DELETE GROUP OYJ

Interim Review January–September 2019 (IFRS, unaudited)

NET SALES CONTINUED TO GROW IN THE THIRD QUARTER, OPERATING PROFIT SUPPRESSED BY DEMOLITION BUSINESS

HIGHLIGHTS OF JULY–SEPTEMBER 2019

- Net sales increased by 11% to EUR 57.7 (Q3 2018: 52.0) million
- EBITDA decreased by EUR -0.3 million to EUR 7.7 (8.1) million
- EBIT decreased by EUR -1.8 million to EUR 3.4 (5.2) million
- Net debt increased by 19% to EUR 128.1 (107.2) million
- Operative cash flow decreased by EUR -0.7 million to EUR 1.3 (2.1) million

HIGHLIGHTS OF JANUARY–SEPTEMBER 2019

- Net sales increased by 10% to EUR 154.7 (141.2) million
- EBITDA decreased by EUR -2.7 million to EUR 12.6 (15.3) million
- EBIT decreased by EUR -7.5 million to EUR -0.2 (7.3) million
- Operative cash flow decreased by EUR -6.4 million to EUR -4.1 (2.3) million
- Bond tap of EUR 25 million was completed in April and utilized for the repayment of the revolving credit facility

KEY FIGURES

	7–9/2019	7–9/2018	Change	1–9/2019	1–9/2018	Change	1–12/2018
Net sales, MEUR	57.7	52.0	11%	154.7	141.2	10%	192.8
EBITDA1), MEUR	7.7	8.1	-4%	12.6	15.3	-17%	18.0
Adjusted2) EBITDA, MEUR	7.9	8.3	-4%	13.7	16.3	-16%	19.9
Adjusted EBITDA, % of sales	13.7%	15.9%	-2.2% pts	8.8%	11.5%	-2.7% pts	10.3%
EBIT, MEUR	3.4	5.2	-35%	-0.2	7.3		7.2
Adjusted EBIT, MEUR	3.6	5.4	-34%	0.9	8.3	-90%	9.1
Adjusted EBIT, % of sales	6.2%	10.5%	-4.3% pts	0.6%	5.9%	-5.3% pts	4.7%
Profit (-loss) for the period, MEUR	0.2	3.6	-95%	-8.2	0.8		-0.5
Operative cash flow, MEUR	1.3	2.1	-35%	-4.1	2.3		15.7
Net debt3), MEUR	128.1	107.2	19%	128.1	107.2	19%	100.0

Information about the formulas and Alternative Performance Measures are presented in the notes section of this interim review. All figures represented are statutory unless otherwise mentioned.

Delete Group has adopted IFRS 16 (Leases) on 1 January 2019, using the modified retrospective approach, which means that the comparative information is not restated.

OUTLOOK FOR 2019 (UNCHANGED)

The demand for industrial cleaning services is expected to remain stable for 2019. The overall demand for demolition services is expected to remain on a reasonable level, with fewer large demolition projects than in the previous year. The market demand for recycled fuel is expected to improve to some degree during the second half of 2019.

Delete Group’s operating profit (EBIT) is not expected to reach the 2018 level.

TOMMI KAJASOJA, CEO OF DELETE GROUP:

“The third quarter was diverse as the development was positive in Industrial Cleaning services and Recycling Services, but Demolition Services had challenges with project execution affecting our profits adversely. While the third quarter net sales grew 11%, the EBIT decreased by EUR 1.8 million compared to the previous year due to challenges in Demolition Services.

Industrial Cleaning Services had a solid performance in the third quarter. Despite stable net sales development (0%), profitability improved due to efficient execution and control in the high season assignments.

I am pleased that, after a challenging first half of the year, the operating profit margin in Recycling Services recovered as planned to 7% in the third quarter from -1% in the first half of the year. Net sales grew organically[4)] 8% and the operating profit was close to the previous year’s level. The continued low demand for recycled fuel and increased processing costs for construction waste have been gradually mitigated by our operating efficiency measures and price increases.

Demolition Services’ net sales increased by 30%. The growth was driven by the acquisitions we made in 2018, which contributed 27 percentage points, while the share of organic growth was three percentage points. Third quarter profitability was low due to continued weak project mix with fewer large projects than in the previous year and also due to cost overruns related to ongoing projects.

