

# SECOND QUARTER 2022

Quarterly report

Presentation

Press releases



**Norske Skog**



## 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. Four of the mills are in Europe and one in Australia. Norske Skog has an annual publication paper production capacity of 2.1 million tonnes. Newsprint and magazine paper are sold through sales offices and agents to over 80 countries. The group has approximately 2 100 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 bio products and energy projects.

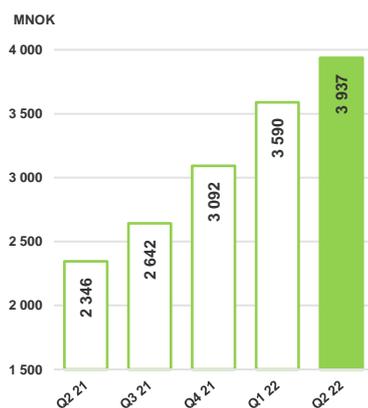
The parent company, Norske Skog ASA, is incorporated in Norway and has its head office at Skøyen in Oslo. The company is listed on Oslo Stock Exchange with the ticker NSKOG.

## KEY FIGURES

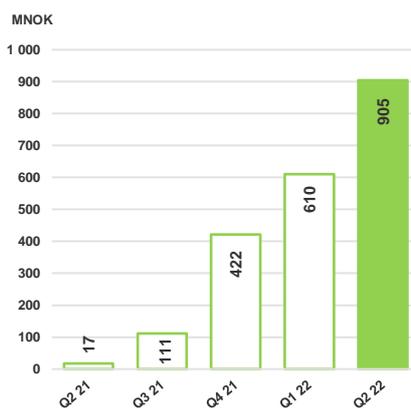
NOK MILLION	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
<b>INCOME STATEMENT</b>					
Total operating income	3 937	3 590	2 346	7 527	4 580
EBITDA*	905	610	17	1 515	129
Operating earnings	1 195	593	-277	1 789	-74
Profit/loss for the period	935	583	-355	1 518	-161
Earnings per share (NOK)	9.92	6.18	-3.77	16.10	-1.71
<b>CASH FLOW</b>					
Net cash flow from operating activities	473	196	-190	669	-27
Net cash flow from operating activities per share (NOK)	5.01	2.08	-2.01	7.09	-0.29
Net cash flow from investing activities	-451	-112	-159	-564	-397
<b>OPERATING MARGIN AND PROFITABILITY (%)</b>					
EBITDA margin*	23.0	17.0	0.7	20.1	2.8
Return on capital employed (annualised)*	33.8	17.8	-13.1	25.5	-10.0
<b>PRODUCTION / DELIVERIES / CAPACITY UTILISATION</b>					
Production (1 000 tonnes)	463	474	460	937	941
Deliveries (1 000 tonnes)	470	468	490	938	962
Production / capacity (%)	91	94	82	93	84

\* As defined in Alternative Performance Measures

### TOTAL OPERATING INCOME



### EBITDA



### NET INTEREST-BEARING DEBT



NOK MILLION	30 JUN 2022	31 MAR 2022	31 DEC 2021	30 JUN 2021
<b>BALANCE SHEET</b>				
Non-current assets	5 319	4 520	4 538	4 017
Current assets	6 046	5 474	4 587	4 178
Total assets	11 365	9 994	9 125	8 196
Equity	4 787	3 660	3 133	3 365
Net interest-bearing debt	1 012	924	1 054	779

# REPORT OF THE BOARD OF DIRECTORS FOR THE SECOND QUARTER OF 2022

- Good profitability despite turbulent markets
  - EBITDA of NOK 905 million, impact from waste-to-energy facility and price increases offsetting energy and raw material costs
  - Profit of 935 million in the quarter, including positive non-cash impact of NOK 419 million from valuation of energy contracts
- Challenging energy and raw material markets
  - Uncertainty and high costs for energy and raw materials continue into the second half of 2022, impacting production and prices
  - Investments in waste-to-energy plant at Norske Skog Bruck and CHP biomass plant at Norske Skog Golbey support the reduction of natural gas imports
- Publication paper capacity reductions from 2022 to 2024
  - Norske Skog Bruck PM3 stopped production on 10 July to facilitate conversion, expect marginal negative EBITDA impact
  - Further industry closures announced in Western Europe support high operating rates in 2022 and into 2023
- Good progress on energy and growth projects
  - New waste-to-energy plant in Bruck close to 100% utilization and GVE started construction of new biomass plant in Golbey
  - Containerboard projects in Bruck and Golbey on schedule for production start-up in 2023
  - CEBICO with partnership agreement for further commercialization and CEBINA successfully applied in materials

## PROFIT/LOSS FOR THE PERIOD

NOK MILLION	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
Operating revenue	3 822	3 326	2 182	7 148	4 337
Other operating income	116	264	164	380	243
<b>Total operating income</b>	<b>3 937</b>	<b>3 590</b>	<b>2 346</b>	<b>7 527</b>	<b>4 580</b>
Distribution cost	-327	-299	-294	-626	-589
Cost of materials	-1 971	-2 020	-1 403	-3 992	-2 640
Fixed cost	-735	-660	-631	-1 395	-1 222
<b>EBITDA</b>	<b>905</b>	<b>610</b>	<b>17</b>	<b>1 515</b>	<b>129</b>

Higher operating revenue in the second quarter compared to the previous quarter was driven by increased prices. Publication paper prices were increased further in the second quarter, which was necessary to mitigate the effect of higher input costs while maintaining sustainable margins. Delivered volumes were in line with previous quarter.

Cost of materials decreased slightly compared to the previous quarter, both in total and on a per tonne basis, due to the Norske Skog Bruck waste-to-energy facility starting to operate. Underlying there was an increase in cost of materials due to significant higher energy (electricity and gas) and raw material prices. Recovered paper (RCP) prices have increased further from previous quarters. This has resulted in continued and significant cost pressure upwards and limitations in availability of raw materials necessitating some down time in the quarter.

Fixed costs (including employee benefit expenses) increased compared to the previous quarter, both in total and on a per tonne basis, partly due to further accruals for long-term incentive programmes.

EBITDA increased quarter-over-quarter, partly driven by price increases and partly driven by positive impact from the start-up of the waste-to-energy facility at Norske Skog Bruck.

The publication paper market balance remains tight following significant capacity closures in 2021, with further closures from the second half of 2022 and until 2024. Utilisation was 91% for Norske Skog in the second quarter of 2022, driven by a tight publication paper market.

NORSKE SKOG QUARTERLY REPORT – SECOND QUARTER 2022 (UNAUDITED)

NOK MILLION	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
Restructuring expenses	0	0	-160	0	-163
Depreciation	-120	-114	-105	-234	-209
Impairments	0	0	0	0	0
Derivatives and other fair value adjustments	411	97	-29	508	170
<b>Operating earnings</b>	<b>1 195</b>	<b>593</b>	<b>-277</b>	<b>1 789</b>	<b>-74</b>

Depreciation of NOK 120 million is a slight increase compared with previous quarters due to depreciation of new assets.

The fair value of energy contracts in Norway increased compared to the previous quarter due to higher future market prices for electricity.

NOK MILLION	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
Share of profit in associated companies	-3	-1	-9	-5	-9
Financial items	-127	1	-79	-127	-78
Income taxes	-130	-10	10	-140	-1
<b>Profit/loss for the period</b>	<b>935</b>	<b>583</b>	<b>-355</b>	<b>1 518</b>	<b>-161</b>

Financial items were negative by NOK 127 million in the second quarter. Interest cost and other financial costs were in line with the previous quarter. NOK was weaker against EUR at the end of second quarter resulting in foreign exchange loss of NOK 91 million on debt denominated in EUR.

The income taxes in the quarter relates mainly to the operations in Norske Skog Golbey.

## DIVERSIFICATION BEYOND PUBLICATION PAPER

The conversion to production of containerboard is progressing at Norske Skog Bruck and Norske Skog Golbey. The paper machine PM3 at Norske Skog Bruck ceased production of newsprint on 10 July. Norske Skog Bruck will enter the recycled containerboard market during the first quarter of 2023 and will put Norske Skog on the path to become a leading European independent producer of recycled containerboard. The preparatory work and ordering of equipment for conversion to containerboard at Norske Skog Golbey is also underway, with production expected to start during the fourth quarter of 2023.

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.

During the second quarter, CEBINA was successfully applied as an additive in epoxy filler materials used to coat salmon farming tanks for Salmon Evolution. This marks yet another milestone for the efforts to commercialise CEBINA. Work is ongoing to expand CEBINA

production capacity at Norske Skog Saugbrugs, with grant support received from the Green Platform initiative.

In the second quarter, Norske Skog, BEWI and BE Form entered into a commercial partnership agreement. The ambition of the partnership is to identify relevant applications of CEBICO within existing and/or new products produced by BEWI and BE Form. The commercial work forms the basis for a potential future decision on expansion of CEBICO production capacity.

Norske Skog holds an approximately 26% ownership stake in Circa Group AS, listed under the ticker code CIRCA at Euronext Growth Oslo. During the second quarter, Circa entered an industrial partnership with Valmet to scale their Furacell production technology, with the shared ambition of reaching Circa's target of 80 000 tonnes production capacity in 2030.

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	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
Total operating income	3 469	2 968	1 872	6 437	3 582
<b>EBITDA</b>	<b>910</b>	<b>441</b>	<b>14</b>	<b>1 351</b>	<b>120</b>
EBITDA margin (%)	26.2	14.9	0.8	21.0	3.4
Return on capital employed (%) (annualised)	29.5	3.7	-11.1	17.0	-8.9
Production (1 000 tonnes)	398	415	381	813	773
Deliveries (1 000 tonnes)	407	407	403	814	785
Production / capacity (%)	90	94	85	92	87

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 approximately 1.8 million tonnes.

Operating income increased from the previous quarter due to higher sales prices. The price increases for publication paper in the quarter were necessitated by increasing cost of materials. Deliveries in the quarter were in line with previous quarter.

Distribution costs increased from the previous quarter on an absolute level and on a per tonne basis driven by higher freight rates. Cost of materials decreased slightly in total and on a per tonne basis, mainly due to higher energy and fibre prices in the quarter. Employee benefit

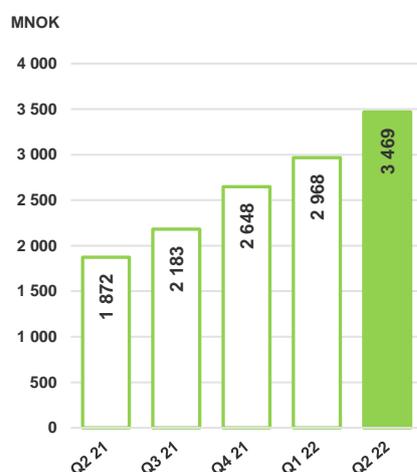
expenses increased in the quarter, both on an absolute level and on a per tonne basis.

EBITDA increased compared to the previous quarter because of higher prices and start-up of the Bruck waste-to-energy facility.

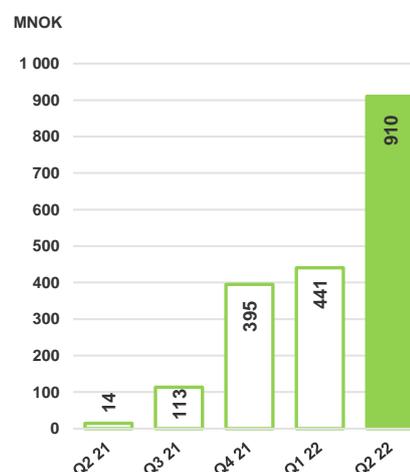
Demand for standard newsprint in Europe increased by 2% as of May 2022 compared to the same period last year. Magazine paper demand decreased 8%, with super calendared paper decreasing 5% and lightweight coated paper decreasing 11%. (Source: Eurograph).

