

2023

SECOND QUARTER

Quarterly report

Presentation

Press releases

INTRODUCTION

Norske Skog is a producer of packaging paper and publication paper across five mills in Europe and Australasia. Packaging paper includes testliner and fluting and publication paper includes newsprint and magazine paper. The annual production capacity of packaging paper will be 0.8 million tonnes during 2025-2026 and the annual publication paper production capacity is 1.4 million tonnes. Packaging paper and publication paper are sold through sales offices and agents.

In addition to the traditional publication paper business and the new packaging paper business, Norske Skog aims to further diversify its operations and continue its transformation into a growing and high-margin business through a range of exciting bio products and energy projects.

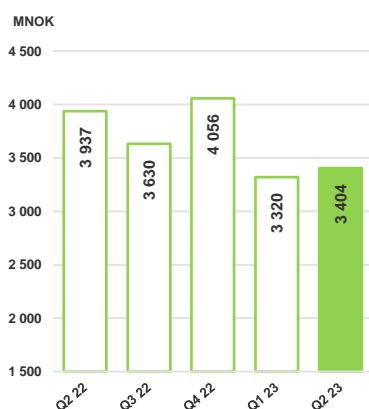
Norske Skog has approximately 2 100 employees and the parent company, Norske Skog ASA, is incorporated in Norway and has its head office at Skøyen in Oslo. The company is listed on Oslo Stock Exchange with the ticker NSKOG.

KEY FIGURES

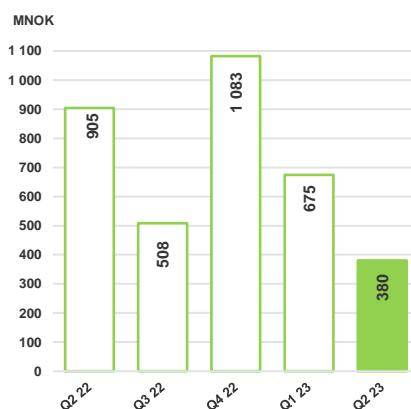
NOK MILLION	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
INCOME STATEMENT					
Total operating income	3 404	3 320	3 937	6 725	7 527
EBITDA*	380	675	905	1 055	1 515
Operating earnings	146	85	1 195	231	1 789
Profit/loss for the period	45	-181	935	-135	1 518
Earnings per share (NOK)	0.48	-1.91	9.92	-1.43	16.10
CASH FLOW					
Net cash flow from operating activities	353	430	473	783	669
Net cash flow from operating activities per share (NOK)	3.74	4.56	5.01	8.31	7.09
Net cash flow from investing activities	-695	-367	-451	-1 063	-564
OPERATING MARGIN AND PROFITABILITY (%)					
EBITDA margin*	11.2	20.3	23.0	15.7	20.1
Return on capital employed (annualised)*	-15.3	5.6	33.6	-5.5	25.3
PRODUCTION / DELIVERIES / CAPACITY UTILISATION					
Production (1 000 tonnes)	293	332	463	625	937
Deliveries (1 000 tonnes)	330	301	470	631	938
Production / capacity (%)	77	78	91	78	93

* As defined in Alternative Performance Measures

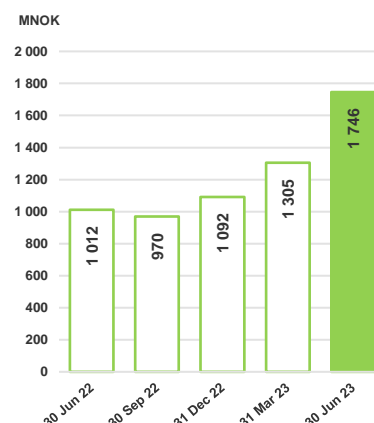
TOTAL OPERATING INCOME



EBITDA



NET INTEREST-BEARING DEBT



NOK MILLION	30 JUN 2023	31 MAR 2023	31 DEC 2022	30 JUN 2022
BALANCE SHEET				
Non-current assets	8 691	7 498	7 069	5 319
Current assets	5 998	7 003	6 539	6 046
Total assets	14 689	14 502	13 609	11 365
Equity	6 208	6 045	5 909	4 787
Net interest-bearing debt	1 746	1 305	1 092	1 012

REPORT OF THE BOARD OF DIRECTORS FOR THE SECOND QUARTER OF 2023

- Strong financial position and reduced earnings into market downturn
 - EBITDA in the quarter of NOK 380 million including business interruption at Saugbrugs of NOK 90 million covering May and June
 - Net debt of NOK 1 746 million and leverage ratio of 0.7x, cash of NOK 2 673 million
- Markets remain challenging with price and profitability pressure
 - Publication paper prices lower due to continued demand decline and lower raw material costs, further closures required
 - Containerboard prices stabilising, but additional capacity closures required
- Saugbrugs PM6 temporary stopped since 27 April due to rockslide, covered by insurance
 - Extent of damages and rebuild yet to be determined, but PM6 likely to remain closed through the first half of 2024
 - The mill is insured for property damages and business interruption for up to 18 months
- Bruck PM3 ramp-up according to plan, Golbey PM1 start-up delayed
 - Production and product quality at Bruck PM3 in line with plan, expect full utilisation in the second half of 2025
 - Golbey PM1 start-up moved to the second quarter of 2024
- Board resolves to initiate a share repurchase programme
 - The board resolved on 13 July to repurchase up to 10% of the share capital in line with AGM authorisation
 - Repurchase programme commences on 14 July until earlier of 31 December 2023 or when repurchase amount is reached

PROFIT/LOSS FOR THE PERIOD

NOK MILLION	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Operating revenue	3 118	3 171	3 822	6 289	7 148
Other operating income	287	149	116	436	380
Total operating income	3 404	3 320	3 937	6 725	7 527
Distribution cost	-289	-246	-327	-535	-626
Cost of materials	-1 948	-1 635	-1 971	-3 582	-3 992
Fixed cost	-787	-765	-735	-1 552	-1 395
EBITDA	380	675	905	1 055	1 515

Slightly lower operating revenue in the second quarter compared to the previous quarter was mainly driven by lower paper prices. The quarter saw higher deliveries despite the rockslide impacting Saugbrugs PM6 on 27 April and demand remaining weak in the quarter. The quarter includes start-up of deliveries of packaging paper. Publication paper prices were lower in the quarter, reflecting both lower raw material costs and a weak market. The weak NOK supported the competitiveness of the Norwegian mills.

Cost of materials increased on an absolute basis and on a per tonne basis compared to the previous quarter, mainly due to fixed costs being allocated to the inventory during the previous quarter and taken out of the inventory in the current quarter resulting from low deliveries in the previous quarter and high deliveries in the current quarter compared to production in the quarters.

Fixed costs (including employee benefit expenses) increased slightly compared to the previous quarter, but decreased on a per tonne basis due to higher deliveries.

EBITDA decreased quarter-over-quarter, mainly driven by lower prices, but also lower sales of excess energy.

The publication paper market balance has weakened so far in 2023 for all grades. Utilisation was 77% for Norske Skog in the second quarter of 2023, in line with previous quarter reflecting the weak demand.

NORSKE SKOG QUARTERLY REPORT – SECOND QUARTER 2023 (UNAUDITED)

NOK MILLION	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Restructuring expenses	-10	-1	0	-11	0
Depreciation	-128	-115	-120	-243	-234
Impairments	0	0	0	0	0
Derivatives and other fair value adjustments	-96	-474	411	-570	508
Operating earnings	146	85	1 195	231	1 789

Depreciation of NOK 128 million is a slight increase compared with the previous quarter, as it includes a write down of NOK 10 million related to damages of equipment at Norske Skog Saugbrugs.

The fair value of energy contracts in Norway decreased compared to the previous quarter due to decreased difference between future market prices for electricity and contract electricity prices.

NOK MILLION	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Share of profit in associated companies and joint ventures	-4	-3	-3	-7	-5
Financial items	-101	-230	-127	-332	-127
Income taxes	5	-32	-130	-27	-140
Profit/loss for the period	45	-181	935	-135	1 518

Share of profit in associated companies and joint ventures of NOK -4 million is down from the previous quarter and reflects the result from Circa Group.

debt as NOK was weaker at end of the second quarter. Interest cost and other financial costs were in line with the previous quarter.

Financial items were negative by NOK 101 million in the second quarter, mainly due to unrealised currency losses on euro denominated

The income tax expense in the quarter relates mainly to the operations of Norske Skog Golbey offset by deferred tax assets recognised for the operations in Norway and Austria.

DIVERSIFICATION BEYOND PUBLICATION PAPER

Norske Skog has now entered the market for packaging paper, with the successful start-up of Norske Skog Bruck PM3. Delivered volumes of recycled containerboard are expected to increase gradually during the third quarter as ramp-up continues at Bruck. Simultaneously, Norske Skog Golbey in France is currently converting PM1 for production of packaging paper and will start production in the second quarter of 2024. When full capacity is reached at both Norske Skog Bruck PM3 and Norske Skog Golbey PM1, Norske Skog will have a production capacity of 0.8 million tonnes of recycled containerboard.

Commercial development of CEBINA and CEBICO continued during the second quarter together with partners.

Norske Skog holds an approximately 26% ownership stake in Circa Group AS, listed under the ticker code CIRCA at Euronext Growth Oslo.

The group continuously works to develop several other bio product and energy related growth projects, both on a stand-alone basis and in partnerships.

SEGMENT INFORMATION

PUBLICATION PAPER EUROPE

NOK MILLION	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Total operating income	2 843	2 864	3 469	5 708	6 437
EBITDA	429	763	909	1 191	1 348
EBITDA margin (%)	15.1	26.6	26.2	20.9	20.9
Return on capital employed (%) (annualised)	-7.3	15.8	29.5	4.9	16.9
Production (1 000 tonnes)	232	277	398	509	813
Deliveries (1 000 tonnes)	267	245	407	512	814
Production / capacity (%)	74	77	90	76	92

The segment consists of Norske Skog's European operations in the publication paper market with industrial sites in Norway, France, and Austria. Annual production capacity is currently approximately 1.2 million tonnes as Norske Skog Saugbrugs PM6 is temporarily idled.

Operating income decreased from the previous quarter due to lower paper prices, partly offset by higher delivered volumes despite of Norske Skog Saugbrugs PM6 being impacted by a rockslide on 27 April. Norske Skog Bruck has recognised CO2 compensation of EUR 4.7 million in the quarter related to 2022 as the arrangement was approved by the government, cash payment is expected towards the end of 2023 or start of 2024. Publication paper price decline was partly mitigated by the weaker NOK, increasing the competitiveness of the Norwegian mills. An amount of NOK 90 million has been recognised in the quarter in relation to business interruption for Norske Skog Saugbrugs.

Distribution costs increased from the previous quarter on both an absolute level and on a per tonne basis, driven by higher volumes and longer freight distances. Cost of materials increased in total and on a per tonne basis, mainly due to fixed costs being allocated to the

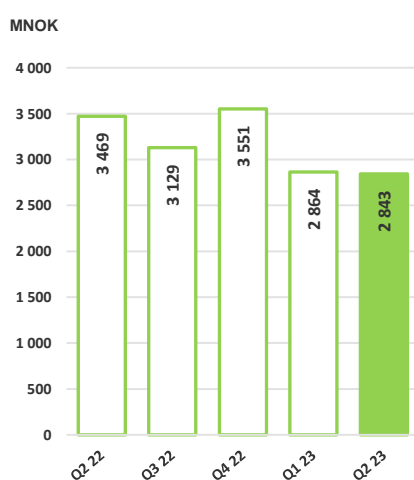
inventory during the previous quarter and taken out of the inventory in the current quarter resulting from low deliveries in the previous quarter and high deliveries in the current quarter compared to production in the quarters. Employee benefit expenses increased on an absolute level and increased slightly on a per tonne basis.

