

## DELETE GROUP OYJ

Financial Statements Bulletin January–December 2020 (IFRS, IAS 34, unaudited)

### A STRONG FINISH TO 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 in the notes section.

#### KEY POINTS: OCTOBER–DECEMBER 2020

- Net sales decreased by 3% to EUR 32.4 (Q4 2020: 33.5) million
- EBITDA increased by EUR 0.5 million to EUR 2.2 (1.7) million
- EBIT increased by EUR 0.4 million to EUR -1.1 (-1.5) million
- Operative cash flow increased by EUR 2.2 million to EUR 9.6 (7.4) million
- Remaining Demolition Services was divested in January 2021
- Consolidated equity has been increased by EUR 34.8 million as a result of successful financing restructuring in February 2021, being (pro forma) EUR 32.9 million at year end.

#### KEY POINTS: JANUARY–DECEMBER 2020

- Net sales decreased by 13% to EUR 116.8 (133.7) million
- EBITDA decreased by EUR -3.5 million to EUR 9.0 (12.5) million
- EBIT decreased by EUR 3.9 million to EUR -4.1 (-0.2) million
- Operative cash flow increased by EUR 7.1 million to EUR 8.8 (1.7) million
- Net debt decreased by 4% to EUR 118.3 (122.7) million
- Demolition Services businesses in Sweden were divested in March 2020

#### KEY FIGURES

	10-12/2020	10-12/2019	Change	1-12/2020	1-12/2019	Change
Net sales, MEUR	32.4	33.5	-3%	116.8	133.7	-13%
EBITDA <sup>1)</sup> , MEUR	2.2	1.7	30%	9.0	12.5	-28%
Adjusted <sup>2)</sup> EBITDA, MEUR	4.8	2.6	84%	13.6	14.0	-3%
Adjusted EBITDA, % of sales	15.0%	7.8%	7.1% pts	11.6%	10.4%	1.2% pts
EBIT, MEUR	-1.1	-1.5	23%	-4.1	-0.2	-2104%
Adjusted EBIT, MEUR	1.5	-0.5	377%	0.5	1.3	-62%
Adjusted EBIT, % of sales	4.7%	-1.6%	6.3% pts	0.4%	1.0%	-0.5% pts
Profit (-loss) for the period, continued operations MEUR	-1.6	-2.3	33%	-10.2	-9.4	-8%
Profit (-loss) for the period, MEUR	-23.4	-33.5	30%	-30.2	-41.4	27%
Operative cash flow, MEUR	9.6	7.4	30%	8.8	1.7	415%
Net debt <sup>3)</sup> , MEUR	118.3	122.7	-4%	118.3	122.7	-4%

Post emergency services and firestop installation services have been reclassified from Assets held for sale to Continued Operations (Cleaning Services) in 2020. Comparative 2019 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 the figures presented are statutory unless stated otherwise..

## **OUTLOOK FOR 2021**

The demand for Cleaning Services and Recycling Services are expected to gradually recover in 2021. The Group's efficiency and productivity are expected to improve compared to the previous year.

Delete Group's continued operations' operating profit is expected to improve in 2021.

Due to the COVID-19 pandemic, the outlook contains more uncertainty than usual and is based on the assumption that there are no material changes in the operating environment or scheduled work postponements or cancellations due to the pandemic.

### **TOMMI KAJASOJA, CEO OF DELETE GROUP:**

"As expected, our profitability improved in the fourth quarter despite the somewhat soft market demand, enabled by our internal productivity and efficiency actions. The suppressed market conditions gradually improved in the fourth quarter, but they were yet not up to the normal level.

2020 was a challenging year for Delete, but despite the COVID-19 driven demand decline, we managed to improve our relative adjusted EBITDA. The improvements required a strong effort from the organisation under the circumstances of declining sales, tightening market pricing and some customer losses due to it. We would like to thank our customers, investors and our skilled staff for the continued confidence shown in us.

We completed two key efforts, with partially overlapping purposes, when we announced the sale of our remaining Demolition Services business in Finland and restructuring of our financing structure in December, both formally completed in the first quarter of 2021. As a result, we are now aligned to execute our strategy of becoming a focused and leading environmental services provider in the Nordics, with a lowered exposure on projects. In addition, we have reinforced our capital structure and equity position by EUR 34,8 million after the year end, when a consent was reached with our bondholders regarding the restructuring of our financing structure.

In the fourth quarter, net sales of Cleaning Services declined by 1% due to a lower level of daily assignments activity than in the previous year, mainly in the industrial segment. Responding to the lower demand, we managed to plan and execute resourcing efficiently, partially enabled by temporary layoffs. As a result, our EBITDA in the fourth quarter improved.

Recycling Services' net sales declined by 10% in the fourth quarter, mainly due to the pandemic-related slowdown of incoming waste volumes and as communicated previously a large customer's decision to insource their waste processing during early 2020. The operative performance remained at a good level in Recycling Services; however, the reported operating profit declined on the back of a considerable increase in waste cost provisions. Our recycling plants are currently in good operational shape and production processes are functioning well, which is expected to improve our financial performance in 2021.

In addition to optimising the operative resources in a suppressed market, our efficiency actions taken in 2020 decreased our administrative costs. Excluding non-recurring items mainly related to divestment and financing projects, the administrative costs decreased by over 40% for the full year, with further actions being prepared. In order to secure operational capabilities, we have continued our fleet maintenance programmes according to schedule.

The Demolition Services divestment was announced in December and completed in January 2021. While the sales price was somewhat disappointing, it was a fair reflection of the recent trading and uncertainties in the segment. Furthermore, the divestment allows us to focus on executing our environmental services focused strategy in 2021 and onward, hence we are no longer actively pursuing a sale of our Recycling Services business.