Capacity utilisation was 90% in the period, with a slight decrease compared with the previous quarter of 94%.

EUROPE  
TOTAL OPERATING INCOME



EUROPE  
EBITDA



### PUBLICATION PAPER AUSTRALASIA

NOK MILLION	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
Total operating income	470	429	482	899	971
<b>EBITDA</b>	<b>49</b>	<b>40</b>	<b>7</b>	<b>89</b>	<b>-1</b>
EBITDA margin (%)	10.4	9.2	1.4	9.9	-0.2
Return on capital employed (%) (annualised)	43.2	41.5	-6.5	46.9	-24.5
Production (1 000 tonnes)	64	59	79	124	168
Deliveries (1 000 tonnes)	63	61	87	124	177
Production / capacity (%)	98	91	69	95	74

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

Operating income increased compared to previous quarter due to higher prices and deliveries.

Distribution costs increased compared to the previous quarter on an absolute level and on a per tonne basis, due to higher freight rates. Cost of materials increased in the quarter on an absolute and a per tonne basis due to higher energy and raw material costs. Employee

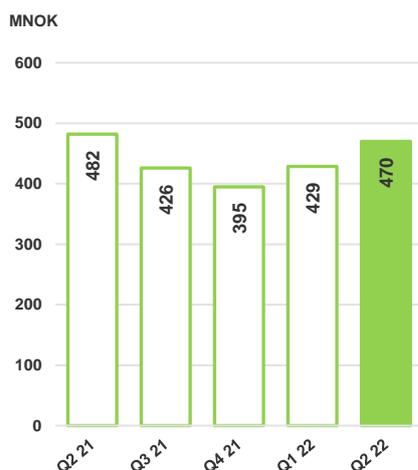
benefit expenses were flat on an absolute basis but decreased slightly on a per tonne basis.

EBITDA increased compared to the previous quarter, mainly driven by higher prices in the quarter.

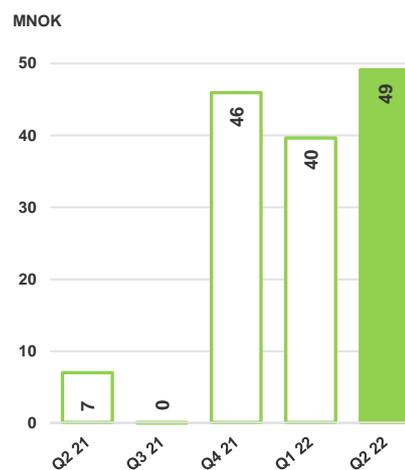
Demand for newsprint in Australasia decreased by 6% as of June 2022, compared to the same period last year. (Source: official statistics).

Capacity utilisation was 98% in the period, an increase compared to the previous quarter of 91%.

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



**AUSTRALASIA**  
**EBITDA**



## OTHER ACTIVITIES

NOK MILLION	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
Total operating income	23	222	36	245	96
EBITDA	-55	130	-4	75	10

Operating income in other activities mainly consist of non-paper related operations defined as Green Energy.

Other activities also include unallocated headquarter costs. The second quarter saw an increase in the valuation of the long-term

incentive programme, which impacted the EBITDA negatively. The unallocated headquarter costs are estimated to be EBITDA negative by approximately NOK 35 million annually but are not uniformly distributed throughout the quarters of the year.

## CASH FLOW

NOK MILLION	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
EBITDA	905	610	17	1 515	129
Change in working capital	-352	-172	-115	-525	26
Restructuring payments	-10	-10	-19	-20	-38
Gain and losses from divestments	-8	-177	0	-184	-7
Net financial items	-33	-40	-36	-73	-68
Taxes paid	-17	-12	-18	-29	-32
Other items	-12	-2	-19	-14	-36
<b>Net cash flow from operating activities</b>	<b>473</b>	<b>196</b>	<b>-190</b>	<b>669</b>	<b>-27</b>
<b>Purchases of property, plant and equipment and intangible assets</b>	<b>-437</b>	<b>-391</b>	<b>-159</b>	<b>-828</b>	<b>-348</b>
-whereof maintenance capex	-48	-23	-35	-71	-64

Net cash flow from operating activities was positive NOK 473 million in the second quarter.

The operating cash flow was negatively impacted by change in working capital of NOK 352 million, mainly driven by an increase in inventories and trade and other receivables because of higher sales prices. Partly offset by higher trade and other payables.

Taxes paid in the second quarter relates to tax on the operations in Norske Skog Golbey and the Italian sales office.

Maintenance capex of NOK 48 million relates to ordinary maintenance in the quarter, an increase from the low levels in the first quarter.

Remaining purchases of property, plant and equipment and intangible assets relate to investments in the waste-to-energy facility at Norske Skog Bruck and the packaging paper projects at Norske Skog Bruck and Norske Skog Golbey.

## BALANCE SHEET

NOK MILLION	30 JUN 2022	31 MAR 2022	31 DEC 2021	30 JUN 2021
Non-current assets	5 319	4 520	4 538	4 017
<b>Cash and cash equivalents</b>	<b>1 728</b>	<b>1 676</b>	<b>1 489</b>	<b>1 324</b>
Inventories, trade and other receivables and other current assets	4 318	3 797	3 098	2 854
Total assets	11 365	9 994	9 125	8 196
<b>Equity</b>	<b>4 787</b>	<b>3 660</b>	<b>3 133</b>	<b>3 365</b>
Non-current liabilities	3 601	3 515	3 391	2 846
Current liabilities	2 976	2 819	2 600	1 985
<b>Net interest-bearing debt</b>	<b>1 012</b>	<b>924</b>	<b>1 054</b>	<b>779</b>

Total assets increased in the second quarter mainly due to an increase in property, plant and equipment, valuation of energy contracts, inventory and trade and other receivables.

In total, cash and cash equivalents increased to NOK 1 728 million from NOK 1 676 million at previous quarter end. The increase is a result of positive operating cash flows in the quarter, reduced by investments in property, plant and equipment offset by draw down on loans.

Non-current liabilities decreased slightly from previous quarter. Interest-bearing non-current liabilities increased, offset by other non-current liabilities.

Debt to finance the Norske Skog Bruck waste-to-energy facility is fully drawn at EUR 54 million.

Debt to finance the packaging paper projects at Norske Skog Bruck and Norske Skog Golbey was drawn with approximately EUR 35 million at quarter end, compared to EUR 29 million at previous quarter end.

Net interest-bearing debt increased from NOK 924 million to NOK 1 012 million in the quarter.

## OUTLOOK

The development in the global economy, especially within the raw material and energy markets, are of vital importance for the publication paper industry, and thus for Norske Skog's operations. The raw materials- and energy prices are expected to remain high and volatile in the second half of 2022 and may necessitate further publication paper price increases in Europe. The lack of availability of raw materials may cause short term halts in the production. Continued disruptions in the global supply chains may also cause operational challenges in the second half of 2022.

The already executed and planned capacity closures in the industry have resulted in a tight publication paper market, which is expected to keep high operating rates for the industry during 2022 and into 2023. The turbulent operating environment, especially on the energy side, may result in further temporary or permanent closures in the industry.

The waste-to-energy facility at Norske Skog Bruck is expected to reach full capacity utilisation during the third quarter of 2022. The facility will

significantly reduce the gas consumption, and thus CO2 emissions for Norske Skog Bruck.

At Norske Skog Bruck, the production of newsprint (PM3) ceased on 10 July in preparation for the conversion to recycled containerboard. Staff will remain on site until Bruck enters the packaging paper market in the first quarter of 2023. At Norske Skog Golbey, the conversion of one newsprint machine (PM1) into recycled containerboard production at Norske Skog Golbey is progressing as planned with expected start-up in the fourth quarter of 2023.

Norske Skog continues to develop business opportunities for CEBINA and CEBICO. This includes evaluating a potential capacity increase for CEBICO bio composites materials beyond the existing 300 tonnes annual pilot-scale capacity as a result of Norske Skog Saugbrugs, BEWI and BE Form entered a partnership to commercialise CEBICO.

SKØYEN, 14 JULY 2022

THE BOARD OF DIRECTORS OF NORSKE SKOG ASA



John Chiang  
Chair



Arvid Grundekjøn  
Board member



Trine-Marie Hagen  
Board member



Nikolai Johns  
Board member



Johanna Lindén  
Board member



Sven Ombudstvedt  
CEO

## INTERIM FINANCIAL STATEMENTS, SECOND QUARTER OF 2022

### CONDENSED CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
Operating revenue		3 822	3 326	2 182	7 148	4 337
Other operating income		116	264	164	380	243
<b>Total operating income</b>	4	<b>3 937</b>	<b>3 590</b>	<b>2 346</b>	<b>7 527</b>	<b>4 580</b>
Distribution costs		-327	-299	-294	-626	-589
Cost of materials		-1 971	-2 020	-1 403	-3 992	-2 640
Employee benefit expenses		-499	-479	-444	-978	-860
Other operating expenses		-235	-181	-187	-416	-362
Restructuring expenses		0	0	-160	0	-163
Depreciation	5	-120	-114	-105	-234	-209
Derivatives and other fair value adjustments	6	411	97	-29	508	170
<b>Operating earnings</b>		<b>1 195</b>	<b>593</b>	<b>-277</b>	<b>1 789</b>	<b>-74</b>
Share of profit in associated companies	7	-3	-1	-9	-5	-9
Financial items	8	-127	1	-79	-127	-78
<b>Profit/loss before income taxes</b>		<b>1 065</b>	<b>593</b>	<b>-365</b>	<b>1 657</b>	<b>-161</b>
Income taxes		-130	-10	10	-140	-1
<b>Profit/loss for the period</b>		<b>935</b>	<b>583</b>	<b>-355</b>	<b>1 518</b>	<b>-161</b>
Basic earnings per share (NOK)		9.92	6.18	-3.77	16.10	-1.71
Diluted earnings per share (NOK)		9.92	6.18	-3.77	16.10	-1.71

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
<b>Profit/loss for the period</b>	<b>935</b>	<b>583</b>	<b>-355</b>	<b>1 518</b>	<b>-161</b>
<b>Items that may be reclassified subsequently to profit or loss</b>					
Currency translation differences	192	-57	43	135	-80
Tax expense on translation differences	0	0	0	0	0
Reclassified translation differences upon divestment of foreign operations	0	1	0	1	0
<b>Other comprehensive income for the period</b>	<b>192</b>	<b>-56</b>	<b>43</b>	<b>136</b>	<b>-80</b>
<b>Total comprehensive income for the period</b>	<b>1 127</b>	<b>527</b>	<b>-312</b>	<b>1 654</b>	<b>-241</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

