

FIRST QUARTER 2022

Quarterly report

Presentation

Press releases



Norske Skog

A
LAUNCH
INTO
A NEW
SPHERE

INTRODUCTION

Norske Skog is a world leading producer of publication paper with strong market positions in Europe and Australasia. Publication paper includes newsprint and magazine paper. Norske Skog operates five mills in four countries. Norske Skog has an annual publication paper production capacity of 2.1 million tonnes. Four of the mills are in Europe and one in Australia. Newsprint and magazine paper are sold through sales offices and agents to over 80 countries. The group has approximately 2 100 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.

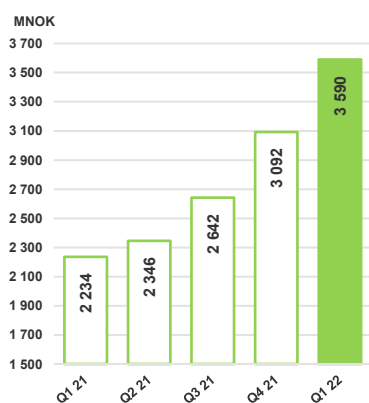
The parent company, Norske Skog ASA, is incorporated in Norway and has its head office at Skøyen in Oslo. The company is listed on Oslo Stock Exchange with the ticker NSKOG.

KEY FIGURES

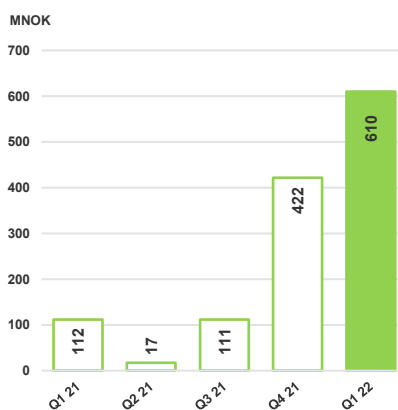
NOK MILLION	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
INCOME STATEMENT					
Total operating income	3 590	3 092	2 234	3 590	2 234
EBITDA*	610	422	112	610	112
Operating earnings	593	479	204	593	204
Profit/loss for the period	583	400	194	583	194
Earnings per share (NOK)	6.18	4.24	2.05	6.18	2.05
CASH FLOW					
Net cash flow from operating activities	196	317	163	196	163
Net cash flow from operating activities per share (NOK)	2.08	3.36	1.73	2.08	1.73
Net cash flow from investing activities	-112	-326	-238	-112	-238
OPERATING MARGIN AND PROFITABILITY (%)					
EBITDA margin*	17.0	13.6	5.0	17.0	5.0
Return on capital employed (annualised)*	17.8	8.1	-7.1	17.8	-7.1
PRODUCTION / DELIVERIES / CAPACITY UTILISATION					
Production (1 000 tonnes)	474	490	481	474	481
Deliveries (1 000 tonnes)	468	489	472	468	472
Production / capacity (%)	94	95	86	94	86

* As defined in Alternative Performance Measures

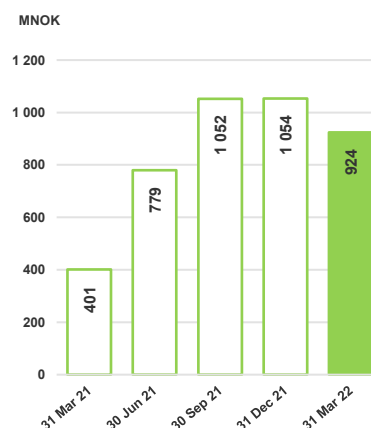
TOTAL OPERATING INCOME



EBITDA



NET INTEREST-BEARING DEBT



NOK MILLION	31 MAR 2022	31 DEC 2021	31 MAR 2021
BALANCE SHEET			
Non-current assets	4 520	4 538	4 319
Current assets	5 474	4 587	4 243
Total assets	9 994	9 125	8 562
Equity	3 660	3 133	3 677
Net interest-bearing debt	924	1 054	401

REPORT OF THE BOARD OF DIRECTORS FOR THE FIRST QUARTER OF 2022

- Energy and raw material prices remain volatile
 - Further price increases required and implemented to address unprecedented market conditions
- EBITDA of NOK 610 million in the quarter
 - EBITDA improvement from previous quarter with margins normalising towards the >10% area
 - Impacted by gain of NOK 175 million from sale of the Nature's Flame pellets business
- Publication paper market remains tight
 - Further industry closures from the second half of 2022
 - Norske Skog Bruck PM3 to stop production in the third quarter of 2022 to finalise the conversion process
- Norske Skog Bruck waste-to-energy facility in commissioning
 - Under commissioning with Valmet and currently operating at 75%
 - Improves the energy situation and reduces the fossil CO2 footprint for Norske Skog Bruck

