



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	920 596 363
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	NS NORWAY HOLDING AS
Forretningsadresse:	Sjølyst plass 2 0278 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2020 - 31.12.2020
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Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Forenklet IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Ole Jørgen Egner
Dato for fastsettelse av årsregnskapet:	01.07.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 27.07.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Sum inntekter		0	
Kostnader			
Annen driftskostnad		1 000 000	2 000 000
Sum kostnader		1 000 000	2 000 000
Driftsresultat		-1 000 000	-2 000 000
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	5	326 000 000	
Inntekt på andre investeringer	5		50 000 000
Renteinntekt fra foretak i samme konsern	5		42 000 000
Annen renteinntekt	5		
Annen finansinntekt	5		299 000 000
Sum finansinntekter		326 000 000	391 000 000
Rentekostnad til foretak i samme konsern	5	95 000 000	181 000 000
Annen finanskostnad			31 000 000
Sum finanskostnader		95 000 000	212 000 000
Netto finans		231 000 000	179 000 000
Ordinært resultat før skattekostnad		230 000 000	177 000 000
Skattekostnad på ordinært resultat	7		1 000 000
Ordinært resultat etter skattekostnad		230 000 000	176 000 000
Årsresultat		230 000 000	176 000 000
Overføringer og disponeringer			
Udekket tap			86 000 000
Overføring til/fra annen egenkapital		230 000 000	90 000 000
Sum overføringer og disponeringer		230 000 000	176 000 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Sum immaterielle eiendeler		0	
Finansielle anleggsmidler			
Investering i datterselskap	4	1 395 000 000	1 395 000 000
Sum finansielle anleggsmidler		1 395 000 000	1 395 000 000
Sum anleggsmidler		1 395 000 000	1 395 000 000
Omløpsmidler			
Varer			
Fordringer			
Konsernfordringer	8		
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		5 000 000	10 000 000
Sum bankinnskudd, kontanter og lignende		5 000 000	10 000 000
Sum omløpsmidler		5 000 000	10 000 000
SUM EIENDELER		1 400 000 000	1 405 000 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	3		
Opptjent egenkapital			
Annen egenkapital	3	320 000 000	90 000 000
Sum opptjent egenkapital		320 000 000	90 000 000



Balanse

Beløp i: NOK	Note	2020	2019
Sum egenkapital	3	320 000 000	90 000 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Langsiktig konserngjeld	6	1 020 000 000	1 281 000 000
Sum annen langsiktig gjeld		1 020 000 000	1 281 000 000
Sum langsiktig gjeld		1 020 000 000	1 281 000 000
Kortsiktig gjeld			
Annen kortsiktig gjeld	6,8	60 000 000	34 000 000
Sum kortsiktig gjeld		60 000 000	34 000 000
Sum gjeld		1 080 000 000	1 315 000 000
SUM EGENKAPITAL OG GJELD		1 400 000 000	1 405 000 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		9 173 000 000	12 200 000 000
Annen driftsinntekt	6	439 000 000	754 000 000
Sum inntekter	3	9 612 000 000	12 954 000 000
Kostnader			
Varekostnad		6 252 000 000	8 103 000 000
Lønnskostnad	12	1 760 000 000	1 938 000 000
Avskrivning	4	438 000 000	456 000 000
Nedskrivning av varige driftsmidler og immaterielle eiendeler		451 000 000	209 000 000
Annen driftskostnad	14,16	2 051 000 000	-148 000 000
Sum kostnader		10 952 000 000	10 558 000 000
Driftsresultat		-1 340 000 000	2 396 000 000
Finansinntekter og finanskostnader			
Inntekt på andre investeringer	5		
Annen renteinntekt	5	5 000 000	12 000 000
Annen finansinntekt	5	1 000 000	4 000 000
Sum finansinntekter		6 000 000	16 000 000
Annen rentekostnad	5	213 000 000	304 000 000
Annen finanskostnad	5	248 000 000	142 000 000
Sum finanskostnader		461 000 000	446 000 000
Netto finans		-455 000 000	-430 000 000
Ordinært resultat før skattekostnad		-1 795 000 000	1 966 000 000
Skattekostnad på ordinært resultat	17	186 000 000	149 000 000
Ordinært resultat etter skattekostnad		-1 981 000 000	1 817 000 000
Årsresultat		-1 981 000 000	1 817 000 000
Minoritetsinteresser		-728 000 000	-75 000 000
Årsresultat etter minoritetsinteresser		-1 253 000 000	1 892 000 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
Overføringer og disponeringer			
Overføring til/fra annen egenkapital		-1 981 000 000	1 817 000 000
Sum overføringer og disponeringer		-1 981 000 000	1 817 000 000

**Konsernets balanse**

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker o.l.	4	55 000 000	38 000 000
Utsatt skattefordel	17		137 000 000
Sum immaterielle eiendeler		55 000 000	175 000 000
Varige driftsmidler			
Tomter, bygninger og annen fast eiendom	3,4	751 000 000	903 000 000
Maskiner og anlegg	3,4	1 996 000 000	2 362 000 000
Driftsløsøre, inventar, verktøy, kontormaskiner	3,4	839 000 000	1 051 000 000
Sum varige driftsmidler		3 586 000 000	4 316 000 000
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	10,19, 20	140 000 000	113 000 000
Andre fordringer	10	303 000 000	1 275 000 000
Sum finansielle anleggsmidler		443 000 000	1 388 000 000
Sum anleggsmidler		4 084 000 000	5 879 000 000
Omløpsmidler			
Varer			
Varer	3,18	1 194 000 000	1 427 000 000
Sum varer		1 194 000 000	1 427 000 000
Fordringer			
Kundefordringer	10	1 286 000 000	1 570 000 000
Andre fordringer	18	240 000 000	392 000 000
Sum fordringer		1 526 000 000	1 962 000 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	8	985 000 000	979 000 000
Sum bankinnskudd, kontanter og lignende		985 000 000	979 000 000
Sum omløpsmidler		3 705 000 000	4 368 000 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
SUM EIENDELER		7 789 000 000	10 247 000 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Opptjent egenkapital			
Annen egenkapital		1 968 000 000	3 141 000 000
Sum opptjent egenkapital		1 968 000 000	3 141 000 000
Minoritetsinteresser	22	175 000 000	1 046 000 000
Sum egenkapital		2 143 000 000	4 187 000 000
Gjeld			
Langsiktig gjeld			
Pensjonsforpliktelser	13	297 000 000	295 000 000
Utsatt skatt	17	308 000 000	316 000 000
Sum avsetninger for forpliktelser		605 000 000	611 000 000
Annen langsiktig gjeld			
Obligasjonslån	11,18	2 633 000 000	2 750 000 000
Øvrig langsiktig gjeld	18	277 000 000	312 000 000
Sum annen langsiktig gjeld		2 910 000 000	3 062 000 000
Sum langsiktig gjeld		3 515 000 000	3 673 000 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	11,18	92 000 000	419 000 000
Leverandørgjeld	18	1 741 000 000	1 698 000 000
Betalbar skatt	17	54 000 000	62 000 000
Annen kortsiktig gjeld	18	244 000 000	208 000 000
Sum kortsiktig gjeld		2 131 000 000	2 387 000 000
Sum gjeld		5 646 000 000	6 060 000 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
SUM EGENKAPITAL OG GJELD		7 789 000 000	10 247 000 000



Registered number: 920 596 363

NS Norway Holding AS

Annual report
2020

Board of Directors' report

Consolidated financial statements

Financial statement NS Norway Holding AS

Independent auditor's report



Board of director's report

NS Norway Holding AS ("the company"), holding 63.2% of the shares as at 31 December 2020, is the largest shareholder of Norske Skog ASA which together with its subsidiaries forms Norske Skog ("Norske Skog" or "the group"). Norske Skog is one of the leading producers of publication paper in the world, with an annual production capacity of 2.1 million tons. The group is geographically diverse with production sites in Europe and Australasia. In Europe, the group has four production sites, two in Norway, one in France and one in Austria. The European segment is the largest with 1.8 million tonnes of capacity, of which 1.2 million tonnes is newsprint and 0.6 million tonnes is magazine paper. In Australasia, the group will, after the closure of Tasman have one production site in Australia. The production capacity in the Australasian segment is 0.2 million tonnes newsprint and 0.1 million tonnes magazine paper located in Tasmania at Norske Skog Boyer. Norske Skog Boyer is the only domestic producer of publication paper in Australia. In New Zealand, Natures Flame produces 90 000 tonnes of wood pellets for domestic use and export to Asia.

NS NORWAY HOLDING AS IN 2020

The year 2020 was an eventful year for the group. As for individuals and companies all around the world, Norske Skog has been hit by the COVID-19 pandemic. The numerous restrictions imposed in all markets Norske Skog operates have impacted the demand negatively for the group's products. This has in turn led to an unprecedented decrease in volumes. As the publication paper markets in all regions were imbalanced in 2020, prices have also decreased.

The European segments experienced a negative and very challenging operating environment during 2020 with weaker results at all European entities. The reduced demand leading to oversupply, and declining publication paper prices impacted the efficiency and profitability at all mills in Europe significantly.

In Australia and New Zealand, the restrictions imposed also impacted the demand for publication paper and particularly magazine grades which saw a decrease well beyond what was experienced in Europe. Combined with unprofitable exports to Asia, the profitability in the region was negative and not satisfactory in the period. Therefore, Norske Skog in 2020 initiated a strategic review of the region and the Tasman site. This has led to Norske Skog Tasman ceasing production of newsprint and converting grade paper and the assets of the mill will be sold during the second half of 2021. The remaining operations in the region will continue to be optimised to the demand development in the region and to realise values.

CONSOLIDATED INCOME STATEMENT AND CASH FLOW

The groups operating income was NOK 9.6 billion in 2020 (NOK 13 billion). The decrease reflected lower volumes and prices within all publication paper segments and regions. In Australia, the sale of the forest assets in Tasmania resulted in a gain of NOK 86 million.

In Europe, however, costs of materials also decreased with lower wood fibre and energy prices, but mostly impacted by the lower production volumes. Employee benefit expenses decreased year-on-year mainly due to furloughs of employees in periods during the year as well as governmental support for employee costs. EBITDA decreased to NOK 736 million in 2020 (NOK 1 936 million), mostly driven by the negative operating environment in Europe and Australasia as well as less gains from sale of assets. Restructuring expenses in 2020 amounted to NOK 75 million (NOK 223 million) and is mainly related to the closure of PM5 at Norske Skog Saugbrugs and Australasia and redundancy payments and other restructuring expenses. Depreciation was NOK 438 million in 2020 (NOK 456 million) and we recognized an impairment of NOK 451 million (NOK 209 million) following the significant demand drop for the group's products. Derivatives and other fair value adjustments in 2020 ended at NOK -1 112 million (NOK 1 348 million), largely reflecting the impact of the change in accounting treatment of energy contracts in Norway. These are now valued at fair value compared to previously where only the embedded derivatives in the contracts were valued at fair value.

Operating earnings ended at NOK -1 340 million in 2020 (NOK 2 396 million). The change reflects the worsened market conditions in all regions, impairment of assets and the impact of the change in accounting treatment of energy contracts in Norway.

Net financial items in 2020 were NOK -444 million (NOK -395 million). Reduction of net interest expenses to NOK 213 million in 2020 (NOK 304 million) was due to lower interest cost following the repayment of loans after the sale of shares in Norske Skog ASA and the refinancing in 2019. Currency loss of NOK 185 million (NOK 4 million) is due to the weaker NOK during 2020 as most debt is denominated in other currencies, primarily Euro. Income taxes for 2020 amounted to NOK 186 million (NOK 150 million) reflecting the lower tax payable due to weaker results and a decrease in deferred tax assets. Loss for the period was NOK 2.0 billion in 2020 (NOK 1.9 billion).

Net cash flow from operating activities ended at NOK 533 million in 2020 (NOK 421 million). Cash from operations was NOK 830 million (NOK 1 002 million) reflecting the weaker operating environment in 2020 but was also impacted by deferral of payments for CO₂ compensation of NOK 270 million



that will be received in 2021. Net interest payments was NOK 123 million (NOK 305 million), reduced compared to previous years due reduced debt. Taxes paid was NOK 102 million in 2020 (NOK 252 million). Taxes paid in 2020 are related to Norske Skog Golbey.

BALANCE SHEET

Total assets were NOK 7.8 billion at 31 December 2020 (NOK 10.2 billion). Total non-current assets were NOK 4.1 billion at 31 December 2020 (NOK 5.2 billion). The decrease is mainly related to change in the accounting treatment of energy contracts, depreciation and impairment. Maintenance investments in property, plant and equipment amounted to NOK 264 million in 2020 (NOK 254 million). Investments in addition to the capex related maintenance investment for 2020 included the investments in the new waste to energy boiler currently constructed at Norske Skog Bruck. In addition, there has been investments in energy efficiency projects at Norske Skog Saugbrugs.

Asset held for sale were 0 at 31 December 2020 (NOK 631 million) as the sale of assets of Norske Skog Albury as well as the Tasmanian forest was completed in 2020.

Total current assets were NOK 3.7 billion at 31 December 2020 (NOK 4.4 billion), with cash and cash equivalents of NOK 985 million at 31 December 2020 (NOK 979 million). The decrease in current assets is mainly related to decrease in inventory and receivables due to lower production and sales. Total non-current liabilities were NOK 3.5 billion at 31 December 2020 (NOK 3.7 billion). Total current liabilities were NOK 2.1 billion (NOK 2.4 billion). Equity was NOK 2.1 billion at 31 December 2020 (NOK 4.2 billion). The decrease reflects payment of dividend for 2019 and loss for 2020.

RISK MANAGEMENT

The main risk exposures for the group follow a continued negative demand development in key sectors within publication papers. Accordingly, prices are under pressure and are highly volatile. The group is also exposed to movements in the prices of key input factors such as energy, recovered paper, wood fibre and chemicals. Thus, efforts to continue to improve efficiencies and develop purchasing strategies are key to mitigate these risk factors. The group's revenues and costs are partly hedged operationally from a currency point of view; providing some risk reduction but significant movements, particularly in the NOK, pose financial risk for the group.

The group's operations are predominantly production of publication paper in Europe and Australasia. The demand for publication paper will likely continue to decrease and the market balance is over time dependent on future closures of production capacity either permanently or through conversions to other paper grades. Exposure to both newsprint and magazine paper grades, give some product diversification. Business segments located on opposite sides of the world provide geographical diversification. The group's efforts to convert machines or develop new fibre based and bio-related products may gradually diversify the activities. Norske Skog is not vertically integrated back into forest resources and therefore must source wood fibre from third parties. The supply of this wood fibre is to a certain extent covered by medium to long-term contracts which reduce cost exposure. For the remaining part the price development of fibre is linked to the activity in the pulp and paper sector with lower activity and pricing giving lower cost and opposite when activity is high.

Financial risk management includes currency and liquidity planning. Currency volatility is to a certain extent mitigated by natural hedging where income and expenses are matched in the same currency. Norske Skog has loans predominantly denominated in EUR, replicating cash flows from the EUR based European market. Liquidity is ensured by maintaining sufficient cash balances and open credit lines linked to accounts receivables facilities and a revolving credit facility. Norske Skog continuously assesses the most competitive funding sources for the group.

Norske Skog performs credit evaluations of counterparties. The group's insurance program is managed centrally through a well-established insurance program. Risk factors are further discussed in Note 8 Financial Risk in the consolidated financial statements.

CORPORATE GOVERNANCE

Norske Skog considers good corporate governance to be a prerequisite for value creation, trustworthiness, and access to capital. Norske Skog believes that good corporate governance involves openness, honesty and cooperation between all parties involved in and with the group: the shareholders, the board of directors and executive management, employees, customers, suppliers, public authorities, and the society in general.

To secure strong and sustainable corporate governance, it is important that Norske Skog ensures good and healthy business practices, reliable financial reporting and an environment of compliance with legislation and regulations across the group.

Norske Skog has governance documents setting out principles for how business shall be conducted. These apply to all group entities. The Norske Skog governance regime is approved by the board of directors of Norske Skog. Further details are described in the corporate governance section in the annual report and on www.norskeskog.com.



SUSTAINABILITY

Norske Skog is committed to contribute to sustainable development and supports the ten principles in the UN Global Compact and support the work to develop a global standard for reporting of sustainable development. Norske Skog therefore uses the Global Reporting Initiative's (GRI) Standards for reporting relating to sustainability as a tool to report environmental and corporate responsibility. The reporting practice is for all practical purposes in line with the GRI Standards reporting principles.

