2023

Annual report

Norske Skog

Coffee break around the fireplace 1948.
Photo: Norske Skog

The Norske Skog of tomorrow is a team effort and can only be realised through external and internal ***cooperation***.

Our business is by definition circular as it's based on renewable resources, aiming to replace fossil alternatives. We increasingly use recycled material. We are ***honest*** about our processes, and strive to make all aspects of our business sustainable.

We create green value

This is something we realise through innovation, ***openness*** to new opportunities, competence and hard work. It doesn't come by itself. It's up to us.

We provide ***value*** in many meanings of the word: for society in general, for local communities, for customers, for employees, for shareholders.

Our core values: **openness, honesty and cooperation**

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Design: BK.no, **Print:** BK.no / **Paper:** Artic Volum white
Editor: Carsten Dybevig
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5

Business units in 4 countries

Skogn, Norway
Saugbrugs, Norway
Golbey, France
Bruck, Austria
Boyer, Australia

13 524

NOK million
total operating income

896

NOK million
operating profit

Photo: Carsten Dybevig

A-

CDP - climate change score 2023

95%

certified wood fibres

85%

renewable energy consumption

2 161

employees

19%

female in top management positions

-7%

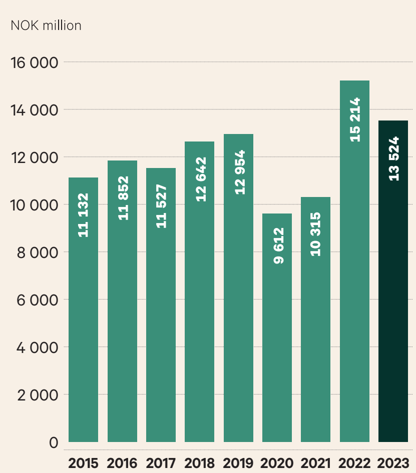
reduction in scope 1 & 2 emissions in 2023

Key figures

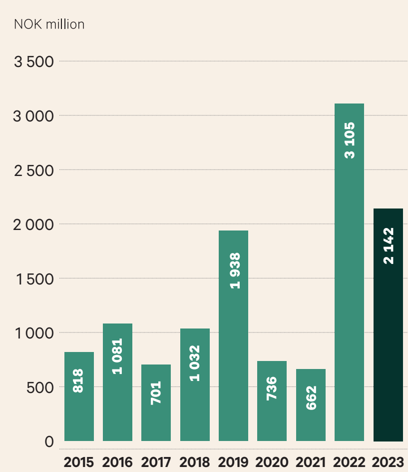
NOK MILLION (UNLESS OTHERWISE STATED)	2015	2016	2017	2018	2019	2020	2021	2022	2023
INCOME STATEMENT									
Total operating income	11 132	11 852	11 527	12 642	12 954	9 612	10 315	15 214	13 524
EBITDA*	818	1 081	701	1 032	1 938	736	662	3 105	2 142
Operating earnings	19	-947	-1 702	926	2 398	-1 339	-160	2 845	896
Profit/loss for the period	-1 318	-972	-3 551	1 525	2 044	-1 884	-363	2 572	481
Earnings per share (NOK)	-13.98	-10.31	-37.67	16.18	21.68	-19.99	-3.85	27.28	5.27
CASH FLOW									
Net cash flow from operating activities	146	514	404	881	602	549	191	2 040	1 928
Net cash flow from operating activities per share (NOK)	1.55	5.45	4.28	9.34	6.39	5.82	2.02	21.65	21.11
Net cash flow from investing activities	-174	-105	-278	-188	-180	302	-891	-1 956	-2 689
OPERATING MARGIN AND PROFITABILITY (%)									
EBITDA margin*	7.30	9.10	6.10	8.20	15.00	7.65	6.42	20.41	15.84
Return on capital employed (annualised)*	5.20	8.90	6.60	14.10	28.50	2.06	-7.78	14.79	-11.53
PRODUCTION/DELIVERIES/CAPACITY UTILISATION									
Production (1 000 tonnes)	2 366	2 506	2 494	2 492	2 310	1 800	1 921	1 713	1 338
Deliveries (1 000 tonnes)	2 356	2 520	2 491	2 485	2 285	1 825	1 952	1 714	1 283
Production/capacity (%)	85	93	93	95	89	77	89	87	82
Production packaging paper (1 000 tonnes)									73
Deliveries packaging paper (1 000 tonnes)									65
Production/capacity packaging paper (%)									70
BALANCE SHEET									
Non-current assets	9 620	7 184	4 939	4 789	5 879	4 084	4 538	7 069	9 068
Current assets	3 512	3 313	3 170	3 776	4 360	3 703	4 587	6 539	5 687
Total assets	13 133	10 497	8 109	8 565	10 240	7 787	9 125	13 609	14 755
Equity	4 729	2 090	-1 427	2 365	5 493	3 219	3 133	5 909	6 161
Net interest-bearing debt	4 528	5 038	5 717	2 268	919	725	1 054	1 092	2 590

**As defined in alternative performance measures.*

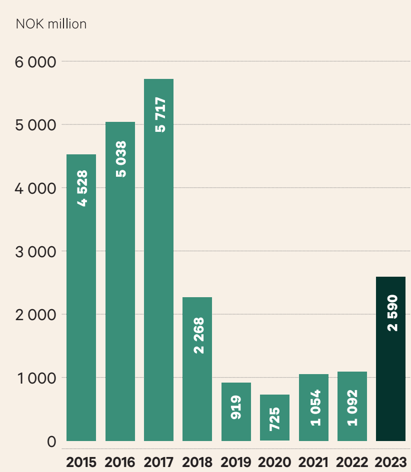
TOTAL OPERATING INCOME



EBITDA



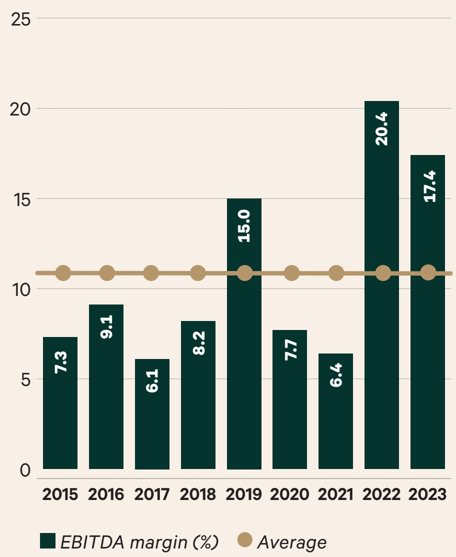
NET INTEREST-BEARING DEBT



Operational analysis

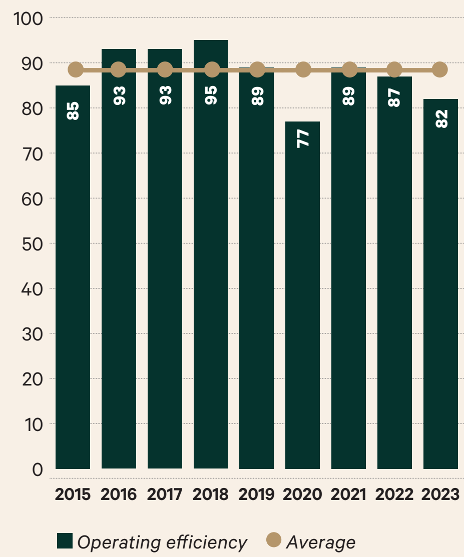
Publication paper target:
Achieve an EBITDA margin of at least 10-15% over the cycle

EBITDA MARGIN



Publication paper target:
Maintain an operating rate of at least 90%

OPERATING EFFICIENCY



Norske Skog ASAs operating income varies over time in line with the volumes produced and the sales prices achieved. The main exposures for the group are linked to demand development in key sectors within publication paper and packaging paper and capacity management by the suppliers and thereby impacting prices. Sales prices for publication paper and packaging paper relative to production cost, and in particular cost of materials, is the most important factor for the profitability for Norske Skog and the industry.

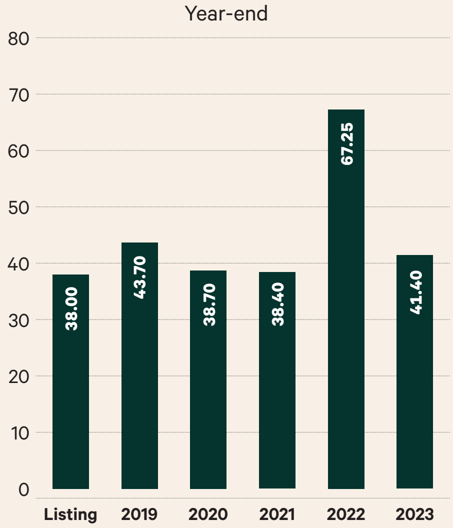
In addition to price levels, the operating result is exposed to movements in the prices of key input factors such as energy, recovered paper, wood and chemicals. Having a customer contract structure that matches production are key to mitigate these risk factors and reduce the impact on the group's profitability.

Over the period, Norske Skog has achieved an average EBITDA margin of 10.8% for publication paper, which is in line with its historical target of 10%. This has been achieved due to high focus on the operational efficiency of the business.

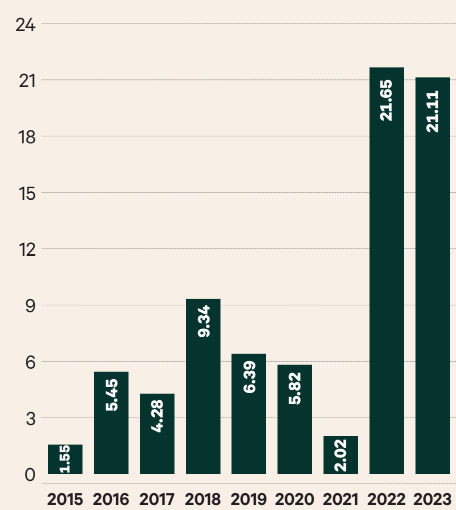
Average operational efficiency has been 87.8% which is only slightly below the target of 90%. Historically, the results and operations of the group are highly influenced by the supply/demand balance of the publication paper industry, which will vary over time due to the cyclical nature of the industry and the expected structural decline in the consumption.

After entering the recycled containerboard market in 2023, this will provide further diversification with regards to both products and markets. The recycled containerboard market contrary to publication paper market is expected to show growth in the coming years. Norske Skog has set separate operational targets for the recycled containerboard operations.

SHARE PRICE (NOK)
Year-end



CASH FLOW PER SHARE (NOK)



A glimpse of 2023

Investment in new thermo-mechanical pulping line at Norske Skog Skogn

In January, we announced an investment of NOK 180 million in a new thermomechanical pulping line at our Skogn mill.

“With this investment decision, we have taken the first step in the long-term competitiveness of Norske Skog Skogn. We want to secure our position in the newsprint market while at the same time providing opportunities to establish ourselves in new markets. This will strengthen our already good environmental position through major reductions in emissions of greenhouse gases,” said Håvard Busklein, Managing Director at Norske Skog Skogn.

Rockslide at Norske Skog Saugbrugs

Norske Skog Saugbrugs was hit by a severe rockslide on 27 April. The slide caused substantial damage to building structures, cranes, and other machinery and equipment relating to the PM6 paper machine. Luckily, no one was hurt.

The slide necessitated a complicated and long-lasting project to secure and clear the site.

Restarting PM5 at Norske Skog Saugbrugs

Following the rockslide and production stop at the Saugbrugs PM6 paper machine in April, Norske Skog decided to restart production at the previously idled PM5. This allowed Norske Skog to continue supplying SC magazine paper to its customers and keep its market position.

“The decision to restart production at PM5 is important to maintain Saugbrugs as a preferred supplier of SC paper in Europe while the rockslide restoration work is ongoing,” said Per Ivar Berg, Managing Director at Norske Skog Saugbrugs.

New CEO

On 1 September, Geir Drangsland, who had served as the chair of the board since March, was named CEO of Norske Skog, replacing Tore Hansesætre.

“I am pleased to announce Geir Drangsland as the new CEO of Norske Skog. Geir has an extensive background from the forest industry and has worked closely with the management since his entrance in Norske Skog,” said Arvid Grundekjøn, newly appointed chair of the board.

End of an era

It was the end of an era in New Zealand when we announced the sale of the Tasman mill industrial site to Oji Fibre Solutions, a leading Australian pulp, paper, and packaging conglomerate, in October.

The Tasman factory closed its newsprint productions in 2021, and the transaction is part of Norske Skog’s focused long-term strategy.

Paper for votes

In October, 17 million Australians took part in a constitutional referendum, with ballot papers made at our Boyer mill.

Just a day before the referendum, Tasmanian Premier Jeremy Rockliff praised our efforts on social media. He highlighted the exceptional work at Boyer, Australia’s sole factory producing publication paper.

“Congratulations to everyone at Norske Skog Boyer – truly the papermaker to the nation,” New Norfolk News wrote.

Capital Markets Day

In November, we hosted a Capital Markets Day to inform investors and the financial community on our strategy.

CEO Geir Drangsland and other members of our management group presented strategy, market trends, production facilities and our on-going move into the growing packaging market and the accompanying revenue and earnings growth that we expect over the next three years.

Environmentally-friendly shipping

In December, we welcomed the climate-friendly hybrid ship Hagland Premier to Skogn. The new hybrid ship, equipped with a massive onboard battery, transforms timber transportation and harbour operations while significantly reducing emissions.

Typically, this ship carries 3500 m^3 of timber, equivalent to 85 timber-laden trucks. Cutting emissions at our mills and in our transportation is crucial in achieving our goals for sustainable paper production.

Prime minister visits Norske Skog Saugbrugs

Norway's prime minister, Jonas Gahr Støre, visited Norske Skog Saugbrugs in May and studied ongoing innovation projects. Saugbrugs has supplemented its traditional paper production with environmentally friendly bioproducts CEBICO and CEBINA, as well as biogas production.

Mr Støre praised Norske Skog's Saugbrugs efforts in the green transition. "This is a great example of good forces collaborating to get Norway through the transition," he said.

Newsprint is not only for news

For instance, In East Africa, newsprint is used as an affordable material to make exercise books for schools.

Norske Skog supplies this market from our mill in Skogn, Norway.

The photos are from our customer Jamana Printers in Tanzania, the largest exercise book manufacturer in East Africa. They turn rolls of newsprint from Norske Skog Skogn AS into school supplies for students. We value all our customers, but it is especially gratifying to contribute to the education of young people!

First commercial deliveries of containerboard

In May, Norske Skog Bruck announced the first commercial deliveries of containerboard for the packaging market, introducing our new Strato brand to the market.

This represents the introduction of 210 000 tonnes of competitive containerboard capacity to meet the growing demand for renewable and reusable packaging. The production is fully based on recycled fibre and will use steam from our waste-to-energy plant which opened in April 2022.

Opening ceremony at Norske Skog Bruck

In June, we were excited to host the grand opening ceremony for containerboard production at Norske Skog Bruck.

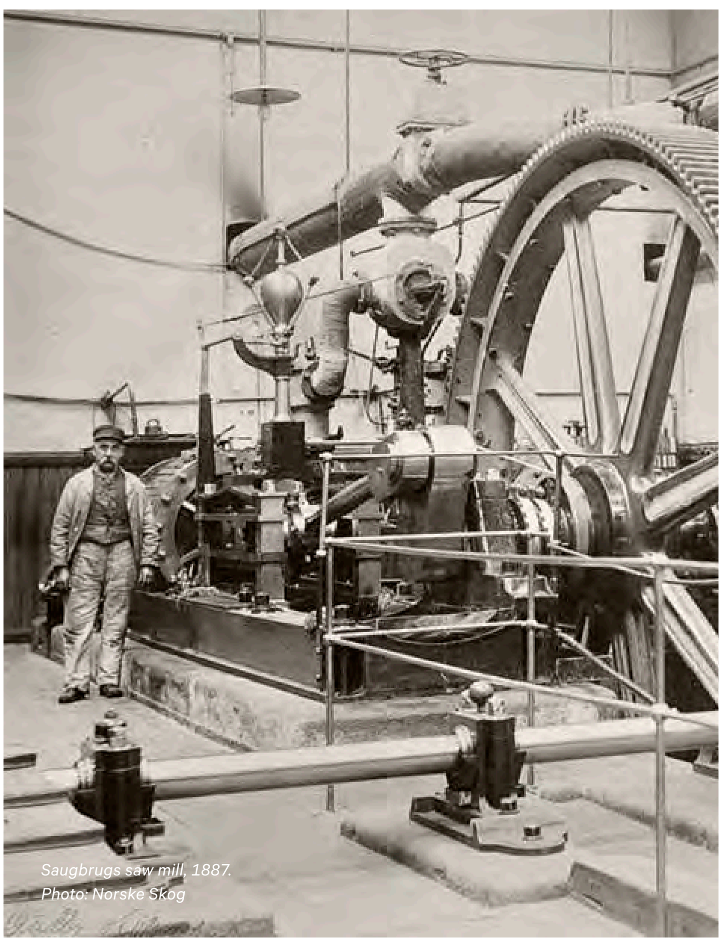
Press, investors, high level politicians and other interested parties were invited to the ceremony, which marked Norske Skog's entry into a market that is in a long-term growth trend. Norske Skog started delivery of containerboard to customers in the second quarter of 2023. Full production utilisation of 95 percent is expected in the second half of 2025.

The history of Norske Skog

Norske Skog was established in 1962, but our Boyer, Bruck and Saugbrugs mills have been in operation much longer. Until the 1990s, the company grew in Norway, acquiring businesses in pulp, paper and wood-based construction materials.

Through the nineties, Norske Skog expanded internationally, first with the construction of a mill in France and later through acquisitions of other newsprint and magazine paper companies all over the world. The activities within other paper grades, market pulp, energy and construction materials were sold off. In recent years, the company has entered into the recycled containerboard market, and several projects related to energy and bio products.

As of 2023, Norske Skog has five mills in four countries and is one of the world's largest producers of publication paper to newspapers, magazines, periodicals and for advertising purposes. Norske Skog is listed on the Oslo Stock Exchange, and had 2 161 employees at year-end 2023.

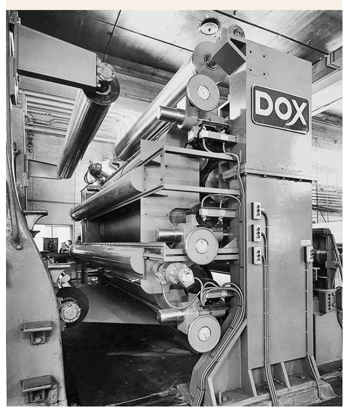


Saugbrugs saw mill, 1887.
Photo: Norske Skog

Expansion in Norway
1970 - 1990

1962

Norske Skog was established by Norwegian forest owners. The purpose was to exploit timber resources in central Norway, and a newsprint mill was built at Skogn, starting production in 1966.



Global expansion
1991 - 2005

1992

Expansion outside Norway, Start-up of production in Golbey in France, our first business outside of Norway.

1996-1997

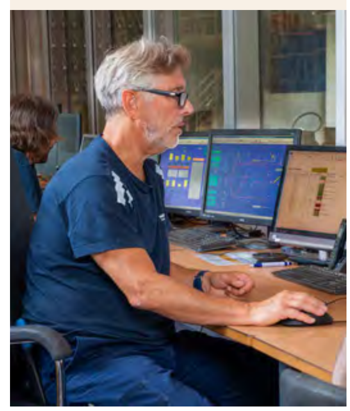
Purchase of paper mills in Austria and the Czech Republic.

2000

Sale of pulp mills in Norway. Purchase of Fletcher Challenge Paper in New Zealand, a firm with operations in Australasia, South America, Canada and Asia.

2001

Purchase of mills in Germany and the Netherlands. Comprehensive restructuring of the business, and divestment of activities outside the defined core area of newsprint and magazine paper.



Comprehensive restructuring 2005 - 2014

2006
Five newsprint machines shut down, shares in the Canadian business sold.

2008
Sale of two mills in South Korea, sale of property, shut-down of two paper machines in Europe.

2009
Sale of two mills in China, shut-down of one paper machine in Europe.

2012
Sale of two mills in Chile and the Netherlands, shut-down of Follum paper mill in Norway.

2013
Sale of two mills in Brazil and Thailand. Two machines idled at Tasman and Walsum.

2014
Ramp-up of a converted newsprint machine to LWC-products at Norske Skog Boyer in Australia.

Financial restructuring 2015 - 2018

2015
Closure of the Walsum mill in Duisburg, Germany.

2017
The Royal Highness King Harald of Norway officially opened new biogas facility at Saugbrugs.

Norske Skogindustrier ASA was delisted from the Oslo Stock Exchange, and the mill portfolio continued by Norske Skog AS.

2018
New beginning with Oceanwood purchasing the shares in Norske Skog AS, which included all the mills.

New beginning 2019 - 2021

2019
New three-leg strategy within publication paper, packaging paper, and bio and energy related products.

Norske Skog ASA was listed on the Oslo Stock Exchange.

2020
Sale of the Norske Skog Albury mill in Australia and the forest in Tasmania. Establishing commercial activities within nanocellulose and expansion in biopellets.

2021
Closure of the Norske Skog Tasman mill in New Zealand. Expansion into biocomposites and starting construction of a waste-to-energy plant at Norske Skog Bruck. Financing the conversion of two newsprint machines at Norske Skog Bruck, and Norske Skog Golbey into containerboard production.

Execution of new strategy

2022
Sale of Nature's Flame 90 000 tonnes pellets facility in New Zealand. Start-up waste-to-energy plant at Norske Skog Bruck. At Norske Skog Saugbrugs, a 500 tonnes bio-composite pilot plant was officially opened by the Norwegian Trade and Industry Minister Jan Chr. Vestre. During 2022, the Norwegian based Byggma AS and Drangsland Kapital AS became the largest shareholder group in Norske Skog.

2023
Norske Skog Bruck commenced recycled packaging paper production in the first quarter of 2023. The production capacity of containerboard at Norske Skog Bruck will be 210 000 tonnes per year. Oceanwood sold all of its shares in Norske Skog.

2024
At Norske Skog Skogn, a new thermomechanical pulp (TMP) line will commence, substituting long-transported recovered paper with local fresh fibre, thus reducing the CO_2- and nitrogen emissions. In the second half, Norske Skog Golbey will commence containerboard production with a total capacity of 550 000 tonnes. The Green Valley Energie (GVE) joint venture at Norske Skog Golbey will start production at the largest bio energy plant of its kind in France.

Timber terminal at Norske Skog Saugbrugs, Halden, Norway.
Photo: Stein Johnsen


LIEBHERR

Norske Skog Golbey

conversion from newsprint to packaging paper

Here are some pictures from Norske Skog Golbey conversion projects. Films that follow the development of Golbey industrial site can be seen on Norske Skog's Linkedin account.

Wearhouse.
Photo: Cyrielle Nussbaum

Methylene scrubber and ash silo
Photo: Michel Nicolas

Packaging paper machine
Photo: Cyrielle Nussbaum

Labelling robot
Photo: Gregory Guillaume

Treatment plant
Photo: Michel Nicolas

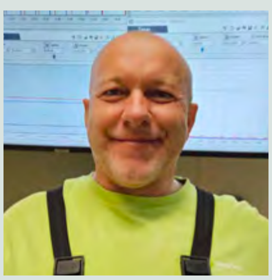
Get to know some of our colleagues

Siri Victoria Johansen, aged 30, embarked on her career journey at Norske Skog Skogn as an adult apprentice in chemistry processes, dedicating four years to the company. Fascinated by the allure of shift work and seeking a new experience in the industry, she chose Norske Skog, a decision she never regretted. Siri relishes the unpredictability of her workdays, where tasks range from operating machinery to maintenance duties, fostering an environment of constant engagement.

She values the company's informal culture, which encourages open communication among colleagues. Looking ahead, Siri hopes Norske Skog maintains its reputation as a workplace with supportive leadership and prioritizes a positive work environment, fostering employee well-being and camaraderie.

Ines Lenger, aged 24, embarked on her career journey at the age of 15 with an apprenticeship as a hairdresser, followed by another as a fitness trainer. Despite finding joy in these roles, she yearned for further career changes. In 2022, she seized an opportunity in production at Norske Skog Bruck, where she has been working on paper machine 4 in the finishing department for nearly 1.5 years.

Ines was drawn to Norske Skog for its fixed working hours, better pay, and predictability. She values the supportive team environment, where everyone lends a helping hand, and the egalitarian relationship between supervisors and employees. Looking ahead, she envisions Norske Skog as a diverse, employee-focused company with strong teams across all divisions, prioritizing environmental protection and customer satisfaction.



Martin Leodolter, aged 56, boasts over 30 years of tenure at Norske Skog Bruck. Initially trained as a car technician, he transitioned to Norske Skog after a recommendation from an active employee. Impressed by the company's ethos and after a positive interview experience, Martin joined as a pre-grinder in the pressure grinding shop.

He appreciates the 5-shift system and values the camaraderie among his colleagues. Looking ahead, Martin hopes Norske Skog maintains its grounded, safe, and honest reputation, emphasizing the importance of retaining these qualities in the company's future endeavors.

Robert Colin, aged 61, possesses a BTEC in Agriculture (Level 1) and has been employed as a newsprint line technician on the day shift at Norske Skog Golbey since 2010, amassing 33 years of service since June 3, 1991. Transitioning from agriculture due to challenging conditions and low pay, Robert doubled his salary upon joining Norske Skog Golbey, a factor that significantly influenced his decision.

He values the continuous learning environment provided by the complex paper machine, highlighting the company's project-oriented culture and diverse team dynamics as sources of enjoyment. Looking to the future, Robert hopes Norske Skog maintains its success and leadership position in the industry, regardless of the specific sector, aiming for continued prosperity akin to the past 30 years.

Bernhard Ryavec, aged 44 and residing in Mixnitz near Bruck, initially pursued a degree in sports science before transitioning to a career in a private clinic. Intrigued by the opportunity for professional growth, he joined Norske Skog Bruck after a recommendation from a friend who highlighted the favorable working conditions. Bernhard has been stationed on paper machine 3 for 2.5 years.

He appreciates Norske Skog's positive management-employee relationships, shift system, and social benefits. Looking ahead, Bernhard envisions Norske Skog Bruck as a leader in sustainable paper and containerboard production, emphasizing environmental responsibility as a key aspect of the company's future trajectory.

Håkon Vinne, aged 40, has dedicated 8 years to Norske Skog Skogn, currently serving as a logistics coordinator. His initial curiosity about the company's operations led him to join, drawn by the mystery shrouding its activities. Over time, he gained insight into Norske Skog's inner workings and developed a deep appreciation for the company's presence and reputation.

Håkon values the camaraderie among his colleagues and cherishes the autonomy he enjoys in his role, preferring it to micromanagement. Looking ahead, he envisions an exciting future for Norske Skog, hopeful that the company will adapt to changing markets while continuing to innovate and produce, even if the products evolve beyond traditional newspapers.

Photo: Carsten Dybevig

Navigation through uncertain waters

Norske Skog is facing challenges, but also opportunities ahead. As a company characterized by the ability to handle adversity, we carry an optimistic view of the future.

Even in the face of falling prices for paper and packaging, the entire organization has shown a remarkable ability to adapt to changing market conditions. Swift and innovative adjustments have been the key to navigating through tough times. Through mechanical upgrades and efficient production, we have managed to maintain competitiveness while creating space for new initiatives.

The unexpected rockslide at Norske Skog Saugbrugs in April came as a shock to us. Fortunately, we were spared physical injuries, but it is evident that such an event was traumatic for the employees at Saugbrugs, especially for those who experienced it up close. As a leader, I feel a great responsibility to ensure that we process the accident, but also that during the cleanup and rebuilding process, we seek out new business opportunities. The insurance settlement will give us the strength to explore new growth opportunities for Saugbrugs.

Thanks to diligent efforts, we managed to reopen PM5 at Saugbrugs and deliver quality paper to our loyal customers after just 6 months. The incident has strengthened the bonds between the company and the community it serves, reflecting Norske Skog's commitment to being a reliable partner, especially for our customers in both good and difficult times.

Despite many business challenges in 2023, as the largest shareholder and CEO, I have chosen to implement extensive changes in the corporate management. The goal is to achieve greater breadth of expertise and renewal, which will be crucial going forward. The new leaders bring fresh perspectives and strategies that will enhance the group's ability to adapt to an ever-changing business landscape. This marks our commitment to innovation and growth for Norske Skog.

The company is now in a phase where we are implementing major production changes with the conversion of newsprint machines to packaging at Bruck and Golbey, the commissioning of a 50 MW incineration plant at Bruck, and participation in France's largest bioenergy plant at 125 MW, which will open during the year.

While the conversion at Bruck followed both the schedule and approved budgetary limits, unfortunately, we experienced significant budget overruns at Golbey. Such overruns are unfortunate for our financial reputation and result in lower profitability on the invested capital. We look forward to successfully completing the rest of the project by the opening of the 550 000 tonnes packaging machine in second half of 2024.

Together, these conversions will amount to more than 5 billion Norwegian kroner. Even with these investments behind us, we will create new growth opportunities for the Norwegian factories. The Skogn mill is currently one of

> *I envision Norske Skog becoming a Norwegian pioneer in timber utilization, which, along with power, is the core of our business. One of our strengths will be being prepared to handle constantly shifting market landscapes.*

Europe's most productive and cost-effective factories, enabling continued production of newsprint with three machines. Currently, there is a transition in production by increasing pulp capacity and more use of locally sourced timber. This will result in lower emissions of greenhouse gases both in the production process and due to shorter transportation distances for the raw material.

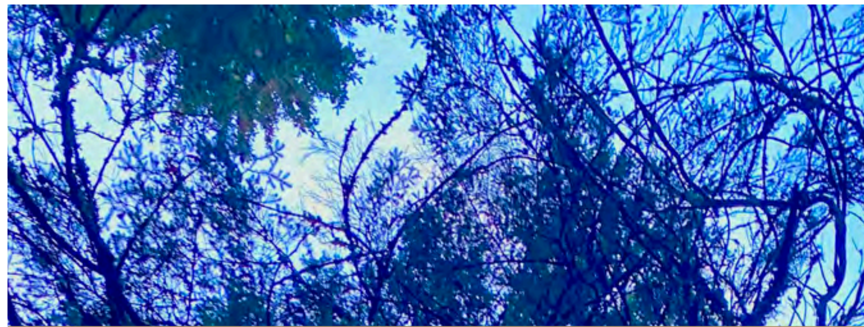
We aim to facilitate the large industrial area at Fiborgtangen for regional and circular low-emission industries, where our waste heat from the production process is used for energy purposes in the new industrial park.

I envision Norske Skog becoming a Norwegian pioneer in timber utilization, which, along with power, is the core of our business. Despite the challenges we experienced in 2023, I am cautiously optimistic that 2024 will be characterized by innovation, sustainability, and growth opportunities. One of our strengths will be being prepared to handle constantly shifting market landscapes. We will maintain efficient cost management and improve our commercial approach going forward.

No achievement is possible without dedicated employees, and at Norske Skog, we have prioritized the well-being and development of our teams. Through training programs, diversity-promoting initiatives, and support for the communities where they operate, the group has built a strong, inclusive culture that reflects the value of human capital.

My family and I have invested substantially in Norske Skog because we believe in the products, the company and the industry. The future looks bright, and the Norske Skog teams in Europe and Australia are ready to shape it with strength and courage. With our skilled leaders, highly competent employees, and dedicated representatives, we will navigate through uncertain waters to become a driving force in the pulp, paper and packaging industry.

Geir Drangsland
CEO



We create green value from sustainable fibre and energy for the benefit of all stakeholders.

STRATEGY

Publication paper
Improve and optimise publication paper cash flows

Packaging paper
Become an independent and leading European producer of renewable packaging paper

Bio products and energy
Diversify and innovate within bio products

Intergration
Intergrating vertically in the entire value chain

OPERATIONAL EFFICIENCY AMBITIONS

Achieve an EBITDA margin over the cycle	+15%	*Achieved in 2023, 15.8%*
Maintain an operating rate of	95%	*Achieved in 2023, 82%*

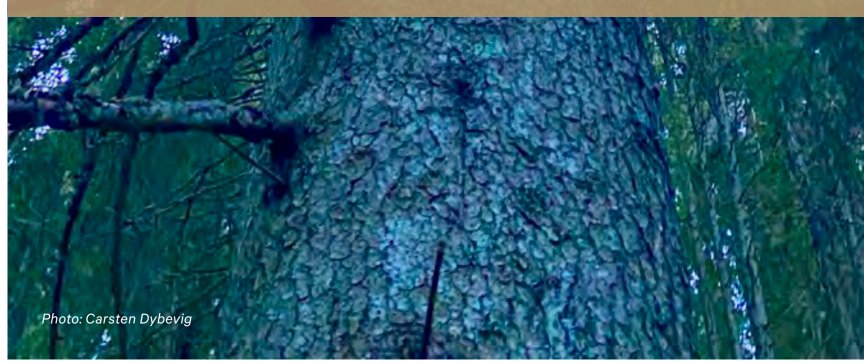


Photo: Carsten Dybevig

Board of directors

ARVID GRUNDEKJØN (1955)
Chair since 2023, Board member since 2018

Current election period: Elected Board member on 20 April 2023, for a two-year period (2023-2025)

Independent: Yes

Residence: Oslo, Norway

Education: Executive programme, Harvard Business School (USA), Master of Law, University of Oslo (Norway), Master of Business and Economics, Norwegian School of Economics (Norway)

Position: Investor and professional board member

Directorships: Currently on 18 different boards of directors, ao. Chair of Infima AS, Chair of Creati Estate AS, Chair of Cardid AS, Chair of Stiftelsen Fullriggeren Sørlandet, Board Member KLP Eiendom, Chair of AKO Art Foundation and Chair of Strømme Foundation

Shares in Norske Skog ASA:
Owns and/or controls 41 617 shares

Synthetic options: 0

CHRISTOFFER BULL (1976)
Board member since 2023

Current election period: Elected Board member on 20 April 2023, for a two-year period (2023-2025)

Independent: Yes

Residence: Oslo, Norway

Education: Maitrise de Sciences Economiques (Master of Economics) from Université des Sciences Sociales Toulouse 1, France (incl. one term in Sydney, Australia), and a Management Programme from HEC Paris, France

Position: CEO Greenbit Energy AS

Directorships: Subsidiaries in the Greenbit group

Shares in Norske Skog ASA:
Owns and/or controls 0 shares

Synthetic options: 0

JOHANNA LINDÉN (1974)
Board member since 2022

Current election period: Elected Board member on 21 April 2022, for a two-year period (2022-2024)

Independent: Yes

Residence: Gothenburg, Sweden

Position: CEO Petro Bio AB (Gothenburg, Sweden)

Education: Master of Science, Chemical Engineering, Chalmers University of Technology (Gothenburg, Sweden)

Directorships: Board Member Swedish Bioenergy Association, Svebio (Sweden)

Shares in Norske Skog ASA:
Owns and/or controls 2 500 shares

Synthetic options: 0

TRINE-MARIE HAGEN (1977)
Board member since 2019

Current election period: Elected Board member on 20 April 2023, for a two-year period (2023-2025)

Independent: Yes

Residence: Oslo, Norway

Position: Group CFO Felleskjøpet Agri SA

Education: Four-year programme in economics and business administration consisting of three years at bachelor/undergraduate level and one year at master/graduate level, Norwegian School of Economics, Bergen (Norway)

First section of law studies, University of Bergen (Norway)

Directorships: Subsidiaries of Felleskjøpet Agri SA and Bane NOR Eiendom AS

Shares in Norske Skog ASA:
Owns and/or controls 0 shares

Synthetic options: 0

Observers

ASBJØRN ANDRÉ DYPDAHL (1972)
Observer since 2023

Position: Main employee representative Norske Skog Skogn. Winder operator Norske Skog Skogn

TORE CHRISTIAN ØSTENSVIG (1976)
Observer since 2022

Position: Main employee representative Norske Skog Saugbrugs. Line operator pulp (TMP) mill at Norske Skog Saugbrugs

Corporate management

GEIR DRANGSLAND (1962)
Chief Executive Officer
from 1 September 2023

Professional experience:
CEO in Byggma ASA

CFO in Avantor AS, Elkjøp Norway AS and Idun Industri AS

Education:
Master of Business Administration, BI Norwegian Business School (Oslo, Norway)

Directorships: Numerous subsidiaries in Byggma and Norske Skog group

Shares in Norske Skog ASA:
Owns and/or controls 22 274 079 shares

Synthetic options: 272 000

TORD STEINSET TORVUND (1990)
Chief Financial Officer
In Norske Skog since 2020

Professional experience:
Auditor in KPMG AS

Various summer internships at Kværner ASA, Norsk Hydro ASA and REC Silicon ASA

Education:
Master of Accounting and Auditing, Norwegian School of Economics (Bergen, Norway)

Master of Financial Economics, Norwegian School of Economics (Bergen, Norway)

CEMS Master of International Management, Norwegian School of Economics (Bergen, Norway) and St. Petersburg State University (Russia)

Shares in Norske Skog ASA:
Owns and/or controls 4500 shares

Synthetic options: 176 000

EVEN LUND (1992)
Vice President Corporate Finance
In Norske Skog since 2020

Professional experience:
Investor Relation Manager, Norske Skog

Associate Corporate Finance, ABG Sundal Collier

Education:
Master of Financial Economics, Norwegian School of Economics (Bergen, Norway)

Shares in Norske Skog ASA:
Owns and/or controls 0 shares

Synthetic options: 176 000

EINAR BLAAUW (1980)
Senior Vice President General Counsel
In Norske Skog since 2014

Professional experience:
Vice President Legal, Norske Skog

Attorney, Advokatfirmaet Thommessen

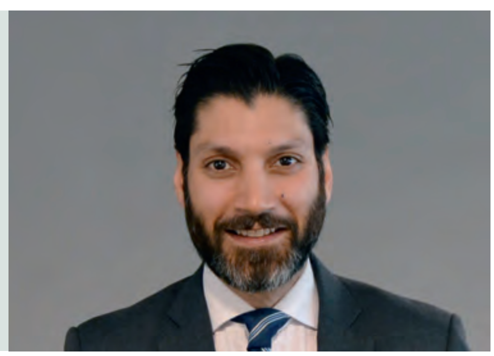
Attorney, Clifford Chance

Education:
Attorney Practicing Certificate (Norway)

Master of Laws, University of Bergen (Norway)

Shares in Norske Skog ASA:
Owns and/or controls 0 shares

Synthetic options: 232 000



ROBERT A WOOD (1962)
Senior Vice President Commercial
In Norske Skog since 1987

Professional experience:
Vice President Commercial

Managing Director Central European Hub

Vice President European Sales

General Manager Norske Skog PanAsia (Shanghai)

Various positions in Commercial Consulting Co. Ltd. (China), Herald and Times (Glasgow), Strathclyde Police (Glasgow)

Education:
Bachelor of Science (1st Class Hons), University of Strathclyde (Scotland

Shares in Norske Skog ASA:
Owns and/or controls 5 263 shares

Synthetic options: 291 000

Share information

INTRODUCTION

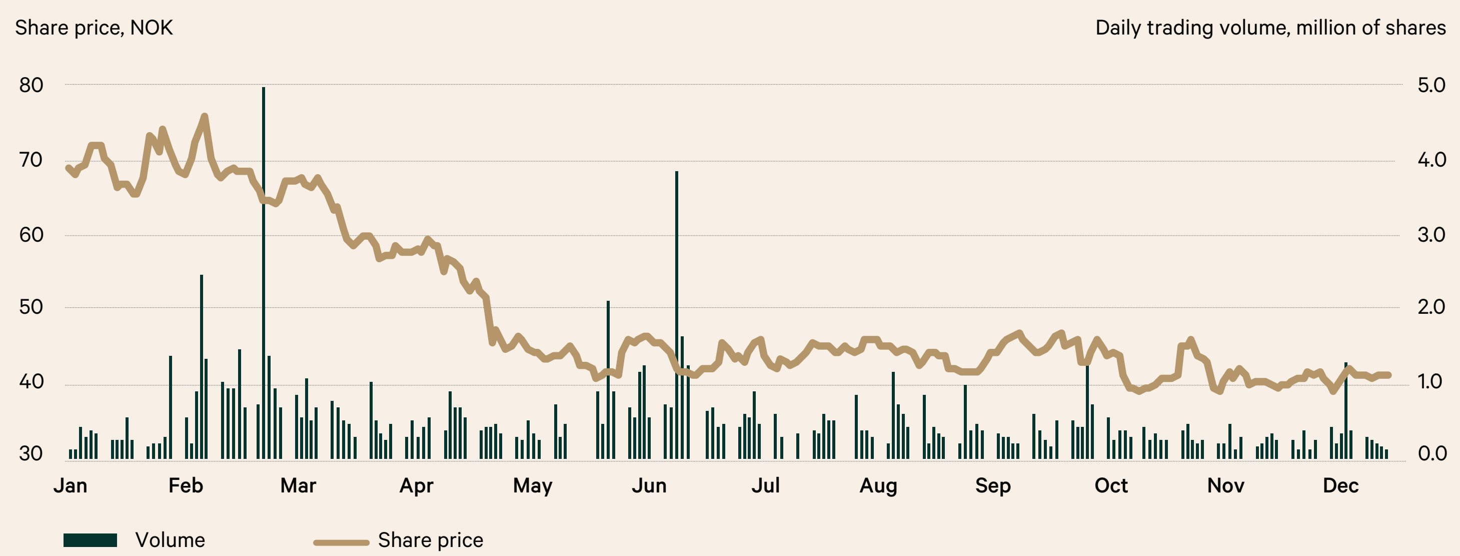
Norske Skog aims to provide long-term value growth and an attractive return for its shareholders which exceeds that of relevant investment alternatives, this ambition will be supported by a responsible capital allocation strategy and a conservative capital structure. Norske Skog is listed on the Oslo Stock Exchange where it trades under the ticker code NSKOG.

The Norske Skog corporate management and board of directors are committed to serving all shareholders and potential new investors with consistent, accessible, and immediate disclosure of relevant information through the Oslo Stock Exchange, media, and financial newswires. Norske Skog has a policy of equal treatment of all stakeholders to the group.

SHARES AND SHARE CAPITAL

On 31 December 2023, the share capital of Norske Skog was NOK 377 058 820, consisting of 94 264 705 shares each with a par value of NOK 4.00. All shares have equal rights and are freely transferable.

The Norske Skog share price was NOK 41.40 on 29 December 2023, representing a market value of approximately NOK 3 903 million. The return for 2023 was negative NOK 25.85 or negative 38.4 percent. The Oslo Stock Exchange Benchmark Index (OSEBX) had a return of positive 9.9 percent in 2023. For Norske Skog, the highest share price in 2023, based on close-of-trading, was NOK 75.80 on 7 February, and the lowest price was NOK 39.06 on 13 November. Norske Skog paid a dividend of NOK 0.67 per share during the year.



VOLUME

In 2023, 148 672 133 Norske Skog shares were traded in the market, equivalent to a turnover of NOK 8 130 million. The average daily trading volume was 592 319 shares. This volume excludes 9 426 470 repurchased shares in the period from July to November.

DIVIDEND POLICY AND PROPOSAL

Norske Skog's dividend policy is to pay dividends reflecting the underlying earnings and cash flow while ensuring efficient capital allocation in the group. When deciding the dividend level, the board of directors will among other things take into consideration capital expenditure plans, financing requirements and maintaining the appropriate strategic flexibility of the group.

Dividend payments are restricted under the group's financing facilities of maximum up to 50% of net profit for the previous financial year, subject to an incurrence test, maximum leverage ratio of 1.50x following dividend payment, being met and only after 31 July 2025.

The board of directors requested and was granted by the Annual General Meeting in 2023 the authority to pay a dividend of NOK 5.00 per share for the financial year 2022, in aggregate an amount of NOK 472 million. The shareholder distribution was approved by certain lenders waiving restrictions on shareholder distributions. The board of directors decided to implement the shareholder distribution as a share repurchase programme of up to 10% of the share capital, which resulted in share repurchases of approximately NOK 415 million. Upon completion of the repurchase programme, a dividend of NOK 57 million (NOK 0.67 per share) was announced, reaching the limit of shareholder distributions approved by certain lenders.

LONG-TERM INCENTIVE PROGRAMME

The board of directors has approved a synthetic option programme for senior executive employees in Norske Skog. By end of 2023, 2 927 000 synthetic options had been awarded. The programme is described in the guidelines for determining salary and other remuneration to leading personnel, which are available on company's website www.norskeskog.com.

FUNDING AND CREDIT QUALITY

Maintaining a strong financial position is considered an important risk mitigating factor, supporting Norske Skog's possibilities for strategic development of its businesses. Access to external financial resources is required to maximise value creation over time, balanced with acceptable risk exposure. Norske Skog targets, freely available and unrestricted cash and cash equivalents of minimum NOK 100 million, EBITDA to net interest costs of minimum 2.0:1, and book equity to total assets of minimum 25%, see Note 28 Interest-bearing liabilities in the consolidated financial statements.

MAJOR SHAREHOLDERS AND VOTING RIGHTS

Geir Drangsland is the controlling shareholder of Investor AS. The company's largest shareholders, Byggma ASA and Drangsland Kapital AS are under common control of Investor AS and the three companies holds 22 775 079 shares combined, corresponding to a 24.2% ownership share.

On 31 December 2023, the foreign ownership was 17.01%. Based on the information in the Norwegian Registry of Securities, Norske Skog had a total of 14 124 shareholders on 31 December 2023 of which 244 resided outside of Norway.

SHAREHOLDING INTERVAL	NO. OF SHAREHOLDERS	NO. OF SHARES	% OF SHARE CAPITAL
1 - 100	4 940	180 583	0.19
101 - 1 000	5 688	2 437 569	2.59
1 001 - 10 000	2 898	9 601 414	10.19
10 001 - 100 000	528	14 862 792	15.77
100 001 - 1 000 000	57	16 771 727	17.79
above 1 000 000	13	50 410 620	53.48
Total	**14 124**	**94 264 705**	**100.00**

SHAREHOLDER CITIZENSHIP	NO. OF SHAREHOLDERS	NO. OF SHARES	% OF SHARE CAPITAL
Norway	13 880	78 226 052	82.99
Luxembourg	14	7 238 389	7.68
United States	26	2 014 685	2.14
Ireland	37	1 669 989	1.77
Sweden	35	1 267 469	1.34
United Kingdom	34	1 221 525	1.30
Denmark	29	799 276	0.85
Belgium	6	744 460	0.79
Germany	11	491 443	0.52
Switzerland	9	283 073	0.30
France	11	73 371	0.08
Cyprus	2	65 000	0.07
Singapore	4	59 201	0.06
Finland	2	53 891	0.06
Spain	4	23 140	0.02
Italy	2	15 800	0.02
The Netherlands	3	4 490	0.00
Australia	2	2 950	0.00
Estonia	3	2 540	0.00
Oman	1	2 000	0.00
Other	9	5 961	0.01
Total	**14 124**	**94 264 705**	**100.00**


Photo: Carsten Dybevig

FINANCIAL CALENDAR

Norske Skog reserves the right to revise these dates.

22 March 2024:	Annual Report
11 April 2024:	Annual General Meeting
19 April 2024:	Quarterly Report - Q1
12 July 2024:	Quarterly Report - Q2
18 October 2024:	Quarterly Report - Q3
07 February 2025:	Quarterly Report - Q4

2023 ANNUAL GENERAL MEETING

The Norske Skog Annual General Meeting for 2023 will be held on Thursday 11 April 2024, at 13:00 CET. Shareholders who wish to attend are asked to follow the instructions on the Notice of Annual General Meeting and to inform the registrar by 16:00 CET on Monday 1 April:

DNB Bank ASA
Registrar's Department
P.O. Box 1600 Sentrum
N-0021 Oslo, Norway

You may also register electronically on our website www.norskeskog.com or via VPS Investor Services. Any shareholder may appoint a proxy with written authority to attend the meeting and vote on his or her behalf. The meeting will be held online.

ANALYST COVERAGE

ANALYST	TELEPHONE
ABG Sundal Collier	+47 22 01 60 00
Arctic Securities	+47 21 01 31 00
Carnegie	+47 22 00 93 00
DNB Markets	+46 91 50 48 00
Pareto Securities	+47 22 87 87 00
Sparebank 1 Markets	+47 24 14 74 00

Stéphanie Morel, aged 35, holds a BTEC Higher National Diploma and an Engineer's degree in Water Treatment. She serves as the Wastewater Treatment Plant Manager at Norske Skog Golbey, with a tenure of one and a half years. Transitioning from a decade-long career in industry, Stéphanie sought a role that combined technical expertise with her passion for water treatment. Norske Skog provided the perfect opportunity, blending industrial and technical dimensions with wastewater treatment, fulfilling her professional aspirations.

Stéphanie finds fulfillment in the dynamic nature of her role, requiring multi-skilling and frequent interaction with colleagues. She appreciates the technical complexity inherent in managing drinking water and sanitation systems, a facet absent in municipal water management roles.

Looking ahead, Stéphanie envisions Norske Skog successfully transitioning to containerboard while maintaining competitiveness in the newsprint market. She aspires for the company to lead in ecological initiatives, particularly in effluent treatment, striving for excellence in water recycling and overall water management.

Photo: Carsten Dybevig

INFORMATION FROM NORSKE SKOG

Communicating with the stock market is given high priority, and Norske Skog aims to maintain an open dialogue with market participants. Our objective is to provide sufficient information on a timely basis to all market participants to ensure a fair valuation of our shares. Information that is considered price sensitive is communicated by news releases and stock exchange announcements. We host regular meetings for investors, both in-person and virtually. All information about Norske Skog is published on our website: *www.norskeskog.com*.

Our annual and quarterly reports are available on *www.norskeskog.com*. Printed version of the annual and quarterly reports can be received at our office at Sjølyst Plass 2, 0278 Oslo, Norway.

Three weeks before the announcement of quarterly results, Norske Skog practices a "silent period", meaning that contact with external analysts, investors and journalists is limited. This is done to minimise the risk of information leaks and potentially unequal information in the marketplace.

SHARE PRICE	2019	2020	2021	2022	2023
Share price high (close-of-trading), NOK	43.99	44.00	43.00	75.70	75.80
Share price low (close-of-trading), NOK	37.00	24.10	29.30	37.30	39.06
Share price average (volume weighted average price), NOK	38.42	31.98	35.14	56.60	54.04
Share price year-end, NOK	43.70	38.70	38.40	67.25	41.40
Dividend paid per share, NOK	0.00	6.25	0.00	0.00	0.67
Market capitalisation year-end, NOK million	3 605	3 193	3 620	6 339	3 903
Volume (excluding off-market transactions and share repurchases)					
Number of shares traded, million	10.68	38.05	90.99	125.23	148.67
Turnover, NOK million	427	1 217	3 186	6 951	8 130
Number of trades	12 359	68 834	166 577	267 136	265 213
Number of trading days	49	252	252	253	251
Average daily number of shares traded	217 995	150 983	361 074	494 995	592 319
Average daily turnover, NOK million	8.7	4.8	12.6	27.5	32.4
Average daily number of trades	252	273	661	1 056	1 057
Shareholders					
Non-Norwegian ownership year-end, % share	15.74	9.70	27.89	30.20	17.01
Shareholding interval 1 - 100, % share	0.02	0.07	0.09	0.15	0.19
Shareholding interval 101 - 1 000, % share	0.64	1.41	1.62	1.76	2.59
Shareholding interval 1 001 - 10 000, % share	1.65	4.51	6.09	5.43	10.19
Shareholding interval 10 001 - 100 000, % share	3.63	6.29	9.11	9.28	15.77
Shareholding interval 100 001 - 1 000 000, % share	19.75	9.28	24.27	24.52	17.79
Shareholding interval above 1 000 000, % share	74.32	78.44	58.82	58.86	53.48
Top 5 shareholders, % share	71.77	72.02	42.21	45.77	42.11
Top 10 shareholders, % share	77.74	79.47	51.32	54.38	50.09
Top 15 shareholders, % share	82.50	83.20	57.73	59.92	55.13
Top 20 shareholders, % share	85.66	85.26	62.89	64.28	58.47
Top 25 shareholders, % share	88.14	86.63	66.91	67.70	61.16
Top 30 shareholders, % share	89.82	87.58	70.21	70.25	63.46
Number of shareholders	2 120	5 322	7 615	9 677	14 124
Outstanding shares year-end	82 500 000	82 500 000	94 264 705	94 264 705	94 264 705

About Norske Skog's operations

SUMMARY

Norske Skog is a 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 2 161 employees, is headquartered in Norway and listed on the Oslo Stock Exchange under the ticker NSKOG.