PROFIT/LOSS FOR THE PERIOD

NOK MILLION	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Operating revenue	3 326	2 980	2 154	3 326	2 154
Other operating income	264	113	80	264	80
Total operating income	3 590	3 092	2 234	3 590	2 234
Distribution cost	-299	-291	-295	-299	-295
Cost of materials	-2 020	-1 800	-1 237	-2 020	-1 237
Fixed cost	-660	-580	-591	-660	-591
EBITDA	610	422	112	610	112

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

Raw material prices remained high while energy prices remained high and volatile in the first quarter. This has resulted in continued and significant cost pressure upwards necessitating some down time in the quarter.

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

Fixed costs (including employee benefit expenses) increased compared to the previous quarter, both in total and on a per tonne basis as a result of an increase in long-term incentive valuation and high operating rate.

EBITDA increased quarter-over-quarter, but the majority of the increase relates to the gain from the sale of Nature's Flame.

The publication paper market balance remains tight following significant capacity closures in 2021. Utilisation was 94 % for Norske Skog in the first quarter of 2022, driven by a tight publication paper market.

NORSKE SKOG QUARTERLY REPORT – FIRST QUARTER 2022 (UNAUDITED)

NOK MILLION	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Restructuring expenses	0	-12	-3	0	-3
Depreciation	-114	-115	-104	-114	-104
Impairments	0	22	0	0	0
Derivatives and other fair value adjustments	97	163	199	97	199
Operating earnings	593	479	204	593	204

Depreciation of NOK 114 million is in line with previous quarters.

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

NOK MILLION	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Share of profit in associated companies	-1	-5	0	-1	0
Financial items	1	5	1	1	1
Income taxes	-10	-80	-11	-10	-11
Profit/loss for the period	583	400	194	583	194

Financial items were positive by NOK 1 million in the first quarter. Interest cost and other financial costs were in line with the previous quarter. NOK was stronger against EUR at the end of first quarter resulting in foreign exchange gain on debt denominated in EUR offsetting interest and financing costs.

The income taxes in the quarter relate 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 will cease production of newsprint in the third quarter of 2022. Norske Skog Bruck will be in 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 first production expected to commence 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.

Following first commercial sales for CEBINA at end of 2020, the work to qualify CEBINA in coatings, paints and adhesives has continued in the quarter.

The construction of the CEBICO (bio composites) pilot was completed in the fourth quarter of 2021. The pilot has a capacity of 300 tonnes annually. During the first quarter of 2022, production of CEBICO granules from the pilot has commenced and lay the foundation for continued commercial work.

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	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Total operating income	2 968	2 648	1 711	2 968	1 711
EBITDA	441	395	106	441	106
EBITDA margin (%)	14.9	14.9	6.2	14.9	6.2
Return on capital employed (%) (annualised)	3.7	6.0	-6.4	3.7	-6.4
Production (1 000 tonnes)	415	428	392	415	392
Deliveries (1 000 tonnes)	407	427	382	407	382
Production / capacity (%)	94	96	88	94	88

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, but partly offset by lower delivered volumes. The price increases for publication paper in the quarter were necessitated by increasing cost of materials.

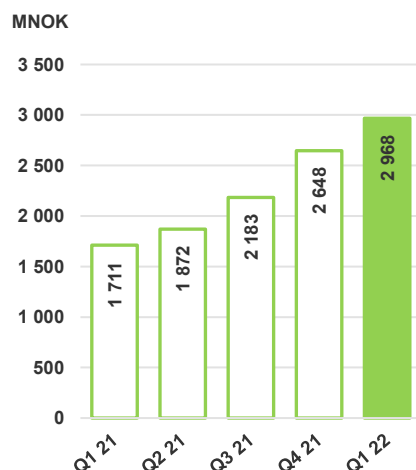
Distribution costs increased from the previous quarter on an absolute level and on a per tonne basis driven by higher freight rates. Cost of materials increased significantly in total and on a per tonne basis, mainly due to higher energy prices in the quarter. Employee benefit