The UN sustainable development goals (SDG) are an integral part of the business strategy of Norske Skog. Norske Skog supports all 17 SDGs but realize that some are more relevant to the business than others. In 2020, the Norske Skog reviewed the business climate risks and opportunities. The findings were used to define ambitions, target settings for the prioritized SDGs and relate these to the already determined strategic choices. In the process, the entire organisation was involved in prioritizing and setting new ambitions and specific targets for each of the 17 UN SDGs. The assessment included input from workshops with representatives from all mills focusing on which of the SDGs that are the most relevant ones for the operations. Norske Skog has summarized what the prioritized SDGs means in one sentence: Norske Skog shall create value for people and society in a responsible way, while maintaining a sustainable environment and use of natural resources.

Details of environmental impact of the operations, environmental responsibility and corporate social responsibility for Norske Skog are described in the Sustainability report section in the annual report of Norske Skog ASA and on www.norskeskog.com.

HEALTH AND SAFETY

Norske Skog aims to have zero injuries among employees. All near misses and injuries are reported in the global Health Safety and Environment system. Experiences from every single incident are shared within the entire organisation. Lost-time injuries per million working hours, was 0.8 in 2020 (0.5). Norske Skog had an absence rate due to sickness of 4.3 % in 2020 (3.7%).

EMPLOYEES, GENDER EQUALITY, GENDER BALANCE AND DIVERSITY

The Norske Skog group had 2 332 employees at year end 2020 (2 359). The paper industry has traditionally had few female employees. At Norske Skog, the share of female employees has been around 10% for many years. Given the low share of female employees, particularly at the mills, there is high focus when recruiting to increase the number of female operators. The board of directors of NS Norway Holding AS consists of three members, all men. Norske Skog is working to encourage the Norwegian Discrimination Act's objective within the business. This includes activities to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin color, language, religion and faith.

RESEARCH AND DEVELOPMENT

Norske Skog's research and development work are performed at the individual business units and in cooperation with external research institutions. There is a continued focus on evolution of paper products and new innovative green alternatives to replace existing materials and substances that in many cases are based on petrochemical products. Investments into projects for alternative use of fibre and development of bio-chemicals are being made in the form of pilot or demonstration plants that, if successful, can contribute to growth when commercialised.

GOING CONCERN

In accordance with the provisions in the Norwegian Accounting Act, the board of directors has assessed the going concern assumption as basis for preparing and presenting the financial statements. As at 31 December 2020, the equity of the company is NOK 320 million giving an equity ratio of approximately 23%. The market value of the shares in Norske Skog ASA are above book value and the company's only creditor is Oceanwood. Based on the results for the company and group for 2020, the solidity and available liquidity, the board of directors confirms that the assumption applies and that the financial statements have been prepared on a going concern basis.

OUTLOOK FOR 2021

Although the publication market has recaptured some of the lost sales volumes during the initial COVID-19 restrictions in April and May of 2020, the publication paper market has been imbalanced. On the other hand, the significant capacity closures announced in 2020, which were mostly effectuated by the year-end, and new announcements in 2021 are expected to positively impact the market balance from the second half of 2021.

In the fourth quarter of 2020, Norske Skog announced a strategic review of the New Zealand operations. Norske Skog received significant attention from potential investors for both the Norske Skog Tasman mill and Nature's Flame pellets facility. In June Norske Skog announced that it would cease production and sell the assets of Norske Skog Tasman. The closure and sale of the assets of Norske Skog Tasman is expected to provide further balance to the Australasian publication paper market, as Boyer will be the only publication paper producer in the region. Norske Skog Boyer will mainly supply Australia and New Zealand, and thus, reduce exposure to lower margin export markets.

Norske Skog will continue its work to improve the core business and has initiated margin protection programs throughout the group with cost saving initiatives of approximately NOK 200-250 million, which consist of announced capacity closures, efficiency investments and cost reduction programs.



In February 2021 Norske Skog ASA issued 11 764 705 new shares raising approximately NOK 400 million in new equity. At the same time NS Norway holding sold 11 764 705 shares and has subsequently a holding of 42.3% of the share in Norske Skog ASA. The proceed received from the sale of share were used to repay debt. In March, the Norske Skog ASA issued a EUR 150 million senior secured bond with maturity in 2026 to refinance the outstanding EUR 125 million senior secured bond. The net proceeds from these transactions and the maturity profile provide the group with a strong foundation to develop its business and to execute its strategic investments into the recycled containerboard market.

NS NORWAY HOLDING AS (THE PARENT COMPANY)

The parent company, NS Norway Holding AS, is incorporated in Norway and has its head office at Skøyen in Oslo. The activities of NS Norway Holding consist of holding shares in Norske Skog ASA. The company has no other activity and at 31 December 2020 the company had 0 employees (0 employees).

Operating revenue and employee benefit expenses are NOK 0 million (NOK 0 million) as the company has no activities and no employees.

Net financial items amounted to NOK 231 million (NOK 179 million). The profit for the year for NS Norway Holding AS was NOK 230 million in 2020 (NOK 176 million) due to dividend received from Norske Skog ASA.

Net cash flow from operating activities was NOK -15 million (NOK -184 million) a reduction from previous years due to lower paid.

Total assets were NOK 1.4 billion at 31 December 2020 (NOK 1.4 billion).

Total non-current assets were NOK 1.4 billion at 31 December 2020 (NOK 1.4 billion) consisting of shares in subsidiaries. Total non-current liabilities were NOK 1.0 billion at 31 December 2020 (NOK 1.3 billion) reduced from previous year following repayment of debt. Equity was NOK 320 million at 31 December 2020 (NOK 90 million). The increase reflected the profit for 2020 due to dividend received.

ALLOCATION OF PROFIT

The profit for the year for NS Norway Holding ASA (the parent company) in 2020 was NOK 230 million (profit of NOK 176 million). The profit for the year was allocated to retained earnings.

DIVIDEND PROPOSAL

The board of directors does not recommend a payment of dividend for the financial year 2020.

SKØYEN, 29 JUNE 2021

THE BOARD OF DIRECTORS OF NS NORWAY HOLDING AS

John Chiang
Chair

Sven Ombudstvedt
Board member

Rune Solli
Board member



NS NORWAY HOLDING

CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	2020	2019
Operating revenue		9 173	12 200
Other operating income	6	439	754
Total operating income	3	9 612	12 954
Distribution costs		-1 159	-1 242
Cost of materials		-5 093	-6 861
Employee benefit expenses	12, 13	-1 760	-1 938
Other operating expenses	14	-866	-978
Restructuring expenses	20	-75	-223
Depreciation	4	-438	-456
Impairments	4	-451	-209
Derivatives and other fair value adjustments	16	-1 112	1 348
Total operating expenses		10 952	-10 557
Operating earnings	3	-1 340	2 396
Share of profit in associated companies	19	-10	-36
Financial income	5	6	16
Financial expenses	5	-265	-406
Net gains/losses on foreign currency	5	-185	-4
Profit/Loss before income taxes		-1 795	1 966
Income taxes	17	-186	-150
Profit/Loss after tax		-1 981	1 817
Profit/Loss after tax attributed to:			
Non-controlling interests		- 728	-75
NS Norway Holdings AS shareholders		-1 252	1 892



NS NORWAY HOLDING

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	2020	2019
Profit/Loss after tax	-1 981	1 817
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Currency translation differences	183	6
Reclassified translation differences upon divestment of foreign operations	-62	0
Tax expense on translation differences	-4	
Total	117	6
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Remeasurements of post-employment benefit obligations	11	-29
Tax effect on remeasurements of post-employment benefit obligations	-2	5
Total	9	-24
Other comprehensive income	126	-18
Other comprehensive income attributed to:		
Non-controlling interests	80	-31
NS Norway Holdings AS shareholders	46	14
Total comprehensive income	-1 855	1 799




NS NORWAY HOLDING

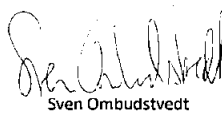
CONSOLIDATED BALANCE SHEET

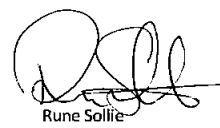
NOK MILLION	NOTE	31.12.2020	31.12.2019
Assets			
Deferred tax asset	17	0	137
Intangible assets	4	55	38
Property, plant and equipment	3, 4	3 586	3 685
Investments in associated companies	19	43	1
Other non-current assets	10	400	1 387
Total non-current assets		4 084	5 248
Assets held for sale	4	0	631
Inventories	3, 18	1 194	1 427
Trade and other receivables	10	1 286	1 570
Cash and cash equivalents	8	985	979
Other current assets	18	241	390
Total current assets		3 705	4 367
Total assets		7 789	10 247
Equity and liabilities			
Paid-in equity		0	0
Retained earnings and other reserves		1 968	3 141
Capital and reserves attributable to owners of NS Norway Holding AS		1 968	3 141
Non-controlling interests	23	175	1 046
Total equity		2 143	4 187
Pension obligations	13	297	295
Deferred tax liability	17	308	316
Interest-bearing non-current liabilities	11, 18	2 633	2 750
Other non-current liabilities	18	277	312
Total non-current liabilities		3 516	3 673
Interest-bearing current liabilities	11, 18	92	419
Trade and other payables	18	1 741	1 698
Tax payable	17	54	62
Other current liabilities	18	244	207
Total current liabilities		2 130	2 386
Total liabilities		5 646	6 059
Total equity and liabilities		7 789	10 247

SKØYEN, 29 JUNE 2021

THE BOARD OF DIRECTORS OF NS NORWAY HOLDING AS


John Chiang
Chair


Sven Ombudstvedt
Board member


Rune Sollie
Board member



NS NORWAY HOLDING

CONSOLIDATED STATEMENT OF CASH FLOWS

NOK MILLION	NOTE	2020	2019
Cash flow from operating activities			
Cash generated from operations		9 617	12 562
Cash used in operations		-8 787	-11 560
Cash flow from currency hedges and financial items		-77	-38
Interest payments received	5	5	13
Interest payments made	5	-123	-305
Taxes paid	17	-102	-252
Net cash flow from operating activities ¹⁾	3	533	421
Cash flow from investing activities			
Purchases of property, plant and equipment and intangible assets	3, 4	-632	-369
Sales of property, plant and equipment and intangible assets	6	933	223
Purchase of shares in companies and other financial payments	23	-79	-47
Sales of shares in companies and other financial payments		80	1 124
Net cash flow from investing activities		302	931
Cash flow from financing activities			
New loans raised		472	1 439
Repayments of loans		-1 124	-2 745
Dividends paid		-190	0
Net cash flow from financing activities	11	-845	-1 306
Foreign currency effects on cash and cash equivalents		16	-22
Total change in cash and cash equivalents		6	25
Cash and cash equivalents at start of period		979	955
Cash and cash equivalents at end of period		985	979
¹⁾ Reconciliation of net cash flow from operating activities			
Profit/loss before income taxes		-1 795	1 966
Depreciation and impairments	4	888	664
Gains and losses from divestment of business activities and property, plant and equipment	16	-153	-414
Taxes paid		-102	-252
Change in trade and other receivables		159	44
Change in inventories		243	-152
Change in trade and other payables		-9	-155
Change in restructuring provision		6	56
Financial items with no cash impact		260	100
Derivatives and other fair value adjustments	16	1 089	-1 378
Disposal and repurchasing of renewable energy certificates		-33	-34
Change in environmental provisions with no cash impact		-7	-1
Change in pension obligations and long-term employee benefits		-7	-7
Other		-6	-18
Net cash flow from operating activities		533	421



NS NORWAY HOLDING

CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

NOK MILLION (unless otherwise stated)	PAID-IN EQUITY ¹⁾	RETAINED EARNINGS	EQUITY BEFORE NON- CONTROLLING INTERESTS	NON- CONTROLLING INTERESTS ²⁾	TOTAL EQUITY
Equity 1 January 2019	0	1 236	1 236	0	1 236
Paid-in from non-controlling interests	0	0	0	1 153	1 153
Profit after tax	0	1 892	1 892	-75	1 817
Other comprehensive income	0	14	14	-31	-18
Equity 31 December 2019	0	3 141	3 141	1 046	4 187
Profit after tax	0	-1 252	-1 252	-728	-1 981
Other comprehensive income	0	80	80	46	126
Dividends paid	0	0	0	-190	-190
Equity 31 December 2020	0	1 968	1 968	175	2 143

¹⁾ Share capital of NOK 30 000 as of 31 December 2020.

²⁾ See note 23 Non-controlling interests.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

NS Norway Holding AS was founded 5 March 2018, is incorporated in Norway and has its corporate address at Skøyen in Oslo.

NS Norway Holding AS ("the company"), holding 63.3% of the shares as at 31 December 2020, is the largest shareholder of Norske Skog ASA which together with its subsidiaries forms Norske Skog ("Norske Skog" or "the group"). Norske Skog is a world leading producer of publication paper with strong market positions in Europe and Australasia.

The consolidated financial statements are presented in accordance with International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRIC), as adopted by the European Union (EU).

The consolidated financial statements are presented in English only. All amounts are presented in NOK million unless otherwise stated. There may be some small differences in the summation of columns and rows due to rounding. The corresponding amounts for prior year in parenthesis. The consolidated financial statements were authorised for issue by the board of directors in NS Norway Holding AS on 29 June 2021.

The table below shows the average monthly foreign exchange rates applied in the income statement and the closing exchange rates applied in the balance sheet for the most important currencies for the group.

	Income statement		Balance sheet	
	2020	2019	31.12.2020	31.12.2019
AUD	6.48	6.12	6.59	6.17
EUR	10.73	9.85	10.47	9.86
GBP	12.06	11.24	11.65	11.59
NZD	6.11	5.80	6.16	5.92
USD	9.41	8.80	8.53	8.78



2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements of NS Norway Holding AS are set out below. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of biological assets, available-for-sale financial assets and financial assets at fair value through profit or loss. The policies have been consistently applied to all periods presented, unless otherwise stated. They have been prepared under the assumption of going concern.

Consolidation

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of NS Norway Holding AS and its subsidiaries as at 31 December 2020. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if, and only if, the group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The group's voting rights and potential voting rights

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

b) Associates

Associates are all entities over which the group exercises significant influence but not control, generally accompanying a shareholding of 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition.

The group's share of post-acquisition profit or loss is recognised in the income statement as share of profit in associated companies and is assigned to the carrying value of the investment, together with the group's share of other comprehensive income in the associated company. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Profits and losses resulting from transactions between the group and its associates are recognised in the consolidated financial statements only to the extent of unrelated investors' interests in the associates.

At each reporting date, the group determines whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and recognises the amount as share of profit in associated companies.

Segment reporting

Reportable segments

The activities in the group are divided into two operating segments: publication paper Europe and publication paper Australasia. The segment structure is in line with the group's operating model. The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources, making strategic decisions and assessing performance of the group's mills, has been identified as corporate management. Activities that are not part of the operating segments are included in other activities.

Accounting policies applied in the segment reporting

Recognition, measurement and classification applied in the segment reporting are consistent with the accounting principles applied for the consolidated income statement and balance sheet and the internal management reporting.

Performance measurement

The group assesses the performance of the operating segments based on a measure of EBITDA. These items exclude the effects of expenditure not deemed to be part of the regular operating activities of the segment, such as restructuring expenses, impairments, changes in fair value of certain energy contracts, embedded derivatives in energy contracts and value change of biological assets. See APM for further information related to performance measurement other than financial measure defined or specific in the applicable financial reporting framework (IFRS).



Intercompany transactions

The revenue reported per operating segment includes both sales to external parties and sales to other segments. Intra-segment sales are eliminated in the consolidated financial statements. All sales transactions between operating segments are carried out at arm's length prices as if sold or transferred to independent third parties.

Foreign currency translation

a) Functional and presentational currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic location in which the entity operates (the "functional currency"). The consolidated financial statements are presented in NOK, which is both the functional and presentational currency of the parent company.

b) Transactions and balances

Foreign currency transactions are translated into the entity's functional currency using the exchange rate prevailing on the date of the transaction. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the income statement.

