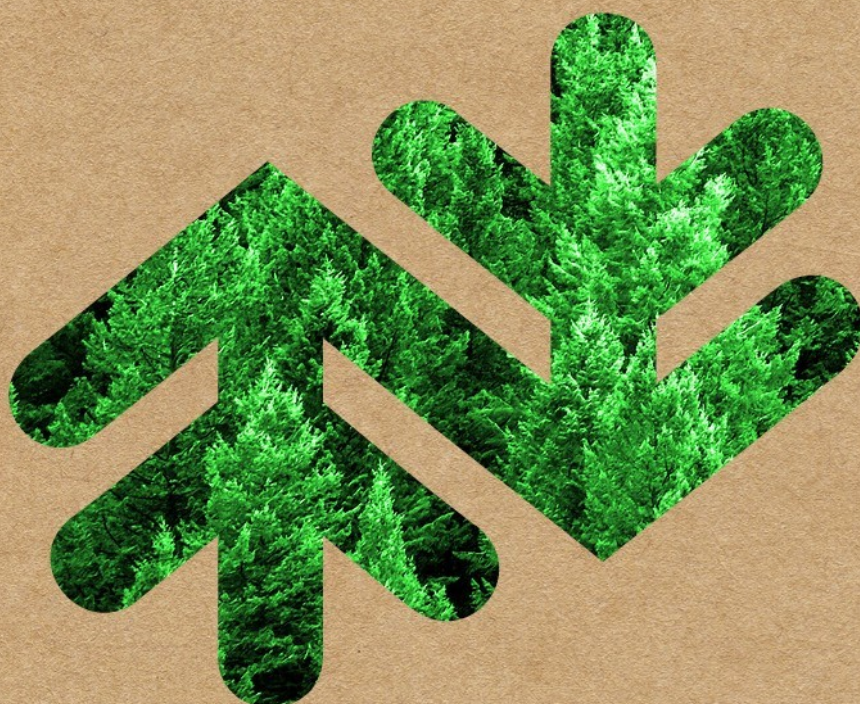


# THIRD QUARTER 2021

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 with capacity of 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 and energy 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.

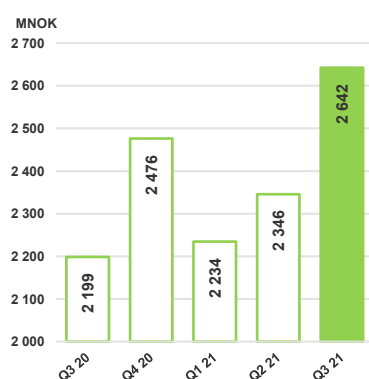
## KEY FIGURES

| NOK MILLION   | Q3 2021 | Q2 2021 | Q3 2020 | YTD 2021 | YTD 2020 |
|---|---------|---------|---------|----------|----------|
| <b>INCOME STATEMENT</b>                                   |         |         |         |          |          |
| Total operating income                                    | 2 642   | 2 346   | 2 199   | 7 222    | 7 136    |
| EBITDA*   | 111     | 17      | 73      | 240      | 590      |
| Operating earnings  | -565    | -277    | -31     | -638     | -63      |
| Profit/loss for the period                                | -602    | -355    | -89     | -763     | -522     |
| Earnings per share (NOK)**                                | -6.38   | -3.77   | -0.94   | -8.10    | -5.53    |
| <b>CASH FLOW</b>  |         |         |         |          |          |
| Net cash flow from operating activities                   | -99     | -190    | 115     | -126     | 476      |
| Net cash flow from operating activities per share (NOK)** | -1.05   | -2.01   | 1.22    | -1.34    | 5.05     |
| Net cash flow from investing activities                   | -168    | -159    | -131    | -565     | 518      |
| <b>OPERATING MARGIN AND PROFITABILITY (%)</b>             |         |         |         |          |          |
| EBITDA margin*  | 4.2     | 0.7     | 3.3     | 3.3      | 8.3      |
| Return on capital employed (annualised)*                  | -20.8   | -13.1   | -7.3    | -13.4    | 5.2      |
| <b>PRODUCTION / DELIVERIES / CAPACITY UTILISATION</b>     |         |         |         |          |          |
| Production (1 000 tonnes)                                 | 490     | 460     | 417     | 1 431    | 1 324    |
| Deliveries (1 000 tonnes)                                 | 501     | 490     | 441     | 1 464    | 1 325    |
| Production / capacity (%)                                 | 95      | 82      | 71      | 88       | 75       |

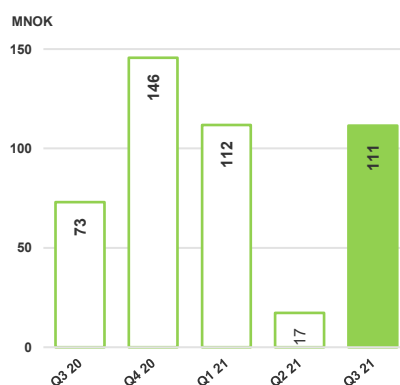
\* As defined in Alternative Performance Measures

\*\*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

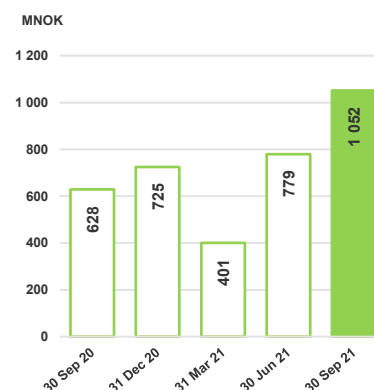
**TOTAL OPERATING INCOME**



**EBITDA**



**NET INTEREST-BEARING DEBT**



| NOK MILLION               | 30 SEP 2021 | 30 JUN 2021 | 31 DEC 2020 | 30 SEP 2020 |
|---------------------------|-------------|-------------|-------------|-------------|
| <b>BALANCE SHEET</b>      |             |             |             |             |
| Non-current assets        | 4 154       | 4 017       | 4 084       | 5 356       |
| Current assets            | 3 827       | 4 178       | 3 703       | 3 956       |
| Total assets              | 7 982       | 8 196       | 7 787       | 9 311       |
| Equity                    | 2 767       | 3 365       | 3 219       | 4 715       |
| Net interest-bearing debt | 1 052       | 779         | 725         | 628         |

## REPORT OF THE BOARD OF DIRECTORS FOR THE THIRD QUARTER OF 2021

- Considerable price increases for all product grades in Q3 2021 and into Q4 2021
  - Publication paper market tightening following significant capacity closures over past 18 months, further closures announced for 2022-23
  - Further price increases required both in Q4 2021 and Q1 2022 to compensate for continued increases in energy and raw material prices
- EBITDA of NOK 111 million in the quarter
  - EBITDA improvement from previous quarter, but margins remain at low and unsustainable levels
  - Significant negative impact from raw material and energy costs
- Tasman sales process
  - Sale of energy contract and employee redundancy payments settled in the quarter
  - Net positive cash impact in the quarter of NOK ~70m
- Entered into credit facilities for conversion projects following end of quarter
  - Attractive terms for EUR 265 million debt financing with average maturity towards the end of 2030

## PROFIT/LOSS FOR THE PERIOD

| NOK MILLION                   | Q3 2021      | Q2 2021      | Q3 2020      | YTD 2021     | YTD 2020     |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Operating revenue             | 2 532        | 2 182        | 2 174        | 6 868        | 6 771        |
| Other operating income        | 110          | 164          | 25           | 354          | 365          |
| <b>Total operating income</b> | <b>2 642</b> | <b>2 346</b> | <b>2 199</b> | <b>7 222</b> | <b>7 136</b> |
| Distribution cost             | -307         | -294         | -268         | -896         | -847         |
| Cost of materials             | -1 615       | -1 403       | -1 243       | -4 255       | -3 742       |
| Fixed cost                    | -608         | -631         | -615         | -1 830       | -1 957       |
| <b>EBITDA</b>                 | <b>111</b>   | <b>17</b>    | <b>73</b>    | <b>240</b>   | <b>590</b>   |

COVID-19 vaccinations and gradual easing of restrictions have led to a rebound of economic activity, but there is at the same time a considerable strain on global supply chains and soaring prices for raw materials, and energy. This has resulted in significant cost increases. Publication paper prices increased in the third quarter 2021, only partly mitigating the effect of higher input costs. Further price increases are required to maintain margins. The publication paper market balance remains tight following significant capacity closures over the past 18 months. Utilisation was 95% for Norske Skog in the third quarter of 2021, driven by a very tight publication paper market.

Higher operating revenue in the third quarter compared to the previous quarter was driven by increases in price and deliveries (sales volume) across all grades.

Cost of materials (mainly fibre and energy) increased significantly compared to the previous quarter, both in total and on a per tonne basis. The main cost increase in the quarter relates to significant increases in energy prices, both electricity and gas. Recovered paper (RCP) prices have remained at the high levels seen also in the previous quarter.

Fixed costs (including employee benefit expenses) decreased compared to the previous quarter, both in total and on a per tonne basis.

EBITDA increased quarter-over-quarter, notably from very depressed levels in the previous quarter, mainly due to price increases.

| NOK MILLION                                  | Q3 2021     | Q2 2021     | Q3 2020    | YTD 2021    | YTD 2020   |
|--|-------------|-------------|------------|-------------|------------|
| Restructuring expenses                       | -17         | -160        | -12        | -180        | -29        |
| Depreciation                                 | -109        | -105        | -108       | -318        | -326       |
| Impairments                                  | 0           | 0           | 0          | 0           | -193       |
| Derivatives and other fair value adjustments | -551        | -29         | 16         | -381        | -106       |
| <b>Operating earnings</b>                    | <b>-565</b> | <b>-277</b> | <b>-31</b> | <b>-638</b> | <b>-63</b> |

Restructuring expenses of NOK 17 million relate to the restructuring of the Australasian business following cessation of paper production the Tasman mill on 30 June 2021.

Depreciation of NOK 109 million is in line with previous quarters.

The fair value of energy contracts in Norway decreased compared to the previous quarter as a result of expected increases in publication paper prices impacting negatively on contract energy prices.

| NOK MILLION                             | Q3 2021     | Q2 2021     | Q3 2020    | YTD 2021    | YTD 2020    |
|---|-------------|-------------|------------|-------------|-------------|
| Share of profit in associated companies | -4          | -9          | 4          | -13         | -16         |
| Financial items                         | -45         | -79         | -56        | -123        | -399        |
| Income taxes                            | 12          | 10          | -7         | 11          | -44         |
| <b>Profit/loss for the period</b>       | <b>-602</b> | <b>-355</b> | <b>-89</b> | <b>-763</b> | <b>-522</b> |

Financial items were negative by NOK 45 million in the third quarter mainly due to interest cost and other financial costs. NOK was weaker against EUR for the majority of the third quarter compared to the second quarter but strengthened at the end of the third quarter ending

at similar level as in the previous quarter. Debt denominated in other currencies than NOK was unchanged.

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

## DIVERSIFICATION BEYOND PUBLICATION PAPER

After the end of the third quarter, Norske Skog announced that it had entered into debt facility agreements with an aggregate amount of EUR 265 million to finance its EUR 350 million investment in recycled containerboard conversion projects. Lenders are leading European banks, partly guaranteed by German export credit agency Euler Hermes and Austria Wirtschaftsservice Gesellschaft - the Austrian Government Promotional and Investment Bank. The commercial terms are attractive and support the highly competitive profile of the containerboard projects. The first containerboard production will commence in Bruck in just over a year and put Norske Skog on the path to become a leading European independent producer of recycled containerboard.

The total financing amounts to EUR 265 million, or approximately 75% of the EUR 350 million investment amount, of which EUR 193 million is for the Golbey containerboard project and EUR 72 million for the Bruck containerboard project. DNB, Caisse d'Epargne Grand Est Europe and Natixis acted as Joint Mandated Lead Arrangers (MLA) for the financing in Golbey, and Raiffeisenlandesbank OÖ and IKB Deutsche Industriebank acted as MLAs for the financing in Bruck. The facilities will be drawn as capex is incurred, and repayment is scheduled and expected to commence approximately upon completion of each respective project with average maturity towards the end of 2030. Utilisations are subject to customary conditions precedent for such facilities. The debt financing of EUR 265 million is expected to increase Norske Skog's annual interest costs with approximately EUR 5 million annually once fully drawn.

Production of containerboard will commence during the fourth quarter of 2022 at the Bruck industrial site and during the fourth quarter of 2023 at the Golbey industrial site. The machines are expected to operate at 60-70% utilisation in the first year and reach full utilisation during the

third year of production. Once at full utilisation, the machines are expected to generate annual EBITDA of EUR 70-80 million, based on historical prices and margins seen in the market.

Following first commercial sales for CEBINA at end of 2020, the work to qualify CEBINA in coatings, paints and adhesives has continued in the quarter. In October, Norske Skog announced that CEBINA has seen successful commercial entry into a new application for water-based paints.

Entry into a new application area is a key milestone. In addition, it represents the first sales contract with regular volume delivery and an annual contract size of approximately NOK 500 000 with potential for further growth.

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 provide technology verification and allow Circa to continue its biochemical growth journey. Extensive market and commercial work coupled with regulatory tailwinds continues to provide significant market opportunities.

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.

## SEGMENT INFORMATION

### PUBLICATION PAPER EUROPE

| NOK MILLION                                 | Q3 2021    | Q2 2021   | Q3 2020   | YTD 2021   | YTD 2020   |
|---|------------|-----------|-----------|------------|------------|
| Total operating income                      | 2 183      | 1 872     | 1 727     | 5 765      | 5 513      |
| <b>EBITDA</b>                               | <b>113</b> | <b>14</b> | <b>84</b> | <b>233</b> | <b>488</b> |
| EBITDA margin (%)                           | 5.2        | 0.8       | 4.9       | 4.0        | 8.9        |
| Return on capital employed (%) (annualised) | -18.9      | -11.1     | -5.3      | -12.2      | 4.1        |
| Production (1 000 tonnes)                   | 428        | 381       | 341       | 1 201      | 1 086      |
| Deliveries (1 000 tonnes)                   | 433        | 403       | 362       | 1 218      | 1 080      |
| Production / capacity (%)                   | 96         | 85        | 72        | 90         | 76         |

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 higher sales prices.

