DELETE GROUP OYJ, STOCK EXCHANGE RELEASE 21 February 2019 at 14:00 EET

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DELETE GROUP OYJ

Financial Statements bulletin January–December 2018 (IFRS, IAS 34, unaudited)

DESPITE A CHALLENGING Q4, DELETE'S FULL YEAR OPERATIVE CASH FLOW AND OPERATING PROFIT IMPROVED

HIGHLIGHTS OF OCTOBER–DECEMBER 2018 (STATUTORY)

- Net sales increased by 9% to EUR 51.6 (Q4 2017: 47.4) million
- EBITDA decreased by EUR -2.8 million to EUR 2.7 (5.5) million
- EBIT decreased by EUR -3.9 million to EUR -0.1 (3.8) million
- Net debt increased by 11% to EUR 100.0 (90.0) million
- Operative cash flow increased by EUR 5.0 million to EUR 13.4 (8.4) million

HIGHLIGHTS OF JANUARY–DECEMBER 2018 (STATUTORY)

- Net sales increased by 9% to EUR 192.8 (177.3) million
- EBITDA increased by EUR 3.2 million to EUR 18.0 (14.8) million
- EBIT increased by EUR 0.5 million to EUR 7.2 (6.7) million
- Operative cash flow increased by EUR 10.0 million to EUR 15.7 (5.7) million

KEY FIGURES

STATUTORY	**10-12/2018**	**10-12/2017**	**Change**	**1-12/2018**	**1-12/2017**	**Change**
Net sales, MEUR	51.6	47.4	9%	192.8	177.3	9%
EBITDA, MEUR	2.7	5.5	-51%	18.0	14.8	22%
Adjusted[1)] EBITDA, MEUR	3.6	5.7	-38%	19.9	16.1	23%
Adjusted EBITDA,% of sales	6.9 %	12.1 %	-5.2% pts	10.3 %	9.1 %	1.2% pts
EBIT, MEUR	-0.1	3.8	-103%	7.2	6.7	8%
Adjusted EBIT, MEUR	0.8	4.1	-80%	9.1	8.0	13%
Adjusted EBIT,% of sales	1.6 %	8.6 %	-7.0% pts	4.7 %	4.5 %	0.2 % pts
Profit (-loss) for the period, MEUR	-1.3	1.9	-166%	-0.5	-2.8	-82%
Operative cash flow, MEUR	13.4	8.4	60%	15.7	5.7	175%
Net debt, MEUR	100.0	90.0	11%	100.0	90.0	11%

Comparable financials[2)]	**10-12/2018**	**10-12/2017**	**Change**	**1-12/2018**	**1-12/2017**	**Change**
Net sales, MEUR	51.6	57.2	-10%	204.9	212.9	-4%
Adjusted EBITDA, MEUR	3.6	7.9	-54%	21.3	22.8	-7%
Adjusted EBITDA, % of sales	6.9 %	13.7 %	-6.8% pts	10.4 %	10.7%	-0.3% pts
Adjusted EBIT, MEUR	0.8	5.7	-86%	10.3	13.4	-23%
Adjusted EBIT, % of sales	1.6 %	10.0 %	-8.5% pts	5.0 %	6.2%	-1.3% pts
Profit (-loss) for the period, MEUR	-1.3	3.2	-140%	0.7	1.5	-53%

[1] *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.*

[2] *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 in the beginning of the fiscal year.*

OUTLOOK FOR 2019

Delete Group's reported operating profit (EBIT) of EUR 7.2 million is expected to improve in 2019.

TOMMI KAJASOJA, CEO OF DELETE GROUP:

"The fourth quarter was disappointing, even though we didn't expect it to reach previous year's record high performance. While Industrial Cleaning and Recycling were performing on a typical late autumn level, the average deal size in Demolition Services started to decline in the fourth quarter, lowering productivity and margin.

For the full year, Delete's growth continued in 2018 driven by acquisitions. The Group's net sales increased by 9% and EBITDA by 22%, despite the soft fourth quarter.

Net sales of Industrial Cleaning Services grew by 24%, supported by acquisitions in late 2017. For maintenance shut-downs, the year was quieter than the previous year, which affected the development of net sales. Profitability was negatively affected by the prolonged winter in the early part of the year and an overtime ban imposed by trade unions in Finland in the second half of the year, which caused delays and cancellations in work assignments.

Demolition Services net sales decreased compared to the previous year, but I'm happy that our profitability developed strongly during the year. Our business in Finland developed favourably whereas the recovery in Sweden progressed slower than expected due to a lack of sizeable demolition projects. We are investing in improving our sales operations and in the future we are aiming for growth in large demolition orders in both of our main markets.

Regarding Recycling Services, net sales grew steadily, but profitability was slightly lower than in the previous year due to the low demand for recycled fuel. We have invested heavily in increasing capacity and efficiency at Rusko's recycling plant. As a result of our investments, we expect the profitability of Recycling Services to improve in 2019.

