Norsk Gjenvinning

3rd Quarter Interim Financial Report

2017

TABLE OF CONTENT

DISCLAIMER

VV Holding AS is providing the following interim financial statements for Q3 2017 to holders of its NOK 2,235,000,000 Senior Secured Floating Rate Notes due 2019.

This report is for information purposes only and does not constitute an offer to sell or the solicitation of an offer to buy the notes or any other security.

This report includes forward-looking statements that are based on our current expectations and projections about future events. All statements other than statements of historical facts included in this notice, including statements regarding our future financial position, risks and uncertainties related to our business, strategy, capital expenditures, projected costs and our plans and objectives for future operations, including our plans for future costs savings and synergies may be deemed to be forward-looking statements.

Words such as “believe,” “expect,” “anticipate,” “may,” “assume,” “plan,” “intend,” “will,” “should,” “estimate,” “risk” and similar expressions or the negatives of these expressions are intended to identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

You should not place undue reliance on these forward-looking statements. In addition, any forward-looking statements are made only as of the date of this notice, and we do not intend and do not assume any obligation to update any statements set forth in this notice.

PRESENTATION OF THE GROUP

The Norsk Gjenvinning Group is Norway's leading recycling company offering a wide range of sustainable waste management services and providing secondary raw materials.

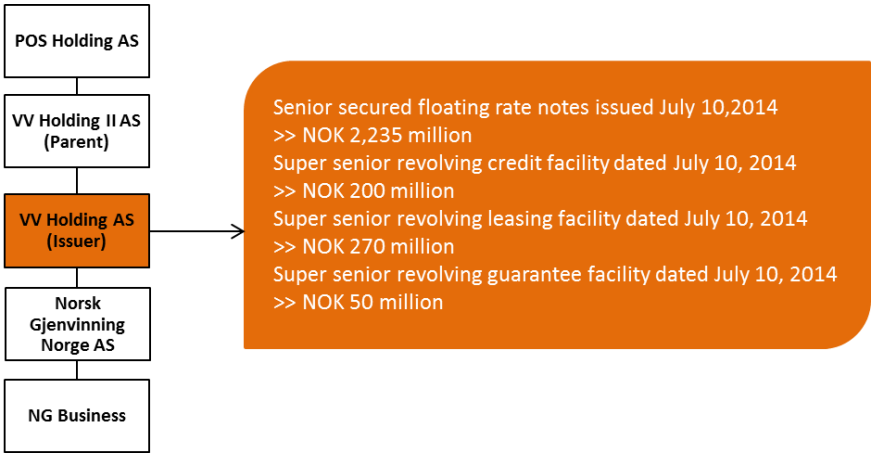
Norsk Gjenvinning is present in two markets; upstream and downstream;

- In the upstream market, Norsk Gjenvinning provides waste management services to local businesses, the municipal sector and private households in Norway, Sweden and Denmark
- The downstream markets consist of production/pre-treatment and sales of (i) secondary raw materials, such as recovered paper, plastic and metals to commodity producers in Scandinavia, Europe and Asia and (ii) fuels to waste-to-energy customers in Norway and Sweden

The Group's vision is to turn waste into the solution for tomorrow's resource problems. The Group's mission is to work tirelessly to become the industry's most customer-oriented, efficient and profitable player, with the goal of being perceived as the most important recycling company in the Nordic region. The Group's operations are based on our four core values; salesmanship, proactivity, responsibility and team spirit.

The Group has approximately 1,200 employees, 44,000 customers and handles 1.8 million tonnes of waste per year – 41% of which goes to material recycling, 44% to energy recycling and 15% to landfill and other.

The following illustrates the Group Structure:



The Group's structure consist of the following business areas:

- **Recycling:** Operations include customized solutions for collecting, sorting, handling and management of all types of waste, together with related services.
- **Metal:** Operations include collection, sorting and treatment/recycling of all kinds of ferrous and non-ferrous metals, including vehicles, cables, and electrical waste
- **Household Collection:** Operations consist of collection of household waste on behalf of Norwegian and Swedish municipalities.
- **Project businesses:** Operations consists of demolition, environmental mapping and a broad spectrum of industrial cleaning services.
- **Other business areas**: Operations consists of i) downstream sales of recycled materials, processed waste and trading, ii) secure handling and destruction of documents, iii) development and operation of Landfill projects and iv) Danish industrial services

Norsk Gjenvinning Norge AS is owned by VV Holding AS, and POS Holding AS as the ultimate parent. POS Holding AS is controlled by Altor Fund III.

Consolidated companies:

VV Holding AS (Issuer)
Norsk Gjenvinning Norge AS 100%
Norsk Gjenvinning AS 100%
Norsk Gjenvinning Downstream AS 100%
Norsk Gjenvinning Industri AS 100%
Norsk Gjenvinning Metall AS 100%
Norsk Gjenvinning Miljøeiendommer AS 100%
Norsk Gjenvinning Offshore AS 100%
Norsk Gjenvinning Renovasjon AS 100%
Norsk Makulering AS 100%
Nordisk Genanvendelse aps (DK) 100%
Nordisk Återvinning Trading AB (SE) 100%
Nordisk Återvinning Service AB (SE) 100%
Norsk Gjenvinning Renovasjon Service AS 100%
NG Fellestjenester AS 100%
NG Vekst AS 100%
Eivind Koch Rørinspeksjon AS 100%
Humlekjær og Ødegaard AS 100%
IBKA A/S (DK) 100%
IBKA AB (SE) 100%
IBKA UK Ltd (UK) 100%
Løvås Transportfirma AS 100%
Tomwil Miljø AS 100%
Metall & Gjenvinning AS 100%
Rivningsspesialisten AS 100%
Wilhelmsen Containerservice AS 100%
Ødegaard Gjenvinning AS 100%
Sortera Norge AS 100%
Bingsa AS 100%
Hegstadmoen 7 AS 100%
Taranrødveien 85 AS 100%
Opphaugveien 6 AS 100%
Øra Eiendom Utvikling AS 100 %
Norsk Gjenvinning M3 AS 100%
Asak Massemottak AS 100%
Løvenskiold Massemottak AS 100%
Kopstad Massemottak AS 100%
Borge Massemottak AS 100%
Skjørten Massemottak AS 100%
Solli Massemottak AS 100%
Norsk Gjenvinning Renovasjon Ressurs AS 100%
Norsk Gjenvinning Renovasjon Stab AS 100%
Adact AS 100%
NG Startup I AS 100%
NG Startup II AS 100%
NG Startup III AS 100%
NG Startup X AS 100%
Revise AS 100%

Ownership <100%
R3 Entreprenør Holding AS 81.25%
R3 Entreprenør AS 81.25%
Østfold Gjenvinning AS 66%
iSekk AS 55%

If not explicitly mentioned otherwise, the financial information contained in this report relates to the unaudited financial information on a consolidated basis at the Issuer level for the three and nine months ended September 30, 2017 and September 30, 2016 respectively.