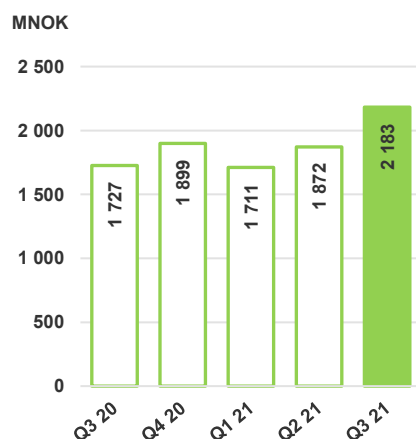
Distribution costs increased from the previous quarter on an absolute level driven by higher deliveries, but only a modest increase on a per tonne basis driven mainly by increases in transportation costs. Cost of materials increased due to higher sales volumes, but also due to significantly higher energy prices in the quarter resulting in an increase on a per tonne basis. Employee benefit expenses were in line with the previous quarter but were slightly down on a per tonne basis due to higher deliveries.

The price increases for publication paper in the quarter were offset by increasing cost of materials but resulted overall in EBITDA increasing from the previous quarter.

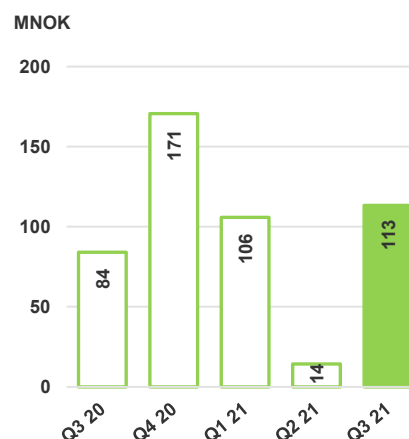
Demand for standard newsprint in Europe decreased by 3% as of July 2021 compared to the same period last year. Magazine paper demand increased with super calendered paper increasing 1% and lightweight coated paper increasing 1%. (Source: Eurograph).

Capacity utilisation was 96% in the period, an increase from previous quarter of 85% which was impacted by some downtime due to temporary shortage of recovered paper.

EUROPE  
TOTAL OPERATING INCOME



EUROPE  
EBITDA



### PUBLICATION PAPER AUSTRALASIA

| NOK MILLION                                 | Q3 2021  | Q2 2021  | Q3 2020   | YTD 2021  | YTD 2020   |
|---|----------|----------|-----------|-----------|------------|
| Total operating income                      | 426      | 482      | 447       | 1 397     | 1 580      |
| <b>EBITDA</b>                               | <b>0</b> | <b>7</b> | <b>-7</b> | <b>-2</b> | <b>119</b> |
| EBITDA margin (%)                           | 0.0      | 1.4      | -1.6      | -0.1      | 7.5        |
| Return on capital employed (%) (annualised) | -41.0    | -6.5     | -57.1     | -40.5     | 26.0       |
| Production (1 000 tonnes)                   | 62       | 79       | 75        | 230       | 238        |
| Deliveries (1 000 tonnes)                   | 68       | 87       | 79        | 246       | 246        |
| Production / capacity (%)                   | 87       | 69       | 69        | 77        | 73         |

## NORSKE SKOG QUARTERLY REPORT – THIRD 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 is 0.3 million tonnes. With the Boyer mill the only domestic publication paper producer in the region.

Operating income decreased compared to previous quarter due to lower delivery volumes as a result of Tasman ceasing production, offset by a slight price increase mainly due to reduced exports.

Distribution costs were lower in the quarter on an absolute level but increased on a per tonne basis as transportation costs increased. Cost of materials decreased in the quarter due to lower sales volumes but increased significantly on a per tonne basis due to higher energy and

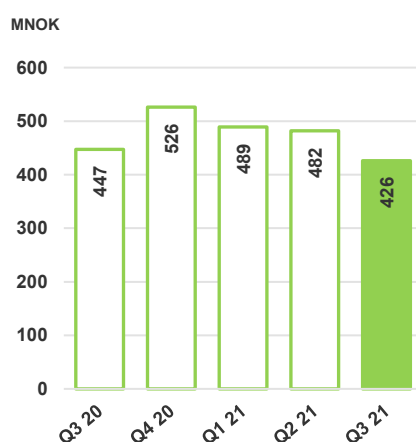
raw material costs. Employee benefit expenses decreased, but increased on a per tonne basis due to lower sales volume.

EBITDA decreased slightly compared to the previous quarter.

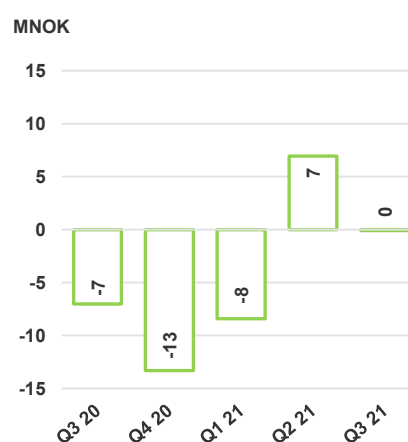
Demand for newsprint in Australasia increased by 1% as of 30 September 2021, compared to the same period last year. (Source: official statistics).

Capacity utilisation was 87% in the period, an increase from the previous quarter which was impacted by low production at the Tasman mill in New Zealand.

**AUSTRALASIA**  
**TOTAL OPERATING INCOME**



**AUSTRALASIA**  
**EBITDA**



## OTHER ACTIVITIES

| NOK MILLION            | Q3 2021 | Q2 2021 | Q3 2020 | YTD 2021 | YTD 2020 |
|------------------------|---------|---------|---------|----------|----------|
| Total operating income | 61      | 36      | 50      | 157      | 136      |
| EBITDA                 | -2      | -4      | -4      | 9        | -18      |

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   | Q3 2021     | Q2 2021     | Q3 2020     | YTD 2021    | YTD 2020    |
|---|-------------|-------------|-------------|-------------|-------------|
| EBITDA  | 111         | 17          | 73          | 240         | 590         |
| Change in working capital   | -22         | -115        | 127         | 3           | 360         |
| Restructuring payments  | -129        | -19         | -15         | -167        | -42         |
| Gain and losses from divestments  | -9          | 0           | 1           | -16         | -152        |
| Net financial items   | -42         | -36         | -32         | -110        | -149        |
| Taxes paid  | -43         | -18         | -17         | -74         | -82         |
| Other items   | 34          | -19         | -21         | -2          | -49         |
| <b>Net cash flow from operating activities</b>                          | <b>-99</b>  | <b>-190</b> | <b>115</b>  | <b>-126</b> | <b>476</b>  |
| <b>Purchases of property, plant and equipment and intangible assets</b> | <b>-347</b> | <b>-159</b> | <b>-160</b> | <b>-695</b> | <b>-388</b> |
| -whereof maintenance capex  | -24         | -35         | -57         | -87         | -161        |

Net cash flow from operating activities was negative NOK 99 million in the quarter.

The operating cash flow was negatively impacted by restructuring payments of NOK 129 million, mainly relating to employee redundancy

payments at the Tasman mill in New Zealand. The restructuring payments were offset by the settlement of energy contracts with a positive impact of NOK 195 million (part of net cash flow from investing activities) in the quarter.

Other impacts on the net cash flow from operating activities related to 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 an increase in trade and other payables.

Taxes paid in the third quarter relate to Golbey and Bruck.

Maintenance capex of NOK 24 million relates to ordinary maintenance in the quarter, a decrease from the second 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 SEP 2021  | 30 JUN 2021  | 31 DEC 2020  | 30 SEP 2020  |
|---|--------------|--------------|--------------|--------------|
| Non-current assets  | 4 154        | 4 017        | 4 084        | 5 356        |
| <b>Cash and cash equivalents</b>                                  | <b>1 163</b> | <b>1 324</b> | <b>980</b>   | <b>1 093</b> |
| Inventories, trade and other receivables and other current assets | 2 664        | 2 854        | 2 723        | 2 862        |
| Total assets  | 7 982        | 8 196        | 7 787        | 9 311        |
| <b>Equity</b>   | <b>2 767</b> | <b>3 365</b> | <b>3 219</b> | <b>4 715</b> |
| Non-current liabilities   | 3 259        | 2 846        | 2 496        | 2 650        |
| Current liabilities   | 1 956        | 1 985        | 2 073        | 1 946        |
| <b>Net interest-bearing debt</b>                                  | <b>1 052</b> | <b>779</b>   | <b>725</b>   | <b>628</b>   |

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

In total, cash and cash equivalents decreased to NOK 1 163 million from NOK 1 324 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 increased from previous quarter. Local debt to finance the waste-to-energy plant in Austria was drawn with EUR 37 million as of quarter end, compared to EUR 24 million as of the previous quarter.

Net interest-bearing debt increased from NOK 779 million to NOK 1 052 million in the quarter mainly due to a decrease in cash and cash equivalents following investing activities in the period.

## OUTLOOK

Energy and raw material markets have become highly volatile and uncertain during the third quarter, and the situation continues into the fourth quarter. The unprecedented increases for the largest input factors do not show signs of being alleviated any time soon. The industry has seen significant capacity closures and capacity dedicated to packaging grades, which have positively impacted the market balance. Additional capacity closures have been announced for 2022 and 2023, including the conversion of Norske Skog Bruck PM3 (2022) and Golbey PM1 (2023). Operating rates are expected to remain high in the industry for the remainder of 2021 and into 2022.

The increased prices for energy, recovered paper and other input costs, coupled with significant industry closures and high operating rates resulted in publication paper price increases for all grades in Europe from 1 July 2021. However, the unprecedented cost increases are expected to continue and have necessitated further price increases in the fourth quarter of 2021 and into 2022.

The sales process for the Tasman mill has progressed through the quarter, with settlement for the sale of energy contracts, and the payment of employee redundancy costs. The complete settlement of the Tasman sale is expected to provide a net positive cash contribution

of NZD 15-20 million. For Nature's Flame, a 60 000 tonnes capacity expansion study is underway. A sales process for the asset will likely be concluded in 2022.

With the final investment decisions taken for conversion to containerboard at both Bruck and Golbey, and financing secured for both projects, Norske Skog will continue preparatory site work at both locations as planned and undertake required commercial work going forward. Norske Skog will also focus on developing business opportunities for CEBINA and CEBICO. This means 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 cooperation with partners such as Ocean GeoLoop.

SKØYEN, 21 OCTOBER 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, THIRD QUARTER OF 2021

### CONDENSED CONSOLIDATED INCOME STATEMENT

| NOK MILLION                                  | NOTE     | Q3 2021      | Q2 2021      | Q3 2020      | YTD 2021     | YTD 2020     |
|--|----------|--------------|--------------|--------------|--------------|--------------|
| Operating revenue                            |          | 2 532        | 2 182        | 2 174        | 6 868        | 6 771        |
| Other operating income                       |          | 110          | 164          | 25           | 354          | 365          |
| <b>Total operating income</b>                | <b>5</b> | <b>2 642</b> | <b>2 346</b> | <b>2 199</b> | <b>7 222</b> | <b>7 136</b> |
| Distribution costs                           |          | -307         | -294         | -268         | -896         | -847         |
| Cost of materials                            |          | -1 615       | -1 403       | -1 243       | -4 255       | -3 742       |
| Employee benefit expenses                    |          | -436         | -444         | -417         | -1 295       | -1 321       |
| Other operating expenses                     |          | -173         | -187         | -198         | -535         | -637         |
| Restructuring expenses                       |          | -17          | -160         | -12          | -180         | -29          |
| Depreciation                                 | 4        | -109         | -105         | -108         | -318         | -326         |
| Impairments                                  | 4        | 0            | 0            | 0            | 0            | -193         |
| Derivatives and other fair value adjustments | 7        | -551         | -29          | 16           | -381         | -106         |
| <b>Operating earnings</b>                    |          | <b>-565</b>  | <b>-277</b>  | <b>-31</b>   | <b>-638</b>  | <b>-63</b>   |
| Share of profit in associated companies      | 10       | -4           | -9           | 4            | -13          | -16          |
| Financial items                              | 6        | -45          | -79          | -56          | -123         | -399         |
| <b>Profit/loss before income taxes</b>       |          | <b>-614</b>  | <b>-365</b>  | <b>-82</b>   | <b>-774</b>  | <b>-478</b>  |
| Income taxes                                 |          | 12           | 10           | -7           | 11           | -44          |
| <b>Profit/loss for the period</b>            |          | <b>-602</b>  | <b>-355</b>  | <b>-89</b>   | <b>-763</b>  | <b>-522</b>  |
| Basic earnings per share (NOK)               |          | -6.38        | -3.77        | -0.94        | -8.10        | -5.53        |
| Diluted earnings per share (NOK)             |          | -6.38        | -3.77        | -0.94        | -8.10        | -5.53        |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| NOK MILLION  | Q3 2021     | Q2 2021     | Q3 2020    | YTD 2021    | YTD 2020    |
|--|-------------|-------------|------------|-------------|-------------|
| <b>Profit/loss for the period</b>  | <b>-602</b> | <b>-355</b> | <b>-89</b> | <b>-763</b> | <b>-522</b> |
| <b>Items that may be reclassified subsequently to profit or loss</b>       |             |             |            |             |             |
| Currency translation differences   | 3           | 43          | 35         | -77         | 326         |
| Tax expense on translation differences                                     | 0           | 0           | 0          | 0           | -4          |
| Reclassified translation differences upon divestment of foreign operations | 0           | 0           | 0          | 0           | -62         |
| <b>Other comprehensive income for the period</b>                           | <b>3</b>    | <b>43</b>   | <b>35</b>  | <b>-77</b>  | <b>260</b>  |
| <b>Total comprehensive income for the period</b>                           | <b>-599</b> | <b>-312</b> | <b>-54</b> | <b>-840</b> | <b>-262</b> |