We implemented our growth strategy during the year through acquisitions in both Finland and Sweden. In Finland, we bought Karhupurku Oy, a company based in Eura that specialises in elevator demolitions, and three companies in Sweden: Waterjet Karlstad AB, which specialises in industrial cleaning services and Waterjet Karlstad AB and W-Tech AB with focused offering in infrastructure demolitions and maintenance. On the back of those acquisitions, we grew by 40 employees in Sweden.

Customer and employee satisfaction developed positively in 2018, which is a sign of our strong expertise and customer confidence in the quality of our services. We want to thank our customers and our skilled staff for contributing to this great development in 2018.

The strategic assessment of options to support the company's future growth announced on 16 August 2018 will continue during 2019. The results of the evaluation will be announced when the assessment has been completed.

Our strategic focus areas are growing our services offering and geographic expansion. We will continue to improve our operations in all of our business areas and utilise synergies between the Finnish and Swedish operations. At the end of 2018, we have launched efficiency-enhancing measures in all business areas, both in terms of cost structure and delivery efficiency. The measures will be implemented gradually in 2019, and their impact is expected to be partly reflected in the 2019 result.

Delete's core is in the services business, which is somewhat resilient to market fluctuations. However, we monitor the market development closely and are prepared to act accordingly. In 2019, the focus will be on organic and profitable growth as well as the integration of the companies acquired in the previous years and harvesting the synergies. I see a lot of potential in our market and I expect the demand to pick up, especially in the industrial cleaning services market."

OPERATING ENVIRONMENT

Industrial cleaning

The underlying core demand for industrial cleaning services remains stable and industrial demand is expected to remain close to 2018's level. The planned maintenance shut-down schedule in 2019 is slightly busier than in 2018. The market continues to demand capabilities to handle increasingly complex projects with high-quality environmental, health and safety standards, which favours large professional players.

Demolition services

While the number of new construction permits declined, the overall construction market demand for demolition services remains on a good level supported by the underlying market drivers: the ageing building stock in both Finland and Sweden increase the demand for renovation demolition services, with buildings from the 1960s and early 1970s being renovated. Public sector real estate, especially municipality-owned, such as hospitals and schools require renovation or even complete demolition.

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 weak market demand for recycled fuel (REF), which is suppressing the margins for the operators and increasing the price pressure, is expected to ease to some degree during 2019.

NET SALES (statutory)

In the fourth quarter, Delete Group's statutory net sales were EUR 51.6 (47.4) million, representing a 9% year-on-year growth with all segments contributing.

The Group's statutory net sales of Industrial Cleaning were EUR 22.1 (19.5) million, representing an increase of 13%. The growth was driven by acquisitions in Finland. Recycling Services statutory net sales grew by 10% to EUR 7.4 (6.8) million. This was achieved through organic growth which was supported by considerable investments in capacity and processing efficiency during the year. Statutory net sales of Demolition Services were EUR 23.4 (21.9) million growing by 7%. Acquisitions completed in September 2018 contributed to the growth, while the development of the Swedish and Finnish market was weaker than anticipated in the fourth quarter.

The Group's statutory net sales in January–December amounted to EUR 192.8 (177.3) million, growing by 9%. The contracting Demolition Services volume (-4%) was mitigated by considerable growth in Industrial Cleaning (+24%) and Recycling Services (+9%).

NET SALES BY SEGMENT (statutory)

MEUR	10-12/2018	10-12/2017	Change	1-12/2018	1-12/2017	Change
Industrial Cleaning	22.1	19.5	13 %	88.0	70.9	24 %
Demolition Services	23.4	21.9	7 %	83.4	86.5	-4 %
Recycling Services	7.4	6.8	10 %	24.8	22.8	9 %
Eliminations	-1.3	-0.9	55 %	-3.4	-2.9	16 %
Group total	51.6	47.4	9 %	192.8	177.3	9 %

NET SALES BY SEGMENT (Comparable financials)

MEUR	10-12/2018	10-12/2017	Change	1-12/2018	1-12/2017	Change
Industrial Cleaning	22.1	26.7	-17 %	89.0	93.7	-5 %
Demolition Services	23.4	25.0	-7 %	95.8	101.6	-6 %
Recycling Services	7.4	6.8	10 %	24.8	22.8	9 %
Eliminations	-1.3	-1.3	5 %	-4.6	-5.2	-11 %
Group total	51.6	57.2	-10 %	204.9	212.9	-4 %

Post emergency services and firestop installation services have been reclassified from Industrial Cleaning to Demolition Services in 2018. Comparative 2017 sales have been reclassified accordingly.