Norske Skog's strategy has been somewhat changed during the year from a three leg to a four leg strategy. Partly because of new main owner, and partly because of changed focus among main players, especially upstream, in the value chain. The new strategic leg is to keep an option to vertically integrate in up- and downstream activities if relevant to secure long-term competitiveness for the main fibre processing activities.

NORSKE SKOG HAS ADOPTED THE FOLLOWING BUSINESS STRATEGY:

- Improve and optimise publication paper cash flows
- Become a leading and independent European producer of renewable packaging paper
- Diversify and innovate within bio-products
- Integrate vertically within the entire value chain

PUBLICATION PAPER – *IMPROVE AND OPTIMISE*

The group's newsprint paper products include standard and improved grades, while the group's magazine paper products comprise uncoated super-calendared paper ("SC") and lightweight coated paper ("LWC"). The end uses of the group's products are mainly newspapers and magazines, but also include catalogues, inserts and flyers, supplements, free-sheets, directories, direct mail, brochures, and book paper. The group sells its products under well-known brands, including Nornews, Norbright, NorX, Norstar, Norcote, NorSC, Norbook, and Vantage.

The group's customers include publishers of leading newspapers and magazines in Europe, Australasia, and the rest of the world. The group has longstanding relationships with several of its largest customers. In Europe, the group serves a diversified customer base including internationally recognised publishers, retailers, and commercial printers, with the top 15 customers representing approximately 40% of the revenue.

The group's market shares based on production capacity for newsprint, SC magazine paper and LWC magazine paper in Western Europe are approximately 25%, 9% and 6% respectively, according to PPPC. In Australasia, the group is the sole producer of publication paper, but the group estimates a market share in terms of publication paper deliveries of approximately 75% for newsprint and 65% for magazine paper.

PACKAGING PAPER – *LEADING INDEPENDENT PRODUCER*

Following the completions of the conversions of two newsprint machines, one at Norske Skog Bruck and one at Norske Skog Golbey, Norske Skog will become an independent European producer of recycled containerboard. In 2023, Norske Skog commenced production on the 210 000 tonnes containerboard machine at Norske Skog Bruck. In 2024, Norske Skog Golbey will start production on the 550 000 tonnes containerboard machine. The group has chosen Strato as the recyclable packaging paper product brand name. The commercial team has prepared several promotional activities and campaigns to attract customers to new packaging products. The Skogn mill has delivered inter-liner, a complementary packaging paper product to Strato, on one of its three newsprint machines.

Following the conversions, Norske Skog Bruck and Norske Skog Golbey will have access to renewable energy and will have reduced their carbon footprints to become among the best performers in the industry. The 50 MW renewable waste-to-energy boiler in Austria are operating at almost full capacity delivering heat to the mill and local households.

BIO PRODUCTS – *DIVERSIFY AND INNOVATE*

Norske Skog actively works to realise value from the industrial sites by developing existing infrastructure and industry competence.

The continued development of CEBICO at Saugbrugs progressed well during the year now effectively producing bio-composites for commercial sale. The 300 tonnes pilot-plant at Norske Skog Saugbrugs has enabled a significant increase in the bio-composite quality to selected customers.

Norske Skog has realised commercial sales and proof-of-concept for its CEBINA products. CEBINA is a natural fibre product developed at Norske Skog Saugbrugs, which is suitable in adhesives, paints, and putties, fibreboards and more. In epoxy systems, demonstrations in putty and spray filler have shown great potential with customers.

At the Golbey industrial site, in a joint venture with Green Valley Energie (GVE), a biomass boiler is under construction. The biomass boiler will produce about 200 GWh of electricity and about 700 GWh of renewable heat, thus generating CO_2 savings of about 200 000 tonnes per year. The biomass boiler will ensure a stable, long-term supply of cost-competitive and renewable steam as an alternative to fossil energy sources.

Norske Skog Skogn will in 2024 commence production on the new thermo-mechanical pulp (TMP) line, substituting expensive recovered paper with fresh fibre. The new TMP line will reduce variable costs, significantly reduce NOx and fossil CO_2 emissions, and reduce waste sent to landfill.

INTEGRATE VERTICALLY - *UP- AND DOWNSTREAM WITHIN THE ENTIRE VALUE CHAIN*

Integrating up- and downstream in the value chain offers strategic advantages to Norske Skog in terms of supply chain control, cost reduction, quality assurance, operational efficiency, innovation, market access, and risk diversification, enabling Norske Skog to create value and maintain a competitive edge in the industry.

Double materiality analysis

Double materiality analysis is an approach used in sustainability reporting and corporate governance to assess the impacts of both environmental and social factors on Norske Skog's financial performance (financial materiality), and Norske Skog's impact on society and the environment (impact materiality). Traditionally, materiality analysis in corporate sustainability reporting has focused primarily on impact materiality. However, with the growing recognition of the importance of interaction between finance and sustainability, Norske Skog has now performed a materiality analysis considering not only how we impact broader societal and environmental issues but also how our value creation and financial performance is likely to be impacted by broader societal and environmental issues.

This materiality assessment identifies Norske Skog's most important environmental, social and governance issues from a strategic and reporting perspective. By considering both dimensions of materiality, Norske Skog's board and corporate management have an opportunity to develop more comprehensive sustainability strategies, better manage risks, and enhance transparency and accountability in the reporting. Double materiality analysis helps to align Norske Skog's business activities with broader societal and environmental goals, contributing to long-term value creation and sustainable development.

The stakeholders affect Norske Skog's decisions, activities and thus performance. The key stakeholders include the employees in Norske Skog, local communities where we operate, investors and owners, our customers, and suppliers. Our ongoing interactions and dialogues with stakeholder groups will influence and define the management response. Likewise, altered political decisions will clearly define the conditions under which we operate. One example of stakeholder influence is how customer surveys will directly influence the commercial team's activities and deliveries.

The materiality analysis highlights impacts and areas of business risks but also opportunities fundamental to the group's strategy and will be integrated in daily operations.

THE FOLLOWING ELEMENTS HAVE BEEN VITAL IN OUR DOUBLE MATERIALITY ASSESSMENT:

1. **Financial materiality** – how the world affects Norske Skog's financial position:
   a. **Resource efficiency:** Norske Skog's efficient use of raw materials, energy, and water directly impacts its operational costs and profitability. Innovations in production processes to optimize resource use can improve cost-effectiveness and enhance financial performance.
   b. **Regulatory compliance**: Compliance with environmental regulations and standards is crucial for avoiding fines, legal fees, and reputational damage. Norske Skog's ability to manage regulatory risks affects its financial stability and long-term viability.
   c. **Supply chain resilience:** Risks related to the availability and cost of raw materials, such as wood fibres, recovered paper, water and energy impact Norske Skog's production capacity and profitability. Ensuring a resilient and sustainable supply chain is essential for mitigating financial risks.

2. **Impact materiality** – Norske Skog's influence on the surrounding world, i.e. climate, environment, society, and people:
   a. **Water and air quality:** Norske Skog's operations can affect local water sources and air quality through wastewater discharge and air emissions. Addressing these impacts is essential for minimizing harm to local communities and ecosystems, aligning with broader environmental goals, environmental compliance and maintaining the company's social license to operate.
   b. **Biodiversity and forest management:** Norske Skog's reliance on wood fibres sourced from forests necessitates responsible forest management practices to prevent deforestation, habitat loss, and biodiversity degradation. Engaging in sustainable forestry practices contributes to broader conservation efforts and societal well-being.
   c. **Community engagement and employment:** Norske Skog's operations can have social impacts on local communities, including job creation, economic development, and community well-being. Engaging with stakeholders, supporting local initiatives, and ensuring fair labour practices are vital for fostering positive relationships and contributing to social cohesion.

Photo: Carsten Dybevig

The process

By conducting a double materiality analysis, Norske Skog board and corporate management have identified and assessed key impacts, risks and opportunities that impact both its financial performance and its broader societal and environmental responsibilities. The scope of the assessment is Norske Skog's operations and value chain.

Unexpected events such as the corona pandemic, and fundamental changes in the demand for our products as well as change in legislation and increased expectations from society, especially to environmentally friendly operations, have demanded a thorough risk assessment process. The assessment is based on both external and internal input. A comprehensive process is conducted at the business units annually.

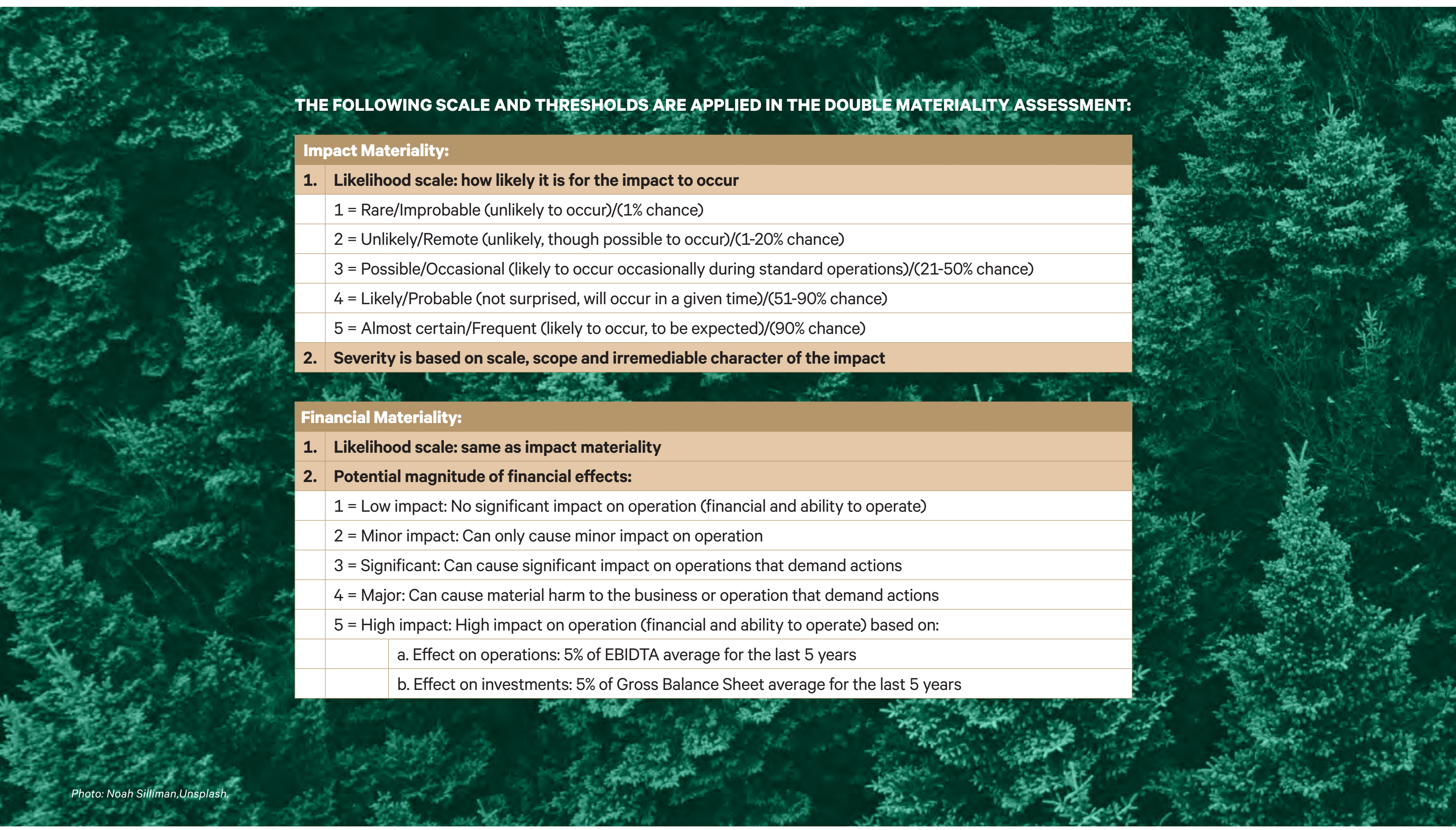
In the impact materiality assessment, the mill's management groups assessed both the likelihood of impact of different GRI topics (positive and negative impact) to occur and related severity if those impacts were to occur. They have scored each GRI-topic from 1-5, both on the likelihood and severity scale over the short (2025), medium (2030) and long-term (2050).

In the financial materiality assessment, the mill's management groups assessed the likelihood of different risk and opportunities to occur and potential magnitude of financial effects. Each risk and opportunity were scored from 1-5 on the likelihood and potential magnitude on financial effect on the short (2025), medium (2030) and long-term (2050).

The score displayed in the tables are the average score for likelihood and severity/potential magnitude of financial effects.

Norske Skog made significant changes in the materiality assessment in 2023 compared to prior years. Updates to the assessment framework in 2023 was done in line with the new ESRS and include integration of double materiality perspective by integrating our TCFD analysis in the process, revision of the thresholds applied for scoring, assessment of impacts, risks, and opportunities over the short, medium, and long-term as well as presentation of the result. In our presentation, we have included GRI and ESRS material topics.

Group management has reviewed the impact, risk and opportunity factors and prepared the necessary operational contingency measures. The analysis and related results have been revised and approved by the corporate management and the board.



THE FOLLOWING SCALE AND THRESHOLDS ARE APPLIED IN THE DOUBLE MATERIALITY ASSESSMENT:

Impact Materiality:		
1.	**Likelihood scale: how likely it is for the impact to occur**	
	1 = Rare/Improbable (unlikely to occur)/(1% chance)	
	2 = Unlikely/Remote (unlikely, though possible to occur)/(1-20% chance)	
	3 = Possible/Occasional (likely to occur occasionally during standard operations)/(21-50% chance)	
	4 = Likely/Probable (not surprised, will occur in a given time)/(51-90% chance)	
	5 = Almost certain/Frequent (likely to occur, to be expected)/(90% chance)	
2.	**Severity is based on scale, scope and irremediable character of the impact**	

Financial Materiality:		
1.	**Likelihood scale: same as impact materiality**	
2.	**Potential magnitude of financial effects:**	
	1 = Low impact: No significant impact on operation (financial and ability to operate)	
	2 = Minor impact: Can only cause minor impact on operation	
	3 = Significant: Can cause significant impact on operations that demand actions	
	4 = Major: Can cause material harm to the business or operation that demand actions	
	5 = High impact: High impact on operation (financial and ability to operate) based on:	
		a. Effect on operations: 5% of EBIDTA average for the last 5 years
		b. Effect on investments: 5% of Gross Balance Sheet average for the last 5 years

Photo: Noah Silliman,Unsplash.

Results of the materiality assessment

FINANCIAL MATERIALITY

The global economic landscape and geopolitical developments will influence Norske Skog's financial outlook. Fluctuations in currency exchange rates, trade policies, and geopolitical tensions will impact our export markets, input costs, and overall profitability. Consumer preferences may increase demand for recycled and eco-friendly paper and packaging related products as well as fibre-based products. Norske Skog will face pressure to reduce the environmental footprint in own operations and the value chain and embrace sustainable practices throughout its paper production process. This may entail investments in renewable energy, adoption of recycled materials, and implementation of carbon-neutral initiatives to align with evolving regulatory requirements and societal expectations. Failure to meet these standards could result in reputational damage, regulatory penalties, and decreased market share. Therefore, Norske Skog must maintain flexibility, diversify market exposure, and manage geopolitical risks, and Norske Skog's financial performance in the future will also be shaped by our ability to adapt to evolving stakeholder expectations, regulatory frameworks, and global market dynamics. The future may present both risks and opportunities for Norske Skog.

			2025	2030	2050
		TOPICS	Score	Score	Score
Climate-related risks	**Physical Risks**	Acute physical climate risks	3	3	4
		Chronic climate physical risks	2	3	3
	Transition Risks	Policy and legal climate risks	4	4	5
		Technology climate risks	2	3	4
		Market climate risks	3	4	5
		Reputational climate risks	3	4	4
	Opportunities	Resources	3	3	3
		Energy source	4	3	4
		Products and services	3	4	4
		Markets	3	4	4
		Resilience	3	4	4
Social-related risks & opportunities	**Risks**	Own workforce	3	4	4
		Workers in the value chain	2	3	3
		Affected communities	3	3	4
	Opportunities	Own workforce	3	2	2
		Workers in the value chain	2	2	2
		Affected communities	3	3	3

See page 26 for explanation.

The future may present both risks and opportunities for Norske Skog

THE MOST INFLUENTIAL FACTORS TO THE FINANCIAL PERFORMANCE OF NORSKE SKOG ARE:

	Risks:
Physical risks:	Norske Skog may face physical climate risks in the long-term related to access to raw materials such as fresh fibre and water. Norske Skog and the Nordic consulting firm Cemasys conducted a climate-related scenario analysis in 2023 for Norske Skog's five business units assessing the potential physical risk of access to process water. The results provided insight into drivers of such risk and potential consequences. Mills in France, Austria and Australia face different levels of risk related to warm spells and consecutive dry days potentially causing sudden loss of access to process water during warmer periods that may intensify in the medium to long-term. Mills in Norway are likely to face few challenges to water shortage due to substantially wetter climate in Norway. However, shorter winters may cause some challenges to source adequate fresh fibres during the wet seasons.
Policy and legal climate risks:	Norske Skog faces policy and legal climate risks arising from evolving environmental regulations, trade policies, legal liabilities, and cybersecurity challenges. By staying informed, engaging with stakeholders, and adopting proactive risk management strategies, Norske Skog can navigate regulatory uncertainties, mitigate legal exposures, and uphold its commitment to sustainability, compliance, and responsible business practices.
Market climate risks:	Norske Skog sees shifting consumer preferences and trends towards sustainable and eco-friendly paper and packaging solutions. As more consumers prioritize environmental concerns, there is a growing demand for products that are recyclable, biodegradable, and sourced from sustainable forestry practices. Norske Skog has partly adapted to these changing market dynamics by investing in sustainable production processes, developing innovative eco-friendly products, and demonstrating its commitment to environmental stewardship.
Reputational climate risks:	Reputation risks stem from a variety of sources, including unethical behaviour, product failures, environmental controversies, data breaches, and negative publicity. Recognizing and mitigating these risks is paramount to safeguarding our brand image, maintaining stakeholder trust, customer confidence and loyalty. In today's digital age, news of scandals or mishaps can spread rapidly through social media and online news outlets. Negative perceptions may drive customers to switch allegiance to competitors, resulting in loss of revenue and market share. Far-reaching consequences of lost reputation may impact relationships with investors, partners, and suppliers, leading to decreased shareholder value, disrupted business operations, and strained contractual agreements, and finally in regulatory scrutiny.

	Opportunities:
Products and markets:	The transformation to a larger, more diversified product portfolio with new products will reduce the dependency on publication paper and thus reduce the business and market risk. One of the new legs in Norske Skog's main strategy is to exploit opportunities within the circular economy utilizing fiber and energy to create new non-fossil products. Today, pilot plants utilize fiber to produce nanocellulose-based products, biochemicals and bio composites. This will in the long run contribute to green growth when commercialized.
Resources:	Access to crucial input factors such as fresh fibre, recycled paper, and energy sources is indispensable for maintaining competitiveness, driving economic growth, and sustainable development. Norske Skog is proactively working to secure effective supply chains, invest in resource-efficient technologies, and collaborate with stakeholders to ensure reliable, affordable, and sustainable access to these inputs.
Energy source:	Norske Skog has invested in low-emission energy generation in Bruck and Golbey and will continue to evaluate opportunities going forward on our road to Net Zero.
Resilience:	Norske Skog business model and value chain is adapted to a future market demand. Operations as well as current and future value creation is mainly based on renewable resources, recycled and recyclable products that enable a circular economy.

IMPACT MATERIALITY

The most active stakeholders are investors, financial institutions, local communities, and environmental organisations. For investors and financial institutions are concerned about the long-term economic performance and GRI topic that will have severe impact on Norske Skog's operational ability. The execution of Norske Skog's strategy to convert machines into packaging paper products has been followed closely by all these stakeholders. The regional and local communities and environmental groups have also been concerned about the handling of raw material, degree of fibre certification and emission issues. Norske Skog has evaluated positive and negative impacts we have on society, environment and the economy over the short, medium and long-term impact level.

The three most material factors are water and effluents, biodiversity, and environmental compliance. In addition, the public attention to circularity and demand for fresh fibre will increase and thus having effect on the way Norske Skog run the sourcing operations, which is heavily dependent on regulatory limitations. Specific comments to:

- **Water and effluents (GRI 303):** Norske Skog has high quality standard process water treatment plants, but we expect stricter regulations requiring closed water treatment system.
- **Biodiversity (GRI 304):** As the life on earth faces unprecedented threats from habitat destruction, climate change, pollution, and overexploitation of resources, governments, NGOs and companies like Norske Skog are recognizing the imperative to prioritize biodiversity conservation. Norske Skog has and will continue to adopt sustainable practices across our

supply chains, promoting biodiversity-friendly approaches to production and consumption.

- **Materials (GRI 301) and Environmental compliance (307):** Advancing scientific knowledge and escalating public awareness about sustainability, climate change, and ecosystem degradation, governments worldwide intensify their efforts to mitigate environmental risks and transition to low-carbon economies. Norske Skog will encounter stricter regulations, heightened scrutiny, and evolving expectations from stakeholders and government bodies.

Our priorities will have a significant impact throughout the sustainability report and are included in the presentations related to each of the 17 UN Sustainable Development Goals. A total overview of which GRI Standards we report on, can be seen from the GRI Index presented in the back of this report and on *www.norskeskog.com/sustainability*

		2025	2030	2050
GRI INDICATOR	GRI TOPIC"	Score	Score	Score
301	Materials	3	3	3
302	Energy	3	4	3
303	Water and effluents	3	4	4
304	Biodiversity	3	3	4
305	Emissions	3	3	2
306	Waste	3	3	3
307	Environmental compliance	2	3	4
308	Supplier environmental assessment	2	3	3
401	Employment	3	3	3
403	Occupational health and safety	3	3	3
404	Training and education	2	2	2
405	Diversity and equal opportunity	3	3	2
407	Freedom of association and collective bargaining	1	1	1
412	Human right assessment	3	2	2
413	Local communities	3	3	3

The double materiality analysis reveals both business opportunities and risks

Business opportunities
Industrial sites with access to effective infrastructure and renewable energy
Society and consumers demanding more sustainable products
Exploring new activities in synergy with existing production at our industrial facilities
Public programs to reach net zero society enabling the development of new sustainable business

Business risks
Stricter regulatory requirements to operate, both expected or unexpected
Specific costs related to the transition to low carbon economy imposed in single countries weaken the competitiveness
Market development for publication paper and capacity adjustments in the industry
Cost of input factors, volatile energy prices and increased pressure on the availability of biomass

Additional information on Climate related Risks and Opportunities are available in our TCFD report, see Appendix B, and in our CDP Climate Change report available at www.CDP.net/responses.

Photo: Carsten Dybevig

The UN Sustainable Development Goals are an integral part of our strategy

The UN Sustainable Development Goals (SDGs), adopted by world leaders in September 2015, are a call for action for all countries and businesses to promote prosperity while protecting the planet. Norske Skog supports all 17 SDGs but realise that some are more relevant to our business than others. We believe that we can make the greatest difference and contribute positively through the prioritized SDGs highlighted in the illustration. Norske Skog has in 2023 added one more prioritized SDG, which is number 6 regarding clean water and sanitation, in addition to the already five prioritized SDGs in 2022. Higher public awareness concerning clean water and despite effective wastewater treatment plants, Norske Skog will face severe public attention in occurrences of unwanted discharges or breach of wastewater emission permits. We have summarized what the prioritized SDGs mean to us in one sentence:

Norske Skog shall create value for people and society in a responsible way, while promoting a sustainable environment and principles of circular economy.

The 17 Sustainable Development Goals (SDGs) are important for Norske Skog's business operations for several key reasons:

- Alignment with global priorities: The SDGs represent a universal call to action to end poverty, protect the planet, and ensure prosperity for all. By aligning with the SDGs, Norske Skog demonstrates commitment to addressing pressing global challenges and contributing to sustainable development.
- Risk management: The SDGs highlight critical sustainability issues, including climate change, social inequality, and environmental degradation. By integrating the SDGs into our operations, our business units can identify and mitigate risks associated with these challenges, safeguarding their long-term viability and resilience.
- Enhanced reputation and brand value: Embracing the SDGs may enhance our reputation and brand value by demonstrating our commitment to social and environmental responsibility. Contributing actively to achieving the SDGs may attract socially conscious consumers, investors, and partners, gaining a competitive advantage in the marketplace.
- Innovation and market opportunities: The SDGs present significant opportunities for innovation and market growth. Our ability to develop sustainable products, services, and business models aligned with the SDGs may drive customer loyalty and capture new revenue streams.
- Regulatory compliance and license to operate: Governments, regulatory bodies, and international organizations increasingly incorporate the SDGs into policy frameworks and reporting requirements. By integrating the SDGs into our operations, we ensure compliance with relevant regulations, maintain their social license to operate, and avoid reputational and legal risks.
- Access to capital and investment: Investors are increasingly considering environmental, social, and governance (ESG) factors when making investment decisions. Aligning with the SDGs may attract sustainable investment capital, access financing at favourable terms, and enhance their appeal to socially responsible investors.
- Supply chain resilience: Integrating the SDGs into supply chain management practices enhance resilience, traceability, and transparency throughout the value chain. Our business units may work with suppliers to promote ethical sourcing, reduce environmental impact, and ensure social responsibility, mitigating risks associated with supply chain disruptions and reputational damage.
- Employee engagement and talent attraction: We believe that embracing the SDGs will foster employee engagement, satisfaction, and retention by providing meaningful opportunities for employees to contribute to positive social and environmental impact. Business units that prioritize sustainability and social responsibility may also attract top talent aligned with our values and mission.

The SDGs provide a comprehensive framework for our operations to address sustainability challenges, manage risks, seize opportunities, and create long-term value for stakeholders, society, and the planet. By integrating the SDGs into our business strategy, we believe it will positively impact our operations, foster innovation, and contribute to a more sustainable and prosperous future for all.

Norske Skog business units have during the last 50 years been seeking best environmental practice, and the reported figures show great progress in the same period. The group has achieved significant results in collaboration with stakeholders, national authorities, and employee initiatives. Norske Skog has been nationally recognised for its labour practices and excellent work environment. Norske Skog's health and safety performance is outstanding compared to the industry average for decades as result of tenaciously efforts.

Our operations must be based on sustainable sourcing by using certified wood and chips documented through the Chain of Custody certifications and use of recycled paper. Improved margins and reduced environmental impacts from the value chain and the mills are achieved through effective resource and energy management. We monitor activities to achieve sustainable products and processes throughout the entire value chain.

In addition, Norske Skog continuously strives to maintain our status as the most attractive industry partner for suppliers and customers. The corporate strategy consists of three elements and gives us a well-defined foundation for our work related to the prioritized SDGs:

- Improve and optimise publication paper cash flows
- Become a leading and independent European producer of renewable packaging paper
- Diversify and innovate within bio-products
- Integrate vertically within the entire value chain

To make the SDG targets relevant for the board, management and the rest of the group, the intention was to align and integrate the 6 prioritized sustainable development goals to the resolved strategic goals already effectuated by the board of directors.

The following six sustainable development goals that were selected to be most relevant to the existing strategy:

SDG 3: Good health and well-being (no change)
SDG 4: Quality education (no change)
SDG 6: Clean water and sanitation (new)
SDG 9: Industry innovation and infrastructure (no change)
SDG 12: Responsible consumption and production (no change)
SDG 13: Climate action (no change)

THE REASON AND ANALYSIS BEHIND THE SELECTION ARE:

SDG	Justification to prioritise the SDG	
SDG 3	Good health and well-being	Good health and well-being is not only a moral imperative but also a strategic decision that can benefit Norske Skog, its stakeholders, and society as a whole. By investing in health and well-being initiatives, the company can create positive impacts that extend beyond its operations and contribute to a healthier, more sustainable future.
SDG 4	Quality education	Investing in quality education enables Norske Skog to develop a skilled and knowledgeable workforce. By providing employees with access to education and training programs, the company can enhance productivity, innovation, and overall performance. By supporting educational initiatives, such as scholarships, vocational training, or school infrastructure improvements, the company can help improve access to quality education for children, youth, and adults in these communities. Quality education plays a critical role in succession planning and ensuring the long-term viability of Norske Skog's business. By investing in employee training and development, the company can cultivate a pipeline of talent and leadership capabilities to support future growth and continuity.
SDG 6	Water and clean sanitation	Improve water quality by reducing pollution, minimizing hazardous chemical release, and adopting sustainable water management practices, is crucial for Norske Skog to promote environmental stewardship, comply with regulations, protect public health, ensure sustainable operations, mitigate risks, and meet stakeholder expectations.
SDG 9	Industry innovation and infrastructure	Industry, Innovation, and Infrastructure aligns with Norske Skog's commitment to sustainability, competitiveness, and long-term business success. By investing in innovation and infrastructure, the company can drive positive social, economic, and environmental impacts while positioning itself for future growth and resilience in a rapidly changing world.
SDG 12	Responsible consumption and production	Norske Skog works proactive to implement measures to improve production efficiency, optimize raw material usage, and reduce energy consumption, leading to cost savings and enhanced competitiveness. Norske Skog adopts circular business models, such as recycling paper, process residues, reusing by-products, and exploring alternative materials, contributing to a more sustainable and resilient economy. Responsible consumption and production align with Norske Skog's sustainability objectives, business values, and long-term viability. By adopting responsible practices, the company can drive positive environmental and social impacts while maintaining competitiveness and fostering stakeholder trust and loyalty.
SDG 13	Climate action	Climate action is essential for Norske Skog to mitigate climate risks, reduce emissions, transition to renewable energy, promote sustainable forestry practices, adapt to climate impacts, and meet stakeholder expectations, thereby contributing to global efforts to address climate change and build a more sustainable future.

In the appendix, there is a matrix summarizing our ambitions, targets and planned activities.

THESE 6 SDGS ARE AN INTEGRAL PART OF OUR BUSINESS STRATEGY:

Ambition	Strategy		Prioritised SDGs
We create green value	Packaging paper	Establish renewable packaging	3, 4, 6, 9, 12, 13
	Publication paper	Improve and optimise	3, 6, 12, 13
	Fibre projects	Diversify and innovate	4, 6, 9, 13
	Up- and downstream value chain	Intergrate vertically	3, 4, 6, 12, 13

Photo: Carsten Dybevig

About the sustainability report

The report covers the most material sustainability topics to Norske Skog.

Corporate Sustainability Reporting Directive (CSRD) - entered into force in the EU in January 2023 and replaces the current rules - Non-Financial Reporting Directive (NFRD) - as of January 2024. CSRD involves a significant expansion in the scope of the reporting obligation and who is obliged to report undertaking. CSRD has been proposed to be introduced in Norwegian legislation according to the same model as in the EU, and everything indicates that Norway will follow the EU's timetable.

The introduction of the CSRD will entail an extension of the reporting requirements in the current Section 3-3c of the Accounting Act, and the sustainability information must be given in the annual report according to the CSRD. At the same time, Norske Skog must prepare both the sustainability report and the financial statements using a common electronic format - ESEF (European Single Electronic Format).

Norske Skog is committed to contribute to sustainable development and supports the ten principles in the UN Global Compact. Norske Skog uses the Global Reporting Initiative's (GRI) Standards for reporting relating to sustainability as a tool in our work to report environmental and corporate responsibility. In 2023, Norske Skog reported to the Carbon Disclosure Project and follow the reporting expectations set forth in the GHG-protocol regarding Scope 1, 2 and 3.

The sustainability report is divided into four sections:

Photos: Adobe Stock

1 Environment

Photo: Carsten Dybevig

Climate change *(ESRS E1)*

CLIMATE CHANGE ADAPTION

The European Union and related national governments have set forth new ambitious goals to reach carbon neutral societies by 2050. Norske Skog, together with other European and Norwegian industries, has adopted these ambitious goals and through our industrial organisations presented a proposed industrial road map to reach this ambition by 2050 and is committed to reduce emissions in line with the goals of the Paris agreement.

Norske Skog has had a long-term commitment to achieve net zero GHG emission by 2050, and a 55% reduction within 2030 from a 2015 baseline for Scope 1 and 2. This target is science based as it is aligned with ambitions of the Paris agreement and criteria of the Science Based Target Initiative. During 2024, Norske Skog will evaluate commitment to the science-based targets initiative (SBTi).

Norske Skog has integrated reduction of greenhouse gas emissions as a key part of the business strategy. The goal is to reduce energy consumption, increase the share of renewable energy sources and to optimise the use of process chemicals and transport to reduce emissions and impact on the climate.

Emissions to air occur primarily from energy generation processes. Our mills have their own boilers or incinerators for producing thermal energy from production waste, like bark, and other residues. Fossil fuels in the form of natural gas, oil and coal may also be used. The main emissions associated with these activities include carbon dioxide, particulates, sulphur dioxide and nitrogen oxides. Such emissions have a negative impact on climate change.

In addition, Norske Skog's carbon footprint covers emissions from several elements of the value chain such as pulp and paper production, forest and recycling operations, energy operations and transport, representing Scope 3 emissions. Addressing these emissions is vital to bring down global greenhouse gas emissions. Norske Skog is committed to work with partners across our value chain to reduce emissions and set reduction targets for scope 3 during 2024.

With increased focus on climate change and its implications on Norske Skog's current and future financial performance, Norske Skog carried out a revision of the identified climate-related risks and opportunities following the Task Force on Climate related Disclosure Framework (TCFD) in 2023. As part of this process, a climate-related scenario analysis was carried out in cooperation with Cemasys, a Nordic ESG Consulting firm. The goal was to examine how access to process water and energy, two of Norske Skog's most material climate risks, might affect operations and value creation in the short, medium- and long-term under different climate scenarios. Summary of key results can be found in "Materiality Assessment" in addition to a detailed description of climate-related Impacts, Risks and Opportunities.

To demonstrate Norske Skog's commitment to combating climate change, and to make critical information available to investors, customers and other stakeholders, Norske Skog reported to the CDP (Carbon Disclosure Project) in 2023. Norske Skog achieved a favourable A– rating on CDP Climate Change, the same rating as in 2022.

In line with the strategic ambition of the company, Norske Skog has integrated governance of climate-related issues into all levels of the organization, including the board of directors. This is also reflected in remuneration practices. Further disclosure is available in the CDP Climate Change Report 2023.

METHODOLOGY

Norske Skog has applied the Corporate Standard by the Greenhouse gas protocol to measure and disclose GHG emissions. The reporting boundary and consolidation approach for emissions are disclosed according to operational control. The source of the emission factors and the global warming potential (GWP) rates used is from the IPCC Fourth Assessment Report (AR4 - 100 year).

2015 was selected as the base year, after a comprehensive restructuring of the mill portfolio, in the calculation of the 55% CO_2 reduction target within 2030, which is congruent to evaluations done by the EU and the Norwegian Federation of Trade and Industries.

Norske Skog mills are offering customers Product Carbon Footprint according to two industry standards developed by European Paper Producers. This includes "CEPI Ten Toes, Carbon Footprints for Paper and Board Products" and "Paper Profile". Both are available upon request.

In 2023, Norske Skog applied the location- and market-based accounting for Scope 2 emissions, according to the GHG protocol, which was applied to data covering 2021 to 2023 to allow for comparison. The emission factors are derived from AIB (Association of Issuing Bodies) reflecting the energy mix delivered to the European markets and electricity purchased through the physical grid. These emission factors have been applied to ensure the same methodology across all markets. For reporting on 2023 the newest set of emission factors have been applied; AIB 2022. For Australia, we have applied emission factors from local authorities.

Norske Skog does not source any Energy Attribute Certificates/Guarantees of Origin as part of our Market-based accounting. Norske Skog does not purchase these certificates due to the political position of the Norwegian Trade and Industry associations. Therefore, our targets and KPIs are measured against the location-based accounting method.

Climate change mitigation

SCOPE 1 AND 2 CO2 EMISSION PERFORMANCE

With the performance in 2023, Norske Skog has achieved a 42% reduction in CO_2 equivalent/per ton paper compared to the 2015 baseline. Due to investments in low-emission energy generation, Norske Skog expects to reach the 55% reduction target in CO_2 emission by 2030, ahead of time.

Using location-based methodology, Norske Skog reached a level of 327 kg scope 1 and 2 CO_2/tonne of paper in 2023 according to the GHG protocol methodology, which is a 2% increase from 2021. This is mainly due to reduced mechanical pulp and paper production at Bruck and Golbey due to temporarily stop in two paper machines while converting newsprint machines into containerboard. In addition, the production on paper machine 6 was stopped at Saugbrugs due to a severe rockslide in April. The absolute CO_2 emissions for the Norske Skog group was 7% lower in 2023 than 2022 but it was less tonnage to allocate the CO_2 emission. The expected reduction of gas consumption at Bruck after the start-up of a new energy plant in 2022 is according to plan. Bruck reduced in absolute terms its scope 1 CO_2 emissions by 53% from 2022 to 2023.

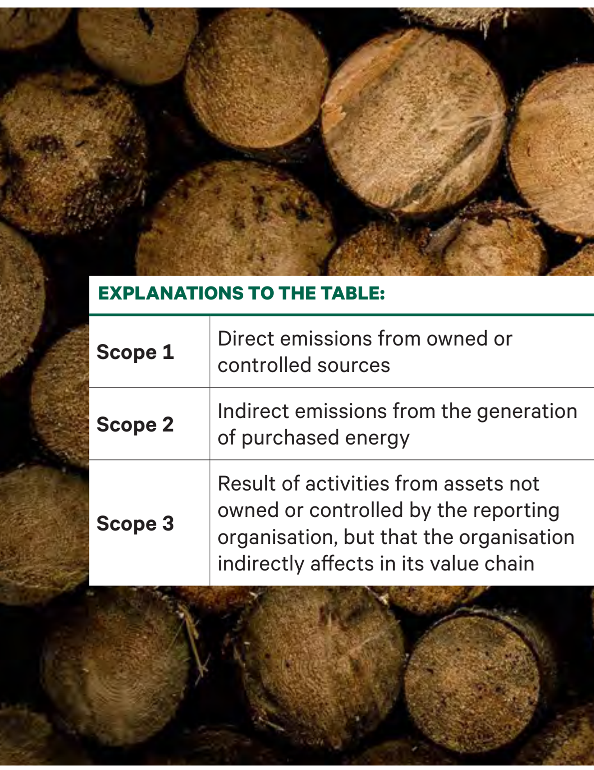
In 2023, the Norske Skog Boyer mill in Australia accounted for 73% of Scope 1 and 2 emissions in the Norske Skog group. The CO_2 emissions for the Norwegian mills, Norske Skog Saugbrugs and Norske Skog Skogn, are very low due to a long-term commitment and completed investments to reduce fossil-based energy sources in the production of thermal energy. Scope 2 emissions from Norske Skog's Norwegian mills increased by 61% in 2023 due to updated emission factors, and 10% for the group as a whole (4% for group Scope 1 and 2 combined).

Over the past 18 months, the Norske Skog Boyer mill has completed a structured, three phase project to investigate alternate fuels and technologies to produce thermal energy (steam) used in papermaking. The project examined options to convert away from coal as the predominant fuel to certified biomass, electricity, or a combination of the two. Work to date has found that while a conversion to an alternate fuel source is technically feasible, there are issues associated with obtaining sufficient quantities of the alternate fuels on commercial terms. At Tasmania, there is insufficient generation capacity available at present to support a conversion to electrode boilers. Similarly, there is insufficient certified biomass within an economic radius of the mill to support a large-scale biomass boiler. Norske Skog Boyer will examine other alternatives to determine how best to proceed.

The two Norwegian mills accounted for about 4% of the total scope 1 and 2 CO_2 emission in the group. Norske Skog Skogn has invested around NOK 180 million in a new thermomechanical pulp (TMP) production line replacing expensive recycled paper with fresh fibre. This will from medio 2024 significantly reduce NOx emissions by 36%, fossil CO_2 emissions by 77% and ash to landfill by 57% compared with 2021.

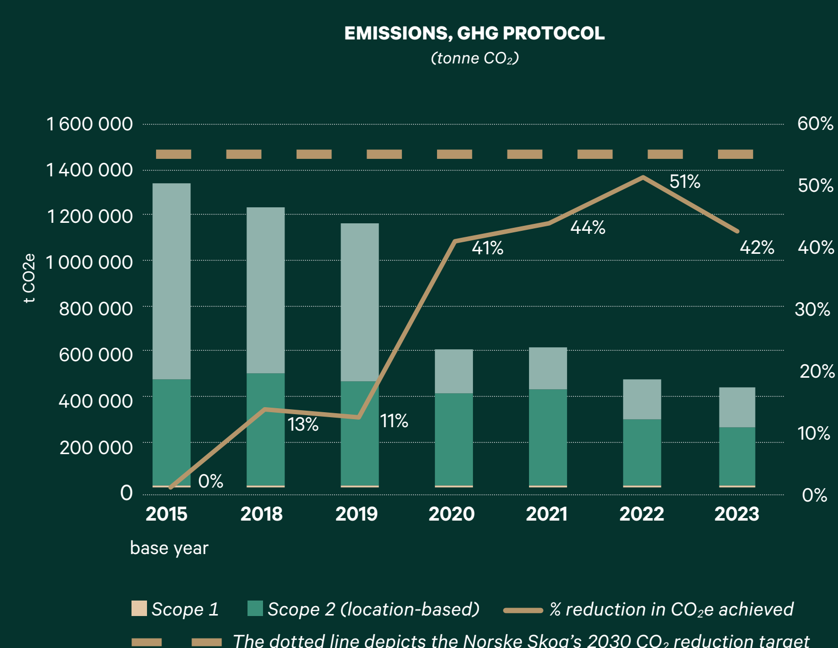
Norske Skog mills in Norway are among the largest sources of biogenic emissions is the country, with sources from production waste like sludge and bark. Through partnerships with Ocean GeoLoop at Norske Skog Skogn and Borg CO_2 at Norske Skog Saugbrugs, Norske Skog aims to pursue the opportunity to become CO_2 net negative, and to explore economically viable models for utilisation of biogenic CO_2. Norske Skog will through collaboration with industry and environmental organisations seek to establish effective, political and market designed mechanisms for carbon capture and usage.

Our Carbon Footprint according to the GHG protocol, is illustrated in table on the next page and in section 4 under key figures.



EXPLANATIONS TO THE TABLE:

Scope 1	Direct emissions from owned or controlled sources
Scope 2	Indirect emissions from the generation of purchased energy
Scope 3	Result of activities from assets not owned or controlled by the reporting organisation, but that the organisation indirectly affects in its value chain



Emissions, GHG Protocol*	2015**	2018	2019	2020	2021	2022	2023
Scope 1	474 946	500 136	465 636	409 970	427 294	294 926	257 268
Scope 2 (location based)	865 236	734 033	692 672	195 762	186 703	177 807	180 648
*Scope 2 (market based)****	*NA*	*NA*	*NA*	*NA*	*1 119 620*	*1 168 982*	*1 195 272*
Total Scope 1 and 2 (location based)	**1 340 182**	**1 234 169**	**1 158 308**	**605 732**	**613 998**	**472 734**	**437 915**
Production volume (tonnes)	2 365 000	2 494 000	2 308 000	1 799 020	1 919 574	1 713 016	1 338 115
Kg CO_2e/tonne papir (scope 1&2L)	567	495	502	337	320	276	327
Reduction in CO_2e achieved (%)	0%	13%	11%	41%	44%	51%	42%

* *Tonnes CO_2 equivalent*
** *Base year for calculation of CO_2 emission*
*** *Not available*

Scope 1 and 2 Emission (2023)	Scope 1	Scope 2*	Scope 2**	Biogenic CO_2	Total Scope 1 & 2*	Share Scope 1 & 2*	Paper Production	Emission Intensity Scope 1 & 2*
*Unit of measurement****	*t CO_2e*	*t CO_2e*	*t CO_2e*	*t CO_2e*	*t CO_2e*	*%*	*tonnes*	*kg CO_2e/ tonne*
Norske Skog Bruck	31 579	26 856	*111 590*	53 764	58 435	13%	219 111	267
Norske Skog Golbey	24 777	17 899	*41 753*	157 296	42 677	10%	274 736	155
Norske Skog Saugbrugs	789	3 645	*253 253*	77 172	4 434	1%	149 992	30
Norske Skog Skogn	2 897	9 586	*666 014*	196 295	12 483	3%	453 122	28
Norske Skog Boyer	197 225	122 661	*122 661*	-	319 887	73%	241 154	1 326
Total Norske Skog group	**257 268**	**180 648**	***1 195 272***	**484 527**	**437 915**	**100%**	**1 338 115**	**327**

* *Location-based method*
** *Market-based method*
*** *tCO_2e: tonnes CO_2 equivalent*

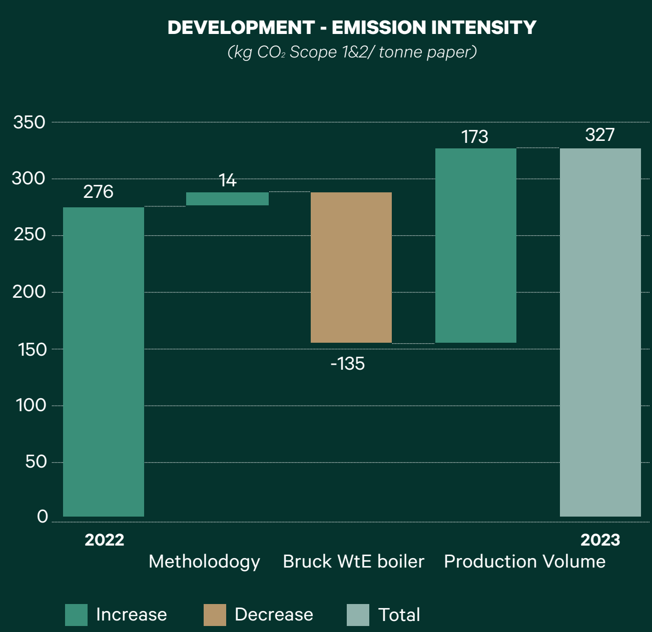
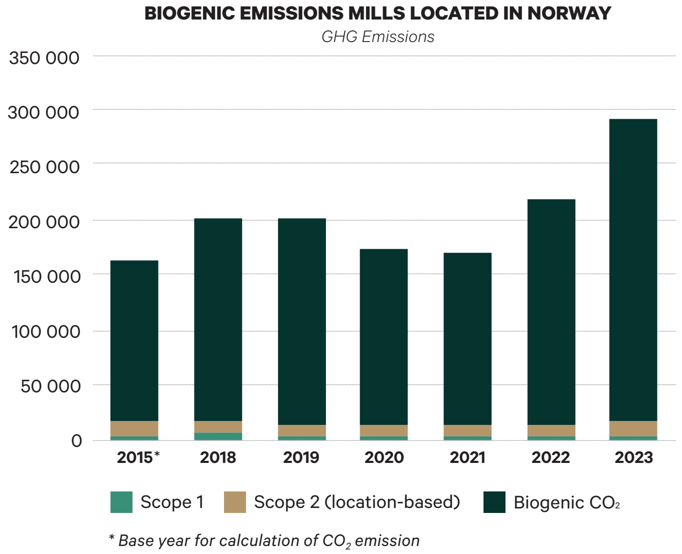


Photo: Unsplash



BIOGENIC CO_2 PERFORMANCE

Norske Skog faces both significant challenges and opportunities related to large biogenic emissions resulting from energy production from biomass boilers at Golbey, Skogn and Saugbrugs, and waste-to-energy at Bruck. However, these emissions may be seen as an opportunity for innovation and sustainable growth through the future implementation of carbon capture and storage (CCS) and carbon capture and utilization (CCU) projects.

- **CCS projects:** By implementing CCS technology, Norske Skog can capture and store almost 500 000 tonnes of biogenic CO_2 generated as part of the production process. Any reduction or potential removal of the biogenic CO_2 will make the European business units climate positive or carbon footprint negative. The Environmental Directorate in Norway will in 2024 most likely present a financial model for BECCS. For the time being, there is neither available infrastructure to handle bioCO_2-transportation nor-storage capacity.
- **CCU projects:** In addition to CCS, Norske Skog may in the long-term perspective explore the possibilities of CCU projects, where CO_2 is captured and used as a resource in various applications. This may include the use of CO_2 in the production of biomaterials, chemicals, or even fuels. This not only contributes to carbon reduction but also diversifies revenue streams and creates new business opportunities.
- **Pilot projects:** Norske Skog has already taken concrete planning steps towards carbon capture and storage through collaborations with companies like Ocean GeoLoop at Skogn and BorgCO_2 at Saugbrugs. Ocean GeoLoop develops technology for geothermal energy production using CO_2 as a working fluid. BorgCO_2 collaborates with Norske Skog to explore the possibility of storing CO_2 underground in connection with the forestry industry's production processes.


Photo: Carsten Dybevig

SCOPE 3 PERFORMANCE

Norske Skog has completed mapping of all Scope 3 categories, according to the GHG protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, as shown in table. In 2023 we disclose three years for comparison purpose. The largest sources of emissions in our value chain are related to transport and distribution (~54%), processing of sold products (~26%) and purchased goods and services (~19%). Other categories, represented by waste, business travel, fuel and energy related activities, capital goods make up approximately 2% combined. Emissions related to purchased goods and services as well as upstream emissions have been calculated based on purchased volumes and the use of generic emission factors from trusted sources. Processing of sold products cover emissions generated during the printing process and downstream transportation cover distribution from the printing house to the final customer for printed magazines and printed newspaper.

Processing of sold products and downstream transportation have been estimated based on annual production volume and emission factors from trusted research papers. In 2023 several local initiatives have been taken along with external transporters of finished goods to reduce emissions. In addition, Norske Skog uses more railways as mean of transportation where feasible. Our total scope 3 footprint was ~618 000 tonnes in 2023, and represent 59% of our combined Scope 1, 2 and 3 emissions. Going forward, Norske Skog is committed to improve the quality of our scope 3 inventory, work with partners across our value chain to reduce emissions and set reduction targets for scope 3.

