guidelines for Bouvet's CSR are available on the company's website.

2. The business

Bouvet delivers services related to communication, information technology and advisory. The company is a strategic partner for a number of enterprises, and helps these to design, develop and administer digital solutions which create new business opportunities. Bouvet has a regional model where closeness to the clients is the key element. Long-term client relationships are forged through local expertise and entrenchment.

A detailed presentation of Bouvet's business is available on its website at www.bouvet.no.

3. Equity and dividends

Equity

Bouvet has experienced growth in turnover, and still has opportunities for further profitable expansion. To benefit from these opportunities, the group will maintain a solid equity and good liquidity.

Consolidated equity at 31 December 2019 was NOK 317,8 million, corresponding to an equity ratio of 29.4 per cent. The board accordingly regards the group's capital structure as satisfactory.

Dividend policy

The Bouvet share will be a profitable investment for its owners through the increase in its value and the payment of dividend. The group's dividend policy will be to distribute a significant proportion of the previous year's net profit to the owners. When considering proposals for a dividend, the executive management and the board will take account of the following considerations:

- Bouvet should have adequate reserve liquidity in the form of bank deposits or credit facilities.
- Bouvet shall be a solid company with a balanced financing.

Major investments will normally be funded through new financing in the form of debt, equity or a combination of these. However, the dividend payout ratio can be reduced if substantial investments are planned.

Mandates to increase the share capital

In the board's view, mandates from the general meeting to increase the share capital should be limited to defined purposes and remain valid for up to a year. The general meeting should therefore consider board mandates to increase the share capital separately for each purpose, rather than awarding an umbrella mandate.

Bouvet held its annual general meeting on 22 May 2019. This awarded the board a mandate to increase the share capital of the company by up to NOK 1 million for financing the acquisition of other companies and businesses. In addition, the board has a mandate to increase the share capital by a maximum of NOK 200 000 in order to implement the share saving program for group employees.

Both mandates run until 30 June 2020.

As a general rule, existing shareholders will have a pre-emptive right to the allocation of and subscription to significant share issues. Should the general rule be waived, the reason for doing so will be published in the stock exchange announcement issued in connection with the capital increase.

Mandate to purchase own shares

The board believes that mandates to purchase the company's own shares must remain valid for a period no longer than to the next annual general meeting.

A mandate was held by the board at 31 December 2019 to acquire up to 1 025 000 of the company's own shares to serve as full or partial settlement for the acquisition of businesses, to provide a holding of shares in hand for that purpose, and to implement the company's share saving program for group employees. These transactions will be conducted through the stock exchange or in other ways at prevailing stock exchange prices, and such a way that the principle of the equal treatment of shareholders is observed. The mandate runs until 30 June 2020.

4. Equal treatment of shareholders and transactions with close associates

Equal treatment

Bouvet has a single share class, and each share carries one vote. Shareholders will be treated equally unless qualified grounds exist for an alternative approach. Efforts will be made to conduct possible transactions by the company in its own shares through the stock exchange or in other ways at prevailing stock exchange prices.

Transactions with close associates

Bouvet's routines specify that, in general, no transactions should be conducted between the group and its shareholders, directors, senior executives or their close associates. Should any of these have an interest in a transaction involving the group, the board must be informed and take up the matter for consideration if necessary. Unless the transaction is insignificant, the board will secure third-party assessments of the transaction and otherwise assure itself that no form of unfair treatment of shareholders, elected officers, employees or others is involved.

5. Freely negotiable shares

Bouvet's shares are freely negotiable, and the company's articles of association place no restrictions on transferability.

6. General meetings

The general meeting is the company's highest authority.

Bouvet will facilitate the participation of as many shareholders as possible at the general meeting and ensure that it functions as an effective meeting place for the shareholders and the board so that the owners can exercise their rights.