EBITDA decreased compared to the previous quarter due to reduced sales prices, slightly offset by higher delivery volumes. Sale of excess energy was also less compared to previous quarter.

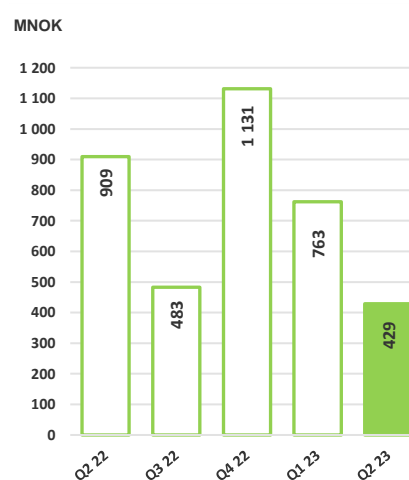
Demand for standard newsprint in Europe decreased by 22% as of May 2023 compared to the same period last year. Magazine paper demand decreased by 28%, with super calendared paper decreasing 26% and lightweight coated paper decreasing 29%. (Source: Eurograph).

Capacity utilisation was 74% in the period mainly driven by weak demand, a decrease compared with the previous quarter of 77%. Norske Skog Saugbrugs PM6 has been excluded from the publication paper capacity following the production stop on 27 April.

EUROPE
TOTAL OPERATING INCOME



EUROPE
EBITDA



PUBLICATION PAPER AUSTRALASIA

NOK MILLION	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Total operating income	489	434	470	922	899
EBITDA	-5	-23	49	-28	89
EBITDA margin (%)	-1.1	-5.2	10.4	-3.0	9.9
Return on capital employed (%) (annualised)	-14.5	-20.0	40.1	-18.0	42.8
Production (1 000 tonnes)	61	55	64	116	124
Deliveries (1 000 tonnes)	63	56	63	119	124
Production / capacity (%)	92	83	98	88	95

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

Operating income increased compared to previous quarter due to higher deliveries. Prices were unchanged in the quarter.

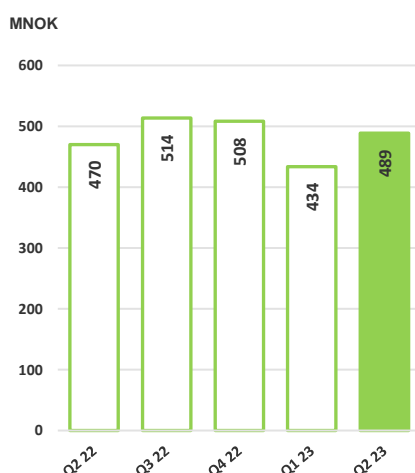
Distribution costs were higher compared to the previous quarter on an absolute level and on a per tonne basis due to higher deliveries and longer freight distances. Cost of materials were higher on an absolute basis due to higher deliveries but decreased slightly on a per tonne basis due to previous quarter total mill shut for maintenance and

subsequent operational challenges. Employee benefit expenses decreased on an absolute basis and on a per tonne basis.

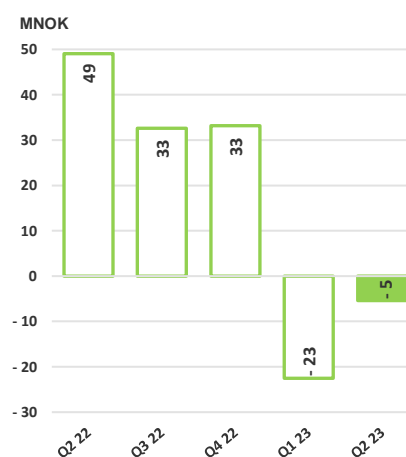
EBITDA was improved compared to the previous quarter, mainly due to higher deliveries, but EBITDA was still slightly negative at NOK -5 million.

According to PPPC, demand for newsprint and coated mechanical decreased by 11% and 12%, respectively, through May 2023 compared to the same period last year. Capacity utilisation was 92% in the period, an increase compared to the previous quarter of 83%, mainly because of the total mill shut in the previous quarter.

AUSTRALASIA
TOTAL OPERATING INCOME



AUSTRALASIA
EBITDA



PACKAGING PAPER

NOK MILLION	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Total operating income	75	24	-	99	-
EBITDA	-40	-38	-	-79	-
EBITDA margin (%)	-53.9	-158.1	-	-79.2	-
Return on capital employed (%) (annualised)	-36.2	-70.7	-	-68.2	-
Production (1 000 tonnes)	20	0	-	20	-
Deliveries (1 000 tonnes)	10	0	-	10	-
Production / capacity (%)	71	0	-	71	-

The segment consists of Norske Skog's packaging paper operations in Europe. At Norske Skog Bruck PM3 the production of recycled containerboard has started, and the production is following the ramp-up curve. Norske Skog Bruck delivered its first tonnes to customers during the second quarter of 2023. Delivered volumes are expected to increase gradually during the third quarter as ramp-up continues. When

full capacity is reached, Norske Skog Bruck will have a production capacity of 0.2 million tonnes of recycled containerboard.

Norske Skog Golbey in France is currently converting PM1 for production of packaging paper and will start production in the second quarter of 2024. When full capacity is reached Norske Skog Golbey will have a production capacity of 0.6 million tonnes of recycled containerboard.

The machines are expected to operate at 60-70% utilisation in the first year of operation and reach full utilisation during the third year of production. Once at full utilisation, the machines are expected to generate annual EBITDA of EUR 70-80 million, based on historical prices and margins seen in the market.

Operating income for second quarter consists of revenue from deliveries of packaging paper and gate fees from waste incineration which was more than offset by variable and fixed cost in the period.

OTHER ACTIVITIES

NOK MILLION	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Total operating income	89	61	133	150	447
EBITDA	-2	-27	-54	-29	78

Operating income in other activities mainly consist of sourcing solutions and non-paper related operations.

EBITDA in the quarter was positively impacted by reduced valuation of the long-term incentive programme, as a result of a lower share price.

Other activities include unallocated headquarter costs. The unallocated headquarter costs are estimated to be EBITDA negative by approximately NOK 40 million annually but are not uniformly distributed throughout the quarters of the year.

CASH FLOW

NOK MILLION	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
EBITDA	380	675	905	1 055	1 515
Change in working capital	541	-188	-352	353	-525
Restructuring payments	-29	-2	-10	-31	-20
Gain and losses from divestments	-1	2	-8	2	-184
Net financial items	-36	-35	-33	-71	-73
Taxes paid	-553	-16	-17	-569	-29
Other items	50	-7	-12	44	-14
Net cash flow from operating activities	353	430	473	783	669
Purchases of property, plant and equipment and intangible assets	-697	-570	-437	-1 266	-828
-whereof maintenance capex	-87	-63	-48	-150	-71

Net cash flow from operating activities was NOK 353 million in the second quarter.

The operating cash flow was positively impacted by change in working capital of NOK 541 million, mainly driven by a decrease in trade and other receivables which reflects receipt of CO2 compensation for 2022 and release of inventory following stop at Norske Skog Saugbrugs PM6. In addition, trade and other payables increased, further lowering the working capital.

Restructuring payments in the quarter are settlement of restructuring cost related to the closure of Norske Skog Tasman.

Taxes paid in the second quarter relates to tax on operations of Norske Skog Golbey.

Maintenance capex of NOK 87 million relates to ordinary maintenance in the quarter, an increase from the previous quarter due to annual maintenance stops in the quarter.

Remaining purchases of property, plant and equipment and intangible assets mainly relate to investments in the packaging paper projects at Norske Skog Golbey and Norske Skog Bruck, as well as the TMP capacity expansion project at Norske Skog Skogn.

BALANCE SHEET

NOK MILLION	30 JUN 2023	31 MAR 2023	31 DEC 2022	30 JUN 2022
Non-current assets	8 691	7 498	7 069	5 319
Cash and cash equivalents	2 673	2 894	2 650	1 728
Inventories, trade and other receivables and other current assets	3 325	4 109	3 889	4 318
Total assets	14 689	14 502	13 609	11 365
Equity	6 208	6 045	5 909	4 787
Non-current liabilities	5 378	5 058	4 422	3 601
Current liabilities	3 104	3 399	3 278	2 976
Net interest-bearing debt	1 746	1 305	1 092	1 012

Total assets increased slightly in the second quarter, mainly due to an increase in property, plant, and equipment due to the investment into recycled containerboard. Offset slightly by a decrease in inventories, trade and other receivables, and cash and cash equivalents.

Cash and cash equivalents decreased slightly to NOK 2 673 million from NOK 2 894 million at previous quarter end. The decrease is a result of investments in property, plant, and equipment, as well as payment of tax related to Golbey. The decrease was offset by draw down on loans and positive operating cash flows in the quarter.

Non-current liabilities increased from previous quarter driven by an increase in interest-bearing non-current liabilities.

Local debt to finance the packaging paper projects at Norske Skog Bruck and Norske Skog Golbey was drawn with approximately EUR 169 million at quarter end, compared to EUR 153 million at previous quarter end.

Net interest-bearing debt increased from NOK 1 305 million to NOK 1 746 million in the quarter, mainly as a result of further debt being drawn in line with investments into the packaging conversion at Norske Skog Golbey and Norske Skog Bruck.

OUTLOOK

The development in the global economy is of vital importance for consumer spending, and this impacts the publication paper and packaging industry, and thus Norske Skog's operations and results. The global economy is expected to remain weak in 2023.

The raw material- and energy markets which are key for both publication paper and packaging paper are expected to remain uncertain. Raw material and energy prices are expected to be lower from the record levels experienced in 2022, but are still above historical average levels.

Development of input costs and demand for paper will influence paper sales prices in Europe. The decrease in energy prices and decreased demand for publication paper is expected to result in lower sales prices in the coming period.

The decreased demand for publication paper and packaging paper has initiated further announcements of capacity closures in the industry to

improve the imbalance in demand and supply for both publication paper and packaging paper, but capacity utilisation is expected to remain weak in the coming period as further closures are required. Norske Skog's European operations are cost-competitive, and the group will continue to temporarily adjust production to customer demand.


In Australasia, price increase will be implemented in the second half, but reduced demand in the region may require increased export volumes.

Norske Skog Saugbrugs PM6 will remain out of the SC market in the coming period, while the production of recycled containerboard in Bruck is expected to increase in line with normal ramp-up curve.

Simultaneously, Norske Skog will continue to develop its industrial sites, among others within bio products and renewable energy, both on a stand-alone basis and in partnerships.