Exchange differences arising from the settlement of accounts receivable/payable and unrealised gains/losses on the same positions are recognised in Operating revenue/Cost of materials respectively. Exchange differences arising from the settlement of other items are recognised within Financial income/Financial expenses.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within Financial income/Financial expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

c) Group companies

The results and financial position of all group entities which have a functional currency different from the presentational currency are translated into the presentational currency as follows:

- i. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,
- ii. Income and expenses for each income statement are translated at average exchange rates on monthly basis,
- iii. All resulting exchange differences are booked to comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are booked as part of comprehensive income. When a foreign operation is derecognized, such exchange differences are booked out of comprehensive income and recognised in the income statement line Other operating income/Other operating expenses as part of the gain or loss of the transaction.

Property, plant and equipment

Land and buildings comprise mainly mills, machinery and office premises. All property, plant and equipment (PPE) is shown at historical cost less subsequent depreciation and impairments. Historical cost includes expenditure directly attributable to the acquisition of the items. The residual value of production equipment is defined as the realisable value after deduction of the estimated cost of dismantling and removal of the asset. If the estimated cost exceeds the estimated value, the net liability is added to the cost of the related asset, and a provision is recognised as a liability in the balance sheet.

Borrowing costs, which are directly related to qualifying assets, are recognised as part of the acquisition cost for the qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives.

The residual value and useful life of property, plant and equipment are reviewed and adjusted. Impairment test of property, plant and equipment are performed annually or more frequently if indicators of impairment are identified. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount, and included in the income statement line Other operating income/Other operating expenses.

Biological assets

Biological assets are measured upon initial recognition and at the end of each reporting period at fair value less estimated point-of-sale costs, unless fair value cannot be reliably measured. A gain or loss arising on initial recognition, and from changes in fair value during a period, is reported in net profit or loss for the period in which it arises. When fair value cannot be reliably estimated, the asset is measured at cost less any accumulated depreciation and any accumulated impairment losses.



Intangible assets

a) Patents and licenses

Patents and licenses have a finite useful life and are recognised at historical cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of patents and licences over their estimated useful lives.

b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire the specific software and bring it into use and amortised over their estimated useful lives. Costs associated with maintaining computer software are recognised as an expense as they are incurred. Costs which are directly associated with the development of identifiable and unique software products controlled by the group, and which are likely to generate economic benefits exceeding the costs beyond one year, are recognised as intangible assets. Direct costs include the costs of software development personnel and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives.

Impairment of non-financial assets

Intangible assets, which have an indefinite useful life, are not subject to amortisation but are tested annually for impairment. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which cash flows are separately identifiable (cash-generating units). At each balance sheet date, the possibility of reversing impairment losses in prior periods is evaluated for non-financial assets other than goodwill.

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

Financial assets

The group classifies its financial assets in the following three categories: at fair value through profit or loss, at amortised cost, and at fair value through other comprehensive income. This classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The group has an expected credit loss model for trade receivables, whereby expected credit losses are recognized based on ageing categories of trade receivables that includes all receivables. Norske Skog has historically low levels of realised bad debts in trade receivables.

a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if it was acquired principally for the purpose of short-term sale or if so designated by management. Derivatives are also categorised as held for trading unless designated as hedges. Assets in this category are classified as current assets if they either are held for trading or are expected to be realised within 12 months of the balance sheet date.

Non-financial commodity contracts where the relevant commodity is readily convertible to cash, and where the contracts are not for own use, fall within the scope of IFRS 9 and such contracts are treated as derivatives. Embedded derivatives are separated from the host contract and accounted for as a derivative if the economic characteristics are not closely related to the economic characteristics and risk of the host contract. See Notes 7, 8 and 9 for more information. Commodity contracts within the scope of IFRS 9 are classified as current assets, unless they are expected to be realised more than 12 months after the balance sheet date. In that case, they are classified as non-current assets.

b) Amortised cost

Amortised cost includes cash, loans and receivables, and are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Items classified as amortised cost are current items maturing less than 12 months after the balance sheet date and are presented as Trade and other receivables or Cash and cash equivalents in the balance sheet. Items maturing later than 12 months after the balance sheet date are presented within Other non-current assets.

c) Fair value through other comprehensive income

Investments in other shares not held for trading purpose are classified as fair value through other comprehensive income. For the group's investments in other shares, there are no active market. Fair value for these investments is determined applying valuation technics in according to level three in the valuation hierarchy.

Derivatives and hedge activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of any of these derivative instruments are recognised in the income statement. The group has selected to not designate any financial instruments for hedge accounting in 2020 and 2019.

The fair value of quoted investments is based on the current market price. If the market for a financial asset is not active, the group applies valuation techniques to establish the fair value. These include the use of recent arm's length transactions, reference to other instruments which are substantially the same, and discounted cash flow analyses defined to reflect the issuer's specific circumstances. Fair value includes the impact of credit risk and the adjustment for credit risk is dependent on whether the derivative



is in the money (asset) or out of the money (liability). Credit value adjustment is applied to assets positions based on credit risk associated with the counterparty. Debit value adjustment is applied to liability positions, based on the groups own credit risk.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less. Drawn bank overdrafts are shown as Interest-bearing current liabilities in the balance sheet.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are initially recognised at invoiced amount and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The impairment model for financial assets under IFRS 9 require recognition of doubtful receivables allowances based on expected credit losses. The group has an expected credit loss model for trade receivables, whereby expected credit losses are recognized based on ageing categories of trade receivables that includes all receivables.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted average cost. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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.

Restructuring costs are costs which are not related to the ongoing operations. This includes for example severance (redundancy) payments, early retirement or other arrangements for employees leaving the company, external costs to lawyers and legal advisors in relation to the restructuring process, lease termination costs and onerous contracts.

Salary which is earned while the employee contributes to the ongoing operations is not classified as restructuring costs. This includes for example salary in the notice period when the employee is working during the notice period, or bonuses earned whilst the employee contributes to the normal operations. These are booked as normal employee benefit expenses. Costs for projects related to improvements are generally ordinary operating costs.

Where a number of similar obligations exist, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the best estimate of the expenditure required to settle the present obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised within financial items.

Current and deferred income tax

The group's income tax expense includes current tax based on taxable profit for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the carrying amount of assets and liabilities in the consolidated financial statements and their tax bases.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised. Deferred tax assets are offset against deferred tax liabilities when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set-off current tax assets against current deferred tax liabilities.

Pension obligations, bonus arrangements and other employee benefits

a) Pension obligations

Group companies operate various pension schemes. These are generally funded through payments to insurance companies, as determined by periodic actuarial calculations. The group has both defined benefit and defined contribution plans.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by



discounting the estimated future cash outflows using interest rates of high quality corporate bonds which are denominated in the currency in which the benefits will be paid, and which have terms to maturity approximating to the terms of the related pension liability, or alternatively a government bond interest rate if such bonds do not exist.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income.

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. These contributions are made to publicly- or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been made. These contributions are recognised as an employee benefit expense in the period the contribution is related to. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b) Share-based remuneration

A long-term incentive (LTI) programme was launched in October 2019. The LTI programme falls within the scope of IFRS 2 Share-based payments. A share-based payment transaction is a transaction in which the company receives services from the employee of those services in a share-based payment arrangement. A cash-settled share-based payment transaction is a share-based payment transaction in which the entity acquires services by incurring a liability to transfer cash to the employee of those services for amounts that are based on the price of the shares in the company. IFRS 2 applies not only to awards of shares but also to awards of cash of a value equivalent to the value, or a movement in the value, of a particular number of shares, which is the case for the long-term incentive plan. The ultimate cost of a cash-settled share-based transaction is the actual cash paid to the counterparty, which will be the fair value at settlement date.

The periodic determination of this liability is at each reporting date between grant and settlement the fair value of the award. The fair value of the award is determined in accordance with the specific requirements in IFRS 2. During the vesting period, the liability recognised at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period. All changes in the liability are recognised in profit or loss for the period. The fair value of the liability is determined by applying an option pricing model, considering the terms and conditions on which the cash-settled transaction was granted, and the extent to which the employees have rendered services to date.

c) Bonus arrangements

The group accrues for bonus arrangements when there exists a contractual obligation, or past practice has created a constructive obligation.

d) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between fair value of proceeds (net of transaction costs) and redemption value is recognised in the income statement over the period of the borrowing, using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities, unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Interest costs are recognised in profit or loss in the period in which they are incurred.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as part of the gain or loss in the income statement.

Paid-in equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners as treasury shares until the shares are cancelled or reissued.

Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services.



Revenues in the group consists almost exclusively of the sale of goods. In practical terms, the timing of revenue recognition is based on the delivery terms for the different markets and customers, and where revenue is recognised at point in time. It is important to make sure that all performance obligations are fulfilled, and the customer can benefit on its own. If the customer cannot obtain control of the good or service, the revenue cannot be recognised.

Norske Skog's terms of delivery are based on Incoterms 2010, which are the official rules for the interpretation of trade terms issued by the International Chamber of Commerce. The timing of revenue recognition is largely dependent on these delivery terms:

- D-terms, where the group delivers the goods to the purchaser at the agreed destination, usually the purchaser's premises. The point of sale is when the goods are delivered to the purchaser. If the customer is invoiced before delivery of the goods purchased, revenue is only recognized if the customer has taken over a significant part of the gain and loss potential relating to the goods.
- C-terms, where the group arranges and pays for the external transport of the goods, but the group no longer bears any responsibility for the goods once they have been handed over to the transporter in accordance with the terms of the contract. The point of sale is when the goods are handed over to the transporter contracted by the seller.
- F-terms, where the purchaser arranges and pays for the transport. The point of sale is when the goods are handed over to the transporter contracted by the purchaser.

Norske Skog may deliver a product to another party, such as a dealer or retailer, for sale to end customers. In these circumstances, the company is required to assess whether the other party has obtained control of the product. If the other party has not obtained control, the product may be held in a consignment arrangement. In such case, the company does not recognise the revenue until the product is controlled by the end customer.

Variable considerations normally, include volume discounts, rebates, refunds, and similar items. Variable considerations are only included in the transaction price if it is highly probable that a significant reversal in the amount of revenue recognised will not occur.

Dividend income

Dividend income is recognised when the right to receive payment is established, which is generally when the shareholders approve the dividend.

Interest income

Interest income is recognised using the effective interest method. This is the interest rate that gives a net present value of the cash flows from the loan that is equal to carrying value.

Government grants

Government grants are recognised as income over the period necessary to match the grants on a systematic basis to the costs that they are intended to compensate for. Government grants in the form of compensation for losses which have already been incurred, or in the form of direct financial support, which is not directly related to future costs, are recognised as income in the same period as they are awarded.

Government grants related to assets are presented in the balance sheet as deferred income or as a reduction of the cost price of the assets the grant relates to. The grant is then recognised in the income statement either through future periodic income recognition or as a future reduction in the depreciation charge.

Leases

Norske Skog recognises a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term ("right-of-use asset"). Exceptions for short term leases, low value leases, non-lease components and intangible assets have been adapted by the group. The right-of-use assets is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. Norske Skog separately recognises the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease or the group's incremental borrowing rate. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. Other variable lease payments are expensed in the period to which they relate.

New and amended interpretations and standards adopted by the group

a) New standards effective from 1 January 2020

New standards that have been adopted in the annual financial statements for the year ended 31 December 2020, but have not had a significant effect on the group are:

- Definition of a Business (Amendments to IFRS 3)
- Interest Rate Benchmark Reform – IBOR 'phase 2' (Amendments to IFRS 9, IAS 39 and IFRS 7) and
- COVID-19-Related Rent Concessions (Amendments to IFRS 16)
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative – Definition of Material) and
- Revisions to the Conceptual Framework for Financial Reporting

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early. The following amendments are effective for the period beginning 1 January 2022:



- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41) and
- References to Conceptual Framework (Amendments to IFRS 3)

The group does not expect the standards issued by the IASB, but not yet effective, to have a material impact on the group.

Important accounting estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires the use of accounting estimates and assumptions for the future. It also requires management to exercise its judgment in the process of applying the group's accounting policies. Estimates and assumptions, which represent a significant risk of a material adjustment in the carrying amount of assets and liabilities during the coming financial year, are discussed below.

a) Fair value of derivatives and other financial instruments

Norske Skog's portfolio of energy contracts consists mainly of physical energy contracts of which some contain embedded derivatives. The fair value of embedded derivatives in physical contracts is influenced by price index fluctuations.

Norske Skog has energy contracts in Norway that does not fulfil the criteria for use of the "own use exemption". Therefore, the contracts in whole are treated as financial derivatives in the scope of IFRS 9 and measured at fair value through profit or loss. The fair value of the contracts will vary in accordance with market price for energy in Norway.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses its judgment 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 and Note 16 for more information.

b) Recoverable amount of intangible assets and property, plant and equipment (PPE)

The group performs impairment tests to assess whether there has been a decline in the value of intangible assets and PPE. These are written down to their recoverable amount when the recoverable amount is lower than the carrying value of the asset. The recoverable amount from assets or cash-generating units is determined by calculating the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Calculation of value in use requires use of estimates. See Note 4 for further information.

c) Annual assessment of the remaining economic life of PPE

The group conducts annual reviews of the remaining economic life of PPE. An increase or decrease in the remaining economic life will have an impact on future depreciation, as well as affect the cash flow horizon for calculating value in use. Economic life is estimated by considering the expected usage, physical wear and tear, as well as technical and commercial development. Assessment of future developments in demand in the markets Norske Skog's products are sold is central to the assessment of the economic life of the group's mills. Expected future demand, together with the competitiveness of Norske Skog's mills, is crucial for the determination of economic life. In addition, legal or other restrictions relating to usage could affect the economic life of the mills in the group.



3. OPERATING SEGMENTS

Reportable segments

Norske Skog is a producer of publication paper. Publication paper includes newsprint and magazine paper. Newsprint encompasses standard newsprint and other paper qualities used in newspapers, inserts, catalogues, etc. These paper qualities, measured in grammes per square meter, will normally be in the range 40-52 g/m². Magazine paper encompasses the paper qualities super calendered (SC) and lightweight coated (LWC). These paper qualities are used in magazines, periodicals, catalogues and brochures.

The activities of the group are focused on two business systems, publication paper Europe and publication paper 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 maximize 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 Europe

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.

Publication paper Australasia

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

Other activities

Activities in the group that do not fall into the operating segments publication paper Europe or publication paper Australasia are presented under other activities. This includes corporate functions, energy (commodity contracts and embedded derivatives in commodity contracts), green energy, including the pellets operations in New Zealand, and other holding company activities.

Revenue from contracts with customers

Total revenues, cash flows and contract balances from contracts with customers has been disaggregated and presented in the segment tables below. Contract with customers are recognized upon satisfaction of a performance obligation by transferring the promised goods to a customer and measured at point in time for the sale of products to the customer. Sale of publication papers and other products are non-interest bearing receivables, generally on terms of 20-60 days.

Revenues and expenses not allocated to operating segments

Norske Skog manages non-current debt, taxes and cash positions on a group basis. Consequently, financial items and tax expenses are presented only for the group as a whole.

Major customers

No customer represents 10% or more of the operating revenue.

Norske Skog had a total sales volume of newsprint and magazine paper of 1 825 000 tonnes in 2020, of which sales to the group's largest customer constituted approximately 183 000 tonnes. Total sales volume in 2020 of newsprint and magazine paper to the five largest customers in Europe and Australasia amounted to approximately 358 000 and 256 000 tonnes respectively.



OPERATING REVENUE AND EXPENSES PER OPERATING SEGMENT

2020	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	7 153	1 932	198	-110	9 173
Other operating income	259	175	5	0	439
Total operating income	7 412	2 106	203	-110	9 612
Distribution costs	-875	-260	-23	0	-1 159
Cost of materials	-3 870	-1 191	-45	13	-5 093
Employee benefit expenses	-1 327	-342	-94	3	-1 760
Other operating expenses	-681	-208	-71	94	-866
EBITDA	659	106	-30	0	735
Restructuring expenses	-47	-27	-1	0	-75
Depreciation	-371	-55	-11	0	-438
Impairments	-283	-167	0	0	-451
Derivatives and other fair value adjustments	0	-29	-1 082	0	-1 112
Operating earnings	-43	-173	-1 125	0	-1 340
Share of operating revenue from external parties (%)	100	100	57		100

2019	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	9 213	2 956	158	-127	12 200
Other operating income	370	372	11	0	754
Total operating income	9 583	3 328	170	-127	12 954
Distribution costs	-874	-355	-13	0	-1 242
Cost of materials	-5 113	-1 750	-23	25	-6 861
Employee benefit expenses	-1 329	-509	-100	0	-1 938
Other operating expenses	-735	-256	-89	102	-978
EBITDA	1 533	459	-56	0	1 936
Restructuring expenses	-6	-205	-12	0	-233
Depreciation	-337	-107	-11	0	-456
Impairments	0	-209	0	0	-209
Derivatives and other fair value adjustments	0	-40	1 389	0	1 348
Operating earnings	1 189	-102	1 309	0	2 396
Share of operating revenue from external parties (%)	100	100	43		100

OPERATING REVENUE PER GEOGRAPHICAL MARKET

The allocation of operating revenue by market is based on customer location.

