

SECOND QUARTER 2021

Quarterly report

Presentation

Press releases



INTRODUCTION

Norske Skog is a world leading producer of publication paper with strong market positions in Europe and Australasia. Publication paper includes newsprint and magazine paper. Norske Skog operates five mills in four countries. Norske Skog has an annual publication paper production capacity of 2.1 million tonnes. Four of the mills are in Europe and one in Australia. The group also operates a wood pellet facility in New Zealand producing 90 000 tonnes. Newsprint and magazine paper is sold through sales offices and agents to over 80 countries. The group has approximately 2 150 employees. Of the four mills in Europe, two

will produce recycled containerboard following conversion projects. In addition to the traditional publication paper business, Norske Skog aims to further diversify its operations and continue its transformation into a growing and high-margin business through a range of exciting fibre projects.

The parent company, Norske Skog ASA, is incorporated in Norway and has its head office at Skøyen in Oslo. The company is listed on Oslo Stock Exchange with the ticker NSKOG.

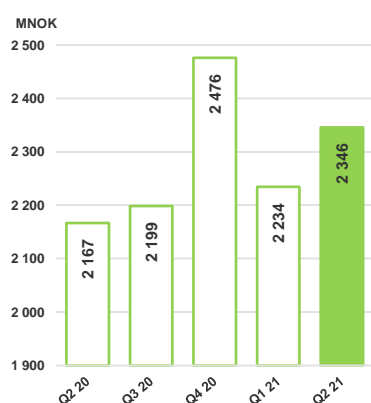
KEY FIGURES

NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
INCOME STATEMENT					
Total operating income	2 346	2 234	2 167	4 580	4 938
EBITDA*	17	112	138	129	517
Operating earnings	-277	204	-122	-74	-32
Profit/loss for the period	-355	194	-59	-161	-433
Earnings per share (NOK)**	-3.77	2.05	-0.62	-1.71	-4.59
CASH FLOW					
Net cash flow from operating activities	-190	163	-109	-27	361
Net cash flow from operating activities per share (NOK)**	-2.01	1.73	-1.16	-0.29	3.83
Net cash flow from investing activities	-159	-238	241	-397	649
OPERATING MARGIN AND PROFITABILITY (%)					
EBITDA margin*	0.7	5.0	6.4	2.8	10.5
Return on capital employed (annualised)*	-13.1	-7.1	0.8	-10.0	11.1
PRODUCTION / DELIVERIES / CAPACITY UTILISATION					
Production (1 000 tonnes)	460	481	404	941	907
Deliveries (1 000 tonnes)	490	472	389	962	884
Production / capacity (%)	82	86	69	84	78

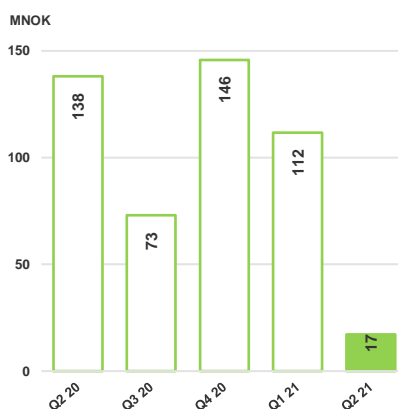
* As defined in Alternative Performance Measures

**Adjusted for the share issuance on 5 February 2021 pursuant to which the number of shares was increased from 82 500 000 to 94 264 705

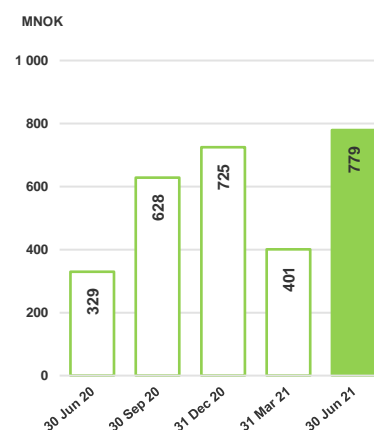
TOTAL OPERATING INCOME



EBITDA



NET INTEREST-BEARING DEBT



NOK MILLION	30 JUN 2021	31 MAR 2021	31 DEC 2020	30 JUN 2020
BALANCE SHEET				
Non-current assets	4 017	4 319	4 084	5 228
Current assets	4 178	4 243	3 703	4 393
Total assets	8 196	8 562	7 787	9 621
Equity	3 365	3 677	3 219	5 017
Net interest-bearing debt	779	401	725	329

REPORT OF THE BOARD OF DIRECTORS FOR THE SECOND QUARTER OF 2021

- Final investment decision made for Golbey conversion to containerboard
 - Golbey containerboard production with start-up in fourth quarter 2023 following Bruck in fourth quarter 2022
 - Export credit agency backed financing progressing to plan
- EBITDA of NOK 17 million at low point before cyclical upturn
 - Cost increases in second quarter precede price increases impacting results negatively
- Costs and tight publication paper markets driving price increases in second half 2021
 - Considerable price increase for all product grades in second half of 2021
 - Additional capacity cuts announced in second quarter 2021, further strengthening outlook for second half 2021 and into 2022
- Closure of Tasman
 - Tasman ceased production on 30 June 2021, restructuring cost of NOK 160 million and non-cash loss of NOK 95 million from mark-to-market revaluations recognised in quarter
 - Asset sales process expected to be completed and settled in second half 2021
- Pursuing the ambition to become net CO₂ negative through new technology
 - Partnership with Ocean GeoLoop to achieve CO₂ reductions and explore commercial opportunities

PROFIT/LOSS FOR THE PERIOD

NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Operating revenue	2 182	2 154	2 012	4 337	4 598
Other operating income	164	80	154	243	340
Total operating income	2 346	2 234	2 167	4 580	4 938
Distribution cost	-294	-295	-279	-589	-579
Cost of materials	-1 403	-1 237	-1 096	-2 640	-2 499
Fixed cost	-631	-591	-653	-1 222	-1 343
EBITDA	17	112	138	129	517

COVID-19 and related restrictions have continued to impact daily lives and the economy also during the second quarter of 2021. Western European publication paper demand has fallen slightly year-to-date in 2021 compared to 2020, as demand normalised in the second quarter. The market balance continues to improve, driven by a return of demand, capacity closures completed to date, and further capacity closures announced during the first half of 2021. Utilisation was 82% for Norske Skog in the second quarter of 2021, slightly down from the first quarter of 2021, mainly due to limited access to recycled fibre for certain mills resulting in some market-related downtime.

Higher operating revenue in the second quarter compared to the previous quarter was mainly driven by an increase in deliveries (sales volume).

Cost of materials (mainly fibre and energy) increased significantly compared to the previous quarter, through a combination of higher sales volumes, but more importantly due to an increase in recovered paper prices and energy prices. Cost of materials was higher on a per tonne basis in the quarter.

Fixed costs (including employee benefit expenses) increased compared to the previous quarter. Fixed costs increased only slightly on a per tonne basis.

EBITDA decreased quarter-over-quarter mainly due to significant increases in cost of materials.

NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Restructuring expenses	-160	-3	-5	-163	-17
Depreciation	-105	-104	-111	-209	-218
Impairments	0	0	-193	0	-193
Derivatives and other fair value adjustments	-29	199	49	170	-122
Operating earnings	-277	204	-122	-74	-32

Restructuring expenses of NOK 160 million mainly include costs related to the closure of the Tasman mill on 30 June 2021.

Depreciation of NOK 105 million is in line with previous quarter

NORSKE SKOG QUARTERLY REPORT – SECOND QUARTER 2021 (UNAUDITED)

The mark-to-market valuation of embedded derivatives related to energy contracts in Norway and New Zealand increased in the quarter compared to the previous quarter. The value of embedded derivatives in Norway increased slightly as local forward energy prices increased

in the quarter, but the increase was more than offset by a non-cash loss recognised on energy contracts in New Zealand following the stop of production at Tasman.

NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Share of profit in associated companies	-9	0	-16	-9	-20
Financial items	-79	1	86	-78	-343
Income taxes	10	-11	-7	-1	-37
Profit/loss for the period	-355	194	-59	-161	-433

Financial items were negative by NOK 79 million in the second quarter mainly due to unrealised currency loss on debt denominated in other currencies than NOK and interest costs in the quarter. NOK weakened against EUR at the end of the second quarter compared to the first quarter.

Net interest expenses were in line with previous quarter. The income taxes in the quarter relate mainly to the operations in Bruck and Golbey.

DIVERSIFICATION BEYOND PUBLICATION PAPER

Norske Skog announced in the second quarter of 2021 that it has taken Final Investment Decisions ("FID") for the conversion of Bruck PM3 and Golbey PM1, converting 360 000 tonnes of newsprint capacity to 760 000 tonnes of recycled containerboard capacity. The aggregate investment cost is approximately EUR 100 million and EUR 250 million for Bruck and Golbey, respectively. Production of containerboard is expected to start in the fourth quarter of 2022 at Bruck and at Golbey in the fourth quarter 2023, with full utilisation reached in 2025-2026. Once both machines, following normal ramp-up, reach full utilisation, they are expected to generate an annual EBITDA of NOK 700-800 million.

At the Bruck industrial site, the EUR 72 million investment in a waste-to-energy facility is progressing in accordance with the timetable and cost estimate with start-up in the second quarter of 2022. It will provide additional revenue and cost savings of approximately NOK 200 million annually.

Following the first commercial sales at end of 2020, the work to qualify CEBINA in coatings, paints and adhesives is continuing. Norske Skog has the ambition to establish international sales arrangements during 2021, which might require further expansion of production capacities.

The construction of the CEBICO (bio composites) pilot production facility is ongoing and will be operational in fourth quarter of 2021. The

pilot will be key in CEBICO production and for delivering larger qualification test volumes to potential customers.

Norske Skog continues to support Circa's efforts to develop the first-of-its-kind 1 000 tonnes Levoglucosenone (LGO) and Cyrene biochemical plant in France as part of the ReSolute project. The plant will allow Circa to continue its biochemical growth journey. Extensive market and commercial work coupled with regulatory tailwinds continues to provide significant market opportunities. Circa, and the ReSolute consortium which it leads, has received strong support from the EU and global chemical distributors in its pursuit to realise biochemical production at scale. Norske Skog holds approximately 26% of Circa Group AS.

Beyond the above-mentioned initiatives, the group continuously works to develop several other fibre and energy related growth projects, both on a stand-alone basis and in partnerships. During the second quarter of 2021, Norske Skog expanded its partnership with Ocean GeoLoop and their highly promising Carbon Capture and Storage & Utilisation technologies. Through the partnership, Norske Skog Skogn's Fiborgtangen industrial site will be used as the main piloting arena for Ocean GeoLoop's technologies. Norske Skog aims to explore economically viable opportunities for utilisation of biogenic CO2 and to over time become CO2 net negative.

SEGMENT INFORMATION

PUBLICATION PAPER EUROPE

NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Total operating income	1 872	1 711	1 655	3 582	3 786
EBITDA	14	106	75	120	404
EBITDA margin (%)	0.8	6.2	4.5	3.4	10.7
Return on capital employed (%) (annualised)	-11.1	-6.4	-2.5	-8.9	8.9
Production (1 000 tonnes)	381	392	334	773	745
Deliveries (1 000 tonnes)	403	382	322	785	718
Production / capacity (%)	85	88	70	87	78

The segment consists of Norske Skog's European operations in the publication paper market with industrial sites in Norway, France and Austria. Annual production capacity is 1.8 million tonnes.

Operating income increased from the previous quarter with higher sales volumes combined with largely unchanged sales prices.

Distribution costs were in line with the previous quarter on an absolute level, but slightly lower on a per tonne basis driven mainly by a reduction in exports in the quarter. Cost of materials increased due to higher sales volumes, but also due to higher energy and recovered paper prices resulting in an increase on a per tonne basis. Employee benefit expenses increased in the quarter but were largely unchanged on a per tonne basis due to higher deliveries.

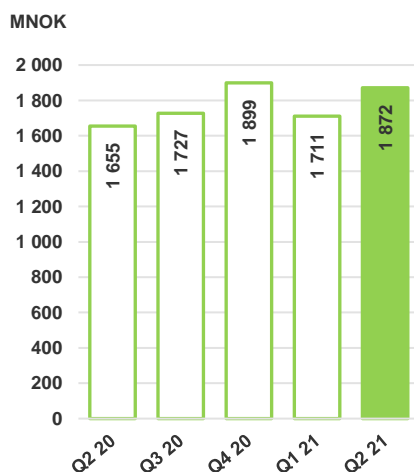
In the second quarter, the Bruck mill in Austria received COVID-19 financial support.

The continued weak price environment for publication paper in the quarter combined with increasing cost of materials resulted in EBITDA decreasing significantly from the previous quarter.

Demand for standard newsprint in Europe decreased by 16% as of April 2021 compared to the same period last year. Similarly, magazine paper demand declined with super calendared paper decreasing 5% and lightweight coated paper decreasing 11%. (Source: Eurograph).

