

# FOURTH 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. Newsprint and magazine paper are 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.

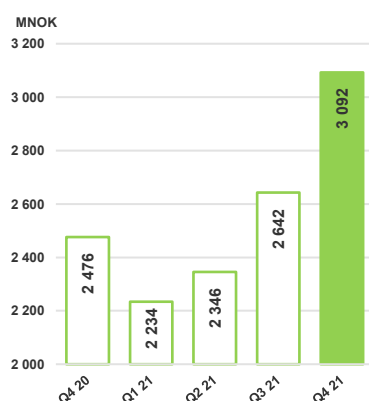
## KEY FIGURES

NOK MILLION	Q4 2021	Q3 2021	Q4 2020	2021	2020
<b>INCOME STATEMENT</b>					
Total operating income	3 092	2 642	2 476	10 315	9 612
EBITDA*	422	111	146	662	736
Operating earnings	479	-565	-1 276	-160	-1 339
Profit/loss for the period	400	-602	-1 363	-363	-1 884
Earnings per share (NOK)**	4.24	-6.38	-14.46	-3.85	-19.99
<b>CASH FLOW</b>					
Net cash flow from operating activities	317	-99	73	191	549
Net cash flow from operating activities per share (NOK)**	3.36	-1.05	0.77	2.02	5.82
Net cash flow from investing activities	-326	-168	-217	-891	302
<b>OPERATING MARGIN AND PROFITABILITY (%)</b>					
EBITDA margin*	13.6	4.2	5.9	6.4	7.7
Return on capital employed (annualised)*	8.1	-20.8	-8.6	-7.8	2.1
<b>PRODUCTION / DELIVERIES / CAPACITY UTILISATION</b>					
Production (1 000 tonnes)	490	490	476	1 921	1 800
Deliveries (1 000 tonnes)	489	501	500	1 952	1 825
Production / capacity (%)	95	95	81	89	77

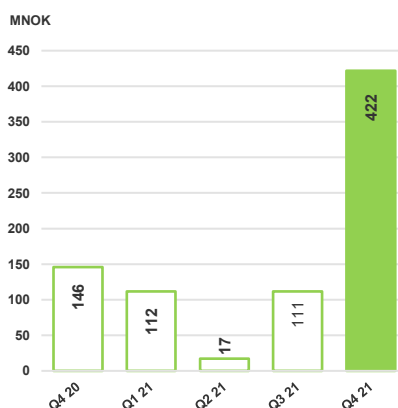
\* As defined in Alternative Performance Measures

\*\*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

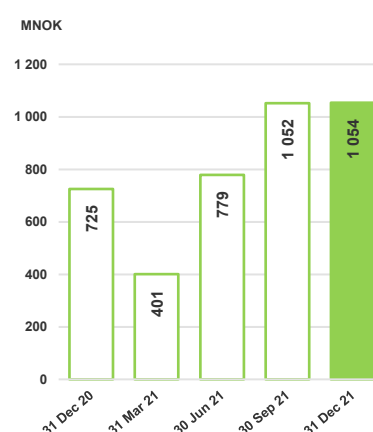
### TOTAL OPERATING INCOME



### EBITDA



### NET INTEREST-BEARING DEBT



NOK MILLION	31 DEC 2021	30 SEP 2021	31 DEC 2020
<b>BALANCE SHEET</b>			
Non-current assets	4 538	4 154	4 084
Current assets	4 587	3 827	3 703
Total assets	9 125	7 982	7 787
Equity	3 133	2 767	3 219
Net interest-bearing debt	1 054	1 052	725

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

- Necessary price increases for all product grades realised in fourth quarter 2021 and into 2022
  - Publication paper market tightening following significant capacity closures, further closures announced in 2022 and 2023
  - Price increases addressing continued and unprecedented increases in energy and raw material prices
- EBITDA of NOK 422 million in the quarter
  - EBITDA improvement from previous quarter with margins normalising towards the >10% area annually
  - Continued strong negative pressure on earnings from energy and raw material costs
- Sale of CO2 allowances
  - All allowances from 2021 received, the full net surplus sold in the quarter leading to a positive cash impact
  - CO2 compensation for 2021 expected to be paid during first half of 2022
- Entered into credit facilities to fully finance packaging paper projects
  - Attractive terms for EUR 265 million debt financing with average maturity towards the end of 2030
  - Capex being incurred and debt facilities being drawn for both projects
- Entered into agreement to sell Nature's Flame pellets facility following end of quarter
  - Signed agreement to sell New Zealand pellets facility to Talley's for a consideration of approximately NZD 47.8 million
  - Cash proceeds of approximately NZD 47.8 million and book value gain of approximately NOK 150-200 million expected during first quarter 2022

## PROFIT/LOSS FOR THE PERIOD

NOK MILLION	Q4 2021	Q3 2021	Q4 2020	2021	2020
Operating revenue	2 980	2 532	2 402	9 848	9 173
Other operating income	113	110	74	466	439
<b>Total operating income</b>	<b>3 092</b>	<b>2 642</b>	<b>2 476</b>	<b>10 315</b>	<b>9 612</b>
Distribution cost	-291	-307	-312	-1 187	-1 159
Cost of materials	-1 800	-1 615	-1 351	-6 055	-5 093
Fixed cost	-580	-608	-668	-2 410	-2 625
<b>EBITDA</b>	<b>422</b>	<b>111</b>	<b>146</b>	<b>662</b>	<b>736</b>

The COVID-19 omicron variant caused new restrictions during the fourth quarter with continuing impact on the global economy. A considerable strain on global supply chains lead to increased costs. Cost for raw materials remained high while prices for energy soared in the fourth quarter. This has resulted in continued and significant cost pressure upwards. Publication paper prices were increased in the fourth quarter 2021, which was necessary to mitigate the effect of higher input costs and to achieve sustainable margins. The publication paper market balance remains tight following significant capacity closures in 2021. Utilisation was 95% for Norske Skog in the fourth quarter of 2021, driven by a tight publication paper market.