	2020	2019
Norway	204	315
Rest of Europe	6 081	8 266
North America	234	490
Australasia	1 902	2 083
Asia	698	993
Africa	54	53
Total	9 173	12 200



PROPERTY, PLANT AND EQUIPMENT PER GEOGRAPHICAL REGION

The table below shows property, plant and equipment allocated to Norske Skog's country of domicile and other regions in which the group holds assets. The allocation is based on the location of the production facilities.

	31.12.2020	31.12.2019
Europe	3 258	3 179
Australasia	328	506
Total	3 586	3 685

CASH FLOW FROM CONTRACTS WITH CUSTOMERS

	2020	2019
Publication paper Europe	7 583	9 431
Publication paper Australasia	1 924	3 043
Other activities	110	89
Total	9 617	12 563

NET CASH FLOW FROM OPERATING ACTIVITIES

	2020	2019
Publication paper Europe	956	1 158
Publication paper Australasia	-69	-119
Other activities	-57	-36
Total cash flow allocated to segments	830	1 003
Cash from net financial items	-194	-330
Taxes paid	-102	-252
Net cash flow from operating activities	533	421

PURCHASES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	2020	2019
Publication paper Europe	569	229
Publication paper Australasia	53	88
Other activities	10	53
Total	632	369

INVENTORIES

Inventories include raw materials, work in progress, finished goods and other production materials.

	31.12.2020	31.12.2019
Publication paper Europe	911	1 022
Publication paper Australasia	257	390
Other activities	26	15
Total	1 194	1 427

TRADE RECEIVABLES

	31.12.2020	31.12.2019
Publication paper Europe	301	588
Publication paper Australasia	262	422
Other activities	49	22
Total	612	1 033



4. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Impairment

Considering the immediate impact of COVID-19 pandemic in second quarter an impairment test was carried out at 30 June 2020 and an impairment of NOK 193 million was recognised. At 31 December 2020 an impairment test was performed following the significant drop in demand beyond the historical demand for publication paper both in Europe and Australasia caused by the COVID-19 pandemic in 2020.

Assumptions applied when calculating the recoverable amount

Intangible non-current assets and property, plant and equipment (PPE) are written down to their recoverable amount when this is lower than the carrying value of the asset. The recoverable amount of an asset or cash-generating unit (CGU) is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of future cash flows expected to arise from an asset or cash-generating unit. Norske Skog applies the value in use approach when calculating recoverable amount for its cash-generating units. Magazine paper (Boyer) and super calendared paper (Saugbrugs) are assessed to generate independent cash inflows and to be separate CGUs. Europe newsprint, Australasia newsprint, magazine and super calendered (SC) represent the four cash generating units that the group is focusing on in its follow-up operationally and commercially as communication with customers, suppliers, employees. The different mills within a CGU works together to generate cash inflows.

The production machines have a long technical life, while useful lives are linked to industry cost curves and the size of the market. The estimated remaining useful life of the individual paper machines forms the basis for determining the length of the cash flow period. Estimated useful life for the individual paper machines in the group varies from 1 to 10 years. Sales volumes develop in accordance with the useful lives of the different paper machines in the group. Norske Skog has modelled the cash flows throughout the useful life of the paper machines. The timing of capacity closures follows from RISI cost curve positioning and RISI market demand projections. RISI is the leading global source for forest products information and data (www.risi.com).

Nominal cash flow is estimated in the currency in which it will be generated. The value is calculated by discounting based on a required rate of return on capital that is relevant for the cash-generating unit. The required rate of return, or weighted average cost of capital (WACC), is based on the interest rate on ten-year government bonds in the currency of the cash flow estimate, an industry debt yield premium, industry beta and an equity risk premium. A country-specific risk premium relevant to the cash-generating unit is also included in the required rate of return on capital.

The key drivers of profitability in the industry and thus asset values for the group are product prices relative production costs. The starting point for the impairment test is the financial budget 2021 approved by the board of directors. Beyond 2021 sales prices are increased by a price increase in 2022 and thereafter by inflation adjusted by a factor assuming that not all cost increases are passed on to customers. Costs beyond 2021 is extrapolated from historical figures by inflation. The inflation rates applied in the period are estimated by country and is in the range of 1.2% to 2.2%. Contracted prices/costs are reflected when applicable.

At the end of 2020 the market balance and prices for publication paper in Europe has weakened due to higher decline in demand than the long-term trend following the COVID-19 pandemic. The impact of lower sales prices will to some degree be offset by decreased input cost from energy, pulpwood and recovered paper. This has led to a closure of approximately 2.1 million tonnes of capacity in 2020 and first quarter 2021. For the ongoing years, we have assumed in the impairment model that the announced and completed closures will impact positively on the market balance and the industry will be rational and close further capacity beyond 2021 leading to a stable utilization rate in line with the decline in demand. Consequently, prices are expected to increase slightly from 2022.

An impairment charge of non-current assets of NOK 451 million was recognised in 2020 whereof of NOK 125 million is recognised on the assets related to CGU Europe newsprint, NOK 155 million related to CGU super calendered, NOK 114 million related to the CGU Australasia magazine and NOK 57 million related to CGU Australasia newsprint.

When calculating value in use at 31 December 2020, the discount rate after tax (WACC) was 6.4% for Norway, 5.2% for France, 5.1% for Austria, 6.4% for Australia and 6.4% for New Zealand. The reason for differences in discount rates is different interest rate levels, different tax rates and country specific risks.

Sensitivity to estimates of recoverable amount

The estimation of recoverable amount is based on assumptions regarding the future development of several factors. These include price development for finished goods, sales volumes, currency rates and interest rates. In relation to the assumptions made in a calculation of the present value of future cash flows, recoverable amount is most sensitive to changes in prices of finished goods, sales volumes and the discount rate used. The sensitivities are applied in all scenarios throughout the forecasting period. A partial sensitivity analysis would result in the following impairments as at 31 December 2020 if the calculated impairment/headroom are a negative amount.

SENSITIVITY	IMPAIRMENT
5% decrease in the sales price	-747
5% decrease in volume	-661
1% increase in the discount rate (WACC)	-438



Property, plant and equipment allocated to cash-generating units

The table below shows machinery and equipment and land and buildings allocated to Norske Skog's cash-generating units as of 31 December 2020.

	MACHINERY AND EQUIPMENT	LAND AND BUILDINGS
Europe Newsprint	1 719	532
Australasia Newsprint	0	0
Magazine	105	75
Super Calendared	171	134
Other	1	10
Carrying value 31 December 2020	1 996	751

Expected useful life

Norske Skog has conducted sensitivity analyses with respect to changes in expected useful life of the group's paper machines. If the expected useful life of all the group's paper machines is reduced by one year, the annual depreciation charge will increase with approximately NOK 30-50 million.

In connection with the year-end closing process for 2020, Norske Skog performed a review of the expected remaining useful lives of property, plant and equipment. The useful life of most of the machines were reduced by one to three years compared with last year assumptions following the demand drop in 2020. The reduction in useful life has a negative impact on the estimated recoverable amount of the mills and is reflected in the impairment. As the level of depreciation in 2020 exceeded purchases of property, plant and equipment the future annual depreciation related to the property, plant and equipment is expected to decrease by approximately 40 million per year for the traditional publication paper business.



INTANGIBLE ASSETS	OTHER INTANGIBLE ASSETS	LICENSES AND PATENTS	TOTAL
Acquisition cost 1 January 2019	103	101	204
Additions	68	3	71
Reclassified from plant under construction	0	1	1
Disposals	-90	-24	-114
Currency translation differences	1	0	1
Acquisition cost 31 December 2019	82	81	163
Accumulated depreciation and impairments 1 January 2019	91	83	174
Depreciation	4	7	11
Disposals	-43	-18	-61
Currency translation differences	2	-1	1
Accumulated depreciation and impairments 31 December 2019	54	71	125
Carrying value 31 December 2019	28	10	38
Acquisition cost 1 January 2020	82	81	163
Additions	63	11	74
Disposals	-53	0	-53
Currency translation differences	6	1	7
Acquisition cost 31 December 2020	98	93	191
Accumulated depreciation and impairments 1 January 2020	54	71	125
Depreciation	3	5	8
Disposals	-1	0	-1
Currency translation differences	3	1	4
Accumulated depreciation and impairments 31 December 2020	59	77	136
Carrying value 31 December 2020	39	16	55

Licenses, patents and other intangible assets are depreciated over a period from five to 20 years. Other intangible assets consist mainly of capitalised development costs related to customising of software.



PROPERTY, PLANT AND EQUIPMENT	BIOLOGICAL ASSETS	MACHINERY AND EQUIPMENT	LAND AND BUILDINGS	FIXTURES AND FITTINGS	RIGHT-OF-USE ASSETS	PLANT UNDER CONSTRUCTION	TOTAL
Acquisition cost 1 January 2019	366	31 461	6 801	522	0	300	39 450
Addition due to implementation of IFRS 16	0	0	0	0	127	0	127
Additions	0	131	13	10	37	250	441
Disposals	0	-110	-56	-1	0	0	-167
Reclassified to assets held for sale	-382	-4 501	-268	-44	-13	-101	-5 309
Reclassified from plant under construction	14	102	25	6	0	-148	-1
Currency translation differences	2	56	-10	-2	-2	0	44
Acquisition cost 31 December 2019	0	27 139	6 505	491	149	301	34 585
Accumulated depreciation and impairments 1 January 2019	215	28 596	5 637	474	0	45	34 967
Depreciation	0	302	97	11	-35	0	445
Impairment	0	203	0	0	0	6	209
Value changes	11	0	0	0	0	0	11
Disposals	0	-87	-13	-1	0	0	-101
Reclassified to assets held for sale	-228	-4 295	-109	-43	-3	0	-4 678
Currency translation differences	2	58	-10	-2	-1	0	47
Accumulated depreciation and impairments 31 December 2019	0	24 777	5 602	439	31	51	30 900
Carrying value 31 December 2019	0	2 362	903	52	118	250	3 685
Acquisition cost 1 January 2020	0	27 139	6 505	491	149	301	34 585
Additions	0	55	13	12	34	578	692
Disposals	-6	-15	-5	0	-1	-11	-38
Change in dismantling provision	0	0	-35	0	0	0	-35
Reclassified from plant under construction	8	107	5	9	0	-129	0
Currency translation differences	0	1 026	212	26	6	5	1 275
Acquisition cost 31 December 2020	2	28 312	6 695	538	188	744	36 479
Accumulated depreciation and impairments 1 January 2020	0	24 777	5 602	439	31	51	30 900
Depreciation	0	284	93	14	38	0	429
Impairment	0	337	78	1	2	33	451
Value changes	6	0	0	0	0	0	6
Disposals	-6	-8	-4	0	-1	0	-19
Currency translation differences	0	926	175	24	1	0	1 126
Accumulated depreciation and impairments 31 December 2020	0	26 316	5 944	478	71	84	32 893
Carrying value 31 December 2020	2	1 996	751	60	117	660	3 586

Machinery and equipment are depreciated over a period from five to 25 years. Buildings and other property are depreciated over a period from ten to 40 years. Fixtures and fittings are depreciated over a period from three to ten years. Land and plant under construction are not depreciated.

Right-of-use assets is further described in Note 15.

The difference between total additions in the table above and purchases of property, plant, equipment and intangible assets in the consolidated statement of cash flows is due to capitalised allocated emission allowances, finance leases, capitalised borrowing costs and accruals for payments. Norske Skog has not capitalised borrowing costs in 2020 or 2019.

Disposals in 2020 and 2019 were primarily related to scrapping of fully depreciated assets that no longer have any technical values.

Non-current assets held for sale

The operating assets of Norske Skog Paper Mills (Albury) Pty Limited of NOK 334 million and the Tasmanian forest assets at Norske Skog Boyer with a carrying value of NOK 297 million were classified as assets held for sale at 31 December 2019. Both sales were completed in 2020.

Norske Skog did not have any non-current assets held for sale at 31 December 2020.



5. FINANCIAL ITEMS

FINANCIAL ITEMS	2020	2019
Financial income		
Dividends received	1	0
Interest income	5	12
Other financial income	1	4
Total	6	16
Financial expenses		
Interest expense	-213	-304
Other financial expenses	-52	-101
Total	-265	-406
Net gains/losses on foreign currency	-185	-4
Net financial items	-444	-395



6. OTHER OPERATING INCOME

OTHER OPERATING INCOME	2020	2019
Gain on sale of non-current assets	153	436
Other	285	318
Total	439	754

Gain on sale of non-current assets in 2020 consists of an extraordinary non-cash gain of NOK 62 million related to the Norske Skog Albury sale from recycling of translation differences through the income statement, and a gain on sale of Tasmanian forest assets at Norske Skog Boyer of NOK 86 million.

Gain on sale of non-current assets in 2019 consists of termination of energy contracts and sale of water rights at Norske Skog Albury of NOK 346 million and gain on sale of power plant at Norske Skog Bruck of NOK 89 million.

Other for both 2020 and 2019 consist mainly of gain on sale of emission rights, sale of energy steam and receipt of interruptibility compensation.



7. FINANCIAL INSTRUMENTS

CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

31.12.2020		FAIR VALUE THROUGH OTHER COMPRENSIVE INCOME	FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	TOTAL
FINANCIAL ASSETS	NOTE				
Other non-current assets		97	286	12	395
Investment in associated companies		0	43	0	43
Trade and other receivables		0	0	1 127	1 127
Cash and cash equivalents		0	0	985	985
Other current assets	18	0	220	20	241
Total		97	550	2 144	

31.12.2019		FAIR VALUE THROUGH OTHER COMPRENSIVE INCOME	FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	TOTAL
FINANCIAL LIABILITIES	NOTE				
Interest-bearing non-current liabilities	11, 18		0	2 633	2 633
Interest-bearing current liabilities	11, 18		0	92	92
Other non-current liabilities			15	0	15
Trade and other payables			0	1 417	1 417
Other current liabilities			120		120
Total			134	4 142	

31.12.2019		FAIR VALUE THROUGH OTHER COMPRENSIVE INCOME	FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	TOTAL
FINANCIAL ASSETS	NOTE				
Other non-current assets		113	1 258	13	1 383
Investment in associated companies		0	1	0	1
Trade and other receivables		0	0	1 430	1 430
Cash and cash equivalents		0	0	979	979
Other current assets		0	340	50	390
Total		113	1 599	2 471	

31.12.2019		FAIR VALUE THROUGH OTHER COMPRENSIVE INCOME	FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	TOTAL
FINANCIAL LIABILITIES	NOTE				
Interest-bearing non-current liabilities	11, 18		0	2 750	2 750
Interest-bearing current liabilities	11, 18		0	419	419
Other non-current liabilities			14	0	14
Trade and other payables			0	1 365	1 365
Other current liabilities			96	0	96
Total			110	4 534	

FAIR VALUE MEASUREMENT HIERARCHY FOR FINANCIAL ASSETS AND LIABILITIES

The table below classifies financial assets and liabilities instruments measured in the balance sheet at fair value, by valuation method. The different valuation methods are described as levels and are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability are not based on observable market data (i.e. unobservable inputs).