Notice of the meeting and supporting documents will be issued in good time before the meeting is to take place and posted to the company's website no later than 21 days in advance. All shareholders with a known address in the Norwegian Central Securities Depository (VPS) will receive the documents in the post at least 21 days before the general meeting takes place. Pursuant to article 6 of the articles of association, it is sufficient that related documents are made available on the company website. A shareholder may however demand to be sent supporting documents concerning matters that are to be considered at the General Meeting. Supporting documents shall include all necessary documentation so that the shareholders can decide on all matters to be discussed. The deadline for attendance registration is five working days prior to the meeting.

Shareholders unable to attend in person will be given an opportunity to vote by proxy. The company will provide information on the procedure for appointing a proxy or appoint a person who can act as proxy for the shareholder. A proxy form will also be prepared which makes it possible for the shareholder to specify how their proxy should vote on each item to be considered and over each candidate for election.

The board, the nomination committee and the auditor will attend the annual general meeting, together with representatives of the executive management. In addition, at least one director will attend all extraordinary general meetings.

The board determines the agenda for the general meeting. The main items on the agenda comply with the requirements of the Public Limited Companies Act as well as article 6 of the company's articles of association. As recommended by the code, each general meeting appoints a person to act as its independent chair.

Minutes of general meetings are published on the company and Oslo Stock Exchange websites.

7. Nomination committee

Article 7 of the company's articles of association specifies that Bouvet will have a nomination committee. Instructions for the committee's work have been drawn up and adopted by the general meeting.

Pursuant to the articles of association, the committee will comprise three members elected for a two-year term.

The committee's job is to recommend candidates for election to the board and to make a recommendation on directors' fees. These recommendations should be justified and include relevant information on the candidates and their independence.

An overview of the nomination committee's members is available on the company's website.

8. Board of directors: composition and independence

Composition of the board

Article 5 of the articles of association specifies that the board will consist of five to eight directors.

Bouvet's board of directors consisted at 31 December 2019 of five shareholder- elected directors, including two women and three men. The chief executive is not a director.

The shareholderelected directors have long and varied experience from the construction of energy, banking/ finance and public administration sectors, and have expertise in the fields of organisation, marketing, management and finance. An overview of the directors can be found on the company's website.

Independence of the board

The composition of the board ensures that it can operate independently of special interests. All the shareholder-elected directors are regarded as independent of the executive management, substantial business contacts and the company's principal shareholders.

An overview of each director's shareholding in Bouvet is provided in note 22 to the annual financial statements for 2019.

Deviation from the code: Directors can be elected by law for up to four years, but the code recommends that their term of office does not last longer than two. Bouvet's articles of association do not regulate the process of electing and replacing directors.

9. The work of the board of directors

Duties of the board

The board has overall responsibility for planning and execution of the group's strategy and activities, including its organisation, remuneration policy and risk management. The board also has overall responsibility for control and supervision. The duties and responsibilities of the board are dictated by applicable legislation, the parent company's articles of association, and mandates and instructions adopted by the general meeting.

These duties and responsibilities can be divided into two principal categories:

- Management of the company, pursuant to section 6, sub-section 12 of the Public Limited Companies Act
- Supervision, pursuant to section 6, sub-section 13 of the Public Limited Companies Act.

An annual plan has been approved by the board for its work. This focuses on the board's duties: to develop the group's strategy and monitor its implementation. In addition, the board will exercise supervision to ensure that the group meets its business goals and manages risk in a wise and satisfactory manner.

The board discusses all matters relating to the group's activities which are of significant importance or of a special character. A total of 10 board meetings were held in 2019.

Instructions for the board

Pursuant to the Public Limited Companies Act, the division of the board's roles and duties is enshrined in a formal mandate which includes specific rules and guidelines for the board's work and decisions.

The chair is responsible for ensuring that the work of the board is conducted in an efficient and proper manner and in compliance with applicable legislation.

In addition to the chair, the board has an independent chair to lead the discussion on issues where the chair has a conflict of interest or is unable to attend.

Instructions for the chief executive

The board is responsible for appointing the chief executive. The board also adopts instructions, authorities and terms for the chief executive.

