

## DELETE GROUP OYJ

Financial Statements Bulletin January–December 2021 (IFRS, IAS 34, unaudited)

### CONTINUING GROWTH, STRATEGY PROGRESSING AFTER A CHALLENGING YEAR

Demolition Services is reported in this report in accordance with IFRS 5 “Assets Held for Sale and Discontinued Operations” and is not included in the financials for continuing operations. More information is available in the notes section.

#### KEY POINTS: OCTOBER–DECEMBER 2021

- Net sales increased by 2% to EUR 33.1 (Q4 2020: 32.4) million
- EBITDA increased by EUR 0.2 million to EUR 2.4 (2.2) million
- EBIT increased by EUR 0.1 million to EUR -1.0 (-1.1) million
- Operative cash flow amounted to EUR 2.2 (9.6) million
- Loss-making non-core business W-Tech Entreprenad AB was divested in December
- Cost base restructuring following Demolition Services divestment was completed

#### KEY POINTS: JANUARY–DECEMBER 2021

- Net sales increased by 12% to EUR 131.3 (116.8) million
- EBITDA increased by EUR 0.9 million to EUR 9.9 (9.0) million
- EBIT increased by EUR 1.0 million to EUR -3.1 (-4.1) million
- Operative cash flow increased by EUR 5.1 million to EUR 13.9 (8.8) million
- Group equity increased by EUR 22.0 million to EUR 20.1 (-1.9) million
- Net debt decreased by EUR 46.3 million to EUR 72.0 (118.3) million
- Remaining Demolition Services business was divested in January 2021

#### KEY FIGURES

	10-12/2021	10-12/2020	Change	1-12/2021	1-12/2020	Change
Net sales, MEUR	33.1	32.4	2%	131.3	116.8	12%
EBITDA <sup>1)</sup> , MEUR	2.4	2.2	9%	9.9	9.0	10%
Adjusted <sup>2)</sup> EBITDA, MEUR	4.1	4.9	-14%	13.0	13.6	-4%
Adjusted EBITDA, % of sales	12.5%	15.0%	-2.5ppt	9.9%	11.6%	-1.7ppt
EBIT, MEUR	-1.0	-1.1	-9%	-3.1	-4.1	-23%
Adjusted <sup>2)</sup> EBIT, MEUR	0.7	1.5	-52%	0.0	0.5	-94%
Adjusted EBIT, % of sales	2.2%	4.7%	-2.5ppt	0.0%	0.4%	-0.4ppt
Profit (-loss) for the period, continued operations MEUR	-3.6	-2.0	-126%	14.0	-10.6	238%
Profit (-loss) for the period, MEUR	-3.6	-23.4	1,272%	11.9	-30.2	415%
Operative cash flow, MEUR	2.2	9.6	-77%	13.9	8.8	58%
Net debt <sup>3)</sup> , MEUR	72.0	118.3	-39%	72.0	118.3	-39%

*Post Emergency Services and Firestop Installation Services have been reclassified from Assets held for sale to Continuing operations (Cleaning Services) in 2020. Comparative 2020 financials in the table above have been reclassified accordingly.*

*Information about the formulas and Alternative Performance Measures are presented in the notes section of this Financial Statements Bulletin. All figures presented are statutory unless stated otherwise.*

## OUTLOOK FOR 2022

The underlying demand for Cleaning Services and Recycling Services are expected to grow in 2022. Delete Group's efficiency and productivity are expected to improve compared to the previous year.

Delete Group's operating profit is expected to improve in 2022.

Due to the coronavirus pandemic and the geopolitical developments, the outlook contains more uncertainty than usual and is based on the assumption that there are no material changes in the operating environment, postponements of scheduled work, or cancellations due to the pandemic.

### **SIRPA OJALA, CEO OF DELETE GROUP:**

“Delete’s year 2021 included good underlying development, but we are not satisfied with the operating result, suppressed by issues in a sizable one-off shutdown in the second quarter. The strong growth in 2021 was enabled by some industrial maintenance shutdowns postponed from 2020 and a number of signed new customer agreements.

In the Cleaning Services business, our net sales increased by 12 per cent. The growth was enabled by the above-mentioned maintenance shutdown, but we also signed a number of new contracts with both new and old customers who have returned to cooperate with us. The performance was positive, especially in Sweden, where the underlying profitability developed well. Unfortunately, the overall profitability of Cleaning Services decreased in 2021, suppressed considerably by the difficult one-off shutdown executed in the second quarter. The overall demand for cleaning services has been impacted by the coronavirus pandemic, but it is gradually recovering, and the underlying long-term core demand is relatively resilient and stable.

Recycling Services’ net sales increased by 7 per cent from the previous year and performance improved significantly. The growth was enabled by the gradually recovering market, new customer acquisitions and expansion of the services offering in waste exit quotas. The profitability grew on the back of efficiency improvements in production, an active and improved REF market and strengthened production controls. The coronavirus pandemic still had some negative effect on the recycling volumes, compared to pre-pandemic levels in 2019, but the market is gradually returning to normal.

During 2021, Delete’s corporate and capital structure, organization, and management have been tuned in line with our strategy. At the beginning of the year, the financial restructuring and the divestment of Demolition Services were completed, and at the end of the year, the group completed a divestment of the remaining part of the non-core project business in Sweden. We also finalised the cost base restructuring that followed the Demolition Services divestment, with additional annualised savings of EUR 1.5 million.

Today, Delete is a stronger company than before with all the basics in order: we have a professional and committed staff, and the company's growth prospects for both the Cleaning- and Recycling Services businesses are supported by the ever-increasing importance of sustainability and responsibility. The responsibility and safety work we do is bearing fruit. In 2021, we received top marks in supplier evaluations.