We will continue to enforce tight cost and cash flow controls and prepare ourselves for quick manoeuvring with health & safety as well as efficiency aspects in mind should COVID-19-related issues interfere with the planned 2021 first half assignments. We will continue to follow the health & safety precautions every day, protecting not only our employees but also our customers and partners with whom we are in contact. Throughout the pandemic, we have sustained a fully operational team with the ability to execute all tasks as usual.”

## **OPERATING ENVIRONMENT**

### Cleaning services

The overall demand for cleaning services has been impacted by COVID-19 to some degree, but 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 & safety standards, which favours large professional players like Delete Group.

### Recycling services

Increasing environmental awareness continues to drive improvements and new regulations, such as EU's 70% recycling target by 2020 and the landfill ban on construction and demolition waste. 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 continued at a low but stabilised level and is expected to develop favourably through 2021.

## **NET SALES**

In the fourth quarter, Delete Group's net sales of continuing operations were EUR 32.4 (33.5) million, representing a year-on-year decline of 3%. While the general demand was gradually recovering, the COVID-19 implications were still apparent.

The net sales of Cleaning Services were EUR 27.3 (27.6) million, declining by 1%. The shutdown season was longer than in a normal year, extending well into the fourth quarter,

which mitigated some of the softness in general demand for daily works, especially in the industrial segment.

Recycling Services' net sales declined by 10% to EUR 6.5 (7.2) million showing gradual recovery after the even weaker second and third quarters, affected by the COVID-19-related temporary slowdown, which covered the majority of the decline. Loss of a key customer earlier in 2020, which decided to insource its waste processing, also had an adverse effect on the sales volume.

The Group's net sales in January–December amounted to EUR 116.8 (133.7) million. The decline of 11% is mainly caused by COVID-19- driven lower demand for daily maintenance services for the industrial cleaning segment, postponed shutdowns and the COVID-19-related slowdown of waste volumes, but also to some degree due to some customer losses during the year on the back of tightening competition and pricing in addition to the Recycling Services' key customer insourcing decision.

#### NET SALES BY SEGMENT

MEUR	10-12/2020	10-12/2019	Change	1-12/2020	1-12/2019	Change
Cleaning Services	27.3	27.6	-1%	98.6	110.7	-11%
Recycling Services	6.5	7.2	-10%	23.4	28.1	-17%
Eliminations	-1.3	-1.2	5%	-5.2	-5.1	3%
Group total	32.4	33.5	-3%	116.8	133.7	-13%

*Post emergency services and firestop installation services have been reclassified from Demolition Services to Cleaning Services in 2020. Comparative 2019 sales have been reclassified accordingly.*

## FINANCIAL PERFORMANCE

The Group's adjusted operating profit (EBIT) during the fourth quarter of 2020 improved considerably, by EUR 2.1 million from the previous year to EUR 1.5 (-0.5) million. The adverse volume effect of declined sales was surpassed by improved productivity and lower cost base for Administration.

In the fourth quarter, Cleaning Services' EBIT-% improved to 7% (4%) enabled by productivity and efficiency control improvements, despite the slightly declined sales. Productivity was well managed by operational resource planning and temporary layoffs.

Recycling Services' operational performance continued at an improved level in the fourth quarter. However, the reported result of -10% (5%) EBIT, was considerably affected by increased waste disposal cost provision on the back of unit cost level increases for stored REF produced in previous periods.

The Group's adjusted EBIT for January–December 2020 amounted to EUR 0.5 (1.3) million. The Group's adjusted EBIT was negatively impacted by Cleaning Services' profitability, which suffered from the low sales due to postponed shutdowns and lower than normal daily assignment demand. Due to lower volumes and considerable increases in the REF inventory cost provision, Recycling Services' adjusted profitability decreased from the previous year, while reduced administration cost base had a positive impact on the Group's adjusted EBIT. Affecting comparability, non-recurring items such as costs for divestment processes and restructuring of the financing, increased from previous year by EUR 3.1 million to EUR 4.6 million, of which majority is reported under Administration.

#### EBITDA BY SEGMENT

MEUR	10-12/2020	10-12/2019	Change	1-12/2020	1-12/2019	Change
Cleaning Services	4.4	3.1	40%	14.5	17.7	-18%
Recycling Services	0.4	1.0	-59%	2.6	3.3	-21%
Administration	-2.6	-2.5	-6%	-8.1	-8.6	-5%
Group total	2.2	1.7	30%	9.0	12.5	-28%

#### EBIT BY SEGMENT

MEUR	10-12/2020	10-12/2019	Change	1-12/2020	1-12/2019	Change
Cleaning Services	2.0	1.2	72%	5.3	9.9	-47%
Recycling Services	-0.6	0.4	-278%	0.6	0.7	-176%
Administration	-2.5	-3.0	16%	-8.8	-10.8	19%
Group total	-1.1	-1.5	-23%	-4.1	-0.2	-2104%

*Post emergency services and firestop installation services have been reclassified from Demolition Services to Cleaning Services in 2020. Comparative 2019 profitability have been reclassified accordingly.*

In October–December, net financial expenses amounted to EUR -0.9 (-1.7) million and in January–December to EUR -6.6 (-8.4). The decrease was mainly related to an unrealised favourable SEK exchange rate translation effect on intercompany lending. In October–December, profit before taxes amounted to EUR -2.0 (-3.6) million and in January–December to EUR -10.6 (-9.4) million. In October–December, enabled by deferred tax assets on net loss tax credits, the income taxes had a favourable effect and amounted to EUR 0.5 (1.2) million and in January–December to 0.5 (-0.0) million. In October–December, the net result for the financial period for continuing operations amounted to EUR -1.6 (-2.3) million and in January–December to EUR -10.2 (-9.4) million.

In October–December, the net result for the financial period including assets held for sale amounted to EUR -23.4 (-31.6) million and in January–December to EUR -30.2 (-42.1) million mainly affected by an asset impairment for the assets held for sale of EUR -20.3 million.