Capacity utilisation was 85% in the period, a small reduction from previous quarter of 88% which reflected some downtime due to temporary shortage of recovered paper.

EUROPE
TOTAL OPERATING INCOME



EUROPE
EBITDA



PUBLICATION PAPER AUSTRALASIA

NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Total operating income	482	489	513	971	1 133
EBITDA	7	-8	63	-1	126
EBITDA margin (%)	1.4	-1.7	12.3	-0.2	11.1
Return on capital employed (%) (annualised)	-6.5	-34.0	143.8	-24.5	91.4
Production (1 000 tonnes)	79	89	70	168	162
Deliveries (1 000 tonnes)	87	90	67	177	167
Production / capacity (%)	69	79	65	74	75

NORSKE SKOG QUARTERLY REPORT – SECOND QUARTER 2021 (UNAUDITED)

The segment consists of Norske Skog's operations in Australasia with industrial sites in Australia and New Zealand. The annual production capacity was 0.4 million tonnes prior to the cessation of newsprint production at the Tasman mill, reducing the production capacity to 0.3 million tonnes. In the second quarter, the Tasman industrial site produced some newsprint and converting grade paper, but production was limited due to the high energy prices in New Zealand. The Norske Skog Boyer mill is after the cessation of production at Tasman the only remaining domestic publication paper producer in the region.

Operating income was in line with the previous quarter, with a slight increase in prices being offset by reduced sales volumes.

Distribution costs were lower in the quarter, both on an absolute level and on a per tonne basis due to a reduction in export volumes. Cost of

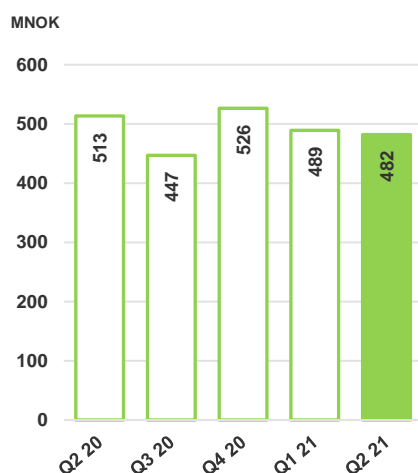
materials decreased in the quarter due to lower sales volumes but were also slightly lower on a per tonne basis. Employee benefit expenses were largely unchanged but increased on a per tonne basis due to lower sales volume.

EBITDA improved compared to the previous quarter.

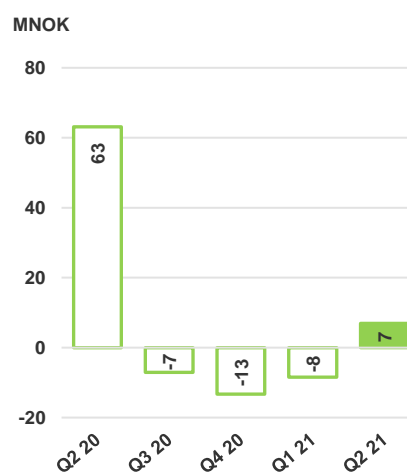
Demand for newsprint in Australasia increased by 9 % as of June 2021, compared to the same period last year. (Source: official statistics).

Capacity utilisation was 69% in the period, a decrease from the previous quarter with more downtime primarily at the Tasman mill in New Zealand due to volatile and high energy prices.

AUSTRALASIA
TOTAL OPERATING INCOME



AUSTRALASIA
EBITDA



OTHER ACTIVITIES

NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Total operating income	36	60	38	96	86
EBITDA	-4	14	0	10	-14

Operating income in other activities mainly consist of non-paper related operations defined as Green Energy which includes pellets and biogas.

Other activities also include unallocated headquarter costs. The unallocated headquarter costs are estimated to be EBITDA negative by approximately NOK 35 million per annum but are not uniformly distributed throughout the quarters of the year.

CASH FLOW

NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
EBITDA	17	112	138	129	517
Change in working capital	-115	141	12	26	234
Restructuring payments	-19	-19	-21	-38	-27
Gain and losses from divestments	0	-7	-92	-7	-153
Net financial items	-36	-32	-52	-68	-117
Taxes paid	-18	-13	-81	-32	-64
Other items	-19	-18	-13	-36	-27
Net cash flow from operating activities	-190	163	-109	-27	361
Purchases of property, plant and equipment and intangible assets	-159	-189	-128	-348	-228
-whereof maintenance capex	-43	-39	-62	-82	-104

Net cash flow from operating activities was negative NOK 190 million in the quarter. Negative impact from change in working capital in the quarter, largely driven by an increase in other receivables (mainly relating to accrual of CO2 compensation and CO2 allowances), and partly offset by a decrease in trade and other payables.

Restructuring payments relate mainly to payments of redundancy costs at Saugbrugs following the closure of PM5. Taxes paid in the second quarter relates to Golbey and Bruck.

Maintenance capex of NOK 43 million relates to ordinary maintenance in the quarter, a small increase from the first quarter. Remaining purchases of property, plant and equipment and intangible assets relate to investments in the waste-to-energy facility at the Bruck industrial site and the conversion projects at Bruck and Golbey.

BALANCE SHEET

NOK MILLION	30 JUN 2021	31 MAR 2021	31 DEC 2020	30 JUN 2020
Non-current assets	4 017	4 319	4 084	5 228
Cash and cash equivalents	1 324	1 622	980	1 487
Inventories, trade and other receivables and other current assets	2 854	2 621	2 723	2 906
Total assets	8 196	8 562	7 787	9 621
Equity	3 365	3 677	3 219	5 017
Non-current liabilities	2 846	2 834	2 496	2 611
Current liabilities	1 985	2 051	2 073	1 993
Net interest-bearing debt	779	401	725	329

Total assets decreased in the second quarter mainly due to a decrease in cash and cash equivalents, partly offset by an increase in trade and other receivables, and property, plant and equipment.

In total, cash and cash equivalents decreased to NOK 1 324 million from NOK 1 622 million at previous quarter end. The decrease is a result of investments and net negative cash flow from operations in the quarter.

Non-current liabilities were in line with previous quarter. Local debt to finance the waste-to-energy plant in Austria was drawn with EUR 24 million as of quarter end, compared to EUR 16 million as of the previous quarter.

Net interest-bearing debt increased from NOK 401 million to NOK 779 million in the quarter mainly due to an increase in interest-bearing debt and a decrease in cash and cash equivalents.

OUTLOOK

The significant capacity closures completed in the first quarter of 2021 and further capacity closures announced in the second quarter of 2021 continues to impact the market balance positively into the second half of 2021. Operating rates are expected to remain high in the industry for the remainder of 2021 and into 2022.

The strong demand for packaging grade paper has switched some publication paper production into interliner, which is expected to contribute somewhat to an improved market balance going forward.

The closures and high operating rates combined with increased prices for paper for recycling and other input costs has resulted in considerable price increases from 1 July 2021 for all the group's products in both Australasia and Europe. The margins in the industry in the second quarter were not sustainable and input cost are expected to remain high also in the second half of 2021 necessitating further price increases for the industry into 2022.

In the second quarter of 2021 the cessation of production and the sale of the Tasman industrial site was announced. The asset sales process is expected to be completed and settled in second half of 2021.

In addition, it was announced that a capacity expansion study of approximately 30 000 tonnes would be undertaken at the Nature's Flame pellets facility during the second half of 2021.

Norske Skog continues its work to improve the core business and the margin protection programmes with cost saving initiatives of approximately NOK 200-250 million.

With the Final Investment Decisions taken for conversion to containerboard at both Bruck and Golbey during the second quarter of 2021, Norske Skog will continue to establish its renewable packaging business and undertake the required commercial work.

Norske Skog will also focus on developing business opportunities for CEBINA and CEBICO. In particular to enter into international sales arrangements for CEBINA, and to complete the construction of the CEBICO (bio composites) pilot facility to be operational during the fourth quarter of 2021. The pilot facility will enable production and delivery of larger qualification test volumes to potential customers.

Norske Skog will also continue its focus on environmental issues and reducing its CO2 emissions, and will develop technology in co-operation with partners such as Ocean GeoLoop.

SKØYEN, 15 JULY 2021

THE BOARD OF DIRECTORS OF NORSKE SKOG ASA



John Chiang
Chair



Arvid Grundekjøn
Board member



Trine-Marie Hagen
Board member



Sven Ombudstvedt
CEO

INTERIM FINANCIAL STATEMENTS, SECOND QUARTER OF 2021

CONDENSED CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Operating revenue		2 182	2 154	2 012	4 337	4 598
Other operating income		164	80	154	243	340
Total operating income	5	2 346	2 234	2 167	4 580	4 938
Distribution costs		-294	-295	-279	-589	-579
Cost of materials		-1 403	-1 237	-1 096	-2 640	-2 499
Employee benefit expenses		-444	-416	-441	-860	-903
Other operating expenses		-187	-175	-212	-362	-439
Restructuring expenses		-160	-3	-5	-163	-17
Depreciation	4	-105	-104	-111	-209	-218
Impairments	4	0	0	-193	0	-193
Derivatives and other fair value adjustments	7	-29	199	49	170	-122
Operating earnings		-277	204	-122	-74	-32
Share of profit in associated companies	10	-9	0	-16	-9	-20
Financial items	6	-79	1	86	-78	-343
Profit/loss before income taxes		-365	205	-52	-161	-395
Income taxes		10	-11	-7	-1	-37
Profit/loss for the period		-355	194	-59	-161	-433
Basic earnings per share (NOK)		-3.77	2.05	-0.62	-1.71	-4.59
Diluted earnings per share (NOK)		-3.77	2.05	-0.62	-1.71	-4.59

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Profit/loss for the period	-355	194	-59	-161	-433
Items that may be reclassified subsequently to profit or loss					
Currency translation differences	43	-123	-95	-80	291
Tax expense on translation differences	0	0	0	0	-4
Reclassified translation differences upon divestment of foreign operations	0	0	0	0	-62
Total	43	-123	-95	-80	225
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of post-employment benefit obligations	0	0	0	0	0
Tax effect on remeasurements of employment benefit obligations	0	0	0	0	0
Total	0	0	0	0	0
Other comprehensive income for the period	43	-123	-95	-80	225
Total comprehensive income for the period	-312	72	-154	-240	-208

CONDENSED CONSOLIDATED BALANCE SHEET

NOK MILLION	NOTE	30 JUN 2021	31 MAR 2021	31 DEC 2020	30 JUN 2020
Deferred tax asset		0	0	0	137
Intangible assets	4	17	68	55	35
Property, plant and equipment	4	3 655	3 562	3 586	3 748
Investments in associated companies	10	117	126	43	64
Other non-current assets	7	228	563	401	1 244
Total non-current assets		4 017	4 319	4 084	5 228
Inventories		1 172	1 184	1 194	1 492
Trade and other receivables		1 180	954	1 288	990
Cash and cash equivalents		1 324	1 622	980	1 487
Other current assets	7	503	482	241	424
Total current assets		4 178	4 243	3 703	4 393
Total assets		8 196	8 562	7 787	9 621
Paid-in equity	8	8 898	8 898	8 510	8 510
Retained earnings		-5 533	-5 221	-5 292	-3 494
Total equity		3 365	3 677	3 219	5 017
Pension obligations		278	282	297	323
Deferred tax liability		278	286	308	338
Interest-bearing non-current liabilities	6	2 029	1 933	1 613	1 612
Other non-current liabilities	7	260	332	277	338
Total non-current liabilities		2 846	2 834	2 496	2 611
Interest-bearing current liabilities	6	74	90	92	204
Trade and other payables		1 633	1 528	1 728	1 528
Tax payable		43	50	54	56
Other current liabilities	7	235	383	199	205
Total current liabilities		1 985	2 051	2 073	1 993
Total liabilities		4 831	4 884	4 568	4 605
Total equity and liabilities		8 196	8 562	7 787	9 621

