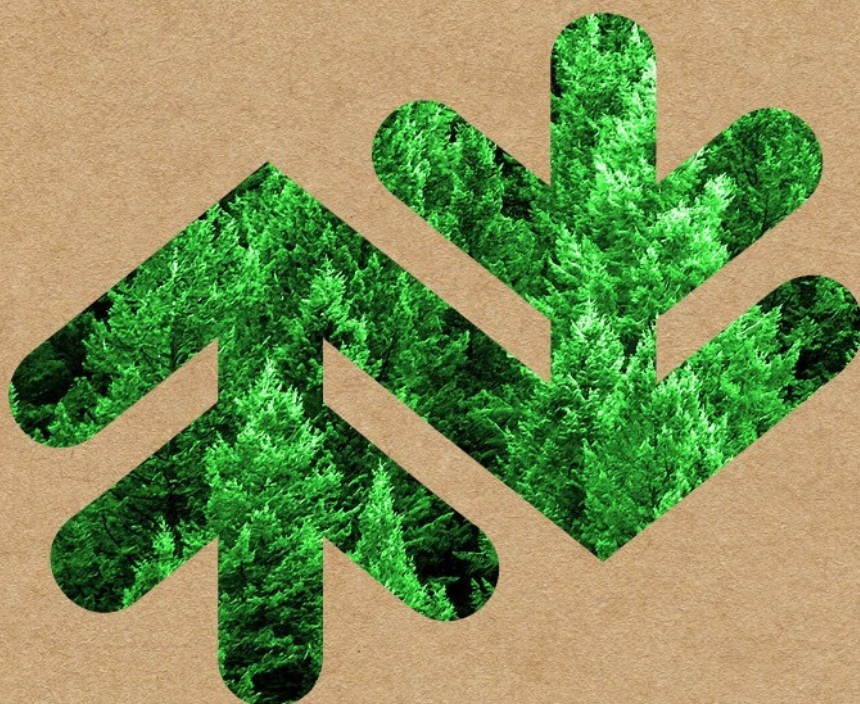


# SECOND QUARTER 2021

Quarterly financial report



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

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

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

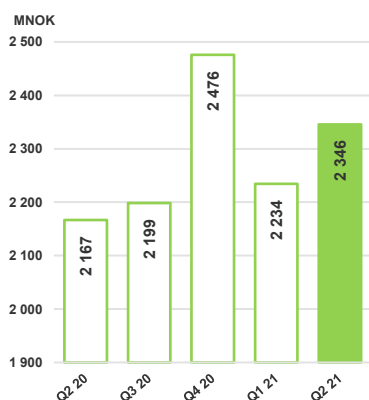
# KEY FIGURES

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

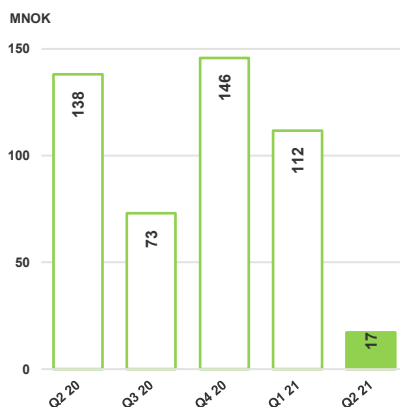
\* As defined in Alternative Performance Measures

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

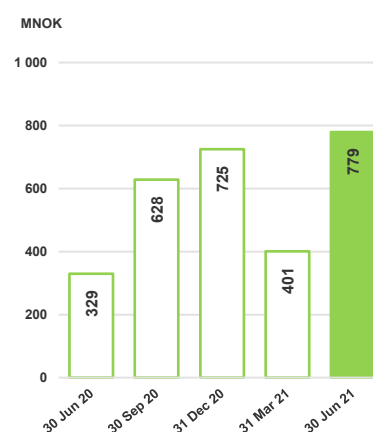
**TOTAL OPERATING INCOME**



**EBITDA**



**NET INTEREST-BEARING DEBT**



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

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

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

## PROFIT/LOSS FOR THE PERIOD

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

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

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

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

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

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

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

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

Depreciation of NOK 105 million is in line with previous quarter

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

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

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

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

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

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

## DIVERSIFICATION BEYOND PUBLICATION PAPER

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

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

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

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

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

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

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

## SEGMENT INFORMATION

### PUBLICATION PAPER EUROPE

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

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

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

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

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

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

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

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

#### EUROPE TOTAL OPERATING INCOME

#### EUROPE EBITDA

### PUBLICATION PAPER AUSTRALASIA

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

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

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

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

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

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

EBITDA improved compared to the previous quarter.