Scope 3	2021	2022	2023	% share of emissions	% change vs prior year
Purchased goods and services	165 638	147 704	115 373	19%	-22%
Upstream transportation and distribution	240 828	167 268	181 065	29%	8%
Downstream transportation and distribution	225 013	200 745	153 281	25%	-24%
Processing of sold products	252 726	223 519	157 749	26%	-29%
Other	49 662	17 263	10 677	2%	-38%
Total Scope 3	**933 868**	**756 499**	**618 146**	**100%**	**-18%**
Scope 3 per tonne produced	486	442	462		5%

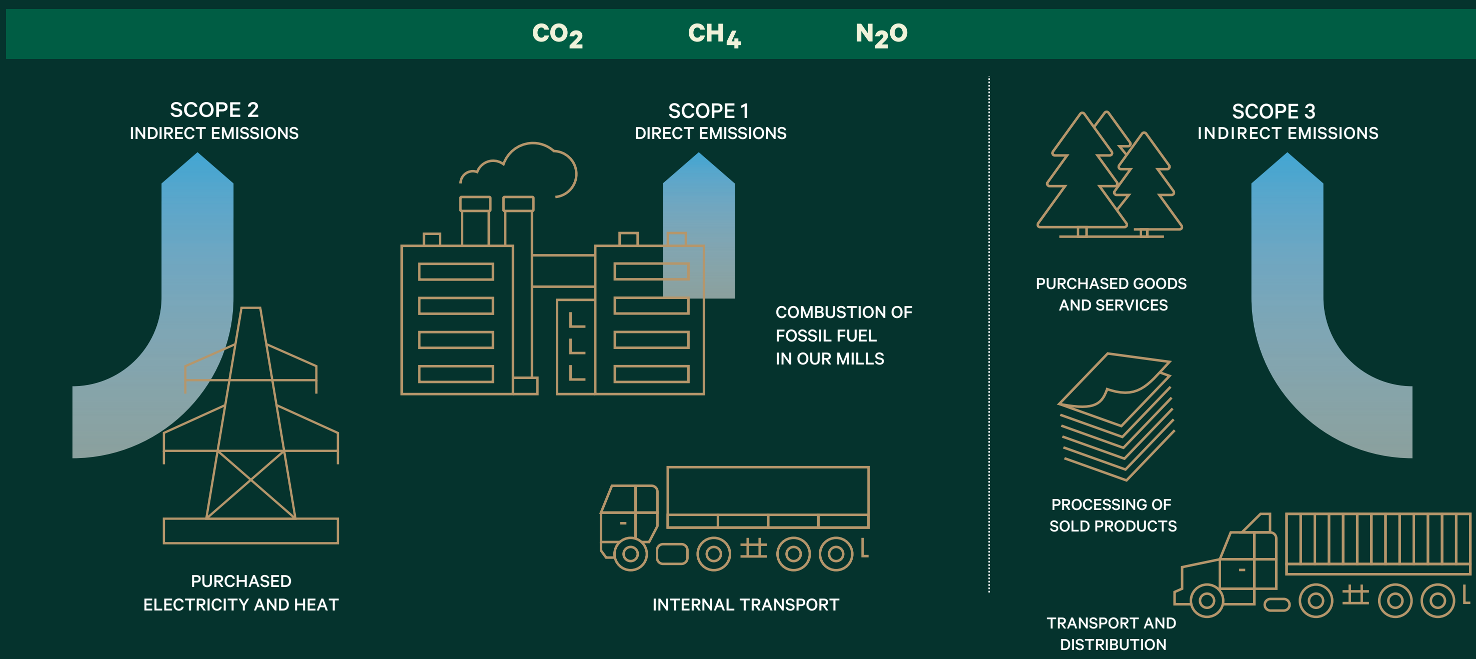
EU TAXONOMY

To meet the climate and energy targets and reach the objectives of the European green deal, the EU has introduced the "EU Taxonomy", a classification system for sustainable economic activities.

The EU Taxonomy Regulation sets mandatory requirements on disclosure. Norske Skog's main activities, paper- and containerboard production, do not fall under the scope of the taxonomy activities that are published in the Climate Delegated Act.

The European Commission has been explicit that economic activities that are not recognised by the EU Taxonomy, are not necessarily environmentally sustainable. This is also true for the non-eligible activities in Norske Skog. Norske Skog will closely follow the EU Taxonomy regulation to assess the eligibility for new activities and products from Norske Skog under development.

Sources of greenhouse gas emissions



Energy

The production of publication and packaging paper is an energy-intensive process. Energy is consumed mainly for two purposes:

- To separate, process and transport fibre and water (electrical energy)
- To provide process heat and to dry the paper (thermal energy)

The major use of electrical energy in mills, which process fresh fibre, is the process to mechanically convert roundwood and wood chips into fibres, called thermomechanical pulping (TMP) process. Paper production based on recovered paper consumes less energy because the fibres from recovered paper are more easily separated than those within wood.

Thermal energy is used for the heating and drying of paper. In contrast with electrical energy, thermal energy is mostly generated within the mill. The sources of this energy include recovered heat from the thermomechanical pulping or effluent treatment processes, combustion of mill residues, purchased biofuel, oil, gas or coal. In some cases, the thermal energy is supplied by external third parties.

Norske Skog has comprehensive programmes to continuously reduce energy consumption and become more environmentally friendly by changing the sources of energy. Norske Skog is utilising the effluent to produce biogas with its own biogas plants at Saugbrugs and Golbey for energy sales to external customers. Effluent from Skogn is delivered to an external biogas plant adjacent to the mill. The biogas plants employ biowaste from paper production as fuel, contributing to a reduced carbon footprint and an improved environmental profile for the group.

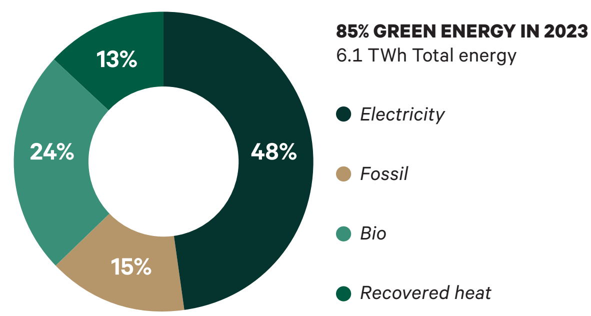
At Bruck in Austria, a 50MW wide range energy boiler utilises refuse derived fuels and paper production residuals to supply the production of paper and containerboard. The energy plant at the Bruck mill provides new revenue from waste handling as well as cost savings in the production process. Bruck delivers surplus heat to the local district heating system supplying 1 500 households (30 GWh). CO_2 emissions from the energy plant is classified as biogenic.

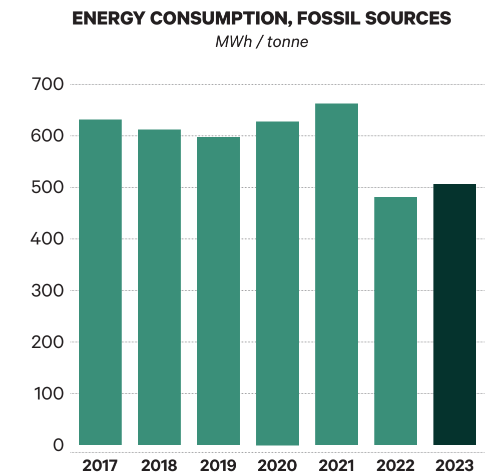
In France, the Green Valley Energie (GVE) project, supported by a partnership between Norske Skog Golbey, PEARL Infrastructure Capital and Véolia Industries Global Solutions (Véolia), involves the design and construction of a 125 MW biomass cogeneration boiler, which will be the largest in France. The plant will produce 200 GWh of electricity and 700 GWh of steam based on 250 000 tonnes of waste wood.

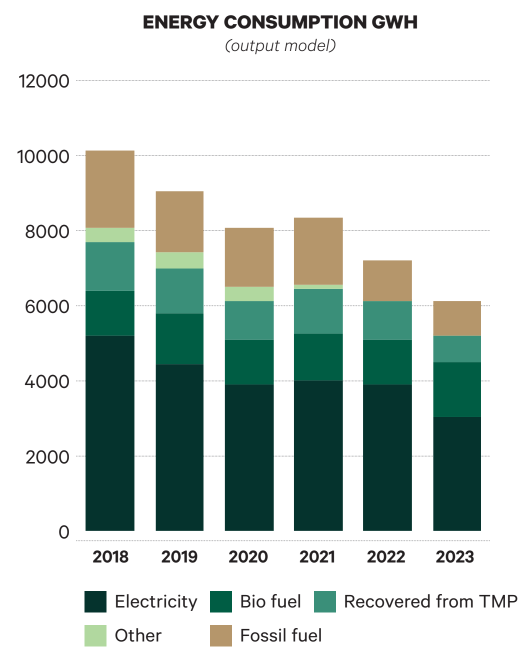
ACHIEVING LESS DEPENDENCY ON FOSSIL-BASED FUEL

Thermal energy, mostly heat recovery from the thermomechanical pulping (TMP) or effluent treatment processes or from combustion of mill residues (biofuel), is used for the heating and drying of paper. This accounts for in total about 37%, in addition, electricity covers about 48% and fossil sources 15% of the total energy consumption in 2023. In Norway, less than 1% of the energy sources derives from fossil-based fuels. Since the start-up of the new energy plant at Bruck in 2022, the gas consumption has been reduced by almost 85%. Further reductions will most likely require additional investments. The energy plant is approaching normal capacity utilisation in 2024.

From 2023 Norske Skog presents both input from energy source and energy output, to clearly demonstrate the achieved internal recovery of steam from the thermomechanical process.







Pollution *(ESRS E2)*

AMBITIONS

Norske Skog has had a long-term commitment to prevent and reduce pollution of all kinds. The pulp and paper industry have significant environmental impacts, primarily due to the following factors:

- Water pollution: Pulp and paper production require substantial amounts of water, which becomes contaminated with bio-chemicals such as lignin, cellulose, and organic compounds during the manufacturing process. Discharging this polluted water into rivers and streams will harm aquatic ecosystems and affect drinking water quality.
- Air pollution: The industry emits various pollutants, including volatile organic compounds (VOCs), sulphur dioxide (SO_2), nitrogen oxides (NOx), and particulate matter (PM), during operations such as during the thermo-mechanical pulp process. These emissions contribute to air pollution, may lead to respiratory problems and environmental degradation.
- Deforestation: Norske Skog's paper production in Norway and Australia rely on wood fibres sourced from both plantation and wild forests. Unsustainable logging practices can result in deforestation, habitat loss, and disruption of biodiversity.
- Solid waste: The manufacturing process generates solid waste, including sludge, bark, and wood residues. Improper disposal of these wastes can lead to soil contamination and contribute to landfill pollution.

ENVIRONMENTAL COMPLIANCE

To address these environmental challenges, Norske Skog has implemented various measures depending on the actual circumstances surrounding each of the five mills:

- Investing in cleaner technologies: Adopting advanced production processes and investing in modern equipment will reduce emissions and minimize environmental impacts. This may include implementing more effective machinery, installing better pollution control devices, and optimizing energy efficiency.
- Water conservation and treatment: Implementing water recycling systems and advanced wastewater treatment technologies have help minimize water usage and reduce the discharge of pollutants into water bodies.
- Sustainable sourcing: Norske Skog has for decades promoted sustainable forestry practices by sourcing wood fibres from responsibly managed forests certified by organizations like the Forest Stewardship Council (FSC) or the Programme for the Endorsement of Forest Certification (PEFC). Norske Skog has through its membership in the Norwegian Pulp and Paper Association influenced players in the upstream value chain to strictly follow the certification agreements and sanction any breach of agreed routines and regulations. This will contribute to mitigate deforestation and preserve biodiversity.
- Waste management: Implementing effective waste management practices, such as recycling and repurposing solid waste materials, will minimize landfill usage and reduce environmental pollution. Norske Skog continuously explores opportunities for converting waste products into biofuels or other valuable resources.
- Environmental monitoring and compliance: Regular monitoring of emissions, water quality, and waste disposal practices will ensure compliance with environmental regulations and standards. Norske Skog engages and report to proper national environmental authorities, stakeholders, and local communities to address concerns and improve transparency regarding its environmental performance.

By prioritizing environmental sustainability and implementing proactive measures, Norske Skog will mitigate its environmental footprint and contribute to a more sustainable future.

PERFORMANCE

Norske Skog Bruck in Austria had no breach of permits during 2023. In Norway, emission permits are managed and regulated by the Norwegian Environment Agency, which monitor compliance and ensures that emissions targets are in line with national and international climate goals.

In 2024 Norske Skog Skogn and Norske Skog Saugbrugs will follow and report by new and stricter permit standards for air and water pollution. In 2023 Norske Skog Skogn had one breach of water permit concerning suspended solids. In 2023 Saugbrugs reported one significant incident of emission to water. Norske Skog Boyer in Australia reported several issues of non-compliance about suspended solids and nutrient (nitrogen and phosphorus) levels in the water emissions. Norske Skog Golbey in France reported several issues of non-compliance about water temperature, nitrogen level in the wastewater, and air emission from the bio boiler. None of the instances have so far (as of 20 March 2024) resulted in any further actions from the authorities.

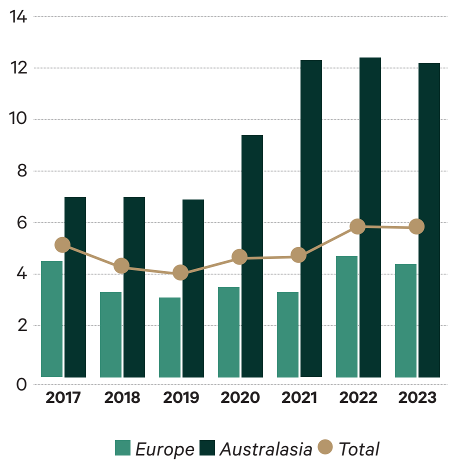
The discharges of dissolved organic material and suspended matters per tonne of paper were respectively down by 1% and up by 8% compared to 2022. This is due to lower production volume resulting in challenges in the water treatment plants. The discharge of nitrogen and phosphorus per tonne of paper was down by 10% from the 2022 reported figures.

The abrupt increase in SO_2 and NOx figures from 2022 to 2023 are due to inadequate historical processing measurement and methodology, and thus, the SO_2 and NOx figures at Norske Skog Boyer have been underreported prior to 2023. To rectify this issue and ensure the accuracy of Norske Skog Boyer's emissions data moving forward, the mill will adopt the flow and concentration results from an accredited third-party source. The Norske Skog Boyer mill constitutes 99.7% of the SO_2 emissions, 38% of the NOx emissions and 73% of the group's CO_2 emissions.

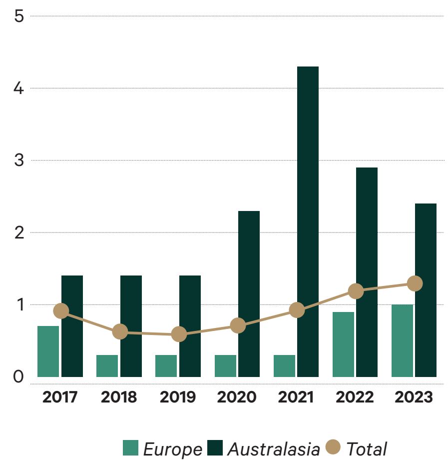
Other year-on-year differences are the result of many factors, including process improvements, utilization of equipment, production-related issues, and product changes.

Norske Skog does not use bleaching chemicals containing chlorine in any mills. Chlorinated organic compounds are therefore not created, and AOX (adsorbable organic halides) is not included in our emission reporting.

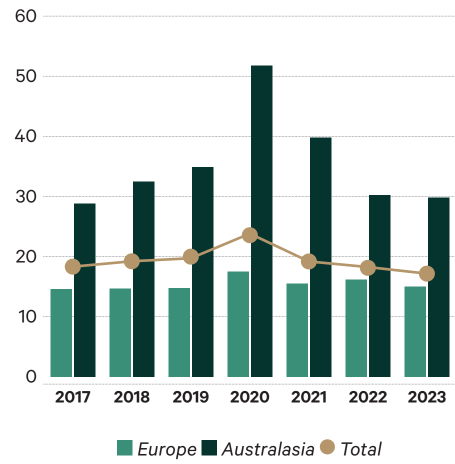
DISCHARGES OF ORGANIC SUBSTANCES (COD)
Kg per tonne of paper



DISCHARGES OF SUSPENDED SOLIDS (SS)
Kg per tonne of paper



DISCHARGES OF WASTEWATER
m³ per tonne of paper



		2017	2018	2019	2020	2021	2022	2023
Emission to air								
CO_2-equivalents (direct)	tonnes	514 000	500 000	466 000	410 000	427 294	294 926	257 268
SO_2	tonnes	198	175	162	297	401	360	1 030
NOX	tonnes	908	772	786	701	879	709	1 230

Harbour, Norske Skog Saugbrugs, Halden, Norway.
Photo: Stein Johnsen

Water and marine resources *‹ESRS E3›*

We are committed to follow the EU Water Framework Directive and the ambitious water permit goals given by the local authorities. Our objective is to minimise our impact on the surrounding ecosystems.

Water and marine resources are integral to Norske Skog's operations, from raw material sourcing to production processes and transportation, as well as environmental stewardship. However, for Norske Skog water and marine resources are critical for several reasons:

Water supply: Water is essential for the production process in paper manufacturing. Water serves essential purposes in the production process such as pulping, washing, bleaching, paper making, and cooling. Ensuring a reliable and sustainable water supply is crucial for uninterrupted operations.

Wastewater management: The production process generates wastewater containing various chemicals and organic materials. Proper treatment of this wastewater is necessary to meet environmental regulations and minimize the impact on water bodies.

Transportation: Norske Skog relies on marine transportation for shipping raw materials to their facilities and transporting finished products to customers. Access to navigable waterways is essential for efficient logistics and distribution.

Environmental impact: Being mindful of the impact on marine ecosystems is important for Norske Skog's sustainability efforts. Minimizing pollution and adopting environmentally friendly practices help mitigate adverse effects on marine resources and ecosystems.

WATER USAGE PERFORMANCE

Water shall generally be used and recovered multiple times through the pulp and papermaking processes before finally being discharged and treated in numerous stages. These treatments remove solid particles as well as dissolved organic material, making the water suitable for safe return to the natural environment. A minimum of nutrients such as nitrogen and phosphorus are added during this effluent treatment. Norske Skog is committed to follow the ambitious water permit goals given by the local authorities.

The water usage in 2023 is shown in the illustration. 99% of the water taken into the mills is returned to the waterways after treatment to fulfil the local quality requirements for water discharges. Permit breaches are reported and managed according to standard procedures. Any permit breaches will be continuously monitored and discussed with supervisory authorities.

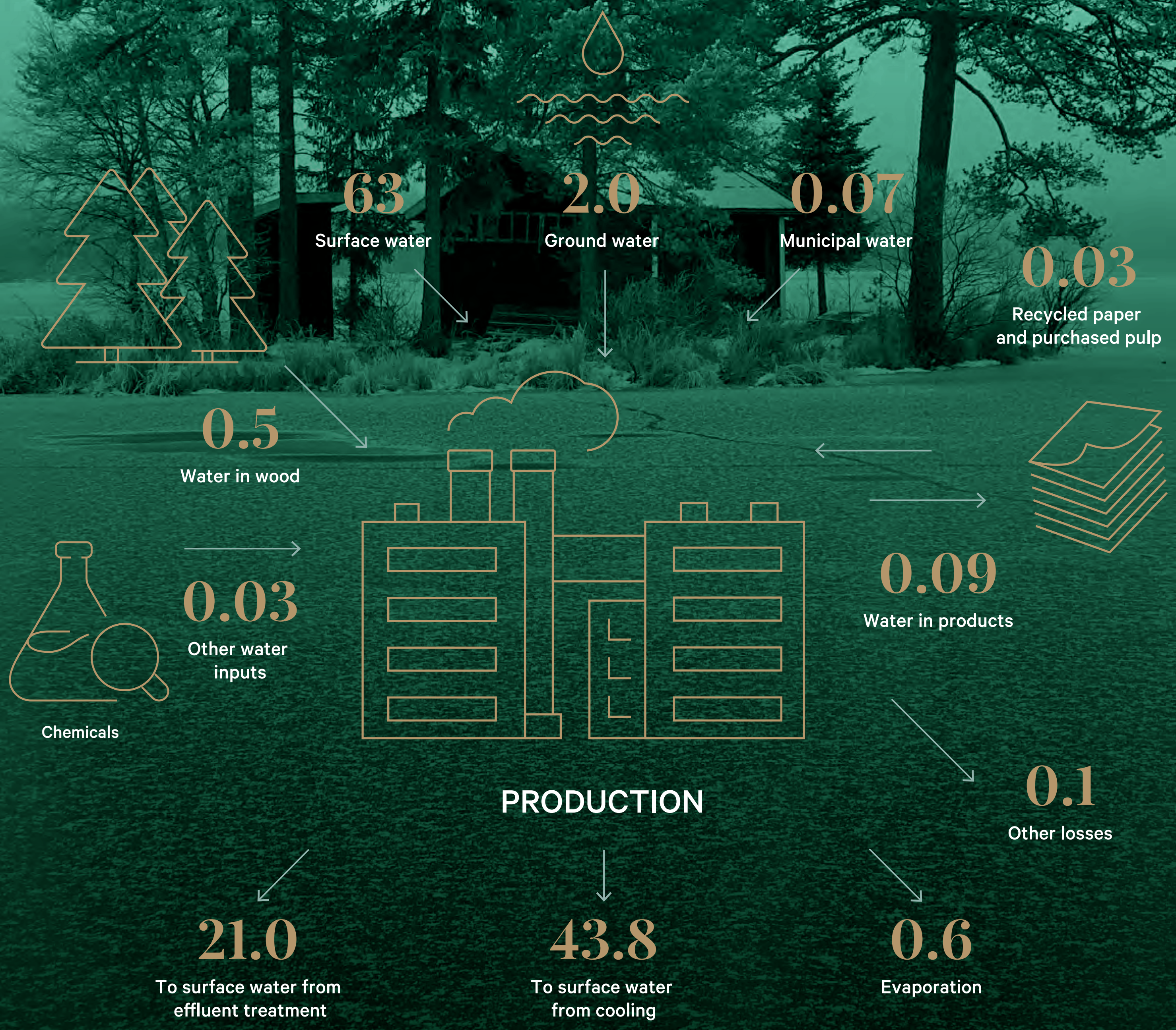
Some of our mills are in areas where access to water and/or flooding might become a risk with climate change. In the long-term both the Norske Skog Golbey and Norske Skog Bruck may experience longer periods of higher temperatures, drier climate, and water limitations during late summer and early fall. Water rationing may occur due to few water reservoir opportunities in the Alps. For the Australian and the Norwegian mills, there will be significant wetter climate, and therefore less risk of shortage of water. Norske Skog will periodically review and make necessary actions to combat these climate risks related to our mills.

WASTEWATER TREATMENT PERFORMANCE

Norske Skog makes great efforts to ensure that the wastewater treatment meet the highest standards. The solid wastes occur mainly from the processing of fibre inputs (wood or recovered paper) and from the treatment of effluent (fibre and biological solids). The subtle change in discharges of organic substances (COD) and suspended solids (SS) are related to technical challenges at the wastewater treatment plant during 2023. At the year end, the Norske Skog Skogn mill has resolved these issues, and the wastewater treatment plant is operating as expected. At Norske Skog Skogn, a new termomechanical pulp line will commence in 2024, which will substitute recovered paper with fresh fibre. The reduction in the Australasian discharges of suspended solids (SS) is mainly related to reduced environmental profile at Boyer.

		2017	2018	2019	2020	2021	2022	2023
Discharges to water								
Discharged process water	mill m^3	46	48	46	41	36	30	28
Discharges of organic substances	tonnes	12 831	10 623	9 226	8 283	8 958	9 989	7 701
Suspended Solid (SS)	tonnes	2 227	1 529	1 329	1 259	1 746	2 030	1 711
Phosphorus (Tot-P)	tonnes	41	31	37	29	30	27	25
Nitrogen (Tot-N)	tonnes	302	280	303	262	268	275	249

Norske Skog global average water use and discharge m³/tonne of paper



The total water consumption in 2023 was 87 722 865 m^3, of which 96% derived from surface water. 99% of the water is returned as surface water after cooling and effluent treatment.

Photo: Carsten Dybevig

Biodiversity and ecosystems *ESRS E4*

Norske Skog recognizes the negative impact that its global operations, and their associated value chain, can have on biodiversity and ecosystem services. The main drivers of nature loss are (a) land and water use change, (b) climate change, (c) pollution and (d) raw material harvesting practices.

Norske Skog's operations are dependent upon ecosystem services provided by nature, including the provision of water, regulation of climate and protection from physical hazards, like floods and landslides. The wood pulp production, specifically, is also dependent on the supply of energy, raw materials and other services that can impact biodiversity and ecosystems at the local, regional, and global level. Norske Skog is therefore responsible to manage the ecosystem risks in the company's operations and business activities.

Stricter regulations related to impacts on biodiversity and ecosystems could impose new requirements on Norske Skog's operations and value chain, which may have a financial or reputational effect. Expectations from customers, investors, and banks could affect Norske Skog's financial performance, cost of capital or access to finance in the medium or long-term.

Our direct impact on biodiversity is managed and controlled through strict laws and regulations that we follow under construction and operations of our production sites. Key indirect impact on biodiversity is mainly identified in upstream activities through sourcing of fresh fibre, which we manage through sourcing of certified and sustainable forests.

Norske Skog, across its facilities in Halden, Skogn, Golbey, Bruck, and Tasmania, takes various measures to handle biodiversity conservation:

HALDEN, SKOGN, AND GOLBEY:

- **Implementing sustainable forestry practices:** Norske Skog collaborates with the forestry value chain and experts like FSC and PEFC, to ensure responsible sourcing of wood fibre, preserving habitats and biodiversity in surrounding forests.
- **Habitat restoration:** Engaging in reforestation and habitat restoration projects through our industry associations, FSC and PEFC connections, to enhance biodiversity and protect endangered species in the areas surrounding their facilities. Norske Skog Skogn has transferred a huge bird life land area to the Norwegian Environmental Agency. Norske Skog Skogn is in dialogue with proper regulatory authorities to clarify the size and scope of the industrial site.
- **Wildlife monitoring:** Through our industry association, Norske Skog is conducting regular assessments to monitor the impact of operations on local wildlife and ecosystems, implementing measures to mitigate any negative effects if necessary. Norske Skog Saugbrugs and Norske Skog Skogn regularly follow-up with action-oriented monitoring of their water recipients according to the Water Frame Directive. In collaboration with The Norwegian Institute for Water Research (NIVA), Norske Skog Saugbrugs monitor the river passing through the industrial site and the nearby fjord. The wildlife in the nearby fjord has been well restored after several stages of wastewater treatment measures.

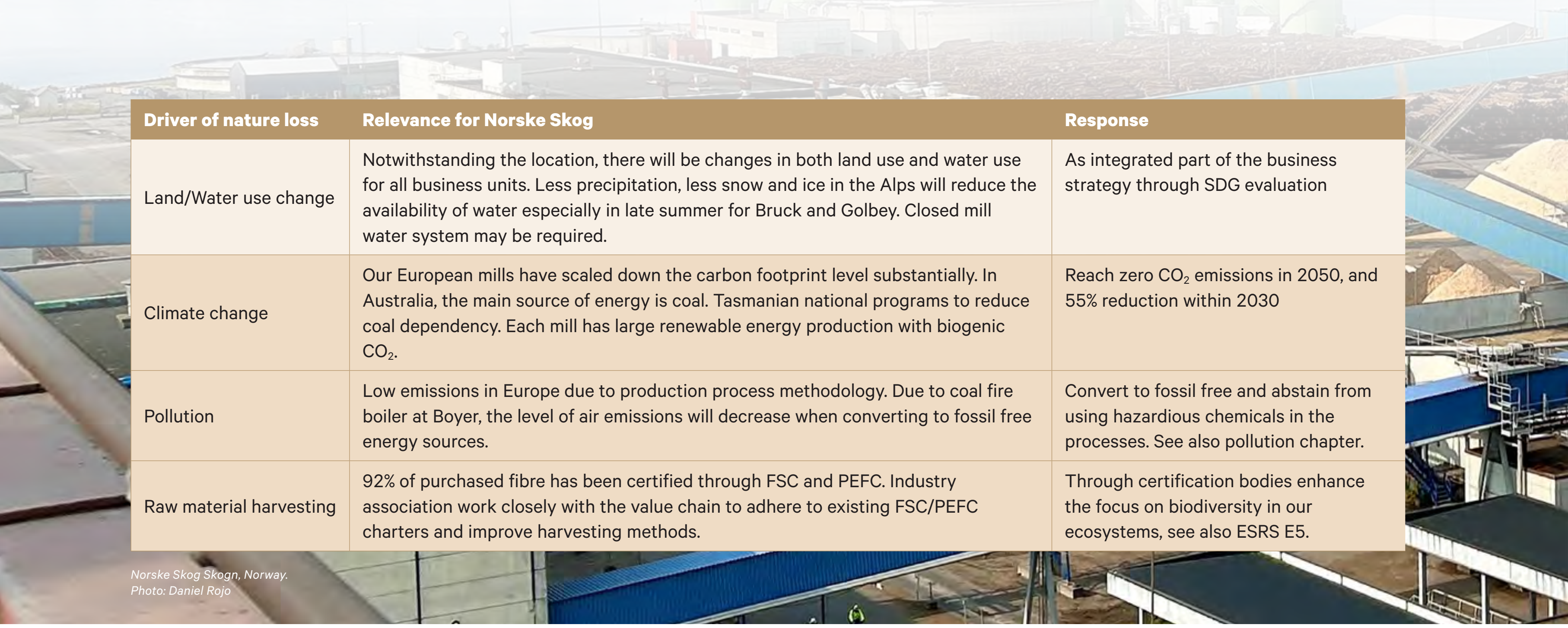
BRUCK:

- **Environmental management systems:** Norske Skog Bruck adheres to strict environmental management systems, incorporating biodiversity conservation into their operational practices.
- Collaboration with local stakeholders: Partnering with local conservation organizations and community groups to identify biodiversity hotspots and implement targeted conservation efforts through regional and local organisations.

TASMANIA:

- **Protection of native forests:** Norske Skog Boyer does not source wood fibre native forests, only from sustainably managed plantations.
- **Conservation partnerships:** Collaborating with Tasmanian authorities and environmental organizations to support conservation initiatives and protect biodiversity in the region.

Driver of nature loss	Relevance for Norske Skog	Response
Land/Water use change	Notwithstanding the location, there will be changes in both land use and water use for all business units. Less precipitation, less snow and ice in the Alps will reduce the availability of water especially in late summer for Bruck and Golbey. Closed mill water system may be required.	As integrated part of the business strategy through SDG evaluation
Climate change	Our European mills have scaled down the carbon footprint level substantially. In Australia, the main source of energy is coal. Tasmanian national programs to reduce coal dependency. Each mill has large renewable energy production with biogenic CO_2.	Reach zero CO_2 emissions in 2050, and 55% reduction within 2030
Pollution	Low emissions in Europe due to production process methodology. Due to coal fire boiler at Boyer, the level of air emissions will decrease when converting to fossil free energy sources.	Convert to fossil free and abstain from using hazardious chemicals in the processes. See also pollution chapter.
Raw material harvesting	92% of purchased fibre has been certified through FSC and PEFC. Industry association work closely with the value chain to adhere to existing FSC/PEFC charters and improve harvesting methods.	Through certification bodies enhance the focus on biodiversity in our ecosystems, see also ESRS E5.



Norske Skog Skogn, Norway.
Photo: Daniel Rojo

Resource and circular economy *(ESRS E5)*

Overall, Norske Skog's approach to resource use and circularity reflects a holistic commitment to environmental sustainability, economic efficiency, and responsible stewardship of natural resources within the paper production industry. Norske Skog shall have an environmental performance that ensures our production and activities have minimal environmental impact. The key objectives in all our business units are efficient production processes with efficient raw material and energy utilisation. Norske Skog expects all business partners to comply with the applicable laws, regulations and principles set out in Norske Skog's Code of Conduct.

RESOURCE INFLOWS INCLUDING RESOURCE USE

The fibre source used at the different Norske Skog mills depends upon availability, production facilities and economic considerations. The minimisation of transport distances and costs is an increasingly important economic and environmental consideration.

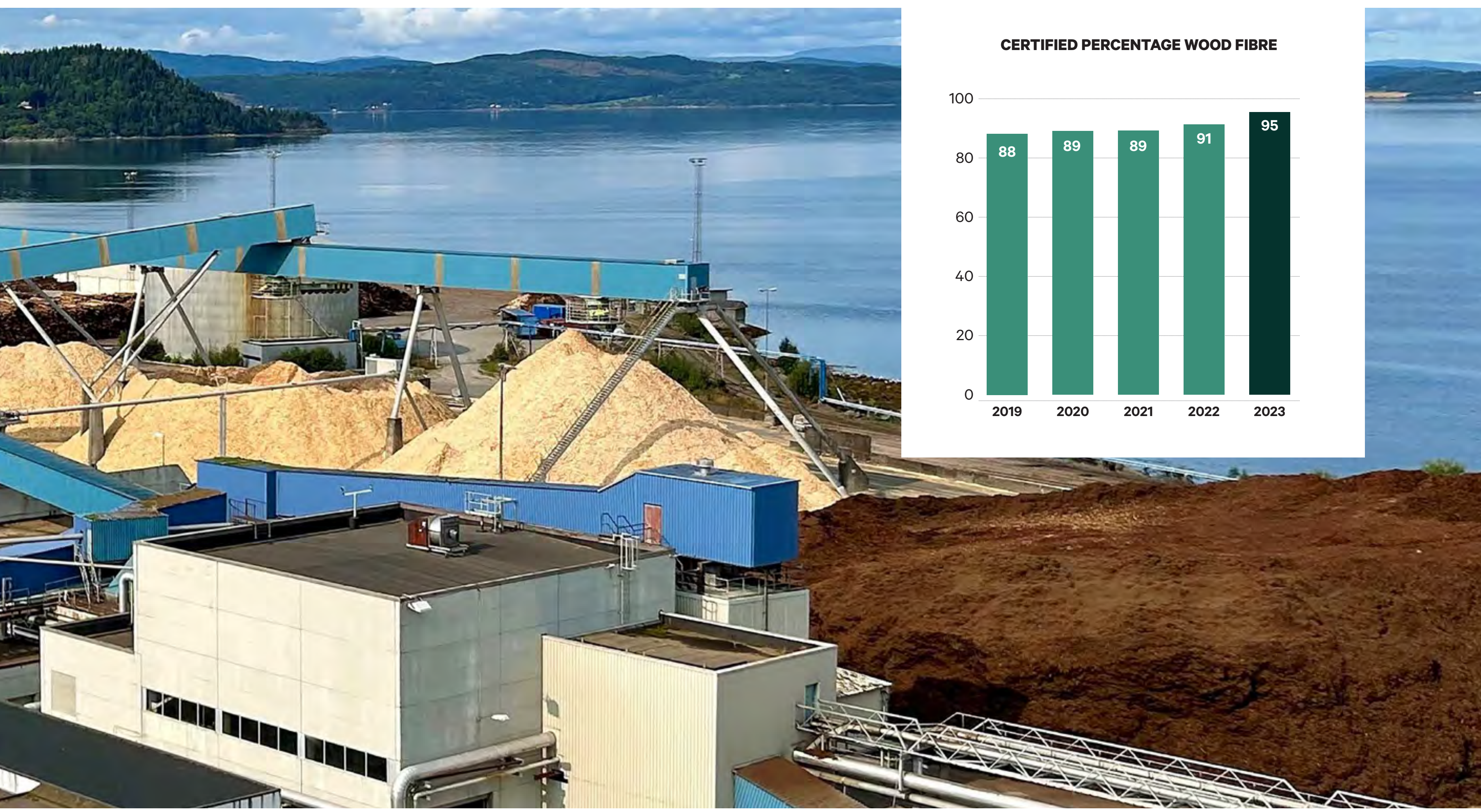
Forestry and use of forest products play an important role in the combat of climate change and for the preservation of biodiversity and ecosystems. For the forest value chain to be a part of the climate change solution, the forests must be managed sustainably. Norske Skog is not a forest owner. However, Norske Skog delivers the following promise:

- Norske Skog has systems and processes to make sure that all wood used in Norske Skog's products comes from sustainably managed forests.
- All Norske Skog mills utilising fresh wood fibre have third-party verified Chain of Custody (CoC) certification systems in place. Our goal is to have 100% certified wood in our products.
- Norske Skog will collaborate with partners in the value chain and environmental organisations to promote forest owners to follow implemented certification agreements, and to develop harvesting routines that secure long-term availability of certified fresh fibres.

The main global forest challenges are related to deforestation in developing countries and forest biodiversity degradation through the logging of high-conservation areas in many parts of the world. To meet these challenges, we need to ensure that more of the world's forest areas are managed on a sustainable basis. Forest certification is an important tool in this context.

The roundwood component of our fresh fibre came from both forests (68%) and plantations (32%). In all countries where Norske Skog sources wood, forest areas are increasing. The average share of certified fresh fibre in 2023 was 96%. In 2023, Norske Skog consumed 1.9 million m^3 of fresh fibre and 0.6 million tonnes of recovered paper..

Roundwood accounted for 85% of our consumption of fresh wood fibres in 2023. Sawmill chips, a by-product from the sawmill industry, accounted for the remaining 15%.



RESOURCE OUTFLOWS RELATED TO PRODUCTS AND RESIDUES

Norske Skog is committed to maintain sustainable environment and responsible use of natural resources. We are committed to foster innovation and implement continuous improvement activities to have none or only minimal adverse impact on the environment.

Norske Skog exemplifies a strong commitment to resource use optimization and circularity within its operations:

- **Circularity in finished goods:** Norske Skog implements circular principles in its production processes, ensuring that finished paper products are designed for recyclability and reuse.
  - On average about 75% of the finished goods are recycled according to CEPI figures. This is the highest recycled products of all within EU.
  - Norske Skog has started production of containerboard, which uses only recycled paper products as input factor. By prioritizing materials that can be efficiently recycled, Norske Skog contributes to the circular economy by minimizing waste and maximizing the lifespan of their products.
  - The production of bio composites at Saugbrugs serve as a substitute for fossil-based plastic materials will also be recycled and reused as raw material.
  - Norske Skog's products are sold with an environmental product declaration for paper (paper profile), which guide the paper buyer according to environmental performance on standardised environmental parameters.
  - All of Norske Skog's business units are certified in accordance with ISO 9001 and 14001.
- **Waste utilization as energy source:** Waste generated during the production process is repurposed as an energy source through methods like biomass combustion or anaerobic digestion. By converting waste into energy, Norske Skog reduces reliance on non-renewable energy sources and minimizes environmental impact while promoting sustainability. The sludge from the wastewater treatment plant is used as energy source for the bio boilers. Although there are huge differences between the mills, in 2023 about 25% of the electricity consumption was recovered as heat from the thermomechanical production process.
- **Reuse ash from bio boiler as fertilizer or cement additive:** Certain waste materials, such as sludge or ash, are reused beneficially rather than being disposed of. These materials can be utilized as fertilizer in agricultural and forestry applications or mixed into cement as an additive, contributing to resource conservation and reducing the need for virgin materials. In Austria, the ash from the bio-boiler is commercialized and sold under the trademark "Stabinor".
- **Continuous improvement:** Norske Skog consistently evaluates and improves its resource utilization practices through innovation and investment in technology. This includes optimizing production processes to minimize waste generation, enhancing recycling capabilities, and exploring new opportunities for circularity across the value chain. The thermomechanical facilities process fresh fibre, which by nature is renewable. The new thermomechanical production line at Skogn will reduce both emissions of nitrogen and CO_2. Norske Skog has completed and is undergoing several energy efficiencies programs, which have resulted in reduced energy per produced tonne of finished goods.

Shortly, the entire production process is in nature circular. The finished publication and packaging paper products are collected and reused to make new paper products. All residues from the production processes are reused or disposed of either through energy recovery, landfill, agricultural fertilizer or sale/delivery.

Many of our mills participate in projects to find alternative or additional methods of reusing the by-products from the production processes.

WASTE

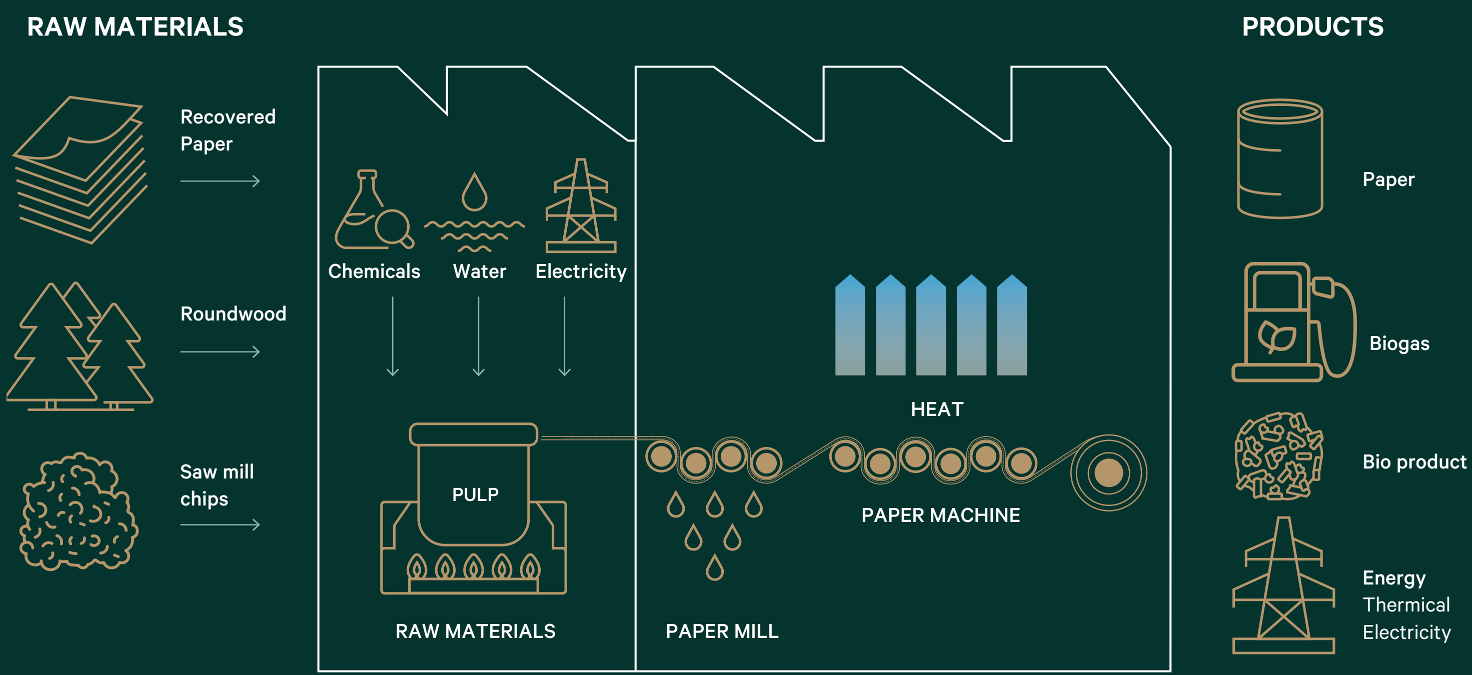
Norske Skog aims to minimize the amount of waste sent to landfill by implementing waste reduction strategies and maximizing recycling and recovery efforts. By diverting waste from landfills, Norske Skog mitigate environmental pollution and reduce the consumption of natural resources. Only about 2% of the waste from the production processes is deposited in landfills.

WASTE PERFORMANCE

The total quantity of dry production waste, such as sludge and bark, generated by the group in 2023 was 258 641 dry tonnes. In 2023, 70% of the waste was used as biofuel for the bio boilers at the mills generating thermal energy. In Europe 82% of the waste was used for energy purposes, whereas in Australia 93% was used for agricultural purposes.

In addition, 122 566 tonnes of ash, which may be used in concrete or brick making, or in road construction, were generated from the combustion process. Ash residues result from combustion processes involving solid fuels. Agricultural re-use is also an option for some ash and organic materials. However, about 43% of the ash are deposited in landfills. This was higher than prior years mainly due to the new energy plant in Bruck. During 2024, Norske Skog aim to identify new use applications for this ash. Different national legislation put limitation on the use of ash. In Austria, Norske Skog Bruck sells the ash under the product brand name Stabinor for construction purposes. In 2023, 498 tonnes of hazardous waste were disposed through authorised collection systems according to national regulations.

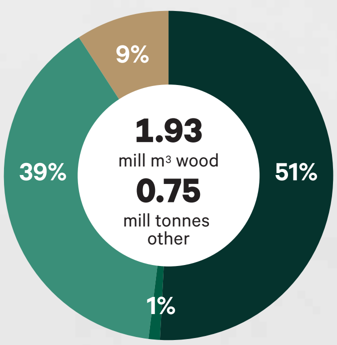
Sources of greenhouse gas emissions



Explanation to the diagram:

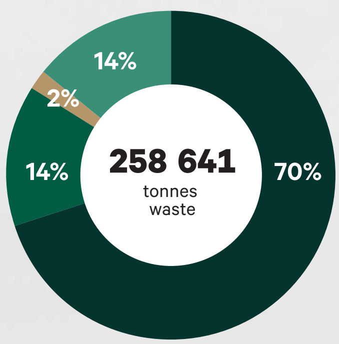
The highly simplified diagram above illustrates the paper production process. Main input materials are wood and/or recovered paper, as well as energy and chemicals. Wood and recovered fibres are separated during pulp production in two different processes.

Pulp production based on recovered paper consumes less energy than production from fresh fibre because the fibres in recovered paper are more easily separated than those within wood. In the paper machine, the pulp passes along a web, firstly through a wet section, then a press section and finally through a drying section. The paper is finally rolled up on reels, and then cut to the sizes ordered by the customer. During this process, more than 90% of the wood fibres in trees are converted to paper products.



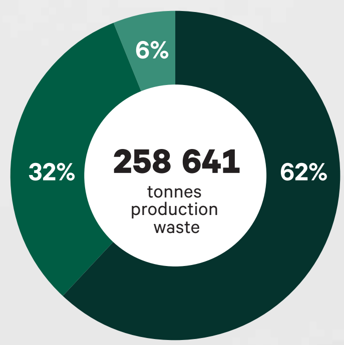
CONSUMPTION OF RAW MATERIAL

- *Wood (roundwood and sawmill chips)*
- *Purchased pulp*
- *Recovered paper*
- *Inorganic fillers*



DISPOSAL PRODUCTION WASTE

- *Biomass used as biofuel*
- *Agriculture*
- *Landfill*
- *Sold or delivered collectors*



SOURCES PRODUCTION WASTE

- *Sludge*
- *Bark*
- *Other*

2

Social

Norske Skog Saugbrugs, Halden, Norway
Photo: Stein Johnsen

Own workforce *‹ESRS S1›*

WORKING CONDITIONS

Health and Safety has high priority for Norske Skog, twenty-four hours a day, seven days a week. Norske Skog's health and safety programme at the business units, called "Take Care 24 hours", is adapted to our different cultures and local requirements where we operate, and shall always meet the requirements of our health and safety standards for international activities. Our goal is a safe working environment where health and safety receive equal attention in planning and in the daily operations of the company.

All employees in Norske Skog shall take responsibility for improving the working environment for themselves, their colleagues, visitors and sub-contractors. Internal cooperation, involving sharing of experience and best practice, enables us to adapt preventive activities to all our business units. Through the activities in Take Care 24 hours, the group stimulates and encourages the same attitudes and behaviour at work and during our spare time, for our own employees and their families. At Norske Skog, we believe that issues relating to health, safety and the environment must be fully integrated into all our activities at every level and not managed as a separate and distinct function. That is why everyone working in Norske Skog – whether an employee or contractor – is accountable for the health, environmental and safety performance.

The Process for Safety Excellence (PSE) is an ongoing, structured process integrated into the day-to-day business of the group to achieve the highest level of health, safety and environmental performance. It applies to every unit within Norske Skog and activity carried out by employees and contractors. PSE focuses on three management components: people, assets and systems. Each component includes nine elements (standards), providing the framework for health, safety and loss prevention.

These standards are applicable to all operations, throughout Norske Skog, which have the potential to adversely affect the health and safety of people, including employees, contractors, visitors and the public. The objectives of these standards are:

- Define the minimum requirements for the health and safety systems at all levels of operation
- Provide a framework for health and safety systems measurement
- Encourage a consistent approach to health and safety systems
- Identify and share the best practice between business units
- Assess each business unit against the standards and continually improve their systems

Our Norwegian business units have signed an IA agreement regarding a more inclusive workplace with the aim of reducing sickness absence rates and increasing job attendance for all employees. Although the IA Agreement is a distinctly Norwegian concept, our non-Norwegian business units operate under similar conditions. The IA Agreement builds on a tripartite cooperation between the national authorities, the trade unions, and the company. The IA Agreement and Norske Skog's operational objective is to develop targets for our work to prevent sickness and absence and to establish verifiable activity targets to achieve a professional attitude to both preventive and reactive health care in the company.

All our business units also have local health, safety and environmental (HSE) forums where the company and trade unions have regular meetings to address local HSE issues. At these meetings, there should be an equal number of representatives from the company and the employees, with as many different groups as possible from within the organisation represented. If the organisation has Occupational Health Services, it should also be represented on the committee. Occupational Health Services should be an advisory and independent body and represent the interests of both the employer and the employees.

Norske Skog has used Synergi Life for many years, which is an operational risk management tool from DNV GL. We have a monthly Management Focus Report (MFR), which is distributed to all business units for internal distribution and includes type of injury and rates of injury, occupational disease rate, lost working days due to accidents, absenteeism, total number of work-related personal injuries and fatalities, by region and business unit. All business units report their information into the Synergi, which is also a source for the transfer of experience and sharing of best practices. Reports from Synergi are analysed and form the basis for our internal HSE audits conducted by our HSE staff at the group level.

Norske Skog is committed to provide a safe working environment for our employees, contractors, and visitors. Health and safety considerations are integrated into the day-to-day business of Norske Skog and apply to every organisation within Norske Skog and every activity carried out by its employees and contractors.

Norske Skog aims to have zero injuries, reduce sickness absence rates and to increase focus on job attendance for all employees.

HEALTH AND SAFETY PERFORMANCE

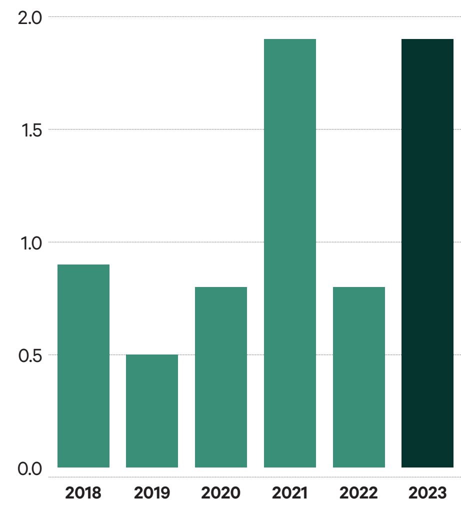
Norske Skog had an absence rate due to illness of 4.5 per cent in 2023, which is a 4% decrease from last year. The total number of accidents at the mills are lower compared to 2022, and it was a 138% increase in lost time injuries per million working hours (H1 or LTI) in 2023 compared to 2022.

The Norwegian inclusive working environment (IA) agreement directs the operational objectives for the cooperation:

- Reduce sick leave
- Increase employee retention rate
- Increase employment of people with functional impairments
- Increase the retirement age

Our work with the IA-agreement has been extended to apply to all of Norske Skog's business units and is intended to be an integral part of our targeted health, safety and environmental (HSE) work.