Looking forward, we believe our customers will continue to demand capabilities to handle increasingly complex assignments with high-quality environmental, health and safety standards, which favours large professional players like Delete Group. The significant number of new contracts with both new and old customers reflect satisfaction with our level of service. This year, we will focus on being able to provide even better services, targeting genuine partnerships with our customers, which enables us to work together and develop our customers' processes and increase their efficiency. As a result of our daily work, we enable a well-functioning and cleaner society.

In addition to focusing on strong customer relationships in 2022, we will focus on keeping up the positive and can-do attitude of our personnel. Despite some uncertainty related to the coronavirus pandemic, and the geopolitical uncertainties, we expect the underlying demand for Cleaning Services and Recycling Services to grow and our efficiency and productivity to improve compared to the previous year."

## **OPERATING ENVIRONMENT**

### Cleaning services

The overall demand for cleaning services has been impacted to some degree by the coronavirus pandemic, but it is gradually recovering and the underlying long-term core demand is relatively resilient and stable. 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 Group with the ability to deliver also in difficult times.

### Recycling services

Regulatory development in the EU Circular Economy Action plan and national legislation, as well as generally increasing sustainability awareness, continue to support the growing demand for recycling services. The market demand for recycled fuel (REF) has stabilised and is expected to grow through 2022, driven by the increased use of alternative fuels. The effects of the coronavirus pandemic are gradually easing up. There is currently some uncertainty related to building material supply shortages affecting our customers' operations to some degree.

## **NET SALES**

In the fourth quarter, Delete Group's net sales were EUR 33.1 (32.4) million, representing year-on-year growth of 2%, with Recycling Services contributing to the positive development. The coronavirus pandemic still had some negative effect on the sales volumes, compared to pre-pandemic levels in 2019, but the market is gradually returning to normal.

Cleaning Services' net sales of EUR 27.1 (27.3) million was on the previous year's level. The stable development was a fair result, considering the relatively high fourth quarter 2020 volumes, which were the result of catching up on pandemic related postponed assignments.

Recycling Services' net sales grew by 9% to EUR 7.0 (6.5) million. The growth was enabled by the gradually recovering market, new customer acquisitions and expansion of the services offering in waste exit quotas.

The Group's net sales in January–December amounted to EUR 131.3 (116.8) million. The growth of 12% was enabled by the second quarter performance on the back of the aforementioned non-recurring sizable shutdown, while the first quarter was slightly behind the previous year due to a harsh winter hindering demand for outdoor services, and the third and fourth quarters were on similar level to the previous year.

#### NET SALES BY SEGMENT

MEUR	10-12/2021	10-12/2020	Change	1-12/2021	1-12/2020	Change
Cleaning Services	27.1	27.3	0%	110.2	98.6	12%
Recycling Services	7.0	6.5	9%	25.0	23.4	7%
Eliminations	-1.1	-1.3	-14%	-3.8	-5.2	-26%
Group total	33.1	32.4	2%	131.3	116.8	12%

*Post Emergency Services and Firestop Installation Services have been reclassified from Demolition Services to Cleaning Services in 2020. Comparative 2020 sales have been reclassified accordingly.*

#### FINANCIAL PERFORMANCE

The Group's adjusted operating profit (EBIT) during the fourth quarter of 2021 decreased by EUR -0.8 million from the comparison period to EUR 0.7 (1.5) million, not accounting for the favourable pro forma effects of the completed efficiency programme related to the divestment of the Demolition Business. The Group's reported operating profit increased slightly in the fourth quarter to EUR -1.0 (-1.1) million.

The recently implemented ICT system change in Finland has been successful, and some additional improvements are still being developed.

In December 2021, the Group completed a divestment of the remaining part of the non-core project business in Sweden by selling W-Tech Entreprenad AB. The divested W-Tech business has been loss making and reported under discontinued businesses as a non-recurring item for the periods since the disposal decision in August 2021, amounting to EUR 0.6 million EBITDA in August–December and EUR 1.3 million for the full year (pro forma).

In the fourth quarter, Cleaning Services' EBIT percentage was 3% (7%), suppressed by the losses of the divested W-Tech Entreprenad AB. The EBIT percentage was also negatively impacted by restructuring costs, while the related savings were not yet effective in the fourth quarter.

Recycling Services' performance continued at an improved level in the fourth quarter with an EBIT percentage of 6% (-10%). The profitability improved on the back of production efficiency improvements implemented during 2020, an active and improved REF market and strengthened production controls.

Administration costs were on a slightly lower level than in the comparison period, not yet reflecting the majority of the effects of the efficiency programme related to the divestment of the Demolition Business. The completed efficiency program related to the divestment of the Demolition Business has a pro forma effect of EUR 1.5 million, consisting mainly of

support functions' reorganisation, redundancies and cost benefits related to changes to ICT systems.

The Group's adjusted EBIT for January–December 2021 amounted to EUR 0.0 (0.5) million and EBIT to EUR -3.1 (-4.1) million. The fair underlying development in 2021 was considerably suppressed by the aforementioned large one-off maintenance shutdown, with issues in field efficiency and higher than anticipated resourcing costs, affected to a high degree by additional subcontracting needs to service the expanded scope.

