



**BOARD OF DIRECTORS'  
REPORT AND FINANCIAL  
STATEMENTS  
2019**

# CONSOLIDATED FINANCIAL STATEMENTS

For the financial year 1.1.–31.12.2019

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## Delete Group Oyj

# BOARD OF DIRECTORS' REPORT 2019

## Delete Group Oyj

Delete Group Oyj is the parent company of Delete Group. The company's main purpose is to serve as a holding company.

Delete was formed in 2010 through the combination of Toivonen Yhtiöt and Tehoc and was acquired by private equity investor Axcel in 2013. Since 2011, Delete has made over 35 acquisitions within the cleaning services and demolition segments.

In November 2019, Delete Group announced that it was exploring opportunities to sell all or part of the Demolition Services. The company has received the required approvals for the divestments from the creditors and the sales process is ongoing. The 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 financial statements for Continuing operations. Unless otherwise stated, all figures quarterly and full year presented in this report, including the corresponding 2018 periods, include only Continuing operations. In the tables, years up to 2017 include also the Assets held for sale. Demolition Services' financial performance in 2019 is elaborated in the notes section of the Financial Statements. In this Board of Directors' report, the Demolition Services is referred to as Assets held for sale and Cleaning Services and Recycling Services as Continuing operations.

## Operations

Delete Group is one of the leading environmental full-service providers in the Nordic countries. Delete Group offers business-critical services that require specialist competences and specialized equipment through two business segments: Cleaning Services and Recycling Services. In 2019 Delete Group's segments included also Demolition Services, which has been classified as Assets held for sale.

**THE CLEANING SERVICES** business segment consists of a comprehensive industrial service offering, including specialized process cleaning, shutdown

maintenance, as well as sewer maintenance and inspection services. In addition, the Cleaning Services business segment offers property services such as facade washing and graffiti removal.

**THE RECYCLING SERVICES** business segment provides reception, recycling, and processing of solid construction and demolition waste and oily liquid waste, as well as waste container services. Delete Group serves its customers at all stages of material processing: in re-use, recycling, and re-utilization.

**THE DEMOLITION SERVICES** business segment consists of demolition services, including demolition of complete buildings and industrial sites, renovation demolition, as well as mapping and removal of asbestos and other hazardous substances.

Delete Group's largest customers are industrial and construction companies and the public sector.

At December 31, 2019, Delete Group employed 703 persons at over 30 locations in Finland and Sweden.

## Operational environment

### Cleaning Services

The underlying core demand for Cleaning Services remains stable while the industrial shut-down schedule will be busier in 2020 than in 2019. 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.

### Recycling Services

Increasing environmental awareness continues to drive improvements and new regulations, such as the EU's 70% recycling target by 2020 and the

landfill ban on construction and demolition waste. Regulatory development in both the EU Circular Economy Action plan and national legislation as well as generally increasing sustainability awareness continue to support the growing demand for recycling services. The market demand for recycled fuel (REF) has continued at a low but stabilized level and is expected to develop favourably during 2020.

### **Demolition Services (Assets held for sale)**

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

### **Highlights of the year 2019**

Delete Group's Continued operations continued to grow in 2019 driven by acquisitions made in 2018. Net sales increased 10%, but operating profit decreased to EUR -1.0 million from previous year's EUR 2.6 million. Net sales developed favorably enabled by the acquisitive growth of Cleaning Services and organic growth of Recycling Services. The decline of operating profit was mainly affected by Recycling Services' declined profitability in the first half of 2019 mainly related to increased REF exiting costs. The sales of Demolition Services (Held for sale) was on previous year's level, but the operating profit declined due to project cost overruns and a mix of smaller and less profitable projects, and ended up clearly on a loss due to partial impairment of goodwill.

As a result of Delete's strategic assessment initiated in 2018, Delete has investigated the potential sale of one or several of its business areas or sub-segments thereof, other than the Cleaning Services business area. In order for Delete to

be able to carry out one or more of the Divestments, Delete asked the creditors to permit such Divestments and the disposal and release of pledged assets required for the purposes of completing the Divestments on the condition that the net proceeds received from such Divestments would be used towards early partial redemption of the Notes. Noteholders' Meeting was held on 27 November 2019, where the Proposal was duly passed.

The sale process of Demolition Services is ongoing and the transaction is expected to take place during the first half of 2020.

Peter Revay was appointed as Country Manager of Sweden and a member of the Group management team on 1 August 2019.

Holger C. Hansen resigned as Member of the Board on 23 August 2019. Hansen continues to support the Group's management as an external advisor.

In the second quarter, Delete Group Oyj issued a tap of senior secured floating rate notes in a nominal amount of EUR 25 million. The subsequent notes, which mature on 19 April 2021, had an issue price of 100,00 percent (par), and bear a floating rate of EURIBOR 3 months plus a margin of 5 percent per annum, payable quarterly in arrears commencing on 19 April 2019. The proceeds from the tap issue were applied towards repayment of drawings under the company's EUR 25 million super senior revolving credit facility and other existing financial indebtedness.

## **Net sales, profitability and result**

### **Delete Group**

Delete Group's net sales for Continuing operations in January–December 2019 totalled EUR 125.8 (114.1) million growing by 10%. Delete's growth was mainly driven by 2018 acquisitions in the Cleaning Services segment. The Recycling Services grew organically 13%. Demolition Services (held for sale) net sales remained on previous year's level.

**Net sales by segment, Continuing operations**

<b>EUR, million</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>	<b>Organic change</b>
Cleaning Services	102.8	92.6	11%	1%
Recycling Services	28.1	24.8	13%	13%
Eliminations	-5.1	-3.3	-52%	-
<b>GROUP TOTAL</b>	<b>128.8</b>	<b>114.1</b>	<b>10%</b>	<b>1%</b>

Delete Group's EBIT for Continuing operations in January–December 2019 amounted to EUR -1.0 (2.6) million. The main driver for the decline was Recycling Services declined profitability due to lower market demand for recycled fuel, especially in the first half of the year.

**EBIT by segment, Continuing operations**

<b>EUR, million</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>	<b>2019 EBIT Margin</b>
Cleaning Services	9.1	9.6	-5%	8.9%
Recycling Services	0.8	3.5	-78%	2.7%
Administration	-10.8	-10.5	-3%	-8.6%
<b>GROUP TOTAL</b>	<b>-1.0</b>	<b>2.6</b>	<b>-138%</b>	<b>-0.8%</b>

The profit/loss for January–December 2019 in Continuing operations amounted to EUR -9.4 (-4.2) million.

**Delete Group key figures, Continuing operations**

<b>EUR, million</b>	<b>2019*</b>	<b>2018</b>	<b>2017**</b>	<b>2016**</b>
Net sales	125.8	114.1	177.3	167.0
EBITDA	11.7	10.1	14.8	19.1
EBITDA-%	10%	9%	8.3%	11.5%
Operating profit/loss	-1.0	2.6	6.7	11.9
Operating profit/loss %	-1%	2%	3.8%	7.1%
Return on Equity	-149.3%	-0.7%	-3.9%	5.3%
Equity ratio	14.5%	31.5%	32.8%	39.8%
Net Debt	122.4	100.0	90.0	76.1

\*) IFRS 16 standard adopted in 2019 increasing Net debt and EBITDA versus prior years. More information about the IFRS 16 implications in the notes section.

\*\*\*) 2016-2017 includes also Assets held for sale

**Delete Group Oyj**

Delete Group Oyj serves as a holding company. The company had no net sales during the reporting period.

**Delete Group Oyj key figures**

<b>EUR, million</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Net sales	0.0	0.0	0.0	0.0
Operating profit/loss	-0.2	0.0	0.0	0.0
Return on Equity	-1.0%	0.4%	-1.9%	0.0%
Equity ratio	37.9%	44.1%	44.2%	100.0%
Net Debt	109.8	85.0	84.6	0.0

**Statement of financial position and financing**

Cash flow from operating activities for January–December EUR was 1.7 (15.7) million. The decrease was driven by lower operating profit, increased financing costs and high amount of collected receivables in 2018 from acquired businesses, which did not recur in 2019.

Delete Group's cash and cash equivalents at the end of December 2019 including cash in Assets held for sale were EUR 5.2 (8.5) million. The Group's interest-bearing debt was EUR 127.6 (108.4) million, consisting mainly of a EUR 110.0 million secured bond, a EUR 7.0 million drawn revolving credit and lease liabilities. The Group has undrawn revolving credit facilities of EUR 18.0 million to be used for general corporate purposes, acquisitions and capital expenditure. The revolving credit facility's quarterly maintenance covenant for debt leverage of drawn RCF over adjusted EBITDA was complied with at the end of December 2019.

At the end of December 2019, the Group's net debt amounted to EUR 122.4 (100.0) million, increasing mainly due to lowered earnings and an impact of EUR 8.8 million for increased lease liabilities derived from IFRS 16 adoption.

The balance sheet total at the end of December 2019 was EUR 195.1 (223.7) million, decreasing mainly because of goodwill impairment of EUR -29.7 million for the Assets held for sale. Property, plant and equipment totalled EUR 34.5 (48.3) million decreasing mainly due to IFRS 5 classification of Assets held for sale. Including net profit for Assets held for sale, the equity ratio was 14.5% (31.5%). In addition to the IFRS 5 implications and related goodwill impairment, the balance sheet total and equity ratio were affected by the implications of IFRS 16 adoption.

Under IFRS 5, Assets held for sale are included in the Group's balance sheet, but compiled and reported under separated specified line items, amounting to EUR 45.1 million of assets and EUR 11.0 million of liabilities. IFRS 5 implications are reported in more detail in the notes section of the Financial Statements.

## Investments and acquisitions

Capital expenditure in intangible and tangible assets for Continuing operations in 2019 was EUR 5.2 (8.8) million. In 2019, total capital expenditure EUR 7.1 (18.9) million included a final settlement of EUR 2.0 million for companies acquired in 2018. Delete Group did not make any acquisitions in 2019.

## Personnel

For Continuing operations, Delete Group had 703 (724) employees at the end of December 2019. On average, Delete Group had 739 (724) employees in 2019. Total wages and salaries paid was EUR 47.8 (45.8) million.

## Research and development

The R&D related expenditure was immaterial in 2019 and consisted of minor development of processes and tools.

## Summary of risks and risk management

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

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

Operational risks are mainly related to project execution and integration of acquired businesses both quality-wise and financially. The internal control environment is under constant development to improve preventative measures.

Financing risks are mainly related to interest rates, credit and liquidity.

Other uncertainties are related to the market environment as well as the successful implementation of the Group's growth strategy and related corporate acquisitions, personnel and recruitments.

With the divestment of Assets held for sale, the risk for project executions will decrease significantly. The Group has not identified other relevant changes that can be expected to have a significant influence on the business, given the risks mentioned above, in 2019.

## Prospects for 2019

The demand for Cleaning Services is expected to grow in 2020. Recycling waste volumes are expected to remain stable in 2020 and the market demand for recycled fuel is expected to gradually improve during 2020 thereby improving Recycling Services' profitability.

Delete Group's continued operations' operating profit is expected to improve in 2020.

## Corporate and social responsibility and non-financial report

Responsibility is a vital part of all Delete Group's operations. Delete Group utilizes operating principles promoting responsible business methods and expects all those working for Delete Group to comply with them. Delete Group actively searches for opportunities to support its customers with services whose value is substantially based on responsibility and sustainable development.

Delete Group publishes, together with the Annual Report, a separate Corporate and Social Responsibility Report on the company's website. The report includes the non-financial report.

## Shares and shareholders

The number of registered shares is 10,858,595 P-shares and 3,089,649 C-shares. All of the shares have one vote each. The Group is owned by Ax DEL Oy (85% of the shares) and a group of key employees and other minority investors (15%). The Group does not hold any own shares.

## Corporate governance

In its decision making and administration, Delete Group applies the Finnish Companies Act (624/2006, as amended), Finnish Securities Markets Act (746/2012, as amended) as well as rules and guidelines of Nasdaq Helsinki Ltd. Delete Group primarily follows the Finnish Corporate Governance Code 2015, with few exceptions due to its ownerships structure. These exceptions relate to, among others, rules regarding annual general meetings.

Delete Group publishes, together with the Annual Report, the Corporate Governance Statement as a separate statement on the company's website.