FINANCIAL PERFORMANCE (statutory)

The Group's adjusted statutory EBITDA during the fourth quarter of 2018 decreased by EUR -2.1 million from the previous year to EUR 3.6 (5.7) million. The decrease was related to the continuing lack of sizeable demolition projects in Sweden, a provision for contract disputes, closing costs of several projects coming to an end in Finland and low productivity in the recently acquired operations. Reported statutory EBITDA of EUR 2.7 (5.5) million decreased by EUR -2.8 million.

In the fourth quarter, reported statutory EBITDA-% decreased for both Industrial Cleaning 15% (20%) and Recycling Services 19% (23%), mainly due to extraordinary cost provisions for restructuring purposes to drive cost efficiencies in 2019. Demolition Services had a challenging fourth quarter due to the above reasons with reported statutory EBITDA-% of 2% (11%).

The Group's adjusted statutory EBITDA for January–December 2018 amounted to EUR 19.9 (16.1) million. While also Industrial Cleaning improved year-over-year, the clear driver was the Demolition Services recovery over the weak 2017. Recycling Services contracted by -10% affected by a lower recycled fuel market demand.

EBIT BY SEGMENT (statutory)

MEUR	10-12/2018	10-12/2017	Change	1-12/2018	1-12/2017	Change
Industrial Cleaning	1.9	3.2	-40%	8.6	10.2	-16%
Demolition Services	-0.7	1.7	-140%	4.6	0.9	391%
Recycling Services	1.1	1.3	-13%	3.5	4.3	-18%
Administration	-2.5	-2.4	3%	-9.5	-8.8	8%
Group total	-0.1	3.8	-103%	7.2	6.7	8%

EBITDA BY SEGMENT (statutory)

MEUR	10-12/2018	10-12/2017	Change	1-12/2018	1-12/2017	Change
Industrial Cleaning	3.3	3.8	-15%	13.7	13.7	0%
Demolition Services	0.4	2.5	-86%	8.4	4.3	96%
Recycling Services	1.4	1.5	-7%	4.7	5.3	-12%
Administration	-2.4	-2.4	-2%	-8.8	-8.5	4%
Group total	2.7	5.5	-51%	18.0	14.8	22%

EBIT BY SEGMENT (Comparable financials)

MEUR	10-12/2018	10-12/2017	Change	1-12/2018	1-12/2017	Change
Industrial Cleaning	1.9	4.7	-59%	8.5	13.9	-38%
Demolition Services	-0.7	1.9	-137%	5.9	2.7	117%
Recycling Services	1.1	1.3	-13%	3.5	4.3	-18%
Administration	-2.5	-2.4	3%	-9.5	-8.8	8%
Group total	-0.1	5.4	-102%	8.4	12.1	-30%

EBITDA BY SEGMENT (Comparable financials)

MEUR	10-12/2018	10-12/2017	Change	1-12/2018	1-12/2017	Change
Industrial Cleaning	3.3	5.8	-43%	13.7	18.4	-26%
Demolition Services	0.4	2.7	-87%	9.9	6.3	56%
Recycling Services	1.4	1.5	-7%	4.7	5.3	-12%
Administration	-2.4	-2.4	-2%	-8.8	-8.5	4%
Group total	2.7	7.6	-65%	19.4	21.5	-10%

Post emergency services and firestop installation services have been rearranged from Industrial Cleaning to Demolition Services in 2018. Comparative 2017 EBITDA has been restated accordingly.

In January–December, the net financial expenses amounted to EUR -6.9 (-9.4) million. The decrease was mainly related to non-recurring refinancing costs in 2017. Profit before taxes amounted to EUR 0.3 (-2.7) million. Income taxes amounted to EUR -0.8 (-0.2) million. The statutory net result for the financial period amounted to EUR -0.5 (-2.8) million.

FINANCING AND FINANCIAL POSITION

In the fourth quarter, the cash flow from operating activities was EUR 13.4 (8.4) million, driven by decreased net working capital. In January–December the cash flow from operating activities was EUR 15.7 (5.7) million.

Delete Group's cash and cash equivalents at the end of December 2018 were EUR 8.4 (8.3) million. In addition, the Group has committed undrawn revolving credit facilities of EUR 5.0 million to be used for general corporate purposes, acquisitions and capital expenditure. The Group's interest-bearing debt was EUR 108.4 (98.3) million, consisting mainly of a EUR 85.0 million secured bond and a EUR 19.0 million drawn revolving credit. The revolving credit facility's quarterly maintenance covenant for debt leverage was complied with at the end of December 2018.

At the end of December 2018, the Group's net debt[3)] amounted to EUR 100.0 (90.0) million, increasing mainly due to the utilisation of the revolving credit facility for acquisition financing.

The balance sheet total at the end of December 2018 was EUR 223.7 (217.4) million. Property, plant and equipment totalled EUR 48.3 (44.2) million. Equity ratio[5)] was 31.5% (32.8%).

