



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2016 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	996 755 215
Organisasjonsform:	Allmennaksjeselskap
Foretaksnavn:	RENONORDEN ASA
Forretningsadresse:	Lindebergveien 3 2016 FROGNER

Regnskapsår

Årsregnskapets periode:	01.01.2016 - 31.12.2016
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Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Harald Rafdal
Dato for fastsettelse av årsregnskapet:	10.05.2017

Grunnlag for avgivelse

År 2016: Årsregnskapet er elektronisk innlevert
År 2015: Tall er hentet fra elektronisk innlevert årsregnskap fra 2016

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Brønnøysundregistrene, 24.10.2019



Resultatregnskap

Beløp i: NOK	Note	2016	2015
RESULTATREGNSKAP			
Kostnader			
Employee benefit expenses	2	15 579 000	18 630 000
Other operating expenses	3	11 833 000	6 822 000
Sum kostnader		27 412 000	25 452 000
Driftsresultat		-27 412 000	-25 452 000
Finansinntekter og finanskostnader			
Dividends and group relief from group companies	4		105 494 000
Renteinntekt fra foretak i samme konsern	4		4 000
Annen renteinntekt	4	476 000	928 000
Sum finansinntekter		476 000	106 426 000
Loss on interest derivatives	4, 5	96 000	944 000
Impairment shares subsidiaries	4	56 000 000	
Rentekostnad til foretak i samme konsern	4		-574 000
Annen rentekostnad	4	16 766 000	19 229 000
Net foreign exchange gain/(loss)	4	-7 670 000	7 642 000
Amortization of origination fee	4	1 094 000	1 094 000
Other financial income/(expenses)	4	1 179 000	1 923 000
Sum finanskostnader		67 465 000	30 258 000
Netto finans		-66 989 000	76 168 000
Ordinært resultat før skattekostnad		-94 401 000	50 716 000
Tax income (expense), net	6	-9 581 000	13 684 000
Ordinært resultat etter skattekostnad		-84 820 000	37 032 000
Årsresultat		-84 820 000	37 032 000
Overføringer og disponeringer			
Utbytte			50 136 000
(To)/from equity	8	-84 820 000	-13 104 000
Sum overføringer og disponeringer		-84 820 000	37 032 000



Balanse

Beløp i: NOK	Note	2016	2015
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	6	200 000	
Sum immaterielle eiendeler		200 000	
Finansielle anleggsmidler			
Investering i datterselskap	9	1 232 428 000	1 279 215 000
Sum finansielle anleggsmidler		1 232 428 000	1 279 215 000
Sum anleggsmidler		1 232 628 000	1 279 215 000
Omløpsmidler			
Varer			
Inventory		781 000	
Sum varer		781 000	
Fordringer			
Other current receivables		759 000	168 000
Konsernfordringer	10	36 605 000	110 672 000
Sum fordringer		37 364 000	110 840 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	7	213 735 000	187 445 000
Sum bankinnskudd, kontanter og lignende		213 735 000	187 445 000
Sum omløpsmidler		251 880 000	298 285 000
SUM EIENDELER		1 484 508 000	1 577 500 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	8	27 248 000	27 248 000



Balanse

Beløp i: NOK	Note	2016	2015
Overkurs	8	501 445 000	501 445 000
Sum innskutt egenkapital		528 693 000	528 693 000
Opptjent egenkapital			
Retained earnings	8	45 284 000	130 105 000
Sum opptjent egenkapital		45 284 000	130 105 000
Sum egenkapital	8	573 977 000	658 798 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	6		230 000
Sum avsetninger for forpliktelser			230 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	11	570 683 000	574 566 000
Sum annen langsiktig gjeld		570 683 000	574 566 000
Sum langsiktig gjeld		570 683 000	574 796 000
Kortsiktig gjeld			
Leverandørgjeld		1 479 000	1 359 000
Betalbar skatt	6		16 931 000
Accrued public duties		-318 000	278 000
Utbytte			50 136 000
Kortsiktig konserngjeld	10	337 596 000	272 266 000
Other current liabilities		1 091 000	2 936 000
Sum kortsiktig gjeld		339 848 000	343 906 000
Sum gjeld		910 531 000	918 702 000
SUM EGENKAPITAL OG GJELD		1 484 508 000	1 577 500 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2016	2015
RESULTATREGNSKAP			
Inntekter			
Revenue		1 873 503 000	1 771 583 000
Other Operating revenue		42 032 000	36 776 000
Sum inntekter	5	1 915 535 000	1 808 359 000
Kostnader			
Materials used, external services and subcontractors		174 722 000	178 806 000
Employee benefit expenses	6	1 070 186 000	956 278 000
Depreciation and amortization	11, 12	178 825 000	132 819 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler	11, 12	309 432 000	
Other operating expenses	7	441 259 000	382 028 000
Loss on onerous contracts	18	155 217 000	
Sum kostnader		2 329 641 000	1 649 931 000
Driftsresultat		-414 106 000	158 428 000
Finansinntekter og finanskostnader			
Annen renteinntekt	8	1 118 000	1 857 000
Annen finansinntekt	8	7 658 000	10 000
Sum finansinntekter		8 776 000	1 867 000
Loss on interest derivatives	8	96 000	944 000
Annen rentekostnad	8	35 633 000	36 811 000
Annen finanskostnad		3 644 000	12 186 000
Sum finanskostnader		39 373 000	49 941 000
Netto finans		-30 597 000	-48 074 000
Ordinært resultat før skattekostnad		-444 703 000	110 354 000
Income tax expenses	9	-48 068 000	26 933 000
Ordinært resultat etter skattekostnad		-396 635 000	83 421 000
Årsresultat		-396 635 000	83 421 000
Currency translation differences		-9 660 000	14 442 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2016	2015
Totalresultat		-406 295 000	97 863 000



Konsernets balanse

Beløp i: NOK	Note	2016	2015
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Other intangibles	11	13 117 000	18 295 000
Utsatt skattefordel	9	30 011 000	
Goodwill	11	775 341 000	1 017 942 000
Sum immaterielle eiendeler		818 469 000	1 036 237 000
Varige driftsmidler			
Equipment	12	818 373 000	811 139 000
Sum varige driftsmidler		818 373 000	811 139 000
Sum anleggsmidler		1 636 842 000	1 847 376 000
Omløpsmidler			
Varer			
Inventory		7 210 000	7 522 000
Sum varer		7 210 000	7 522 000
Fordringer			
Accounts receivable	14	252 453 000	264 772 000
Other receivables		43 971 000	29 283 000
Sum fordringer		296 424 000	294 055 000
Bankinnskudd, kontanter og lignende			
Cash and cash equivalents	15	222 648 000	195 577 000
Sum bankinnskudd, kontanter og lignende		222 648 000	195 577 000
Sum omløpsmidler		526 282 000	497 154 000
SUM EIENDELER		2 163 124 000	2 344 530 000

BALANSE - EGENKAPITAL OG GJELD

Egenkapital



Konsernets balanse

Beløp i: NOK	Note	2016	2015
Innskutt egenkapital			
Share capital		27 248 000	27 248 000
Overkurs		501 445 000	501 445 000
Sum innskutt egenkapital		528 693 000	528 693 000
Opptjent egenkapital			
Retained earnings (Accumulated losses)		-274 126 000	182 305 000
Sum opptjent egenkapital		-274 126 000	182 305 000
Sum egenkapital		254 567 000	710 998 000
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9	4 587 000	40 002 000
Non-current provisions	18	109 038 000	
Non-current finance lease obligations	16	520 375 000	416 870 000
Sum avsetninger for forpliktelser		634 000 000	456 872 000
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	17	762 833 000	781 391 000
Sum annen langsiktig gjeld		762 833 000	781 391 000
Sum langsiktig gjeld		1 396 833 000	1 238 263 000
Kortsiktig gjeld			
Leverandørgjeld		117 738 000	80 843 000
Taxes payable	9	16 323 000	19 390 000
Accrued public duties		72 169 000	68 071 000
Other current liabilities	19	140 028 000	139 475 000
Current finance lease obligation	16	165 466 000	87 490 000
Sum kortsiktig gjeld		511 724 000	395 269 000
Sum gjeld		1 908 557 000	1 633 532 000
SUM EGENKAPITAL OG GJELD		2 163 124 000	2 344 530 000
POSTER UTENOM BALANSEN			
Garantistillelser	23	171 613 000	160 726 000



Annual Report

2016



RenoNorden



*Cover photo by Aleksandrs Zigunovs,
RenoNorden Norway*

Financial calendar

Annual General meeting

Q1 2017

Q2 2017

Q3 2017

Q4 2017

3 May 2017

9 May 2017

16 August 2017

7 November 2017

13 February 2018



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The year in brief

RenoNorden is the Nordic
region's leading private waste
collection and transportation company,
providing services to six million people
across Norway, Sweden, Denmark
and Finland.



Operating revenues for 2016 were NOK 1.9 billion, an increase of 5.9 percent compared to 2015.

EBITDA was NOK 230.1 million, down from 291.2 in 2015.

Operating loss was NOK 414.1 million compared to an operating profit of NOK 158.4 million in 2015.

Adjusted for impairment of goodwill and equipment and losses on onerous contracts, the operating profit was NOK 61.8 million.

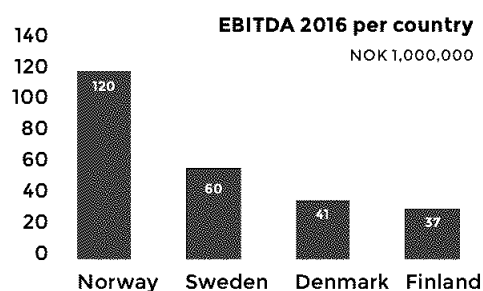
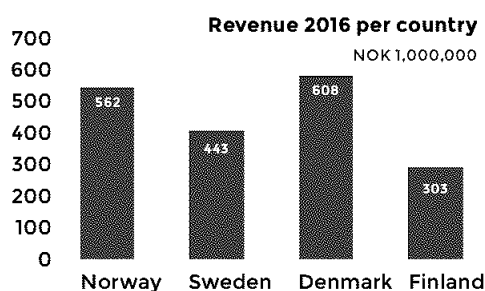
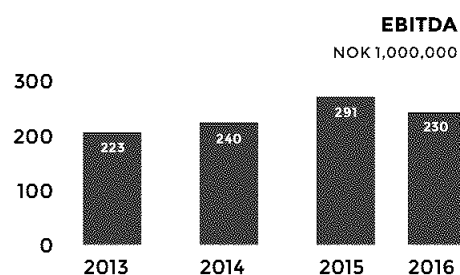
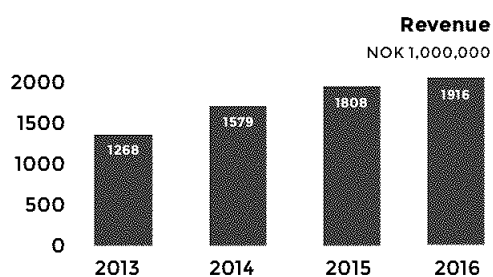
Net cash generated from operating activities was NOK 208.1 million in 2016 compared to 201.8 million in 2015.

Reported earnings per share was negative NOK 14.56. Adjusted earnings per share was positive NOK 0.88.

The Board of Directors proposes to pay no dividend for the 2016 fiscal year.

GROUP HIGHLIGHTS

NOK 1,000,000	2016	2015
Operating revenues	1,915.5	1,808.4
EBITDA	230.1	291.2
EBITDA margin	12.0%	16.1%
Operating profit (loss)	-414.1	158.4
Operating profit (loss) margin	-21.6%	8.8%
Net income	-396.6	83.4
Earnings per share (NOK)	-14.56	3.06
Earnings per share adjusted (NOK)	0.88	3.06
Dividend per share (NOK)	0	1.84
Average no. of shares outstanding (million)	27.2	27.2



Statement by the CEO

Let me start off by saying, frankly, that 2016 was a very challenging year for RenoNorden ASA. Nevertheless, after joining the company in April, I have learned to know a company with great potential and many dedicated people. I would like to take this opportunity to address the problems we have faced and to point out the way forward.

In general, the market over the past years has been characterized by increasing price pressure. This is especially true in Norway, which has traditionally been the company's largest and most profitable market.

Adding to this gradual development, three company-specific problems became apparent in 2016. In Norway, RenoNorden's former management had made serious errors in calculating a number of tenders, leading the company to enter into loss-making contracts and negative impact on EBIT level for years ahead. In addition, substantial potential for improvements of the organizational capabilities was revealed. In Denmark, there were substantial problems with truck deliveries from a key supplier as well as other operational challenges, leading to lower efficiency and higher cost. In Sweden, costs related to close-down and start-up of contracts were higher than calculated.

The combination of pressure on earnings outlook and capital expenditure related to new contracts made it apparent to RenoNorden's management and board that the capital structure of the company had to be strengthened.

KEY ACTIONS TAKEN IN 2016

In the face of these challenges, a number of actions have been initiated in 2016.

First, many of the managers in Norway have been replaced, and the group management has been strengthened. We are now building a new management team with broad and relevant experience, ready to take RenoNorden forward.

Operationally, the new management is taking a hands-on approach and is continually identifying measures that will reduce cost and improve efficiency. Several initiatives have been started and will be implemented during 2017, addressing both the underlying price pressure and the company-specific issues mentioned above.

We have also reworked the tender process. Specific tender teams are established with key roles and responsibilities in all countries, we have set up an internal database to support the tender processes and avoid human mistakes, and we have improved risk assessment and group controlling. The new management in Norway is focused on implementing changes to structures and systems as well as improvements to business culture and cost focus in general.

While operational challenges remain in Denmark, partly related to local collective bargaining agreements, we have solved the specific truck problem. Furthermore, we have substantially strengthened the group purchasing capability, with a new group procurement director leading the effort.

In order to give the company the financial strength to support these operational improvements, a rights issue of NOK 350 million was announced in December and finalized in February 2017. This gives the company financial flexibility and allows management to focus on the way forward, which is my next topic.

OPPORTUNITIES IN THE NORDIC MARKET

In looking forward, let me start off with the market we operate in, household waste collection in the Nordic region.

The Nordic market has several appealing characteristics. This is a region with a growing population and solid economic performance, both factors driving waste volumes.

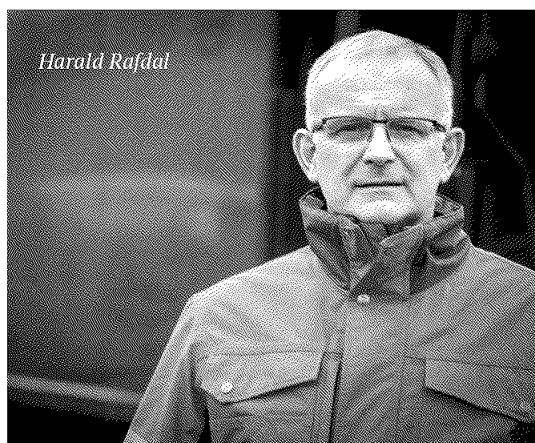
It is also a region which is transitioning to a "green economy". In this transition, waste collection plays a key part. We can no longer base increased welfare on dumping valuable resources in landfills. Increasingly waste will be reused, recycled or recovered in the form of energy. This requires sorting into different bins, turning waste collection into a highly-advanced logistics operation based on IT systems and other technology. The focus on sustainability also affects waste collection in other ways, most notably in the environmental demands put on vehicles in tender processes. All of this adds to the complexity of our business. The policies underlying this trend enjoy broad political support on a national level and are also rooted in EU policies, which, among other things, include specific recycling targets.

Adding to this, the long-term trend in the Nordic region has been towards outsourcing of waste collection, based on transparent tender processes and long-term contracts, thereby increasing the available market for RenoNorden. The value of the market has been growing steadily by about 3 percent per year and a similar growth rate is expected over the coming years.

CLEAR MARKET LEADER WITH STRONG BACKLOG

Moving on from the market to our company, RenoNorden is the undisputed market leader in the Nordic market. I believe that the market trends we are now facing – increasing complexity combined with price pressure – will benefit a large market player such as RenoNorden. Smaller players may increasingly find it hard to fulfill the requirements for tender pre-qualification. Also, inter-municipal cooperation is making contracts larger, benefitting large suppliers. Size also matters on the purchasing side, and RenoNorden will utilize its purchasing power to benefit both our customers and ourselves. Over the past years, we have seen examples of smaller players struggling to handle large and complex contracts. I am sure this has been duly noted by municipalities preparing future tender processes.

Another factor that gives me confidence in RenoNorden's future is our solid order backlog. The backlog exceeds NOK 7 billion, covering a large number of municipalities in four countries. This is a strong base from which we will work to increase efficiency and realize economies of scale. Being an incumbent is also a substantial advantage in upcoming tenders. Traditionally, the renewal rate is high, as incumbent suppliers enjoy a home-field advantage due to detailed knowledge about operations that has been streamlined over years.



Going forward, we have two main priorities. First, we will employ a disciplined approach to new tenders, based on clear financial targets and solid risk assessment routines. Second, we will focus on improving operational execution in order to leverage our substantial order backlog.

DEDICATED AND PROFESSIONAL STAFF

In summary, I would like to return to the start of this brief message. 2016 was not a good year for RenoNorden. All through the past year, close to two thousand RenoNorden employees performed an essential service for six million people in a dedicated and professional manner. The service is essential, but easily taken for granted. Therefore, I would like to extend a warm and highly deserved THANK YOU to all RenoNorden employees for a job well done in 2016!

On that note, I would invite employees, customers, shareholders and other stakeholders to join us in looking forward to coming years.



«Not your grandfather's truck»





Most people probably do not have a clear picture of the vehicles picking up their household waste.

Allow us to enlighten you.

Our predecessors were barely out of the stone age when they realized the advantage of moving trash away from their living quarters. This soon opened up the need for waste transportation.

Then, at the end of the 19th century, the automobile made its debut, and soon early pickup trucks were used for transporting waste.

However, these had their limitations, one of them being that trash tended to fly off the back when driving. The answer was the covered garbage truck. The covered truck further evolved, first by introducing various mechanisms for bringing waste into the vehicle's container more efficiently than by manual force. Another milestone was the introduction of the compactor, which greatly increases the amount of waste that will fit in the truck.

There you have it, the basics of the trucks that save you from drowning in your own trash.

However, there is much, much more to a modern garbage truck, or waste collection vehicle. In this article, we will present some interesting facts about RenoNorden's fleet of more than 1,200 trucks.

ENGINE

Starting off with the heart of any truck: The engine. The workhorse of most heavy-duty vehicles is obviously the diesel engine. However, that is not as obvious as it used to be.

Increasingly, other fuels are driving trucks used for waste collection. Often the choice of fuel is specified in tender processes.

A substantial portion of RenoNorden's fleet currently

run on biogas. This gas is actually made from organic waste that we transport, which is then processed into biogas, which in turn is used to fuel vehicles picking up more waste.

This is not the only alternative fuel. Trucks also run on natural gas and biodiesel. There are also battery-powered trucks in operation, and hydrogen will probably be important in the future.

Even the diesel engine is not what it used to be. The new Euro 6 standard drastically reduces emissions. Together, all these initiatives are substantially improving the environmental impact of RenoNorden and the industry in general.

However, our most important environmental contribution is not the way we run our trucks, but the collection of waste. This is also an area of rapid change.

SORTING

The most important trend in waste handling is the move away from dumping unsorted waste in landfills towards recovering energy and recycling and reusing waste.

This requires sorting, typically of glass, metal, paper, plastics, organic and residual waste. This sorting can either be done before or after waste is collected from households, and the sorting at the household end can either be done by putting different-colored plastic bags in the same containers or by putting different types of waste in different containers. RenoNorden's customers will perform sorting in all of these various ways.

To accommodate this variation, a modern truck may have one, two, three or even four separate containers and lifting mechanisms. Having more separate



containers and mechanisms will tend to make the truck heavier, and our trucks may typically have a total weight, when loaded, of 26 tonnes. However, this brings its own challenges, as these vehicles are often used on small, residential roads. Increasingly, the trucks have two rear axles in order to diffuse the pressure on the road, but even so, there is a limit to how big and heavy a truck can be in the residential waste market.

AUTOMATION

In order to do our work, obviously, we need to load waste into our trucks. This is an operation that has been substantially changed over the past decades, driven both by demands for efficiency and for improved working conditions. Hauling trash in bags and other types of containers and lifting these at shoulder height into a truck was slow and physically demanding work, often leading to injuries.

Today, powerful lifts will pick up containers and empty them into the truck in a matter of seconds.

Powerful compactors will then compress the waste. The amount of compression will vary depending on the density of the waste, but these are powerful machines. Modern compressors could easily gobble up a car if you were to feed it into a truck.