H1 DEVELOPMENT
Lost time injuries per million working hours



	2019	2020	2021	2022	2023
LTI [1] (H1)	0.5	0.8	1.9	0.8	1.9
TRI [2] (H2)	9.8	6.6	5.9	7.1	5.7
Absence due to illness	3.7	4.2	4.2	4.7	4.5

[1] LTI = *Lost Time Injuries per million working hours.*
[2] TRI = *Total Recordable Incident meaning total number of injuries with and without lost time per million working hours.*

KEY FIGURES – EMPLOYEES

Business Unit	Number of employees (FTE) 31 December 2023					Female share in % Top mngt positions	Female share in % Other mngt positions	% of employees covered by collective agreements
	Ordinary	Temporary	Apprentices	Other	Total	End 2023	End 2023	End 2023
Norske Skog Saugbrugs	408	3	35	-	446	22	16	91
Norske Skog Skogn	380	18	22	-	420	10	6	92
Corporate headquarter	26	-	-	-	26	-	33	93
Norway total	**814**	**21**	**57**	**-**	**892**	**12**	**14**	**92**
Norske Skog Bruck	418	21	35	3	477	-	4	100
Norske Skog Recycling	26	-	-	4	30	-	100	77
Norske Skog Golbey	380	5	30	-	415	66	20	100
Sales offices in Europe	39	-	1	-	40	33	-	9
Europe total	**863**	**26**	**66**	**7**	**962**	**29**	**15**	**95**
Norske Skog Boyer	269	16	17	5	307	14	14	72
Australasia total	**269**	**16**	**17**	**5**	**307**	**14**	**14**	**72**
Norske Skog group total	**1 946**	**63**	**140**	**12**	**2 161**	**19**	**14**	**90**

EQUAL TREATMENT AND OPPORTUNITIES FOR ALL

Norske Skog's people and organisation strategy is to maintain a business-oriented, international organisation that attracts and retains highly competent and motivated employees on all levels around the world. We strive to give people the opportunity to grow personally and professionally in a stimulating working environment.

Our goal is to have a broad access to qualified personnel in a short and long-term perspective. Norske Skog has a structured process for assessing people performance and creating targeted professional development plan for human resources. We believe in developing people through their entire employment period in Norske Skog by providing training, job enrichment and career opportunities.

We take pride in delivering advanced programs for apprentices. These programs are the preferred source when recruiting to our business and a key contribution from Norske Skog to society in terms of quality education. In 2023, 6% of our employees were apprentices and trainees. In Norway, 48% of new hired skilled workers are recruited from apprentice programs, whereas the group achieved 47%.

A containerboard knowledge network group was established to prepare for entering the packaging paper market. Most business units cooperate with selected schools, colleges, and universities in their region. Our engagement embraces activities such as mill visits, project work, diploma theses, trainee, and apprentices' programs. In our internal continuous improvement programs, we aim to share knowledge and learnings. The group is working to further improve the execution of annual performance reviews and development plans by 2024.

Norske Skog has an overall ambition to promote diversity and inclusion by providing equal employment and career opportunities, in addition to treat all employees fairly and with respect. We consider competence as the key for both the company and the individual.

Norske Skog will conduct an analysis of certain aspects of equality and diversity. Based on the outcome of this analysis, Norske Skog will further develop its targets and initiatives.

The paper industry has traditionally attracted few female employees despite several attempts to attract females to the industry. Shift work and unfavourable working hours have been explanations for the low female share. In 2023, the female share of the total workforce was 13%. Our female share in top management positions is 19%, representing the top level in group management at the headquarter, the management teams at the business units and the Managing Directors at the sales offices. Our female share in other management positions is 14.5%.

We are committed to search for female talents for a wider range of roles in our company. Norske Skog recognises that further improvement is needed, and we believe that our new strategic growth Initiatives will be instrumental in terms of diversity.

OTHER WORK-RELATED RIGHTS

Norske Skog's ambitions are to promote decent and transparent working conditions, which are necessary to nurture the productivity, growth, and sustainability of our business. In addition, Norske Skog will comply with employment legislation in the countries where we operate and have close cooperation with unions.

Norske Skog is committed to promote diversity and inclusion by providing equal employment opportunities and treating all employees fairly and with respect. All employees and others acting on behalf of Norske Skog are expected to conduct business in an ethical manner and must always comply with applicable laws and regulations. In practice, we encourage the Norwegian Discrimination Act's objectives within our business. Norske Skog will commit to an inclusive work culture, which appreciates and recognises that all people are unique and valuable and should be respected for their individual abilities and views. We will also prevent discrimination due to ethnicity, national origin, descent, skin colour, language, religion and faith.

Norske Skog Saugbrugs received Platinum Rating from EcoVadis in 2023 for their performance on environmental and social impact, human rights and responsible sourcing. EcoVadis is a leading independent organisation that evaluate supplier performance in terms of sustainability. Platinum rating is the highest possible rating and place them in the top 1% of companies in the pulp and paper industry.

LABOUR ASSOCIATIONS

Norske Skog fully complies with all laws regulating collective bargaining and recognises freedom of association. Our commitment to respect the freedom of association is embodied in the Global Framework Agreement on the Development of Good Working Relations, concluded by Norske Skog and the IndustriALL Global Union. Norske Skog respects and supports the human rights of all individuals potentially affected by our operations and subscribes to the United Nations Global Compact principles.

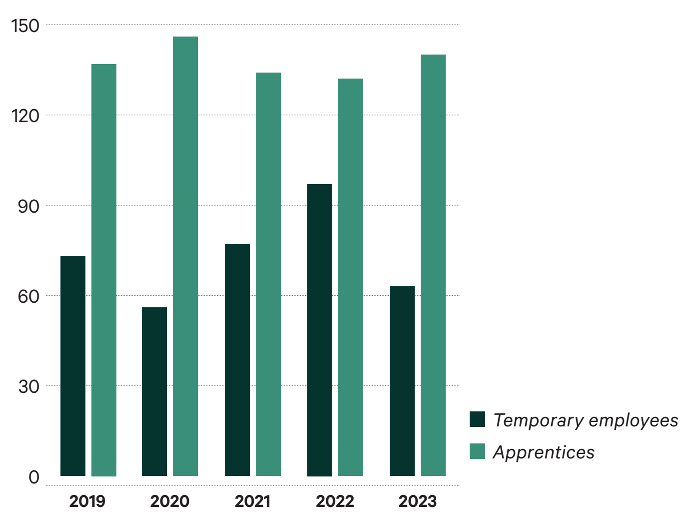
PEOPLE PERFORMANCE ANALYSIS

As of 31 December 2023, Norske Skog employed 2 161 people in Europe and Australasia, which is an 1% increase from last year was mainly connected to new employees to operate the energy plant and the packaging paper production at Norske Skog Bruck. The turnover of people, including retirement, was 11%. Our employment levels are not subject to seasonal variations, and the share of temporary employment is around 3% of the total.

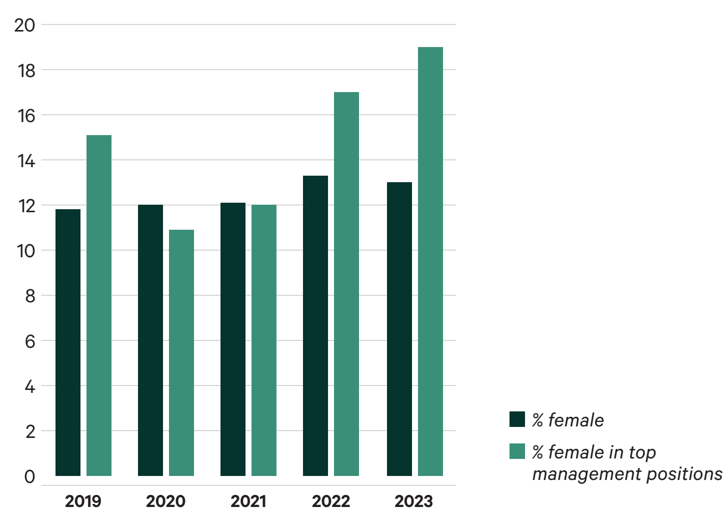
In 2023, unions represented 90% of our employees for collective bargaining purposes. There have been no reported incidents of child labour, forced or compulsory labour during the reporting period. Nor has there been any reported incidents of discrimination in respect of employment or occupation. The risk of such incidents in the supply chain is considered low, and a high-level risk assessment of suppliers has not provided information or indications of any violation by our suppliers.

Norske Skog offers employee welfare programs to support the physical, mental, and financial well-being of its workers. This includes health insurance, retirement plans, wellness initiatives, and support services for work-life balance.

NUMBER OF APPRENTICES AND TEMPORARY EMPLOYEES



PROPORTION OF FEMALE (%)



Workers in the value chain *‹ESRS S1›*

Norske Skog demonstrates social responsibility towards workers in the value chain through various initiatives and practices:

- Safe working conditions: Norske Skog expect that the suppliers in the value chain prioritize the safety and well-being of its workers by implementing robust health and safety protocols. This includes providing proper training, personal protective equipment, and maintaining safe working environments to prevent accidents and injuries.
- Fair employment practices: Norske Skog adheres to fair employment practices, ensuring equal opportunities, non-discrimination, and fair wages for all workers within its value chain. This commitment extends to contractors, suppliers, and subcontractors involved in its operations.
- Labor rights and standards: Norske Skog seeks to collaborate and buy goods and services from companies that respect labour rights and complies with relevant labour standards, including those outlined by international organizations such as the International Labour Organization (ILO). This includes respecting workers' rights to freedom of association, collective bargaining, and fair working hours.

Overall, Norske Skog's social responsibility for workers in the value chain encompasses efforts to ensure safe working conditions, fair employment practices, employee welfare programs, respect for labour rights, training and development opportunities, and community engagement. These initiatives aim to promote a positive and sustainable impact on workers' lives and the communities in which the company operates.

Where Norske Skog has no operational responsibility, but has an equity stake, or where significant Norske Skog assets are involved in a subcontracting site or otherwise in the value chain, arrangements shall be made to ensure that comparable standards of safety are maintained. We strongly believe in behavioural based safety observations and audits. These are observations of people's workplace behaviour that enables positive feedback for safe behaviour, recognition, and correction of unsafe acts.

THE NORWEGIAN TRANSPARENCY ACT

The Norwegian Parliament has passed the Transparency Act (In Norwegian: "Åpenhetsloven") with the purpose to promote companies' respect for fundamental human rights and decent working conditions in connection with the production of goods and services, and to ensure the public access to information on how companies handle negative consequences on fundamental human rights and decent working conditions.

The act applies to large enterprises that are domiciled in Norway, which offer goods and services inside or outside Norway. The act entered into force on 1 July 2022. Norske Skog complies with the obligations under the scope of this act.

MODERN SLAVERY AND TRAFFICKING STATEMENT IN AUSTRALIA

Norske Skog Australia signed the first Modern Slavery and Trafficking Statement, as required under the Australian Federal Modern Slavery Act of 2018. The purpose is to outline our approach and commitment to ensuring that the group has robust frameworks and processes in place to establish zero tolerance level for modern slavery and human trafficking in our business and value chain. Norske Skog is obliged to operate responsibly and adhere to the highest ethical standards across business units.

RESPECTING HUMAN RIGHTS

Norske Skog is committed to respect and support fundamental human rights and decent working conditions of all individuals potentially affected by our operations and business relationships. We perform human rights due diligence in accordance with the OECD Guidelines for Multinational Enterprises and ensure compliance with relevant national legislations.

Norske Skog does not have operations in countries with high risk of human rights violations. As a global company, with suppliers and customers in a variety of countries, we do however recognize that Human Rights risk may be present in our value chain.

Norske Skog has established processes for responsible business conduct into our management systems. A Human Rights Policy has been approved by the board of directors. As part of this process, we have developed a Human Rights Manual for internal use, describing roles, responsibilities and compliance activities at group and business unit levels as including practical guidance.

Business units across Norske Skog group have started the work of systematically identifying and assessing actual and potential negative consequences for basic human rights and decent working conditions. Results from the high-level identification process highlight three areas of priority across our value chain:

- Health and safety
- Fair labour conditions
- Natural resource related human rights

As part of this process, Norske Skog identified that vulnerable groups, represented by low-skilled workers, migrant- and temporary workers are at higher risks of experiencing potential adverse impacts. Norske Skog has established processes for assessing high risk suppliers by evaluating two dimensions; Sector Risk and Country risk (represented by country of production). Sector risk is found to be most significant through sourcing of chemicals, transport and logistics services, paper mill machinery and construction services. Norske Skog is focusing its risk-assessment of suppliers in these sourcing categories. Sourcing of wood is not considered a high-risk category due to the sourcing of FSC / PFSC certified wood which include social audits on labor conditions. Tier one suppliers in the identified high risk sourcing categories are subject to country risk assessment.

Our business units have started the process of assessing prioritized areas in selected purchasing categories. In 2023 Norske Skog issued Supplier Self-Assessment Surveys on Human Rights to total of ~330 suppliers. The response rate was ~50%. Norske Skog has not identified any actual adverse impacts on human rights linked with the suppliers during this reporting period.

In 2024 Norske Skog will start using digital platform for collecting information from suppliers that will support our Human Rights due diligence process. This will enable efficient follow up of a larger group of suppliers covering the ESG, not only Human Rights.

During 2024 our efforts in mitigating potential Human Rights risk in our supply chain will focus on update of internal routines and policies for procurement including dialogue with key suppliers regarding expectations and ambitions. As part of this we will also review potential target setting.

Norske Skog publishes Annual Statement on Human Rights our webpage.

Workshop at Norske Skog Saugbrugs, Halden, Norway.
Photo: Stein Johnsen

Affected communities *(ESRS S3)*

COMMUNITIES' ECONOMIC, SOCIAL AND CULTURAL RIGHTS
Norske Skog seeks to understand the actual and potential impacts our operations have on local communities, and to understand their expectations and needs. We cooperate and report to the local communities about significant infrastructure investments and services supported, both current or expected impacts on communities and local economies.

Several business units are situated in immediate proximity to local towns. Norske Skog aims to be a strong and solid contributor for these communities. To manage this relationship, we have established a target to report the significant social, environmental, safety and economic impacts our operations have on these local communities. We achieve this by working closely with the community in various aspects, both authorities and private partners and though open and honest dialogue about environment, safety- and economic issues on regularly.

Our activities affect employees, suppliers, customers and partners in many countries, regions, towns, and villages. Our decisions and activities, production and sales have an impact on a multitude of individuals, groups, and companies, both financially and otherwise. We acknowledgethat Norske Skog's decisions may have great significance and impact on the local community. We believe that an open dialogue and cooperation with the local community on strategies and investment plans will benefit all parties in the long-term. During the process to establish new industrial facilities and machine conversions at Norske Skog Bruck and Norske Skog Golbey, Norske Skog had and still have positive experience with the comprehensive dialogue and communication with stakeholders in the local communities.

To improve and maintain our role in society and as an important employer in local communities, our business units are encouraged to be active and open in their communication and contact with local stakeholders. Examples include reports to neighbours and other local stakeholders, open days for the public to inform about our business, engagement in nature protection projects, support to local museums, involvement in sports and cultural initiatives, support to charitable organisations, as well as integration of immigrants and disabled persons through vocational training. We encourage employees to take part in local community work as many of them do.

RIGHT OF INDIGENOUS PEOPLE
Norske Skog operates in culturally and geographically diverse regions like Tasmania, Norway, Austria, and France, where considerations regarding the rights of indigenous peoples are significant. Here's how Norske Skog could potentially be involved with indigenous rights at these locations:

TASMANIA:
Engagement with aboriginal communities: Norske Skog could engage with Tasmanian Aboriginal communities to understand and respect their cultural heritage, traditional land use, and rights. This could involve consultation processes, collaboration on land management practices, and supporting indigenous-led initiatives for cultural preservation and economic empowerment.

NORWAY:
Sami reindeer herding: In Norway's northern regions where Sami indigenous communities reside, Norske Skog has through the collaboration with the FSC and PEFC certification methodology collaborated with the Sami reindeer herders to ensure that forestry harvesting activities respect their traditional reindeer grazing lands and migration routes. This might involve land-use agreements, consultation mechanisms, and mitigation measures to minimize conflicts.

AUSTRIA:
Engagement with local communities: While Austria does not have recognized indigenous communities in the same sense as Tasmania or Norway, Norske Skog could still engage with local communities, including ethnic minorities or marginalized groups, to ensure that their rights and interests are respected. Norske Skog practices equal right policy to ensure ethnic diversity especially related to equitable employment opportunities.

FRANCE:
Collaboration with local stakeholders: Norske Skog respects the cultural heritage, supporting sustainable land management practices, and promoting social inclusion and diversity in France.

Overall, Norske Skog's involvement with indigenous peoples at relevant locations would involve respectful engagement, acknowledgment of traditional knowledge and rights, and collaboration to ensure that their operations contribute positively to the well-being and empowerment of indigenous and local communities.

Control room at Norske Skog Saugbrugs, Halden, Norway.
Photo: Stein Johnsen

Consumers and end-users *(ESRS S4)*

INFORMATION RELATED IMPACTS FOR CONSUMERS AND END USERS

Norske Skog may affect consumers and end users in several ways:

- **Product availability and quality:** Norske Skog's production of paper and paper-based products contributes to the availability of these goods in the market. The company's commitment to quality control ensures that consumers receive products meeting certain standards of performance and durability. Norske Skog publish Paper Profiles for its publication paper products. In addition, Norske Skog has numerous ISO-certifications, and the sourcing of fresh fibre is certified either through FSC or PEFC.
- **Product diversity:** Norske Skog's diverse product portfolio, which includes newsprint, magazine paper, packaging paper, nanocellulose, bio-composites and energy, provides consumers with a range of options to meet their specific needs and preferences.
- **Environmental impact:** Consumers may be concerned about the environmental impact of paper production. Norske Skog's sustainability efforts, such as sourcing from responsibly managed forests and implementing eco-friendly practices, may influence consumers' perceptions and purchasing decisions.
- **Price:** Norske Skog's pricing strategies clearly affect the affordability of paper products for consumers. Factors such as production costs, market demand, and competition may influence the prices of Norske Skog's products in the marketplace.
- **Innovation and technology:** Norske Skog's investments in research, innovation, and technology lead to advancements in paper manufacturing processes, product design, and performance characteristics. This innovation benefits consumers by offering improved products with enhanced features or functionalities.
- **Corporate reputation:** Norske Skog's corporate reputation, including factors such as ethical business practices, social responsibility initiatives, and customer satisfaction, may influence consumers' perceptions of the company and their willingness to support our existence, products, and production processes.

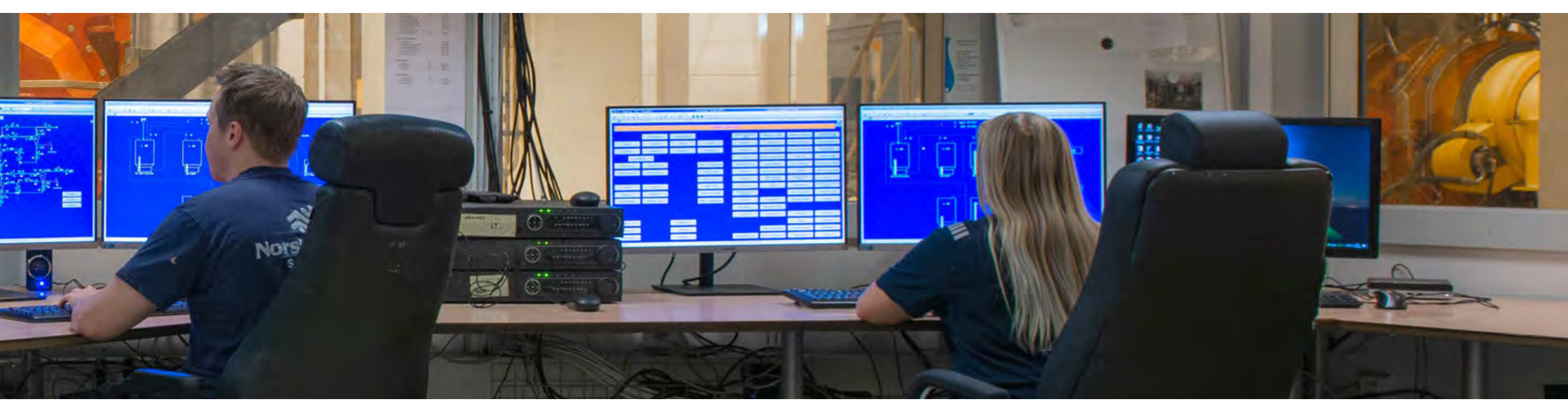
Overall, Norske Skog's production and commercial activities have a direct or indirect impact on consumers and end users through product availability, quality, diversity, environmental considerations, pricing, innovation, and corporate reputation.

PERSONAL SAFETY OF CONSUMERS AND END USERS

Norske Skog's diverse product portfolio can impact the personal safety of consumers and end users in various ways:

- **Packaging safety:** Packaging paper produced by Norske Skog is used in various consumer products, including food packaging and household goods. Ensuring the safety of packaging materials is essential to prevent contamination or harmful exposure to chemicals. Norske Skog's commitment to quality control and adherence to safety regulations can contribute to the safe use of packaging materials by consumers.
- **Nanocellulose and bio-composites:** Norske Skog's production of nanocellulose and bio-composites introduces innovative materials into the market. While these materials offer potential benefits such as lightweight, strength, and sustainability, their safe use requires careful consideration of potential health risks, such as inhalation or skin exposure to nanoparticles. Norske Skog's research and development efforts likely include assessing the safety of these materials and providing appropriate guidance for their handling and use by consumers.
- **Energy products:** Norske Skog may produce energy as a by-product of its manufacturing processes or through dedicated energy production facilities. Norske Skog sells biogas in Norway and France, and heat from waste to energy plant in Austria to the local market. While energy products themselves may not directly impact consumer safety, ensuring the safe operation of energy facilities and compliance with relevant safety regulations is crucial to prevent accidents or environmental hazards that could affect nearby communities or consumers.
- **Regulatory compliance:** Norske Skog operates within a regulatory framework that sets standards for product safety, occupational health, and environmental protection. Compliance with these regulations helps ensure that products manufactured by Norske Skog meet safety requirements and do not pose undue risks to consumers or end users.

Norske Skog's impact on the personal safety of consumers and end users is influenced by our adherence to safety regulations, quality control measures, and responsible handling of materials throughout its diverse product portfolio. By prioritizing safety in its operations and products, Norske Skog can help mitigate potential risks and contribute to the well-being of consumers and end users.



3 Corporate governance

Norske Skog Skogn, Norway.
Photo: Thomas Leirvik

Norske Skog ASA is the ultimate parent company of the Norske Skog group, which is a paper manufacturing group with production and sales operations in Europe and Australia. Norske Skog's goal is to increase shareholder value, through profitable and sustainable production of publication and packaging paper as well as other fibre and energy related business. Norske Skog ASA is a Norwegian registered public limited liability company listed on the Oslo Stock Exchange and is subject to Norwegian law, including Norwegian and EU securities legislation and stock exchange regulations.

The board of directors of Norske Skog has a strong focus on ensuring compliance with applicable corporate governance standards. Norske Skog is subject to reporting requirements for corporate governance pursuant to Section 3-3b the Norwegian Accounting Act and complies with the Norwegian Code of Practice for Corporate Governance (the "Code", see www.nues.no, English pages). The Code was last revised on 14 October 2021.

Corporate governance principles as referred to in this statement define roles and responsibilities, powers, and processes, between and within governing bodies, such as the general meeting, the board of directors and the corporate management. For further information on corporate bodies and corporate governance matters, please visit Norske Skog's website www.norskeskog.com/sustainability/governance.

Corporate governance is continuously addressed by the board of directors, and the board of directors has approved this corporate governance statement. There are no material amendments to the corporate governance statement compared to the corporate governance statement included in the annual report for 2022.

1. Implementation and reporting on corporate governance

This corporate governance statement follows the structure of the Code published on 14 October 2021. Deviations from the Code shall be explained where relevant in this statement, together with a summary of all deviations in this section 1.

There are currently no deviations from the Code.

The corporate governance principles adopted by Norske Skog are set out in the company's Corporate Governance Policy and are fundamental for the company's corporate governance and value creation. Norske Skog's Corporate Governance Policy is based on the Code and, as such, it is designed to establish a basis for good corporate governance and to support achievement of the company's core objectives on behalf of its shareholders, including the achievement of profitability for the shareholders of Norske Skog in a sustainable manner. The way Norske Skog is governed is vital to the development of its value over time.

Norske Skog believes that good corporate governance involves openness, honesty and cooperation between all parties involved in and with the group: the shareholders, the board of directors and executive management, employees, customers, suppliers, public authorities, and the society in general.

By pursuing the principles set out in the Corporate Governance Policy, the board of directors and management shall contribute to achieving the following objectives:

- Openness and honesty. Communication with the interest groups of Norske Skog shall be based on openness and honesty on issues relevant for the evaluation of the development and position of the company.
- Independence. The relationship between the board of directors, the management and the shareholders shall be based on independence. Independence shall ensure that decisions are made on an unbiased and neutral basis.
- Equal treatment. One of Norske Skog's primary objectives is equal treatment and equal rights for all shareholders.
- Control and management. Good control and corporate governance mechanisms shall contribute to predictability and reduce the level of risks for shareholders and other interest groups.

The development of, and improvements in, the company's Corporate Governance Policy are ongoing and important processes that the board of directors and management have continuous focus on.

Deviations from the Code: None.

2. Business

Norske Skog's business purpose is set out in the Articles of Association, article 2: "The company's objective is to conduct wood processing industry, investing activities and activities related to this, as well as providing headquarter services for the group, including raise of external loans and conducting group financing arrangements." The Articles of Association are available on the company's website, www.norskeskog.com/investors/articles-of-association. The business of the company is conducted in accordance with the targets, strategies and risk profile determined by the board of directors, within the scope of the company's business purpose, to realise value creation for the shareholders in a sustainable manner. The board of directors considers the targets, strategies, and risk profile of the company on a continuous basis.

The company has established guidelines and principles which are used to integrate considerations to human rights, decent working conditions, employee rights and social matters, the external environment and anti-corruption and other compliance efforts in its business strategies, its day-to-day operations and in relation to its stakeholders. This includes but is not limited to the Norske Skog Steering Guidelines and the Code of Conduct. Compliance with the Steering Guidelines and the Code of Conduct is mandatory for all employees in the group and others acting on the group's behalf, and similar conduct and ethical standards are expected from suppliers, customers, other business relations and in partnerships, joint ventures, and partially owned subsidiaries. The Steering Guidelines and the Code of Conduct can be found on the company's website, www.norskeskog.com/sustainability/governance/steering-guidelines.

Sustainability and corporate social responsibility are integrated parts of the group's business and are described in the sustainability report section of the annual report.

Deviations from the Code: None.

3. Equity and dividends

SHARE CAPITAL

The share capital of Norske Skog is set out in the Articles of Association, article 4. The company's share capital at year end 2023 was NOK 377 058 820, divided into 94 264 705 shares, each with a nominal value of NOK 4.00.

EQUITY

The board of directors is responsible for ensuring that the group is adequately capitalised relative to the risk and scope of operations and that the capital requirements set forth in laws and regulations are met. The company shall have an equity capital at a level appropriate to its objectives, strategy, and risk profile. The board of directors shall continuously monitor the group's capital situation and shall immediately take adequate steps if the company's equity or liquidity is less than adequate.

Norske Skog's consolidated total equity as at 31 December 2023 was NOK 6 161 million, which is equivalent to 41.8% of total assets (for Norske Skog ASA, the total equity was NOK 4 494 million, which is equivalent to 55.9% of total assets).

DIVIDEND POLICY

It follows from Norske Skog's Corporate Governance Policy that the company shall, always, have a clear and predictable dividend policy established by the board of directors. The dividend policy forms the basis for the board of directors' proposals on dividend payments to the company's general meeting.

The company's dividend policy has historically been to pay dividends reflecting the underlying earnings and cash flow while ensuring efficient capital allocation in the group. When deciding the dividend level, the board of directors will among other things take into consideration capital expenditure plans, financing requirements and maintaining the appropriate strategic flexibility of the group. The group's financing arrangements for the projects to convert newsprint production capacity to recycled containerboard production capacity include restrictions on dividend distribution in the period up to July 2025. The company's dividend policy has therefore been suspended until such restrictions do no longer apply. For financial years with particularly strong financial performance, however, the company may consider requesting consent from relevant financing providers to make dividend distributions.

CAPITAL INCREASES AND ISSUANCE OF SHARES

The general meeting in 2023 authorised the board of directors to increase the share capital one or several times with an aggregate amount of up to NOK 37 705 882, equivalent to 10% of the company's share capital. The authorisation may be used for general corporate purposes, including, but not limited to, financing of the company's strategic plans and in connection with acquisitions of companies or other businesses. The authorisation was granted for the period up to the annual general meeting in 2024. As of the date hereof, the authorisation has not been used.

Deviations from the Code: None.

4. Equal treatment of shareholders

The company has only one class of shares. Each share in the company carries one vote, and all shares carry equal rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis unless there is just cause for treating them differently.

In the event of an increase in share capital through issuance of new shares, a decision to deviate from existing shareholders' pre-emptive rights to subscribe for shares shall be justified. Where the board of directors resolves to issue shares and deviate from the pre-emptive rights of existing shareholders pursuant to an authorisation granted to the board of directors by the general meeting, the justification will be publicly disclosed in a stock exchange announcement issued in connection with the share issuance.

Any transactions in treasury shares carried out by the company shall be carried out on the Oslo Børs, and in any case at the prevailing stock exchange price. If there is limited liquidity in the company's shares, the company will consider other ways to ensure equal treatment of shareholders. Any transaction in treasury shares by the company is subject to notification requirements and shall be publicly disclosed in a stock exchange announcement.

Deviations from the Code: None.

5. Shares and negotiability

The shares of the company are freely negotiable and there are no limitations on any party's ability to own or vote for shares in the company.

Deviations from the Code: None.

6. General meetings

The general meeting is the shareholders' forum and the supreme governing body of the company. The Articles of Association do not limit the shareholders' rights as provided by the Public Limited Liability Companies Act. The board of directors sets the agenda for the general meeting. The minutes from the general meeting are published externally and on the company's website, in accordance with applicable laws and deadlines.

The board of directors shall ensure that as many of the company's shareholders as possible are able to exercise their voting rights at the company's general meetings, and that the general meeting is an effective forum for shareholders and the board of directors, which shall be facilitated through the following:

- the resolutions and any supporting documentation shall be sufficiently detailed, comprehensive, and specific allowing shareholders to understand and form a view on all matters to be considered at the general meeting.
- deadlines for shareholders to give notice of their attendance at the general meeting shall be set as close to the date of the general meeting as practically possible.
- the board of directors and the chair of the nomination committee shall be present at general meetings, while other members of the nomination committee as well as the auditor shall be present at general meetings where matters of relevance for such committees/persons are on the agenda; and

- the board of directors shall ensure that the general meeting can elect an independent chair for the general meeting.

The shareholders shall be able to vote on each of the matters on the agenda and shall be able to vote separately on each candidate at elections. Shareholders who are unable to be present at the general meeting, or for other reasons so desire, shall be given the opportunity to vote electronically through VPS in advance of the general meeting, be represented by proxy and to vote by proxy. The company shall in this respect:

- provide information on the procedure for voting electronically in advance of the general meeting.
- provide information on the procedure for attending by proxy.
- nominate a person who will be available to vote on behalf of shareholders as their proxy; and
- prepare a proxy form, which shall, to the extent this is possible, be set up so that it is possible to vote on each of the items on the agenda and the candidates nominated for election.

Deviations from the Code: None.

7. Nomination committee

Pursuant to the Articles of Association, article 8, the company shall have a nomination committee consisting of between one and three members. The company's general meeting elects the members and the chair of the nomination committee and determines their remuneration. The majority of the members of the nomination committee shall be independent from the company's board of directors and executive management. The members of the nomination committee shall not be members of the board of directors or the executive management, and not offer themselves for election to the board of directors. The composition of the nomination committee should be such that the interests of shareholders in general are represented. The nomination committee currently consists of three members, Yngve Nygaard, who serves as the chair of the committee, Gert Steens and Terje Sagbakken.

The general meeting shall approve the instructions for the nomination committee. These instructions set out the objectives, responsibilities, and functions of the nomination committee, and provide guidelines for rotation of its members. The company shall provide information regarding the composition of the nomination committee, the members of the nomination committee and any deadlines for submitting proposals to the nomination committee as part of its recommendations to the general meeting.

The nomination committee shall recommend candidates for the election of members and chair of the board of directors, candidates for the election of members and chair of the nomination committee, and remuneration of the members of the board of directors, its board committees, and the nomination committee.

The nomination committee shall have contact with shareholders, the board of directors on individual basis and the company's executive personnel as part of its work on proposing candidates for election to the board.

The nomination committee's recommendation of candidates to the nomination committee shall ensure that they represent a broad group of the company's shareholders. The nomination committee's recommendation of candidates to the board of directors shall ensure that the board of directors is composed to comply with legal requirements and principles of corporate governance. The nomination committee shall justify why it is proposing each candidate separately. The proposals from the nomination committee shall include a reasoning for its proposal, as well as a statement on how it has carried out its work. The nomination committee's proposal shall include information about the candidates and shall be made available at the latest in accordance with the 21 days' notice rule to call for a general meeting. Shareholders shall be given the opportunity to submit proposals to the nomination committee for candidates for election to the board of directors and other appointments in a simple and practical manner. Any date for when such proposals must be submitted to be considered by the nomination committee shall be communicated. The nomination committee of Norske Skog are, however, generally available to receive proposals for candidates or other input from shareholders at any time throughout the year.

Deviations from the Code: None.

8. The board of directors' composition and independence

According to the Articles of Association, the board of directors of Norske Skog shall have between three and eight board members. The current number of board members is four, and in addition there are two observers to the board of directors being union representatives from each of the two Norwegian mills. The composition of the board of directors should ensure that the board of directors has the expertise, capacity and diversity needed to achieve the company's goals, handle its main challenges, and promote the common interests of all shareholders. Each board member should have sufficient time available to devote to his or her appointment as a board member. The number of board members should be determined on this basis. Furthermore, individuals of the board of directors shall be willing and able to work as a team, resulting in the board of directors working effectively as a collegial body.

The board of directors shall be composed so that it can act independently of any special interests. A majority of the shareholder-elected members of the board of directors shall be independent of the executive management and material business connections of the company. At least two of the members of the board of directors shall be independent of shareholders that owns or controls 10% or more of the company's shares or votes, meaning that there are no circumstances or relations that may be expected to be able to influence the independence of the board members' assessments.

The members of the board of directors and the chair of the board of directors shall be elected by the company's general meeting. No member of the company's executive management shall be a member of the board of directors. At least half of the members of the board of directors shall reside in Norway or another EEA country. Both genders shall be represented on the board of directors in compliance with the gender representation requirements set out in section 6-11a of the Norwegian Public Limited Liability Companies Act. The term of office for the board members shall not be longer than two years at a time. Members of the board of directors may be re-elected. The election of the members to the board of directors should be phased so that the entire board of directors is not replaced at the same time.

The following table summarises the roles of the members of the board of directors and meeting attendance at board meetings held in 2023:

Name (*)	Residence	Role	Committee memberships	Board meetings attended	Board member since	End of term
John Chiang (ii)	London, UK	Chair	Audit committee and remuneration committee	2/2	2018	2023
Geir Drangsland (iii)	Oslo, Norway	Chair	Audit committee and remuneration committee	6/6	2023	2023
Arvid Grundekjøn (iv)	Oslo, Norway	Chair	Audit committee and remuneration committee	11/11	2018	2025
Trine-Marie Hagen	Oslo, Norway	Board member	Audit committee and remuneration committee	11/11	2019	2025
Nikolai Johns (v)	Oslo, Norway	Board member	N/A	3/3	2022	2023
Johanna Lindén	Gothenburg, Sweden	Board member	N/A	10/11	2022	2024
Christoffer Bull (vi)	Oslo, Norway	Board member	N/A	7/8	2023	2025

(i) *Please refer to the description in the board of directors' section of the annual report for further information on the expertise, experience and independence of the members of the board of directors, as well as the board members' respective shareholdings in the company. Comments have been provided in the following for board members who have not served in their roles for the whole of 2023.*

(ii) *John Chiang served as chair of the board of directors and participated in 2 of 2 board meetings in the period prior to the extraordinary general meeting held on 9 March 2023, at which Geir Drangsland was elected as the new chair of the board of directors.*

(iii) *Geir Drangsland served as chair of the board of directors and participated in 6 of 6 board meetings in the period from the extraordinary general meeting held on 9 March 2023 to 31 August 2023, at which date Geir Drangsland resigned from the board of directors to assume the position as CEO.*

(iv) *Arvid Grundekjøn served as a board member until 31 August 2023 at which date, he was elected as chair of the board of directors to succeed Geir Drangsland.*

(v) *Nikolai Johns served as a bord member until the annual general meeting in 2023 and participated in 3 of 3 board meetings.*

(vi) *Christoffer Bull was elected as a board member at the annual general meeting in 2023 and participated in 7 of 8 board meetings.*

The board members have a statistic attendance at board meetings of nearly 100% as described in further detail in the schedule above.

Members of the board of directors are encouraged to own shares in the company. However, caution should be taken not to let this encourage a short-term approach, which is not in the best interests of the company and its shareholders in the longer term.

The nomination committee's proposal to the general meeting (as further described in item 7 above) shall include detailed information on candidates for the board of directors (both appointments and re-elections) and shall be made available at the latest in accordance with the 21 days' notice rule to call for a general meeting.

Deviations from the Code: None.

9. The work of the board of directors

The board of directors' main tasks comprise the overall responsibility for the management of the company and overseeing the daily administration and operations of the company. The work of the board of directors is carried out in accordance with the rules and standards applicable to the group, as described in the company's Corporate Governance Policy's instructions to the board of directors. The instructions to the board of directors include detailed description of duties and responsibilities of the board members, as well as working and meeting procedures. The Corporate Governance Policy's instructions to the board of directors and the instructions to the CEO include procedures for how the board of directors and executive management shall handle agreements with related parties, including whether an independent valuation must be obtained. Agreements with related parties are described in Note 30 Related parties in the consolidated financial statements.

The board of directors prepares an annual plan for its work, clearly setting out strategic, financial, operational, and organisational matters for discussion and resolution. In addition to addressing the matters on such plan, the board of directors continuously addresses matters and processes which require the board of directors' involvement from time to time. Throughout 2023 and into 2024, the board of directors has in addition to recurring matters concentrated a significant amount of time on the strategic development and projects of the group. Among the most important strategic projects of the group worked on by the board of directors during 2023 are the group's conversion of newsprint paper machines to recycled containerboard paper machines, with one machine at the Bruck mill in Austria and one machine at the Golbey mill in France, including the energy boiler projects at these mills that are being constructed in tandem with the conversions. In addition, the board of directors allocated significant time to follow up the consequences for the Saugbrugs mill of the rockslide that occurred in April 2023 and affected paper machine 6 (PM6), including with respect to the settlement with the insurance company and restart of the previously idled paper machine 5 (PM5). Furthermore, efforts and results within the areas of health, environment and safety are annually reported comprehensively to the board of directors, and the CEO reports on health, environment and safety, operations, and market developments in every board meeting. The board of directors actively manages the resources of the board of directors and its committees in accordance with the relative strategic and commercial importance of matters.

The board of directors has two sub-committees, an audit committee, as required by the Public Limited Liability Companies Act, and a remuneration committee. The members of the audit committee during 2023 were Arvid Grundekjøn (chair) and Trine-Marie Hagen, and for respective parts of the year, John Chiang and Geir Drangsland. The members of the remuneration committee during 2023 were Arvid Grundekjøn (chair), and for respective parts of the year, John Chiang, Geir Drangsland and Trine-Marie Hagen. The company's Corporate Governance Policy includes a set of instructions for each of the committees, describing defined areas of responsibility. The committees undertake preparatory discussions and submit their recommendations to the board of directors.

The audit committee focused on the company's financial reporting and internal control function during 2023. The committee furthermore focussed on improving the reporting on salary and other remuneration to executive personnel as well as allocation principles for the insurance settlement related to the damage and business interruption that followed from rockslide at the Saugbrugs mill in April 2023. The external auditor, CEO and CFO attend the meetings of the audit committee. The CEO attends the meetings of the remuneration committee, except if excused for discussions on the CEO's remuneration.

The following table summarises the meeting attendance of the board members at board and committee meetings held in 2023:

Name (*)	**Committee memberships**	**Board meetings attended**	**Audit committee meetings attended**	**Remuneration committee meetings attended**
John Chiang [(ii)]	Audit committee and remuneration committee	2/2	1/1	1/1
Arvid Grundekjøn [(iii)]	Audit committee and remuneration committee	11/11	7/7	1/1
Trine-Marie Hagen [(iv)]	Audit committee and remuneration committee	11/11	7/7	N/A
Geir Drangsland [(v)]	Audit committee and remuneration committee	6/6	3/3	N/A

[(i)] Please refer to the description in the board of directors' section of the annual report for further information on the expertise, experience and independence of the members of the board of directors, as well as the board members' respective shareholdings in the company. Comments have been provided in the following for board members who have not served in their roles for the whole of 2023.

[(ii)] John Chiang served as chair of the board of directors and participated in 2 of 2 board meetings, 1 of 1 audit committee meeting and 1 of 1 remuneration committee meeting in the period prior to the extraordinary general meeting held on 9 March 2023, at which Geir Drangsland was elected as the new chair of the board of directors.

[(iii)] Arvid Grundekjøn served as a board member until 31 August 2023 at which date, he was elected as chair of the board of directors to succeed Geir Drangsland. From 19 October 2023, Arvid Grundekjøn assumed the position as chair of the remuneration committee, of which he had previously been a member.

[(iv)] Trine-Marie Hagen was appointed as a member of the remuneration committee from 19 October 2023, but no meetings were held in the committee for the remainder of 2023.

[(v)] Geir Drangsland served as chair of the board of directors and participated in 6 of 6 board meetings and 3/3 audit committee meetings in the period from the extraordinary general meeting held on 9 March 2023 to 31 August 2023, at which date Geir Drangsland resigned from the board of directors to assume the position as CEO. No meetings were held in the remuneration committee during the time Geir Drangsland served as chair of the board of directors.

The board members have a statistic attendance at committee meetings of 100%.

In 2023, the board of directors held eleven meetings and one matter was resolved by written resolutions. The audit committee held seven meetings in 2023. The remuneration committee held one meeting in 2023. The meetings of the board of directors and its committees are held as physical meetings, with the possibility to participate by video conference if board members are prevented from participating in person. Representation at meetings of the board of directors is nearly at 100% (see the schedule included under item 8 above for further details) and representation at committee meetings is at 100%.

The board of directors shall annually evaluate its performance and expertise for the previous year. This evaluation shall include the composition of the board of directors and the way its members functions, both individually and as a group, in relation to the objectives set out for its work. The report shall be made available to the nomination committee. ISCO Group AS assisted with completing an evaluation process in 2023.

Deviations from the Code: None.

10. Risk management and internal control

The board of directors is responsible for ensuring that the company has sound and appropriate internal control systems and systems for risk management, and that these systems are proportionate to and reflect the extent and nature of the company's activities. Having effective internal control systems and systems for risk management in place are important to prevent the group from situations that can damage its reputation and financial standing. Furthermore, effective, and proper internal control and risk management are important factors when building and maintaining trust, to reach the company's objectives, and ultimately create value. Having in place an effective internal control system means that the company is better suited to manage commercial risk, operational risk, the risk of breaching legislation and regulations as well as other forms of risk that may be material to the company. As such, there is a correlation between the company's internal control systems and effective risk management. The internal control system shall also address the organisation and execution of the company's financial reporting, as well as cover the company's guidelines for how it integrates considerations related to stakeholders into its creation of value. Norske Skog shall comply with all laws and regulations that apply to the group's business activities.

Norske Skog's enterprise risk management processes are based on COSO's Enterprise Risk Management framework, and cover financial, operational, market and organisational risks. By this delineation of risk control, all sustainability and responsibility areas covered by Norske Skog's Steering Guidelines are also covered by its enterprise risk management processes and is reported to the board of directors. The system is based on the management teams in each business unit and in key corporate functions annually reporting potential risk factors to the company's risk management function, which in turn provide a basis for the agenda of the corporate management meetings and adequate follow-up measures. In addition, Norske Skog annually reviews and reports on sustainability in accordance with GRI's Sustainability

Reporting Standards. The annual review is carried out by an independent and internationally recognised audit firm. Further information on the group's sustainability reporting is provided in the group's sustainability report included in the sustainability report section of the annual report.

The internal control systems within the finance organisation primarily cover the financial reporting structure and processes. Routines for internal control over financial reporting are defined in Norske Skog's internal control documentation (Financial Reporting Manual, Financial Closing Manual and Financial Closing Checklist). Responsibilities are clearly defined in terms of execution, documentation, and control. As part of the continuous focus on compliance, regular reviews of business processes, investments or other issues are carried out. These compliance processes are carried out on the basis of risk assessments and support the business in improving internal control and achieving the set goals. The group also has a power of attorney structure which describes and regulates financial empowerment to individual positions.

In addition, Norske Skog has implemented internal routines to ensure continuous attention and efforts on maintaining high compliance standards throughout the group. These internal routines are set out in Norske Skog's Continuous Compliance Program and include a number of compliance related activities that shall be carried out over the course of a calendar year.

Norske Skog has clearly established channels and procedures for reporting and handling instances of possible serious misconduct (whistle blowing). Such channels are described on our website, intranet and in the Steering Guidelines.

It is the opinion of the board of directors that Norske Skog's internal control and systems for risk management are adequate and proportionate to the nature and complexity of the company's operations and financial situation.

Deviations from the Code: None.

11. Remuneration of the board of directors

The remuneration of the board of directors is decided by the annual general meeting on the basis of the nomination committee's proposal. The committee considers the level of responsibility, complexity and time consumption, as well as the required expertise, for the board members. Proposals for annual adjustments of the remuneration of the board of directors are based on considerations to ensure that Norske Skog remains attractive and competitive on the market for governing bodies' competencies.

No board member has carried out specific tasks or commissions for the company in addition to the directorship, and Norske Skog has not paid other remuneration to any board member than the ordinary board remuneration.

Separate remuneration is set for the chair and members of the board of directors and respective committees under the board of directors. The current remuneration amounts are as follows:

1. The remuneration for the chair of the board is NOK 550 000 per year.
2. The remuneration for the other members of the board is NOK 310 000 per year.
4. The remuneration for the chair of the audit committee is NOK 130 000 per year.
5. The remuneration for other members of the audit committee is NOK 50 000 per year.
4. The remuneration for the chair of the remuneration committee is NOK 30 000 per year.
5. The remuneration for other members of the remuneration committee is NOK 20 000 per year.
6. Travel expenses in connection with board and committee meetings are paid in accordance with the Norwegian Government's Travel Allowance Regulation.

The total remuneration for the board of directors in 2023, including committee work, was NOK 1 846 580. For further information, please refer to the report on salary and other remuneration to leading personnel, which is available on the company's website, *www.norskeskog.com/sustainability/governance/remuneration-of-leading-personnel*.

Deviations from the Code: None.

12. Remuneration of executive personnel

The board of directors has adopted guidelines for determining salary and other remuneration to leading personnel in accordance with Section 6-16 a of the Public Limited Liability Companies Act and the Regulation on guidelines and reporting on remuneration for leading personnel. In the preparation of the guidelines and in any subsequent amendments to these, the focus of the board of directors is to provide for that the guidelines are clear and easily understandable, and that they contribute to the company's commercial strategy, long-term interests and financial viability. Furthermore, the company's arrangements in respect of salary and other remuneration shall be simple and contribute to aligning the interests of leading personnel and shareholders, with an absolute limit on performance-related remuneration. The guidelines are presented for approval by the general meeting if significant changes are made, and at least every fourth year. The current version of the guidelines was approved by annual general meeting in 2021 and are available on the company's website, www.norskeskog.com/sustainability/governance/remuneration-of-leading-personnel.

The CEO's remuneration terms are reviewed and decided annually by the board of directors following preparatory discussions in the board of directors' remuneration committee. The remuneration consists of base salary, annual performance bonus, pension, and other benefits. The decision on the CEO's remuneration takes into consideration the overall performance of the CEO and the company, and the market development for CEO remuneration in companies of similar complexity, size and industries. The remuneration of other leading personnel is determined by the CEO, and the performance related remuneration consist of the same elements as for the CEO.

Performance based elements are calculated on the basis of quantifiable objective targets as well as on quantifiable targets falling within areas over which the respective executives have a reasonable influence.

In addition, Norske Skog has established a long-term incentive program based on synthetic stock options. The program mirrors the financial outcome of an actual stock option with an initial "exercise price" (which corresponds to the price per share set at the time of award of the options) and a mechanic to fix a "fair market value" in the future when the options are exercised (3-5 years following award of the options). The long-term incentive program is described in the guidelines for determining salary and other remuneration to leading personnel, which are available on the company's website, www.norskeskog.com/sustainability/governance/remuneration-of-leading-personnel.

The board of directors shall for each financial year provide for the preparation of a report on salary and other remuneration to leading personnel in accordance with Section 6-16 b of the Public Limited Liability Companies Act and the Regulation on guidelines and reporting on remuneration for leading personnel. The report is subject to an advisory vote by the annual general meeting and is published on the company's website, www.norskeskog.com, following the annual general meeting. In addition, information about remuneration of leading personnel is available in the financial statements, in Note 10 Employee benefit expenses in the consolidated financial statements.

Deviations from the Code: None.

13. Information and communications

The company has established guidelines for its reporting of financial and other information based on openness and taking into account the requirement of equal treatment in the securities market. These guidelines are set out in the company's Communication Policy and the Investor Relations Policy.

The company provides, timely and on a continuous basis, precise information about the company and its operations to its shareholders, the Oslo Børs and the securities market and the financial market in general. Such information is published through the Oslo Børs' information system and the company's website. Information is typically given in the form of annual reports, half-year reports, quarterly reports, press releases, stock exchange notices and through published investor presentations in accordance with what is deemed appropriate and required at any given time. Financial reporting follows International Financial Reporting Standards, and through open and proactive communication with investors and financial markets, including through regular presentations, Norske Skog ensures transparency and equality to facilitate our stakeholders' assessment of the company. The company furthermore regularly provides information on its long-term potential, including strategies, value drivers and risk factors. Information to Norske Skog's investors will also be published simultaneously through the Oslo Børs' information system and/or the company's website.

The company publishes an annual, electronic financial calendar with an overview of dates for important events, such as the annual general meeting, interim financial reports, public presentations, and payment of dividends, if applicable. The information is made available in English and Norwegian.

Unless there are applicable exemptions that is appropriate to utilise in the specific situation, Norske Skog promptly discloses all inside information (as defined in article 7 of the EU Market Abuse Regulation). In addition, Norske Skog provides information about certain events, e.g. by the board of directors and the general meeting concerning dividends, mergers/demergers or changes to the share capital, the issuing of subscription rights, convertible loans and all agreements of major importance that are entered into by Norske Skog and related parties.

Separate guidelines have been implemented regarding handling of inside information, and these follow from the instructions for handling of inside information and the instructions for primary insiders. The rules of procedure for the board of directors set out who in the board of directors that are entitled to publicly speak on behalf of the company, and the Communication Policy defines the responsibility of communications on behalf of the company in various matters.

Deviations from the Code: None.