Higher operating revenue in the fourth quarter compared to the previous quarter was driven by increases in prices across all grades.

Cost of materials 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 high levels seen also in the previous quarters.

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

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

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

NOK MILLION	Q4 2021	Q3 2021	Q4 2020	2021	2020
Restructuring expenses	-12	-17	-47	-192	-75
Depreciation	-115	-109	-112	-433	-438
Impairments	22	0	-258	22	-451
Derivatives and other fair value adjustments	163	-551	-1 006	-218	-1 112
<b>Operating earnings</b>	<b>479</b>	<b>-565</b>	<b>-1 276</b>	<b>-160</b>	<b>-1 339</b>

Restructuring expenses of NOK 12 million relate to an adjustment of the restructuring related to the closure of PM5 at Norske Skog Saugbrugs in 2020. Reversal of impairments of positive NOK 22 million in the quarter relate to the Bruck and Tasman mill.

Depreciation of NOK 115 million is in line with previous quarters.

The fair value of energy contracts in Norway increased compared to the previous quarter because of an increase in expected electricity prices in the market.

NOK MILLION	Q4 2021	Q3 2021	Q4 2020	2021	2020
Share of profit in associated companies	-5	-4	6	-18	-10
Financial items	5	-45	50	-118	-349
Income taxes	-80	12	-142	-68	-186
<b>Profit/loss for the period</b>	<b>400</b>	<b>-602</b>	<b>-1 363</b>	<b>-363</b>	<b>-1 884</b>

Financial items were positive by NOK 5 million in the fourth quarter due to currency gains. Interest cost and other financial costs were in line with the previous quarter. NOK was stronger against EUR for the majority of the fourth quarter compared to the third quarter and ended the quarter slightly stronger than 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 Norske Skog Golbey and tax for previous years related to the Italian sales office.

## DIVERSIFICATION BEYOND PUBLICATION PAPER

In the fourth quarter, Norske Skog announced that it had entered into debt facility agreements with an aggregate amount of EUR 265 million that will fully 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 Norske Skog Bruck fourth quarter 2022 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 containerboard project at Norske Skog Golbey and EUR 72 million for the containerboard project at Norske Skog Bruck. DNB, Caisse d'Epargne Grand Est Europe and Natixis acted as Joint Mandated Lead Arrangers (MLA) for the financing in Norske Skog Golbey, and Raiffeisenlandesbank OÖ and IKB Deutsche Industriebank acted as MLAs for the financing in Norske Skog Bruck. The facilities will be drawn as capital expenditure 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 Norske Skog Bruck industrial site and during the fourth quarter of 2023 at the Norske Skog 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.

The construction of the CEBICO (bio composites) pilot was completed in the fourth quarter of 2021. The pilot has a capacity of 300 tonnes annually and will be key in CEBICO production and for delivering larger qualification test volumes to potential customers.

Following the quarter, Norske Skog announced the sale of the Nature's Flame pellets facility at Talley's in New Zealand for a consideration of approximately NZD 47.8 million. The transaction is expected to be completed during the first quarter of 2022.

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	Q4 2021	Q3 2021	Q4 2020	2021	2020
Total operating income	2 648	2 183	1 899	8 412	7 412
<b>EBITDA</b>	<b>395</b>	<b>113</b>	<b>171</b>	<b>628</b>	<b>659</b>
EBITDA margin (%)	14.9	5.2	9.0	7.5	8.9
Return on capital employed (%) (annualised)	6.0	-18.9	-5.0	-7.0	1.9
Production (1 000 tonnes)	428	428	382	1 628	1 468
Deliveries (1 000 tonnes)	427	433	403	1 645	1 482
Production / capacity (%)	96	96	80	91	77

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 due to higher sales prices.

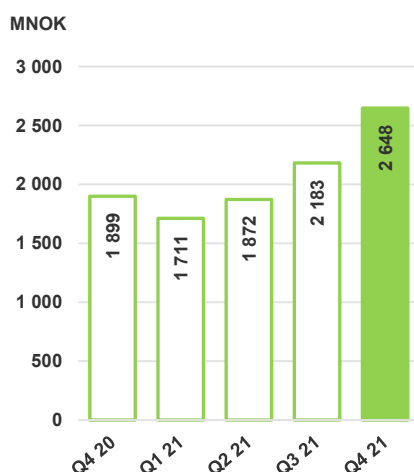
Distribution costs decreased from the previous quarter on an absolute level and on a per tonne basis driven mainly by a reduction of export volumes in the quarter. Cost of materials increased significantly in total and on a per tonne basis, mainly due to higher energy prices in the quarter. Employee benefit expenses were in line with the previous quarter.

The price increases for publication paper in the quarter were necessitated by increasing cost of materials but impacted positively by increasing EBITDA in the quarter from the unsustainable levels in previous quarters.

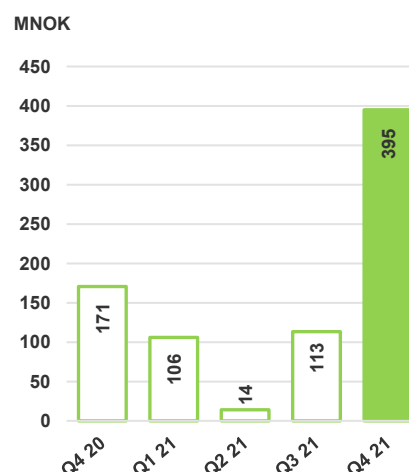
Demand for standard newsprint in Europe decreased by 4 % as of November 2021 compared to the same period last year. Magazine paper demand at same level as last year, with super calendered paper decreasing 1 % and lightweight coated paper increasing 2 %. (Source: Eurograph).