Key figures	10-12/2018	10-12/2017	Change	1-12/2018	1-12/2017	Change
Return on Equity,%	-1.8%	2.7%	-4.5% pts	-0.7%	-3.9%	3.2% pts
Net debt, MEUR	100.0	90.0	11%	100.0	90.0	11%
Equity ratio	31.5%	32.8%	-1.3% pts	31.5%	32.8%	-1.3% pts

PERSONNEL

Delete Group had 986 (947) employees at the end of December 2018. The average number of personnel in Delete Group 2018 was 984 (818).

CAPITAL EXPENDITURE AND CORPORATE TRANSACTIONS

Capital expenditure in intangible and tangible assets for October–December 2018 was EUR 3.3 (1.7) million. There were no acquisitions during the fourth quarter, but a EUR 0.4 million purchase price allocation adjustment was recorded in the fourth quarter for an acquisition completed in the third quarter.

In January–December 2018, total capital expenditure including acquisitions was EUR 18.9 (16.9) million. Investment in shares in acquired companies during the year was EUR 10.1 (9.7) million including four new acquisitions and a final settlement for companies acquired in December 2017.

R&D EXPENDITURE

In January–December 2018, the R&D related expenditure was immaterial and was related to minor development of processes and tools.

KEY EVENTS AFTER THE REPORTING PERIOD

There were no key events after the reporting period.

SIGNIFICANT RISKS AND RISK MANAGEMENT

Delete Group carries out an extensive annual risk assessment analysis as a result of which the 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 that influence the business, given the risks mentioned hereinabove, during the fourth quarter in 2018.

SHARES AND SHAREHOLDERS

Delete Group Oyj (former Ax DEL1 Oy) changed its name and company form to a public entity, amended the articles of association and increased share capital from EUR 2,500 to EUR 80,000 on 12 March 2018. The number of registered shares 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 own shares.

ANNUAL GENERAL MEETING AND BOARD AUTHORISATIONS IN EFFECT

The Annual General Meeting of Delete Group Oyj Shareholders held on 21 March 2018 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 2017. The Annual General Meeting resolved that no dividend will be paid for the fiscal year 2017.

The Annual General Meeting resolved to re-elect the members of the Board: Åsa Söderström Winberg (Chair), Vilhelm Sundström, Ronnie Neva-aho and Holger Hansen.

Authorised Public Accounting firm KPMG Oy Ab was elected 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 2018. 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 Vilhelm Sundström will not be paid remuneration. It was resolved that the remuneration for the Auditor shall be paid according to the Auditor's reasonable invoice.

THE BOARD'S PROPOSAL TO THE ANNUAL GENERAL MEETING

The consolidated net profit for the year 2018 totalled EUR -0.5 million, and the net profit of the parent company was EUR 0.2 million. The parent company's distributable funds on 31 December 2018 totalled EUR 68.6 million.

The Board of Directors will propose to the Annual General Meeting, that no dividend be paid.

ACCOUNTING POLICIES FOR THE FINANCIAL STATEMENTS BULLETIN

This financial statements bulletin has been prepared according to IAS 34 standard. The same accounting standards have been used as in the Financial Statements.

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's 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 Financial Statements bulletin is unaudited.

FINANCIAL CALENDAR 2019

Delete Group will publish the interim review January–March 2019 on 15 May 2019, the half year financial report January–June 2019 by 23 August 2019 and the interim review January–September 2019 on 15 November 2019.

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	10-12 /2018	10-12 /2017	1-12 /2018	1-12 /2017
EBIT	-0.1	3.8	7.2	6.7
Adjustments	0.9	0.3	1.9	1.3
Adjusted EBIT	0.8	4.1	9.1	8.0

MEUR	10-12 /2018	10-12 /2017	1-12 /2018	1-12 /2017
EBITDA	2.7	5.5	18.0	14.8
Adjustments	0.9	0.3	1.9	1.3
Adjusted EBITDA	3.6	5.7	19.9	16.1

FORMULAS

1) 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.
2) 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 in the beginning of the fiscal year.
3) Net debt = interest bearing liabilities, finance lease liabilities and instalment credit liabilities - cash and cash equivalent assets
4) Net working capital = other than cash and cash equivalent current assets – other than net debt related current liabilities
5) Equity ratio = equity/(assets-prepayments)]
6) EBITDA = operating profit + depreciation and amortization costs

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Amounts in thousands of euros

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TEUR	Q4 2018	Q4 2017	Q1-4 2018	Q1-4 2017
Net sales	**51 602**	**47 378**	**192 754**	**177 311**
Other operating income	162	177	572	707
Materials and services	-25 350	-21 028	-85 951	-87 054
Employee benefit expenses	-17 410	-15 133	-66 360	-55 143
Other expenses	-6 346	-5 943	-23 040	-21 055
Depreciation, amortisation and impairment	-2 767	-1 675	-10 783	-8 076
Operating profit	**-117**	**3 776**	**7 193**	**6 690**
Financial income	10	17	33	539
Financial expenses	-1 384	-1 825	-6 974	-9 925
Net financial expenses	**-1 374**	**-1 808**	**-6 941**	**-9 386**
Profit (-loss) before taxes	**-1 492**	**1 968**	**252**	**-2 696**
Income taxes	231	-36	-754	-152
Profit (-loss) for the financial period	**-1 261**	**1 931**	**-503**	**-2 848**
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translation difference	1	-95	-189	-115
Other comprehensive income (-loss), net of tax				
Total comprehensive income (-loss) for the year	**-1 259**	**1 836**	**-691**	**-2 963**