Financial reporting

Periodic reports which comment on the group's financial status are received by the board. Where interim reporting is concerned, the company observes the deadlines set by the Oslo Stock Exchange.

Board sub-committees

The board has established two sub-committees, for audit and compensation respectively. Instructions have been adopted by the board for the work of these bodies.

Audit committee

The audit committee is elected by and from among the directors for a period of two years or until its members cease to sit on the board. The committee has two members, who possess the expertise required to exercise their duties. At least one of its members must be independent of the business and have accounting or auditing qualifications.

A list of committee members is available on the company website.

The committee's primary function is to conduct an independent check of the company's financial reporting, auditing, internal control and overall risk management.

The committee will:

- prepare the board's follow-up of the financial reporting process
- monitor the systems for internal control and risk management
- maintain on-going contact with the company's elected auditor concerning the auditing of the annual report
- assess and monitor the auditor's independence pursuant to chapter 4 of the Norwegian Auditing Act, and particularly the extent to which services other than auditing delivered by the auditor or the audit company represent a threat to that independence
- be consulted over the election of the auditor, with its statement appended to the recommendation, and will review its mandate and mode of working on an annual basis and recommend possible changes to the board.

The committee can initiate the investigations it finds necessary for discharging its duties, which includes obtaining external advice and support. The committee will not take decisions on behalf of the board, but will present its assessments and recommendations to the board.

The committee will meet as frequently as it finds necessary, but not less than four times a year.

The committee determines for itself who is to attend meetings. Apart from the committee's members, the chief financial officer and a representative of the external auditor will normally attend.

The committee will have separate meetings at least once a year with a representative of the external auditor and the chief executive respectively.

Compensation committee

Bouvet has established a compensation committee which comprises three directors and which is independent of the company's executive management. Members of the committee are appointed by the board for a period of two years or until they cease to be directors. A list of the committee's members is available on the company website.

This sub-committee is charged with assessing the content and principles of the group's pay and bonus system, and for preparatory work ahead of a discussion of these issues by the full board in cooperation with the chief executive. The sub-committee compares remuneration in Bouvet in part with other companies and presents proposals to the full board on possible changes.

Self-assessment by the board

The board evaluates its work and competence annually.

10. Risk management and internal control

The board and executive management of Bouvet place great emphasis on establishing and maintaining routines for risk management and internal control. An annual review of the most important risks affecting the business is conducted by the board, with special attention paid to the following aspects.

Training and motivation of employees

Training and motivating employees is a key factor in Bouvet's business. It regards a high quality of work, openness and honesty in relations between individuals and the group as important principles. Systematic efforts are made to ensure that the workforce is professionally up-to-date and developing well. The group is committed to maintaining a good social environment. Another goal is that the working day will not last longer than is necessary for employees to have good leisure time. Bouvet conducts annual working environment (climate) surveys as part of its internal control.

Work procedures, regulations, instructions and authority

In addition to the instructions enshrined in its contracts of employment, Bouvet has established in-house rules for employees and pays attention to training in and understanding of these regulations.

Financial reporting

The Bouvet group has prepared internal guidelines for monthly, quarterly and annual financial reporting, including routines for internal control. The audit committee monitors the internal control systems, and the group's CFO attends audit committee meetings. Consolidated financial statements are presented in accordance with the applicable IAS/IFRS.

Financial results and key figures are presented to the board on a monthly basis together with the executive management's presentation of the group's position. The group does not use budgets, but prepares a business plan for the year as a whole. Deviations from the business plan, with the focus on central key figures, are reported to and considered by the board on a monthly basis. Forecasts for the development of profits and liquidity over the coming 12 months are prepared on a monthly basis and presented to the board.

All projects where the group has a delivery responsibility are reviewed and the remaining work re-estimated on a monthly basis in order to ensure correct accrual of the projects in the financial reporting.

Client satisfaction

Regular surveys are conducted to secure information on client satisfaction.