SKØYEN, 13 JULY 2023

THE BOARD OF DIRECTORS OF NORSKE SKOG ASA



Geir Drangslund
Chair



Arvid Grundekjøn
Board member



Trine-Marie Hagen
Board member



Christoffer Bull
Board member



Johanna Lindén
Board member



Tore Hansesætre
CEO

INTERIM FINANCIAL STATEMENTS, SECOND QUARTER OF 2023

CONDENSED CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Operating revenue		3 118	3 171	3 822	6 289	7 148
Other operating income	9	287	149	116	436	380
Total operating income	4	3 404	3 320	3 937	6 725	7 527
Distribution costs		-289	-246	-327	-535	-626
Cost of materials		-1 948	-1 635	-1 971	-3 582	-3 992
Employee benefit expenses		-523	-502	-499	-1 025	-978
Other operating expenses		-264	-263	-235	-528	-416
Restructuring expenses		-10	-1	0	-11	0
Depreciation	5	-128	-115	-120	-243	-234
Impairments	5	0	0	0	0	0
Derivatives and other fair value adjustments	6	-96	-474	411	-570	508
Operating earnings		146	85	1 195	231	1 789
Share of profit in associated companies and joint ventures	7	-4	-3	-3	-7	-5
Financial items	8	-101	-230	-127	-332	-127
Profit/loss before income taxes		41	-148	1 065	-108	1 657
Income taxes		5	-32	-130	-27	-140
Profit/loss for the period		45	-181	935	-135	1 518
Basic earnings per share (NOK)		0.48	-1.91	9.92	-1.43	16.10
Diluted earnings per share (NOK)		0.48	-1.91	9.92	-1.43	16.10

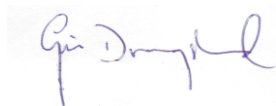
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Profit/loss for the period	45	-181	935	-135	1 518
Items that may be reclassified subsequently to profit or loss					
Currency translation differences	118	312	192	429	135
Tax expense on translation differences	0	0	0	0	0
Reclassified translation differences upon divestment of foreign operations	0	5	0	5	1
Total	118	316	192	434	136
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of post-employment benefit obligations	0	0	0	0	0
Tax effect on remeasurements of employment benefit obligations	0	0	0	0	0
Total	0	0	0	0	0
Other comprehensive income for the period	118	316	192	434	136
Total comprehensive income for the period	163	136	1 127	299	1 654

CONDENSED CONSOLIDATED BALANCE SHEET

NOK MILLION	NOTE	30 JUN 2023	31 MAR 2023	31 DEC 2022	30 JUN 2022
Deferred tax asset		215	186	137	0
Intangible assets	5	13	13	14	17
Property, plant and equipment	5	7 839	6 618	5 852	4 726
Investments in associated companies and joint ventures	7	93	97	299	107
Other non-current assets	6	531	584	768	470
Total non-current assets		8 691	7 498	7 069	5 319
Inventories		1 635	1 786	1 464	1 357
Trade and other receivables		1 419	1 886	1 944	2 090
Other current assets	6	271	437	481	871
Cash and cash equivalents		2 673	2 894	2 650	1 728
Total current assets		5 998	7 003	6 539	6 046
Total assets		14 689	14 502	13 609	11 365
Paid-in equity	10	8 898	8 898	8 898	8 898
Retained earnings		-2 690	-2 854	-2 989	-4 111
Total equity		6 208	6 045	5 909	4 787
Employee benefit obligations		305	297	278	322
Deferred tax liability		228	229	208	254
Interest-bearing non-current liabilities	8	4 080	3 866	3 432	2 622
Other non-current liabilities	6	765	665	504	404
Total non-current liabilities		5 378	5 058	4 422	3 601
Trade and other payables		2 498	2 161	2 245	2 171
Tax payable		9	453	358	172
Interest-bearing current liabilities	8	340	333	310	118
Other current liabilities	6	257	452	364	515
Total current liabilities		3 104	3 399	3 278	2 976
Total liabilities		8 481	8 457	7 700	6 578
Total equity and liabilities		14 689	14 502	13 609	11 365

SKØYEN, 13 JULY 2023
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA



Geir Drangslund
Chair



Arvid Grundekjøn
Board member



Trine-Marie Hagen
Board member



Christoffer Bull
Board member



Johanna Lindén
Board member



Tore Hansesætre
CEO

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOK MILLION	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Cash generated from operations	4 119	3 369	3 797	7 489	6 782
Cash used in operations	-3 178	-2 888	-3 275	-6 066	-6 011
Cash flow from currency hedges and financial items	-12	-13	-9	-25	-26
Interest payments received	23	19	4	43	8
Interest payments made	-48	-41	-29	-89	-56
Taxes paid	-553	-16	-17	-569	-29
Net cash flow from operating activities ¹⁾	353	430	473	783	669
Purchases of property, plant and equipment and intangible assets	-697	-570	-437	-1 266	-828
Sales of property, plant and equipment and intangible assets	1	2	14	3	17
Dividend proceeds from joint venture	0	200	0	200	0
Purchase of shares in companies and other financial payments	0	0	-28	0	-28
Sales of shares in companies and other financial instruments	0	0	0	0	276
Net cash flow from investing activities	-695	-367	-451	-1 063	-564
New loans raised	210	185	63	395	317
Repayments of loans	-106	-49	-89	-155	-222
New equity	0	0	0	0	0
Net cash flow from financing activities	104	136	-26	240	95
Foreign currency effects on cash and cash equivalents	17	45	55	62	38
Total change in cash and cash equivalents	-221	244	51	23	239
Cash and cash equivalents at start of period	2 894	2 650	1 676	2 650	1 489
Cash and cash equivalents at end of period	2 673	2 894	1 728	2 673	1 728
^{1) Reconciliation of net cash flow from operating activities}					
Profit/loss before income taxes	41	-148	1 065	-108	1 657
Change in working capital	541	-188	-352	353	-525
Change in restructuring provisions	-20	0	-10	-20	-20
Depreciation and impairments	128	115	120	243	234
Derivatives and other fair value adjustments	96	474	-411	570	-508
Gain and losses from divestment of business activities and PPE	-1	2	-8	2	-184
Net financial items without cash effect	70	198	98	268	58
Taxes paid	-553	-16	-17	-569	-29
Change in pension obligations and other employee benefits	-3	-6	-2	-9	-4
Adjustment for other items	53	0	-10	53	-10
Net cash flow from operating activities	353	430	473	783	669

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

NOK MILLION	PAID-IN EQUITY	OTHER PAID-IN EQUITY	RETAINED EARNINGS	TOTAL EQUITY
Equity 1 January 2022	6 649	2 249	-5 765	3 133
Profit/loss for the period	0	0	583	583
Other comprehensive income for the period	0	0	-56	-56
Equity 31 March 2022	6 649	2 249	-5 238	3 660
Profit/loss for the period	0	0	935	935
Other comprehensive income for the period	0	0	192	192
Equity 30 June 2022	6 649	2 249	-4 111	4 787
Profit/loss for the period	0	0	1 054	1 054
Other comprehensive income for the period	0	0	68	68
Equity 31 December 2022	6 649	2 249	-2 989	5 909
Profit/loss for the period	0	0	-181	-181
Other comprehensive income for the period	0	0	316	316
Equity 31 March 2023	6 649	2 249	-2 854	6 045
Profit/loss for the period	0	0	45	45
Other comprehensive income for the period	0	0	118	118
Equity 30 June 2023	6 649	2 249	-2 690	6 208

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

	Q2 2023	Q1 2023	30 JUN 2023	31 MAR 2023	31 DEC 2022
AUD	7.15	7.00	7.14	7.00	6.70
EUR	11.66	10.98	11.70	11.39	10.51
GBP	13.40	12.44	13.64	12.96	11.85
NZD	6.61	6.45	6.55	6.55	6.26
USD	10.70	10.24	10.77	10.48	9.86

2. ACCOUNTING POLICIES

The interim financial statements of Norske Skog have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for 2022. The interim financial statements are unaudited.

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

31 December 2022, except for the adaptation of amended standards and new interpretations, which are mandatory from 1 January 2023. These changes are described in the consolidated financial statements for 2022.

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

3. ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

Recoverable amount of intangible assets and property, plant and equipment

Property, plant and equipment are tested for possible impairment charges whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A prolonged decrease in prices or demand beyond the historical level could be an indicator of impairment and an impairment test will be prepared. The recoverable amount is the higher of an asset's fair value less sales costs or its value in use. Value in use is the present value of the future cash flows expected to be derived from a cash-generating unit. The key drivers of profitability in the industry and thus asset values for Norske Skog are product prices relative to production costs.

Accounting treatment of physical energy contracts and other financial instruments

Norske Skog's portfolio of commodity contracts consist mainly of physical contracts that are settled through physical delivery. Embedded derivatives in commodity contracts are measured at fair value and embedded derivatives that are not traded in an active market, are assessed through valuation techniques. The fair value of embedded derivatives in physical contracts vary depending on changes in currency and price indexes.

Commodity contracts that fail to meet the “own-use exemption” criteria in IFRS 9 *Financial instruments* – recognition and measurement are recognised in the balance sheet and valued at fair value.

The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. See Note 18 in the consolidated financial statements for 2022 for more information regarding the calculation of fair value of derivatives.

See Note 3 in the consolidated financial statements for 2022 for a more thorough description of important accounting estimates and assumptions impacting the preparation of financial statements.

4. OPERATING SEGMENTS

The activities of the Norske Skog group are separated into three operating segments, Publication Paper Europe, Publication Paper Australasia and Packaging Paper which 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 across the three segments to maximise profits. The optimisation is carried out through coordinated sales and operational planning. The regional planning, in combination with structured sales and operational processes, ensures maximisation of profit.

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

Publication Paper Europe segment encompasses production and sale of newsprint and magazine paper in Europe. All the four European industrial sites and the regional sales organisation are included in the operating segment publication paper Europe.

Publication Paper Australasia encompasses production and sale of newsprint and magazine paper in Australasia. Norske Skog Boyer, the only producer of newsprint and magazine grade in the region, and the

regional sales organisation is included in the operating segment publication paper Australasia.

Packaging Paper has been established as a new reporting segment. The segment includes Norske Skog's production of recycled containerboard, mainly the grades testliner 3 and fluting. Testliner 3 and fluting are used by corrugators as outer and inner layers of packaging material. In the first half of 2023, the segment only comprises one machine, PM3, at Norske Skog Bruck. From the second quarter 2024, Norske Skog Golbey PM1 will also be included in the segment. Production is expected to reach full capacity in the period 2025 to 2026.

Activities in the group that do not fall into the operating segments are presented under other activities. This includes corporate functions, Green Energy business and other holding company activities. From the first quarter of 2023 sourcing solutions are also included in the segment other activities, which were included in publication paper Europe in previous periods. The sale of the pellets operations of Nature's Flame was completed in March 2022 and is included in Green Energy for in historical information for the other segment up to the completion.

Q2 2023	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	PACKAGING PAPER	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 592	490	37	88	-90	3 118
Other operating income	251	-2	38	1	-1	287
Total operating income	2 843	489	75	89	-91	3 404
Distribution costs	-208	-75	-7	0	0	-289
Cost of materials	-1 609	-297	-53	-50	62	-1 948
Employee benefit expenses	-384	-80	-40	-20	1	-523
Other operating expenses	-214	-43	-15	-21	29	-264
EBITDA	429	-5	-40	-2	0	380
Restructuring expenses	0	0	0	-10	0	-10
Depreciation	-106	-11	-9	-2	0	-128
Derivatives and other fair value adjustments	-96	0	0	0	0	-96
Operating earnings	227	-17	-49	-14	0	146
Share of operating revenue from external parties (%)	100	100	0	37		100

Q2 2022	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	PACKAGING PAPER	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	3 362	461	-	132	-134	3 822
Other operating income	107	9	-	0	-1	116
Total operating income	3 469	470	-	133	-135	3 937
Distribution costs	-258	-69	-	0	0	-327
Cost of materials	-1 725	-239	-	-117	110	-1 971
Employee benefit expenses	-375	-73	-	-52	1	-499
Other operating expenses	-202	-40	-	-18	25	-235
EBITDA	909	49	-	-54	0	905
Depreciation	-106	-11	-	-3	0	-120
Derivatives and other fair value adjustments	411	0	-	0	0	411
Operating earnings	1 214	38	-	-57	0	1 195
Share of operating revenue from external parties (%)	100	100	-	0		100

NORSKE SKOG QUARTERLY REPORT – SECOND QUARTER 2023 (UNAUDITED)