SKØYEN, 15 JULY 2021
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA



John Chiang
Chair



Arvid Grundekjøn
Board member



Trine-Marie Hagen
Board member



Sven Ombudstvedt
CEO

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Cash generated from operations	2 094	2 530	2 384	4 623	5 255
Cash used in operations	-2 230	-2 321	-2 360	-4 551	-4 713
Cash flow from currency hedges and financial items	-6	-10	-28	-16	-67
Interest payments received	0	0	3	1	7
Interest payments made	-30	-23	-26	-53	-56
Taxes paid	-18	-13	-81	-32	-64
Net cash flow from operating activities ¹⁾	-190	163	-109	-27	361
Purchases of property, plant and equipment and intangible assets	-159	-189	-128	-348	-228
Sales of property, plant and equipment and intangible assets	1	7	374	7	933
Purchase of shares in companies and other financial payments	0	-69	-19	-69	-70
Sales of shares in companies and other financial instruments	0	13	14	13	14
Net cash flow from investing activities	-159	-238	241	-397	649
New loans raised	77	609	53	686	307
Repayments of loans	-30	-274	-82	-304	-566
Dividends paid	0	0	-268	0	-268
New equity	0	388	0	388	0
Net cash flow from financing activities	47	723	-297	769	-527
Foreign currency effects on cash and cash equivalents	4	-6	-6	-2	34
Total change in cash and cash equivalents	-298	642	-172	343	517
Cash and cash equivalents at start of period	1 622	980	1 659	980	970
Cash and cash equivalents at end of period	1 324	1 622	1 487	1 324	1 487
^{1) Reconciliation of net cash flow from operating activities}					
Profit/loss before income taxes	-365	205	-52	-161	-395
Change in working capital	-115	141	12	26	234
Change in restructuring provisions	141	-17	-16	125	-10
Depreciation and impairments	105	104	304	209	410
Derivatives and other fair value adjustments	16	-216	-58	-201	96
Gain and losses from divestment of business activities and PPE	0	-7	-92	-7	-153
Net financial items without cash effect	52	-33	-121	19	246
Taxes paid	-18	-13	-81	-32	-64
Change in pension obligations and other employee benefits	-9	-1	-3	-10	-1
Adjustment for other items	4	0	0	4	0
Net cash flow from operating activities	-190	163	-109	-27	361

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

NOK MILLION	Paid-in equity	Other paid-in equity	Retained earnings	Total equity
Equity 1 January 2020	6 261	2 249	-3 018	5 493
Profit/loss for the period	0	0	-374	-374
Other comprehensive income for the period	0	0	320	320
Equity 31 March 2020	6 261	2 249	-3 073	5 439
Profit/loss for the period	0	0	-59	-59
Other comprehensive income for the period	0	0	-95	-95
Dividends paid	0	0	-268	-268
Equity 30 June 2020	6 261	2 249	-3 494	5 017
Profit/loss for the period	0	0	-1 452	-1 452
Other comprehensive income for the period	0	0	-99	-99
Dividends paid	0	0	-248	-248
Equity 31 December 2020	6 261	2 249	-5 292	3 219
Profit/loss for the period	0	0	194	194
Other comprehensive income for the period	0	0	-123	-123
Increase share capital	388	0	0	388
Equity 31 March 2021	6 649	2 249	-5 221	3 677
Profit/loss for the period	0	0	-355	-355
Other comprehensive income for the period	0	0	43	43
Equity 30 June 2021	6 649	2 249	-5 533	3 365

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Norske Skog ASA (“the company”) and its subsidiaries (“the group” or “Norske Skog”) produce, distribute and sell publication paper. This includes newsprint and magazine paper.

All amounts in the interim financial statements are presented in NOK million unless otherwise stated. Due to rounding, there may be differences in the summation of columns and rows.

The table below shows the applied average (un-weighted monthly) foreign exchange rates per quarter and the closing exchange rate at month ends for the most important currencies for the group.

	Q2 2021	Q1 2021	30 JUN 2021	31 MAR 2021	31 DEC 2020
AUD	6.45	6.58	6.42	6.49	6.59
EUR	10.09	10.26	10.17	10.00	10.47
GBP	11.70	11.74	11.85	11.73	11.65
NZD	5.99	6.12	5.97	5.96	6.16
USD	8.37	8.51	8.56	8.52	8.53

2. ACCOUNTING POLICIES

The interim financial statements of Norske Skog have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for 2020. The interim financial statements are unaudited.

The accounting policies applied in the preparation of the interim financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended

31 December 2020, except for the adaptation of amended standards and new interpretations, which are mandatory from 1 January 2021. These changes are described in the consolidated financial statements for 2020.

The group has not early adopted any standard, interpretation or amendment that has been issued but is not yet mandatory.

3. ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

Preparation of interim financial statements in accordance with IFRS implies use of estimates, which are based on judgements and assumptions that affect the application of accounting principles and the reported amounts of assets, liabilities, revenues and expenses. Actual amounts might differ from such estimates.

Estimated decline in value of property, plant and equipment, and investments in associated companies

Property, plant and equipment are tested for possible impairment charges whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A prolonged decrease in prices or demand beyond the historical level could be an indicator of impairment and an impairment test will be prepared. The recoverable amount is the higher of an asset's fair value less sales costs or its value in use. Value in use is the present value of the future cash flows expected to be derived from a cash-generating unit. The key drivers of profitability in the industry and thus asset values for Norske Skog are product prices relative to production costs. Contracted prices/costs are reflected when applicable. Given that the actual impact of the COVID-19 situation on global economy and impact on future demand for publication paper is unclear there remains uncertainty and circumstances may require further impairment testing.

Commodity contracts

Norske Skog's portfolio of commodity contracts consist mainly of contracts that are settled through physical delivery. Embedded derivatives in commodity contracts are measured at fair value and embedded derivatives that are not traded in an active market are assessed through valuation techniques.

The fair value of embedded derivatives in physical contracts vary depending on changes in currency and price indexes.

Commodity contracts that fail to meet the own-use exemption criteria in IFRS 9 *Financial instruments* – recognition and measurement are recognised in the balance sheet and valued at fair value. Norske Skog has one long-term financial energy contract in New Zealand. The long-term electricity prices in New Zealand are not directly observable in the market for the whole contract length. Price forecasts from acknowledged external sources are used in the estimation of fair value.

The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. See Note 9 in the consolidated financial statements for 2020 for more information regarding the calculation of fair value of derivatives.

Provisions

Provisions for environmental restoration, dismantling costs, restructuring activities and legal claims are recognised when the group has a present legal or constructive obligation as a result of past events, an outflow of resources is more likely than not to be required to settle the obligation and the amount can be reliably estimated.

Provisions for future environmental and dismantling liabilities are based on a number of assumptions made using management's best judgment. See Note 2 in the consolidated financial statements for 2020 for a more thorough description of important accounting estimates and assumptions impacting the preparation of financial statements.

Contingent liabilities

Norske Skog is an international company that, through its ongoing business operations, will be exposed to litigation and claims from public

authorities and contracting parties as well as assessments from public authorities in each country it operates

4. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

JAN-JUN 2021	PROPERTY, PLANT AND EQUIPMENT	RIGHT-OF-USE ASSETS	TOTAL PROPERTY PLANT AND EQUIPMENT	INTANGIBLE ASSETS
Carrying value at start of period	3 469	117	3 586	55
Additions*	347	2	349	25
Depreciation	-188	-18	-206	-4
Disposals	0	0	0	-57
Currency translation differences	-71	-2	-74	-2
Carrying value at end of period	3 557	98	3 655	17

*The difference between additions and the line Purchases of property, plant and equipment and intangible assets in the condensed consolidated statement of cash flows is due to right-of-use assets allocated emission allowances, accruals for payments and other additions with no cash impact.

PER OPERATING SEGMENTS

30 JUN 2021	TOTAL PROPERTY PLANT AND EQUIPMENT	INTANGIBLE ASSETS
Publication paper Europe	3 328	4
Publication paper Australasia	255	2
Other activities	71	12
Total	3 655	17

5. OPERATING SEGMENTS

The activities of the Norske Skog group are focused on two business segments, namely Europe and Australasia. The segment structure is in line with how the group is managed internally. Norske Skog's chief operating decision maker is corporate management, who distribute resources and assess performance of the group's operating segments. Norske Skog has an integrated strategy in Europe and Australasia to maximise the profit in each region. The optimisation is carried out through coordinated sales and operational planning. The regional planning, in combination with structured sales and operational processes, ensures maximisation of profit.

Publication paper includes newsprint and magazine paper. Newsprint includes standard newsprint and improved newsprint used in newspapers, inserts, catalogues etc. Magazine paper includes the paper qualities super calendered (SC) and light weight coated (LWC). Magazine paper is used in magazines, catalogues and advertising materials.

Operating revenue consist mainly of sale of goods for both Publication Paper Europe and Publication Paper Australasia.

The publication paper Europe segment encompasses production and sale of newsprint and magazine paper in Europe. All the four European mills and the regional sales organization are included in the operating segment publication paper Europe.

The publication paper Australasia segment encompasses production and sale of newsprint and magazine paper in Australasia. Mills in Australasia and the regional sales organization are included in the operating segment publication paper Australasia. On 30 June 2021, the Tasman mill ceased production, thus the Boyer mill is the only remaining mill in the Australasian operating segment.

Activities in the group that do not fall into the operating segments are presented under other activities. This includes corporate functions, energy (commodity contracts and embedded derivatives in commodity contracts), Green Energy business and other holding company activities.

The pellets operation of Natures Flame is included in Green Energy under other activities.

Q2 2021	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	1 714	480	32	-44	2 182
Other operating income	158	2	4	-1	164
Total operating income	1 872	482	36	-44	2 346
Distribution costs	-231	-60	-4	0	-294
Cost of materials	-1 153	-274	-1	25	-1 403
Employee benefit expenses	-327	-98	-20	1	-444
Other operating expenses	-147	-44	-16	19	-187
EBITDA	14	7	-4	0	17
Restructuring expenses	0	-160	0	0	-160
Depreciation	-92	-10	-3	0	-105
Derivatives and other fair value adjustments	66	-95	0	0	-29
Operating earnings	-12	-258	-7	0	-277
Share of operating revenue from external parties (%)	98	100	44		100

Q1 2021	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	1 635	490	54	-25	2 154
Other operating income	76	-1	5	-1	80
Total operating income	1 711	489	60	-25	2 234
Distribution costs	-225	-66	-5	0	-295
Cost of materials	-930	-296	-11	0	-1 237
Employee benefit expenses	-309	-94	-14	1	-416
Other operating expenses	-141	-42	-16	25	-175
EBITDA	106	-8	14	0	112
Restructuring expenses	0	0	-3	0	-3
Depreciation	-92	-10	-3	0	-104
Derivatives and other fair value adjustments	171	28	0	0	199
Operating earnings	185	10	9	0	204
Share of operating revenue from external parties (%)	100	100	57		100

NORSKE SKOG QUARTERLY REPORT – SECOND QUARTER 2021 (UNAUDITED)

Q2 2020	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	1 607	408	37	-40	2 012
Other operating income	49	105	1	0	154
Total operating income	1 655	513	38	-40	2 167
Distribution costs	-218	-57	-5	0	-279
Cost of materials	-857	-250	-2	13	-1 096
Employee benefit expenses	-343	-86	-13	1	-441
Other operating expenses	-162	-58	-19	26	-212
EBITDA	75	63	0	0	138
Restructuring expenses	0	-5	0	0	-5
Depreciation	-93	-15	-3	0	-111
Impairments	-122	-71	0	0	-193
Derivatives and other fair value adjustments	-39	87	0	0	49
Operating earnings	-178	59	-3	0	-122
Share of operating revenue from external parties (%)	99	100	34		100

YTD 2021	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	3 348	970	86	-68	4 337
Other operating income	234	1	10	-1	243
Total operating income	3 582	971	96	-70	4 580
Distribution costs	-455	-125	-9	0	-589
Cost of materials	-2 083	-570	-11	25	-2 640
Employee benefit expenses	-636	-192	-34	1	-860
Other operating expenses	-288	-86	-32	43	-362
EBITDA	120	-1	10	0	129
Restructuring expenses	0	-161	-3	0	-163
Depreciation	-184	-19	-6	0	-209
Derivatives and other fair value adjustments	237	-67	0	0	170
Operating earnings	173	-249	2	0	-74
Share of operating revenue from external parties (%)	99	100	52		100

YTD 2020	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	3 617	963	85	-67	4 598
Other operating income	169	170	1	0	340
Total operating income	3 786	1 133	86	-67	4 938
Distribution costs	-446	-123	-10	0	-579
Cost of materials	-1 919	-580	-13	13	-2 499
Employee benefit expenses	-680	-187	-39	2	-903
Other operating expenses	-337	-116	-38	52	-439
EBITDA	404	126	-14	0	517
Restructuring expenses	0	-16	-1	0	-17
Depreciation	-183	-29	-6	0	-218
Impairments	-122	-71	0	0	-193
Derivatives and other fair value adjustments	-88	-33	0	0	-122
Operating earnings	11	-23	-20	0	-32
Share of operating revenue from external parties (%)	100	100	42		100

INCOME STATEMENT	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
OTHER OPERATING REVENUE					
Corporate functions	23	28	25	51	49
Green energy and other	13	32	13	45	36
Total	36	60	38	96	86
EBITDA					
Corporate functions	-5	7	-1	3	-20
Green energy and other	1	7	1	8	6
Total	-4	14	0	10	-14

6. FINANCIAL ITEMS AND DEBT REPAYMENTS

FINANCIAL ITEMS

NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Net interest expenses	-31	-28	-25	-59	-54
Currency gains/losses*	-39	83	117	43	-265
Other financial items	-9	-54	-5	-62	-24
Total financial items	-79	1	86	-78	-343

*Currency gains and losses on accounts receivable and accounts payable are reported as Operating revenue and Cost of materials respectively.