After the reporting period we announced that, as a result of our strategic assessment initiated in 2018, Delete has mandated financial advisors to explore various possibilities for the sale of the Demolition Services business area or a part thereof. The Demolition Services business has grown strongly, both organically and through acquisitions. We believe that the Demolition Services business would benefit from an owner with focus on further development and expansion opportunities. By reducing the complexity of the group and allocating more resources, Delete would be able to focus on the long-term development of the stable environmental service businesses with Industrial Cleaning Services as the backbone.

We will continue to develop our service offering, seek opportunities to expand geographically within Finland and Sweden and improve our operations in all of our segments and realise synergies between our Finnish and Swedish operations. We will continue the implementation of our efficiency-enhancing measures across all segments, in terms of both cost structure and delivery efficiency, and we expect their impact to be partly reflected in the 2019 result.”

OPERATING ENVIRONMENT

Industrial cleaning

The underlying core demand for industrial cleaning services remains stable and industrial demand is expected to remain close to the 2018 level. The 2019 planned maintenance shut-down schedule is similar to 2018's. Customers continue to demand capabilities to handle increasingly complex assignments with high-quality environmental, health and safety standards, which favours large professional players like Delete.

Recycling services

Increasing environmental awareness continues to drive improvements and new regulations, such as the EU's 70% recycling target by 2020 and the landfill ban on construction and demolition waste. Regulatory development in both the EU Circular Economy Action plan and national legislation as well as generally increasing sustainability awareness continue to support the growing demand for recycling services. The market demand for recycled fuel (REF) has continued at a low but stabilized level.

Demolition services

While the number of new construction permits has declined, the overall market demand for demolition services remains at a reasonable level, but currently it consists of fewer large demolition projects than in the previous year. The market demand is supported by the underlying market drivers: a number of powerplants are to be decommissioned and demolished in the coming years, the ageing building stock in both Finland and Sweden increase the demand for renovation demolition services, with buildings from the 1960s and the early 1970s being renovated. Public sector real estate, particularly municipality-owned real estate such as hospitals and schools, require renovation or even complete demolition.

NET SALES

In the third quarter, Delete Group's net sales were EUR 57.7 (52.0) million, representing year-on-year growth of 11% with Demolition Services and Recycling Services contributing positively to the growth. Organic growth for the period was 0% and growth from acquisitions 11%.

The net sales of Industrial Cleaning Services were EUR 25.6 (25.7) million. Recycling Services' net sales grew by 8% to EUR 6.7 (6.2) million. This was achieved through organic growth alone, which was mainly driven by recent price increases and supported by considerable investments in capacity during recent quarters. The net sales of Demolition Services were EUR 27.0 (20.7) million growing by 30%. Acquisitions completed in September 2018 contributed to the growth by 27 percentage points, while organic growth was three percentage points. The Swedish and Finnish demolition markets remained reasonably active, and while some larger projects commenced during the period, the average assignment size was smaller than in the previous year.

The Group's net sales in January–September amounted to EUR 154.7 (141.2) million, fuelled by strong organic growth in Recycling Services (20%) and acquisition-driven growth (20%) in the Demolition Services, while Industrial Cleaning Services remained at the previous year's level (0%).

NET SALES BY SEGMENT

MEUR	7–9/2019	7–9/2018	Change	1–9/2019	1–9/2018	Change	1–12/2018
Industrial Cleaning	25.6	25.7	0%	66.0	65.8	0%	88.0
Recycling Services	6.7	6.2	8%	20.9	17.4	20%	24.8
Demolition Services	27.0	20.7	30%	71.8	60.0	20%	83.4
Eliminations	-1.6	-0.6	156%	-3.9	-2.1	89%	-3.4
Group total	**57.7**	**52.0**	11%	**154.7**	**141.2**	10%	**192.8**

The segment sales information includes intercompany sales, which is eliminated separately to form consolidated Group sales, and is the basis for reported growth measures for segments.

FINANCIAL PERFORMANCE

The Group's adjusted operating profit (EBIT) during the third quarter of 2019 decreased by EUR -1.9 million from the previous year to EUR 3.6 (5.4) million. Operationally, the EBIT was adversely affected by poor performance in Demolition Services.