Q1 2023	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	PACKAGING PAPER	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 735	436	0	61	-61	3 171
Other operating income	129	-3	24	0	-2	149
Total operating income	2 864	434	24	61	-63	3 320
Distribution costs	-186	-59	0	0	0	-246
Cost of materials	-1 355	-266	-11	-25	22	-1 635
Employee benefit expenses	-345	-82	-35	-41	2	-502
Other operating expenses	-215	-49	-17	-22	39	-263
EBITDA	763	-23	-38	-27	0	675
Restructuring expenses	0	-1	0	0	0	-1
Depreciation	-93	-11	-8	-2	0	-115
Derivatives and other fair value adjustments	-474	0	0	0	0	-474
Operating earnings	195	-35	-46	-29	0	85
Share of operating revenue from external parties (%)	100	100	0	3		100

YTD 2023	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	PACKAGING PAPER	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	5 328	927	38	148	-151	6 289
Other operating income	380	-4	62	1	-3	436
Total operating income	5 708	922	99	150	-154	6 725
Distribution costs	-394	-134	-7	0	0	-535
Cost of materials	-2 964	-563	-64	-75	84	-3 582
Employee benefit expenses	-729	-162	-75	-61	2	-1 025
Other operating expenses	-429	-91	-32	-43	68	-528
EBITDA	1 191	-28	-79	-29	0	1 055
Restructuring expenses	0	-1	0	-10	0	-11
Depreciation	-199	-22	-17	-4	0	-243
Derivatives and other fair value adjustments	-570	0	0	0	0	-570
Operating earnings	422	-52	-96	-43	0	231

YTD 2022	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	PACKAGING PAPER	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	6 248	882	-	271	-253	7 148
Other operating income	189	17	-	176	-2	380
Total operating income	6 437	899	-	447	-256	7 527
Distribution costs	-495	-127	-	-4	0	-626
Cost of materials	-3 523	-462	-	-209	202	-3 992
Employee benefit expenses	-717	-147	-	-116	2	-978
Other operating expenses	-354	-74	-	-40	52	-416
EBITDA	1 348	89	-	78	0	1 515
Depreciation	-206	-21	-	-7	0	-234
Derivatives and other fair value adjustments	508	0	-	0	0	508
Operating earnings	1 650	68	-	71	0	1 789
Share of operating revenue from external parties (%)	100	100	-	8		100

SEGMENT OTHER ACTIVITIES	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
OTHER OPERATING REVENUE					
Corporate functions	27	33	23	60	49
Sourcing solutions	62	28	110	90	202
Green energy and other	0	0	0	0	196
Total	89	61	133	150	447
EBITDA					
Corporate functions	-4	-29	-55	-32	-101
Sourcing solutions	1	2	1	3	3
Green energy and other	0	0	0	0	176
Total	-2	-27	-54	-29	78

5. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

JAN-JUN 2023	PROPERTY, PLANT AND EQUIPMENT	RIGHT-OF-USE ASSETS	TOTAL PROPERTY PLANT AND EQUIPMENT	INTANGIBLE ASSETS
Carrying value at start of period	5 784	68	5 852	14
Additions*	1 641	9	1 650	1
Depreciation	-221	-20	-240	-3
Disposals	0	0	0	0
Currency translation differences	573	5	578	1
Carrying value at end of period	7 777	62	7 839	13

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

PER OPERATING SEGMENTS

30 JUN 2023	TOTAL PROPERTY PLANT AND EQUIPMENT	INTANGIBLE ASSETS
Publication paper Europe	5 034	3
Publication paper Australasia	261	1
Packaging paper	2 536	2
Other activities	8	6
Total	7 839	13

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

30 JUN 2023	ASSETS		LIABILITIES	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Energy contracts and embedded derivatives in energy contracts (level 3)	222	337	160	508
Other derivatives and financial instruments carried at fair value (level 2)	18	0	2	0
Total	240	337	162	508

Norske Skog's portfolio of commodity contracts consists mainly of physical energy contracts some of which contain embedded derivatives related to currency. Certain of the energy contracts are measured at fair value. The fair value of commodity contracts is especially sensitive to future changes in energy prices in the region they cover.

The contract prices for energy in Norway are sensitive to change in publication paper and pulpwood prices. Externally forecasted price increases/decreases for paper increases/decreases the cost of energy. Market prices for energy have developed in opposite directions in the relevant energy areas in Norway, while a weaker NOK has impacted embedded derivatives negatively. There has been a net positive change in the fair value of the contracts and embedded derivatives in the quarter of NOK 96 million.

Changes in the value of energy contracts, commodity contracts and embedded derivatives in contracts are presented in the income statement line Derivatives and other fair value adjustments. A sensitivity analysis of the impact on profit after tax of fluctuations in energy prices, currency and price indices is given in Note 4 in the consolidated financial statements for 2022.

Financial derivative contracts are accounted for at fair value and changes in contracts are presented in the income statement under financial items. A sensitivity analysis of the impact on profit after tax of fluctuations in currency is given in Note 4 in the consolidated financial statements for 2022.

The valuation techniques used are described in Note 18 in the consolidated financial statement for 2022.

7. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

Investments in associated companies and joint ventures are accounted for in accordance with the equity method. The carrying value is NOK 93 million on 30 June 2023.

Norske Skog holds a 50% share of Porsnes Utvikling AS, an equal ownership joint venture between Ringstad Næringsutvikling AS and Norske Skog Saugbrugs AS. At 30 June 2023 this has a carrying value of NOK 12 million.

At 30 June 2023 Norske Skog holds a 26% share of Circa Group AS, with a carrying value of NOK 73 million. Loss is included in the quarter with NOK 4 million. Circa Group AS is listed on Euronext Growth.

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

8. FINANCIAL ITEMS AND DEBT REPAYMENTS

FINANCIAL ITEMS

NOK MILLION	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Net interest expenses	-27	-25	-26	-51	-50
Currency gains/losses*	-54	-189	-91	-244	-56
Other financial items	-20	-16	-10	-36	-21
Total financial items	-101	-230	-127	-332	-127

*Currency gains/losses on trade receivables and trade payables are reported as operating revenue and cost of materials respectively.

FINANCING

Norske Skog has credit facility agreements in an aggregate amount of EUR 265 million to finance its investment in the conversion projects to recycled containerboard. EUR 193 million is for the project at Norske Skog Golbey and EUR 72 million for the project at Norske Skog Bruck. The borrowing entities are Norske Skog Bruck GmbH and Norske Skog Golbey SAS, and the facilities are fully guaranteed by Norske Skog ASA.

The facilities are drawn as capital expenditures are incurred, and repayment is scheduled to commence approximately upon completion of each respective project with average maturity towards the end of 2030. As of 30 June 2023, the credit facilities had been drawn by approximately EUR 169 million.

Norske Skog has a EUR 150 million senior secured bond. The bond matures in March 2026 and has an interest rate of EURIBOR (zero floor) +5.5% with quarterly interest payments. As of 30 June 2023, the outstanding amount under the EUR 150 million senior secured bond, net of bought back bonds, was EUR 138.1 million.

Norske Skog has an EUR 31 million Revolving Credit Facility with a tenor of five years. As of 30 June 2023, the revolving credit facility was undrawn.

The EUR 54 million credit facility for the waste-to-energy plant in Norske Skog Bruck was fully drawn as of 30 September 2022, and quarterly repayments commenced during the fourth quarter of 2022. As of 30 June 2023, the outstanding amount was EUR 47.5 million. The final maturity date is in 2028.

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

The financing covenants applicable to Norske Skog on a consolidated basis are (i) freely available and unrestricted cash and cash equivalents of minimum NOK 100 million, (ii) EBITDA* to net interest costs of minimum 2.0:1, and (iii) book equity to total assets of minimum 25% and (iv) minimum LTM EBITDA* of NOK 400 million. In addition, there are various company specific financial covenants applicable to the subsidiaries acting as borrowers under the respective credit facilities.

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

BONDS

EUR MILLION	MATURITY	CURRENCY	INTEREST RATE	NOMINAL VALUE	AMOUNT OUTSTANDING 30 JUN 2023
NSKOG02	March 2026	EUR	EURIBOR +5.5%	150	138

DEBT REPAYMENT SCHEDULE*

NOK MILLION	2023	2024	2025	2026	2027-
Bonds	0	0	0	1 616	0
Debt to credit institutions	175	605	567	545	860
Total	175	605	567	2 161	860

*Not including items relating to leases.

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

Financed amounts from securitisation arrangements is classified as interest-bearing current liabilities. This amounts to NOK 37 million in debt repayment in the third quarter of 2023. The financed amount represents a group of individual loans, which are settled individually at maturity of the trade receivable.

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

9. NORSKE SKOG SAUGBRUGS ROCKSLIDE

On 27 April 2023 Norske Skog Saugbrugs was impacted by a rockslide that destroyed parts of the building and damaged machinery and equipment related to PM6. The damages were extensive and PM6 has been stopped from the time of the impact.

Focus so far has primarily been to secure the site from further rockslide and secure the building in preparation for and startup of the necessary clean-up at the site. For the time being there remains significant uncertainty in relation to timeline for cleaning the site and a full assessment of the damaged building, machinery and equipment. PM6 is likely to remain closed through first half of 2024.

Norske Skog Saugbrugs is covered for both property damage and business interruption as part of its group insurance program.

Property damage was mainly related to assets that were largely depreciated to low values. A write down of NOK 10 million related to destroyed assets has been recognised in the second quarter of 2023.

Amounts related to property damage coverage will be accounted as other operating income when they are virtually certain to be received. The amounts recognised in each period may therefore vary dependent on progress. In second quarter 2023 no amounts have been recognised in relation to property damage.

Amounts related to business interruption coverage will be accounted for in other operating income and based the company's conservative estimate of the loss incurred as a consequence of the business interruption in the period. In second quarter 2023 NOK 90 million have been recognised in relation to business interruption.

Any expenses needed to bring the asset to its operating state will be capitalized as property, plant and equipment.

It is emphasised that these are preliminary assessments and estimates and may be changed in later periods.

10. PRINCIPAL SHAREHOLDERS

	NUMBER OF SHARES	OWNERSHIP %
BYGGMA ASA	17 430 431	18.49
DRANGSLAND KAPITAL AS	5 316 148	5.64
UBS Europe SE	4 819 000	5.11
INTERTRADE SHIPPING AS	2 700 000	2.86
VERDIPAPIRFONDET HOLBERG NORGE	2 000 000	2.12
The Bank of New York Mellon SA/NV	1 706 351	1.81
MP PENSJON PK	1 461 015	1.55
VERDIPAPIRFONDET FONDSFINANS NORGE	1 300 000	1.38
VERDIPAPIRFONDET FIRST GENERATOR	1 145 000	1.21
RBC Investor services bank S.A.	1 134 617	1.20
VERDIPAPIRFONDET NORDEA AVKASTNING	1 132 596	1.20
Skandinaviska Enskilda Banken AB	1 100 000	1.17
VOLDSTAD EIENDOM AS	800 000	0.85
CARUCEL FINANCE AS	774 624	0.82
NORDNET LIVSFORSIKRING AS	738 215	0.78
The Bank of New York Mellon SA/NV	714 305	0.76
Pershing Securities Limited	694 285	0.74
VERDIPAPIRFONDET NORDEA NORGE VERD	652 862	0.69
Saxo Bank A/S	633 528	0.67
Nordnet Bank AB	617 628	0.66
Other shareholders	47 394 100	50.28
Total	94 264 705	100.00

The data is extracted from VPS 13 July 2023. Whilst every reasonable effort is made to verify all data, VPS cannot guarantee the accuracy of the analysis.

11. THE NORSKE SKOG SHARE

	30 JUN 2023	31 MAR 2023	31 DEC 2022	30 JUN 2022
Share price (NOK)	42.22	57.70	67.25	54.70
Book value of equity per share (NOK)	65.86	64.13	62.68	50.79

12. RELATED PARTIES

Investor AS and subsidiaries Drangslund Kapital AS and Byggma AS are related parties to Norske Skog through the ownership in Norske Skog ASA and the chair of the board being a representative for these companies.