## FINANCING AND FINANCIAL POSITION

In October–December, cash flow from operating activities was EUR 9.6 (7.4) million and for January–December EUR 8.8 (1.7) million. The increase in the fourth quarter, and full year accordingly, was positively affected by adopted factoring (non-recourse) financing, which at year end had an impact of EUR 3.9 million as reduced net working capital.

Delete Group's cash and cash equivalents at the end of December 2020 including cash in assets held for sale were EUR 7.8 (5.2) million. Before the completion of the financial restructuring measures in February 2021, the Group's interest-bearing debt was EUR 126.0 (118.3) million, consisting mainly of a EUR 119.8 million secured notes, a EUR 4.0 million drawn revolving credit (SSRCF) and lease liabilities. At year end, the Group had undrawn revolving credit facilities of EUR 3.0 million to be used for general corporate purposes, acquisitions and capital expenditure. The SSRCF's quarterly maintenance covenant for debt leverage of drawn RCF over adjusted EBITDA was complied with at the end of December 2020.

At the end of December 2020, the Group's net debt amounted to EUR 118.3 (122.4) million, decreasing mainly due to improved cash flow.

The balance sheet total at the end of December 2020 was EUR 161.5 (195.7) million, decreasing mainly because of an asset impairment of EUR -20.3 million for the Assets held for sale. Property, plant and equipment totalled EUR 31.2 (34.5) million decreasing on the back of deferred capital expenditure in 2020. The equity ratio<sup>5)</sup> before the successful capital restructuring in February 2020 was -1.2% (14.5%).

Under IFRS 5, assets held for sale are included in the Group's balance sheet, but are compiled and reported under separated specified line items. After an impairment of EUR 20,3 million to the net asset value, the assets amounted to EUR 17.0 million and EUR 8,1 million of liabilities. IFRS 5 implications are reported in more detail in the notes section of this Financial Statements Bulletin.

After the reporting period, the Group successfully completed the financial restructuring measures announced on 16 December, with significant reduction of interest bearing debt and new share capital raised with a net impact of EUR 35 million improved consolidated equity. The financial restructuring measures are described in more detail in section Key events after reporting period.

Key figures	10-12/2020	10-12/2019	Change	1-12/2020	1-12/2019	Change
Return on Equity, %	-240.1%	-74.9%	-165% pts	-229.9%	-85.4%	-144.5% pts
Net debt, MEUR	118.3	122.4	-3%	118.3	122.4	-3%
Equity ratio, %	-1.2%	14.5%	-15.7% pts	-1.2%	14.5%	-15.7% pts

## PERSONNEL

Delete Group's continuing operations employed 744 (739) people at the end of December 2020. The average number of personnel in 2020 was 714 (703) in 2020.

## CHANGES IN THE MANAGEMENT

The Extraordinary General Meeting of Delete held on 9 January 2020 appointed Martin Forss, M. Sc. (Econ.), as a new member of the Board of Directors. Convening after the Extraordinary General Meeting, the Board of Directors meeting elected Mr Forss as the Chairman of the Board. The appointment followed Åsa Söderström Winberg's, M. Sc. (Econ.), request to release her from the duties as the Chairman of Delete's Board of Directors.

The Annual General Meeting of Delete Group Oyj Shareholders held on 8 April 2020 re-elected Martin Forss, Åsa Söderström Winberg, Ronnie Neva-aho and Christian Schmidt-Jacobsen as members of Board of Directors. Convening after the Annual General Meeting, the Board of Directors elected Martin Forss as its chairman.

In November 2020, Delete Group appointed from within the organisation Henri Pesonen (M. Sc. Econ., born -82), and Raimo Huhtala (B. Eng., Electrical engineering, born -61) as new members of Delete's Management Team.

Composition of the Group Management Team as of 12 November 2020:

- Tommi Kajasoja, CEO
- Ville Mannola, CFO
- Janika Viikman, General Counsel
- Henri Pesonen, Business Area Director, Recycling Services
- Raimo Huhtala, Business Area Director, Cleaning Services, Finland
- Peter Revay, Business Area Director, Cleaning Services, Sweden

## **CAPITAL EXPENDITURE AND CORPORATE TRANSACTIONS**

In October-December 2020, capital expenditure in intangible and tangible assets excluding acquisitions was EUR 0.5 (1.9) million. In January–December, capital expenditure in intangible and tangible assets was EUR 2.1 (5.2) million. Capital expenditure was low partially due to deferred maintenance investments in preparation for COVID-19 related liquidity assurance.

On 5 March 2020, Delete Group announced it had completed the divestment of Delete Heavy Demolition AB, a group company operating in the group's Demolition Services business area in Sweden. The transaction was completed by way of Delete Sweden AB selling all shares in Delete Heavy Demolition AB to Lotus Maskin & Transport AB.

On 13 March 2020, Delete Group announced it had completed the divestment of Delete Special Demolition AB, a group company operating in the group's Demolition Services business area in Sweden. The transaction was completed by way of Delete Sweden AB selling all shares in Delete Special Demolition AB to Demox AB.

On 12 December 2020, Delete announced that Delete Finland Oy, a group company of the Delete Group, had entered into an agreement regarding the divestment of Delete Demolition Oy, a subsidiary operating in the Demolition Services business area to Lotus Maskin & Transport AB. The Transaction was completed in January 2021. More information about the transaction can be found in section Key events after reporting period.

There were no acquisitions during January–December.

## **R&D EXPENDITURE**

In January–December 2020, R&D-related expenditure was immaterial and was related to minor development of processes and tools.

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

Delete Group announced on 16 December 2020 a restructuring proposal to the noteholders of the senior secured notes issued by Delete Group Oy. The restructuring proposal included certain amendments to the terms and conditions of Delete Group Oy's senior secured notes, including a write-down the principal of the notes with approximately EUR 24.8 million and an extension of the maturity of the notes with three years, which were subject to certain conditions. The conditions included, among others, 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.