COMMENTS BY THE CEO

Q3 is the fourth quarter in a row with increasing results, as we continue our systematic work to industrialize Norsk Gjenvinning. Higher effectiveness, lower costs and an improved gross margin were important contributors to the results improvement. We expect a continued positive development for the group in the fourth quarter of 2017.

HIGHLIGHTS Q3 and YTD 2017

- Flat development in waste volumes compared to Q3 2016; YTD waste volumes are up by 2.3%
- Operating revenue, adjusted for sales of real estate in 2016* is up 6.5% compared to Q3 2016; YTD adjusted operating revenue is up by 4.0%
- Gross profit, adjusted for sale of real estate in 2016* is up by NOK 38.0 million compared to Q3 2016, and YTD adjusted gross profit is up NOK 64.1 million, driven by improved gross profit per ton waste. Adjusted gross margin is up 0.6 percentage points compared to Q3 2016, and up by 0.1 percentage points YTD.
- Adjusted EBITDA was NOK 130.0 million, up by NOK 34.6 million compared to Q3 2016; YTD adjusted EBITDA is up NOK 100.4 million
- NG200 cost and productivity initiatives implemented according to plan. Operating costs reduced by an additional NOK 6.0 million in Q3 in NG core divisions; NOK 36.0 million YTD.

Our aim is to both be a leading service provider to customers in demand of waste solutions (the upstream market), and the most efficient supplier of recycled raw materials to customers in Europe and Asia (the downstream market).

Leading service provider to upstream customers in demand of waste solutions

In our upstream markets, we have for a long time worked diligently to improve our position through increased service quality, more effective sales, improved pricing, more innovative solutions, and increased efficiency of our inbound logistics.

During Q3, the positive developments we saw in Q1 and Q2 continued in most of our markets. We closed YTD Q3 with an increase in volumes of 2.3% compared to the same period of last year, from 1,052,565 tons in 2016 to 1,076,462 tons in 2017. Both recycling and scrap ferrous fractions were up, while non-ferrous metals volumes were slightly down compared to 2016. Total operating income, adjusted for sale of real estate in 2016 increased by 6.5% in Q3, from NOK 1,008 million in Q3 2016 to NOK 1,073 million in Q3 2017.

YTD Q3, our gross profit per ton improved significantly by 14.1 % YoY and our total adjusted gross profit increased by NOK 64.1 million. This was mainly due to our strict focus on gross margin management. We expect this development to continue as competitors are following suit to manage their gross margins.

Q3 results were further strengthened by the effects of SG&A cost reductions implemented at the end of 2016. In addition, we are starting to see efficiency improvements in sales and inbound logistics through NG Flow, our business system based on Lean principles. Going forward we expect to see substantial operational improvements and efficiency gains in our upstream operations.

The most efficient supplier of recycled raw materials to downstream customers

In the downstream markets, we are working systematically to improve our position as the most cost efficient supplier of recycled raw materials through the industrialization of our value chain.

Throughout 2017, our position has improved due to the completed NG200 cost reduction program. Plant consolidation has been one of the most important drivers of our positive results development as we continue to reduce the number of plants

in operation through a combination of shut-downs and outsourcing to local partners. During Q3 we continued to consolidate our plant footprint by closing down our plants at Hareid, Mosjøen and Ørsta.

Going forward we expect a further reduction in costs on a per ton basis, due to efficiency gains from implementation of NG Flow throughout the value chain. During 2017 we have focused on full implementation of Lean production principles at our seven largest processing plants. We have also taken important steps to improve long haul logistics efficiency by centralizing operations and implementing Lean.

Our downstream sales organization continued to contribute to our gross profit improvements in Q3 by renegotiating and optimizing our portfolio of downstream customers of recycled raw materials. The gross profit effects from increased gate fees in 2016 were reversed for all main products. Our woodchips portfolio held a robust position this summer due to our low inventories and expanded downstream customer base.

The effects from scrap metals on our results were also positive, with strong and stable access to raw materials throughout Q3. Our production improvements at the Øra plant continued, and in August we set a new production record for a single month. Increased volumes through the value chain led to more efficient downstream logistics and an increase in exports that led to increased gross margins.

Strong results development and positive outlook

Overall, our adjusted EBITDA increased in Q3 2017 by NOK 34.6 million year over year, and NOK 100.4 million YTD, and we are satisfied with this positive results development. Our main focus going forward is on increased productivity and efficiency along the full value chain, combined with efforts to further improve gross margins through volume growth and other appropriate measures. In Q4 we expect a further improvement in our bottom line as we will continue to see the effects of our lower fixed cost base and continuous improvement measures through NG Flow.

Erik Osmundsen
CEO

- *There was a one-off gain of NOK 17.3 million from sale of real estate in Q3 2016*

KEY FINANCIAL FIGURES

(NOK'000)	**Q3 2017**	**Q3 2016**	**Variance**	**YTD Q3 2017**	**YTD Q3 2016**	**Variance**
Total operating income	1 072 856	1 025 728	47 128	3 099 775	2 997 714	102 061
Gross profit[1]	533 187	512 469	20 718	1 559 362	1 512 565	46 797
Gross margin	*49,7 %*	*50,0 %*	*(0,3 %)*	*50,3 %*	*50,5 %*	*(0,2 %)*
EBITDA [2]	130 425	113 457	16 968	338 765	255 950	82 815
EBITDA margin	*12,2 %*	*11,1 %*	*1,1 %*	*10,9 %*	*8,5 %*	*2,4 %*
Adjusted EBITDA [3]	130 007	95 407	34 600	337 370	236 992	100 378
Adjusted EBITDA margin	*12,1 %*	*9,3 %*	*2,8 %*	*10,9 %*	*7,9 %*	*3,0 %*
Net cash flow from operating activities				156 511	103 438	53 073
Capital expenditures				(80 318)	(140 596)	60 278
Net interest bearing debt [4]				2 434 193	2 436 900	(2 707)
				3 421 203	3 389 729	31 474

Consolidated unaudited figures.

