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DELETE GROUP OYJ

Interim Financial Statements January–June 2019 (IFRS, IAS 34, unaudited)

NET SALES CONTINUED TO GROW IN THE SECOND QUARTER, OPERATING PROFIT STILL SUPPRESSED BY PROJECT MIX

HIGHLIGHTS OF APRIL–JUNE 2019

- Net sales increased by 8% to EUR 56.6 (Q2 2018: 52.4) million
- EBITDA decreased by EUR -2.2 million to EUR 5.3 (7.5) million
- EBIT decreased by EUR -4.0 million to EUR 1.1 (5.1) million
- Net debt increased by 20% to EUR 125.5 (104.7) million
- Operative cash flow decreased by EUR -1.8 million to EUR -2.1 (-0.3) million
- Bond tap of EUR 25 million was completed in April and utilized for the repayment of the revolving credit facility

HIGHLIGHTS OF JANUARY–JUNE 2019

- Net sales increased by 9% to EUR 96.9 (89.2) million
- EBITDA decreased by EUR -2.3 million to EUR 4.9 (7.3) million
- EBIT decreased by EUR -5.6 million to EUR -3.6 (2.1) million
- Operative cash flow decreased by EUR -5.7 million to EUR -5.5 (0.2) million

KEY FIGURES

	4–6/2019	4–6/2018	Change	1–6/2019	1–6/2018	Change	1–12/2018
Net sales, MEUR	56.6	52.4	7.9%	96.9	89.2	8.7%	192.8
EBITDA[1)], MEUR	5.3	7.5	-29.2%	4.9	7.3	-32.3%	18.0
Adjusted[2)] EBITDA, MEUR	5.7	7.7	-26.1%	5.7	8.0	-28.3%	19.9
Adjusted EBITDA, % of sales	10.1%	14.7%	-4.6% pts	5.9%	9.0%	-3.1% pts	10.3%
EBIT, MEUR	1.1	5.1	-78.9%	-3.6	2.1		7.2
Adjusted EBIT, MEUR	1.5	5.3	-72.6%	-2.7	2.8		9.1
Adjusted EBIT, % of sales	2.6%	10.1%	-7.5% pts	-2.8%	3.2%	-6.0% pts	4.7%
Profit (-loss) for the period, MEUR	-1.6	2.8		-8.4	-2.9		-0.5
Operative cash flow, MEUR	-2.1	-0.3		-5.5	0.2		15.7
Net debt[3)], MEUR	125.5	104.7	19.8%	125.5	104.7	19.8%	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 Half-Year Report

OUTLOOK FOR 2019

Updated outlook for 2019:

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.

Earlier outlook from 15 May 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:

"Even though we achieved solid growth in the second quarter, our profitability fell behind the previous year's level. The Industrial Cleaning Services segment's performance was on a reasonable level, but the profitability suffered from resourcing challenges and related increased subcontracting costs during the shut-down period in the spring. The Group's operating profit was further suppressed by the continued weak demand for the recycled fuel in the Recycling Services segment affecting the margins and the Demolition Services segment's challenging project mix with fewer large projects.

As is typical for the Industrial Cleaning Services, the activity level in the second quarter increased considerably over the first quarter due to seasonality. Compared to the previous year, the net sales were fairly stable decreasing by -1% and organically[4)] by -3%. However, the operating profit of Industrial Cleaning Services was suppressed to some degree by challenges with resource planning and execution during the second quarter of 2019.

Demolition Services' net sales increased by 16%. The growth was driven by the acquisitions made in 2018, which contributed 18%-points, while the organic growth was -2%. As expected, the second quarter sales and project mix were weaker than in the previous year. It comprised 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 half of the year, but we do not expect the operating profit to reach last year's level for the full year.

Recycling Services' net sales grew by 24% in the second quarter, all organically, but the profitability fell short of the previous year due to continued low demand for recycled fuel and increased processing costs for construction waste. We have recently taken pricing actions and invested in increased capacity and efficiency at our Rusko recycling plant. We expect these measures to improve the Recycling Services' profitability gradually during the second half of 2019.