NOK MILLION	NOTE	30 JUN 2022	31 MAR 2022	31 DEC 2021	30 JUN 2021
Deferred tax asset		0	23	0	0
Intangible assets	5	17	18	21	17
Property, plant and equipment	5	4 726	4 245	4 103	3 655
Investments in associated companies and joint ventures	7	107	107	108	117
Other non-current assets	6	470	127	305	228
<b>Total non-current assets</b>		<b>5 319</b>	<b>4 520</b>	<b>4 538</b>	<b>4 017</b>
Inventories		1 357	1 206	1 203	1 172
Trade and other receivables		2 090	1 724	1 411	1 180
Other current assets	6	871	868	484	503
Cash and cash equivalents		1 728	1 676	1 489	1 324
<b>Total current assets</b>		<b>6 046</b>	<b>5 474</b>	<b>4 587</b>	<b>4 178</b>
<b>Total assets</b>		<b>11 365</b>	<b>9 994</b>	<b>9 125</b>	<b>8 196</b>
Paid-in equity	9	8 898	8 898	8 898	8 898
Retained earnings		-4 111	-5 238	-5 765	-5 533
<b>Total equity</b>		<b>4 787</b>	<b>3 660</b>	<b>3 133</b>	<b>3 365</b>
Employee benefit obligations		322	302	312	278
Deferred tax liability		254	244	260	278
Interest-bearing non-current liabilities	8	2 622	2 456	2 356	2 029
Other non-current liabilities	6	404	512	463	260
<b>Total non-current liabilities</b>		<b>3 601</b>	<b>3 515</b>	<b>3 391</b>	<b>2 846</b>
Trade and other payables		2 208	2 115	1 941	1 633
Tax payable		172	71	50	43
Interest-bearing current liabilities	8	118	144	187	74
Other current liabilities	6	478	489	422	235
<b>Total current liabilities</b>		<b>2 976</b>	<b>2 819</b>	<b>2 600</b>	<b>1 985</b>
<b>Total liabilities</b>		<b>6 578</b>	<b>6 334</b>	<b>5 991</b>	<b>4 831</b>
<b>Total equity and liabilities</b>		<b>11 365</b>	<b>9 994</b>	<b>9 125</b>	<b>8 196</b>

SKØYEN, 14 JULY 2022  
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA



John Chiang  
Chair



Arvid Grundekjøn  
Board member



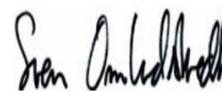
Trine-Marie Hagen  
Board member



Nikolai Johns  
Board member



Johanna Lindén  
Board member



Sven Ombudstvedt  
CEO

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOK MILLION	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
Cash generated from operations	3 797	2 985	2 094	6 782	4 623
Cash used in operations	-3 275	-2 736	-2 230	-6 011	-4 551
Cash flow from currency hedges and financial items	-9	-17	-6	-26	-16
Interest payments received	4	4	0	8	1
Interest payments made	-29	-27	-30	-56	-53
Taxes paid	-17	-12	-18	-29	-32
<b>Net cash flow from operating activities <sup>1)</sup></b>	<b>473</b>	<b>196</b>	<b>-190</b>	<b>669</b>	<b>-27</b>
Purchases of property, plant and equipment and intangible assets	-437	-391	-159	-828	-348
Sales of property, plant and equipment and intangible assets	14	2	1	17	7
Purchase of shares in companies and other financial payments	-28	0	0	-28	-69
Sales of shares in companies and other financial instruments	0	276	0	276	13
<b>Net cash flow from investing activities</b>	<b>-451</b>	<b>-112</b>	<b>-159</b>	<b>-564</b>	<b>-397</b>
New loans raised	63	254	77	317	686
Repayments of loans	-89	-133	-30	-222	-304
New equity	0	0	0	0	388
<b>Net cash flow from financing activities</b>	<b>-26</b>	<b>121</b>	<b>47</b>	<b>95</b>	<b>769</b>
Foreign currency effects on cash and cash equivalents	55	-17	4	38	-2
<b>Total change in cash and cash equivalents</b>	<b>51</b>	<b>187</b>	<b>-298</b>	<b>239</b>	<b>343</b>
<b>Cash and cash equivalents at start of period</b>	<b>1 676</b>	<b>1 489</b>	<b>1 622</b>	<b>1 489</b>	<b>980</b>
<b>Cash and cash equivalents at end of period</b>	<b>1 728</b>	<b>1 676</b>	<b>1 324</b>	<b>1 728</b>	<b>1 324</b>
<b><sup>1)</sup> Reconciliation of net cash flow from operating activities</b>					
Profit/loss before income taxes	1 065	593	-365	1 657	-161
Change in working capital	-352	-172	-115	-525	26
Change in restructuring provisions	-10	-10	141	-20	125
Depreciation and impairments	120	114	105	234	209
Derivatives and other fair value adjustments	-411	-97	16	-508	-201
Gain and losses from divestment of business activities and PPE	-8	-177	0	-184	-7
Net financial items without cash effect	98	-40	52	58	19
Taxes paid	-17	-12	-18	-29	-32
Change in pension obligations and other employee benefits	-2	-2	-9	-4	-10
Adjustment for other items	-10	0	4	-10	4
<b>Net cash flow from operating activities</b>	<b>473</b>	<b>196</b>	<b>-190</b>	<b>669</b>	<b>-27</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 2021</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	194	194
Other comprehensive income for the period	0	0	-123	-123
<b>Equity 31 March 2021</b>	<b>6 649</b>	<b>2 249</b>	<b>-5 221</b>	<b>3 677</b>
Profit/loss for the period	0	0	-355	-355
Other comprehensive income for the period	0	0	43	43
<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	-202	-202
Other comprehensive income for the period	0	0	-30	-30
<b>Equity 31 December 2021</b>	<b>6 649</b>	<b>2 249</b>	<b>-5 765</b>	<b>3 133</b>
Profit/loss for the period	0	0	583	583
Other comprehensive income for the period	0	0	-56	-56
<b>Equity 31 March 2022</b>	<b>6 649</b>	<b>2 249</b>	<b>-5 238</b>	<b>3 660</b>
Profit/loss for the period	0	0	935	935
Other comprehensive income for the period	0	0	192	192
<b>Equity 30 June 2022</b>	<b>6 649</b>	<b>2 249</b>	<b>-4 111</b>	<b>4 787</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.

	Q2 2022	Q1 2022	30 JUN 2022	31 MAR 2022	31 DEC 2021
AUD	6.72	6.40	6.85	6.55	6.40
EUR	10.02	9.93	10.35	9.71	9.99
GBP	11.81	11.88	12.06	11.48	11.89
NZD	6.12	5.98	6.19	6.06	6.03
USD	9.42	8.85	9.96	8.75	8.82

## 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 2021. 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 2021, except for the adaptation of amended standards and new interpretations, which are mandatory from 1 January 2022. These changes are described in the consolidated financial statements for 2021.

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.

### *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 17 in the consolidated financial statements for 2021 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 3 in the consolidated financial statements for 2021 for a more thorough description of important accounting estimates and assumptions impacting the preparation of financial statements.

### *Contingent liabilities*

Norske Skog is an international company that, through its ongoing business operations, will be exposed to litigation and claims from public authorities and contracting parties as well as assessments from public authorities in each country it operates.

## 4. 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 organisation 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 organisation are included in the operating segment publication paper Australasia. The Norske Skog Boyer mill is the only 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 up to first quarter 2022 when it was sold.

Q2 2022	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	3 362	461	22	-24	3 822
Other operating income	107	9	0	-1	116
<b>Total operating income</b>	<b>3 469</b>	<b>470</b>	<b>23</b>	<b>-24</b>	<b>3 937</b>
Distribution costs	-258	-69	0	0	-327
Cost of materials	-1 719	-239	-14	0	-1 971
Employee benefit expenses	-378	-73	-48	1	-499
Other operating expenses	-204	-40	-16	24	-235
<b>EBITDA</b>	<b>910</b>	<b>49</b>	<b>-55</b>	<b>0</b>	<b>905</b>
Depreciation	-107	-11	-2	0	-120
Derivatives and other fair value adjustments	411	0	0	0	411
<b>Operating earnings</b>	<b>1 215</b>	<b>38</b>	<b>-57</b>	<b>0</b>	<b>1 195</b>
Share of operating revenue from external parties (%)	100	100	0		100

Q1 2022	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 885	421	47	-27	3 326
Other operating income	83	7	175	-2	264
<b>Total operating income</b>	<b>2 968</b>	<b>429</b>	<b>222</b>	<b>-28</b>	<b>3 590</b>
Distribution costs	-237	-58	-4	0	-299
Cost of materials	-1 791	-223	-6	0	-2 020
Employee benefit expenses	-345	-73	-62	1	-479
Other operating expenses	-153	-34	-21	27	-181
<b>EBITDA</b>	<b>441</b>	<b>40</b>	<b>130</b>	<b>0</b>	<b>610</b>
Depreciation	-101	-10	-3	0	-114
Derivatives and other fair value adjustments	97	0	0	0	97
<b>Operating earnings</b>	<b>437</b>	<b>30</b>	<b>126</b>	<b>0</b>	<b>593</b>
Share of operating revenue from external parties (%)	100	100	46		100

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

YTD 2022	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	6 247	882	69	-51	7 148
Other operating income	190	17	176	-2	380
<b>Total operating income</b>	<b>6 437</b>	<b>899</b>	<b>245</b>	<b>-53</b>	<b>7 527</b>
Distribution costs	-495	-127	-4	0	-626
Cost of materials	-3 510	-462	-20	0	-3 992
Employee benefit expenses	-724	-147	-110	2	-978
Other operating expenses	-356	-74	-37	51	-416
<b>EBITDA</b>	<b>1 351</b>	<b>89</b>	<b>75</b>	<b>0</b>	<b>1 515</b>
Depreciation	-207	-21	-6	0	-234
Derivatives and other fair value adjustments	508	0	0	0	508
<b>Operating earnings</b>	<b>1 652</b>	<b>68</b>	<b>69</b>	<b>0</b>	<b>1 789</b>
Share of operating revenue from external parties (%)	100	100	31		100

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

## NORSKE SKOG QUARTERLY REPORT – SECOND QUARTER 2022 (UNAUDITED)

INCOME STATEMENT	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
<b>OTHER OPERATING REVENUE</b>					
Corporate functions	23	26	23	49	51
Green energy and other	0	196	13	196	45
<b>Total</b>	<b>23</b>	<b>222</b>	<b>36</b>	<b>245</b>	<b>96</b>
<b>EBITDA</b>					
Corporate functions	-55	-46	-5	-101	3
Green energy and other	0	176	1	176	8
<b>Total</b>	<b>-55</b>	<b>130</b>	<b>-4</b>	<b>75</b>	<b>10</b>

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

JAN-JUN 2022	PROPERTY, PLANT AND EQUIPMENT	RIGHT-OF-USE ASSETS	TOTAL PROPERTY PLANT AND EQUIPMENT	INTANGIBLE ASSETS
Carrying value at start of period	3 999	104	4 103	21
Additions*	846	9	855	0
Depreciation	-209	-21	-229	-4
Disposals	-132	-10	-143	0
Currency translation differences	136	3	139	0
<b>Carrying value at end of period</b>	<b>4 640</b>	<b>86</b>	<b>4 726</b>	<b>17</b>

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

## PER OPERATING SEGMENTS

30 JUN 2022	TOTAL PROPERTY PLANT AND EQUIPMENT	INTANGIBLE ASSETS
Publication paper Europe	4 460	6
Publication paper Australasia	259	1
Other activities	7	10
<b>Total</b>	<b>4 726</b>	<b>17</b>

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

30 JUN 2022	ASSETS		LIABILITIES	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Energy contracts and embedded derivatives in energy contracts (level 3)	768	289	342	208
Other derivatives and financial instruments carried at fair value (level 2)	0	0	0	0
<b>Total</b>	<b>768</b>	<b>289</b>	<b>342</b>	<b>208</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. Market prices for energy have increased in the short and the long end of the price curve compared to previous quarter, giving a positive impact on the fair value of the contracts in the quarter of NOK 419 million.

Changes in the value of energy contracts, 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 4 in the consolidated financial statements for 2021.

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 4 in the consolidated financial statements for 2021.

The valuation techniques used are described in Note 17 in the consolidated financial statement for 2021.

## 7. INVESTMENTS IN ASSOCIATED COMPANIES

Investments in associated companies are accounted for in accordance with the equity method. The carrying value of associated companies are NOK 104 million at 30 June 2022.

At 30 June 2022 Norske Skog holds a 26% share of Circa Group AS, with a carrying value of NOK 89 million. Loss is included in the quarter with NOK 3 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.