WORK ENVIRONMENT

Working close to equipment this powerful, is potentially very dangerous. Therefore, modern trucks have a number of features, including sensors, intended to improve workplace safety.

One area is avoiding injuries from the lifting mechanism, by putting in breakers that will detect if someone is too close to a dangerous piece of machinery. But there are also a number of other safety features. For instance: When weight is put on one of

the steps at the back of the truck, meaning someone is standing on it, the speed of the truck is automatically capped.

There are also less obvious, but still important, developments, such as the cab floors of modern trucks being lower than they used to be, making it easier to get into and out of the cab.

RenoNorden is proud of the fact that over the past years we have had no serious work-related injuries among our employees.

INFORMATION SYSTEMS

While RenoNorden is not an IT company, even our industry is being digitized. In order to run our operations as efficiently as possible, we use route planning systems and trucks that are equipped with GPS systems. But the technology reaches further. For instance, some municipalities bill households individually depending on the amount of waste produced. In these instances, each container is equipped with an RFID tag identifying the household and what kind of waste is in it. When the container is emptied into the truck, the weight of the content is automatically recorded. The data is then transferred to the municipality, generating input for billing the individual households.

All this technology is not cheap. The typical cost of the vehicles used by RenoNorden is around 200,000 euro. However, based on the market demands for efficiency, environmental standards and workplace safety, there is no returning to "your grandfather's garbage truck".

On the contrary, we fully expect new innovation to keep moving our industry forward, and as the market leader in the Nordic region, RenoNorden will be on the forefront of this development.



Board of Directors Report

COMPANY DESCRIPTION

RenoNorden is the leading household waste collection and transportation company in the Nordic region. Established in 2000, the company has delivered solid and consistent top-line growth, both organically and through acquisitions.

Today, RenoNorden's approximately 2,000 employees serve six million people across Norway, Sweden, Denmark and Finland with clearly defined service that are of vital importance to local communities.

RenoNorden is listed on the Oslo Stock Exchange with the ticker RENO.

SUMMARY OF 2016

2016 was a challenging year for RenoNorden. Margin pressure, especially in Norway, operational challenges in Sweden and Denmark as well as impairments and write-downs caused a significant loss for the year. Further, the new management and board decided to initiate a thorough review of the contracts won between December 2015 and June 2016 together with an outside consultant. In the second quarter, the company identified six onerous contracts in Norway and two onerous contracts in Denmark according to IAS 37, and recognized a loss for onerous contract of NOK 166.5 million. This led the Board to conclude that the capital structure had to be strengthened, and a fully underwritten rights issue of NOK 350 million was completed in February 2017.

At the same time, important steps have been taken throughout 2016 to improve the operational performance. A new CEO was appointed from April 2016, new management in critical positions have been hired, and procedures in tender processes has been strengthened in order to reduce risk. The group purchasing routines have been improved and a group-wide cost reduction and efficiency program has been initiated.

On the positive side, RenoNorden's sizeable order backlog*, which increased to a record NOK 7.6 billion during the year, provides a good platform on which to implement the ongoing improvement programs.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND CASH FLOW

Total operating revenues for 2016 relative to 2015 increased by 5.9 % to NOK 1,916 million. Revenues in Denmark, Finland and Sweden grew in 2016, while Norway experienced a reduction in revenue as some large contracts expired. The strongest growth rate was in Sweden, where revenues increased by 17.0 %. The NOK weakened against relevant currencies, and adjusted for currency* effects, total year-on-year growth was 3.3 %, based on last year's average currency rates.

EBITDA* for 2016 was NOK 230.1 million, compared to NOK 291.2 million for 2015, resulting in a margin of 12.0 %. Profitability was negatively impacted by replacement of high margin contracts with new lower margin contracts in Norway, operational challenges in Denmark and challenging contract start-ups/close-downs in Sweden.

EBIT* was negative by NOK 414.1 million, compared to positive NOK 158.4 million in 2015. In addition to the operational challenges that negatively impacted the EBITDA*, EBIT* was further affected by a provision booked for losses on onerous contracts (NOK 166.5 million), impairment of goodwill (NOK 239.2 million) and write-downs of trucks (NOK 70.2 million). Adjusted for these special items, EBIT* was NOK 61.8 million.

Net financial items were negative by NOK 30.6 million, compared to negative NOK 48.1 million in 2015. Currency effects from re-evaluation of loans had a positive effect of NOK 7 million. Interest expenses for 2016 were NOK 35.6 million, compared to NOK 36.8 million for 2015.

RenoNorden had a loss before taxes of NOK 444.7 million in 2016, compared to a profit before tax of NOK 110.4 million in 2015. Net loss for the period was NOK 396.6 million, compared to a net profit of NOK 83.4 million. This equates to a basic and diluted loss per share of NOK 14.56 for 2016.

Cash flow from operating activities was NOK 208.1 million, compared to NOK 201.8 million in 2015. Cash flow from investing activities was negative NOK 21.2 million, compared to negative NOK 20.9 million in

* Alternative Performance Measure (APM): See Page 30 for definitions of APMs.

2015. Cash flow from financing activities was negative NOK 151.6 million, compared to negative NOK 208.5 million in 2015. RenoNorden generated a positive net change in cash and cash equivalents of NOK 27.1 million in 2016, compared to negative NOK 24.1 million in 2015.

Total capital expenditure* was NOK 354.9 million.

Investments financed through financial leasing are not to be included as cash flow under IFRS rules. The cash flow impact is accounted for monthly as repayment of the financial lease obligation under cash flow from financing activities.

FINANCIAL POSITION

The financial position of RenoNorden substantially weakened during 2016. Total assets decreased to NOK 2,163 million as of 31 December 2016, from NOK 2,345 million a year earlier.

Total consolidated equity was NOK 254.6 million as of 31 December 2016, corresponding to an equity ratio of 11.8 %. A year earlier, total consolidated equity was NOK 711.0 million and the equity ratio was 30.3 %.

Overall, RenoNorden has access to various sources of financing to support its business activities, such as long-term loans, bank facilities, leasing facilities for truck financing, guarantees and cash. Nevertheless, towards the end of 2016, in order to strengthen the company's equity base, the Board proposed a rights issue of new ordinary shares with gross proceeds of NOK 350 million. The resulting cash proceeds net of cost will improve the company's ability to deliver on

the order backlog, pursue further growth opportunities and increase its refinancing flexibility. The rights issue was completed in February 2017.

As of 31 December 2016, net interest bearing debt amounted to NOK 1,229 million. The covenant (Net debt/Adjusted EBITDA) ratio was 4.93.

Cash and cash equivalents amounted to NOK 222.6 million as of 31 December 2016.

RELATED PARTIES AND SHAREHOLDER TRANSACTIONS

The holding company RenoNorden ASA has a related party relationship with subsidiaries and executive officers. All transactions with related parties are based on arm's length principles.

None of the Board members has been granted loans or guarantees during 2016. Nor were there any transactions between the company and its shareholders in 2016.

As of 31 December 2016, there are no treasury shares outstanding.

For further information on Related parties and Shareholder transactions see note 22 to the consolidated financial statements.

SEGMENT INFORMATION

Norway

Norway generated operating revenues of NOK 562.3 million in 2016, a decline of 7.5 % compared with last year. The VESAR contract which expired late in 2015 and the Oslo contract which expired in the third quarter of 2016 are the main reasons for the shortfall





against the full year 2015.

EBITDA* in 2016 was NOK 119.7 million compared to NOK 161.8 million last year. The EBITDA margin* was 21.3 % (26.6 % in 2015), mainly caused by expiration of above mentioned contracts with VESAR and Oslo municipality, and an intensified competition that led to replacement of these contracts with lower revenues and lower profit margin contracts.

Sweden

Sweden generated operating revenues for 2016 of NOK 443.4 million, an increase of 17.0 % from last year. The main reasons for the increase are new contracts in Linköping, HPL, Ängelholm, Returpack, Uppsala and Vimmerby during 2016. Adjusting for currency* effects, revenues grew 14.1 %.

EBITDA* in 2016 was NOK 60.3 million compared to NOK 69.4 million in 2015. The EBITDA margin* for 2016 was 13.6 % (18.3 % in 2015). The main reasons for the decline are extraordinary start-up cost for new contracts and close-down cost for expired contracts incurred this year. Actions have been taken to mitigate this in the future.

Denmark

Denmark generated operating revenues of NOK 607.5 million in 2016, representing a growth of 11.1 % from last year. New contracts in Copenhagen and Vejle represent the main increases compared to last year. Adjusting for currency* effects, revenues grew 7.0 %.

EBITDA* in 2016 was NOK 41.0 million, compared to NOK 50.6 million last year. The EBITDA margin* was 6.7 % (9.3 % in 2015). The weaker margin is caused by a few contracts with operational challenges. This was partly due to delays in the delivery of new trucks, an issue which has since been resolved.

Finland

Finland generated operating revenues in 2016 of NOK 302.7 million, an increase of 10.3 % from last year. The main reasons for the increase are the Rinki contract and other smaller industrial and commercial contracts in the Helsinki area. Adjusting for currency* effects, revenues grew 6.2 %.

EBITDA* in 2016 was NOK 36.6 million, compared to NOK 34.9 million last year. The EBITDA margin* was 12.1 % (12.7 % in 2015). The main reason for the slight margin decline is price pressure in new contracts combined with unusually high sickness absence rates this winter season.

Other

This cost items primarily contains administration costs related to the group activities. Operating costs were NOK 27.4 million in 2016, up from NOK 25.5

million in 2015.

Costs were reduced towards the end of 2016, mainly driven by lower headcount.

SIGNIFICANT RISKS AND UNCERTAINTIES

Risks and risk management

RenoNorden is, like any business, associated with different risks. Risks are events that could have a negative impact on our operations and can arise from mismanagement or events outside of RenoNorden's control. How risks are managed is key to the group's ability to conduct business and to its continued success. The risks to which the group is exposed are divided into three broad risk categories – strategic, operational and financial. The risks that are judged to be of significance to the future success of RenoNorden's operations, performance and financial position are discussed below. The risks described below are in no particular order of priority and without claim of being exhaustive. We also comment on how these risks are managed.

Strategic risks

Strategic risks are primarily linked to business development and long-term planning, as well as brand value. The most significant strategic risks relate to the group's ability to sustain solid levels of growth and safeguard margins in a mature public-tender market with fierce competition. In order to remain competitive, we need to have an experienced leadership team with deep sector and change management expertise. Environmental and technical standards increasingly drive the level of investment. Political pressure and societal emphasis on environmental issues might further increase this focus from the municipalities in the tender process, leading to demands for the latest technologies. The impact of these risks is the increasing investment level, and the need for the Group to replace the vehicles at the end of the contract, rather than the end of their estimated useful life.

Other important strategic risks may be related to new laws and regulations that may negatively affect RenoNorden's operations. Also, negative macroeconomic changes present risks to the group. A flexible operating model and a proactive and effective risk management program will be critical in order to adapt to such changes.

RenoNorden and other industry players are carrying out a service that is the responsibility of municipalities, and that is often outsourced to private companies. To ensure a sustainable business model it is of vital importance that the industry provides such services with the highest level of quality, reliability, cost effectiveness and long term predictability. If the industry fails to meet its responsibility towards

its municipal contracting parties, this could weaken the reputation of the entire industry and potentially reduce the outsourcing of such services, with a potentially material negative impact on the industry going forward.

Strategic risks are assessed as part of the Board of Directors' annual strategy work. Longer-term planning is an increasingly important part of our operating model. Management continually evaluates the medium-term prospects, including regulatory developments. Adjustments to the medium-term plan are made and implemented when deemed to be appropriate. This is followed up with the Board of Directors during the year.

Operational risks

Operational risks arise in day-to-day business activities.

Tight control of indirect costs is critical, as is efficient and consistent planning and operation of individual routes and processes. It is therefore important to manage employee-related risks such as staff retention, sickness absence rates and use of overtime and to maintain satisfactory working conditions and good employee relations. It is also important to ensure that the vehicle fleet is properly maintained and optimized and the level of vehicle breakdowns and damages minimized. Effective route planning is a core competency, leading to lower fuel and overtime costs. Failure in this area may impact profitability and our ability to provide services according to tender specifications, increasing exposure to fines from customers, options not being renewed or contract cancellation. Effective tendering is also a key capability. Incorrect assumptions or calculations may result in many years of operating losses and contract fines.

Operational risks also concern compliance with laws and regulations, financial reporting and internal control. Additionally, the group is exposed to risks from dependence on key suppliers, for instance of trucks, as well as customers, IT systems and key personnel. In case of insurable risks, RenoNorden's aim is to minimize the total cost of damages to the group through risk-limiting initiatives in operations, additional health and safety training and partly by group-wide insurance solutions provided by large international insurers. The Board of Directors reviews the adequacy of these arrangements annually.

The organizational structure is decentralized into individual country responsibilities in order to effectively manage the daily operational risks. Route managers monitor the daily performance of their respective contracts, with the support of regional and country managers as well as active group oversight at least on a monthly basis. RenoNorden has continued to invest

in GPS and gyro technology that is embedded in the truck fleet to give the respective department managers real-time tools to monitor daily performance and implement changes where necessary.

The operational risk management structures are in the process of being updated based on the identification of onerous contracts and impairments during 2016. This will continue in 2017. Executive management operates a pro-active risk management process that identifies and periodically monitors relevant risk factors, including compliance with laws and dependencies. Corrective actions are implemented if necessary. The internal control framework is considered to be sound. Risks are managed through systematic efforts to follow the Code of Conduct. The Code of Conduct has been implemented and communicated throughout the group. The improving corporate governance and control frameworks will continue to support risk management in the future. The Board of Directors evaluates the effectiveness of risk management and internal control annually.

Financial risks

The business is exposed to financial risks such as interest and exchange rates. Rising interest rates in the future will likely increase financing costs. RenoNorden manages this risk by entering into hedging arrangements when the group sees the potential for reducing risk at low cost.

Operating across the Nordic region, the group is exposed to currency risk. Currency exposure as a result of transactions in other currencies is low, given that the respective business units operate locally. The bank debt has been structured mainly in proportion to the underlying earnings. Conversion of the foreign currency balance sheets and income statements into NOK results in a translation exposure, but this does not have immediate cash effect.

RenoNorden operates in a capital-intensive industry that requires investment and other long-term commitments, including leasing of vehicles. The capital intensive nature of the business implies that there will be a risk of asset write-downs depending on market conditions. The group is exposed to financing and liquidity risks and to credit and counterparty risks. Part of the credit risk is managed through use of credit insurance arrangements. Funding and liquidity risks are the risk of higher costs and limited financing opportunities when renewing loans, leasing facilities and other credit arrangements and the risk of the inability to meet payment obligations as a result of insufficient liquidity. Management of financial risks is based on the finance policy and the risk policies. The finance policy is evaluated and approved by the Board of Directors. For more information, see note 3



Management to the consolidated financial statements.

CORPORATE SOCIAL RESPONSIBILITY

RenoNorden's ambition is to pursue a sustainable business. We are fully committed to conducting our business according to the highest professional, ethical and legal standards. For further information on CSR see the section on Corporate Social Responsibility.

ORGANIZATION

Executive management

Harald Rafdal assumed the role of CEO from 1 April 2016, when the former CEO Staffan Ebenfelt left RenoNorden. See separate section for further details on executive management.

Board of Directors

RenoNorden's Board of Directors consists of Erik Thorsen (Chairman), Penelope Kate Briant, Charlotte G. Hansson, Niklas Nikita Sloutski, Markus Metyas, Johan Eriksson and Ingvild Huseby. The three latter were elected as new members at the Annual General Meeting on 25 May 2016.

See the section on Corporate Governance for further details on the work of the Board of Directors and the separate section on the members of the Board of Directors.

LONG-TERM INCENTIVE PROGRAM

In 2015 RenoNorden implemented a long-term incentive program (LTIP) in the form of performance shares for executive management and other key employees. Details of the program are described in note 6 to the consolidated financial statements.

The Board of Directors will not propose any allocation of performance shares based on the existing program at the Annual General Meeting in 2017, but will work towards replacing the existing program with a new LTIP at the Annual General Meeting in 2018.

See Corporate Governance Section.

Research and development

RenoNorden has no research and development, patents or licenses that are material to its business or profitability.

Going concern and subsequent events

As mentioned previously, the Board of Directors towards the end of 2016 proposed a rights issue of new ordinary shares with gross proceeds of NOK 350 million, which was concluded in February 2017 and led to an improved financial situation for RenoNorden. Several of the onerous contracts in Norway commenced operation in the beginning of 2017, and these start-ups have revealed additional unavoidable costs compared to those

included in the Q2 2016 re-calculations. Some of the extra costs are one-offs and some are increased costs going forward.

In addition, contracts in Denmark without local tariff agreements are running with more man-hours than planned due to unexpected high sick leave, which results in increased use of overtime and extra personnel.

The Company's management has initiated several actions to mitigate the increased operational risks in the above-mentioned contracts and will strengthen its resources further to support and drive the execution of these initiatives. The Company is also in dialogue with customers to improve operations of certain contracts.

The Company has determined that events that have occurred post the balance sheet date represent non-adjusting events according to IFRS and will not affect the provision for estimated loss as per 31 December 2016.

The financial statements have been presented on the assumption of going concern. The Board of Directors hereby affirms that the assumption is valid.

DIVIDENDS

The Board maintains a long-term goal of paying dividends. The dividend level will be prudently assessed and determined by the Board each year after taking into consideration market developments, the current and future financial position of the group and the anticipated short and medium term growth opportunities.

OUTLOOK

2016 was a disappointing and turbulent year for RenoNorden, which heavily impacted our operational and financial performance and caused the company to raise new equity through the rights issue that was completed in February 2017.

The company has taken several actions to mitigate the increased risks and address the key operational challenges that were discovered during the past year, and several internal procedures have been improved.

The organization has also been strengthened throughout the year, with a new CEO, a new COO, a recently hired Group Fleet Manager and a new Managing Director in Denmark coming onboard in May 2017. Our newly hired procurement and fleet manager function will strengthen the company's focus further on optimizing purchasing procedures, operating costs, investments into new trucks and life cycle assessment of existing fleet operation.

The underlying operation is going well, despite some operational challenges in Denmark, some start-up/close-down problems in Sweden and issues relating to the onerous contracts in Norway. The few non-performing contracts in Denmark are scrutinized and most of the problems in Sweden are being solved. In Norway, several of the onerous contracts that



commenced operation in the beginning of 2017 have revealed additional costs compared to those included in the Q2 2016 re-calculations. Some of the extra costs are one-offs and some are increased costs going forward. The company has taken immediate actions to mitigate the risk of future increased costs in these contracts.

We have gradually seen rising demand for more environmentally friendly solutions which leads to more technologically advanced trucks and compactors. This will, over time, increase capital expenditure per truck.

To further build our position as the leading household waste service provider, our key priority will be continuous focus on operational excellence, customer satisfaction and professional bidding on new opportunities. A separate cost reduction program was established last year, and the company will continue its focus on further improving efficiency.

The price pressure that we have observed during the past quarters seems to have softened somewhat. The competition in major tenders will however remain strong going forward. We intend to continue to offer quality services to our customers and our pricing will reflect that quality standard as well as the required capex levels and cost of capital. With improved risk assessments, revised procedures and strong cost control, the company should continue to maintain competitiveness to win new public tenders at acceptable margins.

With net proceeds of approximately NOK 330 million from the rights issue, the company is in a better position to support the current and future activity level. Almost every tender to bid on during 2017 will be followed by a start-up in 2018. Therefore, in addition to winning new profitable contracts, our focus in the year to come will be on pursuing continuous improvement in daily operations, improving efficiency, reducing cost and ensuring efficient start-up of new contracts.

In the short term, both the EBITDA margin* and the EBIT margin* are expected to decrease relative to the previous year before stabilizing in the longer term. The investments are expected to increase slightly in 2017 due to several start-ups. The Board would like to emphasize that any discussion of future developments necessarily involves an element of uncertainty.

RENONORDEN ASA (THE PARENT COMPANY)

The activities of RenoNorden ASA consist primarily of corporate and support functions for the entities in the Group. Profit/loss before tax for 2016 was negative NOK 94.4 million compared to a profit of NOK 50.7 million in 2015. Net financial items were negative NOK 67.0 million in 2016, compared to NOK 76.2 million last year.

Cash generated from operating activities was NOK 0.3 million in 2016 compared to NOK 316.8 million in 2015. The substantial change is influenced by the merger of RenoNorden ASA and RenoNorden Investments AS in 2015. (See note 1 in the RenoNorden ASA financial statement.)