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

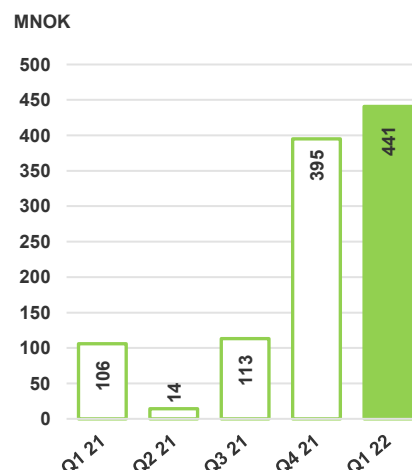
Demand for standard newsprint in Europe decreased by 6% as of February 2022 compared to the same period last year. Magazine paper demand decreasing 5%, with supercalendered paper at same level as last year and lightweight coated paper decreasing 9%. (Source: Eurograph).

Capacity utilisation was 94% in the period, in line with the previous quarter of 96%.

EUROPE
TOTAL OPERATING INCOME



EUROPE
EBITDA



PUBLICATION PAPER AUSTRALASIA

NOK MILLION	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Total operating income	429	395	489	429	489
EBITDA	40	46	-8	40	-8
EBITDA margin (%)	9.2	11.6	-1.7	9.2	-1.7
Return on capital employed (%) (annualised)	41.5	117.3	-34.0	41.5	-34.0
Production (1 000 tonnes)	59	62	89	59	89
Deliveries (1 000 tonnes)	61	62	90	61	90
Production / capacity (%)	91	87	79	91	79

NORSKE SKOG QUARTERLY REPORT – FIRST QUARTER 2022 (UNAUDITED)

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 slightly compared to previous quarter due to higher prices.

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

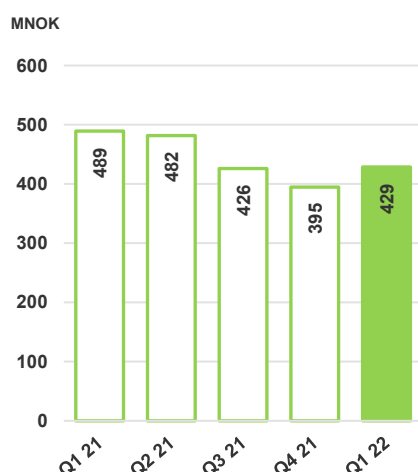
tonne basis due to higher energy and raw material costs. Employee benefit expenses increased in total and on a per tonne basis.

EBITDA decreased compared to the previous quarter, mainly driven by cost increases outpacing price increases in the quarter.

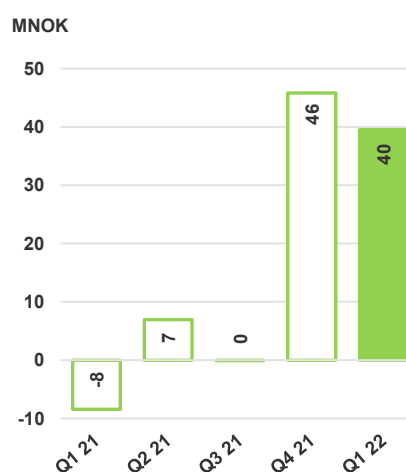
Demand for newsprint in Australasia decreased by 8 % as of March 2022, compared to the same period last year. (Source: official statistics).

Capacity utilisation was 91% in the period, and increase compared to the previous quarter.

AUSTRALASIA
TOTAL OPERATING INCOME



AUSTRALASIA
EBITDA



OTHER ACTIVITIES

NOK MILLION	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Total operating income	222	71	60	222	60
EBITDA	130	-19	14	130	14

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

In the first quarter, Norske Skog sold Nature's Flame, leading to a gain of NOK 175 million in the quarter which impacted EBITDA.

Other activities also include unallocated headquarter costs. The first 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	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
EBITDA	610	422	112	610	112
Change in working capital	-172	54	141	-172	141
Restructuring payments	-10	-53	-19	-10	-19
Gain and losses from divestments	-177	0	-7	-177	-7
Net financial items	-40	-32	-32	-40	-32
Taxes paid	-12	-32	-13	-12	-13
Other items	-2	-42	-18	-2	-18
Net cash flow from operating activities	196	317	163	196	163
Purchases of property, plant and equipment and intangible assets	-391	-326	-189	-391	-189
-whereof maintenance capex	-23	-84	-29	-23	-29

Net cash flow from operating activities was positive NOK 196 million in the first quarter.