## Annual General Meeting

The Annual General Meeting of Delete Group Oyj Shareholders held on 2 April 2019 adopted the Financial Statements and discharged the members of the Board of Directors and the CEO from liability for the financial year 1 January–31 December 2018. The Annual General Meeting resolved that no dividend will be paid for the fiscal year 2018.

Åsa Söderström Winberg, Holger C. Hansen (resigned in August 2019) and Ronnie Neva-aho were re-elected as members of Board of Directors and Christian Schmidt-Jacobsen was elected as a new member. Convening after the Annual General Meeting, the Board of Directors elected Åsa Söderström Winberg as its chair.

KPMG Oy Ab was elected to continue as the Auditor of the company and Teemu Suoniemi, Authorised Public Accountant, will act as the Principal Auditor.

The Chair of the Board will be paid EUR 40,000 and the Board members EUR 22,000 as remuneration for 2019. The appointed members of the Audit Committee and the Project Committee will be paid EUR 4,000 as additional remuneration and the appointed members of the Remuneration Committee EUR 2,000. Axcels 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 for distribution of profit

The distributable funds of Delete Group's parent company on 31 December 2019 totalled EUR 67,939,844.19. The net profit of the parent company was EUR -672,436.

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

## Events after the reporting period

The Extraordinary General Meeting of Delete Group Oyj 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.

Former Chair of the Board Åsa Söderström Winberg will continue as a member of the Board of Directors. She has been a member of the Board of Directors since 2014 and the chairman of the Board since 2017.

Christian Schmidt-Jacobsen and Ronnie Neva-aho will continue as members of the Board of Directors.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	JAN 1–DEC 31, 2019	JAN 1–DEC 31, 2018
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>		<b>125,837</b>	<b>114,089</b>
Other operating income	8	240	312
Materials and services	9	-53,424	-41,945
Employee benefits	10	-47,797	-45,814
Depreciation, amortisation and impairment losses	11	-12,664	-7,511
Other operating expenses	12	-13,159	-16,568
<b>Operating profit</b>		<b>-968</b>	<b>2,563</b>
Financial income	13	93	20
Financial expenses	13	-8,531	-6,923
<b>Net financial expenses</b>		<b>-8,438</b>	<b>-6,902</b>
<b>Profit (-loss) before taxes</b>		<b>-9,407</b>	<b>-4,339</b>
Income taxes	14	-27	149
<b>Profit (-loss) for the financial year from the continuing operations</b>		<b>-9,433</b>	<b>-4,191</b>
<b>Profit (-loss) for the financial year from the discontinued operations</b>	6	<b>-32,706</b>	<b>3,688</b>
<b>Profit (-loss) for the financial year</b>		<b>-42,139</b>	<b>-503</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Foreign currency translation difference		-118	-189
<b>TOTAL COMPREHENSIVE INCOME (-LOSS) FOR THE YEAR</b>		<b>-42,258</b>	<b>-691</b>

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



## 9 CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

EUR thousand	Note	DEC 31, 2019	DEC 31, 2018
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Goodwill	15	69,469	116,958
Intangible assets	15	4,695	6,265
Property, plant and equipment	16	34,469	48,256
Right of use assets	16	10,349	
Investments	17	8	141
Deferred tax assets	18	1,650	888
<b>TOTAL NON-CURRENT ASSETS</b>		120,639	172,508
<b>CURRENT ASSETS</b>			
Inventories	19	1,127	1,476
Trade receivables and other current assets	20	21,863	39,901
Tax receivables		1,100	1,356
Cash and cash equivalents	21	5,211	8,450
<b>TOTAL CURRENT ASSETS</b>		29,301	51,183
<b>Assets held for sale</b>	6	<b>45,137</b>	
<b>TOTAL ASSETS</b>		195,077	223,690

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

## 10 CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

EUR thousand	Note	JAN 1-DEC 31, 2019	JAN 1-DEC 31, 2018
<b>EQUITY</b>			
<b>EQUITY</b>			
Share capital	22	80	80
Reserve for invested non-restricted equity		69,661	69,661
Translation reserve		-933	-815
Retained earnings		1,558	2,061
Profit (-loss) for the financial year		-42,139	-503
<b>TOTAL EQUITY</b>		<b>28,227</b>	<b>70,484</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Borrowings from financial institutions	23	109,303	84,416
Lease liabilities (2019 Finance lease liabilities)	25	6,110	1,995
Instalment credit		303	1,330
Derivative liabilities		178	241
Deferred tax liabilities		3,126	3,730
<b>CURRENT LIABILITIES</b>			
Interest-bearing financial liabilities		7,000	19,000
Lease liabilities	25	4,364	779
Prepayments	7	122	212
Trade payables		9,598	16,758
Instalment credit		520	908
Other payables		3,602	6,698
Tax liabilities		188	1,054
Accrued expenses and deferred income	27	11,401	16,086
<b>TOTAL LIABILITIES</b>		<b>155,813</b>	<b>153,206</b>
<b>Liabilities directly attributable to assets held for sale</b>	6	<b>11,037</b>	
<b>TOTAL LIABILITIES</b>		<b>195 077</b>	<b>223 690</b>

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

# 11 CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	JAN 1–DEC 31, 2019	JAN 1–DEC 31, 2018
<b>CONTINUOUS OPERATIONS</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net profit (loss) before taxes</b>	<b>-9,407</b>	<b>252</b>
<b>Adjustments:</b>		
Depreciation, amortisation and impairment losses	12,664	10,783
Financial expenses	8,531	6,974
Financial income	-93	-33
Other adjustments	-168	-402
<b>Change in net working capital:</b>		
Change in trade and other receivables	1,436	5,454
Change in inventory	-179	-210
Change in trade and other payables	-3,015	1,923
Received interest	0	0
Paid interest	-7,555	-5,648
Income taxes paid	-509	-3,376
<b>CASH FLOWS FROM OPERATING ACTIVITIES, CONTINUING OPERATIONS (A)</b>	<b>1,705</b>	<b>15,716</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investments in intangible assets	-6	-115
Investments in property, plant and equipment	-5,660	-9,807
Proceeds from disposal of property, plant and equipment	491	1,152
Payments for business acquisitions, net of cash acquired	-1,939	-10,118
Change in other receivables	0	9
<b>CASH FLOWS FROM INVESTING ACTIVITIES, CONTINUING OPERATIONS (B)</b>	<b>-7,113</b>	<b>-18,880</b>

**CONTINUES**



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

<b>EUR thousand</b>	<b>JAN 1–DEC 31, 2019</b>	<b>JAN 1–DEC 31, 2018</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from non-current loans and borrowings	25,000	0
Repayments of non-current loans and borrowings	-1,379	-2,145
Change in current loans and borrowings	-12,003	5,441
Principal elements of lease payments	-5,131	
<b>CASH FLOWS FROM FINANCING ACTIVITIES, CONTINUING OPERATIONS ( C )</b>	<b>6,487</b>	<b>3,297</b>
<b>CHANGE IN CASH FLOWS, CONTINUING OPERATIONS (A+B+C)</b>	<b>1,079</b>	<b>134</b>
Cash and cash equivalents on 1 January	8,450	8,320
Exchange rate differences	-51	-5
Net change in cash from discontinued operations	-4,267	
Cash and cash equivalents on 31 December	5,211	8,450
Change	-3,239	129

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

## 13 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to shareholders of the parent company						
EUR	Share capital	Unregistered share capital	Reserve for invested non-restricted equity	Translation reserve	Retained earnings	Total
Equity on 1 January 2019	80	0	69,661	-815	1,558	70,484
Share capital increase	0		0			0
Comprehensive income						
Profit for the reporting period	0	0	0	0	-42,139	-42,139
Other comprehensive income						
Translation differences	0	0	0	-118	0	-118
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-118</b>	<b>-42,139</b>	<b>-42,258</b>
<b>EQUITY ON 31 DECEMBER 2019</b>	<b>80</b>	<b>0</b>	<b>69,661</b>	<b>-933</b>	<b>-40,581</b>	<b>28,227</b>
Equity on 1 January 2018	3	0	69,739	-626	2,061	71,176
Share capital increase	77		-77			0
Comprehensive income						
Profit for the reporting period	0	0	0	0	-503	-503
Other comprehensive income						
Translation differences	0	0	0	-189	0	-189
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-189</b>	<b>-503</b>	<b>-691</b>
<b>EQUITY ON 31 DECEMBER 2018</b>	<b>80</b>	<b>0</b>	<b>69,661</b>	<b>-815</b>	<b>1,558</b>	<b>70,484</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1. BASIC INFORMATION FOR THE GROUP

Delete Group is a service company that operates in Finland and Sweden providing environmental services to corporate customers and the public sector. The Industrial Cleaning business provides services to industry, power plants, shipyards and customers in construction business in Finland and Sweden. The recycling business receives and processes construction and industrial waste in the Helsinki metropolitan area and in the Tampere region. The Demolition Services business delivers professional construction demolition

services in Finland and Sweden and takes care of asbestos and other hazardous substance demolitions, firestop and water damage renovations. During the reporting period the Group has classified the demolition services business as discontinued operation and disposal group held for sale.

The parent company in the group is Delete Group Oyj that is domiciled in Helsinki, Finland (business ID 2565169-4). The parent company's registered address

is Postintaival 7, 00230 Helsinki, Finland.

The Board of Directors of Delete Group Oyj has authorized these consolidated financial statements for issue on 24 February 2020. According to the Finnish Limited Liability Companies Act, shareholders may approve or reject the financial statements in the Annual General Meeting held after their publication. The General Meeting may also decide to amend the financial statements.

## NOTE 2. BASIS FOR PREPARATION FOR THE FINANCIAL STATEMENTS

These consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by EU and in force on 31 December 2019. The International Financial Reporting Standards refer to the standards and associated interpretations in the Finnish Accounting Act and in regulations issued under it that are endorsed by the EU in accordance with the procedure laid down in Regulation (EC) No. 1606/2002. The Group has not early adopted any standards or interpretations. The notes to the consolidated financial statements are also in accordance with the requirements of the Finnish accounting and corporate legislation supplementing the IFRS rules.

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities (including derivative instruments) at fair value through profit.

The preparation of financial statements in conformity with IFRS requires the Group's management to make estimates and assumptions and to make choices when applying the accounting principles. Judgements that the management has made when applying the accounting principles as well as the assumptions on future development and the key assumptions related to estimates are discussed in the section "Critical accounting judgments and sources of estimation uncertainty".

The Group has adopted the following new standard and new interpretation from the beginning of the reporting period:

### IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. IFRS 16 replaces the former IAS 17 standard and related interpretations.

The group has applied IFRS 16 initially on 1 January 2019, using the modified retrospective approach which means that the comparative information has not been restated. The group has recognized new assets and liabilities for its operating leases of premises and machinery. Under IAS 17 the group recognized finance leases on the balance sheet as asset and liabilities which have been transferred as such to the opening balance 1 January 2019.

In transition the impact on the balance sheet was EUR 11,2 million due to recognizing new assets and liabilities. IFRS 16 has also changed the nature of expenses as a depreciation charge for right-of-use assets and interest expense on lease liabilities will be recognized instead of lease expenses. The Group has applied exemptions for both short-term leases and low value leases.

IFRS 16 impacts on the balance in transition are presented in the table on this page.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is mainly 2 to 4 percent.

	31.12.2018	IFRS 16	1.1.2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	123,223		123,223
Tangible assets	48,256	11,178	59,434
Other non-current assets	1,029		1,029
<b>TOTAL</b>	<b>172,508</b>	<b>11,178</b>	<b>183,686</b>
<b>Current assets</b>			
	<b>51,183</b>		<b>51,183</b>
<b>TOTAL ASSETS</b>	<b>223,690</b>	<b>11,178</b>	<b>234,868</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
	<b>70,484</b>		<b>70,484</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities	86,411	7,027	93,438
Other non-current liabilities	5,301		
<b>TOTAL</b>	<b>91,712</b>	<b>7,027</b>	<b>93,438</b>
<b>Current liabilities</b>			
Financial liabilities	19,779	4,151	23,930
Trade payables and other current liabilities	41,715		41,715
<b>TOTAL</b>	<b>61,494</b>	<b>4,151</b>	<b>65,645</b>
<b>Total liabilities</b>	<b>153,206</b>	<b>11,178</b>	<b>159,083</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>223,690</b>	<b>11,178</b>	<b>234,868</b>

## Bridge calculation for IFRS 16 change

<b>Lease commitments 31.12.2018</b>	<b>10,012</b>
Short term contracts and contracts of low value	-738
Finance lease liability IAS 17	2,774
Definition of the lease period	2,839
The effect of the discount rate	-934
<b>LEASE LIABILITIES 1.1.2019</b>	<b>13,953</b>

## IFRIC 23 Uncertainty over Income Tax Treatments

The interpretation brings clarity to the accounting for income tax treatments that have yet to be accepted by tax authorities. The key test is whether the tax authority will accept the company's chosen tax treatment. When considering this the assumption is that tax authorities will have full knowledge of all relevant information in assessing a proposed tax treatment. The interpretation has not had any significant impacts from this interpretation.

