2nd Quarter
Interim Financial Report
2018

TABLE OF CONTENT

DISCLAIMER

VV Holding AS is providing the following interim financial statements for Q2 2018 to holders of its NOK 2,126,000,000 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.

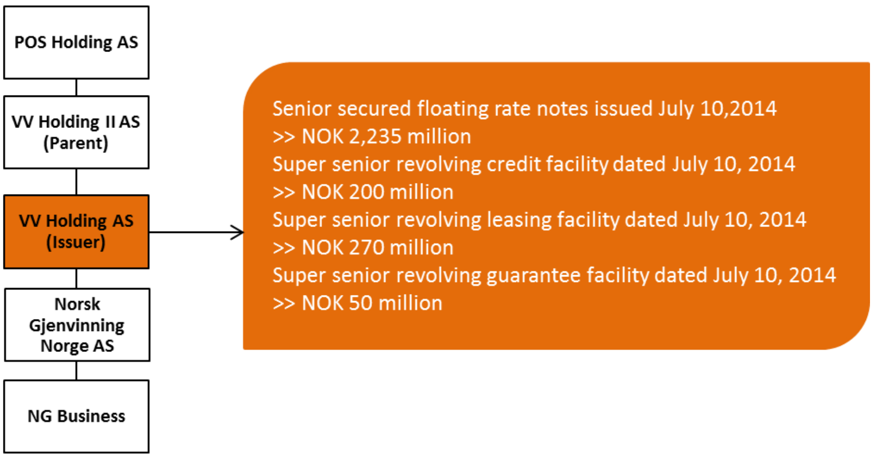
Norsk Gjenvinning is present in two markets; upstream and downstream;

- 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, over 40,000 customers and handles 1.8 million tons of waste per year – 39% of which goes to material recycling, 46% 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
- **Project businesses:** Operations consists of demolition, a broad spectrum of industrial cleaning services and operation of landfills.
- **Household Collection:** Operations consist of collection of household waste on behalf of Norwegian and Swedish municipalities.
- **Other business areas**: Operations consists of i) downstream sales of recycled materials, processed waste and trading and ii) secure handling and destruction of documents

The Norsk Gjenvinning Group is controlled by funds managed by Summa Equity.

Consolidated companies:

VV Holding AS (Issuer)

Norsk Gjenvinning Norge AS 100%
Norsk Gjenvinning AS 100%
Norsk Gjenvinning Downstream 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 Vekst AS 100%
Eivind Koch Rørinspeksjon AS 100%
Humlekjær og Ødegaard AS 100%
IBKA Norge AS 100%
IBKA A/S (DK) 100%
IBKA AB (SE) 100%
IBKA UK Ltd (UK) 100%
Løvås Transportfirma AS 100%
Tomwil Miljø AS 100%
Wilhelmsen Containerservice AS 100%
Ødegaard Gjenvinning AS 100%
Norsk Gjenvinning M3 AS 100%
Asak Massemottak AS 100%
Løvenskiold Massemottak AS 100%
Kopstad Massemottak AS 100%
Borge Massemottak AS 100%
Solli Massemottak AS 100%
Norsk Gjenvinning Renovasjon Ressurs AS 100%
Norsk Gjenvinning Renovasjon Stab AS 100%
Metall & Gjenvinning AS 100%
Rivningsspesialisten AS 100%
NG Fellestjenester AS 100%
Adact AS 100%
NG Startup II AS 100%
NG Startup III AS 100%
NG Startup X AS 100%
Revise AS 100%
iSekk AS 100%

Ownership <100%

R3 Entreprenør Holding AS 81.25%
R3 Entreprenør AS 81.25%
Østfold Gjenvinning AS 66%

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 six months ended June 30, 2018 and June 30, 2017 respectively.

COMMENTS BY THE CEO

Q2 was a step on the way towards normalized results. Strengthened performance in Division Recycling and the Project Based Businesses was offset by continued pressure on gross margins in Division Metal and low profitability of Household Collection contracts that were taken over following the bankruptcy of Reno Norden.

We are working continuously to further strengthen our results through volume growth, gross margin management and increased operational efficiency. We expect a continued recovery and positive results development for the group in the second half of 2018.

HIGHLIGHTS Q2 and H1 2018

- Volumes: Increase in waste volumes compared to Q2 2017 by 7.8%; YTD waste volumes are up by 1.2%
- Operating revenue, adjusted for sales of real estate in 2018 is up 13% compared to Q2 2017; YTD adjusted operating revenue is up by 8.5%
- Gross profit, adjusted for sale of real estate in 2018 is up by NOK 66.0 million compared to Q2 2017, and YTD adjusted gross profit is up NOK 46.2 million
- Adjusted gross margin is down by 0.2 percentage points compared to Q2 2017, and down by 0.8 percentage points YTD
- Adjusted EBITDA was NOK 123.0 million, up by NOK 2.3 million compared to Q2 2017; YTD adjusted EBITDA is down NOK 55.0 million
- The sale of four single-purpose real estate entities (Øra Eiendom Utvikling AS, Opphaugveien 6 AS, Taranrødveien 85 AS, and Bingsa AS) was closed in Q2 of 2018, resulting in a total gain of NOK 452.2 million that has been recognized in the statement of profit.

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 are working 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 Q2, we experienced a full recovery in activity levels and waste volumes as volumes came back into the market after an especially harsh winter, and partly driven by more working days in Q2 2018 compared to Q2 2017, as Easter fell in Q1 of 2018. We closed Q2 with an increase in waste volumes of 7.8% compared to the same period of last year. Cost were however impacted negatively by a more condensed peak season. Total operating revenue, adjusted for sale of real estate, increased in all operating segments compared to the same period prior year, growing by 13% in Q2.

Total adjusted gross profit increased by NOK 66.0 million and 46.2 million YTD compared to 2017. However, adjusted gross margin was down by 0.2 percentage points in Q2 and 0.8 percentage points YTD compared to 2017, largely due to continued challenging dynamics in the paper and metals markets.