Projects

Bouvet invoices most of its projects on an on-going basis. But the group also delivers projects where a predefined result is to be supplied at a price which is fixed or contains elements of fixed pricing. Variances may arise in such cases between the final income per hour and the calculated income per hour at start-up and during execution of the projects. A continuous assessment is made of risk associated with projects.

Counterparty risk

Bouvet conducts an annual review of both clients and suppliers to identify counterparty risk. New clients are also subject to a thorough assessment to identify any risk they may present.

11. Remuneration of the board of directors

The general meeting determines directors' fees on the basis of proposals from the nomination committee.

Fees are fixed and independent of the results achieved. Information on all remuneration paid to directors is presented in note 22 to the annual financial statements. No options are awarded to directors.

12. Remuneration of the executive management

The board determines the chief executive's terms of employment and sets guidelines for the remuneration of other senior executives. Guidelines are presented to the general meeting.

The main principle applied by Bouvet for determining the pay and other remuneration of the chief executive and other senior executives is that these persons will be offered competitive terms.

In addition, Bouvet will offer terms which encourage a commitment to and value creation for the group and its shareholders, and which strengthen the loyalty of senior employees to the business.

Bouvet's profit-sharing model comprises two components:

- profit-sharing at regional level for unit managers, sales staff and consultants
- profit-sharing at corporate level for personnel in shared administrative and staff functions.

Performance-based remuneration cannot exceed 50 per cent of ordinary annual pay.

The chief executive and other senior executives have three months' notice, calculated from the end of the calendar month in which they resign/are dismissed. The chief executive has a 12-month pay guarantee in addition to the agreed period of notice, subject to the reporting of all other income in the period to Bouvet for deduction from payments by the group.

Information on all benefits paid to the executive management is provided in note 22 to the annual accounts.

13. Information and communication

Bouvet takes the view that objective, detailed and frequent information to the market is essential for a correct valuation of the Bouvet share, and accordingly pursues a continuous dialogue with analysts and investors.

Information about important events in Bouvet as well as its periodic reporting of results are published in accordance with the guidelines to which the group is subject through its listing on the Oslo Stock Exchange.

Bouvet seeks continuously to publish all relevant information to the market in a timely, efficient and non-discriminatory manner. All stock exchange announcements are made available on the company and Oslo Stock Exchange websites.

The group will provide the same information to all shareholders at the same time. To the extent that analysts or shareholders contact it for further details, Bouvet and the board will ensure that only information which has already been made public is provided.

Bouvet's website is an important tool in its communication policy. All published information will be posted to this site, which will also be used to receive proposals to the nomination committee and other communications from shareholders.

The group holds quarterly open presentations. These provide an overview of operational and financial developments in the previous quarter as well as an overview of market prospects and the outlook for the business. These presentations are given by the chief executive. Interim reports and presentation materials are made available on the group's website.

The board determines the group's financial calendar, which specifies the dates for the publication of interim reports and the annual general meeting. This calendar is published by the end of December via the Oslo Stock Exchange's information system and on the Bouvet website.

14. Takeovers

In the event of a bid for the parent company's shares, the board and the executive management will ensure that all shareholders are treated equally and have access to sufficient information to be able to reach a decision on the offer. Unless

otherwise instructed by the general meeting, the board will not deploy defensive mechanisms to prevent the implementation of the bid.

The board will provide shareholders with its view of the offer and, providing they have reached a decision on this, directors are duty-bound to inform shareholders whether they personally intend to accept the bid.

Should the board find that it is unable to recommend whether the shareholders should accept the bid, it will explain the reasons why such a recommendation cannot be given. An explanation must be provided if the board's decision is not unanimous.

The board will consider whether an assessment should be obtained from an independent expert.

15. Auditor

Bouvet is audited by Ernst & Young AS.

The group does not use the auditor as a consultant unless this has been approved in advance by the board or its chair. A plan for their work is submitted annually by the external auditor to the board, and this plan will specify planned services other than auditing.