The operating cash flow was negatively impacted by change in working capital of NOK -172 million, mainly driven by an increase in trade and other receivables as a result of higher sales prices.

Gain and losses from divestment mainly include the gain from the sale of Nature's Flame.

Taxes paid in the first quarter relate to operations in Norske Skog Golbey.

Maintenance capex of NOK 23 million relates to ordinary maintenance in the quarter, a decrease from the fourth quarter which generally sees higher maintenance.

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

BALANCE SHEET

NOK MILLION	31 MAR 2022	31 DEC 2021	31 MAR 2021
Non-current assets	4 520	4 538	4 319
Cash and cash equivalents	1 676	1 489	1 622
Inventories, trade and other receivables and other current assets	3 797	3 098	2 621
Total assets	9 994	9 125	8 562
Equity	3 660	3 133	3 677
Non-current liabilities	3 515	3 391	2 834
Current liabilities	2 819	2 600	2 051
Net interest-bearing debt	924	1 054	401

Total assets increased in the first quarter mainly due to an increase in cash and cash equivalents, trade and other receivables and other current assets.

In total, cash and cash equivalents increased to NOK 1 676 million from NOK 1 489 million at previous quarter end. The increase is a result of positive operating cash flows in the quarter, settlement of the sale of Nature's Flames, and reduced by investment in property, plant and equipment offset by new loans raised.

Non-current liabilities increased slightly from previous quarter. Local debt to finance the waste-to-energy plant in Austria was fully drawn with EUR 54 million at quarter end, compared to EUR 45 million at the end of previous quarter. Debt to finance the packaging paper projects at Norske Skog Bruck and Norske Skog Golbey was drawn with approximately EUR 29 million at quarter end, compared to EUR 19 million at previous quarter end.

Net interest-bearing debt decreased from NOK 1 054 million to NOK 924 million in the quarter.

OUTLOOK

The unprecedented increases and volatility seen for the largest input factors, particularly energy, are expected to remain in the coming months. The continued price pressure for energy, recovered paper and other input costs in 2022 may result in further publication paper price increases for all grades in Europe.

The ongoing invasion of Ukraine by Russia continues to create uncertainty in the development of the global economy and raw material markets and in particular the European energy markets, which is important for Norske Skog's operations. Disruptions in global supply chains may cause further operational challenges in 2022.

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

The waste-to-energy facility at Norske Skog Bruck is in the commissioning phase and is currently operating at 75% utilisation. The facility will substantially reduce gas consumption and thus CO2 emissions for Norske Skog Bruck.

At Norske Skog Bruck, the production of newsprint will cease in the third quarter, and Bruck will enter the packaging paper market in the first quarter of 2023. Norske Skog Golbey is preparing for establishing packaging paper production, which is expected to commence 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 beyond the existing 300 tonnes annual pilot-scale capacity. The pilot facility will enable production and delivery of larger test volumes.

SKØYEN, 27 APRIL 2022
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA



John Chiang
Chair



Arvid Grundekjøn
Board member



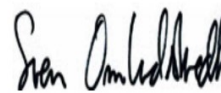
Trine-Marie Hagen
Board member



Nikolai Johns
Board member



Johanna I. Lindén
Board member



Sven Ombudstvedt
CEO

INTERIM FINANCIAL STATEMENTS, FIRST QUARTER OF 2022

CONDENSED CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Operating revenue		3 326	2 980	2 154	3 326	2 154
Other operating income		264	113	80	264	80
Total operating income	5	3 590	3 092	2 234	3 590	2 234
Distribution costs		-299	-291	-295	-299	-295
Cost of materials		-2 020	-1 800	-1 237	-2 020	-1 237
Employee benefit expenses		-479	-428	-416	-479	-416
Other operating expenses		-181	-152	-175	-181	-175
Restructuring expenses		0	-12	-3	0	-3
Depreciation	4	-114	-115	-104	-114	-104
Impairments	4	0	22	0	0	0
Derivatives and other fair value adjustments	7	97	163	199	97	199
Operating earnings		593	479	204	593	204
Share of profit in associated companies	10	-1	-5	0	-1	0
Financial items	6	1	5	1	1	1
Profit/loss before income taxes		593	480	205	593	205
Income taxes		-10	-80	-11	-10	-11
Profit/loss for the period		583	400	194	583	194
Basic earnings per share (NOK)		6.18	4.24	2.05	6.18	2.05
Diluted earnings per share (NOK)		6.18	4.24	2.05	6.18	2.05

