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Interim Review January–March 2019 (IFRS, unaudited)

NET SALES GREW IN FIRST QUARTER, OPERATING PROFIT SUPPRESSED BY PROJECT MIX

HIGHLIGHTS OF JANUARY–MARCH 2019

- Net sales increased by 10% to EUR 40.4 (Q1 2018: 36.7) million
- EBITDA decreased by EUR -0.1 million to EUR -0.4 (-0.3) million
- EBIT decreased by EUR -1.6 million to EUR -4.6 (-3.0) million
- Net debt increased by 31% to EUR 120.6 (92.3) million
- Operative cash flow decreased by EUR -3.9 million to EUR -3.4 (0.5) million

KEY FIGURES

	1–3/2019	1–3/2018	Change	1–12/2018
Net sales, MEUR	40.4	36.7	9.9%	192.8
EBITDA[1], MEUR	-0.4	-0.3	-55.5%	18,0
Adjusted[2)] EBITDA, MEUR	0.0	0.3	-88.1%	19,9
Adjusted EBITDA,% of sales	0.1%	0.8%	-0.7% pts	10,3%
EBIT, MEUR	-4.6	-3.0	-53.1%	7,2
Adjusted EBIT, MEUR	-4.2	-2.5	-69.1%	9,1
Adjusted EBIT,% of sales	-10.3%	-6.7%	-3.6% pts	4,7%
Profit (-loss) for the period, MEUR	-6.8	-5.7	-19.6%	-0,5
Operative cash flow, MEUR	-3.4	0.5		15,7
Net debt[3], MEUR	120.6	92.3	30.7%	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. The impacts of IFRS 16 are reported in the notes section of this interim review.

OUTLOOK FOR 2019

The demand for industrial cleaning services is expected to remain stable. The demand for demolition services is expected to remain on a reasonable level supported by the somewhat resilient renovation construction market. The market demand for recycled fuel is expected to improve to some degree during 2019.

Delete Group’s operating profit (EBIT) is expected to improve in 2019.

During the first half of 2019 the Demolition Services project volume is expected to remain stable but the demand for large demolition projects is expected to decline. Furthermore, the heavy winter conditions are likely to have some adverse effect on the due execution of certain projects and sewer work volume during early 2019. Due to these reasons Delete's profitability is expected to decline during the first half of 2019 compared to the first half of 2018.

TOMMI KAJASOJA, CEO OF DELETE GROUP:

"The first quarter is always a low season in Delete's business and this year the development was two fold. Even though we achieved solid growth as a Group, the profitability fell behind the previous year's level. The Industrial Cleaning services segment's performance was on a good level given the generally slow winter season. However, the Group's operating profit was supressed by continuing challenges with Recycling Services segment's recycled fuel market and even more so by Demolition Services' challenging project mix.

Net sales of Industrial Cleaning Services grew by 3% with 2% organic growth[6)]. The typically slow first quarter turned out to be better than last year. In particular, our operating profit improved due to well executed resource planning and utilisation during the first quarter of 2019.

Demolition Services' net sales increased by 11% driven by the acquisitions made in 2018, which contributed 13%, while organic growth was -2%. The sales- and project mix was weaker than in the previous year comprising of smaller assignments which were more tightly priced, hindered efficient resource utilisation and increased logistics costs, resulting in a clearly weakened operating profit. In terms of new orders, Demolition Services' business has developed favourably since the challenging first quarter, but the operating profit is not expected to reach last year's level in the first half of 2019.

Recycling Services net sales grew by 30%, all organically, but the profitability fell short of the previous year due to continued low demand for and increased processing costs of recycled fuel. We have recently invested in increasing capacity and efficiency at our Rusko recycling plant, which we expect to improve the profitability gradually during 2019.

Our strategic focus areas are to grow our service offering and to expand geographically within Finland and Sweden. We will continue to improve our operations in all our segments and realise synergies between our Finnish and Swedish operations. In the first quarter we have progressed with efficiency-enhancing measures in all segments, 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.

In 2019, the focus will be on organic and profitable growth, 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 continue at a favourable level, especially in the industrial cleaning services market.

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."

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 planned maintenance shut-down schedule in 2019 is slightly busier than in 2018. The market continues to demand capabilities that can handle increasingly complex assignments with high-quality environmental, health and safety standards, which favours large professional players like Delete.

Demolition services

While the number of new construction permits has 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, particularly 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

In the first quarter, Delete Group’s net sales were EUR 40.4 (36.7) million, representing a 10% year-on-year growth with all segments contributing to the positive growth. Organic growth for the period was 3% and acquisitive growth 7%.