Performance measures presented above includes items which are not defined under IFRS. These measures are presented as they are relevant for assessing underlying performance for a given period.

(1) Gross profit represents total operating income less cost of goods sold.
(2) EBITDA represents operating results before depreciation and amortization.
(3) Adjusted EBITDA represents EBITDA adjusted for certain non-recurring and/or non-cash costs.
(4) Net interest bearing debt represent total third party indebtness (including shareholder loan from parent) less cash and cash equivalents.

RESULTS OF OPERATIONS

Total operating income increased by NOK 47.1 million or 4.6% from NOK 1 025.7 in Q3 2016 to NOK 1 072.9 million in Q3 2017. Adjusted for the gain on sale of real estate in Q3 2016 of NOK 17.3 million, operating income increased with NOK 64.4 million or 6.5%. Recycling and Metals continue to show strong revenue development compared to last year, the growth in Q3 2017 compared to the same period previous year is 8.8% and 18.8% respectively. The increase is driven by higher volumes together with higher upstream prices in Recycling and higher downstream prices in Metals. The increase in operating income in Recycling and Metals, is partly offset by a reduction in Household Collection and Project businesses by 24.6% and 17.4 % respectively, which are a result of the loss of the Oslo contract, and non recurring revenue from a significant service stop at an industrial customer in Q3 of 2016.

Gross profit increased by NOK 20.7 million, or 4.0% from 512.5 in Q3 2016 to NOK 533.2 million in Q3 2017. The gross margin fell from 50.0% in Q3 2016 to 49.7% in Q3 2017. Adjusted for the gain on sale of real estate in Q3 2016 of NOK 17.3 million, gross profit increase by NOK 38.0 million or 8.0 % from Q3 2016 to Q3 2017 and gross margins increased by 0,6 % from 49.1% to 49.7%. The increase in gross profit is primarily driven by the increase in prices both upstream and downstream and improved efficiency in logistics operations.

Adjusted EBITDA increased by NOK 34.6 million or 36.3% from NOK 95.4 million in 2016 to NOK 130.0 million in 2017. In addition to what is mentioned above, significant cost cuts have contributed to the increase in EBITDA. Year to date adjusted EBITDA increased by 100.4 million or 42.4%. Our cost reduction initiatives are being implemented according to plan, lowering adjusted operating costs by NOK 6.0 million in Q3 2017 compared to Q3 2016, NOK 36 million YTD respectively.

The following table reconciles EBITDA to adjusted EBITDA for the periods indicated:

(NOK'000)	YTD Q3 2017 Consolidated unaudited	YTD Q3 2016 Consolidated unaudited
EBITDA	**338 765**	**255 950**
Change in provision for onerous contract [1]	(1 645)	(2 260)
Gains on sale of real estate [2]	-	(17 310)
Net other non-recurring items [3]	250	612
Adjusted EBITDA	**337 370**	**236 992**

(1) During the fourth quarter 2015, an onerous contract was identified in the Household collection division. A provision of NOK 9.2 million was recognized as other operating expenses in the three and twelve-month periods ending December 31, 2015. The contract in question runs until August 2019, with a two year option for the counterpart. An assumption of total contract duration of five years and eight months has been used in the calculation of the estimated loss.
(2) During Q3 of 2016 three properties where sold for a total gain on sale of NOK 17.3 million.
(3) Expenses in division household collection relating to legal cases.

The adjustments reconciling EBITDA and adjusted EBITDA represent an illustration of how underlying operational EBITDA has been affected by, what the company perceives to be one-time items.

CAPITAL EXPENDITURES

Capital expenditures decreased by NOK 60.3 million, or -42.9%, from NOK 140.6 million in the first nine months of 2016 to NOK 80.3 million in the first nine months of 2017. Growth capital investments YTD Q3 2017 were NOK 5 million related to new collection vehicles in Division Household Collection.

CASH FLOW

(NOK'000)	YTD Q3 2017 Consolidated, unaudited	YTD Q3 2016 Consolidated, unaudited
Net cash flow from operating activities	156 511	103 438
Net cash flow from investing activities	(86 134)	(115 893)
Net cash flow from financing activities	(158 367)	(112 858)
Net change in cash and cash equivalents for the period	**(87 990)**	**(125 313)**
Effect of exchange rate changes	760	(4 291)
Cash and cash equivalents at the beginning of the period	167 724	219 819
Cash and cash equivalents at the end of the period	**80 494**	**90 215**

Net cash flow from operating activities in the first nine months of 2017 showed a net inflow of NOK 156.5 million, which was NOK 53.1 million higher than in the same period previous year. The increase compared to previous year is driven by higher operating results.

Net cash outflow from investing activities in the first nine months of 2017 was NOK 86.1 million compared to NOK 115.9 million in the same period previous year. The net change in cash outflow is driven by lower capital expenditures, which is partly offset by sales of real estate in Q3 2016.

Net cash outflow from financing activities was NOK 158.4 million in the first nine months of 2017 compared to NOK 112.9 million in the same period previous year. The primary reason for the variation in cash flow from financing activities are higher down payments on the leasing facility this year, paired with a draw on the leasing facility in Q3 2016 for investments in new collection vehicles in Household Collection

Cash and cash equivalents fell by NOK 87.2 million year to date 2017 from NOK 167.7 million per December 31, 2016 to NOK 80.5 million as of September 30, 2017. The decline in the comparable period of 2016 was NOK 129.6 million.

FINANCIAL POSITION

NET INTEREST BEARING LIABILITIES

Net interest bearing debt of the Issuer and its subsidiaries, on a consolidated basis was NOK 2,434.2 million as of September 30, 2017, compared to NOK 2,359.2 as of December 31, 2016. Net interest bearing debt has increased primarily due to the decrease in cash and cash equivalents.

As of September 30, 2017 NOK 1,500 million of the interest bearing debt is swapped from floating to fixed interest rate and will remain around this level until maturity of the bond.

CAPITALISATION

The following table sets forth the cash and cash equivalents and capitalization of the Issuer and its subsidiaries, on a consolidated basis.