As expected, paper prices continued to fall in Q2 due to Chinese import restrictions, but bottomed out in May. Our focus has been on managing our gross margins through a tighter link between upstream and downstream prices. As most paper contracts are already back-to-back priced through indexes, we were able to adjust a certain portion of the upstream portfolio into the quarter and another larger portion out of the quarter, in addition to the portion that is monthly adjusted. Consequently, the gross margin of paper continued to fall during the quarter but levelled out and started to increase out of the quarter. Our aim is to adjust more of our upstream prices on a monthly basis to match the prevailing monthly adjustments downstream. In addition, we worked to improve pricing of other Recycling products and services through the quarter through targeted efforts.

Metal prices and metal margins per source remained positive during Q2, but our blended metals margins still remained too low due to more costly low quality spot purchases due to continued shortfall of volumes, and a higher than optimal Celsa index meaning that we pay too much for the waste in the shredder tonnage. In addition, metal prices out of the shredder continued to be depressed as a result of the Chinese import restrictions.

In addition to targeted efforts to improve gross margins, we continued our focus on efficiency improvements in sales and inbound logistics. Going forward we expect to see solid operational improvements and efficiency gains in our upstream operations.

The most efficient supplier of recycled raw materials to downstream customers

Through our industrial value chain from our plants to the downstream markets, we are working systematically to improve our position as the most cost efficient supplier of high quality recycled raw materials.

Our downstream sales organization continued to renegotiate and optimize our portfolio of downstream customers of recycled raw materials. For the RDF portfolio we saw a slight increase in gross margin for Q2-18 vs Q2-17, and for our woodchips portfolio we saw a significant increase in the gross margin for Q2-18 vs Q2-17. As explained above, the gross profit effects were negative on recycled paper. For the year as a whole, we expect to see recovered gross margins on all main products, compared with H1. For RDF and woodchips we expect 2018 vs 2017 to be positive on the gross margin development.

During Q2 2018 we continued our program for implementing Lean production principles at fifteen processing plants, as well as improving long haul logistics efficiency. Our ability to sort paper, increasingly important due to the increased price gap for unsorted paper, remained severely reduced after the fire in March 2018 that destroyed our paper sorting line in Oslo. In Q2 a new state of the art sorting line with improved capacity and quality was ordered with expected delivery in Oslo during H1 2019.

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.

Recovering results and positive outlook for 2H 2018

Overall, our adjusted EBITDA increased by NOK 2.3 million year over year in Q2, and is down by NOK 55 million YTD compared to last year. Although we are not satisfied with the first half of 2018, we saw strengthened performance in key business areas in Q2 and expect continued recovery during the second half of 2018.

Erik Osmundsen
CEO

KEY FINANCIAL FIGURES

(NOK'000)	**Q2 2018**	**Q2 2017**	**Variance**	**YTD Q2 2018**	**YTD Q2 2017**	**Variance**
Total operating income	1 623 701	1 037 159	586 542	2 699 324	2 026 919	672 405
Gross profit(1)	1 045 416	527 244	518 172	1 573 483	1 026 175	547 308
Gross margin	*64,4 %*	*50,8 %*	*13,5 %*	*58,3 %*	*50,6 %*	*7,7 %*
EBITDA (2)	575 814	121 722	454 092	654 661	208 340	446 321
EBITDA margin	*35,5 %*	*11,7 %*	*23,7 %*	*24,3 %*	*10,3 %*	*14,0 %*
Adjusted EBITDA (3)	123 042	120 721	2 321	152 405	207 363	(54 958)
Adjusted EBITDA margin	*7,6 %*	*11,6 %*	*(4,1 %)*	*5,6 %*	*10,2 %*	*(4,6 %)*
Net cash flow from operating activities				215 709	81 394	134 315
Capital expenditures (4)				(130 155)	(43 458)	(86 697)
Net interest bearing debt (5)				1 716 953	2 429 079	(712 126)
Total assets				3 785 096	3 330 992	454 104

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) Capital expenditures represents total additions (-) in property, plant and equipment, including items financed by new financial leases.
(5) 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 586.5 million or 56.6% from NOK 1 037.2 in Q2 2017 to NOK 1 623.7 million in Q2 2018. Adjusted for gains on sale of real estate in Q1 2018 (NOK 452.2) the growth was NOK 134.4 million or 13.0%. Total operating income in Q2 increased in all operating segments compared to the same period prior year. The growth is primarily driven by higher activities at landfill sites (Projects), higher Metal prices (Metal), new contracts (Household Collection) and the effect of easter falling in Q1 of 2018 and Q2 of 2017 (Recycling and Metal).

Gross profit increased by NOK 518.2 million, or 98.3% from 527.2 in Q2 2017 to NOK 1 045.4 million in Q2 2018. Adjusted for gains on sale of real estate in Q2 2018 (NOK 452.2) the gross profit increased with NOK 66.0 million or 12.5 %. Adjusted gross margin fell marginally from 50.8% in Q2 2017 to 50.6% in Q2 2018.

Adjusted EBITDA increased by NOK 2.3 million from NOK 120.7 million in Q2 2017 to NOK 123.0 million in Q2 2018.

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

(NOK'000)	**YTD Q2 2018 Consolidated unaudited**	**YTD Q2 2017 Consolidated unaudited**
EBITDA	**654 661**	**208 340**
Change in provision for onerous contract (1)	(1 189)	(976)
Gains on sale of real estate (2)	(501 067)	-
Adjusted EBITDA	**152 405**	**207 364**

(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 H1 2018 all five companies in the real-estate portfolio was sold. See note 6 to these interim financial statements for further details.

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 (incl. financially leased vehicles) increased by NOK 86.7 million, from NOK 43.5 million in the first six months of 2017 to NOK 130.2 million in the first six months of 2018. Growth capital investments YTD Q2 2018 were NOK 55.3 million related to new collection vehicles in Division Household Collection.