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TEUR	31.12.2018	31.12.2017
ASSETS		
Non-current assets		
Goodwill	116 958	115 762
Intangible assets	6 265	7 276
Property, plant and equipment	48 256	44 232
Investments	141	150
Deferred tax assets	888	52
Total non-current assets	**172 508**	**167 473**
Current assets		
Inventories	1 476	1 271
Trade receivables and other current assets	39 901	40 099
Tax receivables	1 356	215
Cash and cash equivalents	8 450	8 320
Total current assets	**51 183**	**49 906**
Total assets	**223 690**	**217 378**
EQUITY AND LIABILITIES		
Equity		
Share capital	80	3
Reserve for invested non-restricted equity	69 661	69 739
Translation reserve	-815	-626
Retained earnings	2 061	4 908
Profit (-loss) for the financial year	-503	-2 848
Total equity	**70 484**	**71 176**
Liabilities		
Non-current liabilities		
Borrowings from financial institutions	84 416	84 226
Finance lease liabilities	1 995	885
Instalment credit	1 330	2 127
Derivative liabilities	241	252
Deferred tax liabilities	3 730	3 964
Current liabilities		
Interest-bearing financial liabilities	19 000	9 300
Finance lease liabilities	779	687
Prepayments	212	525
Trade payables	16 758	12 439
Instalment credit	908	1 055
Other payables	6 698	12 975
Tax liabilities	1 054	1 508
Accrued expenses and deferred income	16 086	16 258
Total liabilities	**153 206**	**146 202**
Total equity and liabilities	**223 690**	**217 378**

The financial statements should be read in conjunction with the accompanying notes that are an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

TEUR	Q4 2018	Q4 2017	Q1-4 2018	Q1-4 2017
Cash flows from operating activities				
Net profit (loss) before taxes	-1 492	1 968	252	-2 696
Adjustments:				
Depreciation and amortisation	2 767	1 675	10 783	8 076
Financial income and expenses	1 374	-1 818	6 941	9 386
Other adjustments	-541	574	-402	127
Change in net working capital	13 179	4 328	7 166	-93
Net financial items	-1 455	-1 939	-5 648	-7 701
Income taxes paid	-416	211	-3 376	-1 377
Cash flows from operating activities (A)	**13 417**	**8 388**	**15 716**	**5 721**
Cash flows from investing activities				
Investments and divestments in fixed assets	-3 254	-1 692	-8 770	-7 345
Investments in other investments (subsidiary acquisitions)	417	-9 200	-10 118	-9 674
Change in other receivables	0	156	9	156
Cash flows from investing activities (B)	**-2 838**	**-10 736**	**-18 880**	**-16 863**
Cash flows from financing activities				
Proceeds from loans and borrowings	0	0	0	85 000
Repayments of loans and borrowings	-750	-191	-2 145	-78 112
Change in long- and short-term liabilities	-4 496	388	5 441	8 310
Cash flows from financing activities (C)	**-5 245**	**8 506**	**3 297**	**15 198**
Change in cash flows (A+B+C)	**5 335**	**6 157**	**134**	**4 057**
Cash and cash equivalents at the beginning of the reporting period	3 108	2 165	8 320	4 267
Exchange rate differences	7	-1	-5	-3
Cash and cash equivalents at the end of the reporting period	8 450	8 320	8 450	8 320
Change	5 341	6 156	129	4 053

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 on 1 January 2018	3	0	69 739	-626	2 061	**71 176**
Share capital increase	77		-77			**0**
Comprehensive income						
Profit for the reporting period	0	0	0	0	-503	**-503**
Other comprehensive income						
Translation differences	0	0	0	-189	0	**-189**
Total comprehensive income	**0**	**0**	**0**	**-189**	**-503**	**-691**
Equity on 31 December 2018	**80**	**0**	**69 661**	**-815**	**1 558**	**70 484**
Equity on 1 January 2017	3	0	69 739	-511	4 908	**74 138**
Comprehensive income						
Profit for the reporting period	0	0	0	0	-2 848	**-2 848**
Other comprehensive income						
Translation differences	0	0	0	-115	0	**-115**
Total comprehensive income	**0**	**0**	**0**	**-115**	**-2 848**	**-2 963**
Equity on 31 December 2017	**3**	**0**	**69 739**	**-626**	**2 061**	**71 176**

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

CONDENSED NOTES

Accounting policies

These Financial statements have been prepared according to IAS 34 *Interim Financial Reporting* -standard. The same accounting policies have been used as in the Financial Statements in 2018. The Group has started applying IFRS 15 *Revenue from Contracts with Customers*, IFRS 9 *Financial Instruments* and IFRS 8 *Operating Segments* –standards for the period starting 1 January 2018.