## 8. FINANCIAL ITEMS AND DEBT REPAYMENTS

### FINANCIAL ITEMS

NOK MILLION	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
Net interest expenses	-26	-25	-31	-50	-59
Currency gains/losses*	-91	36	-39	-56	43
Other financial items	-10	-10	-9	-21	-62
<b>Total financial items</b>	<b>-127</b>	<b>1</b>	<b>-79</b>	<b>-127</b>	<b>-78</b>

\*Currency gains and losses on trade receivables and trade payables are reported as Operating revenue and Cost of materials respectively.

### FINANCING

In 2021 Norske Skog entered into credit facility agreements in an aggregate amount of EUR 265 million to finance its investment in the conversion projects to recycled containerboard.

EUR 193 million was for the project at Norske Skog Golbey and EUR 72 million for the 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. As of 30 June 2022, the credit facilities had been drawn by approximately EUR 35 million.

Norske Skog has 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.

During the second quarter of 2022, Norske Skog bought back bonds in a nominal amount of EUR 3.3 million. As of 30 June 2022, the

outstanding amount under the EUR 150 million senior secured bond, net of bought back bonds, was EUR 145.6 million.

Norske Skog has EUR 31 million Revolving Credit Facility agreements with a tenor of five years. As of 30 June 2022, the revolving credit facility was undrawn.

The EUR 54 million credit facility for the waste-to-energy plant in Norske Skog Bruck was fully drawn as of 30 June 2022. It will be repaid in quarterly installments up until the final maturity date in 2028, starting in fourth quarter 2022.

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 400 million. In addition, there are various company specific financial covenants applicable to the subsidiaries acting as borrowers under the respective credit facilities.

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

### BONDS

NOK MILLION	MATURITY	CURRENCY	INTEREST RATE	NOMINAL VALUE	AMOUNT OUTSTANDING 30 JUN 2022
NSKOG02	March 2026	EUR	EURIBOR +5.50%	150	146

### DEBT REPAYMENT SCHEDULE\*

NOK MILLION	2022	2023	2024	2025	2026-
Bonds	0	0	0	0	1 507
Debt to credit institutions	74	212	228	190	458
<b>Total</b>	<b>74</b>	<b>212</b>	<b>228</b>	<b>190</b>	<b>1 965</b>

\*Not including items relating to leases.

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 17 million in debt repayment in the third quarter of 2022. The financed amount represents a group of individual loans, which are settled individually at maturity of the trade receivable.

New loans are initiated on a consecutive basis based on new trade receivables 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 trade receivable is derecognised when the customer pays it.

## 9. PRINCIPAL SHAREHOLDERS

	NUMBER OF SHARES	OWNERSHIP %
NS NORWAY HOLDING AS	26 896 681	28.53
DRANGSLAND KAPITAL AS	4 716 148	5.00
DNB Markets Aksjehandel/-analyse	4 646 358	4.93
UBS Europe SE	3 586 563	3.80
The Bank of New York Mellon SA/NV	2 718 887	2.88
The Bank of New York Mellon SA/NV	2 564 821	2.72
INTERTRADE SHIPPING AS	2 010 000	2.13
The Bank of New York Mellon SA/NV	1 472 172	1.56
VERDIPAPIRFONDET ALFRED BERG GAMBA	1 450 000	1.54
RBC Investor services bank S.A.	1 300 000	1.38
MP PENSJON PK	1 198 015	1.27
J.P. Morgan SE	1 117 049	1.19
VERDIPAPIRFONDET HOLBERG NORGE	1 000 000	1.06
CARUCEL FINANCE AS	974 624	1.03
The Bank of New York Mellon SA/NV	924 763	0.98
VERDIPAPIRFONDET NORDEA NORGE VERD	854 513	0.91
CLEARSTREAM BANKING S.A.	779 952	0.83
UBS Europe SE	764 436	0.81
VERDIPAPIRFONDET EIKA SPAR	759 323	0.81
VERDIPAPIRFONDET FONDSFINANS NORGE	740 097	0.79
Other shareholders	33 790 303	35.85
<b>Total</b>	<b>94 264 705</b>	<b>100.00</b>

The data is extracted from VPS 13 July 2022. Whilst every reasonable effort is made to verify all data, VPS cannot guarantee the accuracy of the analysis.

## 10. THE NORSKE SKOG SHARE

	30 JUN 2022	31 MAR 2022	31 DEC 2021	30 JUN 2021
Share price (NOK)	54.70	49.95	38.40	34.90
Book value of equity per share (NOK)	50.79	38.83	33.24	35.70

## 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 2022.

## 12. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after the balance sheet date with significant impact on the interim financial statements for the second quarter of 2022.

## 13. HISTORICAL FIGURES

INCOME STATEMENT	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
<b>Total operating income</b>	<b>3 937</b>	<b>3 590</b>	<b>3 092</b>	<b>2 642</b>	<b>2 346</b>
Variable costs	-2 298	-2 320	-2 091	-1 923	-1 697
Fixed costs	-735	-660	-580	-608	-631
<b>EBITDA</b>	<b>905</b>	<b>610</b>	<b>422</b>	<b>111</b>	<b>17</b>
Restructuring expenses	0	0	-12	-17	-160
Depreciation	-120	-114	-115	-109	-105
Impairments	0	0	22	0	0
Derivatives and other fair value adjustment	411	97	163	-551	-29
<b>Operating earnings</b>	<b>1 195</b>	<b>593</b>	<b>479</b>	<b>-565</b>	<b>-277</b>
Share of profit in associated companies	-3	-1	-5	-4	-9
Financial items	-127	1	5	-45	-79
<b>Profit/loss before income taxes</b>	<b>1 065</b>	<b>593</b>	<b>480</b>	<b>-614</b>	<b>-365</b>
Income taxes	-130	-10	-80	12	10
<b>Profit/loss for the period</b>	<b>935</b>	<b>583</b>	<b>400</b>	<b>-602</b>	<b>-355</b>

SEGMENT INFORMATION	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
<b>Publication paper Europe</b>					
Total operating income	3 469	2 968	2 648	2 183	1 872
EBITDA	910	441	395	113	14
Deliveries (1 000 tonnes)	407	407	427	433	403
<b>Publication paper Australasia</b>					
Total operating income	470	429	395	426	482
EBITDA	49	40	46	0	7
Deliveries (1 000 tonnes)	63	61	62	68	87
<b>Other activities</b>					
Total operating income	23	222	71	61	36
EBITDA	-55	130	-19	-2	-4

BALANCE SHEET	30 JUN 2022	31 MAR 2022	31 DEC 2021	30 SEP 2021	30 JUN 2021
<b>Total non-current assets</b>	<b>5 319</b>	<b>4 520</b>	<b>4 538</b>	<b>4 154</b>	<b>4 017</b>
Inventories	1 357	1 206	1 203	1 134	1 172
Trade and other receivables	2 090	1 724	1 411	1 317	1 180
Cash and cash equivalents	1 728	1 676	1 489	1 163	1 324
Other current assets	871	868	484	213	503
<b>Total current assets</b>	<b>6 046</b>	<b>5 474</b>	<b>4 587</b>	<b>3 827</b>	<b>4 178</b>
<b>Total assets</b>	<b>11 365</b>	<b>9 994</b>	<b>9 125</b>	<b>7 982</b>	<b>8 196</b>
<b>Total equity</b>	<b>4 787</b>	<b>3 660</b>	<b>3 133</b>	<b>2 767</b>	<b>3 365</b>
<b>Total non-current liabilities</b>	<b>3 601</b>	<b>3 515</b>	<b>3 391</b>	<b>3 259</b>	<b>2 846</b>
Trade and other payables	2 208	2 115	1 941	1 698	1 633
Other current liabilities	768	704	659	258	351
<b>Total current liabilities</b>	<b>2 976</b>	<b>2 819</b>	<b>2 600</b>	<b>1 956</b>	<b>1 985</b>
<b>Total liabilities</b>	<b>6 578</b>	<b>6 334</b>	<b>5 991</b>	<b>5 215</b>	<b>4 831</b>
<b>Total equity and liabilities</b>	<b>11 365</b>	<b>9 994</b>	<b>9 125</b>	<b>7 982</b>	<b>8 196</b>

## NORSKE SKOG QUARTERLY REPORT – SECOND QUARTER 2022 (UNAUDITED)

CASH FLOW	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
<b>Reconciliation of net cash flow from operating activities</b>					
EBITDA	905	610	422	111	17
Change in working capital	-352	-172	54	-22	-115
Payments made relating to restructuring activities	-10	-10	-53	-129	-19
Gain and losses from divestment	-8	-177	0	-9	0
Cash flow from net financial items	-33	-40	-32	-42	-36
Taxes paid	-17	-12	-32	-43	-18
Other	-12	-2	-42	34	-19
<b>Net cash flow from operating activities</b>	<b>473</b>	<b>196</b>	<b>317</b>	<b>-99</b>	<b>-190</b>
Purchases of property, plant and equipment and intangible assets	-437	-391	-326	-347	-159
Net divestments	-14	278	0	179	0
<b>Net cash flow from investing activities</b>	<b>-451</b>	<b>-112</b>	<b>-326</b>	<b>-168</b>	<b>-159</b>
<b>Net cash flow from financing activities</b>	<b>-26</b>	<b>121</b>	<b>329</b>	<b>109</b>	<b>47</b>
Foreign currency effects on cash and cash equivalents	55	-17	6	-2	4
<b>Total change in cash and cash equivalents</b>	<b>51</b>	<b>187</b>	<b>326</b>	<b>-161</b>	<b>-298</b>

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

We declare that to the best of our knowledge, the condensed consolidated interim financial statements for the period 1 January to 30 June 2022 have been prepared in accordance with IAS 34 – *Interim Financial Reporting* and give a true and fair view of the Norske Skog group's assets, liabilities, financial position and result as a whole.

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

SKØYEN, 14 JULY 2022  
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA



John Chiang  
Chair



Arvid Grundekjøn  
Board member



Trine-Marie Hagen  
Board member



Nikolai Johns  
Board member



Johanna Lindén  
Board member



Sven Ombudstvedt  
CEO

## ALTERNATIVE PERFORMANCE MEASURES

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

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

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

NOK MILLION	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
Operating earnings	1 195	593	-277	1 789	-74
Restructuring expenses	0	0	160	0	163
Depreciation	120	114	105	234	209
Impairments	0	0	0	0	0
Derivatives and other fair value adjustments	-411	-97	29	-508	-170
<b>EBITDA</b>	<b>905</b>	<b>610</b>	<b>17</b>	<b>1 515</b>	<b>129</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	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
EBITDA	905	610	17	1 515	129
Total operating income	3 937	3 590	2 346	7 527	4 580
<b>EBITDA margin</b>	<b>23.0 %</b>	<b>17.0 %</b>	<b>0.7 %</b>	<b>20.1 %</b>	<b>2.8 %</b>

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

NOK MILLION	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
Distribution costs	327	299	294	626	589
Cost of materials	1 971	2 020	1 403	3 992	2 640
<b>Variable costs</b>	<b>2 298</b>	<b>2 320</b>	<b>1 697</b>	<b>4 618</b>	<b>3 229</b>

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

NOK MILLION	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
Employee benefit expenses	499	479	444	978	860
Other operating expenses	235	181	187	416	362
<b>Fixed costs</b>	<b>735</b>	<b>660</b>	<b>631</b>	<b>1 395</b>	<b>1 222</b>

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

NOK MILLION	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
EBITDA	905	610	17	1 515	129
Capital expenditure	437	391	159	828	348
Average capital employed	5 530	4 937	4 315	5 389	4 392
<b>Return on capital employed (annualised)</b>	<b>33.8 %</b>	<b>17.8 %</b>	<b>-13.1 %</b>	<b>25.5 %</b>	<b>-10.0 %</b>