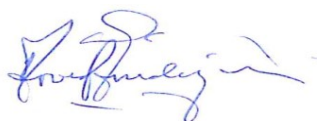
## CONDENSED CONSOLIDATED BALANCE SHEET

| NOK MILLION                              | NOTE | 30 SEP 2021  | 30 JUN 2021  | 31 DEC 2020  | 30 SEP 2020  |
|--|------|--------------|--------------|--------------|--------------|
| Deferred tax asset                       |      | 0            | 0            | 0            | 137          |
| Intangible assets                        | 4    | 19           | 17           | 55           | 47           |
| Property, plant and equipment            | 4    | 3 892        | 3 655        | 3 586        | 3 853        |
| Investments in associated companies      | 10   | 113          | 117          | 43           | 65           |
| Other non-current assets                 | 7    | 131          | 228          | 401          | 1 253        |
| <b>Total non-current assets</b>          |      | <b>4 154</b> | <b>4 017</b> | <b>4 084</b> | <b>5 356</b> |
| Inventories                              |      | 1 134        | 1 172        | 1 194        | 1 386        |
| Trade and other receivables              |      | 1 317        | 1 180        | 1 288        | 1 095        |
| Cash and cash equivalents                |      | 1 163        | 1 324        | 980          | 1 093        |
| Other current assets                     | 7    | 213          | 503          | 241          | 382          |
| <b>Total current assets</b>              |      | <b>3 827</b> | <b>4 178</b> | <b>3 703</b> | <b>3 956</b> |
| <b>Total assets</b>                      |      | <b>7 982</b> | <b>8 196</b> | <b>7 787</b> | <b>9 311</b> |
| Paid-in equity                           | 8    | 8 898        | 8 898        | 8 510        | 8 510        |
| Retained earnings                        |      | -6 132       | -5 533       | -5 292       | -3 795       |
| <b>Total equity</b>                      |      | <b>2 767</b> | <b>3 365</b> | <b>3 219</b> | <b>4 715</b> |
| Pension obligations                      |      | 329          | 278          | 297          | 325          |
| Deferred tax liability                   |      | 259          | 278          | 308          | 336          |
| Interest-bearing non-current liabilities | 6    | 2 136        | 2 029        | 1 613        | 1 657        |
| Other non-current liabilities            | 7    | 535          | 260          | 277          | 331          |
| <b>Total non-current liabilities</b>     |      | <b>3 259</b> | <b>2 846</b> | <b>2 496</b> | <b>2 650</b> |
| Interest-bearing current liabilities     | 6    | 79           | 74           | 92           | 65           |
| Trade and other payables                 |      | 1 698        | 1 633        | 1 728        | 1 651        |
| Tax payable                              |      | 14           | 43           | 54           | 53           |
| Other current liabilities                | 7    | 165          | 235          | 199          | 177          |
| <b>Total current liabilities</b>         |      | <b>1 956</b> | <b>1 985</b> | <b>2 073</b> | <b>1 946</b> |
| <b>Total liabilities</b>                 |      | <b>5 215</b> | <b>4 831</b> | <b>4 568</b> | <b>4 596</b> |
| <b>Total equity and liabilities</b>      |      | <b>7 982</b> | <b>8 196</b> | <b>7 787</b> | <b>9 311</b> |

SKØYEN, 21 OCTOBER 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  | Q3 2021      | Q2 2021      | Q3 2020      | YTD 2021     | YTD 2020     |
|--|--------------|--------------|--------------|--------------|--------------|
| Cash generated from operations   | 2 494        | 2 094        | 2 108        | 7 117        | 7 363        |
| Cash used in operations  | -2 508       | -2 230       | -1 944       | -7 059       | -6 656       |
| Cash flow from currency hedges and financial items                             | -12          | -6           | -4           | -29          | -71          |
| Interest payments received   | 1            | 0            | -2           | 2            | 5            |
| Interest payments made   | -31          | -30          | -26          | -83          | -82          |
| Taxes paid   | -43          | -18          | -17          | -74          | -82          |
| <b>Net cash flow from operating activities <sup>1)</sup></b>                   | <b>-99</b>   | <b>-190</b>  | <b>115</b>   | <b>-126</b>  | <b>476</b>   |
| Purchases of property, plant and equipment and intangible assets               | -347         | -159         | -160         | -695         | -388         |
| Sales of property, plant and equipment and intangible assets                   | 9            | 1            | -1           | 17           | 932          |
| Purchase of shares in companies and other financial payments                   | -25          | 0            | -7           | -94          | -77          |
| Sales of shares in companies and other financial instruments                   | 195          | 0            | 37           | 207          | 51           |
| <b>Net cash flow from investing activities</b>                                 | <b>-168</b>  | <b>-159</b>  | <b>-131</b>  | <b>-565</b>  | <b>518</b>   |
| New loans raised   | 144          | 77           | 30           | 830          | 337          |
| Repayments of loans  | -36          | -30          | -169         | -340         | -735         |
| Dividends paid   | 0            | 0            | -248         | 0            | -516         |
| New equity   | 0            | 0            | 0            | 388          | 0            |
| <b>Net cash flow from financing activities</b>                                 | <b>109</b>   | <b>47</b>    | <b>-387</b>  | <b>878</b>   | <b>-914</b>  |
| Foreign currency effects on cash and cash equivalents                          | -2           | 4            | 9            | -4           | 43           |
| <b>Total change in cash and cash equivalents</b>                               | <b>-161</b>  | <b>-298</b>  | <b>-394</b>  | <b>183</b>   | <b>124</b>   |
| <b>Cash and cash equivalents at start of period</b>                            | <b>1 324</b> | <b>1 622</b> | <b>1 487</b> | <b>980</b>   | <b>970</b>   |
| <b>Cash and cash equivalents at end of period</b>                              | <b>1 163</b> | <b>1 324</b> | <b>1 093</b> | <b>1 163</b> | <b>1 093</b> |
| <b><sup>1) Reconciliation of net cash flow from operating activities</sup></b> |              |              |              |              |              |
| Profit/loss before income taxes  | -614         | -365         | -82          | -774         | -478         |
| Change in working capital  | -22          | -115         | 127          | 3            | 360          |
| Change in restructuring provisions   | -112         | 141          | -3           | 13           | -13          |
| Depreciation and impairments   | 109          | 105          | 108          | 318          | 519          |
| Derivatives and other fair value adjustments                                   | 589          | 16           | -29          | 389          | 68           |
| Gain and losses from divestment of business activities and PPE                 | -9           | 0            | 1            | -16          | -152         |
| Net financial items without cash effect  | 7            | 52           | 19           | 26           | 266          |
| Taxes paid   | -43          | -18          | -17          | -74          | -82          |
| Change in pension obligations and other employee benefits                      | -4           | -9           | -3           | -14          | -5           |
| Adjustment for other items   | 0            | 4            | -6           | 3            | -6           |
| <b>Net cash flow from operating activities</b>                                 | <b>-99</b>   | <b>-190</b>  | <b>115</b>   | <b>-126</b>  | <b>476</b>   |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

| NOK MILLION                               | Paid-in equity | Other paid-in equity | Retained earnings | Total equity |
|---|----------------|----------------------|-------------------|--------------|
| <b>Equity 1 January 2020</b>              | <b>6 261</b>   | <b>2 249</b>         | <b>-3 018</b>     | <b>5 493</b> |
| Profit/loss for the period                | 0              | 0                    | -433              | -433         |
| Other comprehensive income for the period | 0              | 0                    | 225               | 225          |
| <b>Equity 30 June 2020</b>                | <b>6 261</b>   | <b>2 249</b>         | <b>-3 494</b>     | <b>5 017</b> |
| Profit/loss for the period                | 0              | 0                    | -89               | -89          |
| Other comprehensive income for the period | 0              | 0                    | 35                | 35           |
| Dividends paid                            | 0              | 0                    | -248              | -248         |
| <b>Equity 30 September 2020</b>           | <b>6 261</b>   | <b>2 249</b>         | <b>-3 795</b>     | <b>4 715</b> |
| Profit/loss for the period                | 0              | 0                    | -1 363            | -1 363       |
| Other comprehensive income for the period | 0              | 0                    | -134              | -134         |
| <b>Equity 31 December 2020</b>            | <b>6 261</b>   | <b>2 249</b>         | <b>-5 292</b>     | <b>3 219</b> |
| Profit/loss for the period                | 0              | 0                    | -161              | -161         |
| Other comprehensive income for the period | 0              | 0                    | -80               | -80          |
| Increase share capital                    | 388            | 0                    | 0                 | 388          |
| <b>Equity 30 June 2021</b>                | <b>6 649</b>   | <b>2 249</b>         | <b>-5 533</b>     | <b>3 365</b> |
| Profit/loss for the period                | 0              | 0                    | -602              | -602         |
| Other comprehensive income for the period | 0              | 0                    | 3                 | 3            |
| <b>Equity 30 September 2021</b>           | <b>6 649</b>   | <b>2 249</b>         | <b>-6 132</b>     | <b>2 767</b> |

# 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.

|     | Q3 2021 | Q2 2021 | 30 SEP 2021 | 30 JUN 2021 | 31 DEC 2020 |
|-----|---------|---------|-------------|-------------|-------------|
| AUD | 6.44    | 6.45    | 6.32        | 6.42        | 6.59        |
| EUR | 10.33   | 10.09   | 10.17       | 10.17       | 10.47       |
| GBP | 12.08   | 11.70   | 11.81       | 11.85       | 11.65       |
| NZD | 6.14    | 5.99    | 6.03        | 5.97        | 6.16        |
| USD | 8.76    | 8.37    | 8.78        | 8.56        | 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-SEP 2021                           | PROPERTY,<br>PLANT AND<br>EQUIPMENT | RIGHT-OF-USE<br>ASSETS | TOTAL<br>PROPERTY<br>PLANT AND<br>EQUIPMENT | INTANGIBLE<br>ASSETS |
|--|-------------------------------------|------------------------|---|----------------------|
| Carrying value at start of period      | 3 469                               | 117                    | 3 586                                       | 55                   |
| Additions*                             | 691                                 | 11                     | 702   | 29                   |
| Depreciation                           | -286                                | -27                    | -312  | -6                   |
| Disposals                              | 0                                   | 0                      | -1  | -57                  |
| Currency translation differences       | -80                                 | -3                     | -83   | -2                   |
| <b>Carrying value at end of period</b> | <b>3 794</b>                        | <b>98</b>              | <b>3 892</b>                                | <b>19</b>            |

\*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 SEP 2021                   | TOTAL<br>PROPERTY<br>PLANT AND<br>EQUIPMENT | INTANGIBLE<br>ASSETS |
|-------------------------------|---|----------------------|
| Publication paper Europe      | 3 567                                       | 3                    |
| Publication paper Australasia | 247   | 2                    |
| Other activities              | 77  | 14                   |
| <b>Total</b>                  | <b>3 892</b>                                | <b>19</b>            |

## 5. OPERATING SEGMENTS

The activities of the Norske Skog group are focused on two business segments, 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 calendared (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 and Green Energy business.

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

| Q3 2021  | PUBLICATION PAPER EUROPE | PUBLICATION PAPER AUSTRALASIA | OTHER ACTIVITIES | ELIMINATIONS | NORSKE SKOG GROUP |
|--|--------------------------|-------------------------------|------------------|--------------|-------------------|
| Operating revenue                                    | 2 099                    | 400                           | 59               | -26          | 2 532             |
| Other operating income                               | 84                       | 26                            | 2                | -1           | 110               |
| <b>Total operating income</b>                        | <b>2 183</b>             | <b>426</b>                    | <b>61</b>        | <b>-27</b>   | <b>2 642</b>      |
| Distribution costs                                   | -252                     | -50                           | -6               | 0            | -307              |
| Cost of materials                                    | -1 341                   | -260                          | -17              | 3            | -1 615            |
| Employee benefit expenses                            | -330                     | -81                           | -26              | 1            | -436              |
| Other operating expenses                             | -146                     | -36                           | -14              | 23           | -173              |
| <b>EBITDA</b>  | <b>113</b>               | <b>0</b>                      | <b>-2</b>        | <b>0</b>     | <b>111</b>        |
| Restructuring expenses                               | -4                       | -13                           | 0                | 0            | -17               |
| Depreciation   | -96                      | -10                           | -4               | 0            | -109              |
| Derivatives and other fair value adjustments         | -551                     | 0                             | 0                | 0            | -551              |
| <b>Operating earnings</b>                            | <b>-537</b>              | <b>-22</b>                    | <b>-5</b>        | <b>0</b>     | <b>-565</b>       |
| Share of operating revenue from external parties (%) | 100                      | 100                           | 63               |              | 100               |

| 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               |
| <b>Total operating income</b>                        | <b>1 872</b>             | <b>482</b>                    | <b>36</b>        | <b>-44</b>   | <b>2 346</b>      |
| 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              |
| <b>EBITDA</b>  | <b>14</b>                | <b>7</b>                      | <b>-4</b>        | <b>0</b>     | <b>17</b>         |
| Restructuring expenses                               | 0                        | -160                          | 0                | 0            | -160              |
| Depreciation   | -92                      | -10                           | -3               | 0            | -105              |
| Derivatives and other fair value adjustments         | 66                       | -95                           | 0                | 0            | -29               |
| <b>Operating earnings</b>                            | <b>-12</b>               | <b>-258</b>                   | <b>-7</b>        | <b>0</b>     | <b>-277</b>       |
| Share of operating revenue from external parties (%) | 98                       | 100                           | 44               |              | 100               |

