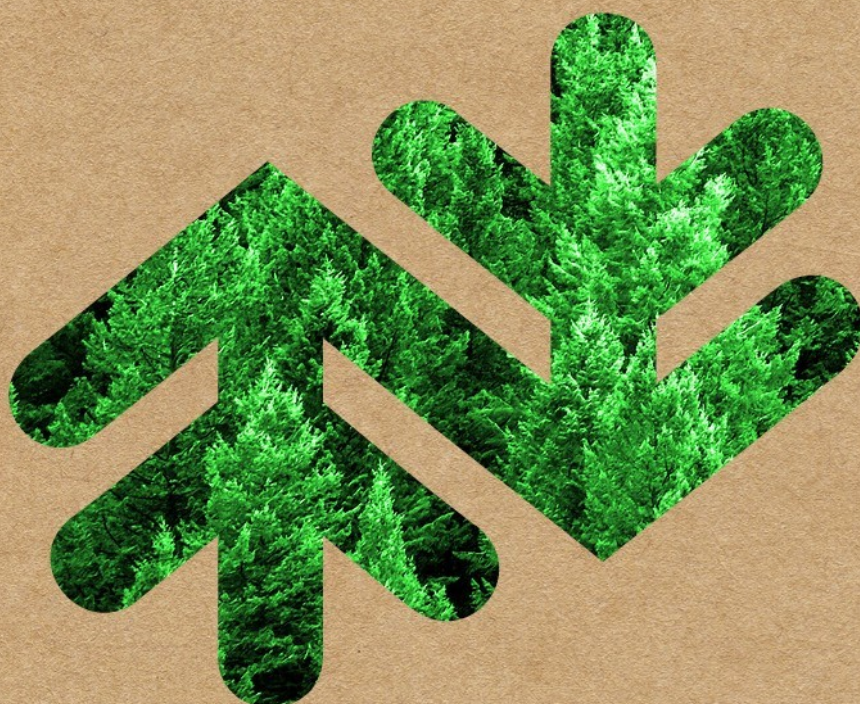


FOURTH QUARTER 2021

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.

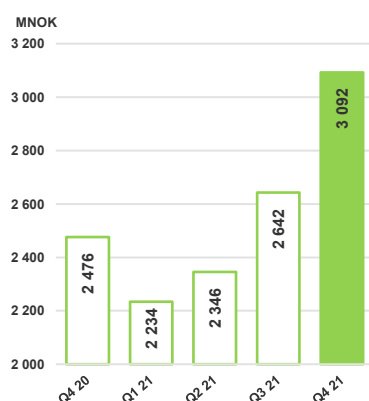
KEY FIGURES

NOK MILLION	Q4 2021	Q3 2021	Q4 2020	2021	2020
INCOME STATEMENT					
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
CASH FLOW					
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
OPERATING MARGIN AND PROFITABILITY (%)					
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
PRODUCTION / DELIVERIES / CAPACITY UTILISATION					
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

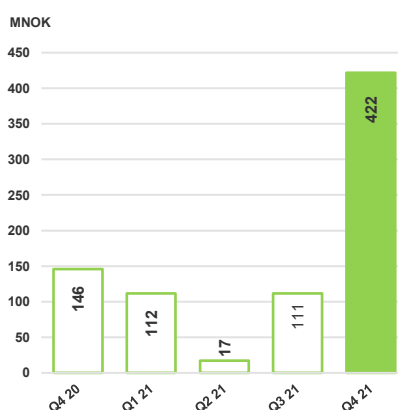
* As defined in Alternative Performance Measures

**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
BALANCE SHEET			
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
Total operating income	3 092	2 642	2 476	10 315	9 612
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
EBITDA	422	111	146	662	736

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
Operating earnings	479	-565	-1 276	-160	-1 339

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
Profit/loss for the period	400	-602	-1 363	-363	-1 884

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
EBITDA	395	113	171	628	659
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.

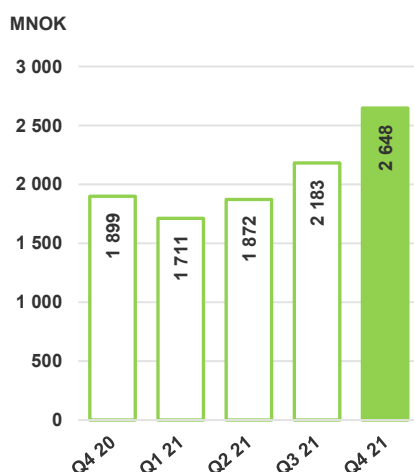
Distribution costs decreased from the previous quarter on an absolute level and on a per tonne basis driven mainly by a reduction of export volumes in the quarter. Cost of materials increased significantly in total and on a per tonne basis, mainly due to higher energy prices in the quarter. Employee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

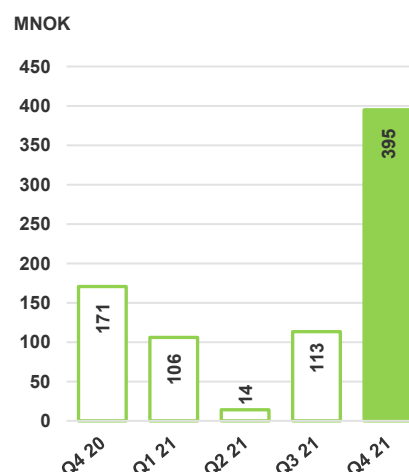
Demand for standard newsprint in Europe decreased by 4 % as of November 2021 compared to the same period last year. Magazine paper demand at same level as last year, with super calendered paper decreasing 1 % and lightweight coated paper increasing 2 %. (Source: Eurograph).

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
EBITDA	46	0	-13	44	106
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

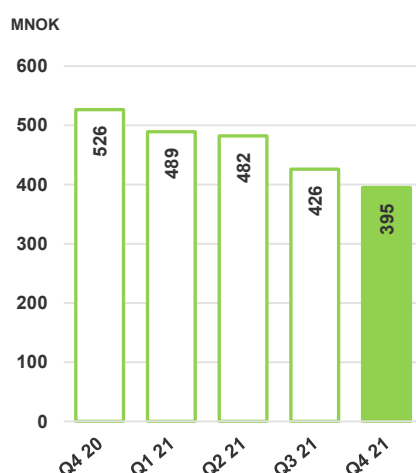
and on a per tonne basis, mainly due to cessation of production at Norske Skog Tasman taking place during the previous quarter.

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

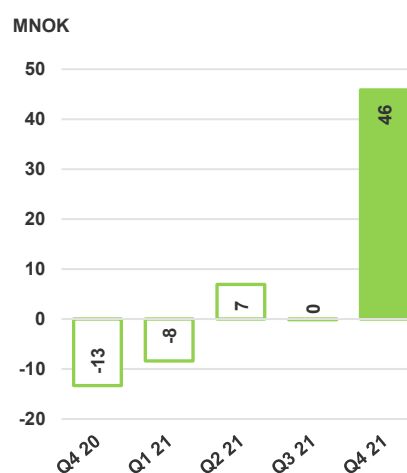
Demand for newsprint in Australasia increased by 6 % as of December 2021, compared to the same period last year. (Source: official statistics).