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.

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 as well as 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 an EUR 2,000,000 guarantee facility to Delete.

The restructuring measures described above which took place in January-February 2021 are together referred to as the Restructuring.

On 25 February 2021, Delete issued a pro forma balance sheet of the restructured balance sheet, where the net interest-bearing liabilities were reduced by EUR 44,8 million from 118.8 million to EUR 73.5 million and the Equity increased by EUR 34,8 million from EUR -1.9 million to EUR 32.9 million and Equity ratio improved from -1.2% to 23%.

The following unaudited pro forma financial information ('pro forma information', 'pro forma') is presented to illustrate the impact of the Restructuring on the results of operations and financial position of Delete Group, had the Restructuring taken place as of 31 December 2020. This pro forma information is presented for illustrative purposes only and is not a part of the IAS 34 Financial Statements standard. The purpose of the pro forma information is to illustrate the effects of the Restructuring, had they taken place at the dates presented in this pro forma. Therefore, the pro forma information does not illustrate the actual results of operations or financial position of Delete nor the results of operations or financial position of Delete in the future. The pro forma adjustments are based upon available information and assumptions. There is no certainty that the assumptions used in the compilation of the pro forma information will prove to be correct.



The unaudited pro forma information has been compiled in accordance with the Commission Regulation (EC) No 980/2019 appendix 20.

### CONDENSED CONSOLIDATED PRO FORMA STATEMENT OF FINANCIAL POSITION, UNAUDITED

TEUR	Reported	Pro forma adjust.	Pro forma
<b>ASSETS</b>	<b>31.12.2020</b>		<b>31.12.2020</b>
<b>Total non-current assets</b>	<b>122 711</b>		<b>122 711</b>
<b>Current assets</b>			
Trade and other receivables	12 673	-1 157	11 516
Cash and cash equivalents	7 752	14	7 766
Other current assets	1 392		1 392
<b>Total current assets</b>	<b>21 817</b>	<b>-1 143</b>	<b>20 674</b>
<b>Assets held for sale</b>	<b>16 952</b>	<b>-16 952</b>	<b>0</b>
<b>Total assets</b>	<b>161 481</b>	<b>-18 095</b>	<b>143 385</b>

TEUR	Reported	Pro forma adjust.	Pro forma
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2020</b>		<b>31.12.2020</b>
<b>Equity</b>			
Reserve for invested non-restricted equity	69 661	10 001	79 662
Profit and loss for the year	-30 248	24 780	-5 468
Other equity	-41 329		-41 329
<b>Total equity</b>	<b>-1 916</b>	<b>34 781</b>	<b>32 865</b>
<b>Non-current liabilities</b>			
Interest-bearing financial liabilities	0	65 000	65 000
Other non-current liabilities	9 569		9 569
<b>Current liabilities</b>			
Interest-bearing financial liabilities	114 084	-109 780	4 304
Other current liabilities	31 647		31 647
<b>Total liabilities</b>	<b>155 300</b>	<b>-44 780</b>	<b>110 520</b>
<b>Liabilities to assets held for sale</b>	<b>8 096</b>	<b>-8 096</b>	<b>0</b>
<b>Total equity and liabilities</b>	<b>161 480</b>	<b>-18 095</b>	<b>143 385</b>

Pro forma adjustments:

- 1) Total current assets: EUR 1.1 million including increases of EUR 10.0 million from new share capital and EUR 8.9. of divestment proceeds and cash from the divested entity and decreases of EUR 20.0 million from partial repayment of the senior secured notes
- 2) Assets held for sale: EUR 17.0 million write-off of divested assets, offset by cash received as sale proceeds
- 3) Total equity: EUR 34.8 million includes EUR 10.0 million of new invested capital and EUR 24.8 million from an equal write-off to the senior secured notes

- 4) Non-current liabilities: EUR 65.0 million increase from a reclassification of the senior secured notes from current liabilities to non-current due to maturity extension of the notes to April 2024
- 5) Current liabilities: EUR -109.8 million reduction of which EUR 65.0 million reclassified as non-current liabilities due to the maturity extension of the notes, EUR 20.0 million as partial repayment of the notes and EUR 24.8 million of debt write-off.
- 6) Liabilities to assets held for sales: EUR 8.1 million write-off of divested liabilities, offset by cash received as sale proceeds

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

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

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

Operational risks are mainly related to uncertainty and a lack of visibility due to COVID-19, 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 COVID-19- related uncertainties.

Other uncertainties are related to the market environment 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 hereinabove, at the end the fourth quarter in 2020.

## **SHARES AND SHAREHOLDERS**

At year end 2020, the number of registered shares in Delete Group Oyj is 10,858,595 P-shares and 3,089,649 C-shares. Each share carries one vote. The Group is owned by Ax DEL Oy (87% of the shares) and a group of key employees and other minority investors (13%). 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 8 April 2020 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 2019. The Annual General Meeting resolved that no dividend will be paid for the fiscal year 2019.

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 Chairman of the Board will be paid EUR 50,000 and the Board members EUR 22,000 as remuneration for 2020. 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.

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

The consolidated net profit for the year 2020 including assets held for sale totalled EUR -30.2 million, and the net profit of the parent company was EUR -19.9 million. The parent company's distributable funds on 31 December 2020 totalled EUR 48.0 million. The Board of Directors will propose to the Annual General Meeting, for no dividend to 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's periods of the year, in which key information regarding the company's financial situation and development will be presented. The financial information presented in this Financial Statements bulletin is unaudited.

## **FINANCIAL CALENDAR 2021**

Delete Group Oyj will publish the interim review January–March 2021 on 14 May 2021, the half year financial report January–June 2021 on 20 August 2021 and the interim review January–September 2021 on 17 November 2021.