The net sales of Industrial Cleaning Services were EUR 15.2 (14.7) million, representing an increase of 3%, out of which 2% was organic growth. Recycling Services net sales grew by 30% to EUR 6.4 (4.9) million. This was achieved through organic growth alone, which was supported by considerable investments in capacity and processing efficiency during the recent quarters. The net sales of Demolition Services were EUR 19.8 (17.8) million growing by 11%. Acquisitions completed in September 2018 contributed to the growth by 13%, while organic growth was -2%. Development of the Swedish and Finnish demolition markets remained active, but the average assignment size was smaller than in the previous year.

NET SALES BY SEGMENT

MEUR	1–3/2019	1–3/2018	Change	1–12/2018
Industrial Cleaning	15.2	14.7	3.0%	88.0
Demolition Services	19.8	17.8	11.2%	83.4
Recycling Services	6.4	4.9	30.4%	24.8
Eliminations	-1.1	-0.8	41.4%	3.4
Group total	40.4	36.7	9.9%	192.8

FINANCIAL PERFORMANCE

The Group’s adjusted operating profit (EBIT) during the first quarter of 2019 decreased by EUR -1.7 million from the previous year to EUR -4.2 (-2.5) million. Operationally, the EBIT was adversely affected mainly by fewer sizeable demolition projects and the related supressed field efficiency and increased logistics costs and by low seasonal productivity in the recently acquired operations. Furthermore, the continuing challenges in demand for recycled fuel in the Recycling Services had an unfavourable impact on the EBIT in the first quarter 2019.

In the first quarter, the EBIT-% improved in Industrial Cleaning to -3% (-10%), decreased in Recycling Services to 0% (13%) and in Demolition Services to -7% (2%).

The IFRS 16 adoption has had a minor favourable impact on the operating profit and a more significantly favourable impact on the EBITDA in the first quarter 2019. The impact in January–March 2019 for lease expenses was a decrease of EUR -1.4 million, for depreciation costs an increase of EUR 1.3 million and for interest expenses an increase of EUR 0.1 million.

EBIT BY SEGMENT

MEUR	1–3/2019	1–3/2018	Change	1–12/2018
Industrial Cleaning	-0.5	-1.5	69.1%	8.6
Demolition Services	-1.4	0.3		4.6
Recycling Services	0.0	0.7	-95.9%	3.5
Administration	-2.8	-2.5	-11.5%	-9.5
Group total	-4.6	-3.0	-53.1%	7.2

EBITDA BY SEGMENT

MEUR	1–3/2019	1–3/2018	Change	1–12/2018
Industrial Cleaning	1.3	-0.2		13.7
Demolition Services	-0.1	1.4		8.4
Recycling Services	0.7	0.9	-28.4%	4.7
Administration	-2.2	-2.3	4.2%	-8.8
Group total	-0.4	-0.3	-55.5%	18.0

In January–March, the net financial expenses amounted to EUR -2.0 (-2.5) million. The decrease was mainly related to lower unrealised exchange rate losses than in the previous year. Profit before taxes amounted to EUR -6.6 (-5.5) million. Income taxes amounted to EUR -0.2 (-0.2) million. The net result for the financial period amounted to EUR -6.8 (-5.7) million.

FINANCING AND FINANCIAL POSITION

In the first quarter, the cash flow from operating activities was EUR -3.4 (0.5) million, driven by increased net working capital.

Delete Group's cash and cash equivalents at the end of March 2019 were EUR 4.0 (3.0) million. The Group's interest-bearing debt was EUR 124.6 (95.3) million, consisting mainly of a EUR 85.0 million secured bond, a EUR 24.0 million drawn revolving credit and lease liabilities. The Group's undrawn revolving credit facilities of EUR 1.0 million to be used for general corporate purposes, acquisitions and capital expenditure, is allocated as a bank guarantee limit. The revolving credit facility's quarterly maintenance covenant for debt leverage was complied with at the end of March 2019.

At the end of March 2019, the Group's net debt amounted to EUR 120.6 (92.3) million, increasing mainly due to the utilisation of the revolving credit facility for acquisition financing in 2018 and the impact of increased lease liabilities derived from IFRS 16 adoption, explained in more detailed in the notes section.

The balance sheet total at the end of March 2019 was EUR 225.4 (202.9) million. Property, plant and equipment totalled EUR 59.4 (43.3) million. Equity ratio[6)] was 28.3% (32.3%). The change in property, plant and equipment and the equity ratio are primarily related to the implications of IFRS 16 adoption.