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Profit/loss for the period	583	400	194	583	194
Items that may be reclassified subsequently to profit or loss					
Currency translation differences	-57	-46	-123	-57	-122
Tax expense on translation differences	0	0	0	0	0
Reclassified translation differences upon divestment of foreign operations	1	0	0	1	0
Total	-56	-46	-123	-56	-123
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of post-employment benefit obligations	0	14	0	0	0
Tax effect on remeasurements of employment benefit obligations	0	-2	0	0	0
Total	0	12	0	0	0
Other comprehensive income for the period	-56	-33	-123	-56	-123
Total comprehensive income for the period	527	367	71	527	71

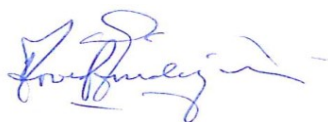
CONDENSED CONSOLIDATED BALANCE SHEET

NOK MILLION	NOTE	31 MAR 2022	31 DEC 2021	31 MAR 2021
Deferred tax asset		23	0	0
Intangible assets	4	18	21	68
Property, plant and equipment	4	4 245	4 103	3 562
Investments in associated companies	10	107	108	126
Other non-current assets	7	127	305	563
Total non-current assets		4 520	4 538	4 319
Inventories		1 206	1 203	1 184
Trade and other receivables		1 724	1 411	954
Cash and cash equivalents		1 676	1 489	1 622
Other current assets	7	868	484	482
Total current assets		5 474	4 587	4 243
Total assets		9 994	9 125	8 562
Paid-in equity	8	8 898	8 898	8 898
Retained earnings		-5 238	-5 765	-5 221
Total equity		3 660	3 133	3 677
Pension obligations		302	312	282
Deferred tax liability		244	260	286
Interest-bearing non-current liabilities	6	2 456	2 356	1 933
Other non-current liabilities	7	512	463	332
Total non-current liabilities		3 515	3 391	2 834
Interest-bearing current liabilities	6	144	187	90
Trade and other payables		2 115	1 941	1 528
Tax payable		71	50	50
Other current liabilities	7	489	422	383
Total current liabilities		2 819	2 600	2 051
Total liabilities		6 334	5 991	4 884
Total equity and liabilities		9 994	9 125	8 562

SKØYEN, 27 APRIL 2022
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA



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Board member



Nikolai Johns
Board member



Johanna I. Lindén
Board member



Sven Ombudstvedt
CEO

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOK MILLION	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Cash generated from operations	2 985	2 886	2 530	2 985	2 530
Cash used in operations	-2 736	-2 505	-2 321	-2 736	-2 321
Cash flow from currency hedges and financial items	-17	-10	-10	-17	-10
Interest payments received	4	2	0	4	0
Interest payments made	-27	-23	-23	-27	-23
Taxes paid	-12	-32	-13	-12	-13
Net cash flow from operating activities ¹⁾	196	317	163	196	163
Purchases of property, plant and equipment and intangible assets	-391	-326	-189	-391	-189
Sales of property, plant and equipment and intangible assets	2	0	7	2	7
Purchase of shares in companies and other financial payments	0	0	-69	0	-69
Sales of shares in companies and other financial instruments	276	0	13	276	13
Net cash flow from investing activities	-112	-326	-238	-112	-238
New loans raised	254	372	609	254	609
Repayments of loans	-133	-43	-274	-133	-274
New equity	0	0	388	0	388
Net cash flow from financing activities	121	329	723	121	723
Foreign currency effects on cash and cash equivalents	-17	6	-6	-17	-6
Total change in cash and cash equivalents	187	326	642	187	642
Cash and cash equivalents at start of period	1 489	1 163	980	1 489	980
Cash and cash equivalents at end of period	1 676	1 489	1 622	1 676	1 622
¹⁾ Reconciliation of net cash flow from operating activities					
Profit/loss before income taxes	593	480	205	593	205
Change in working capital	-172	54	141	-172	141
Change in restructuring provisions	-10	-41	-17	-10	-17
Depreciation and impairments	114	93	104	114	104
Derivatives and other fair value adjustments	-97	-165	-216	-97	-216
Gain and losses from divestment of business activities and PPE	-177	0	-7	-177	-7
Net financial items without cash effect	-40	-33	-33	-40	-33
Taxes paid	-12	-32	-13	-12	-13
Change in pension obligations and other employee benefits	-2	1	-1	-2	-1
Adjustment for other items	0	-41	0	0	0
Net cash flow from operating activities	196	317	163	196	163