Net cash used in investing activities was negative NOK 36.7 million in 2016. This is due to additional equity paid to RenoNorden A/S.

Net cash used in financing activities was NOK 60.5 million in 2016 compared to negative NOK 139.1 million in 2015.

The parent company had cash and cash equivalents of NOK 213.7 million at the end of 2016.

At the end of 2016, RenoNorden ASA (parent company) had 6 employees.

PROFIT ALLOCATION

The net loss/profit for the year for RenoNorden ASA in 2016 was negative NOK 84.8 million. See table below. Total equity in RenoNorden ASA amounted to NOK 574.0 million as of 31 December 2016.

NOK 1,000	2016	2015
Profit/loss for the period	(84,820)	37,032
Proposed dividend per share (NOK)	-	1.84
Share dividend	-	(50,136)
Transfers (to)/from equity	(84,820)	13,104
Total transfers and allocations	84,820	(37,032)

PROPOSED DIVIDEND

The Board of Directors proposes to the Annual General Meeting that no dividend shall be paid for 2016. When considering the dividend proposal for 2016, the Board of Directors has taken into account the liquidity as per year end, the net income generated in 2016 and the equity ratio position for the group and the parent company as per year end.

The Board of Directors would like to thank all employees for their efforts and contribution during 2016.



The Board of Directors of RenoNorden ASA 4 April, 2017

Erik Thorsen
Chairman

Charlotte G. Hansson
Board member

Ingvild Huseby
Board member

Johan Eriksson
Board member

Penelope Kate Briant
Board member

Niklas Nikita Sloutski
Board member

Markus Metyas
Board member

Harald Rafdal
CEO

Corporate Social Responsibility

Long-term competitiveness goes hand in hand with sustainability. RenoNorden is fully committed to conducting its business in accordance with the highest professional, ethical and legal standards.

RenoNorden will pursue a sustainable business in line with the expectations of our stakeholders in the fields of business ethics, anti-corruption, human rights, labor rights, equality and diversity as well as responsible use of resources. Through this approach, RenoNorden aims to contribute to a sustainable development, economically, environmentally and socially, in line with the OECD Guidelines.

RenoNorden's ambition is to be an industry leader on corporate social responsibility within waste collection. Our vision is zero harm to people, the environment and society.

QUALITY, HEALTH AND SAFETY

Our services shall always be subject to strict requirements in terms of quality, safety and impact on personal health.

To achieve this, RenoNorden has developed a system of quality, environment and safety certificates that complies with all public and internal requirements.

RenoNorden is currently certified according to EN ISO 9001: 2008 (Quality Standard), ISO 14001: 2004 (Environmental standard) and OHSAS 18001: 2007 (Safety standard).

RenoNorden aims to have zero injuries among employees. Health and safety is a corporate responsibility and the main KPIs are actively followed up by the local business units and reported centrally. During 2016 there were 9 work-related injuries leading to long-term absence among the group's employees. RenoNorden had a health-related absence rate of 3.2 percent short-term and 3.9 percent long-term in 2016.

The vehicle fleet is constantly maintained, and all RenoNorden staff is regularly trained by health

and safety experts. For example, when on the road, RenoNorden's drivers should operate safely and follow traffic rules at all times. To accomplish this, RenoNorden has during 2016 installed Traffilog (GPS based tracing system) in almost all heavy vehicles. This system provides the local management with the tools to tailor the training to the local needs. The group is of the opinion that it operates in accordance with current Norwegian, Swedish, Finnish and Danish legislation on environmental, health and safety, based on its ISO/OHSAS certification. The group continuously works to proactively anticipate changes in such legislation. RenoNorden allocates significant resources to ensure operation in accordance with laws that are generally applicable as well as industry-specific standards.

The group is also of the opinion that it is in compliance with local regulations and legislation related to the working environment in each country. This applies to the physical as well as psychological working environment. RenoNorden strives to promote the employees' health for the benefit of themselves and the group.

ENVIRONMENT

The environmental focus of RenoNorden is stated as part of its value statement. "We provide an essential service for environmental organizations, collecting waste for recycling, energy production, biogas production and soil conditioners. We work hard to minimize the environmental impact of our trucks, ensuring the fleet is properly maintained by investing in green fuel initiatives."

Waste management is an increasingly important issue. As natural resources become scarce and pressure to protect the environment increases, society is having to rethink its handling of waste. Sending all or most of it to landfills to be buried is no longer an acceptable solution.

As part of this critically important chain, RenoNorden makes every effort to work in a manner



that is environmentally responsible. As an example, RenoNorden delivers thousands of tonnes of waste to recycling plants across the Nordic region each year, transporting waste in trucks that are regularly maintained.

The group has initiated a number of activities to reduce fossil fuel usage. Approximately 17 percent of the trucks use climate-neutral biogas. Approximately 75 percent of the truck fleet complies with the Euro 5 emission standard or higher, while approximately 26 percent complies with Euro 6. Emission standards are usually specified in the tender material for new contracts.

EMPLOYEES

RenoNorden had an average of 1,789 employees in 2016. All employees are highly valued and it is the group's ambition that all employees should be treated fairly in terms of pay and working conditions.

Gender balance and diversity

The waste collection industry has traditionally had few female employees. The proportion of women in RenoNorden has been stable at approximately 5 percent.

RenoNorden's Board of Directors consists of seven members. There are four men and three women among the shareholder-elected members.

RenoNorden's group management team consists of seven members. There are six men and one woman among the members.

RenoNorden has employees of many different nationalities. The group promotes diversity through non-discriminatory recruitment policies.

Code of Conduct

The mission of RenoNorden is to be the leading Nordic household waste collector. RenoNorden's business is based on trust. For customers, employees, shareholders and other stakeholders to feel confident about RenoNorden, ethics and values are important throughout the group.

The ultimate responsibility for business ethics lies with the Board and the CEO, but it is also included as an integral part of every RenoNorden employee's responsibility and involves the efforts of all employees.

RenoNorden's Code of Conduct is to ensure employees and Board of Directors members comply with applicable laws and regulations as well as internal requirements in all their activities for RenoNorden. All employees and the Board of Directors members shall be loyal to and serve the best interest of RenoNorden and act with integrity. In addition, the group must

practice good corporate citizenship and comply with laws and regulations wherever business is done.

Relationships between employees must be built on mutual trust, respect and dignity. All employees shall avoid behavior that could be interpreted as discrimination or harassment. All employees and Board of Directors members shall be loyal to RenoNorden by avoiding any conflict of interest.

The Code of Conduct applies to all RenoNorden employees and the Board of Directors and provides a framework for what RenoNorden considers acceptable and responsible conduct.

Managers are responsible for providing appropriate support to ensure that their teams understand the requirements of the Code of Conduct and how they should be applied in practice.

A number of training courses have been introduced to improve compliance with the Code of Conduct. Work continued during 2016 to ensure that all employees fully understand the Code of Conduct and how it is applied in day-to-day work.

Anti corruption policy

RenoNorden employees and Board of Directors members are not allowed to engage in any form of bribery or corruption. This requirement is based on anti-corruption legislation, which all RenoNorden companies must adhere to, and applies to all of RenoNorden's activities. Individuals involved in acts of corruption may be exposed to civil and criminal liability. When exposed to or witnessing violations or breach of corporate rules, compliance standards or laws pertaining to corruption, employees are required to report such experiences to their superiors or, alternatively, use whistle blower communication channels that are established. Such discussions are an important part of the group's efforts to prevent corruption and bribery.



Corporate Governance

RenoNorden ASA is a Norwegian public limited liability company with registered office in Oslo and with operations in Norway, Sweden, Denmark and Finland. The Group's shares are listed on the Oslo Stock Exchange.

This report is prepared by the Board of Directors. RenoNorden follows the "comply or explain" principle from the Norwegian Corporate Governance Code.

RenoNorden is subject to reporting requirements for corporate governance under the Norwegian Accounting Act Sections 3-3b, and voluntarily complies with the "Norwegian Code of Practice for Corporate Governance" ("NCGB Code", refer to www.nues.no). This corporate governance report follows the structure of the latest version of the NCGB Code as published on 30 October 2014.

RenoNorden considers good corporate governance essential for sound and sustainable business activities and the key to trustworthiness, value creation and access to capital. This requires credible and healthy business practices, reliable financial reporting and compliance with current legislation and regulations. RenoNorden has governance policies that set out principles for business conduct and that apply to all RenoNorden operating units ("Policy Documents").

This corporate governance report has been prepared by the Board of Directors, and will be presented at RenoNorden's Annual General Meeting on 3 May 2017.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

Adherence to the NCGB Code is evaluated by the Board of Directors annually. RenoNorden will follow the comply or explain principle.

RenoNorden's Policy Documents embody the Group's corporate governance principles and include policies and procedures with regard to health and safety, environment, employees, corporate conduct (anti-corruption manual, legal compliance and business ethics), as well as financial management and reporting.

Compliance with the Policy Documents is mandatory for employees and others acting on the Group's behalf, and similar conduct and ethical standards are expected in partnerships, joint ventures and partially owned subsidiaries.

The company's Code of Conduct can be found on the Group's website, including the values and ethics statement. The Group values are quality, respect, efficiency and environment. These values, together with the leadership principles and management structures, ensure that the Policy Documents are embedded in day-to-day business activities within and on behalf of RenoNorden.

2. BUSINESS

RenoNorden ASA's business objective is set out in the Articles of Association, article 3: "The object of

the Group is to operate transport services, waste management and all matters related thereto, as well as owning companies operating such activities." The Articles of Association are available on the Group's website, www.renonorden.com

For further information regarding the business of RenoNorden, refer to the Board of Directors report.

3. EQUITY AND DIVIDENDS

In the opinion of the Board of Directors, RenoNorden's equity capital is appropriate to the Group's objectives, strategy and risk profile.

Equity

As of 31 December 2016, the share capital amounted to NOK 27.2 million, represented by 27,247,948 ordinary shares with a par value of NOK 1. The total number of shareholders at year-end was 1,408. RenoNorden's consolidated total equity was NOK 254.6 million, which is equivalent to 11.8 percent of total assets.

Dividends

RenoNorden maintains a long-term goal of paying dividends to shareholders. The level of dividend will be prudently assessed and determined by the Board each year after taking into consideration the market development, the current and future financial position of the group and the anticipated short and medium term growth opportunities.



Increases in share capital

At the General Meeting held on 25 May 2016, the Board of Directors was granted an authorization to increase the share capital of the Group by up to NOK 497,905 in connection with share incentive programs. The authorization does not cover share capital increases in connection with mergers.

Further, at the General Meeting held on 25 May 2016, the Board of Directors was granted an authorization to increase the share capital of the Group by up to NOK 2,724,794 in connection with acquisitions, and otherwise to issue shares in a flexible manner. The authorization covers share capital increases in connection with mergers. Both authorizations are valid until the Group's Annual General Meeting in 2017, but not later than 30 June 2017. Combined, the authorizations correspond to more than 10 percent of the Group's share capital. There may be deviation from the pre-emption rights of existing shareholders to subscribe to the share issues relevant to these authorizations pursuant to Section 10-4 of the Norwegian Public Limited Companies Act. The authorizations include potential share capital increases against contribution in kind. If authorization of capital increases is to cover additional purposes, it needs a separate approval by the General Meeting. This is in line with Corporate Governance principles of limitation on authorization.

Authorization to acquire treasury shares

At the General Meeting held on 25 May 2016, the Board of Directors was granted an authorization to repurchase the Group's own shares up to a maximum total nominal value of NOK 497,905, corresponding to less than 10 percent of the Group's share capital. The Board of Directors is authorized to acquire and sell shares at its discretion, but not at prices higher than NOK 80 or lower than NOK 20. The authorization is valid until the Group's Annual General Meeting in 2017, but not later than 30 June 2017 in line with Corporate Governance principles of limitation on authorization. The Board of Directors may obtain authorization from the General Meeting of shareholders to buy back RenoNorden's shares in the market. In such cases, the Board of Directors will normally request that the shares are acquired in the open market, and that the authority lasts no longer than until the next General Meeting.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

RenoNorden ASA has one share class. All shareholders shall be treated equally, and voting rights are based on the principle of one share – one vote. The Board of Directors shall ensure equal treatment for all shareholders, including minority shareholders. Any authorization to increase the share capital of the Group that involves a deviation of shareholder rights will be communicated and explained thoroughly in a stock market release and, if needed, presented to the General Meeting. Transactions involving own shares will be performed on the stock exchange. Shareholders who are registered with the Norwegian Central Securities Depository (VPS) may vote in person or by proxy. Invitations are sent to the shareholders or to the custodian where the shareholder's securities account is held. Any transactions in the shares by the Group will take place at market price. In the event of limited liquidity in the share, the equal treatment of shareholders will be met in alternative ways. The members of the Board of Directors shall act independently of special interests. Pursuant to the Policy Documents and the Board of Directors' manual, the members of the Board of Directors and the executive management shall promptly notify the Board of Directors in writing if they have any material interest in any transaction or potential transaction entered into by the Group. All transactions with related parties are conducted in accordance with the "arm's length" principle. For information related to related party transactions, please see note 22 in the 2016 consolidated financial statements.

5. FREELY NEGOTIABLE SHARES

RenoNorden shares are fully transferable and freely negotiable. The Articles of Association do not provide for any restrictions on the ability to vote, the transfer of shares or a right of first refusal for the Group. Share transfers are not subject to approval by the Board of Directors.

6. GENERAL MEETINGS

The General Meeting is the shareholders' forum and the ultimate governing body of the Group through which shareholders exercise their voting rights in accordance with the number of shares held. The Articles of Association do not impede the shareholders' rights as provided by the Public Limited Companies Act.



The Board of Directors sets the agenda for the General Meeting.

The notice and material to the general meetings, including the nomination committee's recommendations, will be available at the company's web site 21 days prior to the General Meeting.

Any shareholder may, by written and justified notification to the Board of Directors not later than five days before the due date for submission of the summons, request items to be included in the agenda for the General Meeting. Documentation for the General Meeting will be sufficiently detailed and comprehensive for the shareholders to assess, discuss and vote on the matters presented to the General Meeting. Arrangements will be made available for voting on each individual case. Representatives from the Board, the Nomination Committee and the auditor shall as far as possible be present at the General Meetings. Matters to be resolved at the AGM will typically include:

- Adoption of the Annual Report and the consolidated financial statements
- Dividend
- Election of the Chairman of the Board, the Board of Directors, and when applicable the auditors
- Determination of fees for the Board of Directors
- Guidelines and programs for remuneration of executive management and senior executives

The deadline for giving notice of attendance is set at five days before the General Meeting. Participation at the General Meeting is made possible by registering voting in advance, electronically or in writing. Shares registered in a nominee account must be re-registered in the Norwegian Central Securities Depository (VPS) and be registered in the VPS on the fifth working day before the General Meeting in order to obtain voting rights.

Shareholders who are unable to attend in person may vote by proxy. RenoNorden will nominate a person who will be available to vote on behalf of shareholders as their proxy.

The General Meeting votes for each candidate nominated for election to the Board of Directors and the Nomination Committee. To the extent possible, the form of proxy will facilitate separate voting instructions for each matter to be considered by the meeting and for each of the candidates nominated for election. It is possible to vote electronically in advance.

The General Meeting will elect the chair of the

meeting. The chair of the board of directors will facilitate the election, and can be elected to chair the General Meeting.

The CEO and the CFO will represent the executive management. The respective chairs of the Board committees may be present to explain the separate committees' proposals. The Group's external auditor may attend the General Meeting and presents conclusions in the auditor's report.

Minutes will be available at the company's office and posted on the website.

The RenoNorden 2017 Annual General Meeting will take place on 3 May 2017

For further information please refer to RenoNorden's website at: www.renonorden.com

7. NOMINATION COMMITTEE

Pursuant to the Articles of Association, RenoNorden has a Nomination Committee comprising two or three shareholder representatives.

The current members of the Nomination Committee are Svein Sigurd Jacobsen (Chairman), Seamus Philip Fitzpatrick and Torbjørn Gjelstad. The Nomination Committee is responsible for nominating the shareholder-elected Board of Directors members, with an explanation for their recommendation, and making recommendations regarding their remuneration. The General Meeting may decide the members and the chair of the Nomination Committee and shall resolve on the remuneration of its members. The guidelines for the Nomination Committee are established by the Board of Directors based on best practice for Nomination Committees. The Group will cover reasonable costs incurred by the Nomination Committee members directly in connection with the fulfillment of their obligations.

As guidance, proposals can normally be submitted up to 21 days before the General Meeting through the company website. In carrying out its duties, the Nomination Committee should actively maintain contact with the shareholder community and should ensure that its recommendations are anchored with major shareholders. The members of the Nomination Committee are independent of RenoNorden's CEO and other executive management.

8. THE BOARD OF DIRECTORS COMPOSITION AND INDEPENDENCE

RenoNorden's Board of Directors shall consist of three to seven members, according to the Articles of Association. The number of Board of Directors members was four until the 2016 annual general meeting, at which the number was increased to seven. The current Board represents diversity in nationality, gender, competences and business experience relevant to RenoNordens business. Three out of seven are Swedes, one German, one South African/British and two Norwegians, three of the seven Board Members are female.

The Nomination Committee aims to achieve a composition whereby the members complement each other professionally and the Board of Directors is able to function as a single corporate body and represent all shareholders collectively.

The composition of the Board of Directors is in compliance with the independence requirements of the Corporate Governance Code meaning that (i) the majority of the shareholder-elected members of the Board of Directors are independent of the Group's executive management and material business contacts, (ii) at least two of the shareholder-elected Board Members are independent of the Group's main shareholders (shareholders holding more than 10 percent of the shares in the Group), and (iii) no member of the Group's executive management serves on the Board of Directors. As of 31 December 2016, CapVest held more than 10 percent of the shares in the Group and is represented on the board.

All members of Board of Directors should be elected for two year at a time. The General Meeting elects the Chairman of the Board of Directors.

All current members have an attendance at Board of Directors and Committee meetings of more than 92 percent.

Neither the Group's external auditor nor any member of the executive management is to be a member of the Board of Directors. The CEO and the CFO attend all Board of Directors meetings, and the auditor attends Board of Directors meetings in connection with the annual financial statements. For more information on the respective experience, competences and shareholdings of the members, refer to the separate section on the Board of Directors.

9. THE WORK OF THE BOARD OF DIRECTORS 1)

The Board of Directors is responsible for the management of the Group, including the appointment of a CEO to assume the daily management of Group affairs. The members of the Board of Directors shall discharge their duties in a loyal manner, attending to the interests of the Group, and ensure that its activities are

organized in a prudent manner. The Board shall adopt plans, budgets and guidelines applicable to the activities of the Group. The Board of Directors shall keep itself informed of the current financial position of the Group, and has a duty to monitor that the Group's corporate accounts and management of operations and assets are subject to satisfactory risk management and controls.

The Board of Directors develops an annual plan for its work, clearly setting out strategic, financial, operational and organizational issues for consideration. In addition to adhering to its plan, the Board of Directors discusses upcoming issues, which require the Board of Directors' involvement.

The Board of Directors has formed two sub-committees: an Audit Committee, as required by the Public Limited Company Act, and a Remuneration Committee. The committees undertake preparatory discussions and report their recommendations to the Board of Directors, but do not adopt any resolutions.

In 2016, the Audit Committee focused on the Group's risk management and internal controls as well as capital structure. Several operational matters were closely followed and actions taken, including onerous contracts, depreciation policy and market values of the asset base, tender procedure and follow-up of ongoing tenders as well as cost saving initiatives. The Remuneration Committee focused on Group compensation guidelines, annual salary increases and executive compensation, including bonus plans.

The Board annually evaluates its performance over the preceding year, including the performance of the sub-committees and the performance of the individual Board members. The Chairman will perform the evaluation annually and report the results to the Nomination Committee. To maintain the Board of Directors' members' independence, they may not assume business relations or undertake special tasks for the Group in addition to their directorship, without promptly informing the full Board of Directors, and any remuneration for such tasks requires the Board of Directors' approval.

In light of the Board of Directors members' status as primary insiders of RenoNorden, they follow the Group's instruction for primary insiders. The Board of Directors' Rules of Procedure clarify the responsibilities of the Chairman of the Board of Directors and the CEO, the Board of Directors' obligations towards the General Meeting, and the quorum and voting procedures in Board of Directors meetings. The Board of Directors' manual further sets out specific mandates for the Audit and Remuneration Committees, respectively.

The Board of Directors has established a Board of Directors' manual and approved a mandate for the Remuneration and Audit Committees.