There have not been any transactions with related parties in 2023.

13. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after the balance sheet date with significant impact on the interim financial statements for the second quarter of 2023.

14. HISTORICAL FIGURES

INCOME STATEMENT	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Total operating income	3 404	3 320	4 056	3 630	3 937
Variable costs *	-2 237	-1 880	-2 116	-2 430	-2 298
Fixed costs *	-787	-765	-858	-692	-735
EBITDA	380	675	1 083	508	905
Restructuring expenses	-10	-1	-11	0	0
Depreciation	-128	-115	-190	-122	-120
Impairments	0	0	-164	0	0
Derivatives and other fair value adjustment	-96	-474	227	-273	411
Operating earnings	146	85	944	113	1 195
Share of profit in associated companies and joint ventures	-4	-3	198	-5	-3
Financial items	-101	-230	-45	-84	-127
Profit/loss before income taxes	41	-148	1 097	23	1 065
Income taxes	5	-32	-32	-34	-130
Profit/loss for the period	45	-181	1 065	-11	935

SEGMENT INFORMATION	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Publication paper Europe					
Total operating income	2 843	2 864	3 551	3 129	3 469
EBITDA	429	763	1 131	483	909
Deliveries (1 000 tonnes)	267	245	300	347	407
Publication paper Australasia					
Total operating income	489	434	508	514	470
EBITDA	-5	-23	33	33	49
Deliveries (1 000 tonnes)	63	56	63	66	63
Packaging paper					
Total operating income	75	24	-	-	-
EBITDA	-40	-38	-	-	-
Deliveries (1 000 tonnes)	10	0	-	-	-
Other activities					
Total operating income	89	61	61	71	133
EBITDA	-2	-27	-81	-8	-54

BALANCE SHEET	30 JUN 2023	31 MAR 2023	31 DEC 2022	30 SEP 2022	30 JUN 2022
Total non-current assets	8 691	7 498	7 069	5 692	5 319
Inventories	1 635	1 786	1 464	1 487	1 357
Trade and other receivables	1 419	1 886	1 944	2 039	2 090
Cash and cash equivalents	2 673	2 894	2 650	2 047	1 728
Other current assets	271	437	481	1 483	871
Total current assets	5 998	7 003	6 539	7 055	6 046
Total assets	14 689	14 502	13 609	12 747	11 365
Total equity	6 208	6 045	5 909	4 859	4 787
Total non-current liabilities	5 378	5 058	4 422	4 371	3 601
Trade and other payables	2 498	2 161	2 245	2 429	2 171
Other current liabilities	606	1 238	1 033	1 088	805
Total current liabilities	3 104	3 399	3 278	3 517	2 976
Total liabilities	8 481	8 457	7 700	7 888	6 578
Total equity and liabilities	14 689	14 502	13 609	12 747	11 365

CASH FLOW	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Reconciliation of net cash flow from operating activities					
EBITDA	380	675	1 083	508	905
Change in working capital	541	-188	-208	188	-352
Payments made relating to restructuring activities	-29	-2	-7	-5	-10
Gain and losses from divestment	-1	2	-8	2	-8
Cash flow from net financial items	-36	-35	-45	-32	-33
Taxes paid	-553	-16	-45	-27	-17
Other	50	-7	-24	-6	-12
Net cash flow from operating activities	353	430	745	627	473
Purchases of property, plant and equipment and intangible assets	-697	-570	-881	-519	-437
Net divestments	1	202	9	-1	-14
Net cash flow from investing activities	-695	-367	-872	-520	-451
Net cash flow from financing activities	104	136	733	206	-26
Foreign currency effects on cash and cash equivalents	17	45	-2	7	55
Total change in cash and cash equivalents	-221	244	604	319	51

* As defined in Alternative Performance Measures

Statement from the Board of Directors and CEO

in compliance with section 5-5 in the securities trading act

We declare that to the best of our knowledge, the condensed consolidated interim financial statements for the period 1 January to 30 June 2023 have been prepared in accordance with IAS 34 – *Interim Financial Reporting* and that the information in the condensed financial statements give a true and fair view of the Norske Skog group's assets, liabilities, financial position and result as a whole.

We confirm that the board of directors report provides a true and fair view of the development and performance of the business and the position of the company and the group, as well as a description of the key risks and uncertainty factors which the group is facing.

SKØYEN, 13 JULY 2023
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA



Geir Drangslund
Chair



Arvid Grundekjøn
Board member



Trine-Marie Hagen
Board member



Christoffer Bull
Board member



Johanna Lindén
Board member



Tore Hansesætre
CEO

ALTERNATIVE PERFORMANCE MEASURES

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

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

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

NOK MILLION	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Operating earnings	146	85	1 195	231	1 789
Restructuring expenses	10	1	0	11	0
Depreciation	128	115	120	243	234
Impairments	0	0	0	0	0
Derivatives and other fair value adjustments	96	474	-411	570	-508
EBITDA	380	675	905	1 055	1 515

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

NOK MILLION	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
EBITDA	380	675	905	1 055	1 515
Total operating income	3 404	3 320	3 937	6 725	7 527
EBITDA margin	11.2 %	20.3 %	23.0 %	15.7 %	20.1 %

Variable costs: Distribution costs + cost of materials

NOK MILLION	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Distribution costs	289	246	327	535	626
Cost of materials	1 948	1 635	1 971	3 582	3 992
Variable costs	2 237	1 880	2 298	4 117	4 618

Fixed costs: Employee benefit expenses + other operating expenses.

NOK MILLION	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Employee benefit expenses	523	502	499	1 025	978
Other operating expenses	264	263	235	528	416
Fixed costs	787	765	735	1 552	1 395

NORSKE SKOG QUARTERLY REPORT – SECOND QUARTER 2023 (UNAUDITED)

Return on capital employed (annualised): (Annualised EBITDA – Annualised Capital expenditure)/Capital employed (average).

NOK MILLION	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
EBITDA	380	675	905	1 055	1 515
Capital expenditure	697	570	437	1 266	828
Average capital employed	8 275	7 585	5 565	7 718	5 423
Return on capital employed (annualised)	-15.3 %	5.6 %	33.6 %	-5.5 %	25.3 %

NOK MILLION	30 JUN 2023	31 MAR 2023	30 JUN 2022
Intangible assets	13	13	17
Property, plant and equipment	7 839	6 618	4 726
Inventory	1 635	1 786	1 357
Trade and other receivables	1 419	1 886	2 090
Trade and other payables	-2 498	-2 161	-2 171
Capital employed	8 408	8 142	6 018

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

NOK MILLION	30 JUN 2023	31 MAR 2023	30 JUN 2022
Interest-bearing non-current liabilities	4 080	3 866	2 622
Interest-bearing current liabilities	340	333	118
Cash and cash equivalents	-2 673	-2 894	-1 728
Net interest-bearing debt	1 746	1 305	1 012

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

Maintenance capex: Capex required to maintain the Group's current business.



Norske Skog

Q2 2023 presentation

14 July 2023

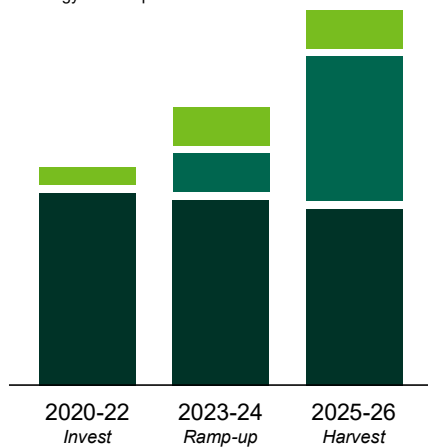


We create green value

Sustainable and innovative industry

Strategic transition

- Publication paper
- Packaging paper
- Energy and bio products



- Cost leading producer of publication paper
 - Capacity: 1 750kt
 - Utilisation target: +90%
 - EBITDA margin target: +10%
- Ramping up production of packaging paper
 - Capacity: 760kt
 - Utilisation target: +95% (2025-26)
 - EBITDA margin target: +20%
- Net debt of NOK 1.7bn
- Remaining net expansion capex NOK 1.4bn
- Cash NOK 2.7bn and liquidity NOK 4.0bn

Five high quality industrial sites

Eleven paper machines with supporting infrastructure for energy, fibre and water



Second quarter in brief

Strong financial position and reduced earnings into market downturn

- EBITDA in the quarter of NOK 380m including business interruption at Saugbrugs of NOK 90m covering May and June
- Net debt of NOK 1 746m and leverage ratio of 0.7x, cash of NOK 2 673m

Markets remain challenging with price and profitability pressure

- Publication paper prices lower due to continued demand decline and lower raw material costs, further closures required
- Containerboard prices stabilising, but additional capacity closures required

Saugbrugs PM6 temporary stopped since 27 April due to rockslide, covered by insurance

- Extent of damages and rebuild yet to be determined, but PM6 likely to remain closed through H1 2024
- The mill is insured for property damages and business interruption for up to 18 months

Bruck PM3 ramp-up according to plan, Golbey PM1 start-up delayed

- Production and product quality at Bruck PM3 in line with plan, expect full utilisation in H2 2025
- Golbey PM1 start-up moved to Q2 2024

Board resolves to initiate a share repurchase programme

- The board resolved on 13 July to repurchase up to 10% of the share capital in line with AGM authorisation
- Repurchase programme commences on 14 July until earlier of 31 December 2023 or when repurchase amount is reached

3



Update on rockslide at Saugbrugs



4

- Rockslide on 27 April damaging buildings, machinery and equipment
- No one was physically harmed
- Main work in Q2 has been to secure the site, remove rocks and debris to get access to the paper machine
- PM6 (260kt SC capacity) will likely remain closed through H1 2024
- Saugbrugs has insurance coverage for property damages and business interruption for up to 18 months
- For May and June, Norske Skog has recognised business interruption of NOK 90m in other revenue and EBITDA



Bruck PM3 ramp-up according to plan and update on Golbey PM1



5

Bruck PM3

- Ramp-up of containerboard production at Bruck PM3 according to plan. Deliveries of ~10kt in Q2 expected to more than double for Q3
- Improving production cost as utilisation and optimisation increases

Golbey PM1

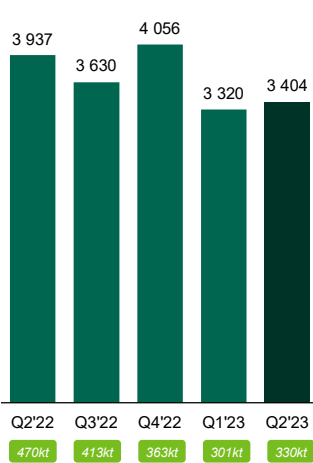
- Start-up of Golbey PM1 moved to Q2 2024 to reflect revised time plan for installation work. Start-up aligned with commissioning of new biomass boiler from Green Valley Energie
- Net investment increase from EUR 250m (June 2020 budget) to EUR 265m, including energy related grants and certificates paid in 2023-27



Group financials

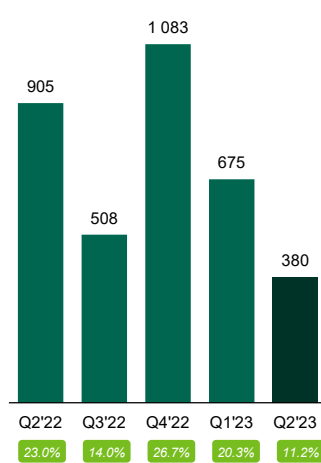
Revenue

NOKm (and deliveries volume)