**EBITDA BY SEGMENT**

MEUR	10-12/2021	10-12/2020	Change	1-12/2021	1-12/2020	Change
Cleaning Services	3.3	4.4	-26%	12.5	14.5	-14%
Recycling Services	1.3	0.4	218%	5.1	2.6	95%
Administration	-2.2	-2.6	17%	-7.7	-8.1	6%
Group total	2.4	2.2	9%	9.9	9.0	10%

**EBIT BY SEGMENT**

MEUR	10-12/2021	10-12/2020	Change	1-12/2021	1-12/2020	Change
Cleaning Services	0.7	2.0	-63%	2.7	5.3	-48%
Recycling Services	0.5	-0.6	172%	2.0	-0.6	449%
Administration	-2.2	-2.5	12%	-7.8	-8.8	10%
Group total	-1.0	-1.1	-9%	-3.1	-4.1	23%

*Post Emergency Services and Firestop Installation Services have been reclassified from Demolition Services to Cleaning Services in 2020. Comparative 2020 profitability has been reclassified accordingly.*

In October–December, net financial expenses amounted to EUR -2.6 (-0.9) million, consisting mainly of interest costs, write-offs of the divested W-Tech Entreprenad AB assets, and unrealised currency exchange rate losses. In January–December, net financial expenses amounted to EUR 17.1 (6.6) million, favourably affected by the EUR 24.8 million write-down of the nominal value of senior secured notes. Gross financial expenses were EUR -7.0 (-6.6) million.

In October–December, profit before taxes amounted to EUR -3.6 (-2.0) million and in January–December to EUR 14.0 (-10.6) million. In January–December, the net result for the financial period for continuing operations amounted to EUR 14.0 (-10.2) million, affected by the write-down of the nominal value of senior secured notes.

In January–December, the net result for the financial period amounted to EUR 11.9 (-30.2) million.

**FINANCING AND FINANCIAL POSITION**

In October–December, cash flow from operating activities was EUR 2.2 (9.6) million, with most of the year-on-year difference coming from the commenced factoring arrangement in 2020. Non-recourse factoring of receivables, introduced in the fourth quarter of 2020, had an impact of EUR -3.7 million on the fourth quarter cash flow from operating activities. In January–December, cash flow from operating activities was EUR 13.9 (-0.8) million with the non-recourse factoring contributing approximately EUR 9.4 million.

Delete Group's cash and cash equivalents at the end of December 2021 were EUR 5.2 (7.8) million. The Group's interest-bearing debt was EUR 79.4 (126.0) million, consisting mainly of EUR 60.0 million secured notes, an EUR 8.0 million drawn revolving credit (SSRCF) and lease liabilities of EUR 10.1 million. At the end of December, the Group had drawn EUR 8.0 million out of the EUR 10.0 million SSRCF facility, used for general corporate purposes, acquisitions, and capital expenditure.

At year end 2021, the only measured covenant for the senior secured notes and the SSRCF was complied with, leverage being below 5.0x, after allowed pro forma EBITDA adjustments for divested W-Tech Entreprenad AB losses (EUR 0.7 million) and pro forma EBITDA effects of the efficiency programme related to the divestment of the Demolition Business (EUR 1.5 million).

At the end of December 2021, the Group's net debt amounted to EUR 72.0 (118.2) million. The decrease was mainly due to the financial restructuring completed in February 2021 with the following main items:

- The bond maturity was extended by three years to 19 April 2024.
- The bond nominal value was written off by EUR 24.8 million in February 2021.
- The bond was partially repaid by EUR 20.0 million in February 2021 and further by EUR 5.0 million on 14 May 2021.
- The repayment was funded by EUR 10.0 million newly raised equity in February 2021, EUR 5.0 million from Demolition Services divestment proceeds, and EUR 5.0+5.0 million by factoring proceeds.

The significant reduction of interest-bearing debt and new share capital raised in the first quarter 2021 had a net impact of EUR 34.8 million on improved consolidated equity, and the amount of the notes outstanding decreased from EUR 109.8 million to EUR 60.0 million.

On 14 April 2021, the SSRCF limit was increased by EUR 3 million to EUR 10 million.

On 30 April 2021, Delete announced that it had reached a factoring threshold of EUR 10 million. A committed EUR 5 million partial redemption of the notes due in 2024 was carried out on 14 May 2021, lowering the notes' nominal value further down to EUR 60 million.

After the reporting period, in January 2022, Delete extended its SSRCF facility with Collector Bank to February 2023, with the existing terms.

The balance sheet total at the end of December 2021 was EUR 126.8 (161.5) million, decreasing mainly because of the sale of W-Tech Entreprenad AB and the related impairment of assets and the financial restructuring. Property, plant and equipment totalled EUR 24.7 (31.2) million, decreasing due to deferred capital expenditure during the coronavirus pandemic period. The equity ratio<sup>5)</sup> at the end of December 2021 improved to 15.8% (-1.2%).

Since the completion of the Demolition Services divestment on 29 January 2021, Delete Group no longer carries assets classified under IFRS 5. IFRS 5 implications are reported in more detail in the notes section of this Financial Statements Bulletin. W-Tech Entreprenad AB, divested on 30 December 2021, is not classified as an IFRS 5 asset, but after the divestment decision, the result has been reported as adjustment item to EBITDA in August–December.

<b>Key figures</b>	<b>10-12/2021</b>	<b>10-12/2020</b>	<b>Change</b>	<b>1-12/2021</b>	<b>1-12/2020</b>	<b>Change</b>
Return on Equity, %	-16.4%	-239.1%	255.5ppt	-16.4%	-239.1%	255.5ppt
Net debt, MEUR	72.0	118.3	-39%	72.0	118.3	-39%
Equity ratio, %	15.8%	-1.2%	17.0ppt	15.8	-1.2%	17.0ppt

## PERSONNEL

Delete Group employed 643 (714) people at the end of December 2021. The average number of personnel in 2021 was 667 (744).

## CHANGES IN MANAGEMENT

Sirpa Ojala replaced Tommi Kajasoja as Delete's CEO on 1 November 2021.