31.12.2020	CARRYING AMOUNT	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
Derivatives	14	14	0	0	14
Commodity contracts	272	272	0	0	272
Miscellaneous other non-current assets	109	109	0	0	109
Other non-current assets	395	395			395
Investment in associated companies	43	43	0	0	43
Accounts receivable	612	612	0	0	612
Other receivables	472	472	0	0	472
Prepaid VAT	43	43	0	0	43
Trade and other receivables	1 127	1 127	0	0	1 127
Cash and cash equivalents	985	985	0	0	985
Derivatives	5	5	0	1	4
Commodity contracts	215	215	0	0	215
Current investments	20	20	0	0	20
Other current assets	241	241	0	1	240
Interest-bearing non-current liabilities	2 633	2 679	0	1 126	1 553
Interest-bearing current liabilities	92	92	0	0	92
Total interest-bearing liabilities	2 725	2 771	0	1 126	1 645
Derivatives	0	0	0	0	0
Commodity contracts	15	15	0	0	15
Other non-current liabilities	15	15	0	0	15
Accounts payable	877	877	0	0	877
Other payables	541	541	0	0	541
Trade and other payables	1 418	1 418	0	0	1 418
Derivatives	0	0	0	0	0
Commodity contracts	72	72	0	0	72
Financial current liabilities	48	48	0	0	48
Other current liabilities	120	120	0	0	120



31.12.2019	CARRYING AMOUNT	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
Derivatives	1 168	1 168	0	0	1 168
Commodity contracts	89	89	0	0	89
Miscellaneous other non-current assets	125	125	0	0	125
Other non-current assets	1 383	1383	0	0	1 383
Investment in associated companies	1	1	0	0	1
Accounts receivable	1 033	1 033	0	0	1 033
Other receivables	345	345	0	0	345
Prepaid VAT	52	52	0	0	52
Trade and other receivables	1 430	1 430	0	0	1 430
Cash and cash equivalents	979	979	0	0	979
Derivatives	163	163	0	0	163
Commodity contracts	177	177	0	24	153
Current investments	50	50	0	0	50
Other current assets	390	390	0	24	366
Interest-bearing non-current liabilities	2 750	2 820	0	1 276	1 544
Interest-bearing current liabilities	419	419	0	0	419
Total interest-bearing liabilities	3 169	3 239	0	1 276	1 963
Derivatives	0	0	0	0	0
Commodity contracts	14	14	0	14	0
Other non-current liabilities	14	14	0	14	0
Accounts payable	869	869	0	0	869
Other payables	496	496	0	0	496
Trade and other payables	1 365	1 365	0	0	1 365
Derivatives	1	1	0	0	1
Commodity contracts	73	73	0	17	56
Financial current liabilities	22	22	0	0	22
Other current liabilities	96	96	0	17	79

The fair value of bonds (Interest-bearing liabilities) (Level 2) is assessed by using price indications from banks at the reporting date. There is some uncertainty associated with the calculated fair value of Level 3 interest-bearing liabilities. The fair value calculation on other interest-bearing liabilities (Level 3) is based on acknowledged valuation principles according to IFRS, but is not necessarily an estimate of the amount the group would have to cover if it were to repay all its debt to all lenders.

The fair values of cash and cash equivalents, trade receivables and other receivables, other assets, trade payables and other payables and other current liabilities remain largely consistent with the book value due to the short maturities of such positions. The fair value of derivatives and commodity contracts is described in Note 9.



8. FINANCIAL RISK

FINANCIAL RISK MANAGEMENT

The main risk exposures for the group are linked to uncertainty to price and volume developments for publication paper and the costs of key input factors such as energy and fibre. Weaker demand than expected for the group's products can affect profitability and associated cash flows in a negative way. The group operates in a multicurrency environment, where the main currencies of importance for the business are EUR, GBP, USD, AUD and NZD. Currency movements between these currencies, as well as against NOK, may influence demand as well as prices and costs of key input factors. Liquidity is ensured by maintaining sufficient cash balances and open credit lines linked to accounts receivables facilities. Norske Skog continuously assess the most competitive funding sources for the group.

There is uncertainty about the changes in the broader economic climate development and more adverse developments than expected may influence all of the above. The aforementioned risks may all affect future results. The factors are an inherent uncertainty when the board makes its assessments.

Norske Skog's operations are predominantly production of publication paper in Europe and Australasia. Exposure to both newsprint and magazine paper grades give some product diversification. Business segments located on opposite sides of the world provide geographical diversification. The group's green diversification strategy will gradually shift the focus beyond publication paper. Norske Skog has implemented and will continue to implement further operational enhancements, increased revenue initiatives, cost improvement measures as well as working capital management measures, to improve our cash flow. The group has one cash pool for the European entities and the cash pool is legally placed in Norske Skog ASA. Identified growth projects include green energy, wood pellets, recycled containerboard and other environmentally friendly fibre based alternatives to other materials.

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

FINANCIAL RISK FACTORS

The group is exposed to various financial risk factors through the group's operating activities, including market risk (interest rate risk, currency risk and commodity risk), liquidity risk and credit risk. The group seeks to minimise losses and volatility on the group's earnings caused by adverse market movements. Moreover, the group monitors and manages financial risk based on internal policies and standards set forth by corporate management and approved by the board of directors. These written policies provide principles for the overall risk management as well as standards for managing currency risk, interest rate risk, credit risk, liquidity risk and the use of financial derivatives and non-derivative financial instruments.

Market Risk

a) Interest rate risk

The goal of interest rate risk management is to secure the lowest possible interest rate payments over time within acceptable risk limits.

INTEREST-BEARING ASSETS AND LIABILITIES	31.12.2020			31.12.2019		
	FLOATING	FIXED	TOTAL	FLOATING	FIXED	TOTAL
Interest-bearing liabilities	1 268	1 457	2 725	1 680	1 489	3 169
Interest-bearing assets	-902	0	-902	-849	0	-849
Net exposure	366	1 457	1 823	831	1 489	2 320

All amounts presented in the table are notional amounts. Total interest-bearing liabilities will therefore differ from booked amounts due to bond discounts/premiums. Floating rate exposure is calculated without accounting for potential future refinancing.

Interest rate sensitivity analysis

In accordance with IFRS 7 *Financial instruments - disclosures*, an interest rate sensitivity analysis is presented showing the effects of changes in market interest rates on interest costs and interest income, as well as equity where applicable. The analysis is based on the following assumptions:

- Floating rate debt is exposed to changes in market interest rates, i.e. the interest costs or interest income associated with such instruments will fluctuate based on changes in market rates. These changes are accounted for in the sensitivity analysis. The result is based on the assumption that all other factors are kept constant.
- Changes in market rates on fixed rate debt will only affect the income statement if they are measured at fair value. Thus, fixed rate instruments recognised at amortised cost will not represent an interest rate risk as defined by IFRS 7. Such instruments will therefore not have any influence on the sensitivity analysis.
- Results are presented net of tax, using the Norwegian statutory tax rate of 22%.

The interest rate sensitivity analysis is based on a parallel shift in the yield curve for each relevant currency to which Norske Skog is exposed.

INTEREST RATE	NET PROFIT AFTER TAX	
	2020	2019
50 basis point downward parallel shift in the yield curve	-1	0
50 basis point upward parallel shift in the yield curve	0	1

50 basis point upward change in interest the net interest payments will increase with NOK 3 million, the upward change will have none effect on the values of derivatives carried at fair value through profit or loss.

b) Currency risk

Transaction risk - economic hedge

The group has revenues and expenses in various currencies. The major currencies are NOK, EUR, GBP, USD, AUD and NZD. Transaction risk arises because the group has a different currency split on income and expenses. In 2020 Norske Skog has economic hedged some of its cash flows in foreign currencies. The hedged currencies include EUR, GBP, USD and AUD. The result of the hedging is included in Net



unrealised/realised gains/losses on foreign currency in the income statement. The cash flow hedges resulted in a realised loss of NOK 76 million in 2020 (2019 NOK -5 million). The remaining unrealised hedging contracts is recognised at fair value of NOK 1 million.

Translation risk - net investment hedge

The group does not have any net investment hedges.

Foreign exchange - sensitivity analysis on financial instruments

The following foreign exchange sensitivity analysis calculates the sensitivity of derivatives and non-derivative financial instruments on net profit and equity, based on a defined appreciation/depreciation of NOK against relevant currencies, keeping all other variables constant. The analysis is based on several assumptions, including:

- Norske Skog as a group comprises entities with different functional currencies. Derivative and non-derivative financial instruments of a monetary nature, denominated in currencies different from the functional currency of the entity, create foreign exchange rate exposure on the consolidated income statement.
- Financial instruments denominated in the functional currency of the entity have no currency risk and will therefore not be applicable to this analysis. Furthermore, the foreign currency exposure of translating financial accounts of subsidiaries into the group's presentational currency is not part of this analysis.
- Sensitivity on commodity contracts and embedded derivatives is presented separately under "commodity risk".
- Other currency derivatives that are recognised at fair value through profit and loss will affect the income statement. These effects come mainly from currency derivatives and financial liabilities managed as economic net investment hedges which do not qualify for hedge accounting according to IFRS 9.
- Other non-derivative financial instruments accounted for in the analysis comprise cash and cash equivalents, accounts payable, accounts receivable and borrowings denominated in currencies different from the functional currency of the entity.
- Correlation effects between currencies are not taken into account. Figures are presented net of tax.

CURRENCIES AGAINST TO WHICH THE GROUP HAS SIGNIFICANT EXPOSURE	GAIN/LOSS FROM 10% APPRECIATED ON FOREIGN CURRENCY EXCHANGE RATES	
	31.12.2020	31.12.2019
EUR	-85	-78
GBP	7	10
USD	15	4
Other	0	-1
TOTAL	-63	-65

The effect of the sensitivity analysis on the income statement is mainly caused by foreign exchange gains/losses on the translation of EUR denominated debt for which there is no hedge accounting.

c) Commodity risk

A major part of the group global commodity demand is secured through long-term contracts. The group only uses financial instruments to a limited extent to hedge these contracts. The hedging ratio represents a trade-off between risk exposure and the opportunity to take advantage of short-term price drops in the spot market. Hedging levels are regulated through mandates approved by the board of directors.

Some of the group purchase and sales contracts are defined as financial instruments, or contain embedded derivatives, which fall within the scope of IFRS 9. These financial instruments and embedded derivatives are measured in the balance sheet at fair value with value changes recognised through profit or loss. Commodity contracts are financial contracts for the purpose of either trading or hedging. The embedded derivatives are common in physical commodity contracts and comprise a wide variety of derivative characteristics.

Changes in fair value of commodity contracts reflect unrealised gains or losses and are calculated as the difference between market price and contract price, discounted to present value. Some commodity contracts are bilateral contracts or embedded derivatives in bilateral contracts, for which there exists no active market. Therefore, valuation techniques are used as much as possible, with the use of available market information. Techniques that reflect how the market could be expected to price instruments are used in non-observable markets.

The group portfolio of commodity contracts mainly consists of physical energy contracts. The fair value of embedded derivatives in physical contracts depends on price index fluctuations.

Sensitivity analysis for commodity contracts

Trading and hedging mandates have been established for energy activity. Financial trading and hedging activities are carried out bilaterally with banks and trading companies.

When calculating fair value of future and forward contracts, cash flows are by principle assumed to occur in the middle of the period. Currency effects arise when contract values nominated in foreign currencies are translated into the reporting currency. Net profit after tax is affected in a non-linear manner due to changes in the fair value of options.

COMMODITY CONTRACTS WITHIN THE SCOPE OF IFRS 9		FAIR VALUE 31.12.2020	NET PROFIT AFTER TAX - INCREASE	NET PROFIT AFTER TAX - DECREASE
Energy price	change 10%	401	305	-305
Currency	change 10%	401	0	0
Price index	change 2.5%	401	0	0



Sensitivity analysis for embedded derivatives

Embedded derivatives are common features in physical commodity contracts. The most common embedded derivatives are price indices, including national consumer price and producer price indices. The analysis below combines all indices into one price index.

EMBEDDED DERIVATIVES	FAIR VALUE 31.12.2020	NET PROFIT AFTER TAX - INCREASE	NET PROFIT AFTER TAX - DECREASE
Price index change 2.5%	+18	0	0

Liquidity risk

The group is exposed to liquidity risk in a scenario when the group's cash flow from operating activities is not sufficient to cover payments of financial liabilities. In order to effectively mitigate liquidity risk, Norske Skog's liquidity risk management strategy focuses on maintaining sufficient cash, as well as securing available financing through committed credit facilities. Managing liquidity risk is centralised on a group level.

In order to uncover future liquidity risk, the group forecasts both short- and long-term cash flows. Cash flow forecasts include cash flows from operations, investments, financing activities and financial instruments. The group had cash and cash equivalents of NOK 985 million at 31 December 2020 (NOK 979 million at 31 December 2019). Restricted bank deposits amounted to NOK 83 million at 31 December 2020, (NOK 127 million at 31 December 2019).

The table "Financial liability payments" in Note 11 shows the contractual maturities of non-derivative financial liabilities. All amounts disclosed in the table are undiscounted cash flows. Furthermore, amounts denominated in foreign currency are translated to NOK using closing rates at 31 December 2020. These amounts consist of trade payables and interest payments. Variable rate interest cash flows are calculated using the forward yield curve. Projected interest payments are based on the maturity schedule at 31 December 2020 without accounting for forecasted refinancing and/or other changes in the liability portfolio. All other cash flows are based on the group's positions held at 31 December 2020.

Credit risk

The group makes a credit evaluation of all financial trading counterparties. Based on the evaluation, a limit on credit exposure is established for each counterparty. These limits are monitored continuously in relation to unrealised profit on financial instruments and placements. The maximum credit risk arising from financial instruments is represented by the carrying amount of financial assets in the balance sheet.

The group procedures for credit management of European trade receivables, and the authority to approve credit lines to customers of European business units, are regulated by a policy drafted and maintained by a centralised credit management function at the head office. The operational responsibility to act within the guidelines as set out by this policy lies with each business unit. For operations outside of Europe, customer credit management is handled locally.



9. DERIVATIVES

Fair value of derivatives

The table below classifies financial instruments within the scope of IFRS 9 measured in the balance sheet at fair value, by valuation method. The different valuation methods are described as levels and are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability are not based on observable market data (i.e. unobservable inputs).

31.12.2020	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets at fair value through profit or loss				
Trading derivatives	0	0	0	0
Derivatives used for hedging	0	1	0	1
Commodity contracts and embedded derivatives	0	0	505	505
Total	0	1	505	506
Financial liabilities at fair value through profit or loss				
Trading derivatives	0	-56	0	0
Derivatives used for hedging	0	0	0	0
Commodity contracts and embedded derivatives	0	0	-30	-30
Total	0	-56	-30	-30
31.12.2019	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets at fair value through profit or loss				
Trading derivatives	0	0	0	0
Derivatives used for hedging	0	24	0	24
Commodity contracts and embedded derivatives	0	0	1 574	1 574
Total	0	24	1 574	1 598
Financial liabilities at fair value through profit or loss				
Trading derivatives	0	-56	0	-56
Derivatives used for hedging	0	-9	0	-9
Commodity contracts and embedded derivatives	0	0	-23	-23
Total	0	-65	-23	-88

The following table shows the changes in level 3 instruments at 31 December 2020.

	ASSETS	LIABILITIES
Opening balance	1 574	-23
Gains and losses recognised in profit or loss	-1 080	-6
Currency translation differences	11	-1
Closing balance	505	30

Norske Skog's portfolio of commodity contracts consist mainly of physical energy contracts. The commodity contracts and embedded derivatives classified as financial within the scope of IFRS 9 contracts are mainly related to energy contracts in Norway and New Zealand. Fair value of commodity contracts is sensitive to estimates of future energy prices. Fair value of embedded derivatives is sensitive to price indices. For further details about gains and losses relating to level 3 instruments see Note 16.

The fair value of derivatives that are not traded in an active market (over-the-counter derivatives) is determined using various valuation techniques. Interest rate swaps, cross-currency swaps, forward rate agreements and foreign currency forward contracts are all valued by estimating the present value of future cash flows. Quoted cash and swap rates are used as input for calculating zero coupon curves used for discounting.

The fair value of commodity contracts recognised in the balance sheet is calculated by using quotes from actively traded markets when available. Otherwise, price forecasts from acknowledged external sources are used. Commodity contracts that fail to meet the own-use exemption criteria in IFRS 9 are recognised in the balance sheet and valued on the same principle as financial contracts. Some of these are long-term energy contracts. In calculating the fair value of embedded derivatives, valuation techniques are used in the absence of observable market inputs.



The following table is presented in accordance with IFRS 13.94, showing the fair value of all commodity contracts in level 3 within the scope of IFRS 9 given a change in assumptions to a reasonably possible alternative.