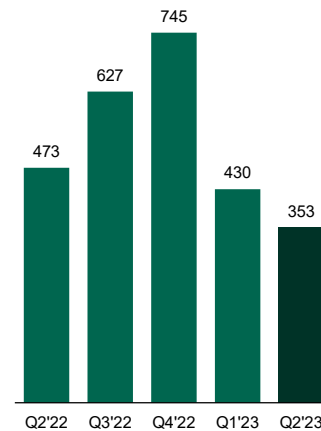
EBITDA

NOKm (and margin)



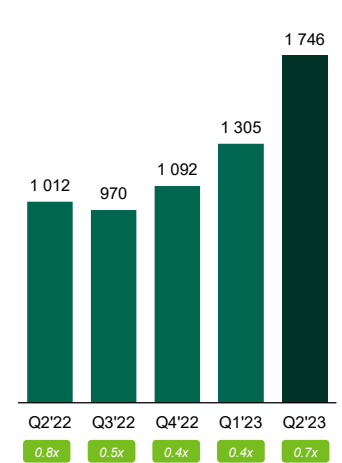
Operating cash flow

NOKm



Net debt

NOKm (and leverage ratio)



6



Segment financials

Publication Paper Europe	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23
Operating rate, %	90%	83%	74%	77%	74%
Deliveries, thousand tonnes	407	347	300	245	267
Total operating income	3 469	3 129	3 551	2 864	2 843
EBITDA	909	483	1 131	763	429
EBITDA margin, %	26.2%	15.4%	31.8%	26.6%	15.1%

Publication Paper Australasia	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23
Operating rate, %	98%	94%	98%	83%	92%
Deliveries, thousand tonnes	63	66	63	56	63
Total operating income	470	514	508	434	489
EBITDA	49	33	33	-23	-5
EBITDA margin, %	10.4%	6.3%	6.5%	-5.2%	-1.1%

Packaging Paper	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23
Operating rate, %				0%	71%
Deliveries, thousand tonnes				0	10
Total operating income				24	75
EBITDA				-38	-40
EBITDA margin, %				n.a.	-53.9%

Other activities	Q2'22	Q3'22	Q4'22	Q1'23	Q2'23
Total operating income	133	71	61	61	89
EBITDA	-54	-8	-81	-27	-2

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Publication Paper Europe

- Pressure on prices and profitability
- Business interruption for May and June of NOK 90m included in other revenue and EBITDA
- Austria approved CO₂ compensation for 2022 to be paid in 2023, the amount of EUR 4.7m has been recognised in Q2 2023

Publication Paper Australasia

- Improving operations, but challenging profitability due to raw material prices
- Price increases implemented for H2 2023

Packaging Paper

- Production ramp-up according to plan in challenging markets

Other activities

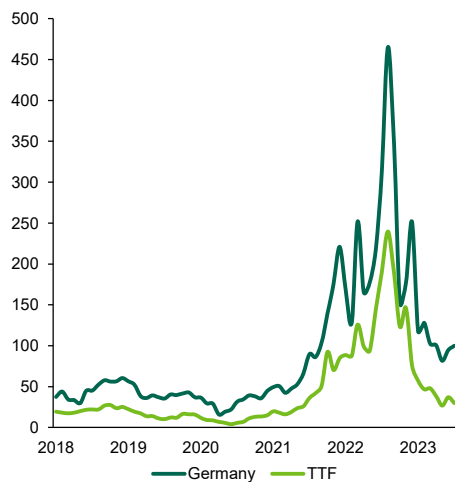
- Reduced valuation of LTI programme



Input costs down from peak, but remain at high levels

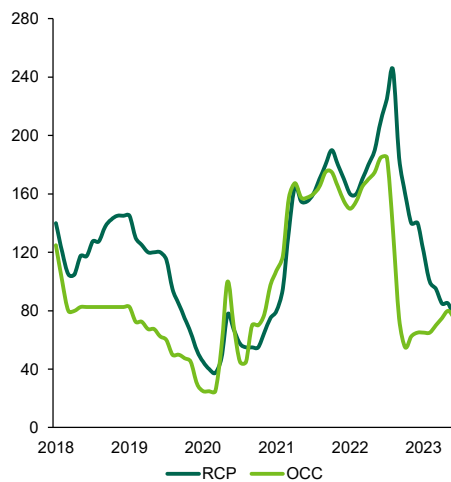
Energy prices Germany

EUR per MWh



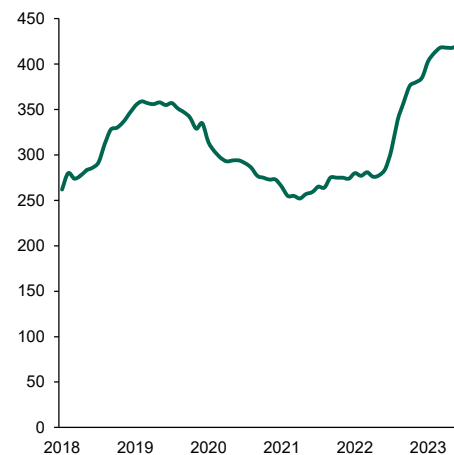
Recycled paper prices Germany

EUR per tonne



Spruce pulpwood prices Norway

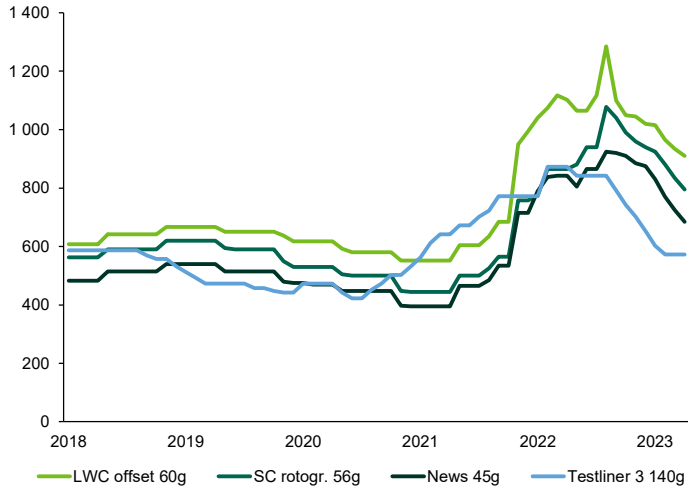
NOK per solid cubic metre



Prices lower due to easing costs and soft demand

Publication paper and recycled containerboard prices Germany

EUR per tonne



European Union Allowance (EUA) price development

EUR per allowance



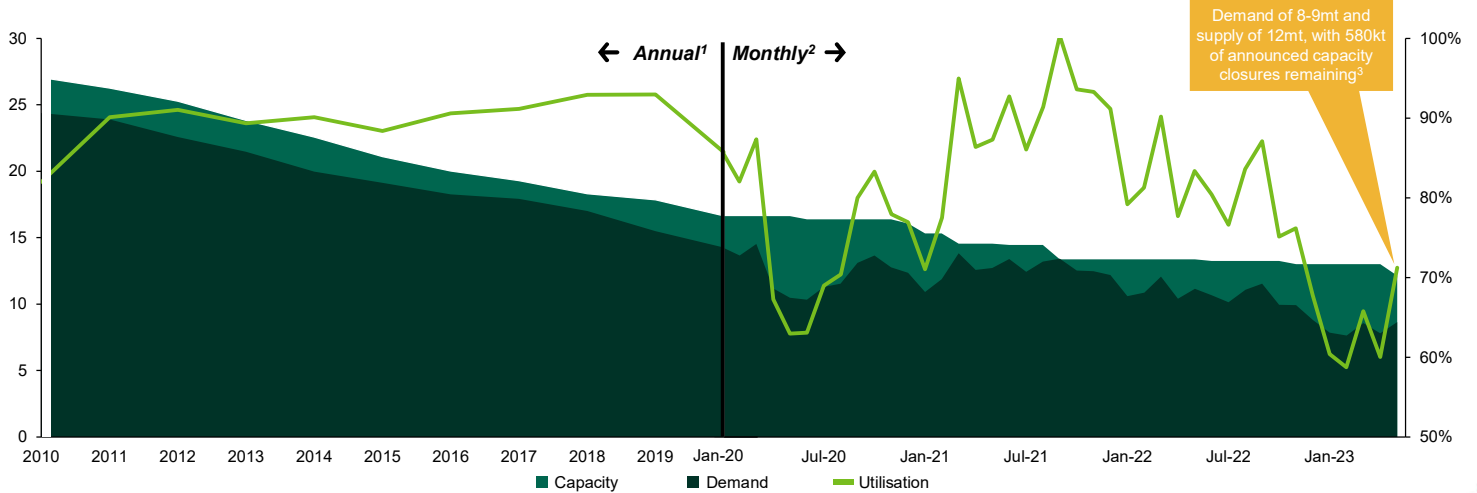
9 Source: RISI, ICE

Challenging market balance

Western European publication paper market balance

Million tonnes

Utilisation



10 Source: PPPC
 1) Utilisation rate is at start of year; 2) Demand and capacity is annualised monthly, utilisation rate is monthly; 3) Laakirchen PM11 (330kt) and Anjala (250kt) to close end of 2023

Initiating share repurchase programme

- The board has decided to initiate a share repurchase programme in accordance with the authorisation granted by the AGM on 20 April 2023
- The maximum number of shares that can be repurchased is 9 426 470 shares (10% of the share capital)
- The maximum consideration is NOK 472 million
- The minimum price is NOK 1 and maximum price is NOK 100
- The number of shares acquired per day shall not exceed 116 726 shares
- The programme commences on 14 July 2023 until earlier of 31 December 2023 or when maximum number of shares have been repurchased
- Repurchase programme may be discontinued at any time and further announcements will be made if and when appropriate
- The purpose is to return excess capital to shareholders and shares repurchased will be cancelled subject to approval by AGM in 2024
- The share repurchase programme will be carried out by way of repurchases in the market and transactions will be reported weekly

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Outlook

- Raw material and energy costs stabilising, but development remains uncertain
- Paper prices influenced by lower input costs and weak market balance
- Containerboard prices with signs of stabilising, but still a challenging market
- Further capacity closures and industry consolidation required in all markets
- Introduction of Norske Skog Bruck in the recycled containerboard market well underway, but expect negative EBITDA from packaging paper segment in 2023 as production ramps up
- Maintaining a healthy balance sheet, strong liquidity position, and low production costs
- **Capital Markets Day in Oslo on 16 November, details to be provided**

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Norske Skog ASA

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This presentation contains statements regarding the future in connection with Norske Skog's growth initiatives, profit figures, outlook, strategies and objectives. All statements regarding the future are subject to inherent risks and uncertainties, and many factors can lead to actual profits and developments deviating substantially from what has been expressed or implied in such statements.

*We create
green value*

Norske Skog has property damage and business interruption insurance in line with good market and industry practice. Coverage and self-retention is in line with Saugbrug's defined and adopted risk strategy to create predictability and to limit the financial impact of unforeseen incidents. In the second quarter, NOK 90 million of insurance coverage related to business interruption was recognised for the month of May and June in other revenue. Norske Skog Saugbrugs is covered by an 18 month business interruption insurance coverage.

Norske Skog Saugbrugs has under normal circumstances an annual production of about 360 000 tonnes of supercalendered magazine paper and employs 450 people including apprentices. Saugbrugs PM6 has a capacity of 260 000 tonnes SC magazine paper. So far no temporary redundancies have been needed, but this will be evaluated on a continuous basis.