## NOTE 3. ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

### Consolidation principles

The consolidated financial statements include the parent company Delete group Oyj and all companies over which the parent company has control. Control exists when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. All subsidiaries are 100 percent owned.

The consolidated financial statements are prepared using the acquisition method, according to which the separately identified assets, liabilities and contingent liabilities of the acquired company are measured at their fair value at the date of acquisition. A subsidiary is consolidated from the date of acquisition until the date when the parent company loses control over the subsidiary.

Intra-group transactions, balances, income and expenses are eliminated when preparing consolidated financial statements. Unrealized losses are not eliminated in case losses are due to impairment.

### Items in foreign currency

The income statement and balance sheet of each individual group company is measured in the currency of the primary economic environment in which the company is operating (functional currency). The consolidated financial statements are presented in Euro, which is the functional and presentation currency of the group's parent company. The subsidiaries' financial statement items are recognized in the functional currency of each company.

Transactions in foreign currency are translated into Euros at the exchange rates prevailing at the transaction date.

- Foreign currency-denominated receivables and liabilities are translated into Euros at the exchange rates prevailing at the reporting date.
- Foreign exchange gains and losses arising from translation of assets and liabilities in foreign currency in respect of operating items are presented in the consolidated income statement affecting operating profit and in respect of financial items in finance income and expenses.

Income statements for those subsidiaries with a non-Euro functional currency are translated



into Euros at the average exchange rates of the financial year. Balance sheets of such companies are translated into Euros at the closing exchange rates of the financial year. The resulting exchange differences as well as exchange differences arising from the elimination of acquired net assets of foreign subsidiaries are recognized as translation differences in other comprehensive income.

## Revenue recognition

Revenue is measured based on the consideration specified in a contract with the customer. The group recognizes revenue when it transfers control over a good or service to a customer.

The group has mostly written agreements with the customers. For some customers there are frame agreements. In those cases a contract is established as a combination of the frame agreement and each purchase order that the customer has placed and the group has approved.

The group provides services in demolition, in industrial cleaning, and in recycling services. In demolition projects the group promises to take care of the demolition, and also purchases the scrap metal from the customer during the demolition project. Control over the scrap metal transfers to the group as the demolition project proceeds in cases the group acts as a principal when selling the scrap metal to a third party. In contracts where the group sells the metal on behalf of the customer, the group acts as an agent and only the fee received is recognized as revenue.

Typically one service contract includes one performance obligation. The transaction prices in the demolition contracts are usually fixed. In some contracts there may be a discount as a variable

component. There are no significant financing components. Each delivery of scrap metal forms a one performance obligation.

If a contract which includes two or more performance obligations, the transaction price is allocated by their stand-alone selling prices, either based on their list prices or if not available, based on expected cost plus margin.

Most of the group's contracts are service type contracts. The revenue recognition criteria over time are fulfilled because the customer simultaneously receives and consumes the benefits provided by the group's performance. The group measures progress in demolition projects based on costs incurred in relation to expected total costs. Revenues from short term services are recognized when the services have been rendered or evenly over the contract term when the work is being carried out.

The sale of scrap metal is recognized when revenue is transferred to the customer. Control is transferred when the risks, benefits and legal ownership are transferred, the customer obtains physical control of the assets and there is a valid right to payment.

## Goodwill and intangible assets

Goodwill is measured as the excess of the sum of consideration transferred and the acquisition date fair value of any previous equity interest in the acquired equity over the fair value of the net identifiable assets acquired. It represents a consideration made by the acquirer in anticipation of future economic benefits from assets that cannot be individually identified and separately recognized as assets. Goodwill is not amortized, but instead it is

subject to impairment testing once a year, or more frequently if circumstances indicate that it might be impaired. Subsequent to its initial recognition, goodwill acquired in a business combination is carried at initial cost less any accumulated impairment charges.

The group's intangible assets mainly consist of enterprise resource planning systems, licenses, electricity connections and customer relationships that are recognized through business combinations. Intangible assets with a finite useful life are measured at cost less accumulated amortization and impairment losses. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets. The group applies average depreciation period of 3-5 years for all intangible assets, except for electricity connections which are not amortized. Intangible assets with indefinite useful lives are not amortized, but tested annually for impairment.

## Research and development

Research costs are expensed as incurred. Development costs are capitalized when it is probable that a development project will generate future economic benefits, and the cost can be measured reliably. Other development costs are expensed. Currently, the group has no major ongoing development projects.

## Property, plant and equipment

The group's property, plant and equipment consist of land, buildings, machinery and equipment, other tangible assets and assets under construction. These items of property, plant and equipment are recognized in the balance sheet

when it is probable that future economic benefits will flow to the group and their cost can be measured reliably.

The group's property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. The cost includes all expenditure attributable to bringing the asset ready for it to be capable of operating in the intended use. However, after the initial recognition cost are capitalized only if it is probable that they will generate more future economic benefit compared with earlier circumstances. Otherwise, the costs are recognized as an expense in the income statement.

The group's property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, except for land.

The group applies following average depreciation periods:

- Constructions 10 years
- Buildings 20-30 years
- Installed technical devices 10 years
- Other property, plant and equipment 10 years
- Machinery and equipment 5-15 years

The group's gains or losses related to sale of property, plant and equipment are recognized as other operating income or other operating expenses in the income statement.

## Impairment of intangible and property, plant and equipment

Non-current assets are regularly reviewed for identifying any indications of impairment. Goodwill is tested annually for impairment. For this purpose,

goodwill has been allocated to the cash-generating units.

Allocation is made to such cash-generating units or groups of cash-generating units that are expected to benefit from the business combination that the goodwill relates to.

Assets that are depreciated or amortized are subject to assessment whether there are any changes in the circumstances that would indicate that the carrying amounts may not be recoverable. An impairment loss is the amount by which the carrying amount exceeds the recoverable amount. For non-current assets the recoverable amount is its fair value less cost to sell or value in use whichever is greater. Value in use is determined by discounting the future cash flows expected to be generated by the asset.

An impairment charge on goodwill is recognized in the consolidated income statement, if the impairment test shows that its carrying amount exceeds its estimated recoverable amount. In that case, the carrying amount of goodwill is written down to its recoverable amount. An impairment loss on goodwill is never reversed.

## Leases

From the beginning of the reporting period the group has applied IFRS 16 using the modified retrospective approach. Therefore, the comparative information has not been restated and continues to be reported under IAS 17 for which the accounting policies has been described separately below.

The group leases assets such as premises, machinery and equipment and vehicles as a lessee. At inception of a contract, the group

assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. The group has elected to separate non-lease components from the lease component at commencement of a contract.

The group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made before the commencement date, incentives received, initial direct costs incurred and an estimate of costs to restore the underlying asset. The right-of-use asset is depreciated using the straight-line method during the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method.

Lease payments included in the measurement of the lease liability comprise the following: fixed payments and variable lease payments that depend on an index or a rate. The options related to extension of the lease term is included in the lease term if it is reasonably certain that the option is exercised.

The group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## Accounting policy for leases in the comparative period

In 2018 the group's leases have been classified as finance leases if the rewards and risks of ownership have been transferred substantially to the lessee. Finance leases have been recognized in the balance sheet at the beginning of the lease period at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Lease payments have been apportioned between the repayment of the finance lease liability and interest expense. Lease obligations have been included in interest-bearing liabilities. The leased assets have been depreciated according to the depreciation principles that apply to similar assets over their useful lives. Lease agreements where all significant risks and rewards of ownership are retained by the lessor have been accounted for as operating leases. Payments made under such leases have been charged to the income statement on a straight-line basis as rental expenses.

## Discontinued operations and non-current assets held for sale

A discontinued operation is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group and which represents a separate major line of business or geographic area of operations. Classification as a discontinued operation occurs at the disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparatives in statement of profit

or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

Non-current assets, or disposal groups are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. The comparatives in the balance sheet are not reclassified.

Held for sale assets, or disposal groups, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, which continue to be measured in accordance with the group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated.

## Inventory

The group's inventory consists mainly of materials used in connection with providing services.

Inventories are measured at cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale in the ordinary course of business. The cost is based on the FIFO (first in, first out) principle.

## Financial assets

Financial assets are classified based on the group's business model for managing financial assets and the asset's contractual cash flow characteristics into the following categories: financial assets measured at amortized cost and financial assets measured at fair value through profit or loss. The asset is classified according to the objective of the business model and the contractual cash flow characteristics of the asset, or by applying the fair value option at initial acquisition.

Purchases and sales of financial assets are recognized at trade date, which is the date on which the group commits to purchase or sell the financial instrument. Transaction costs are included in the original carrying amount of the financial asset when the asset is not measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are measured at fair value at initial recognition and the transaction costs are recognized in profit or loss.

## Financial assets measured at amortized cost

Financial assets whose business model's objective is to hold financial assets to maturity in order to collect contractual cash flows are classified as financial assets measured at amortized cost. The cash flows of these assets consist solely of payments of principal and interest on the principal amounts outstanding.

Trade receivables and other receivables that are non-derivative assets are classified as financial assets measured at amortized cost. The carrying amount of current trade receivables and other

receivables is considered to be equal to their fair value. Trade receivables and other receivables are presented on the balance sheet as current assets if they are expected to be realized within 12 months after the end of the reporting period.

After initial recognition, these financial assets are measured at amortized cost using the effective interest rate method and by deducting any impairment. At each reporting date the group recognizes an allowance for expected credit losses for financial assets recognized at amortized cost.

Expected credit losses are estimated in accordance with so-called simplified approach allowed in IFRS 9 where credit losses are recognized at an amount equal to expected credit losses over the entire lifetime of the asset. The group applies the simplified approach to receivables measured at amortized cost and to assets based on customer contracts in accordance with IFRS 15. Expected credit losses are recognized using a provision matrix. Expected credit losses for trade receivables and assets based on customer contracts are estimated based on historical information on credit losses and estimation of future prospects. Expected credit losses are recognized under other operating expenses in the statement of profit or loss.

### **Financial assets measured at fair value through profit or loss**

Financial assets that have been acquired to be held for trading or that are designated as at fair value through profit or loss at initial recognition are classified as financial assets measured at fair value through profit or loss. Financial assets held for trading are acquired primarily for the purpose

of obtaining profit in the short or long term and are presented in either non-current or current financial assets. Financial assets measured at fair value through profit or loss consist of shares and derivatives that are not subject to hedge accounting.

Realized and unrealized gains and losses arising from changes in fair value are recognized in profit or loss. If there are no quoted prices for investments, the group applies valuation techniques to their measurement.

### **Financial liabilities**

Financial liabilities are recognized at trade date and measured using the effective interest rate method at amortized cost. Transaction costs for those financial liabilities that are measured at amortized cost are included in the initial cost. Financial liabilities are included in both non-current and current liabilities. Financial liabilities are classified as current unless the group has an unconditional right to defer payment for at least 12 months from the reporting date. Financial liabilities are derecognized when the liability is paid or becomes due. In this case, gains or losses on derecognition are recognized in profit or loss.

### **Derivative instruments**

The group's financial instruments measured at fair value through profit or loss include derivative instruments. The company's derivatives include interest rate swaps, with which part of the company's variable rates are swapped fixed. The group does not apply hedge accounting in accordance with IFRS 9. Derivative financial instruments are included in current assets or liabilities, and changes in the unrealized fair value are recognized in profit or loss.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances, call bank deposits and other short-term liquid investments. Cash and cash equivalents have a maturity of up to three months from the acquisition date and are recognized on the trade date and measured at cost. Foreign currency items are translated into Euros on the closing date exchange rates.