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
Net cash flow from operating activities	317	-99	73	191	549
Purchases of property, plant and equipment and intangible assets	-326	-347	-244	-1 021	-632
-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
Cash and cash equivalents	1 489	1 163	980
Inventories, trade and other receivables and other current assets	3 098	2 664	2 723
Total assets	9 125	7 982	7 787
Equity	3 133	2 767	3 219
Non-current liabilities	3 391	3 259	2 496
Current liabilities	2 600	1 956	2 073
Net interest-bearing debt	1 054	1 052	725

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 CO₂-emissions for the Norske Skog Bruck site.

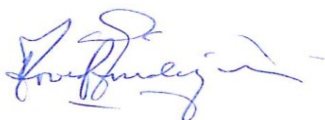
Norske Skog carries out preparatory groundwork for establishing packaging paper production at both Norske Skog Bruck and Norske Skog Golbey, and performs necessary commercial market preparations. Production of packaging paper is expected to start at Norske Skog Bruck in the fourth quarter of 2022, and 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
Total operating income	5	3 092	2 642	2 476	10 315	9 612
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
Operating earnings		479	-565	-1 276	-160	-1 339
Share of profit in associated companies	10	-5	-4	6	-18	-10
Financial items	6	5	-45	50	-118	-349
Profit/loss before income taxes		480	-614	-1 221	-295	-1 698
Income taxes		-80	12	-142	-68	-186
Profit/loss for the period		400	-602	-1 363	-363	-1 884
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
Profit/loss for the period	400	-602	-1 363	-363	-1 884
Items that may be reclassified subsequently to profit or loss					
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
Total	-46	3	-143	-122	117
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of post-employment benefit obligations	14	0	11	14	11
Tax effect on remeasurements of employment benefit obligations	-2	0	-2	-2	-2
Total	12	0	9	12	9
Other comprehensive income for the period	-33	3	-134	-110	126
Total comprehensive income for the period	367	-598	-1 497	-473	-1 758

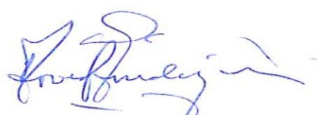
CONDENSED CONSOLIDATED BALANCE SHEET

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
Total non-current assets		4 538	4 154	4 084
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
Total current assets		4 587	3 827	3 703
Total assets		9 125	7 982	7 787
Paid-in equity	8	8 898	8 898	8 510
Retained earnings		-5 765	-6 132	-5 292
Total equity		3 133	2 767	3 219
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
Total non-current liabilities		3 391	3 259	2 496
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
Total current liabilities		2 600	1 956	2 073
Total liabilities		5 991	5 215	4 568
Total equity and liabilities		9 125	7 982	7 787

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
Net cash flow from operating activities ¹⁾	317	-99	73	191	549
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
Net cash flow from investing activities	-326	-168	-217	-891	302
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
Net cash flow from financing activities	329	109	58	1 207	-855
Foreign currency effects on cash and cash equivalents	6	-2	-28	2	16
Total change in cash and cash equivalents	326	-161	-113	509	11
Cash and cash equivalents at start of period	1 163	1 324	1 093	980	970
Cash and cash equivalents at end of period	1 489	1 163	980	1 489	980
^{1) Reconciliation of net cash flow from operating activities}					
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
Net cash flow from operating activities	317	-99	73	191	549

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

NOK MILLION	PAID-IN EQUITY	OTHER PAID-IN EQUITY	RETAINED EARNINGS	TOTAL EQUITY
Equity 1 January 2020	6 261	2 249	-3 018	5 493
Profit/loss for the period	0	0	-522	-522
Other comprehensive income for the period	0	0	260	260
Dividends paid	0	0	-516	-516
Equity 30 September 2020	6 261	2 249	-3 795	4 715
Profit/loss for the period	0	0	-1 363	-1 363
Other comprehensive income for the period	0	0	-134	-134
Equity 31 December 2020	6 261	2 249	-5 292	3 219
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
Equity 30 June 2021	6 649	2 249	-5 533	3 365
Profit/loss for the period	0	0	-602	-602
Other comprehensive income for the period	0	0	3	3
Equity 30 September 2021	6 649	2 249	-6 132	2 767
Profit/loss for the period	0	0	400	400
Other comprehensive income for the period	0	0	-33	-33
Equity 31 December 2021	6 649	2 249	-5 765	3 133

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
Carrying value at end of period	3 999	104	4 103	21

*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
Total	4 103	21

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
Total operating income	2 648	395	71	-21	3 092
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
EBITDA	395	46	-19	0	422
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
Operating earnings	456	45	-23	0	479
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
Total operating income	2 183	426	61	-27	2 642
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
EBITDA	113	0	-2	0	111
Restructuring expenses	-4	-13	0	0	-17
Depreciation	-96	-10	-4	0	-109
Derivatives and other fair value adjustments	-551	0	0	0	-551
Operating earnings	-537	-22	-5	0	-565
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
Total operating income	1 899	526	68	-17	2 476
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
EBITDA	171	-13	-12	0	146
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
Operating earnings	-1 262	0	-15	0	-1 276
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
Total operating income	8 412	1 792	228	-117	10 315
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
EBITDA	628	44	-11	0	662
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
Operating earnings	92	-225	-26	0	-160
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
Total operating income	7 412	2 106	204	-110	9 612
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
EBITDA	659	106	-29	0	736
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
Operating earnings	-1 207	-91	-42	0	-1 339
Share of operating revenue from external parties (%)	100	100	56		100

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

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
Total financial items	5	-45	50	-118	-349

*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.

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
Total	300	143	134	133	1 746

*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.

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.

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
Total	308	176	216	270

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
Total	94 264 705	100.00

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
Total operating income	3 092	2 642	2 346	2 234	2 476
Variable costs	-2 091	-1 923	-1 697	-1 532	-1 663
Fixed costs	-580	-608	-631	-591	-668
EBITDA	422	111	17	112	146
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
Operating earnings	479	-565	-277	204	-1 276
Share of profit in associated companies	-5	-4	-9	0	6
Financial items	5	-45	-79	1	50
Profit/loss before income taxes	480	-614	-365	205	-1 221
Income taxes	-80	12	10	-11	-142
Profit/loss for the period	400	-602	-355	194	-1 363

SEGMENT INFORMATION	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Publication paper Europe					
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
Publication paper Australasia					
Total operating income	395	426	482	489	526
EBITDA	46	0	7	-8	-13
Deliveries (1 000 tonnes)	62	68	87	90	97
Other activities					
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
Total non-current assets	4 538	4 154	4 017	4 319	4 084
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
Total current assets	4 587	3 827	4 178	4 243	3 703
Total assets	9 125	7 982	8 196	8 562	7 787
Total equity	3 133	2 767	3 365	3 677	3 219
Total non-current liabilities	3 391	3 259	2 846	2 834	2 496
Trade and other payables	1 941	1 698	1 633	1 528	1 728
Other current liabilities	659	258	351	523	345
Total current liabilities	2 600	1 956	1 985	2 051	2 073
Total liabilities	5 991	5 215	4 831	4 884	4 568
Total equity and liabilities	9 125	7 982	8 196	8 562	7 787

NORSKE SKOG QUARTERLY REPORT – FOURTH QUARTER 2021 (UNAUDITED)

CASH FLOW	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Reconciliation of net cash flow from operating activities					
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
Net cash flow from operating activities	317	-99	-190	163	73
Purchases of property, plant and equipment and intangible assets	-326	-347	-159	-189	-244
Net divestments	0	179	0	-49	27
Net cash flow from investing activities	-326	-168	-159	-238	-217
Net cash flow from financing activities	329	109	47	723	58
Foreign currency effects on cash and cash equivalents	6	-2	4	-6	-28
Total change in cash and cash equivalents	326	-161	-298	642	-113