FAIR VALUE OF DERIVATIVES IN LEVEL 3 GIVEN A REASONABLY POSSIBLE ALTERNATIVE		31.12.2020	31.12.2019
Assets			
Commodity contracts	Energy price -2%	483	238
Embedded derivatives	Energy price -2%	18	1 331
Total		501	1 569
Liabilities			
Commodity contracts	Energy price -2%	-86	-22
Embedded derivatives	Energy price -2%	0	-1
Total		-86	-23

The electricity prices for long-term electricity contracts in New Zealand are not directly observable in the market for the whole contract length. A change in the forecast to a reasonably possible alternative would change the fair value. For the energy contracts in New Zealand, a reasonably possible alternative at 31 December 2020 would be a downwards parallel shift of the long end of the forward curve of 2% (downwards shift of 2% in 2019).

DERIVATIVES	31.12.2020		31.12.2019	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Commodity contracts	488	-86	267	-87
Embedded derivatives	18	0	1 331	-1
Total	506	-86	1 598	-88

The table above includes only derivatives, and the total amount may differ compared to other tables showing financial assets and liabilities.



10. RECEIVABLES AND OTHER NON-CURRENT ASSETS

	NOTE		31.12.2019
Trade and other receivables			
Accounts receivable		612	1 033
Provision for bad debt		-61	-49
VAT receivables		43	52
Prepaid expenses		159	141
Other receivables		534	394
Total		1 286	1 570
Other non-current assets			
Long-term shareholdings	21	97	113
Derivatives	7	14	1 169
Commodity contracts	7	272	89
Pension plan assets	13	5	4
Loans to employees		1	1
Other non-current receivables		11	12
Total		400	1 388

Norske Skog Bruck, Norske Skog Golbey, Norske Skog Skogn and Norske Skog Saugbrugs have factoring facility agreements where the future cash flow on certain accounts receivables are sold. The facility has a limit of EUR 25 million for Norske Skog Bruck, limit of EUR 40 million for Norske Skog Golbey and a combined limit of NOK 300 million for Norske Skog Skogn and Norske Skog Saugbrugs. There are no financial covenants in these factoring facility agreements. Accounts receivable that have been sold are deducted from accounts receivable in the balance sheet. The utilisation at 31 December 2020 was NOK 426 million (31 December 2019 was NOK 375 million).

As of 31 December 2020, advances received from contracts with customers amounted to NOK 4 million and other revenue accruals for invoice not sent amounted to NOK 1 million (31 December 2019 was respectively NOK 5 million and NOK 1 million). In addition, received advanced from customers not invoiced NOK 13 million per 31 December 2020 (31 December 2019 was NOK 0 million).

The credit risk on trade and other receivables is continuously monitored, independent of due date. The group's sales are mainly to large customers with a low degree of default. Collateral as security is not normally requested. Further information regarding the group's credit policy for sales is provided in Note 8.

AGEING OF THE GROUP'S CURRENT RECEIVABLES	31.12.2020	31.12.2019
Not due	1 183	1 486
0 to 3 months	122	90
3 to 6 months	0	0
Over 6 months	44	44
Total ¹⁾	1 348	1 620

¹⁾ Does not include provision for bad debt.

The maximum credit risk exposure at the year-end is the fair value of each class of receivable mentioned above.



11. INTEREST-BEARING LIABILITIES

INTEREST-BEARING DEBT, OUTSTANDING AMOUNTS	31.12.2020	31.12.2019
Bonds	1 094	1 233
Debt to financial institutions	483	219
Debt to Oceanwood controlled entities	1 020	1 281
Factoring Facilities	17	343
Total	2 614	3 075

INTEREST-BEARING DEBT BY CURRENCY	CURRENCY AMOUNT		
	31.12.2020	31.12.2020	31.12.2019
EUR	140	1 464	1 621
AUD	6	38	77
Total interest-bearing debt in foreign currencies		1 502	1 698
NOK		1 112	1 377
Total interest-bearing debt		2 614	3 075

In 2019 Norske Skog ASA issued a EUR 125 million senior secured bond. The bond matures in June 2022 and has an interest rate of EURIBOR (zero floor) + 6% with quarterly interest payments. The net proceeds from the issuance were used to refinance EUR 105 million in existing debt, and for general corporate purposes. The bond is secured by share pledges over the material subsidiaries and asset pledges in the mill owning entities in Norway, Australia and New Zealand. In addition, the bond is secured by on-demand guarantees from by material subsidiaries. The outstanding amount, excluding repurchased bonds, was EUR 104.5 million per 31 December 2020.

In addition, in 2019, Norske Skog ASA established a revolving credit facility of EUR 31 million. The facility has a tenor of three years and shares security with the bond, but with priority ahead of the bond. As of 31 December 2020 the facility was drawn by EUR 20 million.

In March 2021 Norske Skog issued a EUR 150 million senior secured bond and the proceeds from the issuance were used to refinance the outstanding EUR 125 million bond. See Note 24.

The financial covenants applicable to Norske Skog ASA on a consolidated basis are (i) unrestricted cash and cash equivalents of minimum NOK 100 million, and (ii) EBITDA to net interest cost of more than 2.0x and (iii) book equity ratio of more than 25%. EBITDA used in the financial covenants calculations may differ from the EBITDA shown in the financial reporting due to adjustment requirements in the facility agreements.

During 2020 Norske Skog entered into a EUR 54 million credit facility to finance the construction of an incineration boiler on the Norske Skog Bruck site. The facility will be drawn incrementally as expenditures incur during the construction phase, after which it will be repaid by quarterly installments up until the final maturity date in 2028. The borrower under the facility is Norske Skog Bruck GmbH, and Norske Skog ASA has provided a guarantee of EUR 20 million. As of 31 December 2020 the loan had been drawn by EUR 9.8 million.

The remaining financing arrangements for the group includes leasing, factoring, and other credit facilities in the mill owning entities.

Norske Skog Skogn AS and Norske Skog Saugbrugs AS have pledged its account receivables in favour of its factoring providers. Saugbrugs Bioenergi AS, a wholly owned subsidiary of Norske Skog Saugbrugs AS, has pledged certain parts of its property and assets in favour of the lenders under a credit facility financing its biogas facility. Norske Skog Golbey SAS has pledged certain parts of its property, in an amount of up to EUR 13 million, in favour of a bank guarantor under a guarantee to one of its energy suppliers. Norske Skog Bruck GmbH has pledged certain parts of its property and assets in favour of the lenders under the EUR 54 million credit facility.

The average interest rate at 31 December 2020 was 7.25% (7.25% at 31 December 2019).

SCHEDULED REPAYMENT OF THE GROUP'S FINANCIAL DEBT AND INTEREST AT 31.12.2020	PROJECTED INTEREST	OTHER LOANS*	BONDS	TOTAL
2021	168	56	0	224
2022	130	246	1 094	1 470
2023	93	37	0	130
2024	91	37	0	128
2025	90	32	0	122
2026	89	29	0	118
2027	88	28	0	116
2028-	175	1 055	0	1 120
Total	925	1 520	1 094	3 539

*including full instalments for the EUR 54 million credit facility



SCHEDULED REPAYMENT OF THE GROUP'S FINANCIAL DEBT AT 31.12.2019	PROJECTED			TOTAL
	INTEREST	OTHER LOANS	BONDS	
2020	195	703	0	898
2021	165	33	0	198
2022	126	35	1 233	1 393
2023	86	36	0	122
2024	84	32	0	115
2025	81	11	0	92
2026	81	11	0	92
2027-	159	945	0	1 104
Total	977	1 805	1 233	4 014

The debt amounts set out above may differ from the carrying value in the balance sheet due to the amortized cost principle and exclusion of debt items related to IFRS 16. At 31 December 2020, the financial statements included discounts in an amount of NOK 14 million (NOK 26 million at 31 December 2019), and the amount of interest bearing debt related to IFRS 16 was NOK 125 million.

Trade payables amounted to NOK 877 million at 31 December 2020 (NOK 868 million at 31 December 2019).

Drawn amounts from securitization arrangements is classified as interest-bearing current liabilities. This amounts to NOK 17 million in scheduled repayments 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.

As per 31 December 2020, Norske Skog ASA and its subsidiaries had issued bank guarantees in an amount of NOK 143 million.

Norske Skog Skogn AS and Norske Skog Saugbrugs AS have pledged certain parts of its assets and machinery, in an amount of up to NOK 200 million, to its energy suppliers under long term energy supply agreements. The security has priority behind the EUR 125 million senior secured bond.

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

NOTE	1.1.2020	CASH FLOWS	NON-CASH CHANGES			31.12.2020
			RECLASSIFICATION ²⁾	OTHER ³⁾	FOREIGN EXCHANGE MOVEMENT	
Interest-bearing non-current liabilities ¹⁾	18	2 750	112	-86	34 ³⁾ 55 ⁴⁾	2 633
Interest-bearing current liabilities ¹⁾	18	419	-452	86	0	92
Total liabilities from financing activities		3 169				2 725

¹⁾ Except for liabilities to group companies

²⁾ Reclassification between non-current and current term liabilities

³⁾ New Leasing debt

⁴⁾ Accrued interest added to principal

NOTE	1.1.2019	CASH FLOWS	NON-CASH CHANGES			31.12.2019
			RECLASSIFICATION ²⁾	OTHER ⁴⁾	FOREIGN EXCHANGE MOVEMENT	
Interest-bearing non-current liabilities ¹⁾	18	3 418	-29	-750	125 ⁵⁾	2 750
Interest-bearing current liabilities ¹⁾	18	881	-1 277	750	72	419
Total liabilities from financing activities		4 299	-1 306			3 169

¹⁾ Except for liabilities to group companies

²⁾ Reclassification between non-current and current term liabilities

³⁾ Conversion of debt to equity adjusted for accrued interest

⁴⁾ New Leasing debt and Implementation of IFRS 16

⁵⁾ Accrued interest added to principal prior to conversion



12. EMPLOYEE BENEFIT EXPENSES

EMPLOYEE BENEFIT EXPENSES	NOTE	2020	2019
Salaries including holiday pay		1 316	1 478
Social security contributions		339	330
Pension costs	13	64	70
Other employee benefit expenses		40	60
Total		1 760	1 938

NUMBER OF EMPLOYEES BY REGION	31.12.2020	31.12.2019
Europe	1 809	1 786
Australasia	487	540
Corporate functions (head office)	36	33
Total	2 332	2 359

REMUNERATION

The company has not paid any remuneration or other benefits and has no incentive programs as there are no employees. The company has not paid any remuneration to the board of directors in 2020.

AUDITORS FEES

(in NOK 1 000, excluding VAT)

	PARENT COMPANY	NORWEGIAN SUBSIDIARIES AUDITED BY THE PARENT COMPANY AUDITOR	SUBSIDIARIES AUDITED BY GROUP AUDITORS	SUBSIDIARIES AUDITED BY OTHER AUDITORS	TOTAL
Audit fee	115	2 326	2 835	504	5 780
Audit-related assistance ¹⁾	40	335	627	0	1 002
Tax assistance	0	0	11	74	85
Other fees	0	0	98	0	98
Total	155	2 661	3 570	578	6 964

¹⁾ Audit-related assistance includes services, which only auditors can provide, such as the review of interim financial statements, agreed upon control procedures etc.



13. PENSION COSTS AND PENSION OBLIGATIONS

NS Norway Holding AS has no pension schemes. Norske Skog has various pension schemes in accordance with local conditions and practices in the countries in which the group operates. A total of 1 737 active and former employees are covered by such schemes. Of these, 193 people are covered by defined benefit plans and 1 544 people by defined contribution plans.

DESCRIPTION OF THE DEFINED BENEFIT PLANS

The key terms in Norske Skog's major defined benefit plans are shown in the table below.

	BENEFIT IN % OF PENSIONABLE EARNINGS	YEARS OF SERVICE	PENSIONABLE AGE	EARLY RETIREMENT AGE	ACTIVE MEMBERS
Norske Skog Saugbrugs AS	65	30	70	62	57
Norske Skog Skogn AS	65	30	70	62	72
Norske Skog Deutschland GmbH		35	65	65	10

The defined benefit plan in Norske Skog Deutschland GmbH is closed.

The defined benefit schemes in Norway cover people between 62 and 67 years of age, born before 1 January 1959 and who were employed before 1 January 2011 when the plan was closed. The defined benefit obligations in Norway only encompass active members since they leave the defined benefit scheme (having a paid-up policy) when they retire.

Plan assets of the pension schemes in Norske Skog Saugbrugs AS and Norske Skog Skogn AS are managed by a life insurance company and invested in accordance with the general guidelines governing investments by life insurance companies in Norway. With effect from the beginning of 2011, a new defined contribution scheme was introduced in Norway, with a contribution of 4% for earnings up to 7.1 G and 10% between 7.1 and 12 G.

When evaluating plan assets, it is based on the assumptions as at 31 December. This estimated value is corrected every year in accordance with the figures for the market value of the assets provided by the insurance company.

When measuring the incurred obligations, it is based on the assumptions as at 31 December. This estimated obligation is corrected every year in accordance with the figures for incurred pension obligations provided by the actuary.

In addition to the benefit obligation funded through insurance plans, the group has unfunded benefit obligations. The unfunded obligations include estimated future obligations relating to the former Norwegian early retirement scheme, pensions to former owners of subsidiaries as well as pensions for senior management and directors. Obligations relating to senior management pensions are partly funded through a supplementary retirement plan with a life insurance company.

In addition to defined benefit plans, there are also various defined contribution plans.

ASSUMPTIONS MADE WHEN CALCULATING FUTURE BENEFIT OBLIGATIONS IN NORWAY

	2020	2019
Discount rate/expected return on plan assets	1.5%	2.3%
Salary adjustment	1.75%	2.0%
Social security increase/inflation rate	1.75%	2.0%
Pension growth rate	0.0%	0.7%

The discount rate applied for the pension schemes in Norway for 2020 is based on the interest rate for covered bonds. Subsidiaries can deviate from these assumptions if local conditions require this. The discount rates applied vary from 0.92% to 2.3% and salary adjustments vary from 1.75% to 2.6%. Norske Skog has used the mortality table in Norway (K2013BE) and RichttafelN 2018G in Germany.

NET PERIODIC PENSION COST	2020	2019
Current service cost	3	3
Pension cost defined contribution schemes	61	68
Net periodic pension cost	64	70
Net periodic interest cost	3	5

Estimated payments to the group's defined benefit pension schemes in 2021 amounts to NOK 9 million.



PENSION PLANS IN THE BALANCE SHEET

PARTLY OR FULLY FUNDED PENSION PLANS	31.12.2020	31.12.2019
Projected benefit obligations including national insurance contributions	-150	-163
Plan assets at fair value	156	158
Net plan assets/pension obligations (-) in the balance sheet	6	-5

UNFUNDED PENSION PLANS	31.12.2020	31.12.2019
Projected benefit obligations including national insurance contributions	-298	-287

The defined benefit pension plans relates to Europe.

SPECIFICATION OF PENSION PLANS IN THE BALANCE SHEET	31.12.2020	31.12.2019
Pension assets in the balance sheet	5	4
Pension liabilities in the balance sheet	-297	-295
Net pension obligations in the balance sheet	-292	-291
Net unfunded pension plans	-298	-287
Net partly or fully funded pension plans	6	-5

CHANGES IN PENSION OBLIGATIONS FOR PARTLY OR FULLY FUNDED PENSION PLANS	2020	2019
Balance 1 January	163	161
Current years' service cost	3	3
Current years' interest cost	4	4
Pension paid	-4	-4
Re-measurements	-15	-3
Balance 31 December	-150	163

CHANGES IN PLAN ASSETS FOR PARTLY OR FULLY FUNDED PENSION PLANS	2020	2019
Balance 1 January	158	157
Return on plan assets	3	4
Pension paid	-3	-2
Employer contribution	4	7
Re-measurements	-6	-8
Balance 31 December	156	158



CHANGES IN PENSION OBLIGATIONS FOR UNFUNDED PENSION PLANS	2020	2019
Balance 1 January	-287	-265
Current years service cost	-12	-10
Current years interest cost	-3	-4
Pension paid	1	1
Currency translation differences and other changes	-2	11
Re-measurements	3	-19
Balance 31 December	-298	-287

SPECIFICATION OF RE-MEASUREMENT GAINS/LOSSES IN OTHER COMPREHENSIVE INCOME (OCI)	2020	2019
Return on plan assets	0	0
Actuarial changes arising from changes in financial assumptions	-4	-25
Experience adjustments + investment management costs	15	-4
Total	11	-29

INVESTMENT PROFILE FOR PENSION FUNDS	2020		2019	
	FUNDS	DISTRIBUTION	FUNDS	DISTRIBUTION
Shares	13	9%	23	15%
Bonds	105	67%	100	62%
Properties and real estate	24	15%	21	13%
Money market	10	7%	12	8%
Other	5	3%	1	1%
Total	156	100%	158	100%

SENSITIVITY ANALYSIS

Norske Skog has performed sensitivity analyses of material group companies for the most important assumptions related to defined benefit schemes to predict how fluctuations will impact pension liabilities in the consolidated balance sheet. In relation to the assumptions made in the calculation of pension obligations the amount is most sensitive to changes in discount rate, salary adjustment and pension growth rate. The sensitivity of the pension obligation is shown in the table below:

SENSITIVITY	INCREASE	DECREASE
Discount rate - 0.5%	-9	10
Salary adjustment - 0.5%	1	-1
Future national security - 1.0%	-4	4
Future pension - 0.5%	8	NA

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. No data is available for decrease of future national security. The sensitivity analysis is based on actuarial calculations for the Norwegian schemes.