### **Borrowing costs**

Directly attributable borrowing costs related to the acquisition, construction or production of an item of property, plant and equipment are capitalized as part of the cost of that asset. The costs directly related to a specific loan from financial institutions are deducted from the original amount of the loan and recognized as financial expenses using the effective interest rate method. Other interest and other costs related to interest-bearing liabilities are recognized in profit or loss as incurred.

### **Operating profit**

Operating profit consists of revenue and other operating income less costs of materials and services, employee benefits expenses and other operating expenses as well as depreciation, amortization and impairment losses. Exchange rate differences resulting from working capital items are included in operating profit.

### **Employee benefits**

#### **Pension liability**

All pension plans in the group are classified to defined contribution plans as the group pays

fixed contributions into a separate entity and the group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay retirement benefits. The contributions are recognized in the income statement during the financial period, to which the charged contribution applies. There are no defined benefit plans in the group.

## Current income taxes and deferred taxes

Income taxes consist of current taxes, income taxes related to prior periods and deferred taxes. The income tax charge for the financial year is based on taxable income for all group companies, which is calculated according to the local tax rates for each group company. Current taxes and changes in deferred taxes that relate to items recognized in other comprehensive income are recognized in other comprehensive income.

Generally deferred taxes are calculated for all temporary differences between the carrying amount and tax bases of assets and liabilities. Deferred tax liability is not recognized for initial recognition of goodwill, or if it arises from the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting profit nor taxable profit at the time of the transaction. Deferred tax liabilities are not recognized for the retained earnings of subsidiaries, unless it is probable that the temporary differences will reverse in a foreseeable future. Deferred tax liabilities shall be measured at the local tax rates that have been enacted by the end of the reporting period.

Deferred tax assets are recognized when it is probable that the future taxable profit will be available

against which the temporary difference can be utilized. The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period.

## Critical accounting judgments and sources of estimation uncertainty

### Revenue recognition

Revenue recognized over time requires management judgments in relation to expected revenue and cost as well as to reliable measurement of the group's progress towards complete satisfaction of a performance obligation.

### Impairment testing

Impairment testing is affected by the forecasts prepared by management, which impairment testing calculations are based on. The disclosures required under IAS 36 on impairment tests are presented in Note 14.

### Business combination: measurement of acquired assets

In connection with business combinations IFRS 3 standard is applied, which requires the valuation of assets and liabilities acquired at the acquisition date at fair value. This fair value measurement requires management estimates. Information related to business combinations is presented in Note 5.

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

The group has not yet adopted the following new and amended standards and interpretations

already issued by the IASB. The group will adopt them as of the effective date or, if the date is other than the first day of the financial year, from the beginning of the subsequent financial year. The following published amended standards are to be applied in 2020 but these are not expected to have any significant effect on the group's consolidated financial statements.

### Definition of a Business\* (Amendments to IFRS 3)

The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set is a group of assets rather than a business.

### Definition of Material (Amendments to IAS 1 and IAS 8)

The amendments clarify the definition of material and include guidance to help improve consistency in the application of that concept across all IFRS Standards. In addition, the explanations accompanying the definition have been improved.

### Interest Rate Benchmark Reform\* (Amendments to IFRS 9, IAS 39 and IFRS 7)

Amendments have been issued to address uncertainties related to the ongoing reform of interbank offered rates (IBOR). The amendments provide targeted relief for financial instruments qualifying for hedge accounting in the lead up to IBOR reform.

\* = not yet endorsed for use by the European Union as of 31 December 2019.

## 22 NOTE 4 SEGMENTS

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.

Operating profit (EBIT) is the measure of profit or loss for the reportable segment which is regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segments and assess their performance. Segment assets and liabilities are not presented as these are not regularly monitored by the Board of Directors.

Administration costs are not allocated to segments but are presented separately. Any transactions between segments are based on market prices.

There is not a single external customer amounting to 10 percent or more of the Group's revenues.

### EUR thousand

#### Net sales

Industrial Cleaning
Recycling Services
Elimination
<b>GROUP</b>

### 2019

External	Intra group	TOTAL
100,920	1,920	<b>102,840</b>
24,917	3,138	<b>28,055</b>
	-5,058	<b>-5,058</b>
<b>125,837</b>		<b>125,837</b>

### 2018

External	Intra group	TOTAL
91,898	728	<b>92,626</b>
22,191	2,601	<b>24,793</b>
	-3,330	<b>-3,330</b>
<b>114,089</b>		<b>114,089</b>

CONTINUES



**DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES**

<b>EUR thousand</b>	<b>2019</b>	<b>2018</b>
Industrial Cleaning	-7,851	-4,233
Recycling Services	-2,565	-1,174
Administration	-2,248	-2,104
<b>GROUP</b>	<b>-12,664</b>	<b>-7,511</b>
<b>OPERATING PROFIT (EBIT)</b>	<b>2019</b>	<b>2018</b>
Industrial Cleaning	9,105	9,571
Recycling Services	754	3,499
Administration	-10,828	-10,507
<b>Operating profit (EBIT)</b>	<b>-968</b>	<b>2,563</b>
Net financial expenses	-8,438	-6,902
<b>PROFIT (-LOSS) BEFORE TAXES</b>	<b>-9,407</b>	<b>-4,339</b>

**GEOGRAPHICAL INFORMATION**

<b>EUR thousand</b>	<b>2019</b>		<b>2018</b>	
	<b>Net sales</b>	<b>Non-current assets</b>	<b>Net sales</b>	<b>Non-current assets</b>
Finland	85,703	94,869	86,546	136,194
Sweden	40,134	25,770	27,542	36,314
<b>TOTAL</b>	<b>125,837</b>	<b>120,639</b>	<b>114,089</b>	<b>172,508</b>

## 24 NOTE 5 BUSINESS COMBINATIONS AND GROUP STRUCTURE

### Changes in ownership in subsidiaries during 2019

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

### Changes in ownership in subsidiaries during 2018

Delete Group acquired the following companies during 2018:

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

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

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

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

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

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

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

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

The acquisition resulted in goodwill totaling TEUR 2,145, which is based on expected synergies of the acquired companies. The management believes that synergies will be gained from increased capacity, strengthened human resources and skills as well as increased market share in demolition and cleaning services.

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



## Group structure

Parent company in Delete Group is Delete Group Oyj which is domiciled in Helsinki. The company acts as the Group's parent company and manages holdings in subsidiaries. The company's purpose is to provide intra-group management services and raise funding.

<b>SUBSIDIARY</b>	<b>Domicile</b>	<b>Ownership%</b>
Ax DEL2 Oy	Finland	100.0
• Delete Oy	Finland	100.0
• Delete Finland Oy	Finland	100.0
• Sertech Oy	Finland	100.0
• Delete Demolition Oy (former Karhupurku Oy)	Finland	100.0
• Ykköspurku Oy	Finland	100.0
• Delete Sweden AB	Sweden	100.0
• Delete Service AB	Sweden	100.0
• Delete Heavy Demolition AB (former DemCom Demolition AB)	Sweden	100.0
• Delete Special Demolition AB (former DemCom Machine AB)	Sweden	100.0
• Waterjet Entreprenad Karlstad AB	Sweden	100.0
• Waterjet Entreprenad i Oslo AS	Norway	100.0
• Waterjet Entreprenad i Stockholm AB	Sweden	100.0
• W-Tech Entreprenad AB	Sweden	100.0

All subsidiaries have been consolidated in the financial statements.

On 30 November 2019 Delete incorporated its Demolition Services business in Finland and Sweden into Delete Demolition Oy, Delete Heavy Demolition AB and Delete Special Demolition AB.

## 26 NOTE 6 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

In November 2019, Delete 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 bondholders and the sales process is ongoing.

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.

In 2019, revenue from services recognized over time was EUR 45.8 (39.9) million.

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

EUR thousand	2019	2018
Net sales	78,469	78,665
Expenses	-82,031	-74,035
<b>TOTAL</b>	<b>-3,562</b>	<b>4,630</b>
Goodwill impairment	-29,678	
<b>OPERATING RESULT</b>	<b>-33,240</b>	<b>4,630</b>
Net financial expenses	-132	-39
<b>Result before taxes</b>	<b>-33,372</b>	<b>4,591</b>
Income taxes	666	-903
<b>RESULT FOR THE FINANCIAL PERIOD</b>	<b>-32,706</b>	<b>3,688</b>

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

EUR thousand	2019
Intangible assets and property plant and equipment	30,254
Inventories	468
Other receivables	14,415
Trade payables and other liabilities	-11,037
<b>NET ASSETS</b>	<b>34,100</b>

### Cash flows from assets held for sale

EUR thousand	2019
Cash flow from operating activities	-37
Cash flow from investing activities	-2,609
Cash flow from financing activities	-1,621
<b>TOTAL</b>	<b>-4,267</b>

## 27 NOTE 7 REVENUE

Delete Group's revenue from continuing operations consist of the following activities: Industrial Cleaning and Recycling Services. Distribution of revenue between different reportable segments and between geographical districts is described in note 4 Segments.

### Disaggregation of revenue

The distribution of revenue from contracts with customers is presented by timing of revenue recognition.

EUR thousand	Products and services transferred over time		Products and services transferred at a point in time				TOTAL	
	Projects (POC)		Materials		Services			
	1-12/2019	1-12/2018	1-12/2019	1-12/2018	1-12/2019	1-12/2018	1-12/2019	1-12/2018
Industrial Cleaning	13,760	-	-	-	89,080	92,626	102,840	92,626
Recycling Services	-	-	28,055	24,793	-	-	28,055	24,793
Eliminations	-	-	-	-	-	-	-5,058	-3,330
<b>GROUP TOTAL</b>	<b>13,760</b>	<b>0</b>	<b>28,055</b>	<b>24,793</b>	<b>89,080</b>	<b>92,626</b>	<b>125,837</b>	<b>114,089</b>

### Contract balances on contracts with customers

Information on trade receivables, contract asset and liabilities at the end of the reporting period is described in the following table.

EUR thousand	2019	2018
Trade receivables	16,771	30,041
Contract assets	3,736	6,938
Contract liabilities	-122	-212
<b>TOTAL</b>	<b>20,384</b>	<b>36,767</b>

The contract asset relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities mainly relate to advances received from customers.

More information on trade receivables is included in the note 24.

### Transaction price allocated to the remaining performance obligations.

The Group applies the practical expedient of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

## 28 NOTE 8 OTHER OPERATING INCOME

<b>EUR thousand</b>	<b>2019</b>	<b>2018</b>
Rental income	27	10
Sale of property, plant and equipment	169	194
Other income	44	108
<b>TOTAL</b>	<b>240</b>	<b>312</b>

Other operating income mainly consist of the sale of property, plant and equipment as well as other non-recurring income.

## NOTE 9 MATERIALS AND SERVICES

<b>EUR thousand</b>	<b>2019</b>	<b>2018</b>
Materials and services		
Purchases during reporting period	-14,344	-13,260
Change in inventories	114	240
Purchased services	-39,194	-28,924
<b>TOTAL</b>	<b>-53,424</b>	<b>-41,945</b>

## NOTE 10 EMPLOYEE BENEFITS

The Group's personnel expenses consist of wages, salaries and remuneration and pension costs as well as other social costs. The Group's pension plans are classified as defined contribution plans, where contributions are recorded as an expense in the reporting period. Other personnel expenses consist of statutory and voluntary insurance and social security contributions.

<b>SALARIES AND WAGES</b>	<b>2019</b>	<b>2018</b>
Salaries and wages	-36,897	-35,392
Pension costs – defined contribution plans	-5,301	-5,672
Other social security costs	-5,600	-4,750
<b>TOTAL</b>	<b>-47,797</b>	<b>-45,814</b>

Delete Group had an average number of employees during the reporting period of 739 (724 in 2018). The number of Group personnel at the end of the reporting period were 703 employees (727 in 2018).

More detailed information on key management's employee benefits is presented in Note 30 Related party transactions.

## 29 NOTE 11 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Below the depreciation, amortisation and impairment losses are presented by asset category.

<b>EUR thousand</b>	<b>2019</b>	<b>2018</b>
<b>Intangible assets</b>		
Intangible rights	-1,500	-1,367
Other intangible assets	-4	-3
<b>TOTAL</b>	<b>-1,504</b>	<b>-1,371</b>
<b>Property, plant and equipment</b>		
Buildings	-411	-384
Buildings, right-of-use	-3,430	0
Machinery and equipment, right-of-use	-5,390	-5,567
Machinery and equipment	-1,836	0
Other	-94	-189
<b>TOTAL</b>	<b>-11,160</b>	<b>-6,140</b>
<b>Total depreciation, amortisation and impairment losses</b>	<b>-12,664</b>	<b>-7,511</b>

The Group did not recognise impairment losses for the continuing operations in 2019 (TEUR 66 in 2018).