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
EBITDA	422	111	146	662	736

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
EBITDA margin	13.6 %	4.2 %	5.9 %	6.4 %	7.7 %

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
Variable costs	2 091	1 923	1 663	7 242	6 252

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
Fixed costs	580	608	668	2 410	2 625

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
Return on capital employed (annualised)	8.1 %	-20.8 %	-8.6 %	-7.8 %	2.1 %

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
Capital employed	4 797	4 663	4 395

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
Net interest-bearing debt	1 054	1 052	725

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

Q4 2021 presentation

04 February 2022

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Sustainable and innovative industry

- Global industrial company focusing on **publication paper, packaging paper, energy and bio products**
- Transitioning into markets with **strong growth outlook** and **higher margins**
- Takeover of **waste-to-energy facility from Valmet Q2 2022** improving green energy mix
- Becoming a leading independent European **recycled containerboard company in 2023**
- Promising biochemicals and materials projects with **CEBINA, CEBICO and Circa**
- Portfolio of industrial sites foundation for **further business 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.
 Energy mainly used internally in the publication paper production process

Bio products

- circa**
1,000 tonnes of biochemicals capacity¹
Q3 2023
- CEBINA**
100-500 tonnes of CEBINA capacity (pilot)
- CEBICO**
300 tonnes of CEBICO capacity (pilot)

Energy

- Waste-to-energy plant**
+400 GWh of waste-based energy capacity
Q2 2022
- Biogas**
~28 GWh of biogas energy capacity
- Green bio-mass energy**
~1,000 GWh of biomass energy capacity²

Packaging paper

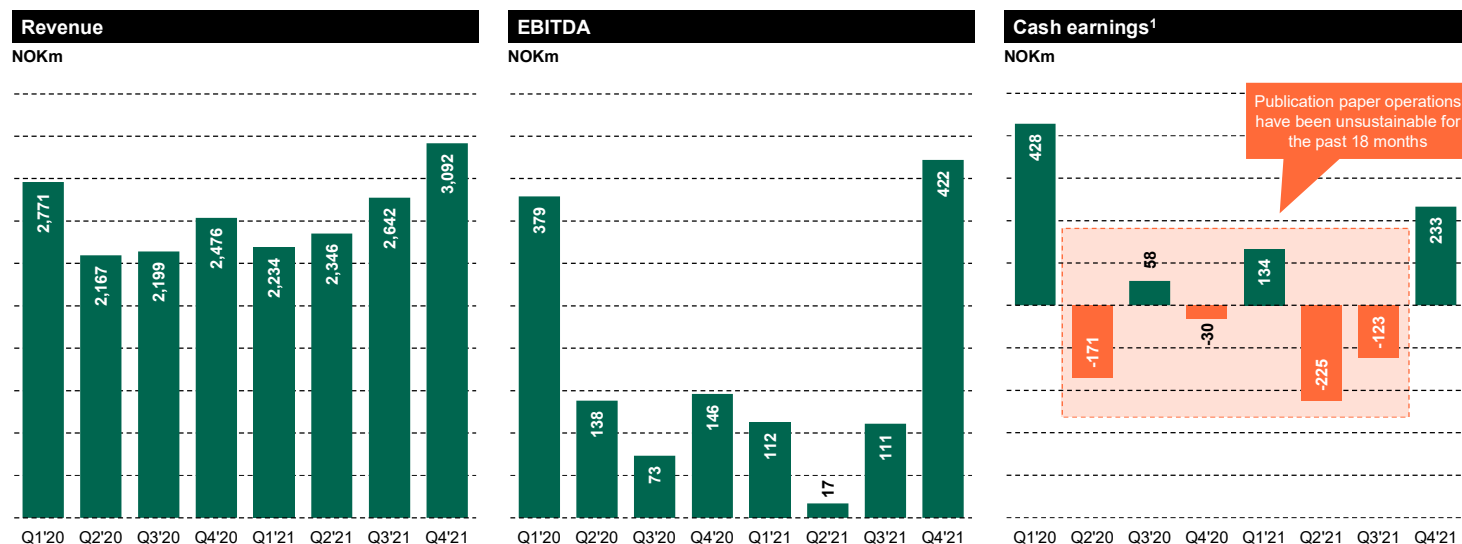
- STRATO**
760k tonnes of containerboard capacity
Q4 2022
- Skogn interliner**
~200k tonnes of interliner capacity

Publication paper

- NOR|News**
1,350k tonnes of newsprint capacity
- NOR|Cote**
400k tonnes of LWC capacity
- NOR|SC**
360k tonnes of SC capacity

Under construction Date Estimated start-up / takeover date

Earnings normalising as operating environment remains highly challenging



3 1) Cash earnings defined as cash flow from operations less maintenance capex

Fourth quarter in brief

Necessary price increases for all product grades realised in Q4 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 422m in the quarter

- EBITDA improvement from previous quarter with margins normalising towards the >10% area
- Continued strong negative earnings pressure from energy and raw material costs

Sale of CO₂ allowances

- All allowances for 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 H1 2022

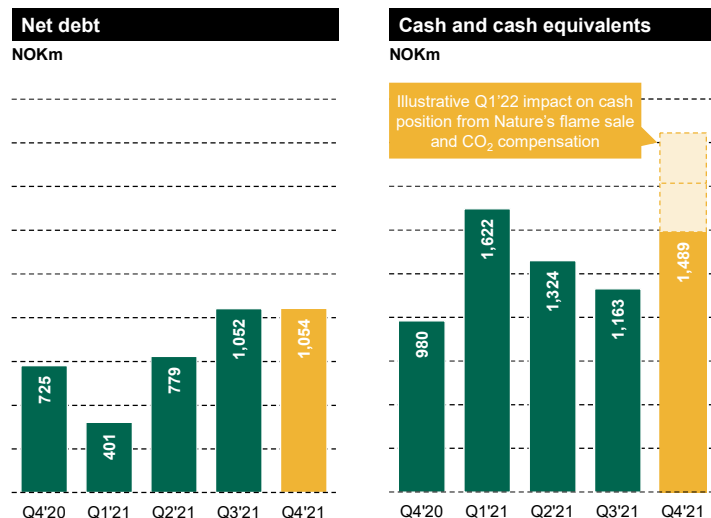
Entered into credit facilities to fully finance packaging paper projects

- Attractive terms for EUR 265m 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 NZD ~47.8m
- Cash proceeds of NZD ~47.8m and book value gain of NOK 150-200m expected during Q1 2022

Liquidity headroom to execute strategic growth projects



Total liquidity sources of EUR ~490m

- Cash balance of NOK 1,489m (EUR ~149m)
- Proceeds of NZD ~47.8m (EUR ~28m) from Nature's Flame sale in Q1'22
- 2021 CO₂ compensation of NOK ~290m (EUR ~29m) expected paid in H1'22
- Undrawn strategic project¹ debt facilities of EUR ~255m
- Undrawn RCF of EUR 31m
- Excluding future cash earnings²

Remaining strategic project¹ capex of EUR ~335m

5 1) Includes waste-to-energy project at the Bruck industrial site and packaging paper projects at the Bruck and Golbey industrial sites; 2) Cash earnings defined as cash flow from operations less maintenance capex