In the third quarter, Industrial Cleaning Services' EBIT-% improved to 19% (18%) on the back of well executed resourcing. Recycling Services EBIT-% improved clearly after the first half of the year to 7% (9%) enabled by price increases that took effect in the third quarter. In Demolition Services, the EBIT-% decreased considerably to 1% (14%) mainly due to cost overruns, but also due to fewer large projects compared to the previous year.

The IFRS 16 adoption has had a minor favourable impact on the operating profit and a significantly more favourable impact on the EBITDA in January–September 2019. The impact in January–September 2019 for lease expenses was a decrease of EUR -4.6 million, for depreciation costs an increase of EUR 4.3 million and for interest expenses an increase of EUR 0.4 million.

The Group's adjusted EBIT for January–September 2019 amounted to EUR 0.9 (8.3) million. Industrial Cleaning Services EBIT was close to the previous year's level, while Demolition Services' and Recycling Services' results were weaker than in 2018.

EBIT BY SEGMENT

MEUR	7–9/2019	7–9/2018	Change	1–9/2019	1–9/2018	Change	1–12/2018
Industrial Cleaning	4.8	4.5	5%	7.5	7.4	2%	9.6
Recycling Services	0.5	0.5	-8%	0.4	2.4	-83%	3.5
Demolition Services	0.2	2.9	-92%	-0.4	6.1	-107%	5.7
Administration	-2.1	-2.7	-23%	-7.7	-8.6	-11%	-11.5
Group total	**3.4**	**5.2**	-35%	**-0.2**	**7.3**	-102%	**7.2**

EBITDA BY SEGMENT

MEUR	7–9/2019	7–9/2018	Change	1–9/2019	1–9/2018	Change	1–12/2018
Industrial Cleaning	6.7	5.9	14%	13.0	10.4	24%	13.7
Recycling Services	1.1	0.9	32%	2.3	3.3	-29%	4.7
Demolition Services	1.5	3.4	-56%	3.5	8.1	-57%	8.4
Administration	-1.6	-2.0	-21%	-6.1	-6.4	-5%	-8.8
Group total	**7.7**	**8.1**	-4%	**12.6**	**15.3**	-17%	**18.0**

From 1 January 2019, the internal management fee has been allocated to the Administration unit instead of two of the business segments affecting EBIT. 2018 has been restated accordingly. The impact on segment EBIT in January-September 2018 is a decrease of EUR 1.6 million in Administration and correspondingly an increase of EUR 0.7 million in the Industrial Cleaning Services and an increase of EUR 0.8 million in the Demolition Services. EBITDA is not affected by the reclassification and is comparable.

In July–September, net financial expenses amounted to EUR -2.3 (-1.1) million and in January–September to EUR -6.9 (-5.6). The increase in July–September was mainly related to unrealized currency translation of SEK-based intragroup liabilities. In July–September, profit before taxes amounted to EUR 1.1 (4.1) million and in January–September to EUR -7.0 (1.7) million. In July–September, income taxes amounted to EUR 0.9 (0.5) million and in January–September to 1.2 (1.0) million. In July–September, the net result for the financial period amounted to EUR 0.2 (3.6) million and in January–September to EUR -8.2 (0.8) million.

FINANCING AND FINANCIAL POSITION

In July–September, cash flow from operating activities was EUR 1.3 (2.1) million and for January–September EUR -4.1 (2.3) million, driven by lower operating profit than in the previous year.

Delete Group's cash and cash equivalents at the end of September 2019 were EUR 4.2 (3.1) million. The Group's interest-bearing debt was EUR 132.3 (110.3) million, consisting mainly of a EUR 110.0 million secured bond, a EUR 8.0 million drawn revolving credit and lease liabilities. The Group has undrawn revolving credit facilities of EUR 17.0 million to be used for general corporate purposes, acquisitions and capital expenditure. The revolving credit facility's quarterly maintenance covenant for debt leverage was complied with at the end of September 2019.

At the end of September 2019, the Group's net debt amounted to EUR 128.1 (107.2) million, increasing mainly due to acquisition financing in 2018, lowered earnings and an impact of EUR 11.8 million for increased lease liabilities derived from IFRS 16 adoption.