Norske Skog Bruck packaging paper production ramp-up

Norske Skog Bruck successfully commenced recycled containerboard production in the second quarter with an annual capacity after ramp-up completion of 210 000 tonnes, and full utilisation is expected in the second half of 2025. Norske Skog Bruck successfully delivered its first Testliner 3 and Fluting products to its new customers during the quarter, although in a containerboard market impacted by weak demand and market imbalance.

"I am impressed by the entire Bruck team for completing the the packaging paper conversion projects with a successful commencement of the PM3 in the quarter. The Bruck conversion project represents an important milestone in becoming a leading independent supplier of recycled containerboard in Europe. We are now regularly delivering packaging paper volumes to our customers," says Tore Hansesætre, CEO of Norske Skog.

Norske Skog Bruck held the official opening of the Bruck PM3 on 22nd of June with participation from the the Austrian government, numerous public officials and Norske Skog board and management.

Status other projects

At Norske Skog Golbey, the conversion of the newsprint paper machine (PM1) into recycled containerboard paper production is progressing with full strength. However, due to a revised plan for installation tasks, the expected start-up is postponed to the second quarter of 2024. The net project capital expenditure is expected to be EUR 265 million.

The conversion of the two newsprint machines at Bruck and Golbey will eventually add 760 000 tonnes of new low-emission packaging paper capacity after ramp-up completion in 2026. The packaging paper production will be fully based on recycled fibre. Golbey PM1 will utilise renewable energy generated from the biomass plant under construction at the Golbey industrial site (Green Valley Energie).

In Norske Skog Bruck the new energy plant is now operating at full design capacity after the completion of modification and optimisation work during the first quarter of 2023. The waste-to-energy facility significantly reduces the gas consumption, and thus CO₂-emissions, for Norske Skog Bruck.

Norske Skog Skogn has started ordering necessary refiners and equipment for the net NOK 180 million new thermo-mechanical pulp (TMP) line, which substitutes expensive recovered paper with fresh fibre. The expected start-up will be in the first half of 2024. The new TMP line will reduce variable costs, in addition to reducing NO_x emissions, fossil CO₂-emissions and waste sent to landfill.

Operations

Total annual publication paper production capacity for the group is 1.4 million tonnes after the temporary idling of Norske Skog Saugbrugs PM6, with 1.1 million tonnes in Europe and 0.3 million tonnes in Australia. Bruck (PM3) started production of recycled containerboard paper in the second quarter, and Golbey (PM1) plans to start in the second quarter of 2024. Norske Skog will after the ramp-up of Bruck and Golbey have an annual capacity of 760 000 tonnes of packaging paper production.

According to Eurograph, demand for standard newsprint in Europe decreased by 22% through May 2023 compared to the same period last year. SC magazine demand decreased by around 26%. LWC paper demand decreased by around 29% through May compared to the same period last year. According to official Australian trade statistics, demand for newsprint and coated mechanical decreased by 11% and 12%, respectively, through May 2023

Press release

Successful launch of packaging paper production and good cash flow from operations in weaker markets

Norske Skog's EBITDA in the second quarter of 2023 was NOK 380 million, a decrease from NOK 675 million in the first quarter of 2023. The main driver for the lower second quarter EBITDA was lower publication paper sales prices. The cash flow from operations in the quarter was NOK 353 million. During the second quarter Norske Skog entered the packaging paper market with a successful production start-up of Bruck PM3, and the first rolls of packaging paper delivered to customers. The rockslide at Norske Skog Saugbrugs will likely keep the paper machine PM6 out of the publication paper market through the first half of 2024. An insurance compensation for business interruption is therefore recognized in the second quarter results. The start-up of the Golbey conversion project is postponed to the second quarter of 2024.

"Despite the rockslide at Norske Skog Saugbrugs and weakened demand in all segments in the quarter, we have managed to maintain high sales volumes, healthy profitability and a strong financial position. This is also confirmed by the Board's decision to initiate a share repurchase program. We will take necessary responsive actions to meet the challenging market environment in the next half year," says Tore Hansesætre, CEO of Norske Skog.

Cash flow from operations was NOK 353 million in the quarter compared to NOK 430 million in the previous quarter, positively impacted by change in working capital of NOK 541 million, mostly related to decreased finished goods inventory, trade receivables, also reflecting the receipt of the CO₂-compensation for 2022. Operating earnings in the second quarter of 2023 were NOK 146 million compared to operating earnings in the first quarter of 2023 of NOK 85 million. The operating earnings in the quarter were negatively affected by non-cash changes in fair value of energy contracts in Norway amounting to NOK 96 million. Profit in the quarter was NOK 45 million compared to a loss of NOK 181 million in the previous quarter. The net profit was less affected by unrealized currency losses on euro denominated debt than the previous period. Net interest-bearing debt was NOK 1 746 million at the end of the quarter, with an equity ratio of 42%.

The Board of Directors of Norske Skog ASA has decided to initiate a share repurchase programme instead of executing a dividend payment as earlier announced. This is in accordance with the authorisation granted at the annual general meeting. The maximum number of shares that can be repurchased is 9 426 470 shares, equivalent to 10% of the share capital of Norske Skog ASA and limited to a maximum consideration of NOK 472 million. See separate stock exchange release released today for more information.

Norske Skog Saugbrugs rockslide

The rockslide at Norske Skog Saugbrugs on 27 April caused material damage to building structures, cranes, machinery and equipment relating to paper machine PM6. As a result, production at PM6 has been stopped and will likely remain out of production through first half of 2024.

- First of all we are pleased that no one was injured in this dramatic incident. The rockslide caused damage to the building structure and parts of the PM6 production line. We are still assessing the extent of the damage and the time line of re-building the facility, but it is likely that the machine will be out of production through the first half of 2024, says Norske Skog's CEO Tore Hansesætre.

Norske Skog ASA

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Norway

compared to the same period last year. For the packaging paper production, it is expected that the containerboard machines will operate at 60-70% utilisation in the first year of operations and reach full utilisation during the third year of production.

Publication paper

Lower publication paper sales prices were somewhat offset by higher delivered sales volume despite the idling of Saugbrugs PM6 in the second quarter. The relatively weak Norwegian krone increased the competitiveness of the Norwegian business units. The sales price decreases were driven by softened demand and market imbalance for publication paper.

Variable cost per tonne slightly increased in the quarter with higher cost of materials per tonne. Fixed costs per tonne decreased slightly due to higher delivered volumes. Group capacity utilisation was 77% in the quarter, respectively 74% in Europe and 92% in Australasia. Saugbrugs PM6 is excluded from the calculation from 27 April. The weakened publication paper demand caused some operational down-time in the quarter, which impacted the capacity utilisation in Europe.

Packaging paper

The packaging paper machine at Bruck is expected to operate at 60-70% utilisation in the first year of operation and reach full utilisation during the third year of production. The operating income for second quarter consists of revenue from deliveries and gate fees from incineration, which was more than offset by variable and fixed costs in the period.

Key figures, second quarter of 2023

NOK million (unless otherwise stated)	Q2 2023	Q1 2023	Q2 2022	YTD23	YTD22
Income statement					
Total operating income	3 404	3 320	3 937	6 725	7 527
EBITDA	380	675	905	1 055	1 515
Operating earnings	146	85	1 195	231	1 789
Profit/loss for the period	45	-181	935	-135	1 518
Cash flow					
Net cash flow from operating activities	353	430	473	783	669
Net cash flow from investing activities	-695	-367	-451	-1 063	-564
Operating margin and profitability (%)					
EBITDA margin	11.2	20.3	23.0	15.7	20.1
Return on capital employed (annualised)	-15.3	5.6	33.6	-5.5	25.3
Capacity utilisation (Production / capacity %)					
	77	78	91	78	93

Outlook

The development in the global economy is of vital importance for consumer spending, and this impacts the publication paper and packaging industry, and thus Norske Skog's operations and results. The global economy is expected to remain weak in 2023.

The raw material and energy markets which are key for both publication paper and packaging paper are expected to remain uncertain. Raw material and energy prices are expected to be lower than from the record levels experienced in 2022, but are still above historical average levels.

Development of input costs and demand for paper will influence paper sales prices in Europe. The decrease in energy prices and decreased demand for publication paper is expected to result in lower sales prices in the coming period.

The decreased demand for publication paper and packaging paper has initiated further announcements of capacity closures in the industry to improve the imbalance in demand and supply for both publication paper and packaging paper, but capacity utilisation is expected to remain weak in the coming period as further closures are required. Norske Skog's European operations are cost-competitive, and the group will continue to temporarily adjust production to customer demand.

In Australasia, price increases will be implemented in the second half, but reduced demand in the region may require increased export volumes.

Norske Skog Saugbrugs PM6 will remain out of the SC market in the coming period, while the production of recycled containerboard in Bruck is expected to increase in line with normal ramp-up curve.

Simultaneously, Norske Skog will continue to develop its industrial sites, among others within bio products and renewable energy, both on a stand-alone basis and in partnerships.

About Norske Skog

Norske Skog is a world leading producer of publication paper with strong market positions and customer relations in Europe and Australasia. The Norske Skog Group operates four mills in Europe, which produce publication paper, recycled packaging paper, energy and bioproducts. In addition, the Group operates one paper mill in Australia. Norske Skog aims to further diversify its operations and continue its transformation into a growing and high-margin business through a range of promising energy and bio product development projects. The Group has approximately 2 100 employees, is headquartered in Norway and listed on the Oslo Stock Exchange under the ticker NSKOG.

Presentation and quarterly material

The company will not hold a live presentation, but will arrange a webinar today at 08:30 CEST for pre-registered participants. The quarterly recording, the presentation, the financial statements and the press releases are available on www.norskeskog.com and published on www.newsweb.no under the ticker NSKOG. If you want to receive future Norske Skog press releases, please subscribe through the website of the Oslo Stock Exchange www.newsweb.no.

Norske Skog
Communications and Public Affairs

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Pressemelding

Vellykket lansering av emballasjepapirproduksjon og god kontantstrøm fra driften i svakere markeder

Norske Skogs EBITDA i andre kvartal 2023 var NOK 380 millioner, en nedgang fra NOK 675 millioner i første kvartal 2023. Hovedårsaken til svakere EBITDA i andre kvartal var lavere salgspriser for publikasjonspapir. Kontantstrøm fra driften var NOK 353 millioner i kvartalet. I løpet av andre kvartal gikk Norske Skog inn i emballasjepapirmarkedet etter en vellykket produksjonsoppstart av Norske Skog Bruck PM3, og de første rullene med emballasjepapir har blitt levert til kunder. Steinraset ved Norske Skog Saugbrugs vil trolig holde papirmaskin PM6 utenfor markedet for publikasjonspapir gjennom første halvår av 2024. Forsikringsdekning for driftsavbrudd er derfor medregnet i resultatet for andre kvartal. Oppstarten av konverteringsprosjektet ved Norske Skog Golbey er utsatt til andre kvartal 2024.

– Til tross for steinraset på Norske Skog Saugbrugs og svekket etterspørsel i alle segmenter i første kvartal, har vi klart å opprettholde høye salgsvolumer, god lønnsomhet og en sterk finansiell posisjon. Dette bekreftes også av styrets beslutning om å sette i gang et aksjetilbakekjøpsprogram. Vi vil iverksette nødvendige korrektive tiltak for å møte den utfordrende markedsituasjon det neste halve året, sier Tore Hansesætre, konsernsjef i Norske Skog.