	Nationality	Board member	Audit committee	Remuneration committee	Independent	Shareholding, no. of shares
Erik Thorsen	Norwegian	Chairman		Chairman	Yes	0
Penelope Kate Briant	British/ South African	x			No	42,000*
Johan Eriksson	Swedish	x		x	Yes	0
Charlotte G. Hansson	Swedish/Danish	x	Chairman		Yes	3,000
Ingvild Huseby	Norwegian	x	x		Yes	0
Markus Metyas	German	x	x		Yes	0
Niklas Nikita Sloutski	Swedish	x			No	0

* Held indirectly in a trust with Penelope Kate Briant as beneficiary.

Penelope Kate Briant is a partner of CapVest Associates LLP and a partner of CapVest Partners LLP, as well as a limited partner of CapVest Equity Partners II LP and CapVest Equity Partners III LP and affiliated partnerships and co-investment vehicles. Funds managed by CapVest are major shareholders of RenoNorden as of 31.12.2016.

Niklas Nikita Sloutski is managing director and partner of Accent Equity Partners AB, the investment advisor of the general partners of Accent Equity Funds. Funds managed by Accent are major shareholders of RenoNorden as of 31 December 2016.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is responsible for securing that the company has internal control and risk management in accordance with the Norwegian Companies Act and the Norwegian Code of Practice for Corporate Governance. The Board will make a yearly review of the company's risks and the internal control procedure.

The Board of Directors and executive management establish the tone at the top regarding the importance of internal control including expected standards of conduct. This involves the integrity and ethical values, the organizational structure and assignment of authority and responsibility, decision-making paths, performance measures and incentives and rewards to drive accountability. This is communicated in the form of the following internal policy documents, as specified by the company's Corporate Governance manual:

- Instructions for handling inside information
- Rules for primary insiders
- Instructions for the nomination committee
- Procedures for the Board
- Instructions for the Audit Committee
- Instructions for the remuneration committee
- Instruction for the CEO
- Principles for take-over

- Code of conduct
- Anti-corruption manual
- Communication policy
- Investor relation policy

In addition, other important documents are, among others, authorization routines, the company's accounting manual, authorizations and procedures for tenders, start-up/close-down and procurement.

The control environment is also based on laws and external regulations.

The Board has established a procedure for its work and the work of the Audit Committee and Remuneration Committee.

Based on the significant events regarding onerous contracts and impairments identified during 2016, the audit committee has made updated procedures for the work of the Audit Committee, started implementation of new operational and financial controls to address these significant events, adapted towards new/coming rules and regulations and made a detailed plan and reporting for 2017. An updated internal control system is under implementation. The major control elements in the financial reporting is:

- Monthly financial report from all segments



- Monthly business reviews with all segments by CEO/CFO
- Monthly BoD report
- Quarterly report to Audit Committee

The responsibility for implementing the Code of Conduct in each company lies within the company's head of investor relations and chief operation officer in collaboration with the Group executive management. The Code of Conduct and relevant Policy documentation is distributed to all employees, managers and board member. They shall also participate in training offered by RenoNorden at the introduction courses.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the Board of Directors is decided by the General Meeting based on the Nomination Committee's proposal. The committee considers the level of responsibility, complexity and time required, as well as the required expertise, for the Board of Directors members. The remuneration is not linked to the Group's performance and no stock options have been granted. Proposals for annual adjustments of the remuneration of the Board of Directors are based on considerations to ensure that RenoNorden remains attractive and competitive.

No Board of Directors' members shall carry out any specific tasks or commissions for the Group in addition to their directorship during the year and no other remuneration should be paid to any Board of Director member in addition to the ordinary Board of Directors' remuneration. If any additional remuneration is paid, the full Board of Directors must be informed and approve the amounts. Separate remuneration is stipulated for the Chairman of the Board of Directors and members of committees under the Board of Directors.

At the Annual Meeting on 25 May 2016 the following annual remuneration for the Board of Directors was resolved for the period until the Annual General Meeting 2017:

The Chairman*
NOK 550,000/year

Board members
NOK 250,000/year

The audit Committee Chairman
NOK 100,000/year

Audit Committee members
NOK 50,000/year

The Remuneration Committee Chairman
NOK 50,000/year

Members of the Remuneration Committee
NOK 25,000/year

** Additional remuneration of up to 50 percent of the fixed fee for extraordinary work is to be approved by the Annual General Meeting.*

Reasonable travel and accommodation expenses directly incurred are reimbursed in accordance with the Group's policy. For further information, reference is made to note 6 of the consolidated financial statements.

The current members of the Audit Committee are Charlotte G. Hansson (Chairman), Ingvild Huseby and Markus Metyas.

The current members of the Remuneration Committee are Erik Thorsen (Chairman) and Johan Eriksson.

12. REMUNERATION OF EXECUTIVE MANAGEMENT

RenoNorden has guidelines for remuneration of executive management. These guidelines follow Norwegian law and are communicated to the General Meeting, and set out the main principles behind salaries and other compensatory elements. Performance-related remuneration of executive management is linked to the financial performance of the Group, and the individual's contribution thereto.

In general, the guidelines ensure alignment of financial interests between the shareholders and the executive management. Examples of performance criteria are under the LTIP where targets are based on EPS-growth over a three-year period.

The Group has not granted any loans, guarantees or other commitments to any of its Board Members or to any member of the management as of 31.12.2016. The CEO's remuneration terms are reviewed and decided annually by the Board of Directors. The remuneration decision takes into consideration the overall performance of the CEO and the Group, and the market development for CEO remuneration in companies of similar complexity, size and industries.

The CEO decides the remuneration for other members of executive management. The structure of the executive management incentive system is determined by the Board of Directors and presented as a separate document to the General Meeting. The incentive system consists of base salary, annual bonus agreement, pension, long-term incentive program and other minor benefits. There is a cap of 7/12th of annual salary on the variable salary for the executive management. More information about management remuneration is available in the financial statements, note 6.



13. INFORMATION AND COMMUNICATION

The Board of Directors has approved written rules on the Group's communication and financial reporting. All communication with shareholders shall be on an equal treatment basis and in compliance with the provisions of applicable laws and regulation. RenoNorden shall continuously provide its shareholders, Oslo Stock Exchange and the financial markets in general with timely and accurate information about RenoNorden and its operations. This information is simultaneously presented on RenoNorden's website www.renonorden.com. A financial calendar is also found on the website.

The Communication activities support the business objectives of RenoNorden to build strong and lasting relations with key stakeholders.

RenoNorden's communication activities will be characterized by the following basic principles that apply because RenoNorden's shares are listed on Oslo Stock Exchange: Transparency, honesty, consistency and timing.

The Group's Instruction for handling of inside information sets out guidelines for information disclosure. Relevant information about RenoNorden shall be given in the form of annual reports, interim reports, press releases and notices to the stock exchange. All disclosure, communication and reporting shall be in compliance with the applicable laws and regulations from time to time, in particular the Norwegian Securities Trading Act, the Norwegian Public Limited Liability Companies Act and Oslo Stock Exchange's continuing obligations for listed companies.

Unless exceptions apply and are invoked, RenoNorden shall promptly disclose all inside information (as defined by the Securities Trading Act). All financial and other Investor Relations information shall be published in English.

The company publishes an annual overview of dates for major events such as its annual general meeting, publication of interim reports, public presentations, dividend payment date if appropriate, etc.

All information distributed to the company's shareholders is published on the company's web site at the same time as it is sent to shareholders.

The Board of Directors has established guidelines for the company's contact with shareholders other than through general meetings.

14. TAKE-OVERS

In the event of a take-over process, the Board of Directors shall abide by the principles of equal treatment of the shareholders and limit the disturbance to the on-going business. The Board of Directors will have a particular duty to secure that

all stakeholders receive information in due course so that the shareholders can make their own opinion on the potential offer. The Board of Directors will also not seek to hinder or obstruct any takeover bid for the Group's operations or shares unless there are particular reasons for doing so.

If a bid is made for the Group's shares, the Board of Directors should make a written statement issued as a stock market release recommending or not recommending the transaction. In this statement it should be clear if the assessment from the Board of Directors is unanimous or not. An independent valuation should be present and published with the statement.

The Board of Directors must be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected.

The General Meeting will ultimately decide on transactions involving a potential divestment of the Group.

15. AUDIT

The external auditor presents an annual audit plan, describing the auditor's main task for the audit for the year ahead including an understanding of the industry and significant risks, as well as the audit approach to be applied.

The auditor participates in Audit Committee meetings, and Board meetings when discussing the annual financial statements or otherwise requested. In the meetings, the auditor will review material changes in the Group's accounting policies, assess material accounting estimates and any other material matters on which the auditor and management may disagree, and identify weaknesses in, and suggest improvements to the Group's internal controls.

On an annual basis, the auditor shall also review the Group's internal-control systems together with the Audit Committee. In this meeting, any weaknesses should be presented as well as improvement activities.

The auditor always participate in the Board meeting which approve the Annual Report without any members from management being present.

The Group has effective guidelines for the ability of the auditor to perform non-audit services for the Group upon approval by the Audit Committee. The Group informs the General Meeting about the auditor's fees for audit and non-audit services. The Audit Committee has confirmed the independence of the auditor and that the rules of rotation are followed.

The auditor performed some services related to the prospect in the rights issues finalized in February 2017.

The Audit Committee regularly assesses the quality and efficiency of the work of the auditor.



Definitions of Alternative Performance Measures

Alternative performance measures are presented in the report to help describe the performance of the company. RenoNorden uses the following alternative performance measures in the annual report:

EBITDA

EBITDA is defined as Operating profit (loss) excluding the line items "Depreciation and amortization", "Impairment equipment", "Impairment goodwill" and "Loss on onerous contracts" according to the Statement of Comprehensive Income, as well as Gain/loss sales of operating assets as included in the line "Other operating expenses".

NOK 1,000	2016	2015
Operating profit (loss)	(414,106)	158,428
Depreciation and amortization	178,825	132,819
(Gain)/loss sales of operating assets	763	-
Impairment equipment	70,232	-
Impairment goodwill	239,200	-
Loss on onerous contracts	155,217	-
EBITDA	230,131	291,247

EBITDA MARGIN:

EBITDA margin is the EBITDA (described above) divided by operating revenues.

EBIT

EBIT equals the Operating profit (loss) according to the Statement of Comprehensive Income.

EBIT MARGIN:

EBIT margin equals the EBIT (described above) divided by operating revenues.

EBIT ADJUSTED

EBIT excluding the line items "Impairment equipment", "Impairment goodwill" and original provision for loss on onerous contracts. Full provision used for EBIT to reflect all "one-off" effects in the year, while EBITDA do not include provision or reversal and net is consequently used there.

NOK 1,000	2016	2015
Operating profit (loss)	(414,106)	158,428
Impairment equipment	70,232	-
Impairment goodwill	239,200	-
Loss on onerous contracts (provisions)	166,494	-
EBIT adjusted	61,820	158,428



EPS ADJUSTED

EPS adjusted equals the Profit (loss) for the period excluding the line items "Impairment equipment", "Impairment goodwill" and original provision for loss on onerous contracts adjusted for tax impact divided by the number of shares outstanding.

NOK 1,000	2016	2015
Profit (loss) for the period	(396,635)	83,422
Impairment equipment	70,232	-
Impairment goodwill	239,200	-
Loss on onerous contracts (provision)	166,494	-
Tax impact	(55,394)	-
Profit adjusted	23,897	83,422
EPS adjusted	0.88	3.06

ADJUSTED FOR CURRENCY

Means that the translation from non-NOK currencies is done at constant exchange rate (same exchange rate for both periods) as to evaluate underlying developments.

NET DEBT

Consist of the line items as specified below. "Capitalized origination fee" is added back to the Balance Sheet line "Non-current liabilities to financial institutions" to calculate Total bank borrowings.

NOK 1,000	31.12.2016	31.12.2015
Non-current liabilities to financial institutions	762,833	781,391
Capitalized origination fee	3,282	4,376
Total bank borrowings	766,115	785,767
Non-current /current finance lease obligation	685,841	504,360
Cash and cash equivalents	222,648	195,577
Net debt	1,229,308	1,094,550

ORDER BACKLOG

Consists of total contract revenue related to firm contracts including prolonging options across the Group.

CAPEX

Capex is defined as the capital expenditures (investments) in a year. Capex specified by segment, see note 5 to the consolidated financial statements. Capex financed through use of financial lease will not show in the Consolidated Statement of Cash Flow according to IFRS rules.





Group Consolidated Statement of Comprehensive Income

NOK 1,000	Notes	2016	2015
OPERATING REVENUES AND EXPENSES			
Revenue		1,873,503	1,771,583
Other Operating revenue		42,032	36,776
Total operating revenue	5	1,915,535	1,808,359
Materials used, external services and subcontractors		174,722	178,806
Employee benefit expense	6	1,070,186	956,278
Depreciation and amortization	11,12	178,825	132,819
Impairment equipment	12	70,232	-
Impairment goodwill	11	239,200	-
Other operating expenses	7	441,259	382,028
Loss on onerous contracts	18	155,217	-
Total operating expenses		2,329,641	1,649,931
Operating profit (loss)		(414,106)	158,428
Financial items			
Financial income		8,775	1,867
Financial expense		(39,372)	(49,941)
Net Financial items	8	(30,597)	(48,074)
Profit (loss) before taxes		(444,703)	110,354
Income tax expense	9	48,068	(26,933)
Profit (loss) for the period		(396,635)	83,422
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences		(9,660)	14,442
Total comprehensive income (loss) for the period		(406,295)	97,863
Earnings per share			
Basic earnings per share from profit for the year (NOK)	10	(14.56)	3.06
Diluted earnings per share from profit for the year (NOK)	10	(14.56)	3.06

The accompanying notes are an integral part of the consolidated financial statements.



Group Consolidated Statement of Financial Positions

NOK 1,000	Notes	31.12.2016	31.12.2015
ASSETS			
<u>Non-current assets</u>			
Deferred tax asset	9	30,011	-
Goodwill	11	775,341	1,017,942
Other intangibles	11	13,117	18,295
Equipment	12	818,373	811,139
Total non-current assets		1,636,842	1,847,376
<u>Current assets</u>			
Inventory		7,210	7,522
Accounts receivable	14	252,453	264,772
Other receivables		43,971	29,284
Cash and cash equivalents	15	222,648	195,577
Total current assets		526,282	497,155
Total assets		2,163,124	2,344,530



NOK 1,000	Notes	31.12.2016	1.12.2015
EQUITY AND LIABILITIES			
<u>Equity</u>			
Share capital		27,248	27,248
Share premium		501,445	501,445
Retained earnings (Accumulated losses)		(274,126)	182,305
Total equity		254,567	710,998
<u>Non-current liabilities</u>			
Deferred tax	9	4,587	40,002
Non-current provisions	18	109,038	-
Non-current finance lease obligation	16	520,375	416,870
Non-current liabilities to financial institutions	17	762,833	781,391
Total non-current liabilities		1,396,833	1,238,263
<u>Current liabilities</u>			
Current finance lease obligation	16	165,466	87,490
Accounts payable		117,738	80,843
Taxes payable	9	16,323	19,390
Accrued public duties		72,169	68,071
Other current liabilities	19	140,028	139,474
Total current liabilities		511,724	395,269
Total liabilities		1,908,557	1,633,532
Total equity and liabilities		2,163,124	2,344,530

The accompanying notes are an integral part of the consolidated financial statements.

The Board of Directors of RenoNorden ASA, 4 April 2017

Erik Thorsen
Chairman

Charlotte G. Hansson
Board member

Ingvald Huseby
Board member

Johan Eriksson
Board member

Penelope Kate Briant
Board member

Niklas Nikita Sloutski
Board member

Markus Metyas
Board member

Harald Rafdal
CEO



Group Consolidated Statement of Cash Flow

NOK 1,000	Notes	2016	2015
Cash flows from operating activities			
Profit before income taxes		(444,703)	110,354
Depreciation and amortization	11,12	178,825	132,819
Write-down and impairment	11,12	309,432	-
(Gain)/Loss from sale of equipment		763	(369)
(Increase)/Decrease in other items related to operating activities		62,184	6,011
Provision onerous contracts	18	154,351	-
Interests received		1,060	1,867
Interests paid		(35,715)	(36,324)
Taxes paid in the period		(18,133)	(12,606)
Net cash generated from operating activities		208,064	201,753
Cash flows from investing activities			
Proceeds from sale of equipment		19,712	9,841
Purchase of equipment		(40,941)	(20,254)
Purchase of subsidiaries and other business, net of cash acquired	11	-	(10,502)
Net cash used in investing activities		(21,229)	(20,914)
Cash flows from financing activities			
Net increase/(decrease) in current liabilities to financial institutions		-	(89,106)
Repayment of finance lease obligation		(101,509)	(69,377)
Dividend paid		(50,136)	(50,000)
Net cash used in financing activities		(151,645)	(208,483)
Foreign exchange effect on cash		(8,119)	3,580
Net change in cash and cash equivalents		27,071	(24,066)
Cash and cash equivalents at the beginning of the period		195,577	219,642
Cash and cash equivalents in the balance sheet as of year end		222,648	195,577

The accompanying notes are an integral part of the consolidated financial statements.



Group Consolidated Statement of Changes in Equity

NOK 1,000	Share capital	Share premium	Retained earnings	Treasury shares	Total share-holders equity
Opening shareholders Equity 01.01.2015	27,248	501,445	134,442	-	663,135
Profit/loss for the period	-	-	83,422	-	83,422
Dividend paid	-	-	(50,000)	-	(50,000)
Other comprehensive income/(loss) for the period	-	-	14,442	-	14,442
Shareholders' equity 31.12.2015	27,248	501,445	182,305	-	710,998
Opening shareholders Equity 01.01.2016	27,248	501,445	182,305	-	710,998
Profit/loss for the period	-	-	(396,635)	-	(396,635)
Dividend paid	-	-	(50,136)	-	(50,136)
Other comprehensive income/(loss) for the period	-	-	(9,660)	-	(9,660)
Shareholders' equity 31.12.2016	27,248	501,445	(274,126)	-	254,567

The accompanying notes are an integral part of the consolidated interim financial statements.

Notes

Note 1. General information

RenoNorden ASA ('the Company') and its subsidiaries (together, 'the Group'), also known collectively as the RenoNorden Group, develop and operate waste disposal services for municipalities and inter-municipal waste companies in the Nordic region. The Group specializes in the collection of household waste and operates across Sweden, Denmark, Finland and Norway.

The Company is a public limited liability company and has been listed on Oslo Stock Exchange since 16 December 2014. The Company is incorporated and domiciled in Norway. The address of its registered office is Lindebergvegen 3, 2016 Frogner, Norway.

The Board of Directors of RenoNorden ASA approved the 31.12.2016 consolidated financial statements on 4 April, 2017.

Note 2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

The consolidated financial statements of RenoNorden ASA have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) as required for financial years beginning 1 January 2016.

The consolidated financial statements are prepared using uniform accounting policies for similar transactions and events under similar conditions for all reporting periods presented.

Management believes that the Group's cash flow from operations and its current and future credit facilities will continue to provide the cash necessary to satisfy the Group's working capital requirements and capital expenditures, as well as to make all scheduled long-term debt payments and satisfy the Group's other on-going financial commitments. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 BASIS OF CONSOLIDATION

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair



values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the income statement.

2.3 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group management team.

2.4 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Norwegian Kroner (NOK), which is the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

(c) Group companies

The results and balances of all the Group entities that have a functional currency different from the presentation

currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates and
- (iii) all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

However, the Company has adopted the exemption not to apply IAS 21 The Effects of Changes in Foreign Exchange Rates retrospectively to goodwill arising in business combinations that occurred before the date of transition to IFRS. This goodwill is consequently reflected as assets and liabilities in NOK. Exchange differences arising are recognized in other comprehensive income.

2.5 EQUIPMENT

Equipment consist mainly of waste disposal trucks/units owned or held under finance leases. In addition equipment consists of containers and other transportation equipment plus furniture and fittings and IT equipment for office premises. Equipment is stated at historical cost less depreciation. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on other equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Equipment and machinery*	3-15 years
Fixtures and fittings	3-15 years

**Includes waste disposal trucks (7-10 years)*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each annual reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying

amount is greater than its estimated recoverable amount (note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within Other operating expenses in the consolidated statement of comprehensive income, or as Other operating revenue if net gain.

2.6 INTANGIBLE ASSETS

(a) Goodwill

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination. Each unit to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually at year-end or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the relevant unit including goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment of goodwill is recognized immediately as an expense and is not subsequently reversed.

Goodwill that was recognized prior to the IFRS conversion date of 1 January 2012 was allocated to the respective CGU's using the presentation currency (NOK). This goodwill is subsequently measured and tested for impairment based on this currency.