The balance sheet total at the end of September 2019 was EUR 233.5 (222.8) million. Property, plant and equipment totalled EUR 44.3 (47.3) million. The equity ratio[6)] was 26.7% (32.2%). The change in balance sheet total and equity ratio are primarily related to the implications of IFRS 16 adoption.

Key figures	7–9/2019	7–9/2018	Change	1–9/2019	1–9/2018	Change	1–12/2018
Return on Equity, %	0.3%	5.2%	-4.9% pts	-12.4%	1.1%	-13.4% pts	-0.7%
Net debt, MEUR	128.1	107.2	19.5%	128.1	107.2	19.5%	100.0
Equity ratio, %	26.7%	32.2%	-5.5 pts	26.7%	32.2%	-5.5% pts	31.5%

CAPITAL EXPENDITURE AND CORPORATE TRANSACTIONS

Capital expenditure in intangible and tangible assets excluding acquisitions for July–September 2019 was EUR 1.5 (1.6) million. For January–September, capital expenditure in intangible and tangible assets was EUR 5.7 (5.5) million. There were no acquisitions during January–September, but a EUR 2.0 million purchase price settlement was completed in the first quarter for an acquisition closed in the third quarter of 2018.

R&D EXPENDITURE

In January–September 2019, R&D-related expenditure was immaterial and was related to minor development of processes and tools.

CHANGES IN MANAGEMENT

Peter Revay has been appointed Country Manager of Delete Sweden and a member of the Group management team on 1 August 2019.

Holger C. Hansen has resigned from his duties as a board member of Delete Group Oyj as of 23 August 2019. Mr Hansen will continue to support the operative management of Delete Group as an external advisor.

KEY EVENTS AFTER THE REPORTING PERIOD

On 11 November 2019, Delete announced, it is soliciting consents from the noteholders of its outstanding EUR 110,000,000 senior secured fixed rate notes due 2021 (ISIN FI4000252119) to approve certain amendments to the terms and conditions of the Notes. The Consent Solicitation is subject to the terms and conditions and certain restrictions set out in the consent solicitation memorandum.

SUMMARY OF SIGNIFICANT RISKS AND RISK MANAGEMENT

Delete Group carries out an extensive annual risk assessment analysis as a result of which risk management capabilities are updated and reviewed and approved by the Board of Directors.

The Group’s key risks are divided into strategic, operative and financing risks.

Operational risks are mainly related to project execution and the integration of acquired businesses both quality-wise and financially. The internal control environment is under constant development to improve preventative measures.

Financing risks are mainly related to interest rates, credit and liquidity.

Other uncertainties are related to the market environment as well as the successful implementation of the Group’s growth strategy and related corporate acquisitions as well as the integration of the acquired companies, personnel and recruitments.

The Group confirms that there are no relevant changes identified that can be expected to have a significant influence on the business, given the risks mentioned above, at the end the third quarter in 2019.

SHARES AND SHAREHOLDERS

The number of registered shares in Delete Group Oyj is 10,858,595 P-shares and 3,089,649 C-shares. All of the shares have one vote each. The Group is owned by Ax DEL Oy (85% of the shares) and a group of key employees and other minority investors (15%). The Group does not hold any of its own shares.

ANNUAL GENERAL MEETING AND BOARD AUTHORISATIONS IN EFFECT

The Annual General Meeting of Delete Group Oyj Shareholders held on 2 April 2019 adopted the Financial Statements and discharged the members of the Board of Directors and the CEO from liability for the financial year 1 January–31 December 2018. The Annual General Meeting resolved that no dividend will be paid for the fiscal year 2018.

Åsa Söderström Winberg, Holger C. Hansen (resigned in August 2019) and Ronnie Neva-aho were re-elected as members of Board of Directors and Christian Schmidt-Jacobsen was elected as a new member. Convening after the Annual General Meeting, the Board of Directors elected Åsa Söderström Winberg as its chair.

Authorised Public Accounting firm KPMG Oy Ab was elected to continue as the Auditor of the company and Teemu Suoniemi, Authorised Public Accountant, will act as the Principal Auditor.

The Chair of the Board will be paid EUR 40,000 and the Board members EUR 22,000 as remuneration for 2019. The appointed members of the Audit Committee and the Project Committee will be paid EUR 4,000 as additional remuneration and the appointed members of the Remuneration Committee EUR 2,000. Axcel Management’s Christian Schmidt-Jacobsen will not be paid remuneration. It was resolved that the remuneration for the Auditor shall be paid according to the Auditor's invoice.