FINANCING

In the second quarter of 2021, Norske Skog received debt financing commitments for the conversion projects at the Bruck and Golbey mills, subject to final approval for the export credit agencies and completion of documentation.

In the first quarter of 2021 Norske Skog issued a EUR 150 million senior secured bond. The bond matures in March 2026 and has an interest rate of EURIBOR (zero floor) +5.5% with quarterly interest payments. The proceeds were mainly used to refinance existing debt and for general corporate purposes.

In connection with refinancing in first quarter, Norske Skog repaid the outstanding amount of EUR 20 million on the EUR 31 million Revolving Credit Facility and entered into a new EUR 31 million Revolving Credit Facility agreements with revised terms and a tenor of five years.

The loan facility of EUR 54 million for the waste to energy plant is utilised incrementally as expenditures incur during the construction phase, after which it will be repaid in quarterly installments up until the final maturity date in 2028. The borrower under the facility is Norske Skog Bruck GmbH and Norske Skog ASA has provided a guarantee of EUR 20 million. As of 30 June 2021, the loan has been drawn by approximately EUR 24 million.

The remaining financing arrangements for the group includes leasing, factoring, and other credit facilities on mill level.

Norske Skog shall in accordance with its financial covenants have (i) freely available and unrestricted cash and cash equivalents of minimum NOK 100 million, (ii) EBITDA* to net interest costs of minimum 2.0:1, and (iii) book equity to total assets of minimum 25%.

*The EBITDA used in the financial covenants' calculations may differ from the EBITDA shown in the financial reporting due to adjustment requirements in the financing agreements.

BONDS

MATURITY	CURRENCY	INTEREST RATE	NOMINAL VALUE	AMOUNT OUTSTANDING 30 JUN 2021
March 2026	EUR	EURIBOR +5.50%	150	150

DEBT REPAYMENT SCHEDULE*

NOK MILLION	2021	2022	2023	2024	2025-
Bonds	0	0	0	0	1 526
Debt to credit institutions**	25	36	55	111	478
Total	25	36	55	111	2 004

*Not including items relating to IFRS 16

**Includes scheduled repayments for the EUR 54 million facility

Total debt listed in the repayment schedule differ from the carrying value in the balance sheet. This is due to the amortized cost principle.

Financed amounts from securitisation arrangements is classified as interest-bearing current liabilities. This amounts to NOK 3 million in debt repayment in 2021. The financed amount represents a group of individual loans, which are settled individually at maturity of the accounts receivable.

New loans are initiated on a consecutive basis based on new accounts receivable included under the securitization agreement. The liability is in its nature current and Norske Skog does not have an unconditional right to defer settlement beyond twelve months. The liabilities are liabilities that are settled through its normal operating cycle. The corresponding accounts receivable is derecognised when the customer pays it.

7. ENERGY CONTRACTS, DERIVATIVES AND FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

30 JUN 2021	ASSETS		LIABILITIES	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Energy contracts and embedded derivatives in energy contracts (level 3)	449	123	0	0
Other derivatives and financial instruments carried at fair value (level 2)	0	0	4	0
Total	449	123	4	0

Norske Skog's portfolio of commodity contracts consists mainly of physical energy contracts. Certain of the contracts are accounted at fair value. The fair value of commodity contracts is especially sensitive to future changes in energy prices.

Energy prices have increased in the short and the long end of the price curve compared to previous quarter. Higher energy prices have a positive impact on fair value.

Changes in the value of energy-/commodity contracts and embedded derivatives in contracts are presented in the income statement line Derivatives and other fair value adjustments. A sensitivity analysis of the impact on profit after tax of fluctuations in energy prices, currency

and price indices is given in Note 8 in the consolidated financial statements for 2020.

Financial derivative contracts are accounted for at fair value and changes in contracts are presented in the income statement under financial items. A sensitivity analysis of the impact on profit after tax of fluctuations in currency is given in Note 8 in the consolidated financial statements for 2020.

The valuation techniques used are described in Note 9 in the consolidated financial statement for 2020.

8. PRINCIPAL SHAREHOLDERS

	NUMBER OF SHARES	OWNERSHIP %
NS NORWAY HOLDING AS	40 396 681	42.85
J.P. Morgan Bank Luxembourg S.A.	2 848 828	3.02
The Bank of New York Mellon SA/NV	2 699 682	2.86
VERDIPAPIRFONDET FIRST GENERATOR	2 453 197	2.60
VERDIPAPIRFONDET HOLBERG NORGE	1 900 000	2.02
VERDIPAPIRFONDET EIKA SPAR	1 715 778	1.82
The Bank of New York Mellon SA/NV	1 463 582	1.55
INTERTRADE SHIPPING AS	1 430 000	1.52
RBC INVESTOR SERVICES BANK S.A.	1 361 111	1.44
CARUCEL FINANCE AS	1 255 243	1.33
VERDIPAPIRFONDET EIKA NORGE	1 255 073	1.33
VERDIPAPIRFONDET FONDSFINANS NORGE	1 132 780	1.20
MP PENSJON PK	1 127 015	1.20
CLEARSTREAM BANKING S.A.	1 102 232	1.17
VERDIPAPIRFONDET FIRST GLOBALT	881 062	0.93
Banque Degroof Petercam Lux. SA	809 203	0.86
M25 INDUSTRIER AS	802 621	0.85
FRAM REALINVEST AS	750 000	0.80
VERDIPAPIRFONDET NORDEA NORGE VERD	748 462	0.79
TVECO AS	719 571	0.76
Other shareholders	27 412 584	29.08
Total	94 264 705	100.00

The data is extracted from VPS 15 July 2021. Whilst every reasonable effort is made to verify all data, VPS cannot guarantee the accuracy of the analysis.

9. THE NORSKE SKOG SHARE

	30 JUN 2021	31 MAR 2021	31 DEC 2020	30 JUN 2020
Share price (NOK)	34.90	31.90	38.70	32.90
Book value of equity per share (NOK)	35.70	39.01	39.01	60.81

In January 2021, Norske Skog ASA completed a private placement with a total transaction size of NOK 400 million. The private placement consisted of 11 764 705 new shares offered at a price of NOK 34 per share. The net proceeds from the issuance of the new shares will be used to finance the company's green growth projects.

On 5 February 2021 an extraordinary general meeting was held in Norske Skog ASA and resolved to issue 11 764 705 new shares. After the issuance Norske Skog ASA has 94 264 705 shares outstanding and the shareholding of NS Norway Holding is 42.85% of the shares in Norske Skog ASA.

10. INVESTMENTS IN ASSOCIATED COMPANIES

Investment in associated companies are accounted for in accordance with the equity method. The carrying value of associated companies are NOK 117 million at 30 June 2021.

At 30 June 2021 Norske Skog holds a 26% share of Circa Group AS, with a carrying value of NOK 102 million. Loss is included in the quarter with NOK 9 million. Circa Group AS is listed on Euronext Growth.

11. RELATED PARTIES

Oceanwood is a related party to Norske Skog through the ownership in NS Norway Holding AS (parent company).

There have not been any transactions with related parties in 2021.

12. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after the balance sheet date with significant impact on the interim financial statements for the second quarter of 2021.

13. HISTORICAL FIGURES

INCOME STATEMENT	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Total operating income	2 346	2 234	2 476	2 199	2 167
Variable costs	-1 697	-1 532	-1 663	-1 511	-1 375
Fixed costs	-631	-591	-668	-615	-653
EBITDA	17	112	146	73	138
Restructuring expenses	-160	-3	-47	-12	-5
Depreciation	-105	-104	-112	-108	-111
Impairments	0	0	-258	0	-193
Derivatives and other fair value adjustment	-29	199	-1 006	16	49
Operating earnings	-277	204	-1 276	-31	-122
Share of profit in associated companies	-9	0	6	4	-16
Financial items	-79	1	50	-56	86
Profit/loss before income taxes	-365	205	-1 221	-82	-52
Income taxes	10	-11	-142	-7	-7
Profit/loss for the period	-355	194	-1 363	-89	-59

SEGMENT INFORMATION	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Publication paper Europe					
Total operating income	1 872	1 711	1 899	1 727	1 655
EBITDA	14	106	171	84	75
Deliveries (1 000 tonnes)	403	382	403	362	322
Publication paper Australasia					
Total operating income	482	489	526	447	513
EBITDA	7	-8	-13	-7	63
Deliveries (1 000 tonnes)	87	90	97	79	67
Other activities					
Total operating income	36	60	68	50	38
EBITDA	-4	14	-12	-4	0

BALANCE SHEET	30 JUN 2021	31 MAR 2021	31 DEC 2020	30 SEP 2020	30 JUN 2020
Total non-current assets	4 017	4 319	4 084	5 356	5 228
Inventories	1 172	1 184	1 194	1 386	1 492
Trade and other receivables	1 180	954	1 288	1 095	990
Cash and cash equivalents	1 324	1 622	980	1 093	1 487
Other current assets	503	482	241	382	424
Total current assets	4 178	4 243	3 703	3 956	4 393
Total assets	8 196	8 562	7 787	9 311	9 621
Total equity	3 365	3 677	3 219	4 715	5 017
Total non-current liabilities	2 846	2 834	2 496	2 650	2 611
Trade and other payables	1 633	1 528	1 728	1 651	1 528
Other current liabilities	351	523	345	295	466
Total current liabilities	1 985	2 051	2 073	1 946	1 993
Total liabilities	4 831	4 884	4 568	4 596	4 605
Total equity and liabilities	8 196	8 562	7 787	9 311	9 621

NORSKE SKOG QUARTERLY REPORT – SECOND QUARTER 2021 (UNAUDITED)

CASH FLOW	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Reconciliation of net cash flow from operating activities					
EBITDA	17	112	146	73	138
Change in working capital	-115	141	33	127	12
Payments made relating to restructuring activities	-19	-19	-27	-15	-21
Gain and losses from divestment	0	-7	-1	1	-92
Cash flow from net financial items	-36	-32	-31	-32	-52
Taxes paid	-18	-13	-20	-17	-81
Other	-19	-18	-27	-21	-13
Net cash flow from operating activities	-190	163	73	115	-109
Purchases of property, plant and equipment and intangible assets	-159	-189	-244	-160	-128
Net divestments	0	-49	27	29	368
Net cash flow from investing activities	-159	-238	-217	-131	241
Net cash flow from financing activities	47	723	58	-387	-297
Foreign currency effects on cash and cash equivalents	4	-6	-28	9	-6
Total change in cash and cash equivalents	-298	642	-113	-394	-172

Responsibility Statement from the Board of Directors and CEO in compliance with section 5-5 in the securities trading act

We declare that to the best of our knowledge, the condensed consolidated interim financial statements for the period 1 January to 30 June 2021 have been prepared in accordance with IAS 34 – *Interim Financial Reporting* and give a true and fair view of the Norske Skog group's assets, liabilities, financial position and result as a whole.

We also confirm to the best of our knowledge that the report of the board of directors gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related-party transactions.

SKØYEN, 15 JULY 2021
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA



John Chiang
Chair



Arvid Grundekjøn
Board member



Trine-Marie Hagen
Board member



Sven Ombudstvedt
CEO

ALTERNATIVE PERFORMANCE MEASURES

The European Securities and Markets Authority's (ESMA) has defined new guidelines for alternative performance measures (APM). An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specific in the applicable financial reporting framework (IFRS). The company uses EBITDA, EBITDA margin and return on capital employed (annualized) to measure operating performance on Group level. It is the company's view that the APMs provides the investors relevant and specific operating figures which may enhance their understanding of the performance.

EBITDA, EBITDA margin, variable costs, fixed costs, return on capital employed and net interest-bearing debt are defined by the company below.

EBITDA: Operating earnings for the period, before restructuring expenses, depreciation and amortization and impairment charges, derivatives and other fair value adjustments, determined on an entity, combined or consolidated basis. EBITDA is used for providing consisting information of operating performance and cash generating which is relative to other companies and frequently used by other stakeholders.

NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Operating earnings	-277	204	-122	-74	-32
Restructuring expenses	160	3	5	163	17
Depreciation	105	104	111	209	218
Impairments	0	0	193	0	193
Derivatives and other fair value adjustments	29	-199	-49	-170	122
EBITDA	17	112	138	129	517

EBITDA margin: EBITDA / total operating income. EBITDA margin assist in providing a more comprehensive analysis of operating performance relative to other companies.

NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
EBITDA	17	112	138	129	517
Total operating income	2 346	2 234	2 167	4 580	4 938
EBITDA margin	0.7 %	5.0 %	6.4 %	2.8 %	10.5 %

Variable costs: Distribution costs + cost of materials

NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Distribution costs	294	295	279	589	579
Cost of materials	1 403	1 237	1 096	2 640	2 499
Variable costs	1 697	1 532	1 375	3 229	3 078

Fixed costs: Employee benefit expenses + other operating expenses.

NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Employee benefit expenses	444	416	441	860	903
Other operating expenses	187	175	212	362	439
Fixed costs	631	591	653	1 222	1 343

Return on capital employed (annualised): (Annualised EBITDA – Annualised Capital expenditure) / Capital employed (average). Return on capital employed assist in providing a more comprehensive analysis of returns relative to other companies.

NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
EBITDA	17	112	138	129	517
Capital expenditure	159	189	128	348	228
Average capital employed	4 315	4 317	5 054	4 392	5 204
Return on capital employed (annualised)	-13.1 %	-7.1 %	0.8 %	-10.0 %	11.1 %

NOK MILLION	30 JUN 2021	31 MAR 2021	31 DEC 2020	30 JUN 2020
Intangible assets	17	68	55	35
Tangible assets	3 655	3 562	3 586	3 748
Inventory	1 172	1 184	1 194	1 492
Trade and other receivables	1 180	954	1 288	990
Trade and other payables	-1 633	-1 528	-1 728	-1 528
Capital employed	4 390	4 240	4 395	4 737

Net interest-bearing debt: Net interest-bearing debt consist of bond issued and other interest bearing liabilities (current and non-current) reduced by cash and cash equivalent.

NOK MILLION	30 JUN 2021	31 MAR 2021	31 DEC 2020	30 JUN 2020
Interest-bearing non-current liabilities	2 029	1 933	1 613	1 612
Interest-bearing current liabilities	74	90	92	204
Cash and cash equivalents	-1 324	-1 622	-980	-1 487
Net interest-bearing debt	779	401	725	329

Capital expenditure (Capex): Purchases of property, plant and equipment and intangible assets.

Maintenance capex: Capex required to maintain the Group's current business in accordance with GAAP according to the latest annual financial statements (but excluding any capex for the development of new business).



Norske Skog

Q2 2021 presentation

16 July 2021

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Sustainable and innovative industry

- Leading publication paper producer with **five industrial sites globally**
- Ongoing transition into **higher growth** and **higher value** markets
- Becoming a leading independent European **recycled containerboard company in 2023**
- Packaging market **growth and margin outlook strengthened** since announcement
- **High return waste-to-energy project** improving green energy mix in Q2 2022
- Promising biochemicals and materials projects **spearheaded by Circa**
- Industrial sites portfolio provide foundation for **further industrial development**

1) Norske Skog is the largest shareholder with ~26% ownership position in Circa;
 2) Installed capacity for biofuel and waste from recycled paper of 230 MW



Second quarter in brief

Final investment decision made for Golbey conversion to containerboard

- Golbey containerboard production with start-up in Q4 2023 following Bruck in Q4 2022
- Export credit agency backed financing progressing to plan

EBITDA of NOK 17m at low point before cyclical upturn

- Cost increases in second quarter precede price increases impacting results negatively

Costs and tight publication paper markets driving price increases in H2 2021

- Considerable price increase for all product grades in H2 2021
- Additional capacity cuts announced in Q2 2021, further strengthening outlook for H2 2021 and into 2022

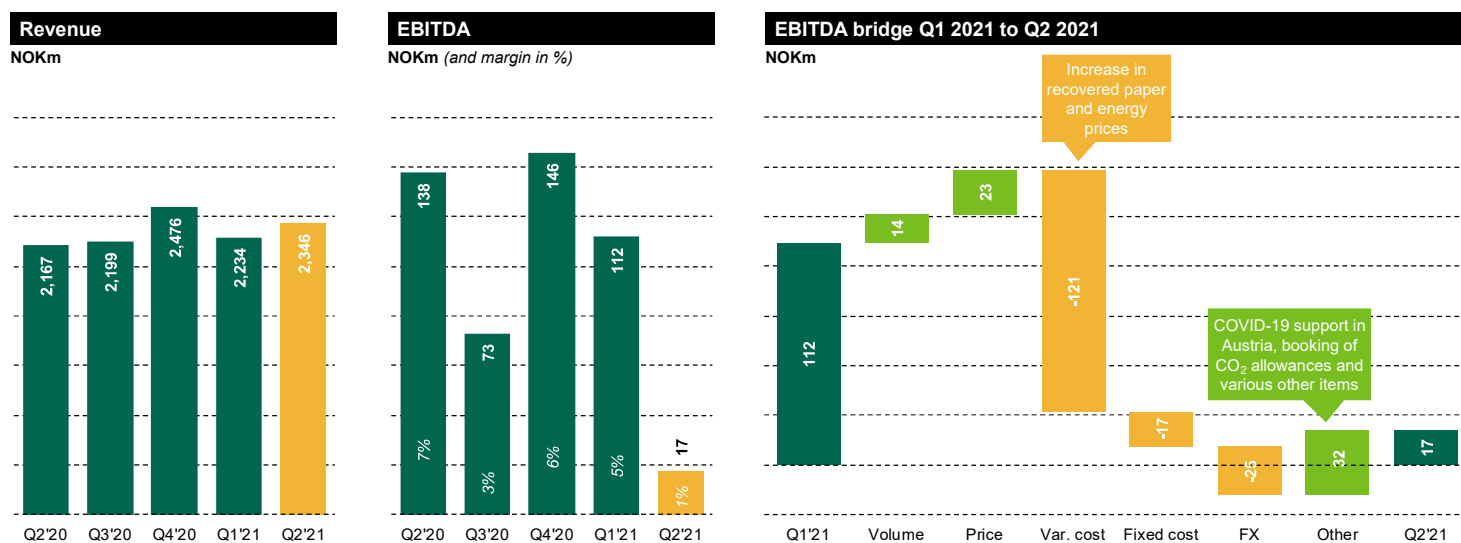
Closure of Tasman

- Tasman ceased production on 30 June, restructuring cost of NOK 160m and non-cash loss of NOK 95m from mark-to-market revaluations
- Asset sales process expected to be completed and settled in H2 2021

Pursuing the ambition to become net CO₂ negative through new technology

- Partnership with Ocean GeoLoop to achieve CO₂ reductions and explore commercial opportunities

Cyclically low EBITDA in challenging price and cost environment



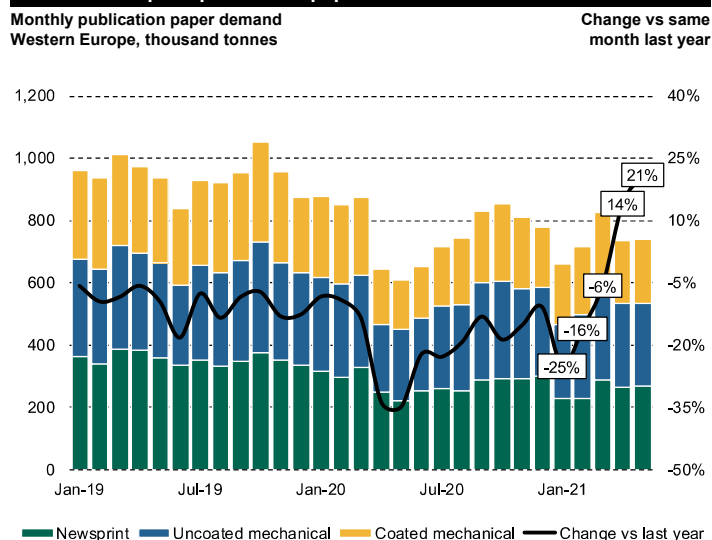
Segment financials for Q2 2021

Segment financials					
NOKm	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Europe					
Total operating income	1,872	1,711	1,655	3,582	3,786
EBITDA	14	106	75	120	404
EBITDA margin	0.8%	6.2%	4.5%	3.4%	10.7%
Production (1 000 tonnes)	381	392	334	773	745
Deliveries (1 000 tonnes)	403	382	322	785	718
Production / capacity (%)	85%	88%	70%	87%	78%
Australasia					
Total operating income	482	489	513	971	1,133
EBITDA	7	-8	63	-1	126
EBITDA margin	1.4%	-1.7%	12.3%	-0.2%	11.1%
Production (1 000 tonnes)	79	89	70	168	162
Deliveries (1 000 tonnes)	87	90	67	177	167
Production / capacity (%)	69%	79%	65%	74%	75%
Other activities					
Total operating income	36	60	38	96	86
EBITDA	-4	14	0	10	-14

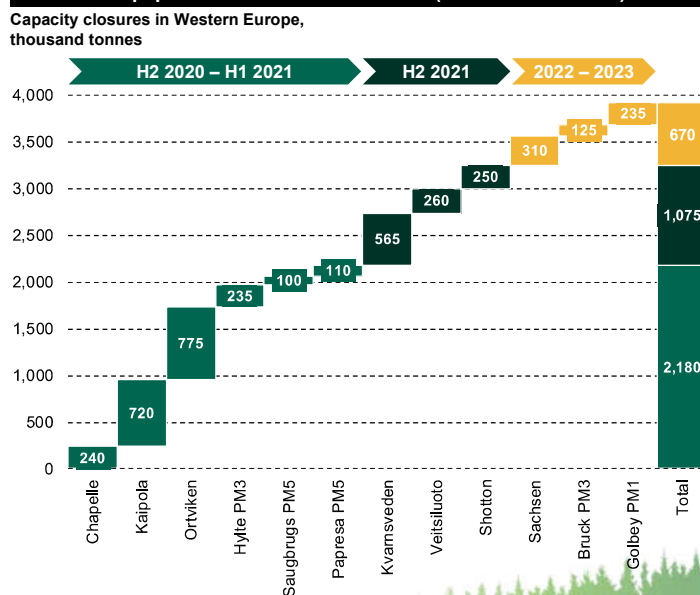
- Utilisation of 85% (some downtime due to recovered paper availability)
 - Realised prices in the quarter similar to previous quarter
 - Significant increase in raw material prices (recovered paper and energy)
-
- Utilisation 69% (includes limited production from Tasman)
 - Tasman closed on 30 June 2021, asset sales process being completed
 - Boyer to become only domestic publication paper supplier

Western European producers closing capacity to adjust to post COVID-19 demand environment

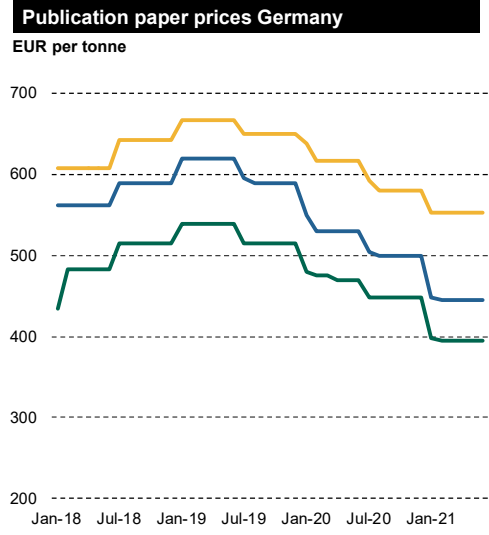
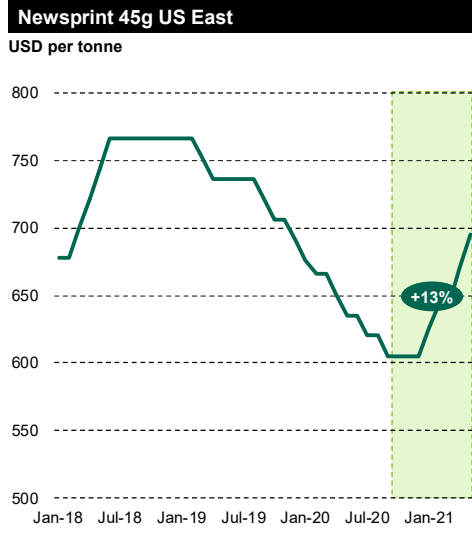
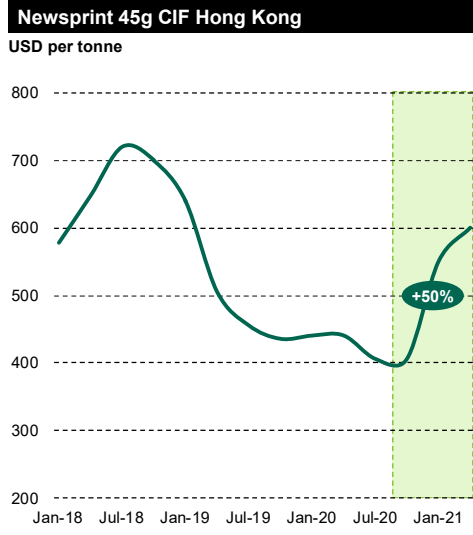
Western European publication paper demand down ~2.1m tonnes in 2020