CASH FLOW

(NOK'000)	**YTD Q2 2018 Consolidated, unaudited**	**YTD Q2 2017 Consolidated, unaudited**
Net cash flow from operating activities	215 709	81 394
Net cash flow from investing activities	657 138	(49 437)
Net cash flow from financing activities	(281 509)	(112 234)
Net change in cash and cash equivalents for the period	**591 338**	**(80 277)**
Effect of exchange rate changes	(1 724)	1 287
Cash and cash equivalents at the beginning of the period	176 995	167 724
Cash and cash equivalents at the end of the period	**766 609**	**88 734**

Net cash flow from operating activities in the first six months of 2018 showed a net inflow of NOK 215.8 million, which was NOK 134.3 million higher than in the same period previous year. The increase compared to previous year is driven by a lower working capital primarily due to an agreement where the Group sell accounts receivables.

Net cash inflow from investing activities in the first six months of 2018 was NOK 657.1 million compared to a net cash outflow of NOK 49.4 million in the same period previous year. The net increase of NOK 706.6 million is a result of proceeds from the sales of five real-estate companies with net proceeds of NOK 703.5 million (see note 6), increased sales of other non-current assets and business, a reduced cash outflow related to other financial investments partly offset by increased investments in property, plant and equiptment.

Net cash outflow from financing activities was NOK 281.5 million in the first six months of 2018 compared to NOK 112.2 million in the same period previous year. The net increase in cash outflow of NOK 169.3 million is a result of a bond redemption in May of NOK 109.0 million, a purchase of remaining non-controlling interest in iSekk AS paired with higher repayments of leasing liabilities and lower payment of interest.

Cash and cash equivalents increased by NOK 589.6 million in the first half of 2018, from NOK 177.0 million as of December 31, 2017 to NOK 766.6 million as of June 30, 2018. In 2017 cash and cash equivalents fell by NOK 79.0 million in the comparable period.

FINANCIAL POSITION

NET INTEREST BEARING LIABILITIES

Net interest bearing debt of the Issuer and its subsidiaries, on a consolidated basis was NOK 1,717.0 million as of June 30, 2018, compared to NOK 2,384.5 million as of December 31, 2017. Net interest bearing debt has decreased primarily due to the increased cash balance as the real estate portfolio was sold, paired with redemption of bonds of NOK 109.0 million.

As of June 30, 2017 NOK 1,400 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 June 30, 2018**	**As of December 31, 2017**
Cash and cash equivalents	**766 609**	**176 995**
Indebtedness:		
Revolving credit facility (1)	547	549
Leasing liability (2)	158 359	129 071
NOK Senior secured notes (3)	2 157 668	2 270 335
Senior bank debt	1 988	2 641
Total third-party indebtedness	**2 318 561**	**2 402 595**
Shareholder loan (4)	165 000	158 927
Total equity	475 174	74 382
Total capitalization	**2 958 735**	**2 635 904**

(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 June 30, 2018, 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 June 30, 2018, the Leasing facility is drawn by NOK 158.4 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 June 30, 2018 the total amount outstanding, including accrued unpaid interest and unpaid amounts on interest rate swaps are NOK 2,157.7 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 March 31, 2018 the total amount outstanding, including accrued unpaid interest is NOK 165.0 million.

OPERATING AND FINANCIAL REVIEW

In the first quarter of 2018 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. The Group has four major business areas which are presented below. These are Recycling, Metal, Project businesses and Household collection.

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)	Q2 2018	Q2 2017	Variance	YTD Q2 2018	YTD Q2 2017	Variance
Total revenue	625 601	598 242	27 359	1 173 210	1 161 453	11 757
Adjusted EBITDA	81 184	78 957	2 228	97 111	138 707	(41 596)
Adjusted EBITDA margin	*13,0 %*	*13,2 %*	*(0,2 %)*	*8,3 %*	*11,9 %*	*(3,7 %)*

	YTD Q2 2018	YTD Q2 2017	Variance
Collection assignments	1 720 894	1 812 228	-5,0 %
Total waste treated (tons)	594 852	582 214	2,2 %

Total revenue in Recycling increased by NOK 27.4 million, or 4.6%, from NOK 598.2 million in Q2 2017 to NOK 625.6 million in Q2 2018. This increase is partly driven by more working days in Q2 2018 compared to Q2 2017, as Easter fell in Q1 of 2018. Year to date total revenue increased by NOK 11.8 million or 1.0% from NOK 1 161.5 million in 2017 to NOK 1 173.2 million in 2018. The increase in revenue is due to a 2.2% increase in waste volumes. Collection assignments are down 5%.

Adjusted EBITDA before internal charges increased with NOK 2.2 million, from NOK 79 million in Q2 2017 to NOK 81.2 million in Q2 2018. The increase is due to Easter falling in Q1 2018. YTD EBITDA decreased with NOK 41.6 million from NOK 138.7 million in 2017 to 97.1 million in 2018. The decrease is due to lower volumes in Q1 2018, and a fall in downstream prices for paper. Upstream prices are continuously adjusted to account for this, but there is a time lag of one to three months until full adjustment is achieved.

METAL

(NOK'000)	Q2 2018	Q2 2017	Variance	YTD Q2 2018	YTD Q2 2017	Variance
Total revenue	242 511	213 049	29 462	470 333	441 901	28 432
Adjusted EBITDA	(5 875)	9 393	(15 268)	(15 052)	18 460	(33 512)
Adjusted EBITDA margin	*(2,4 %)*	*4,4 %*	*(6,8 %)*	*(3,2 %)*	*4,2 %*	*(7,4 %)*

	YTD Q2 2018	YTD Q2 2017	Variance
Ferrous volumes (tons)	108 568	110 339	-1,6 %
Non-ferrous volumes (tons)	12 463	15 124	-17,6 %

Total revenue in Division Metal increased by NOK 29.5 million, or 13.8%, in Q2 2018 compared to Q2 2017. This is mainly due to higher metal prices in 2018 and an increase in volumes in Q2 2018 compared Q2 2017. YTD Q2 2018 ferrous volumes are down 1.6% from YTD Q2 2017. Non-ferrous volumes are down 17.6%. Still, YTD total revenue in Q2 2018 is up 6.4% compared to Q2 2017 due to higher metal prices.