14. Take-overs

The board of directors has established clear principles in the Corporate Governance Policy for how it will act in the event of a take-over bid, including that it will act in accordance with the Code and Norwegian law. The principles emphasise the importance of equal treatment of existing shareholders. They further warrant that the board of directors will ensure sufficient information in time and content for the shareholders to assess a possible bid, including issuing a statement to the shareholders with the board of directors' assessment of such bid, together with a valuation prepared by an independent expert. A sale of a significant part of the company will require approval by the general meeting. The board of directors will not without decision by the general meeting attempt to hinder a take-over bid for the company.

Deviations from the Code: None.

15. Auditor

The auditor presents an annual audit plan, describing the auditor's understanding of the industry and significant risks, as well as the audit approach to be applied. The auditor participates in audit committee meetings when discussing the financial statements and other audit related matters. The auditor furthermore attends board meetings at which the annual financial statements are on the agenda and as otherwise requested. At such meetings, the auditor is requested to report on any material changes in the company's accounting principles and key aspects of the audit, comment on any material estimated accounting figures and report all material matters on which there has been disagreement between the auditor and the executive management of the company. The auditor annually confirms its independence in writing. During 2023 and 2024, the auditor has participated in discussions with the audit committee. Furthermore, the auditor has met with the board of directors without the corporate management being present and reviewed the company's internal control procedures. The company has effective guidelines for the ability of the auditor to perform non-audit services for the company upon approval by the audit committee. The company informs the general meeting about the auditor's fees for audit and non-audit services.

The board of directors regularly assesses the quality and efficiency of the work of the auditor.

Deviations from the Code: None.

4

Ambition and performance

Photo: Carsten Dybevig

Key figures

		2015	2016	2017	2018	2019	2020	2021	2022	2023
Health & Safety										
H1 [1)]		1.40	1.4	1.0	0.9	0.5	0.8	1.9	0.8	1.9
H2 [2)]		8.00	8	7.3	7.4	9.8	6.6	5.7	7.1	5.7
Absence due to illness	%	3.80	3.8	3.5	3.8	3.7	4.2	4.5	4.7	4.5
People										
Total employees	FTE	2 557	2 462	2 414	2 444	2 359	2 332	2 092	2 140	2 161
Temporary employees	FTE	39	48	66	77	73	56	77.2	97	63
Apprentices	FTE	154	146	130	135	137	146	134	132	140
Average age of employees	FTE	46.6	46.8	47.0	47.3	47.1	46.6	44.9	45.0	45.1
Female employees	%	10.8	11.0	10.6	10.6	11.8	12.1	12.1	13.3	13.1
Female in top management positions	%	10.6	6.7	8.5	13.7	15.1	10.9	12.0	17.0	19.0
Female in management positions	%	10.0	11.5	8.5	10.1	10.2	12.1	12.7	12.0	14.5
Employees w/collective agreements	%	82.6	84.6	84.3	84.1	83.3	86.5	86.9	88.0	90.4

[1)] Number of personal injuries with absence x 1 000 000/number of worked hours.
[2)] Number of personal injuries with medical treatment x 1 000 000/number of worked hours.

Age distribution employees	up to 34 years	35-54 years	55 and older
%	27	42	31

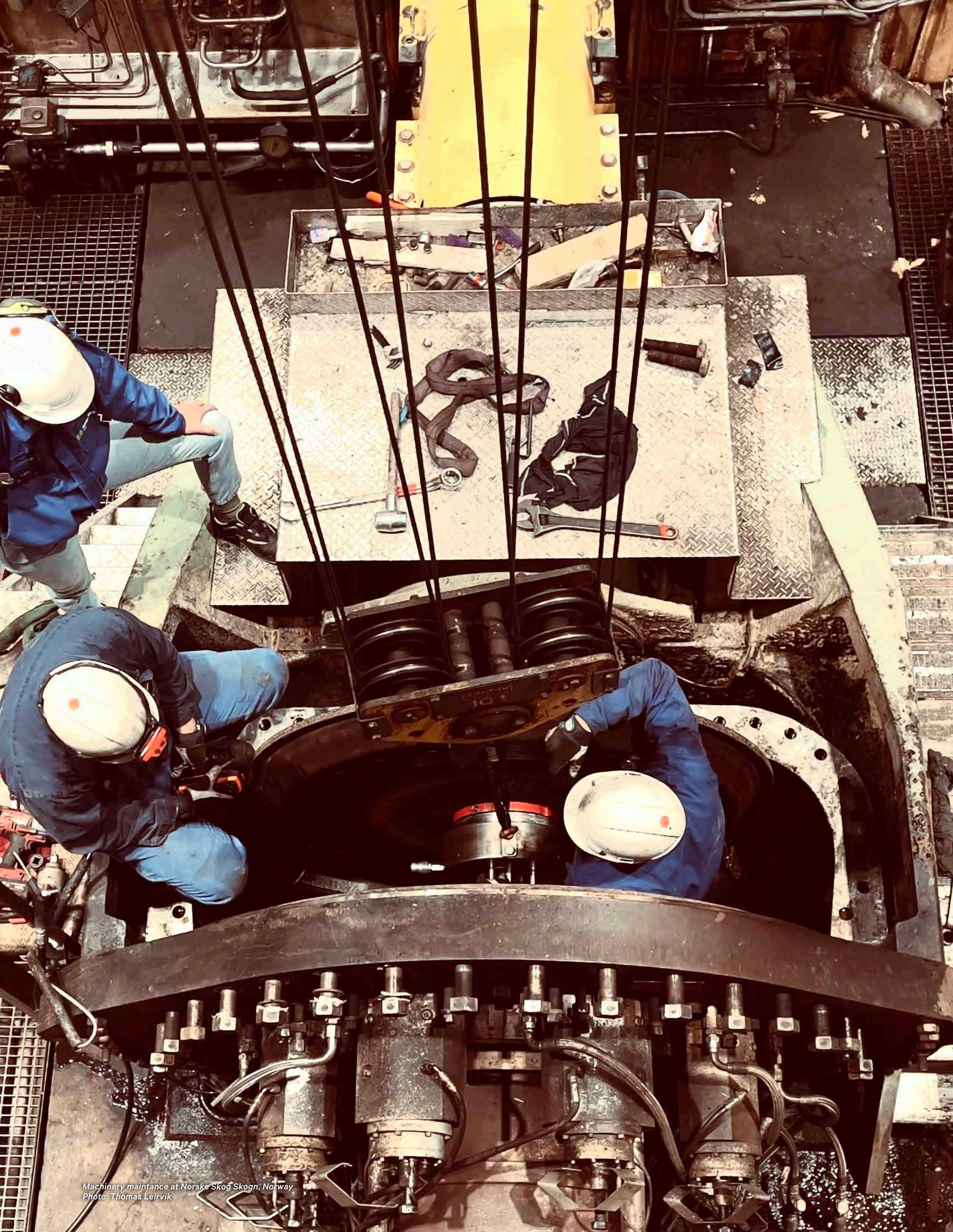
PRODUCTION CAPACITY
in tonnes/year

Business unit	Newsprint (including improved NP)	SC (magazine paper)	LWC (magazine paper)	Total capacity business unit	In 2023 Under construction Packaging paper*
Norske Skog Bruck	-	-	245 000	245 000	210 000
Norske Skog Golbey	330 000	-	-	330 000	550 000
Norske Skog Saugbrugs	-	200 000	-	200 000	-
Norske Skog Skogn	500 000	-	-	500 000	-
Total Europe	**830 000**	**200 000**	**245 000**	**1 275 000**	**760 000**
Boyer	145 000	-	120 000	265 000	-
Total Australasia	**145 000**	**-**	**120 000**	**265 000**	**-**
Total Norske Skog group	**975 000**	**200 000**	**365 000**	**1 540 000**	**760 000**

** The listed capacity is when full production has been reached.*

KEY FIGURES OPERATIONS

		2015	2016	2017	2018	2019	2020	2021	2022	2023
Production										
Paper & containerboard	tonnes	2 365 000	2 506 000	2 495 000	2 494 000	2 308 000	1 799 020	1 919 574	1 713 016	1 338 042
Packaging paper	tonnes	-	-	-	-	-	-	-	-	73 000
Consumption of raw materials										
Roundwood	m^3	2 452 000	2 868 000	2 810 000	2 785 000	2 586 000	1 930 000	2 241 800	2 257 360	1 648 780
Sawmill chips	m^3	934 000	968 000	1 018 000	1 031 000	1 093 000	917 000	870 324	607 585	279 925
Recovered paper	tonnes	844 000	834 000	814 000	871 000	777 000	608 000	645 686	565 783	596 171
Purchased pulp	tonnes	70 000	55 000	50 000	43 000	31 000	27 000	29 215	21 157	17 236
Inorganic fillers	tonnes	320 000	324 000	320 000	308 000	282 000	215 000	223 321	195 921	136 151
Energy consumption										
Electricity	GWh	5 238	5 167	5 109	5 178	4 448	3 891	4 027	3 898	3 012
Renewable	GWh	2 588	2 615	2 560	2 480	2 531	2 245	2 406	2 205	2 187
Fuel - Biomass	GWh	1 374	1 349	1 206	1 210	1 341	1 171	1 227	1 166	1 457
Recovered Heat	GWh	1 214	1 266	1 354	1 271	1 190	1 074	1 179	1 038	730
Non-renewable	GWh	1 932	1 963	1 955	2 039	1 647	1 539	1 740	1 090	913
Fuel - Coal	GWh	699	718	739	667	600	594	661	660	655
Fuel - Gas	GWh	1 225	1 228	1 209	1 363	1 044	942	1 073	424	251
Fuel - Oil	GWh	8	18	7	9	3	3	6	5	6
Discharges to water										
Total water consumption	1000 m^3	107 885	107 885	111 664	114 255	106 349	102 369	109 033	99 441	87 832
Treated water returned to source	%	98	98	98	98	98	98	99	99	99
Water consumption per tonne	m^3/tonne	1.05	1.05	1.04	1.04	0.95	1.11	0.56	0.59	0.70
Discharged process water	mill m^3	43	44	46	48	46	41	36	30	28
Organic material (COD)	tonnes	9 886	12 286	12 831	10 623	9 226	8 283	8 958	9 989	7 701
Suspended Solid (SS)	tonnes	1 212	1 723	2 227	1 529	1 329	1 259	1 746	2 030	1 711
Phosphorus (Tot-P)	tonnes	35	41	41	31	37	29	30	27	25
Nitrogen (Tot-N)	tonnes	261	314	302	280	303	262	268	275	249
Emission to air										
Scope 1 CO_2	tonnes	474 946	485 000	514 000	500 136	465 636	409 970	427 294	294 926	257 268
Scope 2 (location-based) CO	tonnes	865 236	864 920	800 070	734 033	692 672	195 762	186 703	177 807	180 648
Scope 3 CO_2	tonnes	-	-	-	-	-	-	933 868	756 499	618 146
SO_2	tonnes	265	217	198	175	162	297	401	360	1 030
NO_X	tonnes	780	763	908	772	786	701	879	709	1 230
Production waste										
Sludge (dry)	tonnes	258 000	254 000	246 000	249 000	246 000	186 000	198 892	152 980	151 858
Bark	tonnes	104 000	114 000	98 000	128 000	133 000	93 700	106 958	102 714	88 151
Other	tonnes	18 000	23 000	14 000	25 500	18 000	17 400	19 992	20 834	18 133



Machinery maintance at Norske Skog Skogn, Norway
Photo: Thomas Leirvik

Our response to the TCFD recommendations (Task Force on Climate-related Financial Disclosures)

For further details, see our CDP Climate Change report 2023 *(https://www.cdp.net/en/responses?queries%5Bname%5D=norske+skog)*

1. Governance	**Disclose the organisation's governance around climate-related risks and opportunities.**
A. Describe the board's oversight of climate-related risks and opportunities.	• The highest level of responsibility on climate related issues sits with the board of directors, led by the chairman. • Climate related issues are addressed by the board of directors on an ongoing basis, and environmental performance is part of all board meetings. Recurring and specific issues are scheduled as appropriate and needed. • The board reviews the climate risks and opportunities annually as part of the overall risk assessment for the group. • Long-term climate-related targets and KPIs are reviewed annually by the board as an integral part of the business budget, strategy process and major capital investment / divestment decisions.
B. Describe management's role in assessing and managing climate-related risks and opportunities.	• The CEO reports to the board of directors and is the highest-level management position with responsibility for climate- related issues. The CEO has the ultimate responsibility for the business strategy, herin the low carbon transition plan, and for assessing and managing climate related risks and opportunities, including monitoring of performance on climate related targets. The CEO leads the corporate management team (CM) and report climate-related issues to the board. • The corporate management team assesses business risk and opportunities, strategies, corporate ambitions, and targets for environmental aspects, including climate-related topics related to their respective areas of responsibility. • The chief operating officer is part of the CM and reports directly to the CEO. The COO is responsible for managing climate related issues related to operations across the Norske Skog group including overall responsibility for the strategies targets and monitoring of KPIs. CM receive monthly summary reports of the environmental performance data from the mills. • The Head of Sustainability reports directly to the COO and is responsible for the development of climate related strategies, coordinate the practical implementation across the group including monitoring. • At each mill, the managing director is the main responsible for environmental issues. Each mill also has a responsible manager for environmental issues. Environmental reporting is part of the agenda at mill management meetings. Specific environmental incidents receive specific attention.

2. Strategy	**Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.**
A. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	• Norske Skog assesses climate-related risks and opportunities based on likelihood of occurrence and financial impact on operations. • The assessment is based on COSO's Enterprise Risk Management framework applied for the overall risk assessment for the group including recommendations from the TCFD framework. • The time horizons applied for the overall assessment of risks and opportunities for the group is short term (1-5 years), medium term (5-10 years) and long-term (10 -30 years). • Based on the assessment, opportunities related to renewable, circular and low-emission product development were identified as most material. • Based on the assessment, risk related to regulatory changes in energy and carbon markets, physical risk related to access to process water, energy and fresh fibre as well as market risk linked to shifting consumer preferences were identified as most material. **Opportunities:** o Products & Markets: The transformation to a larger, more diversified product portfolio with new products will reduce the dependency on publication paper and thus reduce the business and market risk. The planned packaging production will be based on renewable resources. One of the new legs in Norske Skog's main strategy is to exploit opportunities within the circular economy utilising fibre and energy to create new non-fossil products. Today, pilot plants utilise fibre to produce nanocellulose-based products, biochemicals and bio composites. This will in the long run contribute to green growth when commercialised. o Energy source: The goal is to reduce energy consumption in production, eliminate the use of fossil energy sources and to optimise the use of process chemicals and transport. Norske Skog has invested in low-emission energy generation in Bruck and Golbey and will continue to evaluate opportunities going forward on our road to Net Zero. After the start-up of the new energy boiler at Bruck in 2022, all the European mills are among the top performers regarding scope 1 and scope 2 emissions in the industry. o Resource efficiency: An opportunity to prioritize in- and outbound logistics in the long-term horizon to minimise transport distances and costs, and for environmental considerations is identified. **Risks:** o Acute Physical: Some of our mills are in areas where drought/access to water and/or flooding might become a risk in the future with a changing climate. o Chronic Physical: The availability of sustainable and affordable biomass for production of publication paper in Norway and Australia may be affected by longer-term shifts in climate patterns in the future. o Policy and legal: Norske Skog is subject to many regulatory requirements relating to energy and emissions including the EU Emissions Trading Scheme (ETS), which include CO_2 compensation scheme, and CO_2-allowances. Due to the financial impact such regulations have on our business we monitor associated risks closely. o Market: Products from Norske Skog are based on renewable sources, recyclable and contribute to a circular economy but shifting consumer preferences may impact demand for our products. o Reputational: Far-reaching consequences of lost reputation may impact relationships with investors, partners, and suppliers, leading to decreased shareholder value, disrupted business operations, and strained contractual agreements, and finally in regulatory scrutiny.
B. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	• Strategic development: In 2020, Norske Skog had an extensive revision of its business strategy, emphasising the need for a profitable, robust and sustainable business plan. The climate goal for the new product portfolio is to attain a recyclable, low CO_2 footprint and be environmentally and financially sustainable. This strategy has later been confirmed by the board and the corporate management in 2022. • Products and Services: Before the climate-related transition plan, Norske Skog was a pure publication paper company. With change in climate-related goals, change in consumer patterns and customer demand, Norske Skog has expanded and diversified its business strategy from publication paper to three more legs: 1) packaging paper, 2) sustainable energy and 3) biomaterials. All strategic legs are aligned with the environmental and climate action targets. • Investments in R&D: Norske Skog actively works to realise value from the industrial sites by developing existing infrastructure and industry competence. Business opportunities include several early-phase research projects in biochemical and fibre products: A) CEBINA, a natural fibre product that adds rheology control in fluids and armouring in solid materials. B) CEBICO, a bio-composite product developed at Saugbrugs. C) Cyrene, developed at a pilot plant in partnership between Norske Skog Boyer and Circa Group, could represent the first biochemical solvent for use in the pharmaceutical industry to replace petrochemical products. • Operations: Our operations are impacted by unstable energy markets and increasing carbon prices. Norske Skog has included a reduction of greenhouse gas emissions from fossil energy sources as a key part of our business strategy. The goal is to reduce energy consumption, change the sources of energy, invest in on site green energy generation and to optimise the use of process chemicals and transport. It is important for Norske Skog to reuse production waste, which has a significant impact on CO_2 emissions. The biogas plants tied to our production at Golbey, Skogn and Saugbrugs utilise waste to produce energy. In addition, the energy plant at Bruck uses production process waste, waste from households, and fuels derived from refuse. • Value Chain: Forestry and use of forest products play an important role in the combat of climate change. For the forest value chain to be a part of the climate change solution, the forests must be managed sustainably. Forest certification is an important tool in this context and Norske Skog has implemented systems and processes to make sure that all wood used in products comes from sustainably managed forests. Reduction of Scope 3 emissions, particularly from transport, is a forward-looking ambition for the group. The speed of implementing scope 3 initiatives will depend on the ability of our suppliers to transform their business into low-carbon services and of authorities' ability to design effective political tools.

C. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	• Norske Skog has adopted a strategy and production process to develop existing and new products in congruence with the vision of a maximum 1.5C temperature increase. Norske Skog is committed to the EU GHG targets of carbon neutrality by 2050 with an intermediate target of a 55% reduction in GHG emissions/tonne product by 2030 based on 2015 figures (Scope 1 &2). • Norske Skog conducted a Climate-Related Scenario together with Nordic ESG Consultancy Cemasys in 2023, testing the business strategy against both low and high emission scenarios. Two risks was identified as most material and set the scope for the scenario analysis. Financial impact, time horizon, and the likelihood of occurrence were utilized as determining factors. The risks identified for the scenario analysis were i) access to affordable green electricity (transition risk) and ii) access to process water (physical risk). • As a result of the scenario analysis, Norske Skog has improved its understanding of exposure to climate-related risks, grounded in publicly available scenarios. • With respect to focal question 1 (access to process water, physical risk). All locations where Norske Skog has operations were reviewed and it was uncovered that similar to Norske Skog's previous understanding, the Golbey mill located in the Vosges region of France is the location with highest exposure to physical climate-related risks (access to process water). These results may impact our strategic and financial planning for the Golbey mill in the long term related to new investments in e.g. in a closed water system that will reduce risk exposure on access to process water. • With respect to focal question 2 (access to affordable green electricity, transition risk), one important finding in the net zero scenario is that the energy system remains in balance, with the surplus of energy supply increasing in both the reviewed time horizons (medium-term 2030 and long-term 2050). Being in an energy-intensive industry, Norske Skog is strongly impacted by changes in the energy systems and their related mechanisms. One concern that arises from the scenario analysis is the sharp increase in carbon prices for electricity, industry, and energy, rising from a predicted $75 level to $250 in 2050, without a mention of carbon compensation schemes. Rising electricity costs associated with transitioning towards renewables continue to be a material risk for Norske Skog.

3. Risk management	**Disclose how the organisation identifies, assesses, and manages climate-related risks.**
A. Describe the organisation's processes for identifying and assessing climate-related risks.	• Annually, the board, corporate and business unit management make an extensive and systematic assessment of risk and opportunities. • Identification of climate-related risk and opportunities are done both in bottom-up and top-down processes. • The bottom-up process is based on the management teams in each business unit annually performing a risk- and opportunity analysis using the framework of Task Force on Climate-related Financial Disclosures (TCFD). The teams are made up by senior subject matter experts in different functional areas with local knowledge on topics with strategic importance to the mills. The local management team identify different types of climate related risks and opportunities assess the likelihood and impact that each of these will affect our mill within a short (1-5 years), medium (5-10 years) and long-term (10 -30 years) perspective. The management teams in each business unit report the summary to the company's risk management function and represents the bottom-up process for identification of climate related risks. • At group level, the corporate management team is also responsible for identifying climate-related risk and opportunities in their functional areas. The corporate management team summaries the most material risks and present them to the board together with material risks identified in the bottom-up process.
B. Describe the organisation's processes for managing climate-related risks.	• Climate-related risk and opportunities identified in the bottom-up and top-down process are reported to the groups corporate risk function which in turn consolidates and assesses the related quantitative impact for the group. This provides the basis for the agenda of the corporate management meetings and adequate follow up measures based on the threshold for financial and strategic impact, measured as EBIDTA effect. • Risks and opportunities with lower impact are monitored and managed by local management teams whereas material risks are reported to the board. • The business risks and opportunities are discussed and considered in defining the business plans. • Capitalizing on identified opportunities typically require investment decisions in operations and R&D. • In an annual risk review process for the entire group, the board set ambitious targets, especially for environmental and climate-related issues and reviews the long-term climate-related targets as an integral part of the business budget and strategy process.
C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	• Norske Skog's enterprise risk management processes are based on COSO's Enterprise Risk Management framework, and cover financial, operational, market and organisational risks. All sustainability areas covered by Norske Skog's Steering Guidelines, including climate-related risks and opportunities, are also covered by the group's enterprise risk management processes, and is reported to the board of directors. • This company-wide risk assessment process is integrated into multi-disciplinary management processes. • Annually, the board, corporate and business unit management make an extensive and systematic climate-related risk and opportunity evaluation. • In addition, environmental and climate related issues are reported monthly and is part of the agenda on the monthly business review meetings between the corporate management and business unit meetings.

4. Metrics and targets	**Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.**
A. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Key data including historical trends are reported in the back of the sustainability report and in the chapter "Environment". • Ensure sustainable use of materials and energy in our operations, which includes (1) to achieve efficient use of biprocess streams in the production process to create bio based-energy or biproducts for sale, and (2) to utilize bi-products from the entire production process. • Operate mills with high energy efficiency, which include (1) to measure the level of CAPEX used on energy efficiency/energy-source improvements; (2) to establish specific activities and investments in energy efficiency and changes in energy source, i.e. activities from the CAPEX-lists and the continuous improvement programs. • Reduce Chemical Oxygen Demand (COD) to recipient, which include (1) to install anaerobic wastewater treatment and biogas at all European mills (75% installed) within 2030; (2) to invest in anaerobic wastewater treatment and biogas production at all European mills. • Reduce emissions of Sulphur Dioxide (SO2) and Nitrogen Oxide (NO_X) from our operations, which means (1) to ensure compliance with emission permits and regulations; (2) to perform mill activities related to SO2 and NO_X improvements. • Reduce waste from our operations, which relates to (1) deliver no ash to landfill in 2030; (2) establish procedures and/or ash product development • Ensure sustainable sourcing of raw material, which implies (1) to achieve 100% certification of all wood used for our products. (2) Review internal control routines to measure and reach the certification target. • Ensure responsible supplier value chain handling, which result in (1) to ensure supplier adherence to Norske Skog code of conduct within 2023; (2) to mature sustainable sourcing practices by updating code of conduct, questionnaire for suppliers on ESG-topics and routines for audit of suppliers.
B. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	• Out absolute carbon footprint based on the GHG Protocol o Scope 1: 254 268 t CO_2e (-13% vs 2022) o Scope2 (location-based method): 180 648 t CO_2e (2% vs 2022) o Scope 3: 618 146 t CO_2e (-18% vs 2022) • Key data including historical trends are reported in the back of the sustainability report.
C. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	• Norske Skog Environmental Index (E-Index) is an internally defined KPI for measuring environmental performance based on 6 key climate related parameters critical to our operations. • In 2020, through an extensive involvement and anchoring process throughout the entire organisation, new GHG-emission targets were set. Norske Skog's targets for CO_2 emissions with baseline 2015: o A 55% reduction in CO_2 emissions/ tonne product produced by 2030 o A zero CO_2 emission target by 2050

Sustainability goals overview	E/S/G & E*	Ambition/ Area
3 GOOD HEALTH AND WELL-BEING	S	Inspire others to learn from our 'best in class' occupational health and safety standards.
		Increase job attendance for all employees.
		Ensure a healthy and safe working environment.
4 QUALITY EDUCATION	S	Attract and keep top talent.
		Attract and keep top talent.
		Invest in our people through training and development.
		Invest in our people through training and development.
		Prepare Norske Skog for entering the containerboard market.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	G & E	Create shareholder value.
		Create shareholder value.
		Develop sustainable industrial clusters utilizing existing site infrastructure and contribute to economic growth.
		Align innovation activities with the long term group strategy.
		Perform R&DI (research, development and innovation) activities at all business units based on Norske Skog's position in the fiber value chain.
		Commercialize promising and profitable innovation results.
		Increase the level of sustainability through knowledge sharing across business units to strengthen continuous improvement activities and product development within the existing core business.
11 SUSTAINABLE CITIES AND COMMUNITIES	S	Understand the actual and potential impacts our operations have on local communities, and to understand their expectations and needs.
	E	Report the extent of development of significant infrastructure investments and services supported, both current or expected impacts on communities and local economies.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	E	Ensure sustainable use of materials and energy in our operations.
		Operate mills with high energy efficiency.
		Reduce Chemical Oxygen Demand (COD) to recipient.
		Reduce emissions of Sulphur Dioxide (SO2) and Nitrogen Oxide m(NOX) from our operations.
	G	Reduce waste from our operations.
		Ensure sustainable sourcing of raw material.
		Ensure responsible supplier value chain handling.
13 CLIMATE ACTION	E	Reduce greenhouse gas (GHG) emissions.
		Reduce greenhouse gas (GHG) emissions.
		Reduce greenhouse gas (GHG) emissions.
		Use sustainable energy sources.
		Handle climate risk and business opportunity understanding.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	G	Abstain from financial and in-kind political contributions.
	S	Ensure our customers healthy and safe working environment.
	G	Abstain from anti-competitive behavoiur and adhere to relevant competive legislation.
	S	Have zero tolerance for discrimination on grounds of race, color, sex, religion, political opinion, national extraction, or social origin as defined by the ILO, or other relevant forms of discrimination involving internal and/or external stakeholders.
	G	Have no tolerance for practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering; the offer or receipt of gifts, loans, fees, rewards, or other advantages as an inducement to do something that is dishonest, illegal, or represents a breach of trust. This also include practices such as embezzlement, trading in influence, abuse of function, illicit enrichment, concealment, and obstructing justice.
		Refrain from the use of child labor within our operations and the value chain.

** E/S/G&E: Environment / Social / Governance and Economy*

Targets	Planned activities
Share knowledge through relevant professional forums and industry organisations.	- Participate in and share knowledge with membership association like Federation of Norwegian Industries and CEPI (Confederation of European Paper Industry). - Define internal knowledge network vital to increase HESQ innovation across Norske Skog. - Review and develop internal e-Learning HESQ-material for local traning. - Focus on Contractor Management contracts.
Reduce absenteeism.	- Develop local and community BU medical centres. - Provide medical assistance for injuries. - Provide extensive health and well-being programmes for employees.
Reach zero personal injuries (H1 and H2)	- Develop HES Leadership Training program. - Perform regular self–assessments to identify focus areas for improvement. - Assess and improve standards and behaviour based on internal audits.
Achieve at least 75% of new hired skilled workers to be recruited from apprentices programs by 2025.	Implem.ent advanced apprentice programs and extended training programs at all mills.
Offer ten trainee positions or internships for master degree students annually.	Cooperate with local schools and selected universities about relevant programs.
Provide training modules for technical core skills, soft skills and compliance skills.	- Offer training and supplementary education for all through their entire job career. - Reinvigorate the Norske Skog Academy. - Reinvigorate NSPS-modules.
Achieve a 100% completion rate for annual performance reviews and development plans.	Stimulate mid-level managers to carry out performance reviews and annual plans for training and development.
Establish three knowledge networks and related commercial processes to capture critical competence and facilitate knowledge transfer throughout the group.	- Operate the containerboard knowledge network. - Review the sales organisation. - Deliver a market knowledge program.
- Achieve an EBITDA margin of at least 15%. - Maintain an operating rate of at least 95%.	Adhere to operational budget plans and implement necessary corrective actions.
Maintain net debt/EBITA ratio of 2 or less.	Finance activities adapted to operational profit capabilities.
Achieve 50% of revenue from new business areas by 2030.	Invest in packaging, energy and fibre projects.
Achieve 50% of revenue from new business areas by 2030.	Ensure alignment through group annual strategy discussions in corporate management.
Achieve 50% of revenue from new business areas by 2030.	Report R&DI activities in the mills to corporate management through the budget process.
Achieve 50% of revenue from new business areas by 2030 Achieve at minimum an IRR of 10% on new investement projects.	Establish project Steering Committees at group level to ensure needed anchoring and allocation of necessary resources to speed up and succeed with commercialisation of new business opportunities.
Reach a minimum of 20 annual continuous improvement activities across all mills.	Evaluate the continuous improvement activities and the impact they have on the SDG targets compared to planned activity.
Report the significant social, environmental, safety and economic impacts our operations have on the local communities.	Cooperate with local community organisation and being open and honest about environment, safety and economic issues with relevant community bodies.
Report examples of significant identified indirect economic impacts of the organisation also in the context of external benchmarks and stakeholder priorities, such as national and international standards, protocols, and policy agendas.	Cooperate and communicate openly with the local community about company strategy and investment plans as early as possible.
Achieve efficient use of biprocess streams in the production process to create biobased-energy or biproducts for sale.	Utilise bi-products from the entire production process.
Measure the level of CAPEX used on energy efficiency / energy-source improvements.	Establish specific activities and investments in energy efficiency and changes in energy source, i.e. activities from the CAPEX-lists and the continuous improvement programs.
Install anaerobic wastewater treatment and biogas at all European mills (% installed) within 2030.	Invest in anaerobic waste water treatment and biogas production at all European mills.
Ensure compliance with emission permits and regulations.	Perform mill activities related to SO_2 and NOX improvements.
Deliver no ash to landfill in 2030.	Establish procedures and/or ash product development.
Achieve 100% certification of all wood used for our products.	Review internal control routines to measure and reach the certification target.
Ensure supplier adherence to Norske Skog Code of Conduct.	Review sustainable sourcing practices by updating Code of Conduct, questionnaire for suppliers on ESG-topics and routines for audit of suppliers.
Reduce GHG emission kg/ton paper (baseline 2015) by 55% in 2030 (Scope 1 & 2).	Invest in packaging and promising energy and fibre projects.
Net zero GHG emission kg/ton paper in 2050.	Participate in BECCS and BECCU activities at Skogn and Saugbrugs.
Reduce Scope 3 GHG emissions by collaborating with external parties.	Collaborate with transporters to utilize CO_2-free vehicles such as train for truck programs at the mills.
Reduce dependency of fossile energy sources.	Invest in biomass-boilers to replace fossile energy sources at the mills.
Review the annual climate risk plan and business opportunity analysis.	Perform an annual climate risk and opportunity analysis for each business unit.
Report which political topics and influence channel the group has used.	Be involved in political tasks through the Norwegian Federation of Trade and Industry, the Norwegian Pulp and Paper organisation, CEPI, and through other relevant partnerships.
Report percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Perform reviews of relevant health and safety hazards our products expose to our customers.
Report the number of legal actions pending or completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation in which the organisation has been identified as a participant. Report the main outcomes of completed legal actions, including any decisions or judgments.	Perform annual reviews with relevant personnell and agents on relevant anti-competitive legislation and Norske Skog Steering Guidelines.
Report the total number of incidents of discrimination during the reporting period.	Identify through formal process(es) instance(s) of non-compliance to relevant non-discriminatory Steering Document procedures, including management system audits, formal monitoring programs or grievance mechanisms (whistleblower channels).
Report the total number and percentage of operations assessed for risks related to corruption, and the significant risks related to corruption identified through the risk assessment. Report the total number and nature of confirmed incidents of corruption: in which employees were dismissed or disciplined, when contracts with business partners were terminated or not renewed, public legal cases against the organisation or its employees.	- Review the Steering Guidelines annually. - Perform mandatory compliance review and training for relevant personell and business partners and others relevant to our business periodically or when needed.
Report operations and suppliers considered to have significant risk for incidents of: - child labor and young workers exposed to hazardous work, - child labor either in terms of type of operation (such as manufacturing plant) and supplier; or - countries or geographic areas with operations and suppliers considered at risk.	- Review the Steering Guidelines and Code of Conduct annually. - Perform mandatory compliance review and training for relevant personell and business partners and others relevant to our business periodically or when needed.

GRI Standards Index 2023

Norske Skog has reported in accordance with the GRI Standards for the period 2023.

Following the materiality analysis - the table below covers aspects that are considered to be the most material ones to our stakeholders and/or the company. For more information on GRI Standards and on the individual disclosures, see GRI's homepages, *www.globalreporting.org*

The index refers to where information about each GRI disclosure can be found in the Norske Skog – Annual Report 2023, regardless of whether they are fully or partly reported relative to GRI.

AR = Annual Report 2023
SR = Sustainability Report 2023, part of Annual Report 2023

Disclosure description		Reference and/or response
GRI 2 – General Disclosures		
The Organization and its reporting practices		
2- 1	Organizational details	SR - 3 Corporate governance AR - Note 20 Shares SR - About Norske Skog's operations SR - Key figures operations
2- 2	Entities Included in the organization's sustainability reporting	AR – Consolidated financial statement
2- 3	Reporting period, frequency and contact point	SR - GRI Standards index 2023
2- 4	Restatements of information	No significant restatements
2- 5	External assurance	SR - 3 Corporate governance SR - Independent auditor`s assurance report
Activities and workers		
2- 6	Activities, value chain and other business relationships	SR - About Norske Skog's operations AR - About Norske Skog
2- 7	Employees	SR – Key figures employees
2- 8	Workers who are not employees	Norske Skog's business is mainly managed and carried out by its own employees. For larger projects Norske Skog hires additional resources.
Governance		
2- 9	Governance structure and composition	https://www.norskeskog.com/sustainability/governance
2-10	Nomination and selection of the highest governance body	https://www.norskeskog.com/sustainability/governance
2-11	Chair of the highest governance body	SR - 3 Corporate governance https://www.norskeskog.com/sustainability/governance
2-12	Role of the highest governance body in overseeing the management of impacts	SR – 3 Corporate governance SR - Double materiality analysis SR - Our response to the TCFD reccomendations
2-13	Delegation of responsibility for managing impacts	SR - Double materiality analysis SR - Our response to the TCFD reccomendations
2-14	Role of the highest governance body in sustainability reporting	SR - Double materiality analysis SR - Our response to the TCFD reccomendations
2-15	Conflicts of interest	SR – 3 Corporate governance www.norskeskog.com/sustainability/governance
2-16	Communication of critical concerns	SR – 3 Corporate governance www.norskeskog.com/sustainability/governance
2-17	Collective knowledge of the highest governance body	SR - Double materiality analysis SR – 3 Corporate governance
2-18	Evaluation of the performance of the highest governance body	SR - Double materiality analysis SR – 3 Corporate governance
2-19	Remuneration policies	https://www.norskeskog.com/sustainability/governance/remuneration-of-leading-personnel
2-20	Process to determine remuneration	https://www.norskeskog.com/sustainability/governance/remuneration-of-leading-personnel
2-21	Annual total compensation ratio	Change in annual compensation ratio: 8.0 Change in annual total compensation: -18.4 The large reduction in compensation ratio for 2023 is due to the shortfall in accounting effects of valuing the synthetic options in the long-term incentive plan for 2022.
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	SR – Navigation through uncertain waters
2-23	Policy commitments	SR – 2 Social - own workforce SR – 3 Corporate governance www.norskeskog.com/sustainability/governance/steering-guidelines
2-24	Embedding policy commitments	SR – 3 Corporate governance
2-25	Processes to remediate negative impacts	SR – 3 Corporate governance https://www.norskeskog.com/sustainability/governance/steering-guidelines/reporting
2-26	Mechanisms for seeking advice and raising concerns	www.norskeskog.com/sustainability/governance/steering-guidelines
2-27	Compliance with laws and regulations	SR – 1 Environment SR – 2 Social SR – 3 Corporate governance
2-28	Membership associations	SR – 2 Social - own workforce
Stakeholder engagement		
2-29	Approach to stakeholder engagement	SR – Double materiality analysis
2-30	Collective bargaining agreements	SR – 2 Social - own workforce

Disclosure description		Reference and/or response
GRI 3 – Material Topics		
Disclosures on material topics		
3-1	Process to determine material topics	SR – Double materiality analysis
3-2	List of material topics	SR – Double materiality analysis
3-3	Management of material topics	SR – 1 Environment SR – 2 Social SR – 3 Corporate governance
Economic performance		
201-1	Direct economic value generated and distributed	AR – Key figures; Consolidated financial statements and notes
201-2	Financial implications and other risks and opportunities due to climate change	SR – Climate change SR – Double materiality analysis
201-3	Defined benefit plan obligations and other retirement plans	AR – Consolidated financial statements, Note 26
Anti-corruption		
205-3	Confirmed incidents of corruption and actions taken	No reported incidents during the reporting period
Anti competitive behavior		
206-1	Legal actions for anti-competitive behivour, anti-trust, and monopoly practices	SR – 3 Corporate governance
Materials		
301-1	Materials used by weight or volume	SR – About Norske Skog's operations SR – Key figures operations
301-2	Recycled input materials used	SR – About Norske Skog's operations SR – Key figures operations
Energy		
302-1	Energy consumption within the organisation	SR – 1 Environment - climate change - energy
302-3	Energy intensity	SR – 1 Environment - climate change - energy
302-4	Reduction of energy consumption	SR – 1 Environment - climate change - energy
Water		
303-3	Water withdrawal	SR – 1 Environment - water and marine resources SR – Key figures
303-4	Water discharge	SR – 1 Environment - water and marine resources SR – Key figures
303-5	Water consumption	SR – Key figures
Biodiversity		
304-2	Significant impacts of activities, products and services on biodiversity	SR – 1 Environment - climate change
Emissions		
305-1	Direct (Scope 1) GHG Emissions	SR – 1 Environment - climate change SR - Key figures
305-2	Energy indirect (Scope 2) GHG emissions	SR – 1 Environment - climate change SR - Key figures
305-3	Other indirect (Scope 3) GHG emissions	SR – 1 Environment - climate change SR - Key figures
305-4	GHG emissions intensity	SR – 1 Environment - climate change
305-5	Reduction of GHG emissions	SR – 1 Environment - climate change
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	SR - 1 Environment - Pollution SR - Key figures SR – 1 Environment - climate change
Waste		
306-3	Waste generated	SR – 1 Environment - waste performance
306-4	Waste diverted from disposal	SR – 1 Environment - waste performance
306-5	Waste directed to disposal	SR – 1 Environment - waste performance
Employment		
401-1	New employee hires and employee turnover	SR – 2 Social - own Workforce SR – Key figures employees
Labor/Management relations		
402-1	Minimum notice periods regarding operational charges	Follow national laws and practice
Occupational health and safety		
403-8	Workers covered by an occupational health and safety management system	SR – 2 Social - own workforce
403-9	Work-related injuries	SR – Ambition and performance - Key figures - employees SR – 2 Social - own workforce
Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	SR – 2 Social - own workforce SR – Key figures employees
Non-discrimination and corrective actions taken		
406-1	Incidents of discrimination and corrective actions taken	SR – 2 Social - own workforce No reported incidents during the reporting period
Freedom of associations and collective bargaining		
407-1	Operations and suppliers in which the right to freedom of associations and collective bargaining may be at risk	SR – 2 Social - workers in the value chain
Child labour		
408-1	Operations and suppliers at significant risk for incidents of child labour	SR – 2 Social - workers in the value chain
Forced or compulsory labour		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	SR – 2 Social - workers in the value chain
Local communities		
413-2	Operations with significant actual and potential negative impacts on local communities	SR – 3 Affected communities

Klaus Eibl, aged 53, is a pivotal member of the management team and serves as the Head of the Technical Department at Norske Skog Bruck. With a 25-year tenure at the company, Klaus's journey began as an engineer in the project department, where he was involved in the erection phase of paper machine PM4 in 1988. Leading the Technical Department, Klaus and his team oversee all technical aspects, maintenance activities, and new projects at the mill.

A highlight of Klaus's career was his role as the lead project manager for the "Strato" rebuild project, which involved revamping the machine, installing a new stock preparation line, and constructing a new anaerobic plant. He values the collaborative spirit and dedication of his team during this challenging yet rewarding endeavor.

Klaus takes pride in the successful restart of "Emma" (PM3 containerboard) in March 2023, surpassing production and quality expectations. He envisions Norske Skog's future built on values such as trust, reliability, and appreciation, committed to further development with the highly competent team.

Throughout his journey, Klaus appreciates Norske Skog's culture and the collective effort to shape the mill's future, expressing gratitude for being part of the Norske Skog family.

Norske Skog Saugbrugs, Halden, Norway.
Photo: Stein Johnsen.

To the Board of Directors of Norske Skog ASA

Independent statement regarding Norske Skog ASA's sustainability reporting

We have undertaken a limited assurance engagement in respect of Norske Skog ASA's (Norske Skog) GRI Index for 2023 and Scope 1 and Scope 2 (location and market based) emissions for the period 1 January 2023 - 31 December 2023 (sustainability reporting) as presented in Norske Skog's Annual Report 2023.

Norske Skog's GRI index for 2023 is an overview of which sustainability topics Norske Skog considers material to its business, together with a reference to where material sustainability information is reported. Norske Skog's GRI Index for 2023 is available and included in Norske Skog's annual report for the period ending 31 December 2023. We have examined whether Norske Skog has developed a GRI Index for 2023 and whether mandatory disclosures are presented according to the Standards published by the Global Reporting Initiative 2021 (www.globalreporting.org/standards) (criteria).

Norske Skog has prepared its Scope 1 and Scope 2 (location and market based) emissions in line with the Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard (2004), applied as explained in the Methodology section under chapter Climate change (the Criteria). We have examined whether the scope 1 and scope 2 emissions have been calculated, estimated and reported in accordance with the Criteria.

Management's responsibility

Management is responsible for the preparation of Norske Skog's sustainability reporting in accordance with criteria as described above. The responsibility includes designing, implementing and maintaining an internal control relevant to the preparation of the sustainability reporting that is free from material misstatement, whether due to fraud or error.

GHG quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements as required by laws and regulations and the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply the International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements,* and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to express a conclusion on the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in

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accordance with International Standard on Assurance Engagements (ISAE) 3000 revised – «Assurance Engagements other than Audits or Reviews of Historical Financial Information» and, in respect of greenhouse gas emissions, (ISAE) 3410 - "Assurance Engagements on Greenhouse Gas Statements" issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement.

A limited assurance engagement in accordance with ISAE 3000 and ISAE 3410 involves assessing the suitability in the circumstances of the Board of Directors' use of the Criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The control procedures we performed were based on our professional judgment and included, among others, an assessment of whether the criteria used are appropriate, as well as an assessment of the overall presentation of the sustainability reporting. Our procedures, based on an assessment of the risk of error, also included meetings with representatives from Norske Skog who are responsible for the material sustainability topics covered by the sustainability reporting; review of internal control and routines for reporting GRI Index and scope 1 and scope 2 emissions; obtaining and reviewing relevant information that supports the preparation of scope 1 and scope 2 emissions; assessment of completeness and accuracy of scope 1 and scope 2 emissions; and controlling the calculations of scope 1 and scope 2 emissions.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Subject Matter Information has been prepared, in all material respects, in accordance with the Criteria.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Norske Skog's GRI index for 2023 is not, in all material respects, developed in accordance with the Standards published by The Global Reporting Initiative.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Norske Skog's Scope 1 and Scope 2 (location and market based) emissions for the period 1 January 2023 - 31 December 2023 are not, in all material aspects, calculated, estimated and reported in accordance with the Criteria.

Oslo, 15 March 2024
PricewaterhouseCoopers AS

Herman Skibrek
State Authorised Public Accountant

Report of the board of directors

ABOUT NORSKE SKOG

Norske Skog is a producer of publication paper and packaging paper.

Publication paper has an annual production capacity of 1.5 million tonnes and is produced at sites in Europe and Australasia. In Europe, there are four production sites, two in Norway, one in France and one in Austria. The European publication paper segment is the largest with 1.3 million tonnes of capacity, of which 0.8 million tonnes is newsprint and 0.5 million tonnes is magazine paper. In Australasia, the production capacity is 0.2 million tonnes newsprint and 0.1 million tonnes magazine paper at Norske Skog Boyer located in Tasmania. Norske Skog is the only domestic producer of publication paper in Australia.

Packaging paper in Europe started production in first quarter 2023 at Norske Skog Bruck and will once fully ramped up have a production of 0.2 million tonnes. Norske Skog Golbey will start production in second half of 2024 and will when fully ramped up have a production of 0.6 million tonnes. Combined the mills will produce 0.8 million tonnes of recycled containerboard.

STRATEGY

Norske Skog has adopted the following business strategy:

- Improve and optimise publication paper cash flows
- Become a leading and independent European producer of renewable packaging paper
- Diversify and innovate within bio-products
- Integrate vertically within the entire value chain

NORSKE SKOG IN 2023

Markets – publication paper

European publication paper operations experienced a marked change in the operating environment in 2023. The market went from a strong supply demand balance in 2022 to a significantly weaker balance in 2023 following a significant drop in demand for the group's products. Prices for the products decreased and were driven by a combination of the weak supply demand balance and the underlying decrease in variable costs. Prices for energy, our most important variable cost, decreased closer to levels observed prior to the significant increases in 2022. There was also a decrease in costs for recovered paper and other raw materials, except pulp wood in Norway which increased.

In 2023 annual demand for standard newsprint in Europe decreased by 22% as compared to previous year. For magazine paper annual demand decreased by 24%, with supercalendered paper decreasing 23% and lightweight coated paper decreasing 25% compared to previous year. (Source: Eurograph).

Australiasia also experienced a decline in local demand resulting in increased export to other markets in Asia during the year. Export markets followed international prices and the decline impacted the profitability in the region. The industrial site of Norske Skog Tasman was sold in October to Oji.

In 2023 annual demand for newsprint and coated mechanical in Australasia decreased by 23% and 18%, respectively compared to previous year. (Source: PPPC).

Markets - containerboard

The Western European recycled containerboard market was in 2023 approximately 21 million tonnes. As the publication paper markets, the packaging market also experienced decreased demand in 2023 although at a lower level, but with the same impact creating a weak supply demand balance. This in combination with lower variable cost, mainly energy and recycled fiber, reduced the market prices of recycled containerboard impacting profitability in the industry.

2023 marked the entry into the packaging market with the first production of recycled containerboard at Norske Skog Bruck PM3 in first quarter with sales commencing in second quarter. The official opening ceremony was in June.

Norske Skog continued with the conversion of Norske Skog Golbey PM1 during 2023. In October Norske Skog announced that the net investment amount for the conversion project at Norske Skog Golbey had increased from EUR 265 to 300 million. The increase was generally due to increased purchase prices for goods and services throughout the project period as well as delayed deliveries of equipment. The start-up of production of packaging in Golbey was postponed to the second half of 2024 due to delivery delays. Once fully ramped up the conversions will add 760 000 tonnes of cost-competitive recycled containerboard capacity.

The recycled containerboard production will be fully based on recycled fibre and will utilise green energy generated from the new waste-to-energy facility at the Bruck industrial site and a new biomass plant at the Golbey industrial site. Reliable access to affordable sources of green energy will be crucial for the long-term competitiveness at Norske Skog Bruck and Norske Skog Golbey.

Demand for recycled containerboard in Europe decreased by 4.9% as of December 2023, compared to the same period last year. (Source: CEPI Container Board).

Norske Skog Saugsbrugs rockslide

On 27 April Norske Skog Saugbrugs experienced a significant rockslide that damaged building, machinery and infrastructure related to PM6, the largest of the paper machines on site. Thankfully, none of the staff were harmed by the rockslide, but Norske Skog Saugbrugs PM6 has been idled since the incident while work has been carried out to secure, clean and reinstate assets.

In November Norske Skog reached a final settlement with the insurers in relation to the coverage of the damages and losses incurred by the rockslide. The settlement covered securing and clean-up of the site and reinstatement of the building structure which will be covered by the insurers. It was also agreed a settlement of NOK 850 million for business interruption and NOK 1 billion for damages to assets.

Shareholders and distribution

In February, Oceanwood sold their remaining 16.9% of the shares in Norske Skog 2023 through a private placement of 15 896 681 shares. During the year Byggma ASA/Drangsland Kapital ASA acquired 2 000 000 shares and Byggma ASA/Drangsland Kapital AS increased the combined ownership from 22.01% at 31 December 2022 to 24.16% at 31 December 2023.

Following the authority from the annual general meeting to make distributions and the subsequent approval from certain lenders the board of directors initiated a buy-back programme in July and acquired 9 426 470 own shares (10%) the second half of 2023. In addition, the board of directors approved a dividend of NOK 0.67 per share paid in November.

INCOME STATEMENT 2023 (2022)

Norske Skog's operating income was NOK 13.5 billion (NOK 15.2 billion). The decrease was mainly due to price decrease realised throughout 2023, and lower volumes. In other operating income business interruption was recognised with 850 million and NOK 240 was recognised of which NOK 118 million related to clean-up and NOK 122 million related to reinstatement of buildings and machinery.

Distribution costs of NOK 1.1 billion (NOK 1.2 billion) were slightly lower than the previous year following the reduction in deliveries. Cost of materials of NOK 7.0 billion (NOK 7.9 billion) decreased due to lower energy prices during the year moving closer to the historical levels before the price increase experienced in 2022. Recovered paper prices also decreased throughout the year.

Employee benefit expenses of NOK 2.1 billion (NOK 2.0 billion) increased slightly year-on-year mailnly because of general salary increases. Other operating expenses of NOK 1 181 million (NOK 921 million) increased due to general inflationary pressure and costs related to the clean-up at Norske Skog Saugbrugs.

EBITDA decreased to NOK 2.1 billion in (NOK 3.1 billion), negatively impacted by the poor operating environment in Europe and Australasia during the year both for publication paper and packaging paper. EBITDA was positively impacted the insurance settlement covering the rockslide at Saugbrugs.

Restructuring expenses in 2023 amounted to NOK 39 million (NOK 11 million) and is mainly related to demanning at headquarter and in Australia. Depreciation was NOK 514 million (NOK 546 million), a decrease reflecting depreciation on obsolete assets in 2022. An impairment of NOK 88 million (NOK 164 million) was recognised in relation assets at Norske Skog Saugbrugs and Norske Skog Boyer.

Derivatives and other fair value adjustments ended at negative NOK 605 million (NOK 462 million) reflecting the impact of the change in fair value of energy contracts in Norway.

Operating earnings ended at NOK 896 million (NOK 2 845). The change primarily reflects worsened market conditions for publication paper in Europe and the negative change in fair value of the energy contracts in Norway which was positive in 2022.