Publication paper closures of ~3.3m tonnes (H2 2020 to H2 2021)

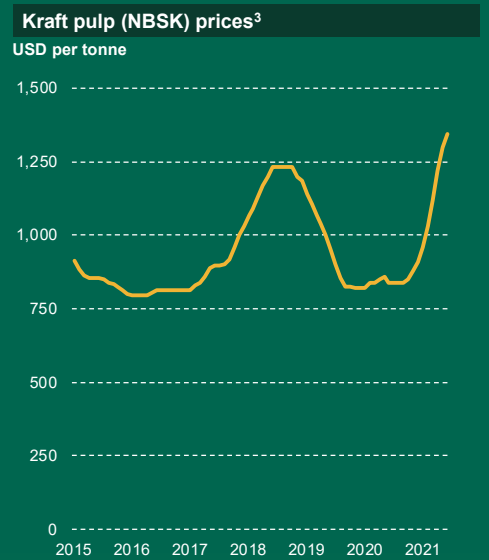
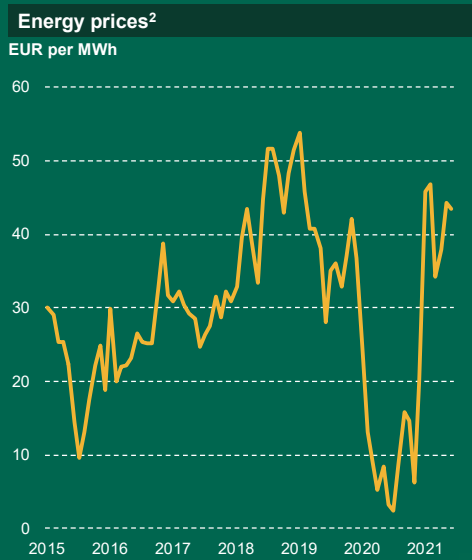
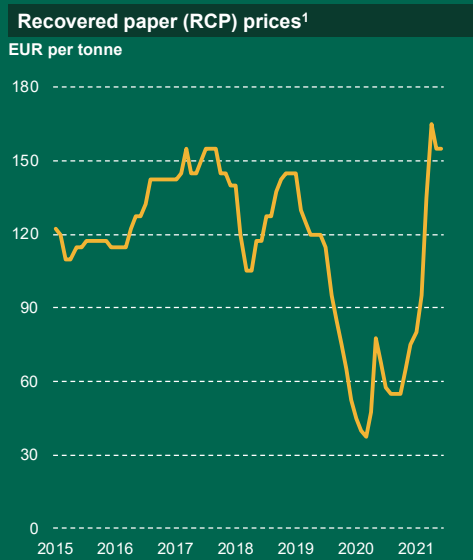


European publication paper prices following price development seen in Asian and US export markets



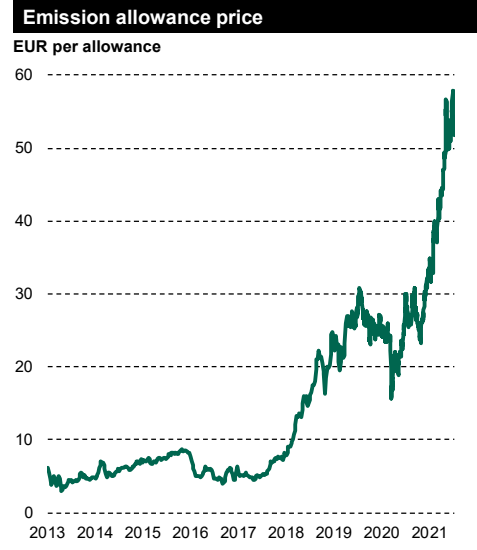
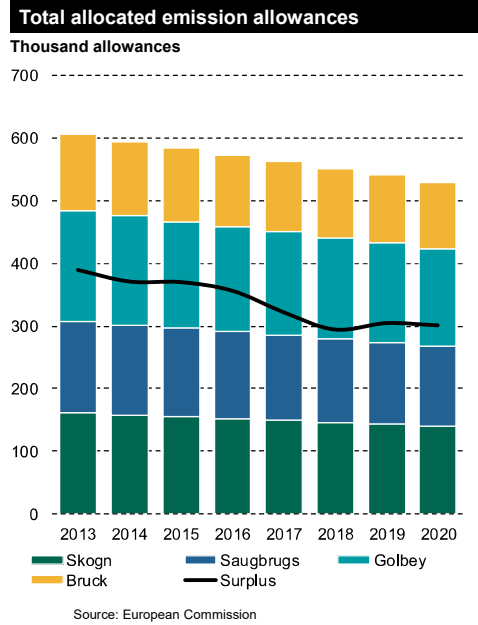
Source: RISI

Price increases necessary to counter margin contraction driven by significant increases in raw materials prices



Sources: RISI, Nord Pool
1) 1.11 sorted graphic paper for deinking in Germany; 2) Nordic system price; 3) Northern bleached softwood kraft pulp (Europe)

Industry low CO₂ footprint enabling annual CO₂ emission allowance surplus



- Industry low CO₂ footprint basis for annual emission allowance surplus
- Waste-to-energy plant at Bruck will reduce CO₂ footprint with 150k tonnes annually, start H1 2022
- Allowance sale income booked each quarter in 2021, but expected to be received in H2 2021
- Cost compensation booked each quarter in 2021, but cash proceeds to be received in H1 2022



Renewable packaging



Moving forward with the containerboard business

Final Investment Decisions

Golbey and Bruck investments approved by the board of directors

EUR 350m

Project investment

EUR ~245m debt financing

ECA¹-backed debt financing of ~70%, subject to final documentation

Q4 2022 first production

Stepwise commercial introduction

760 000 tonnes

Recycled containerboard production capacity

1) ECA = Export Credit Agency



Introducing STRATO recycled containerboards



 Norske Skog

 STRATO|Liner  STRATO|Fluting

- **Lightweight and strong** fluting and testliner board
- Inevitably circular from **100% recycled fibre (OCC)**
- Supporting e-commerce with **sustainable packaging**
- **Replacing plastic** where and when possible
- Production capacity of **760 000 tonnes in 2023**
- Annual European **demand growth +600 000 tonnes¹**

Source: External industry consultant (third-party)

1) European demand of ~26m tonnes with annual growth rate of 2-3%

Establishing a leading independent European containerboard business



Norske Skog Golbey – France

PM1 (FID completed)

- 235k tonnes newsprint capacity
- Convert to 550k tonnes containerboard
- Start-up in Q4 2023
- Capex estimate of EUR ~250m

PM2 (future candidate)

- 330k tonnes newsprint capacity
- Ongoing production during PM1 conversion
- Strong candidate for future conversion
- Feasibility studies concluded



Norske Skog Bruck – Austria

PM3 (FID completed)

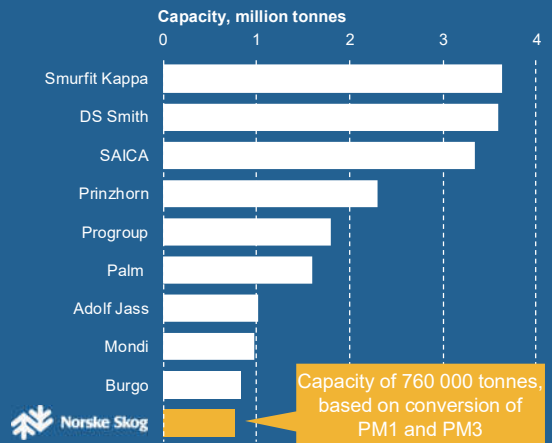
- 125k tonnes newsprint capacity
- Convert to 210k tonnes containerboard
- Start-up in Q4 2022
- Capex estimate of EUR ~100m

PM4 (future candidate)

- 265k tonnes LWC magazine capacity
- Ongoing production during PM3 conversion
- Strong candidate for future conversion
- Feasibility studies concluded

Source: External industry consultant (third-party)

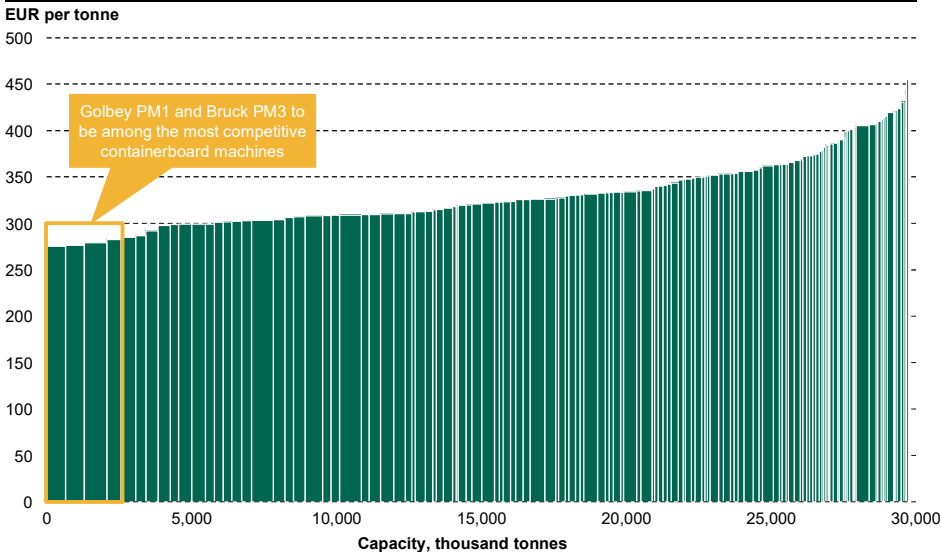
Top 10 recycled containerboard suppliers in Europe



Norske Skog will enter the recycled containerboard market with first-quartile capacity



Cash cost delivered Frankfurt for all recycled containerboard machines in Europe¹



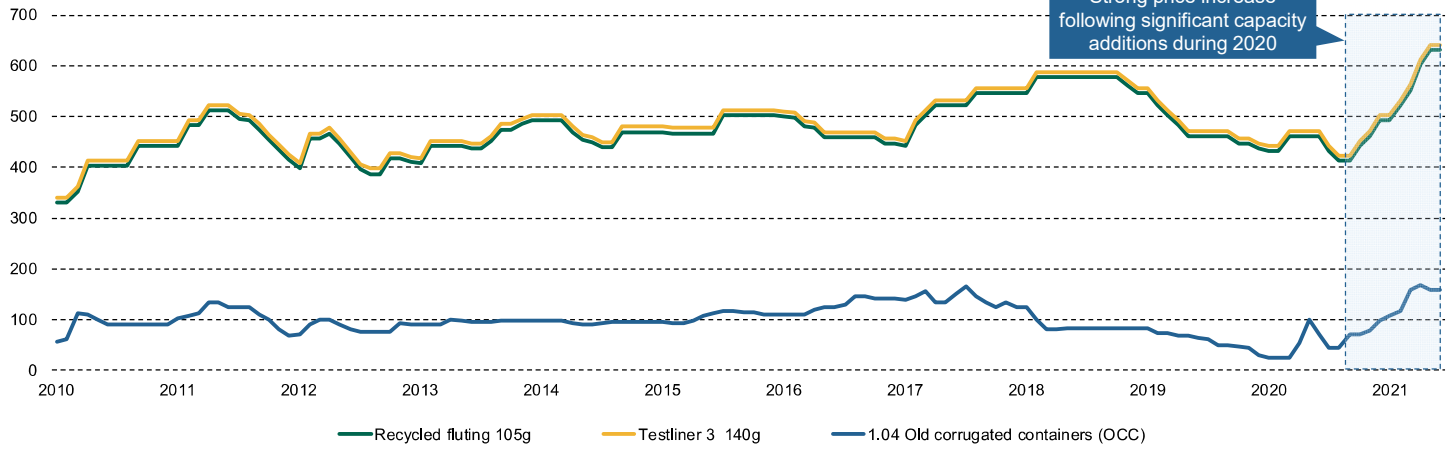
Source: External industry consultant (third-party), cost data as of Q3 2019
 1) Europe excluding Russia

- Centrally located in continental Europe
- Established presence in recycled fibre markets
- Among the top brownfield opportunities in Europe
- Large industrial sites with scale advantages
- Boilers secure sustainable and competitive steam supply
- Machine specifications enable cost-leadership position

Strong outlook for the containerboard market

Recycled containerboard (fluting and testliner) and recycled fibre (OCC) reference prices in Germany