NOK MILLION	30 JUN 2022	31 MAR 2022	31 DEC 2021	30 JUN 2021
Intangible assets	17	18	21	17
Property, plant and equipment	4 726	4 245	4 103	3 655
Inventory	1 357	1 206	1 203	1 172
Trade and other receivables	2 090	1 724	1 411	1 180
Trade and other payables	-2 208	-2 115	-1 941	-1 633
<b>Capital employed</b>	<b>5 981</b>	<b>5 078</b>	<b>4 797</b>	<b>4 390</b>

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

NOK MILLION	30 JUN 2022	31 MAR 2022	31 DEC 2021	30 JUN 2021
Interest-bearing non-current liabilities	2 622	2 456	2 356	2 029
Interest-bearing current liabilities	118	144	187	74
Cash and cash equivalents	-1 728	-1 676	-1 489	-1 324
<b>Net interest-bearing debt</b>	<b>1 012</b>	<b>924</b>	<b>1 054</b>	<b>779</b>

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

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



**Norske Skog**

Q2 2022 presentation

15 July 2022



[Website](#)

[LinkedIn](#)

[Quartr](#)

## Sustainable and innovative industry



Publication  
paper



Packaging  
paper



Energy



Bio products



# Second quarter in brief

## Good profitability despite turbulent markets

- EBITDA of NOK 905m, impact from waste-to-energy facility and price increases offsetting energy and raw material costs
- Profit of 935m in the quarter, including positive non-cash impact of NOK 419m from valuation of energy contracts

## Challenging energy and raw material markets

- Uncertainty and high costs for energy and raw materials continue into H2 2022, impacting production and prices
- Investments in waste-to-energy plant at Bruck and CHP biomass plant at Golbey support the reduction of natural gas imports

## Publication paper capacity reductions from 2022 to 2024

- Bruck PM3 stopped production on 10 July to facilitate conversion, expect marginal negative EBITDA impact
- Further industry closures announced in Western Europe support high operating rates in 2022 and into 2023

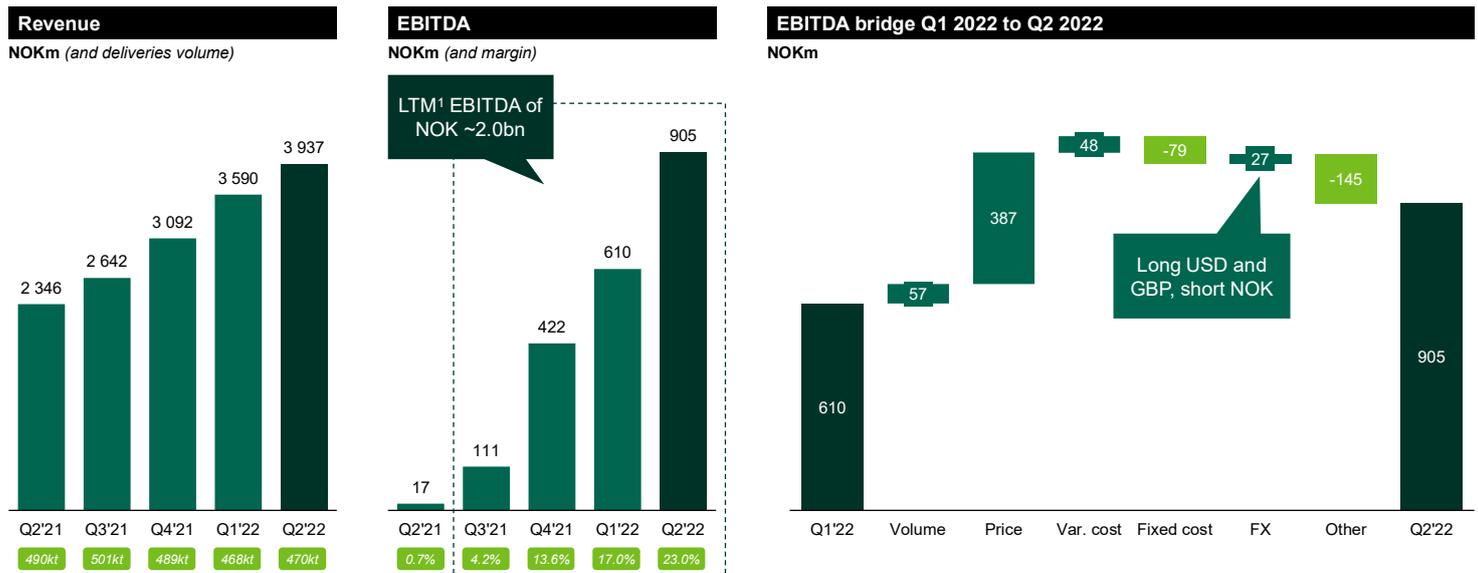
## Good progress on energy and growth projects

- New waste-to-energy plant in Bruck close to 100% utilisation and GVE started construction of new biomass plant in Golbey
- Containerboard projects in Bruck and Golbey on schedule for production start-up in 2023
- CEBICO with partnership agreement for further commercialisation and CEBINA successfully applied in filler materials

3



# New waste-to-energy facility improving EBITDA



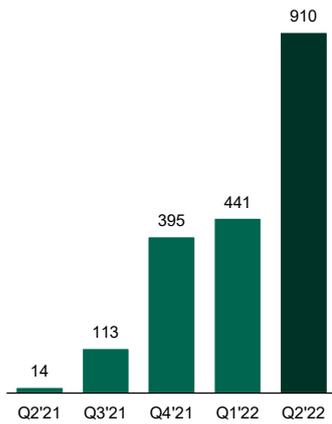
4

1) LTM = Last Twelve Months, i.e., the last four quarters

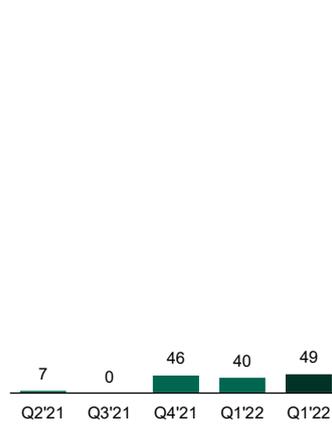


# Positive development in both operating segments

## EBITDA Europe NOKm



## EBITDA Australasia NOKm



## Segment financials NOKm

Europe	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
Operating rate, %	85%	96%	96%	94%	90%
Deliveries, thousand tonnes	403	433	427	407	407
Total operating income	1,714	2,183	2,648	2,968	3,469
EBITDA	14	113	395	441	910
EBITDA margin, %	0.8%	5.2%	14.9%	14.9%	26.2%

Australasia	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
Operating rate, %	69%	87%	87%	91%	98%
Deliveries, thousand tonnes	87	68	62	61	63
Total operating income	480	426	395	429	470
EBITDA	7	0	46	40	49
EBITDA margin, %	1.4%	0.0%	11.6%	9.2%	10.4%

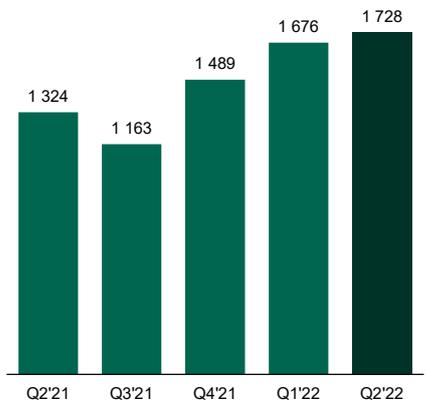
Other activities	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
Total operating income	32	61	71	222	23
EBITDA	-4	-2	-19	130	-55

5

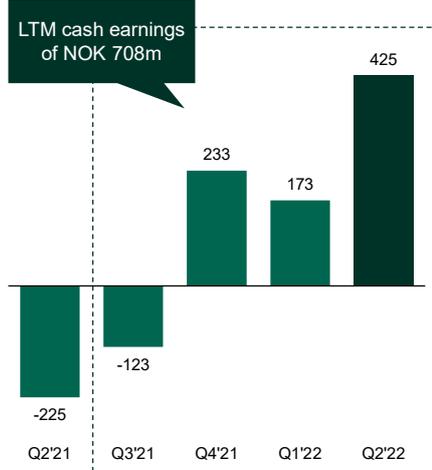


# Solid balance sheet and liquidity

## Cash and cash equivalents NOKm



## Cash earnings<sup>1</sup> NOKm



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

### Net debt of NOK 1 012m

- Net debt / LTM reported EBITDA of 0.5x
- Repurchased EUR 4.4m of EUR 150m bond

### Total available liquidity of EUR ~460m

- Cash of NOK 1 728m (EUR ~170m)
- 2021 CO<sub>2</sub> comp. of NOK ~290m (EUR ~30m)
- Undrawn project debt of EUR ~230m
- Undrawn RCF of EUR 31m

### Remaining capex of EUR ~260-280m

- EUR ~160m of growth investments to date, EBITDA impact over next 1-2 years<sup>2</sup>



# Optimising publication paper cash flows and operations



7

## Publication paper capacity

- Four sites in Europe, one in Australia
- In total, 10 publication paper machines
- 1 225k tonnes newsprint
  - Bruck PM3 (125kt) now closed for conversion
  - Golbey PM1 (235kt) closing for conversion Q2 2023
- 400k tonnes LWC magazine
- 360k tonnes SC magazine

## Targets

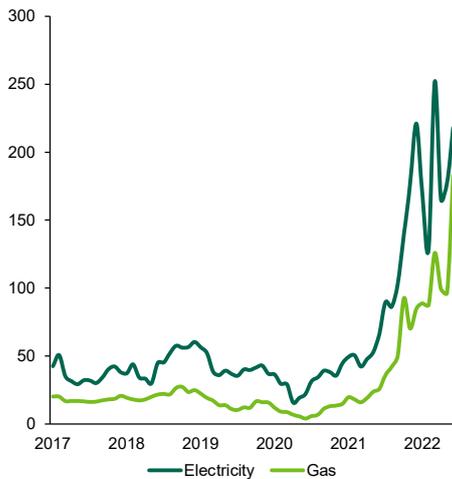
- ✔ Operating rate of +90%
- ✔ EBITDA margin of +10%



# Energy and raw material markets expected to become more challenging in H2 2022

## Energy prices Germany

EUR per MWh



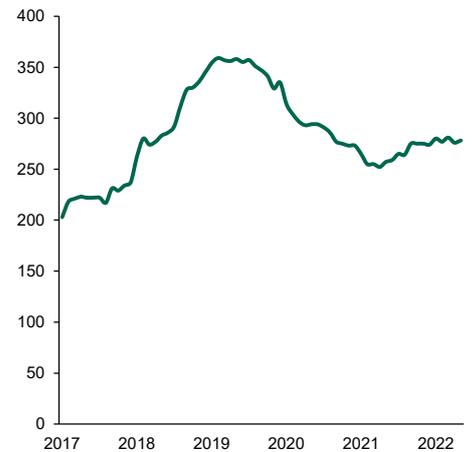
## Recovered paper prices Germany

EUR per tonne



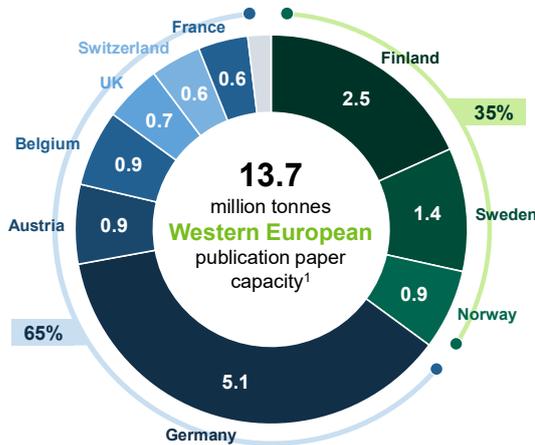
## Spruce pulpwood prices Norway

NOK per solid cubic metre



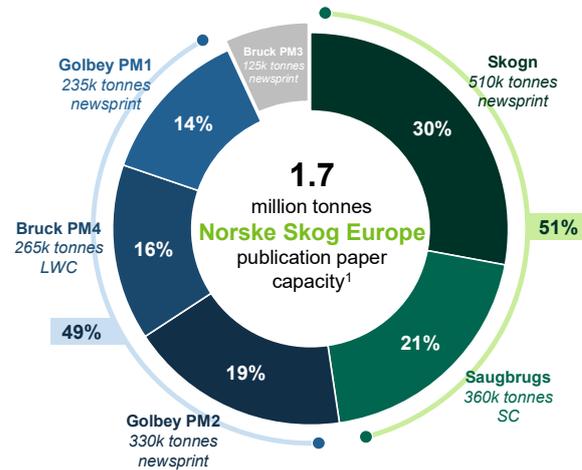
# Nordic operations favourably positioned versus a volatile and uncertain European operating environment