Our strategic focus areas are to grow our service offering and to expand geographically within Finland and Sweden. During 2019, we have been able to expand our renovation demolition offering towards turnkey solutions. We will also continue to improve our operations to drive gross margins in all our segments and realise synergies between our Finnish and Swedish operations. In the first six months of the year we have progressed with efficiency-enhancing measures across all segments, both in terms of cost structure and delivery efficiency. The measures are being implemented gradually in 2019, and their impact is expected to be partly reflected in the 2019 result.

The strategic assessment of options for the group and its businesses 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 2019 planned maintenance shut-down schedule is similar as in 2018. 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.

Demolition services

While the number of new construction permits has declined, the overall market demand for demolition services remains on 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: 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 increasing logistics costs for the operators ahead of corresponding end customer price increases, is expected to ease gradually in the mid- to long-term.

NET SALES

In the second quarter, Delete Group's net sales were EUR 56.6 (52.4) million, representing a year-on-year growth of 8% with Demolition Services and Recycling Services contributing positively to the growth. Organic growth for the period was 0% and acquisitive growth 8%.

The net sales of Industrial Cleaning Services were EUR 25.1 (25.4) million, representing a decrease of -1%, of which -3% organically. Recycling Services' net sales grew by 24% to EUR 7.7 (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 and processing efficiency during the recent quarters. The net sales of Demolition Services were EUR 25.0 (21.5) million growing by 16%. Acquisitions completed in September 2018 contributed to the growth by 18%-points, while organic growth was -2%. Development of the Swedish and Finnish demolition markets remained reasonably active, but the average assignment size was smaller than in the previous year.

The Group's net sales in January–June amounted to EUR 96.9 (89.2) million, fuelled by strong organic growth in Recycling Services (27%) and acquisition driven growth (14%) in the Demolition Services, while the Industrial Cleaning Services remained on the previous year's level (0%).

NET SALES BY SEGMENT

MEUR	4–6/2019	4–6/2018	Change	1–6/2019	1–6/2018	Change	1–12/2018
Industrial Cleaning	25.1	25.4	-1.0%	40.3	40.1	0.5%	88.0
Demolition Services	25.0	21.5	16.3%	44.8	39.3	14.0%	83.4
Recycling Services	7.7	6.2	23.5%	14.1	11.2	26.5%	24.8
Eliminations	-1.2	-0.7	-78.5%	-2.3	-1.4	-59.1%	-3.4
Group total	56.6	52.4	7.9%	96.9	89.2	8.7%	192.8

FINANCIAL PERFORMANCE

The Group's adjusted operating profit (EBIT) during the second quarter of 2019 decreased by EUR -3.8 million from the previous year to EUR 1.5 (5.3) million. Operationally, the EBIT was adversely affected by fewer sizeable demolition projects and the related supressed field efficiency and increased logistics costs. Furthermore, the continuing challenges in the demand for recycled fuel in the Recycling Services had an unfavourable impact on the EBIT in the second quarter 2019.

In the second quarter, the EBIT-% decreased in all business segments, in Industrial Cleaning Services to 13% (16%), in Demolition Services to 3% (12%) and in Recycling Services to -2% (19%).

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–June 2019. The impact in January–June 2019 for lease expenses was a decrease of EUR -2.9 million, for depreciation costs an increase of EUR 2.7 million and for interest expenses an increase of EUR 0.2 million.

The Group's adjusted EBIT for January–June 2019 amounted to EUR -2.7 (2.8) million. Industrial Cleaning Services EBIT was close to previous year's level, while Demolition Services and Recycling Service results were weaker than in the previous year.