Segment financials for Q4 2021

Segment financials					
NOKm	Q4 2021	Q3 2021	Q4 2020	2021	2020
Europe					
Total operating income	2,648	2,183	1,899	8,412	7,412
EBITDA	395	113	171	628	659
EBITDA margin	14.9%	5.2%	9.0%	7.5%	8.9%
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%
Australasia					
Total operating income	395	426	526	1,792	2,106
EBITDA	46	0	-13	44	106
EBITDA margin	11.6%	0.0%	-2.5%	2.5%	5.0%
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%
Other activities					
Total operating income	71	61	68	228	204
EBITDA	-19	-2	-12	-11	-29

- Utilisation of 96% (equivalent to full utilisation)
- Realised prices in the quarter up +20% to previous quarter
- Continued high raw material prices (energy and recovered paper)

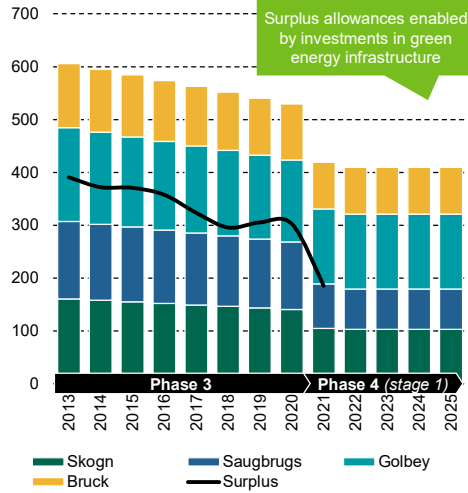
- Utilisation of 87%
- Boyer is the only domestic publication paper supplier
- Publication paper price increases end of 2021

Historical and ongoing investments in green energy enables low CO₂ footprint and emission allowance surplus



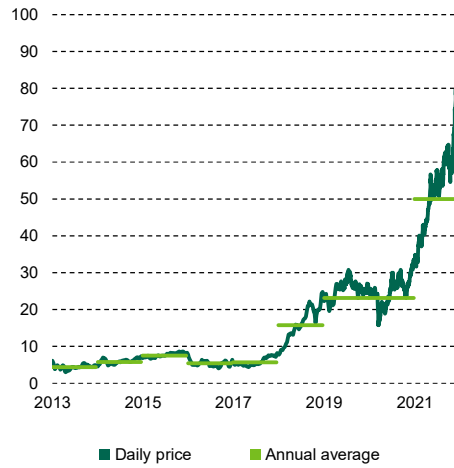
Allowance surplus due to green energy mix

Allocated allowances and net surplus, thousand allowances



CO₂ prices reflecting the green shift

Price per allowance, EUR / allowance



- Net allowance surplus for 2021 sold during Q4 2021, allowances for 2022 expected received in Q1 2022
- Indication to receive gross ~410k allowances per year in period 2022-2025
- Annual fossil CO₂ emissions of ~220k tonnes, to be reduced with ~150k tonnes from waste-to-energy plant (takeover from Valmet in Q2 2022)
- Allowance sale income booked quarterly based on annual surplus, cash proceeds received upon sale
- CO₂ cost compensation booked quarterly, cash proceeds received the year after booking

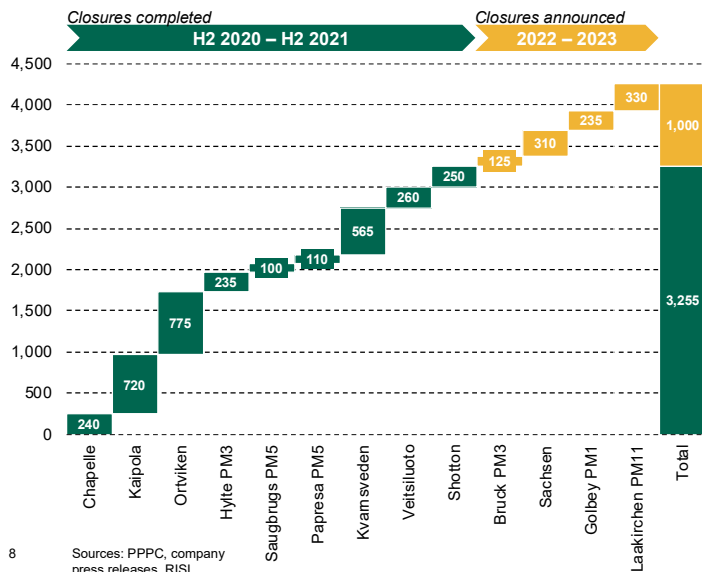
7 Source: European Commission

Publication paper market tightening as COVID-19 restrictions ease and significant capacity exits the market



Publication paper capacity closures since H2 2020

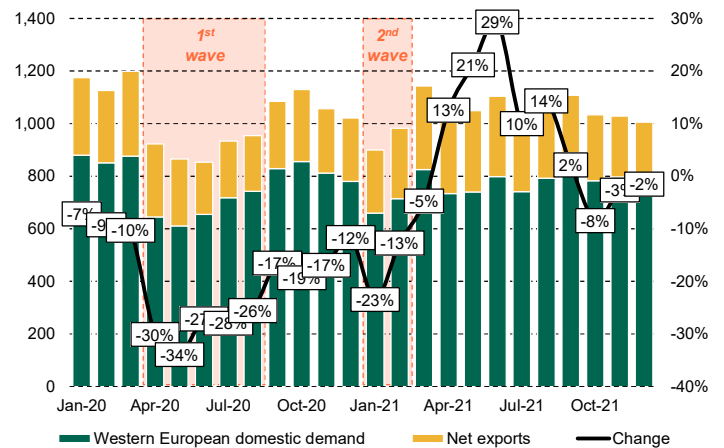
Capacity closures in Western Europe, thousand tonnes