Western European publication paper industry capacity



Norske Skog Europe publication paper capacity

Percentages exclude Bruck PM3

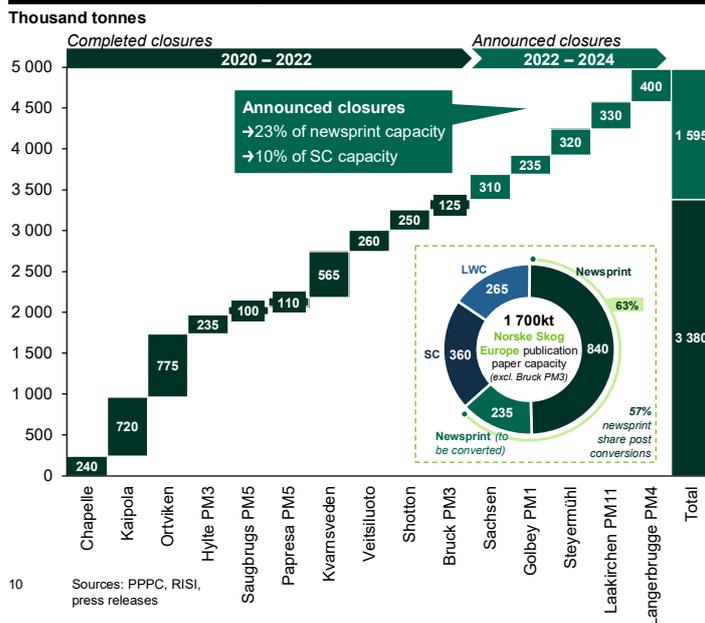


- Challenging energy and RCP situation in Europe
- Nordic mills favourably positioned
- Norske Skog publication paper capacity increasingly skewed towards Norway

9 Source: RISI  
1) Excludes Bruck PM3 (125kt)

# Tough operating conditions and announced closures expected to keep the publication paper market tight

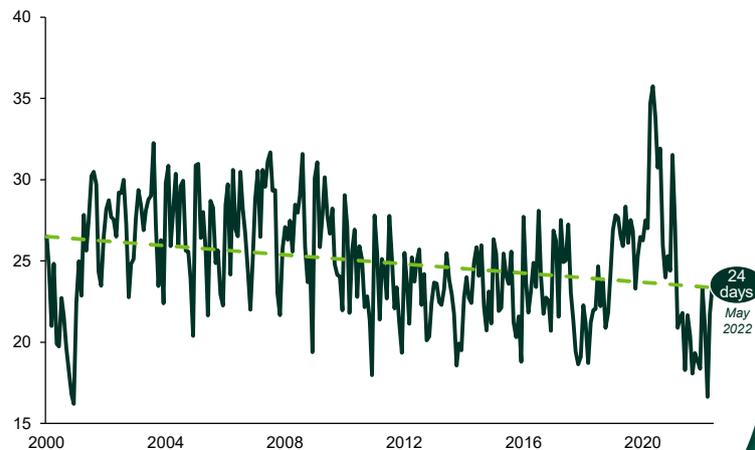
Publication paper industry capacity closures in Western Europe



10 Sources: PPPC, RISI, press releases

Publication paper stock volumes Western Europe

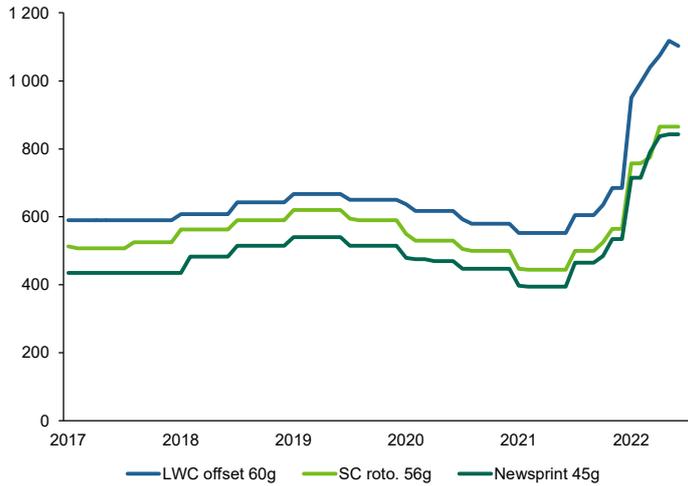
Number of delivery days covered by inventories



# Publication paper price increases necessary to address unprecedented raw material and energy prices

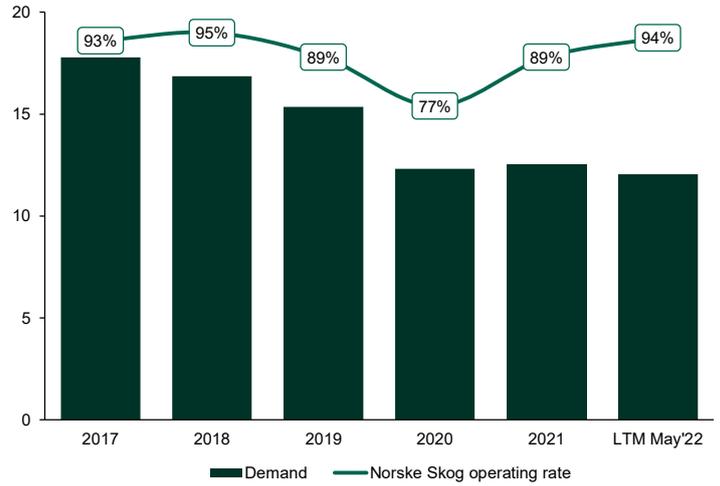
**Newsprint and magazine paper prices Germany**

EUR per tonne



**Western European publication paper operating rate and demand**

Million tonnes (and Norske Skog operating rate)



11 Source: RISI, PPPC



## Entering the growing market for recycled containerboard



Bruck



Golbey

### Packaging paper capacity

- 760k tonnes recycled containerboard
- In the market from Q1 2023

### Targets

- Operating rate of ~95% from 2025-26
- EBITDA margin of +20%
- ✓ Competitive steam supply
- ✓ Centrally located with low transport costs
- ✓ Established raw materials access
- ✓ Ideal machine scale, trim and speed



# Green Valley Energie CHP plant will support Golbey cost competitiveness



13 1) CHP = Combined Heat & Power; 2) The Green Valley Energie joint venture

## Biomass energy

- Biomass energy JV<sup>2</sup> between Pearl (80%), Veolia (10%) and Norske Skog (10%)
- The JV will sell electricity to the French grid and steam to Norske Skog until 2043
- 700 GWh of cost competitive steam for Golbey's packaging paper operations
- Project is fully financed and construction is ongoing, completion expected in 2024



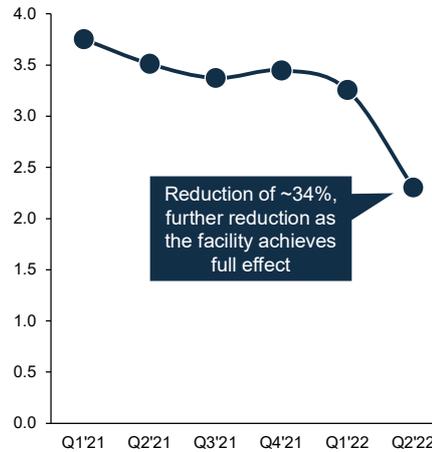
# Waste-to-energy facility reducing Bruck gas consumption

## Bruck waste-to-energy facility



## Bruck external energy exposure

Gas and electricity, MWh / tonne



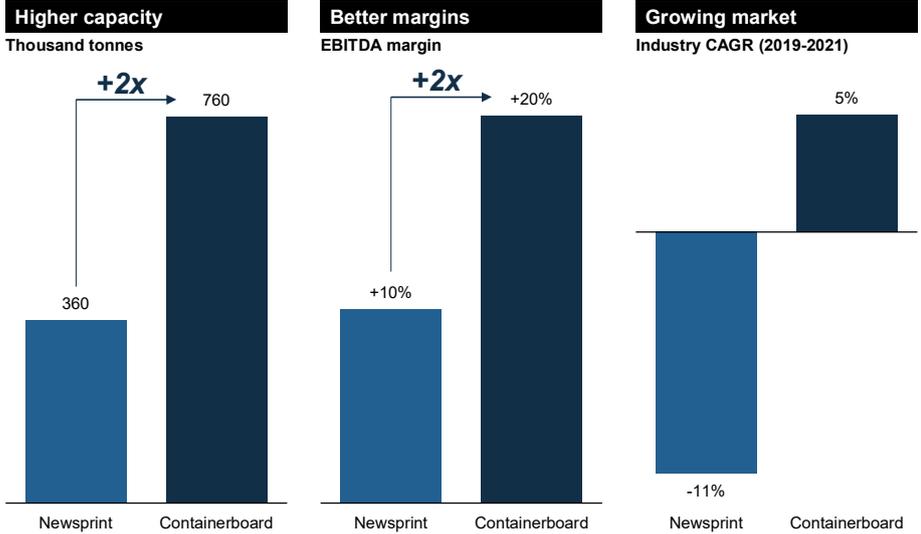
14

## Waste-to-energy

- Under commissioning with Valmet and nearing 100% utilisation
- Reduces gas consumption by ~0.7 TWh and increases electricity by ~0.2 TWh
- Enables very competitive steam supply for drying of paper and containerboard