Capacity utilisation was 96% in the period, in line with the previous quarter of 96%.

EUROPE  
TOTAL OPERATING INCOME



EUROPE  
EBITDA



### PUBLICATION PAPER AUSTRALASIA

NOK MILLION	Q4 2021	Q3 2021	Q4 2020	2021	2020
Total operating income	395	426	526	1 792	2 106
<b>EBITDA</b>	<b>46</b>	<b>0</b>	<b>-13</b>	<b>44</b>	<b>106</b>
EBITDA margin (%)	11.6	0.0	-2.5	2.5	5.0
Return on capital employed (%) (annualised)	117.3	-41.0	-45.6	9.0	16.6
Production (1 000 tonnes)	62	62	94	292	332
Deliveries (1 000 tonnes)	62	68	97	308	343
Production / capacity (%)	87	87	87	79	76

The segment consists of Norske Skog's publication paper operations in Australasia. The annual production capacity is 0.3 million tonnes. The Norske Skog Boyer mill is the only domestic publication paper producer in the region.

Operating income decreased slightly compared to previous quarter due to lower delivery volumes, partly offset by price increases.

Distribution costs were in line with the previous quarter on an absolute level but increased on a per tonne basis due to higher transportation costs. Cost of materials decreased in the quarter due to lower sales volumes, but also on a per tonne basis due to slight reduction in energy and raw material costs. Employee benefit expenses decreased in total

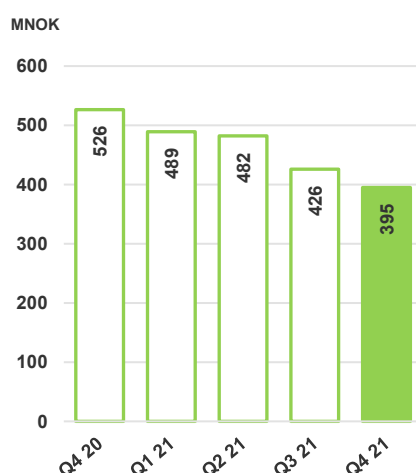
and on a per tonne basis, mainly due to cessation of production at Norske Skog Tasman taking place during the previous quarter.

EBITDA increased compared to the previous quarter, due to price increase in the quarter as well as a reduction in environmental provisions.

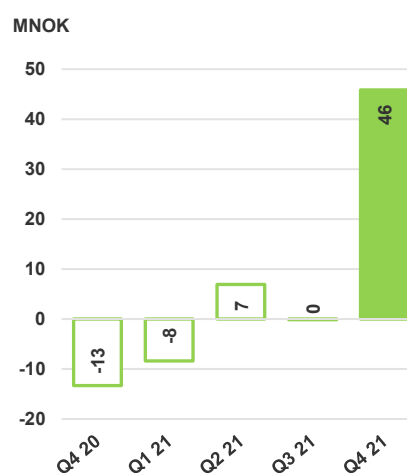
Demand for newsprint in Australasia increased by 6 % as of December 2021, compared to the same period last year. (Source: official statistics).

Capacity utilisation was 87% in the period, in line with the previous quarter.

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



**AUSTRALASIA**  
**EBITDA**



## OTHER ACTIVITIES

NOK MILLION	Q4 2021	Q3 2021	Q4 2020	2021	2020
Total operating income	71	61	68	228	204
EBITDA	-19	-2	-12	-11	-29

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	Q4 2021	Q3 2021	Q4 2020	2021	2020
EBITDA	422	111	146	662	736
Change in working capital	54	-22	33	57	393
Restructuring payments	-53	-129	-27	-220	-69
Gain and losses from divestments	0	-9	-1	-16	-153
Net financial items	-32	-42	-31	-142	-180
Taxes paid	-32	-43	-20	-106	-102
Other items	-42	34	-27	-44	-76
<b>Net cash flow from operating activities</b>	<b>317</b>	<b>-99</b>	<b>73</b>	<b>191</b>	<b>549</b>
<b>Purchases of property, plant and equipment and intangible assets</b>	<b>-326</b>	<b>-347</b>	<b>-244</b>	<b>-1 021</b>	<b>-632</b>
-whereof maintenance capex	-84	-24	-103	-172	-264

Net cash flow from operating activities was positive NOK 317 million in the quarter.

The operating cash flow was positively impacted by change in working capital of NOK 54 million, mainly due sale of CO2 allowances in the quarter combined with an increase in trade and other payables, partly offset by an increase in inventories and trade and other receivables.

The operating cash flow was negatively impacted by restructuring payments of NOK 53 million, mainly relating to employee redundancy payments at the Tasman mill in New Zealand.

Taxes paid in the fourth quarter relate to operations in Norske Skog Golbey and taxes for previous years related to the Italian sales office.

Maintenance capex of NOK 84 million relates to ordinary maintenance in the quarter, an increase from the third quarter. Remaining purchases of property, plant and equipment and intangible assets relate to investments in the waste-to-energy facility at the Norske Skog Bruck industrial site and the packaging paper projects at Norske Skog Bruck and Norske Skog Golbey.

## BALANCE SHEET

NOK MILLION	31 DEC 2021	30 SEP 2021	31 DEC 2020
Non-current assets	4 538	4 154	4 084
<b>Cash and cash equivalents</b>	<b>1 489</b>	<b>1 163</b>	<b>980</b>
Inventories, trade and other receivables and other current assets	3 098	2 664	2 723
Total assets	9 125	7 982	7 787
<b>Equity</b>	<b>3 133</b>	<b>2 767</b>	<b>3 219</b>
Non-current liabilities	3 391	3 259	2 496
Current liabilities	2 600	1 956	2 073
<b>Net interest-bearing debt</b>	<b>1 054</b>	<b>1 052</b>	<b>725</b>

Total assets increased in the fourth quarter mainly due to an increase in cash and cash equivalents, property, plant and equipment and other current assets.