EBIT BY SEGMENT

MEUR	4–6/2019	4–6/2018	Change	1–6/2019	1–6/2018	Change	1–12/2018

Industrial Cleaning	3.2	4.1	-21.4%	2.7	2.8	-4.3%	9.6
Demolition Services	0.8	2.6	-69.2%	-0.6	3.2	-119.9%	5.7
Recycling Services	-0.1	1.2	-110.7%	-0.1	1.9	-105.5%	3.5
Administration	-2.8	-2.7	-1.6%	-5.5	-5.8	4.7%	-11.5
Group total	1.1	5.1	-78.9%	-3.6	2.1	-270.9%	7.2

EBITDA BY SEGMENT

MEUR	4–6/2019	4–6/2018	Change	1–6/2019	1–6/2018	Change	1–12/2018
Industrial Cleaning	5.0	4.8	4.2%	6.3	4.6	36.6%	13.7
Demolition Services	2.1	3.3	-36.6%	2.0	4.7	-57.3%	8.4
Recycling Services	0.5	1.5	-65.9%	1.2	2.4	-51.5%	4.7
Administration	-2.3	-2.0	-10.3%	-4.5	-4.4	-2.5%	-8.8
Group total	5.3	7.5	-29.2%	4.9	7.3	-32.3%	18.0

From 1 January 2019, the internal management fee has been allocated to Administration unit instead of the three business segments affecting EBIT. 2018 has been restated accordingly. The impact on segment EBIT in January-June 2018 is a decrease of EUR 1.1 million in Administration and correspondingly an increase of EUR 0.5 million in the Industrial Cleaning Services and an increase of EUR 0.6 million in the Demolition Services. EBITDA is not affected by the reclassification and is comparable.

In April–June, the net financial expenses amounted to EUR -2.5 (-2.0) million and in January–June to EUR -4.6 (-4.5). The increase was mainly related to the bond tap financing costs and increased interest-bearing debt. In April–June, profit before taxes amounted to EUR -1.5 (3.1) million and in January–June to EUR -8.1 (-2.4) million. In April–June, the income taxes amounted to EUR 0.1 (0.3) million and in January–June to 0.3 (0.5) million. In April–June, the net result for the financial period amounted to EUR -1.6 (2.8) million and in January–June to EUR -8.4 (-2.9) million.

FINANCING AND FINANCIAL POSITION

In April-June, the cash flow from operating activities was EUR -2.1 (-0.3) million and for January-June EUR -5.5 (0.2) million, driven by lower operating profit than in the previous year.

Delete Group's cash and cash equivalents at the end of June 2019 were EUR 3.4 (4.2) million. The Group's interest-bearing debt was EUR 128.9 (108.9) million, consisting mainly of a EUR 110.0 million secured bond, a EUR 5.0 million drawn revolving credit and lease liabilities. The Group has undrawn revolving credit facilities of EUR 20.0 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 June 2019.

At the end of June 2019, the Group's net debt amounted to EUR 125.5 (104.7) million, increasing mainly due to acquisition financing in 2018 and the impact of increased lease liabilities derived from IFRS 16 adoption, explained in more detail in the notes section under IFRS 16 Leases.

The balance sheet total at the end of June 2019 was EUR 232.5 (213.6) million. Property, plant and equipment totalled EUR 45.0 (44.8) million. The equity ratio[6)] was 26.8% (31.9%). The change in balance sheet total and equity ratio are primarily related to the implications of IFRS 16 adoption.

In the second quarter, Delete Group Oyj issued a tap of senior secured floating rate notes in a nominal amount of EUR 25 million. 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 were applied towards repayment of drawings under the company's EUR 25 million super senior revolving credit facility and other existing financial indebtedness.

Key figures	4–6/2019	4–6/2018	Change	1–6/2019	1–6/2018	Change	1–12/2018
Return on Equity,%	-2.5%	4.1%	-6.5% pts	-12.7%	-4.1%	-8.5% pts	-0.7%
Net debt, MEUR	125.5	104.7	19.8%	125.5	104.7	19.8%	100.0
Equity ratio,%	26.8%	31.9%	-5.1% pts	26.8%	31.9%	-5.1% pts	31.5%

CAPITAL EXPENDITURE AND CORPORATE TRANSACTIONS

Capital expenditure in intangible and tangible assets for April–June 2019 was EUR 2.6 (1.8) million. For January-June, capital expenditure in intangible and tangible assets was EUR 4.3 (3.9) million. There have been no acquisitions during January-June, 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–June 2019, the R&D related expenditure was immaterial and was related to minor development of processes and tools.