Demand stabilising as COVID-19 restrictions ease

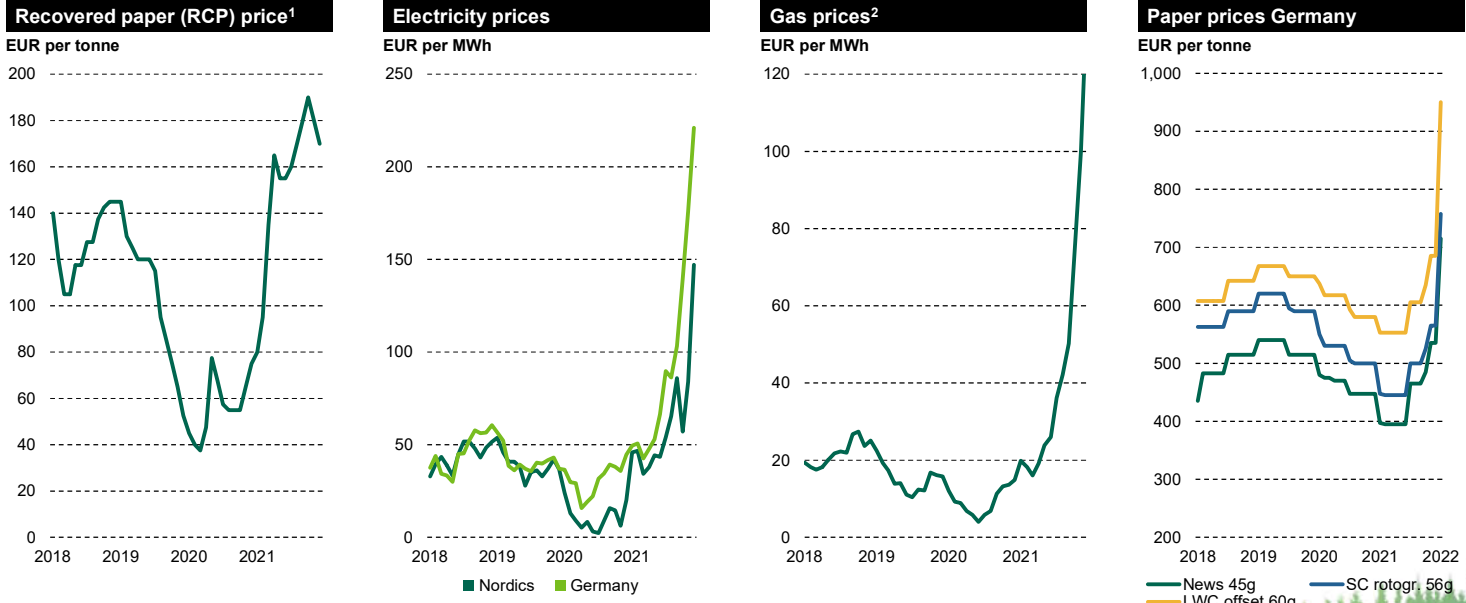
Monthly publication paper demand Western Europe, thousand tonnes

Change vs same month previous year



8 Sources: PPPC, company press releases, RISI

Fibre and energy costs have squeezed industry margins to unsustainable levels driving necessary price increases



9 Source: RISI, Nord Pool, European Energy Exchange (EEX), Dutch Title Transfer Facility (TTF)
1) 1.11 sorted graphic paper for deinking in Germany; 2) Dutch Title Transfer Facility (TTF) natural gas price

Bruck waste-to-energy facility in commissioning and on track for takeover from Valmet in two months

Waste-to-energy plant close to completion in Bruck, Austria

Valmet
Proven technology and turnkey installation

+400 GWh
Annual production of thermal steam energy

Q2 2022
On time and budget through COVID-19

NOK 200m
Estimated impact on EBITDA¹

- Gate fees**
 - Revenue: Gate fees for 160kt of waste (RDF²)
 - Operating costs: Staffing, maintenance, etc.
 - Share of EBITDA impact: NOK ~100m annually
- Energy**
 - Reduces annual gas consumption by ~0.7 TWh
 - Increases electricity consumption by ~0.2 TWh
- CO₂**
 - Reduces annual CO₂ emissions by 150k tonnes
 - Similar increase in net emission allowance surplus
- Capital**
 - Invested EUR 59m to date of EUR 72m investment
 - Drawn EUR 45m to date of EUR 54m loan facility

10 1) Based on historical and normalised prices; 2) RDF = Refuse Derived Fuel, is a fuel produced from various types of waste such as municipal solid waste (MSW), industrial waste or commercial waste

On time and on budget for entry into the containerboard market

Containerboard projects in progress

Site preparations and equipment orders underway

Invested EUR ~30m as of Q4 2021

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

EUR 265m debt financing

ECA¹-backed debt financing enables highly competitive interest rates

Q4 2022 first production

Stepwise introduction with Bruck in Q4 2022 and Golbey in Q4 2023

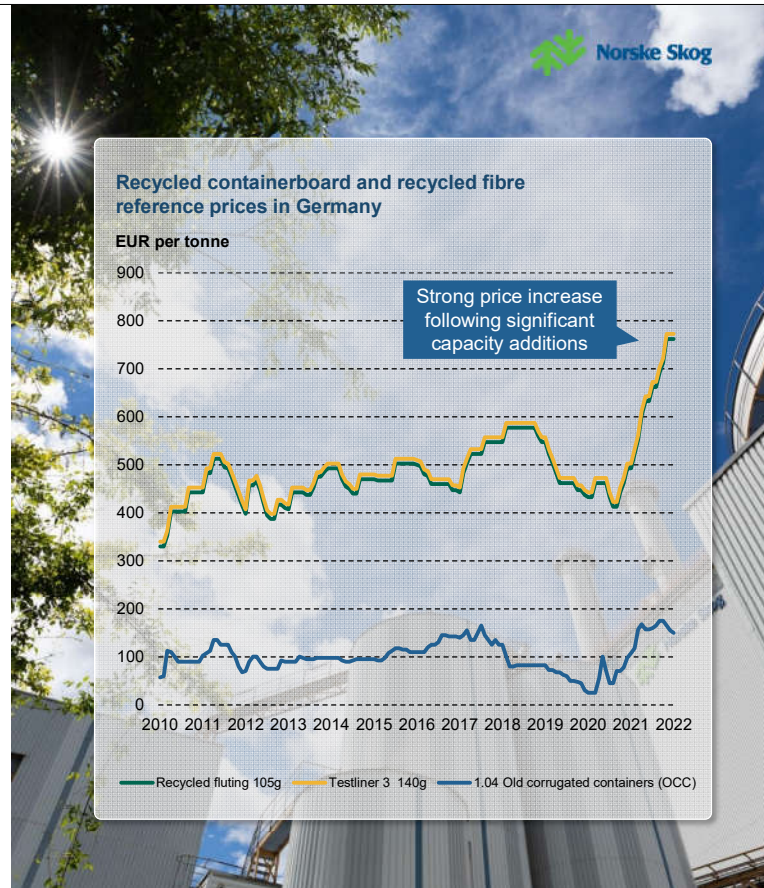
760,000 tonnes

Recycled containerboard production capacity

Expected EBITDA of EUR 70-80m

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

11 Sources: RISI
1) ECA = Export Credit Agency



Packaging projects on track to enter high growth market

Norske Skog Golbey – France



Paper Machine 1 (PM1)

- Today, 235k tonnes newsprint capacity
- Convert to 550k tonnes containerboard
- Stop newsprint production Q2 2023
- Start containerboard production Q4 2023
- Capex estimate of EUR ~250m

Paper Machine 2 (PM2)

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

Norske Skog Bruck – Austria



Paper Machine 3 (PM3)

- Today, 125k tonnes newsprint capacity
- Convert to 210k tonnes containerboard
- Stop newsprint production Q3 2022
- Start containerboard production Q4 2022
- Capex estimate of EUR ~100m

Paper Machine 4 (PM4)