## NORSKE SKOG QUARTERLY REPORT – THIRD QUARTER 2021 (UNAUDITED)

| Q3 2020  | PUBLICATION<br>PAPER<br>EUROPE | PUBLICATION<br>PAPER<br>AUSTRALASIA | OTHER<br>ACTIVITIES | ELIMINATIONS | NORSKE<br>SKOG GROUP |
|--|--------------------------------|-------------------------------------|---------------------|--------------|----------------------|
| Operating revenue                                    | 1 702                          | 448                                 | 49                  | -26          | 2 174                |
| Other operating income                               | 25                             | -1                                  | 1                   | 0            | 25                   |
| <b>Total operating income</b>                        | <b>1 727</b>                   | <b>447</b>                          | <b>50</b>           | <b>-26</b>   | <b>2 199</b>         |
| Distribution costs                                   | -201                           | -62                                 | -5                  | 0            | -268                 |
| Cost of materials                                    | -942                           | -286                                | -15                 | 0            | -1 243               |
| Employee benefit expenses                            | -339                           | -62                                 | -17                 | 1            | -417                 |
| Other operating expenses                             | -161                           | -45                                 | -18                 | 25           | -198                 |
| <b>EBITDA</b>  | <b>84</b>                      | <b>-7</b>                           | <b>-4</b>           | <b>0</b>     | <b>73</b>            |
| Restructuring expenses                               | 0                              | -12                                 | 0                   | 0            | -12                  |
| Depreciation   | -93                            | -13                                 | -3                  | 0            | -108                 |
| Impairments  | 0                              | 0                                   | 0                   | 0            | 0                    |
| Derivatives and other fair value adjustments         | 53                             | -36                                 | 0                   | 0            | 16                   |
| <b>Operating earnings</b>                            | <b>44</b>                      | <b>-68</b>                          | <b>-7</b>           | <b>0</b>     | <b>-31</b>           |
| Share of operating revenue from external parties (%) | 100                            | 100                                 | 51                  |              | 100                  |

| YTD 2021   | PUBLICATION<br>PAPER<br>EUROPE | PUBLICATION<br>PAPER<br>AUSTRALASIA | OTHER<br>ACTIVITIES | ELIMINATIONS | NORSKE<br>SKOG GROUP |
|--|--------------------------------|-------------------------------------|---------------------|--------------|----------------------|
| Operating revenue                                    | 5 447                          | 1 370                               | 146                 | -94          | 6 868                |
| Other operating income                               | 318                            | 27                                  | 11                  | -2           | 354                  |
| <b>Total operating income</b>                        | <b>5 765</b>                   | <b>1 397</b>                        | <b>157</b>          | <b>-97</b>   | <b>7 222</b>         |
| Distribution costs                                   | -707                           | -175                                | -14                 | 0            | -896                 |
| Cost of materials                                    | -3 424                         | -830                                | -28                 | 28           | -4 255               |
| Employee benefit expenses                            | -966                           | -272                                | -59                 | 2            | -1 295               |
| Other operating expenses                             | -434                           | -121                                | -46                 | 67           | -535                 |
| <b>EBITDA</b>  | <b>233</b>                     | <b>-2</b>                           | <b>9</b>            | <b>0</b>     | <b>240</b>           |
| Restructuring expenses                               | -4                             | -173                                | -3                  | 0            | -180                 |
| Depreciation   | -280                           | -29                                 | -10                 | 0            | -318                 |
| Derivatives and other fair value adjustments         | -313                           | -67                                 | 0                   | 0            | -381                 |
| <b>Operating earnings</b>                            | <b>-364</b>                    | <b>-271</b>                         | <b>-4</b>           | <b>0</b>     | <b>-638</b>          |
| Share of operating revenue from external parties (%) | 99                             | 100                                 | 57                  |              | 100                  |

| YTD 2020   | PUBLICATION<br>PAPER<br>EUROPE | PUBLICATION<br>PAPER<br>AUSTRALASIA | OTHER<br>ACTIVITIES | ELIMINATIONS | NORSKE<br>SKOG GROUP |
|--|--------------------------------|-------------------------------------|---------------------|--------------|----------------------|
| Operating revenue                                    | 5 319                          | 1 411                               | 134                 | -93          | 6 771                |
| Other operating income                               | 194                            | 169                                 | 2                   | 0            | 365                  |
| <b>Total operating income</b>                        | <b>5 513</b>                   | <b>1 580</b>                        | <b>136</b>          | <b>-93</b>   | <b>7 136</b>         |
| Distribution costs                                   | -647                           | -185                                | -15                 | 0            | -847                 |
| Cost of materials                                    | -2 862                         | -866                                | -28                 | 13           | -3 742               |
| Employee benefit expenses                            | -1 019                         | -248                                | -56                 | 3            | -1 321               |
| Other operating expenses                             | -497                           | -161                                | -55                 | 77           | -637                 |
| <b>EBITDA</b>  | <b>488</b>                     | <b>119</b>                          | <b>-18</b>          | <b>0</b>     | <b>590</b>           |
| Restructuring expenses                               | 0                              | -28                                 | -1                  | 0            | -29                  |
| Depreciation   | -276                           | -42                                 | -8                  | 0            | -326                 |
| Impairments  | -122                           | -71                                 | 0                   | 0            | -193                 |
| Derivatives and other fair value adjustments         | -36                            | -70                                 | 0                   | 0            | -106                 |
| <b>Operating earnings</b>                            | <b>55</b>                      | <b>-91</b>                          | <b>-27</b>          | <b>0</b>     | <b>-63</b>           |
| Share of operating revenue from external parties (%) | 100                            | 100                                 | 45                  |              | 100                  |



| INCOME STATEMENT               | Q3 2021   | Q2 2021   | Q3 2020   | YTD 2021   | YTD 2020   |
|--------------------------------|-----------|-----------|-----------|------------|------------|
| <b>OTHER OPERATING REVENUE</b> |           |           |           |            |            |
| Corporate functions            | 24        | 23        | 24        | 75         | 74         |
| Green energy and other         | 37        | 13        | 26        | 82         | 62         |
| <b>Total</b>                   | <b>61</b> | <b>36</b> | <b>50</b> | <b>157</b> | <b>136</b> |
| <b>EBITDA</b>                  |           |           |           |            |            |
| Corporate functions            | -12       | -5        | -8        | -9         | -28        |
| Green energy and other         | 10        | 1         | 4         | 17         | 11         |
| <b>Total</b>                   | <b>-2</b> | <b>-4</b> | <b>-4</b> | <b>9</b>   | <b>-18</b> |

## 6. FINANCIAL ITEMS AND DEBT REPAYMENTS

### FINANCIAL ITEMS

| NOK MILLION                  | Q3 2021    | Q2 2021    | Q3 2020    | YTD 2021    | YTD 2020    |
|------------------------------|------------|------------|------------|-------------|-------------|
| Net interest expenses        | -31        | -31        | -31        | -90         | -85         |
| Currency gains/losses*       | -6         | -39        | -19        | 37          | -283        |
| Other financial items        | -8         | -9         | -6         | -70         | -30         |
| <b>Total financial items</b> | <b>-45</b> | <b>-79</b> | <b>-56</b> | <b>-123</b> | <b>-399</b> |

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

### FINANCING

On 12 October Norske Skog announced that it had entered into debt facility agreements with an aggregate amount of EUR 265 million to finance its EUR 350 million investment in recycled containerboard conversion projects. See Note 12.

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 September 2021, the loan has been drawn by approximately EUR 37 million.

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

The financing covenants applicable to Norske Skog on a consolidated basis are (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% and (iv) minimum LTM EBITDA\* of NOK 300 million at 31 December 2021, and NOK 400 million thereafter. In addition, there are various company specific financial covenants applicable to the subsidiaries acting as borrowers under the respective credit facilities.

\*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<br>30 SEP 2021 |
|------------|----------|-------------------|---------------|-----------------------------------|
| March 2026 | EUR      | EURIBOR<br>+5.50% | 150           | 150                               |

### DEBT REPAYMENT SCHEDULE\*

| NOK MILLION                   | 2021      | 2022      | 2023      | 2024       | 2025-        |
|-------------------------------|-----------|-----------|-----------|------------|--------------|
| Bonds                         | 0         | 0         | 0         | 0          | 1 525        |
| Debt to credit institutions** | 17        | 36        | 55        | 111        | 478          |
| <b>Total</b>                  | <b>17</b> | <b>36</b> | <b>55</b> | <b>111</b> | <b>2 003</b> |

\*Not including items relating to IFRS 16.

\*\*Includes full 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 18 million in debt repayment in Q4 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 SEP 2021   | ASSETS     |             | LIABILITIES |             |
|---|------------|-------------|-------------|-------------|
|   | CURRENT    | NON-CURRENT | CURRENT     | NON-CURRENT |
| Energy contracts and embedded derivatives in energy contracts (level 3)     | 134        | 0           | 24          | 276         |
| Other derivatives and financial instruments carried at fair value (level 2) | 0          | 0           | 3           | 0           |
| <b>Total</b>  | <b>134</b> | <b>0</b>    | <b>27</b>   | <b>276</b>  |

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

The contract prices for energy in Norway are sensitive to change in paper and pulpwood prices. Externally forecasted price increases for paper increases the cost of energy. Although market prices for energy have increased in the short and the long end of the price curve compared to previous quarter, a higher contract price has a negative impact on the fair value of the contracts in the quarter.

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.   | 2 867 700         | 3.04          |
| The Bank of New York Mellon SA/NV  | 2 749 682         | 2.92          |
| VERDIPAPIRFONDET FIRST GENERATOR   | 2 066 754         | 2.19          |
| VERDIPAPIRFONDET HOLBERG NORGE     | 1 800 000         | 1.91          |
| The Bank of New York Mellon SA/NV  | 1 477 540         | 1.57          |
| VERDIPAPIRFONDET EIKA SPAR         | 1 445 456         | 1.53          |
| INTERTRADE SHIPPING AS             | 1 430 000         | 1.52          |
| RBC Investor services bank S.A.    | 1 361 111         | 1.44          |
| The Bank of New York Mellon SA/NV  | 1 254 596         | 1.33          |
| MP PENSJON PK                      | 1 198 015         | 1.27          |
| VERDIPAPIRFONDET EIKA NORGE        | 1 108 818         | 1.18          |
| CLEARSTREAM BANKING S.A.           | 1 049 749         | 1.11          |
| CARUCEL FINANCE AS                 | 1 012 124         | 1.07          |
| VERDIPAPIRFONDET FONDSFINANS NORGE | 853 118           | 0.91          |
| VERDIPAPIRFONDET NORDEA NORGE VERD | 789 435           | 0.84          |
| VERDIPAPIRFONDET FIRST GLOBALT     | 761 062           | 0.81          |
| M25 INDUSTRIER AS                  | 681 062           | 0.72          |
| PERSHING SECURITIES LIMITED        | 680 282           | 0.72          |
| Nordnet Bank AB                    | 677 757           | 0.72          |
| Other shareholders                 | 28 603 763        | 30.34         |
| <b>Total</b>                       | <b>94 264 705</b> | <b>100.00</b> |

The data is extracted from VPS 21 October 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 SEP 2021 | 30 JUN 2021 | 31 DEC 2020 | 30 SEP 2020 |
|--------------------------------------|-------------|-------------|-------------|-------------|
| Share price (NOK)                    | 37.10       | 34.90       | 38.70       | 26.95       |
| Book value of equity per share (NOK) | 29.35       | 35.70       | 39.01       | 57.15       |

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 113 million at 30 September 2021.

At 30 September 2021 Norske Skog holds a 26% share of Circa Group AS, with a carrying value of NOK 98 million. Loss is included in the

quarter with NOK 4 million. Circa Group AS is listed on Euronext Growth.

Due to later reporting dates than Norske Skog, the share of results from Circa Group is included with a three months lag.

## 11. RELATED PARTIES

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

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

## 12. EVENTS AFTER THE BALANCE SHEET DATE

On 12 October 2021 Norske Skog announced that it had entered into debt facility agreements with an aggregate amount of EUR 265 million to finance its EUR 350 million investment in recycled containerboard conversion project.

The total financing amounts to EUR 265 million, or approximately 75% of the EUR 350 million investment amount, of which EUR 193 million is for the Golbey containerboard project and EUR 72 million for the Bruck containerboard project.

The facilities will be drawn as capex is incurred, and repayment is scheduled and expected to commence approximately upon completion of each respective project with average maturity towards the end of 2030. Utilisations are subject to customary conditions precedent for such facilities. The debt financing of EUR 265 million is expected to increase Norske Skog's annual interest costs with approximately EUR 5 million annually once fully drawn.