Net financial items in 2023 were NOK -291 million (NOK -256 million). Net interest expenses of NOK 121 million (NOK 100 million) was above previous year reflecting higher interest rates and increased net debt. Currency loss of NOK 76 million (loss of NOK 97 million) is due to weaker NOK at the end of 2023 as most debt is denominated in other currencies, primarily EUR. Income taxes for 2023 amounted to NOK -110 million (NOK -206 million) reflecting lower tax expense due to reduced tax payable following weaker results offset by recognition of additional deferred tax assets. Profit for the year was NOK 481 million (NOK 2 572 million).

CASH FLOW 2023 (2022)

Net cash flow from operating activities ended at NOK 1 928 million (NOK 2 040 million). Cash from operations was NOK 2 663 million (NOK 2 291 million) an increase reflecting insurance proceeds of NOK 635 million in relation business interruption. Interest payments were NOK 211 million (NOK 122 million), an increase from previous year reflecting the higher interest rates as well as new loans drawn. Taxes paid was NOK 598 million (NOK 101 million). Tax paid in 2023 are related to Norske Skog Golbey.

Net cash flow from investing activities of NOK 2 689 million (NOK 2 228 million) mainly reflects plant and equipment related to the conversions of Norske Skog Bruck PM3 and Norske Skog Golbey PM1 into recycled containerboard.

Net cash flow from financing activities of NOK 549 million (NOK 1 033 million) includes loans drawn for financing of the conversions and payments related to purchase of own shares, NOK 415 million (NOK 0 million) and dividend, NOK 57 million (0).

Publication paper Europe

Operating income was NOK 11.1 billion (NOK 13.1 billion) a decrease from the previous year due to lower publication paper prices, less sale of excess energy and lower delivered volumes following the closure for conversion of Norske Skog Bruck PM3 and Norske Skog Golbey PM1 in 2022. Business interruption was recognised with 850 million and NOK 240 was recognised in relation to clean-up and reinstatement of buildings and machinery at Saugbrugs.

Distribution costs of NOK 804 million (NOK 963 million) decreased on an absolute basis but increased on a per tonne basis, driven by lower tonnage and higher freight rates. Cost of materials of NOK 5.6 billion (NOK 6.9 billion) decreased significantly on an absolute basis but increased on a per tonne basis, due to higher contract electricity and pulpwood prices and lower produced volumes. Employee benefit expenses of NOK 1.5 billion (NOK 1.5 billion) was in line with previous year on an absolute level but higher on a per tonnes basis, mainly driven by lower volumes and general salary increases. Other operating expenses of NOK 1 006 million (NOK 790 million) increased due to general inflationary pressure and costs of NOK 143 million related to the clean-up and restart of PM5 at Norske Skog Saugbrugs.

Operating earnings ended at NOK 1 232 million (NOK 2 769 million). The weakening primarily reflects unfavourable market conditions for publication paper in Europe during 2023 and the negative change in fair value of the energy contracts in Norway.

Net cash flow from operating activities ended at NOK 3 167 million in 2022 (NOK 2 300 million).

Capacity utilisation was 80%, a decrease compared with the previous year of 86%, mainly driven by weaker demand.

Publication paper Australasia

Operating income of NOK 2.0 billion (NOK 1.9 billion) increased slightly compared to previous year due higher domestic prices and gain from sale Norske Skog Tasman industrial site, partly offset by lower deliveries.

Distribution costs of NOK 253 million (NOK 261 million) were lower compared to the previous year on an absolute level but slightly higher on a per tonne basis due to higher freight rates. Cost of materials of NOK 1 152 million (NOK 1 051 million) were higher on an absolute basis and on a per tonne basis due to higher energy and fibre costs. Employee benefit expenses of NOK 320 million (NOK 293 million) increased on an absolute basis and on a per tonne basis, mainly driven by general salary increases. Other operating expenses of NOK 162 million (NOK 161 million) were in line with previous year.

Operating earnings ended at NOK -38 million (NOK 100 million). The lower earnings primarily reflects unfavourable market conditions in the region.

Net cash flow from operating activities ended at NOK -27 million (NOK 53 million).

Capacity utilisation was 91% in 2023, a decrease compared to the previous year of 95%, mainly due to weaker local markets for the company's products during the year.

Packaging paper

Operating income of NOK 362 million (NOK 0 million) reflects the revenue from sale of recycled container board which commenced in May and gate fees for waste to energy.

Distribution costs of NOK 40 million (NOK 0 million), cost of materials of NOK 248 million (NOK 0 million), employee benefit expenses of NOK 157 million (NOK 0 million) and other operating expenses of NOK 64 million (NOK 0 million) reflect the cost in the period.

Operating earnings ended at NOK -221 million (NOK 0 million). The low earnings primarily reflect unfavourable market conditions in the region for recycled containerboard and suboptimal production as initial volumes are lower than full design capacity during ramp up.

BALANCE SHEET 31 DECEMBER 2023 (31 DECEMBER 2022)

Total assets were NOK 14.8 billion (NOK 13.6 billion) while total non-current assets were NOK 9.1 billion (NOK 7.1 billion). The increase is mainly related to investments in connection with the conversions to recycled containerboard at Norske Skog Bruck and Norske Skog Golbey. Investments in maintenance of property, plant and equipment amounted to NOK 363 million (NOK 221 million).

The decrease in associated companies and joint ventures reflects the payment of divided of NOK 205 million from sale of the high school developed by Porsnes Utvikling AS of which Norske Skog Saugbrugs owns 50%.

The group also recognised a deferred tax asset of NOK 206 million.

Total current assets were NOK 5.7 billion (NOK 6.5 billion), with cash and cash equivalents of NOK 2 463 million (NOK 2 650 million). In addition to the decrease in cash and cash equivalents, trade receivables decreased due to lower sales while reduced volumes and lower input costs for produced goods decreased inventories.

Total non-current liabilities were NOK 5.7 billion (NOK 4.4 billion). Non-current liabilities increased due to draw down on loans related to the conversion projects at Norske Skog Bruck and Norske Skog Golbey. Total current liabilities were NOK 2.9 billion (NOK 3.3 billion) a decrease driven by lower tax payables.

Net interest-bearing debt was NOK 2 590 million (NOK 1 092 million) which increased following draw down on loans related to the conversion projects. Equity was NOK 6.2 billion at (NOK 5.9 billion). The increase reflects profit for 2023, offset by purchase of own shares and paid dividend.

RISK MANAGEMENT

The main exposures for the group are linked to demand development in key paper grades within publication paper and packaging paper and capacity management by the suppliers and thereby impacting prices. Prices for publication paper and packaging paper relative to production cost is the most important factor for the profitability in the industry. Negative demand development and lack of or insufficient capacity management in the industry could result in pressure on prices and profitability.

The group is also exposed to movements in the prices of key input factors such as energy, recovered paper, wood and chemicals. During 2023 energy has been volatile and high compared to previous years. Thus, efforts to continue to improve efficiencies and develop purchasing strategies and having a contract structure that matches production are key to mitigate these risk factors and reduce the impact on the group's profitability.

Norske Skog is not vertically integrated into forest resources and therefore must source wood from third parties. The supply of wood is to a certain extent covered by medium to long-term contracts which reduce cost exposure and increase supply certainty. For the remaining part the price development of wood is linked to the activity in the pulp and paper sector with lower activity and pricing giving lower cost and opposite when activity is high.

The group's revenues and costs are partly hedged operationally from a currency point of view; providing some risk reduction but significant movements, particularly of NOK vs GBP, USD and EUR, pose a financial risk for the group.

Norske Skog's operations are predominantly production of publication paper in Europe and Australasia, but with increasing exposure to packaging paper in Europe. The demand for publication paper will likely continue to decrease and the market balance is over time dependent on future closures of production capacity either permanently or through conversions to other paper grades. Exposure to both newsprint and magazine paper grades give some product diversification, while business segments located on opposite sides of the world provide some geographical diversification. The conversion of one paper machine at Norske Skog Bruck and one paper machine at Norske Skog Golbey will provide further product diversification into recycled containerboard, which although a demand decline was experienced in 2023, is expected to continue to be a growing market.

Financial risk management includes currency and liquidity planning. Currency volatility is to a certain extent mitigated by natural hedging where income and expenses are matched in the same currency, but the group may also enter into currency contracts to hedge currency risk. Norske Skog has loans predominantly denominated in EUR, matching cash flows from the EUR based European market. Liquidity is ensured by maintaining sufficient cash balances and open credit lines linked to trade receivables facilities and a revolving credit facility. Norske Skog continuously assesses the most competitive funding sources for the group. Norske Skog performs credit evaluations of counterparties. The group's insurance program covers property damage, business interruption, product and environmental liability, crime and cyber and is managed centrally through a well-established insurance program.

Norske Skog ASA has a directors and officers liability insurance for the parent and its subsidiaries. The insurance covers defence costs and potential legal liability for directors and officers arising out of claims made against them while serving on a board of directors and or as an officer. The insurance renews annually, and the sum insured was USD 50 million at 31 December 2023.

Risk factors are further discussed in Note 5 Financial Risk in the consolidated financial statements.

CORPORATE GOVERNANCE

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

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

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

SUSTAINABILITY

Norske Skog is committed to contribute to sustainable development and supports the ten principles in the UN Global Compact. Norske Skog is in line with the Global Reporting Initiative's (GRI) Standards for sustainability reporting, which is established as an important tool to fulfill our environmental, social and corporate responsibility. Norske Skog's strategic goals and business priorities will have a significant impact on several stakeholders, and is thus, reflected in the group sustainability report. Norske Skog supports all 17 UN Sustainable Development Goals, and 6 of these are an integral part of Norske Skog's business strategy.

Norske Skog shall create value for people and society in a responsible way, while promoting a sustainable environment and principles of circular economy. The operations must be based on sustainable sourcing by using certified wood and chips documented through the Chain of Custody certifications and the use of recycled paper. Improved margins and reduced environmental impacts from the value chain and the mills are achieved through effective resource and energy management. The production process is circular in nature. The finished publication and packaging paper products are collected and reused to make new paper products. All residues from the production processes are reused or disposed of either through energy recovery, landfill, agricultural fertilizer or sale/delivery. In 2023, 70% of the waste was used as biofuel for the bio boilers at the mills generating thermal energy. In Europe 82% of the waste was used for energy purposes, whereas in Australia, 93% was used for agricultural purposes. Norske Skog is committed to follow the EU Water Framework Directive and the ambitious water permit goals given by the local authorities to minimise impact on the surrounding ecosystems.

Norske Skog has set forth an ambitious goal to reach a 55% reduction in greenhouse gas emissions (Scope 1&2) within 2030 and zero carbon emission by 2050 as a key part of the business strategy. The goal is to reduce energy consumption, increase the share of renewable energy sources and to optimise the use of process chemicals and transport. The group absolute emissions (Scope 1 and 2) were reduced by -7% in 2023 compared to 2022, due to reduced gas consumption at Norske Skog Bruck after the start-up of a new energy plant in 2022. Together with Ocean GeoLoop and Borg CO_2, Norske Skog is pursuing the opportunity to become CO_2 net negative, and to explore economically viable models for utilisation of biogenic CO_2 in Norway. Going forward, Norske Skog is committed to improve the quality of our scope 3 inventory, work with partners across our value chain to reduce emissions and set reduction targets for Scope 3.

To demonstrate Norske Skog's commitment to combating climate change, and to make critical information available to investors, customers and other stakeholders, Norske Skog reported to the CDP (Carbon Disclosure Project) in 2023. Norske Skog achieved a favourable A– rating on CDP Climate Change.

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

TRANSPARENCY

In June 2021 the Norwegian Parliament passed the Transparency Act (In Norwegian: "Åpenhetsloven"), which entered into force on 1 July 2022. The purpose is to promote companies' respect for fundamental human rights and decent working conditions in connection with the production of goods and services, and to ensure the general public access to information on how companies handle negative consequences on fundamental human rights and decent working conditions.

The act applies to large enterprises that are domiciled in Norway, which offer goods and services inside or outside Norway. Norske Skog complies with the obligations under the scope of this act and further information is disclosed on www.norskeskog.com.

HEALTH AND SAFETY

Health and safety have a high priority for Norske Skog and we aim to have zero injuries among employees. Our goal is a safe working environment where health and safety receive equal attention in planning and in the daily operations of the group. All injuries and near misses are reported in our global health safety and environment system, Synergy. Experience and learnings from every single incident are shared within the organisation to management and those responsible for health and safety. Lost-time injuries per million working hours, was 1.9 in 2023 (0.8), while injuries with medical treatments per million working hours was 5.7 in 2023 (7.2) Norske Skog had an absence rate due to sickness of 4.5% in 2023 (4.7%).

EMPLOYEES, GENDER EQUALITY, GENDER BALANCE AND DIVERSITY

The Norske Skog group had 2 161 employees at year end 2023 (2 140). The paper industry has traditionally had few female employees. The share of female employees, around 13%, is in line with the 13% level persisting for many years.

Our female share in top management positions, representing group management at the headquarter, the management teams at the business units and the managing directors at the sales offices is 19%, which is an increase from 17% in previous year. Our female share in other management positions is 15%, up from 12% in the previous year. The board of directors of Norske Skog ASA consists of four members, two women and two men.

Given the low share of female employees, particularly at the mills at operator level, we aim to continue to recruit more female employees at all levels. Norske Skog is working to encourage the Norwegian Discrimination Act's objective within our business. This includes activities to promote diversity and inclusion by providing equal employment and career opportunities, gender equality, and to prevent discrimination due to ethnicity, national origin, descent, skin color, language, religion and faith.

RESEARCH AND DEVELOPMENT

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

Norske Skog has developed bio-based products at Saugbrugs, in Halden, with particular focus on nanocellulose (CEBINA) and bio composites (CEBICO). Significant progress has been made for both products over the last years and Norske Skog have realised commercial sales and proof-of-concept for its products.

The portfolio of CEBINA products to be developed aims to remove or greatly reduce the use of petroleum-based raw materials and harmful materials, as well as to contribute to increased recycling of plastics. As part of the initiative two new production processes were installed in 2023:

- Dewatering of CEBINA was installed in April. This allows for reduced logistics cost for CEBINA shipments and easer handling.
- Production equipment for CEBINA Master Batch was installed in May.

The CEBICO demonstration plant has seen significant progress in product and application testing in 2023. The plant has verified the up-scaled production process and now provides large product volumes for customer testing. The main application processes are in injection moulding and 3D printing where numerous tests have been made with customers. For 3D printing a 100% biobased material has been developed with great customer satisfaction.

Circa Group, where Norske Skog is the largest shareholder, has for 15 years developed Circa's bio-based solvent Cyrene™, which is one of the few novel, multipurpose solvents to be developed in over 40 years. The demand for sustainable chemicals has been constrained only by supply and may outperform the toxic petroleum-based materials that society demands to be eliminated from use. With the support of the EU Horizon 2020 research and innovation programme, the Circa's ReSolute plant in France will scale-up Cyrene™ production to 1 000 tonnes.

GOING CONCERN

In accordance with the provisions in the Norwegian Accounting Act, the board of directors has assessed the going concern assumption as basis for preparing and presenting the financial statements. At 31 December 2023, the equity of the company is NOK 6.2 billion giving an equity ratio of approximately 42%. Based on the results for the company and group for 2023, the solidity and available liquidity, the board of directors confirms that the assumption applies and that the financial statements have been prepared on a going concern basis.

OUTLOOK FOR 2024

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. Demand for Norske Skog's products have started to improve but is expected to remain at a low level for 2024. The raw material and energy markets, which are important for both publication paper and packaging paper production, are expected to remain uncertain, although prices have come down closer to historical levels.

Cost of recycled paper has become closer to trend prices, but the quality and availability has deteriorated. This trend is expected to persist through 2024. Pulpwood prices increased steadily through 2023 and is expected to remain at higher levels for 2024. The level of input costs and demand for paper will continue to influence paper sales prices in Europe.

Following demand declines through 2023, both publication and packaging markets are characterised by excess capacity and capacity reductions are required to balance the markets. Utilisation is expected to remain weak until the capacity is reduced. Norske Skog's European operations are cost-competitive, and the group will continue to temporarily adjust production to customer demand. Norske Skog Saugbrugs PM6 will remain out of the SC market for the entire 2024. PM5 was restarted in the fourth quarter of 2023 to serve some customers previously served by PM6.

Production of recycled containerboard in Norske Skog Bruck is expected to develop in the coming periods in line with a normal ramp-up curve, while Norske Skog Golbey PM1 is expected to start-up in second half of 2024.

In Australasia, price increases have been implemented impacting the coming periods, but reduced demand in the region may increase exposure through higher export volumes.

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.

THE PARENT COMPANY - NORSKE SKOG ASA

The parent company, Norske Skog ASA, is incorporated in Norway and has its head office at Skøyen in Oslo. The activities of Norske Skog ASA consist of holding shares in the operating companies and conducting the head office functions of the Norske Skog group. On 31 December 2023 the company had 26 employees.

INCOME STATEMENT AND CASH FLOW 2023 (2022)

Operating revenue NOK 116 million (NOK 97 million) is primarily from the services provided within the group. Employee benefit expenses NOK 97 million (NOK 218 million) a decrease of NOK 121 million mainly due to reduced accrual of the long-term incentive programme. Other operating expenses NOK 62 million (NOK 69 million) are related to the head office functions and IT cost. Restructuring cost of NOK 28 million (NOK 0 million) relates to demanning at the head office.

Net financial items amounted to NOK 768 million (NOK 904 million) reflecting dividends of NOK 978 million received from subsidiaries (NOK 0 million), net financial expenses of NOK 69 million (NOK 64 million) and unrealised currency loss of NOK 74 million (loss of NOK 91 million). Net interest cost increased as interest rates during the year.

Income taxes NOK 174 million (NOK 17 million) relates to recognition of deferred tax asset. Profit for the year is NOK 851 million (NOK 708 million).

Net cash flow from operating activities was negative NOK 107 million (NOK 76 million) reflecting settlement of long-term incentive programme that was exercised in 2023 and payment of interest costs.

Net cash flow from investing activities was negative NOK 652 million (NOK -143 million) with the decrease reflecting increased share capital in Norske Skog Bruck GmbH offset by increase in receivables.

Net cash flow from financing activities was NOK 1 million (NOK 754 million) reflecting decrease in payables offset by purchase of treasury shares NOK 415 million (NOK 0 million) and payment of dividend NOK 57 million (NOK 0 million)

BALANCE SHEET 31 DECEMBER 2023 (31 DECEMBER 2022)

Total assets were NOK 8.0 billion (NOK 7.7 billion). Total non-current assets were NOK 5.5 billion (NOK 4.9 billion) due to an increase in deferred tax asset and shares in subsidiaries. Total current assets were NOK 2.6 billion (NOK 2.8 billion) a decrease primarily due to reduced cash and cash equivalents.

Total non-current liabilities were NOK 1.5 billion (NOK 1.4 billion) while current liabilities decreased to NOK 2.0 billion (NOK 2.1 billion). Equity was NOK 4.5 billion (NOK 4.1 billion). The increase in equity is due to the profit for the year, reduced by buy back of own shares of NOK 415 million (NOK 0 million) and dividend of NOK 57 million (NOK 0 million)

HEALTH AND SAFETY

Lost-time injuries per million working hours, was 0 in 2023 (0) in Norske Skog ASA. The company had an absence rate due to sickness of 1.2% in 2023 (2.1%).

RISK MANAGEMENT

The risk factors described for the group are also relevant for the parent company. Furthermore, Norske Skog ASA is also exposed to the risks of funding from the cash generating operations not being available for the company when required, whether by way of intragroup loans or other capital transactions such as dividend payments.

At 31 December 2023 the total number of shareholders was 14 124 (9 677).

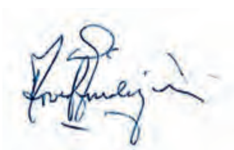
PROFIT/LOSS ALLOCATION

The profit for the year for Norske Skog ASA (the parent company) was NOK 851 million (NOK 708 million). The profit for the year was allocated to retained earnings.

DIVIDEND PROPOSAL

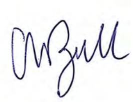
The board of directors will propose to the annual general meeting that no dividend is distributed for the financial year 2023.

SKØYEN, 20 MARCH 2024
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA



Arvid Grundekjøn
Chair

Trine-Marie Hagen
Board member



Christoffer Bull
Board member

Johanna Lindén
Board member

Geir Drangsland
CEO

Johan Røstad, aged 23, has been a part of the Norske Skog Skogn team for approximately 3.5 years, starting as an apprentice and now serving as an Industrial Mechanic. His decision to join Norske Skog was influenced by positive feedback from friends already employed there, highlighting the excellent work environment and the variety of tasks offered.

Johan values the diverse range of tasks he encounters at Norske Skog and appreciates the company's stature as a large and reputable corporation. He finds comfort in the organization's commitment to health, environment, and safety (HES) guidelines, considering it a safe workplace.

Looking to the future, Johan hopes that Norske Skog will maintain its core values while continually striving for improvement and innovation. He emphasizes the importance of forward-thinking practices to ensure the company's longevity and success.

Photo: Norske Skog

Consolidated financial statements

Consolidated financial statements

Notes to the consolidated financial statements

CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	2023	2022
Operating revenue	7	11 786	14 537
Other operating income	8	1 738	677
Total operating income		**13 524**	**15 214**
Distribution costs		-1 098	-1 227
Cost of materials	9	-7 015	-7 937
Employee benefit expenses	10	-2 088	-2 024
Other operating expenses	11	-1 181	-921
Restructuring expenses	27	-39	-11
Depreciation	17, 18	-514	-546
Impairments	18	-88	-164
Derivatives and other fair value adjustments	12	-605	462
Total operating expenses		**12 628**	**12 369**
Operating earnings	6	**896**	**2 845**
Share of profit in associated companies and joint ventures	13	-15	188
Financial income	14	99	31
Financial expense	14	-313	-190
Gains/(losses) on foreign currency	14	-76	-97
Profit/(loss) before income taxes		**591**	**2 778**
Income taxes	15	-110	-206
Profit/(loss) after taxes		**481**	**2 572**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	NOTE	2023	2022
Profit/(loss) after taxes		**481**	**2 572**
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		243	187
Reclassified translation differences upon divestment of foreign operations		6	1
Tax expense on translation differences		0	0
Total		**249**	**188**
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post employment benefit obligations		-8	14
Tax effect on remeasurements of post employment benefit obligations		1	2
Total		**-6**	**16**
Other comprehensive income		**243**	**204**
Total comprehensive income		**724**	**2 775**
Basic earnings per share (NOK)	16	5.27	27.28
Diluted earnings per share (NOK)	16	5.27	27.28

CONSOLIDATED BALANCE SHEET

NOK MILLION	NOTE	31.12.2023	31.12.2022
Assets			
Deferred tax assets	15	206	137
Intangible assets	17	12	14
Property, plant and equipment	6, 18, 19	8 567	5 852
Investment in associated companies	13	80	299
Other non-current assets	23, 26	203	768
Total non-current assets		**9 068**	**7 069**
Inventories	6, 24	1 360	1 464
Trade and other receivables	6, 23	1 635	1 944
Other current assets	23	229	481
Cash and cash equivalents	5, 25	2 463	2 650
Total current assets		**5 687**	**6 539**
Total assets		**14 755**	**13 609**
Equity and liabilities			
Paid-in equity		8 860	8 898
Other equity		-2 700	-2 989
Total equity		**6 161**	**5 909**
Employee benefit obligations	26	294	278
Deferred tax liability	15	202	208
Interest-bearing non-current liabilities	28	4 536	3 432
Other non-current liabilities	27, 29	647	504
Total non-current liabilities		**5 680**	**4 422**
Trade and other payables	29	2 256	2 245
Tax payable	15	11	358
Interest-bearing current liabilities	28	517	310
Other current liabilities	26, 27, 29	130	364
Total current liabilities		**2 914**	**3 278**
Total liabilities		**8 594**	**7 700**
Total equity and liabilities		**14 755**	**13 609**

SKØYEN, 20 MARCH 2024
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA

Arvid Grundekjøn
Chair

Trine-Marie Hagen
Board member

Christoffer Bull
Board member

Johanna Lindén
Board member

Geir Drangsland
CEO

CONSOLIDATED STATEMENT OF CASH FLOWS

NOK MILLION	NOTE	2023	2022
Cash generated from operations	6	13 819	14 624
Cash used in operations		-11 156	-12 333
Cash flow from currency hedges and financial items		-25	-59
Interest payments received	14	98	31
Interest payments made	14	-211	-122
Taxes paid	15	-598	-101
Net cash flow from operating activities [1]	6	**1 928**	**2 040**
Purchases of property, plant and equipment and intangible assets	6, 17, 18	-3 084	-2 228
Sales of property, plant and equipment and intangible assets	18	69	28
Proceeds from property damage insurance	8	122	0
Dividend received	13	205	0
Purchase of shares in companies and other financial payments		0	-30
Sales of shares in companies and other financial instruments		0	275
Net cash flow from investing activities		**-2 689**	**-1 956**
New loans raised	28	1 366	1 354
Repayments of loans	28	-346	-321
Dividends paid	16	-57	0
Purchase of treasury shares		-415	0
Net cash flow from financing activities		**549**	**1 033**
Foreign currency effects on cash and cash equivalents		25	43
Total change in cash and cash equivalents		**-187**	**1 161**
Cash and cash equivalents at start of period		2 650	1 489
Cash and cash equivalents at end of period	25	2 463	2 650
[1] Reconciliation of net cash flow from operating activities			
Profit/(loss) before income tax		591	2 778
Change in working capital		599	-545
Change in restructuring provisions	27	-16	-22
Depreciation and impairments	18	602	710
Derivatives and other fair value adjustments	12	605	-462
Gain and losses from divestment of business activities and property, plant and equipment		-57	-191
Income from insurance compensation	8	-122	0
Net financial items without cash effect		168	-82
Taxes paid	15	-598	-101
Change in pension obligations and other employee benefits		-19	-31
Adjustment for other items		175	-14
Net cash flow from operating activities		**1 928**	**2 040**

CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

NOK MILLION	PAID-IN-EQUITY[1)]	OTHER PAID-IN EQUITY[2)]	RETAINED EARNINGS	TOTAL EQUITY
Equity 1 January 2022	**6 649**	**2 249**	**-5 765**	**3 133**
Profit/(loss) after tax	0	0	2 572	2 572
Other comprehensive income	0	0	204	204
Equity 31 December 2022	**6 649**	**2 249**	**-2 989**	**5 909**
Treasury shares[3)]	-38	0	-377	-415
Profit/(loss) after tax	0	0	481	481
Other comprehensive income	0	0	243	243
Dividends paid	0	0	-57	-57
Equity 31 December 2023	**6 611**	**2 249**	**-2 700**	**6 161**

[1)] Paid-in equity consist of share capital NOK 377 million (94 264 705 shares with a nominal value of NOK 4.00) and share premium of NOK 6 272 million.
[2)] Other paid-in equity arises from a de-recognition of debt in 2018.
[3)] During 2023 Norske Skog ASA has purchased 9 426 470 of its own shares.

Peder Lutdal, aged 30 and hailing from Frosta, holds a certificate of apprenticeship from Norske Skog. He earned a BSc in Mechanical Engineering and an MSc in Technology Management. From 2009 to 2013, he completed his TAF apprenticeship and worked as a vacation replacement during his studies. He served as a Process Engineer at Skogn from 2018 to 2022, transitioning to Development Manager thereafter.

Peder's decision to work at Norske Skog was influenced by his familiarity with the company's environment and culture, alongside the appeal of engaging projects. He values the collaborative atmosphere and opportunities for personal and professional growth. Peder envisions Norske Skog as a leading producer of graphical paper and packaging, emphasizing sustainability. He expresses optimism about the company's future and sees significant potential for untapped growth.

From the dryer section at Norske Skog Saugbrugs, Halden, Norway, 1920.
Photo:Norske Skog

Notes to the consolidated financial statements

1. General information

Norske Skog ASA ("the company") and its subsidiaries ("the group") 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 when fully ramped up 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.

The group had 2 161 employees at 31 December 2023 and the parent company, Norske Skog ASA, is a public limited liability company incorporated in Norway and has its head office at Skøyen and business address at Sjølyst plass 2, 0278 Oslo. The company is listed on Oslo Stock Exchange with the ticker NSKOG.

2. Basis of preparation

The consolidated financial statements comprise the financial statements of Norske Skog ASA and its subsidiaries as at 31 December 2023. The consolidated financial statements are prepared in accordance with IFRS® Accounting Standards (IFRS Accounting Standards) as adopted by the European Union (EU). The consolidated financial statements are presented in English only. All amounts are presented in NOK million unless otherwise stated. There may be some small differences in the summation of columns and rows due to rounding. The corresponding amounts for prior year are in parenthesis. The consolidated financial statements were authorised for issue by the board of directors in Norske Skog ASA on 20 March 2024.

The consolidated financial statements have been prepared based on historical cost in all areas where there is no requirement to use fair value, as modified by, available-for-sale financial assets and financial assets at fair value through profit or loss. The policies have been consistently applied to all periods presented, unless otherwise stated. They have been prepared under the assumption of going concern.

CHANGE IN PRESENTATION OF ACCOUNTING POLICIES

The presentation of accounting policies have been changed from being presented in a separate section of the disclosures to be presented as part of the note they are relevant for.

BASIS OF CONSOLIDATION

All subsidiaries, see Note 20, are fully owned subsidiaries.

FOREIGN CURRENCY TRANSLATION

a) Functional and presentational currency

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

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

	Income statement		Balance sheet	
	2023	2022	31.12.2023	31.12.2022
AUD	7.02	6.66	6.91	6.70
EUR	11.42	10.10	11.24	10.51
GBP	13.14	11.85	12.93	11.85
NZD	6.48	6.09	6.42	6.26
USD	10.56	9.61	10.17	9.86

b) Transactions and balances

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

Exchange differences arising from the settlement of trade receivables/ payables and unrealised gains/losses on the same positions are recognised in operating revenue/cost of materials respectively. Exchange differences arising from the settlement of other items are recognised within financial income/financial expenses.

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

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

c) Group companies

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

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

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

NEW AND AMENDED INTERPRETATION AND STANDARDS ADOPTED BY THE GROUP

a) New standards effective from 1 January 2023

Changes in standards and interpretations during 2023 has not had any material impact on Norske Skog's financial reporting.

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early.
The group does not expect the standards issued, but not yet effective, to have a material impact on the group's financial reporting.

3. Important accounting estimates and assumptions

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

a) Accounting treatment of physical energy contracts and other financial instruments

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

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses its judgment to select methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. See Note 12 and Note 21 for further information.

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

The group performs impairment tests to assess whether there has been a decline in the value of intangible assets and PPE if there are impairment indicators present. These are written down to their recoverable amount when the recoverable amount is lower than the carrying value of the asset. The recoverable amount from assets or cash-generating units is determined by calculating the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Calculation of value in use requires use of estimates. See Note 18 for further information. The group conducts annual reviews of the remaining economic life of PPE. An increase or decrease in the remaining economic life will have an impact on future depreciation, as well as affect the cash flow period for calculating value in use.

c) Deferred tax assets and liabilities

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. For entities with a history of recent tax losses, stronger evidence for utilization is required when assessing whether these assets should be recognized. See Note 15 for further information.

d) Pension liabilities and other non-current employee benefit obligations

Several actuarial and economic assumptions are used in calculation of fair value of pension liabilities. Changes in assumption used in the calculation impact the estimated pension obligation. The assumptions are determined locally for each individual pension plan and is normally reviewed annually. See Note 26 for further information.

4. Consideration of climate risk for the financial statements

I In preparing the financial statements, the board of directors have assessed and considered the impact of climate change, particularly in the context of the risks and opportunities identified in the Task Force on Climate-related Financial Disclosures (TFCD) on pages 70-71 and financial materiality on page 25, 27 and 28. The time horizons applied for the overall assessment of risks and opportunities for the group is short term (1-5 years), medium term (5-10 years) and long-term (10 -30 years).

Norske Skog business units have during the last 50 years been seeking best environmental practice and has one of the lowest emission levels compared to industry averages.

The transformation to a larger, more diversified product portfolio with new products will reduce the dependency on publication paper and thus reduce the business and market risk. The current packaging production at Norske Skog Bruck is based on renewable resources and the coming packaging production at Norske Skog Golbey will also be based on renewable resources.

Production of publication and packaging paper resource intensive and requires significant quantities of energy. Except at Norske Skog Boyer, the production process in general has limited direct emission of fossil CO_2. The goal is to continue to reduce energy consumption in production, eliminate the use of fossil energy sources and to optimise the use of process chemicals and transport. Our operations are impacted by unstable energy markets and increasing carbon prices. Norske Skog has included a reduction of greenhouse gas emissions from fossil energy sources as a key part of our business strategy.

We have identified the following climate-related risks as the most significant:
- **Regulatory:** Norske Skog is subject to several regulatory requirements relating to energy and emissions including the EU Emissions Trading Scheme (ETS), which include both CO_2 compensation schemes, and CO_2-allowances. Due to the financial impact any changes in such regulations may have on our business we monitor associated risks closely.
- **Physical:** The availability of sustainable and affordable biomass to produce

publication paper in Norway, Austria and Australia may be affected by longer-term shifts in climate patterns in the future. Some of our mills are in areas where drought/access to water and/or flooding might become a risk in the future with a changing climate.

- **Market:** Shifting consumer preferences and trends may impact demand for Norske Skog products made from biomass. This can impact market development for publication paper, recycled containerboard, and related capacity adjustments in the industry.
- **Reputational:** Compliance with environmental regulations and standards is crucial for avoiding fines, legal fees, and reputational damage. Norske Skog's ability to manage regulatory risks may affect its financial stability and long-term viability.

The financial statements may be impacted by climate related risk in the future but are not considered to be key areas of judgement or sources of estimation uncertainty in the current financial year. The effects may be related to:

- EU ETS and CO_2 allowances may be cut back and increase our cost of production. This may affect the value of our main assets in Europe if the increase in cost cannot be recovered in the prices of our products. Implementation of the EU Carbon Border Adjustment Mechanism (CBAM) coming into effect may, if effective, increase the probability of recovery of any increased cost of carbon emissions.
- Impairment of our property, plant and equipment due to a change in the profitability from cost increases for carbon emissions and price of energy or due to shortened useful life due to physical risks that reduce the appetite for reinvestment, thereby reducing the time horizon for certain plants. See also note 8 and 18.

Whilst there is currently no short-term impact expected from changes in climate, the board of directors are aware of the risk changes in climate could pose to the operations and the judgement and estimates made in preparation of the financial statements.

5. Financial risk

FINANCIAL RISK MANAGEMENT

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

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

The group has one cash pool for the European entities and the cash pool is legally placed in Norske Skog ASA.

FINANCIAL RISK FACTORS

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

MARKET RISK

a) Interest rate risk

Interest rate risk is related to the financial risk related to changes in market interest rates. Interest rate risk management is carried out to secure the lowest possible interest rate payments over time within acceptable risk limits. This includes having a portfolio of loans in the group with both floating interest and fixed interest rates. The group may also use derivatives to manage the interest rate risk in the group.

	31.12.2023			31.12.2022		
INTEREST-BEARING ASSETS AND LIABILITIES	**FLOATING**	**FIXED**	**TOTAL**	**FLOATING**	**FIXED**	**TOTAL**
Interest-bearing liabilities	4 277	776	5 053	2 892	850	3 742
Interest-bearing assets	-2 463	0	-2 463	-2 650	0	-2 650
Net exposure	**1 814**	**776**	**2 590**	**241**	**850**	**1 092**

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

Interest rate sensitivity analysis

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

Floating rate debt is exposed to changes in market interest rates, i.e. the interest costs or interest income associated with such instruments will fluctuate based on changes in market rates. The impact of changes is presented in the sensitivity analysis. The analysis assumes that all other factors are kept constant.

Changes in market rates on fixed rate debt will only affect the income statement if they are measured at fair value. Thus, fixed rate instruments recognised at amortised cost will not represent an interest rate risk as defined by IFRS 7. Such instruments will therefore not have any impact on the sensitivity analysis.

Results are presented net of tax, using the Norwegian statutory tax rate of 22%.

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

	PROFIT/(LOSS) AFTER TAX	
INTEREST RATE	**2023**	**2022**
50 basis point downward parallel shift in the yield curve	10	4
50 basis point upward parallel shift in the yield curve	-10	-4

With a 50-basis point upward change in interest rate the annual interest payments will increase with NOK 19 million (NOK 14 million). The upward change will have no effect on the values of derivatives carried at fair value through profit or loss.

b) Currency risk

Transaction risk - economic hedge

The group has revenues and expenses in various currencies. The major currencies are NOK, EUR, GBP, USD and AUD. Transaction risk arises because the group has a different currency split on income and expenses. In 2023 Norske Skog has hedged some of its cash flows in foreign currencies. The result of the hedging is included in gains/(losses) on foreign currency in the income statement. The cash flow hedges resulted in a realised gain of NOK 38 million in 2023 (NOK -6 million). At year end 2023 Norske Skog had hedging contracts of NOK 63 (NOK 0 million).

Translation risk - net investment hedge

The group does not have any net investment hedges.

Foreign exchange - sensitivity analysis on financial instruments

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

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

CURRENCIES AGAINST TO WHICH THE GROUP HAS SIGNIFICANT EXPOSURE	NOK GAIN/(LOSS) FROM 10% APPRECIATION ON FOREIGN CURRENCY EXCHANGE RATES 31.12.2023	31.12.2022
EUR	-87	-75
GBP	-37	13
USD	-25	12
Other	6	8
Total	**-143**	**-41**

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

c) Commodity risk

A part of the commodity demand is secured through long-term contracts limiting the exposure to changes in commodity prices. Some of the group purchases contracts are defined as financial instruments, or contain embedded derivatives, which fall within the scope of IFRS 9. These financial instruments and embedded derivatives are measured in the balance sheet at fair value with value changes recognised through profit or loss. The embedded derivatives can be in physical commodity contracts and may comprise a wide variety of derivative characteristics.

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

Sensitivity analysis for commodity contracts

When calculating fair value of future and forward contracts, cash flows are assumed to occur in the middle of the period. Currency effects arise when contract values nominated in foreign currencies are translated into the reporting currency.

COMMODITY CONTRACTS WITHIN THE SCOPE OF IFRS 9			FAIR VALUE 31.12.2023	NET PROFIT AFTER TAX - INCREASE	NET PROFIT AFTER TAX - DECREASE
Energy price	change	10%	-66	193	-200
Currency	change	10%	-66	-20	24
Price index	change	2.5%	-66	1	-1

Sensitivity analysis for embedded derivatives

Embedded derivatives can be features in physical commodity contracts. The most common embedded derivatives are currency.

EMBEDDED DERIVATIVES			FAIR VALUE 31.12.2023	NET PROFIT AFTER TAX - INCREASE	NET PROFIT AFTER TAX - DECREASE
Currency	change	10%	-79	-76	76

LIQUIDITY RISK

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

To uncover future liquidity risk, the group forecasts both short- and long-term cash flows. Cash flow forecasts include cash flows from operations, investments, financing activities and financial instruments. The group had cash and cash equivalents of NOK 2 463 million on 31 December 2023 (NOK 2 650 million). Restricted bank deposits amounted to NOK 643 million on 31 December 2023 (NOK 109 million).

Scheduled repayments in Note 28 shows contractual maturities of non-derivative financial liabilities. All amounts disclosed in the table are undiscounted cash flows. Furthermore, amounts denominated in foreign currency are translated to NOK using closing rates on 31 December 2023. These amounts consist of trade payables and interest payments. Variable rate interest cash flows are calculated using the forward yield curve. Projected interest payments are based on the maturity schedule on 31 December 2023 without accounting for forecasted refinancing and/or other changes in the liability portfolio. All other cash flows are based on the group's positions held on 31 December 2023.

SCHEDULED REPAYMENTS OF FINANCIAL DEBT AND INTEREST	2023	2022
Not later than one year	797	551
Later than one year and not later than five years	4 283	3 632
Later than five years	815	387
Total	**5 895**	**4 569**
Trade payables	1 035	819

CREDIT RISK

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

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

6. Reporting segments

SEGMENT REPORTING

The activities in the group are separated into four reporting segments 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 to maximise profits for each segment. The optimization is carried out through co-ordinated sales and operational planning within each segment.

Accounting policies applied in the segment reporting

Recognition, measurement and classification are applied consistently in external and internal reporting.

Performance measurement

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

Intercompany transactions

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

REPORTABLE SEGMENTS

Norske Skog group is a producer of publication paper and packaging paper. Publication paper includes newsprint and magazine paper. Newsprint encompasses standard newsprint and other paper qualities used in newspapers, inserts, catalogues, etc. These paper qualities, measured in grammes per square meter, will normally be in the range 40-52 g/m2. Magazine paper encompasses the paper qualities super calendared (SC) and lightweight coated (LWC). These paper qualities are used in magazines, periodicals, catalogues and brochures. From 2023 Norske Skog group is also a producer 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 and will normally be in the range of 90-170 g/m2 for testliner 3 and 70-170 g/m2 for fluting.

Publication paper Europe

Publication paper Europe encompasses production and sale of newsprint and magazine paper in Europe. All the four European mills and the regional sales organisations are included in the reporting segment.

Publication paper Australasia

Publication paper Australasia encompasses production and sale of newsprint and magazine paper in Australasia. Norske Skog Boyer is the only mill in the Australasia reporting segment.

Packaging paper

Packaging paper has been established as a new reporting segment from 2023. The segment encompasses production and sale of recycled containerboard in Europe. Norske Skog Bruck PM3 is included in the segment and started its production at the end of the first quarter with sale to customers from second quarter. During 2024 PM1 at Norske Skog Golbey will be included in the packaging paper segment.

Other activities

Activities in the group that do not fall into the reporting segments publication paper Europe, publication paper Australasia or packaging paper are presented under other activities. This includes corporate functions and from 2023 sourcing solutions which were previous years included in the segment publication paper Europe. The pellets operations of Nature's Flame is included up to first quarter 2022 when it was sold.

REVENUES AND EXPENSES NOT ALLOCATED TO OPERATING SEGMENTS

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

OPERATING REVENUE AND EXPENSES PER OPERATING SEGMENT

2023	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	PACKAGING PAPER	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	9 591	1 894	246	428	-373	11 786
Other operating income	1 550	72	116	6	-6	1 738
Total operating income	**11 140**	**1 967**	**362**	**434**	**-379**	**13 524**
Distribution costs	-804	-253	-40	0	0	-1 098
Cost of materials	-5 579	-1 152	-248	-281	245	-7 015
Employee benefit expenses	-1 500	-320	-157	-117	6	-2 088
Other operating expenses	-1 006	-162	-64	-77	129	-1 181
EBITDA	**2 250**	**80**	**-147**	**-41**	**0**	**2 142**
Restructuring expenses	-5	-6	0	-28	0	-39
Depreciation	-379	-50	-77	-9	0	-514
Impairments	-30	-62	3	0	0	-88
Derivatives and other fair value adjustments	-605	0	0	0	0	-605
Operating earnings	**1 232**	**-38**	**-221**	**-77**	**0**	**896**
Share of operating revenue from external parties (%)	100	100	99	15		100

2022	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	PACKAGING PAPER	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	12 641	1 893	0	402	-400	14 537
Other operating income	476	28	0	177	-4	677
Total operating income	**13 117**	**1 920**	**0**	**580**	**-404**	**15 214**
Distribution costs	-963	-261	0	-4	0	-1 227
Cost of materials	-6 900	-1 051	0	-279	293	-7 937
Employee benefit expenses	-1 503	-293	0	-232	3	-2 024
Other operating expenses	-790	-161	0	-77	107	-921
EBITDA	**2 962**	**154**	**0**	**-12**	**0**	**3 105**
Restructuring expenses	0	-11	0	0	0	-11
Depreciation	-491	-43	0	-12	0	-546
Impairments	-164	0	0	0	0	-164
Derivatives and other fair value adjustments	462	0	0	0	0	462
Operating earnings	**2 769**	**100**	**0**	**-24**	**0**	**2 845**
Share of operating revenue from external parties (%)	100	100	0	7	0	100

PROPERTY, PLANT AND EQUIPMENT PER GEOGRAPHICAL REGION

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

	31.12.2023	31.12.2022
Europe	8 385	5 603
Australasia	182	249
Total	**8 567**	**5 852**

CASH GENERATED FROM OPERATIONS

	2023	2022
Publication paper Europe	11 503	12 809
Publication paper Australasia	1 966	1 819
Packaging paper	331	0
Other activities	398	399
Eliminations	-379	-404
Total	**13 819**	**14 624**

NET CASH FLOW FROM OPERATING ACTIVITIES

	2023	2022
Publication paper Europe	3 167	2 300
Publication paper Australasia	-27	53
Packaging paper	-143	0
Other activities	-210	-62
Total cash flow allocated to segments	**2 786**	**2 291**
Net financial items	-138	-150
Taxes paid	-598	-101
Net cash flow from operating activities	**1 928**	**2 040**

PURCHASES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	2023	2022
Publication paper Europe	655	2 206
Publication paper Australasia	42	19
Packaging paper	2 383	0
Other activities	5	3
Total	**3 084**	**2 228**

INVENTORIES

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

	31.12.2023	31.12.2022
Publication paper Europe	1 051	1 245
Publication paper Australasia	242	211
Packaging paper	54	0
Other activities	13	7
Total	**1 360**	**1 464**

TRADE RECEIVABLES

	31.12.2023	31.12.2022
Publication paper Europe	298	529
Publication paper Australasia	231	266
Packaging paper	11	0
Other activities	47	23
Total	**588**	**818**
Provision for bad debt	-39	-44
Total	**538**	**774**

7. Revenue

Accounting policies

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

The timing of revenue recognition is based on the delivery terms for the different markets and customers, and where revenue is recognised at a point in time. It is important to make sure that all performance obligations are fulfilled, and the customer can benefit on its own. If the customer cannot obtain control of the good or service, the revenue will not be recognized.

Revenue in the group companies consist almost exclusively of sale of goods. Contracts with customers are recognized upon satisfaction of a performance obligation by transferring the promised goods to a customer and measured at point in time for the sale of products to the customer. Sale of publication papers, packaging paper and other products are non-interest bearing receivables, generally on terms of 20-60 days.

Norske Skog's terms of delivery are based on Incoterms 2020, which are the official rules for the interpretation of trade terms issued by the International Chamber of Commerce. The timing of revenue recognition is largely dependent on these delivery terms: The sale of publication paper and packaging paper in Norske Skog is mainly based on delivery terms C and D, with 24% (20%) and 68% (74%) respectively.

C-terms, where the group arranges and pays for the external transport of the goods, but the group no longer bears any responsibility for the goods once they have been handed over to the transporter in accordance with the terms of the contract. The point of sale is when the goods are handed over to the transporter contracted by the seller.

D-terms, where the group delivers the goods to the purchaser at the agreed destination, usually the purchaser's premises. The point of sale is when the goods are delivered to the purchaser. If the customer is invoiced before delivery of the goods purchased, revenue is only recognized if the customer has taken over a significant part of the gain and loss potential relating to the goods.

MAJOR CUSTOMERS

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

Norske Skog had a total sales volume of newsprint and magazine paper of 1 283 000 tonnes in 2023 (1 714 000), of which sales to the group's largest customer constituted approximately 128 000 (169 000) tonnes. Total sales volume in 2023 of newsprint and magazine paper to the five largest customers in Europe and Australasia amounted to approximately 201 000 (308 000) and 169 000 (178 000) tonnes respectively.

Total sales volume of recycled containerboard was 66 000 tonnes in 2023. Total sales volume in 2023 of recycled containerboard to the five largest customers amounted to 21 000 tonnes.

OPERATING REVENUE PER GEOGRAPHICAL MARKET

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

	2023	2022
Norway	648	675
Rest of Europe	8 697	11 290
North America	170	349
Australasia	1 557	1 874
Asia	698	271
Africa	16	78
Total	**11 786**	**14 537**

8. Other operating income

Accounting policies

Government grants

Government grants are recognised as income or as a cost reduction, dependent on the basis for which the government grant has been awarded. Recognition will be on a systematic basis over the period they have been granted for, or on a systematic basis to the costs that they are intended to compensate for.

Government grants in the form of compensation for losses which have already been incurred, or in the form of direct financial support, which is not directly related to future costs, are recognised as income in the same period as they are awarded.

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

CO_2 allowances

EUs ETS system was established early 2000. Pulp & Paper is part of the carbon leakage group (together with other sectors) and are covered by special regulations which includes allocation of free CO_2 quotas. Free CO_2 quotas are based on the annual production. The free quotas are used to settle liabilities arising from emission. Free quotas are recognized as asset at nil value. Entities in a net positive position can sell quotas in the free market. Expected gain on sale of these quotas are accrued for on a monthly basis as the production generating the quotas are quite stable. At each month this is remeasured at market value.

If an entity is net deficit of allowances (emissions exceed CO_2 allowances received) provision for quotas that needs to be purchased is done monthly at market value. Consumption of CO_2 allowances is included in cost of materials (see Note 9).

Norske Skog received 290 000 CO_2 quotas in 2023 (410 000) and were able to sell approximately 210 000 quotas in 2023 (300 000) in the market as these exceeds the quotas needed to be delivered. EUs ETS system currently covers the period 2021 to 2025 and it is expected that the scheme will be adjusted in 2026, the outcome of any adjustments is uncertain.

CO_2 compensation

CO_2 compensation is an arrangement whereby sectors covered by carbon leakage may be compensated on country level for the increased cost producers have to cover their emissions. This is included as reduction in energy cost and described in Note 9.

OTHER OPERATING INCOME

	2023	2022
Public subsidies and grants	105	37
Gate fee	112	70
Gain on sales of non-current assets	63	192
Gain from sale of CO_2 allowances	229	270
Insurance settlement	1 090	0
Other	138	109
Total	**1 738**	**677**

Public subsidies and grants in 2023 consist of approximately NOK 80 million in CO_2 compensation for 2022 for Norske Skog Bruck that is recognised in 2023 and NOK 15 million in government grant related to thermal energy at Norske Skog Boyer. In 2022 public subsidies and grants consisted of energy support in Norske Skog Bruck of NOK 20 million.

Gain on sale of non-current assets in 2023 consists mainly of gain on sale of the industrial site at Norske Skog Tasman of NOK 57 million.

Other for 2023 and 2022 consist mainly of income from, sale of steam, sludge, grid and real estate rental.

Insurance settlement

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 to the building and infrastructure were extensive and PM6 has been stopped from the time of the impact.

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

Work has been carried out to secure the site from further rockslide and reinstate the building. The costs to secure rock formations and property damage to building structures and cost of reinstatement of these will be covered by Norske Skog Saugbrugs, but fully reimbursed by the insurers. For the time being there remains some uncertainty in relation to timeline for completion of cleaning the site and a full assessment of the damaged building, machinery and equipment.

An aggregate insurance settlement of NOK 1 090 million has been recognized in other operating income in 2023.

Of this NOK 850 million relates to business interruption for the 18-months coverage period from the time of the incident. Business interruption was recognised in the financial statements for 2023 for the full coverage period as the amount was finally agreed and no conditions were attached to the settlement. In addition NOK 118 million for clean-up, and NOK 122 million in property damage has been recognised, as work has been carried out and costs incurred.

NOK 143 million is expensed in other operating expenses (See Note 11). This relates to NOK 118 million of clean-up cost covered by the insurers and start-up costs of Norske Skog Saugbrugs PM5 of NOK 25 million covered by business interruption settlement. NOK 122 million has been capitalised as property, plant, and equipment covered by the insurers under the property damage. NOK 30 mill of the capitalized amount has been expensed as impairment (see Note 18).