Delete Group Oyj announced on 28 March 2019 a tap issue of senior secured floating rate notes in a nominal amount of EUR 25 million (the "Subsequent Notes"). The Subsequent Notes were issued under the same terms and conditions (save for the issue date, the interest commencement date and the issue price) as the company's EUR 85 million senior secured floating rate notes due 2021 (ISIN: FI4000252119) which were issued on 19 April 2017 and admitted to trading on the official list of Nasdaq Helsinki Ltd on 19 April 2018 under the trading code "DELJVAIH21". The Subsequent Notes, which mature on 19 April 2021, had an issue price of 100,00 per cent (par), and bear a floating rate of EURIBOR 3 months plus a margin of 5 per cent. per annum, payable quarterly in arrears commencing on 19 April 2019. The proceeds from the tap issue are applied towards repayment of drawings under the company's EUR 25 million super senior revolving credit facility and other existing financial indebtedness.

Key figures	1–3/2019	1–3/2018	Change	1–12/2017
Return on Equity, %	-10.2%	-8.4%	-1.8% pts	21.8%
Net debt, MEUR	120.6	92.3	30.7%	100.0
Equity ratio, %	28,3%	32,3%	-4.0% pts	31,5%

CAPITAL EXPENDITURE AND CORPORATE TRANSACTIONS

Capital expenditure in intangible and tangible assets for January–March 2019 was EUR 3.7 (2.5) million. There were no acquisitions during the first quarter, but a EUR 2.0 million purchase price settlement was completed in the first quarter for an acquisition closed in the third quarter 2018.

R&D EXPENDITURE

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

KEY EVENTS AFTER THE REPORTING PERIOD

Related to the announced bond tap issue on 28 March 2019, the Finnish Financial Supervisory Authority approved on 4 April 2019 the English language listing prospectus of the Subsequent Notes. The prospectus is available on the company's website at https://deletegroup.fi/en/investors/credit-facilities/tap-issue/. The summary of the listing prospectus has been translated into Finnish. Public trading on the Subsequent Notes has commenced on the official list of Nasdaq Helsinki Ltd. on 9 April 2019 under the trading code "DELJVAIH21".

Delete Group Oyj's published an updated Disclosure Policy on 11 April. The company's investor communications languages going forward are Finnish and English. Formerly, the company has published information in Finnish, English and Swedish. The Disclosure Policy has been updated with other minor changes. The updated Disclosure Policy became effective 11 April 2019 and is available at Delete Group Oyj's webpages at https://deletegroup.fi/en/investors/.

On 6 May, Delete Group Oyj announced that a member of the management team and Sweden's Country Manager Lars-Gunnar Almryd, will leave the company by the end of May 2019. Peter Revay has been appointed on 15 May as the new Country Manager for Sweden. Delete Group CEO Tommi Kajasoja assumes an interim role as the acting Country Manager for Sweden until Peter Revay assumes the position in August 2019.

SUMMARY OF 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 first 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 Hansen 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.

FINANCIAL CALENDAR 2019

Delete Group will publish the half year financial report January–June 2019 on 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	1-3/2019	1-3/2018	1-12/2018
EBIT	-4.6	-3.0	7.2
Adjustments	0.5	0.6	1.9
Adjusted EBIT	-4.2	-2.5	9.1

MEUR	1-3/2019	1-3/2018	1-12/2018
EBITDA	-0.4	-0.3	18.0
Adjustments	0.5	0.6	1.9
Adjusted EBITDA	0.0	0.3	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 in 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 FINANCIAL STATEMENTS

Amounts in thousands of euros

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TEUR	Q1 2019	Q1 2018	Q1-4 2018
Net sales	**40 359**	**36 739**	**192 754**
Other operating income	274	106	572
Materials and services	-21 495	-16 933	-85 951
Employee benefit expenses	-15 490	-14 537	-66 360
Other expenses	-4 072	-5 648	-23 032
Depreciation, amortisation and impairment	-4 205	-2 751	-10 783
Operating profit	**-4 628**	**-3 023**	**7 193**
Financial income	9	6	33
Financial expenses	-2 014	-2 481	-6 974
Net financial expenses	**-2 005**	**-2 474**	**-6 941**
Profit (-loss) before taxes	**-6 634**	**-5 497**	**252**
Income taxes	-203	-218	-754
Profit (-loss) for the financial period	**-6 837**	**-5 715**	**-503**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Foreign currency translation difference	-7	-101	-189
Other comprehensive income (-loss), net of tax			
Total comprehensive income (-loss) for the year	**-6 844**	**-5 816**	**-692**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TEUR	31.3.2019	31.3.2018	31.12.2018
ASSETS			
Non-current assets			
Goodwill	116 670	114 906	116 958
Intangible assets	5 878	6 829	6 265
Property, plant and equipment	59 437	43 257	48 256
Investments	141	149	141
Deferred tax assets	844	49	888
Total non-current assets	**182 970**	**165 190**	**172 508**
Current assets			
Inventories	1 485	1 250	1 476
Trade and other receivables	36 990	33 461	41 257
Cash and cash equivalents	3 977	3 007	8 450
Total current assets	**42 452**	**37 718**	**51 183**
Total assets	**225 422**	**202 907**	**223 690**