STATEMENT OF ACCOUNTING POLICIES FOR INTERIM REVIEW

Delete Group Oyj complies with half-yearly reporting according to the Finnish Securities Markets Act and discloses interim reviews for the first three- and nine-month periods of the year, in which key information regarding the company’s financial situation and development will be presented. The financial information presented in this interim review is unaudited.

FINANCIAL CALENDAR 2019

Delete Group will publish the 2019 financial statement bulletin around 28 February 2020.

ALTERNATIVE PERFORMANCE MEASURES USED IN FINANCIAL REPORTING

Delete Group Oyj has adopted the guidelines of the European Securities and Market Authority (ESMA) on Alternative Performance Measures. In addition to the IFRS-based key figures, the company will publish certain other generally used key figures that may, as a rule, be derived from the profit and loss statement and balance sheet. The calculation of these figures is presented below. According to the company's view, these key figures supplement the profit and loss statement and balance sheet, providing a better picture of the company's financial performance and position.

MEUR	**7–9/2019**	**7–9/2018**	**1–9/2019**	**1–9/2018**	**1–12/2018**
EBIT	3.4	5.2	-0.2	7.3	7.2
Adjustments	0.2	0.2	1.0	1.0	1.9
Adjusted EBIT	3.6	5.4	0.9	8.3	9.1

MEUR	**7–9/2019**	**7–9/2018**	**1–9/2019**	**1–9/2018**	**1–12/2018**
EBITDA	7.7	8.1	12.6	15.3	18.0
Adjustments	0.2	0.2	1.0	1.0	1.9
Adjusted EBITDA	7.9	8.3	13.7	16.3	19.9

FORMULAS

1) EBITDA = operating profit + depreciation and amortization costs
2) Adjustment definition: adjustments are material items outside the ordinary course of business affecting comparability, e.g. acquisition related expenses, restructuring related expenses and other material extraordinary costs.
3) Net debt = interest bearing liabilities, lease liabilities and instalment credit liabilities – cash and cash equivalent assets
4) Organic growth: net sales from acquired businesses are considered inorganic for 12 months after the acquisition, and not accounted for contributing to organic growth for the said period.
5) Comparable financials definition: acquired (divested) businesses' reported results added (removed) for the current and comparison period in a comparable form as if the transaction would have taken place at the beginning of the fiscal year.
6) Equity ratio = equity/(assets-prepayments)
7) Net working capital = other than cash and cash equivalent current assets – other than net debt related current liabilities

CONDENSED CONSOLIDATED INTERIM REVIEW

Amounts in thousands of euros

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TEUR	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018	Q1-4 2018
Net sales	**57 737**	**52 001**	**154 675**	**141 152**	**192 754**
Other operating income	256	96	719	411	572
Materials and services	-30 263	-22 250	-80 292	-60 600	-85 951
Employee benefit expenses	-15 935	-16 371	-50 150	-48 951	-66 360
Other expenses	-4 059	-5 409	-12 304	-16 686	-23 032
Depreciation, amortisation and impairment	-4 344	-2 836	-12 808	-8 016	-10 783
Operating profit	**3 392**	**5 232**	**-160**	**7 310**	**7 193**
Financial income	14	6	30	23	33
Financial expenses	-2 322	-1 106	-6 890	-5 590	-6 974
Net financial expenses	**-2 308**	**-1 100**	**-6 860**	**-5 567**	**-6 941**
Profit (-loss) before taxes	**1 084**	**4 132**	**-7 020**	**1 743**	**252**
Income taxes	-891	-486	-1 185	-985	-754
Profit (-loss) for the financial period	**194**	**3 646**	**-8 205**	**758**	**-503**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Foreign currency translation difference	39	-36	57	-190	-189
Other comprehensive income (-loss), net of tax					
Total comprehensive income (-loss) for the year	**232**	**3 610**	**-8 148**	**568**	**-692**