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

## 13. HISTORICAL FIGURES

| INCOME STATEMENT                            | Q3 2021      | Q2 2021      | Q1 2021      | Q4 2020       | Q3 2020      |
|---|--------------|--------------|--------------|---------------|--------------|
| <b>Total operating income</b>               | <b>2 642</b> | <b>2 346</b> | <b>2 234</b> | <b>2 476</b>  | <b>2 199</b> |
| Variable costs                              | -1 923       | -1 697       | -1 532       | -1 663        | -1 511       |
| Fixed costs                                 | -608         | -631         | -591         | -668          | -615         |
| <b>EBITDA</b>                               | <b>111</b>   | <b>17</b>    | <b>112</b>   | <b>146</b>    | <b>73</b>    |
| Restructuring expenses                      | -17          | -160         | -3           | -47           | -12          |
| Depreciation                                | -109         | -105         | -104         | -112          | -108         |
| Impairments                                 | 0            | 0            | 0            | -258          | 0            |
| Derivatives and other fair value adjustment | -551         | -29          | 199          | -1 006        | 16           |
| <b>Operating earnings</b>                   | <b>-565</b>  | <b>-277</b>  | <b>204</b>   | <b>-1 276</b> | <b>-31</b>   |
| Share of profit in associated companies     | -4           | -9           | 0            | 6             | 4            |
| Financial items                             | -45          | -79          | 1            | 50            | -56          |
| <b>Profit/loss before income taxes</b>      | <b>-614</b>  | <b>-365</b>  | <b>205</b>   | <b>-1 221</b> | <b>-82</b>   |
| Income taxes                                | 12           | 10           | -11          | -142          | -7           |
| <b>Profit/loss for the period</b>           | <b>-602</b>  | <b>-355</b>  | <b>194</b>   | <b>-1 363</b> | <b>-89</b>   |

| SEGMENT INFORMATION                  | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 | Q3 2020 |
|--------------------------------------|---------|---------|---------|---------|---------|
| <b>Publication paper Europe</b>      |         |         |         |         |         |
| Total operating income               | 2 183   | 1 872   | 1 711   | 1 899   | 1 727   |
| EBITDA                               | 113     | 14      | 106     | 171     | 84      |
| Deliveries (1 000 tonnes)            | 433     | 403     | 382     | 403     | 362     |
| <b>Publication paper Australasia</b> |         |         |         |         |         |
| Total operating income               | 426     | 482     | 489     | 526     | 447     |
| EBITDA                               | 0       | 7       | -8      | -13     | -7      |
| Deliveries (1 000 tonnes)            | 68      | 87      | 90      | 97      | 79      |
| <b>Other activities</b>              |         |         |         |         |         |
| Total operating income               | 61      | 36      | 60      | 68      | 50      |
| EBITDA                               | -2      | -4      | 14      | -12     | -4      |

| BALANCE SHEET                        | 30 SEP 2021  | 30 JUN 2021  | 31 MAR 2021  | 31 DEC 2020  | 30 SEP 2020  |
|--------------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total non-current assets</b>      | <b>4 154</b> | <b>4 017</b> | <b>4 319</b> | <b>4 084</b> | <b>5 356</b> |
| Inventories                          | 1 134        | 1 172        | 1 184        | 1 194        | 1 386        |
| Trade and other receivables          | 1 317        | 1 180        | 954          | 1 288        | 1 095        |
| Cash and cash equivalents            | 1 163        | 1 324        | 1 622        | 980          | 1 093        |
| Other current assets                 | 213          | 503          | 482          | 241          | 382          |
| <b>Total current assets</b>          | <b>3 827</b> | <b>4 178</b> | <b>4 243</b> | <b>3 703</b> | <b>3 956</b> |
| <b>Total assets</b>                  | <b>7 982</b> | <b>8 196</b> | <b>8 562</b> | <b>7 787</b> | <b>9 311</b> |
| <b>Total equity</b>                  | <b>2 767</b> | <b>3 365</b> | <b>3 677</b> | <b>3 219</b> | <b>4 715</b> |
| <b>Total non-current liabilities</b> | <b>3 259</b> | <b>2 846</b> | <b>2 834</b> | <b>2 496</b> | <b>2 650</b> |
| Trade and other payables             | 1 698        | 1 633        | 1 528        | 1 728        | 1 651        |
| Other current liabilities            | 258          | 351          | 523          | 345          | 295          |
| <b>Total current liabilities</b>     | <b>1 956</b> | <b>1 985</b> | <b>2 051</b> | <b>2 073</b> | <b>1 946</b> |
| <b>Total liabilities</b>             | <b>5 215</b> | <b>4 831</b> | <b>4 884</b> | <b>4 568</b> | <b>4 596</b> |
| <b>Total equity and liabilities</b>  | <b>7 982</b> | <b>8 196</b> | <b>8 562</b> | <b>7 787</b> | <b>9 311</b> |

## NORSKE SKOG QUARTERLY REPORT – THIRD QUARTER 2021 (UNAUDITED)

| CASH FLOW  | Q3 2021     | Q2 2021     | Q1 2021     | Q4 2020     | Q3 2020     |
|--|-------------|-------------|-------------|-------------|-------------|
| <b>Reconciliation of net cash flow from operating activities</b> |             |             |             |             |             |
| EBITDA   | 111         | 17          | 112         | 146         | 73          |
| Change in working capital  | -22         | -115        | 141         | 33          | 127         |
| Payments made relating to restructuring activities               | -129        | -19         | -19         | -27         | -15         |
| Gain and losses from divestment                                  | -9          | 0           | -7          | -1          | 1           |
| Cash flow from net financial items                               | -42         | -36         | -32         | -31         | -32         |
| Taxes paid   | -43         | -18         | -13         | -20         | -17         |
| Other  | 34          | -19         | -18         | -27         | -21         |
| <b>Net cash flow from operating activities</b>                   | <b>-99</b>  | <b>-190</b> | <b>163</b>  | <b>73</b>   | <b>115</b>  |
| Purchases of property, plant and equipment and intangible assets | -347        | -159        | -189        | -244        | -160        |
| Net divestments  | 179         | 0           | -49         | 27          | 29          |
| <b>Net cash flow from investing activities</b>                   | <b>-168</b> | <b>-159</b> | <b>-238</b> | <b>-217</b> | <b>-131</b> |
| <b>Net cash flow from financing activities</b>                   | <b>109</b>  | <b>47</b>   | <b>723</b>  | <b>58</b>   | <b>-387</b> |
| Foreign currency effects on cash and cash equivalents            | -2          | 4           | -6          | -28         | 9           |
| <b>Total change in cash and cash equivalents</b>                 | <b>-161</b> | <b>-298</b> | <b>642</b>  | <b>-113</b> | <b>-394</b> |

## 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                                  | Q3 2021    | Q2 2021   | Q3 2020   | YTD 2021   | YTD 2020   |
|--|------------|-----------|-----------|------------|------------|
| Operating earnings                           | -565       | -277      | -31       | -638       | -63        |
| Restructuring expenses                       | 17         | 160       | 12        | 180        | 29         |
| Depreciation                                 | 109        | 105       | 108       | 318        | 326        |
| Impairments                                  | 0          | 0         | 0         | 0          | 193        |
| Derivatives and other fair value adjustments | 551        | 29        | -16       | 381        | 106        |
| <b>EBITDA</b>                                | <b>111</b> | <b>17</b> | <b>73</b> | <b>240</b> | <b>590</b> |

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

| NOK MILLION            | Q3 2021      | Q2 2021      | Q3 2020      | YTD 2021     | YTD 2020     |
|------------------------|--------------|--------------|--------------|--------------|--------------|
| EBITDA                 | 111          | 17           | 73           | 240          | 590          |
| Total operating income | 2 642        | 2 346        | 2 199        | 7 222        | 7 136        |
| <b>EBITDA margin</b>   | <b>4.2 %</b> | <b>0.7 %</b> | <b>3.3 %</b> | <b>3.3 %</b> | <b>8.3 %</b> |

**Variable costs:** Distribution costs + cost of materials

| NOK MILLION           | Q3 2021      | Q2 2021      | Q3 2020      | YTD 2021     | YTD 2020     |
|-----------------------|--------------|--------------|--------------|--------------|--------------|
| Distribution costs    | 307          | 294          | 268          | 896          | 847          |
| Cost of materials     | 1 615        | 1 403        | 1 243        | 4 255        | 3 742        |
| <b>Variable costs</b> | <b>1 923</b> | <b>1 697</b> | <b>1 511</b> | <b>5 151</b> | <b>4 589</b> |

**Fixed costs:** Employee benefit expenses + other operating expenses.

| NOK MILLION               | Q3 2021    | Q2 2021    | Q3 2020    | YTD 2021     | YTD 2020     |
|---------------------------|------------|------------|------------|--------------|--------------|
| Employee benefit expenses | 436        | 444        | 417        | 1 295        | 1 321        |
| Other operating expenses  | 173        | 187        | 198        | 535          | 637          |
| <b>Fixed costs</b>        | <b>608</b> | <b>631</b> | <b>615</b> | <b>1 830</b> | <b>1 957</b> |

## NORSKE SKOG QUARTERLY REPORT – THIRD QUARTER 2021 (UNAUDITED)

**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                                    | Q3 2021        | Q2 2021        | Q3 2020       | YTD 2021       | YTD 2020     |
|--|----------------|----------------|---------------|----------------|--------------|
| EBITDA   | 111            | 17             | 73            | 240            | 590          |
| Capital expenditure                            | 347            | 159            | 160           | 695            | 388          |
| Average capital employed                       | 4 527          | 4 315          | 4 734         | 4 529          | 5 200        |
| <b>Return on capital employed (annualised)</b> | <b>-20.8 %</b> | <b>-13.1 %</b> | <b>-7.3 %</b> | <b>-13.4 %</b> | <b>5.2 %</b> |

| NOK MILLION                 | 30 SEP 2021  | 30 JUN 2021  | 31 DEC 2020  | 30 SEP 2020  |
|-----------------------------|--------------|--------------|--------------|--------------|
| Intangible assets           | 19           | 17           | 55           | 47           |
| Tangible assets             | 3 892        | 3 655        | 3 586        | 3 853        |
| Inventory                   | 1 134        | 1 172        | 1 194        | 1 386        |
| Trade and other receivables | 1 317        | 1 180        | 1 288        | 1 095        |
| Trade and other payables    | -1 698       | -1 633       | -1 728       | -1 651       |
| <b>Capital employed</b>     | <b>4 663</b> | <b>4 390</b> | <b>4 395</b> | <b>4 730</b> |

**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 SEP 2021  | 30 JUN 2021 | 31 DEC 2020 | 30 SEP 2020 |
|--|--------------|-------------|-------------|-------------|
| Interest-bearing non-current liabilities | 2 136        | 2 029       | 1 613       | 1 657       |
| Interest-bearing current liabilities     | 79           | 74          | 92          | 65          |
| Cash and cash equivalents                | -1 163       | -1 324      | -980        | -1 093      |
| <b>Net interest-bearing debt</b>         | <b>1 052</b> | <b>779</b>  | <b>725</b>  | <b>628</b>  |

**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

## Q3 2021 presentation

22 October 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 with **CEBINA, CEBICO and Circa**
- Industrial sites portfolio provide foundation for **further industrial development**

2

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



# Third quarter in brief

## Considerable price increases for all product grades in Q3 2021 and into Q4 2021

- Publication paper market tightening following significant capacity closures over past 18 months, further closures announced for 2022-23
- Further price increases required both in Q4 2021 and Q1 2022 to compensate for continued increases in energy and raw material prices

## EBITDA of NOK 111m in the quarter

- EBITDA improvement from previous quarter, but margins remain at low and unsustainable levels
- Significant negative impact from energy and raw material costs

## Tasman sales process

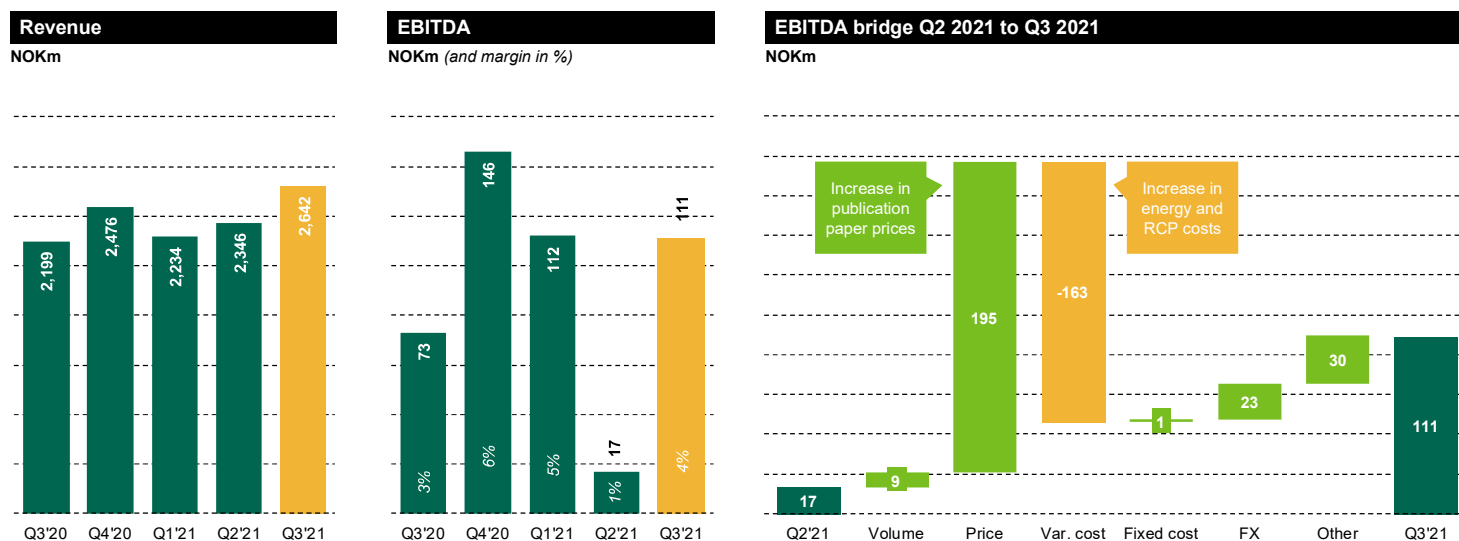
- Sale of energy contract and employee redundancy payments settled in the quarter
- Net positive cash impact in the quarter of NOK 70 million

## Entered into credit facilities for conversion projects following end of quarter

- Attractive terms for EUR 265 million debt financing with average maturity towards the end of 2030

3

# Margins impacted by volatile and uncertain cost environment



4

# Segment financials for Q3 2021

| Segment financials        |         |         |         |          |          |
|---------------------------|---------|---------|---------|----------|----------|
| NOKm                      | Q3 2021 | Q2 2021 | Q3 2020 | YTD 2021 | YTD 2020 |
| <b>Europe</b>             |         |         |         |          |          |
| Total operating income    | 2,183   | 1,872   | 1,727   | 5,765    | 5,513    |
| EBITDA                    | 113     | 14      | 84      | 233      | 488      |
| EBITDA margin             | 5.2%    | 0.8%    | 4.9%    | 4.0%     | 8.9%     |
| Production (1 000 tonnes) | 428     | 381     | 341     | 1201     | 1086     |
| Deliveries (1 000 tonnes) | 433     | 403     | 362     | 1218     | 1080     |
| Production / capacity     | 96%     | 85%     | 72%     | 90%      | 76%      |
| <b>Australasia</b>        |         |         |         |          |          |
| Total operating income    | 426     | 482     | 447     | 1,397    | 1,580    |
| EBITDA                    | 0       | 7       | -7      | -2       | 119      |
| EBITDA margin             | 0.0%    | 1.4%    | -1.6%   | -0.1%    | 7.5%     |
| Production (1 000 tonnes) | 62      | 79      | 75      | 230      | 238      |
| Deliveries (1 000 tonnes) | 68      | 87      | 79      | 246      | 246      |
| Production / capacity     | 87%     | 69%     | 69%     | 77%      | 73%      |
| <b>Other activities</b>   |         |         |         |          |          |
| Total operating income    | 61      | 36      | 50      | 157      | 136      |
| EBITDA                    | -2      | -4      | -4      | 9        | -18      |