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 was recognised in 2023.

In addition, an insurance settlement amount of NOK 1 billion was agreed for future investments in production equipment at Norske Skog Saugbrugs. Of this, NOK 385 million has been received in 2023, while the remaining amount of NOK 615 million will be paid if and as investment expenditures accrue above the already received amount.

Photo: Stein Johnsen

9. Cost of materials

Accounting policies
Cost of material are accounted for as they are consumed as part of the production of products. Change in inventory reflects the cost of goods sold in the period.

CO_2 compensation
CO_2 compensation is an arrangement whereby sectors covered by carbon leakage may be compensated for the increased cost producers have to cover their emissions. CO_2 compensation covers a defined period but may be changed at the discretion of the government as any compensation is decided on country level. Norske Skog receives recurring CO_2 compensation in Norway and France. The compensation is dependent on energy consumption and average CO_2 market price in the previous year. As the production and earned CO_2 compensation is quite stable throughout the year, this is accrued for monthly in the year before it is received. CO_2 compensation is recognized as a reduction of energy cost as the element of energy cost it compensates is consumed and incurred.

Allocation of free CO_2 quotas are based on the annual production. The free quotas are used to settle liabilities arising from emission. If an entity is net deficit of allowances (emissions exceed CO_2 allowances received) provision for quotas that needs to be purchased is done monthly as the production the quotas is a function of is quite stable. At each month this is remeasured at market value. Consumption of CO_2 allowances in included in energy within cost of materials. See Note 8 for further information.

COST OF MATERIALS

	Note	2023	2022
Fiber		2 523	2 936
Chemicals and additives		1 125	1 195
Energy		2 519	3 377
Other production material		657	628
Change in inventory		191	-198
Total		**7 015**	**7 937**

The amount recognised for CO_2 compensation for 2023 is NOK 411 million (NOK 433 million) and are recorded as a reduction of energy costs in the line cost of materials.

10. Employee benefit expenses

Accounting policies

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

Share-based remuneration
Norske Skog has a long-term incentive programme which falls within the scope of IFRS 2 Share-based payments. The long-term incentive programme is a cash-settled share-based programme in which the entity acquires services by incurring a liability to transfer cash to the employee for those services for amounts that are based on the price of the shares in the company. The ultimate cost of a cash-settled share-based transaction is the actual cash paid to the counterparty, which will be the fair value at settlement date.

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

EMPLOYEE BENEFIT EXPENSES	Note	2023	2022
Salaries including holiday pay		1 623	1 608
Social security contributions		362	333
Pension and other long term employee benefits	26	74	44
Other employee benefit expenses		28	39
Total		**2 088**	**2 024**

NUMBER OF EMPLOYEES	2023	2022
Europe	1 828	1 800
- Corporate functions	26	31
Australasia	307	309
Total	**2 161**	**2 140**

REMUNERATION FOR MEMBERS OF CORPORATE MANAGEMENT

Pursuant to 6-16 (b) in the Public Limited Liability Companies Act, and associated regulations, Norske Skog publishes a separate management remuneration report disclosing detailed information on remuneration to corporate management and directors of the board. The remuneration report will be published immediately after the annual general meeting on 11 April 2024 and will include detailed information on management remuneration complementing the numbers presented below.

In accordance with the code of conduct for corporate governance recommended by the Oslo Stock Exchange, salary, benefits in kind and bonus for members of corporate management are specified below. In relation to the long-term incentive program for corporate management NOK 13 million was expensed in 2023 (NOK 68 million) and on 31 December 2023 the corresponding liability was NOK 2 million (NOK 88 million). The long-term incentive program is described in the guidelines for determining salary and other remuneration to leading personnel, which are available on the company's website, www.norskeskog.com.

2023 (in NOK 1 000)	SALARY EARNED [1]	BENEFITS IN KIND ETC. [2]	CONTRIBUTION TO PENSION SCHEMES	Variable STI EARNED [3]	Variable LTI EARNED [4]	TOTAL REMUNERATION	RELATIVE PROPORTION FIXED/VARIABLE
Sven Ombudstvedt (CEO) [5]	8 647	270	783	622	3 377	**13 699**	71% / 29%
Lars P. S. Sperre (SVP) [6]	3 987	229	604	1 125	1 592	**7 537**	64% / 36%
Rune Sollie (CFO)	2 445	207	322	930	2 015	**5 919**	50% / 50%
Amund Saxrud (COO)	2 463	365	322	959	2 015	**6 124**	51% / 49%
Tore Hansesætre (SVP/CEO) [7]	4 154	241	716	1 493	1 410	**8 014**	64% / 36%
Robert A. Wood (SVP) [8]	2 378	45	287	927	2 015	**5 652**	48% / 52%
Geir Drangsland (CEO) [9]	1 852	63	284	746	108	**3 053**	72% / 28%

[1] *Includes fixed salary and accrued holiday pay.*
[2] *Includes car allowance, insurance, free telephone, etc.*
[3] *Based on performance in the financial year, paid in the first quarter of the next financial year.*
[4] *The first payments of long-term incentive were in 2023. However, the column "LTI earned" illustrates the expensed change in accrual of the corresponding liability and is not directly linked to actual payments.*
[5] *Sven Ombudstvedt was CEO until 31 May 2023. Salary earned includes fixed salary, benefits in kind and contribution to pension schemes in the six months notice period as well as severance payment.*
[6] *Lars P. S. Sperre was SVP until 30 September 2023. Salary earned includes fixed salary, benefits in kind and contribution to pension schemes in the six months notice period.*
[7] *Tore Hansesætre was SVP until appointed CEO from 1 June 2023. Hansesætre was CEO until 31 August 2023. Salary earned includes fixed salary, benefits in kind and contribution to pension schemes in the six months notice period.*
[8] *Robert A. Wood is employed by Norske Skog (UK) Ltd. but works fully for Norske Skog ASA as SVP Commercial.*
[9] *Geir Drangsland was appointed CEO from 1 September 2023.*

2022 (in NOK 1 000)	SALARY EARNED [1]	BENEFITS IN KIND ETC. [2]	CONTRIBUTION TO PENSION SCHEMES	Variable STI EARNED [3]	Variable LTI EARNED [4]	TOTAL REMUNERATION	RELATIVE PROPORTION FIXED/VARIABLE
Sven Ombudstvedt (CEO)	4 985	212	794	2 240	15 725	**23 956**	25% / 75%
Lars P. S. Sperre (SVP)	3 706	215	539	1 560	8 405	**14 425**	31% / 69%
Rune Sollie (CFO)	2 277	206	266	929	8 405	**12 084**	23% / 77%
Amund Saxrud (COO)	2 287	323	265	1 026	8 405	**12 306**	23% / 77%
Tore Hansesætre (SVP)	2 216	212	252	937	8 405	**12 023**	22% / 78%
Robert A. Wood (SVP)	2 077	42	249	801	8 405	**11 575**	21% / 79%

[1] *Includes fixed salary and accrued holiday pay.*
[2] *Includes car allowance, insurance, free telephone, etc.*
[3] *Based on performance in the financial year, paid in the first quarter of the next financial year.*
[4] *LTI earned illustrates the expensed change in accrual of the corresponding liability and is not direclty linked to actual payments.*

11. Other operating expenses

	NOTE	2023	2022
Maintenance materials and services	8	713	519
Marketing expenses		27	22
Variable lease, short term and low value lease expenses	19	19	25
Administration, insurance, travel expenses etc.		109	93
Losses from divestments of property, plant and equipment		6	1
Other expenses		307	261
Total		**1 181**	**921**
Specification of losses on trade receivable included in other expenses			
Receivables written off during the period		1	2
Change in provision for bad debt		2	-1
Total		**3**	**1**

AUDITORS' FEE INCLUDED IN OTHER OPERATING EXPENSES

	PARENT COMPANY	SUBSIDIARIES		
(in NOK 1 000, excluding VAT)	GROUP AUDITORS	GROUP AUDITORS	OTHER AUDITORS	TOTAL
Audit fee	1 542	5 191	994	7 727
Audit-related assistance [1)]	244	449	0	693
Tax assistance	533	24	35	591
Total	**2 318**	**5 664**	**1 029**	**9 012**

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

12. Derivatives and other fair value adjustment

Accounting policies

The group has derivatives in the form of currency forward contracts, used to hedge currency risk, embedded derivatives related to currency in certain energy contracts that are separated from its host contract and certain energy contracts that are accounted for at fair value.

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

The fair value of currency forward contracts is based on mark-to-market reports (level 2) which are considered to be an approximation of fair value. For the embedded derivatives and contracts valued at fair value there is no active market, and the group applies valuation techniques to establish the fair value (level 3). These may include the use of recent arm's length transactions, reference to other instruments which are substantially the same, and discounted cash flow analyses defined to reflect the issuer's specific circumstances. Fair value includes the impact of credit risk and the adjustment for credit risk is dependent on whether the derivative is in the money (asset) or out of the money (liability). Credit value adjustment is applied to assets positions based on credit risk associated with the counterparty. Debit value adjustment is applied to liability positions, based on the groups own credit risk.

	2023	2022
Changes in value – commodity contracts [1)]	-514	450
Changes in value – embedded derivatives	-91	12
Total	**-605**	**462**

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

Norske Skog's portfolio of commodity contracts consists mainly of physical energy contracts. The fair value of commodity contracts is especially sensitive to future changes in energy prices. A sensitivity analysis of the impact on profit after tax of fluctuations in energy prices, currency and price indices is given in Note 5. The valuation techniques used are described in Note 21.

The loss in fair value of commodity contracts in 2023 is mainly due to the forecasted forward energy prices in Norway decreasing from 2022 to 2023. The gain in 2022 was mainly due to that the forecasted forward energy prices in Norway increased.

The loss in embedded derivatives in 2023 is mainly due to the EUR/NOK forward prices weakening from 2022 to 2023. In 2022 the EUR/NOK strengthened.

13. Associated companies and joint ventures

Accounting policies
Associates are all entities over which the group exercises significant influence but not control, generally accompanying a shareholding of 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Net profit from associated companies is included in 2023 with a loss of NOK 15 million (NOK 188 million).

The carrying value of associated companies and joint ventures are NOK 80 million on 31 December 2023 (NOK 299 million).

Circa Group AS
Circa Group AS is incorporated in Oslo, Norway, and is a holding company. Circa Group operates within biotechnology with a vision to produce and sell unique and highly valuable biochemicals at scale. On 31 December 2023 Norske Skog ASA held a 26% (26%) share of Circa Group AS with a carrying value of NOK 65 million. Norske Skog's share of net loss for the year of NOK 57 million (NOK 60 million) is recognized in the income statement with NOK 15 million (NOK 14 million). Circa Group AS is listed on Euronext Growth. Norske Skogs share of the market value as of 31 December 2023 is NOK 109 million.

Circa Group AS is incorporated into the consolidated financial statement based on continuity and the carrying value will therefore deviate from the values shown in the financial statements of Norske Skog ASA.

Porsnes Utvikling AS
Norske Skog Saugbrugs held a 50% share of Porsnes Utvikling AS and received a dividend of NOK 205 million in 2023.

14. Financial items

Accounting policies
Interest income and expenses are recognised in the income statement as they are accrued, based on the effective interest method. This is the interest rate that gives a net present value of the cash flows from the loan that is equal to carrying value.

Currency contracts
Forward currency contracts are recognized in the balance sheet and measured at fair value at each balance sheet date with the gain or loss recognised in gain/(losses) on foreign currency.

FINANCIAL ITEMS	2023	2022
Financial income		
Interest income	98	31
Total	**99**	**31**
Financial expenses		
Interest expense	-219	-131
Other financial expenses	-94	-60
Total	**-313**	**-190**
Gains/(losses) on foreign currency	**-76**	**-97**
Financial items	**-291**	**-256**

Other financial expenses mainly consist of commitments fee and other financing expenses. See Note 28. In 2023 other financial expenses also includes write-downs on other shares of NOK 16 million.

15. Income tax

Accounting policies
The group's income tax expense includes current tax based on taxable profit for each jurisdiction. This is adjusted by;
- changes in deferred tax assets and liabilities attributable to temporary differences arising between the carrying amount of assets and liabilities in the consolidated financial statements and their tax bases and;
- changes to unused tax losses that are expected to be utilised.

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Deferred tax assets are offset against deferred tax liabilities only when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and there is a legally enforceable right to set-off current tax assets against current deferred tax liabilities.

The tax charge is calculated based on the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. The groups operations are located in countries with ordinary tax regimes and there are no special tax arrangements requiring special consideration or complexity.

Pillar Two
The Pillar Two model rules (Global Anti-Base Erosion rules) ("the rules") introduces a global minimum corporate tax of 15%. All jurisdictions Norske Skog operates in has notified the implementation of the rules. The first reporting of the rules will take place in the first part of 2026 for 2024.

For the financial year beginning 1 January 2024 Norske Skog is subject to the rules in the jurisdictions where Norske Skog's has operations. The group has assessed the potential impact on income taxes of rules in relation to "top up tax".

The assessment is based on the tax reporting to local tax authorities and the financial statement of the entities applied to the rules. The assessment has concluded that the effective tax rate of the entities is above the threshold of 15% or within safe harbour rules and the group does not expect any significant exposure to Pillar Two taxes.

Under IFRS there is a temporary exception to the requirements of IAS 12. Norske Skog has applied this exemption to not recognise or disclose information about deferred tax asset and liabilities related to Base Erosion and Profit Shifting (BEPS) Pillar Two rules.

TAX EXPENSE	2023	2022
Current tax expense	-197	-403
Change in deferred tax	87	197
Total	**-110**	**-206**

RECONCILIATION OF THE GROUP TAX EXPENSE	2023	2022
Profit/(loss) before income taxes	591	2 778
Computed tax at nominal tax group rate of 22%	-130	-611
Differences due to different tax rates	-16	-103
Non taxable income/non deductible expenses	29	65
Adjustment previous years	44	-5
Other items	-22	1
Change in tax rate	0	-1
Deferred tax asset not recognised	-15	448
Total tax (expense)/income	-110	-206
Effective tax rate	**19%**	**7%**

CURRENT TAX LIABILITY	31.12.2023	31.12.2022
Norway	0	0
Rest of Europe	-11	-358
Australasia	0	0
Total	**-11**	**-358**

DEFERRED TAX - MOVEMENTS	2023	2022
Net deferred tax asset/(liability) 1 January	-72	-260
Change in deferred tax in the income statement	87	197
Tax on other comprehensive income	1	2
Currency translation differences	-13	-10
Net deferred tax asset/(liability) 31 December	**4**	**-72**

DEFERRED TAX ASSET AND DEFERRED TAX LIABILITY	31.12.2023	31.12.2022
Norway	206	120
Rest of Europe	0	17
Australasia	0	0
Deferred tax assets	**206**	**137**
Norway	0	0
Rest of Europe	-202	-208
Australasia	0	0
Deferred tax liability	**-202**	**-208**
Net deferred tax assets/(liability)	**4**	**-72**

DEFERRED TAX DETAILS	31.12.2023	31.12.2022
Fixed assets	124	185
Pension and other employee obligations	13	17
Other non-current items	88	85
Currency translation differences and financial instruments	56	-99
Current items	14	35
Interest carry forward (Interest limitation rules)	45	35
Tax losses to carry forward	836	801
Tax losses and other deferred tax assets not recognised	-1 176	-1 144
Tax credits	3	14
Net deferred tax assets/(liability)	**4**	**-72**

LOSSES TO CARRY FORWARD AND TEMPORARY DIFFERENCES 31.12.2023 BY REGION

	NORWAY	REST OF EUROPE	AUSTRALASIA	TOTAL
Indefinite expiry	595	599	1 916	3 109
Tax losses to carry forward	**595**	**599**	**1 916**	**3 110**
Temporary differences	1 645	-1	617	2 261
Tax losses and temporary differences not recognised	-1 303	-599	-2 532	-4 434
Total tax losses and tax credits to carry forward (recognised)	**936**	**0**	**0**	**936**
Deferred tax asset	**206**	**0**	**0**	**206**
Tax rate	**22%**	**19-32%**	**28-30%**	

LOSSES TO CARRY FORWARD AND TEMPORARY DIFFERENCS 31.12.2022 BY REGION

	NORWAY	REST OF EUROPE	AUSTRALASIA	TOTAL
Indefinite expiry	1 315	261	1 512	3 088
Tax losses to carry forward	**1 315**	**261**	**1 512**	**3 088**
Temporary differences	1 235	-167	831	1 899
Tax losses and temporary differences not recognised	-2 005	-27	-2 343	-4 376
Total tax losses and tax credits to carry forward (recognised)	**545**	**67**	**0**	**612**
Deferred tax asset	**120**	**17**	**0**	**137**
Tax rate	**22%**	**19-32%**	**28-30%**	

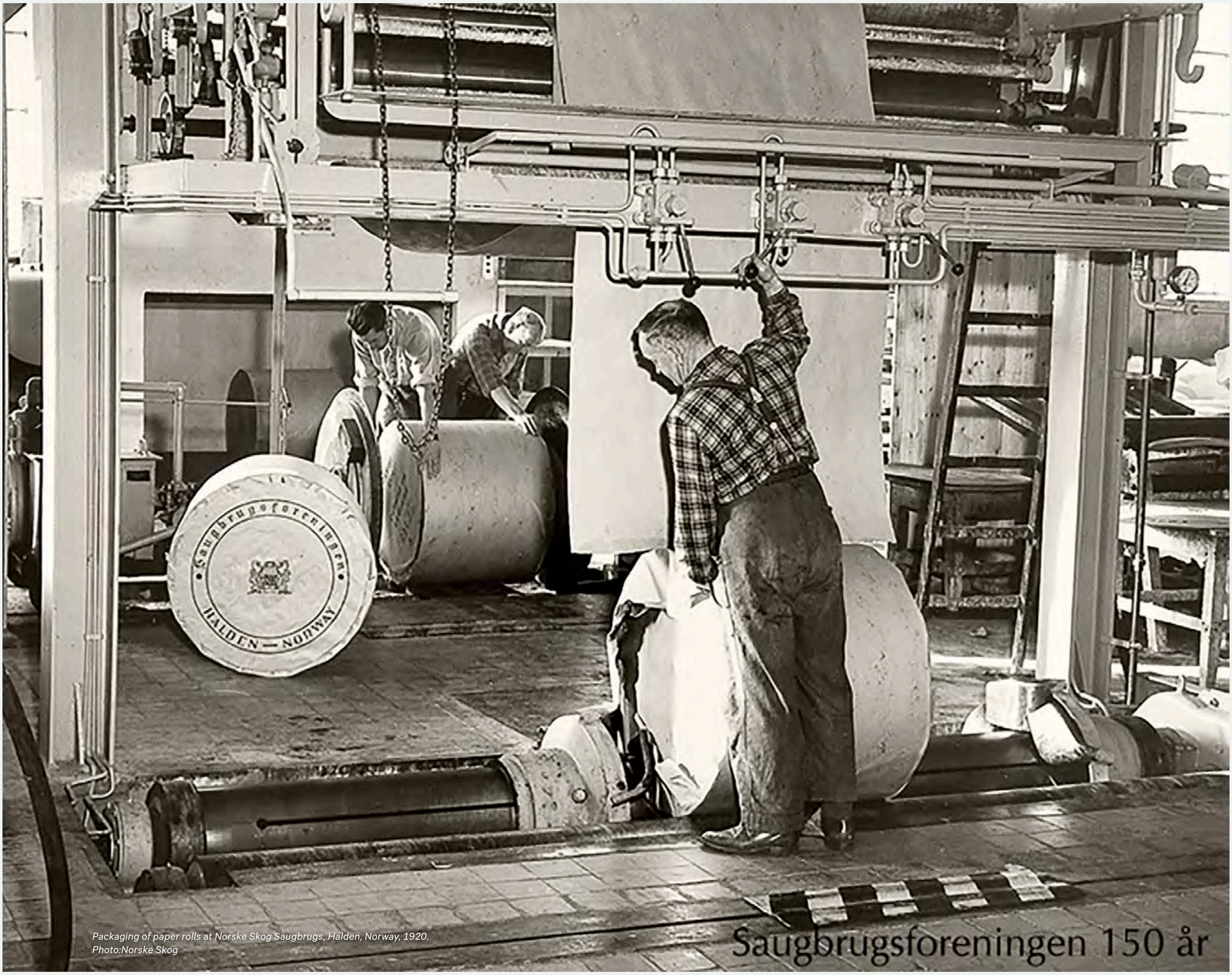
Norske Skog has not recognized any deferred tax asset arising from the tax losses carried forward.

Taxes paid in 2023 of NOK 598 million relates mainly to Norske Skog Golbey.

16. Earnings and dividend per share

	2023	2022
Profit/(loss) for the year in NOK million attributable to owners of the parent	481	2 572
Weighted average number of shares in million	91.3	94.3
Basic earnings/(loss) per share in NOK	5.27	27.28
Diluted earnings/(loss) per share in NOK	5.27	27.28

For the financial year 2023, The board of directors will propose to the annual general meeting that no dividend is distributed for the financial year 2023. A dividend of NOK 0.67 per share was paid out 28 November 2023 for the financial year 2022. No dividend was paid in 2022 for the financial year 2021.



Packaging of paper rolls at Norske Skog Saugbrugs, Halden, Norway, 1920.
Photo:Norske Skog

17. Intangible assets

Accounting policies

Patents and licenses

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

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire the specific software and bring it into use and amortised over their estimated useful lives. Computer software development costs recognised as assets are amortised over their estimated useful lives. Costs associated with maintaining computer software are recognised as an expense as they are incurred.

Impairment

Norske Skog has no cash generating units (CGUs) with allocated goodwill or assets with indefinite useful life that need to be tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

INTANGIBLE ASSETS	OTHER INTANGIBLE ASSETS	LICENCES AND PATENTS	TOTAL
Acquisition cost 1 January 2022	**63**	**99**	**162**
Additions	0	0	0
Disposals	-1	-12	-13
Reclassified from plant under construction	0	1	1
Currency translation differences	3	3	6
Acquisition cost 31 December 2022	**65**	**91**	**157**
Accumulated depreciation and impairments 1 January 2022	**59**	**82**	**141**
Depreciation	1	7	8
Disposals	0	-12	-12
Currency translation difference	3	3	6
Accumulated depreciation and impairments 31 December 2022	**62**	**81**	**143**
Carrying value 31 December 2022	**3**	**10**	**14**
Acquisition cost 1 January 2023	65	91	157
Additions	0	2	2
Disposals	-14	0	-14
Reclassified from plant under construction	1	0	1
Currency translation differences	2	4	6
Acquisition cost 31 December 2023	**54**	**97**	**151**
Accumulated depreciation and impairments 1 January 2023	**62**	**81**	**143**
Depreciation	1	4	5
Disposals	-14	0	-14
Currency translation difference	2	4	6
Accumulated depreciation and impairments 31 December 2023	**50**	**89**	**139**
Carrying value 31 December 2023	**4**	**8**	**12**

18. Property, plant and equipment

Accounting policies

Property, plant and equipment (PPE) is presented at historical cost less subsequent depreciation, write downs and impairments. Historical cost includes expenditure directly attributable to the acquisition of the items. The residual value of production equipment is defined as the realisable value after deduction of the estimated cost of dismantling and removal of the asset. If the estimated cost exceeds the estimated value, the net liability is added to the cost of the related asset, and a provision is recognised as a liability in the balance sheet.

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

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

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

The residual value and useful life of property, plant and equipment are reviewed and adjusted if required.

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

Impairment

Review of impairment indicators are performed regularly, and if impairment indicators are identified an impairment test of property plant and is performed. Indicators of impairment will typically be changes in market conditions and changes in the competitive situation. For the purpose of assessing impairment, assets are grouped at the lowest level for which cash flows are separately identifiable cash generating units (CGU).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

There is judgement required to determine CGU for impairment testing. For property, plant and equipment the CGU can be a single machine or a combination of machines on the facts and circumstances.

At the end of 2023 the newsprint market and markets for magazine grades were unbalanced after a considerable demand decline. Both sales prices and input costs have come down from high levels in but remain at higher levels compared to the levels prior to the increases experienced in 2022.

Assumptions applied when calculating the recoverable amount

Intangible non-current assets and property, plant and equipment (PPE) are written down to their recoverable amount when this is lower than the carrying value of the asset. The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of future cash flows expected to arise from an asset or cash-generating unit. Norske Skog applies the value in use approach when calculating recoverable amount for its CGUs. Norske Skog has identified the following CGUs: Europe newsprint (Norske Skog Skogn and Norske Skog Golbey), Australia newsprint (Norske Skog Boyer), Australia lightweight coated (Norske Skog Boyer), Europe super calendared (Norske Skog Saugbrugs), Europe lightweight coated (Norske Skog Bruck) and containerboard (Norske Skog Bruck and Norske Skog Golbey). These represent the six cash generating units that the group is focusing on in its follow-up operationally and commercially as communication with customers, suppliers, employees. The different mills within a CGU works together to generate cash inflows.

The production machines have a long technical life, while useful lives are linked to industry cost curves and the size of the market. The estimated remaining useful life of the individual paper machines forms the basis for determining the length of the cash flow period used in the value in use calculation. Estimated useful life for the individual publication paper machines in the group varies from 1 to 8 years for publication paper machines and 20 year for packaging paper machines. Sales volumes are reduced in accordance with the estimated end of useful lives of the different paper machines in the group. Norske Skog models the cash flows throughout the useful life of the paper machines. The timing of capacity closures is based on an assessment of the position on Fastmarkets RISI cost curve and market demand projections for the produced grade. Fastmarkets RISI is the leading global source for forest products information and data (www.fastmarkets.com).

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

The key drivers of profitability in publication paper and packaging paper and thus asset values for the group are product prices relative to production costs i.e. EBITDA margin. EBITDA levels represents the operating profit (loss) before depreciation and amortization. The starting point for any impairment test is the financial budget for 2024 approved by the board of directors. The key assumptions used in reaching the forecast figures are sales prices, volumes and operating costs. Contracted prices/costs are reflected when applicable in the budget.

The are no observable market prices for the group's products, but there are external sources such as Fastmarkets RISI and PPPC for which estimate prices for publication paper and packaging paper, and these are used as a reference. For operating cost related to raw materials and energy contract prices are used when they cover longer periods-or a best estimate of cost based on historical experience and any expected changes. Operating costs are based on budgeted levels and adjusted for any approved efficiency initiatives.

The calculation of value in use takes into consideration any future changes in both the CO_2 quotas and the income from CO_2 compensation going forward in line with the relevant regulatory framework. Other than that no climate legislation has currently been approved that impacts the group. There are however expectations that new climate related legislation will be passed in the future that may increase costs or reduce income and thereby impacting on profitability is costs are not able to be passed on to customer or fully or partially compensated by incentive schemes.

Expected useful life

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

In connection with the year-end closing process for 2023, Norske Skog performed a review of the expected remaining useful lives of property, plant and equipment. The useful life of most of the machines were reduced by one year compared with last year assumptions.

Sensitivity to estimates of recoverable amount

The key uncertainty in the cash flows and profitability relates to future market prices for Norske Skog's products and input factors in the production and prices and cost relative to each other. The estimation of recoverable amount is based on assumptions regarding the future development of several factors. These include price development for finished goods, sales volumes, currency rates and interest rates. In relation to the assumptions made in a calculation of the present value of future cash flows, recoverable amount is most sensitive to changes in prices of finished goods, but also sales volumes and the discount rate used but to a lesser extent.

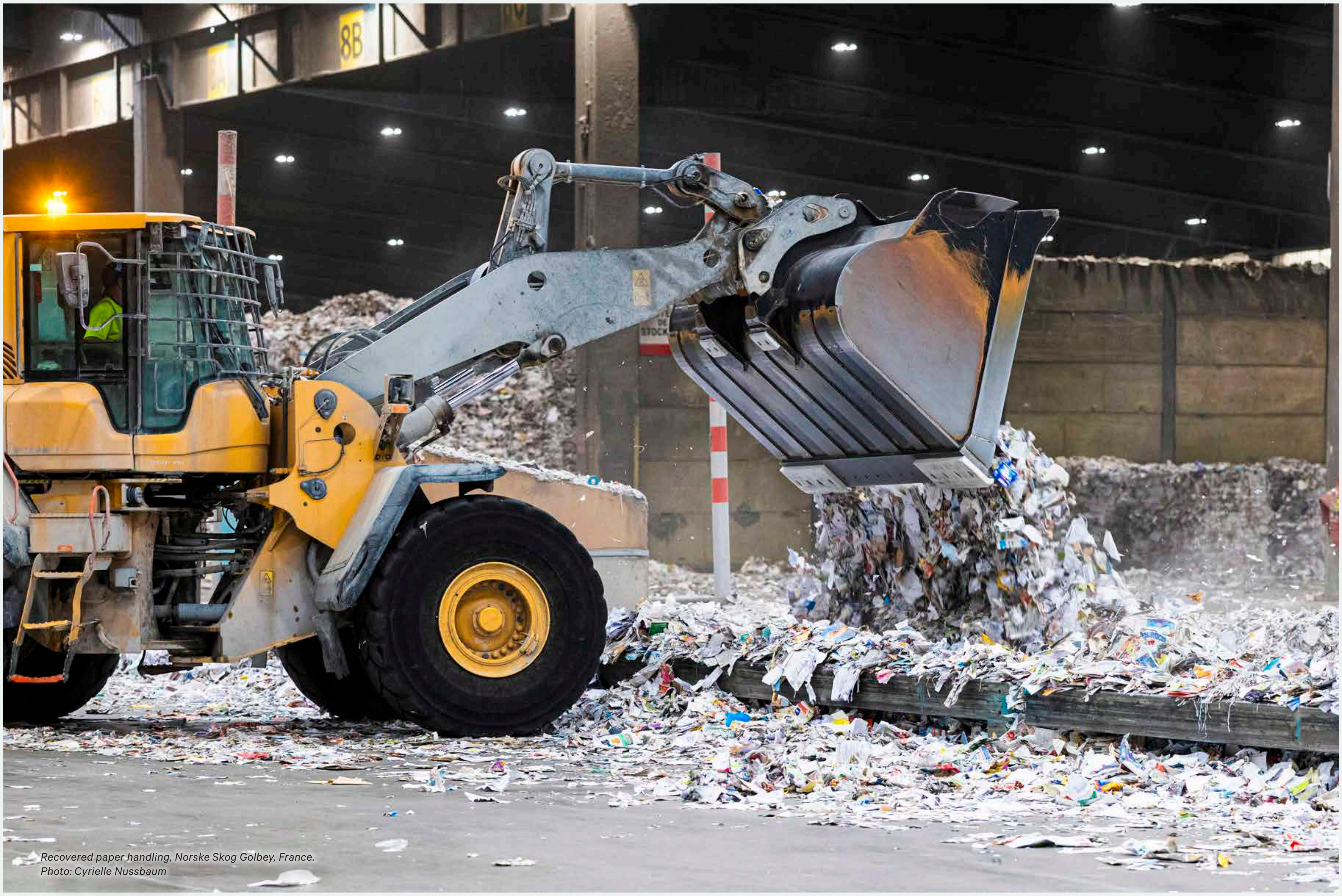
Property, plant and equipment allocated to cash-generating units

The table below shows machinery and equipment and land and buildings allocated to Norske Skog's cash-generating units as of 31 December 2023.

	MACHINERY AND EQUIPMENT	LAND AND BUILDINGS
Europe newsprint	1 126	356
Australasia newsprint	0	0
Australasia lightweight coated	83	58
Europe super calendared	224	116
Europe lightweight coated	0	0
Containerboard	1 887	574
Carrying value 31 December 2023	**3 320**	**1 104**

Impairment test

Norske Skog has identified impairment indicators related to the Australasia newsprint and lightweight coated cash generating units. The CGU has performed worse, and the impairment indicator is primarily due to deterioration of EBITDA margins in 2023 due to reduced prices and increased input costs. An impairment of NOK 53 million was recognised in relation to the CGU.



Recovered paper handling, Norske Skog Golbey, France.
Photo: Cyrielle Nussbaum

PROPERTY, PLANT AND EQUIPMENT	BIOLOGICAL ASSETS	MACHINERY AND EQUIPMENT	LAND AND BUILDINGS	FIXTURES AND FITTINGS	PLANT UNDER CONSTRUCTION	RIGHT-OF-USE ASSETS	TOTAL
Acquisition cost 1 January 2022	**2**	**27 826**	**6 579**	**530**	**1 347**	**201**	**36 485**
Additions	0	39	4	1	2 320	16	2 379
Disposals	0	-209	-17	-15	-74	-33	-348
Reclassified from plant under construction	0	635	217	9	-861	0	-1
Currency translation differences	0	870	180	23	129	7	1 210
Acquisition cost 31 December 2022	**2**	**29 162**	**6 962**	**549**	**2 860**	**191**	**39 725**
Accumulated depreciation and impairments 1 January 2022	**0**	**25 856**	**5 868**	**478**	**83**	**96**	**32 381**
Depreciation	0	402	80	15	0	40	537
Impairment	0	164	0	0	0	0	164
Disposals	0	-164	-5	-13	0	-17	-199
Currency translation difference	0	807	156	22	1	4	990
Accumulated depreciation and impairments 31 December 2022	**0**	**27 066**	**6 099**	**502**	**85**	**123**	**33 874**
Carrying value 31 December 2022	**2**	**2 097**	**863**	**47**	**2 775**	**68**	**5 852**
Acquisition cost 1 January 2023	**2**	**29 162**	**6 962**	**549**	**2 860**	**191**	**39 725**
Additions	0	32	1	0	2 950	55	3 038
Disposals	0	-5 995	-468	-28	-42	-24	-6 556
Reclassified from plant under construction	0	1 508	303	16	-1 828	0	-1
Currency translation differences	0	1 123	241	32	145	8	1 549
Acquisition cost 31 December 2023	**2**	**25 831**	**7 040**	**568**	**4 085**	**230**	**37 755**
Accumulated depreciation and impairments 1 January 2023	**0**	**27 066**	**6 099**	**502**	**85**	**123**	**33 874**
Depreciation	0	357	93	16	0	42	509
Impairment	0	53	5	0	30	0	88
Disposals	0	-5 995	-461	-26	-42	-24	-6 548
Currency translation difference	0	1 030	200	29	2	4	1 265
Accumulated depreciation and impairments 31 December 2023	**0**	**22 510**	**5 936**	**521**	**75**	**146**	**29 188**
Carrying value 31 December 2023	**2**	**3 320**	**1 104**	**47**	**4 010**	**84**	**8 567**

Machinery and equipment are depreciated over a period from five to 25 years. Land and buildings comprise mainly mills, machinery and office premises. Buildings and other property are depreciated over a period from ten to 40 years. Fixtures and fittings are depreciated over a period from three to ten years. Land and plant under construction are not depreciated.

Right-of-use assets is further described in Note 19.

The difference between total additions in the table above and purchases of property, plant, equipment and intangible assets in the consolidated statement of cash flows is due to leases, capitalised borrowing costs and accruals for payments. Norske Skog has capitalised borrowing costs of NOK 16 million in 2023 (NOK 9 million).

Disposals in 2023 and 2022 were primarily related to scrapping of fully depreciated assets that no longer have any technical values.

At year end 2023 the group has contractual commitments for acquisition of property, plant and equipment of NOK 700 million (NOK 1 600 million) that relate to future periods. In 2023 total payments related to acquisition of property, plant and equipment to committee amount was NOK 2 100 million.

19. Leases

Norske Skog recognises a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term ("right-of-use asset"). Exceptions for short term leases and low value leases have been adapted by the group. At initial recognition the lease assets is measured at an amount equal to the lease liability. Norske Skog separately recognises the interest expense on the lease liability and the depreciation expense on the leased assets.

The group's leased assets are categorized and presented in the table below:

LEASES	MACHINERY AND EQUIPMENT	LAND AND BUILDINGS	FITURES AND FITTINGS	TOTAL
Carrying value 1 January 2022	**68**	**30**	**6**	**104**
Additions	9	-4	2	7
Disposals	-10	2	0	-7
Depreciations	-26	-13	-1	-40
Currency translation differences	2	1	0	3
Carrying value 31 December 2022	**44**	**16**	**7**	**67**
Additions	27	28	0	55
Depreciations	-30	-11	-1	-42
Currency translation differences	2	1	0	3
Carrying value 31 December 2023	**43**	**34**	**6**	**84**

LEASE PAYMENTS MATURITY ANALYSIS	NOTE	31.12.2023	31.12.2022
Not later than one year		39	37
Later than one year and not later than five years		46	39
Later than five years		15	5
Total		**100**	**82**
Future finance charges		11	8
Present value of liabilities	28	**89**	**74**

Interest expense on lease liabilities amounts to NOK 6 million in 2023 (NOK 5 million).

CASH PAYMENT MADE FROM LEASES	2023	2022
Principal payments on recognised lease liabilities	43	44
Interest payments on recognised lease liabilities	6	5
Payments on leases expensed in the period	19	25
Total	**68**	**74**

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

VARIABLE LEASE, SHORT TERM AND LOW VALUE LEASE EXPENSES	NOTE	2022	2021
Expense relating to variable lease payments not included in the measurement of lease liabilities		6	16
Short term leases exemption		2	3
Low-value leases exemption		11	6
Total	11	**19**	**25**

20. Shares

SHARES IN SUBSIDIARIES OWNED BY THE PARENT COMPANY	CONSOLIDATED COMPANIES	CURRENCY	SHARE CAPITAL (IN 1 000)	OWNERSHIP %
Norske Skog Bruck GmbH, Bruck, Austria		EUR	67 000	100%
	Norske Skog Recycling GmbH, Bruck, Austria	EUR	291	100%
Norske Skog Golbey SAS, Golbey, France		EUR	62 365	100%
	GV Bois SAS, Golbey, France	EUR	100	90%
	Green Valley Energy SASU, France	EUR	2 301	64%
Norske Skog Skogn AS, Levanger, Norway		NOK	115 230	100%
Norske Skog Saugbrugs AS, Halden, Norway		NOK	115 230	100%
	Saugbrugs Bioenergi AS, Halden, Norway	NOK	3 000	100%
Norske Skog Industries Australia Ltd., Sydney, Australia		AUD	340 000	100%
	Norske Skog (Australasia) Pty Ltd., Sydney, Australia	AUD	21 000	100%
	Norske Skog Paper Mills (Australia) Ltd., Tasmania, Australia	AUD	7 539	100%
	Norske Skog Tasman Ltd., Auckland, New Zealand	NZD	725 000	100%
Nornews AS, Oslo, Norway		NOK	300	100%
	Norske Skog Deutschland GmbH, Augsburg, Germany	EUR	520	100%
	Norske Skog France SARL, Paris, France	EUR	135	100%
	Norske Skog (Österreich) GmbH, Graz, Austria	EUR	35	100%
	Norske Skog (Schweiz) AG, Zürich, Switzerland	EUR	50	100%
	Norske Skog (UK) Ltd., London, United Kingdom	GBP	100	100%
Cebina AS, Oslo, Norway		NOK	30	100%
Cebico AS, Oslo, Norway		NOK	30	100%

SHARES IN ASSOCIATED COMPANIES AND JOINT VENTURES	CURRENCY	SHARE CAPITAL (in 1 000)	OWNERSHIP%	CARRYING VALUE (NOK)
Owned by the parent company				
Circa Group AS, Oslo, Norway	NOK	122 113	26%	65
Owned by consolidated companies				
Porsnes Utvikling AS, Halden, Norway	NOK	300	50%	7
Green Valley Energie, France	EUR	300	10%	3
Nor Fibre Logistics, France	EUR	500	20%	1
SEM, France	EUR	879	10%	1
Austria Papier Recycling GmbH, Austria	EUR	182	33%	1
Other				1
Total shares in associated companies and joint ventures				**80**

OTHER SHARES	NOTE	CURRENCY	SHARE CAPITAL (in 1 000)	OWNERSHIP%	CARRYING VALUE (NOK)
Owned by the parent company					
Ocean GeoLoop AS, Skogn, Norway		NOK	527	2%	9
Shelterwood AS, Oslo, Norway		NOK	5 190	3%	2
Owned by consolidated companies					
Exeltium SAS, Paris, France		EUR	12 358	5%	94
Other					1
Total other shares	23				**105**

21. Derivatives

Fair value of derivatives
Norske Skog's portfolio of commodity contracts consist mainly of physical energy contracts. The commodity contracts and embedded derivatives classified as financial instruments within the scope of IFRS 9 contracts are related to energy contracts in Norway. Fair value of commodity contracts is sensitive to estimates of future energy prices. For further details about gains and losses relating to level 3 instruments see Note 12.

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

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

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

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

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

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

31.12.2023	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets at fair value through profit or loss				
Trading derivatives	0	0	0	0
Derivatives used for hedging	0	63	0	63
Commodity contracts and embedded derivatives	0	0	184	184
Total	**0**	**63**	**184**	**247**
Financial liabilities at fair value through profit or loss				
Trading derivatives	0	0	0	0
Derivatives used for hedging	0	0	0	0
Commodity contracts and embedded derivatives	0	0	-328	-328
Total	**0**	**0**	**-328**	**-328**

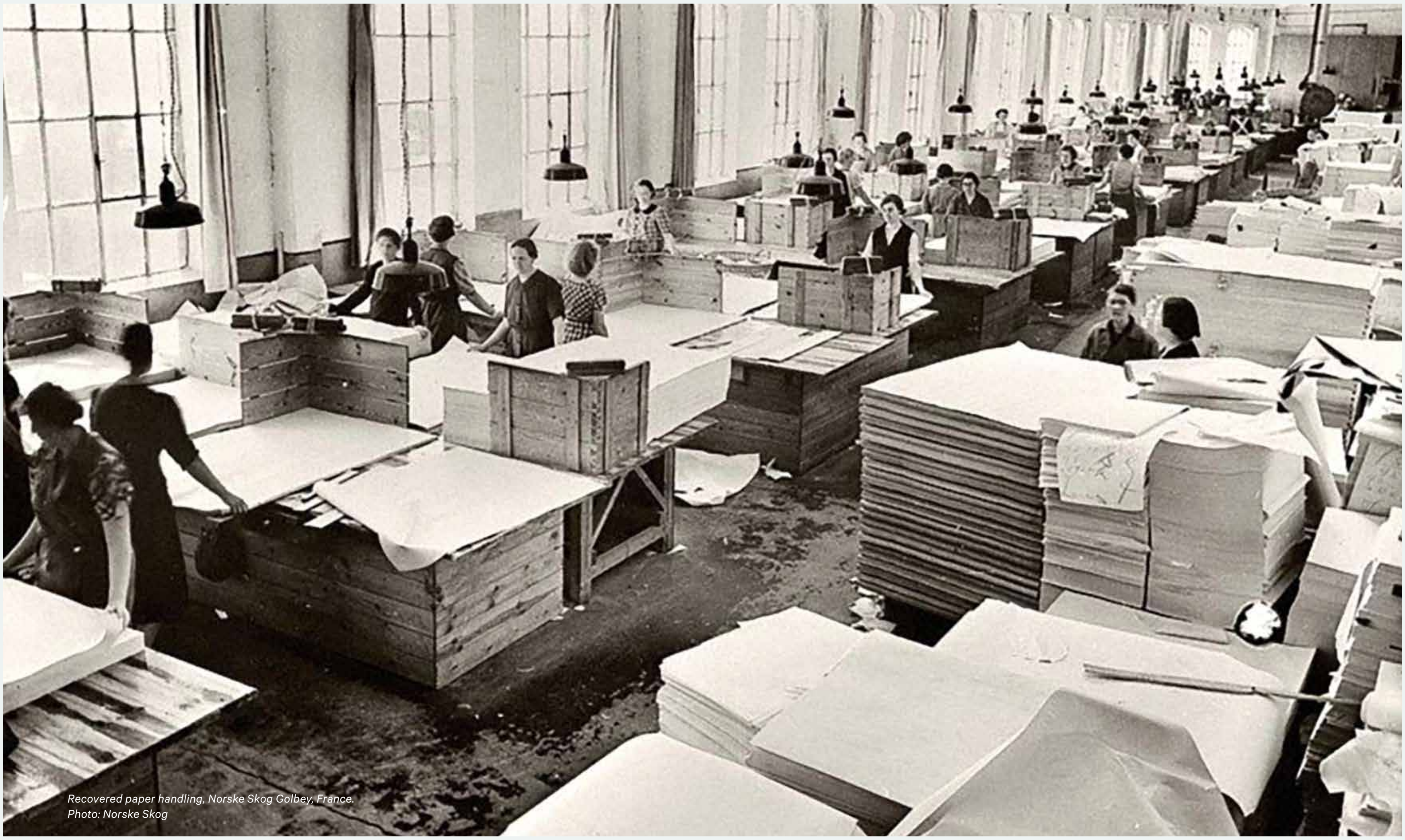
31.12.2022	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets at fair value through profit or loss				
Trading derivatives	0	0	0	0
Derivatives used for hedging	0	0	0	0
Commodity contracts and embedded derivatives	0	0	983	983
Total	**0**	**0**	**983**	**983**
Financial liabilities at fair value through profit or loss				
Trading derivatives	0	0	0	0
Derivatives used for hedging	0	0	0	0
Commodity contracts and embedded derivatives	0	0	-523	-523
Total	**0**	**0**	**-523**	**-523**

The following table shows the changes in level 3 instruments.

2023	ASSETS	LIABILITIES
Balance 1 January	**983**	**-523**
Gain and losses recognised in profit or loss	-799	195
Balance 31 December	**184**	**-328**

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

FAIR VALUE OF DERIVATIVES IN LEVEL 3 GIVEN A REASONABLY POSSIBLE ALTERNATIVE		31.12.2023	31.12.2022
Assets			
Commodity contracts	Energy price -20%	39	472
Embedded derivatives	Energy price -20%	0	13
Total		**39**	**485**
Liabilities			
Commodity contracts	Energy price -20%	-626	-855
Embedded derivatives	Energy price -20%	-79	-1
Total		**-705**	**-856**



Recovered paper handling, Norske Skog Golbey, France.
Photo: Norske Skog

22. Financial instruments

ACCOUNTING POLICIES

The group classifies its financial assets and liabilites in the following two categories: at fair value through profit or loss and at amortised cost. This classification depends on the purpose for which the financial assets and liabilites were acquired. Management determines the classification of its financial assets and liabilites at initial recognition and re-evaluates this designation at every reporting date.

a) Fair value through profit or loss

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

Non-financial commodity contracts where the relevant commodity is readily convertible to cash, and where the contracts are not for own use, fall within the scope of IFRS 9 and such contracts are treated as derivatives. Embedded derivatives are separated from the host contract and accounted for as a derivative if the economic characteristics are not closely related to the economic characteristics and risk of the host contract. See Notes 5, and 21 for more information. Commodity contracts within the scope of IFRS 9 are classified as current assets unless they are expected to be realised more than 12 months after the balance sheet date. In that case, they are classified as non-current assets.

b) Amortised cost

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

CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

31.12.2023	NOTE	FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	TOTAL FINANCIAL ASSETS	NON-FINANCIAL ASSETS	TOTAL
Other non-current assets	23	136	58	**194**	9	203
Trade and other receivables	23	0	1 090	**1 090**	545	1 635
Cash and cash equivalents	25	0	2 463	**2 463**	0	2 463
Other current assets	23	216	0	**216**	13	229

31.12.2023	NOTE	FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	TOTAL FINANCIAL ASSETS	NON-FINANCIAL ASSETS	TOTAL
Interest-bearing non-current liabilities	28	0	4 536	**4 536**	0	4 536
Interest-bearing current liabilities	28	0	517	**517**	0	517
Other non-current liabilities	29	273	0	**273**	374	647
Trade and other payables	29	0	1 871	**1 871**	385	2 256
Other current liabilities	29	67	0	**67**	63	130

31.12.2022	NOTE	FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	TOTAL FINANCIAL ASSETS	NON-FINANCIAL ASSETS	TOTAL
Other non-current assets	23	707	53	**760**	8	768
Trade and other receivables	23	0	1 205	**1 205**	739	1 944
Cash and cash equivalents	25	0	2 650	**2 650**	0	2 650
Other current assets	23	392	0	**392**	90	481

31.12.2023	NOTE	FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	TOTAL FINANCIAL ASSETS	NON-FINANCIAL ASSETS	TOTAL
Interest-bearing non-current liabilities	28	0	3 432	**3 432**	0	3 432
Interest-bearing current liabilities	28	0	310	**310**	0	310
Other non-current liabilities	29	313	0	**313**	191	504
Trade and other payables	29	0	1 688	**1 688**	557	2 245
Other current liabilities	29	219	0	**219**	145	364

The group does not have any financial assets at fair value through other comprehensive income.

FAIR VALUE MEASUREMENT HIERARCHY FOR FINANCIAL ASSETS AND LIABILITIES

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

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

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

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

31.12.2023	CARRYING AMOUNT	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
Derivatives	0	0	0	0	0
Commodity contracts	30	30	0	0	30
Miscellaneous other non-current assets	164	164	0	0	164
Other non-current assets	**194**	**194**	**0**	**0**	**194**
Trade receivables	538	538	0	0	538
VAT receivables	144	144	0	0	144
Other receivables	407	407	0	0	407
Trade and other receivables	**1 090**	**1 090**	**0**	**0**	**1 090**
Derivatives	63	63	0	0	63
Commodity contracts	153	153	0	63	91
Current investments	0	0	0	0	0
Other current assets	**216**	**216**	**0**	**63**	**153**
Cash and cash equivalents	**2 463**	**2 463**	**0**	**0**	**2 463**
Interest-bearing non-current liabilities	4 536	4 600	0	1 576	3 024
Interest-bearing current liabilities	517	517	0	0	517
Total interest-bearing liabilities	**5 053**	**5 117**	**0**	**1 576**	**3 542**
Derivatives	70	70	0	0	70
Commodity contracts	203	203	0	0	203
Other non-current liabilities	**273**	**273**	**0**	**0**	**273**
Trade payables	1 035	1 035	0	0	1 035
Other payables	836	836	0	0	836
Trade and other payables	**1 871**	**1 871**	**0**	**0**	**1 871**
Derivatives	9	9	0	0	9
Commodity contracts	47	47	0	0	47
Financial current liabilities	11	11	0	0	11
Other current liabilities	**67**	**67**	**0**	**0**	**67**

31.12.2022	CARRYING AMOUNT	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
Derivatives	13	13	0	0	13
Commodity contracts	578	578	0	0	578
Miscellaneous other non-current assets	168	168	0	0	168
Other non-current assets	**760**	**760**	**0**	**0**	**760**
Trade receivable	816	816	0	0	816
VAT receivables	173	173	0	0	173
Other receivables	216	216	0	0	216
Trade and other receivables	**1 205**	**1 205**	**0**	**0**	**1 205**
Derivatives	0	0	0	0	0
Commodity contracts	392	392	0	0	392
Current investments	0	0	0	0	0
Other current assets	**392**	**392**	**0**	**0**	**392**
Cash and cash equivalents	**2 650**	**2 650**	**0**	**0**	**2 650**
Interest-bearing non-current liabilities	3 432	3 481	0	1 491	1 989
Interest-bearing current liabilities	310	310	0	0	310
Total interest-bearing liabilities	**3 742**	**3 791**	**0**	**1 491**	**2 300**
Derivatives	0	0	0	0	0
Commodity contracts	313	313	0	0	313
Other non-current liabilities	**313**	**313**	**0**	**0**	**313**
Trade payables	819	819	0	0	819
Other payables	869	869	0	0	869
Trade and other payables	**1 688**	**1 688**	**0**	**0**	**1 688**
Derivatives	1	1	0	0	1
Commodity contracts	209	209	0	0	209
Financial current liabilities	9	9	0	0	9
Other current liabilities	**219**	**219**	**0**	**0**	**219**

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

The fair values of cash and cash equivalents, trade receivables and other receivables, other assets, trade payables and other payables and other current liabilities remain largely consistent with the book value due to the short maturities of such positions. The fair value of derivatives and commodity contracts is described in Note 12.