14. OTHER OPERATING EXPENSES

	NOTE	2020	2019
Maintenance materials and services		493	549
Marketing expenses		8	8
Administration, insurance, travel etc.		186	214
Operating leases	15	13	14
Losses from divestments of property, plant and equipment		0	21
Other expenses		166	172
Total		866	978
Specification of losses on accounts receivable included in other expenses			
Receivables written off during the period		4	10
Payments received on items previously written off		0	0
Change in provision for bad debt		8	-8
Total		12	2



15. RIGHT-OF-USE ASSETS AND FINANCE LEASES

RIGHT-OF-USE ASSETS

The group contracts include several assets such as machinery and equipment, land and buildings and fixture and fittings. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified assets for a period in exchange for consideration. Right-of-use assets are initially measured at cost. Non-lease components will be separated if these are identifiable. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The right-of-use assets is depreciated on a linear basis over the contract period, currently mainly less than five years. The group's right-of-use assets are categorized and presented in the table below:

RIGHT-OF-USE ASSETS	MACHINERY AND EQUIPMENT	LAND AND BUILDINGS	FIXTURES AND FITTINGS	TOTAL
Additions and implementation of right-of-use assets	101	61	3	164
Depreciation	-24	-11	-1	-35
Reclassified to assets held for sale	-10	0	0	-10
Currency translation differences	0	-1	0	-1
Carrying value 31 December 2019	67	50	1	118
Additions	28	1	5	34
Disposals	0	0	0	0
Depreciations	-24	-13	-1	-38
Write down	-2	0	0	-2
Currency translation differences	5	3	1	5
Carrying value 31 December 2020	72	39	6	117

LEASE PAYMENTS RELATED TO RIGHT-OF-USE ASSETS	NOTE	31.12.2020	31.12.2019
Not later than one year		44	38
Later than one year and not later than five years		89	94
Later than five years		12	12
Total		145	144
Future finance charges on right-of-use assets		20	23
Present value of liabilities on right-of-use assets	18	125	121

The group has elected not to recognise a lease liability for short term leases or for leases of low value assets. Payments made under such leases are expensed and include in operating expenses. Certain variable lease payments are not permitted to be recognised as leases liabilities and are expensed as incurred.

VARIABLE LEASE, SHORT TERM AND LOW VALUE LEASE EXPENSES	NOTE	2020	2019
Expense relating to variable lease payments not included in the measurement of lease liabilities		5	4
Short term lease expense		3	7
Low-value lease expense		5	3
Total	14	13	14



FINANCE LEASES

Leases of property, plant and equipment where control and substantially all the risks have been transferred to the group are classified as finance leases. Finance leases are capitalised at the inception of the lease, at the lower of the fair value of the asset and net present value of the minimum lease payments. The capitalised value is depreciated on a linear basis over the estimated economic life.

MINIMUM LEASE PAYMENTS RELATING TO FINANCE LEASES	31.12.2020	31.12.2019
Not later than one year	22	36
Later than one year and not later than five years	41	78
Later than five years	2	1
Total	65	115
Future finance charges on finance leases	15	26
Present value of minimum lease payments	50	89
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	31.12.2020	31.12.2019
Not later than one year	16	24
Later than one year and not later than five years	33	64
Later than five years	1	1
Total	50	89
Capitalised value of leased machinery and equipment	13	9

The group recognised interest expense of NOK 10 million in 2020 (NOK 10 million in 2019) of financial lease and right-of-use assets. Repayment on lease liabilities include in the line Repayment of loans in the consolidated statement of cash flow of NOK 83 millions in 2020 (NOK 47 million in 2019).



16. DERIVATIVES AND OTHER FAIR VALUE ADJUSTMENT

	2020	2019
Changes in value – commodity contracts ¹⁾	228	141
Changes in value – embedded derivatives	-1 311	1 248
Changes in value – biological assets	-6	-11
Other realised gains/losses	-23	-30
Total	-1 112	1 348

¹⁾ Long-term financial contracts and commodity contracts that no longer meet the requirement in IFRS 9 related to own use are measured at fair value.

Norske Skog's portfolio of commodity contracts consists mainly of physical energy contracts. The fair value of commodity contracts is especially sensitive to future changes in energy prices. The fair value of embedded derivatives in physical contracts is influenced by price index fluctuations. A sensitivity analysis of the impact on profit after tax of fluctuations in energy prices, currency and price indices is given in Note 8. The valuation techniques used are described in Note 9.

The gain on commodity contracts is due to higher forecasted future energy prices in New Zealand over the contract period.

Total loss recognized on the embedded derivatives in 2020 amounts to NOK 1 311 million (2019 gain of NOK 1 248). This loss is mainly due to change in accounting treatment of the two Norwegian energy contracts. Norske Skog has until now held its energy contracts in Norway for own consumption and used the "own use exemption" in IFRS 9 as the Norwegian paper mills have been expected to use the full volume. However, following Covid-19 and the significant decrease in demand, Norske Skog has reassessed the expected power consumption over the period of the contracts and determined that the criteria for the "own use exemption" no longer is satisfied. Therefore, the contracts in whole will be treated as financial derivatives in the scope of IFRS 9 and measured at fair value true profit or loss.

Other realised gains and losses primarily relates to financial hedging of energy.



17. INCOME TAXES

TAX EXPENSE	2020	2019
Current tax expense	-84	-227
Change in deferred tax	-102	77
Total	-186	-150

RECONCILIATION OF THE GROUP TAX EXPENSE	2020	2019
Profit/loss before income taxes	-1 795	1 966
Computed tax at nominal tax rate of 22%	395	-433
Differences due to different tax rates	6	-14
Exempted income/non-deductible expenses	75	-24
Adjustment previous years	1	-2
Change in tax rate	-7	-51
Deferred tax asset not recognised	-713	397
Other items	57	-22
Total tax expense (-) income (+)	-186	-150
Effective tax rate	10.4%	7.6%

CURRENT TAX LIABILITY	31.12.2020	31.12.2019
Norway	0	0
Rest of Europe	54	62
Outside Europe	0	0
Total	54	62

DEFERRED TAX - MOVEMENTS	2020	2019
Net deferred tax asset opening balance	-179	-264
Change in deferred tax in the income statement	-102	77
Tax on other comprehensive income	-6	-5
Currency translation differences	-33	13
Net deferred tax asset/liability (-) 31 December	-308	-179

DEFERRED TAX ASSET AND DEFERRED TAX LIABILITY	31.12.2020	31.12.2019
Norway	0	137
Rest of Europe	0	0
Outside Europe	0	0
Deferred tax asset	0	137
Norway	0	0
Rest of Europe	-308	-316
Outside Europe	0	0
Deferred tax liability	-308	-316
Net deferred tax asset/liability (-)	-308	-179



DEFERRED TAX DETAILS	31.12.2020	31.12.2019
Fixed assets, excess values and depreciation	214	140
Pensions	0	3
Provisions and other liabilities	140	163
Currency translation differences and financial instruments	-4	-137
Deferred tax current items	3	10
Tax losses and tax credit to carry forward	879	624
Deferred tax asset not recognised ¹⁾	-1 541	-983
Net deferred tax asset/liability (-)	-308	-179

LOSSES TO CARRY FORWARD BY REGION AND EXPIRY DATE 31.12.2020

	NORWAY	REST OF EUROPE	OUTSIDE EUROPE	TOTAL
Indefinite expiry	2 375	0	1 186	3 561
Tax losses to carry forward	2 375	0	1 186	3 561
Temporary differences	1 211	0	1 305	2 515
Tax losses and temporary differences not recognised ¹⁾	-3 586	0	-2 491	-6 077
Total tax losses and tax credits to carry forward (recognised)	0	0	0	0
Deferred tax asset	0	0	0	0
Tax rate	22%	19-33%	28-30%	

LOSSES TO CARRY FORWARD BY REGION AND EXPIRY DATE 31.12.2019

	NORWAY	REST OF EUROPE	OUTSIDE EUROPE	TOTAL
Indefinite expiry	2 236	0	439	2 676
Tax losses to carry forward	2 236	0	439	2 676
Temporary differences	-146	0	1 281	1 135
Tax losses and temporary differences not recognised ¹⁾	-1 467	0	-1 720	-3 189
Total tax losses and tax credits to carry forward (recognised)	623	0	0	623
Deferred tax asset	137	0	0	137
Tax rate	22%	19-33%	28-30%	

Deferred tax asset arising from the carry forward of unused tax losses is tested against expected future taxable profit on entity level. Following the adverse market conditions in 2020 and negative impact on profitability deferred tax assets of NOK 75 related to Norske Skog Saugbrugs AS and NOK 62 million to Norske Skog Skogn AS was impaired.

Tax payable relates mainly to Norske Skog Bruck and consist mainly of income taxes.

Individual companies may have permanent differences, such as received dividends, which are generally non-taxable.

Current and deferred taxes are recognised as expense or income in the consolidated income statement. Taxes on translation differences, net investment hedge, other reclassifications or remeasurements of post-employment benefit obligations are recognised in other comprehensive income.



18. SPECIFICATION OF BALANCE SHEET ITEMS

	NOTE	31.12.2020	31.12.2019
Inventories			
Raw materials and other production goods		717	824
Semi-manufactured materials		10	11
Finished goods		466	593
Total	3	1 194	1 427
Other current assets			
Derivatives		5	163
Commodity contracts		215	177
Current investments		20	50
Total	7	241	390
Trade and other payables			
Trade payables		877	869
Accrued labour costs and taxes		508	540
Accrued expenses		353	287
Other interest-free liabilities		3	3
Total	7	1 741	1 698
Other current liabilities			
Derivatives		0	1
Commodity contracts		72	73
Accrued emission rights		54	50
Accrued financial costs		48	22
Restructuring provision	20	70	61
Total	7	244	207
Other non-current liabilities			
Commodity contracts		15	14
Dismantling provision	20	19	55
Environmental provision	20	208	201
Deferred recognition of government grants		25	25
Other non-interest-bearing debt		11	15
Total	7	277	312
Interest-bearing non-current liabilities			
Bond (amortised cost)		1 080	1 206
Debt to financial institutions		445	174
Leasing obligations related to right of use assets	15	88	90
Interest-bearing non-current liabilities		1 020	1 281
Total	7	2 633	2 750
Interest-bearing current liabilities			
Debt to financial institutions and bond (amortised cost)		38	45
Securitisation/factoring facilities		17	343
Leasing obligations related to right-of-use assets	15	37	31
Total	7	92	419



19. INVESTMENTS IN ASSOCIATED COMPANIES

Investments in associated companies are accounted for in accordance with the equity method. The carrying value of associated companies are NOK 43 million at 31 December 2020 (NOK 1 million at 31 December 2019).

Porsnes Utvikling AS is incorporated in Halden, Norway, and is a real estate company. Norske Skog has a 50% share of the company with a carrying value of NOK 8 million at 31 December 2020.

Circa Group Pty Ltd is incorporated in Melbourne, Australia, and is a biotechnology company with a vision to produce and sell unique and highly valuable biochemical at scale. At 31 December 2020 Norske Skog had a 19.9% share of the company with a carrying value of NOK 29 million. Following a restructuring of the ownership in 2021, the shares were transferred to Circa Group AS and as part of this Norske Skog ASA increased its ownership to 32.01%. In February 2021 Circa Group AS carried out a private placement issuing 29 850 000 shares at NOK 16.75 per share. Norske Skog ASAs ownership after the share issuance is 26.51%. Circa Group AS was listed on Euronext Growth on 2 March 2021.

SEM is incorporated in Golbey, France, and is a company serving other companies and projects for their establishment and development in the region of Golbey. Norske Skog has a 22% share of the company with a carrying value of NOK 4 million at 31 December 2020.



20. PROVISIONS

	RESTRUCTURING PROVISION	DISMANTLING PROVISION	ENVIRONMENTAL PROVISION
Balance 1 January 2019	6	81	195
Changes and new provisions	223	-29	0
Utilised during the year	-167	0	0
Periodic unwinding of discount	0	2	5
Currency translation differences	-1	1	1
Balance 31 December 2019	61	55	201
Changes and new provisions	75	-40	-6
Utilised during the year	-69	0	0
Periodic unwinding of discount	0	1	3
Currency translation differences	3	2	10
Balance 31 December 2020	70	19	208

Restructuring provision

Restructuring provision is included in the balance sheet line Other current liabilities. The restructuring provision of NOK 70 million at 31 December 2020 includes various restructuring activities included provision for severance payments and other costs (Publication paper Europe NOK 47 million and Publication Paper Australasia NOK 23 million). The amount expensed in 2020 in relation to restructuring activities amounted to NOK 75 million (Publication paper Europe NOK 47 million and Publication Paper Australasia NOK 27 million).

The restructuring provision of NOK 61 million at 31 December 2019 includes various restructuring activities included provision for severance payments and other costs (Publication paper Europe NOK 5 million and Publication Paper Australasia NOK 56 million). The amount expensed in 2019 in relation to restructuring activities amounted to NOK 223 million.

Dismantling provision

Provisions related to future dismantling costs arising from a future closing down of production facilities amounted to NOK 19 million at 31 December 2020, compared to NOK 55 million at 31 December 2019.

The total amount is classified as non-current and will only be realised at the time of a future shut down of any of the Norske Skog production units. The provision is the net present value of the future estimated costs, calculated using a long-term risk-free interest rate. The periodic unwinding of the discount is recognised in the income statement line Financial expenses. The opposite entry for dismantling provision and change in provision estimates is Property, plant and equipment.

Discount rates and assumptions included as part of the best estimate will impact the future carrying value of the dismantling provision. To illustrate the sensitivity, a reduction in the future discount rate of one percentage point would increase the provision by approximately NOK 2 million, with a corresponding increase in future depreciation on property, plant and equipment.

Environmental provision

The group's provision for environmental obligations is presented in the balance sheet as Other non-current liabilities. The provision is related to estimated future costs for cleaning up any environmental pollution caused by Norske Skog production units. The provision will mainly be realised in a future period upon a potential shut down of the production activities of any of the Norske Skog production units. Increased environmental requirements from local governments may also lead to realisation of this provision at an earlier point in time.

Provisions for future environmental obligations amounted to NOK 208 million at 31 December 2020 compared to NOK 201 million at 31 December 2019. Resources spent on environmental activities during 2020 amounted to NOK 0.

The carrying value of the provision is the best estimate made by measuring the expected value of the specific obligations, discounted to present value using a long-term risk-free interest rate when the time value of money is material. Changes in factors included in the expected value will impact the carrying value of the obligation. To illustrate the sensitivity, a reduction in the future discount rate by one percentage point would increase the provision by approximately NOK 24 million. Changes in accounting estimates not related to assets are classified as operating items in the income statement, and the periodic unwinding of the discount is recognised within the income statement line Financial expenses.

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.