(NOK '000)	**As of September 30, 2017**	**As of December 31, 2016**
Cash and cash equivalents	**80 494**	**167 724**
Indebtedness:		
Revolving credit facility [1]	535	459
Leasing liability [2]	86 062	101 344
NOK Senior secured notes [3]	2 270 385	2 273 707
Senior bank debt	1 865	4 223
Total third-party indebtedness	**2 358 847**	**2 379 734**
Shareholder loan [4]	155 840	147 154
Total equity	100 326	93 077
Total capitalization	**2 615 013**	**2 619 965**

(1) The Issuer has entered into a Revolving Credit Facility Agreement on July 10, 2014 to provide for a Revolving Credit Facility in the amount of NOK 200.0 million to finance or refinance the general corporate and ongoing working capital needs of the Group. As of September 30, 2017, the Revolving Credit Facility is undrawn. Accrued, unpaid interest amounted to NOK 0.5 million.

(2) The Issuer has entered into a Leasing Facility Agreement on July 10, 2014 in the amount of NOK 270.0 million to finance the needs of the Group and for investments in collection vehicles in Division Household collection. As of September 30, 2017, the Leasing facility is drawn by NOK 85.3 million on financial lease agreements.

(3) On July 10, 2014 the Issuer conducted a successful placement of a senior secured floating rate note in the amount of NOK 2,235.0 million. As of September 30, 2017 the total amount outstanding, including accrued unpaid interest and unpaid amounts on interest rate swaps are NOK 2,270.4 million. The issuer may, provided that an incurrence test is met, at one or more occasions issue additional bonds under the existing bond agreement up to the amount of NOK 500 million.

(4) The shareholder loan is subordinated to all secured senior obligations. As of September 30, 2017 the total amount outstanding, including accrued unpaid interest is NOK 155.8 million.

OPERATING AND FINANCIAL REVIEW

In the first quarter of 2017 the Group changed the internal organization of the business areas which led to a change in the composition of its reportable segments. The following tables reflect these organizational changes, and the comparable period of last year has been restated on the same basis. See note 4 (segment disclosures) for further information regarding the changes. As of Q3 2017 the Group has four major business areas which are presented below. These are Recycling, Metal, Household Collection and Project businesses. The former business area "Industry & Offshore" is part of the Project businesses from January 1, 2017.

Adjusted EBITDA in the operating and financial review of the major business areas represents EBITDA as adjusted for certain non-recurring and/or non-cash costs and before allocation of overhead HQ costs.

RECYCLING

(NOK'000)	**Q3 2017**	**Q3 2016**	**Variance**	**YTD Q3 2017**	**YTD Q3 2016**	**Variance**
Total revenue	617 060	567 191	49 869	1 778 513	1 667 436	111 077
Adjusted EBITDA	98 817	60 896	37 922	237 524	168 357	69 167
Adjusted EBITDA margin	*16,0 %*	*10,7 %*	*5,3 %*	*13,4 %*	*10,1 %*	*3,3 %*

	YTD Q3 2017	**YTD Q3 2016**	**Variance**
Collection assignments	2 722 895	2 471 216	10,2 %
Total waste treated (tons)	895 004	876 423	2,1 %

Total revenues in Recycling increased by NOK 49.9 million, or 8.8%, from NOK 567.2 million in Q3 2016 to NOK 617.1 million in Q3 2017. Year to date total operating revenues increased by NOK 111.1 million or 6.7% from NOK 1 667.4 million in 2016 to NOK 1 778.5 million in 2017. The increase in revenue is due to new contracts, price increases upstream, positive development in downstream prices and one additional working day compared to last year. The new contracts have led to a 10.2% increase in collection assignments and 2.1% increase in tons of waste treated.

Adjusted EBITDA before internal charges increased with NOK 37.9 million, from NOK 60.9 million in Q3 2016 to NOK 98.8 million in Q3 2017. YTD EBITDA increased with NOK 69.2 million from NOK 168.4 million in 2016 to 237.5 million in 2017. The growth in adjusted EBITDA is due to significant cost cuts, increase in activity and volume, increased upstream prices and increased paper and scrap metal ferrous prices downstream.

METAL

(NOK'000)	**Q3 2017**	**Q3 2016**	**Variance**	**YTD Q3 2017**	**YTD Q3 2016**	**Variance**
Total revenue	208 402	175 451	32 951	650 288	541 230	109 058
Adjusted EBITDA	(450)	534	(984)	15 192	6 698	8 494
Adjusted EBITDA margin	*(0,2 %)*	*0,3 %*	*(0,5 %)*	*2,3 %*	*1,2 %*	*1,1 %*

	YTD Q3 2017	**YTD Q3 2016**	**Variance**
Ferrous volumes (tons)	159 345	153 876	3,6 %
Non-ferrous volumes (tons)	22 113	22 266	-0,7 %

Total revenues in Division Metal increased by NOK 33.0 million, or 18.8%, from NOK 175.5 million in Q3 2016 to NOK 208.4 million in Q3 2017. Year to date revenue increased by NOK 109.1 million, or 20.2% from NOK 541.2 million in 2016 to NOK 650.3 MNOK in 2017. This is mainly due to a 3.6 % increase in ferrous volumes in 2017 compared to 2016 and significant increases in downstream prices for steel and metals. Overall non ferrous sales fall due to the loss of one large contract related to bottom ash.

Adjusted EBITDA before internal charges decreased by NOK 1.0 million, from NOK 0.5 million in Q3 2016 to NOK -0.5 million in Q3 2017. The decline is mainly due to the loss of the large contract related to bottom ash and charges related to plant closures. The negative effects were only partly offset by increased activity in the rest of the business.

Year to date adjusted EBITDA increased by NOK 8.5 million from NOK 6.7 million to NOK 15.2 million. The increase is mainly driven by higher ferrous volumes, offset by a reduction in bottom ash production. In addition, gross profit per ton for both ferrous and non-ferrous metals has increased in 2017.