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

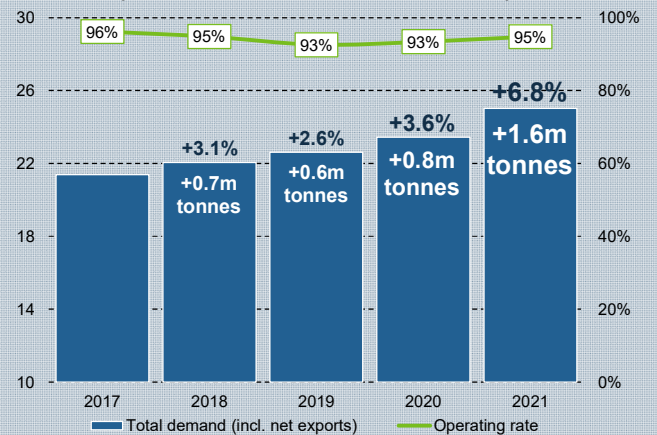
12 Sources: RISI



Strong recycled containerboard demand growth

Apparent consumption and net exports Western Europe, million tonnes

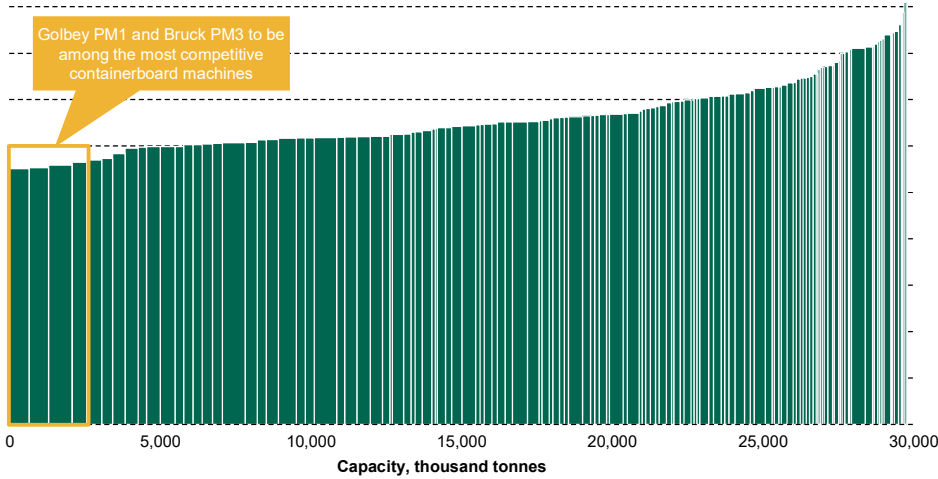
Operating rate Western Europe, million tonnes



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

Illustrative cash cost curve delivered Frankfurt for recycled containerboard machines Europe¹

EUR per tonne



- ✓ Large industrial sites with **scale advantage** and established presence in raw materials markets
- ✓ Top brownfield opportunities in Europe, with machine speed and trim that enable **cost-leadership position**
- ✓ Centrally located in Europe enables low inbound and outbound **transportation costs**
- ✓ Biomass boiler in Golbey² and waste-to-energy boiler in Bruck secure sustainable and **competitive steam supply**

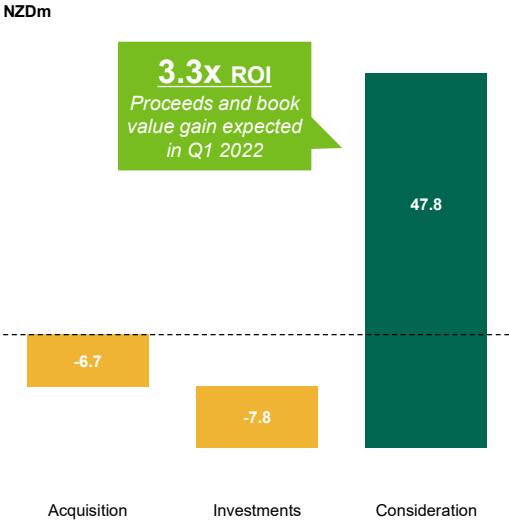
13 Source: External industry consultant (third-party), cost data as of Q3 2019
 1) Europe excluding Russia; 2) Being developed in partnership with Pearl Infrastructure Capital and Veolia. Norske Skog to hold 10% of the equity in the development company, Green Valley Energie

Production of high quality and sustainable wood pellets to continue under new and local ownership

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

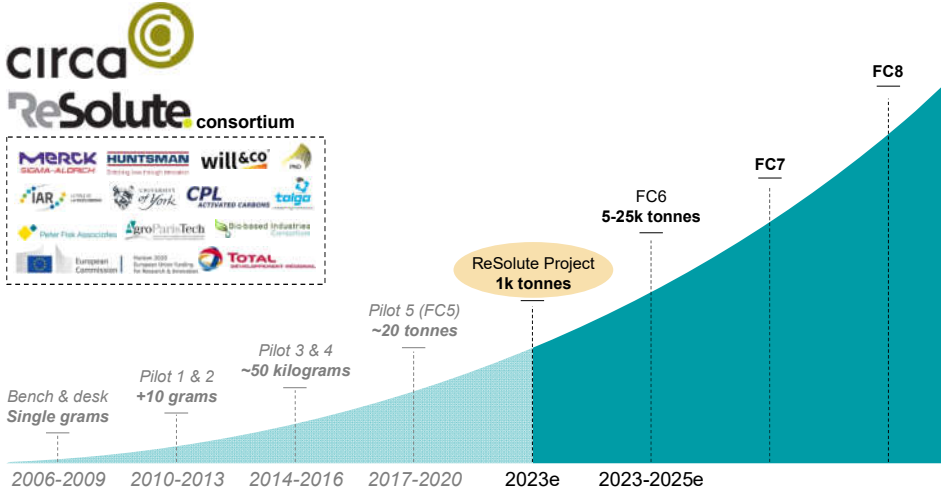


Entered into agreement to sell Nature's Flame



Grant of EUR 8.2m under the France Relance programme, de-risking the ReSolute project

Unique opportunity to become a leading provider of sustainable and non-toxic solvents

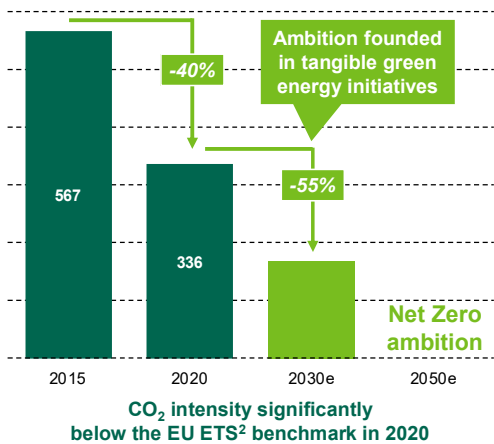


- Significantly de-risked financing for ReSolute with France Relance grant of EUR 8.2m
- Seek to establish strong supplier partnerships to enable and de-risk future growth journey
- High interest and several ongoing vendor dialogues regarding reactor and equipment orders
- Investigate on site conversion of biochar to energy for ReSolute production process (proof-of-concept)
- Norske Skog owns ~26% of Circa and will remain a strategic and long-term supporter of its ambition to deliver sustainable biochemicals at scale

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

Carbon footprint development and ambition

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



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



CSR reporting applying the GRI³ guidelines since 2003

Highlighted green initiatives

- ✓ New energy efficiency initiatives introduced during 2021⁴
- ✓ Waste-to-energy facility reducing CO₂ footprint by 150k tonnes, takeover Q2 2022
- ✓ New Golbey biomass boiler⁵ from Q2 2024, producing green steam and electricity from sludge and waste wood
- ✓ Increasing use of rail transport for fresh fibres in Norway, reducing road traffic

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 better than the industry emission intensity benchmark; 3) GRI = Global Reporting Initiative; 4) The NEXT and Terminator energy efficiency projects announced at the Norske Skog Saugbrugs mill in March 2020 have come on stream in 2021 to further improve the energy efficiency of Norske Skog. The projects are supported by the NOx Fund and Enova; 5) Being developed in partnership with Pearl Infrastructure Capital and Veolia. Norske Skog to hold 10% of the equity in the development company, Green Valley Energie

Outlook

Publication paper markets

- Improving operating rates in the industry
- Considerable paper price increases in Q4 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

- Continued commercialisation of CEBINA and CEBICO
- Bruck waste-to-energy facility takeover in Q2 2022
- Containerboard production to start in Q4 2022

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Norske Skog ASA

Postal address: P.O. Box 294 Skøyen, 0213 Oslo, Norway

Visitors: Sjølyst Plass 2, 0278 Oslo, Norway

Phone: +47 22 51 20 20

Email: info@norskeskog.com

Email: ir@norskeskog.com



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

Profitability normalising in challenging environment

Norske Skog's EBITDA in the fourth quarter of 2021 was NOK 422 million, an increase from NOK 111 million in the third quarter of 2021. Sales prices for all grades increased in the quarter as a necessary consequence of unprecedented high energy costs in Europe and a tightened publication paper market situation following significant capacity closures and post Covid-19 demand recovery. The European mills operated at full capacity during the quarter.