21. SHARES

SHARES IN SUBSIDIARIES	CURRENCY	SHARE CAPITAL (IN 1 000)	OWNERSHIP %	
Shares in subsidiaries owned by the parent company				
Norske Skog ASA, Oslo, Norway	NOK	330 000	63.23	
Shares in subsidiaries owned by consolidated companies				
Nornews AS, Oslo, Norway	NOK	300	100	
Norske Skog Bruck GmbH, Bruck, Austria	EUR	10 000	100	
Norske Skog Golbey SAS, Golbey, France	EUR	62 365	100	
Norske Skog Industries Australia Ltd., Sydney, Australia	AUD	340 000	100	
Norske Skog Papers (Malaysia) Sdn. Bhd., Kuala Lumpur, Malaysia	MYR	16	100	
Norske Skog Saugbrugs AS, Halden, Norway	NOK	115 230	100	
Norske Skog Skogn AS, Levanger, Norway	NOK	115 230	100	
Green Valley Energie, France	EUR	50	100	
Green Valley Energy SASU, France	EUR	2 300	63	
Nature's Flame Ltd., Auckland, New Zealand	NZD	15 250	100	
Norske Skog Adria d.o.o, Trzin, Slovenia	EUR	21	100	
Norske Skog (Australasia) Pty Ltd., Sydney, Australia	AUD	21 000	100	
Norske Skog (Australia) No. 2 Pty Ltd., Sydney, Australia	AUD	0	100	
Norske Skog Capital (Australia) Pty Ltd., Sydney, Australia	AUD	0	100	
Norske Skog Capital (New Zealand) Ltd., Auckland, New Zealand	NZD	1	100	
Norske Skog Deutschland GmbH, Augsburg, Germany	EUR	520	100	
Norske Skog France SARL, Paris, France	EUR	35	100	
Norske Skog Holdings (No.1) Ltd., Auckland, New Zealand	NZD	0	100	
Norske Skog Italia Srl, Milan, Italy	EUR	20	100	
Norske Skog Paper Mills (Albury) Pty Limited, Sydney, Australia	AUD	5 230	100	
Norske Skog Paper Mills (Australia) Ltd., Tasmania, Australia	AUD	7 539	100	
Norske Skog Papier Recycling GmbH, Bruck, Austria	EUR	291	100	
Norske Skog Tasman Ltd., Auckland, New Zealand	NZD	725 000	100	
Norske Skog Österreich GmbH, Graz, Austria	EUR	35	100	
Norske Skog (Schweiz) AG, Zürich, Switzerland	CHF	50	100	
Norske Skog (UK) Ltd., London, United Kingdom	GBP	100	100	
Saugbrugs Bioenergi AS, Halden, Norway	NOK	3 000	100	
Topp1 Energy Limited, Auckland, New Zealand	NZD	16 391	100	
SHARES INCLUDED AS FINANCIAL ASSETS				
Shares owned by other group companies				
Circa Group AS, Oslo, Norway	NOK	2 060	66	3
Shelterwood AS, Oslo, Norway	NOK	2 400	3	2
Exeltium SAS, Paris, France	EUR	12 384	5	87
Licella Holding Ltd., Sydney, Australia	AUD	2 375	1	3
Other shares, each with book value below NOK 1 million				2
Total				97



22. RELATED PARTIES

Oceanwood Special Situations Malta Limited is a related party to Norske Skog through the ownership in NS Norway Holding AS.

There have been no transactions with Oceanwood Special Situations Malta Limited in 2020.

In April and September 2020 NS Norway Holding AS received dividends from Norske Skog ASA which was used to partially repay a loan from Oceanwood.

Balances and transactions between the group and subsidiaries, as listed in Note 21, have been eliminated on consolidation and are not disclosed in this note.

NS Norway Holding AS has paid no remuneration to the board of directors. Director John Chiang is employed by Oceanwood. Directors Sven Ombudstvedt and Rune Sollie are employed by the subsidiary, Norske Skog ASA.

All transactions with related parties are conducted on normal commercial terms.



23. NON-CONTROLLING INTERESTS

In 2019 NS Norway Holding AS sold 36.8% of the shares in Norske Skog ASA as part of listing of the shares on Oslo Stock Exchange. There have been no changes in the ownership share in the period from 18 October 2019 up to 31 December 2020. The non-controlling interests of all other subsidiaries that are not 100% owned by the group are immaterial.

NOK MILLION	COUNTRY OF INCORPORATION	NON-CONTROLLING INTERESTS SHARE OF TOTAL COMPREHENSIVE INCOME 2020	NON-CONTROLLING INTERESTS SHARE OF COMPREHENSIVE INCOME 2019	NON-CONTROLLING INTERESTS IN THE STATEMENT OF FINANCIAL POSITION 31.12.2020	NON-CONTROLLING INTERESTS IN THE STATEMENT OF FINANCIAL POSITION 31.12.2019
Norske Skog ASA	Norway	-682	-107	364	1 046

Summarised financial information in relation to Norske Skog ASA group on 100%-basis is presented below.

NOK MILLION

	31.12.2020	31.12.2019
BALANCE SHEET		
Non-current assets	4 084	5 248
Assets held for sale	0	631
Current assets	3 705	4 360
Total equity	3 219	5 493
Non-current liabilities	2 496	2 393
Current liabilities	2 073	2 354
Total equity and liabilities	7 787	10 240
INCOME STATEMENT AND TOTAL COMPREHENSIVE INCOME	2020	2019
Total operating income	9 612	12 954
Profit/Loss after tax	-1 698	2 044
Total comprehensive income	-1 758	2 026
STATEMENT OF CASH FLOW	2020	2019
Operating activities	549	602
Investing activities	302	-180
Financial activities	-855	-344
Foreign currency effects on cash and cash equivalents	16	-21
Total change in cash and cash equivalents	11	57



24. EVENTS AFTER THE BALANCE SHEET DATE

There have been no other events after the balance sheet date with significant impact on the financial statements for 2020.

In first quarter 2021 Norske Skog ASA completed a private placement with a total transaction size of NOK 800 million. This consisted of a primary offering of 11 764 705 new shares and a secondary offering of 11 764 705 existing shares offered by NS Norway Holding AS.

After the completion of the private placement the shareholding of NS Norway Holding is 42.85% of the shares in Norske Skog ASA.

On 16 February 2021 Norske Skog ASA issued a EUR 150 million senior secured bond. The bond matures in March 2026 and has an interest rate of 3 months EURIBOR (zero floor) + 5.5% with quarterly interest payments. The proceeds from the issuance were used to refinance the outstanding EUR 125 million bond, and for general corporate purposes. In parallel, the maturity of the EUR 31 million revolving credit facility was been extended until 2026.



FINANCIAL STATEMENTS NS NORWAY HOLDING AS

INCOME STATEMENT

NOK MILLION	NOTE	2020	2019
Other operating expenses		-1	-2
Operating earnings		-1	-2
Financial income	5	326	391
Financial expenses	5	-95	-182
Net gains / (losses) on foreign currency	5	0	-30
Net financial items		231	179
Profit / (Loss) before income taxes		230	177
Income taxes	7	0	-1
Profit / (Loss) after tax		230	176



FINANCIAL STATEMENTS NS NORWAY HOLDING AS

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	2020	2019
Profit / (Loss) after tax	230	176
Other comprehensive income	0	0
Total comprehensive income	230	176



FINANCIAL STATEMENTS NS NORWAY HOLDING AS

BALANCE SHEET

NOK MILLION	NOTE	31.12.2020	31.12.2019
Assets			
Investments in subsidiaries	4	1 395	1 395
Total non-current assets		1 395	1 395
Cash and cash equivalents		5	9
Other current assets	8	0	0
Total current assets		5	10
Total assets		1 400	1 405
Equity and liabilities			
Paid-in equity		0	0
Retained earnings and other reserves		320	90
Total equity	3	320	90
Interest-bearing non-current liabilities	6	1 020	1 281
Total non-current liabilities		1 020	1 281
Other current liabilities	6, 8	60	34
Total current liabilities		60	34
Total liabilities		1 080	1 315
Total equity and liabilities		1 400	1 405

SKØYEN, 29 JUNE 2021
THE BOARD OF DIRECTORS OF NS NORWAY HOLDING AS

John Chiang
Chair

Sven Ombudstvedt
Board member

Rune Smie
Board member



FINANCIAL STATEMENTS NS NORWAY HOLDING AS

STATEMENT OF CASH FLOWS

NOK MILLION	2020	2019
Cash flow from operating activities		
Cash generated from operations	0	0
Cash used in operations	-1	-2
Cash flow from financial items	0	0
Interest payments made	-14	-181
Taxes paid	0	-1
Net cash flow from operating activities	-15	-184
Cash flow from investing activities		
Purchases of shares in companies and other financial payments	0	2
Sales of shares in companies and other financial payments	0	1 110
Dividend received from group companies	326	0
Net cash flow from investing activities	326	1 112
Cash flow from financing activities		
New loans raised	0	1
Repayments of loans	-315	-1 219
Change in intercompany balance with group	0	259
New equity	0	0
Net cash flow from financing activities	-315	-959
Foreign currency effects on cash and cash equivalents	0	-1
Total change in cash and cash equivalents	-4	-33
Cash and cash equivalents at start of period	9	42
Cash and cash equivalents at end of period	5	9



FINANCIAL STATEMENTS NS NORWAY HOLDING AS

STATEMENT OF CHANGES IN EQUITY

NOK MILLION	NOTE	SHARE CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
Equity 1 January 2019	3	0	-86	-86
Total comprehensive income		0	176	176
Equity 31 December 2019	3	0	90	90
Total comprehensive income		0	230	230
Equity 31 December 2020	3	0	320	320



NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

NS Norway Holding AS was founded 5 March 2018, is incorporated in Norway and has its corporate address at Skøyen in Oslo.

All amounts are presented in NOK million unless otherwise stated. There may be some small differences in the summation of columns due to rounding.

The financial statements were authorised for issue by the board of directors on 29 June 2021.



2. ACCOUNTING POLICIES

The financial statements for NS Norway Holding AS have been prepared and presented in accordance with simplified IFRS pursuant to section 3-9 of the Norwegian Accounting Act.

Requirements related to recognition and measurement applied to the company financial statements of the company are identical to the ones described in Note 2 Accounting policies in the consolidated financial statements, with the exception of shares in subsidiaries which are recognised at lower of cost and net-realizable value in the company financial statements.



3. EQUITY

The share capital of NS Norway Holding AS at 31 December 2020 was NOK 30 000 and consisted of 30 shares, each with a nominal value of NOK 1 000. Oceanwood Special Situations Malta Ltd. owns 100% of the shares in NS Norway Holding AS.



4. SHARES IN SUBSIDIARIES

SHARES IN SUBSIDIARIES	CURRENCY	SHARE	OWNERSHIP	CARRYING VALUE	
		CAPITAL	SHARE	31.12.2019	31.12.2020
Norske Skog ASA, Oslo, Norway	NOK	330	63.23%	1 395	1 395

The market value of the shares of NOK 2 018 million is higher than the carrying value as at 31 December 2020, and no impairment is needed. In first quarter of 2021 NS Norway Holding AS sold 11 764 705 shares, while Norske Skog ASA issued 11 764 705 shares. After these transactions NS Norway Holding owns 42,85% of the shares in Norske Skog ASA. See Note 24 Events after the balance sheet date in the consolidated financial statements.



5. FINANCIAL ITEMS

NOK MILLION	2020	2019
FINANCIAL ITEMS		
Financial income		
Interest income from group companies	0	42
Dividend from group companies	326	0
Gain on receivables	0	50
Gain from sale of shares	0	299
Total	326	391
Financial expenses		
Interest expenses	-95	-181
Other financial expenses	0	-1
Total	-95	-182
Gains / (losses) on foreign currency	0	-30
Net financial items	231	179

Dividends in 2020 is from the subsidiary Norske Skog ASA.



6. MATURITY OF INTEREST-BEARING LIABILITIES

The company entered into a EUR 1 500 million credit facility in 2018. Part of the facility were repaid in April and June in 2020, and June and October in 2019. The facility was changed to be nominated in NOK in September 2019.

NOK MILLION

INTEREST-BEARING NON-CURRENT LIABILITIES	31.12.2020	31.12.2019
Credit facility	1 020	1 281
INCURRED INTEREST COSTS CLASSIFIED AS OTHER CURRENT LIABILITIES	31.12.2020	31.12.2019
Incurring interest on credit facility	45	18

There are no scheduled instalments under the facility and the remaining part of the liability of NOK 1 020 million is classified as non-current liabilities as it matures in 2033.



7. INCOME TAXES

NOK MILLION

TAX EXPENSE	2020	2019
Current tax expense	0	-1
Change in deferred tax	0	0
Total	0	-1
INCOME TAX RECONCILIATION		
Profit/loss before income taxes	230	177
Computed tax at nominal tax rate of 22%	-51	-39
Exempted income/non-deductible expenses	49	35
Change tax loss not recognised	2	4
Withholding tax	0	-1
Total tax expense(-) / income(+)	0	-1
Effective tax rate	0,0%	0.5%
TEMPORARY DIFFERENCES AND TAX LOSSES - DETAILS		
	31.12.2020	31.12.2019
Tax losses to carry forward	-5	-7
Other tax credits to carry forward	-7	-7
Tax losses and other tax credits not recognised ¹⁾	12	14
Basis for deferred tax	0	0
DEFERRED TAX		
	31.12.2020	31.12.2019
Net deferred tax asset (+) / liability (-)	0	0

¹⁾ The value of other tax credits are written down, subsequently the tax credits are lower than total tax benefits not recognised.



8. INTERCOMPANY RECEIVABLES/LIABILITIES

NOK MILLION

	31.12.2020	31.12.2019
CURRENT INTERCOMPANY LIABILITIES		
Norske Skog ASA	2	3
Total	2	3



9. RELATED PARTIES

A description of transactions with related parties is given in Note 22 Related parties in the consolidated financial statements.



10. EVENTS AFTER THE BALANCE SHEET DATE

A description of events after the balance sheet date is given in Note 24 Events after the balance sheet date in the consolidated financial statements.

There have been no other events after balance sheet date with a significant impact on the financial statements for 2020.



BDO AS
Munkedamsveien 45
Postboks 1704 Vika
0121 Oslo

Independent Auditor's Report

To the General Meeting in Ns Norway Holding AS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ns Norway Holding AS.

The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2020, income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2020, and income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of Ns Norway Holding AS as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- The accompanying financial statements give a true and fair view of the financial position of the group Ns Norway Holding AS as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors (management) are responsible for the preparation and fair presentation of the financial statements for the parent company in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for the preparation of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.



Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

BDO AS

Terje Tvedt
State Authorised Public Accountant
(This document is signed electronically)

Pemmo Dokumentnøkkel: SJ50J-XIF5E-OXJ5X-IB6GV-TI3QH-NY770



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Terje Tvedt

Partner

På vegne av: BDO AS

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Skatteetaten

Vår dato 25.02.2019	Din/Deres dato 18.02.2019	Saksbehandler Torstein Kinden Helleland
800 80 000 Skatteetaten.no	Din/Deres referanse Rune Sollie	Telefon 22078139
Org.nr 974761076	Vår referanse 2019/5437955	Postadresse Postboks 9200 Grønland 0134 OSLO

NS NORWAY HOLDING AS
Postboks 294 Skøyen
0213 OSLO

Att. Rune Sollie

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for NS Norway Holding AS, org.nr. 920 596 363

Vi viser til deres brev av 18. februar 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for NS Norway Holding AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering NS Norway Holding AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn

NS Norway Holding AS er datterselskap av Oceanwood Special Situations Malta Limited som er et investeringselskap registrert på Malta. Skattedirektoratet ga i 2016 datterselskapet Norske Skog AS dispensasjon fra kravet til at årsregnskap og årsberetning skal være på norsk. NS Norway Holding AS ble dannet for å erverve aksjene i Norske Skog AS og NS Norway Holding AS er holdingsselskap for Oceanwood sitt eierskap i Norske Skog konsernet. Hoveddelen av den norske virksomheten i Norske Skog er i dag samlet i de operative selskapene Norske Skog Saugbrugs AS og Norske Skog Skogn AS. Disse to selskapene utarbeider på ordinær måte årsregnskap og årsberetning på norsk. Norske Skog er en av verdens største produsenter av avis- og magasinpapir. Konsernet har syv heleide fabrikker i fem land. Arbeidsspråket er engelsk.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av



regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er heleid av et utenlandsk selskap. Eierkretsen er begrenset. Selskapet opererer i en internasjonal bransje. Arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk, og det anses at ingen øvrige brukere av regnskapsinformasjon blir negativt berørt av at årsregnskapet og årsberetningen utarbeides på engelsk språk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Henning Stokke
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.