In total, cash and cash equivalents increased to NOK 1 489 million from NOK 1 163 million at previous quarter end. The increase is a result of sale of net surplus CO2 allowances, positive EBITDA in the quarter, investment in property, plant and equipment offset by new loans raised.

Non-current liabilities increased from previous quarter. Local debt to finance the waste-to-energy plant in Austria was drawn with

approximately EUR 45 million as of quarter end, compared to EUR 37 million as of the previous quarter. Debt to finance the packaging paper projects at Norske Skog Bruck and Norske Skog Golbey was drawn with approximately EUR 19 million at quarter end, these were undrawn at previous quarter end.

Net interest-bearing debt increased from NOK 1 052 million to NOK 1 054 million in the quarter.

## OUTLOOK

Energy and raw material markets remain highly volatile and uncertain into 2022. The unprecedented increases for the largest input factors, particularly energy, do not show signs of being alleviated any time soon. The continued high prices for energy, recovered paper and other input costs into 2022 have resulted in further necessary publication paper price increases for all grades in Europe.

The significant capacity closures and conversion to packaging paper in the industry have positively impacted the market balance for publication paper. Additional capacity closures have been announced for 2022 and 2023. Operating rates are expected to remain high for the industry well into 2022.

The waste-to-energy facility at Norske Skog Bruck is in the commissioning phase and is expected to reach full operations in the second quarter. Once fully operational, the facility will substantially

reduce gas consumption and thus CO<sub>2</sub>-emissions for the Norske Skog Bruck site.

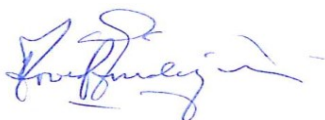
Norske Skog carries out preparatory groundwork for establishing packaging paper production at both Norske Skog Bruck and Norske Skog Golbey, and performs necessary commercial market preparations. Production of packaging paper is expected to start at Norske Skog Bruck in the fourth quarter of 2022, and at Norske Skog Golbey in the fourth quarter of 2023.

Norske Skog will develop business opportunities for CEBINA and CEBICO. This includes to evaluate a potential capacity increase for CEBICO beyond the existing 300 tonnes annual pilot-scale capacity. The pilot facility will enable production and delivery of larger test volumes.

SKØYEN, 3 FEBRUARY 2022  
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, FOURTH QUARTER OF 2021

### CONDENSED CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	Q4 2021	Q3 2021	Q4 2020	YTD 2021	YTD 2020
Operating revenue		2 980	2 532	2 402	9 848	9 173
Other operating income		113	110	74	466	439
<b>Total operating income</b>	<b>5</b>	<b>3 092</b>	<b>2 642</b>	<b>2 476</b>	<b>10 315</b>	<b>9 612</b>
Distribution costs		-291	-307	-312	-1 187	-1 159
Cost of materials		-1 800	-1 615	-1 351	-6 055	-5 093
Employee benefit expenses		-428	-436	-439	-1 723	-1 760
Other operating expenses		-152	-173	-228	-687	-865
Restructuring expenses		-12	-17	-47	-192	-75
Depreciation	4	-115	-109	-112	-433	-438
Impairments	4	22	0	-258	22	-451
Derivatives and other fair value adjustments	7	163	-551	-1 006	-218	-1 112
<b>Operating earnings</b>		<b>479</b>	<b>-565</b>	<b>-1 276</b>	<b>-160</b>	<b>-1 339</b>
Share of profit in associated companies	10	-5	-4	6	-18	-10
Financial items	6	5	-45	50	-118	-349
<b>Profit/loss before income taxes</b>		<b>480</b>	<b>-614</b>	<b>-1 221</b>	<b>-295</b>	<b>-1 698</b>
Income taxes		-80	12	-142	-68	-186
<b>Profit/loss for the period</b>		<b>400</b>	<b>-602</b>	<b>-1 363</b>	<b>-363</b>	<b>-1 884</b>
Basic earnings per share (NOK)		4.24	-6.38	-14.46	-3.85	-19.99
Diluted earnings per share (NOK)		4.24	-6.38	-14.46	-3.85	-19.99


## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

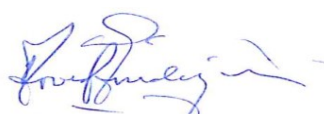
NOK MILLION	Q4 2021	Q3 2021	Q4 2020	2021	2020
<b>Profit/loss for the period</b>	<b>400</b>	<b>-602</b>	<b>-1 363</b>	<b>-363</b>	<b>-1 884</b>
<b>Items that may be reclassified subsequently to profit or loss</b>					
Currency translation differences	-46	3	-143	-122	183
Tax expense on translation differences	0	0	0	0	-4
Reclassified translation differences upon divestment of foreign operations	0	0	0	0	-62
<b>Total</b>	<b>-46</b>	<b>3</b>	<b>-143</b>	<b>-122</b>	<b>117</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Remeasurements of post-employment benefit obligations	14	0	11	14	11
Tax effect on remeasurements of employment benefit obligations	-2	0	-2	-2	-2
<b>Total</b>	<b>12</b>	<b>0</b>	<b>9</b>	<b>12</b>	<b>9</b>
<b>Other comprehensive income for the period</b>	<b>-33</b>	<b>3</b>	<b>-134</b>	<b>-110</b>	<b>126</b>
<b>Total comprehensive income for the period</b>	<b>367</b>	<b>-598</b>	<b>-1 497</b>	<b>-473</b>	<b>-1 758</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