"The substantial price increases in the European markets during the fourth quarter were a direct consequence of the unprecedented volatility and price level in the European energy market, and was necessary following several quarters of low or negative cash flows. Following significant capacity closures in the industry over the past 18 months, the demand for publication paper now exceeds available capacity," says Sven Ombudstvedt, CEO of Norske Skog.

Cash flow from operations was NOK 317 million in the quarter compared to NOK -99 million in the previous quarter, positively impacted by the improved operating margins, change in working capital and sale of CO₂-allowances, but negatively impacted by employee redundancy payments at the Tasman mill in New Zealand. Operating earnings in the fourth quarter of 2021 were NOK 479 million compared to operating earnings in the third quarter of 2021 of NOK -565 million.

Net profit in the quarter was NOK 400 million compared to a net loss of NOK 602 million in the previous quarter. Net interest-bearing debt was NOK 1 054 million at the end of the fourth quarter, with an equity ratio of 34%.

Following the end of the quarter, Norske Skog entered into an agreement with Talley's Group, a New Zealand-based food company, to sell the Nature's Flame pellets company for a consideration of NZD 47.8 million, which is approximately NOK 280 million. The transaction is expected to close during the first quarter of 2022.

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 utilise green energy generated from the construction of a new waste-to-energy facility at the Bruck industrial site and a new biomass plant at the Golbey industrial site. In the fourth quarter, Norske Skog entered into attractive debt facility agreements, having an average maturity towards the end of 2030, with an aggregate amount of EUR 265 million to finance the EUR 350 million investment into the recycled containerboard projects. The commercial terms support the highly competitive profile of the containerboard projects.

"Despite increasing cost level in Europe, our packaging and energy projects progress on time and budget. The waste-to-energy facility at Bruck is in the commissioning phase, and we will have formal takeover from Valmet during the second quarter. We are proud of being able to both serve the publication paper and the packaging paper markets in a sustainable and profitable manner within year-end," says Ombudstvedt.

Norske Skog actively works to realise value from its industrial sites by developing existing infrastructure and industry competence. 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, was completed in the fourth quarter of 2021.

Norske Skog ASA

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

Through the partnerships 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.

In addition, Norske Skog aims to eliminate the use of fossil-based means of transportation by 2050. Annually, Norske Skog uses around 2-2.5 million tonnes of recovered paper, wood and wood chips at the European mills.

- A pre-requisite for the implementation of the green transition in European industry and the fulfillment of emission obligations in the Glasgow agreement require that our inbound and outbound transport take place with emission-free transport solutions, for example on rail. This will help us achieve both lower carbon emissions and lower costs, says Sven Ombudstvedt.

Key figures, fourth quarter of 2021

NOK million (unless otherwise stated)	Q4 2021	Q3 2021	Q4 2020	2021	2020
Income statement					
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
Cash flow					
Net cash flow from operating activities	317	-99	73	191	549
Net cash flow from investing activities	-326	-168	-217	-891	302
Operating margin and profitability (%)					
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
Capacity utilisation (Production / capacity %)					
	95	95	81	89	77

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. Norske Skog has numerous ongoing fibre and energy activities at all industrial sites.

Europe

Operating revenue increased from the previous quarter due to higher sales prices. The prices increased in the quarter due to higher energy and other raw material costs. Variable cost per tonne increased in the quarter due to significantly higher energy prices. Fixed costs per tonne were in line with previous quarter. According to Eurograph, demand for standard newsprint in Europe decreased by 4% through November compared to the same period in 2020. SC magazine demand decreased by around 1%; whereas, LWC paper demand increased by around 1% through November compared to the same period last year. Capacity utilisation was unchanged from previous quarter at 96%.

Australasia

Operating income decreased slightly compared to previous quarter due to lower delivery volumes but was somewhat offset by a slight price increase. Variable costs per tonne were lower compared to the previous quarter because of a slight reduction in energy and raw materials costs. Employee benefit expenses were lower, also on a per tonne basis, mainly due to the cessation of paper production at Tasman. According to official trade statistics, demand for newsprint in the fourth quarter in Australasia increased by 1% compared to the same period in 2020. Capacity utilisation was in line with the previous quarter at 87%.

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 CO₂-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.

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. 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 today at 08:30 CEST for pre-registered participants. The presentation, the quarterly financial statements and the press releases are available on www.norskeskog.com and published on www.newsweb.no under the ticker NSKOG. If you want to receive future Norske Skog press releases, please subscribe through the website of the Oslo Stock Exchange www.newsweb.no.

Norske Skog
Communications and Public Affairs

For further information:

Norske Skog media:

Vice President Communication and Public Affairs

Carsten Dybevig

Email: carsten.dybevig@norskeskog.com

Mob: +47 917 63 117

Norske Skog financial markets:

Investor Relation Manager

Even Lund

Email: even.lund@norskeskog.com

Mob: +47 906 12 919

Pressemelding

Normalisert lønnsomhet i utfordrende tider

Norske Skogs EBITDA i fjerde kvartal 2021 var NOK 422 millioner, en oppgang fra NOK 111 millioner i tredje kvartal 2021. Salgsprisen økte for alle papirkvaliteter i kvartalet, som en nødvendig konsekvens av rekordhøye energikostnader i Europa og et sterkt publikasjonspapirmarked, som følge av betydelige kapasitetsstengninger og bedre etterspørsel etter Covid-19 perioden. De europeiske fabrikkene hadde full kapasitetsutnyttelse i kvartalet.

- De betydelige prisstigningene i de europeiske markedene i løpet av fjerde kvartal var en direkte konsekvens av en eksepsjonell situasjon med volatile og høye priser på energi, og var helt nødvendig som følge av flere kvartaler med lav eller negativ kontantstrøm. Etter betydelige kapasitetsstengninger i industrien de siste 18 månedene, overstiger etterspørselen etter publikasjonspapir nå tilgjengelig kapasitet, sier Sven Ombudstvedt, konsernsjef i Norske Skog.

Kontantstrøm fra driften var NOK 317 millioner i kvartalet sammenlignet med NOK -99 millioner kroner i forrige kvartal. Kontantstrømmen var positivt påvirket av forbedrede driftsmarginer, endring i arbeidskapitalen og salg av CO2-kvoter, men negativt påvirket av sluttvederlagsutbetalinger i kvartalet ved Tasman-fabrikken i New Zealand. Driftsresultatet i fjerde kvartal 2021 var på NOK 479 millioner sammenlignet med et driftsresultat på NOK -565 millioner i tredje kvartal 2021.