The consolidated financial statements should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TEUR	30.9.2019	30.9.2018	31.12.2018
ASSETS			
Non-current assets			
Goodwill	116 097	116 848	116 958
Intangible assets	5 148	6 509	6 265
Property, plant and equipment	44 296	47 275	48 256
Right of use assets	13 893		
Investments	141	141	141
Deferred tax assets	833	49	888
Total non-current assets	**180 409**	**170 823**	**172 508**
Current assets			
Inventories	1 500	1 640	1 476
Trade and other receivables	47 384	47 203	41 257
Cash and cash equivalents	4 227	3 108	8 450
Total current assets	**53 111**	**51 951**	**51 183**
Total assets	**233 520**	**222 775**	**223 690**

TEUR	30.9.2019	30.9.2018	31.12.2018
EQUITY AND LIABILITIES			
Equity			
Share capital	80	80	80
Reserve for invested non-restricted equity	69 661	69 661	69 661
Retained earnings	1 558	2 061	2 061
Profit and loss for the year	-8 205	758	-503
Translation difference	-758	-816	-815
Total equity	**62 336**	**71 744**	**70 484**
Liabilities			
Non-current liabilities			
Interest-bearing financial liabilities	109 173	84 228	84 416
Lease liabilities	7 893	2 095	1 995
Instalment credit	427	1 969	1 330
Derivative liabilities	218	247	241
Deferred tax liabilities	3 385	3 652	3 730
Current liabilities			
Interest-bearing financial liabilities	8 000	20 000	19 000
Lease liabilities	6 097	896	779
Prepayments	234	47	212
Trade payables	15 714	15 637	16 758
Instalment credit	696	1 106	908
Other payables	4 136	8 368	6 698
Accrued expenses	15 211	12 785	17 140
Total liabilities	**171 184**	**151 031**	**153 206**
Total equity and liabilities	**233 520**	**222 775**	**223 690**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

TEUR	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018	Q1-4 2018
Cash flows from operating activities					
Net profit (loss) before taxes	1 084	4 132	-7 020	1 743	252
Adjustments:					
Depreciation and amortisation	4 344	2 836	12 808	8 016	10 783
Financial income and expenses	2 308	1 100	6 860	5 567	6 941
Other adjustments	-239	-50	-244	139	-402
Change in net working capital	-3 860	-4 017	-10 377	-6 013	7 166
Net financial items	-1 723	-1 343	-5 322	-4 193	-5 648
Income taxes paid	-576	-595	-848	-2 960	-3 376
Cash flows from operating activities (A)	**1 339**	**2 063**	**-4 142**	**2 299**	**15 716**
Cash flows from investing activities					
Investments and divestments in fixed assets	-1 473	-1 571	-5 747	-5 516	-8 770
Investments in other investments (subsidiary acquisitions)	9	-903	-1 943	-10 535	-10 118
Change in other receivables	0	9	0	9	9
Cash flows from investing activities (B)	**-1 464**	**-2 465**	**-7 690**	**-16 042**	**-18 880**
Cash flows from financing activities					
Proceeds from loans and borrowings	0	0	25 000	0	0
Repayments of loans and borrowings	-243	-287	-1 336	-1 395	-2 145
Change in long- and short-term liabilities	2 954	-349	-11 044	9 937	5 441
Principal elements of lease payments	-1 757		-4 962		
Cash flows from financing activities (C)	**953**	**-636**	**7 658**	**8 542**	**3 297**
Change in cash flows (A+B+C)	**828**	**-1 039**	**-4 174**	**-5 201**	**134**
Cash and cash equiv. at the beginning of the period	3 407	4 150	8 450	8 320	8 320
Exchange rate differences	-8	-4	-48	-11	-5
Cash and cash equiv. at the end of the reporting period	4 227	3 108	4 227	3 108	8 450
Change	820	-1 042	-4 222	-5 212	129

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of the parent company					
TEUR	Share capital	Unregistered share capital	Reserve for invested non-restricted equity	Translation reserve	Retained earnings	Total
Equity at 1 January 2019	80	0	69 661	-815	1 558	**70 484**
Share capital increase	0		0			**0**
Comprehensive income						
Profit for the reporting period	0	0	0	0	-8 205	**-8 205**
Other comprehensive income						
Translation differences	0	0	0	57	0	**57**
Total comprehensive income	0	**0**	**0**	**57**	**-8 205**	**-8 148**
Equity at 30 September 2019	**80**	**0**	**69 661**	**-758**	**-6 647**	**62 337**
Equity at 1 January 2018	3	0	69 739	-626	2 061	**71 176**
Share capital increase	78		-78			**0**
Comprehensive income						
Profit for the reporting period	0	0	0	0	758	**758**
Other comprehensive income						
Translation differences	0	0	0	-190	0	**-190**
Total comprehensive income	**0**	**0**	**0**	**-190**	**758**	**568**
Equity at 30 September 2018	**80**	**0**	**69 661**	**-816**	**2 819**	**71 744**