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's 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 Financial Statements bulletin is unaudited.

The Group has adopted the following new standards from the beginning of the reporting period:

IFRS 9 Financial Instruments

IFRS 9 has replaced the former guidance in IAS 39. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Group has utilised the transition relief for not restating the comparative figures. IFRS 9's impact on the Group's consolidated financial statements has not been significant.

IFRS 15 Revenue from Contracts with Customers

The new standard has replaced IAS 18 and IAS 11 standards and related interpretations. In IFRS 15 a five-step model is applied to determine when to recognise revenue, and at what amount. Revenue is recognised when (or as) a company transfers control of goods or services to a customer either over time or at a point in time. The standard introduces also new disclosure requirements. The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients) at the date of initial application. Accordingly, the information presented in earlier periods has not been restated.

The impact of the new standard has not been significant. In addition to the new disclosures there has been a change in revenue recognition of scrap metal, which under former standards was recognised combined with the demolition contract it related to. According to IFRS 15 the sale of scrap metal is identified as a separate contract with another customer. Therefore it cannot be combined to the constructing contract and the scrap metal is recognised when control is transferred to the customer. In some customer contracts the Group is acting as an agent for the scrap metal sales. For these contracts the Group will recognise only the fee received for the scrap metal sales. These changes did not have any material effect on the Group's equity on 1 January 2018.

Adoption of new and amended standards and interpretations applicable in future financial years

The Group has not yet adopted the following new and amended standards and interpretations already issued by the IASB. The Group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year.

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 applies IFRS 16 initially on 1 January 2019, using the modified retrospective approach which means that the comparative information will not be restated. The Group will recognize 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 asset and liabilities which will be transferred as such to the 1 January 2019 opening balance. According to the Group's assessment there will be a significant impact on the balance sheet when adopting IFRS 16. The estimated impact is about EUR 11.1 million due to recognising new assets and liabilities. IFRS 16 will also change the nature of

expenses as a depreciation charge for right-of-use assets and interest expense on lease liabilities will be recognised instead of lease expenses. The Group will apply exemptions both to short-term leases and low value leases.

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 consists of revenue and other operating income less costs of materials and services, employee benefits expenses 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.

Financing

On 16 April 2018, Delete Group Oyj applied for the senior secured notes in the amount of EUR 85 million to be listed on Nasdaq Helsinki Ltd. Public trading on the Notes commenced on19 April 2018 under the trading code "DELJVAIH21". The proceeds from the Notes have been applied towards repayment of the existing indebtedness of the group and towards general corporate purposes of the group.

Delete Group Oyj extended the super senior revolving credit facility (SSRCF) from EUR 20.0 to EUR 25.0 million on 9 May. The facility is used for general corporate purposes, including growth acquisitions.

SEGMENT REPORT

The Group has started applying IFRS 8 Operating Segments –standard for the period starting 1 January 2018.

The Group has three reportable segments: Industrial Cleaning Services, Demolition Services and Recycling, which are the Group's business areas. The reporting segments have been aggregated from the group's five operating segments: the operating segments for Industrial Cleaning Services in Finland and Sweden as well as the operating segments for Demolition Services in Finland and Sweden have been combined as reportable segments as they are considered to be similar and having similar economic characteristics.

The Industrial Cleaning Services segment consists of a comprehensive industrial service offering as well as property services, such as high-power vacuuming and blowing services, industrial shutdown and maintenance, exposure vacuuming of sewers and well emptying, industrial cleaning, blast cleaning services and washing and cleaning of facades.

The Demolition Services Segment comprises very complex demolition projects, renovation demolition inside buildings, asbestos and other hazardous substance removal as well as hydro demolition and water jet cutting.

The Recycling Services Segment provides services such as recycling and waste processing, reception of oily waste, open large waste container services and crushed concrete in the Helsinki metropolitan area and in the Tampere region.

Segment information is based on IFRS accounting principles applied in the group, and it is consistent with the group’s internal reporting.

Operating profit (EBIT) is the measure of profit or loss for the reportable segment which is regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance. Segment assets and liabilities are not presented as these are no regularly monitored by the Board of Directors.

Administration costs are not allocated to segments but are presented separately. Any transactions between segments are based on market prices. There is not a single external customer amounting to 10 per cent or more of the Group’s revenues.