HOUSEHOLD COLLECTION

(NOK'000)	Q3 2017	Q3 2016	Variance	YTD Q3 2017	YTD Q3 2016	Variance
Total revenue	66 286	87 939	(21 653)	198 442	262 262	(63 820)
Adjusted EBITDA	11 255	13 831	(2 576)	36 117	36 223	(106)
Adjusted EBITDA margin	*17,0 %*	*15,7 %*	*1,3 %*	*18,2 %*	*13,8 %*	*4,4 %*

Total operating revenue decreased year over year, both in Q3 and year to date. Revenues decreased NOK 21.7 million, or 24.6%, from NOK 87.9 million Q3 2016 to NOK 66.3 million Q3 2017. Year to date revenues decreased by NOK 63.8 million or 24.3%. Development in revenues is influenced mainly by the loss of the Oslo contract, partially offset by increased revenues due to higher activity on other existing contracts, start up of new contracts and index adjustments. Adjusted EBITDA margin increased year over year, both in Q3 and year to date.

In Q3, Division Household Collection was awarded the contracts for collection of municipal waste in the Drammen region by Renovasjonsselskapet for Drammensregionen IKS (RfD), Kongsberg municipality, Rakkestad municipality and Norrtälje municipality. In addition Division Household Collection entered into a short term contract with Avfall Sør Husholdning AS in Q3 2017.

In Q3, Samverkan, Återvinning och Miljö (SÅM) and Svenljunga municipality announced its intent to award Division Household Collection the contract for collection of municipal waste in Gislaved, Gnosjö, Vaggeryd, Värnamo and Svenljunga municipalities. Competitors have filed complaints over this award and the final outcome for this contract is still unknown as of report date.

PROJECT BUSINESSES

(NOK'000)	Q3 2017	Q3 2016	Variance	YTD Q3 2017	YTD Q3 2016	Variance
Total revenue	83 818	101 530	(17 712)	260 073	311 661	(51 588)
Adjusted EBITDA	4 206	6 181	(1 975)	20 041	8 339	11 702
Adjusted EBITDA margin	*5,0 %*	*6,1 %*	*(1,1 %)*	*7,7 %*	*2,7 %*	*5,0 %*

Total revenue declined by NOK 17.7 million, or 17.4%, from NOK 101.5 million in Q3 2016 to NOK 83.8 million in Q3 2017. The decrease was mainly due to non recurring revenue from an significant service stop at an industrial customer in Q3 2016 paired with lower activity levels in the north west.

Adjusted EBITDA decreased by NOK 2.0 million from NOK 6.2 million in Q3 2016 to NOK 4.2 million in Q3 2017. The decrease in EBITDA is due to the decline in activity level, which is partly offset by lower overhead cost.

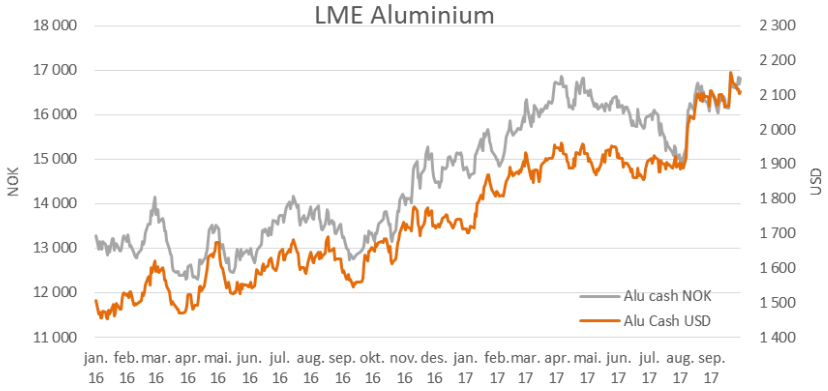
MARKET CONDITIONS

The inventory price risk is related to paper and metals that are discovered in the sorting process of waste (it is not possible to predict these volumes) and the estimation of throughput timing. Inventory positions on Aluminum, Copper and Nickel are being hedged.

DEVELOPMENT IN METAL PRICES

ALUMINUM

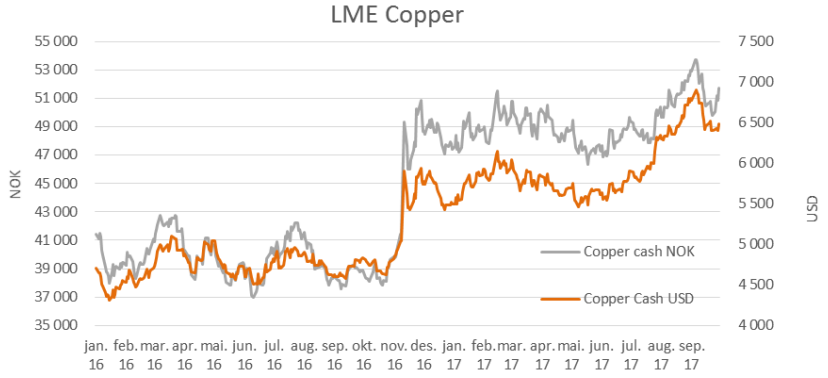
LME aluminum prices jumped to above 2,100 USD beginning of August and traded well above 2,000 USD since. The unexpected increase was based on production capacity cuts in China, further steps in the Chinese "Green Fence" policy and talks about import stop of certain Al products into the US. Supply and demand expectations promise a stable market with moderate positive outlook in Q4.



LME Aluminium – 2016 and 2017

COPPER

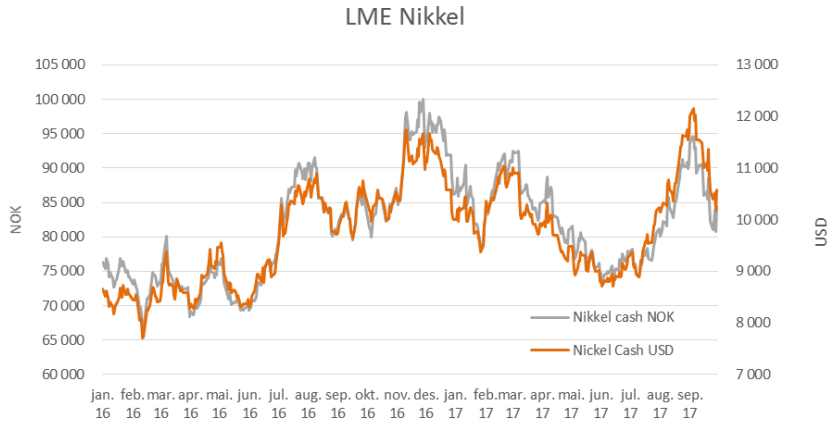
During Q3 prices for copper increased significantly to around USD 6,800 before falling back with 400 USD. The expected import stop of Cu scrap with low Cu content into China and strong financial investments were the main reasons for the volatility. Cu was back to above 7,000 USD in October. Expectations for Chinese import restrictions will keep the market in tension in the near-term.