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

NOK MILLION	PAID-IN EQUITY	OTHER PAID-IN EQUITY	RETAINED EARNINGS	TOTAL EQUITY
Equity 1 January 2021	6 261	2 249	-5 292	3 219
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
Equity 31 March 2021	6 649	2 249	-5 221	3 677
Profit/loss for the period	0	0	-957	-957
Other comprehensive income for the period	0	0	46	46
Equity 30 September 2021	6 649	2 249	-6 132	2 767
Profit/loss for the period	0	0	400	400
Other comprehensive income for the period	0	0	-33	-33
Equity 31 December 2021	6 649	2 249	-5 765	3 133
Profit/loss for the period	0	0	583	583
Other comprehensive income for the period	0	0	-56	-56
Equity 31 March 2022	6 649	2 249	-5 238	3 660

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.

	Q1 2022	Q4 2021	31 MAR 2022	31 DEC 2021	31 MAR 2021
AUD	6.40	6.36	6.55	6.40	6.49
EUR	9.93	9.97	9.71	9.99	10.00
GBP	11.88	11.76	11.48	11.89	11.73
NZD	5.98	6.06	6.06	6.03	5.96
USD	8.85	8.72	8.75	8.82	8.52

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. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

JAN-MAR 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*	407	4	410	0
Depreciation	-102	-10	-111	-2
Disposals	-66	-9	-74	0
Currency translation differences	-82	0	-83	0
Carrying value at end of period	4 156	89	4 245	18

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

PER OPERATING SEGMENTS

31 MAR 2022	TOTAL PROPERTY PLANT AND EQUIPMENT	INTANGIBLE ASSETS
Publication paper Europe	3 979	6
Publication paper Australasia	259	1
Other activities	7	11
Total	4 245	18

5. OPERATING SEGMENTS

The activities of the Norske Skog group are focused on two business systems, 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 supercalendered (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 industrial sites 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. Norske Skog Boyer, the only producer of newsprint and magazine grade in the region, and the regional sales organisation is included in the operating segment publication paper Australasia. Norske Skog Tasman has ceased production, but production and sales are included in historical segment information up to 30 June 2021.

Activities in the group that do not fall into the operating segments are presented under other activities. This includes corporate functions, Green Energy business and other holding company activities. The sale of the pellets operations of Nature's Flame was completed in March 2022 but is included in Green Energy for historical segment information and up to the completion in first quarter.

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
Total operating income	2 968	429	222	-28	3 590
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
EBITDA	441	40	130	0	610
Restructuring expenses	0	0	0	0	0
Depreciation	-101	-10	-3	0	-114
Derivatives and other fair value adjustments	97	0	0	0	97
Operating earnings	437	30	126	0	593
Share of operating revenue from external parties (%)	100	100	46		100

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

NORSKE SKOG QUARTERLY REPORT – FIRST QUARTER 2022 (UNAUDITED)

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
Total operating income	1 711	489	60	-25	2 234
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
EBITDA	106	-8	14	0	112
Restructuring expenses	0	0	-3	0	-3
Depreciation	-92	-10	-3	0	-104
Derivatives and other fair value adjustments	171	28	0	0	199
Operating earnings	185	10	9	0	204
Share of operating revenue from external parties (%)	100	100	57		100

INCOME STATEMENT	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
OTHER OPERATING REVENUE					
Corporate functions	26	21	28	26	28
Green energy and other	196	50	32	196	32
Total	222	71	60	222	60
EBITDA					
Corporate functions	-46	-28	7	-46	7
Green energy and other	176	9	7	176	7
Total	130	-19	14	130	14

6. FINANCIAL ITEMS AND DEBT REPAYMENTS

FINANCIAL ITEMS

NOK MILLION	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Net interest expenses	-25	-23	-28	-25	-28
Currency gains/losses*	36	41	83	36	83
Other financial items	-10	-12	-54	-10	-54
Total financial items	1	5	1	1	1

*Currency gains and losses on accounts receivable and accounts payable 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 EUR 350 million 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 31 March 2022, the credit facilities had been drawn by approximately EUR 29 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 first quarter of 2022, Norske Skog bought back bonds in a nominal amount of EUR 1.1 million. As of 31 March 2022, the

outstanding amount under the EUR 150 million senior secured bond, net of bought back bonds, was EUR 148.9 million.