KEY EVENTS AFTER THE REPORTING PERIOD

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.

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 identified that can be expected to have a significant influence on the business, given the risks mentioned hereinabove, at the end the second 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 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

This Half-Year Report 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 interim review is unaudited.

FINANCIAL CALENDAR 2019

Delete Group will publish 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	4–6/2019	4–6/2018	1–6/2019	1–6/2018	1–12/2018
EBIT	1.1	5.1	-3.6	2.1	7.2
Adjustments	0.4	0.2	0.8	0.8	1.9
Adjusted EBIT	1.5	5.3	-2.7	2.8	9.1

MEUR	4–6/2019	4–6/2018	1–6/2019	1–6/2018	1–12/2018
EBITDA	5.3	7.5	4.9	7.3	18.0
Adjustments	0.4	0.2	0.8	0.8	1.9
Adjusted EBITDA	5.7	7.7	5.7	8.0	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	Q2 2019	Q2 2018	Q1-2 2019	Q1-2 2018	Q1-4 2018
Net sales	**56 578**	**52 412**	**96 938**	**89 151**	**192 754**
Other operating income	189	209	463	314	572
Materials and services	-28 534	-21 418	-50 029	-38 351	-85 951
Employee benefit expenses	-18 725	-18 043	-34 216	-32 580	-66 360
Other expenses	-4 173	-5 629	-8 245	-11 277	-23 032
Depreciation, amortisation and impairment	-4 259	-2 428	-8 464	-5 179	-10 783
Operating profit (-loss)	**1 076**	**5 102**	**-3 552**	**2 078**	**7 193**
Financial income	7	10	16	17	33
Financial expenses	-2 554	-2 003	-4 569	-4 484	-6 974
Net financial expenses	**-2 547**	**-1 993**	**-4 552**	**-4 467**	**-6 941**
Profit (-loss) before taxes	**-1 471**	**3 108**	**-8 105**	**-2 389**	**252**
Income taxes	-91	-281	-294	-499	-754
Profit (-loss) for the financial period	**-1 562**	**2 827**	**-8 398**	**-2 888**	**-503**
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Foreign currency translation difference	25	-53	18	-154	-189
Other comprehensive income (-loss), net of tax					
Total comprehensive income (-loss) for the year	**-1 537**	**2 774**	**-8 380**	**-3 042**	**-692**

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TEUR	30.6.2019	30.6.2018	31.12.2018
ASSETS			
Non-current assets			
Goodwill	116 348	114 906	116 958
Intangible assets	5 490	6 435	6 265
Property, plant and equipment	44 951	44 830	48 256
Right of use assets	13 427	-	-
Investments	141	154	141
Deferred tax assets	839	48	888
Total non-current assets	**181 197**	**166 373**	**172 508**
Current assets			
Inventories	1 500	1 301	1 476
Trade and other receivables	46 388	41 792	41 257
Cash and cash equivalents	3 407	4 150	8 450
Total current assets	**51 296**	**47 243**	**51 183**
Total assets	**232 493**	**213 617**	**223 690**

TEUR	30.6.2019	30.6.2018	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	-8 398	-2 888	-503
Translation difference	-797	-780	-815
Total equity	**62 104**	**68 134**	**70 484**
Liabilities			
Non-current liabilities			
Interest-bearing financial liabilities	109 046	84 137	84 416
Lease liabilities	7 299	1 420	1 995
Instalment credit	494	1 565	1 330
Derivative liabilities	245	278	241
Deferred tax liabilities	3 522	3 667	3 730
Current liabilities			
Interest-bearing financial liabilities	5 000	20 000	19 000
Lease liabilities	6 195	792	779
Prepayments	590	220	212
Trade payables	17 172	14 335	16 758
Instalment credit	888	972	908
Other payables	5 324	6 178	6 698
Accrued expenses	14 613	11 920	17 140
Total liabilities	**170 388**	**145 483**	**153 206**
Total equity and liabilities	**232 493**	**213 617**	**223 690**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