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

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

### AUSTRALASIA TOTAL OPERATING INCOME

### AUSTRALASIA EBITDA

## OTHER ACTIVITIES

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

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

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

## CASH FLOW

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

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

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

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

## BALANCE SHEET

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

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

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

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

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

## OUTLOOK

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

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

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

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

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

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

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


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

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

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




John Chiang  
Chair



Arvid Grundekjøn  
Board member



Trine-Marie Hagen  
Board member



Sven Ombudstvedt  
CEO



## INTERIM FINANCIAL STATEMENTS, SECOND QUARTER OF 2021

### CONDENSED CONSOLIDATED INCOME STATEMENT

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


## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

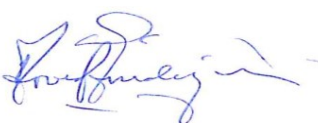
NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
<b>Profit/loss for the period</b>	<b>-355</b>	<b>194</b>	<b>-59</b>	<b>-161</b>	<b>-433</b>
<b>Items that may be reclassified subsequently to profit or loss</b>					
Currency translation differences	43	-123	-95	-80	291
Tax expense on translation differences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

## CONDENSED CONSOLIDATED BALANCE SHEET

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

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

  
John Chiang  
Chair

  
Arvid Grundekjøn  
Board member

  
Trine-Marie Hagen  
Board member

  
Sven Ombudstvedt  
CEO

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

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

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

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

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

## 2. ACCOUNTING POLICIES

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

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

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

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

## 3. ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

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

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

### *Commodity contracts*

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

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

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

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

### *Provisions*

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

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

*Contingent liabilities*

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

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

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

JAN-JUN 2021	PROPERTY, PLANT AND EQUIPMENT	RIGHT-OF-USE ASSETS	TOTAL PROPERTY PLANT AND EQUIPMENT	INTANGIBLE ASSETS
Carrying value at start of period	3 469	117	3 586	55
Additions*	347	2	349	25
Depreciation	-188	-18	-206	-4
Disposals	0	0	0	-57
Currency translation differences	-71	-2	-74	-2
<b>Carrying value at end of period</b>	<b>3 557</b>	<b>98</b>	<b>3 655</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 2021	TOTAL PROPERTY PLANT AND EQUIPMENT	INTANGIBLE ASSETS
Publication paper Europe	3 328	4
Publication paper Australasia	255	2
Other activities	71	12
<b>Total</b>	<b>3 655</b>	<b>17</b>



## 5. OPERATING SEGMENTS

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

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

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

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

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

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

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

Q2 2021	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	1 714	480	32	-44	2 182
Other operating income	158	2	4	-1	164
<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

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

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

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

YTD 2021	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	3 348	970	86	-68	4 337
Other operating income	234	1	10	-1	243
<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