# Conversions look attractive across the board



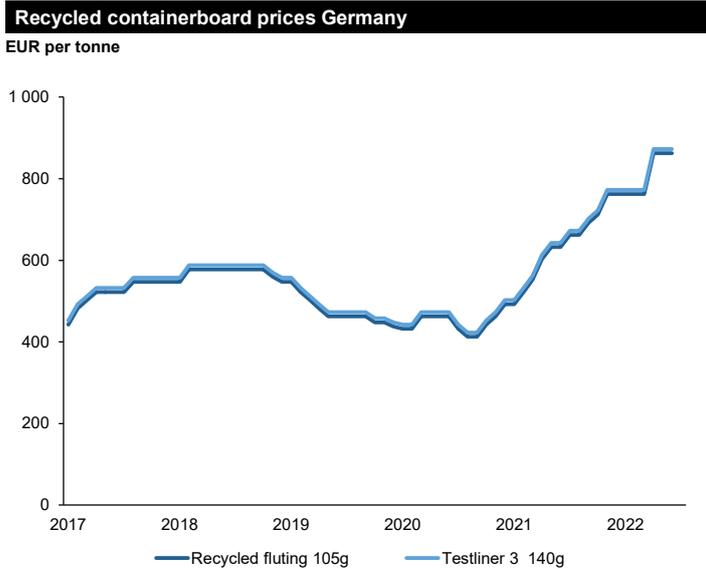
15 Source: RISI, PPPC

## Value accretive projects

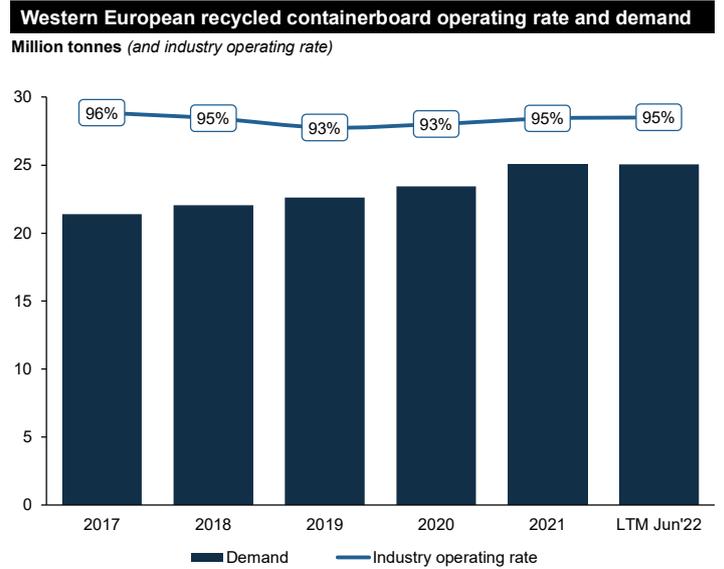
- Production capacity doubles by switching from newsprint to containerboard
- Price per tonne for newsprint and containerboard are in the same area
- Expected containerboard EBITDA margin of +20% versus +10% for newsprint
- Growing demand for containerboard compared to declining newsprint demand



# Containerboard market remains tight driven by e-commerce and sustainability focus



16 Source: RISI



# Milestone progress across all bio products

## Large scale **CEBINA** application



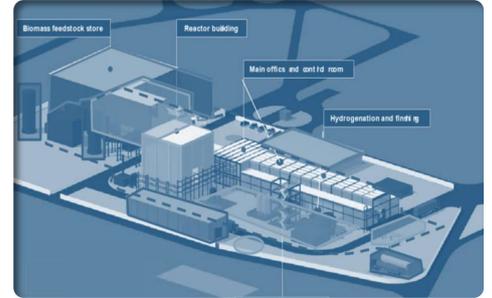
- Applied in spray filler for Salmon Evolution farming tanks
- Reduces work load from two weeks to four days
- Commercial milestone, further expanding market potential
- Awarded Green Platform grant of NOK ~60m
- Reviewing production capacity expansion

## Partnership to commercialise **CEBICO**



- Partnership between Norske Skog, BEWI and BE Form
- Ambition to identify commercial applications for CEBICO
- Develop commercial foundation for capacity increase
- Current capacity of 300-800 tonnes from pilot plant
- Supported by Innovation Norway grant of NOK ~15m

## Circa and Valmet industrial partnership



- Provides technology expertise and scale-up experience
- Long-term focus on Circa's strategy of 80kt capacity in 2030
- Near-term focus on ReSolute and initiate FC6 studies
- Fully financed for ReSolute, Norske Skog holds ~26%
- Continued development of new Levoglucosone derivatives

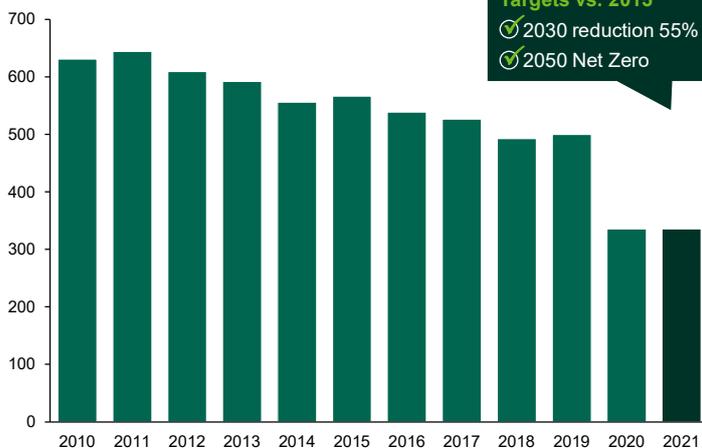
17



# Green energy production and energy efficient operations enable annual surplus of CO<sub>2</sub> allowances

## Continue to reduce fossil CO<sub>2</sub> emissions from production

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



## European Union Allowance (EUA) price development

EUR / allowance



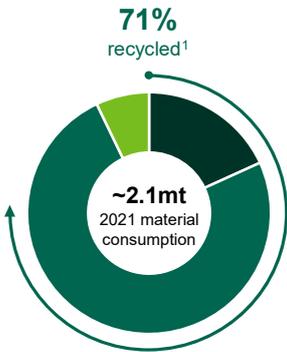
18

Source: European Commission

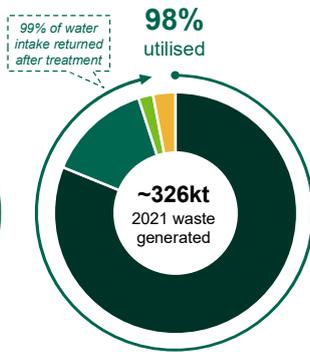


# Enabling the circular economy

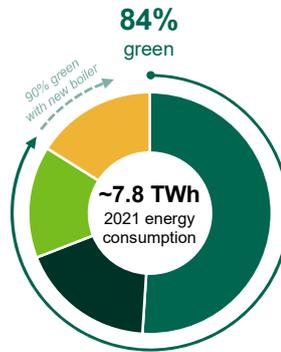
## End-products recycled



## Waste utilised



## Green energy focused



## Developing climate solutions

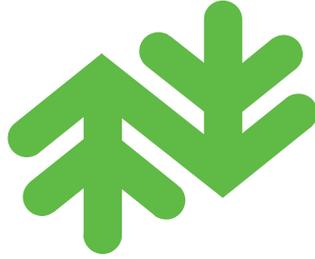
- Participating in Borg CO<sub>2</sub> industry cluster to develop CCUS<sup>2</sup> technologies with ambition to capture ~630k tonnes
- Supporting Ocean GeoLoop to develop and pilot its CCUS<sup>2</sup> technologies to capture close to 100% of CO<sub>2</sub> from flue gas
- Exploring a range of opportunities within advanced e-fuels, bio-carbon, -chemicals, -additives and -materials



# Outlook

- Publication paper market expected to remain tight due to industry capacity closures
- Volatile energy and raw material markets expected to continue causing operational challenges
- Converting two machines from newsprint production to recycled containerboard production
- Waste-to-energy facility to reduce energy purchases and improve green energy mix
- Continued development of existing and potential energy and bio product projects





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](mailto:info@norskeskog.com)

Email: [ir@norskeskog.com](mailto: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

### Good profitability despite turbulent markets

Norske Skog's EBITDA in the second quarter of 2022 was NOK 905 million, an increase from NOK 610 million in the first quarter of 2022. Sales prices for all grades increased in the quarter as a consequence of high energy costs in Europe and a tight publication paper market. The containerboard conversions and energy projects are progressing as planned.

*"Despite turbulent raw material and energy markets during the quarter, we have managed to achieve improved margins on our paper products. Our mills have been operating at full capacity during the quarter. We expect that the market for publication paper will remain tight also in the second half of 2022,"* says Sven Ombudstvedt, CEO of Norske Skog.

Cash flow from operations was NOK 473 million in the quarter compared to NOK 196 million in the previous quarter, positively impacted by the improved operating margins, but negatively impacted by change in working capital, being mainly an increase in inventories, and trade and other receivables. Operating earnings in the second quarter of 2022 were NOK 1 195 million compared to operating earnings in the first quarter of 2022 of NOK 593 million. The quarter was positively affected by non-cash changes in fair value of energy contracts in Norway amounting to NOK 419 million. Net profit in the quarter was NOK 935 million compared to a net profit of NOK 583 million in the previous quarter. Net interest-bearing debt was NOK 1 012 million at the end of the second quarter, with an equity ratio of 42%.

#### Status projects

The conversion of one newsprint machine both at Norske Skog Bruck and Norske Skog Golbey 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 newly opened waste-to-energy facility at the Bruck industrial site and the newly financed biomass plant at the Golbey industrial site. These containerboard investments are financed by debt facility agreements with an aggregate amount of EUR 265 million, having an average maturity towards the end of 2030.

*"We are proud of being able to serve both the publication paper and the packaging paper markets in a sustainable and profitable manner in the near future,"* says Ombudstvedt.

The waste-to-energy plant at Bruck was officially opened by the Austrian Federal Minister Leonore Gewessler and commenced production in April. PM3 at Bruck ceased newsprint production on 10 July to prepare for the conversion of the machine to recycled containerboard production. In June, Norske Skog announced that the Green Valley Energie (GVE) joint venture, in which Norske Skog Golbey has a 10% stake, will start the construction of the largest biomass boiler of its kind in France at the mill site of Golbey, following recent completion of debt financing. The biomass boiler will produce about 200 GWh of electricity and about 700 GWh of renewable heat, thus generating CO2 savings of 210 000 tonnes per year and providing electricity equivalent to the consumption of more than 13 000 homes.

*"The Green Valley energy project is one more milestone in the ongoing transition of Norske Skog towards new growth markets and sustainable energy. The biomass boiler will ensure a stable, long-term supply of cost-competitive and 100 percent renewable steam as an alternative to fossil energy sources like natural gas, shielding us from increasingly volatile energy markets for the Golbey mill,"* says Ombudstvedt.

---

#### Norske Skog ASA

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

Norske Skog actively works to realise value from its industrial sites by developing existing infrastructure and industry competence. The Norwegian Minister of Trade and Industry Jan Christian Vestre officially opened the CEBICO pilot plant for bio composites in Halden during the quarter. Saugbrugs has now entered into several partner contracts to commercialise CEBICO. The microfibrillar cellulose product CEBINA has successfully been applied in various materials such as epoxy and spray filler. 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.

## Operations

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 Australia. Norske Skog has numerous ongoing bio products and energy activities at all industrial sites.

Operating revenue increased from the previous quarter due to higher sales prices. Delivered volumes were in line with the previous quarter. The price increases in the quarter were driven by higher energy and other raw material costs. Variable cost per tonne decreased in the quarter due to the start-up of the waste-to-energy plant at Bruck, which reduced energy costs and CO2 emissions. The limited availability of high priced recovered paper caused some sporadic short term operational down-time in the quarter. Fixed costs per tonne increased somewhat due to higher valuation of the long term incentive programme in the quarter. Group capacity utilisation remained high in the quarter at 91%.

According to Eurograph, demand for standard newsprint in Europe increased by 2% through May compared to the same period last year. SC magazine demand decreased by around 5%; whereas, LWC paper demand decreased by around 11% through May compared to the same period last year.

According to official Australian trade statistics, demand for newsprint in the second quarter in Australasia decreased by 6% compared to the same period last year.

## Key figures, second quarter of 2022

NOK million (unless otherwise stated)	Q2 2022	Q1 2022	Q2 2021	YTD 22	YTD 21
<b>Income statement</b>					
Total operating income	3 937	3 590	2 346	7 527	4 580
EBITDA	905	610	17	1 515	129
Operating earnings	1 195	593	-277	1 789	-74
Profit/loss for the period	935	583	-355	1 518	-161
<b>Cash flow</b>					
Net cash flow from operating activities	473	196	-190	669	-27
Net cash flow from investing activities	-451	-112	-159	-564	-397
<b>Operating margin and profitability (%)</b>					
EBITDA margin	23.0	17.0	0.7	20.1	2.8
Return on capital employed (annualised)	33.8	17.8	-13.1	25.5	-10.0
<b>Capacity utilisation (Production / capacity %)</b>					
	91	94	82	93	84

## Outlook

The development in the global economy, especially within the raw material and energy markets, are of vital importance for the publication paper industry, and thus for Norske Skog's operations. The raw materials- and energy prices are expected to remain high and volatile in the second half of 2022, and may necessitate further publication paper price increases in Europe. The lack of availability of raw materials may cause short term halt in the production. Continued disruptions in the global supply chains may also cause operational challenges in the second half of 2022.