LME Copper – 2016 and 2017

NICKEL

Nickel prices have rallied to above 12,000 USD before retreating to 10,000 USD. The prices are on the way up again in October and seem to be an indication of good underlying demand. Volatile conditions are expected to continue.



LME Nickel – 2016 and 2017

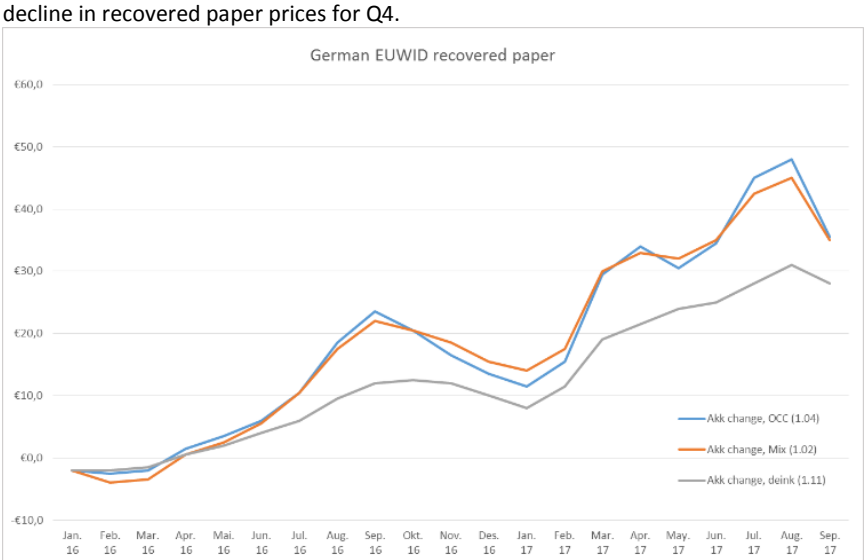
IRON ORE & STEEL

Iron Ore prices have been volatile, trading between USD 60 and 80 per ton on a downward trend to the end of Q3. The leading index for shredded scrap rose to above 360 USD per ton before falling back to right below 300 USD per ton.

The Celsa price index was relatively stable and followed the international price development peaking towards the end of Q3. The Celsa price was overproportionally strong heading into Q4, and we therefore expect the Celsa price to come back in line with the international price index.

DEVELOPMENT IN PAPER PRICES

Recovered paper prices continued to climb in July and August, but in September we saw a sharp decline. Exports to Asia are on a historic low level due to import restrictions to China, and stock levels in Europe are piling up. We expect a continued decline in recovered paper prices for Q4.



DEVELOPMENT WASTE-TO-ENERGY

WOODCHIPS

The price level has been stable through Q3. Prices are expected to remain at the same level in Q4. Market prices have in general continued in a downward trend, but are expected to stabilize or strengthen in 2018 or 2019.

REFUSE DERIVED FUEL (RDF)

As expected we had high flow (volume) throughout Q3 with prices continuing to be stable. The inventory levels are low entering Q4. We expect to end 2017 with continued stable prices and low inventory.

UPDATE OF MATERIAL RISK FACTORS AND EVENTS AFTER REPORTING PERIOD

No significant changes in risk factors have been identified. For additional explanations regarding risks and uncertainties, please refer to the Board of Directors Report section Risk and Risk Management and Note 23 Financial Risk Management in the 2016 Annual Report.

MATERIAL CHANGES IN LIQUIDITY AND CAPITAL RESOURCES

The Group continually analyses its liquidity and capital resources position. The Group has assessed its currently available capital resources and its current liquidity position as satisfactory and not noted any material changes in the current period.

EVENTS AFTER REPORTING PERIOD

No significant events.

CONDENSED INTERIM FINANCIAL STATEMENTS

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(NOK'000)	Q3 2017	Q3 2016	YTD Q3 2017	YTD Q3 2016
Revenue	1 072 701	1 007 271	3 090 506	2 977 077
Other income	155	18 457	9 268	20 637
Total operating income	**1 072 856**	**1 025 728**	**3 099 775**	**2 997 714**
Cost of goods sold	539 669	513 259	1 540 413	1 485 148
Employee benefits expense	224 768	222 915	690 633	722 221
Depreciation and amortization expense	54 114	55 658	164 094	170 138
Other operating expenses	175 925	175 398	526 500	531 732
Other (gains)/losses - net	2 068	701	3 463	2 663
Operating profit	**76 311**	**57 799**	**174 671**	**85 812**
Finance income	1 168	14 988	2 955	24 344
Finance costs	37 137	51 825	166 962	154 649
Net income from associated companies	765	1 381	1 233	2 815
Profit / (loss) before income tax	**41 108**	**22 343**	**11 897**	**(41 678)**
Income tax expense	7 938	7 765	3 290	(16 158)
Profit / (loss) for the period from continuing operations	**33 170**	**14 578**	**8 607**	**(25 520)**
Profit / (loss) attributable to:				
Owners of the parent	30 869	13 148	1 785	(29 768)
Non-controlling interests	2 301	1 430	6 822	4 248

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK'000)	**Q3 2017**	**Q3 2016**	**YTD Q3 2017**	**YTD Q3 2016**
Profit / (loss) for the period	**33 170**	**14 578**	**8 607**	**(25 520)**
Items that may be subsequently reclassified to profit or loss				
Currency translation differences	(1 416)	(4 049)	2 537	(6 007)
Interest rate swaps - cash flow hedges (after tax)	2 002	14 978	9 057	17 604
Net other comprehensive income / (loss) for the period	**586**	**10 929**	**11 594**	**11 597**
Comprehensive income / (loss) for the period	**33 755**	**25 506**	**20 200**	**(13 924)**
Comprehensive income attributable to:				
Owners of the parent	31 455	24 076	13 379	(18 172)
Non-controlling interests	2 301	1 430	6 822	4 248