CONDENSED NOTES

Accounting policies

This interim review is not an interim report as specified in the IAS 34 standard. Delete Group Oyj complies with half-yearly reporting according to the Finnish Securities Markets Act and discloses interim reviews for the first three- and nine-month periods of the year, in which key information regarding the company's financial situation and development will be presented. The financial information presented in this interim review is unaudited.

The accounting policies applied in this interim review are the same as those applied in the last annual financial statements, except the following new standards which have been applied from the beginning of the reporting period:

IFRS 16 Leases (effective for financial years beginning on or after 1 January 2019):

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. IFRS 16 replaces the former IAS 17 standard and related interpretations.

The Group has started to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach which means that the comparative information will not be restated. The Group recognises new assets and liabilities for its operating leases of premises and machinery. Under IAS 17 the Group has recognised finance leases on balance sheet as assets and liabilities which have been transferred as such to the 1 January 2019 opening balance.

The recognised right-of-use assets relate to leased premises, rental machinery and vehicles. Some of Delete's lease contracts for premises are made for a fixed period with an extension option and some contracts are open-ended. The lease liability for fixed-term contracts has been defined as the present value of the remaining lease payments and the expected use of the extension option. For open-ended premises lease contracts, the lease liability has been defined on the basis of the estimated lease period.

Lease contracts for premises relate to Delete's head office and branch offices and service hubs and form the main part of the right-of-use assets and the lease liability. Contracts are typically made for a fixed period of two to six years and they may contain extension options. When Delete estimates that the extension option will be utilised, it will be included in the calculation of the right of-use-asset.

Lease liability for rental machinery and vehicle leases has been measured at the present value of the remaining lease payments.

Delete utilises the recognition exemptions allowed in IFRS 16 for short-term contracts of less than 12 months and for contracts of low value, both of which are reported as lease expenses as before in the statement of income under Materials and Services or Other Expenses. Lease contracts for rental machinery and equipment can be fixed or open-ended.

From 1 January 2019 leases are recognized as right-of-use assets and corresponding lease liabilities. Lease payments are split into repayment of lease liability and interest cost. The interest cost is recognised in the statement of income over the lease period. The right of-use asset is depreciated over the lease period on a straight-line basis. Adoption of the new standard affects many key figures, such as EBITDA and EBIT increase, equity ratio decreases and net debt increases. Cash flow from operating activities increases and cash flow from financing activities decreases.

IFRIC 23 Uncertainty over Income Tax Treatments (effective for financial years beginning on or after 1 January 2019).

The interpretation brings clarity to the accounting for income tax treatments that have yet to be accepted by tax authorities. The key test is whether the tax authority will accept the company's chosen tax treatment. When considering this, the assumption is that tax authorities will have full knowledge of all relevant information in assessing a proposed tax treatment. The group expects that there will not be any significant impacts from this interpretation.

Other published new and amended standards are not expected to have an effect on the Group's consolidated financial statements.

Operating profit (EBIT)

Operating profit (EBIT) consists of sales and other operating income less costs of materials and services, costs of employee benefits and other operating expenses as well as depreciation, amortisation and impairment losses. Exchange rate differences resulting from working capital items are included in operating profit.

Delete Group Oyj
Board of Directors

FOR FURTHER INFORMATION

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DELETE GROUP IN BRIEF

Delete Group is a leading environmental full-service provider in the Nordics. The Group offers specialist competencies and specialised equipment through three business areas: Industrial Cleaning, Demolition Services and Recycling Services. Delete was formed in 2010 through the combination of Toivonen Yhtiöt and Tehoc and was acquired by private equity investor Axcel in 2013. Since 2011, Delete has made over 34 acquisitions within the industrial cleaning and demolition segments.

The Group is headquartered in Helsinki and employs approximately 1,000 professionals at over 34 locations in Finland and Sweden.