23. Receivables and other non-current assets

Accounting policies
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are held to due date except for those that are covered by the factoring agreements outlined below. Trade receivables are recognised at invoiced amount, less provision for impairment. The impairment model for financial assets under IFRS 9 require recognition of doubtful receivables allowances based on expected credit losses. The group has an expected credit loss model for trade receivables, whereby expected credit losses are recognized based on ageing categories of trade receivables that includes all receivables.

	Note	31.12.2023	31.12.2022
Trade and other receivables			
Trade receivables		588	818
Provision for bad debt		-50	-44
VAT receivables		144	173
Prepaid expenses		64	52
Other receivables		888	945
Total		**1 635**	**1 944**
Other current assets			
Derivatives		63	0
Commodity contracts		153	392
Other current assets		13	90
Total		**229**	**481**
Other non-current assets			
Long-term shareholdings	20	105	116
Derivatives		0	13
Commodity contracts		30	578
Pension plan assets	26	9	8
Other non-current receivables		58	53
Total		**203**	**768**

Norske Skog Bruck, Norske Skog Golbey, Norske Skog Skogn and Norske Skog Saugbrugs have factoring facility agreements where the future cash flow on certain trade receivables are sold. The facility has a limit of EUR 25 million for Norske Skog Bruck, a limit of EUR 40 million for Norske Skog Golbey and a combined limit of NOK 400 million for Norske Skog Skogn and Norske Skog Saugbrugs. There are no financial covenants in these factoring facility agreements. Trade receivables that have been sold are deducted from trade receivables in the balance sheet. The utilisation at 31 December 2023 was NOK 612 million (NOK 605 million).

At 31 December 2023 advances received from contracts with customers amounted to NOK 0 million and other revenue accruals for invoice not sent amounted to NOK 0 million (NOK 0 million and NOK 0 million). In addition, received advances from customers not invoiced NOK 0 million at 31 December 2023 (NOK 0 million).

The credit risk on trade and other receivables is continuously monitored, independent of due date. The group's sales are mainly to large customers with a historically low degree of default. Collateral as security is not normally requested. Further information regarding the group's credit policy for sales is provided in Note 5.

AGEING OF THE GROUP'S CURRENT RECEIVABLES	31.12.2023	31.12.2022
Not due	1 503	1 812
0 to 3 months	140	139
3 to 6 months	1	0
Over 6 months	40	38
Total [1]	**1 684**	**1 988**

[1] *Does not include provision for bad debt.*

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

24. Inventories

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

Other production materials include packaging materials, machine clothing, maintenance materials, operating materials and certain spare parts. Spare parts held as inventory are spare parts which do not meet the criteria for being classified as property, plant and equipment.

	2023	2022
Raw material	230	237
Work in progress	9	16
Other production materials	638	558
Finished goods	483	652
Total	**1 360**	**1 464**

25. Cash and cash equivalents

Accounting policies
Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less. The parent company has a revolving credit facility of EUR 31 million and draw down on this will be shown as an interest-bearing current liability in the balance sheet.

	2023	2022
Bank and other deposits	1 399	2 238
Restricted cash	643	109
Money market fund	421	304
Total	**2 463**	**2 650**

26. Pension and other employee obligations

Accounting policies

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

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

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

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. These contributions are made to publicly- or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. These contributions are recognised as an employee benefit expense in the period the contribution is related to.

Other employee obligations
The groups other employee benefits are future benefits that the employees have earned in return for their service in current and prior periods.

The leave obligations cover the groups liabilities for long service leave and annual leave which are classified as either other non-current liabilities or short-term liabilities. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the income statement in the period in which they arise.

EMPLOYEE BENEFIT OBLIGATIONS	2023	2022
Pension obligations	258	112
Other long-term employee benefit obligations	36	167
Total employee benefit obligations	**294**	**278**

A) PENSION OBLIGATIONS
Norske Skog has various pension schemes in accordance with local conditions and practices in the countries in which the group operates. A total of 2 092 active and former employees are covered by such schemes. Of these, 493 people are covered by defined benefit plans and 1 599 people by defined contribution plans.

DESCRIPTION OF THE DEFINED BENEFIT PLANS
The key terms in Norske Skog's major defined benefit plans are shown in the table below.

	BENEFIT IN % OF PENSIONABLE EARNINGS	YEARS OF SERVICE	PENSIONABLE AGE	EARLY RETIREMENT AGE	ACTIVE MEMBERS
Norske Skog ASA	65	30	70	62	1
Norske Skog Saugbrugs AS	65	30	70	62	26
Norske Skog Skogn AS	65	30	70	62	32
Norske Skog Golbey SAS	0	43	64	60	380

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

The defined benefit schemes in Norway cover people between 65 and 67 years of age, born before 1 January 1959 and who were employed before 1 January 2011 when the plan was closed. The defined benefit obligations in Norway only encompass active members since they leave the defined benefit scheme (having a paid-up policy) when they retire.

Plan assets of the pension schemes in Norske Skog ASA, Norske Skog Saugbrugs AS and Norske Skog Skogn AS are managed by a life insurance company and invested in accordance with the general guidelines governing investments by life insurance companies in Norway.

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

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

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

In addition to defined benefit plans, there are also various defined contribution plans. Norwegian entities have a defined contribution scheme with a contribution of 5% for earnings up to 7.1 G and 17% between 7.1 and 12 G. In Australia contribution are made for employees to local plans that provide retirement, death and disability benefits for employees and their dependants.

The discount rate applied for the pension schemes in Norway for 2023 is based on the interest rate for covered bonds. Subsidiaries can deviate from these assumptions if local conditions require this. The discount rates applied vary from 3.00% to 4.20% and pension adjustments vary from 2.4% to 16.22%. Norske Skog has used the mortality table K2013BE in Norway, Richttafeln 2018G in Germany and AVO 2018-P in Austria.

ASSUMPTIONS MADE WHEN CALCULATING FUTURE BENEFIT OBLIGATIONS	2023	2022
Discount rate	3.51%	3.14%
Expected return on plan assets	3.70%	3.20%
Salary adjustment	3.00%	2.00%
Inflation rate	2.63%	2.15%
Pension adjustment	5.34%	3.63%

NET PERIODIC PENSION EXPENSE	2023	2022
Pension expense, defined benefit plan	1	4
Pension expense, defined contribution plan	70	56
Net periodic pension expense	**71**	**59**
Net periodic interest expense	**8**	**1**

Estimated payments to the group's defined benefit pension schemes in 2024 amounts to NOK 6 million (NOK 8 million).

PENSION PLANS IN THE BALANCE SHEET

NET PERIODIC PENSION EXPENSE	2023	2022
Pension assets in the balance sheet	9	8
Pension liabilities in the balance sheet	-258	-112
Net pension obligations	**-249**	**-104**
Net unfunded pension plans	-255	-110
Net partly or fully funded pension plans	5	7

Pension assets is included in line other non-current assets and pension liabilities is included in the line employee benefit obligations.

UNFUNDED PENSION PLANS

CHANGES IN PENSION OBLIGATIONS FOR UNFUNDED PENSION PLANS, PROJECTED BENEFIT OBLIGATIONS INCLUDING NATIONAL INSURANCE CONTRIBUTIONS	2023	2022
Balance 1 January	**-110**	**-75**
Adjustment to opening balance (due to reclassification)	-132	-55
Current year's service cost	-8	-5
Current year's interest cost	-4	1
Pensions benefits paid	18	4
Remeasurements (loss)/gain OCI	-3	26
Currency translation differences	-17	-7
Balance 31 December	**-255**	**-110**

PARTLY OR FULLY FUNDED PENSION PLANS

CHANGES IN PENSION OBLIGATIONS FOR PARTLY OR FULLY FUNDED PENSION PLANS, PROJECTED BENEFIT OBLIGATIONS INCLUDING NATIONAL INSURANCE CONTRIBUTIONS	2023	2022
Balance 1 January	**-104**	**-141**
Current year's service cost	-1	-2
Current year's interest cost	-3	-2
Payroll tax of employer contribution	0	1
Pension benefits paid	5	6
Remeasurements (loss)/gain OCI	-2	36
Balance 31 December	**-106**	**-104**

CHANGES IN PLAN ASSETS FOR PARTLY OR FULLY FUNDED PENSION PLANS, PLAN ASSETS AT FAIR VALUE	2023	2022
Balance 1 January	**111**	**156**
Return on plan assets (interest income)	3	2
Employer contribution including payroll tax	4	5
Payroll tax of employer contribution	0	-1
Pension benefits paid	-4	-6
Remeasurements (loss)/gain OCI	-5	-44
Other changes	0	-1
Balance 31 December	**111**	**111**
Net assets/obligations (-) partly or fully funded pension plans	**5**	**7**

SPESIFICATION OF REMEASUREMENT GAINS/LOSSES IN OTHER COMPREHENSIVE INCOME (OCI)	2023	2022
Actuarial loss/(gain) - change in discount rate	-5	-17
Actuarial loss/(gain) - change in other financial assumptions	7	7
Actuarial loss/(gain) - change in other demographic assumptions	0	0
Actuarial loss/(gain) - experience obligation	4	-51
Actuarial loss/(gain) - experience assets	2	42
Investment management cost	1	1
Asset ceiling - asset adjustment	-1	1
Remeasurements loss/(gain) in OCI	**8**	**-16**

	2023		2022	
INVESTMENT PROFILE FOR PENSION FUNDS	FUNDS	DISTRIBUTION	FUNDS	DISTRIBUTION
Shares	5	5%	6	5%
Bonds	74	67%	74	67%
Properties and real estate	15	14%	15	14%
Money market	16	14%	14	13%
Other	0	0%	1	1%
Total	**111**	**100%**	**111**	**100%**

SENSITIVITY ANALYSIS

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

SENSITIVITY	INCREASE	DECREASE
Discount rate - 0.5%	-6	6
Future national security - 1.0%	2	3
Future pension - 0.5%	6	-

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

OTHER EMPLOYEE OBLIGATIONS

NET PERIODIC EXPENSE	2023	2022
Net periodic expense/remeasurement	**3**	**-15**
Net periodic interest expense	**1**	**2**

CHANGES IN OTHER EMPLOYEE BENEFITS	2022	2021
Balance 1 January	**-203**	**-255**
Adjustments to opening balance, due to reclassification	131	42
Current year's service cost	-7	-12
Current year's interest cost	-1	-2
Remeasurements loss/(gain)	2	20
Payments made	15	20
Other changes	-4	-5
Currency translation differences	-4	-11
Balance 31 December	**-70**	**-203**

OTHER EMPLOYEE BENEFITS IN THE BALANCE SHEET	2023	2022
Other non-current employee benefit obligations	-36	-167
Other current employee benefit obligations	-34	-37
Total other employee benefits 31 December	**-70**	**-203**

The obligation classified as current relates to employees that have completed the required period of service and the group does not have an unconditional right to defer settlement for these obligations. Based on previous experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The current part is included in the balance sheet line other current liabilities. The non-current employee benefit obligations is included in the balance sheet line employee benefit obligations.

27. Provisions

Accounting policies

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

Where a number of similar obligations exist, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the best estimate of the expenditure required to settle the present obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised within financial items.

	RESTRUCTURING PROVISION	DISMANTLING PROVISION	ENVIRONMENTAL PROVISION
Balance 1 January 2022	**63**	**0**	**165**
Changes and new provisions	11	0	5
Utilised during the year	-33	0	-12
Periodic unwinding of discount	0	0	3
Currency translation differences	2	0	7
Balance 31 December 2022	**43**	**0**	**168**
Changes and new provisions	39	0	-6
Utilised during the year	-55	0	-2
Periodic unwinding of discount	0	0	5
Currency translation differences	2	0	5
Balance 31 December 2023	**29**	**0**	**169**

RESTRUCTURING PROVISION

Restructuring provision is included in the balance sheet line other current liabilities. This includes for example severance (redundancy) payments, early retirement or other arrangements for employees leaving the company, external costs to lawyers and legal advisors in relation to the restructuring process, lease termination costs and onerous contracts. The restructuring provision of NOK 29 million at 31 December 2023 includes various restructuring activities included provision for severance payments and other costs (Corporate functions NOK 14 million (NOK 0 million), Publication paper Europe NOK 8 million (NOK 6 million) and Publication paper Australasia NOK 8 million (NOK 38 million). The amount expensed in 2023 in relation to restructuring activities amounted to NOK 39 million (Corporate functions NOK 28 million (NOK 0 million), Publication paper Australasia NOK 6 million (NOK 11 million) and sales offices NOK 5 million (NOK 0 million).

DISMANTLING PROVISION

Provisions related to future dismantling costs arising from a future closing down of production facilities amounted to NOK 0 million at 31 December 2023, compared to NOK 0 million at 31 December 2022.

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

ENVIRONMENTAL PROVISION

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

Provisions for future environmental obligations amounted to NOK 169 million at 31 December 2023 compared to NOK 168 million at 31 December 2022. Resources spent on environmental activities during 2023 amounted to NOK 2 million (NOK 12 million).

The carrying value of the provision is the best estimate made by measuring the expected value of the specific obligations, discounted to present value using a long-term risk-free interest rate when the time value of money is material. Changes in factors included in the expected value will impact the carrying value of the obligation. To illustrate the sensitivity, a reduction in the future discount rate by one percentage point would increase the provision by approximately NOK 4 million. Changes in accounting estimates not related to assets are classified as operating items in the income statement, and the periodic unwinding of the discount is recognised within the income statement line financial expenses.

CONTINGENT LIABILITIES

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

28. Interest-bearing liabilities

Accounting policies
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest method.

INTEREST-BEARING DEBT, OUTSTANDING AMOUNTS	31.12.2023	31.12.2022
Bonds	1 530	1 460
Debt to financial institutions	3 448	2 171
Factoring facilities	0	56
Total	**4 978**	**3 687**

INTEREST-BEARING DEBT, OUTSTANDING AMOUNTS	CURRENCY AMOUNT 31.12.2023	NOK 31.12.2023	NOK 31.12.2022
EUR	436	4 898	3 593
AUD	2	15	21
Total interest-bearing debt in foreign currencies		**4 913**	**3 614**
NOK		65	73
Total interest-bearing debt		**4 978**	**3 687**

Norske Skog has issued a EUR 150 million senior secured bond. The bond matures in March 2026 and has an interest rate of EURIBOR (zero floor) + 5.5% with quarterly interest payments. During 2023 Norske Skog bought back a nominal amount of EUR 2.8 million (EUR 13.9 million). At 31 December 2023, the outstanding amount, net of bought back bonds was EUR 136.1 million.

Norske Skog has a EUR 31 million Revolving Credit Facility with maturity in March 2026. At 31 December 2023, the facility was undrawn.

Norske Skog has entered into credit facility agreements in an aggregate amount of EUR 265 million to finance its investment to convert two paper machines into producing packaging paper. EUR 193 million relates to Norske Skog Golbey and EUR 72 million relates to Norske Skog Bruck. The borrowing entities are Norske Skog Golbey SAS and Norske Skog Bruck GmbH, and the facilities are fully guaranteed by Norske Skog ASA. The facilities in Norske Skog Bruck have been fully drawn and repayment has commenced. The facilities at Norske Skog Golbey have been drawn upon as capital expenditures have been incurred. On 31 December 2023, the credit facilities had been drawn by approximately EUR 250 million (EUR 136 million). The facilities follow different repayment profiles ending during the period from 2027 to 2032.

The incineration boiler is financed by a EUR 54 million credit facility. The facility is repaid in quarterly instalments up until the final maturity date in 2028. The borrower under the facility is Norske Skog Bruck GmbH and Norske Skog ASA has provided a guarantee of EUR 20 million. At 31 December 2023, the outstanding amount under the credit facility was approximately EUR 43.2 million (EUR 51.8 million).

The financial 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 last twelve months (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 calculation of financial covenants may differ from the EBITDA shown in the financial reporting due to adjustment requirements in the facility agreements.

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

Norske Skog Skogn AS and Norske Skog Saugbrugs AS have pledged its trade receivables in favour of its factoring provider. In addition, Norske Skog Skogn AS and Norske Skog Saugbrugs AS have pledged certain parts of its property and assets in favour of the EUR 31 million RCF and the EUR 150 million senior secured bond. Saugbrugs Bioenergi AS, a wholly owned subsidiary of Norske Skog Saugbrugs AS, has pledged certain parts of its property and assets in favour of the lenders under a credit facility financing its biogas facility. Norske Skog Golbey SAS has pledged certain parts of its property, in an amount of up to EUR 13 million, in favour of a bank guarantor under a guarantee to one of its energy suppliers. In addition, Norske Skog Golbey SAS has pledged certain parts of its property and assets and Norske Skog ASA has pledged the shares in Norske Skog Golbey SAS in favour of the lenders under the packaging conversion facilities. Norske Skog Bruck GmbH has pledged certain parts of its property and assets in favour of the lenders under the incineration boiler facility and the packaging conversion facilities.

The average interest rate at 31 December 2023 was 6.3% (5.2%).

SCHEDULED REPAYMENTS OF THE GROUP'S FINANCIAL DEBT AND INTEREST AT 31.12.2023	INTEREST	OTHER LOANS[1]	BONDS	TOTAL
2024	314	483	0	797
2025	301	561	0	861
2026	129	528	1 530	2 186
2027	72	520	0	591
2028	49	596	0	645
2029	28	258	0	287
2030	18	258	0	275
2031	7	236	0	243
2032	1	9	0	10
2033 ->	1	0	0	1
Total	**917**	**3 448**	**1 530**	**5 895**

SCHEDULED REPAYMENTS OF THE GROUP'S FINANCIAL DEBT AND INTEREST AT 31.12.2022	INTEREST	OTHER LOANS[1]	BONDS	TOTAL
2023	273	277	0	551
2024	210	379	0	589
2025	194	520	0	714
2026	89	391	1 460	1 940
2027	42	346	0	389
2028	30	210	0	240
2029	20	70	0	90
2030	13	13	0	26
2031	8	13	0	21
2032 ->	3	7	0	10
Total	**883**	**2 226**	**1 460**	**4 569**

[1] *Including full instalments for the EUR 54 million credit facility.*

The debt amounts set out above may differ from the carrying value in the balance sheet due to the amortized cost principle and exclusion of debt items related to leases. At 31 December 2023, the financial statements included amortized cost in an amount of NOK 13 million (NOK 18 million), and the amount of interest-bearing debt related to leases was NOK 89 million (NOK 74 million). See Note 19.

Trade payables amounted to NOK 1 035 million at 31 December 2023 (NOK 819 million).

Drawn amounts from factoring arrangements is classified as interest-bearing current liabilities. This amounts to NOK -11 million (NOK 56 million) in scheduled repayments in 2024. 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 receivable included under the factoring 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.

At 31 December 2023, Norske Skog ASA and its subsidiaries had issued bank guarantees on its behalf in an amount of NOK 192 million (NOK 165 million).

Norske Skog Skogn AS and Norske Skog Saugbrugs AS have pledged certain parts of its assets and machinery, in an amount of up to NOK 200 million, to its energy suppliers under long term energy supply agreements. The security has priority behind the EUR 31 million revolving credit facility and the EUR 150 million senior secured bond.

INTEREST-BEARING NON-CURRENT LIABILITIES	NOTE	31.12.2023	31.12.2022
Bond (amortised cost)		1 517	1 442
Debt to financial institutions		2 964	1 949
Leasing obligations	19	55	40
Total	22	**4 536**	**3 432**

INTEREST-BEARING CURRENT LIABILITIES	NOTE	31.12.2023	31.12.2022
Debt to financial institutions and bond (amortised cost)		484	277
Leasing obligations related to right-of-use assets	19	33	33
Total	22	**517**	**310**

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES	2023	2022
Balance 1 January	**3 742**	**2 543**
New loans raised	1 366	1 354
Repayments	-346	-321
New leasing debt	55	16
Loss early repayment of bond and amortisaton of transaction costs debt issuance	7	7
Currency translation differences	229	143
Balance 31 December	**5 053**	**3 742**
Current	517	310
Non-current	4 536	3 432

29. Trade and other payables, other current and non-current liabilities

Accounting policies

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are recognised initially at fair value.

	2023	2022
Trade and other payables		
Trade Payables	1 035	819
Accrued labour cost and taxes	500	664
Accrued expenses	689	728
Other interest-free liabilities	32	34
Total	**2 256**	**2 245**
Other current liabilites		
Other current employee benefits	34	37
Restructuring provision	29	43
Accrued financial expenses	11	9
Derivatives	9	1
Commodity contracts	47	209
Other current liabilities	0	65
Total	**130**	**364**
Other non-current liabilities		
Derivatives	70	0
Commodity contracts	203	313
Environmental provision	169	168
Deferred recognition of government grants	205	23
Total	**647**	**504**

30. Related parties

Investor AS and subsidiaries Drangsland Kapital AS and Byggma ASA are related parties to Norske Skog through the ownership in Norske Skog ASA and the CEO Geir Drangsland being the ultimate owner for these companies.

On 8 February 2023 NS Norway Holding AS sold their remaining 15 896 681 shares in Norske Skog ASA.

Balances and transactions between the group and subsidiaries listed in Note 20, have been eliminated on consolidation and are not disclosed in this note. Remuneration for corporate management is presented in Note 10. Remuneration for leading personnel is presented in the remuneration report available at www.norskeskog.com.

Any transactions with related parties are conducted on normal commercial terms. There have not been any transactions with related parties in 2023.

31. Events after the balance sheet date

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

Norske Skog Tasman Limited is a wholly owned New Zealand subsidiary of Norske Skog Industries Australia Limited, which in turn is a wholly owned Australian subsidiary of Norske Skog ASA and the regional holding company of the group. Norske Skog Tasman Limited ceased operations on 29 June 2021 and sold its main assets on 10 October 2023. Norske Skog Industries Australia Limited resolved to liquidate Norske Skog Tasman Limited on 7 March 2024. The exposure for the group is considered to be limited.

Methanizer, Norske Skog Golbey
Photo: Nicolas Michel


Photo: xCarsten Dybevig

Financial statements Norske Skog ASA

Financial statements

Notes to the financial statements

INCOME STATEMENT

NOK MILLION	Note	2023	2022
Total operating income	3	**116**	**97**
Employee benefit expenses	4	-97	-218
Other operating expenses		-62	-69
Restructuring expenses		-28	0
Depreciation	8	-6	-9
Total operating expenses		**-193**	**-297**
Operating earnings		**-77**	**-199**
Share of profit in associated companies	5	-15	-14
Financial income	6	1 130	1 130
Financial expense	6	-288	-136
Gains/(losses) on foreign currency	6	-74	-91
Profit/(loss) before tax		**676**	**691**
Income tax	7	174	17
Profit/(loss) after tax		**851**	**708**

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	2023	2022
Profit/(loss) after tax	**851**	**708**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	0	0
Items that will not be reclassified subsequently to profit or loss		
Remeasurements of post employment benefit obligations	-1	-1
Tax effect on remeasurements of post employment benefit obligations	0	0
Other comprehensive income	**0**	**-1**
Total comprehensive income	**850**	**707**

BALANCE SHEET

NOK MILLION	NOTE	2023	2022
Deferred tax assets	7	193	18
Intangible assets	8	6	7
Property, plant and equipment	8	4	6
Shares in subsidiaries	9	5 163	4 550
Investment in associated companies	5	74	89
Intercompany receivables	12	0	181
Other non-current assets		12	27
Total non-current assets		**5 451**	**4 878**
Trade and other receivables		69	57
Intercompany receivables	12	820	734
Other current assets		63	0
Cash and cash equivalents		1 642	2 011
Total current assets		**2 594**	**2 801**
Total assets		**8 045**	**7 679**
Paid-in-equity		4 001	4 039
Retained earnings and other reserves		493	77
Total equity	10	**4 494**	**4 115**
Interest-bearing non-current liabilities	11	1 517	1 444
Total non-current liabilities		**1 517**	**1 444**
Trade payables		7	5
Intercompany liabilities	12	1 964	1 904
Other current liabilities		63	211
Total current liabilities		**2 035**	**2 120**
Total liabilities		**3 552**	**3 564**
Total equity and liabilities		**8 045**	**7 679**

STATEMENT OF CASH FLOWS

NOK MILLION	NOTE	2023	2022
Cash generated from operations		104	91
Cash used in operations		-334	-142
Cash flow from currency hedges and financial items		28	-12
Interest payments received		152	64
Interest payments made		-214	-120
Tax paid	7	-1	0
Net cash flow from operating activities		**-264**	**-119**
Purchases equipment and intangible assets	8	-3	-1
Contributions of equity to subsidiary	9	-652	-142
Change in cashpool receivables		548	220
Net cash flow from investing activities		**-107**	**76**
Repayments of loans		-37	-117
Dividend paid		-57	0
Purchase/sale of treasury shares		-415	0
Change in cashpool payable		510	871
Net cash flow from financing activities		**1**	**754**
Foreign currency effects on cash and cash equivalents		0	29
Total change in cash and cash equivalents		**-369**	**739**
Cash and cash equivalents 1 January		2 011	1 271
Cash and cash equivalents 31 December[1)]		1 642	2 011
[1)] Whereof restricted cash		452	78

STATEMENT OF CHANGES IN EQUITY

NOK MILLION	NOTE	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
Equity 1 January 2022		**377**	**1 412**	**2 249**	**-631**	**3 408**
Profit after tax		0	0	0	708	708
Other comprehensive income		0	0	0	-1	-1
Equity 31 December 2022		**377**	**1 412**	**2 249**	**77**	**4 115**
Change in paid-in capital		-38	0	0	-377	-415
Profit after tax		0	0	0	851	851
Other comprehensive income		0	0	0	0	0
Dividends paid		0	0	0	-57	-57
Equity 31 December 2023	10	**339**	**1 412**	**2 249**	**493**	**4 494**

Notes to the financial statements

1. General information

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

The financial statements were authorised for issue by the board of directors on 20 March 2024.

2. Accounting policies

The financial statements for Norske Skog ASA have been prepared and presented in accordance with simplified IFRS pursuant to section 3-9 of the Norwegian Accounting Act.

3. Operating revenue by geographical market

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

The company's operating revenue consists mainly of the sale of services to other entities in the group. Operating revenue arising from sales of internal services to other entities in the group amounted to NOK 112 million in 2023 (NOK 96 million).

OPERATING REVENUE BY GEOGRAPHICAL MARKET	2023	2022
Norway	45	39
Europe excluding Norway	60	51
Australasia	12	8
Total	**116**	**97**

4. Employee benefits and pensions

EMPLOYEE BENEFIT EXPENSES	2023	2022
Salaries including holiday pay	75	183
Social security contributions	16	31
Pension expenses	3	2
Other employee benefit expenses	3	2
Total	**97**	**218**

The company is required by law to have a pension scheme for all employees. The company's pension plan is compliant with the requirements in the Norwegian Act relating to mandatory occupational pension. See also Note 26 Pension and other employee obligations in the consolidated financial statements for further information.

NUMBER OF EMPLOYEES	31.12.2023	31.12.2022
Employees	26	31

NET PERIODIC PENSION EXPENSES	2023	2022
Pension expenses, defined benefit plan	0	0
Pension expenses, defined contribution plan	3	2
Net periodic pension expenses	**3**	**2**
Net periodic interest expenses	**0**	**0**

PENSION ASSETS IN THE BALANCE SHEET	31.12.2023	31.12.2022
Net pension assets in the balance sheet	**0**	**0**

PENSION OBLIGATION IN THE BALANCE SHEET	31.12.2023	31.12.2022
Projected benefit obligation	-9	-8
Plan assets at fair value	8	9
Net pension obligations in the balance sheet	**0**	**0**

SENSITIVITY ANALYSIS AT 31 DECEMBER 2023	Increase	Decrease
Discount rate -0.5%	0	0
Salary adjustment -0.5%	0	0

5. Associated companies

Accounting policies
Investment in associated companies are accounted for in accordance with the equity method. The investment is initially recognized at cost, and the carrying value is increased or decreased to recognise the company's share of the profit or loss of the investee after the date of acquisition.

Circa Group AS is incorporated in Oslo, Norway, and is a holding company. Circa Group operates within biotechnology with a vision to produce and sell unique and highly valuable biochemicals at scale.

At 31 December 2023 Norske Skog ASA held a 26% (26%) share of Circa Group AS with a carrying value of NOK 74 million (NOK 89 million). Norske Skog's share of net loss for the period 1 October 2022 to 30 September 2023 of NOK 57 million (NOK 60 million) is recognized in the income statement with NOK 15 million (NOK 14 million). Circa Group AS is listed on Euronext Growth. Norske Skog's share of the market value as of 31 December 2023 is NOK 109 million.

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

6. Financial items

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

Interest income is recognised using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, using the effective interest method.

FINANCIAL ITEMS	2023	2022
Dividends received	978	0
Interest income	94	29
Interest income from group companies	58	35
Reversal of impairment of investments in subsidiaries	0	1 066
Total	**1 130**	**1 130**
Financial expenses		
Interest expense	-148	-95
Interest expense group companies	-73	-33
Other financial expenses	-27	-7
Impairment of investments in subsidiaries	-39	0
Total	**-288**	**-136**
Gains/(losses) on foreign currency	**-74**	**-91**
Total financial items	**768**	**904**

In 2023 dividends of NOK 500 million and NOK 478 have been received from Norske Skog Saugbrugs AS and Norske Skog Skogn AS, respectively. No dividends were received in 2022.

In 2023 other financial expenses includes write-down of other shares of NOK 16 million.

7. Income taxes

Accounting policies
Income taxes includes current tax based on taxable profit and changes in deferred tax. Deferred tax is provided in full, using the liability method, on temporary differences arising between the carrying amount of assets and liabilities.

Deferred tax assets are recognised to the extent it is probable that future taxable profit will be available to utilise it.

TAX EXPENSE	2023	2022
Current tax expense	-1	0
Change in deferred tax	175	18
Total	**174**	**17**

INCOME TAX RECONCILIATION	2023	2022
Profit/(loss) before income taxes	**676**	**691**
Computed tax at nominal tax rate 22%	-149	-152
Non taxable income/non deductible expenses	14	-7
Dividend	198	0
Impairment of investments	-12	235
Adjustment previous years	-5	-7
Other items	-3	-3
Deferred tax assets not recognised	132	-47
Tax effect on remeasurements of post-employment benefit obligations	0	0
Withholding tax	-1	0
Total tax (expense)/income	**174**	**17**

TEMPORARY DIFFERENCES AND TAX LOSSES - DETAILS	31.12.2023	31.12.2022
Fixed assets	0	0
Other non-current items	8	0
Translation differences and financial instruments	120	21
Current items	886	247
Interest carry forward (Interest limitation rules)	205	157
Tax losses to carry forward	550	1 100
Tax losses and other deferred tax assets not recognised [1)]	-908	-1 508
Tax credits	15	63
Basis for deferred tax	**877**	**81**

DEFERRED TAX	31.12.2023	31.12.2022
Net deferred tax asset/(liability)	**193**	**18**

[1)] *The value of tax losses and other tax credits are partly written down, subsequently the tax losses are lower than total tax benefits not recognised.*

8. Intangible assets and property, plant and equipment

Accounting policies
Intangible assets and property, plant and equipment are shown at historical cost less subsequent depreciation and impairments. Historical cost includes expenditure directly attributable to the acquisition of the items.

The right to use an asset is recognised in the balance sheet during the lease term, together with the liability to make lease payments. At initial recognition the leased asset is measured at an amount equal to the lease liability

INTANGIBLE ASSETS	LICENCES AND PATENTS
Acquisition cost 1 January 2022	**34**
Addition	0
Acquisition cost 31 December 2022	**34**
Accumulated depreciation and impairments 1 January 2022	**21**
Depreciation	6
Accumulated depreciation and impairments 31 December 2022	**27**
Carrying value 31 December 2022	**7**
Acquisition cost 1 January 2023	**34**
Addition	2
Acquisition cost 31 December 2023	**36**
Accumulated depreciation and impairments 1 January 2023	**27**
Depreciation	3
Accumulated depreciation and impairments 31 December 2023	**30**
Carrying value 31 December 2023	**6**

Licences, patents and other intangible assets are depreciated on a straight-line basis over a period from three to five years.

Other intangible assets consist mainly of capitalised development costs relating to customising of software.

PROPERTY, PLANT AND EQUIPMENT	FIXTURES AND FITTINGS	PLANT UNDER CONSTRUCTION	RIGHT-OF-USE ASSETS	TOTAL
Acquisition cost 1 January 2022	**1**	**0**	**14**	**16**
Addition	0	1	0	1
Acquisition cost 31 December 2022	**1**	**1**	**14**	**17**
Accumulated depreciation and impairments 1 January 2022	1	0	7	8
Depreciation	0	0	3	3
Accumulated depreciation and impairments 31 December 2022	**1**	**0**	**9**	**11**
Carrying value 31 December 2022	**0**	**1**	**5**	**6**
Acquisition cost 1 January 2023	**1**	**1**	**14**	**17**
Addition	0	1	0	1
Acquisition cost 31 December 2023	**1**	**2**	**14**	**17**
Accumulated depreciation and impairments 1 January 2023	**1**	**0**	**9**	**11**
Depreciation	0	0	3	3
Accumulated depreciation and impairments 31 December 2023	**1**	**0**	**12**	**14**
Carrying value 31 December 2023	**0**	**2**	**2**	**4**

Fixtures and fittings and right of use assets are depreciated on a linear basis over a period from three to five years.

9. Shares in subsidiaries

Accounting policies

Shares in subsidiaries are recognised at lower of cost and net-realizable value.

Investments in subsidiaries are tested for impairment in accordance with IAS 36 Impairment of assets. Shares are reviewed for impairment if changes in circumstances indicate that the carrying amount is higher than the fair value of the investment. Impairment loss is reversed if the impairment situation no longer exists. For impairment testing purposes, investments in subsidiaries are grouped in the same manner as the cash-generating units for the group. The carrying amount of investments in subsidiaries within each cash-generating unit is measured against the recoverable amount of investments in subsidiaries within this cash-generating unit.

SHARE IN SUBSIDIARIES	CURRENCY	SHARE CAPITAL (IN 1 000)	OWNERSHIP %	CARRYING VALUE (IN NOK MILLION)
Norske Skog Bruck GmbH, Bruck, Austria	EUR	67 000	99.9%	1 269
Norske Skog Golbey SAS, Golbey, France	EUR	62 365	100.0%	1 715
Norske Skog Skogn AS, Levanger, Norway	NOK	115 230	100.0%	615
Norske Skog Saugbrugs AS, Halden, Norway	NOK	115 230	100.0%	1 301
Norske Skog Industries Australia Ltd., Sydney, Australia	AUD	340 000	100.0%	237
Nornews AS, Oslo, Norway	NOK	300	100.0%	26
Cebina AS, Oslo, Norway	NOK	30	100.0%	0
Cebico AS, Oslo, Norway	NOK	30	100.0%	0
Total				**5 163**

The investment in subsidiaries have increased from NOK 4 550 million to NOK 5 163 million during 2023. The increase is due to new paid in capital of NOK 652 million in Norske Skog Bruck GmbH and impairment of NOK 39 million in Norske Skog Industries Australia Ltd.

See Note 6. For further information with respect to impairment testing see Note 18 Property, plant and equipment in the consolidated financial statements.

10. Equity

Accounting policies

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

The share capital of Norske Skog ASA on 31 December 2023 was NOK 377 million (NOK 377 million) and consisted of 94 264 705 shares each with a nominal value of NOK 4.00. All shares have been created under the Norwegian Public Limited Companies Act and are validly issued and fully paid.

At 31 December 2023 Norske Skog ASA holds 9 426 470 own shares representing 10% of the share capital of the company. The shares will be redeemed at the annual general meeting on 11 April 2024.

Byggma AS/Drangsland Kapital AS is the largest shareholder with a combined ownership of 24.16% on 31 December 2023.

The 20 largest shareholders at 31 December 2023 are as follows:

20 LARGEST SHAREHOLDERS AT 31.12.2023	NUMBER OF SHARES	OWNERSHIP %
Byggma ASA	17 430 431	18.49
Norske Skog ASA	9 426 470	10.00
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	2 050 000	2.17
Verdipapirfondet Fondsfinans Norge	1 500 000	1.59
Voldstad Eiendom AS	1 400 000	1.49
Verdipapirfondet Nordea Avkastning	1 320 117	1.40
MP Pensjon PK	1 255 915	1.33
CACEIS Investor Services Bank S.A.	1 134 617	1.20
Holmen Spesialfond	1 038 500	1.10
Verdipapirfondet Nordea Norge Verdi	1 019 422	1.08
State Street Bank And Trust Comp	809 107	0.86
Verdipapirfondet Nordea Norge Plus	744 978	0.79
Pershing Securities Limited	694 285	0.74
Saxo Bank A/S	637 150	0.68
Nordnet Bank Ab	633 096	0.67
Nordnet Livsforsikring As	614 035	0.65
The Bank Of New York Mellon SA/NV	573 947	0.61
Other shareholders	39 147 487	41.53
Total	**94 264 705**	**100.00**

The shareholder list is extracted from VPS. Whilst every reasonable effort is made to verify all data VPS cannot guarantee the accuracy of the analysis.

SHARES OWNED BY MEMBERS OF THE BOARD OF DIRECTORS AT 31 DECEMBER 2023	NUMBER OF SHARES
Arvid Grundekjøn	21 617
Trine-Marie Hagen	0
Johanna Lindén	2 500
Christoffer Bull	0

SHARES OWNED BY MEMBERS OF CORPORATE MANAGEMENT AT 31 DECEMBER 2023	NUMBER OF SHARES
Geir Drangsland[1)]	-
Rune Sollie	31 315
Robert Wood	5 263
Amund Saxrud	-

[1)] *Geir Drangsland is the controlling shareholder of Investor AS. The company's largest shareholders, Byggma ASA and Drangsland Kapital AS are under common control of Investor AS and the three companies holds 22 774 079 shares combined. See Note 30 Related parties in the consolidated financial statements.*

11. Maturity of interest-bearing liabilities

MATURITY OF THE COMPANY'S DEBT AT 31.12.2023	INTEREST	BOND	TOTAL
2024	147	0	147
2025	147	0	147
2026	36	1 530	1 566
Total	**330**	**1 530**	**1 860**

MATURITY OF THE COMPANY'S DEBT AT 31.12.2022	INTEREST	BOND	TOTAL
2023	111	0	111
2024	111	0	111
2025	111	0	111
2026	27	1 460	1 488
Total	**360**	**1 460**	**1 820**

The table above shows contractual scheduled repayments. Foreign currency debt is presented using exchange rate at 31 December 2023.

On 31 December 2023 the outstanding amount under the EUR 150 million senior secured bond, net of bought back bonds, was EUR 136.1 million.

For more information, see Note 28 Interest-bearing liabilities in the consolidated financial statements.

12. Intercompany receivables and liabilities

	31.12.2023	31.12.2022
Non-current intercompany receivables		
Norske Skog Saugbrugs AS	0	181
Total	**0**	**181**
Current intercompany receivables		
Nornews AS	2	7
Norske Skog Bruck GmbH	393	549
Norske Skog Golbey SAS	6	1
Norske Skog Italia s.r.l.	0	18
Norske Skog Skogn AS	194	0
Saugbrugs Bioenergi AS	6	17
Norske Skog (Australasia) Pty Ltd	221	78
Norske Skog Tasman Ltd.	0	64
Total	**820**	**734**
Current intercompany liabilities		
GV Bois SAS	3	0
Norske Skog (Österreich) GmbH	19	12
Norske Skog (Schweiz) AG	3	1
Norske Skog Deutschland GmbH	67	60
Norske Skog France SARL	45	34
Norske Skog Golbey SAS	1 467	1 586
Norske Skog Saugbrugs AS	323	103
Norske Skog Skogn AS	14	96
Norske Skog (UK) Ltd.	23	12
Total	**1 964**	**1 904**

All non-current intercompany debt falls due for repayment at least 12 months after the balance sheet date. The majority of this debt has a considerably longer term to maturity.

13. Guarantees

The company has issued bank guarantees in an amount of NOK 4 million at 31 December 2023 (NOK 4 million). In addition, the company has issued corporate guarantees with an outstanding amount of NOK 2 988 million at 31 December 2023 (NOK 1 664 million) on behalf of Norske Skog Saugbrugs AS, Norske Skog Skogn AS, Norske Skog Bruck GmbH, Norske Skog Golbey SAS and Norske Skog Paper Mills (Australia) Ltd.

14. Related parties

A description of transactions with related parties is given in Note 30 Related parties in the consolidated financial statements.

15. Events after the balance sheet date

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

See Note 31 Events after the balance sheet date in the consolidated financial statements for other post balance sheet events.

Photo: Audun Norseth

Statement from the Board of Directors and the CEO

IN COMPLIANCE WITH SECTION 5-5 IN THE SECURITIES TRADING ACT

We declare that to the best of our knowledge, the financial statements for the period 1 January to 31 December 2023 have been prepared in accordance with applicable accounting standards, and that the information in the financial statements give a true and fair view of the company's and the 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 company and the group is facing.

SKØYEN, 20 MARCH 2024
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA

Arvid Grundekjøn
Chair

Trine-Marie Hagen
Board member

Christoffer Bull
Board member

Johanna Lindén
Board member

Geir Drangsland
CEO

To the General Meeting of Norske Skog ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Norske Skog ASA, which comprise:

- the financial statements of the parent company Norske Skog ASA (the Company), which comprise the balance sheet as at 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Norske Skog ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, the income statement, statement of comprehensive income, statement of changes in group equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

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

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 2 years from the election by the general meeting of the shareholders on 21 April 2022 for the accounting year 2022.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In April 2023, Norske Skog Saugbrugs experienced a significant rockslide incident that caused extensive damage to the Group's building and machinery. Consequently, *Accounting for Insurance Settlement Related to the Rockslide Incident at Norske Skog Saugbrugs* was identified as a key audit matter this year. Further, *Valuation of Commodity Contracts to Fair Value* has the same characteristics and risks this year as the previous year, and was an area of focus also for the 2023 audit.

Key Audit Matters	How our audit addressed the Key Audit Matter
Valuation of Commodity Contracts to Fair Value	
Being a paper producer with significant electricity consumption, the Group is exposed to uncertainty related to changes in electricity market prices. Thus, the price of electricity has a significant impact on the Group's results. The Group price-protects part of its future electric power consumption using physical energy commodity contracts. Policies are established to manage the risks arising from these contracts. Commodity contracts classified as financial instruments within the scope of IFRS 9 are related to energy contracts in Norway. To calculate the fair value of the commodity contracts, management uses a complex model with several input factors. Fair value of commodity contracts recognised in the balance sheet is calculated by using quotes from actively traded markets when available. Otherwise, price forecasts from acknowledged external sources are used. The fair value of commodity contracts is especially sensitive to future changes in energy prices. Accounting for financial instruments used to hedge electricity expenses is a key matter in our audit due to the complexity of management's calculations, and the significant impact on the Group's results from changes in fair value. Management explains the accounting of electricity contracts in notes 5, 12, 21 and 22 to the consolidated financial statements.	During our audit, we mapped and assessed the design of the Group's internal controls related to trading, monitoring, and accounting of electricity commodity contracts. We also assessed the Group's accounting principles for financial instruments against requirements in the IFRS Accounting Standards, in particular IFRS 9. We interviewed management to understand how they calculated the fair value of the commodity contracts, including how judgment was applied. Further, we evaluated the appropriateness of the model used by comparing to models generally used for valuation of commodity contracts, and performed a technical recalculation of the valuation. We tested the completeness, existence, and valuation of the commodity contracts by obtaining and understanding the underlying agreements. Further, we tested the accuracy of the input factors including future electricity prices, Electricity Price Area Differentials, discount rates, paper prices, pulpwood prices, and currency assumptions by comparing to forecasts from external sources such as Nasdaq, Reuters, Fastmarkets Risi, Nord Pool, Statistics Norway, and the International Monetary Fund. We discussed and challenged management's assumptions and use of judgment by evaluating whether these were used neutrally and consistently in the valuation and in comparison to valuations performed in prior periods. We also assessed and found that the information in the notes was sufficient and comprehensive.

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Accounting for Insurance Settlement Related to the Rockslide Incident at Norske Skog Saugbrugs

In April 2023, Norske Skog Saugbrugs experienced a significant rockslide incident that caused extensive damage to the building and machinery, specifically the PM6 machine. The company has insurance coverage with IF, which includes both business interruption and property and machine equipment damage.

The process of finalising the insurance settlement and subsequent accounting treatment of insurance proceeds is complex, and requires application of management judgment. The accounting treatment of the insurance settlement is a key matter in our audit due to the significant impact on the Group's results, and the complexity and judgment involved in determining the appropriate accounting treatment.

Management explains the accounting of the insurance settlement in Note 8

During our audit we visited the site of the rockslide, read and understood the insurance agreements and the settlement agreements, and interviewed management to understand how they determined the accounting treatment of the insurance proceeds, including how judgment was applied.

Based on the above procedures we assessed the Group's accounting principles for insurance recoveries against requirements in the IFRS Accounting Standards, in particular IAS 16, IAS 36 and IAS 37. Further we tested the calculation of the insurance receivables and deferred income, and compared them to the insurance settlement agreements, expenses incurred, and payments received.

We discussed and challenged management's assumptions and use of judgment and evaluated whether these were used neutrally and consistently in the accounting treatment and in comparison to treatments of similar assessments performed in this and prior periods

We also assessed and found that the disclosures to the consolidated financial statements appropriately reflected the incident and its corresponding effect on the Group's results in accordance with requirements of the IFRS Accounting Standards.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of Norske Skog ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name Norske_Skog_Annual_Report_2023_ESEF.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 20 March 2024
PricewaterhouseCoopers AS

Herman Skibrek
State Authorised Public Accountant

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Photo: Carsten Dybevig

Alternative performance measures

Alternative performance measures (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 that 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	2023	2022
Operating earnings	896	2 845
Restructuring expenses	39	11
Depreciation	514	546
Impairments	88	164
Derivatives and other fair value adjustments	605	-462
EBITDA	**2 142**	**3 105**

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

NOK MILLION	2023	2022
EBITDA	2 142	3 105
Total operating income	13 524	15 214
EBITDA margin	**15.8%**	**20.4%**

Variable costs: Distribution costs + cost of materials.

NOK MILLION	2023	2022
Distribution costs	1 098	1 227
Cost of materials	7 015	7 937
Variable costs	**8 113**	**9 164**

Fixed costs: Employee benefit expenses + other operating expenses.

NOK MILLION	2023	2022
Employee benefit expenses	2 088	2 024
Other operating expenses	1 181	921
Fixed costs	**3 269**	**2 945**

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

NOK MILLION	2023	2022
EBITDA	2 142	3 105
Capital expenditure	3 084	2 228
Average capital employed	8 172	5 928
Return on capital employed (annualised)	**-11.5%**	**14.8%**

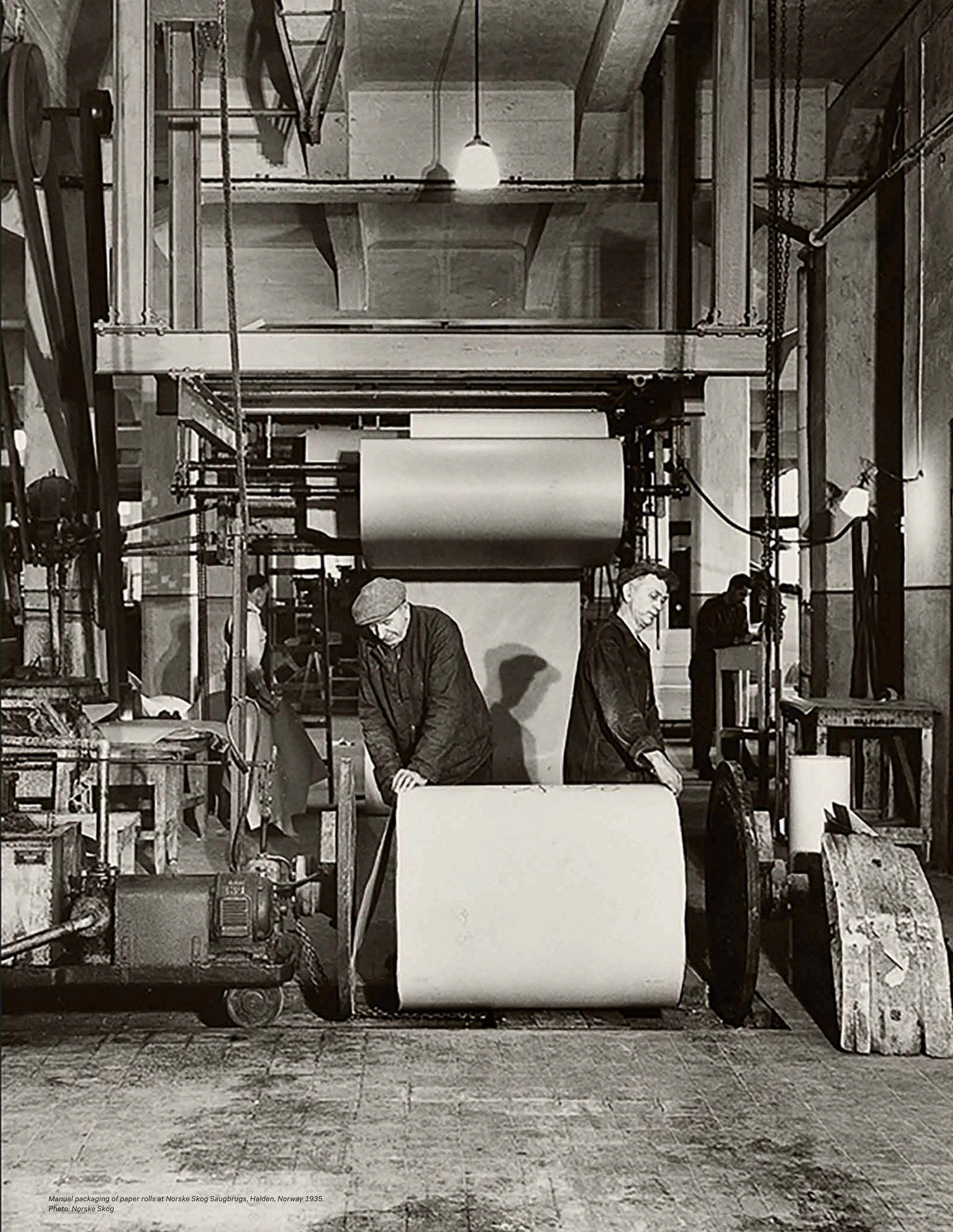
NOK MILLION	2023	2022
Intangible assets	12	14
Tangible assets	8 567	5 852
Inventory	1 360	1 464
Trade and other receivables	1 635	1 944
Trade and other payables	-2 256	-2 245
Capital employed	**9 317**	**7 028**

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.

	2023	2022
Interest-bearing non-current liabilities	4 536	3 432
Interest-bearing current liabilities	517	310
Cash and cash equivalents	-2 463	-2 650
Net interest-bearing debt	**2 590**	**1 092**

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

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



Manual packaging of paper rolls at Norske Skog Saugbrugs, Halden, Norway 1935.
Photo: Norske Skog

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