In Q2 2018, adjusted EBITDA before internal charges decreased by NOK 15.3 million, from NOK 9.4 million in Q2 2017 to NOK -5.9 million. Our blended metals margins still remained too low due to more costly low quality spot purchases due to continued shortfall of volumes, and a higher than optimal Celsa index meaning that we pay too much for the waste in the shredder tonnage. In addition, metal prices out of the shredder continued to be depressed as a result of the Chinese import restrictions. For YTD EBITDA the reduction in volumes in Q1 also contributes to a decline in profitability from YTD Q2 2017 to YTD Q2 2018.

PROJECT BUSINESSES

(NOK'000)	Q2 2018	Q2 2017	Variance	YTD Q2 2018	YTD Q2 2017	Variance
Total revenue	165 483	125 268	40 215	297 423	238 741	58 682
Adjusted EBITDA	22 840	13 604	9 236	34 453	16 923	17 530
Adjusted EBITDA margin	*13,8 %*	*10,9 %*	*2,9 %*	*11,6 %*	*7,1 %*	*4,5 %*

Total revenue in the Project business increased by NOK 40.2 million, or 32.1 %, from NOK 125.3 million in Q2 2017 to NOK 165.5 million in Q2 2018. YTD revenues increased by NOK 58.7 million or 24.6% from NOK 238.7 million in 2017 to NOK 297.4 million in 2018. The increase in revenue is partly due to higher activity from existing landfills and opening of a new landfill with increased volume of high value fractions. The activity level and utilization rates have also been good in the in the industrial cleaning industry with several large tenders won. The demolition business is performing below expectations, and a turnaround process has been initiated. We have a positive market outlook for the remaining year.

Adjusted EBITDA before internal charges increased with NOK 9.2 million, from NOK 13.6 million in Q2 2017 to NOK 22.8 million in Q2 2018. YTD EBITDA increased with NOK 17.5 million from NOK 16.9 million in 2017 to 34.5 million in 2018. The growth in adjusted EBITDA is mainly due to increase in activity and volume from landfills.

HOUSEHOLD COLLECTION

(NOK'000)	Q2 2018	Q2 2017	Variance	YTD Q2 2018	YTD Q2 2017	Variance
Total revenue	99 503	71 303	28 200	186 322	132 156	54 166
Adjusted EBITDA	919	17 342	(16 423)	1 406	25 814	(24 408)
Adjusted EBITDA margin	*0,9 %*	*24,3 %*	*(23,4 %)*	*0,8 %*	*19,5 %*	*(18,8 %)*

Total revenues increased both year over year and year to date Q2 2018. Revenues increased NOK 28.2 million, or 39.5%, from NOK 71.3 million Q2 2017 to NOK 99.5 million Q2 2018. Year to date revenues increased by NOK 54.2 million or 41.0%. In 2018 the effect of startup of new contracts, increased revenues due to higher activity on existing contracts and index adjustments contributes to increased revenues comparing both year on year and year to date Q2 2017 and Q2 2018.

Adjusted EBITDA margin decreased year over year and year to date, mainly due to startup costs of new contracts, low profitability of contracts that were taken over following the bankruptcy of Reno Norden and severe weather conditions at the start of 2018.

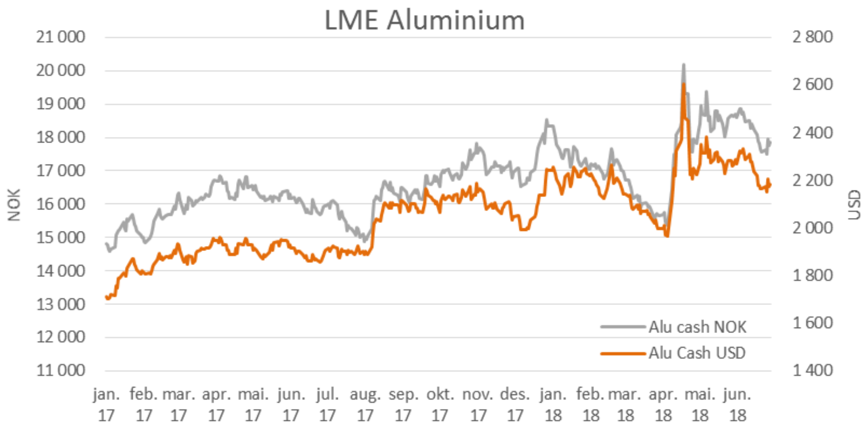
MARKET CONDITIONS

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

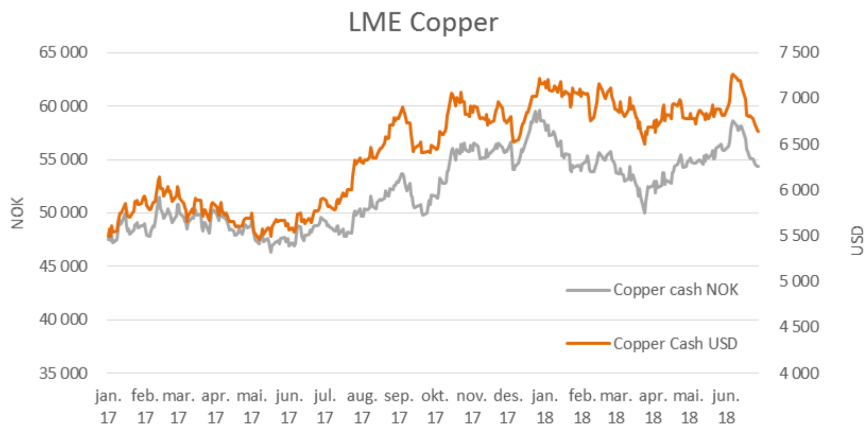
LME Aluminium has been volatile during Q2 2018, which derives from the tariff and trading restrictions for aluminium in the US and the corresponding uncertainty about this. Aluminium had a 7-year peak in April of 2,586 USD and has been traded at 2,100 USD to 2,400 USD levels since. Heading into Q3 2018, the market outlook vary from stable to slightly negative.