## 30 NOTE 12 OTHER OPERATING EXPENSES

<b>EUR thousand</b>	<b>2019</b>	<b>2018</b>
Travel expenses	-1,860	-1,906
Premises and land rents, maintenance charges	-726	-4,250
Sale and marketing expenses	-635	-833
Vehicles expenses	-1,702	-2,312
Expected credit losses	-91	-135
Other expenses	-8,145	-7,133
<b>TOTAL</b>	<b>-13,159</b>	<b>-16,568</b>

The Group's rental expenses consist of premises, plots of land and equipment rental expenses. More detailed information on rentals in the consolidated income statement is disclosed in note 25. Other expenses include vehicle expenses, ICT expenses and consulting and professional fees, among others.

<b>AUDITOR'S FEES</b>	<b>2019</b>	<b>2018</b>
Audit	195	132
Auditors' statements	3	2
Tax services	35	42
Other services	63	17
<b>TOTAL</b>	<b>296</b>	<b>193</b>

## 31 NOTE 13 FINANCIAL INCOME AND EXPENSES

### Financial income

Interest income and other financial income include:

<b>EUR thousand</b>	<b>2019</b>	<b>2018</b>
Interest income from others	30	9
Exchange rate gains	0	0
Change in fair value of derivatives	63	11
Other finance income	0	-0
<b>Total</b>	<b>93</b>	<b>20</b>

### Financial expenses

Interest and other financial expenses include:

<b>EUR thousand</b>	<b>2019</b>	<b>2018</b>
Interest expenses on borrowings from financial institutions	-8,001	-5,966
Exchange rate losses	-531	-957
Change in fair value of derivatives	0	0
<b>TOTAL</b>	<b>-8,531</b>	<b>-6,923</b>

## 32 NOTE 14 INCOME TAXES

### Income taxes recognised in profit or loss

EUR thousand	2019	2018
Current tax for the reporting year	-259	-423
Current tax adjustments for prior years	35	-9
Change in deferred taxes	198	581
<b>TOTAL</b>	<b>-27</b>	<b>149</b>

### Reconciliation between income tax expense in profit or loss and tax expense calculated by the Finnish tax rate

EUR thousand	2019	2018
Profit before tax	-9,407	-4,339
Tax calculated using Finnish tax rate 20% (20% in year 2018)	1,881	868
Effect of tax rate in foreign subsidiaries	120	56
Non-deductible expenses	-2,005	-377
Non-taxable income	56	22
Current tax adjustments for prior years	53	-274
Other differences	-132	-147
<b>INCOME TAXES IN THE STATEMENT OF PROFIT OR LOSS</b>	<b>-27</b>	<b>149</b>
<b>Effective tax rate %</b>	<b>-0.3%</b>	<b>3.4%</b>



### 33 NOTE 15 INTANGIBLE ASSETS AND GOODWILL

EUR thousand	Goodwill	Intangible rights	Other long-term expenditure	Work in progress	Other intangible assets	TOTAL
Cost 1 January 2019	116,958	2,320	20	158	7,744	<b>127,201</b>
Exchange rate differences	-384			-3	-7	<b>-394</b>
Additions		6		32		<b>38</b>
Additions through business combinations						<b>0</b>
Assets held for sale	-47,106	-5		-32		<b>-47,142</b>
Transfers		43		-97		<b>-55</b>
<b>COST 31 DECEMBER 2019</b>	<b>69,469</b>	<b>2,365</b>	<b>20</b>	<b>58</b>	<b>7,737</b>	<b>79,649</b>
Accumulated amortisation and impairment losses 1 January 2019		-1,612	-3	-6	-2,357	<b>-3,978</b>
Exchange rate differences					-3	<b>-3</b>
Amortisation		-433	-4		-1,067	<b>-1,504</b>
Additions through business combinations						<b>0</b>
Impairment						<b>0</b>
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES 31 DECEMBER 2019</b>	<b>0</b>	<b>-2,045</b>	<b>-8</b>	<b>-6</b>	<b>-3,427</b>	<b>-5,485</b>
<b>CARRYING AMOUNT 31 DECEMBER 2019</b>	<b>69,469</b>	<b>320</b>	<b>12</b>	<b>53</b>	<b>4,310</b>	<b>74,164</b>
Cost 1 January 2018	115,762	2,113	0	162	7,400	<b>125,437</b>
Exchange rate differences	-949			-2	-17	<b>-968</b>
Additions		110	5	96		<b>211</b>
Additions through business combinations	2,145				361	<b>2,506</b>
Transfers		98	15	-98		<b>15</b>
<b>COST 31 DECEMBER 2018</b>	<b>116,958</b>	<b>2,320</b>	<b>20</b>	<b>158</b>	<b>7,744</b>	<b>127,201</b>
Accumulated amortisation and impairment losses 1 January 2018		-1,195	0	-6	-1,198	<b>-2,399</b>
Exchange rate differences					45	<b>45</b>
Amortisation		-417	-3		-1,204	<b>-1,624</b>
Impairment						<b>0</b>
<b>ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES 31 DECEMBER 2018</b>	<b>0</b>	<b>-1,612</b>	<b>-3</b>	<b>-6</b>	<b>-2,357</b>	<b>-3,978</b>
<b>CARRYING AMOUNT 31 DECEMBER 2018</b>	<b>116,958</b>	<b>708</b>	<b>16</b>	<b>153</b>	<b>5,388</b>	<b>123,223</b>

## Goodwill and impairment testing

The Group's goodwill is tested for impairment annually. The recoverable amount is measured based on value in use. In addition, the Group monitors the internal and external indications and changes in circumstances, which may indicate an impairment of goodwill. Impairment test is performed at a cash-generating unit level that can be determined independent cash flows.

Goodwill is allocated for impairment testing purposes to cash-generating units, which are Cleaning Services Finland, Recycling Services Finland and Cleaning Services Sweden. The Group's management monitors goodwill at the level of these units. In addition, the Group's management estimates that expected synergies from business combination relate to increased capacity, the strengthening of human resources and skills as well as increase in market share, and are allocated to the above mentioned Cleaning Services and Recycling Services. Demolition Services Finland and Demolition Services Sweden have been classified as assets held for sale.

<b>EUR million</b>	<b>DEC 31, 2019</b>	<b>DEC 31, 2018</b>
<b>Goodwill allocated to Cash Generating Units</b>		
Industrial Cleaning Finland	44.3	44.5
Demolition Services Finland		37.3
Recycling Services Finland	12.5	12.6
Industrial Cleaning Sweden	12.6	11.0
Demolition Services Sweden		11.7
<b>TOTAL</b>	<b>69.5</b>	<b>117.0</b>

Goodwill is determined in local currencies and changes in exchange rates will affect the goodwill in euros. Forecast period used in impairment test is three years, after which a terminal growth rate has been used in calculation terminal value.

## The key assumptions used in the impairment testing

The financial modelling used for the impairment testing is based on Board approved management budget for the coming year and strategic financial planning for the following years. The budget and strategic planning both are based on market outlook information, historical per-

formance and planned business development initiatives. The terminal growth rates are assessed by a reputable global consulting group for which a reduction for prudence is made by the management.

	Industrial Cleaning Finland	Demolition Services Finland	Recycling Services Finland	Industrial Cleaning Sweden	Demolition Services Sweden
<b>2019</b>					
Terminal growth rate (%)	2.4%		2.5%	2.3%	
WACC (post-tax)	7.1%		7.1%	6.9%	
WACC (pre-tax)	9.7%		9.6%	9.6%	
<b>2018</b>					
Terminal growth rate (%)	2.4%	2.5%	2.5%	2.3%	2.7%
WACC (post-tax)	8.2%	8.2%	8.2%	8.0%	8.0%
WACC (pre-tax)	9.7%	9.6%	9.6%	9.6%	9.4%

## The recoverable amount to exceed the carrying amount

### EUR million

Cash Generating Units	31.12.2019	31.12.2018
Industrial Cleaning Finland	50.4	66.8
Demolition Services Finland		68.3
Recycling Services Finland	28.1	54.2
Industrial Cleaning Sweden	16.3	6.8
Demolition Services Sweden		16.2

The recoverable amounts for the Demolition Services businesses in Finland and Sweden, that are for sale, are based on fair value less cost to sell, in accordance with IFRS 5. Based on this goodwill impairments of MEUR 29.7 have been recorded for these cash generating units. The fair value is determined on the basis of preliminary indications, expectations of the principal owner and the assessment of mandated banks.

For the year 2019 impairment testing business area Industrial Cleaning Services Sweden is closest to impairment. In Industrial Cleaning Services Sweden, a decrease of -1.6 percentage points in

operating profit margin would lead to the recognition of an impairment loss as well as 2.3 percentage points increase in the discount rate (WACC).

For Industrial Cleaning Sweden, the comparable 2019 operating profit was 4,5%. The used level for testing on years 2020-2023 is between 6,4%-7,8% and the terminal period operating profit 7,0%. Relative working capital efficiency is expected to remain unchanged for the testing period and the capital investments are expected to grow from 2019 expenditure and terminal period investments are set to exceed depreciations slightly.

## 36 NOTE 16 PROPERTY, PLANT AND EQUIPMENT

EUR thousand	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 2019	114	6,941	9,593	90,439	1,622	1,656	1,175	<b>111,539</b>
Exchange rate differences	-1	-0	-40	-440	-13		-1	<b>-495</b>
Additions through business combinations								<b>0</b>
Additions		113	3,207	6,669	6,038	9	1,698	<b>17,733</b>
Disposals			-1,048	-121	-2,406		-234	<b>-3,809</b>
Assets held for sale		-12	-2,089	-12,304	-2,049	-52	-678	<b>-17,183</b>
Transfers		373	213	-2,698	2,570		-403	<b>55</b>
<b>COST 31 DECEMBER 2019</b>	<b>113</b>	<b>7,415</b>	<b>9,836</b>	<b>81,545</b>	<b>5,761</b>	<b>1,613</b>	<b>1,556</b>	<b>107,840</b>
Accumulated depreciation and impairment losses 1 January 2019		-2,876		-48,194		-926	-66	<b>-52,070</b>
Exchange rate differences		1	15	189	3			<b>207</b>
Additions through business combinations								<b>0</b>
Depreciation for the reporting period		-410	-3,430	-5,390	-1,836	-94		<b>-11,160</b>
Impairment								<b>0</b>
Transfers	-7			7				<b>0</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES 31 DECEMBER 2019</b>	<b>-14</b>	<b>-3,286</b>	<b>-3,415</b>	<b>-53,388</b>	<b>-1,833</b>	<b>-1,020</b>	<b>-66</b>	<b>-63,022</b>
<b>CARRYING AMOUNT 31 DECEMBER 2019</b>	<b>99</b>	<b>4,130</b>	<b>6,421</b>	<b>28,157</b>	<b>3,928</b>	<b>593</b>	<b>1,490</b>	<b>44,818</b>

<b>EUR thousand</b>	<b>Land areas</b>	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Other property, plant and equipment</b>	<b>Construction in progress</b>	<b>TOTAL</b>
Cost 1 January 2018	122	6,509	77,254	1,495	1,433	<b>86,812</b>
Exchange rate differences	-1	-2	-899		-9	<b>-911</b>
Additions through business combinations			3,950			<b>3,950</b>
Additions		72	9,957	51	1,164	<b>11,244</b>
Disposals			-750			<b>-750</b>
Transfers	-7	363	927	110	-1,413	<b>-21</b>
<b>COST 31 DECEMBER 2018</b>	<b>114</b>	<b>6,941</b>	<b>90,439</b>	<b>1,656</b>	<b>1,175</b>	<b>100,324</b>
Accumulated depreciation and impairment losses 1 January 2018	-7	-2,491	-39,322	-759	0	<b>-42,580</b>
Exchange rate differences		2	466		-0	<b>468</b>
Additions through business combinations			-806			<b>-806</b>
Depreciation for the reporting period		-387	-8,539	-167		<b>-9,092</b>
Impairment					-66	<b>-66</b>
Transfers			7			<b>7</b>
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES 31 DECEMBER 2018</b>	<b>-7</b>	<b>-2,876</b>	<b>-48,194</b>	<b>-926</b>	<b>-66</b>	<b>-52,070</b>
Carrying amount 31 December 2018	106	4,065	42,245	730	1,109	<b>48,256</b>

## NOTE 17 INVESTMENTS

Investments consist of following items:

<b>EUR thousand</b>	<b>2019</b>	<b>2018</b>
Non-listed shares	0	123
Other investments	8	18
<b>TOTAL</b>	<b>8</b>	<b>141</b>

## 38 NOTE 18 CHANGES IN DEFERRED TAX ASSETS AND LIABILITIES

2019 EUR thousand	1 January	Recognised through profit or loss	Exchange rate differences	Business combinations	Reclassifications to assets held for sale	31 December
<b>DEFERRED TAX ASSETS</b>						
Lease	3	27	0		-1	30
Tax losses carried forward	884	742	-6			1,620
<b>TOTAL DEFERRED TAX ASSETS</b>	<b>888</b>	<b>769</b>	<b>-6</b>	<b>0</b>	<b>-1</b>	<b>1,650</b>
<b>DEFERRED TAX LIABILITIES</b>						
Intangible assets and property, plant and equipment	2,002	-394	-11			1,598
Transaction costs on loans and borrowings	175	-58				117
Voluntary provisions in taxation	1,552	159	0		-301	1,411
<b>TOTAL DEFERRED TAX LIABILITIES</b>	<b>3,730</b>	<b>-293</b>	<b>-11</b>	<b>0</b>	<b>-301</b>	<b>3,126</b>

In the financial statements, deferred tax assets and deferred tax liabilities are determined in accordance with each country's corporate tax rate.