TEUR	Q2 2019	Q2 2018	Q1-2 2019	Q1-2 2018	Q1-4 2018
Cash flows from operating activities					
Net profit (loss) before taxes	-1 471	3 108	-8 105	-2 389	252
Adjustments:					
Depreciation and amortisation	4 259	2 428	8 464	5 179	10 783
Financial income and expenses	2 547	1 993	4 552	4 467	6 941
Other adjustments	9	-91	-5	189	-402
Change in net working capital	-5 173	-5 745	-6 517	-1 996	7 166
Net financial items	-1 999	-1 493	-3 599	-2 850	-5 648
Income taxes paid	-232	-464	-272	-2 365	-3 376
Cash flows from operating activities (A)	**-2 060**	**-264**	**-5 481**	**236**	**15 716**
Cash flows from investing activities					
Investments and divestments in fixed assets	-2 573	-1 779	-4 274	-3 945	-8 770
Investments in other investments (subsidiary acquisitions)	18	-9 288	-1 952	-9 632	-10 118
Change in other receivables	0	0	0	0	9
Cash flows from investing activities (B)	**-2 555**	**-11 067**	**-6 226**	**-13 577**	**-18 880**
Cash flows from financing activities					
Proceeds from loans and borrowings	25 000	0	25 000	0	0
Repayments of loans and borrowings	-312	-314	-1 093	-1 107	-2 145
Change in long- and short-term liabilities	-19 000	12 793	-13 998	10 286	5 441
Principal elements of lease payments	-1 628		-3 205		
Cash flows from financing activities (C)	**4 060**	**12 479**	**6 705**	**9 179**	**3 297**
Change in cash flows (A+B+C)	**-555**	**1 148**	**-5 002**	**-4 162**	**134**
Cash and equivalents at the beginning of period	3 977	3 007	8 450	8 320	8 320
Exchange rate differences	-15	-4	-40	-8	-5
Cash and cash equivalents at the end of the reporting period	3 407	4 150	3 407	4 150	8 450
Change	-570	1 144	-5 042	-4 170	129

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TEUR	Equity attributable to shareholders of the parent company					
	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	-8 398	**-8 398**
Other comprehensive income						
Translation differences	0	0	0	18	0	**18**
Total comprehensive income	0	**0**	**0**	**18**	**-8 398**	**-8 380**
Equity at 30 June 2019	**80**	**0**	**69 661**	**-797**	**-6 840**	**62 104**
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	-2 888	**-2 888**
Other comprehensive income						
Translation differences	0	0	0	-154	0	**-154**
Total comprehensive income	**0**	**0**	**0**	**-154**	**-2 888**	**-3 042**
Equity at 30 June 2018	**80**	**0**	**69 661**	**-780**	**-827**	**68 134**

CONDENSED NOTES

Accounting policies

These interim financial statements have been prepared according to IAS 34 *Interim Financial Reporting* -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 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 based on 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 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 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 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
ASSETS			
Non-currents assets			
Intangible assets	123 223		123 223
Tangible assets	48 256	11 178	59 434
Other non-current assets	1 029		1 029
	172 508	11 178	183 686
Current assets	51 183		51 183
TOTAL ASSETS	**223 690**	**11 178**	**234 868**
EQUITY AND LIABILITIES			
Equity	70 484		70 480
Liabilities			
Non-current libilities			
Financial liabilities	86 411	7 027	93 438
Other non-current liabilities	5 301		
	91 712	7 027	93 438
Current liabilities			
Financial liabilities	19 779	4 151	23 930
Trade payables and other current liabilities	41 715		41 715
	61 494	4 151	65 645
Total liabilities	153 206	11 178	159 083
TOTAL EQUITY AND LIABILITIES	**223 690**	**11 178**	**234 868**

Bridge calculation for IFRS 16 change	**'000 EUR**
Lease liabilities 31 Dec 2018	**10 012**
Short term contracts and contracts of low value	- 738
Finance lease liability IAS 17	2 774
Definition of the lease period	2 839
The effect of the discount rate	- 934
Lease liabilities 1 Jan 2019	**13 953**

In relation to these leases under IFRS 16, the Group has recognised depreciation and interest costs instead of operating lease expense. The impact in January-June 2019 for depreciation costs is an increase of EUR 2.7 million and for interest expenses an increase of EUR 0.2 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.