NOK MILLION	NOTE	31 DEC 2021	30 SEP 2021	31 DEC 2020
Intangible assets	4	21	19	55
Property, plant and equipment	4	4 103	3 892	3 586
Investments in associated companies	10	108	113	43
Other non-current assets	7	305	131	401
<b>Total non-current assets</b>		<b>4 538</b>	<b>4 154</b>	<b>4 084</b>
Inventories		1 203	1 134	1 194
Trade and other receivables		1 411	1 317	1 288
Cash and cash equivalents		1 489	1 163	980
Other current assets	7	484	213	241
<b>Total current assets</b>		<b>4 587</b>	<b>3 827</b>	<b>3 703</b>
<b>Total assets</b>		<b>9 125</b>	<b>7 982</b>	<b>7 787</b>
Paid-in equity	8	8 898	8 898	8 510
Retained earnings		-5 765	-6 132	-5 292
<b>Total equity</b>		<b>3 133</b>	<b>2 767</b>	<b>3 219</b>
Pension obligations		312	329	297
Deferred tax liability		260	259	308
Interest-bearing non-current liabilities	6	2 356	2 136	1 613
Other non-current liabilities	7	463	535	277
<b>Total non-current liabilities</b>		<b>3 391</b>	<b>3 259</b>	<b>2 496</b>
Interest-bearing current liabilities	6	187	79	92
Trade and other payables		1 941	1 698	1 728
Tax payable		50	14	54
Other current liabilities	7	422	165	199
<b>Total current liabilities</b>		<b>2 600</b>	<b>1 956</b>	<b>2 073</b>
<b>Total liabilities</b>		<b>5 991</b>	<b>5 215</b>	<b>4 568</b>
<b>Total equity and liabilities</b>		<b>9 125</b>	<b>7 982</b>	<b>7 787</b>

SKØYEN, 3 FEBRUARY 2022  
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	Q4 2021	Q3 2021	Q4 2020	2021	2020
Cash generated from operations	2 886	2 494	2 254	10 003	9 617
Cash used in operations	-2 505	-2 508	-2 130	-9 564	-8 786
Cash flow from currency hedges and financial items	-10	-12	-5	-39	-77
Interest payments received	2	1	1	4	5
Interest payments made	-23	-31	-26	-107	-109
Taxes paid	-32	-43	-20	-106	-102
<b>Net cash flow from operating activities <sup>1)</sup></b>	<b>317</b>	<b>-99</b>	<b>73</b>	<b>191</b>	<b>549</b>
Purchases of property, plant and equipment and intangible assets	-326	-347	-244	-1 021	-632
Sales of property, plant and equipment and intangible assets	0	9	1	17	933
Purchase of shares in companies and other financial payments	0	-25	-2	-95	-79
Sales of shares in companies and other financial instruments	0	195	29	207	80
<b>Net cash flow from investing activities</b>	<b>-326</b>	<b>-168</b>	<b>-217</b>	<b>-891</b>	<b>302</b>
New loans raised	372	144	134	1 202	472
Repayments of loans	-43	-36	-76	-383	-811
Dividends paid	0	0	0	0	-516
New equity	0	0	0	388	0
<b>Net cash flow from financing activities</b>	<b>329</b>	<b>109</b>	<b>58</b>	<b>1 207</b>	<b>-855</b>
Foreign currency effects on cash and cash equivalents	6	-2	-28	2	16
<b>Total change in cash and cash equivalents</b>	<b>326</b>	<b>-161</b>	<b>-113</b>	<b>509</b>	<b>11</b>
<b>Cash and cash equivalents at start of period</b>	<b>1 163</b>	<b>1 324</b>	<b>1 093</b>	<b>980</b>	<b>970</b>
<b>Cash and cash equivalents at end of period</b>	<b>1 489</b>	<b>1 163</b>	<b>980</b>	<b>1 489</b>	<b>980</b>
<b><sup>1)</sup> Reconciliation of net cash flow from operating activities</b>					
Profit/loss before income taxes	480	-614	-1 221	-295	-1 698
Change in working capital	54	-22	33	57	393
Change in restructuring provisions	-41	-112	20	-28	6
Depreciation and impairments	93	109	370	411	888
Derivatives and other fair value adjustments	-165	589	987	223	1 055
Gain and losses from divestment of business activities and PPE	0	-9	-1	-16	-153
Net financial items without cash effect	-33	7	-87	-7	179
Taxes paid	-32	-43	-20	-106	-102
Change in pension obligations and other employee benefits	1	-4	-2	-13	-7
Adjustment for other items	-41	0	-7	-37	-12
<b>Net cash flow from operating activities</b>	<b>317</b>	<b>-99</b>	<b>73</b>	<b>191</b>	<b>549</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	-522	-522
Other comprehensive income for the period	0	0	260	260
Dividends paid	0	0	-516	-516
<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>
Increase share capital	388	0	0	388
Profit/loss for the period	0	0	-161	-161
Other comprehensive income for the period	0	0	-80	-80
<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>
Profit/loss for the period	0	0	400	400
Other comprehensive income for the period	0	0	-33	-33
<b>Equity 31 December 2021</b>	<b>6 649</b>	<b>2 249</b>	<b>-5 765</b>	<b>3 133</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.

	Q4 2021	Q3 2021	31 DEC 2021	30 SEP 2021	31 DEC 2020
AUD	6.36	6.44	6.40	6.32	6.59
EUR	9.97	10.33	9.99	10.17	10.47
GBP	11.76	12.08	11.89	11.81	11.65
NZD	6.06	6.14	6.03	6.03	6.16
USD	8.72	8.76	8.82	8.78	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.

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.

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

#### Contingent liabilities

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

## 4. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

JAN-DEC 2021	PROPERTY, PLANT AND EQUIPMENT	RIGHT-OF-USE ASSETS	TOTAL PROPERTY PLANT AND EQUIPMENT	INTANGIBLE ASSETS
Carrying value at start of period	3 469	117	3 586	55
Additions*	1 019	29	1 048	34
Depreciation	-387	-38	-425	-8
Disposals	0	0	0	-57
Currency translation differences	-124	-3	-127	-2
<b>Carrying value at end of period</b>	<b>3 999</b>	<b>104</b>	<b>4 103</b>	<b>21</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

31 DEC 2021	TOTAL PROPERTY PLANT AND EQUIPMENT	INTANGIBLE ASSETS
Publication paper Europe	3 768	6
Publication paper Australasia	259	1
Other activities	76	13
<b>Total</b>	<b>4 103</b>	<b>21</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 lightweight 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 Norske Skog Tasman mill ceased production, thus the Norske Skog 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 Nature's Flame is included in Green Energy under other activities.