The already executed and planned capacity closures in the industry have resulted in a tight publication paper market, which is expected to keep high operating rates for the industry during 2022 and into 2023. The turbulent operating environment, especially on the energy side, may result in further temporary or permanent closures in the industry.

The waste-to-energy facility at Bruck is expected to reach full capacity utilisation during the third quarter of 2022. The facility will significantly reduce the gas consumption, and thus CO2 emissions for Norske Skog Bruck.

At Bruck, the production of newsprint (PM3) ceased on 10 July in preparation for the conversion to recycled containerboard. Staff will remain on site until Bruck enters the packaging paper market in the first quarter of 2023. At Golbey, the conversion of one newsprint machine (PM1) into recycled containerboard production at Golbey is progressing as planned with expected start-up in the fourth quarter of 2023.

Norske Skog continues to develop business opportunities for CEBINA and CEBICO. This includes evaluating a potential capacity increase for CEBICO bio composites materials beyond the existing 300 tonnes annual pilot-scale capacity as a result of Saugbrugs, BEWI and BE Form entered a partnership to commercialise CEBICO.

### **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 bio product development projects. The Group has approximately 2 100 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](http://www.norskeskog.com) and published on [www.newsweb.no](http://www.newsweb.no) under the ticker NSKOG. If you want to receive future Norske Skog press releases, please subscribe through the website of the Oslo Stock Exchange [www.newsweb.no](http://www.newsweb.no).

Norske Skog  
Communications and Public Affairs

For further information:

Norske Skog media:

Vice President Communication and Public Affairs

Carsten Dybevig

Email: [carsten.dybevig@norskeskog.com](mailto:carsten.dybevig@norskeskog.com)

Mob: +47 917 63 117

Norske Skog financial markets:

Investor Relation Manager

Even Lund

Email: [even.lund@norskeskog.com](mailto:even.lund@norskeskog.com)

Mob: +47 906 12 919

## Pressemelding

### God lønnsomhet tross turbulente markeder

Norske Skogs EBITDA i andre kvartal 2022 var NOK 905 millioner, en oppgang fra NOK 610 millioner i første kvartal 2022. Salgsprisen økte for alle papirkvaliteter i kvartalet, som en nødvendig konsekvens av høye energikostnader i Europa og et stramt publikasjonspapirmarked. Maskinkonverteringene til emballasje og energiprojektene utvikler seg som planlagt.

*«Til tross for turbulente råvare- og energimarkeder i kvartalet, har vi klart å oppnå forbedrede marginer på papirproduktene våre. Våre fabrikker har kjørt med full kapasitet gjennom kvartalet. Vi forventer at markedet for publikasjonspapir vil forbli stramt også i andre halvdel av 2022,»* sier Sven Ombudstvedt, konsernsjef i Norske Skog.

Kontantstrøm fra driften var NOK 473 millioner i kvartalet sammenlignet med NOK 196 millioner kroner i forrige kvartal. Kontantstrømmen var positivt påvirket av forbedrede driftsmarginer, men negativt påvirket av endringer i arbeidskapitalen, som i hovedsak skyldes økninger i ferdigvarelager og kundefordringer. Driftsresultatet i andre kvartal 2022 var på NOK 1 195 millioner sammenlignet med et driftsresultat på NOK 593 millioner i første kvartal 2022. Kvartalet ble positivt påvirket av endringer, uten kontanteffekter, i verdsettelsen av energikontrakter i Norge på NOK 419 millioner. Overskuddet i kvartalet var NOK 935 millioner mot et overskudd på NOK 583 millioner i forrige kvartal. Netto rentebærende gjeld var NOK 1 012 millioner ved utgangen av andre kvartal, med en egenkapitalandel på 42%.

#### Status prosjekter

Konvertering av avisapirmaskiner ved både Norske Skog Bruck og Norske Skog 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 det nye forbrenningsanlegget for avfall i Bruck og fra et nytt biomasseanlegg på fabrikkområdet i Golbey. Disse investeringene er finansiert med låneavtaler til et samlet beløp på EUR 265 millioner, med en gjennomsnittlig løpetid frem til slutten av 2030.

*«Vi er stolte av å kunne betjene både publikasjons- og emballasjepapirmarkedet på en bærekraftig og lønnsom måte i nær fremtid,»* sier Ombudstvedt.

Avfallsforbrenningsanlegget i Bruck ble offisielt åpnet av den østerrikske Forbundsministeren Leonore Gewessler og startet produksjon i april. PM3 ved Bruck stanset avisapirproduksjonen 10. juli for å forberede maskinombyggingen til resirkulert emballasjeproduksjon. I juni publiserte Norske Skog at Green Valley Energie (GVE) joint venture, der Norske Skog Golbey har en 10% eierandel, vil starte byggingen av den største biomassekjelen av sitt slag i Frankrike på fabrikkområdet til Golbey, etter en nylig fullført gjeldsfinansiering. Bioenergianlegget vil produsere rundt 200 GWh elektrisitet og rundt 700 GWh fornybar damp, og dermed generere CO<sub>2</sub>-besparelser på 210 000 tonn per år og produsere elektrisitet tilsvarende forbruket til mer enn 13 000 boliger.

*«Dette energiprojektet er enda en milepæl i den pågående endringen av Norske Skog mot nye vekstmarkeder og bærekraftig energi. Bioenergianlegget vil sikre stabil, langsiktig forsyning av konkurransedyktig og 100 prosent fornybar damp, som et alternativ til fossile energikilder som naturgass, og vil skjerme oss fra stadig mer volatile energimarkeder,»* sier Ombudstvedt.

Norske Skog arbeider aktivt for å realisere verdier fra industrianleggene ved å utvikle eksisterende infrastruktur og bransjekompetanse. I kvartalet foretok Næringsminister Jan Christian Vestre (Ap) den offisielle åpningen av pilotanlegget for biokompositter, CEBICO, ved Saugbrugs i Halden. Saugbrugs har nå inngått flere samarbeidskontrakter for å kommersialisere CEBICO. Det mikrofibrillære celluloseproduktet CEBINA har på en vellykket måte blitt innblandet i ulike materialer som epoksy og sprøytesparkel.

---

#### Norske Skog ASA

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

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.

### Drift

Samlet årlig produksjonskapasitet for publikasjonspapir for konsernet er 2,1 millioner tonn. I Europa er konsernets kapasitet 1,8 millioner tonn, mens i Australia er kapasiteten 0,3 millioner tonn. Norske Skog har en rekke pågående bioprodukt- og energiaktiviteter ved alle industrianlegg.

Driftsinntektene økte fra forrige kvartal som følge av høyere salgspriser. Salgsvolumene var på nivå med forrige kvartal. Salgsprisene økte i kvartalet på grunn av høyere energi- og råvarekostnader. Variabel kostnad per tonn gikk ned i kvartalet på grunn av oppstarten av avfallforbrenningsanlegget i Bruck, som reduserte energikostnadene og CO2-utslippene. Begrenset tilgjengelighet og høye priser på returpapir forårsaket sporadiske, kortsiktige driftsstanser i kvartalet. Faste kostnader per tonn økte noe i kvartalet på grunn av høyere verdsettelse av det langsiktige insentivprogrammet. Konsernets kapasitetsutnyttelse holdt seg høy på 91%.

Ifølge Eurograph økte etterspørselen etter standard avisopapir i Europa med 2% til og med mai sammenlignet med samme periode ifjor. Etterspørselen etter superkalandrert magasinopapir (SC) falt med rundt 5%, og LWC magasinopapir falt med rundt 11% til og med mai sammenlignet med samme periode ifjor. I følge offisiell australsk handelsstatistikk falt etterspørselen etter avisopapir i andre kvartal i Australasia med 6% sammenlignet med samme periode i fjor.

### Nøkkeltall, andre kvartal 2022

NOK millioner (om ikke annet er oppgitt)	Q2 2022	Q1 2022	Q2 2021	YTD 22	YTD 21
<b>Resultatregnskap</b>					
Totale inntekter	3 937	3 590	2 346	7 527	4 580
EBITDA	905	610	17	1 515	129
Driftsresultat	1 195	593	-277	1 789	-74
Resultat for perioden	935	583	-355	1 518	-161
<b>Kontantstrøm</b>					
Netto kontantstrøm fra operasjonelle aktiviteter	473	196	-190	669	-27
Netto kontantstrøm fra investeringsaktiviteter	-451	-112	-159	-564	-397
<b>Driftsmargin og lønnsomhet (%)</b>					
EBITDA margin	23.0	17.0	0.7	20.1	2.8
Avkastning på investert kapital (annualisert)	33.8	17.8	-13.1	25.5	-10.0
<b>Kapasitetsutnyttelse (produksjon/kapasitet %)</b>	91	94	82	93	84

### Utsikter

Utviklingen i den globale økonomien, spesielt for råvare- og energimarkedene, er vitale for publikasjonspapirindustrien, og dermed for Norske Skogs virksomheter. Råvare- og energiprisene forventes å forbli høye og volatile i andre halvdel av 2022, og kan nødvendiggjøre ytterligere prisøkninger på publikasjonspapir i Europa. Manglende tilgjengelighet av råvarer kan føre til kortvarige driftstanser. Problemer i de globale forsyningskjedene kan føre til ytterligere driftsutfordringer i andre halvdel av 2022.

De allerede gjennomførte og planlagte kapasitetsstengingene i industrien har resultert i et stramt papirmarked, og kapasitetsutnyttelsen i bransjen forventes å forbli høye ut 2022 og inn i 2023. Turbulente driftsforhold, spesielt på energisiden, kan resultere i ytterligere midlertidige eller permanente stenginger i bransjen.

Energianlegget ved Bruck forventes å nå full kapasitetsutnyttelse i løpet av tredje kvartal 2022. Anlegget vil redusere gassforbruket, og dermed CO2-utslippene for Bruck betydelig.

Bruck stanset avisproduksjonen (PM3) den 10. juli, som en forberedelse til maskinombygging til resirkulert emballasje. De ansatte beholder jobbene inntil Bruck går inn i emballasjepapirmarkedet i første kvartal 2023. Ved Golbey går ombyggingen av én avisproduksjonsmaskin (PM1) til produksjon av resirkulert emballasje som planlagt med forventet oppstart i fjerde kvartal 2023.

Norske Skog fortsetter å utvikle forretningsmuligheter for CEBINA og CEBICO. Dette betyr å evaluere en potensiell kapasitetsøkning for CEBICO utover den eksisterende pilotanleggskapasiteten på 300 tonn årlig, som et resultat av at Norske Skog Saugbrugs, BEWI og BE Form inngikk partnerskap for å kommersialisere CEBICO.

### **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 bioproduktprosjekter. Konsernet har cirka 2 100 ansatte, hovedkontor i Norge og er notert på Oslo Børs under tickeren NSKOG.

### **Presentasjon og kvartalsmateriell**

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

Norske Skog  
kommunikasjon og samfunnskontakt

For ytterligere informasjon:

Norske Skog media:

Kommunikasjonsdirektør

Carsten Dybevig

Email: [Carsten.Dybevig@norskeskog.com](mailto:Carsten.Dybevig@norskeskog.com)

Mob: +47 917 63 117

Norske Skog finansmarkedet:

Investor Relation Manager

Even Lund

Email: [Even.Lund@norskeskog.com](mailto:Even.Lund@norskeskog.com)

Mob: +47 906 12 919



**NORSKE SKOG ASA**

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