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.

Financing

In the Second quarter, Delete Group Oyj issued a tap of senior secured floating rate notes in a nominal amount of EUR 25 million. 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 were applied towards repayment of drawings under the company's EUR 25 million super senior revolving credit facility and other existing financial indebtedness.

SEGMENT REPORTING

The Group has three reportable segments, Industrial Cleaning Services, Demolition Services and Recycling Services, 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 business serves, among others, industrial customers, energy companies, shipyards and construction sector companies in Finland and Sweden.

The Demolition Services business delivers professional construction demolition services in Finland and Sweden and takes care of asbestos and other hazardous substance demolitions, firestop and damage renovations.

Delete Group's Recycling Services receives and processes construction and industrial waste 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.

The measure of profit or loss for the reportable segment is operating profit, which is regularly reviewed by the Group's management team to make decisions about resources to be allocated to the segment and to assess its performance.

Administration costs are not allocated to segments but are presented separately. Segment assets and liabilities are not presented as these are not regularly monitored by the management team. From 1 January 2019, the internal management fee has been allocated to the Administration unit instead of the three business segments affecting EBIT. 2018 has been restated accordingly. The impact on segment EBIT in January-June 2018 is a decrease of EUR 1.1 million in Administration and correspondingly an increase of EUR 0.5 million in the Industrial Cleaning Services and an increase of EUR 0.6 million in the Demolition Services. EBITDA is not affected by the reclassification and is comparable.

Any transactions between segments are based on market prices.

Net sales, TEUR	**Q2 2019**	**Q2 2018**	**Q1-2 2019**	**Q1-2 2018**	**Q1-4 2018**
Industrial Cleaning	25 132	25 385	40 311	40 123	87 983
Demolition Services	24 961	21 471	44 780	39 297	83 373
Recycling Services	7 713	6 243	14 134	11 169	24 793
Elimination	- 1 227	- 687	- 2 288	- 1 438	- 3 395
GROUP	**56 578**	**52 412**	**96 938**	**89 151**	**192 754**

EBIT, TEUR	**Q2 2019**	**Q2 2018**	**Q1-2 2019**	**Q1-2 2018**	**Q1-4 2018**
Industrial Cleaning	3 184	4 052	2 726	2 848	9 555
Demolition Services	797	2 584	- 637	3 194	5 681
Recycling Services	- 129	1 198	- 102	1 851	3 499
Administration	- 2 776	- 2 733	- 5 539	- 5 814	- 11 543
GROUP	**1 076**	**5 102**	**- 3 552**	**2 078**	**7 193**

REVENUE STREAMS

	Projects (POC)			**Materials**			**Services**			**Total**		
TEUR	**1-6 2019**	**1-6 2018**	**1-12 2018**	**1-6 2019**	**1-6 2018**	**1-12 2018**	**1-6 2019**	**1-6 2018**	**1-12 2018**	**1-6 2019**	**1-6 2018**	**1-12 2018**
Industrial Cleaning	-	-	-	-	-	-	40 311	40 123	87 983	40 311	40 123	87 983
Demolition Services	29 506	17 424	28 465	2 430	2 418	5 207	12 844	19 455	49 701	44 780	39 297	83 373
Recycling Services	-	-	-	14 134	11 169	24 793	-	-	-	14 134	11 169	24 793
Eliminations										-2 288	-1 438	-3 395
Group total	**29 506**	**17 424**	**28 465**	**16 564**	**13 587**	**30 000**	**53 155**	**59 578**	**137 684**	**96 938**	**89 151**	**192 754**

BUSINESS COMBINATIONS

Delete Group had no business combinations during 1-6 2019. A purchase price settlement of EUR 2.0 million for an acquisition closed in the third quarter 2018 was completed in the first quarter 2019.