## 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	10-12/2020	10-12/2019	1-12/2020	1-12/2019
EBIT	-1.1	-1.5	-4.1	-0.2
Adjustments	2.6	0.9	4.6	1.5
Adjusted EBIT	1.5	-0.5	0.5	1.3

MEUR	10-12/2020	10-12/2019	1-12/2020	1-12/2019
EBITDA	2.2	1.7	9.0	12.5
Adjustments	2.6	0.9	4.6	1.5
Adjusted EBITDA	4.8	2.6	13.6	14.0

## FORMULAS

- 1) EBITDA = operating profit + depreciation and amortisation 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) Equity ratio = equity / (assets - prepayments)*
- 6) 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 2020	Q4 2019	Q1-Q4 2020	Q1-Q4 2019	Q1-4 2019
<b>Net sales</b>	<b>32 423</b>	<b>31 247</b>	<b>116 759</b>	<b>125 837</b>	<b>125 837</b>
Other operating income	80	115	206	240	240
Changes in inventories of finished goods and work in progress					
Work performed for own use					
Materials and services	-12 126	-14 173	-46 950	-53 424	-53 424
Employee benefit expenses	-14 058	-11 881	-47 822	-47 797	-47 797
Depreciation, amortisation and impairment	-3 342	-3 170	-13 068	-12 664	-12 664
Other expenses	-4 107	-4 011	-13 194	-13 159	-13 159
<b>Operating profit</b>	<b>-1 129</b>	<b>-1 873</b>	<b>-4 068</b>	<b>-968</b>	<b>-968</b>
Financial income	13	69	33	93	93
Financial expenses	-933	-1 754	-6 605	-8 531	-8 531
<b>Net financial expenses</b>	<b>-920</b>	<b>-1 686</b>	<b>-6 571</b>	<b>-8 438</b>	<b>-8 438</b>
<b>Profit (-loss) before taxes</b>	<b>-2 049</b>	<b>-3 558</b>	<b>-10 640</b>	<b>-9 407</b>	<b>-9 407</b>
Income taxes	491	1 219	483	-27	-27
<b>Profit (-loss) for the financial year from the continuing operations</b>	<b>-1 558</b>	<b>-2 339</b>	<b>-10 157</b>	<b>-9 433</b>	<b>-9 433</b>
<b>Profit (-loss) for the financial year from the discontinued operations</b>	<b>-22 080</b>	<b>-31 595</b>	<b>-20 091</b>	<b>-32 706</b>	<b>-32 706</b>
<b>Profit (-loss) for the financial year</b>	<b>-23 391</b>	<b>-33 934</b>	<b>-30 248</b>	<b>-42 139</b>	<b>-42 139</b>
<b>Other comprehensive income</b>					
<b>Items that may be subsequently reclassified to profit or loss</b>					
Foreign currency translation difference	78	-175	106	-118	-118
Other comprehensive income (-loss), net of tax					
<b>Total comprehensive income (-loss) for the year</b>	<b>-23 314</b>	<b>-34 110</b>	<b>-30 142</b>	<b>-42 258</b>	<b>-42 258</b>

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

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

TEUR	31.12.2020	31.12.2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Goodwill	74 632	69 469
Intangible assets	3 602	4 695
Property, plant and equipment	31 172	34 469
Right of use assets	11 299	10 349
Investments	7	8
Deferred tax assets	1 999	1 650
<b>Total non-current assets</b>	<b>122 711</b>	<b>120 639</b>
<b>Current assets</b>		
Inventories	1 392	1 127
Trade and other receivables	12 673	22 963
Cash and cash equivalents	7 752	5 211
<b>Total current assets</b>	<b>21 817</b>	<b>29 301</b>
<b>Assets held for sale</b>	<b>16 952</b>	<b>45 137</b>
<b>Total assets</b>	<b>161 480</b>	<b>195 077</b>
<b>TEUR</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	80	80
Reserve for invested non-restricted equity	69 661	69 661
Retained earnings	-40 581	1 558
Profit and loss for the year	-30 248	-42 139
Translation difference	-827	-933
<b>Total equity</b>	<b>-1 915</b>	<b>28 227</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Interest-bearing financial liabilities	0	109 303
Lease liabilities	6 824	6 110
Instalment credit	161	303
Derivative liabilities	41	178
Deferred tax liabilities	2 543	3 126
<b>Current liabilities</b>		
Interest-bearing financial liabilities	114 084	7 000
Lease liabilities	4 899	4 364
Prepayments	11	122
Trade payables	10 044	9 598
Instalment credit	72	520
Other payables	3 471	3 602
Accrued expenses	13 150	11 589
<b>Total liabilities</b>	<b>155 300</b>	<b>155 813</b>
<b>Liabilities directly attributable to assets held for sale</b>	<b>8 096</b>	<b>11 037</b>
<b>Total equity and liabilities</b>	<b>161 480</b>	<b>195 077</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

TEUR	Q4 2020	Q4 2019	Q1-Q4 2020	Q1-Q4 2019
<b>Cash flows from operating activities</b>				
<b>Net profit (loss) before taxes</b>	-2 803	-3 558	-11 640	-9 407
<b>Adjustments:</b>				
Depreciation and amortisation	3 473	3 170	13 068	12 664
Financial income and expenses	929	1 686	6 571	8 438
Other adjustments	-83	-95	-137	-168
Change in net working capital	10 183	8 190	7 974	-1 758
Net financial items	-1 999	-2 347	-7 164	-7 555
Income taxes paid	-113	336	110	-509
<b>Cash flows from operating activities (A)</b>	<b>9 586</b>	<b>7 382</b>	<b>8 782</b>	<b>1 705</b>
<b>Cash flows from investing activities</b>				
Investments and divestments in fixed assets	-468	-1 889	-2 112	-5 175
Investments in other investments (subsidiary acquisitions)	0	4	0	-1 939
Change in other receivables	0	0	-2	0
<b>Cash flows from investing activities (B)</b>	<b>-468</b>	<b>-1 885</b>	<b>-2 114</b>	<b>-7 113</b>
<b>Cash flows from financing activities</b>				
Proceeds from loans and borrowings	-72	0	0	25 000
Repayments of loans and borrowings	-56	-292	-819	-1 379
Change in long- and short-term liabilities	-6 256	-959	-2 263	-12 003
Principal elements of lease payments	-1 725	-1 271	-5 925	-5 131
<b>Cash flows from financing activities (C)</b>	<b>-8 110</b>	<b>-2 522</b>	<b>-9 007</b>	<b>6 487</b>
<b>Change in cash flows (A+B+C)</b>	<b>1 009</b>	<b>2 975</b>	<b>-2 338</b>	<b>1 079</b>
Cash and cash equivalents at the beginning of the reporting period	3 652	4 227	5 211	8 450
Exchange rate differences	2	-3	-3	-51
Net change in cash from discontinued operations	3 086	-1 989	4 879	-4 267
Cash and cash equivalents at the end of the reporting period	7 749	5 211	7 749	5 211
Change	4 097	2 469	2 539	-3 239