Kontantstrøm fra driften var NOK 353 millioner i kvartalet sammenlignet med NOK 430 millioner i forrige kvartal, og var positivt påvirket av endringer i arbeidskapitalen på NOK 541 millioner, hovedsakelig knyttet til redusert ferdigvarelager, og kundefordringer, som også reflekterer mottatt CO2-kompensasjon for. Driftsresultatet i andre kvartal 2023 var NOK 146 millioner sammenlignet med driftsresultatet i første kvartal 2023 på NOK 85 millioner. Kvartalet ble negativt påvirket av endringer, uten kontanteffekter, i verdsettelsen av energikontrakter i Norge på NOK 96 millioner. Overskuddet i kvartalet ble NOK 45 millioner mot et underskudd på NOK 181 millioner i forrige kvartal. Nettoresultatet var mindre påvirket av urealiserte valutatap på eurogjeld enn forrige kvartal. Netto rentebærende gjeld var 1 746 millioner kroner ved utgangen av kvartalet, med en egenkapitalandel på 42 %.

Styret i Norske Skog ASA har besluttet å iverksette et aksjetilbakekjøpsprogram i stedet for å utbetale utbytte som tidligere annonsert. Dette er i samsvar med fullmakt gitt på den ordinære generalforsamlingen. Maksimalt antall aksjer som kan kjøpes tilbake er 9 426 470 aksjer, som tilsvarer 10 % av aksjekapitalen i Norske Skog ASA, og er totalt begrenset til NOK 472 millioner. Se egen børsmelding publisert i dag for mer informasjon.

Steinras ved Norske Skog Saugbrugs

Steinraset ved Norske Skog Saugbrugs den 27. april forårsaket vesentlige skader på bygningskonstruksjoner, kraner, maskiner og utstyr knyttet til papirmaskin PM6. Som en følge av dette har produksjonen ved PM6 blitt stanset, og PM6 vil mest sannsynlig forbli ute av produksjon gjennom første halvdel av 2024.

– Først og fremst er vi glade for at ingen ble skadet i denne dramatiske hendelsen. Steinraset forårsaket skade på bygningsstrukturen og deler av produksjonslinjen til PM6. Vi vurderer fortsatt skadeomfanget og tidslinjen for å gjenoppbygge anlegget, men det er sannsynlig at maskinen vil være ute av produksjon gjennom første halvår av 2024, sier Norske Skogs konsernsjef Tore Hansesætre.

Norske Skog har skade- og driftsavbruddsforsikringer i tråd med god praksis i markedet og bransjen. Forsikringsdekning og egenandeler er i tråd med Saugbrugs sin definerte og vedtatte risikostrategi for å skape forutsigbarhet og begrense den økonomiske eksponeringen til uforutsette hendelser. I andre kvartal ble NOK 90

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millioner i forsikringsdekning knyttet til driftsavbruddet for mai og juni bokført som andre inntekter. Norske Skog Saugbrugs er dekket av en 18 måneders driftsavbruddsforsikring.

Norske Skog Saugbrugs har normalt en årlig produksjon på ca. 360 000 tonn superkalandert magasinpapir og har 450 ansatte inkludert lærlinger. Saugbrugs PM6 har en kapasitet på 260 000 tonn SC magasinpapir. Så langt har det ikke vært behov for permitteringer, men dette vil bli evaluert fortløpende.

Produksjon av emballasjepapir ved Norske Skog Bruck

Norske Skog Bruck hadde en vellykket oppstart av den resirkulerte emballasjeproduksjonen i andre kvartal, som vil ha en årlig kapasitet etter oppstartsfasen på 210 000 tonn. Full kapasitetsutnyttelse forventes å bli nådd i andre halvdel av 2025. Norske Skog Bruck hadde vellykkede leveranser av de første Testliner 3 og Fluting-produkter til sine nye kunder i løpet av kvartalet. Emballasjemarkedet er preget av svak etterspørsel og markedsbalanse.

"Jeg er imponert over hele Bruck-teamet som har gjennomført konverteringsprosjektet for emballasjepapir med en vellykket oppstart av PM3 i kvartalet. Konverteringsprosjektet ved Bruck representerer en viktig milepæl i å bli en ledende, uavhengig leverandør av resirkulert emballasje i Europa. Vi leverer nå jevnlig emballasjepapir til våre kunder, sier Tore Hansesætre, administrerende direktør i Norske Skog.

Norske Skog Bruck hadde en offisiell åpning av Bruck PM3 den 22. juni med deltagelse fra den østerrikske regjeringen, en rekke offentlige personer samt Norske Skogs styre og ledelse.

Status prosjekter

Ved Norske Skog Golbey gjennomføres ombyggingen av avisapirmaskinen (PM1) til produksjon av resirkulert emballasjepapir med fullt trykk. Forventet oppstart er utsatt til andre kvartal 2024 på grunn av reviderte planer for utstyrsinstallasjoner. Netto prosjektinvesteringer er estimert til EUR 265 millioner.

Konverteringen av de to avisapirmaskinene i Bruck og Golbey vil gi 760 000 tonn lavutslipps emballasjepapirkapasitet etter opptrappingsfasen i 2026. Produksjonen av emballasjepapir vil være fullt ut basert på resirkulert fiber. Golbey PM1 vil bruke fornybar energi generert fra biomasseanlegget, som er under utbygging på industriområdet til Golbey (Green Valley Energie).

Det nye energianlegget ved Norske Skog Bruck driftes nå til full designkapasitet etter at modifikasjons- og optimaliseringsarbeidene ble sluttført i løpet av første kvartal 2023. Forbrenningsanlegget reduserer gassforbruket, og dermed CO₂-utslippene, for Bruck betydelig.

Norske Skog Skogn har startet bestillinger av nødvendige raffinører og utstyr til netto NOK 180 millioner til den termomekaniske- massefabrikken (TMP), som vil erstatte dyrt returpapir med fersk fiber. Forventet oppstart vil være i første halvdel av 2024. Den nye TMP-linjen vil redusere variable kostnader, i tillegg til å redusere NO_x-utslipp, fossilt CO₂-utslipp og avfall som sendes til deponi.

Drift

Samlet årlig produksjonskapasitet for publikasjonspapir for konsernet er 1,4 millioner tonn etter den midlertidige stengningen av Saugbrugs PM6, med 1,1 millioner tonn i Europa og 0,3 millioner tonn i Australia. Bruck (PM3) startet produksjon av resirkulert emballasjepapir i slutten av første kvartal, mens Golbey (PM1) vil starte i slutten av andre kvartal 2024. Etter igangskjøringsperioden av Bruck (PM3) og Golbey (PM1), vil Norske Skog ha en årlig kapasitet på 760 000 tonn av emballasjepapir.

Ifølge Eurograph falt etterspørselen etter standard avisapir i Europa med 22% til og med mai sammenlignet med samme periode ifjor. Etterspørselen etter superkalandert magasinpapir (SC) falt med rundt 26%, og LWC magasinpapir falt med rundt 29% til og med mai sammenlignet med samme periode ifjor. I følge offisiell australsk handelsstatistikk falt etterspørselen etter avisapir og LWC med henholdsvis 11% og 12% til og med mai 2023 sammenlignet med samme periode i fjor. Produksjon av emballasjepapir forventes å oppnå rundt 60-70 % kapasitetsutnyttelse i første driftsår, med full kapasitetsutnyttelse i løpet av det tredje driftsåret.

Publikasjonspapir

Lavere salgspriser for trykkpapir ble noe oppveid av høyere levert salgsvolum til tross for at Saugbrugs PM6 stod stille i store deler av andre kvartal. Den relativt svake norske kronen økte konkurransevnen til de norske forretningsenhetene. Salgsprisedgangen ble påvirket av svakere etterspørsel og markedsubalanse for publikasjonspapir.

Variabel kostnad per tonn økte noe i kvartalet med høyere materialkostnader per tonn. Faste kostnader per tonn gikk noe ned på grunn av høyere leverte volumer. Kapasitetsutnyttelse for konsernet var 77 % i kvartalet, henholdsvis 74% i Europa og 92% i Australasia. Saugbrugs PM6 er ikke medregnet i kapasitetstillene etter 27. april. Svakere etterspørsel etter publikasjonspapir resulterte i noe driftstilpasninger gjennom kvartalet, som påvirket kapasitetsutnyttelsen i Europa.

Emballasjepapir

Pakkepapirmaskinen på Bruck forventes å kjøre med 60-70 % kapasitetsutnyttelse det første driftsåret og vil nå full utnyttelse i løpet av det tredje produksjonsåret. Driftsinntektene for andre kvartal består av salgsinntekter fra produktleveranser og inntekter fra levert avfall til energianlegget, som var mindre enn de variable- og faste kostnadene i perioden.

Nøkkeltall, andre kvartal 2023

NOK millioner (om ikke annet er oppgitt)	Q2 2023	Q1 2023	Q2 2022	YTD23	YTD22
Resultatregnskap					
Totale inntekter	3 404	3 320	3 937	6 725	7 527
EBITDA	380	675	905	1 055	1 515
Driftsresultat	146	85	1 195	231	1 789
Resultat for perioden	45	-181	935	-135	1 518
Kontantstrøm					
Netto kontantstrøm fra operasjonelle aktiviteter	353	430	473	783	669
Netto kontantstrøm fra investeringsaktiviteter	-695	-367	-451	-1 063	-564
Driftsmargin og lønnsomhet (%)					
EBITDA margin	11.2	20.3	23.0	15.7	20.1
Avkastning på investert kapital (annualisert)	-15.3	5.6	33.6	-5.5	25.3
Kapasitetsutnyttelse (produksjon/kapasitet %)	77	78	91	78	93

Utsikter

Utviklingen i den globale økonomien er av vital betydning for forbruket, og vil påvirke treforedlingsindustrien, og dermed Norske Skogs virksomheter og resultater. Den globale økonomien forventes å forbli svak ut 2023.

Råvare- og energimarkedene, som er sentrale for både publikasjons- og emballasjepapir, forventes å forbli usikre. Råvare- og energiprisene forventes å være lavere fra rekordnivåene i 2022, men de er fortsatt over historiske gjennomsnittsnivåer.

Utvikling av innsatskostnader og etterspørsel etter papir vil påvirke papirsalgsprisene i Europa. Nedgangen i energipriser og redusert etterspørsel etter trykkpapir forventes å gi lavere salgspriser i innværende periode.

Den reduserte etterspørselen etter publikasjons- og emballasjepapir har initiert ytterligere kunngjøringer om kapasitetsstenginger i industrien for å forbedre ubalansen i etterspørsel og tilbud for både publikasjons- og emballasjepapir. Kapasitetsutnyttelsen forventes å forbli svak i den kommende perioden ettersom ytterligere stenginger er nødvendig. Norske Skogs europeiske virksomheter er konkurransedyktige på kostnader. Konsernet vil midlertidig tilpasse produksjonen etter kundenes behov.

I Australasia vil prisøkninger bli gjennomført i andre halvår, men redusert etterspørsel i regionen kan kreve økte eksportvolumer.

Norske Skog Saugbrugs PM6 vil forbli utenfor SC-markedet i den kommende perioden, mens produksjonen av resirkulert containerboard i Bruck forventes å øke i tråd med normal oppstigningskurve.

Samtidig vil Norske Skog fortsette å utvikle de industrielle anleggene, blant annet innen bioprodukter og fornybar energi, både på egenhånd og i partnerskap med andre.

Om Norske Skog

Norske Skog er en verdensledende produsent av publikasjonspapir med sterke markedsposisjoner og kundeforhold i Europa og Australasia. Norske Skog-konsernet driver fire fabrikker i Europa som produserer trykkpapir, resirkulert emballasjepapir, energi og bioprodukter. I tillegg driver konsernet en papirfabrikk i Australia. Norske Skog tar sikte på å diversifisere virksomheten ytterligere og fortsette omstillingen til en voksende og høy-margins virksomhet gjennom en rekke spennende energi- og bioproduktprosjekter. Konsernet har cirka 2 100 ansatte, hovedkontor i Norge og er notert på Oslo Børs under tickeren NSKOG.

Presentasjon og kvartalsmaterieil

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

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