Q4 2021	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 543	389	69	-20	2 980
Other operating income	105	6	2	-1	113
<b>Total operating income</b>	<b>2 648</b>	<b>395</b>	<b>71</b>	<b>-21</b>	<b>3 092</b>
Distribution costs	-230	-52	-10	0	-291
Cost of materials	-1 562	-215	-23	0	-1 800
Employee benefit expenses	-329	-68	-31	1	-428
Other operating expenses	-131	-15	-26	20	-152
<b>EBITDA</b>	<b>395</b>	<b>46</b>	<b>-19</b>	<b>0</b>	<b>422</b>
Restructuring expenses	-12	-1	0	0	-12
Depreciation	-100	-11	-4	0	-115
Impairments	8	14	0	0	22
Derivatives and other fair value adjustments	165	-2	0	0	163
<b>Operating earnings</b>	<b>456</b>	<b>45</b>	<b>-23</b>	<b>0</b>	<b>479</b>
Share of operating revenue from external parties (%)	100	100	73		100

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

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

Q4 2020	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	1 834	520	65	-17	2 402
Other operating income	65	6	3	0	74
<b>Total operating income</b>	<b>1 899</b>	<b>526</b>	<b>68</b>	<b>-17</b>	<b>2 476</b>
Distribution costs	-229	-74	-9	0	-312
Cost of materials	-1 008	-325	-17	0	-1 351
Employee benefit expenses	-308	-93	-39	1	-439
Other operating expenses	-184	-47	-15	16	-228
<b>EBITDA</b>	<b>171</b>	<b>-13</b>	<b>-12</b>	<b>0</b>	<b>146</b>
Restructuring expenses	-47	1	0	0	-47
Depreciation	-96	-13	-3	0	-112
Impairments	-161	-96	0	0	-258
Derivatives and other fair value adjustments	-1 129	123	0	0	-1 006
<b>Operating earnings</b>	<b>-1 262</b>	<b>0</b>	<b>-15</b>	<b>0</b>	<b>-1 276</b>
Share of operating revenue from external parties (%)	100	100	77		100

2021	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	7 990	1 759	214	-115	9 848
Other operating income	422	33	13	-3	466
<b>Total operating income</b>	<b>8 412</b>	<b>1 792</b>	<b>228</b>	<b>-117</b>	<b>10 315</b>
Distribution costs	-937	-226	-24	0	-1 187
Cost of materials	-4 986	-1 045	-51	28	-6 055
Employee benefit expenses	-1 296	-340	-91	3	-1 723
Other operating expenses	-565	-137	-72	87	-687
<b>EBITDA</b>	<b>628</b>	<b>44</b>	<b>-11</b>	<b>0</b>	<b>662</b>
Restructuring expenses	-16	-174	-3	0	-192
Depreciation	-380	-40	-13	0	-433
Impairments	8	14	0	0	22
Derivatives and other fair value adjustments	-148	-69	0	0	-218
<b>Operating earnings</b>	<b>92</b>	<b>-225</b>	<b>-26</b>	<b>0</b>	<b>-160</b>
Share of operating revenue from external parties (%)	100	100	62		100

2020	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	7 153	1 932	199	-110	9 173
Other operating income	259	175	5	0	439
<b>Total operating income</b>	<b>7 412</b>	<b>2 106</b>	<b>204</b>	<b>-110</b>	<b>9 612</b>
Distribution costs	-875	-260	-23	0	-1 159
Cost of materials	-3 870	-1 191	-45	13	-5 093
Employee benefit expenses	-1 327	-342	-94	3	-1 760
Other operating expenses	-681	-208	-70	93	-865
<b>EBITDA</b>	<b>659</b>	<b>106</b>	<b>-29</b>	<b>0</b>	<b>736</b>
Restructuring expenses	-47	-27	-1	0	-75
Depreciation	-371	-55	-11	0	-438
Impairments	-283	-167	0	0	-451
Derivatives and other fair value adjustments	-1 164	53	0	0	-1 112
<b>Operating earnings</b>	<b>-1 207</b>	<b>-91</b>	<b>-42</b>	<b>0</b>	<b>-1 339</b>
Share of operating revenue from external parties (%)	100	100	56		100



INCOME STATEMENT	Q4 2021	Q3 2021	Q4 2020	2021	2020
<b>OTHER OPERATING REVENUE</b>					
Corporate functions	21	24	17	95	91
Green energy and other	50	37	50	132	112
<b>Total</b>	<b>71</b>	<b>61</b>	<b>68</b>	<b>228</b>	<b>204</b>
<b>EBITDA</b>					
Corporate functions	-28	-12	-26	-37	-54
Green energy and other	9	10	14	27	25
<b>Total</b>	<b>-19</b>	<b>-2</b>	<b>-12</b>	<b>-11</b>	<b>-29</b>

## 6. FINANCIAL ITEMS AND DEBT REPAYMENTS

### FINANCIAL ITEMS

NOK MILLION	Q4 2021	Q3 2021	Q4 2020	2021	2020
Net interest expenses	-23	-31	-28	-113	-113
Currency gains/losses*	41	-6	98	78	-185
Other financial items	-12	-8	-20	-82	-50
<b>Total financial items</b>	<b>5</b>	<b>-45</b>	<b>50</b>	<b>-118</b>	<b>-349</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.