(b) Other intangible assets

Patents, technology and customer contracts are shown at historical cost. Patents, technology and customer contracts acquired in a business combination are recognized at fair value at the acquisition date. Patents, technology and customer contracts have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost patents, technology and customer contracts over their estimated useful lives of 3 years, 10 years, and the time period of the individual customer contracts, respectively.

2.7 IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circum-

stances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.8 INVENTORY

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.9 ACCOUNTS RECEIVABLE

Accounts receivable are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Accounts receivable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2.10 CASH AND CASH EQUIVALENTS

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2.11 FINANCIAL ASSETS

2.11.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. The Group currently does not

have any derivatives designated as hedges for hedge accounting purposes. Currently the Group has only derivatives in this category. Financial assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise Accounts receivable, Other receivables and Cash and cash equivalents.

2.11.2 Recognition and measurement

Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Derivatives financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivative instruments are recognized in Other operating expenses.

2.11.3 Impairment of financial assets

(a) Assets carried at amortized cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or Group of financial assets is impaired. A financial asset or a Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing

significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated statement of comprehensive income

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statement of income and other comprehensive income.

2.12 SHAREHOLDER'S EQUITY

As of 31 December 2016 the company's share capital comprises 27,247,948 shares with a nominal value of NOK 1.00 each.

The Company has only one class of shares and all shares have voting rights. The holders of shares are entitled to receive dividends as and when declared and are entitled to one vote per share at general meeting of the company.

Dividends declared and paid were NOK 50,136,000 in the second quarter of 2016. Dividends in 2015 were NOK 50,000,000.

Total equity in the parent company Renonorden ASA provides the basis for distribution of dividend to shareholders. As of 31 December 2016 total equity in the Company amounted to NOK 574 million. For change in share capital see note 24 (subsequent events).

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity shareholders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity shareholders. The Company has not purchased any own shares in 2016 or 2015.

Foreign currency translation reserve

The translation reserve is comprised of foreign currency rate changes arising from the translation of financial statements of the Group's foreign entities into NOK.

On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to profit or loss and are recognized as part of the gain or loss on disposal.

2.13 ACCOUNTS PAYABLE

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.14 BANK BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

2.15 CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognized in the consolidated statement of comprehensive income. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the conso-

lidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services provided or products delivered, stated net of discounts, returns and value added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for the Group's activities, as described below.

Revenue is earned from contracts with municipalities and businesses primarily related with waste collection services, rental revenues from the leasing of bins or containers, and sale of bins or bags and other services provided to municipalities and businesses. Contract revenue is variable on the number of waste collections and the size of bins. Prices of goods and



services are fixed in the initial contract, and is subject to index regulation between 1 and 4 times per year.

The Group recognizes revenue as the services are provided or the products are delivered.

2.17 INTEREST INCOME

Interest income is recognized using the effective interest method.

2.18 LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group leases certain equipment, specifically waste disposal vehicles. Leases of equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Finance lease payments are allocated between liability and finance charges. The corresponding rental obligations, net of finance charges, are included in current and non-current liabilities. The equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.19 PENSION

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group also has a contractually regulated pension plan in Norway ("avtalefestet førtidspensjon" or AFP) that is a multi-employer agreement where the Company has agreed on the level and duration of the pension benefits. As it is currently not possible to reliably measure the individual pension components in this pension agreement, it is recognized in the financial statements similarly to the defined contribution plan, discussed above.

2.20 ONEROUS CONTRACTS

The Group continually monitors contract profitability. If the Group identifies an onerous contract, the present obligation under the contract is recognised according to IAS 37.

2.21 NEW STANDARDS NOT YET ADOPTED

Standards, amendments and interpretations to existing standards that were not effective at December 31, 2016 but will be effective for later periods:

IFRS 9 Financial Instruments, addresses the classification, measurement, and recognition of financial assets, financial liabilities and hedge accounting. The final IFRS 9 standard was issued in July 2014. Effects of implementation are being assessed, and the Group does not expect any material effects in the financial statements from adoption of IFRS 9, but it may affect notes disclosures. IFRS 9 is effective on 1 January 2018 with early application permitted.

The IASB has issued a new standard for the recognition of revenue, IFRS 15 Revenue from Contracts with Customers, with an effective date of 1 January 2018. IFRS 15 has been approved by the EU and earlier application is permitted. IFRS 15 replaces IAS 18 Revenue which covers contracts for goods and services and IAS 11 Construction Contracts. IFRS 15 is based on the principle that revenue is recognized when control of a good or service transfers to a customer. This concept of control replaces the existing IAS 18 notion of risks and rewards, and is a broader concept that includes the transfer of risk and reward as one of the control criteria.

IFRS 15 requires that a five-step process be used to evaluate all customer contracts to determine revenue recognition and measurement. The five steps are:

1. identify contracts with customers,
2. identify the separate performance obligations,
3. determine the transaction price of the contract,
4. allocate the transaction price to each of the separate performance obligations, and
5. recognize the revenue as each performance obligation is satisfied.

RenoNorden Group earns revenue from contracts with municipalities and businesses primarily related to waste collection services, and the sale of bins or bags and other services provided to municipalities and businesses. The Group currently recognises revenue as the services are provided or the products are delivered. RenoNorden Group has substantially, but not yet fully, completed their IFRS 15 implementation analysis by applying the five-step process to all of their contracts with customers. The analysis to date has concluded that revenues related to waste collection services and other revenues will be recognized under IFRS 15 at the point in time of the service deliveries similar to revenue recognition under current standards.

IFRS 15 permits entities to apply the guidance retrospectively, which means restating and disclosing 2017 comparative financial statements upon adoption (full retrospective approach). Alternatively, an entity is permitted to recognize the cumulative effect of initially applying the guidance as an opening balance sheet adjustment to equity in the period of initial application (modified approach, and 2017 is not restated). RenoNorden ASA will adopt IFRS 15 as of 1 January 2018 using the full retrospective approach. The implementation of IFRS 15 is not expected to have a material effect on total reported revenues, costs, assets or liabilities. There will potentially be some changes in presentation and additional disclosures. However, the detailed effect of IFRS 15 has not yet been fully determined.

IFRS 16 Leasing, specifies how an IFRS reporter will

recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Effects of implementation are being assessed by the Group, and the current operating lease commitments for operating equipment and operating offices as approximately NOK 75 million (undiscounted). We do not expect that this level will change materially going forward. IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019.

There are no other standards or interpretations that are not yet effective that are expected to have a significant impact on the consolidated financial statements.

Note 3. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to economically hedge certain risk exposures, such as interest rates. The Group does not use hedge accounting.

Risk management is carried out by the CFO and his staff under policies approved by the board of directors. The CFO identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Risk management policies and procedures are reviewed regularly to reflect changes in market condition and the Group's activities.

3.1 FINANCIAL RISK FACTORS

a) Market risk

Market risk can be defined as the risk that the Group's income and expenses, future cash flows or fair value of financial instruments will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk, such as diesel fuel price risk.

Market risk is monitored and actively managed by

the Group through a combination of natural hedging techniques and financial derivatives.

i) Currency risk

For risk management purposes, two types of currency exposure have been identified:

Translation into the presentation currency

Being a multinational Group, the Group faces currency risk arising from the translation of entities whose functional currency differs from the presentation currency of the Group. This exposure does not give rise to an immediate cash effect; however it may impact the Group's financial covenants and is therefore monitored. Exposure related to equity in foreign currency is generally not hedged.

Foreign currency transactions

The Group's business model is to provide services from the local subsidiary to municipalities in their local currency, and most costs are also incurred in local currency. Bank loans are denominated in the four currencies of Norway, Sweden, Finland and Denmark, such that the financing does not give rise to significant currency exposures for the Group. As a result of the international structure of the Group, the Group is exposed to some foreign currency exchange rate risks relating to various transactions in currencies other than the functional currency.

ii) Cash flow interest rate risk

The Group is exposed to interest rate risk fluctuations mainly due to the DNB bank loans as well as the

finance leases, with variable interest rates that are based on NIBOR (or comparable for the local country) plus a margin. In order to mitigate the risk of fluctuations in the variable interest rates, management has entered into certain interest rate caps derivative financial instruments. This sets a ceiling on the variable portion of the interest expense, see note 13. Derivative financial instruments for more information, and therefore limits the potential cash outflows and reduces liquidity fluctuations.

III) Diesel fuel price risk

The Group is exposed to diesel fuel price risk fluctuations in each of their countries of operations. The risk is partly covered by the indexation of the contracts.

b) Credit risk

The Group believes that the credit risk is minimal since the majority of the Group's customers are municipal governments, and all cash balances are on deposit with Danske Bank.

c) Liquidity risk

Liquidity risk arises from the Group's potential to meet its financial obligations towards suppliers and debt capital providers. In addition to the management of interest rate and diesel fuel price risks, liquidity management represents a key element of our financial management. The goal of liquidity management is to ensure the ability to service the Group's commitments and to make payments when they come due. The Group's liquidity situation is closely monitored and rolling forecasts of cash flows and cash holdings are prepared monthly.

In 2016 the schedule of payments related to the specific financial liabilities bank loans and financial leases are disclosed in the relevant note.

3.2 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to grow the business while safeguarding the Group's ability to continue as a going concern. The Group has an objective to maintain a capital structure that gives the Group the lowest possible cost of capital given current market conditions.

The Group has a policy to use finance leases for the purchase of operational assets. Other financing needs are met through the use of bank borrowings. Bank borrowings are denominated at the local currency of the subsidiary. Cash outflows related to interest payments are capped with the purchase of interest rate cap contracts. On bank loan covenants RenoNorden ASA shall ensure that the adjusted leverage in respect of any Relevant Period shall not exceed 5.00:1. In addition RenoNorden ASA shall ensure that the Interest Cover in respect of any relevant period shall not be less than 4.00:1.

Cash is managed by use of a Group cash pool to manage the cash needs for all of the subsidiaries. All Group bank accounts and the cash pool treasury management is with Danske bank. The Group has short-term bank borrowing facilities for short-term cash needs, in accordance with the Group policy to have maximum cash available to grow the business.

NOK 50.1 million was paid in dividends in 2016. The Board proposes no dividend pay-out in 2017.

Note 4. Critical accounting estimates and judgements

When preparing the consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements are discussed below.

Impairment of non-current assets

IAS 36 requires that the Group assess conditions that could cause an asset to become impaired and to test recoverability of potentially impaired assets. These

conditions include internal and external factors such as the Group's market capitalization, significant changes in the planned use of the assets or a significant adverse change in the expected prices or sales volumes. Each Cash Generating Unit (CGU) or individual asset is reviewed for impairment indicators. Most of the Group's assets are assigned to CGUs. The identification of CGUs involves judgment, including assessment of where active markets exist, and the level of interdependency of cash inflows. For the Group, the CGU is the group of assets employed within one country, as all of these assets serve a common market.

If a loss in value is indicated, the recoverable amount is estimated as the higher of the CGU's fair value less cost of disposal, or its value in use. Calculation of value in use is a discounted cash flow

calculation based on continued use of the assets in its present condition, excluding potential exploitation of improvement or expansion potential. Determination of the recoverable amount involves management estimates on highly uncertain matters, such as commodity prices (diesel fuel) and their impact on markets, development in demand, inflation, operating expenses and tax and legal systems. Management uses internal business plans, quoted market prices and our best estimate of commodity prices, currency rates, discount rates and other relevant information. A detailed forecast is developed for a period of three to five years with projections thereafter.

Business combinations and goodwill

In a business combination consideration, assets and liabilities are recognized at estimated fair value, and any excess purchase price is included in goodwill.

Valuation models are used to estimate the fair value of acquired intangible assets. Such valuations are subject to numerous assumptions including the useful lives of assets and the timing and amounts of certain future cash flows, which may be dependent on discount rates and other factors.

Onerous contracts

IAS 37 requires that if an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision. If an onerous contract is identified, the Group estimates the net present value of results of the contracts over the contract period. These estimates are based on significant judgements regarding revenue assumptions and assumptions on costs of performing the contractual obligations.

Note 5. Segment information and seasonality

RenoNorden Group identifies its reportable segments and discloses segment information under IFRS 8 Operating Segments. This standard requires RenoNorden Group to identify its segments according to the organization and reporting structure used by management.

Management considers the business from both a geographic and a service perspective. Geographically, management considers the performance in Norway, Denmark, Sweden and Finland. From a service perspective, all geographic segments have municipal contracts and, additionally, Finland has specific corporate contracts.

Management assesses the performance of the operating segments based on a measure of EBITDA and Operating profit (loss). EBITDA is defined as Operating profit (loss) excluding the line items "Depreciation and amortization", "Impairment equipment", "Impairment goodwill" and "Loss on onerous contracts" according to the Statement of Comprehensive Income, as well as Gain/loss sales of operating assets as included in the line "Other operating expenses".

The Group's business is seasonal, and has historically realised a higher portion of its Operating revenue, EBITDA and Operating profit (loss) in the

second and third quarter of each year. This seasonality is a characteristic of the business in which it operates. During the warmer summer months the Group increases the frequency of collection for biodegradable waste matter. Furthermore, the Group also collects from areas where holiday properties require additional collections in the summer holiday season.

Major Customers by Segment Revenue:

For Norway in 2016 and 2015, two customers contributed 26% of the Norwegian segment's total revenue.

For Sweden, one customer contributed 25% of the Swedish segment's total revenue in 2016 and 28% of the Swedish segment's total revenue in 2015.

In both 2016 and 2015, Denmark did not have any customers with revenues greater than or equal to 10% of the Danish segment's total revenue.

In 2016, Finland did not have any customers with revenues greater than or equal to 10% of the Finnish segment's total revenue, while in 2015 one customer contributed 11% of the Finnish segments total revenue.

For all the segments for both 2016 and 2015, no single customer generated more than 10% of total Group revenues.



TOTAL OPERATING REVENUE SPECIFIED BY SEGMENT

NOK 1,000	2016	2015
Norway	562,300	608,100
Sweden	443,405	379,084
Denmark	607,503	546,832
Finland	302,674	274 344
Other/Eliminations	(347)	-
Total operating revenues	1,915,535	1,808,359

CAPEX SPECIFIED BY SEGMENT

NOK 1,000	2016	2015
Norway	(66 582)	(56,230)
Sweden	(90 440)	(13,698)
Denmark	(139 268)	(81,635)
Finland	(58 604)	(34,977)
Total CAPEX	(354 894)	(186,540)

EBITDA BY SEGMENT

NOK 1,000	2016	2015
Norway	119,654	161,786
Sweden	60,273	69,413
Denmark	41,045	50,606
Finland	36,570	34,894
Other	(27,411)	(25,452)
Total EBITDA	230,131	291,247

Impairment equipment	(70,232)	-
Impairment goodwill	(239,200)	-
Loss on onerous contracts	(155,217)	-
Gain (loss) sale of fixed assets	(763)	-
Depreciation and amortization	(178,825)	(132,819)
Operating income (loss)	(414,106)	158,428

NON-CURRENT OPERATING ASSETS SPECIFIED BY SEGMENT

NOK 1,000	31.12.2016	31.12.2015
Norway	204,957	244,355
Sweden	221,959	230,611
Denmark	279,539	248,502
Finland	112,309	87,670
Other/Eliminations	(391)	-
Total equipment	818,373	811,139

Note 6. Employee benefit expense

EMPLOYEE BENEFIT EXPENSE

NOK 1,000	2016	2015
Salary expense	863,443	777,173
Social security cost	107,556	89,089
Pension cost	63,644	63,753
Other compensations and social costs	35,543	26,263
Total employee benefit expense	1,070,186	956,278
Average number of employees	1,789	1,589



KEY MANAGEMENT COMPENSATION 2016

NOK 1,000, except number of shares

	Salary	Bonus	Pension Contributions	Other benefits	Total compensation	Number of shares 31.12.2016
Staffan Ebenfelt (CEO) ¹⁾	1,709	-	323	50	2,082	NA
Harald Rafdal (CEO) ¹⁾	2,143	-	538	4	2,684	-
Øystein Disch Olsrød (CFO)	1,426	-	67	180	1,672	-
Andreas Westin (Head of business development)	929	-	184	54	1,167	-
Fredrik Eldorhagen (Country Manager Norway) ³⁾	1,622	-	46	109	1,776	-
Ingrid Tjøsvold (Country Manager Norway) ⁴⁾	1,090	-	230	76	1,396	6,000
Torben Lindholm (Country Manager Denmark)	1,588	-	191	136	1,914	80,742
Jukka Koivisto (Country Manager Finland)	1,410	-	-	2	1,412	165,814
Peter Ekholm (Country Manager Sweden)	1,485	-	159	50	1,693	29,061

¹⁾ Left the Group 01.04.2016

²⁾ Started in the Group 01.04.2016

³⁾ Left the Group 01.06.2016

⁴⁾ Started in the Group 01.05.2016

KEY MANAGEMENT COMPENSATION 2015

NOK 1,000, except number of shares

	Salary	Bonus	Pension Contributions	Other benefits	Total compensation	Number of shares 31.12.2015
Staffan Ebenfelt (CEO)	3,249	392	668	90	4,399	225,040
Jon Kristian Flesvik (CFO) ¹⁾	1,894	-	50	197	2,141	NA
Øystein Disch Olsrød (CFO) ²⁾	286	15	8	21	330	-
Andreas Westin (Head of business development)	1,014	92	210	56	1,372	39,799
Fredrik Eldorhagen (Country Manager Norway)	1,783	445	53	204	2,485	86,025
Torben Lindholm (Country Manager Denmark)	1,503	125	178	130	1,937	80,742
Jukka Koivisto (Country Manager Finland)	1,312	87	103	2	1,504	165,814
Peter Ekholm (Country Manager Sweden)	1,158	72	131	49	1,410	29,061

¹⁾ Left the Group 20.12.2015

²⁾ Started in the Group 26.10.2015



BOARD OF DIRECTORS COMPENSATION 2016

	Total compensation	Number of shares 31.12.2016
NOK 1,000		
Erik Thorsen (Chairman)	1,066	-
Charlotte Hansson	325	3,000
Penelope Kate Briant	300	42,000
Niklas Nikita Sloutski	288	-
Ingvild Huseby*	150	-
Markus Metyas*	150	-
Johan Eriksson*	138	-

* Appointed to the Board on 25 May 2016.

BOARD OF DIRECTORS COMPENSATION 2015

	Total compensation	Number of shares 31.12.2015
NOK 1,000		
Erik Thorsen (Chairman)	618	-
Charlotte Hansson	313	3,000
Penelope Kate Briant	263	42,000
Niklas Nikita Sloutski	331	-

The Company has not granted any loans, guarantees or other commitments to any of its Board Members or to any member of the Management.

The CEO's remuneration terms are reviewed and decided annually by the Board of Directors. The remuneration decision takes into consideration the overall performance of the CEO and the Company, and the market development for CEO remuneration in companies of similar complexity, size and industries. The CEO decides the remuneration for other members of executive management. The structure of the executive management incentive system is determined by the Board of Directors and presented as information to the General Meeting.

The incentive system consists of base salary, annual bonus agreement, pension, long-term incentive program and other minor benefits. There is a cap on the compensatory elements for the Executive Management as per 31.12.2016.

Certain members of key management given certain circumstances are entitled to up to six months of severance compensation.

See the Group corporate governance report for further information.

Long Term Incentive Program

In connection with the Company's annual general meeting held on 13 May 2015, it was decided to implement a long-term incentive program for key employees of the RenoNorden Group, LTIP 2015. The scheme for 2016 is identical with the scheme for 2015.

The number of PSRs granted to the key employees are based on a fixed percentage of their respective base salary, and the PSRs are granted without consideration.

After a three-year vesting period commencing in connection with the implementation of LTIP 2016, and provided that a certain annual compounded growth rate in earnings per share in the period from 1 January 2016 to 31 December 2018 ("EPS CAGR") is being met and that other conditions are satisfied, the participants may exercise their PSRs. When the PSRs are exercised, each participant shall be entitled to purchase up to one share in the Company per PSR (depending on the EPS CAGR), at a purchase price equal to the nominal value of the shares (NOK 1).

The parameters from the LTIP programs are as follows:

	2016	2015
Share price at grant date	36.93	47.10
Exercise price	1.00	1.00
Expected life	3 years	3 years

Assuming that all granted PSRs vest, full achievement of EPS CAGR target set, LTIP 2016 will result in the allocation of 267,255 shares in the Company to the key employees. LTIP 2016 will cause costs for the Group in the form of social security charges.

No expense or provision related to the LTIP 2015 or 2016 has been recognized in the financial statements as the Group currently do not expect that the targets will be met for the 2016 or 2015 LTIP programs.