2018 EUR thousand	1 January	Recognised through profit or loss	Exchange rate differences	Business combinations	Reclassifications to assets held for sale	31 December
<b>DEFERRED TAX ASSETS</b>						
Lease	14	-11	-0			3
Tax losses carried forward	38	848	-1			884
<b>TOTAL DEFERRED TAX ASSETS</b>	<b>52</b>	<b>837</b>	<b>-1</b>	<b>0</b>		<b>888</b>
<b>DEFERRED TAX LIABILITIES</b>						
Intangible assets and property, plant and equipment	2,360	-426	-23	92		2,002
Transaction costs on loans and borrowings	245	-69				175
Voluntary provisions in taxation	1,359	193				1,552
<b>TOTAL DEFERRED TAX LIABILITIES</b>	<b>3,964</b>	<b>-302</b>	<b>-23</b>	<b>92</b>		<b>3,730</b>

The Group presents deferred tax assets and liabilities on a net basis if, and only if, the Group has a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to the income taxes levied by same tax authority. The Group has recognised deferred tax assets from unused tax losses to the extent that the company's management expects that future taxable profit will be available against which the losses can be utilised.

## 39 NOTE 19 INVENTORY

Inventories include materials and supplies used in the production of services.

<b>EUR thousand</b>	<b>2019</b>	<b>2018</b>
Materials and consumables	1,115	1,310
Finished goods	12	167
<b>TOTAL</b>	<b>1,127</b>	<b>1,476</b>

In the financial year and the comparison year no write-downs of inventories were recognised.

## NOTE 20 TRADE RECEIVABLES AND OTHER CURRENT ASSETS

<b>EUR thousand</b>	<b>2019</b>	<b>2018</b>
Trade receivables	16,771	30,041
Accrued income and prepayments	4,979	8,465
Other receivables	113	1,395
<b>TOTAL</b>	<b>21,863</b>	<b>39,901</b>

### Specification for accrued income and prepayments

<b>EUR thousand</b>	<b>2019</b>	<b>2018</b>
Contract assets (see note 6)	3,736	6,938
Rent deposit	209	289
Other deposits	269	406
Current tax assets	25	5
Employee benefits	741	828
Other accruals	828	3,414
<b>TOTAL</b>	<b>4,979</b>	<b>8,465</b>

The carrying amount of trade receivables and other current receivables is a reasonable estimate of their fair value.

The Group has recognized credit losses of TEUR 156 (TEUR 167 in 2018). Carrying amounts of trade receivables

and other receivables correspond to the risk of maximum credit losses.

Aging of trade receivables and trade and other receivables by currency are presented in Note 24 Financial risk management.

## 40 NOTE 21 CASH AND CASH EQUIVALENTS

EUR thousand	2019	2018
Cash at hand and bank balances	5 208	8 448
<b>TOTAL</b>	<b>5 208</b>	<b>8 448</b>

The Group has pledged cash and cash equivalents, which are described in note 28.

## NOTE 22 EQUITY, RESERVES AND CAPITAL MANAGEMENT

	Number of A shares	Number of B shares	Number of C shares	TOTAL SHARES
1.1.2019	4 571 965 272	46 181 468	426 907 920	<b>5 045 054 660</b>
31.12.2019	4 571 965 272	46 181 468	426 907 920	<b>5 045 054 660</b>
1.1.2018	4 571 965 272	46 181 468	426 907 920	<b>5 045 054 660</b>
31.12.2018	4 571 965 272	46 181 468	426 907 920	<b>5 045 054 660</b>

### Share capital

The company's shares are divided into two series: C series and P-series. All shares have equal voting rights. The shares have no nominal value. When distributing the company's assets, the C shares holders must always receive the amount corresponding to their relative (pro rata) share of the total number of shares issued by the company. The remaining distribution of funds when the amount allocated to C shares is deducted should be allocated between A and B shares in accordance with the more detailed principles established in the Articles of Association. Total shares outstanding are equal to shares authorised. The company has no treasury shares.

### Profit

The parent company's profit for the period was TEUR -672 (TEUR 244 in 2018). The Board of Directors proposes that no dividend be paid and that the profit be transferred to retained earnings.

### Translation reserve

Translation reserve consist of exchange rate differences arising from the translation of foreign subsidiaries' financial statements.

### Reserve for invested non-restricted equity

Reserve for invested non-restricted equity includes other equity type investments and share subscrip-

tion prices to the extent that it is not recognised to share capital.

### Capital management

The Group's capital management objective is to maintain a capital structure that allows preservation of the Group's operating requirements under various conditions. The objective of capital management is to ensure the adequacy of funding, availability of financing and financial cost management. The Group's management has not explicitly specified what items are taken into account in capital management and no numerical objectives has been set for capital management. The Group's loans and borrowings and covenants are described in Note 25 Interest-bearing loans and borrowings.



## 41 NOTE 23 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

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

### 2019 – Carrying amount

EUR thousand	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
<b>NON-CURRENT FINANCIAL ASSETS</b>						
Other financial assets	0	8	0	8	8	level 2
<b>CURRENT FINANCIAL ASSETS</b>						
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>	
<b>NON-CURRENT FINANCIAL LIABILITIES</b>						
Loans from financial institutions	0	0	109,303	109,303	109,303	level 2
Finance lease liabilities	0	0	6,110	6,110		
Instalment credit	0	0	303	303	303	level 2
Derivative liabilities	178	0	0	178	178	level 2
<b>CURRENT FINANCIAL LIABILITIES</b>						
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>	

## 42 2018 – Carrying amount

EUR thousand	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
<b>NON-CURRENT FINANCIAL ASSETS</b>						
Other financial assets	0	141	0	141	141	level 2
<b>CURRENT FINANCIAL ASSETS</b>						
Trade and other receivables	0	30,309	0	30,309	30,309	
Other financial assets	0	0	0	0	0	level 2
Cash and cash equivalents		8,448	0	8,448	8,448	
<b>TOTAL FINANCIAL ASSETS</b>	<b>0</b>	<b>38,898</b>	<b>0</b>	<b>38,898</b>	<b>38,898</b>	
<b>NON-CURRENT FINANCIAL LIABILITIES</b>						
Loans from financial institutions	0	0	84,416	84,416	84,416	level 2
Finance lease liabilities	0	0	1,995	1,995	1,995	level 2
Instalment credit	0	0	1,330	1,330	1,330	level 2
Derivative liabilities	241	0	0	241	241	level 2
<b>CURRENT FINANCIAL LIABILITIES</b>						
Loans from financial institutions	0	0	19,000	19,000	19,000	level 2
Finance lease liabilities	0	0	779	779	779	level 2
Trade payables	0	0	16,758	16,758	16,758	
Instalment credit	0	0	908	908	908	level 2
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>241</b>	<b>0</b>	<b>125,186</b>	<b>125,427</b>	<b>125,427</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 2019 and 2018.

## 43 NOTE 24 FINANCIAL RISK MANAGEMENT

### The principles and organisation of financial risk management

Group and its operational functions are exposed to financial risks. Financial risks arise from interest rates, exchange rates and other fluctuations in market prices. The Company's management monitors the financial risks related to businesses. The Group does not apply IFRS 9 hedge accounting at the balance sheet date.

### Liquidity and refinancing risk

Liquidity risk relates to maintaining adequacy and sustainability of funding required for the Group's working capital, debt repayment and investment. The purpose of liquidity risk management is to constantly maintain an adequate level of liquidity. The Group primary source of funding are operating cash flows and loan funding. At the end of the reporting period, the Group's cash and cash equivalents amounted to MEUR 5.2.

### Interest rate risk

Maturity of financial liabilities is presented in the table below. The Group has limited interest rate risk, as 67% of the senior secured notes are hedged for a fixed interest rate 0,249% (+500 bps). Group loan contracts are further described in Note 25 Interest bearing loans and borrowings. The loan agreement contain conventional covenants, which are described in more detail in Note 25. The Group has met all covenants during the reporting period.

### Credit risk

The Group's customer base consists of broad range of customers thus the credit risk is low. Payment terms for customers are usual. Credit losses are recorded on trade receivables, when there is objective evidence that the receivables will not be paid as a whole at the original terms. Ageing of trade receivables and credit losses recorded are presented below.

The Group uses an allowance matrix , a simplified approach allowed by IFRS 9, to measure expected credit losses for trade receivables from customers and contract assets. The loss allowance is measured at an amount equal to lifetime expected credit losses for trade receivables and contract assets. The Group uses its previous credit losses and historical credit loss experience for trade receivables to estimate the lifetime expected credit losses on financial assets.

### Exchange rate risk

The exchange rate risk is associated with transactions and cash flows in foreign currencies and net investments in Group companies. The majority of the Group's income and expenses arise in the Euro area and in Swedish crowns. The exchange rate risk was not significant during the reporting period. Hedge accounting is not applied and derivative instruments are not used to hedge the exchange rate risk.

## 44 Maturity of the Group's financial liabilities

The Group's financial liabilities are due as follows:

<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024 and later</b>
Borrowings from financial institutions	7,000	110,000			
Interest on borrowings from financial institutions	5,715	5,638			
Derivative liabilities	107	71			
Finance lease liabilities, incl. interest	4,709,	3,259	1,844	616	898
Trade payables	9,598				
<b>TOTAL</b>	<b>27,128</b>	<b>118,968</b>	<b>1,844</b>	<b>616</b>	<b>898</b>
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023 and later</b>
Borrowings from financial institutions	19,000	0	85,000		
Interest on borrowings from financial institutions	4,452	4,388	2,155		
Derivative liabilities	241				
Finance lease liabilities, incl. interest	881	767	653	544	163
Trade payables	16,758				
<b>TOTAL</b>	<b>41,332</b>	<b>5,154</b>	<b>87,808</b>	<b>544</b>	<b>163</b>

## 45 Ageing of trade receivables and expected credit losses

The following table provides information about the exposure to credit risk and the amount of expected credit losses for trade receivables and contract assets at reporting date:

<b>2019</b>	<b>Gross value</b>	<b>Expected credit loss rate;%</b>	<b>Loss allowance</b>	<b>Net</b>
<b>CONTRACT ASSETS</b>	<b>3,736</b>	<b>0.0%</b>		<b>3,736</b>
<b>TRADE RECEIVABLES</b>				
Not past due	13,122	0.2%	-32	13,096
Past due				
Less than 30 days	2,540	0.6%	-16	2,525
31–60 days	242	1.0%	-2	240
61–90 days	152	2.0%	-3	149
Past due over 90 days	799	4.7%	-38	761
<b>TOTAL</b>	<b>16,855</b>	<b>0.5%</b>	<b>-91</b>	<b>16,771</b>
<b>TOTAL</b>	<b>20,591</b>	<b>0.4%</b>	<b>-91</b>	<b>20,507</b>
<b>2018</b>	<b>Gross value</b>	<b>Expected credit loss rate;%</b>	<b>Loss allowance</b>	<b>Net</b>
<b>CONTRACT ASSETS</b>	<b>7,340</b>	<b>5.5%</b>	<b>-402</b>	<b>6,938</b>
<b>TRADE RECEIVABLES</b>				
Not past due	24,652	0.2%	-49	24,602
Past due				
Less than 30 days	3,454	0.6%	-21	3,433
31–60 days	684	1.0%	-7	677
61–90 days	286	2.0%	-6	280
Past due over 90 days	1,100	4.7%	-52	1,049
<b>TOTAL</b>	<b>30,176</b>	<b>0.4%</b>	<b>-135</b>	<b>30,041</b>
<b>TOTAL</b>	<b>37,516</b>	<b>1.4%</b>	<b>-537</b>	<b>36,979</b>

The Group uses an allowance matrix to measure the expected credit losses of trade receivables. The calculation of expected credit losses is described in risk management section above.