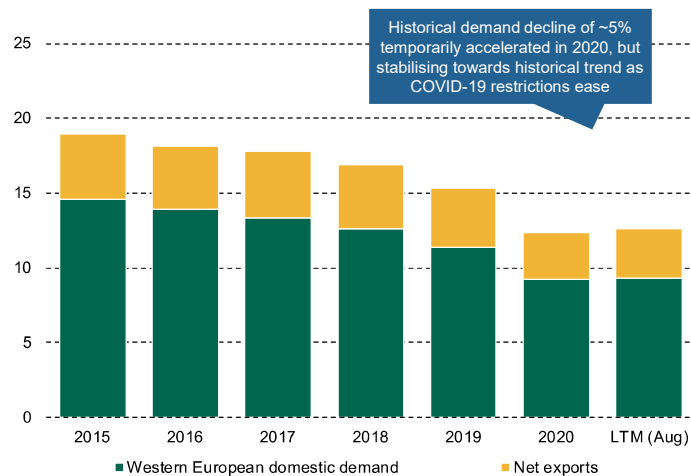
- Utilisation of 96% (equivalent to full utilisation)
- Realised prices in the quarter up ~15% to previous quarter
- Significant increase in raw material prices (energy and recovered paper)

- Utilisation of 87% (Tasman no longer part of paper capacity)
- Tasman closed on 30 June 2021
- Boyer is the only domestic publication paper supplier

# Western European publication paper market tightening as capacity closures surpass COVID-19 demand loss

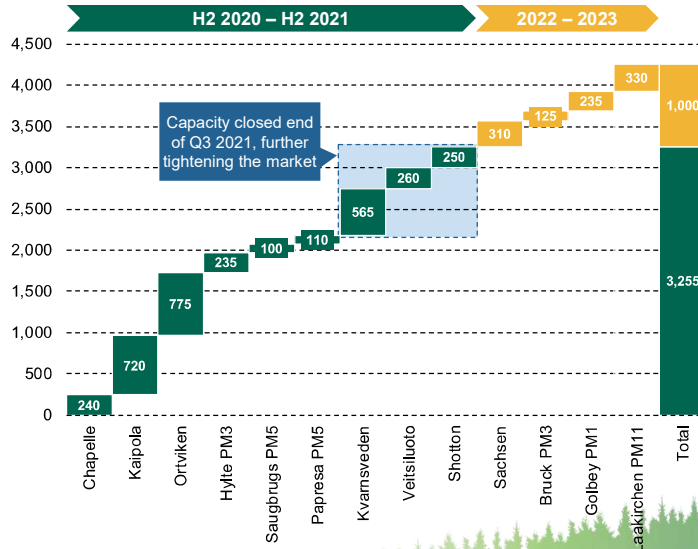
## Publication paper demand stabilising as COVID-19 restrictions ease

Publication paper demand Western Europe, million tonnes

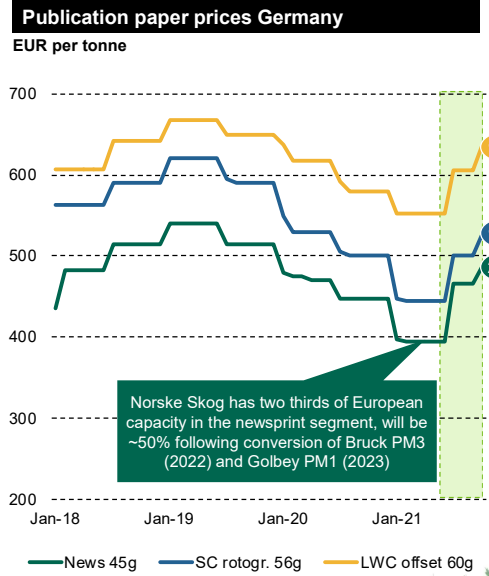
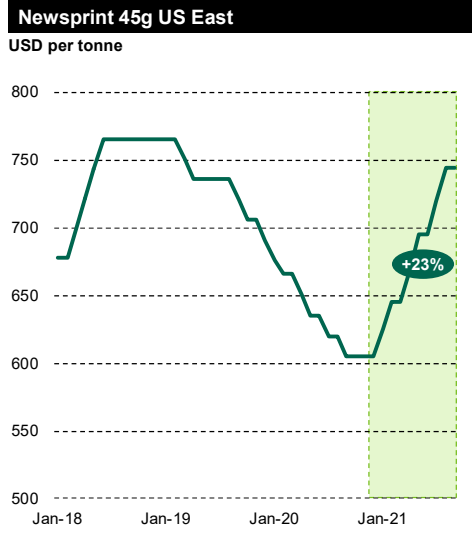
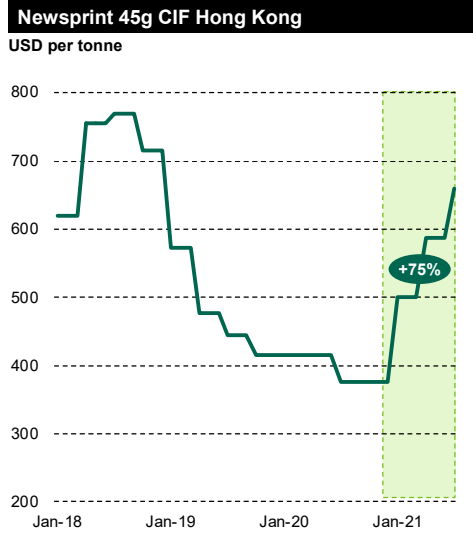


## Publication paper capacity closures since H2 2020

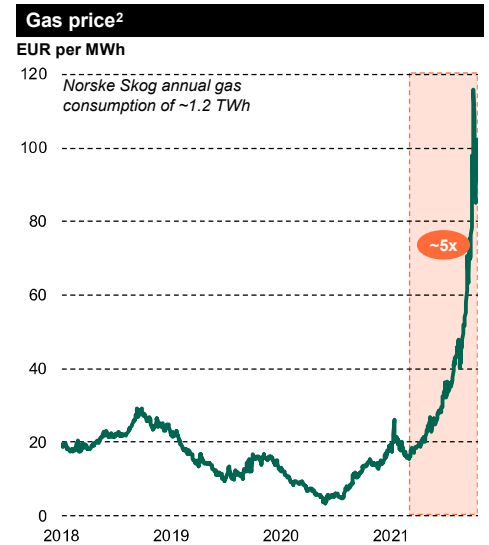
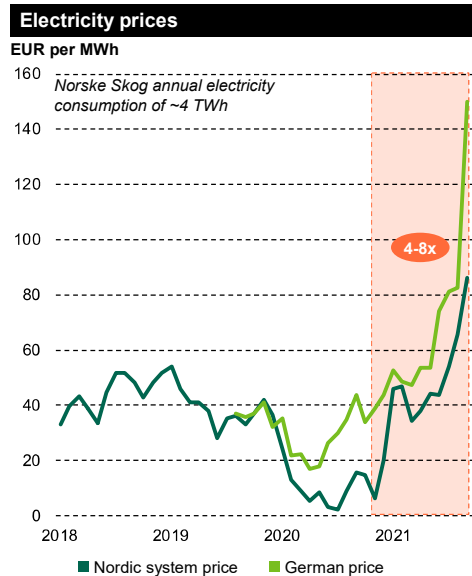
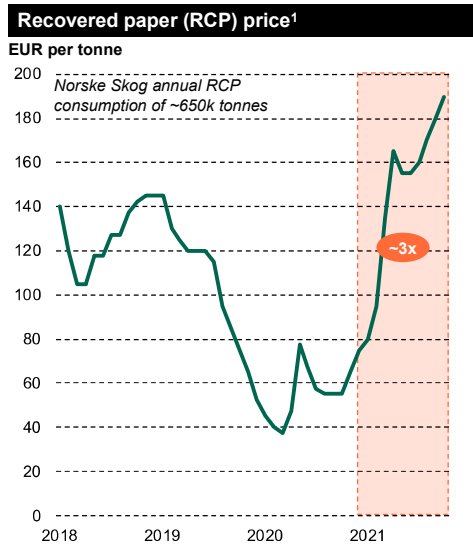
Capacity closures in Western Europe, thousand tonnes



# Price increases in Q3 2021 and into Q4 2021, with significant further increases required and expected



# Energy and fibre costs squeezing industry margins to unsustainable levels



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

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



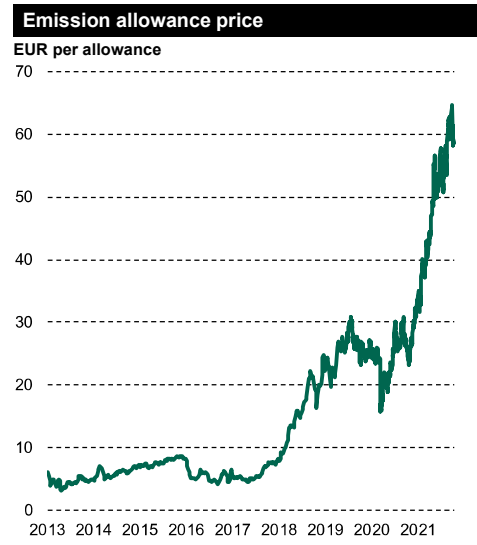
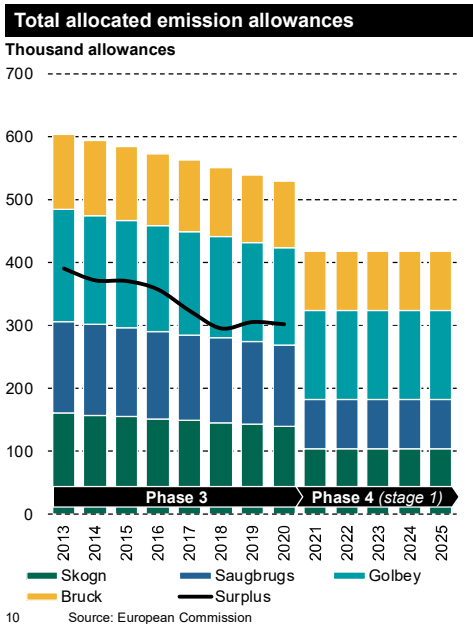
- 50 MW(th)** capacity
- +400 GWh(th)** production
- 160k tonnes** RDF<sup>1</sup> capacity
- NOK ~200m** EBITDA<sup>2</sup>
- 150k tonnes** CO<sub>2</sub> reduction

- Waste-to-energy plant with proven technology and **turnkey installation** contract from Valmet
- **On time and on budget** for start-up in Q2 2022
- **Invested EUR 55m to date** of total EUR 72m investment (EUR 17m remains)
- **Drawn EUR 38m to date** of EUR 54m loan facility (EUR 16m remains)
- Significant positive environmental impact by diverting 160k tonnes of RDF<sup>1</sup> from landfills
- Replace ~0.7 TWh of gas consumption and reduce CO<sub>2</sub> emissions with 150k tonnes

**EU Green Deal: Circular Economy Action Plan**  
Reduce landfill to a maximum of 10 % of municipal waste generated by 2030

9 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;  
2) Based on historical and normalised energy prices

# Industry low CO<sub>2</sub> footprint enabling annual CO<sub>2</sub> emission allowance surplus



- Net surplus 2021 expected at ~200k allowances, however additional ~60k allowances purchased through the year and no allowances sold
- Indication to receive gross ~420k allowances annually in period 2021-2025. Annual fossil CO<sub>2</sub> emissions of ~220k tonnes (prior to waste-to-energy plant)
- Waste-to-energy plant at Bruck will reduce CO<sub>2</sub> footprint with 150k tonnes annually, start Q2 2022
- Allowance sale income booked quarterly based on annual expected surplus, but cash proceeds received upon sale
- Cost compensation booked quarterly, cash proceeds received the year after booking

10 Source: European Commission

# Full steam ahead into the containerboard market

## Containerboard projects in progress

Site preparations and equipment orders underway

## Invested EUR ~20m as of Q3 2021

Project investment of EUR 350m (large share on contract)

## Expected EBITDA of EUR 70-80m

Based on historical trend prices and full utilisation in 2025-26

## EUR 265m debt financing

ECA<sup>1</sup>-backed debt financing of ~75% of investment amount

## Q4 2022 first production

Stepwise commercial introduction

## 760 000 tonnes

Recycled containerboard production capacity

11 1) ECA = Export Credit Agency



# Becoming a leading independent supplier of recycled containerboard



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 conversion candidate)

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



Norske Skog Bruck – Austria

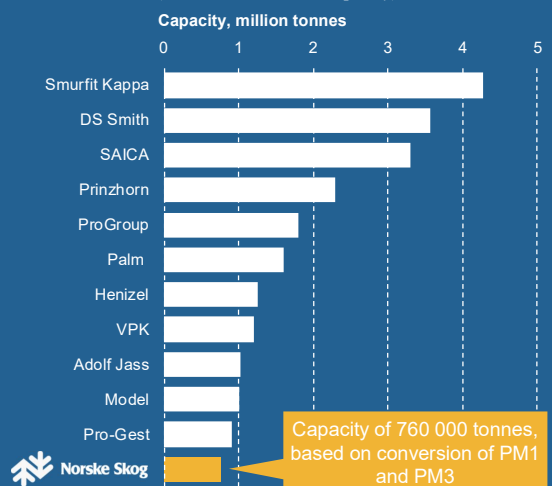
### PM3 (FID completed)

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

### PM4 (future conversion candidate)

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

Top recycled containerboard suppliers in Europe (includes announced capacity)