The auditor attends the board meeting which deals with the annual accounts. During this meeting, the auditor will review the audits performed, possible changes to the company's auditing principles, assessments of significant accounting estimates, assessment of the company's internal controls and all cases where disagreement has arisen between the auditor and the executive management.

At least once a year, the auditor will conduct a review with the audit committee of the company's internal control system and possible weaknesses, with suggestions of improvement. In addition, the board and the auditor will hold at least one meeting a year without the chief executive or other executive personnel being present.

The auditor's fee will be presented to the chair of the audit committee, who evaluates it and makes a recommendation to the general meeting. Information on the auditor's fee is provided in note 7 to the annual financial statements.

Statsautoriserte revisorer
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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Bouvet ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bouvet ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2019, the income statement, statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the balance sheet as at 31 December 2019, the income statement, the statements of other income and costs, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- the financial statements are prepared in accordance with the law and regulations
- the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. 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 for 2019. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Recognition of revenue from customer contracts over time

The Group's revenues from customer projects where the revenue is based on fixed price or where the hourly rate varies with the time incurred on the project, amounted to NOK 33,7 million in 2019. The estimation of earned revenue and profit is affected by the estimated time to complete each project. The recognition of revenue from customer projects over time is a key audit matter due to the significant degree of judgment involved in estimating the progress on the projects.

We considered the Group's accounting principles related to recognition of revenue from customer contracts over time, routines for monitoring customer projects and estimates for selected projects. The audit procedures included testing total project revenue against agreements, incurred costs and hours against underlying invoices and time sheets, assessment of estimated total project costs and hours with comparable projects as well as assessment of the historical accuracy of estimated progress on the projects.

We refer to note 3 regarding estimation uncertainty and note 11 regarding work in progress.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism 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 Company'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 management'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 Company'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 in a manner that achieves fair presentation;
- 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.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 23 April 2020
ERNST & YOUNG AS

Leiv Aschehoug
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

Alternative performance measures

The European Securities and Markets Authority (“ESMA”) issued guidelines on Alternative Performance Measures (“APMs”) that came into force on July 3, 2016. Bouvet discloses APMs that are frequently used by investors, analysts, and other interested parties. The management believes that the disclosed APMs provide improved insight into the operations, financing, and prospects of Bouvet. Bouvet has defined the following APMs:

EBITDA is short for earnings before interest, taxes, depreciation, and amortization. EBITDA is calculated as profit for the period before tax expense, financial items, depreciation, and amortization.

EBIT is short for earnings before interest and taxes. EBIT corresponds to operating profit in the consolidated income statement.

Net free cash flow is calculated as net cash flow from operations plus net cash flow from investing activities.

EBITDA-margin is calculated as EBITDA divided by revenue.

EBIT-margin is calculated as EBIT divided by revenue.

Cash flow margin is calculated as Net cash flow from operations divided by revenue.

Equity ratio is calculated as total equity divided by total assets.

Liquidity ratio is calculated as current assets divided by short-term debt.