The total financing amount represents approximately 75% of the investment amount, of which EUR 193 million is for the containerboard project at Norske Skog Golbey and EUR 72 million for the containerboard project at Norske Skog Bruck. The borrowing entities are Norske Skog Bruck GmbH and Norske Skog Golbey SAS, and the facilities are fully guaranteed by Norske Skog ASA.

The facilities will be drawn as capital expenditures are incurred, and repayment is scheduled 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. As of 31 December 2021, the credit facilities had been drawn by approximately EUR 19 million.

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.

\*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.

In connection with the 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 31 December 2021, the loan has been drawn by approximately EUR 45 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.

### BONDS

NOK MILLION	MATURITY	CURRENCY	INTEREST RATE	NOMINAL VALUE	AMOUNT OUTSTANDING 31 DEC 2021
NSKOG02	March 2026	EUR	EURIBOR +5.50%	150	150

### DEBT REPAYMENT SCHEDULE\*

NOK MILLION	2021	2022	2023	2024	2025-
Bonds	0	0	0	0	1 498
Debt to credit institutions**	300	143	134	133	248
<b>Total</b>	<b>300</b>	<b>143</b>	<b>134</b>	<b>133</b>	<b>1 746</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 83 million in debt repayment in the first quarter of 2022. 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

31 DEC 2021	ASSETS		LIABILITIES	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Energy contracts and embedded derivatives in energy contracts (level 3)	308	176	215	270
Other derivatives and financial instruments carried at fair value (level 2)	0	0	1	0
<b>Total</b>	<b>308</b>	<b>176</b>	<b>216</b>	<b>270</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	26 896 681	28.53
The Bank of New York Mellon SA/NV	4 619 935	4.90
UBS Europe SE	3 121 000	3.31
The Bank of New York Mellon SA/NV	2 999 682	3.18
J.P. MORGAN BANK LUXEMBOURG S.A.	2 317 049	2.46
VERDIPAPIRFONDET FIRST GENERATOR	1 979 828	2.10
VERDIPAPIRFONDET HOLBERG NORGE	1 700 000	1.80
CLEARSTREAM BANKING S.A.	1 518 664	1.61
RBC Investor services bank S.A.	1 500 000	1.59
INTERTRADE SHIPPING AS	1 400 000	1.49
VERDIPAPIRFONDET EIKA SPAR	1 358 006	1.44
MP PENSJON PK	1 198 015	1.27
VERDIPAPIRFONDET DNB SMB	1 168 191	1.24
CARUCEL FINANCE AS	1 149 624	1.22
VERDIPAPIRFONDET EIKA NORGE	1 010 566	1.07
Skandinaviska Enskilda Banken AB	1 000 000	1.06
VERDIPAPIRFONDET FONDSFINANS NORGE	880 000	0.93
VERDIPAPIRFONDET NORDEA NORGE VERD	854 513	0.91
The Bank of New York Mellon SA/NV	715 048	0.76
PERSHING NOMINEES LIMITED	712 145	0.76
Other shareholders	36 165 758	38.37
<b>Total</b>	<b>94 264 705</b>	<b>100.00</b>

The data is extracted from VPS 2 February 2022. Whilst every reasonable effort is made to verify all data, VPS cannot guarantee the accuracy of the analysis.

## 9. THE NORSKE SKOG SHARE

	31 DEC 2021	30 SEP 2021	31 DEC 2020
Share price (NOK)	38.40	37.10	38.70
Book value of equity per share (NOK)	33.24	29.35	39.01

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.

## 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 108 million at 31 December 2021.

At 31 December 2021 Norske Skog holds a 26% share of Circa Group AS, with a carrying value of NOK 94 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 (largest shareholder).

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

## 12. EVENTS AFTER THE BALANCE SHEET DATE

On 1 February 2022 Norske Skog announced that it had entered into agreement to sell Nature's Flame pellets production company to Talley's Group for a consideration of approximately NZD 47.8 million. The transaction is expected to close during the first quarter of 2022, and result in a cash payment of approximately NZD 47.8 million and a book value gain of approximately NOK 150-200 million.

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

## 13. HISTORICAL FIGURES

INCOME STATEMENT	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
<b>Total operating income</b>	<b>3 092</b>	<b>2 642</b>	<b>2 346</b>	<b>2 234</b>	<b>2 476</b>
Variable costs	-2 091	-1 923	-1 697	-1 532	-1 663
Fixed costs	-580	-608	-631	-591	-668
<b>EBITDA</b>	<b>422</b>	<b>111</b>	<b>17</b>	<b>112</b>	<b>146</b>
Restructuring expenses	-12	-17	-160	-3	-47
Depreciation	-115	-109	-105	-104	-112
Impairments	22	0	0	0	-258
Derivatives and other fair value adjustment	163	-551	-29	199	-1 006
<b>Operating earnings</b>	<b>479</b>	<b>-565</b>	<b>-277</b>	<b>204</b>	<b>-1 276</b>
Share of profit in associated companies	-5	-4	-9	0	6
Financial items	5	-45	-79	1	50
<b>Profit/loss before income taxes</b>	<b>480</b>	<b>-614</b>	<b>-365</b>	<b>205</b>	<b>-1 221</b>
Income taxes	-80	12	10	-11	-142
<b>Profit/loss for the period</b>	<b>400</b>	<b>-602</b>	<b>-355</b>	<b>194</b>	<b>-1 363</b>

SEGMENT INFORMATION	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
<b>Publication paper Europe</b>					
Total operating income	2 648	2 183	1 872	1 711	1 899
EBITDA	395	113	14	106	171
Deliveries (1 000 tonnes)	427	433	403	382	403
<b>Publication paper Australasia</b>					
Total operating income	395	426	482	489	526
EBITDA	46	0	7	-8	-13
Deliveries (1 000 tonnes)	62	68	87	90	97
<b>Other activities</b>					
Total operating income	71	61	36	60	68
EBITDA	-19	-2	-4	14	-12