TEUR	31.3.2019	31.3.2018	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	-6 837	-5 715	-503
Translation difference	-822	-727	-815
Total equity	**63 641**	**65 360**	**70 484**
Liabilities			
Non-current liabilities			
Interest-bearing financial liabilities	84 212	83 860	84 416
Finance lease liabilities	8 995	929	1 995
Instalment credit	631	1 868	1 330
Derivative liabilities	211	267	241
Deferred tax liabilities	3 604	3 801	3 730
Current liabilities			
Interest-bearing financial liabilities	24 000	7 000	19 000
Finance lease liabilities	5 673	747	779
Prepayments	333	354	212
Trade payables	17 681	14 084	16 758
Instalment credit	1 089	898	908
Other payables	2 274	11 683	6 698
Accrued expenses	13 078	12 055	17 140
Total liabilities	**161 782**	**137 548**	**153 206**
Total equity and liabilities	**225 422**	**202 907**	**223 690**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

TEUR	Q1 2019	Q1 2018	Q1-4 2018
Cash flows from operating activities			
Net profit (loss) before taxes	-6 634	-5 181	252
Adjustments:			
Depreciation and amortisation	4 205	2 435	10 783
Financial income and expenses	2 005	2 474	6 941
Other adjustments	-14	281	-402
Change in net working capital	-1 343	3 732	7 166
Change in voluntary provisions		17	
Net financial items	-1 600	-1 357	-5 648
Income taxes paid	-41	-1 901	-3 376
Cash flows from operating activities (A)	**-3 421**	**500**	**15 716**
Cash flows from investing activities			
Investments and divestments in fixed assets	-1 701	-2 166	-8 770
Investments in other investments (subsidiary acquisitior	-1 970	-344	-10 118
Change in other receivables	0	0	9
Cash flows from investing activities (B)	**-3 671**	**-2 510**	**-18 880**
Cash flows from financing activities			
Proceeds from loans and borrowings	0	0	0
Repayments of loans and borrowings	-781	-793	-2 145
Change in long- and short-term liabilities	3 426	-2 507	5 441
Cash flows from financing activities (C)	**2 645**	**-3 300**	**3 297**
Change in cash flows (A+B+C)	**-4 447**	**-5 310**	**134**
Cash and cash equivalents at the beginning of the reporting	8 450	8 320	8 320
Exchange rate differences	-25	-4	-5
Cash and cash equivalents at the end of the reporting perio	3 977	3 007	8 450
Change	-4 472	-5 314	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**
Comprehensive income						
Profit for the reporting period	0	0	0	0	-6 837	**-6 837**
Other comprehensive income						
Translation differences	0	0	0	-7	0	**-7**
Total comprehensive income	0	**0**	**0**	**-7**	**-6 837**	**-6 844**
Equity at 31 March 2019	**80**	**0**	**69 661**	**-822**	**-5 279**	**63 641**
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	-5 715	**-5 715**
Other comprehensive income						
Translation differences	0	0	0	-101	0	**-101**
Total comprehensive income	**0**	**0**	**0**	**-101**	**-5 715**	**-5 816**
Equity at 31 March 2018	**80**	**0**	**69 661**	**-727**	**-3 654**	**65 360**

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'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 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 asset 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 based on the estimated lease period.

Lease contracts for premises relate to Delete's head- and branch offices and service hubs and form the main part of the right-of-use asset and the lease liability. Contracts are typically made for a fixed period of 2 to 6 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 vehicles 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 with less than 12 months duration 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 to 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, e.g. EBITDA and EBIT increase, equity ratio decreases and net debt increases. Cash flow from operating activities increases and cash flow from financing activities decreases.

The impact on opening balance 1 Jan 2019 is shown on the table below.

'000 EUR	**31 Dec 2018**	**IFRS 16**	**1 Jan 2019**
Tangible assets	**48 256**	**11 178**	**59 434**
Lease liabilities			
Non-current liabilities	1 995	7 027	9 023
Current liabilities	779	4 151	4 930
Total	**2 774**	**11 178**	**13 953**

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs instead of operating lease expense. The impact in January-March 2019 for lease expenses was a decrease of EUR -1.4 million, for depreciation costs an increase of EUR 1.3 million and for interest expenses an increase of EUR 0.1 million.

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.

Delete Group Oyj
Board of Directors

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DELETE GROUP IN BRIEF

Delete Group is a leading environmental full-service provider in the Nordics. The Group 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 34 acquisitions within the industrial cleaning and demolition segments.

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