Key figures Group

NOK 1 000	2019	2018	2017	2016	2015
INCOME STATEMENT					
Operating revenue	**2 132 052**	1 846 711	1 607 353	1 330 811	1 232 486
EBITDA	**292 728**	216 364	165 280	120 887	112 891
Operating profit (EBIT)	**232 051**	191 562	144 137	106 298	99 354
Ordinary profit before tax	**228 214**	191 575	145 936	106 049	101 770
Profit for the year	**180 133**	150 497	112 022	79 885	74 738
EBITDA margin	**13.7 %**	11.7 %	10.3 %	9.1 %	9.2 %
EBIT margin	**10.9 %**	10.4 %	9.0 %	8.0 %	8.1 %
BALANCE SHEET					
Non-current assets	**353 578**	120 166	101 502	90 346	71 492
Current assets	**725 876**	636 391	542 586	445 570	414 722
Total assets	**1 079 454**	756 557	644 088	535 916	486 214
Equity	**317 751**	276 993	220 408	176 158	174 618
Long-term debt	**201 352**	574	218	1 578	285
Short-term debt	**560 351**	478 990	423 462	358 180	311 311
Equity ratio	**29.4 %**	36.6 %	34.2 %	32.9 %	35.9 %
Liquidity ratio	**1.30**	1.33	1.28	1.24	1.33
CASH FLOW					
Net cash flow operations	**277 054**	218 971	149 035	113 462	127 874
Net free cash flow	**253 081**	161 828	119 108	75 635	115 032
Net cash flow	**66 337**	73 017	43 652	-8 419	55 732
Cash flow margin	**13.0 %**	11.9 %	9.3 %	8.5 %	10.4 %
SHARE INFORMATION					
Number of shares	**10 250 000**	10 250 000	10 250 000	10 250 000	10 250 000
Weighted average basic shares outstanding	**10 228 839**	10 169 093	10 133 943	10 171 365	10 208 354
Weighted average diluted shares outstanding	**10 332 463**	10 268 110	10 248 708	10 304 044	10 340 661
EBIT per share	**22.69**	18.84	14.04	10.32	9.59
Diluted EBIT per share	**22.46**	18.66	13.89	10.19	9.47
Earnings per share	**17.61**	14.80	10.92	7.76	7.21
Diluted earnings per share	**17.44**	14.66	10.79	7.66	7.12
Equity per share	**31.00**	27.02	21.50	17.19	17.04
Dividend per share	**13.00**	8.50	7.00	6.50	5.00
EMPLOYEES					
Number of employees (year end)	**1 557**	1 369	1 215	1 090	1 036
Average number of employees	**1 474**	1 305	1 171	1 050	1 016
Operating revenue per employee	**1 447**	1 415	1 373	1 267	1 213
Operating cost per employee	**1 289**	1 268	1 250	1 166	1 115
EBIT per employee	**157**	147	123	101	98

Definitions

Cash flow margin	Net cash flow operations / Operating revenue
Diluted earnings per share	Profit for the period assigned to shareholders in parent company / weighted average diluted shares outstanding
Diluted EBIT per share	EBIT assigned to shareholders in parent company / weighted average diluted shares outstanding
Dividend per share	Paid dividend per share througout the year
Earnings per share	Profit for the period assigned to shareholders in parent company / weighted average basic shares outstanding
EBIT	Operating profit
EBIT per employee	EBIT / average number of employees
EBIT per share	EBIT assigned to shareholders in parent company / weighted average basic shares outstanding
EBITDA	Operating profit + depreciation fixed assets and intangible assets
EBITDA-margin	EBITDA / operating revenue
EBIT-margin	EBIT / operating revenue
Equity per share	Equity / number of shares
Equity ratio	Equity / total assets
Liquidity ratio	Current assets / Short-term debt
Net free cash flow	Net cash flow operations - Net cash flow investments
Number of shares	Number of issued shares at the end of the year
Operating cost per employee	Operating cost / average number of employees
Operating revenue per employee	Operating revenue / average number of employees
Weighted average basic shares outstanding	Issued shares adjusted for own shares on average for the year
Weighted average diluted shares outstanding	Issued shares adjusted for own shares and share scheme on average for the year

Our regions and offices

The Group has 13 offices in Norway and Sweden. Our philosophy is that competence should be utilized across the company, while projects are attached locally.