EUR per tonne

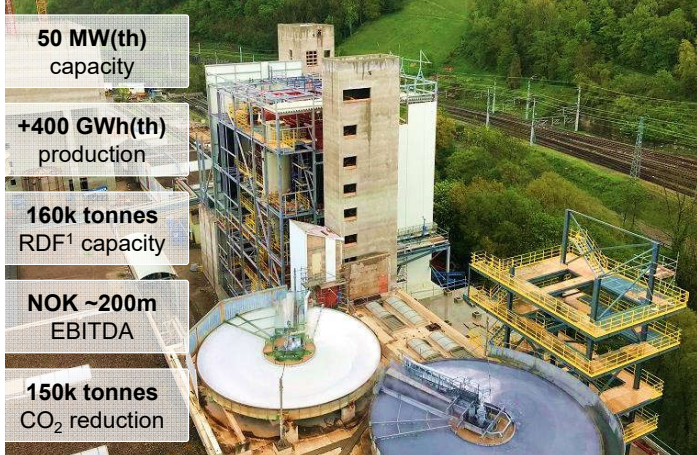


Source: RISI

Energy, biochemicals & materials

On schedule for start-up in nine months of +400 GWh sustainable energy production

Waste-to-energy plant being installed in Bruck, Austria



50 MW(th) capacity

+400 GWh(th) production

160k tonnes RDF¹ capacity

NOK ~200m EBITDA

150k tonnes CO₂ reduction

- **Increasing landfill and waste exports restriction** drive demand for waste offtake
- Few viable alternatives for waste that cannot be reused, recycled or recovered
- **Huge positive environmental impact** by diverting RDF¹ from landfills
- Basis for increasing **need for further waste-to-energy (WtE) capacity** in Europe
- WtE plant with proven technology turnkey installation contract from Valmet
- Will replace current gas consumption with **energy produced from regional RDF¹**
- RDF¹ to be sourced from within 200km from 10-15 customers
- **Revenue generation from gate fees and electricity production**
- EUR 72m investment of which EUR ~38m invested as of Q2 2021
- EUR ~24m of EUR 54m in local debt drawn as of Q2 2021

EU Green Deal: Circular Economy Action Plan

Reduce landfill to a maximum of 10 % of municipal waste generated by 2030

1) Refuse-derived fuel (RDF) is a fuel produced from various types of waste such as municipal solid waste (MSW), industrial waste or commercial waste

Norske Skog partnering with Ocean GeoLoop to support further development of highly promising CCS / CCU technologies



- ✓ Captures close to 100% of CO₂ from flue gas
- ✓ No use of harmful chemicals to capture CO₂
- ✓ Lower capex to build than other solutions
- ✓ Lower energy to operate than other solutions

- In Norway, Norske Skog is **close to reaching zero fossil CO₂ emissions**
- To explore the **opportunity of becoming net negative**, Norske Skog partners with Ocean GeoLoop and its disruptive CCS / CCU technologies
- The technologies have been built on **decades of research, lab tests and prototypes**, and has been verified by a reputable third-party
- **Norske Skog Skogn's Fiborgtangen** will be the main piloting arena, initially for a pilot of industrial scale
- Further ambition to develop **economically viable models for capture of biogenic CO₂**, which has received less attention than fossil emissions
- Norske Skog will hold ~2% of Ocean GeoLoop, and will join its board

Reviewing 30,000 tonnes expansion of sustainable pellets production

Nature's Flame modern and state-of-the-art wood pellet production facility in Taupo, New Zealand



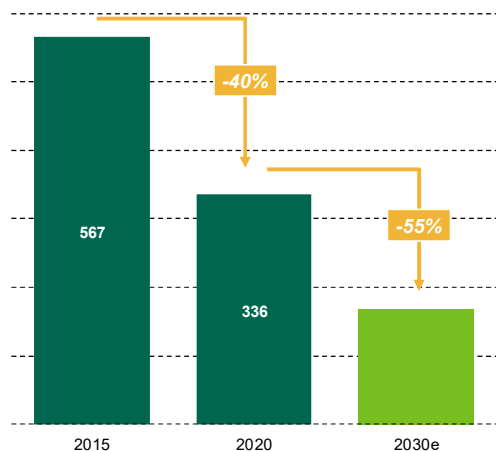
- NZD ~45m invested in state-of-the-art facility
- NOK ~30-35m EBITDA contribution
- Acquired by Norske Skog in July 2015
- FSC certified fibre supply
- Renewable geo-thermal energy supply
- DinPlus certification for premium pellets
- BioGro New Zealand organic certification
- Fonterra offtake agreement for 50,000 tonnes
- Current production around 90,000 tonnes¹
- Capacity expansion study of 30,000 tonnes expected to be completed during H2 2021

1) Calorific value of ~17.5 GJ per tonne (white pellets)

Reducing the environmental impact is at the forefront of all business decisions

Carbon footprint development and ambition

Kg CO₂ direct and indirect (scope 1 and 2) emissions per tonne produced¹



- ✓ Industry low CO₂ intensity under the EU ETS² in 2020
- ✓ New energy efficiency initiatives being introduced in 2021³
- ✓ Waste-to-energy boiler reducing CO₂ footprint with 150 000 tonnes from H1 2022
- ✓ Reduced electricity consumption and steam from new biomass boiler in Golbey following conversion project
- ✓ Detailed 2020 CSR report issued applying the Global Reporting Initiative Guidelines

1) Scope 1 includes direct emissions from stationary fuel combustion, transportation and mobile sources. Scope 2 includes indirect emissions from steam and power imports; 2) ETS = Emission Trading Scheme. Norske Skog is a net receiver of carbon emission allowances, indicating that Norske Skog is among the top 10% of producers employing the Best Available Techniques from a sustainability and environmental perspective; 3) The NEXT and Terminator energy efficiency projects announced at the Norske Skog Saugbrugs mill in March 2020 will come on stream in 2021 and further improve the energy efficiency of Norske Skog, the projects are supported by the NOx Fund and Enova

Outlook

Publication paper markets

- Improving operating rates in the industry
- Considerable paper price increases in H2 2021
- Continued high prices for recycled fibre and other input factors
- Remain a reliable supplier of all publication paper grades

Strategic shift into new markets

- Enter into international sales arrangements for CEBINA in H2 2021
- Semi-industrial CEBICO pilot of 300 tonnes starting in Q4 2021
- Bruck boiler start-up Q2 2022, expected EBITDA of NOK ~200m
- First containerboard production to start in Q4 2022



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This presentation contains statements regarding the future in connection with Norske Skog's growth initiatives, profit figures, outlook, strategies and objectives. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

Press release

Higher costs, significant price increases ahead

Norske Skog's EBITDA in the second quarter of 2021 was NOK 17 million, a decrease from NOK 112 million in the first quarter of 2021. The markets are still somewhat impacted by the Covid-19 imposed restrictions, but are expected to improve during the second half of the year as a result of substantial capacity closures and expected sales price increases. As announced earlier, Norske Skog's board of directors made a EUR 250 million investment decision to convert one machine at the Golbey (France) industrial site from newsprint to recycled containerboard. This is the second major step of the two planned European conversion projects in the group's strategy of establishing Norske Skog as a leading independent European producer of recycled containerboard.

- The substantial capacity closures during the Covid-19 pandemic period have eliminated the huge imbalance in both the newsprint- and magazine paper markets. Therefore, we expect substantial price hikes during the second half of 2021, especially in the European markets. The decision to convert a Golbey newsprint machine into packaging will further diversify our asset base and create new long-term revenue and cash flows from 2023. Our other fibre and energy projects are progressing according to plan, and will contribute to a long-term sustainable industrial platform, says Sven Ombudstvedt, CEO of Norske Skog.

Cash flow from operations was NOK -190 million in the quarter compared to NOK 163 million in the previous quarter, mainly due to a combination of low sales prices and higher energy and recovered paper costs during the quarter. Operating earnings in the second quarter of 2021 were NOK -277 million compared to operating earnings in the first quarter of 2021 of NOK 204 million. The quarter was negatively affected by restructuring expenses, mainly related to the closure of the Tasman mill, amounting to NOK 160 million. Net loss in the quarter was NOK 355 million compared to a net profit of NOK 194 million in the previous quarter. Net interest-bearing debt was NOK 779 million at the end of the second quarter, with an equity ratio of 41 %.

Status projects

The final investment decision to convert a newsprint machine at Golbey will add a further 550 000 tonnes of cost-competitive and low-emission recycled containerboard capacity. The containerboard production will be 100% based on recycled fibre and will use green energy generated from a new biomass plant being constructed at the Golbey production site. In April, the board of directors decided to convert the Bruck newsprint machine into 210 000 tonnes of containerboard. These two conversions will bring Norske Skog's total capacity to 760 000 tonnes of recycled containerboard by 2023.

"The packaging business will become an important and strong part of Norske Skog's business going forward. These conversions will increase the value of the Bruck and Golbey industrial sites, and in few years, the majority of our mills will be able to both serve publication paper and packaging markets in a sustainable and profitable manner," says Norske Skog's CEO Sven Ombudstvedt.

The Skogn mill has started test production of interliner, a packaging product, on one of its three newsprint machines to serve the Asian packaging markets. The shift to production of interliner requires no capital expenditures. Interliner is a complimentary packaging paper product to the planned production of testliner and fluting products at Bruck and Golbey.

Norske Skog actively works to realise value from the industrial sites by developing existing infrastructure and industry competence. The work to develop CEBINA into a widely acknowledged commercial product has continued in the quarter. The continued development of CEBICO (bio composites) also progressed well in the quarter. The investment

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in a NOK 20-25 million extruder, enabling a significant increase in the ability and quality of testing with potential customers, progressed further in the quarter.

Norske Skog Skogn has expanded its partnership with Ocean GeoLoop to develop, test and commercialise their highly promising Carbon Capture, Storage and Utilisation (CCS/CCU) technologies, and for this project, Ocean GeoLoop has also submitted an EU Green Platform grant application. Through the partnership with Ocean GeoLoop at Norske Skog Skogn and Borg CO2 at Norske Skog Saugbrugs, Norske Skog aims to pursue the opportunity to become CO2 net negative, and to explore economically viable models for utilisation of biogenic CO2.

Key figures, second quarter of 2021

NOK MILLION (unless otherwise stated)	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
INCOME STATEMENT					
Total operating income	2 346	2 234	2 167	4 580	4 938
EBITDA	17	112	138	129	517
Operating earnings	-277	204	-122	-74	-32
Profit/loss for the period	-355	194	-59	-161	-433
CASH FLOW					
Net cash flow from operating activities	-190	163	-109	-27	361
Net cash flow from investing activities	-159	-238	241	-397	649
OPERATING MARGIN AND PROFITABILITY (%)					
EBITDA margin	0.7	5.0	6.4	2.8	10.5
Return on capital employed (annualised)	-13.1	-7.1	0.8	-10.0	11.1
Capacity utilisation (Production / capacity %)	82	86	69	84	78

Segment information

Total annual publication paper production capacity for the group is 2.1 million tonnes, with 1.8 million tonnes in Europe and 0.3 million tonnes in Australasia. In addition, Nature's Flame (New Zealand) has a wood pellets capacity of 90 000 tonnes.

Europe

Operating income increased from the previous quarter with higher sales volumes combined with a slight increase in sales prices due to a tighter publication paper market in the quarter. Variable cost per tonne increased in the quarter mainly due to higher energy and recovered paper costs. Fixed costs increased slightly due to higher deliveries. According to Eurograph, demand for standard newsprint in Europe decreased by 16% through April compared to the same period in 2020. SC magazine paper demand decreased by 5%, while demand for LWC magazine paper declined by 11%. Our capacity utilisation was 85% in the quarter, down from 88 % in the previous quarter. In general, the demand for our main product groups has improved in the second quarter.

Australasia

Operating revenue and operating earnings were in line with the previous quarter, in which price increases were offset by reduced sales volume. Variable costs per tonne were somewhat lower compared to the previous quarter because of lower distribution costs due to reduced export volumes. Employee benefit expenses were largely unchanged but increased on a per tonne basis due to lower sales volume. According to official trade statistics, demand for newsprint in the second quarter in Australasia increased by 21% compared to the same period in 2020. Capacity utilisation was 69% in the period, significantly down from 79% in the previous quarter, due to reduced production as a consequence of the high and volatile energy prices in the region.

The decision to close the Tasman mill on the 30 of June, after 66 years of production, addressed the substantial imbalance between newsprint production capacity and customer demand in the Australasian region. The Tasman

site asset sales are expected to be completed during the second half of 2021 with an expected net positive cash effect of approximately NZD 20 million.

Outlook

The significant capacity closures completed in the second quarter of 2021 and further capacity closures announced in second quarter 2021 continue to impact the market balance positively into second half of 2021. Operating rates are expected to increase in the industry in the remainder of 2021 and into 2022.

In addition, the strong demand for packaging grade paper has switched some of the publication paper production to interliner contributing to an improved market balance in the coming periods. The closures and high operating rates, combined with increased prices for paper for recycling and other input costs have resulted in considerable price increases from 1 July 2021 for all of the groups products in both Australasia and Europe. The margins in the industry in the quarter are not sustainable at the current level, and the increased input cost is driving considerable price increases in the second half of 2021.