Norske Skog has EUR 31 million Revolving Credit Facility agreements with a tenor of five years. As of 31 March 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 31 March 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 31 MAR 2022
Bond 2026	March 2026	EUR	EURIBOR +5.50%	150	149

DEBT REPAYMENT SCHEDULE*

NOK MILLION	2022	2023	2024	2025	2026-
Bonds	0	0	0	0	1 446
Debt to credit institutions	239	150	138	140	406
Total	239	150	138	140	1 852

*Not including items relating to IFRS 16.

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

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

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

31 MAR 2022	ASSETS		LIABILITIES	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Energy contracts and embedded derivatives in energy contracts (level 3)	629	1	218	317
Other derivatives and financial instruments carried at fair value (level 2)	0	0	1	0
Total	629	1	219	317

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

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

Changes in the value of energy-/commodity contracts and embedded derivatives in contracts are presented in the income statement line Derivatives and other fair value adjustments. A sensitivity analysis of

the impact on profit after tax of fluctuations in energy prices, currency and price indices is given in Note 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.

8. PRINCIPAL SHAREHOLDERS

	NUMBER OF SHARES	OWNERSHIP %
NS NORWAY HOLDING AS	26 896 681	28.53
UBS Europe SE	3 571 000	3.79
The Bank of New York Mellon SA/NV	3 024 682	3.21
The Bank of New York Mellon SA/NV	2 203 819	2.34
J.P. Morgan SE	2 167 049	2.30
INTERTRADE SHIPPING AS	2 010 000	2.13
The Bank of New York Mellon SA/NV	1 709 204	1.81
VERDIPAPIRFONDET FIRST GENERATOR	1 577 849	1.67
RBC Investor services bank S.A.	1 500 000	1.59
CLEARSTREAM BANKING S.A.	1 329 631	1.41
VERDIPAPIRFONDET EIKA SPAR	1 219 265	1.29
VERDIPAPIRFONDET HOLBERG NORGE	1 200 000	1.27
MP PENSJON PK	1 198 015	1.27
CARUCEL FINANCE AS	1 074 624	1.14
VERDIPAPIRFONDET FONDSFINANS NORGE	1 050 000	1.11
Skandinaviska Enskilda Banken AB	1 000 000	1.06
VERDIPAPIRFONDET EIKA NORGE	896 218	0.95
VERDIPAPIRFONDET NORDEA NORGE VERD	854 513	0.91
The Bank of New York Mellon SA/NV	847 296	0.90
UBS Europe SE	818 361	0.87
Other shareholders	38 116 498	40.44
Total	94 264 705	100.00

The data is extracted from VPS 26 April 2022. Whilst every reasonable effort is made to verify all data, VPS cannot guarantee the accuracy of the analysis.

9. THE NORSKE SKOG SHARE

	31 MAR 2022	31 DEC 2021
Share price (NOK)	49.95	38.40
Book value of equity per share (NOK)	38.83	33.24

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 107 million at 31 March 2022.

At 31 March 2022 Norske Skog holds a 26% share of Circa Group AS, with a carrying value of NOK 92 million. Loss is included in the quarter with NOK 1 million. Circa Group AS is listed on Euronext Growth.

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

11. RELATED PARTIES

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

There have not been any transactions with related parties in 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 first quarter of 2022.

13. HISTORICAL FIGURES

INCOME STATEMENT	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Total operating income	3 590	3 092	2 642	2 346	2 234
Variable costs	-2 320	-2 091	-1 923	-1 697	-1 532
Fixed costs	-660	-580	-608	-631	-591
EBITDA	610	422	111	17	112
Restructuring expenses	0	-12	-17	-160	-3
Depreciation	-114	-115	-109	-105	-104
Impairments	0	22	0	0	0
Derivatives and other fair value adjustment	97	163	-551	-29	199
Operating earnings	593	479	-565	-277	204
Share of profit in associated companies	-1	-5	-4	-9	0
Financial items	1	5	-45	-79	1
Profit/loss before income taxes	593	480	-614	-365	205
Income taxes	-10	-80	12	10	-11
Profit/loss for the period	583	400	-602	-355	194