CHANGES IN INTANGIBLE ASSETS

TEUR	1-6/2019	1-6/2018	1-12/2018
Carrying amount at the beginning of the period	123 223	124 327	123 038
Additions through business combinations		2 081	2 506
Additions	6	62	211
Amortisation for the reporting period	-764	-898	-1 624
Transfers	43	-3 046	15
Exchange rate differences	-669	-1 183	-922
Carrying amount at the end of the period	**121 839**	**121 342**	**123 223**

CHANGES IN TANGIBLE ASSETS

TEUR	1-6/2019	1-6/2018	1-12/2018
Carrying amount at the beginning of the period	48 256	41 172	44 232
Additions through business combinations		1 103	3 144
Additions	9 219	4 843	11 244
IFRS 16 impact on opening balance	11 178		
Disposals	-2 126	-446	-750
Depreciation for the reporting period	-7 700	-4 280	-9 092
Impairment			-66
Transfers	-43	3 046	-15
Exchange rate differences	-406	-608	-443
Carrying amount at the end of the period	**58 378**	**44 830**	**48 256**

CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Classification of financial assets and liabilities

In table below is presented carrying amounts and fair values of financial assets and liabilities by valuation category:

1-6/2019 **Carrying amount**

EUR	**Fair value through profit or loss**	**Loans and receivables**	**Other financial liabilities**	**Total carrying amount**	**Total fair value**	**Fair value**
Non-current financial assets						
Other financial assets	0	0	0	0	0	level 2
Current financial assets						
Trade and other receivables	0	36 515	0	36 515	36 515	
Other financial assets	0	0	0	0	0	level 2
Cash and cash equivalents	0	3 407	0	3 407	3 407	
Total financial assets	**0**	**39 920**	**0**	**39 920**	**39 920**	
Non-current financial liabilities						
Loans from financial institutions	0	0	109 046	109 046	109 046	level 2
Finance lease liabilities	0	0	7 299	7 299	7 299	level 2
Instalment credit	0	0	494	494	494	level 2
Derivative liabilities	245	0	0	245	245	level 2
Current financial liabilities						
Loans from financial institutions	0	0	5 000	5 000	5 000	level 2
Finance lease liabilities	0	0	6 195	6 195	6 195	level 2
Trade payables	0	0	17 172	17 172	17 172	
Instalment credit	0	0	888	888	888	level 2
Total financial liabilities	**245**	**0**	**146 094**	**146 338**	**146 338**	

1-6/2018 **Carrying amount**

EUR	**Fair value through profit or loss**	**Loans and receivables**	**Other financial liabilities**	**Total carrying amount**	**Total fair value**	**Total fair value**
Non-current financial assets						
Other financial assets	0	0	0	0	0	level 2
Current financial assets						
Trade and other receivables	0	36 595	0	36 595	36 595	
Other financial assets	0	90	0	90	90	level 2
Cash and cash equivalents	0	4 061	0	4 061	4 061	
Total financial assets	**0**	**40 745**	**0**	**40 745**	**40 745**	
Non-current financial liabilities						
Loans from financial institutions	0	0	84 137	84 137	84 137	level 2
Finance lease liabilities	0	0	1 420	1 420	1 420	level 2
Instalment credit	0	0	1 565	1 565	1 565	level 2
Derivative liabilities	278	0	0	278	278	level 2
Current financial liabilities						
Loans from financial institutions	0	0	20 000	20 000	20 000	level 2
Finance lease liabilities	0	0	792	792	792	level 2
Trade payables	0	0	14 335	14 335	14 335	
Instalment credit	0	0	972	972	972	level 2
Total financial liabilities	**278**	**0**	**123 220**	**123 499**	**123 499**	

1-12/2018	Carrying amount					
EUR	Fair value through profit or loss	Loans and receivables	Other financial liabilities	Total carrying amount	Total fair value	Total fair value
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	0	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**	

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

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.

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 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 approximately 1,000 professionals at over 34 locations in Finland and Sweden.