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

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



## 6. FINANCIAL ITEMS AND DEBT REPAYMENTS

### FINANCIAL ITEMS

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

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

### FINANCING

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

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

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

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

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

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

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

### BONDS

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

### DEBT REPAYMENT SCHEDULE\*

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

\*Not including items relating to IFRS 16

\*\*Includes scheduled repayments for the EUR 54 million facility

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

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

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

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

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

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

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

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

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

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

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

## 8. PRINCIPAL SHAREHOLDERS

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

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

## 9. THE NORSKE SKOG SHARE

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

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

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

## 10. INVESTMENTS IN ASSOCIATED COMPANIES

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

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

## 11. RELATED PARTIES

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

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

## 12. EVENTS AFTER THE BALANCE SHEET DATE

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

## 13. HISTORICAL FIGURES

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

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

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

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

CASH FLOW	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
<b>Reconciliation of net cash flow from operating activities</b>					
EBITDA	17	112	146	73	138
Change in working capital	-115	141	33	127	12
Payments made relating to restructuring activities	-19	-19	-27	-15	-21
Gain and losses from divestment	0	-7	-1	1	-92
Cash flow from net financial items	-36	-32	-31	-32	-52
Taxes paid	-18	-13	-20	-17	-81
Other	-19	-18	-27	-21	-13
<b>Net cash flow from operating activities</b>	<b>-190</b>	<b>163</b>	<b>73</b>	<b>115</b>	<b>-109</b>
Purchases of property, plant and equipment and intangible assets	-159	-189	-244	-160	-128
Net divestments	0	-49	27	29	368
<b>Net cash flow from investing activities</b>	<b>-159</b>	<b>-238</b>	<b>-217</b>	<b>-131</b>	<b>241</b>
<b>Net cash flow from financing activities</b>	<b>47</b>	<b>723</b>	<b>58</b>	<b>-387</b>	<b>-297</b>
Foreign currency effects on cash and cash equivalents	4	-6	-28	9	-6
<b>Total change in cash and cash equivalents</b>	<b>-298</b>	<b>642</b>	<b>-113</b>	<b>-394</b>	<b>-172</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 2021 have been prepared in accordance with IAS 34 – *Interim Financial Reporting* and give a true and fair view of the Norske Skog group's assets, liabilities, financial position and result as a whole.

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

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



John Chiang  
Chair



Arvid Grundekjøn  
Board member



Trine-Marie Hagen  
Board member



Sven Ombudstvedt  
CEO

## ALTERNATIVE PERFORMANCE MEASURES

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

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

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

NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Operating earnings	-277	204	-122	-74	-32
Restructuring expenses	160	3	5	163	17
Depreciation	105	104	111	209	218
Impairments	0	0	193	0	193
Derivatives and other fair value adjustments	29	-199	-49	-170	122
<b>EBITDA</b>	<b>17</b>	<b>112</b>	<b>138</b>	<b>129</b>	<b>517</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 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
EBITDA	17	112	138	129	517
Total operating income	2 346	2 234	2 167	4 580	4 938
<b>EBITDA margin</b>	<b>0.7 %</b>	<b>5.0 %</b>	<b>6.4 %</b>	<b>2.8 %</b>	<b>10.5 %</b>

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

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

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

NOK MILLION	Q2 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
Employee benefit expenses	444	416	441	860	903
Other operating expenses	187	175	212	362	439
<b>Fixed costs</b>	<b>631</b>	<b>591</b>	<b>653</b>	<b>1 222</b>	<b>1 343</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 2021	Q1 2021	Q2 2020	YTD 2021	YTD 2020
EBITDA	17	112	138	129	517
Capital expenditure	159	189	128	348	228
Average capital employed	4 315	4 317	5 054	4 392	5 204
<b>Return on capital employed (annualised)</b>	<b>-13.1 %</b>	<b>-7.1 %</b>	<b>0.8 %</b>	<b>-10.0 %</b>	<b>11.1 %</b>

NOK MILLION	30 JUN 2021	31 MAR 2021	31 DEC 2020	30 JUN 2020
Intangible assets	17	68	55	35
Tangible assets	3 655	3 562	3 586	3 748
Inventory	1 172	1 184	1 194	1 492
Trade and other receivables	1 180	954	1 288	990
Trade and other payables	-1 633	-1 528	-1 728	-1 528
<b>Capital employed</b>	<b>4 390</b>	<b>4 240</b>	<b>4 395</b>	<b>4 737</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 2021	31 MAR 2021	31 DEC 2020	30 JUN 2020
Interest-bearing non-current liabilities	2 029	1 933	1 613	1 612
Interest-bearing current liabilities	74	90	92	204
Cash and cash equivalents	-1 324	-1 622	-980	-1 487
<b>Net interest-bearing debt</b>	<b>779</b>	<b>401</b>	<b>725</b>	<b>329</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).