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attributable to shareholders of the parent company					Total
	Share capital	Unregistered share capital	Reserve for invested non-restricted equity	Translation reserve	Retained earnings	
TEUR						
Equity at 1 January 2020	80	0	69 661	-933	-40 581	28 227
Comprehensive income						
Profit for the reporting period	0	0	0	0	-30 248	-30 248
Other comprehensive income						
Translation differences	0	0	0	106	0	106
Total comprehensive income	0	0	0	106	-30 248	-30 142
Equity at 31 December 2020	80	0	69 661	-827	-70 829	-1 915
Equity at 1 January 2019	80	0	69 661	-815	1 558	70 484
Comprehensive income						
Profit for the reporting period	0	0	0	0	-42 139	-42 139
Other comprehensive income						
Translation differences	0	0	0	-118	0	-118
Total comprehensive income	0	0	0	-118	-42 139	-42 258
Equity at 31 December 2019	80	0	69 661	-933	-40 581	28 227

## 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, which are applied in this Financial Statements Bulletin are the same as those applied in the annual financial statements.

### Assets held for sale and discontinued operations

In November 2019, Delete Group announced that it was exploring opportunities to sell all or part of the Demolition Services business. The company has received the required approvals for the divestments from the creditors and the sales was announced on 16 December 2020 (completed in January 2021).

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 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.

The net assets of the discontinued Demolition Services have been revaluated at year end 2020 according to the agreed sale price, resulting in a EUR 20.3 million write-off to net assets with an equal adverse effect on discontinued operations' operating profit, Group's net profit and the Group's equity accordingly.

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

TEUR	2020	2019
Net sales	51 715	78 469
Expenses	-51 357	-82 031
<b>Total</b>	<b>358</b>	<b>-3 562</b>
Goodwill impairment	-15 081	-29 678
Impairment on tangible assets	-5 220	
<b>Operating result</b>	<b>-19 942</b>	<b>-33 240</b>
Net financial expenses	-408	-132
<b>Result before taxes</b>	<b>-20 350</b>	<b>-33 372</b>
Income taxes	259	666
<b>Result for the financial period</b>	<b>-20 091</b>	<b>-32 706</b>

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

TEUR	2020	2019
Intangible assets and property, plant and equipment	5 742	30 254
Inventories	269	468
Other receivables	10 941	14 415
Trade payables and other liabilities	-8 096	-11 037
<b>Net assets</b>	<b>8 856</b>	<b>34 100</b>

#### Cash flows from assets held for sale

TEUR	2020	2019
Cash flow from operating activities	6 422	-37
Cash flow from investing activities	-512	-2 609
Cash flow from financing activities	-1 031	-1 621
<b>Total</b>	<b>4 879</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

At year end 2020, Delete had initiated a written procedure to amend certain terms and conditions of its outstanding senior secured notes, most notably a three year extension of maturity and a partial EUR 24.8 million write-down of the debt, conditional to a partial redemption of the notes and certain other requirements. The process was successfully completed in February 2021, as described in more detail under section Key events after the reporting period. As the process was not yet completed at the Financial Statement's date 31 December, Delete's senior secured notes of EUR 109.8 million were reported as current liabilities, maturing 19 April 2021.

## 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 having 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.

There is not a single external customer amounting to 10 per cent or more of the Group's revenues. 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 2019 profitability has been reclassified accordingly.

TEUR

	2020			2019		
	External	Intra group	Total	External	Intra group	Total
<b>Net sales</b>						
Cleaning Services	95 596	2 959	98 555	108 769	1 920	110 689
Recycling Services	21 162	2 247	23 410	24 917	3 138	28 055
Elimination		5 206	- 5 206		- 5 058	- 5 058
<b>GROUP</b>	<b>116 759</b>		<b>116 759</b>	<b>133 686</b>		<b>133 686</b>
<b>Deprec., amort. and impairment</b>	<b>2020</b>	<b>2019</b>				
Cleaning Services	- 8 203	- 7 878				
Recycling Services	- 2 939	- 2 565				
Administration	- 1 925	- 2 248				
<b>GROUP</b>	<b>- 13 068</b>	<b>- 12 691</b>				
<b>Operating profit (EBIT)</b>	<b>2020</b>	<b>2019</b>				
Cleaning Services	5 261	9 889				
Recycling Services	- 572	754				
Administration	- 8 758	- 10 828				
<b>Operating profit (EBIT)</b>	<b>- 4 068</b>	<b>- 185</b>				
Net financial expenses	- 6 571	- 8 438				
<b>Profit (-loss) before taxes</b>	<b>- 10 640</b>	<b>- 8 623</b>				

#### Geographical information

	2020		2019	
	Net sales	Non-current assets	Net sales	Non-current assets
TEUR				
Finland	78 871	96 402	85 703	94 869
Sweden	37 888	26 309	40 134	25 770
<b>Total</b>	<b>116 759</b>	<b>122 711</b>	<b>125 837</b>	<b>120 639</b>