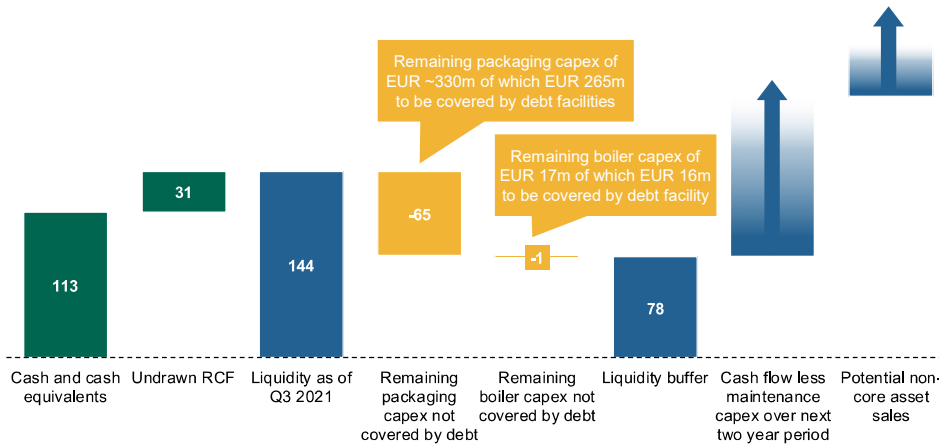


Capacity of 760 000 tonnes, based on conversion of PM1 and PM3

# Liquidity and financing in place to meet capital expenditure commitments over next two years

## Liquidity position as of Q3 2021 and remaining capital expenditure commitments

EURm



- EUR ~66m of remaining expansion capex that is not covered by debt facilities, well within existing liquidity of EUR ~144m
- Additional liquidity expected from operational cash flow less maintenance capex over next two-year period
- Potential for further liquidity from asset sales, including Nature's Flame pellets facility, property projects and Tasman mill assets
- Current net debt of EUR ~100m to increase as remaining expansion capex of EUR ~350m<sup>1</sup> is incurred over next two years
- Capex driven increase in net debt expected to be alleviated by operational cash flows less maintenance capex in the same period
- EUR 265m conversion financing (EUR 193m in Golbey and EUR 72m in Bruck), ~75% of investment amount
- Repayment expected to commence upon completion, with average maturity towards the end of 2030

13 1) Comprises of EUR ~330m for packaging projects and EUR 17m for Bruck Waste-to-Energy facility (boiler)

# Norske Skog will enter the large, growing and established recycled containerboard market in Q4 2022

## Three main segments of fibre-based packaging products



## Focus on recycled containerboard

**STRATO|Liner**  
Weight range: 90-160g per sqm  
Fibre: 100% recovered fibre  
Use: Liner in corrugated sheets

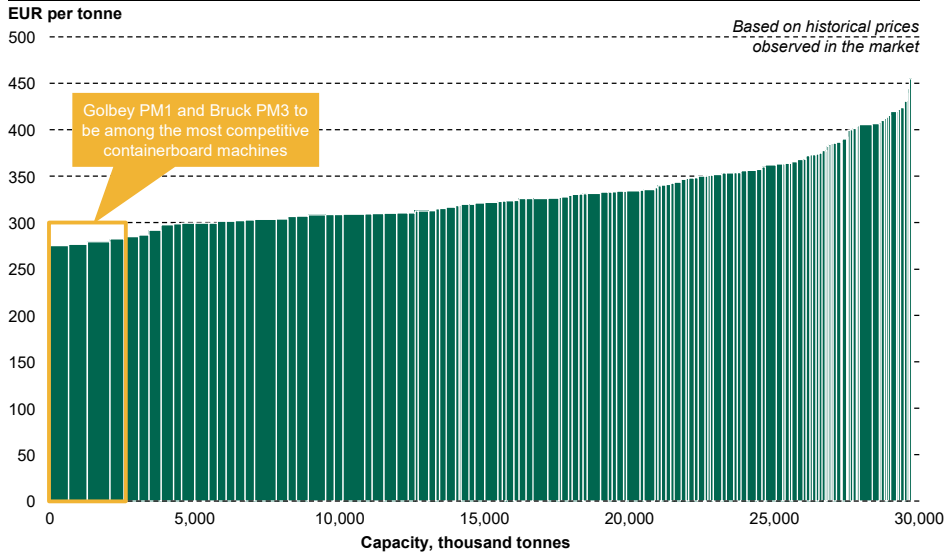
**STRATO|Fluting**  
Weight range: 70-160g per sqm  
Fibre: 100% recovered fibre  
Use: Fluting in corrugated sheets

- Well-suited machines for light-weight containerboard
- Publication paper experience highly relevant
- Fast growing market in need of additional capacity

- Lightweight and strong fluting and testliner board
- Inevitably circular from 100% recycled fibre
- Supporting e-commerce with sustainable packaging
- Replacing plastic where and when possible

# Projects chosen on basis of first quartile cash cost position enabled by fundamental properties of the machines

## Cash cost delivered Frankfurt for all recycled containerboard machines in Europe<sup>1</sup>

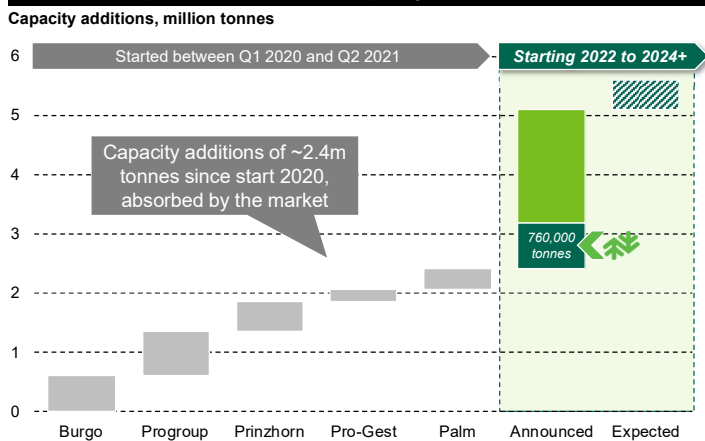


- ✓ Centrally located in Europe enables low inbound and outbound **transportation costs**
- ✓ Large industrial sites with **scale advantage** and established presence in raw materials markets
- ✓ Biomass boiler in Golbey and Waste-to-Energy boiler in Bruck secure sustainable and **competitive steam supply**
- ✓ Top brownfield opportunities in Europe, with machine specifications that enable **cost-leadership position**

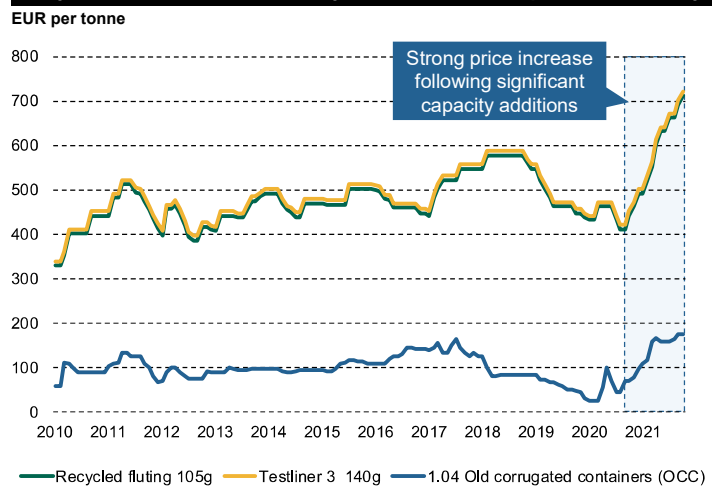
15 Source: External industry consultant (third-party), cost data as of Q3 2019  
1) Europe excluding Russia

# Recent capacity additions absorbed by the market as containerboard prices continue to increase

## Western European containerboard capacity additions



## Recycled containerboard and recycled fibre reference prices in Germany



16 Source: RISI, company press releases



## Circa sees strong headwinds from volatile global markets, but company potential remains intact

- Capex for Circa's ReSolute demonstration plant up from **EUR 32m to EUR 50-55m** and **6 months delay** driven by unprecedented increase in raw material prices
- Circa will **work to remain fully financed on capital raised** by discussing with suppliers, optimising scope, exploring vendor financing and grant opportunities

### Promising market opportunity remains intact

- Patented process for scale production of high-value biochemicals
- Process verified through 15 years of research and five pilot plants
- Core product, Cyrene, is a high-performance sustainable alternative to toxic solvents
- Lol<sup>1</sup> with Merck KGaA and direct discussions with brand owners regarding Cyrene
- Increasing regulatory restrictions for use of fossil and harmful solvents
- Support from the EU through a EUR ~12m grant under Horizon 2020

**Norske Skog holds ~26% and will remain a long-term partner and shareholder**

17 1) Lol = Letter of Intent



## CEBINA enters a new product segment with first commercial sales for use in water-based paints



### CEBINA applied to water-based paints



- First commercial sales in Q4 2020 for epoxy floors
- Recently entered into water-based paints as a new commercial application area
- Contract encompasses regular volume sales at an annual size of NOK ~500 000 with potential for further growth
- Demand currently within existing capacity of 100-500 tonnes depending on grade
- Several commercial discussions ongoing and potential for entry into international sales agreements
- Capacity expansions will be considered depending on demand development
- Potential expansions will be modular and utilise existing facilities and infrastructure

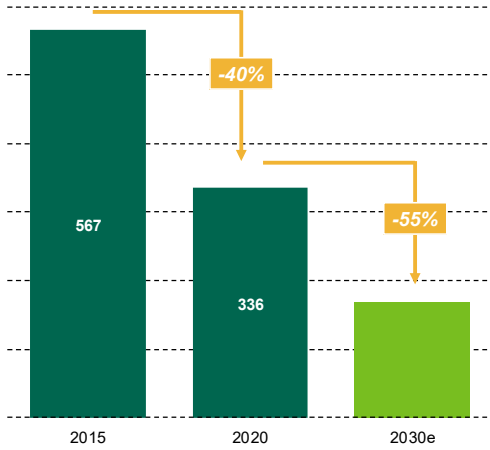
18



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

## Carbon footprint development and ambition

Kg CO<sub>2</sub> direct and indirect (scope 1 and 2) emissions per tonne produced<sup>1</sup>



**A-** Excellent reporting in line with best practice. Good description of material issues and relevant results. Clear strategy and specific, quantifiable targets.



- ✓ Industry low CO<sub>2</sub> intensity under the EU ETS<sup>2</sup> in 2020
- ✓ New energy efficiency initiatives being introduced in 2021<sup>3</sup>
- ✓ Waste-to-energy boiler reducing CO<sub>2</sub> 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

19

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 came on stream in 2021 and further improved 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 and into 2022
- Continued high prices for energy, 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 Q4 2021
- Semi-industrial CEBICO pilot of 300 tonnes starting in Q4 2021
- Bruck waste-to-energy facility start-up Q2 2022
- First containerboard production to start in Q4 2022

**CMD**

25 November  
09:00 – 12:00

20



Norske Skog ASA

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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

### Improved sales prices partly offset by higher variable cost

Norske Skog's EBITDA in the third quarter of 2021 was NOK 111 million, an increase from NOK 17 million in the second quarter of 2021. Sales price increases in the quarter were offset by unprecedented increases in raw material costs, in particular energy. The utilization rate was very high due to a tightened market for publication paper following significant capacity closures and post Covid-19 demand recovery across all grades. Following the quarter, Norske Skog successfully financed the EUR 350 million containerboard conversion investment with debt facilities of EUR 265 million.

*"The substantial capacity closures have eliminated the imbalance in both the newsprint and magazine paper markets. There have been substantial price hikes in the European markets during the third quarter caused by the unprecedented volatile energy and raw material costs situation currently experienced in Europe. These cost increases are expected to continue and may necessitate further price increases in the fourth quarter of 2021 and into 2022,"* says Sven Ombudstvedt, CEO of Norske Skog.

Cash flow from operations was NOK -99 million in the quarter compared to NOK -190 million in the previous quarter, negatively impacted by employee redundancy payments in the quarter of NOK 129 million at the Tasman mill in New Zealand. Operating earnings in the third quarter of 2021 were NOK -565 million compared to operating earnings in the second quarter of 2021 of NOK -277 million. The quarter was negatively affected by non-cash changes in fair value of energy contracts in Norway amounting to NOK -551 million. Net loss in the quarter was NOK 602 million compared to a net loss of NOK 355 million in the previous quarter. Net interest-bearing debt was NOK 1 052 million at the end of the third quarter, with an equity ratio of 35%.

#### Status projects

The final investment decisions to convert one newsprint machine both at Golbey and Bruck will add 760 000 tonnes of cost-competitive and low-emission containerboard capacity. The containerboard production will be fully based on recycled fibre, and will use green energy generated from the construction of a new waste-to-energy plant at the Bruck industrial site and a new biomass plant at the Golbey industrial site. Following the quarter, Norske Skog entered into debt facility agreements with an aggregate amount of EUR 265 million to finance the EUR 350 million investment into the recycled containerboard projects. The commercial terms are attractive and support the highly competitive profile of the containerboard projects.

*"Packaging production will become a vital part of Norske Skog's future business. The conversion of the Bruck and Golbey newsprint machines into packaging will further diversify our asset base and create new long-term revenue streams from 2023. The machine conversions and energy plants will increase the value of the Bruck and Golbey industrial sites, and we will shortly be able to both serve publication paper and packaging markets in a sustainable and profitable manner. Our other fibre and energy projects are progressing according to plan, and will contribute to a long-term sustainable industrial platform,"* says Norske Skog's CEO Sven Ombudstvedt.

Norske Skog actively works to realise value from the industrial sites by developing existing infrastructure and industry competence. Last week, Norske Skog announced that CEBINA has accomplished successful commercial entry into a new application for water-based paints.

The continued development of CEBICO (bio composites) also progressed well in the quarter. The installation of a NOK 25 million extruder, enabling a significant increase in the ability and quality of testing with potential customers, will be completed in the fourth quarter of 2021.