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(NOK'000)	**September 30, 2017**	**December 31, 2016**
Non-current assets		
Property, plant & equipment	950 893	1 015 748
Intangible assets	101 856	124 649
Goodwill	1 235 986	1 235 986
Deferred tax assets	85 999	96 262
Investments in associated companies	22 352	15 119
Other receivables	44 675	39 487
Total non-current assets	**2 441 761**	**2 527 251**
Current assets		
Inventories	115 624	85 065
Trade and other receivables	783 323	607 663
Other financial assets	-	3 581
Cash and cash equivalents	80 494	167 724
Total current assets	**979 442**	**864 034**
Total assets	**3 421 203**	**3 391 284**

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES

(NOK'000)	**September 30, 2017**	**December 31, 2016**
Equity		
Share capital and reserves attributable to owners of parent	80 907	75 125
Non-controlling interest	19 419	17 952
Total equity	**100 326**	**93 077**
Non-current liabilities		
Loans and borrowings	2 428 839	2 431 168
Other financial liabilities	12 968	24 885
Deferred income tax liabilities	30 632	31 794
Post-employment benefits	9 461	7 919
Provisions for other liabilities and charges	79 957	93 531
Total non-current liabilities	**2 561 858**	**2 589 298**
Current liabilities		
Trade and other payables	659 437	608 619
Current income tax	9 519	11 971
Loans and borrowings	64 562	65 432
Other financial liabilities	1 446	-
Provisions for other liabilities and charges	24 055	22 886
Total current liabilities	**759 019**	**708 909**
Total liabilities	**3 320 877**	**3 298 207**
Total equity and liabilities	**3 421 203**	**3 391 284**

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(NOK'000)	**YTD Q3 2017**	**YTD Q3 2016**
Profit / (Loss) before income tax	**11 897**	**(41 678)**
Adjustments for:		
Income tax paid	(2 911)	(2 457)
Depreciation and amortization charges	164 094	170 138
Items reclassified to investing and financing activities	144 478	135 302
Other P&L items without cash effect	10 229	(24 928)
Changes in other short term items	(171 276)	(132 939)
Net cash flow from operating activities	**156 511**	**103 438**
Payments for purchases of shares and businesses	(9 000)	(12 600)
Proceeds from sale of business	1 600	-
Payments for purchases of non-current assets	(80 318)	(140 596)
Proceeds from sale of non-current assets	13 004	37 303
Net other investments	(11 420)	-
Net cash flow from investing activities	**(86 134)**	**(115 893)**
Repayment of borrowings	(2 358)	(834)
Debt related expenses	(3 217)	-
Net change in credit facility	(15 879)	27 048
Dividend paid to non-controlling interest	(5 355)	(2 757)
Net interest paid	(131 558)	(136 315)
Net cash flow from financing activities	**(158 367)**	**(112 858)**
Net increase in cash and cash equivalents	**(87 990)**	**(125 313)**
Effect of exchange rate changes	760	(4 291)
Cash and cash equivalents at beginning of period	167 724	219 819
Cash and cash equivalents at end of period	**80 494**	**90 215**

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONDENSED STATEMENT OF CHANGES IN EQUITY – YTD Q3 2017

(NOK'000)	Attributable to the owners of the parent	Non-controlling interest	Total equity
At 1 January 2017	**75 125**	**17 952**	**93 077**
Profit / (loss)	1 785	6 822	8 607
Net other comprehensive income / (loss)	11 594	-	11 594
Transactions with non-controlling interest	-	(5 355)	(5 355)
Group contributions	(7 597)	-	(7 597)
At 30 September 2017	**80 907**	**19 419**	**100 326**

CONDENSED STATEMENT OF CHANGES IN EQUITY – YTD Q3 2016

(NOK'000)	Attributable to the owners of the parent	Non-controlling interest	Total equity
At 1 January 2016	**151 321**	**14 765**	**166 086**
Profit / (loss) YTD	(29 768)	4 248	(25 520)
Net other comprehensive income / (loss)	11 597	-	11 597
Transactions with non-controlling interest	-	(2 757)	(2 757)
Group contributions	(4 803)	-	(4 803)
At 30 September 2016	**128 346**	**16 256**	**144 601**

The interim financial information has not been subject to audit.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ACCOUNTING PRINCIPLES

VV Holding AS is a wholly owned subsidiary of POS Holding AS (and is part of the Norsk Gjenvinning-group).

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the Annual Report 2016. These condensed consolidated interim financial statements have not been audited or subject to a review by the auditors.

Accounting principles applied in the preparation of these condensed consolidated interim financial statements for the period ended September 30, 2017, are consistent with those applied in the annual consolidated financial statements for 2016. Comparative prior period information has been prepared on the same basis as current period information. All figures refer to thousands of Norwegian kroner (NOK'000) unless otherwise specified

NOTE 2 - FINANCIAL ITEMS

(NOK'000)	**Q3 2017**	**Q3 2016**	**YTD Q3 2017**	**YTD Q3 2016**
Interest income	1 167	466	2 854	1 365
Other financial income	2	14 522	101	22 979
Financial income	**1 168**	**14 988**	**2 955**	**24 344**
Non cash interest expenses	3 062	2 835	8 685	8 070
Cash interest expenses	40 163	45 480	128 377	133 951
Other financial expenses	(6 088)	3 509	29 900	12 628
Financial expenses	**37 137**	**51 825**	**166 962**	**154 649**
Net financial income (expenses)	**(35 969)**	**(36 837)**	**(164 007)**	**(130 305)**

NOTE 3 - SENIOR SECURED FLOATING RATE NOTES

On July 10 (the Issue Date), 2014 VV Holding AS (the Issuer) issued Senior Secured Floating Rate Notes (the Bond) in the amount of NOK 2,235 million. The Bond matures on July 10, 2019 (the Maturity Date) and is to be repaid in full at the Maturity Date. Interest is set quarterly at NIBOR + 525 bp. The Issuer may, provided that the incurrence test is met, at one or more occasions issue additional bonds under the Bond agreement, in the amount of up to NOK 500 million, up to five (5) business days prior to the Maturity Date. The incurrence test is met if the ratio of Net Interest Bearing Debt to EBITDA, as defined in the Bond agreement, is not greater than:

- 5.00 prior to the date falling 18 months after the Issue Date
- 4.50 from and including the date falling 18 months after the Issue Date to, but not including, the date falling 48 months after the Issue Date
- 4.00 from and including the date falling 48 months after the Issue Date to, but not including the Maturity Date.