#### REVENUE STREAMS

TEUR	Products and services transferred over time		Products and services transferred at a point in time					
	Projects (POC)		Materials		Services		Total	
	1-12 2020	1-12 2019	1-12 2020	1-12 2019	1-12 2020	1-12 2019	1-12 2020	1-12 2019
Cleaning Services	13 198	13 760		-	85 357	96 929	98 555	110 689
Recycling Services		-	23 410	28 055		-	23 410	28 055
Eliminations		-		-		-	-5 206	-5 058
<b>Group total</b>	<b>13 198</b>	<b>13 760</b>	<b>23 410</b>	<b>28 055</b>	<b>85 357</b>	<b>96 929</b>	<b>116 759</b>	<b>133 686</b>

#### BUSINESS COMBINATIONS

Delete Group had no business combinations during 2020. Sweden's Demolition business was divested in March 2020 and Finnish Demolition business in January 2021.

## CHANGES IN INTANGIBLE ASSETS

TEUR	Goodwill	Intangible rights	Other long-term expenditure	Work in progress	Other intangible assets	Total
Cost 1 January 2020	69 469	2 365	20	58	7 737	79 649
Exchange rate differences	163					163
Additions		104				104
Additions through business combinations						0
Disposals				-41		-41
Assets held for sale	5 000					5 000
Transfers						0
<b>Cost 31 December 2020</b>	<b>74 632</b>	<b>2 468</b>	<b>20</b>	<b>18</b>	<b>7 737</b>	<b>84 875</b>
Accumulated amortisation and impairment losses 1 January 2020		-2 045	-8	-6	-3 427	-5 485
Exchange rate differences					1	1
Amortisation		-156	-4		-997	-1 157
Additions through business combinations						0
Impairment						0
Accumulated amortisation and impairment losses 31 December 2020	0	-2 201	-12	-6	-4 423	-6 641
<b>Carrying amount 31 December 2020</b>	<b>74 632</b>	<b>268</b>	<b>8</b>	<b>12</b>	<b>3 314</b>	<b>78 234</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	Total
Cost 1 January 2020	113	7 415	9 836	81 545	5 761	1 613	1 557	107 840
Exchange rate differences	1	6	56	330	134	14	0	541
Additions through business combinations								0
Additions		795	2 714	1 391	5 656	239	26	10 820
Disposals	-35		-132	-221	-1 159		-177	-1 724
Assets held for sale								0
Transfers		1 380					-1 380	0
Cost 31 December 2020	79	9 596	12 473	83 044	10 393	1 865	26	117 477
Accumulated depreciation and impairment losses 1 January 2020	-14	-3 286	-3 415	-53 388	-1 833	-1 020	-66	-63 022
Exchange rate differences	-1	-2	-48	-42	-47			-140
Additions through business combinations								0
Disposals	21						46	67
Depreciation for the reporting period		-449	-3 274	-5 012	-2 949	-227		-11 911
Impairment								0
Transfers		-20					20	0
Accumulated depreciation and	7	-3 757	-6 738	-58 442	-4 829	-1 247	0	-75 006
<b>Carrying amount 31 December 2020</b>	<b>86</b>	<b>5 840</b>	<b>5 735</b>	<b>24 602</b>	<b>5 564</b>	<b>619</b>	<b>26</b>	<b>42 471</b>

## CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

2020		Carrying amount				
TEUR	Fair value through profit or loss	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total carrying amount	Total fair value	Fair value hierarchy
<i>Non-current financial assets</i>						
Other investments	0	8	0	8	8	level 2
<i>Current financial assets</i>						
Trade and other receivables	0	13 561	0	13 561	13 561	
Other financial assets	0	0	0	0	0	level 2
Cash and cash equivalents		7 749	0	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>	
<i>Non-current financial liabilities</i>						
Loans from financial institutions	0	0	0	0	0	level 2
Lease liabilities	0	0	6 824	6 824		
Instalment credit	0	0	161	161	161	level 2
Derivative liabilities	41	0	0	41	41	level 2
<i>Current financial liabilities</i>						
Loans from financial institutions	0	0	114 084	114 084	114 084	level 2
Lease liabilities	0	0	4 899	4 899	4 899	level 2
Trade payables	0	0	10 044	10 044	10 044	
Instalment credit	0	0	72	72	72	level 2
<b>Total financial liabilities</b>	<b>41</b>	<b>0</b>	<b>136 084</b>	<b>136 125</b>	<b>136 125</b>	

2019		Carrying amount				
TEUR	Fair value through profit or loss	Financial assets at amortised cost	Other financial liabilities at amortised cost	Total carrying amount	Total fair value	Fair value hierarchy
<i>Other investments</i>						
Other investments	0	8	0	8	8	level 2
<i>Current financial assets</i>						
Trade and other receivables	0	16 884	0	16 884	16 884	
Other financial assets	0	0	0	0	0	level 2
Cash and cash equivalents		5 208	0	5 208	5 208	
<b>Total financial assets</b>	<b>0</b>	<b>22 100</b>	<b>0</b>	<b>22 100</b>	<b>22 100</b>	
<i>Non-current financial liabilities</i>						
Loans from financial institutions	0	0	109 303	109 303	109 303	level 2
Finance lease liabilities	0	0	6 110	6 110		level 2
Instalment credit	0	0	303	303	303	level 2
Derivative liabilities	178	0	0	178	178	level 2
<i>Current financial liabilities</i>						
Loans from financial institutions	0	0	7 000	7 000	7 000	level 2
Finance lease liabilities	0	0	4 364	4 364	4 364	level 2
Trade payables	0	0	9 598	9 598	9 598	
Instalment credit	0	0	520	520	520	level 2
<b>Total financial liabilities</b>	<b>178</b>	<b>0</b>	<b>137 196</b>	<b>137 374</b>	<b>137 374</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 2020 and 2019.