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#### Norske Skog ASA

Sjølyst plass 2  
P.O. Box 294 Skøyen, 0213 Oslo  
Norway

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, third quarter of 2021

| NOK million (unless otherwise stated)                 | Q3 2021 | Q2 2021 | Q3 2020 | YTD 2021 | YTD 2020 |
|---|---------|---------|---------|----------|----------|
| <b>Income statement</b>                               |         |         |         |          |          |
| Total operating income                                | 2 642   | 2 346   | 2 199   | 7 222    | 7 136    |
| EBITDA  | 111     | 17      | 73      | 240      | 590      |
| Operating earnings                                    | -565    | -277    | -31     | -638     | -63      |
| Profit/loss for the period                            | -602    | -355    | -89     | -763     | -522     |
| <b>Cash flow</b>                                      |         |         |         |          |          |
| Net cash flow from operating activities               | -99     | -190    | 115     | -126     | 476      |
| Net cash flow from investing activities               | -168    | -159    | -131    | -565     | 518      |
| <b>Operating margin and profitability (%)</b>         |         |         |         |          |          |
| EBITDA margin   | 4.2     | 0.7     | 3.3     | 3.3      | 8.3      |
| Return on capital employed (annualised)               | -20.8   | -13.1   | -7.3    | -13.4    | 5.2      |
| <b>Capacity utilisation</b> (Production / capacity %) | 95      | 82      | 71      | 87       | 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 production capacity of 90 000 tonnes.

#### Europe

Operating revenue increased from the previous quarter with both higher sales volumes and sales prices. Price increases have been driven by unprecedented pan-European increases in energy and other raw material costs, as well as an increasingly tighter publication paper market following substantial capacity closures and demand recovery. Variable cost per tonne increased in the quarter due to significantly higher energy prices and cost of other raw materials. Fixed costs per tonne decreased slightly due to higher deliveries. According to Eurograph, demand for standard newsprint in Europe decreased by 3% through July compared to the same period in 2020. Both SC magazine and LWC paper demand increased by around 1% through July compared to the same period last year. Capacity utilisation was 96% in the quarter, up from 85% in the previous quarter.

#### Australasia

Operating income decreased compared to previous quarter due to lower delivery volumes as a result of Tasman ceasing paper production, but was somewhat offset by a slight price increase mainly due to reduced exports. Variable costs per tonne were higher compared to the previous quarter because of higher energy and raw materials costs. 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 third quarter in Australasia increased by 1% compared to the same period in 2020. Capacity utilisation was 87% in the period, significantly up from 69% in the previous quarter, due to the cessation of paper production at Tasman.

### Outlook

Energy and raw material markets have become highly volatile and uncertain during the third quarter, and the situation continues into the fourth quarter. The unprecedented increases for the largest input factors do not show signs of being alleviated any time soon. The industry has seen significant capacity closures and capacity dedicated to packaging grades, which have positively impacted the market balance. Additional capacity closures have been announced for 2022 and 2023, including the conversion of Norske Skog's Bruck PM3 (2022) and Golbey PM1 (2023). Operating rates are expected to remain high in the industry for the remainder of 2021 and into 2022.

The increased prices for energy, recovered paper and other input costs, coupled with significant industry closures and high operating rates resulted in publication paper price increases for all grades in Europe from 1 July 2021. However, the unprecedented cost increases are expected to continue and have necessitated further price increases in the fourth quarter of 2021 and into 2022.

The sales process for the Tasman mill has progressed through the quarter, with settlement for the sale of energy contracts, and the payment of employee redundancy costs. The complete settlement of the Tasman sale is expected to provide a net positive cash contribution of NZD 15-20 million. For Nature's Flame, a 60 000 tonnes capacity expansion study is underway. A sales process for the asset will likely be concluded in 2022.

With the final investment decisions taken for conversion to containerboard at both Bruck and Golbey, and financing secured for both projects, Norske Skog will continue preparatory site work at both locations as planned and undertake required commercial work going forward. Norske Skog will also focus on developing business opportunities for CEBINA and CEBICO. This means 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 cooperation with partners such as Ocean GeoLoop.

### **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 ongoing 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 energy and fibre development projects. The Group has approximately 2 150 employees, 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 CEST for pre-registered participants. The presentation, the quarterly financial statements and the press releases are available on [www.norskeskog.com](http://www.norskeskog.com) and published on [www.newsweb.no](http://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](http://www.newsweb.no).

Norske Skog  
Communications and Public Affairs

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## Pressemelding

### Bedre salgspriser delvis motvirket av høyere variable kostnader

Norske Skogs EBITDA i tredje kvartal 2021 var NOK 111 millioner, en oppgang fra NOK 17 millioner i andre kvartal 2021. Salgsprisøkninger i kvartalet ble motvirket av rekordhøye økninger i råvarekostnader, og da særlig energi. Kapasitetsutnyttelsen var svært høy på grunn av et stramt marked for publikasjonspapir etter betydelige kapasitetsstengninger og gjenvunnen etterspørsel for samtlige papirkvaliteter etter Covid-19. Etter kvartalet har Norske Skog inngått låneavtaler på til sammen EUR 265 millioner for finansiering av de to europeiske emballasjeprosjektene med en samlet investeringsramme på EUR 350 millioner.

*- De betydelige kapasitetsstengningene har eliminert ubalansen i markedene for både avis- og magasinpapir. Vi forventer derfor en betydelig prisoppgang i løpet av andre halvår av 2021. Det har vært betydelige prisstigninger i de europeiske markedene i løpet av tredje kvartal forårsaket av en eksepsjonell situasjon med volatile energi- og råvarekostnader i Europa. Disse kostnadsøkningene forventes å fortsette og kan nødvendiggjøre ytterligere prisøkninger i fjerde kvartal 2021 og inn i 2022, sier Sven Ombudstvedt, konsernsjef i Norske Skog.*

Kontantstrøm fra driften var NOK -99 millioner i kvartalet sammenlignet med NOK -190 millioner kroner i forrige kvartal, og var i sterk grad påvirket av utbetalinger på NOK 129 millioner til ansatte hovedsaklig i forbindelse med stengningen av Tasmanfabrikken på New-Zealand. Driftsresultatet i tredje kvartal 2021 var på NOK -565 millioner sammenlignet med et driftsresultat på NOK -277 millioner i andre kvartal 2021. Kvartalet ble negativt påvirket av endringer, uten kontanteffekter, i verdifastsettelse av energikontrakter i Norge på NOK -551 millioner. Underskuddet i kvartalet var NOK 602 millioner mot et underskudd på NOK 355 millioner i forrige kvartal. Netto rentebærende gjeld var NOK 1 052 millioner ved utgangen av tredje kvartal, med en egenkapitalandel på 35%.

#### Status prosjekter

Den endelige investeringsbeslutningen for konvertering av avispapirmaskiner ved både Bruck og Golbey vil legge til 760 000 tonn med konkurransedyktig, lavkostnads- og lavutslipps emballasjekapasitet. Emballasjeproduksjonen vil være fullt ut basert på resirkulert fiber og bruke grønn energi generert fra et nytt forbrenningsanlegg for avfall ved Bruckfabrikken og fra et nytt biomasseanlegg på fabrikkområdet i Golbey. Etter kvartalet har Norske Skog inngått låneavtaler på tilsammen EUR 265 millioner til finansiering av de to europeiske emballasjeprosjektene med et samlet investeringsbehov på EUR 350 millioner. Lånebetingelsene er attraktive og støtter den konkurransedyktige profilen til emballasjeprosjektene.

*- Emballasjevirkosomheten vil bli en betydelig del av Norske Skogs virksomhet fremover. Konverteringene av avispapirmaskinene ved Bruck og Golbey til emballasje vil diversifisere anleggsporteføljen vår ytterligere og skape nye langsiktige inntektsstrømmer fra 2023. Maskinbyggingene og energianleggene vil øke verdien på industriområdene til Bruck og Golbey, og om kort tid vil majoriteten av våre fabrikker kunne betjene både publikasjonspapir- og emballasjemarkeder på en bærekraftig og lønnsom måte. Våre andre fiber- og energiprojekter utvikler seg som planlagt, og vil bidra til en langsiktig, bærekraftig industriell plattform, sier Norske Skogs konsernsjef Sven Ombudstvedt.*

Norske Skog jobber aktivt for å realisere verdier fra industrianleggene ved å utvikle eksisterende infrastruktur og bransjekompetanse. Nylig kunngjorde Norske Skog at CEBINA har oppnådd vellykkede salg av en ny applikasjon for vannbasert maling.

Arbeidet med å utvikle biokompositter (CEBICO) viste god fremdrift i kvartalet. Investeringen i en ekstruder på NOK 25 millioner, som muliggjør en omfattende økning i testkapasitet og -kvalitet for potensielle kunder, vil bli fullført i fjerde kvartal 2021.

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#### Norske Skog ASA

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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, tredje kvartal 2021

| NOK millioner (om ikke annet opplyst)                | Q3 2021 | Q2 2021 | Q3 2020 | YTD 2021 | YTD 2020 |
|--|---------|---------|---------|----------|----------|
| <b>Resultatregnskap</b>                              |         |         |         |          |          |
| Totale inntekter                                     | 2 642   | 2 346   | 2 199   | 7 222    | 7 136    |
| EBITDA   | 111     | 17      | 73      | 240      | 590      |
| Driftsresultat                                       | -565    | -277    | -31     | -638     | -63      |
| Resultat for perioden                                | -602    | -355    | -89     | -763     | -522     |
| <b>Kontantstrøm</b>                                  |         |         |         |          |          |
| Netto kontantstrøm fra operasjonelle aktiviteter     | -99     | -190    | 115     | -126     | 476      |
| Netto kontantstrøm fra investeringsaktiviteter       | -168    | -159    | -131    | -565     | 518      |
| <b>Driftsmargin og lønnsomhet (%)</b>                |         |         |         |          |          |
| EBITDA margin  | 4.2     | 0.7     | 3.3     | 3.3      | 8.3      |
| Avkastning på investert kapital (annualisert)        | -20.8   | -13.1   | -7.3    | -13.4    | 5.2      |
| <b>Kapasitetsutnyttelse (produksjon/kapasitet %)</b> | 95      | 82      | 71      | 87       | 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 trepelletskapasitet på 90 000 tonn.

#### Europa

Driftsinntektene økte fra forrige kvartal som følge av høyere salgsvolum og salgspriser. Prisøkninger har blitt drevet av en rekordhøy økning i energi- og andre råvarekostnader i hele Europa, samt et stadig strammere marked for publikasjonspapir etter betydelige kapasitetsstengninger og etterspørselsøkning. Variabel kostnad per tonn økte i kvartalet på grunn av betydelig høyere energipriser og andre råvarekostnader. Faste kostnader per tonn gikk noe ned på grunn av høyere leveranser. Ifølge Eurograph falt etterspørselen etter standard avisepapir i Europa med 3% til og med juli sammenlignet med samme periode i 2020. Etterspørselen etter superkalandret magasinpapir (SC) og LWC magasinpapir økte med rundt 1% til og med juli sammenlignet med samme periode i fjor. Kapasitetsutnyttelsen var 96% i kvartalet, opp fra 85% i forrige kvartal.

#### Australasia

Driftsinntektene gikk ned sammenlignet med forrige kvartal på grunn av lavere leveranser, som følge av at Tasman stengte ned papirproduksjonen, men ble noe motvirket av en liten prisøkning, hovedsakelig på grunn av redusert eksport. De variable kostnadene per tonn var høyere sammenlignet med forrige kvartal på grunn av høyere energi- og råvarekostnader. Lønnskostnader var stort sett uendret, men økte per tonn grunnet lavere salgsvolum. I følge offisiell handelsstatistikk økte etterspørselen etter avisepapir i tredje kvartal i Australasia med 1% sammenlignet med samme periode i 2020. Kapasitetsutnyttelsen var 87% i perioden, betydelig opp fra 69% i forrige kvartal, på grunn av produksjonsstengningen på Tasman.

### Utsikter

Energi- og råvaremarkedene har blitt svært volatile og usikre i løpet av tredje kvartal, og situasjonen ser ut til å ville fortsette gjennom fjerde kvartal. Den rekordhøye økningen for de største innsatsfaktorene viser ikke tegn på forbedringer. Markedsbalansen er påvirket positivt av betydelige kapasitetsstengninger og kapasitet dedikert til emballasjekvaliteter. Ytterligere kapasitetsstengninger er kunngjort for 2022 og 2023, inkludert konverteringen av Norske Skogs Bruck PM3 (2022) og Golbey PM1 (2023). Kapasitetsutnyttelsen forventes å forbli høye i industrien resten av 2021 og inn i 2022.

De økte prisene på energi, returpapir og andre råvarekostnader, kombinert med betydelige stengninger i industrien samt høy kapasitetsutnyttelse resulterte i prisøkninger for publikasjonspapir innen alle produktkvaliteter i Europa



fra 1. juli 2021. Det rekordhøye kostnadsnivået forventes imidlertid å fortsette og har nødvendiggjort ytterligere prisøkninger i fjerde kvartal 2021 og i 2022.

Salgsprosessen for Tasman har fortsatt gjennom kvartalet med blant annet oppgjør for salg av energikontrakter og utbetaling av ansattes sluttoppgjør. Avviklingen av Tasman er samlet sett forventet å gi et netto positivt kontantbidrag på NZD 15-20 millioner. Nature's Flame gjennomfører nå en 60 000 tonn kapasitetsutvidelsesstudie. En salgsprosess Nature's Flame vil trolig bli gjennomført i løpet av 2022.

Med både endelige investeringsbeslutninger og gjennomført lånefinansiering for emballasjekonverteringene ved Bruck og Golbey, vil Norske Skog fortsette byggearbeidene ved begge fabrikker som planlagt og gjennomføre nødvendige kommersielle markedsforberedelser fremover. Norske Skog vil også fokusere på å utvikle forretningsmuligheter for CEBINA og CEBICO. Dette betyr helt konkret å inngå internasjonale salgssavtaler for CEBINA, samt å fullføre byggingen av pilotanlegg for biokompositter (CEBICO) som vil være i drift i løpet av fjerde kvartal 2021. Pilotanlegget vil muliggjøre produksjon og leveranser av større testvolumer 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-margins virksomhet gjennom en rekke spennende energi- og fiberprosjekter. Konsernet har cirka 2.150 ansatte, 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](http://www.norskeskog.com) og publisert på [www.newsweb.no](http://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](http://www.newsweb.no).

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