	2016	2015
Fully granted	267,255	182,369
Expired due to employees leaving the company	(84,398)	(107,961)
Net granted at 31.12.2016	182,857	74,408



Definitions

Salary – The column comprises ordinary salary received during the year.

Bonus – The column contains bonus accrued based upon the current year's performance.

Pension premiums – Group Management members participate in the same pension plans as other employees in the jurisdiction they are employed. The CEO does not participate in the defined benefit plan and receives a fixed compensation instead.

Other benefits – The column comprises the value of other benefits received by Group Management and Board members during the year, including value of interest-free loans, car allowance, health insurance etc.

Share holding – The column shows number of shares owned by the Board members, officers and companies controlled by them and their families.

Pension

Norway: The Norwegian companies are required to have a compulsory pension plan under Norwegian Law. The Group has a pension plan that fulfils the legal requirements, which covers all employees and is a defined contribution plan. The defined contribution plan's contribution requirement in Norway is 3% of the total salary expense over 1G per person. As of 31 December 2016 there were 561 participants in the Norwegian pension scheme. The expensed pension cost in Norway is NOK 9,454 thousand.

Denmark: The Danish "blue collar" employees receive 8% of annual salary in pension contribution, while "white collar" management receives between 5%- 12%

of their annual salary as pension contributions, as is agreed between Danish employees and the employee's organisations. The expensed pension cost in Denmark is NOK 28,611 thousand.

Sweden: Swedish companies that are members of the Swedish employers association are required to pay supplementary retirement pension as part of the collective agreement. Following the collective agreement RenoNorden AB pays 4.5% of blue collar employees' salaries as retirement pension. For white collar employees RenoNorden AB follows the ITP1 pension plan paying 4.5% of monthly salaries up to approximately 36,000 SEK and 30% of the amount above 36,000 SEK. The expensed pension cost in Sweden is NOK 8,587 thousand.

Finland: The Finnish labor pension law requires the companies to establish a pension plan in a licensed pension insurance company that covers all its employees. The employer contributes between 24,4% and 25,1% of the paid salaries and the employee between 5,7% and 7,2% of received salaries to the pension plan. All of the personnel was covered by the pension plan as of 31.12.2016. The expensed pension cost in Finland is NOK 16,863 thousand.

Note 7. Other operating expenses

AUDITOR FEES

NOK 1,000	2016	2015
Audit fee	2,041	1,323
Attestation services	13	380
Tax and other services	127	353
Total	2,181	2,057

Note 8. continues ->



OTHER OPERATING EXPENSES INCLUDE THE FOLLOWING ITEMS

NOK 1,000	2016	2015
Fuel costs	132,149	117,154
Operating truck expenses, maintenance etc	193,079	169,268
Operating leasing expenses equipment	8,222	10,145
Work clothing and protective gear	6,982	6,930
Expenses rented premises	37,120	32,974
IT, audit and consultant expenses	16,990	10,501
Other	46,718	35,056
Total operating expenses	441,259	382,028

Note 8. Finance income and expenses

FINANCE INCOME AND EXPENSES INCLUDES THE FOLLOWING ITEMS

NOK 1,000	2016	2015
Interest income	1,118	1,857
Interest expense	(20,681)	(22,937)
Interest expenses on financial leasing	(14,952)	(13,874)
Other financial expenses	(2,550)	(3,341)
Net currency gain/(loss)	7,658	(7,741)
Amortization of origination fees	(1,094)	(1,094)
Loss on interest derivatives	(96)	(944)
Total finance income and expenses	(30,597)	(48,074)

Note 9. Income tax

INCOME TAX EXPENSE

NOK 1,000	2016	2015
Tax payable for the current year	25,711	21,744
Changes in deferred tax*	(73,779)	5,188
Total income tax expense	(48,068)	26,933

* The change in deferred tax assets/liabilities is calculated based on temporary differences between accounting and tax values.

Note 9. continues ->



SPECIFICATION OF TEMPORARY DIFFERENCES

NOK 1,000	31.12.2016	31.12.2015
Equipment	380,389	415,496
Finance lease obligation	(263,979)	(164,502)
Capitalized origination fee	3,283	4,472
Intangible assets	(69,547)	(77,209)
Interest deduction carryforward	(4,114)	(3,552)
Loss on onerous contracts	(136,006)	-
Loss carry forward	(13,952)	-
Other	(96)	(172)
Total temporary differences	(104,022)	174,533
Base for deferred tax liability	(104,022)	174,533

The Group's weighted average nominal tax rate is 24.1% in 2016 and 24.8% in 2015. Temporary differences are assumed to be reversed at currently enacted rates.

DEFERRED TAX ASSET/LIABILITY

NOK 1,000	31.12.2016	31.12.2015
Deferred tax liabilities 01.01.	40,002	33,117
Changes of deferred tax liabilities	(73,779)	5,188
Deferred tax on group contribution - transferred to tax payable	9,151	-
Change in liability due to acquisition of subsidiary	-	1,022
Currency translation	(798)	675
Deferred tax (assets)/liabilities 31.12. *	(25,424)	40,002

* The Group has included deferred tax assets related to the loss on onerous contracts. These losses will be matched against taxable profits from rest of the business in Norway and Denmark in the same period.

RECONCILIATION OF EFFECTIVE TAX RATE

NOK 1,000	2016	2015
Income tax expense based on the weighted average nominal tax rate	(107,178)	27,314
Tax effect of non-deductible expenses	282	247
Tax effect changes in tax rate	1,250	-
Tax effect of other permanent differences*	57,578	(628)
Income tax expense for the year	(48,068)	26,933

Effective tax rate

* The tax cost is caused by permanent tax differences mainly related to:

- Impairment of goodwill. The impairment of group goodwill following the impairments test (see note 11) have no tax impact.
- Reversal of amortisation expense on goodwill. Under IFRS, no expense from amortisation of goodwill is recognized in the Group's Consolidated Statement of Comprehensive Income for 2016 and 2015. Under local GAAPs and for tax purposes, a portion of the total goodwill (i.e. local goodwill related to earlier acquisitions) is amortized and expensed over the estimated useful life of the acquisitions.

Note 10. Earnings per share

Basic and diluted earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year excluding ordinary shares purchased by the Company and held as treasury shares.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There are no dilutive potential ordinary shares in the Company in 2016 and 2015. Therefore, there is no difference between the basic earnings per share and diluted earnings per share in 2016 and 2015.



FINANCE INCOME AND EXPENSES INCLUDES THE FOLLOWING ITEMS

NOK 1,000	2016	2015
Net profit attributable to ordinary equity holders of the parent (NOK 1,000)	(396,635)	83,422
Weighted average number of ordinary shares in issue (thousands)*	27,248	27,248
Basic earnings per share from profit for the year attributable to the ordinary shareholders (NOK)	-14.56	3.06
Diluted earnings per share from profit/loss for the period attributable to the ordinary shareholders (NOK)	-14.56	3.06

* The Company has not purchased any own shares in 2016 or 2015.

Note 11. Intangible assets

NOK 1,000	Goodwill	Customer contracts	IT systems and software	Patents	Total
Cost at 31.12.2015	1,031,548	17,845	10,534	-	1,059,927
Additions and transfers	-	-	1,622	-	1,622
Disposal at cost	-	(3,821)	-	-	(3,821)
Effect of changes in foreign exchange	(3,401)	(257)	(962)	-	(4,620)
Cost at 31.12.2016	1,028,147	13,767	11,194	-	1,053,108
Accumulated amortisation and impairment losses 31.12.2015	(13,606)	(6,643)	(3,442)	-	(23,691)
Amortisation charge	(239,200)	(4,452)	(1,503)	-	(5,955)
Impairment charge	-	-	-	-	(239,200)
Accumulated depreciation and impairment disposed assets	-	3,821	-	-	3,821
Effect of changes in foreign exchange	-	196	178	-	374
Accumulated amortisation and impairment losses 31.12.2016	(252,806)	(7,078)	(4,767)	-	(264,651)
Carrying amount at 31.12.2016	775,341	6,690	6,427	-	788,458
Estimated useful lives (years)		1-5	3-10		

Note 11. continues ->



NOK 1,000	Goodwill	Customer contracts	IT systems and software	Patents	Total
Cost at 31.12.2014	1,027,828	7,299	6,451	759	1,042,336
Reclassification of fixed assets between intangible asset groups*	-	-	759	(759)	-
Reclassification from fixed assets to intangible assets*	-	-	1,939	-	1,939
Customer contract NTS Miljø AS	-	3,821	-	-	3,821
Customer contracts Denmark	-	5,785	-	-	5,785
Other additions and transfers	-	-	544	-	544
Disposal at cost	-	-	(18)	-	(18)
Effect of changes in foreign exchange	3,720	940	860	-	5,521
Cost at 31.12.2015	1,031,548	17,845	10,534	-	1,059,927
Accumulated amortisation and impairment losses 31.12.2014	(13,606)	(1,453)	(587)	(223)	(15,869)
Reclassification of fixed assets between fixed asset groups *	-	-	(223)	223	-
Reclassification from fixed assets to intangible assets*	-	-	(782)	-	(782)
Amortisation charge	-	(4,884)	(1,399)	-	(6,284)
Accumulated amortisation and impairment disposed assets	-	-	8	-	8
Effect of changes in foreign exchange	-	(305)	(459)	-	(764)
Accumulated amortisation and impairment losses 31.12.2015	(13,606)	(6,643)	(3,442)	-	(23,691)
Carrying amount at 31.12.2015	1,017,942	11,203	7,092	-	1,036,237
Estimated useful lives (years)		1-5	3-10		

*These assets are more appropriately classified as IT systems

Impairment tests for goodwill

Management reviews the business performance at the Cash Generating Unit (CGU) level, which is defined by the geographical segment level. It has identified Norway, Sweden, Denmark and Finland as the main geographies

and hence CGUs. Goodwill is monitored by the management at this CGU level, which is also the identified operating segment level. The following is a summary of goodwill allocation for each operating segment:

2016

NOK 1,000	1 January	Additions	Adjustment on cost price	Impairment	Exchange difference	31 December
Norway	531,524	-	-	(173,200)	-	358,324
Sweden	175,000	-	-	-	-	175,000
Denmark	250,000	-	-	(66,000)	-	184,000
Finland	61,418	-	-	-	(3,401)	58,018
Total	1,017,942	-	-	(239,200)	(3,401)	775,341



2015

NOK 1,000	1 January	Additions	Adjustment on cost price	Impairment	Exchange difference	31 December
Norway	531,524	-	-	-	-	531,524
Sweden	175,000	-	-	-	-	175,000
Denmark	250,000	-	-	-	-	250,000
Finland	57,698	-	-	-	3,719	61,418
Total	1,014,222	-	-	-	3,719	1,017,942

The recoverable amount of all CGU's has been determined based on value-in-use calculations. These calculations use after-tax cash flow projections based on the financial budget approved by management covering a five-year period. Cash flows beyond the

five year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for business in which the CGU operates.

THE KEY ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS IN 2016 ARE AS FOLLOWS:

	Norway	Sweden	Denmark	Finland
Expected long term growth rate in net cash flows after the 5 year period	2.0 %	2.0 %	2.1 %	2.0 %
Discount rate after-tax	6.8 %	5.2 %	5.7 %	5.0 %

THE KEY ASSUMPTIONS USED FOR VALUE-IN-USE CALCULATIONS IN 2015 ARE AS FOLLOWS:

	Norway	Sweden	Denmark	Finland
Expected long term growth rate in net cash flows after the 5 year period	2.5 %	2.5 %	2.5 %	2.5 %
Discount rate after-tax	5.9 %	5.3 %	5.2 %	5.0 %

The assumptions above have been used for analysis of each CGU within the operating segment.

Management determined the compound annual volume growth rate for each CGU covering the five-year forecast period to be a key assumption. The compound annual volume growth rate is based on past performance and management's expectations of market development. The long term growth rates used are consistent with the forecasts included in industry reports. The discount rates used are after tax and reflect specific risks relating to the relevant operating segments.

The company tested the goodwill for all segments for impairment following the provisions for onerous contracts, and determined the need for impairment losses as stated above.

Sensitivity of recoverable amounts

After this year's impairment of goodwill, there is no further headroom in Norway and Denmark. The recoverable amounts determined for impairment testing purposes were tested for their sensitivity to a 1% increase in discount rate after-tax, a reduction in the EBITDA margin of 1%, and a change in growth of 0.5%. These tests identified the following risks for further impairment in Norway and Denmark combined:

WACC +1%	EBITDA -1%	Growth -0.5%
200 mill	235 mill	90 mill

The headroom in Sweden and Finland is sufficient to withstand the changes as indicated above.



Note 12. Equipment

NOK 1,000	Equipment and machinery	Fixtures and fittings	Total
Cost at 31.12.2015	1,365,520	18,994	1,384,514
Adjustments to opening balance *	33,025	31	33,056
Additions and transfers	352,621	6,789	359,410
Disposal at cost	(79,070)	(796)	(79,866)
Effect of changes in foreign exchange	(66,717)	(1,179)	(67,896)
Cost at 31.12.2016	1,605,379	23,839	1,629,218
Accumulated depreciation and impairment losses at 31.12.2015	(562,047)	(11,328)	(573,375)
Adjustments to opening balance *	(32,232)	(31)	(32,263)
Depreciation **	(169,403)	(3,466)	(172,869)
Impairment equipment **	(70,232)	-	(70,232)
Impairment assets onerous contracts ***	(45,884)	-	(45,884)
Accumulated depreciation and impairment disposed assets	53,820	768	54,588
Effect of changes in foreign exchange	28,509	681	29,190
Accumulated depreciation and impairment losses at 31.12.2015	(797,469)	(13,376)	(810,845)
Carrying amount at 31.12.2016	807,909	10,463	818,373
Estimated useful lives (years) **	3-15	3-15	

* We have identified net reporting in 2015 that has been adjusted to gross in 2016

** RenoNorden has for most parts previously used a 12-year depreciation period for the trucks. Historically, this has given a book value close to the experienced market value at disposal. Following increased changes in technological requirements in contracts, we have seen that the value at the end of the contract period are limited for certain older vehicle groups. This has led to a write down of book value for these groups to expected recoverable amount. Furthermore, the review revealed that some of the trucks were already taken out of use and had a carrying value higher than expected sales price less cost to sell at that time, which required that an immediate impairment is recognized. In addition, estimated useful life of newer vehicle groups is reduced to 10 years, also due to the increased technological change. This has led to increased depreciation costs for 2016 with approximately NOK 22 million.

*** The company has identified onerous contracts (see further details in note 18) on which assets need to be impaired.



NOK 1,000	Equipment and machinery	Fixtures and fittings	Total
Cost at 31.12.2014	1,175,502	28,035	1,203,537
Reclassification of fixed assets between fixed asset groups *	13,170	(13,170)	-
Reclassification of fixed assets to intangible assets**	(1,939)	-	(1,939)
Additions and transfers	175,316	3,139	178,455
Disposal at cost	(59,196)	(74)	(59,269)
Effect of changes in foreign exchange	62,666	1,063	63,729
Cost at 31.12.2015	1,365,520	18,994	1,384,514
Accumulated depreciation and impairment losses at 31.12.2014	(454,060)	(20,339)	(474,399)
Reclassification of fixed assets between fixed asset groups *	(12,062)	12,062	-
Reclassification of fixed assets to intangible assets**	782	-	782
Depreciation	(124,048)	(2,487)	(126,535)
Accumulated depreciation and impairment disposed assets	49,650	63	49,714
Effect of changes in foreign exchange	(22,310)	(626)	(22,936)
Accumulated depreciation and impairment losses at 31.12.2015	(562,047)	(11,328)	(573,375)
Carrying amount at 31.12.2015	803,472	7,666	811,139
Estimated useful lives (years)	3-15	3-15	

*These assets are more appropriately classified as equipment and machinery

**These assets are more appropriately classified as IT systems

Note 13. Derivative financial instruments

FINANCIAL DERIVATIVES BY INSTRUMENT TYPE

NOK 1,000	31.12.2016		31.12.2015	
	Assets	Liabilities	Assets	Liabilities
Interest rate cap derivative contracts	1	-	96	-
Total	1	-	96	-

Trading derivatives are classified as current assets. All positions are long European or Asian calls and will therefore always be classified as assets and not liabilities. The interest rate cap contracts are considered to be level two in the fair value hierarchy. The Group does not use hedge accounting for any of their interest rate or diesel price exposures.

Interest rate cap contracts

The interest rate caps are OTC European and Asian call contracts with Nordea in the respective countries where the Group has operations. Management considers counterparty risk on these contracts to be low.

Notional principal amounts

The notional principal amounts of the outstanding interest rate cap contracts as of year are as follows:

Note 13. continues ->



	In local currency	In NOK
NOK 1,000	30.12.2016 - 30.12.2017	30.12.2016 - 30.12.2017
NOK	500,000	500,000
SEK	100,000	95,120
DKK	100,000	122,220
Total		717,340

The interest rate cap contracts are economic hedges against increases in the interest rates on bank borrowings. The derivative contracts cap the NIBOR, STIBOR and CIBOR which is the base of the variable interest rate agreements with the banks, at 2.8 % and 3.0%. The loan agreements have variable interest rates designated by the relevant interbank offered rate plus a margin ranging between 1.5 and 1.75.

The loss on the hedging positions in 2016 was NOK 96 thousands and NOK 944 thousands in 2015.

Note 14. Accounts receivable

NOK 1,000	31.12.2016	31.12.2015	THE AGEING OF ACCOUNTS RECEIVABLE		
Accounts receivable	252,522	264,772	NOK 1,000	31.12.2016	31.12.2015
Less provision for impairment of receivables	(69)	-	Up to 3 months	246,944	261,085
			3 to 6 months	2,219	2,891
			Over 6 months	3,289	796
Accounts receivables - net	252,453	264,772	Total accounts receivable	252,453	264,772

The Group's receivables are with local municipalities, with high credit ratings and little or no credit losses.

The maximum exposure to credit risk at the reporting date is the carrying value of accounts receivable as disclosed above. The Group does not hold any collateral as security.

Note 15. Cash and cash equivalents

NOK 1,000	31.12.2016	31.12.2015
Bank Deposits	222,648	195,577
Total Bank deposits	222,648	195,577

The maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalents as disclosed above.

The RenoNorden Group has organized all operative accounts in a cash pool structure with RenoNorden ASA as pool owner.

SPECIFICATION OF RESTRICTED DEPOSITS

Restricted bank deposits for employee tax withholdings	8,366	7,861
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Note 16. Leases

Financial Leases

The Group's financial leased assets include machinery and equipment. In addition to the interest expense, the Group is responsible for maintenance, insurance and property taxes related to the assets. The leases have maturities ranging from 3 to 10 years, many of them carry an option of renewal. The company

evaluate utilisation of renewal or purchase on a case by case basis.

The contracts do not restrict the Group's ability to pay out dividends or other financing options, except in Denmark where the contracts require an equity ratio of 10% in the Danish subsidiary.

NOK 1,000	31.12.2016	31.12.2015
Assets under finance leases		
Equipment	928,945	673,327
Cost capitalised finance lease	928,945	673,327
Write down and impairment	(61,928)	
Accumulated depreciation	(227,175)	(159,429)
Net book amount	639,842	513,899
Gross finance lease liabilities - minimum lease payments		
No later than 1 year	173,323	93,744
Later than 1 year and no later than 5 years	424,020	351,331
Later than 5 years	145,006	100,592
Total of future minimum lease payments	742,349	545,666
Future finance charges on finance lease liabilities	(56,508)	(41,306)
Present value of minimum future leasing amount	685,841	504,360
The present value of finance lease liabilities is as follows		
No later than 1 year	165,466	87,490
Later than 1 year and no later than 5 years	389,567	342,282
Later than 5 years	130,808	74,588
	685,841	504,360

The leasing contracts have an interest rate of the relevant interbank offered rate plus a margin between 1.5 and 2.5 %.

Operating Leases

Operating lease payments are expensed in profit or loss as part of operating expenses.

The contracts do not restrict the Group's ability to pay out dividends or other financing options.