LME Aluminium – 2017 and 2018

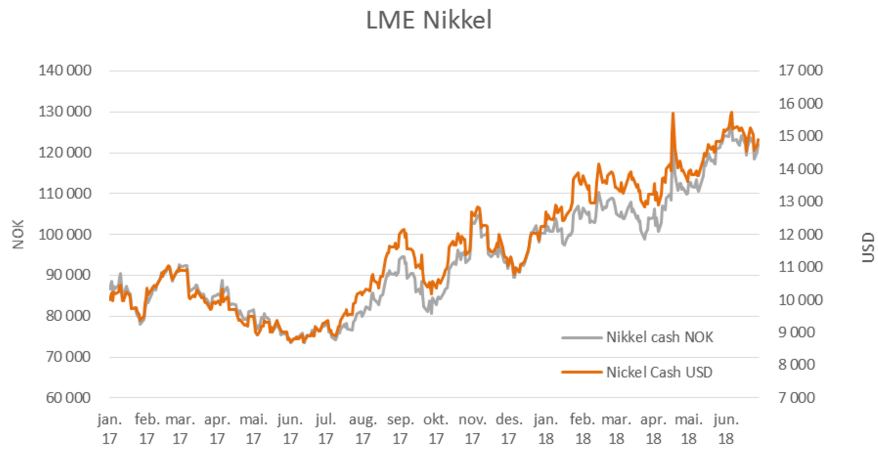
COPPER

The ongoing trade disputes between the US and China creates a general uncertainty, which also affects the copper market. In June, copper was characterised by high volatility. The price was at around 6,800 USD at the beginning of the month, by mid-month it rose to a level of more than 7,200 USD before it subsequently fell again. The copper price was thereby temporarily quoted at its highest level for the past 4 years. The strong increase in price was especially attributed to the anxiety of individual market participants regarding an impending strike at the Escondida mine in Chile. Despite its short-term negative trend, the outlook in the coming months are optimistic. Global growth is expected to keep consumption high and absorb additional stock material.



LME Copper – 2017 and 2018

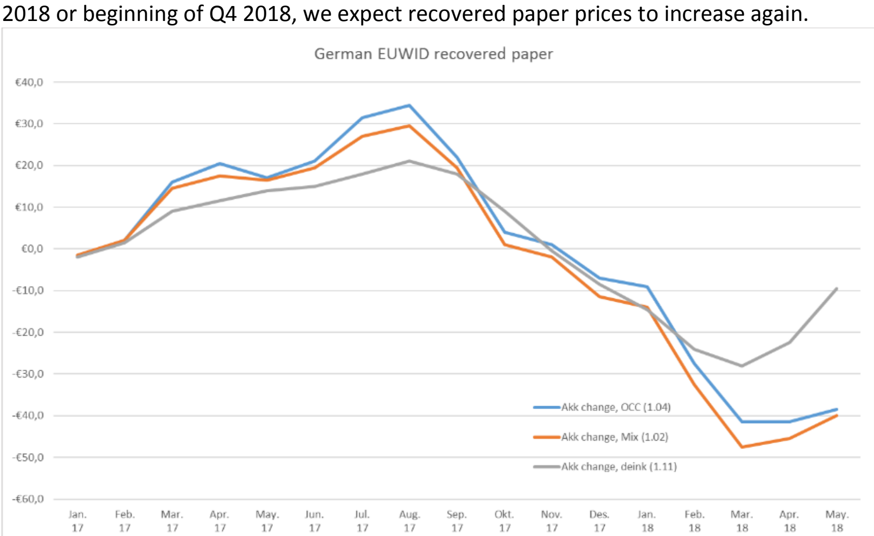
NICKEL
During Q2 2018, prices for nickel has continued to increase and has been traded at 13,500 USD to 15,500 USD levels. However, a nickel price at 15,000 USD per tonne is still considered low by historical standards. A nickel market deficit, falling global stock levels and robust stainless steel demand from China should keep prices on a rising trend.



LME Nickel – 2017 and 2018

STEEL SCRAP
The global tariff and trading restrictions keep market participants hesitant. However, prices have remained on a high and stable level in the second quarter, which historically tends to be a period with falling prices. The leading index for shredded scrap has been stable throughout Q2 2018 with levels at around $350/tonne. Celsa Basis price developed in line with the international price development.

DEVELOPMENT IN PAPER PRICES
Recovered paper prices stabilised during Q2 2018. There are small positives adjustments to OCC and mixed paper indices. For sorted deink grades the price increase was more substantial. We expect recovered paper prices to remain stable throughout the summer since the paper-mills in Europe are still experiencing a surplus in supply. Towards the end of Q3 2018 or beginning of Q4 2018, we expect recovered paper prices to increase again.



DEVELOPMENT WASTE-TO-ENERGY

WOODCHIPS
The price level started to rise from Q2 2018 and continued to rise due to increased demand in the Scandinavian market (primarily Sweden). The current price level is at its highest point in several years.

REFUSE DERIVED FUEL (RDF)
The prices for RDF remained stable in Q2 2018, like in Q1 2018, as the market is in a supply and demand equilibrium. The RDF market has been stable since 2015 and is expected to continue with the same trend in Q3 and Q4 2018.

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 2017 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.

The Groups liquidity position has improved materially as the sales of all five properties in the real estate portfolio was closed in the first half of 2018. As of June 30, 2018 the Group has NOK 767 million in cash and cash equivalents and an undrawn credit facility of NOK 200 million. Bonds with a face value of NOK 740 million has been redeemed in July of 2018 (after reporting period).

EVENTS AFTER REPORTING PERIOD

See Note 7 to these interim financial statements.