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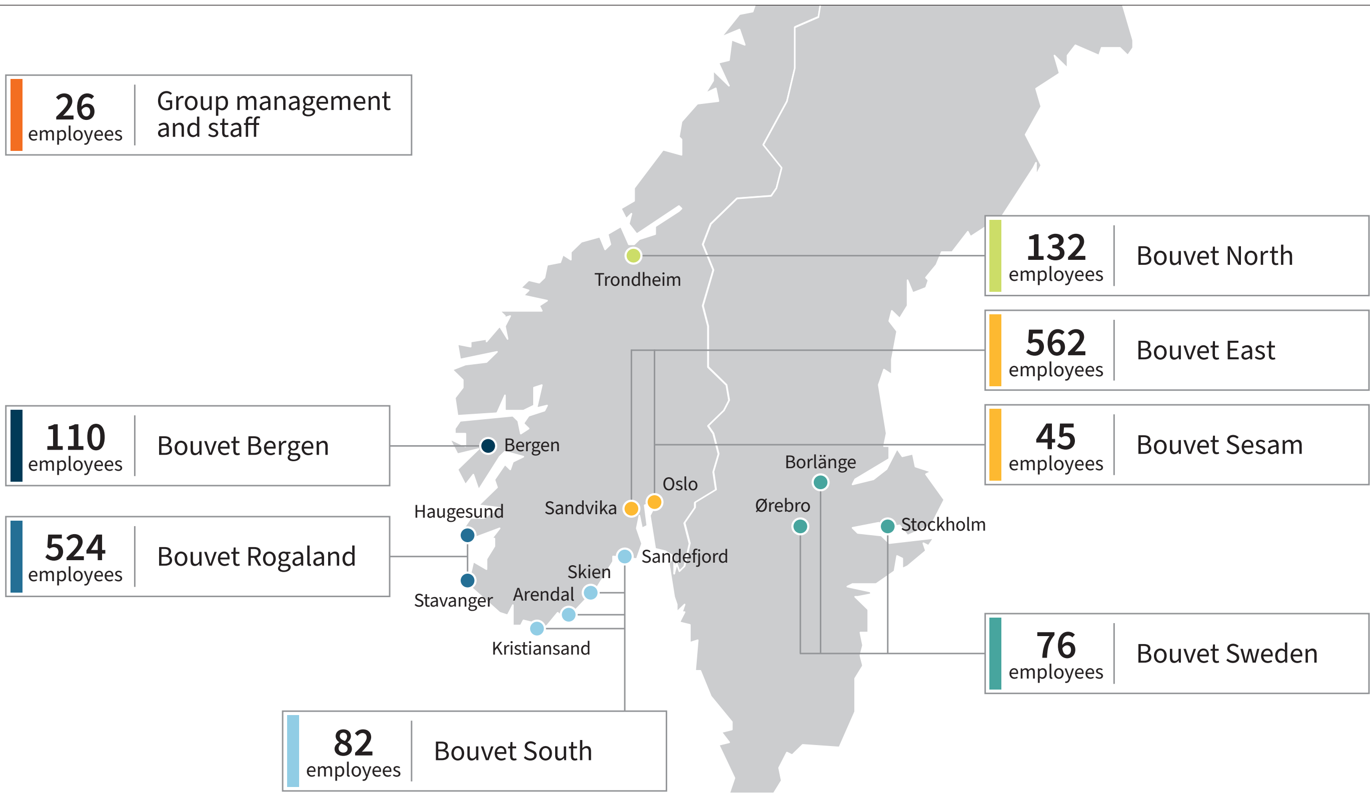

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This year, we have changed, renewed and improved:

- Digital health forms for residents in Hordaland county
- Simpler registration and better data for managing wild deer in Norway
- Statistics for all fire-brigade callouts
- Efficient data utilisation with business intelligence
- More profitable and sustainable fish farming
- Increased confidence in buying and selling goods in Norway
- Good experiences and better reporting with machine learning and data warehousing
- Good smells in the city
- Better quality and efficiency of administrative services
- Replacing manual processes
- New and modern e-learning platforms
- Eliminated time thieves in the public sector
- Simpler registration of working hours and travel expenses for civil servants
- Making important traffic data accessible
- Dynamic traffic reports directly to the driver
- Full-scale tunnel simulation
- Increasing production potential and safety, and reducing emissions, on the Norwegian continental shelf
- Better equipped to meet tomorrow's challenges through digital transformation and omnichannel strategies

bouvet

en.bouvet.no