OPERATING LEASE PAYMENTS

NOK 1,000	2016	2015
Operating lease payments - equipment	8,222	10,145
Operating lease payments - office	28,860	25,659
Total operating lease payments	37,082	35,804

COMMITMENTS - OPERATING EQUIPMENT

NOK 1,000	31.12.2016	31.12.2015
Within 1 year	3,323	6,982
1 to 5 years	6,753	5,930
After 5 years	-	80
Total commitments - operating leases	10,076	12,992



COMMITMENTS AS OF 31.12.2016- OPERATING OFFICE LEASES

	Norway	Sweden	Denmark	Finland	Total
Within 1 year	6,714	7,466	4,718	2,899	21,797
1 to 5 years	9,548	12,268	6,950	10,388	39,154
After 5 years	4,831	71	-	-	4,902
Total commitments - operating leases	21,093	19,806	11,667	13,286	65,853

COMMITMENTS AS OF 31.12.2015- OPERATING OFFICE LEASES

	Norway	Sweden	Denmark	Finland	Total
Within 1 year	7,574	6,423	3,629	976	18,602
1 to 5 years	16,488	7,634	2,565	-	26,686
After 5 years	5,825	-	-	-	5,825
Total commitments - operating leases	29,887	14,057	6,193	976	51,114

Note 17. Interest-bearing debt

NOK 1,000	31.12.2016	31.12.2015
Non-current		
Bank borrowings	762,833	781,391
Current		
Bank borrowings	-	-
Total bank borrowings	762,833	781,391

BANK BORROWINGS

NOK 1,000		Initial loan	Maximum		Carrrying Value	
Loan Facility	Loan origi- nation date	frame in local currency	contractual interest rate	Termination date	31.12.2016	31.12.2015
DKK		110,000			134,442	141,801
SEK		80,000			76,096	83,800
EUR		5,000			45,432	48,095
NOK		361,121			361,121	361,121
Total Facility A	16.12.2014	620,000 NOK	IBOR+2,00%	16.12.2019	617,091	634,817
NOK		130,000			130,000	130,000
SEK		20,000			19,024	20,950
Total Facility B	16.12.2014	350,000 NOK	IBOR+1,75%	16.12.2019	149,024	150,950
Other bank borrowings					-	-
Capitalized origination fee					(3,282)	(4,376)
Total bank borrowings					762,833	781,391



10 November 2014, with execution date 16 December, the Group refinanced its bank borrowings with a new senior facility of total NOK 970 million mainly used to repay the old bank loans. The facility consists of a term loan facility of NOK 620 million and an RCF facility of NOK 350 million. Both facilities are 5-year bullets.

Bank loan covenants require that the adjusted leverage (calculated as 12 month revolving EBITDA in relation to the Net debt) in respect of any relevant period shall not exceed 5.00:1. The combination of increased investments and decreased EBITDA has led to the leverage approaching the maximum covenant level (4.93x as of 31 December 2016), and the company risks breaching the maximum covenant of 5.0x over the coming quarters. A covenant breach is expected to result in a significant increase in financing cost and disruption of management focus on operational improvements, and an increase to the share capital with NOK 350 million has been approved as to prevent such a breach (see note 24).

In addition, the bank loan covenants require that the Interest Cover (yearly net interest in relation to EBITDA) in respect of any relevant period shall not be less than 4.00:1.

The Group has interest rate risk from long-term

borrowings. The interest expense on the facility bank borrowings is a floating rate plus a risk premium. The risk premium is set annually by the lender based on an agreed calculation that is dependent on the Company's leverage position. The risk premium is a floating rate with a maximum value as shown in the table above (in the column "Maximum contractual interest rate") that will vary from year to year based on the Company's annual performance. The maximum risk premium is shown in the table above.

The Group uses interest rate cap derivative contracts to hedge the interest rate risk related to their bank borrowings, see Note 13 Derivative financial instruments.

The amortised cost carrying value is a close approximation of the current fair value of the borrowings.

The bank borrowings are unsecured, with a mutual payment guarantee from the following subsidiaries: RenoNorden AS, RenoNorden AB, RenoNorden A/S and RenoNorden Oy.

The table below analyses the Group's bank borrowings into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

NOK 1,000	2017	2018	2019	
<u>On 31 December 2016</u>				
Bank Borrowings FAC A	-	-	617,091	
Bank Borrowings FAC B	-	-	149,024	
Total Borrowings	-	-	766,115	
Calculated Interest payments due	20,562	20,562	19,717	
NOK 1,000	2016	2017	2018	2019
<u>On 31 December 2015</u>				
Bank Borrowings FAC A	-	-	-	634,817
Bank Borrowings FAC B	-	-	-	150,950
Total Borrowings	-	-	-	785,767
Calculated Interest payments due	19,431	19,431	19,431	18,633

As at 31 December 2016 if the interest rates on denominated bank borrowings had been 10 basis points higher or lower with all other variables held constant, post-tax profit for the year would have decreased/increased by NOK 587 thousands as a result of higher/lower interest expense on floating rate borrowings.



Note 18. Non current provisions

NOK 1,000	31.12.2016	31.12.2015
Loss on contracts Norway	108,675	-
Loss on contracts Denmark	363	-
Total non current provisions	109,038	-

Based on significant deviations between RenoNorden's bid prices on contracts won in Norway, compared to prices from competitors, the new management and board decided to initiate a thorough review of the contracts won between December 2015 and June 2016 together with an outside consultant. The company identified six onerous contracts in Norway and two onerous contracts in Denmark that according to IAS 37 total a loss of NOK 166.5 million in discounted value. The contracts run for periods from five to ten years, assuming that the municipalities exercise the options for prolongations. The NPV of the options included in the loss for onerous contracts is NOK 30 million.

The loss includes write down of assets related to the contracts. The identified losses in Norway are mainly for contracts not yet started. Consequently, the full amount was classified as provision in the financial statement. Reclassifications are made when the corresponding assets are acquired, to reduce the carrying value of such assets. Estimated transfer in 2017 from provision to impairment assets related to Norway is NOK 78 million. In Denmark, the split between provision and write down of assets were done as at year end. The total Profit impact is reported in the line item "loss on onerous contracts" in the statement of Comprehensive income.

SPECIFICATION VALUES INCLUDED IN THIS ANNUAL REPORT:

Original provision Q2 2016	166,494
Reversal provision Q3 and Q4	(11,277)
Net loss Comprehensive income	155,217
Fx impact	(866)
Total balance sheet value	154,351
Impairment assets (Note 12)	(45,884)
Fx impact assets	571
Non current provisions	109,038

Note 19. Other current liabilities

NOK 1,000	31.12.2016	31.12.2015
Accrued employee benefit expense	35,305	33,858
Accrued vacation pay	98,750	93,195
Other current accruals	5,973	12,421
Total other current liabilities	140,028	139,474



Note 20. Business combinations

The purchase method is used to account for business combinations. Companies acquired or disposed of during the year are consolidated from the date that control commences until the date control ceases.

2016

RenoNorden Midt-Norge AS operated one contract, serving several municipalities in northern Norway. The contract expired 1 October 2016, and following this the company is in progress to be liquidated, to be finalised Q1 2017. No further transactions made in 2016.

2015

Norway - acquisitions

RenoNorden AS has in 2015 acquired 100% of the share capital of NTS Miljø AS in Norway, for NOK 4.6 million, that was settled in cash. The Company was later renamed to RenoNorden Midt-Norge AS.

RenoNorden Midt-Norge AS operates one contract, serving several municipalities in northern Norway. The contract expires 1 October 2016. The company is included in segment "Norway", see note 5 segment information and seasonality for more information.

RenoNorden Midt-Norge AS has 13 employees and 8 owned vehicles. Signing and closing of the transaction was completed in the beginning of the year. The company is consolidated with effect from 1 January 2015.

The contract with the municipalities has not been renewed.

PURCHASE CONSIDERATION

NOK 1,000

Cash paid	4,600
Total consideration	4,600

THE ASSETS AND LIABILITIES RECOGNISED AS A RESULT OF THE ACQUISITION ARE AS FOLLOWS:

NOK 1,000

Cash and cash equivalents	2,959
Machinery and equipment	974
Customer contracts*	3,821
Other receivables	58
Accounts receivable	2,387
Other current liabilities	(4,066)
Accounts payable	(511)
Deferred tax liabilities	(1,022)
Net assets acquired	4,600

*Customer contract is amortized until 30 September 2016

Denmark - acquisitions

RenoNorden A/S has in 2015 acquired two contracts from a competitor in Denmark. Contract 1 ends 31.1.2016 with 6 months prolonging options and contract 2 ends 31.5.2018 with 24 months prolonging options.

In connection with the transaction RenoNorden has taken over 31 employees and 23 vehicles. The purchase price is DKK 10 million with DKK 7.5 million upfront and DKK 2.5 million as deferred payment.

Signing and closing of the transaction was completed in the end of 2014. The company is consolidated with effect from 1 January 2015.

PURCHASE CONSIDERATION

DKK 1,000 NOK 1,000

Cash paid	10,000	12,660
Total consideration	10,000	12,660

THE ASSETS AND LIABILITIES RECOGNIZED AS A RESULT OF THE ACQUISITION ARE AS FOLLOWS

DKK 1,000 NOK 1,000

Machinery and equipment	5,431	6,875
Customer contracts*	4,569	5,785
Net assets acquired	10,000	12,660

*Customer contract is amortized over useful life of the contract



Note 21. Investments in subsidiaries

These consolidated financial statements include the following subsidiaries

Subsidiaries	Acquisition date	Office location	Country	Ownership percentage
RenoNorden AS	03.09.2011	Sørum	Norway	100 %
RenoNorden Midt-Norge AS ¹⁾	01.01.2015	Namsos	Norway	100 %
RenoNorden AB	30.09.2011	Älvsjö	Sweden	100 %
RenoNorden A/S	30.09.2011	Herfølge	Denmark	100 %
RenoNorden OY	16.12.2013	Helsinki	Finland	100 %

¹⁾ Under liquidation as per 31.12.2016

Note 22. Related parties and shareholder transactions

Identification of related parties

The group has a related party relationship with subsidiaries, see disclosure note 21, and with its directors and executive officers. All transactions with related parties are based on arms length principles.

There are no other transactions with related parties other than subsidiaries except for with directors and executive officers, as disclosed in note 6.

Note 23. Guarantees

GUARANTEES

NOK 1,000	31.12.2016	31.12.2015
Bank guarantees	171,613	160,726
Total guarantees	171,613	160,726

Bank guarantees were issued as collateral for the fulfillment of the Group's obligations under their contracts with municipalities in all operating jurisdictions.

Management believes that the likelihood of any material liability arising from these guarantees is remote. The maximum liability is shown in the table above. No provision is recognized.

Note 24. Subsequent events

A fully underwritten right issue increasing the share capital with NOK 350 million was approved by an extraordinary general meeting on 30 January 2017. The period for subscribing for new shares ended 16 February and the new shares traded from 28 February.

Several of the onerous contracts in Norway commenced operation in the beginning of 2017, and these start-ups have revealed additional unavoidable

costs compared to those included in the Q2 2016 re-calculations. Some of the extra costs are one-offs and some are increased costs going forward.

In addition, contracts in Denmark without local tariff agreements are running with more man-hours than planned due to unexpected high sick leave, which results in increased use of overtime and extra personnel.

The Company's management has initiated several

actions to mitigate the increased operational risks in the above-mentioned contracts and will strengthen its resources further to support and drive the execution of these initiatives. The Company is also in dialogue with customers to improve operations of certain contracts.

The Company has determined that events that have occurred post the balance sheet date represent non-adjusting events according to IFRS and will not affect the provision for estimated loss as per 31 December 2016.







Income statement

RenoNorden ASA

NOK 1,000	Notes	2016	2015
OPERATING REVENUES AND EXPENSES			
Employee benefit expense	2	(15,579)	(18,630)
Other operating expenses	3	(11,833)	(6,822)
Total operating expenses		(27,412)	(25,452)
Financial income (expense), net	4,5	(66,989)	76,168
Profit/(loss) before taxes		(94,401)	50,716
Tax income/(expense)	6	9,581	(13,684)
Profit/(loss) for the period		(84,820)	37,032
Transfers and allocations			
(To)/from equity	8	84,820	13,104
Dividend proposed	8	-	(50,136)
Total transfers and allocations		84,820	(37,032)

The accompanying notes are an integral part of the financial statements.



Balance Sheet

RenoNorden ASA

NOK 1,000	Notes	31.12.2016	31.12.2015
ASSETS			
<u>Non-current assets</u>			
Deferred tax asset	6	200	-
Investments in subsidiaries	9	1,232,428	1,279,215
Total non-current assets		1,232,628	1,279,215
<u>Current assets</u>			
Inventory		781	-
Intercompany receivables	10	36,605	110,672
Other current receivables		759	168
Cash and cash equivalents	7	213,735	187,445
Total current assets		251,880	298,285
Total assets		1,484,508	1,577,500



NOK 1,000	Notes	31.12.2016	31.12.2015
EQUITY AND LIABILITIES			
Equity			
Share capital		27,248	27,248
Share premium		501,445	501,445
Retained earnings		45,284	130,105
Total equity	8	573,977	658,798
Non-current liabilities			
Deferred tax		-	230
Non-current liabilities to financial institutions	11	570,683	574,566
Total non-current liabilities		570,683	574,796
Current liabilities			
Taxes payable	6	-	16,931
Accrued public duties		(318)	278
Accounts payable		1,479	1,359
Intercompany payables	10	337,596	272,266
Dividend payable	8	-	50,136
Other current liabilities		1,091	2,936
Total current liabilities		339,848	343,906
Total liabilities		910,531	918,702
Total equity and liabilities		1,484,508	1,577,500

The Board of Directors of RenoNorden ASA, 4 April 2017

Erik Thorsen
Chairman

Charlotte G. Hansson
Board member

Harald Rafdal
CEO

Penelope Kate Briant
Board member

Niklas Nikita Sloutski
Board member

Markus Metyas
Board member

Ingvild Huseby
Board member

Johan Eriksson
Board member



Statement of Cash Flows

RenoNorden ASA

NOK 1,000	Notes	2016	2015
<u>Cash flows from operating activities</u>			
Profit before taxes		(94,401)	50,716
Impairment shares	9	56,000	-
Taxes paid in the period	6	(16,931)	(5,554)
Change in other receivables, other current liabilities, and non-cash items		71,903	106,411
Effects from merger	1	-	183,436
Interests received		476	932
Interests paid		(16,766)	(19,111)
Net cash generated from operating activities		281	316,830
<u>Cash flows from investing activities</u>			
Investment shares in subsidiaries	8	(36,666)	-
Net cash used in investing activities		(36,666)	-
<u>Cash flows from financing activities</u>			
Group contributions received		110,672	-
Net increase/decrease in current liabilities to financial institutions		-	(89,106)
Dividend paid		(50,136)	(50,000)
Net cash used in financing activities		60,536	(139,106)
Effect of exchange rate changes on cash and cash equivalents		2,138	3,580
Net change in cash and cash equivalents		26,290	181,304
Cash and cash equivalents at the beginning of the period		187,445	6,141
Cash and cash equivalents at the end of the year		213,735	187,445

The accompanying notes are an integral part of the financial statements.





Parent Company Notes

Note 1 Accounting policies

The financial statements of RenoNorden ASA are prepared in accordance with the Norwegian accounting act and accounting principles generally accepted in Norway (N GAAP). Financial statement preparation requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as disclosures of contingencies. Actual results may differ from estimates.

COST RECOGNITION

Costs are expensed in the period that the income to which they relate is recognized. Costs that can not be directly related to income are expensed as incurred.

CURRENT ASSETS/SHORT TERM LIABILITIES

Current assets and short term liabilities consist of receivables and payables due within one year. Other balance sheet items are classified as fixed assets / long term liabilities. Current assets are valued at the lower of cost and fair value. Short term liabilities are recognized at nominal value.

FIXED ASSETS/LONG TERM LIABILITIES

Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are recognized at nominal value.

SHARES IN SUBSIDIARIES

Subsidiaries are valued at cost in the company accounts. The investment is valued as cost of the

shares in the subsidiary, less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary, in accordance with generally accepted accounting principles. Impairment losses are reversed if the reason for the impairment loss disappears in a later period.

Dividends, group contributions and other distributions from subsidiaries are recognised in the same year as they are recognised in the financial statement of the provider. If dividends / group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognised in the income statement as they occur during the accounting period.



CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank deposits and all other monetary instruments with a maturity of less than three months at the date of purchase.

The level of cash held by RenoNorden ASA reflects that most external bank deposits are channeled through group cash pool with RenoNorden ASA as pool owner, and should thus be seen in context with the intercompany receivables and payables.

PENSION

The company is required to have an occupational pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenstepensjon"). The company's pension scheme meets the requirements of that law.

RISK MANAGEMENT

For information about risk management in RenoNorden ASA see note 3 Financial risk management to the consolidated financial statements.

INCOME TAXES

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 24 percent of temporary differences and the tax effect of tax losses carried forward.

Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Taxes payable and deferred taxes are recognized directly in equity to the extent that they relate to equity transactions.

MERGER

RenoNorden ASA merged with its fully owned subsidiary RenoNorden Investments AS, with tax and accounting effect as of 1 January 2015. In the merger RenoNorden ASA took over all assets, rights and obligations without any consideration pursuant to the Public Limited Companies Act section 13-24. RenoNorden Investments AS was liquidated simultaneously with final legal implementation of the merger. The merger is accounted for under the continuity method, based on the fact that the merger was only a mean of simplifying the legal structure internally in the Group and no change of ownership took place. Assets, rights and obligations transferred in the merger are presented using company continuity.

CASH FLOW STATEMENT

The cash flow statement is compiled using the indirect method. Cash and cash equivalents include cash and bank deposits.



Note 2. Management remuneration, employee cost and other operating expenses

EMPLOYEE BENEFIT EXPENSE			EXPENSED AUDIT FEE (EXCLUDING VAT)		
NOK 1,000	2016	2015	NOK 1,000	2016	2015
Salaries *	12,111	13,969	Audit fee	1,211	710
Social security cost	2,758	2,529	Attestation services	-	220
Pension cost	1,374	1,143	Tax and other services	102	295
Other compensations and social costs	(664)	989	Total expensed audit fee	1,313	1,225
Total employee benefit expense	15,579	18,630			
Average number of employees	7	7			

* Salaries include bonuses and severance packages in addition to base pay.

See note 6 Employee benefit expense in the notes to the consolidated financial statement for information and details related to the corporate management and board of directors remuneration.

Pension

The company has defined contribution plans in accordance with local legislation. For Norwegian employees the defined contribution plans contributions comprise 5% of salaries, and for Swedish employees the defined contribution plans cover contributions comprise 4.5% of monthly salaries up to approximately

36,000 SEK and 30% of the amount above 36,000 SEK. As at 31 December 2016, the plan cover 5 Norwegian members and 1 Swedish member. Some employees of the management has individual pension agreement, which entitles them to a fixed monthly amount.

Note 3. Specification of other operating expenses

NOK 1,000	2016	2015
Expensed audit fee and other consultant fees	8,273	3,711
Office expenses	346	1,061
Other expenses	3,214	2,050
Total other operating expenses	11,833	6,822



Note 4. Financial income and expense

NOK 1,000	2016	2015
Dividends and group relief from subsidiaries	-	105,494
Interest income group companies	-	4
Other interest income	476	928
Interest expense group companies	-	574
Net foreign exchange gain/(loss)	7,670	(7,642)
Impairment shares subsidiaries	(56,000)	-
Other interest expense	(16,766)	(19,229)
Loss on interest derivatives	(96)	(944)
Amortization of origination fee	(1,094)	(1,094)
Other financial income/(expense)	(1,179)	(1,923)
Financial income/(expense), net	(66,989)	76,168

Note 5. Financial instruments

NOK 1,000	Acquisition cost	Market value	Changes in value recognized in p&l
Interest rate caps derivatives	1,041	1	(1,040)

Financial instruments have been assessed at fair value. The fair value has been set in accordance with the value observable in the market at the balance sheet date.

See note 13. Derivative financial instruments in the notes to the consolidated financial statements for more information.



Note 6. Income taxes

DISTRIBUTION OF TAX INCOME/ (EXPENSE) FOR THE YEAR

NOK 1,000	2016	2015
Current income tax	-	(11,752)
Change in deferred tax	(9,581)	(1,931)
Income tax	(9,581)	(13,684)

TAX PAYABLE IN THE BALANCE SHEET

NOK 1,000	31.12.2016	31.12.2015
Payable taxes current year result	-	11,752
Tax payable on received group contribution	-	5,179
Total tax payable in the balance sheet	-	16,931

RECONCILIATION OF TAX EXPENSE

NOK 1,000	2016	2015
Income (loss) before taxes	(94,401)	50,716
Permanent differences	56,045	33
Taxable loss in year		
- carried forward	36,605	-
Change in temporary differences	1,190	998
Interest deduction carryforward	561	(8,219)
Taxable income	-	43,527
Tax payable 25 % (27%)	-	11,752

TEMPORARY DIFFERENCES

NOK 1,000	2016	2015
Origination fees	(3,282)	(4,472)
Interest deduction carryforward	4,114	3,552
Total temporary differences	832	(920)

THE TAX EFFECT OF TEMPORARY DIFFERENCES RESULTING IN DEFERRED TAX ASSETS (LIABILITIES) ARE:

NOK 1,000	2016	2015
Taxable loss in year - carried forward	9,151	-
Tax effect on group contribution	(9,151)	-
Origination fees	(788)	(1,118)
Interest deduction carryforward	987	888
Deferred tax asset (liabilities)	200	(230)
Deferred tax percentage	24%	25%



Note 7. Bank deposits

NOK 1,000 31.12.2016 31.12.2015

**Employees tax deduction,
deposited in a separate
bank account**

868 533

The Group's liquidity is organised in a group cash pool. This implies that the cash in the subsidiaries at this account is classified as receivables with the parent company, and that all group companies are jointly responsible for all transactions done by the parent.