TEUR

	2018			2017		
Net sales	**External**	**Intra group**	**Total**	**External**	**Intra group**	**Total**
Industrial Cleaning	87 481	502	87 983	70 520	429	70 949
Demolition Services	83 082	291	83 373	86 421	38	86 459
Recycling Services	22 191	2 601	24 793	20 371	2 469	22 840
Elimination		-3 395	-3 395		-2 937	-2 937
GROUP	**192 754**		**192 754**	**177 311**		**177 311**

Depreciation, amortisation and impairment losses	**2018**	**2017**
Industrial Cleaning	-4 151	-2 799
Demolition Services	-2 736	-2 612
Recycling Services	-1 174	-1 042
Administration	-2 722	-1 623
GROUP	**-10 783**	**-8 076**

Operating profit (EBIT)	**2018**	**2017**
Industrial Cleaning	8 607	10 249
Demolition Services	4 568	931
Recycling Services	3 499	4 263
Administration	-9 482	-8 753
Operating profit (EBIT)	**7 193**	**6 690**
Net financial expenses	-6 941	-9 386
Profit (-loss) before taxes	**252**	**-2 696**

Geographical information

	2018		2017	
TEUR	**Net sales**	**Non-current assets**	**Net sales**	**Non-current assets**
Finland	150 285	136 194	137 928	133 454
Sweden	42 470	36 314	39 383	34 018
Total	**192 754**	**172 508**	**177 311**	**167 473**

DISAGGREGATION OF REVENUE

TEUR	Products and services transferred over time		Products and services transferred at a point in time					
	Projects (POC)		Materials		Services		Total	
	1-12 2018	1-12 2017	1-12 2018	1-12 2017	1-12 2018	1-12 2017	1-12 2018	1-12 2017
Industrial Cleaning	-	-	-	-	87 983	70 949	87 983	70 949
Demolition Services	28 465	34 616	5 207	8 759	49 701	43 084	83 373	86 459
Recycling Services	-	-	24 793	22 840	-	-	24 793	22 840
Eliminations	-	-	-	-	-	-	-3 395	-2 937
Group total	**28 465**	**34 616**	**30 000**	**31 599**	**137 684**	**114 033**	**192 754**	**177 311**

BUSINESS COMBINATIONS

Delete Group acquired the following companies during 2018:

- Karhupurku Oy (31 May 2018)
- Waterjet Entreprenad Karlstad AB (28 June 2018)
- Waterjet Entreprenad i Oslo AS (28 June 2018)
- Waterjet Entreprenad i Stockholm AB (28 September 2018)
- W-Tech Entreprenad AB (28 September 2018)

The Karhupurku Oy acquisition introduces a new and strong business area with growth potential for Delete in Demolition Services business area in connection with elevator dismantling.

Waterjet Entreprenad Karlstad AB serves Industrial Cleaning customers in the Karlstad region providing new geographical reach for Delete.

Waterjet Entreprenad i Stockholm AB and W-Tech Entreprenad AB specialise in infrastructure services, including bridge, garage, tunnel and car park maintenance. The companies’ customers operate mainly in the construction and infrastructure sectors.

If the acquisitions had taken place on 1 January 2018, the Group's revenue would have been EUR 204.9 million and consolidated profit for the financial year would have been EUR 0.8 million.

The following information for acquisitions is disclosed in aggregate as they are individually immaterial.

Assets acquired during the financial year 2018 and the liabilities assumed at the acquisition date were the following:

TEUR	**Recognised amounts**
Intangible assets (customer contracts)	361
Property, plant and equipment	3 144
Receivables	5 354
Cash and cash equivalents	1 074
Total assets	9 933
Other liabilities	6 527
Interest bearing borrowings	1 116
Deferred tax liabilities	80
Total liabilities	7 723
Net assets	2 210
Goodwill	2 145
Purchase price	4 355
of which paid in cash	2 353
of which is to be paid in cash based on closing accounts	2 002

The acquisition resulted in goodwill totalling TEUR 2,145, which is based on expected synergies of the acquired companies.

The management believes that synergies will be gained from increased capacity, strengthened human resources and skills as well as increased market share in demolition and cleaning services.

Acquisition related costs of TEUR 121 have been recorded in other operating expenses.

CHANGES IN INTANGIBLE ASSETS

TEUR	Goodwill	Intangible rights	Other long-term expenditure	Work in progress	Other intangible assets	Total
Cost 1 January 2018	115 762	2 113	0	162	7 400	**125 437**
Exchange rate differences	-949			-2	-17	**-968**
Additions		110	5	96		**211**
Additions through business combinations	2 145				361	**2 506**
Transfers		98	15	-98		**15**
Cost 31 December 2018	116 958	2 320	20	158	7 744	**127 201**
Accumulated amortisation and impairment losses 1 January 2018		-1 195	0	-6	-1 198	**-2 399**
Exchange rate differences		112			-67	**45**
Amortisation		-417	-3		-1 204	**-1 624**
Additions through business combinations						**0**
Impairment						**0**
Accumulated amortisation and impairment losses 31 December 2018	0	-1 500	-3	-6	-2 469	**-3 978**
Carrying amount 31 December 2018	**116 958**	**820**	**16**	**153**	**5 276**	**123 223**

CHANGES IN TANGIBLE ASSETS

TEUR	Land areas	Buildings	Machinery and equipment	Other property, plant and equipment	Construction in progress	Total
Cost 1 January 2017	123	6 434	64 980	1 377	866	**73 781**
Exchange rate differences	-1	-1	-554		-9	**-566**
Additions through business combinations		9	7 224	5		**7 238**
Additions		88	6 172	113	901	**7 274**
Disposals			-914	0		**-914**
Transfers		-21	346		-325	**0**
Cost 31 December 2017	122	6 509	77 254	1 495	1 433	**86 812**
Accumulated depreciation and impairment losses 1 January 2016	0	-2 160	-32 137	-604	0	**-34 900**
Exchange rate differences	0	1	296			**297**
Additions through business combinations		-1	-978	-4		**-984**
Depreciation for the reporting period		-354	-6 510	-151		**-7 015**
Impairment					0	**0**
Transfers	-7	23	7	0		**23**
Accumulated depreciation and impairment losses 31 December 2016	-7	-2 491	-39 322	-759	0	-42 580
Carrying amount 31 December 2017	**114**	**4 018**	**37 931**	**736**	**1 433**	**44 232**

CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

2018	Carrying amount					
TEUR	**Fair value through profit or loss**	**Financial assets at amortised cost**	**Other financial liabilities at amortised cost**	**Total carrying amount**	**Total fair value**	**Fair value hierarchy**
Non-current financial assets						
Other financial assets	0	0	0	**0**	**0**	level 2
Current financial assets						
Trade and other receivables	0	30 309	0	**30 309**	**30 309**	
Other financial assets	0	0	0	**0**	**0**	level 2
Cash and cash equivalents		8 448	0	**8 448**	**8 448**	
Total financial assets	**0**	**38 757**	**0**	**38 757**	**38 757**	
Non-current financial liabilities						
Loans from financial institutions	0	0	84 416	**84 416**	**84 416**	level 2
Finance lease liabilities	0	0	1 995	**1 995**	**1 995**	level 2
Instalment credit	0	0	1 330	**1 330**	**1 330**	level 2
Derivative liabilities	241	0	0	**241**	**241**	level 2
Current financial liabilities						
Loans from financial institutions	0	0	19 000	**19 000**	**19 000**	level 2
Finance lease liabilities	0	0	779	**779**	**779**	level 2
Trade payables	0	0	16 758	**16 758**	**16 758**	
Instalment credit	0	0	908	**908**	**908**	level 2
Total financial liabilities	**241**	**0**	**125 186**	**125 427**	**125 427**	

2017	Carrying amount					
TEUR	**Fair value through profit or loss**	**Financial assets at amortised cost**	**Other financial liabilities at amortised cost**	**Total carrying amount**	**Total fair value**	**Fair value hierarchy**
Other financial assets						
Other financial assets	0	0	0	**0**	**0**	level 2
Current financial assets						
Trade and other recaivables	0	33 998	0	**33 998**	**33 998**	
Other financial assets	0	0	0	**0**	**0**	level 2
Cash and cash equivalents		8 242	0	**8 242**	**8 242**	
Total financial assets	**0**	**42 240**	**0**	**42 240**	**42 240**	
Non-current financial liabilities						
Loans from financial institutions	0	0	84 226	**84 226**	**84 226**	level 2
Finance lease liabilities	0	0	885	**885**	**885**	level 2
Instalment credit	0	0	2 127	**2 127**	**2 127**	level 2
Derivative liabilities	252	0	0	**252**	**252**	level 2
				0	**0**	
Current financial liabilities				**0**	**0**	
Loans from financial institutions	0	0	9 300	**9 300**	**9 300**	level 2
Finance lease liabilities	0	0	687	**687**	**687**	level 2
Trade payables	0	0	12 439	**12 439**	**12 439**	
Instalment credit	0	0	1 055	**1 055**	**1 055**	level 2
Total financial liabilities	**252**	**0**	**110 719**	**110 972**	**110 972**	

Determination of fair values

Level 1 = Fair values are based on identical assets or liabilities quoted (unadjusted) in active markets
Level 2 = Fair values are based on other than level 1 quoted prices and are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices)
Level 3 = Fair values are not based on observable market data

Transfers between levels
There were no significant transfers between fair value levels in 2018 and 2017.

KEY EVENTS AFTER THE REPORTING PERIOD

There were no key events after the reporting period.

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 that offers specialist competences 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 35 acquisitions within the industrial cleaning and demolition segments.

The Group is headquartered in Helsinki and employs approx. 1,000 professionals at over 35 locations in Finland and Sweden.