CONDENSED INTERIM FINANCIAL STATEMENTS

INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(NOK'000)	Note	Q2 2018	Q2 2017	YTD Q2 2018	YTD Q2 2017
Revenue	4, 5	1 144 844	1 026 723	2 159 704	2 011 213
Other income	6	478 857	10 435	539 620	15 705
Total operating income		**1 623 701**	**1 037 159**	**2 699 324**	**2 026 919**
Cost of goods sold		578 286	509 915	1 125 841	1 000 744
Employee benefits expense		267 884	231 086	518 357	465 865
Depreciation/amortization/impairment		52 328	54 522	109 895	109 980
Other operating expenses		200 658	175 096	402 191	350 575
Other (gains)/losses - net		1 061	(659)	(1 726)	1 395
Operating profit		**523 486**	**67 200**	**544 766**	**98 360**
Finance income	2	2 667	976	11 181	1 787
Finance costs	2	52 022	68 386	97 364	129 825
Share of profit in associated companies		221	468	510	468
Profit / (loss) before income tax		**474 352**	**257**	**459 093**	**(29 211)**
Income tax expense		5 182	1 239	(13 220)	(4 648)
Profit / (loss) for the period from continuing operations		**469 170**	**(982)**	**472 313**	**(24 563)**
Profit / (loss) attributable to:					
Owners of the parent		469 134	(3 971)	472 577	(29 084)
Non-controlling interests		37	2 990	(264)	4 521

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(NOK'000)	**Q2 2018**	**Q2 2017**	**YTD Q2 2018**	**YTD Q2 2017**
Profit / (loss) for the period	**469 170**	**(982)**	**472 313**	**(24 563)**
Items that may be subsequently reclassified to profit or loss				
Currency translation differences	(1 331)	3 155	(3 070)	3 953
Interest rate swaps - cash flow hedges (after tax)	(140)	3 490	5 268	7 055
Net other comprehensive income / (loss) for the period	**(1 471)**	**6 645**	**2 198**	**11 008**
Comprehensive income / (loss) for the period	**467 699**	**5 663**	**474 511**	**(13 555)**
Comprehensive income attributable to:				
Owners of the parent	467 663	2 673	474 775	(18 076)
Non-controlling interests	37	2 990	(264)	4 521

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(NOK'000)	Note	June 30, 2018	December 31, 2017
Non-current assets			
Property, plant & equipment		823 659	792 250
Intangible assets		85 597	96 775
Goodwill		1 235 986	1 235 986
Deferred tax assets		98 754	93 367
Investments in associated companies		20 708	21 360
Other receivables		38 315	44 242
Total non-current assets		**2 303 020**	**2 283 980**
Current assets			
Inventories		101 242	112 716
Trade and other receivables		614 226	713 102
Cash and cash equivalents		766 609	176 995
Assets held for sale	6	-	207 348
Total current assets		**1 482 076**	**1 210 160**
Total assets		**3 785 096**	**3 494 140**

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EQUITY AND LIABILITIES

(NOK'000)	Note	June 30, 2018	December 31, 2017
Equity			
Share capital and reserves attributable to owners of parent		463 776	52 855
Non-controlling interest		11 398	21 527
Total equity		**475 174**	**74 382**
Non-current liabilities			
Loans and borrowings		2 401 802	2 474 734
Other financial liabilities		2 476	9 318
Deferred income tax liabilities		22 868	24 926
Post-employment benefits		10 893	10 265
Provisions for other liabilities and charges		73 165	75 292
Total non-current liabilities		**2 511 204**	**2 594 534**
Current liabilities			
Trade and other payables		704 042	695 180
Current income tax		2 230	15 651
Loans and borrowings		70 047	68 516
Other financial liabilities		877	16 015
Provisions for other liabilities and charges		21 523	29 862
Total current liabilities		**798 718**	**825 224**
Total liabilities		**3 309 922**	**3 419 759**
Total equity and liabilities		**3 785 096**	**3 494 140**

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(NOK'000)	Note	YTD Q2 2018	YTD Q2 2017
Profit / (Loss) before income tax		**459 093**	**(29 211)**
Adjustments for:			
Income tax paid		(12 245)	(2 686)
Depreciation, amortization and impairment charges		109 895	109 980
Net (gain) loss on sale of non-current assets and business		(510 307)	(7 785)
Financial items without cash effect		(5 183)	26 589
Items classified as investing- or financing activities		81 254	100 966
Changes in other short term items		93 202	(116 459)
Net cash flow from operating activities		**215 709**	**81 394**
Purchase of shares in subsidiaries and associates		(300)	(9 000)
Proceeds from sale of business		24 955	1 600
Payments for purchases of non-current assets		(75 649)	(43 073)
Proceeds from sale of non-current assets		708 132	12 456
Net other investments		-	(11 420)
Net cash flow from investing activities		**657 138**	**(49 437)**
Repayment of borrowings		(109 653)	(1 595)
Debt related expenses		(1 090)	(3 217)
Repayment of financial leasing liability		(20 482)	(13 820)
Dividends paid to non-controlling interest		(4 635)	(5 355)
Transactions with non-controlling interest		(65 485)	-
Interest paid		(80 164)	(88 247)
Net cash flow from financing activities		**(281 509)**	**(112 234)**
Net increase in cash and cash equivalents		**591 338**	**(80 277)**
Effect of exchange rate changes		(1 724)	1 287
Cash and cash equivalents at beginning of period		176 995	167 724
Cash and cash equivalents at end of period		**766 609**	**88 734**

The interim financial information has not been subject to audit.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONDENSED STATEMENT OF CHANGES IN EQUITY – YTD Q2 2018

(NOK'000)	**Attributable to the owners of the parent**	**Non-controlling interest**	**Total equity**
At 1 January 2018	**52 855**	**21 527**	**74 382**
Profit / (loss)	472 577	(264)	472 313
Net other comprehensive income / (loss)	2 198	-	2 198
Transactions with non-controlling interest	(61 193)	(9 865)	(71 058)
Group contributions	(2 661)	-	(2 661)
At 30 June 2018	**463 777**	**11 398**	**475 174**

CONDENSED STATEMENT OF CHANGES IN EQUITY – YTD Q2 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) YTD	(29 084)	4 521	(24 563)
Net other comprehensive income / (loss)	11 008	-	11 008
Transactions with non-controlling interest	-	(5 355)	(5 355)
Group contributions	(7 597)	-	(7 597)
At 30 June 2017	**49 453**	**17 118**	**66 571**

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 controlled by funds managed by Summa Equity. VV Holding controls 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 2017. 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 June 30, 2018, are consistent with those applied in the annual consolidated financial statements for 2017, with the exception of changes in accounting policies disclosed below. 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.

Changes in accounting policies from January 1, 2018
As of January 1, 2018 the Group adopted IFRS 15 – Revenue from customer contracts. As described in chapter 2.1.1 of the Groups Annual report for 2017, the new standard was implemented with the use of the modified retrospective approach, and there were no implementation effects. Compared to the previous accounting principles for revenue recognition there are no changes in the timing or amount of revenue recognised.

Significant accounting policy – revenue recognition
The Group recognizes revenue when performance obligations in the customer contracts are met, through a transfer of a promised services or goods. Revenue is measured at the amount the Group expects to receive in exchange for the transfer of services or goods.

Upstream sales of services- the Group provides a broad spectrum of waste related services , which primarily relates to collection and treatment of various forms of waste, including other specialized services. Sale of services is typically recognised as the Group have retrieved/received waste at our facilities or in line with performance of services.

Downstream sales of recycled raw materials - based on sorted waste collected in the upstream marked and purchased goods, the Group produce recycled raw materials which are sold in the downstream market. The Groups main products are both ferrous and non-ferrous metals and paper. Revenues from sale of recycled raw materials are typically recognised at the point in time when delivery to the customer have occurred.

For further details relating to revenue from customer contracts, refer to notes 4 and 5.

Other changes
Previous year the line item Revenue in the interim statement of profit or loss included rental income from real estate. The Group have changed the presentation of this income stream and this is now presented as Other income. Comparable amounts have been restated to reflect this change in accounting policy. See note 6 for further details on Other income.

The Group implemented IFRS 9 as of January 1, 2018. As described in chapter 2.1.1 of the Groups Annual report for 2017, there were no implementation effects. The Group has elected to make use of the simplified approach as described in IFRS 9.

NOTE 2 - FINANCIAL ITEMS

(NOK'000)	**Q2 2018**	**Q2 2017**	**YTD Q2 2018**	**YTD Q2 2017**
Interest income	259	947	625	1 687
Other financial income	2 409	29	10 556	100
Financial income	**2 667**	**976**	**11 181**	**1 787**
Non cash interest expenses	3 540	2 827	6 560	5 623
Cash interest expenses	38 720	44 517	76 495	88 214
Other financial expenses	9 762	21 042	14 309	35 988
Financial expenses	**52 022**	**68 386**	**97 364**	**129 825**
Net financial income (expenses)	**(49 354)**	**(67 410)**	**(86 183)**	**(128 038)**

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.

<u>Redemption of bonds:</u>
In May of 2018 bonds with a face value of NOK 109 million was redeemed.
In July of 2018 bonds with a face value of NOK 740 million was redeemed.

Outstanding face value of the bond as of June 30, 2018 is NOK 2,126 million. Following the transaction in July 2018 the outstanding balance is NOK 1,386 million.

NOTE 4 - SEGMENT NOTE

Currently the reportable operational segments in the group compromise of Recycling, Metal, Project businesses and Household collection. The category All other segments consist of the operating segments Downstream and Security Shredding, 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 2018 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 segments Danish Industrial services and Landfill operations is now part of the segment Project businesses. Further there have been a change in the composition between Metal and Downstream where activities formerly reported in the Downstream segment now is part of the segment Metal.

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 2018 Q2

(NOK'000)	Recycling	Metal	Project Businesses	Household Collection	All other segments	HQ and Eliminations	Total
Norway	510 412	2 695	140 059	63 645	49 134	89	766 033
Other Nordics	-	-	11 601	30 628	-	-	42 229
Other Europe	-	-	6 613	-	-	-	6 613
Intra segment	7 659	385	7 209	1 879	4 025	(21 157)	-
Total upstream	**518 070**	**3 079**	**165 483**	**96 152**	**53 159**	**(21 068)**	**814 875**
Norway	22 474	111 483	-	-	3 798	-	137 755
Other Nordics	20 729	39 649	-	3 028	4 230	-	67 635
Other Europe	24 760	57 594	-	-	6 947	-	89 301
Asia	5 237	30 041	-	-	-	-	35 278
Intra segment	34 331	665	-	323	1 478	(36 796)	-
Total downstream	**107 531**	**239 431**	**-**	**3 351**	**16 452**	**(36 796)**	**329 969**
Total Revenue	**625 601**	**242 511**	**165 483**	**99 503**	**69 611**	**(57 864)**	**1 144 844**

Revenue 2017 Q2

(NOK'000)	Recycling	Metal	Project Businesses	Household Collection	All other segments	HQ and Eliminations	Total
Norway	477 206	2 788	100 083	46 236	37 561	31	663 905
Other Nordics	-	-	15 254	20 473	-	-	35 727
Other Europe	-	-	289	-	-	-	289
Intra segment	10 976	592	9 642	1 368	925	(23 504)	-
Total upstream	**488 181**	**3 381**	**125 268**	**68 077**	**38 486**	**(23 473)**	**699 921**
Norway	33 451	98 069	-	-	7 268	-	138 788
Other Nordics	11 963	22 306	-	3 171	5 636	-	43 075
Other Europe	29 136	48 132	-	-	14 339	-	91 608
Asia	12 364	40 967	-	-	-	-	53 331
Intra segment	23 147	195	-	54	1 649	(25 044)	-
Total downstream	**110 061**	**209 669**	**-**	**3 226**	**28 891**	**(25 044)**	**326 802**
Total Revenue	**598 242**	**213 049**	**125 268**	**71 303**	**67 377**	**(48 517)**	**1 026 723**

Revenue 2018 YTD Q2

(NOK'000)	Recycling	Metal	Project Businesses	Household Collection	All other segments	HQ and Eliminations	Total
Norway	942 752	4 897	243 108	122 679	99 014	89	1 412 539
Other Nordics	-	-	24 349	53 178	-	-	77 527
Other Europe	-	-	17 366	-	-	-	17 366
Intra segment	21 659	786	12 600	3 915	7 172	(46 133)	-
Total upstream	**964 412**	**5 682**	**297 423**	**179 772**	**106 187**	**(46 044)**	**1 507 432**
Norway	41 215	207 669	-	-	7 733	-	256 617
Other Nordics	42 335	87 679	-	5 998	9 864	-	145 876
Other Europe	49 975	110 611	-	-	16 732	-	177 318
Asia	15 662	56 800	-	-	-	-	72 462
Intra segment	59 611	1 892	-	553	3 535	(65 590)	-
Total downstream	**208 798**	**464 650**	**-**	**6 550**	**37 864**	**(65 590)**	**652 273**
Total Revenue	**1 173 210**	**470 333**	**297 423**	**186 322**	**144 050**	**(111 634)**	**2 159 704**

Revenue 2017 YTD Q2

(NOK'000)	Recycling	Metal	Project Businesses	Household Collection	All other segments	HQ and Eliminations	Total
Norway	916 848	5 693	197 711	84 897	74 417	79	1 279 645
Other Nordics	-	-	27 674	38 332	-	-	66 006
Other Europe	-	-	289	-	-	-	289
Intra segment	21 879	1 237	13 067	2 580	1 955	(40 717)	-
Total upstream	**938 727**	**6 930**	**238 741**	**125 809**	**76 371**	**(40 638)**	**1 345 940**
Norway	63 122	182 684	-	-	14 221	-	260 027
Other Nordics	21 697	48 525	-	6 268	10 782	-	87 272
Other Europe	56 016	114 933	-	-	25 694	-	196 643
Asia	34 462	86 872	-	-	-	-	121 333
Intra segment	47 429	1 958	-	80	3 505	(52 971)	-
Total downstream	**222 726**	**434 971**	**-**	**6 347**	**54 201**	**(52 971)**	**665 275**
Total Revenue	**1 161 453**	**441 901**	**238 741**	**132 156**	**130 572**	**(93 609)**	**2 011 213**

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)	Q2 2018	Q2 2017	YTD Q2 2018	YTD Q2 2017
Recycling	81 184	78 957	97 111	138 707
Metal	(5 875)	9 393	(15 052)	18 460
Project businesses	22 840	13 604	34 453	16 923
Household collection	1 514	17 393	2 595	25 839
All other segments	2 202	4 706	4 671	7 306
HQ and eliminations	473 948	(2 331)	530 884	1 105
Total	**575 814**	**121 722**	**654 661**	**208 340**
Depreciation and amortization expense	(52 328)	(54 522)	(109 895)	(109 980)
Finance income	2 667	976	11 181	1 787
Finance costs	(52 022)	(68 386)	(97 364)	(129 825)
Net income from associated companies	221	468	510	468
Profit before tax	**474 353**	**257**	**459 093**	**(29 211)**

NOTE 5 – REVENUE

The Groups business is focused around providing local services to customers in need of waste related services (upstream market) and provide recycled raw materials to industrial customers (downstream market).

(NOK'000)	Q2 2018	Q2 2017	YTD Q2 2018	YTD Q2 2017
Upstream sale of services	814 875	699 921	1 507 432	1 345 940
Downstream sale of recyclables	329 969	326 802	652 273	665 275
Revenue	**1 144 844**	**1 026 723**	**2 159 704**	**2 011 213**

Upstream sale of services

The Group provides a broad spectrum of waste related services in Norway and other Nordic countries. Activities relate primarily to collection and treatment of various forms of waste, including other specialized services. Upstream services aimed at these local markets are in the Group located in Recycling, Downstream and the niche businesses (Project businesses, Household Collection and Security Shredding).

Sale of services is typically recognised at as the Group have retrieved/received the waste at our facilities or in line with the performance of services.

Downstream sale of recycled raw materials

The Groups three divisions (Metal, Recycling and Downstream) sell recycled raw materials, which are produced, based on sorted waste collected in the upstream marked and purchased goods. The Groups main products are both ferrous and non-ferrous metals and paper. Revenues related to the downstream market are significantly affected by the development in commodity prices and foreign exchange rates as the Group sells goods in an international market.

Sale of recycled raw materials are typically recognised at the point in time when delivery to the customer have occurred.

Implementation of IFRS 15

As of January 1, 2018 the Group adopted IFRS 15 – Revenue from customer contracts. As described in chapter 2.1.1 of the Groups Annual report for 2017, the new standard was implemented with the use of the modified retrospective approach, and there were no implementation effects. The updated significant accounting policies for revenues is disclosed in note 1 to these interim financial statements.

The line item Revenue in the interim statement of profit or loss is entirely related to revenue from customer contracts.

NOTE 6 – OTHER INCOME

(NOK'000)	Q2 2018	Q2 2017	YTD Q2 2018	YTD Q2 2017
Gain on sale of held for sale assets	452 177	-	501 067	-
Rental income from real estate	4 148	3 602	7 590	6 592
Insurance recovery	21 500	-	21 500	-
Other gains on sale	1 032	6 833	9 462	9 113
Other income	**478 857**	**10 435**	**539 620**	**15 705**

Gain on sale of held for sale assets

As disclosed in the Group Annual Report for 2017 (note 27) the Group classified a real estate portfolio, structured as five fully owned subsidiaries (single-purpose entities) as non-current assets held for sale. The sale of one of these single-purpose entities where closed in Q1 of 2018, and the sale of the remaining four where closed in Q2 of 2018. As there is a rental agreement between these single-purpose entities and the Group, the transaction have been treated as a sale-leaseback transaction. A total gain on sale of NOK 501 million has been recognised in the statement of profit. The Group received a net cash consideration of NOK 704 million on the sale of assets with a carrying value of NOK 203 million.

The Group rents the properties in question on a bare house rental agreements until 2035 and the agreements have a 20 year renewal option. The rent level in 2018 is NOK 53.5 million and is adjusted annually for increases in the consumer price index. Rental expenses are recognised as an operational lease agreement in the financial statements.

NOTE 7 - EVENTS AFTER THE REPORTING PERIOD

Following the close of sales relating to the real estate portfolio the Group have applied the proceeds to redeem bonds with a face value of NOK 740 million in July of 2018. Following this transaction the outstanding balance on the bond is NOK 1 386 million.

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the condensed interim financial statements for the six months ended on June 30, 2018 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, August 22, 2018

Ole Enger
Chairman of the Board
(sign.)

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

Reynir Kjær Indahl
Director
(sign.)

Erik Osmundsen
Chief Executive Officer
(sign.)

Christian Melby
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.

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