SEGMENT INFORMATION	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Publication paper Europe					
Total operating income	2 968	2 648	2 183	1 872	1 711
EBITDA	441	395	113	14	106
Deliveries (1 000 tonnes)	407	427	433	403	382
Publication paper Australasia					
Total operating income	429	395	426	482	489
EBITDA	40	46	0	7	-8
Deliveries (1 000 tonnes)	61	62	68	87	90
Other activities					
Total operating income	222	71	61	36	60
EBITDA	130	-19	-2	-4	14

BALANCE SHEET	31 MAR 2022	31 DEC 2021	30 SEP 2021	30 JUN 2021	31 MAR 2021
Total non-current assets	4 520	4 538	4 154	4 017	4 319
Inventories	1 206	1 203	1 134	1 172	1 184
Trade and other receivables	1 724	1 411	1 317	1 180	954
Cash and cash equivalents	1 676	1 489	1 163	1 324	1 622
Other current assets	868	484	213	503	482
Total current assets	5 474	4 587	3 827	4 178	4 243
Total assets	9 994	9 125	7 982	8 196	8 562
Total equity	3 660	3 133	2 767	3 365	3 677
Total non-current liabilities	3 515	3 391	3 259	2 846	2 834
Trade and other payables	2 115	1 941	1 698	1 633	1 528
Other current liabilities	704	659	258	351	523
Total current liabilities	2 819	2 600	1 956	1 985	2 051
Total liabilities	6 334	5 991	5 215	4 831	4 884
Total equity and liabilities	9 994	9 125	7 982	8 196	8 562

CASH FLOW	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Reconciliation of net cash flow from operating activities					
EBITDA	610	422	111	17	112
Change in working capital	-172	54	-22	-115	141
Payments made relating to restructuring activities	-10	-53	-129	-19	-19
Gain and losses from divestment	-177	0	-9	0	-7
Cash flow from net financial items	-40	-32	-42	-36	-32
Taxes paid	-12	-32	-43	-18	-13
Other	-2	-42	34	-19	-18
Net cash flow from operating activities	196	317	-99	-190	163
Purchases of property, plant and equipment and intangible assets	-391	-326	-347	-159	-189
Net divestments	278	0	179	0	-49
Net cash flow from investing activities	-112	-326	-168	-159	-238
Net cash flow from financing activities	121	329	109	47	723
Foreign currency effects on cash and cash equivalents	-17	6	-2	4	-6
Total change in cash and cash equivalents	187	326	-161	-298	642

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	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Operating earnings	593	479	204	593	204
Restructuring expenses	0	12	3	0	3
Depreciation	114	115	104	114	104
Impairments	0	-22	0	0	0
Derivatives and other fair value adjustments	-97	-163	-199	-97	-199
EBITDA	610	422	112	610	112

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

NOK MILLION	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
EBITDA	610	422	112	610	112
Total operating income	3 590	3 092	2 234	3 590	2 234
EBITDA margin	17.0 %	13.6 %	5.0 %	17.0 %	5.0 %

Variable costs: Distribution costs + cost of materials

NOK MILLION	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Distribution costs	299	291	295	299	295
Cost of materials	2 020	1 800	1 237	2 020	1 237
Variable costs	2 320	2 091	1 532	2 320	1 532

Fixed costs: Employee benefit expenses + other operating expenses.

NOK MILLION	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
Employee benefit expenses	479	428	416	479	416
Other operating expenses	181	152	175	181	175
Fixed costs	660	580	591	660	591

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	Q1 2022	Q4 2021	Q1 2021	YTD 2022	YTD 2021
EBITDA	610	422	112	610	112
Capital expenditure	391	326	189	391	189
Average capital employed	4 937	4 730	4 317	4 937	4 317
Return on capital employed (annualised)	17.8 %	8.1 %	-7.1 %	17.8 %	-7.1 %

NOK MILLION	31 MAR 2022	31 DEC 2021	31 MAR 2021
Intangible assets	18	21	68
Tangible assets	4 245	4 103	3 562
Inventory	1 206	1 203	1 184
Trade and other receivables	1 724	1 411	954
Trade and other payables	-2 115	-1 941	-1 528
Capital employed	5 078	4 797	4 240

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

NOK MILLION	31 MAR 2022	31 DEC 2021	31 MAR 2021
Interest-bearing non-current liabilities	2 456	2 356	1 933
Interest-bearing current liabilities	144	187	90
Cash and cash equivalents	-1 676	-1 489	-1 622
Net interest-bearing debt	924	1 054	401

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).