The loss allowance in 2018 for contract assets relates to certain projects, that now are classified as assets held for sale.

The carrying amount of trade receivables represent the maximum credit exposure on the reporting date. The Group does not require collateral in respect of trade and other receivables. No significant concentration of credit risk relate to receivables. The carrying amount of trade receivables and other receivables is a reasonable estimate of their fair value.

### Trade and other receivables by currency:

	<b>2019</b>	<b>2018</b>
EUR	14,657	28,646
SEK	8,306	12,611
<b>TOTAL</b>	<b>22,963</b>	<b>41,257</b>

### Movements in the allowance for impairment

<b>EUR thousand</b>	<b>2019</b>	<b>2018</b>
<b>Loss allowance at 1 January</b>	<b>-537</b>	<b>-83</b>
Reclassifications to assets held for sale	402	
Expected credit losses on trade receivables	-21	-142
Expected credit losses on contract assets		-402
<b>Credit losses</b>	<b>64</b>	<b>90</b>
<b>ALLOWANCE FOR IMPAIRMENT 31 DECEMBER</b>	<b>-91</b>	<b>-537</b>

### Current liabilities by currency:

	<b>2019</b>	<b>2018</b>
EUR	24,594	47,584
SEK	12,201	13,910
<b>TOTAL</b>	<b>36,795</b>	<b>61,494</b>

## 47 NOTE 25 INTEREST BEARING LOANS AND BORROWINGS

Below are presented terms and repayment program of the Group's interest bearing non-current and current loans from financial institutions measured at amortised cost.

In Note 24 Financial risk management are described maturities of loans from financial institutions. Furthermore, the note includes a description of the Group's exposure to interest rate risk, foreign currency risk and credit risk.

EUR thousand	Carrying amount	
	2019	2018
<b>NON-CURRENT LIABILITIES</b>		
Borrowings from financial institutions	109,303	84,416
Finance lease liabilities	6,110	1,995
<b>CURRENT LIABILITIES</b>		
Borrowings from financial institutions	7,000	19,000
Finance lease liabilities	4,364	779

### Terms and repayment of interest-bearing liabilities

	Currency	Average interest rate	Maturity
Borrowings from financial institutions	euro	5.47	2020-2021

### Loans from financial institutions

The Group's financing was reorganised during the review period with a tap issue of MEUR 25 for the floating rate senior secured bond. The proceeds of the bond issue were used to repay existing financing and to finance further acquisitions. In addition, the Group has committed revolving credit facilities to be used for general corporate purposes, acquisitions and capital expenditure.

### Covenants

The group's revolving credit facility includes covenants defined in the financing agreement. The Group has complied with the requirements of these covenants during the period.

## Amounts recognised in the statement of income and cashflow from leases

### Amounts recognised in statement of income

Short term leases	3,556
Leases of low value assets	175
Interest expense on leases	599
<b>TOTAL</b>	<b>4,330</b>

### Cashflow from leases **9,461**

Amounts recognised in statement of income	
Interest expense on leases	599
Short term leases	3,556
Leases of low value assets	175

## Finance lease liabilities

### EUR thousand **2018**

#### Finance lease liabilities - Maturities of minimum lease payments

Within 12 months	881
1–5 years	2,127
<b>TOTAL</b>	<b>3,008</b>

#### Finance lease liabilities - Present value of minimum lease payments

Within 12 months	779
1–5 years	1,995
<b>TOTAL</b>	<b>2,774</b>

#### Future interest expenses from finance lease agreements

Interest	234
<b>TOTAL</b>	<b>234</b>



	1 Jan 2019	Cash flows	Non-cash changes				31 Dec 2019	
			Acquisitions	Foreign exchange movements	Effective interest rate	New agreements	IFRS 16 impact	Reclassifications to assets held for sale
Interest-bearing financial liabilities	103,416	12,714		-7	179			
Finance lease liabilities	2,774	-6,628		-96		5,888	11,178	-2,643
Instalment credit	2,238	-1,219		-43				-153
<b>TOTAL</b>	<b>108,428</b>	<b>4,867</b>		<b>-146</b>	<b>179</b>	<b>5,888</b>	<b>11,178</b>	<b>-2,796</b>

	1 Jan 2018	Cash flows	Non-cash changes				31 Dec 2018
			Acquisitions	Foreign exchange movements	Effective interest rate	New agreements	
Interest-bearing financial liabilities	93,526	5,809	488	9	347	3,237	103,416
Finance lease liabilities	1,572	-1,013		-14		2,230	2,774
Instalment credit	3,183	-1,500	629	-74			2,238
<b>TOTAL</b>	<b>98,281</b>	<b>3,296</b>	<b>1,116</b>	<b>-80</b>	<b>347</b>	<b>5,467</b>	<b>108,428</b>

## 50 NOTE 26 DERIVATIVE INSTRUMENTS

Derivative instruments at fair value through profit or loss.

### Interest rate swaps

	Nominal value	
EUR thousand	2019	2018
Interest rate swaps	73,337	56,670
<b>TOTAL</b>	<b>73,337</b>	<b>56,670</b>

  

	Nominal value	
EUR thousand	2019	2018
Interest rate swaps	178	241
<b>TOTAL</b>	<b>178</b>	<b>241</b>

Fixed rates for the Group's interest rate swaps varied in a range from 0.00249% to 0.00318 % at 31 December 2019 and variable interest rate is tied to the 3-month Euribor. Hedge accounting in accordance with IFRS 9 is not applied to interest rate swaps, instead, the derivative contracts are concluded for hedging purpose.

Fair values of the derivative financial instruments are determined using publicly quoted market prices in an active market. The determination of fair value is described in Note 23 Classification of financial assets and liabilities.

Maturity of derivative instruments is presented in Note 24 Financial risk management.

## 51 NOTE 27 TRADE PAYABLES, OTHER PAYABLES AND PREPAYMENTS

Below is presented balance sheet items accounts payable, other liabilities, hire purchase liabilities and received advance payments.

<b>Euros</b>	<b>2019</b>	<b>2018</b>
Trade payables	9,598	16,758
Other payables	3,602	6,698
Instalment credit	822	2,238
Contract liabilities (see note 6)	122	212
Accrued expenses	11,401	16,086
<b>TOTAL</b>	<b>25,546</b>	<b>41,991</b>
Total current	25,243	40,661
Total non-current	303	1,330

Carrying amount of trade payables and other payables approximate their fair value.

In Note 24 Financial risk management a maturity analysis of financial liabilities and trade payables by currency is presented. In Note 24 the Group exposure to exchange rate risk and liquidity risk is described in more detail.

### Other liabilities

Other liabilities are mainly related to VAT, withholding taxes and social security liability.

### Instalment credit

The Group companies are partly funding capital expenditure by instalment credit.

In the table below, the major items of accruals are presented.

<b>Euros,</b>	<b>2019</b>	<b>2018</b>
Personnel,expenses	9,051	12,976
Finance,items	1,131	903
Waste,debt,accrual	549	397
Other	670	1,809
<b>TOTAL</b>	<b>11,401</b>	<b>16,086</b>

## 52 NOTE 28 OPERATING LEASES

This Note describes other leases for which the Group is a lessee for 2018. In 2019, leases are mainly recongnized as right-of-use assets and leasing liabilities. The minimum lease payments of non-cancellable other leases are described below:

<b>EUR thousand</b>	<b>2018</b>
Payable during following reporting period	4,630
Paid during later reporting periods 1-5 years	5,382
<b>TOTAL OF MINIMUM LEASE PAYMENTS</b>	<b>10,012</b>

The Group has leased various operating premises and storage facilities, vehicles and office equipment.

Leases for the premises are 1-1.5 years in length and the length of other lease contracts is on average from 3 to 6 years.

## NOTE 29 CONTINGENT ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

### Guarantees

<b>EUR thousand</b>	<b>2019</b>	<b>2018</b>
Corporate mortgage, nominal value	1,848,571	1,484,116

### Commitments

<b>EUR thousand</b>	<b>2019</b>	<b>2018</b>
Bank guarantee facility	1,000	1,000
of which available	398	234
Other bank guarantees	3,308	3,052
Other	453	511

### Pledges

<b>EUR thousand</b>	<b>2019</b>	<b>2018</b>
Pledged cash and cash equivalents	256	244
Carrying amount of pledged shares	261,241	245,306

Borrowings from financial institutions includes covenants, which are described in Note 25 Interest bearing loans and borrowings.

## 53 NOTE 30 RELATED PARTY TRANSACTIONS

The Related Parties of the group in addition to parent company and subsidiaries are members of the Board of Directors, Chief Executive Officer and members of the group management team (Chief Financial Officer Ville Mannola, General Counsel Janika Vilkmán, Director Group Finance Joonas Ekholm and country managers (Peter Revay, Sweden and Tommi Kajasoja, Finland).

The Group structure is described in Note 5.

### Management and related party compensation and benefits 2019

EUR thousand	Short-term employee benefits	Additional pension benefits	Post employment benefits
<b>Chief Executive officer</b>			
Tommi Kajasoja	301	9	0
<b>Management</b>			
	620	27	0
<b>Board of Directors</b>			
Åsa Söderström Winberg, Chairman of the Board	48	0	0
Holger Hansen, Member of the Board	17	0	0
Ronnie Neva-aho, Member of the Board	26	0	0
Vilhelm Sundström, Member of the Board	0	0	0
Christian Schmidt-Jacobssen, Member of the Board	0	0	0

## Management and related party compensation and benefits 2018

<b>EUR thousand</b>	<b>Short-term employee benefits</b>	<b>Additional pension benefits</b>	<b>Post employment benefits</b>
<b>Chief Executive officer</b>			
Tommi Kajasoja, Group CEO since 1 February 2018	244	9	0
Jussi Niemelä, Konsernin Group CEO until 31 January 2018	111	9	0
<b>Management</b>	684	22	0
<b>Board of Directors</b>			
Åsa Söderström Winberg, Chair of the Board	46	0	0
Holger Hansen, Member of the Board	26	0	0
Ronnie Neva-aho, Member of the Board	26	0	0
Vilhelm Sundström, Member of the Board	0	0	0

## Other related party transactions

<b>EUR thousand</b>	<b>2019</b>	<b>2018</b>
Real Estate rental payment to RNAH Invest Oy, an entity under Ronnie Neva-aho's control	150	120
Consultancy fee to Leadaway Oy, an entity under Jussi Niemelä's control	0	11
<b>TOTAL</b>	<b>150</b>	<b>131</b>

Fair market values are always applied to Related Party Transactions

## Shares of the Company

Company's share capital consist of 10,858,595 P-shares and 3,089,649 C-shares. Ax DEL Oy owns 85% of the shares. Rest 15% of the shares are owned by key employees of the Company (including the Board of Directors and Goup Management) and certain other minority shareholders.

## 55 NOTE 31 NOTE 31 EVENTS AFTER BALANCE SHEET DATE

Following Åsa Söderström Winberg's, M. Sc. (Econ.), request to release her from the duties as the Chairman of Delete's Board of Directors, the Extraordinary General Meeting of Delete held on 9 January 2020 has 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. Mrs Söderström Winberg will continue as a member of the Board of Directors.