The bonds are listed on the Oslo Stock Exchange. For further information about the Bond, we refer to the Bond agreement.

NOTE 4 - SEGMENT NOTE

Currently the reportable operational segments in the group compromise of Recycling, Metal, Household collection and Project businesses. The category All other segments consist of the operating segments Downstream, Security Shredding, Landfill operations and Danish industrial services which are not reportable. HQ and eliminations consist of the head office and holdings together with real estate and eliminations.

During the first quarter of 2017 the Group changed the internal organization which led to a change in the composition of its reportable segments. The following tables reflects these organizational changes in the reportable segments, and the prior period have been restated on the same basis. The former operational segment Industry & Offshore (I&O) have been dissolved and these activities are included in the segment Project businesses. A small portion of I&O is left in the operational segment Danish industrial services. Further there have been a change in the composition between Recycling and Downstream where activities formerly reported in the Downstream segment now is part of the segment Recycling.

Group management executives is the group's chief operating decision-maker (CODM). Management has determined the operating segments based on the information reviewed by the Group management executives for the purposes of allocating resources and assessing performance.

REVENUE 2017	**Revenue from external customers**		**Inter segment revenue**		**Total segment revenues**	
(NOK'000)	**Q3 2017**	**YTD Q3 2017**	**Q3 2017**	**YTD Q3 2017**	**Q3 2017**	**YTD Q3 2017**
Recycling	579 050	1 671 195	38 010	107 318	617 060	1 778 513
Metal	206 711	645 417	1 691	4 871	208 402	650 288
Household collection	64 750	194 247	1 536	4 195	66 286	198 442
Project businesses	80 945	247 804	2 873	12 269	83 818	260 073
All other segments	137 684	321 613	8 714	25 161	146 398	346 774
HQ and eliminations	3 561	10 231	(52 824)	(153 814)	(49 263)	(143 583)
Total	**1 072 701**	**3 090 506**	**-**	**-**	**1 072 701**	**3 090 506**

REVENUE 2016	**Revenue from external customers**		**Inter segment revenue**		**Total segment revenues**	
(NOK'000)	**Q3 2016**	**YTD Q3 2016**	**Q3 2016**	**YTD Q3 2016**	**Q3 2016**	**YTD Q3 2016**
Recycling	537 894	1 575 665	29 297	91 771	567 191	1 667 436
Metal	174 468	539 041	984	2 189	175 451	541 230
Household collection	86 675	259 221	1 264	3 041	87 939	262 262
Project businesses	98 517	304 016	3 013	7 645	101 530	311 661
All other segments	107 769	293 225	14 218	43 367	121 987	336 591
HQ and eliminations	1 949	5 909	(48 777)	(148 013)	(46 828)	(142 104)
Total	**1 007 271**	**2 977 077**	**-**	**-**	**1 007 271**	**2 977 077**

CODM assesses the performance of the operating segments based on EBITDA before allocation of overhead HQ costs. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group. Consolidated balance sheet values are not reported to the CODM at the segment level.

EBITDA BEFORE INTERNAL CHARGES

(NOK'000)	**Q3 2017**	**Q3 2016**	**YTD Q3 2017**	**YTD Q3 2016**
Recycling	98 817	60 896	237 524	168 357
Metal	(450)	534	15 192	6 698
Household collection	11 673	14 570	37 512	37 871
Project businesses	4 206	6 181	20 041	8 339
All other segments	21 244	14 674	32 456	32 576
HQ and eliminations	(5 065)	16 603	(3 960)	2 108
Total	**130 425**	**113 457**	**338 765**	**255 950**
Depreciation and amortization expense	(54 114)	(55 658)	(164 094)	(170 138)
Finance income	1 168	14 988	2 955	24 344
Finance costs	(37 137)	(51 825)	(166 962)	(154 649)
Net income from associated companies	765	1 381	1 233	2 815
Profit before tax	**41 107**	**22 344**	**11 897**	**(41 678)**

NOTE 5 - EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period have been described on page 14 under the heading "Update of material risk factors and events after the reporting period".

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the condensed interim financial statements for the first nine months of 2017 which have been prepared in accordance with IAS 34 Interim Financial Reporting give a true and fair view of the Group's consolidated assets, liabilities, financial position and results of operations, and that the interim report includes a fair review of the information under the Norwegian Securities Trading Act section 5–6 fourth paragraph.

Lysaker, November 22, 2017

Ole Enger
Chairman of the Board
(sign.)

Per-Anders Hjort
Deputy Chairman of the Board
(sign.)

Maria Tallaksen
Director
(sign.)

Erik Osmundsen
Chief Executive Officer
(sign.)

Pål Stampe
Director
(sign.)

Yngve Longva Moland
Director
(sign.)

Lasse Stenskrog
Director
(sign.)

Cecilie Skauge
Director
(sign.)

APPENDIX 1 – ALTERNATIVE PERFORMANCE MEASURES

In the financial statements the Group presents performance measures which are not defined under IFRS. These performance measures is categorized as Alternative Performance Measures (APM).

APM	Definition	Why APM gives useful information
Operating profit	The number is directly derived from the statement of profit or loss	Commonly used measure of profitability.
EBITDA	Calculated as profit before depreciation, impairment, financial income, financial expense, income from associated companies and tax. The number comes directly from the statement of profit or loss.	Commonly used measure of profitability.
Adjusted EBITDA	= EBITDA +/- any element (positive or negative) with character of being a one-time event, non-recurring, extra ordinary, unusual or exceptional.	Group management believe that the adjusted performance measure gives more relevant information for analytical purposes and to make representations. The elements which are excluded is considered to give limited relevance for evaluation of historic and future performances for the Group as it is at period end.
EBITDA before internal charges	= EBITDA before allocation of headquarter cost to the segments.	Group management believe that the adjusted performance measure gives more relevant information for consideration of profitability and resource allocation to segments.
Net debt	= non current debt to credit institutions + current debt to credit institutions + nominal value senior secured note bond + incurred interest expense senior secured note bond – cash and cash equivalents	Commonly used measure of a companies debt financing.
Debt ratio	= adjusted EBTIDA / net debt	Commonly used measure for capital management.

CONTACTS

Dean Zuzic
CFO

Phone: +47 414 33 560
dean.zuzic@ngn.no

Published by VV Holding AS
22nd November 2017