BALANCE SHEET	31 DEC 2021	30 SEP 2021	30 JUN 2021	31 MAR 2021	31 DEC 2020
<b>Total non-current assets</b>	<b>4 538</b>	<b>4 154</b>	<b>4 017</b>	<b>4 319</b>	<b>4 084</b>
Inventories	1 203	1 134	1 172	1 184	1 194
Trade and other receivables	1 411	1 317	1 180	954	1 288
Cash and cash equivalents	1 489	1 163	1 324	1 622	980
Other current assets	484	213	503	482	241
<b>Total current assets</b>	<b>4 587</b>	<b>3 827</b>	<b>4 178</b>	<b>4 243</b>	<b>3 703</b>
<b>Total assets</b>	<b>9 125</b>	<b>7 982</b>	<b>8 196</b>	<b>8 562</b>	<b>7 787</b>
<b>Total equity</b>	<b>3 133</b>	<b>2 767</b>	<b>3 365</b>	<b>3 677</b>	<b>3 219</b>
<b>Total non-current liabilities</b>	<b>3 391</b>	<b>3 259</b>	<b>2 846</b>	<b>2 834</b>	<b>2 496</b>
Trade and other payables	1 941	1 698	1 633	1 528	1 728
Other current liabilities	659	258	351	523	345
<b>Total current liabilities</b>	<b>2 600</b>	<b>1 956</b>	<b>1 985</b>	<b>2 051</b>	<b>2 073</b>
<b>Total liabilities</b>	<b>5 991</b>	<b>5 215</b>	<b>4 831</b>	<b>4 884</b>	<b>4 568</b>
<b>Total equity and liabilities</b>	<b>9 125</b>	<b>7 982</b>	<b>8 196</b>	<b>8 562</b>	<b>7 787</b>

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

CASH FLOW	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
<b>Reconciliation of net cash flow from operating activities</b>					
EBITDA	422	111	17	112	146
Change in working capital	54	-22	-115	141	33
Payments made relating to restructuring activities	-53	-129	-19	-19	-27
Gain and losses from divestment	0	-9	0	-7	-1
Cash flow from net financial items	-32	-42	-36	-32	-31
Taxes paid	-32	-43	-18	-13	-20
Other	-42	34	-19	-18	-27
<b>Net cash flow from operating activities</b>	<b>317</b>	<b>-99</b>	<b>-190</b>	<b>163</b>	<b>73</b>
Purchases of property, plant and equipment and intangible assets	-326	-347	-159	-189	-244
Net divestments	0	179	0	-49	27
<b>Net cash flow from investing activities</b>	<b>-326</b>	<b>-168</b>	<b>-159</b>	<b>-238</b>	<b>-217</b>
<b>Net cash flow from financing activities</b>	<b>329</b>	<b>109</b>	<b>47</b>	<b>723</b>	<b>58</b>
Foreign currency effects on cash and cash equivalents	6	-2	4	-6	-28
<b>Total change in cash and cash equivalents</b>	<b>326</b>	<b>-161</b>	<b>-298</b>	<b>642</b>	<b>-113</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	Q4 2021	Q3 2021	Q4 2020	2021	2020
Operating earnings	479	-565	-1 276	-160	-1 339
Restructuring expenses	12	17	47	192	75
Depreciation	115	109	112	433	438
Impairments	-22	0	258	-22	451
Derivatives and other fair value adjustments	-163	551	1 006	218	1 112
<b>EBITDA</b>	<b>422</b>	<b>111</b>	<b>146</b>	<b>662</b>	<b>736</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	Q4 2021	Q3 2021	Q4 2020	2021	2020
EBITDA	422	111	146	662	736
Total operating income	3 092	2 642	2 476	10 315	9 612
<b>EBITDA margin</b>	<b>13.6 %</b>	<b>4.2 %</b>	<b>5.9 %</b>	<b>6.4 %</b>	<b>7.7 %</b>

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

NOK MILLION	Q4 2021	Q3 2021	Q4 2020	2021	2020
Distribution costs	291	307	312	1 187	1 159
Cost of materials	1 800	1 615	1 351	6 055	5 093
<b>Variable costs</b>	<b>2 091</b>	<b>1 923</b>	<b>1 663</b>	<b>7 242</b>	<b>6 252</b>

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

NOK MILLION	Q4 2021	Q3 2021	Q4 2020	2021	2020
Employee benefit expenses	428	436	439	1 723	1 760
Other operating expenses	152	173	228	687	865
<b>Fixed costs</b>	<b>580</b>	<b>608</b>	<b>668</b>	<b>2 410</b>	<b>2 625</b>

## NORSKE SKOG QUARTERLY REPORT – FOURTH 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	Q4 2021	Q3 2021	Q4 2020	2021	2020
EBITDA	422	111	146	662	736
Capital expenditure	326	347	244	1 021	632
Average capital employed	4 730	4 527	4 562	4 596	5 032
<b>Return on capital employed (annualised)</b>	<b>8.1 %</b>	<b>-20.8 %</b>	<b>-8.6 %</b>	<b>-7.8 %</b>	<b>2.1 %</b>

NOK MILLION	31 DEC 2021	30 SEP 2021	31 DEC 2020
Intangible assets	21	19	55
Tangible assets	4 103	3 892	3 586
Inventory	1 203	1 134	1 194
Trade and other receivables	1 411	1 317	1 288
Trade and other payables	-1 941	-1 698	-1 728
<b>Capital employed</b>	<b>4 797</b>	<b>4 663</b>	<b>4 395</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	31 DEC 2021	30 SEP 2021	31 DEC 2020
Interest-bearing non-current liabilities	2 356	2 136	1 613
Interest-bearing current liabilities	187	79	92
Cash and cash equivalents	-1 489	-1 163	-980
<b>Net interest-bearing debt</b>	<b>1 054</b>	<b>1 052</b>	<b>725</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).