## 56 PARENT COMPANY INCOME STATEMENT (FAS)

<b>Euros</b>	<b>Jan 1–Dec 31, 2019</b>	<b>Jan 1–Dec 31, 2018</b>
<b>REVENUE</b>	<b>0</b>	<b>0</b>
Other operating expenses	-162,978	-34,551
<b>OPERATING PROFIT</b>	<b>-168,048</b>	<b>-34,551</b>
Financial income and expenses	-504,388	278,857
<b>PROFIT BEFORE APPROPRIATIONS AND TAXES</b>	<b>-672,436</b>	<b>244,306</b>
Income taxes	0	0
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>-672,436</b>	<b>244,306</b>



## 57 PARENT COMPANY BALANCE SHEET (FAS)

Euros	Dec 31, 2019	Dec 31, 2018
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Shares and securities in subsidiaries	69,741,216	69,741,216
<b>TOTAL NON-CURRENT ASSETS</b>	<b>69,741,216</b>	<b>69,741,216</b>
<b>CURRENT ASSETS</b>		
Receivables		
Long term receivables	107,711,400	83,711,400
Short term receivables	1,888,769	2,163,082
Cash and cash equivalents	172,622	25,180
<b>TOTAL CURRENT ASSETS</b>	<b>109,772,791</b>	<b>85,899,661</b>
<b>TOTAL ASSETS</b>	<b>179,514,008</b>	<b>155,640,878</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	80,000	80,000
Reserve for invested non-restricted equity	69,661,220	69,661,220
Retained earnings	-1,048,900	-1,293,205
Profit and loss for the year	-672,436	244,306
<b>TOTAL EQUITY</b>	<b>68,019,884</b>	<b>68,692,320</b>
<b>LIABILITIES</b>		
Non-current liabilities	110,000,000	85,000,000
Current liabilities	1,494,124	1,948,558
<b>TOTAL LIABILITIES</b>	<b>111,494,124</b>	<b>86,948,558</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>179,514,008</b>	<b>155,640,878</b>

## 58 NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

### Group information

Delete Group Oyj is part of Ax DEL Oy Group. Parent company in Ax DEL Group is Ax DEL Oy which is domiciled in Helsinki.

The consolidated financial statements of Ax DEL Oy are available at Delete Group's office at Postintaival 7, 00230 Helsinki, Finland.

### MEASUREMENT AND TIMING PRINCIPLES AND METHODS APPLIED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The acquisition cost of non-current assets includes the variable costs arising from the acquisition. Receivables and debts are measured at their nominal value or their lower probable value.

The financial statements have been prepared with the Government Decree on the Information presented in the Financial Statements of a Micro-Undertaking 1753/2015.

### COMPARABILITY OF THE PREVIOUS FINANCIAL YEAR

The previous financial year is comparable.

### THE BOARD OF DIRECTORS' PROPOSAL REGARDING THE USE OF PROFIT

The company's distributable funds amount to EUR 67,939,884.19, of which the result for the financial year is EUR -672,436.00.

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

### The company's share capital is distributed as follows:

	2019	2018
C-shares	3,089,649	3,089,649
P-shares	10,858,595	10,858,595
<b>TOTAL</b>	<b>13,948,244</b>	<b>13,948,244</b>

## Notes to the income statement

### 2 FINANCIAL INCOME AND EXPENSES

<b>Euros</b>	<b>2019</b>	<b>2018</b>
Interest income from Group companies	5,943,526.50	4,897,233.17
Interest expenses to Group companies		-1,843.19
Interest and financial expenses to others	-6,447,914.08	-4,616,533.17
<b>TOTAL</b>	<b>-504,387.58</b>	<b>278,856.81</b>

## Notes on balance sheet assets

### HOLDINGS IN OTHER COMPANIES

<b>GROUP COMPANIES</b>	<b>2019</b>	<b>2018</b>
Ax DEL2 Oy	100%	100%

#### Receivables

### 3 NON-CURRENT RECEIVABLES

<b>Euros</b>	<b>2019</b>	<b>2018</b>
<b>RECEIVABLES FROM GROUP COMPANIES</b>		
Loan receivables	107,711,400.00	83,711,400.00
<b>TOTAL</b>	<b>107,711,400.00</b>	<b>83,711,400.00</b>

<b>RECEIVABLES FROM GROUP COMPANIES</b>	<b>107,711,400.00</b>	<b>83,711,400.00</b>
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### 4 CURRENT RECEIVABLES

<b>Euros</b>	<b>2019</b>	<b>2018</b>
<b>RECEIVABLES FROM GROUP COMPANIES</b>		
Other receivables	1,865,575.14	2,163,081.54
<b>TOTAL</b>	<b>1,865,575.14</b>	<b>2,163,081.54</b>

#### RECEIVABLES FROM OTHERS

Accrued income and prepayments	23,193.82	
<b>TOTAL</b>	<b>23,193.82</b>	<b>0.00</b>
<b>CURRENT RECEIVABLES TOTAL</b>	<b>2,188,261.42</b>	<b>1,301,296.58</b>

## 5 ITEMISATION OF SHAREHOLDERS' EQUITY

Euros	2019	2018
<b>RESTRICTED SHAREHOLDERS' EQUITY</b>		
Share capital 1.1.	80,000.00	2,500.00
Share capital 31.12.	80,000.00	80,000.00
<b>RESTRICTED SHAREHOLDERS' EQUITY</b>	<b>80,000.00</b>	<b>80,000.00</b>
Euros	2019	2018
<b>UNRESTRICTED SHAREHOLDERS' EQUITY</b>		
Invested unrestricted equity reserve 1.1.	69,661,220.00	69,738,720.00
Invested unrestricted equity reserve 31.12.	69,661,220.00	69,661,220.00
Retained earnings 1.1.	-1,048,899.81	-1,293,205.39
Retained earnings 31.12.	-1,048,899.81	-1,293,205.39
Profit for the financial year	-672,436.00	244,305.58
<b>UNRESTRICTED SHAREHOLDERS' EQUITY TOTAL</b>	<b>67,939,884.19</b>	<b>68,612,320.19</b>
<b>SHAREHOLDERS' EQUITY TOTAL</b>	<b>68,019,884.19</b>	<b>68,692,320.19</b>

**Calculation of distributable shareholders' equity**

<b>Euros</b>	<b>2019</b>	<b>2018</b>
Invested unrestricted equity reserve	69,661,220.00	69,661,220.00
Retained earnings	-1,048,899.81	-1,293,205.39
Profit for the financial year	-672,436.00	244,305.58
<b>TOTAL</b>	<b>67,939,884.19</b>	<b>68,612,320.19</b>

**6 NON-CURRENT LIABILITIES**

<b>Euros</b>	<b>2019</b>	<b>2018</b>
Liabilities to Group companies	0.00	0.00
From others	110,000,000.00	85,000,000.00
Total	110,000,000.00	85,000,000.00
<b>Non-current liabilities totals</b>	<b>110,000,000.00</b>	<b>85,000,000.00</b>

**7 CURRENT LIABILITIES**

<b>Euros</b>	<b>2019</b>	<b>2018</b>
Liabilities to Group companies		
Other payables	109,735.81	31,102.30
<b>TOTAL</b>	<b>109,735.81</b>	<b>31,102.30</b>
Trade payables	64,242.47	685,260.41
Accrued liabilities and deferred income	1,308,145.27	1,209,614.45
Other debt	12,000.00	22,580.42
<b>TOTAL</b>	<b>1,384,387.74</b>	<b>1,917,455.28</b>
<b>CURRENT LIABILITIES TOTAL</b>	<b>1,494,123.55</b>	<b>1,948,557.58</b>

**DEBTS, COLLATERAL AND CONTINGENT LIABILITIES**

<b>COLLATERAL PLEDGED</b>	<b>2019</b>	<b>2018</b>
Book value of pledged shares	69,741,216.35	69,741,216.35

## 62 SIGNATURES OF THE FINANCIAL STATEMENTS

In Helsinki, 24 February 2020.

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Martin Forss  
Chairman of the Board

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Åsa Söderström Winberg  
Member of the Board

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Christian Schmidt-Jacobsen  
Member of the Board

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Ronnie Neva-aho  
Member of the Board

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Tommi Kajasoja  
CEO

## THE AUDITOR'S NOTE

Our auditor's report has been issued today.

In Tampere, 25. February, 2020

KPMG Oy Ab  
Authorised Public Accountants

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Teemu Suoniemi  
Authorised Public Accountant, KHT

# **AUDITOR'S REPORT**

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**To the Annual General Meeting of  
Delete Group Oyj**



# REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

## Opinion

We have audited the financial statements of Delete Group Oyj (business identity code 2565169-4) for the year ended 31 December, 2019. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

## Basis for Opinion

We conducted our audit in accordance with good

auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 12 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and

extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.



## Assets held for sale and discontinued operations – Accounting principles and note 6

### The key audit matter

- Delete Group has classified the demolition services, which was earlier reported as a separate segment, as assets held for sale and discontinued operations in the financial statements. Thus, the segment's loss after taxes and the impairment loss from the assets held for sale are presented on one line in the income statement.
- The net sales from the discontinued operations was 78 million euros, which represents 38.4 % of the combined net sales from continuing and discontinued operations. From this 78 million euros sales, 45.8 million euros was recognized over time.
- The proportion of the discontinued operations and the assets held for sale is substantial part of the Group's total operational volume and from net assets. Therefore, the presentation of the assets held for sale and discontinued operations is considered a key audit matter.

### How the matter was addressed in the audit

- Our audit procedures have included assessing the financial information used as basis for segment information and assessing valuation principles of assets classified as held for sale. Additionally, we have performed both analytical and substantive audit procedures.
- We have interviewed the management to obtain understanding of the valuation methods applied on assets and liabilities classified as held for sale.
- Furthermore, we evaluated whether these discontinued operations and held for sale related items were appropriately presented and disclosed in the consolidated financial statements.

## Revenue recognition – Accounting principles and note 4, 6 and 7

### The key audit matter

- The consolidated revenue amounted to 125.8 million euros consisting of revenues from the following business lines: Cleaning services and Recycling services. The third business segment presented in previous years, demolition services, is classified as discontinued operations and assets held for sale in the financial statements.
- For projects for which revenue is recognized over time the Group measures progress by applying input method based on costs incurred. Revenue recognized over time amounted to 13.8 million euros.
- Due to management judgement involved in determining the cost and revenue estimates in measuring progress in revenue recognition is considered a key audit matter.

### How the matter was addressed in the audit

- Our audit procedures have included an assessment of the internal control environment associated with the sales processes and testing of the effectiveness of the key controls. We have conducted also analytical and substantive audit procedures.
- We have analysed the accounting principles of these projects against IFRS, group accounting policies and contractual terms. We analysed also the ongoing projects' income and cost forecasts.
- The audit procedures included interviews with key personnel in the process to form a complete understanding and to assess the appropriateness of the Group's revenue recognition policies and practices.
- Additionally, we have assessed the appropriateness of the notes in the financial statements for these items.

## Valuation of goodwill – consolidated balance sheet and note 15

### The key audit matter

- At the year end 2019 the goodwill related to continuing operations amounted to 69 million euros and accounted for 36 % of total assets and for 246 % of the consolidated equity.
- Goodwill is tested for impairment at least annually. An impairment arises when the recoverable amount is less than the carrying value of the asset.
- Delete Group Oyj determines recoverable amounts for impairments tests based on value in use. Preparation of cash flow projections underlying impairment tests requires management making judgements over profitability, long term growth rate and discount rate.
- The valuation of goodwill is a key audit matter, as the presumptions and forecasts that relate to impairment testing include managements' judgements and the total value of goodwill is substantial.

### How the matter was addressed in the audit

- We have conducted the following audit procedures relating to audit impairment testing:
  - We have reviewed the presumptions used in the calculations as profitability, discount rate and long term growth rate.
  - We have reviewed the realization of the forecasts, prepared by the management, against actual cash flows.
  - Valuation experts from KPMG have participated in the audit, and they have tested the technical accounting and compared the presumptions against market and industry data.
  - Additionally, we have assessed the appropriateness of the notes in the financial statements for these items.

## Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in

extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER REPORTING REQUIREMENTS

### Information on our audit engagement

Delete Group Oyj has become a public interest entity on 19 April 2018. KPMG Oy Ab has been company's auditor during the time it has been public interest entity.

### Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial state-

ments and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also inclu-

des considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Tampere, 25 February 2020

KPMG Oy Ab

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Teemu Suoniemi  
Authorised Public Accountant, KHT



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