Group Management Team member Janika Vilkman re-joined Delete and was appointed General Counsel after the reporting period on 1 February 2022.

Composition of the Group Management Team as of 1 January 2022:

- Sirpa Ojala, CEO
- Ville Mannola, CFO
- Janika Vilkman, General Counsel
- Peter Revay, Country Manager, Sweden

## CAPITAL EXPENDITURE AND CORPORATE TRANSACTIONS

In October–December 2021, capital expenditure in intangible and tangible assets, excluding acquisitions, was EUR 0.3 (0.5) million, and in January–December 2021, EUR 1.8 (2.1) million. Capital expenditure was relatively low, partially due to deferred maintenance investments in preparation for coronavirus pandemic-related liquidity assurance.

On 29 January 2021, Delete Finland Oy, a group company of the Delete Group, sold all its shares in Delete Demolition Oy, a fully owned subsidiary operating in the Demolition Services business area, to Lotus Maskin & Transport AB for a purchase price of EUR 7.3 million. After the transaction, Delete Group no longer operates in Demolition services business.

On 29 December 2021, Delete Sweden AB, a group company of the Delete Group, sold all its shares in loss making non-core business W-Tech Entreprenad AB, a fully owned subsidiary with a negative sales price.

There were no acquisitions during January–December 2021.

## **R&D EXPENDITURE**

In January–December 2021, R&D-related expenditure was immaterial and related to minor developments of processes and tools.

## **KEY EVENTS AFTER THE REPORTING PERIOD**

Management team member, General Counsel Janika Vilkman, re-joined Delete on 1 February 2022.

## **SUMMARY OF SIGNIFICANT RISKS AND RISK MANAGEMENT**

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

The Group's key risks are divided into strategic, operational, and financing risks.

Operational risks are mainly related to uncertainty and a lack of visibility and resourcing due to the coronavirus pandemic, geopolitical developments in Europe, project execution, and the integration of acquired businesses, both in terms of quality and financially. The Group's business operations also inherently involve risks, such as environmental, health and safety risks, as well as dependence on suppliers and clients. The internal control environment is under constant development to improve preventative measures.

Financing risks are mainly related to refinancing, credit and liquidity, all of which may be further affected by coronavirus pandemic-related uncertainties.

Other uncertainties are related to the market environment and inflation of costs, especially for energy and fuel, as well as the successful implementation of the Group's transformation strategy, including risks related to the outcome of the operational improvement plan for increased profitability, uncertainty related to capturing synergies, and risks related to targeted bolt-on acquisitions, personnel, and recruitments.

The Group has not identified other relevant changes that can be expected to have a significant influence on the business, given the risks mentioned herein, at the end the fourth quarter in 2021.

## **SHARES AND SHAREHOLDERS**

At the end of the fourth quarter 2021, the number of registered shares in Delete Group Oyj was 1,085,859,500 P-shares and 308,964,900 C-shares. Each share carries one vote. The Group is owned by Ax DEL Oy (86% of the shares) and a group of key employees and other minority investors (14%). 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 13 April 2021 adopted the Financial Statements for the financial year 1 January–31 December 2020 and discharged the members of the Board of Directors and the CEO from liability. The Annual General Meeting resolved that no dividend will be paid for the fiscal year 2020.

Martin Forss, Åsa Söderström Winberg, Ronnie Neva-aho and Christian Schmidt-Jacobsen were re-elected as members of Board of Directors. Convening after the Annual General Meeting, the Board of Directors elected Martin Forss as its chairman.

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 Group's auditor KPMG appointed a new principal auditor for Delete Group, Ari Eskelinen, CPA, effective from 30 June 2021.

The Chairman of the Board will be paid EUR 50,000 and the Board members EUR 22,000 as remuneration for 2021. 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. No remuneration shall be paid for the representatives of Axcel Management A/S. It was resolved that the remuneration for the auditor shall be paid against an invoice.

## **THE BOARD'S PROPOSAL TO THE ANNUAL GENERAL MEETING**

The consolidated net profit for the year 2021 including assets held for sale totalled EUR -12.0 million, and the net profit of the parent company was EUR 25.4 million. The parent company's distributable funds on 31 December 2021 totalled EUR 83.4 million.

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

## **STATEMENT OF ACCOUNTING POLICIES FOR FINANCIAL STATEMENTS BULLETIN**

This Financial Statements Bulletin has been prepared according to the 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 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 2022**

Delete Group Oyj will publish the interim review for January–March 2022 on 19 May 2022, the half-year financial report for January–June 2022 on 24 August 2022 and the interim review for January–September 2022 on 11 November 2022.

## 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	10–12/2021	10–12/2020	1–12/2021	1–12/2020
EBIT	-1.0	-1.1	-3.1	-4.1
Adjustments	1.8	2.7	3.2	4.6
Adjusted EBIT	0.7	1.5	0.0	0.5

MEUR	10–12/2021	10–12/2020	1–12/2021	1–12/2020
EBITDA	2.4	2.2	9.9	9.0
Adjustments	1.8	2.7	3.2	4.6
Adjusted EBITDA	4.1	4.9	13.0	13.6

MEUR	10–12/2021	10–12/2020	1–12/2021	1–12/2020
Restructuring & Relocation	0.9	0.7	1.1	1.3
Operating systems	0.0	0.0	0.1	0.0
Disputes and litigation	0.2	0.0	0.2	0.2
Corporate transactions	0.0	2.0	0.6	3.0
Discontinued businesses*	0.6	0.0	0.8	0.0
Other	0.1	-0.1	0.4	0.0
Adjusting items	1.8	2.7	3.2	4.6

*\*) The discontinued businesses are reported as adjustment items from the time of the disposal decision. For the period January–December, the total EBITDA effect is EUR 1.3 million.*

## FORMULAS

<sup>1)</sup> *EBITDA = operating profit + depreciation and amortisation costs*

<sup>2)</sup> *Adjustment definition: adjustments are material items outside the ordinary course of business affecting comparability, such as acquisition related expenses, restructuring related expenses and other material extraordinary costs*

<sup>3)</sup> *Net debt = interest-bearing liabilities, lease liabilities and instalment credit liabilities – cash and cash equivalent assets*

<sup>4)</sup> *Organic growth: net sales from acquired businesses are considered inorganic for 12 months after the acquisition, and not accounted for as contributing to organic growth for the said period*

<sup>5)</sup> *Equity ratio = equity / (assets - prepayments)*

<sup>6)</sup> *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  
Continuing operations

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

TEUR	Q4 2021	Q4 2020	Q1-Q4 2021	Q1-Q4 2020
<b>Net sales</b>	<b>33 064</b>	<b>32 423</b>	<b>131 328</b>	<b>116 759</b>
Other operating income	46	80	536	206
Materials and services	-13 652	-12 126	-57 076	-46 950
Employee benefit expenses	-12 851	-14 058	-51 996	-47 822
Depreciation, amortisation and impairment	-3 418	-3 342	-13 011	-13 068
Other expenses	-4 217	-4 107	-12 911	-13 194
<b>Operating profit</b>	<b>-1 026</b>	<b>-1 129</b>	<b>-3 131</b>	<b>-4 068</b>
Financial income	-654	13	24 075	33
Financial expenses	-1 915	-933	-6 954	-6 605
<b>Net financial expenses</b>	<b>-2 569</b>	<b>-920</b>	<b>17 121</b>	<b>-6 571</b>
<b>Profit (-loss) before taxes</b>	<b>-3 596</b>	<b>-2 049</b>	<b>13 990</b>	<b>-10 640</b>
Income taxes	80	491	-18	483
<b>Profit (-loss) for the financial year from the continuing operations</b>	<b>-3 516</b>	<b>-1 558</b>	<b>13 972</b>	<b>-10 157</b>
<b>Profit (-loss) for the financial year from the discontinued operations</b>	<b>-63</b>	<b>-22 080</b>	<b>-2 048</b>	<b>-20 091</b>
<b>Profit (-loss) for the financial year</b>	<b>-3 579</b>	<b>-23 391</b>	<b>11 924</b>	<b>-30 248</b>
<b>Other comprehensive income</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Foreign currency translation difference	45	78	53	106
Other comprehensive income (-loss), net of tax				
<b>Total comprehensive income (-loss) for the year</b>	<b>-3 534</b>	<b>-23 314</b>	<b>11 977</b>	<b>-30 142</b>

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**TEUR** 31.12.2021 31.12.2020

**ASSETS**

### Non-current assets

Goodwill	74 140	74 632
Intangible assets	2 767	3 602
Property, plant and equipment	24 699	31 172
Right of use assets	9 957	11 299
Investments	7	7
Deferred tax assets	1 690	1 999
<b>Total non-current assets</b>	<b>113 261</b>	<b>122 711</b>

### Current assets

Inventories	1 185	1 392
Trade and other receivables	7 221	12 673
Cash and cash equivalents	5 151	7 752
<b>Total current assets</b>	<b>13 556</b>	<b>21 817</b>

### Assets held for sale

<b>Total assets</b>	<b>126 817</b>	<b>161 480</b>
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**TEUR** 31.12.2021 31.12.2020

**EQUITY AND LIABILITIES**

### Equity

Share capital	80	80
Reserve for invested non-restricted equity	79 662	69 661
Retained earnings	-70 829	-40 581
Profit and loss for the year	11 924	-30 248
Translation difference	-774	-827
<b>Total equity</b>	<b>20 063</b>	<b>-1 915</b>

### Liabilities

#### Non-current liabilities

Interest-bearing financial liabilities	60 000	0
Lease liabilities	5 111	6 824
Instalment credit	19	161
Derivative liabilities	0	41
Deferred tax liabilities	2 181	2 543

#### Current liabilities

Interest-bearing financial liabilities	6 995	114 084
Lease liabilities	5 036	4 899
Prepayments	8	11
Trade payables	7 975	10 044
Instalment credit	10	72
Other payables	7 715	3 471
Accrued expenses	11 705	13 150
<b>Total liabilities</b>	<b>106 754</b>	<b>155 300</b>

<b>Liabilities directly attributable to assets held for sale</b>	<b>8 096</b>
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<b>Total equity and liabilities</b>	<b>126 817</b>	<b>161 480</b>
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

TEUR	Q4 2021	Q4 2020	Q1-Q4 2021	Q1-Q4 2020
<b>Cash flows from operating activities</b>				
Net profit (loss) before taxes	-3 595	-1 803	13 990	-10 640
Adjustments:				
Depreciation and amortisation	3 418	3 473	13 011	13 068
Financial income and expenses	2 569	929	-17 121	6 571
Other adjustments	844	-83	739	-137
Change in net working capital	1 996	9 183	11 898	6 974
Net financial items	-2 105	-1 999	-8 513	-7 164
Income taxes paid	-890	-113	-100	110
<b>Cash flows from operating activities (A)</b>	<b>2 236</b>	<b>9 586</b>	<b>13 906</b>	<b>8 782</b>
<b>Cash flows from investing activities</b>				
Investments and divestments in fixed assets	-341	-468	-1 811	-2 112
Proceeds from sale of subsidiary	0	0	6 373	0
Change in other receivables	0	0	0	-2
<b>Cash flows from investing activities (B)</b>	<b>-341</b>	<b>-468</b>	<b>4 562</b>	<b>-2 114</b>
<b>Cash flows from financing activities</b>				
Increase in equity			10 001	0
Proceeds from loans and borrowings		-72	0	0
Repayments of loans and borrowings	-24	-56	-148	-819
Change in long- and short-term liabilities	-1 940	-6 256	-24 406	-2 263
Principal elements of lease payments	-1 468	-1 725	-5 831	-5 925
<b>Cash flows from financing activities ( C )</b>	<b>-3 432</b>	<b>-8 110</b>	<b>-20 384</b>	<b>-9 007</b>
<b>Change in cash flows (A+B+C)</b>	<b>-1 537</b>	<b>1 009</b>	<b>-1 916</b>	<b>-2 338</b>
Cash and cash equivalents at the beginning of the reporting period	6 980	3 652	7 752	5 211
Exchange rate differences	1	-1	0	0
Net change in cash from Continued operations	-1 537	1 009	-1 916	-2 338
Net change in cash from discontinued operations	-293	3 086	-685	4 879
Cash and cash equivalents at the end of the reporting period	5 151	7 752	5 151	7 752
Change	-1 829	4 100	-2 601	2 541

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of the parent company					Total
	Share capital	Reserve for invested non-restricted equity	Translation reserve	Retained earnings		
TEUR						
Equity at 1 January 2021	80	69 661	-827	-70 829	<b>-1 915</b>	
Contribution to Reserve for invested non-restricted equity	0	10 001	0	0	<b>10 001</b>	
Comprehensive income						
Profit for the reporting period	0	0	0	11 924	<b>11 924</b>	
Other comprehensive income						
Translation differences	0	0	53	0	<b>53</b>	
Total comprehensive income	0	0	53	11 924	<b>11 977</b>	
Equity at 31 December 2021	<b>80</b>	<b>79 662</b>	<b>-774</b>	<b>-58 905</b>	<b>20 063</b>	
Equity at 1 January 2020	80	69 661	-933	-40 581	<b>28 227</b>	
Comprehensive income						
Profit for the reporting period	0	0	0	-30 248	<b>-30 248</b>	
Other comprehensive income						
Translation differences	0	0	106	0	<b>106</b>	
Total comprehensive income	<b>0</b>	<b>0</b>	<b>106</b>	<b>-30 248</b>	<b>-30 142</b>	
Equity at 31 December 2020	<b>80</b>	<b>69 661</b>	<b>-827</b>	<b>-70 829</b>	<b>-1 915</b>	

## CONDENSED NOTES

### Accounting policies

This Financial Statements Bulletin has been prepared according to the 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 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 accounting policies, that are applied in this Financial Statements Bulletin are the same as those applied in the annual financial statements.

The changes in the IFRS standard have had no material effect on Delete Group's financial reporting. The Group has not adopted new IFRS standards affecting reporting during 2021.

IFRIC's new agenda decision regarding cloud computing and related guidance for capitalisation of certain implementation costs has been implemented in Group accounting principles during 2021 with no material effect on Delete Group's financial reporting.

## Assets held for sale and discontinued operations

The Demolition Services business is reported in this report in accordance with IFRS 5 “Assets Held for Sale and Discontinued Operations” and is not included in the Financial Statements Bulletin for continuing operations. The figures in the statement of income and the items related to it, including comparison figures, have been stated to show the discontinued operations separately from continuing operations.

On 29 January 2021, Delete Finland Oy, a group company of the Delete Group, sold all its shares in Delete Demolition Oy, a fully owned subsidiary operating in the Demolition Services business area, to Lotus Maskin & Transport AB for a purchase price of EUR 7.3 million. After the transaction, Delete Group no longer operates in the Demolition Services business. Any post-transaction costs related to Demolition Services are reported under IFRS 5 during 2021.

### Result for the financial period from the assets held for sale

TEUR	2021	2020
Net sales	2 828	51 715
Expenses	-4 839	-51 357
<b>Total</b>	<b>-2 011</b>	<b>358</b>
Goodwill impairment	0	-15 081
Impairment on tangible assets	0	-5 220
<b>Operating result</b>	<b>-2 011</b>	<b>-14 722</b>
Net financial expenses	-32	-408
<b>Result before taxes</b>	<b>-2 043</b>	<b>-15 130</b>
Income taxes	-5	259
<b>Result for the financial period</b>	<b>-2 048</b>	<b>-14 871</b>

### Assets held for sale, items on statement of financial position

TEUR	2021	2019
Intangible assets and property, plant and equipment	0	5 742
Inventories	0	269
Other receivables	0	10 941
Trade payables and other liabilities	0	-8 096
<b>Net assets</b>	<b>0</b>	<b>8 856</b>

### Cash flows from assets held for sale

TEUR	2021	2019
Cash flow from operating activities	-677	-37
Cash flow from investing activities	-7	-2 609
Cash flow from financing activities	-1	-1 621
<b>Total</b>	<b>-685</b>	<b>-4 267</b>

## **Operating profit (EBIT)**

Operating profit (EBIT) consists of sales and other operating income less the 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 the operating profit.

## **Financing**

On 16 December 2020, Delete Group announced a restructuring proposal to the noteholders of the senior secured notes issued by Delete Group Oyj. The restructuring proposal included certain amendments to the terms and conditions of Delete Group Oyj's senior secured notes, including a write-down of the principal of the notes by approximately EUR 24.8 million and an extension of the maturity of the notes by three years, which were subject to certain conditions. The conditions included, among other things, an immediate redemption of the notes in an aggregate amount of EUR 15 million and new equity investments by Delete's shareholders in an aggregate amount of at least EUR 10 million as well as further redemptions of EUR 10 million by the funds obtained from receivables sold under Delete Group's (non-recourse) factoring arrangement in two instalments of EUR 5 million each.

On 15 January 2021, Delete announced the successful completion of a written procedure regarding the senior secured notes, as proposed on 16 December 2020.

On 16 January 2021, an Extraordinary General Meeting of Delete Group Oyj approved a new share issue of EUR 10 million, in order to raise capital for a partial redemption of the outstanding notes, as required in the amended Terms and Conditions, approved by the noteholders on 15 January 2021.

On 29 January 2021, Demolition Services in Finland was divested with a purchase price of EUR 7.3 million to Lotus Maskin & Transport AB.

On 5 February 2021, Delete announced that the conditions for effectiveness of the amendments to the terms and conditions of its secured notes were satisfied, with the amendments to the Terms and Conditions becoming effective on the same date, 5 February 2021.

On 12 February 2021, Delete made a EUR 20 million partial redemption of the notes, consisting of the required EUR 15 million redemption and the first EUR 5 million instalment to be made from the factoring proceeds, in accordance with the amended Terms and Conditions and the conditions for such amendments, financed by the new share issue, factoring proceeds, and proceeds from the sale of Demolition Services in Finland.

On 12 February 2021, Delete's new super senior revolving credit facility (SSRCF) with Collector Bank AB became effective, replacing the existing SSRCF with Nordea Bank Plc. Nordea Bank Plc will continue to provide a EUR 2.0 million guarantee facility to Delete.

On 14 April 2021, the SSRCF limit was increased by EUR 3 million to EUR 10 million.

On 30 April 2021, Delete announced that it had reached a factoring threshold of EUR 10 million. A committed EUR 5 million partial redemption of the notes due 2024 was carried out on 14 May 2021, lowering the notes' nominal value further to EUR 60 million. After the reporting period, in January 2022, Delete extended its SSRCF facility to February 2023, with the existing terms, with Collector Bank.

## SEGMENT REPORT

The Group has two reportable segments, Industrial Cleaning Services and Recycling Services, which are the Group's business areas. The reporting segments have been aggregated from the group's three operating segments: the operating segments for Industrial Cleaning Services in Finland and Sweden have been combined as a reportable segment as they are considered to be similar and have similar economic characteristics. Demolition Services, which was previously reported as a reportable segment, has been classified as discontinued operations.

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 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.

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.

One external customer exceeded 10 per cent share of Group revenues in 2021, due to a non-recurring sizable shut-down. Any transactions between segments are based on market prices.

Post emergency services and firestop installation services have been reclassified from Demolition Services to Cleaning Services in 2020. Comparative 2020 profitability has been reclassified accordingly.

TEUR

	2021			2020		
	External	Intra group	Total	External	Intra group	Total
<b>Net sales</b>						
Industrial Cleaning	107 558	2 610	110 168	95 596	2 959	98 555
Recycling Services	23 770	1 222	24 993	21 162	2 247	23 410
Elimination		3 832	-		5 206	-
<b>GROUP</b>	<b>131 328</b>		<b>131 328</b>	<b>116 759</b>		<b>116 759</b>
<b>Depreciation, amortisation and ir</b>	<b>2021</b>	<b>2020</b>				
Industrial Cleaning	- 8 151	- 8 203				
Recycling Services	- 2 973	- 2 939				
Administration	- 1 887	- 1 925				
<b>GROUP</b>	<b>- 13 011</b>	<b>- 13 068</b>				
<b>Operating profit (EBIT)</b>	<b>2021</b>	<b>2020</b>				
Industrial Cleaning	2 718	5 261				
Recycling Services	1 999	- 572				
Administration	- 7 848	- 8 758				
<b>Operating profit (EBIT)</b>	<b>- 3 131</b>	<b>- 4 068</b>				
Net financial expenses	17 121	- 6 571				
<b>Profit (-loss) before taxes</b>	<b>13 990</b>	<b>- 10 640</b>				

#### Geographical information

TEUR	2021			2020		
	Net sales		Non-current assets	Net sales		Non-current assets
	Finland	Sweden		Finland	Sweden	
Total	131 328	114 157		116 759	122 711	

## REVENUE STREAMS

TEUR	Products and services transferred over time		Products and services transferred at a point in time					
			Materials		Services		Total	
	1-12 2021	1-12 2020	1-12 2021	1-12 2020	1-12 2021	1-12 2020	1-12 2021	1-12 2020
Industrial Cleaning	11 454	13 198		-	98 715	85 357	110 168	98 555
Recycling Services		-	24 993	23 410		-	24 993	23 410
Eliminations	-	-		-		-	-3 832	-5 206
<b>Group total</b>	<b>11 454</b>	<b>13 198</b>	<b>24 993</b>	<b>23 410</b>	<b>98 715</b>	<b>85 357</b>	<b>131 329</b>	<b>116 759</b>

## BUSINESS COMBINATIONS

Delete Group had no business combinations during 2021. The Finnish Demolition business was divested in January 2021 and W-Tech Entreprenad AB in December 2021.

## CHANGES IN INTANGIBLE ASSETS

TEUR	Goodwill	Intangible rights	Other long-term expenditure	Work in progress	Other intangible assets	Other
						Total
Cost 1 January 2021	74 632	2 468	20	18	7 737	84 875
Exchange rate differences	-491				-40	-531
Additions		133				133
Additions through business combinations						0
Disposals					-210	-210
Transfers			12	-12		0
<b>Cost 31 December 2021</b>	<b>74 140</b>	<b>2 601</b>	<b>32</b>	<b>6</b>	<b>7 488</b>	<b>84 267</b>
Accumulated amortisation and impairment losses 1 January 2021		-2 201	-12	-6	-4 423	-6 641
Exchange rate differences					-29	-29
Amortisation		-127	0		-457	-584
Impairment		-105				-105
Accumulated amortisation and impairment losses 31 December 2021	0	-2 433	-12	-6	-4 909	-7 359
<b>Carrying amount 31 December 2021</b>	<b>74 140</b>	<b>169</b>	<b>20</b>	<b>0</b>	<b>2 579</b>	<b>76 908</b>

## CHANGES IN TANGIBLE ASSETS

TEUR	Land areas	Buildings	Buildings, right-of-use	Machinery and equipment	Machinery and equipment, right-of-use	Other property, plant and equipment	Construction in progress	Other
								Total
Cost 1 January 2021	79	9 596	12 473	83 044	10 393	1 865	27	117 478
Exchange rate differences		-3	10	-476	49			-420
Additions through business combinations				-1 525				-1 525
Additions		171	2 223	1 714	3 101	97	16	7 323
Disposals			-173	-236	-621			-1 030
<b>Cost 31 December 2021</b>	<b>79</b>	<b>9 765</b>	<b>14 534</b>	<b>82 520</b>	<b>12 922</b>	<b>1 962</b>	<b>43</b>	<b>121 826</b>
Accumulated depreciation and impairment losses 1 January 2021	7	-3 757	-6 738	-58 442	-4 829	-1 247	0	-75 006
Exchange rate differences		2	-8	169	-4			159
Depreciation for the reporting period		-536	-3 006	-5 553	-2 914	-137		-12 146
Impairment				-176				-176
losses 31 December 2021	7	-4 291	-9 752	-64 002	-7 746	-1 383	0	-87 169
<b>Carrying amount 31 December 2021</b>	<b>86</b>	<b>5 473</b>	<b>4 782</b>	<b>18 518</b>	<b>5 176</b>	<b>579</b>	<b>43</b>	<b>34 657</b>

## CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

TEUR	Carrying amount						Fair value hierarchy
	Fair value through profit or loss	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total carrying amount	Total fair value		
<i>Non-current financial assets</i>							
Other investments	0	7	0	7	7	7	level 2
<i>Current financial assets</i>							
Trade and other receivables	0	5 157	0	5 157	5 157	5 157	level 2
Other financial assets	0	0	0	0	0	0	
Cash and cash equivalents		5 151	0	5 151	5 151	5 151	
<b>Total financial assets</b>	<b>0</b>	<b>10 315</b>	<b>0</b>	<b>10 315</b>	<b>10 315</b>	<b>10 315</b>	
<i>Non-current financial liabilities</i>							
Loans from financial institutions	0	0	60 000	60 000	60 000	60 000	level 2
Lease liabilities	0	0	5 111	5 111	5 111	5 111	level 2
Instalment credit	0	0	19	19	19	19	
Derivative liabilities	0	0	0	0	0	0	
<b>Total financial liabilities</b>	<b>0</b>	<b>0</b>	<b>85 147</b>	<b>85 147</b>	<b>85 147</b>	<b>85 147</b>	

TEUR	Carrying amount						Fair value hierarchy
	Fair value through profit or loss	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total carrying amount	Total fair value		
<i>Other investments</i>							
Other investments	0	8	0	8	8	8	level 2
<i>Current financial assets</i>							
Trade and other receivables	0	13 561	0	13 561	13 561	13 561	level 2
Other financial assets	0	0	0	0	0	0	
Cash and cash equivalents		7 749	0	7 749	7 749	7 749	
<b>Total financial assets</b>	<b>0</b>	<b>21 318</b>	<b>0</b>	<b>21 318</b>	<b>21 318</b>	<b>21 318</b>	
<i>Non-current financial liabilities</i>							
Loans from financial institutions	0	0	0	0	0	0	level 2
Finance lease liabilities	0	0	6 824	6 824	6 824	6 824	level 2
Instalment credit	0	0	161	161	161	161	level 2
Derivative liabilities	41	0	0	41	41	41	level 2
<i>Current financial liabilities</i>							
Loans from financial institutions	0	0	114 084	114 084	114 084	114 084	level 2
Finance lease liabilities	0	0	4 899	4 899	4 899	4 899	level 2
Trade payables	0	0	10 044	10 044	10 044	10 044	level 2
Instalment credit	0	0	72	72	72	72	
<b>Total financial liabilities</b>	<b>41</b>	<b>0</b>	<b>136 084</b>	<b>136 125</b>	<b>136 125</b>	<b>136 125</b>	

#### **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 2021 and 2020.

## **KEY EVENTS AFTER THE REPORTING PERIOD**

Management team member, General Counsel Janika Vilkman, re-joined Delete on 1 February 2022.

Delete Group Oyj  
Board of Directors

## **FOR FURTHER INFORMATION**

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## **DELETE GROUP IN BRIEF**

Delete Group is one of the leading providers of environmental services in the Nordic countries, a specialist that works for a better functioning and cleaner society. We provide our customers in the industrial sector, construction and real estate and the public sector with cleaning and recycling services that are critical to their operations. We maintain security of supply by helping the industry to optimise its production, and cities and municipalities to keep the infrastructure in good condition and the living environment comfortable. We receive, recycle and handle waste safely, reliably and responsibly.

In 2021, our net sales were EUR 131 million. The Group is headquartered in Helsinki and employs approximately 650 professionals in more than 33 locations in Finland and Sweden.