Overskuddet i kvartalet var NOK 400 millioner mot et underskudd på NOK 602 millioner i forrige kvartal. Netto rentebærende gjeld var NOK 1 054 millioner ved utgangen av fjerde kvartal, med en egenkapitalandel på 34%.

Etter fjerde kvartal inngikk Norske Skog en avtale med Talley's Group, et New Zealand-basert næringsmiddelsselskap, om å selge pelletsselskapet Nature's Flame for et vederlag på NZD 47,8 millioner, som tilsvarer ca. NOK 280 millioner. Det forventes at transaksjonen blir gjennomført i løpet av første kvartal i 2022.

Status prosjekter

De endelige investeringsbeslutningene for konvertering av avisapirmaskiner ved både Bruck og Golbey vil gi 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. I kvartalet har Norske Skog inngått attraktive låneavtaler på tilsammen EUR 265 millioner til finansiering av de to europeiske emballasjeprosjektene med et samlet investeringsbehov på EUR 350 millioner. Lånebetingelsene støtter den konkurransedyktige profilen til emballasjeprosjektene.

- Til tross for økende kostnadsnivå i Europa, skrider våre emballasje- og energiprojekter frem i henhold til opprinnelig tidsplan og budsjett. Energiforbrenningsanlegget på Bruck er i igangkjøringsfasen, og vi vil ha en formell overtakelse fra Valmet i løpet av andre kvartal. Vi er stolte av å kunne betjene både publikasjons- og emballasjepapirmarkedet på en bærekraftig og lønnsom måte innen årsslutt, sier Sven Ombudstvedt.

Norske Skog jobber aktivt for å realisere verdier fra industrianleggene ved å utvikle eksisterende infrastruktur og bransjekompetanse. 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 testvolumer for potensielle kunder, ble fullført i fjerde kvartal 2021.

Gjennom partnerskapene 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.

Norske Skog ASA

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

I tillegg har Norske Skog et mål om å eliminere bruken av fossilbaserte transportmidler innen 2050. Årlig bruker Norske Skog rundt 2-2.5 millioner tonn returpapir, tre og flis ved de europeiske fabrikkene.

– En forutsetning for gjennomføring av det grønne skiftet i europeisk industri og oppfyllelse av utslippsforpliktelser i Glasgow-avtalen, er at vår inn- og uttransport skjer med utslippsfrie transportløsninger, for eksempel på jernbane. Med dette vil vi oppnå både lavere karbonutslipp og lavere kostnader, sier Sven Ombudstvedt.

Nøkkeltall, fjerde kvartal 2021

NOK millioner (om ikke annet er oppgitt)	Q4 2021	Q3 2021	Q4 2020	2021	2020
Resultatregnskap					
Totale inntekter	3 092	2 642	2 476	10 315	9 612
EBITDA	422	111	146	662	736
Driftsresultat	479	-565	-1 276	-160	-1 339
Resultat for perioden	400	-602	-1 363	-363	-1 884
Kontantstrøm					
Netto kontantstrøm fra operasjonelle aktiviteter	317	-99	73	191	549
Netto kontantstrøm fra investeringsaktiviteter	-326	-168	-217	-891	302
Driftsmargin og lønnsomhet (%)					
EBITDA margin	13.6	4.2	5.9	6.4	7.7
Avkastning på investert kapital (annualisert)	8.1	-20.8	-8.6	-7.8	2.1
Kapasitetsutnyttelse (produksjon/kapasitet %)	95	95	81	89	77

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. Norske Skog har en rekke pågående fiber- og energiaktiviteter ved alle industrianlegg.

Europa

Driftsinntektene økte fra forrige kvartal som følge av høyere salgspriser. Salgsprisene økte i kvartalet på grunn av høyere energi- og råvarekostnader. Variabel kostnad per tonn økte i kvartalet på grunn av betydelig høyere energikostnader. Faste kostnader per tonn var på linje med forrige kvartal. Ifølge Eurograph falt etterspørselen etter standard avisepapir i Europa med 4% til og med november sammenlignet med samme periode i 2020. Etterspørselen etter superkalandret magasinpapir (SC) falt med rundt 1%, og LWC magasinpapir økte med rundt 1% til og med november sammenlignet med samme periode i 2020. Kapasitetsutnyttelsen var uendret fra forrige kvartal på 96%.

Australasia

Driftsinntektene gikk svakt ned sammenlignet med forrige kvartal på grunn av lavere leveranser, men ble noe motvirket av en liten prisøkning. De variable kostnadene per tonn var lavere sammenlignet med forrige kvartal på grunn av noe lavere energi- og råvarekostnader. Lønnskostnader var noe lavere, også per tonn, grunnet stengningen av papirproduksjonen ved Tasman. I følge offisiell handelsstatistikk økte etterspørselen etter avisepapir i fjerde kvartal i Australasia med 1% sammenlignet med samme periode i 2020. Kapasitetsutnyttelsen var som i forrige periode 87%.

Utsikter

Energi- og råvaremarkedene er fortsatt svært volatile og usikre inn i 2022. De rekordhøye økningene for de største innsatsfaktorene, spesielt energi, viser ikke tegn til å avta med det første. De fortsatt høye prisene på energi, returpapir og andre innsatskostnader inn i 2022 har resultert i nødvendige prisøkninger for publikasjonspapir for alle kvaliteter i Europa.

De betydelige kapasitetsstengningene og emballasjekonverteringene i bransjen har påvirket markedsbalansen for publikasjonspapir positivt. Ytterligere kapasitetsstenginger har blitt annonsert for 2022 og 2023. Kapasitetsutnyttelsen i bransjen forventes å forbli høye i 2022.

Energiforbrenningsanlegget ved Norske Skog Bruck er i igangkjøringsfasen og forventes å være i full drift i løpet av andre kvartal. Når energianlegget er fullt operativt, vil dette redusere gassforbruket og dermed CO2-utslippene betydelig for Norske Skog Bruck.

Norske Skog gjennomfører forberedende grunnarbeider for etablering av emballasjepapirproduksjon både ved Norske Skog Bruck og Norske Skog Golbey, samt utfører de nødvendige kommersielle markedsforberedelser. Produksjon av emballasjepapir forventes å starte ved Norske Skog Bruck i fjerde kvartal 2022, og ved Norske Skog Golbey i fjerde kvartal 2023.

Norske Skog vil utvikle forretningsmuligheter for CEBINA og CEBICO. Dette betyr å evaluere en potensiell kapasitetsøkning for CEBICO utover den eksisterende pilotanleggskapasiteten på 300 tonn årlig. Pilotanlegget vil muliggjøre produksjon og leveranser av større testvolumer til potensielle kunder.

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. 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 kvartalsmaterieil

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

Norske Skog
kommunikasjon og samfunnskontakt

For ytterligere informasjon:

Norske Skog media:

Kommunikasjonsdirektør

Carsten Dybevig

Email: Carsten.Dybevig@norskeskog.com

Mob: +47 917 63 117

Norske Skog finansmarkedet:

Investor Relation Manager

Even Lund

Email: Even.Lund@norskeskog.com

Mob: +47 906 12 919



NORSKE SKOG ASA

Sjølyst plass 2, 0278 Oslo / www.norskeskog.com / [twitter: @Norske_Skog](https://twitter.com/Norske_Skog)