## KEY EVENTS AFTER THE REPORTING PERIOD

Delete Group announced on 16 December 2020 a restructuring proposal to the noteholders of the senior secured notes issued by Delete Group Oy. The restructuring proposal included certain amendments to the terms and conditions of Delete Group Oyj's senior secured notes, including a write-down the principal of the notes with approximately EUR 24.8 million and an extension of the maturity of the notes with three years, which were subject to certain conditions. The conditions included, among others, 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 funds obtained from receivables sold under Delete Group's (non-recourse) factoring arrangement in two instalments of EUR 5 million.

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.

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 as well as 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 an EUR 2,000,000 guarantee facility to Delete.

The restructuring measures described above which took place in January-February 2021 are together referred to as the Restructuring.

On 25 February 2021, Delete issued a pro forma balance sheet of the restructured balance sheet, where the net interest-bearing liabilities were reduced by EUR 45 million from 118.8 million to EUR 73.5 million and the Equity increased by EUR 35 million from EUR -1.9 million to EUR 32.9 million and Equity ratio improved from -1.2% to 23%.

The following unaudited pro forma financial information ('pro forma information', 'pro forma') is presented to illustrate the impact of the Restructuring on the results of operations and financial position of Delete Group, had the Restructuring taken place as of

31 December 2020. This pro forma information is presented for illustrative purposes only and is not a part of the IAS 34 Financial Statements standard. The purpose of the pro forma information is to illustrate the effects of the Restructuring, had they taken place at the dates presented in this pro forma. Therefore, the pro forma information does not illustrate the actual results of operations or financial position of Delete nor the results of operations or financial position of Delete in the future. The pro forma adjustments are based upon available information and assumptions. There is no certainty that the assumptions used in the compilation of the pro forma information will prove to be correct. The unaudited pro forma information has been compiled in accordance with the Commission Regulation (EC) No 980/2019 appendix 20.

#### CONDENSED CONSOLIDATED PRO FORMA STATEMENT OF FINANCIAL POSITION, UNAUDITED

TEUR	Reported	Pro forma adjust.	Pro forma
<b>ASSETS</b>	<b>31.12.2020</b>		<b>31.12.2020</b>
<b>Total non-current assets</b>	<b>122 711</b>		<b>122 711</b>
<b>Current assets</b>			
Trade and other receivables	12 673	-1 157	11 516
Cash and cash equivalents	7 752	14	7 766
Other current assets	1 392		1 392
<b>Total current assets</b>	<b>21 817</b>	<b>-1 143</b>	<b>20 674</b>
<b>Assets held for sale</b>	<b>16 952</b>	<b>-16 952</b>	<b>0</b>
<b>Total assets</b>	<b>161 481</b>	<b>-18 095</b>	<b>143 385</b>

TEUR	Reported	Pro forma adjust.	Pro forma
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2020</b>		<b>31.12.2020</b>
<b>Equity</b>			
Reserve for invested non-restricted equity	69 661	10 001	79 662
Profit and loss for the year	-30 248	24 780	-5 468
Other equity	-41 329		-41 329
<b>Total equity</b>	<b>-1 916</b>	<b>34 781</b>	<b>32 865</b>
<b>Non-current liabilities</b>			
Interest-bearing financial liabilities	0	65 000	65 000
Other non-current liabilities	9 569		9 569
<b>Current liabilities</b>			
Interest-bearing financial liabilities	114 084	-109 780	4 304
Other current liabilities	31 647		31 647
<b>Total liabilities</b>	<b>155 300</b>	<b>-44 780</b>	<b>110 520</b>
<b>Liabilities to assets held for sale</b>	<b>8 096</b>	<b>-8 096</b>	<b>0</b>
<b>Total equity and liabilities</b>	<b>161 480</b>	<b>-18 095</b>	<b>143 385</b>

Pro forma adjustments:

- 1) Total current assets: EUR 1.1 million including increases of EUR 10.0 million from new share capital and EUR 8.9. of divestment proceeds and cash from the divested entity and decreases of EUR 20.0 million from partial repayment of the senior secured notes
- 2) Assets held for sale: EUR 17.0 million write-off of divested assets, offset by cash received as sale proceeds
- 3) Total equity: EUR 34.8 million includes EUR 10.0 million of new share capital and EUR 24.8 million from an equal write-off to the senior secured notes
- 4) Non-current liabilities: EUR 65.0 million increase from a reclassification of the senior secured notes from current liabilities to non-current due to maturity extension of the notes to April 2024
- 5) Current liabilities: EUR 109.8 million reduction of which EUR 65.0 million reclassified as non-current liabilities due to the maturity extension of the notes, EUR 20.0 million as partial repayment of the notes and EUR 24.8 million of debt write-off
- 6) Liabilities to assets held for sales: EUR 8.1 million write-off of divested liabilities, offset by cash received as sale proceeds

Delete Group Oyj  
Board of Directors

## FOR FURTHER INFORMATION

Ville Mannola, CFO of Delete Group Oyj  
E-mail: [ville.mannola@delete.fi](mailto:ville.mannola@delete.fi)  
Tel. +358 400 357 767

Tommi Kajasoja, CEO of Delete Group Oyj  
E-mail: [tommi.kajasoja@delete.fi](mailto:tommi.kajasoja@delete.fi)  
Appointment requests via Helena Karioja, tel. +358 40 662 7373

[www.delete.fi](http://www.delete.fi)

## DELETE GROUP IN BRIEF

Delete Group is one of the leading environmental service providers in the Nordics. After the Demolition Sale, the group offers business-critical client services, which require specialist competences and specialized equipment through two business areas: Industrial Cleaning 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 cleaning services and demolition segments.

The Group is headquartered in Helsinki and employs approximately 700 professionals at over 35 locations in Finland and Sweden after the Demolition Sale.