Norske Skog continues its work to improve the core business and has margin protection programmes with cost saving initiatives of approximately NOK 200-250 million. With the Final Investment Decision regarding the conversion projects at Bruck and Golbey during the second quarter 2021, Norske Skog will continue to progress the projects and market work in accordance with the plans. Norske Skog will also focus on developing the new business opportunities for nano cellulose products from CEBINA and biocomposites from CEBICO. The start-up of pilot production of the CEBICO will be in the fourth quarter of 2021 with delivery of larger test volumes to potential customers. Norske Skog will also continue its focus on environmental issues by reducing CO2 emissions and develop technology in co-operation with others, such as the partnerships with Ocean GeoLoop and Borg CO2.

About Norske Skog

Norske Skog is a world leading producer of publication paper with strong market positions and customer relations in Europe and Australasia. The Norske Skog Group operates four mills in Europe, two of which will produce recycled containerboard following planned conversion projects. In addition, the Group operates one paper mill in Australia and a wood pellets facility in New Zealand. Norske Skog aims to further diversify its operations and continue its transformation into a growing and high-margin business through a range of promising fibre projects. The Group has approximately 2 150 employees in five countries, is headquartered in Norway and listed on the Oslo Stock Exchange under the ticker NSKOG.

Presentation and quarterly material

The company will not hold a live presentation but will arrange a webinar at 08:30 for pre-registered participants. The presentation, the quarterly financial statements and the press releases are available on www.norskeskog.com and published on www.newsweb.no under the ticker NSKOG. If you want to receive future Norske Skog press releases, please subscribe through the website of the Oslo Stock Exchange www.newsweb.no.

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Pressemelding

Høyere kostnader, betydelige prisøkninger fremover

Norske Skogs EBITDA i andre kvartal 2021 var NOK 17 millioner, en nedgang fra NOK 112 millioner i første kvartal 2021. Markedene er i kvartalet fortsatt noe påvirket av de pålagte Covid-19-restriksjonene, men forventes å forbedre seg i løpet av andre halvår som et resultat av betydelige kapasitetsstengninger og forventede salgsprisøkninger. Som tidligere kunngjort, har Norske Skogs styre besluttet å investere EUR 250 millioner i å konvertere en avispapirmaskin ved Golbey (Frankrike) til produksjon av resirkulert emballasje. Dette er det andre steget av to planlagte europeiske konverteringsprosjekter i konsernstrategien om å etablere Norske Skog som en ledende uavhengig europeisk produsent av resirkulert emballasje.

- De betydelige kapasitetsnedleggelse gjennom Covid-19 pandemien har eliminert den store ubalansen i markedene for avis- og magasinpapir. Vi forventer derfor en betydelig prisoppgang i løpet av andre halvår av 2021. Beslutningen om å konvertere en avispapirmaskin ved Golbey til emballasje vil diversifisere anleggsporteføljen og skape nye langsiktige inntekts- og kontantstrømmer fra 2023. Våre andre fiber- og energiprosjekter utvikler seg som planlagt, og vil bidra til en langsiktig, bærekraftig industriell plattform, sier Sven Ombudstvedt, konsernsjef i Norske Skog.

Kontantstrøm fra driften var NOK -190 millioner i kvartalet sammenlignet med NOK 163 millioner kroner i forrige kvartal, som i hovedsak skyldes en kombinasjon av lavere salgspriser og høyere energi- og returpapirpriser gjennom kvartalet. Driftsresultatet i andre kvartal 2021 var på NOK -277 millioner sammenlignet med et driftsresultat på NOK 204 millioner i fjerde kvartal 2021. Kvartalet var negativt påvirket av restruktureringskostnader, i hovedsak tilknyttet stengningen av Tasmanfabrikken på NOK 160 millioner. Underskuddet i kvartalet var NOK 355 millioner mot et overskudd på NOK 194 millioner i forrige kvartal. Netto rentebærende gjeld var NOK 779 millioner ved utgangen av andre kvartal, med en egenkapitalandel på 41%.

Status prosjekter

Den endelige investeringsbeslutningen for konvertering av en avispapirmaskin i Golbey vil legge til ytterligere 550 000 tonn med konkurransedyktig lav-kostnads- og lav-utslipps resirkulert emballasje kapasitet. Emballasjeproduksjonen vil være 100% basert på resirkulert fiber og vil bruke grønn energi generert fra et nytt biomasseanlegg som vil bli bygd på fabrikkområdet i Golbey. I april besluttet styret å konvertere avispapirmaskinen på Bruck til 210 000 tonn resirkulert emballasje. Disse to konverteringene vil medføre at Norske Skogs totale kapasitet for resirkulert emballasje blir 760 000 tonn i løpet av 2023.

- Emballasje virksomheten vil bli en viktig og betydelig del av Norske Skogs virksomhet fremover. Disse konverteringene vil øke verdien på industriområdene til Bruck og Golbey, og om få år vil flertallet av våre fabrikker kunne betjene både publikasjonspapir- og emballasjemarkeder på en bærekraftig og lønnsom måte, sier Norske Skogs konsernsjef Sven Ombudstvedt.

Fabrikken på Skogn har startet testproduksjon av interliner, et emballasjepapirprodukt, på en av sine tre avispapirmaskiner for leveranser til det asiatiske emballasjemarkedet. Skiftet til produksjon av interliner medfører ingen ekstra investeringer. Interliner er et komplementært emballasjepapirprodukt til den planlagte produksjonen av testliner og flutingprodukter i Bruck og Golbey.

Norske Skog jobber aktivt for å realisere verdier fra industrianleggene ved å utvikle eksisterende infrastruktur og bransjekompetanse. Arbeidet med å utvikle CEBINA til et anerkjent kommersielt produkt har fortsatt i kvartalet. Arbeidet med å utvikle biokompositter (CEBICO) viste god fremdrift i kvartalet. Investeringen i en ekstruder på NOK 20-25 millioner muliggjør en omfattende økning i testkapasitet og -kvalitet for potensielle kunder.

Norske Skog ASA

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Norway

Norske Skog Skogn har utvidet sitt partnerskap med Ocean GeoLoop for å utvikle, teste og kommersialisere deres svært lovende karbonfangst, -lagring og -bruk (CCS / CCU) teknologiløsninger, der også Ocean GeoLoop har sendt inn en EU Grønn Plattform søknad. Gjennom partnerskapet med Ocean GeoLoop på Skogn og Borg CO2 på Saugbrugs, har Norske Skog som mål å utnytte mulighetene til å bli CO2 netto negative, samt å utforske økonomisk levedyktige metoder for bruk av biogent CO2.

Nøkkeltall, andre kvartal 2021

NOK MILLIONER (om ikke annet opplyst)	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Resultatregnskap					
Totale inntekter	2 346	2 234	2 167	4 580	4 938
EBITDA	17	112	138	129	517
Driftsresultat	-277	204	-122	-74	-32
Resultat for perioden	-355	194	-59	-161	-433
Kontantstrøm					
Netto kontantstrøm fra operasjonelle aktiviteter	-190	163	-109	-27	361
Netto kontantstrøm fra investeringsaktiviteter	-159	-238	241	-397	649
Driftsmargin og lønnsomhet (%)					
EBITDA margin	0.7	5.0	6.4	2.8	10.5
Avkastning på investert kapital (annualisert)	-13.1	-7.1	0.8	-10.0	11.1
Kapasitetsutnyttelse (produksjon/kapasitet %)	82	86	69	84	78

Segmentinformasjon

Samlet årlig produksjonskapasitet for publikasjonspapir for konsernet er 2,1 millioner tonn. I Europa er konsernets kapasitet 1,8 millioner tonn, mens i Australasia er kapasiteten 0,3 millioner tonn. I tillegg har Nature's Flame (New Zealand) en trepellestkapasitet på 90 000 tonn.

Europa

Driftsinntektene økte fra forrige kvartal som følge av høyere salgsvolum kombinert med en svak økning i salgspriser, som skyldes et strammere marked for publikasjonspapir i kvartalet, samt endringer i produks sammensetning og geografisk spredning. Variable kostnader per tonn økte i kvartalet som i hovedsak skyldes høyere energi og returpapir kostnader. De faste kostnadene var noe høyere på grunn av høyere leveranser.

I følge Eurograph falt etterspørselen etter standard avisepapir i Europa med 16% til og med april sammenlignet med samme periode i 2020. Etterspørselen etter superkalandret magasinpapir (SC) falt med 5%, mens etterspørselen etter LWC magasinpapir falt med 11%. Kapasitetsutnyttelsen var 85% i kvartalet, ned fra 88% i forrige kvartal. Generelt sett har etterspørselen etter våre hovedprodukter blitt bedre i andre kvartal.

Australasia

Driftsinntektene og driftsresultatet var på linje med forrige kvartal, hvor salgsprisøkninger ble motvirket av reduserte salgsvolumer. Variable kostnader per tonn var noe lavere sammenlignet med forrige kvartal, som følge av lavere eksportvolumer. Lønnskostnader var stort sett uendret, men økte per tonn grunnet lavere salgsvolum. I følge offisiell handelsstatistikk økte etterspørselen etter avisepapir i andre kvartal i Australasia med 21% sammenlignet med samme periode i 2020. Kapasitetsutnyttelsen var 69% i perioden, betydelig ned fra 79% i forrige kvartal på grunn av redusert produksjon, som følge av høye og volatile energipriser. Beslutningen om å stenge Tasman-fabrikken den 30. juni, etter 66 år med produksjon, adresserer den store ubalansen mellom produksjonskapasitet for avisepapir og etterspørsel fra kunder i den australsiasatiske regionen. Salget av Tasman forventes å være gjennomført i løpet av andre halvår av 2021 med en forventet netto positiv kontanteffekt på rundt NZD 20 millioner.

Utsikter

De betydelige kapasitetsnedleggelsene som ble gjennomført i andre kvartal 2021 og de ytterligere kapasitetsnedleggelsene som ble kunngjort i andre kvartal 2021, fortsetter å påvirke markedsbalansen positivt inn i andre halvdel av 2021. Bransjens kapasitetsutnyttelse forventes å øke gjennom resten av 2021 og inn i 2022.

I tillegg har den store etterspørselen etter papirkvaliteter brukt som emballasje skiftet noe av publikasjonspapirproduksjonen til interliner og bidratt til en forbedret markedsbalanse i de kommende periodene. Nedleggelse og høy kapasitetsutnyttelse kombinert med økte returpapirpriser og andre innsatsfaktorer, har ført til betydelige prisøkninger fra 1. juli 2021 for alle gruppens produkter i både Australasia og Europa. Marginene i bransjen i kvartalet er ikke bærekraftig på dagens nivå, og økte kostnader på innsatsfaktorene påvirker til betydelige prisøkninger i andre halvår av 2021.

Norske Skog fortsetter arbeidet med å forbedre kjernevirksomheten og gjennomfører nå marginforbedringstiltak på rundt NOK 200-250 millioner årlig. Med de endelige investeringsbeslutningene vedrørende konverteringsprosjektene i Bruck og Golbey i løpet av andre kvartal 2021, vil Norske Skog fortsette å utvikle prosjektene og markedsarbeidet i samsvar med vedtatte planer. Norske Skog vil også fokusere på å utvikle de nye forretningsmulighetene for nanocelluloseprodukter fra CEBINA og biokompositter fra CEBICO. Oppstart av pilotproduksjon av CEBICO vil være i fjerde kvartal 2021 med leveranser av større testvolum til potensielle kunder. Norske Skog vil også fortsette arbeidet med miljørelaterte prosesser, som reduksjon i CO₂-utslipp og utvikling av teknologi i samarbeid med blant annet Ocean GeoLoop og Borg CO₂.

Om Norske Skog

Norske Skog er en verdensledende produsent av publikasjonspapir med sterke markedsposisjoner og kundeforhold i Europa og Australasia. Norske Skog konsernet driver fire fabrikker i Europa, hvorav to vil produsere resirkulert emballasje etter gjennomføringen av de planlagte konverteringsprosjektene. I tillegg driver konsernet en papirfabrikk i Australia og et trepelletsanlegg på New-Zealand. Norske Skog tar sikte på å diversifisere virksomheten ytterligere og fortsette omstillingen til en voksende og høy-margin virksomhet gjennom en rekke spennende fiberprosjekter. Konsernet har cirka 2.150 ansatte i fem land, hovedkontor i Norge og er notert på Oslo Børs under tickeren NSKOG.

Presentasjon og kvartalsmaterieill

Selskapet vil ikke holde en live presentasjon, men vil arrangere et webinar idag klokken 08:30 for forhåndsregistrerte deltakere. Presentasjon, kvartalsregnskapet og pressemeldinger er tilgjengelig på www.norskeskog.com og publisert på www.newsweb.no under tickeren NSKOG. Hvis du ønsker å motta Norske Skogs pressemeldinger på publiseringstidspunktet, kan du abonnere på dette gjennom www.newsweb.no.

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