Note 8. Number of shares outstanding, equity reconciliation and shareholders

On 31 December 2016 the company's share capital comprises 27,247,948 shares with a nominal value of NOK 1 each. All shares have the same voting rights. The company had no own shares.

NOK 1,000	Share capital	Share premium	Retained earnings	Treasury shares	Total
EQUITY 01.01.2015	27,248	501,445	28,196	-	556,889
Merger with RenoNorden Investments AS			115,013	-	115,013
Proposed dividend			(50,136)		(50,136)
Profit/(loss) for the year			37,032		37,032
Equity 31.12.2015	27,248	501,445	130,104	-	658,798
 EQUITY 01.01.2016	 27,248	 501,445	 130,104	 -	 658,798
Proposed dividend			-	-	-
Profit/(loss) for the year			(84,820)	-	(84,820)
Equity 31.12.2016	27,248	501,445	45,284	-	573,977



THE 20 LARGEST SHAREHOLDERS ON 31.12.2016

Shareholders	Number of shares	% of shares
ASTA NETHERLANDS B.V.	3,284,742	12.06%
ACCENTFOURTEEN HOLDING LIMITED	2,078,607	7.63%
FOLKETRYGDFONDET	1,750,000	6.42%
DANSKE BANK A/S	1,600,079	5.87%
SEB NORDENFOND	1,457,896	5.35%
NORDNET BANK AB	1,192,675	4.38%
SKANDINAVISKA ENSKILDA BANKEN AB	1,100,252	4.04%
ALM. BRAND BANK A/S	1,041,488	3.82%
UBS SWITZERLAND AG	625,386	2.30%
CANACCORD GENUITY NON US RESA	595,000	2.18%
AVANZA BANK AB	429,125	1.57%
UBS SWITZERLAND AG	411,923	1.51%
WAAGE	400,000	1.47%
KLP AKSJENORGE	366,178	1.34%
ABN AMRO BANK (LUXEMBOURG) S.A.	362,162	1.33%
KOMMUNAL LANDSPENSJONSKASSE	281,750	1.03%
BERGEN KOMMUNALE PENSJONSKASSE	250,000	0.92%
SKANDINAVISKA ENSKILDA BANKEN AB	210,800	0.77%
DANSKE INVEST NORGE VEKST	205,000	0.75%
NORDEA BANK DANMARK A/S	204,638	0.75%
Other	9,400,247	34.50%
Total	27,247,948	100%

Note 9. Subsidiaries

NOK 1,000	Investments at 1 January	Group Contribution received	Impairment	Additional paid-in equity	Investments on 31 December
RenoNorden AS	834,426	(27,453)	(56,000)		750,973
RenoNorden AB	164,375				164,375
RenoNorden A/S	227,172			36,666	263,838
RenoNorden Oy	53,241				53,241
Total	1,279,215	(27,453)	(56,000)	36,666	1,232,428

Subsidiaries	Ownership share	Registered office	Total equity in the company 2016 - IFRS	Net income 2016 - IFRS
RenoNorden AS	100 %	Norway	406,620	(245,326)
RenoNorden AB	100 %	Sweden	250,517	(17,333)
RenoNorden A/S	100 %	Denmark	243,586	(111,011)
RenoNorden Oy	100 %	Finland	70,711	6,309



Note 10. Balances with group companies

NOK 1,000	31.12.2016	31.12.2015
Current assets		
RenoNorden Oy	-	-
RenoNorden AS	36,605	110,672
Intercompany receivables	36,605	110,672
Current liabilities		
RenoNorden AS	141,255	136,155
RenoNorden Midt-Norge AS	3,464	5,131
RenoNorden AB	106,423	98,282
RenoNorden A/S	63,349	19,499
RenoNorden Oy	23,106	13,199
Intercompany payable	337,596	272,266

Note 11. Long-term debt

NOK 1,000	2016	2015
Non-current liabilities to financial institutions, due 1-5 years	570,683	574,566

The non-current liabilities to financial institutions are unsecured bank borrowings, with a mutual payment guarantee from the following subsidiaries: RenoNorden AS, RenoNorden AB, RenoNorden A/S and RenoNorden Oy.

The Company does not have any other off-balance commitments or guarantees.

See note 17 to the consolidated financial statements for further information about long-term debt.

Note 12. Subsequent events

A fully underwritten right issue increasing the share capital with NOK 350 million was approved by an extraordinary general meeting on 30 January 2017. The period for subscribing for new shares ended 16 February and the new shares traded from 28 February.



Responsibility Statement

The Board of Directors and the CEO hereby confirm that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union, as well as in accordance with the Norwegian Accounting Act, and give a true and fair view of the Group's financial position and performance. The Parent Company's financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway, and give a true and fair view of the Parent Company's financial position and performance.

The Board of Directors' Report for the Group and Parent Company, to the best of our knowledge, provides a true and fair view of the development, financial position and performance of the Group and Parent Company, and describes significant risks and uncertainties faced by the Parent Company and Group companies.

The Board of Directors of RenoNorden ASA, 4 April 2017

Erik Thorsen
Chairman

Charlotte G. Hansson
Board member

Ingvild Huseby
Board member

Johan Eriksson
Board member

Penelope Kate Briant
Board member

Niklas Nikita Sloutski
Board member

Markus Metyas
Board member

Harald Rafdal
CEO



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To the General Meeting of RenoNorden ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of RenoNorden ASA. The financial statements comprise:

- The financial statements of the parent company RenoNorden ASA ("the Company"), which comprise the balance sheet as at 31 December 2016, the income statement, cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of RenoNorden ASA and its subsidiaries ("the Group"), which comprise the balance sheet as at 31 December 2016 and income statement, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and of the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG AS is a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statistikkens side revisorerne i Medlemsstat av Det Norske Regnskapsvesen

Offices in

Oslo	Liverpool	Madrid	Stockholm
Ålesund	London	Munich	Stuttgart
Bergen	Hamburg	Paris	Trondheim
Rodø	Helsinki	San Jose	Tyngstad
Drammen	Kiev	Sarajevo	Ålesund



Auditor's Report - 2016
RenoNorden ASA

Valuation of goodwill

Refer to Board of Director's report, significant accounting policies (note 2), critical accounting estimates and judgements (note 4), and note 11 in the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The key assumptions used in the assessment of the carrying value of goodwill are determined with reference to judgmental factors such as future projected cash flows, growth rates and discount rates. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability, as well as the size of the balance, this is one of the key judgmental areas that our audit is concentrated on.	We tested the key assumptions forming the Group's value-in-use calculation, including the cash flow projections and discount rates. This included; - evaluating the Group's identification of cash generating units, - challenging management's key assumptions by reference to external data as well as our own assessments in relation to key inputs such as revenue assumptions, cost assumptions, and short-term and long-term growth rates based on our knowledge of the industry, - performing a retrospective review of the historical accuracy of the Group's assumptions, - using external data and our own valuation specialists when assessing the discount rate applied, - and critically assessing the appropriateness of the sensitivities applied by the Group, including the disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions.

Onerous contract provision

Refer to Board of Director's report, significant accounting policies (note 2), critical accounting estimates and judgements (note 4), and note 18 in the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
During 2016 management has identified several onerous contracts and recorded provisions to account for these onerous contracts. Based on the significance of the provision recorded and the deteriorated market outlook we have identified an increased risk related to onerous contracts that we considered significant to our audit in 2016.	We challenged the adequacy of the provisions recognised by critically assessing the key assumptions used in the calculating the provisions, including cash flow projections and discount rates. This included; - understanding management's process for identifying onerous contracts, - comparing the key assumptions to external data, for example contracts and external evaluation of the onerous contracts, - comparing the key assumptions to our own assessments in relation to key inputs such as estimated contract revenues and cost based on our knowledge of the industry, - assessing whether the provision for onerous contracts is complete by evaluating contracts with low profitability, - and evaluating the adequacy of the Group's disclosures regarding the onerous contracts.



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RenoNorden ASA

Valuation of Equipment

Refer to Board of Director's report, significant accounting policies (note 2), critical accounting estimates and judgements (note 4), and note 12 in the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
Due to recent technological development, there is a risk that the estimated useful life of the Group's trucks have been reduced. This development also leads to a significant risk that trucks that are out of contract are impaired.	We tested the key assumptions forming the Group's impairment of trucks as well as the assessment of useful life. This included; - understanding management's process regarding impairment to trucks, - assessing whether the trucks out of contract which can't be re-allocated have been impaired to recoverable amount, - assessing the assumptions used by the Group in determining the recoverable amounts used in the impairment calculation, - and performing a retrospective review of the historical accuracy of the Group's assumptions.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, with the exception of the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

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

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the parent company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that



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an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Auditor's Report - 2016
RenoNorden ASA

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

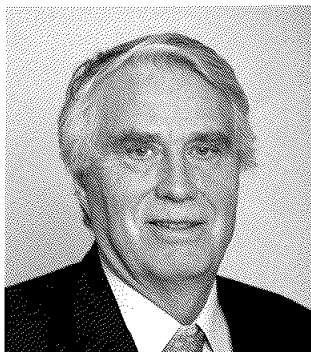
Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 4 April 2017
KPMG AS

Bjørn Kristiansen
State Authorised Public Accountant

Board of Directors



Erik Thorsen | Chairman

Born 1956. MBA from University of Karlstad. Studies in mathematics and naval engineering from University of Oslo and Royal Norwegian Naval Academy.

Elected to the board in 2014

Chair of the Remuneration Committee.

Major assignments:

Chairman: Biotec Pharmacon ASA, Metallkraft AS, Ålø AB, Northstar AB, Toleko AS.

Holdings in RenoNorden: 0 shares



Penelope Kate Briant | Board member

Born 1971. Bachelor of Commerce and Accounting Honours, University of Cape Town, South Africa. Chartered Accountant.

Elected to the board in 2011.

Major assignments:

Partner and investment committee member of funds advised by CapVest.

Chairman: Glo Holdings SCA. Board Member: Scandi Standard AB, Mater Private and Valeo Foods.

Holdings in RenoNorden: 42,000 shares



Niklas Nikita Sloutski | Board member

Born 1976. MSc in Business and Economics from the Stockholm School of Economics, a Certificate in Business Administration from the Edinburgh Business School and course diplomas in finance from Harvard University and law from Stockholm University.

Elected to the board in 2011

Major assignments:

CEO and Partner of Accent Equity Partners AB. Chairman: Hoist Group AB, Southpaw, Northpaw.

Board member: Scandic Hotels.

Holdings in RenoNorden: 0 shares



Charlotte G. Hansson | Board member

Born 1962. MSc in Market Economics from IHM in Stockholm. Scient. Cand. in Biochemistry from University of Copenhagen.

Elected to the board in 2014

Chair of the Audit Committee.

Major assignments:

Managing Director MTD KB (MorgonTidigDistribution).

Board member: Orio AB, DistIT AB, B&B Tools AB, BE Group AB, Formpipe Software AB.

Holdings in RenoNorden: 3,000 shares



Johan Eriksson | Board member

Born 1965. Degree of Bachelor of Science (BSc) in Business Administration and Economics, Karlstad University.

Elected to the board in 2016

Member of the Compensation Committee.

Major assignments:

CEO & President 2011 Transcom Worldwide AB (publ), Luxembourg/
Stockholm.

Holdings in RenoNorden: 0 shares



Markus Metyas | Board member

Born 1963. Lic. Oec. Degree from St. Gallen Graduate School of Business, Switzerland.

Elected to the board in 2016

Member of the Audit Committee.

Major assignments:

Managing Partner and Founder Caldec Beteiligungen GmbH, Hamburg.

Holdings in RenoNorden: 0 shares



Ingvild Huseby | Board member

Born 1971. Cand. Scient/Master in Physics (UiO), Master programs international business and strategy (Telenor/IMD, Babson, BI), Degree Relational psychology change/top management (HiO).

Elected to the board in 2016

Member of the Audit Committee.

Major assignments:

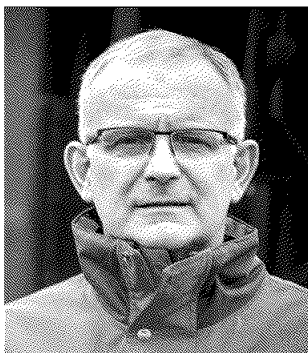
CEO opengarden.

Chairman: inApril AS, CONNECT Østlandet.

Board member: Berggård Amundsen & Co AS.

Holdings in RenoNorden: 0 shares

Group management



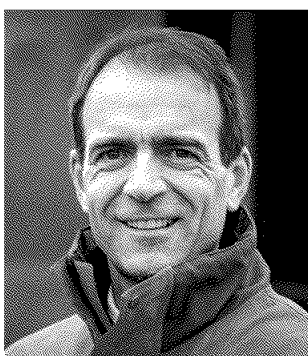
Harald Rafdal
Chief Executive Officer

Harald Rafdal has been the Chief Executive Officer of RenoNorden ASA since April 2016. Prior to his appointment as CEO, Mr. Rafdal held the position as CEO of Mesta AS for six years. Mesta is a Norwegian government enterprise delivering services within construction, modification and operation of roads. Mesta AS is one of Norway's 10 largest companies within the building and construction market, with a revenue of 4,1 Billion NOK and 1 455 employees. Mr. Rafdal is a Norwegian citizen, and resides in Norway.

Prior to the position as CEO of Mesta AS, Mr. Rafdal had a broad international experience within several industry sectors, such as oil & gas, shipbuilding, shipping and project-related businesses, mainly for Kvaerner and Aker.

Current directorships and senior management positions
None

Previous directorships and senior management positions last five years
Mesta AS (managing director) and chairman of several companies within the Mesta group.
Holdings in RenoNorden: 0 shares, 0 performance share rights



Øystein Disch Olsrød
Chief Financial Officer

Øystein Disch Olsrød has been the Chief Financial Officer of RenoNorden ASA since November 2015. Prior to his appointment as CFO, he worked as CFO for Tide ASA and Green Reefers ASA. He has held several different positions in accounting/finance, consultancy and as Managing Director. Mr. Olsrød holds a Master in Accounting and Auditing and is State Authorised Public Accountant. Mr. Olsrød is a Norwegian citizen, and resides in Norway.

Current directorships and senior management positions
None

Previous directorships and senior management positions last five years
Tide ASA (CFO) and Green Reefers ASA (CFO).
Holdings in RenoNorden: 0 shares, 0 performance share rights



Ingrid Therese Tjøsvold
Country Manager Norway

Ingrid Therese Tjøsvold has been the Country Manager of RenoNorden AS in Norway since May 2016. Prior to her appointment, Ms. Tjøsvold held the position as Director Business support at Mesta AS, a Norwegian state owned company within construction and maintenance of roads. She has formerly held a number of management position within logistic and project related businesses. Ms. Tjøsvold is a Norwegian citizen, and resides in Norway.

Current directorships and senior management positions

Boardmember W. Giertsen Tunnel AS.

Previous directorships and senior management positions last five years

Entra ASA (Boardmember), Bulder AS (CEO), Mesta Drift (CEO), Rieber & Søn ASA (Director BU Norway).

Holdings in RenoNorden: 6,000 shares, 0 performance share rights



Peter Ekholm
Country Manager Sweden

Peter Ekholm has been the country manager of RenNorden AB in Sweden since 2011. Prior to his appointment, Mr. Ekholm held various managing positions within the Schenker logistics group, including regional manager. Mr. Ekholm is a Swedish citizen, and resides in Sweden.

Current directorships and senior management positions

None

Previous directorships and senior management positions last five years

Schenker Logistics AB (regional manager).

Holdings in RenoNorden: 29,061 shares, 13,375 performance share rights



Andreas Westin
Head of Development

Andreas Westin has been Head of Development of the Company since 2014. Prior to joining the Company, Mr. Westin worked as a management consultant with A. T. Kearney and Capgemini Consulting, focusing on supply chain efficiencies, market strategy and operational excellence. Mr. Westin holds an MSc in Business Administration from Stockholm University and an MSc in Industrial Engineering from Linköping University. Mr. Westin is a Swedish citizen, and resides in Sweden.

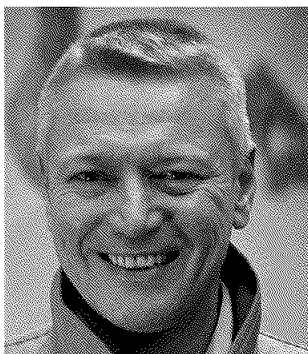
Current directorships and senior management positions

Westindustries AB (owner).

Previous directorships and senior management positions last five years

None.

Holdings in RenoNorden: 0 shares, 13,375 performance share rights



Torben Lindholm
Country Manager Denmark

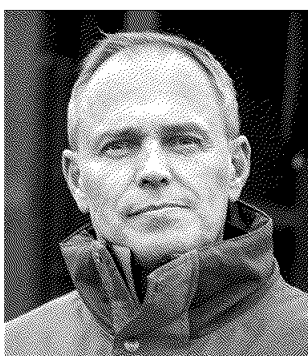
Torben Lindholm has been country manager of RenoNorden A/S in Denmark since 2010, but had worked in the Renoflex group since 1998 which was acquired by the Group in 2010. Mr. Lindholm has worked more than 23 years within the household-waste management industry, including holding positions with Renholdningsselskabet af 1898 and Renoflex. Mr. Lindholm holds an MSc in business from Copenhagen Business School and an MSc in Product Engineering from the Technical University of Denmark. Mr. Lindholm is a Danish citizen, and resides in Denmark.

Current directorships and senior management positions
None

Previous directorships and senior management positions last five years

Renoflex A/S (managing director and board member) and NordRen A/S (board member).

Holdings in RenoNorden: 80,742 shares, 18,786 performance share rights



Jukka Koivisto
Country Manager Finland

Jukka Koivisto has been country manager of RenoNorden Finland Holding OY in Finland since 2014, but had worked in HFT Environment OY since 2002 which was acquired by the Group in 2014. Mr. Koivisto has more than 25 years of experience within the environmental business industry and has helped start up and develop numerous waste handling companies, such as HFT Network OY and CCR Nordic OY. Mr. Koivisto holds a BSc in Engineering from Arcada-Nylands Svenska yrkeshöskolan. Mr. Koivisto is a Finish citizen, and resides in Finland.

Current directorships and senior management positions
Scandinavian Waste Management OY (board member), HFT Environment OY (board member), HFT Network OY (board member) and Lindbohm & Partners OY (board member).

Previous directorships and senior management positions last five years

Environment OY (board member).

Holdings in RenoNorden: 165,814 shares, 17,221 performance share rights

All holdings of shares and performance share rights are as of 31 December 2016.





Skattedirektoratet

Saksbehandler Torstein Kinden Helleland	Deres dato 09.10.2014	Vår dato 05.12.2014
Telefon 22078139	Deres referanse 7953168/1	Vår referanse 2014/735248

ADVOKATFIRMAET THOMMESSEN AS
Postboks 1484 Vika
0116 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for RenoNorden ASA, org. nr. 996 755 215

Vi viser til deres søknad av 9. oktober 2014 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for RenoNorden ASA.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering RenoNorden ASA dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

RenoNorden ASA er eiet med 57 % av et britisk selskap og 37 % av et svensk selskap. De øvrige aksjene er eiet av ledelsen. Selskapet er notert på Oslo Børs og har dispensasjon fra vphl § 5-13 vedrørende krav til språk ved informasjonspliktige opplysninger. RenoNorden-konsernet har virksomhet innen renovasjonstjenester i Norge, Sverige, Danmark og Finland. Selskapet har datterselskaper og kontorer i disse landene. Konsernets arbeidsspråk er engelsk. Kundene i Norge er kommuner. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk.* Departementet kan ved ... *enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.*"

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60



foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at majoriteten av aksjonærene er utenlandske. Selskapet er notert på Oslo Børs og har dispensasjon fra vphl § 5-13 vedrørende krav til språk ved informasjonspliktige opplysninger. Arbeidsspråket i konsernet er engelsk og all kommunikasjon skjer på engelsk. Videre er det vektlagt at selskapet har utenlandske datterselskaper.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer