Annual report

2022

Norske Skog

We create green value

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.

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**

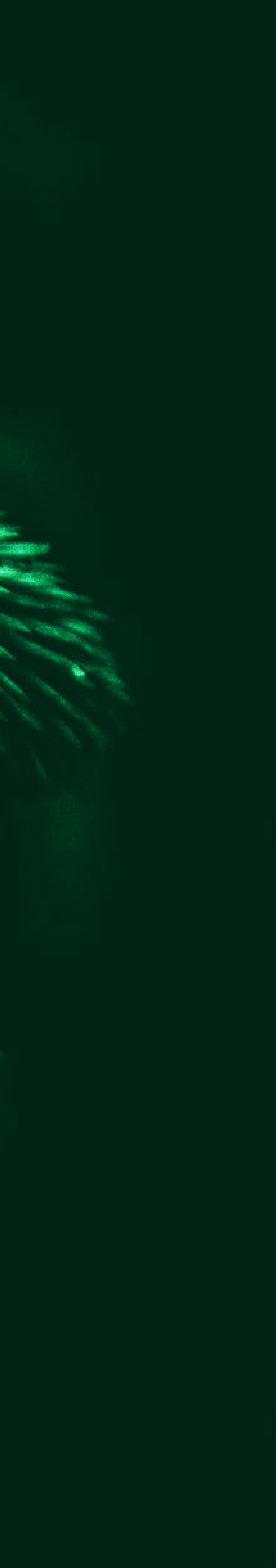

Photo: Unsplash, Alexander Guimont

Contents

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5

Business units in 4 countries

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

2 140
employees

20.4%
EBITDA-margin

1 000 000
NOK

Photo: Carsten Dybevig

A-
CDP - climate change score 2022

91%
certified wood fibres

85%
renewable energy consumption

0.8
lost time injuries per million working hours

17%
female in top management positions

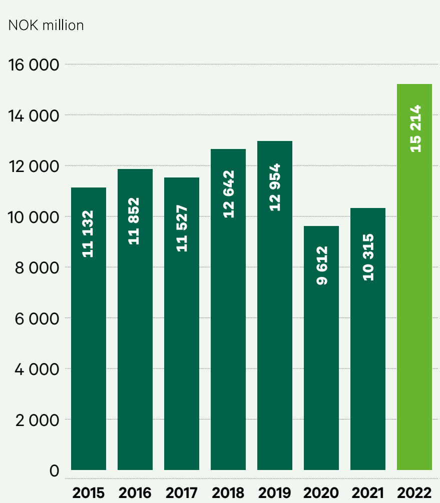
-23%
reduction in scope 1 & 2 emissions in 2022

Key figures

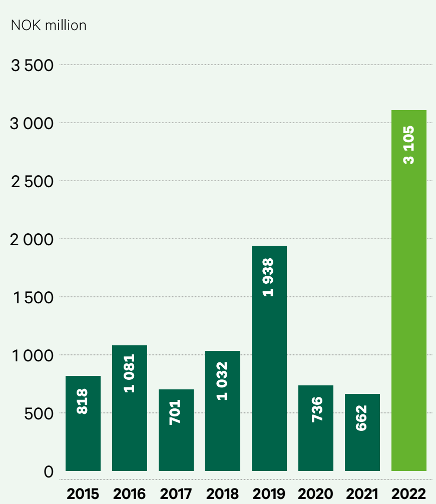
NOK MILLION (UNLESS OTHERWISE STATED)	2015	2016	2017	2018	2019	2020	2021	2022
INCOME STATEMENT								
Total operating income	11 132	11 852	11 527	12 642	12 954	9 612	10 315	15 214
EBITDA*	818	1 081	701	1 032	1 938	736	662	3 105
Operating earnings	19	-947	-1 702	926	2 398	-1 339	-160	2 845
Profit/loss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

* *As defined in Alternative performance measures. See page 141.*
** *Cash flow per share and earnings per share are calculated based on 94 264 705 shares.*
An analysis of 2022 key figures compared with 2021 is included in the Report of the board of directors.

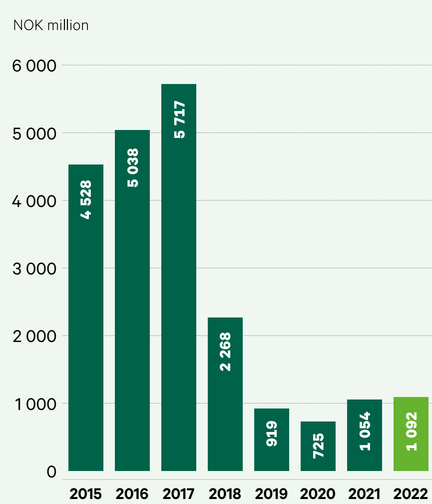
TOTAL OPERATING INCOME



EBITDA



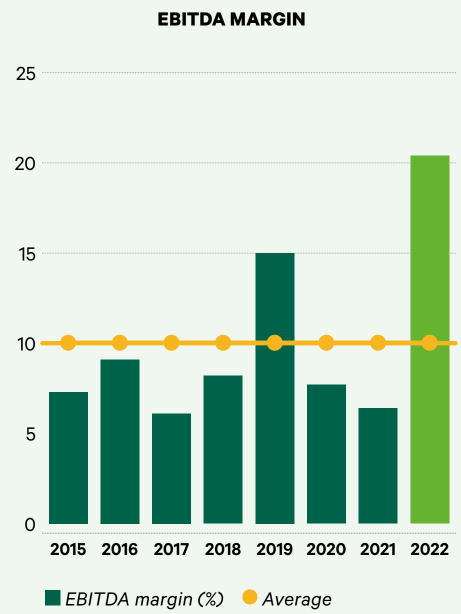
NET INTEREST-BEARING DEBT

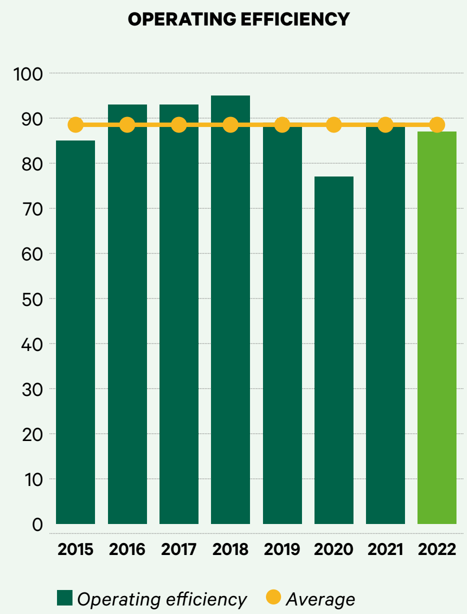


Operational analysis

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

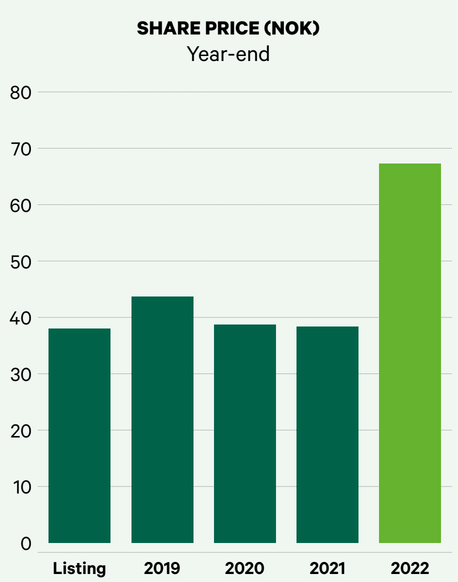
Publication paper target:
Maintain an operating rate of at least 90%

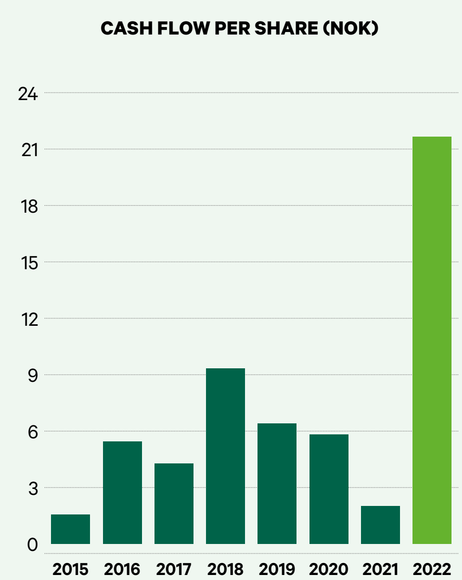




Norske Skog ASAs operating income varies over time in line with the volume produced and the sales prices achieved. The main exposures for the group are linked to demand development in key sectors within publication paper and capacity management by the suppliers and thereby impacting prices. Sales prices for publication 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 publication paper 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%, which is in line with its target of a least 10-15%. This has been achieved due to high focus on the operational efficiency of the business. Operational efficiency has been 88.5%, 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. By entering the recycled containerboard market in 2023, Norske Skog 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.





A glimpse of 2022

Norske Skog Golbey receives award from Secretary of State

On 17 January, French Secretary of State Ms. Bérangère Abba, presented General Manager Yves Bailly at Norske Skog Golbey with the Ecological Transition Award from Choose France before she attended a tour of the mill to learn more about its circular business model and paper recycling capabilities.

"Norske Skog Golbey can be proud of being a model of green transition," says Ms. Abba, Secretary of State in charge of biodiversity issues.

Norske Skog biocomposite plant at Norske Skog Saugbrugs officially opens

As a more sustainable alternative to plastic, Norske Skog has developed the biocomposite product CEBICO by combining thermomechanical pulp (TMP) with recycled plastic. By replacing 1 kg plastic with TMP, emissions are reduced by 6 kg of CO_2 equivalents.

"We will revitalize Norwegian industry in a sustainable way - this great CEBICO investment is a part of that," says Minister of Industry and Trade, Jan Christian Vestre.

Official opening of waste-to-energy plant at Norske Skog Bruck

The official opening of Norske Skog's waste-to-energy plant at Bruck was celebrated with the Norwegian ambassador Kjersti E. Andersen, the Finnish ambassador Pirkko Hamalainen and Austria's Federal Minister for Climate Action, Environment, Energy, Mobility, Innovation and Technology Leonore Gewessler, in addition to several members of the local government and the industry association Styria.

Reliable access to affordable sources of green energy will be crucial for the long-term competitiveness at Bruck. In addition to significantly improving the energy situation at the factory, it also contributes to a substantial reduction of the mill's fossil CO_2 footprint.

Norske Skog Boyer receives AUD 2 million grant, further 2 million promised

Due to the decline in the Australasian market, the Boyer Mill is now the last publication paper mill operating in Australasia. Recent world events have highlighted why sovereign manufacturing capacity is so important for our industry and for manufacturers of other key commodities, which is why we have been working closely with the government over the past year to ensure publication paper is manufactured in Australia.

"Adding Norske Skog's AUD 2.9 million commitment, we can deploy an AUD 6.9 million package of initiatives to support the long-term future of the Boyer mill, allowing us to reduce emissions, keep costs down and continue to deliver an Australian source of newsprint," says Patrick Dooley, General Manager of Boyer.

Carbon capture pilot at Norske Skog Skogn

Ocean GeoLoop - a novel carbon capture company - has set up its first carbon capture pilot at Norske Skog Skogn.

This pilot will catch the biogenic CO_2 from the flue gas that is released when bark and wood chips are burned in the bio boiler at the mill.

Norske Skog has a 2.06% ownership stake in Ocean GeoLoop.

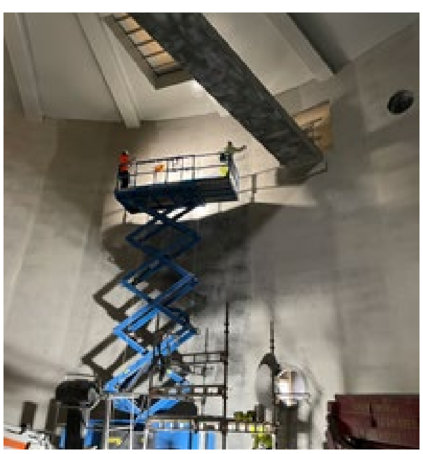
CEBINA used for coating of land-based salmon farming facility

In collaboration with Gjøco and BMO Entreprenør, Norske Skog has supplied CEBINA for the epoxy spray used for the coating of Salmon Evolution's first production facility in Indre Harøy, Norway.

The first phase of the innovative land-based facility includes a total of 12 tanks, where the first tank is already filled with seawater and salmon.

Due to the properties of our nanocellulose CEBINA the epoxy can be sprayed directly onto the wall without dripping as it hardens, reducing the application time from 2 weeks to approximately 4 days.

In 2016, Norske Skog Saugbrugs developed microfibrillated cellulose (MFC) with the intention of enhancing the surface and tensile strength of paper produced at the mill. The increase in paper quality attracted interest from other industries, leading to the launch of CEBINA as a multi-purpose product.



Norske Skog joins UN Global Compact Norway

To strengthen our commitment to green growth and sustainable business practices, Norske Skog has joined UN Global Compact Norway - the world's largest corporate sustainability initiative.

"At Norske Skog, we create green value through innovation and leadership. To make truly meaningful impact, we need to work together with stakeholders to improve sustainability across our entire value chain. Working in partnerships with others leads to greater impact, which is why we are very excited to join the world's largest knowledge network on corporate sustainability and continue to make progress on the UN Sustainable Development Goals," says Mari Brekke Mogen, Head of Sustainability at Norske Skog.

Final roll of newsprint produced at machine named "Emma" in Norske Skog Bruck

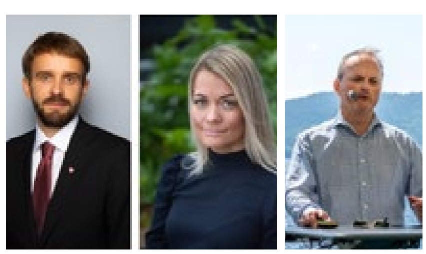
The final roll of newsprint was produced at our machine "Emma" in Bruck, Austria, marking the end of a 69 year-long era of newsprint production.

This also meant the beginning of the conversion process of the machine, making "Emma" ready for containerboard production during the first quarter of 2023.

NOK 60 million award for research on nanocellulose and biocomposites

The Norwegian government's Green Platform Programme has awarded NOK 60 million to support Norske Skog Saugbrugs' research project on nanocellulose and biocomposites. The portfolio of 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.

"It is through research and innovation that we create tomorrow's sustainable society. Green platform is an important measure to ensure profitable green transition, and will help us become more skilled at scaling up and linking research to the market," says Minister of Trade and Industry Jan Christian Vestre.



Biomass boiler at Norske Skog Golbey ready for construction

The Green Valley Energie (GVE) joint venture, in which Norske Skog is a 10% minority equity holder, is ready to commence construction of a biomass boiler at the mill site of Norske Skog Golbey.

GVE will produce electricity and heat from waste and residue materials and will be the largest cogeneration plant of its kind in France.

"This energy project is one more milestone in the on-going transition of Norske Skog towards new growth markets and sustainable energy. The biomass boiler will ensure a stable, long-term supply of cost competitive and 100 percent renewable steam as an alternative to fossil energy sources like natural gas, shielding us from increasingly volatile energy markets," says Sven Ombudstvedt, CEO of Norske Skog.

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 several projects related to recycled containerboard, energy and bio products.

As of 2022, 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 2 140 employees at year-end 2022.

Foto: Otto Bugge/ Anno Norsk Skogmuseum.

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

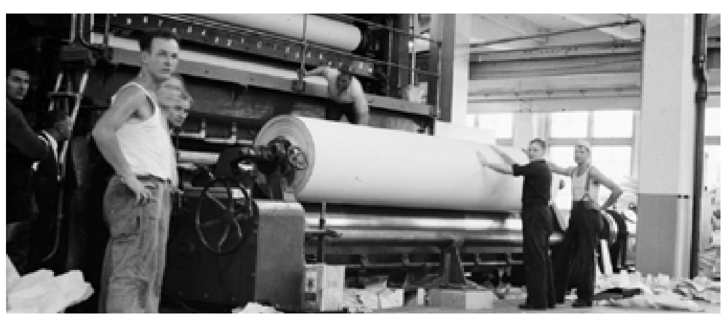
Purchase of paper mills in Austria and the Czech Republic.

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

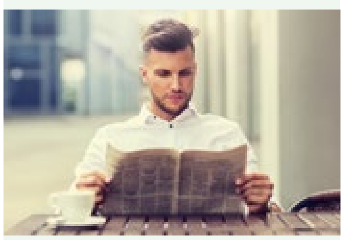
Purchase of mills in Germany and the Netherlands. Comprehensive restructuring of the business, and divestment of activities outside the defined core area of newsprint and magazine paper.



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.

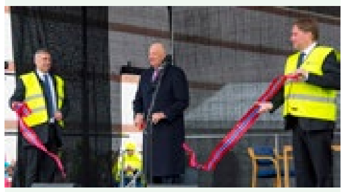
2012
Sale of two mills in Chile and the Netherlands, shut-down of Follum paper mill in Norway.

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 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 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 Albury mill in Australia and the forest in Tasmania. Establishing commercial activities within nanocellulose and expansion in biopellets.

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

Execution of new strategy

2022
Sale of Nature's Flame 90 000 tons pellets facility in New Zealand. Start-up waste-to-energy plant at Bruck. At Saugbrugs, a 500 tonnes bio-composite pilot plant was officially opened by the Norwegian Trade and Industry Minister Jan Chr. Vestre.

2023
Bruck will commence recycled packaging paper production based on recycled fibre in the first quarter of 2023, and from Golbey in the fourth quarter. The production capacity of containerboard will be 760 000 tonnes per year. Norske Skog Skogn explores opportunities to build a biogas plant in cooperation with local farmers based on animal manure.

2024
The Green Valley Energie (GVE) joint venture at Golbey will start production at the largest bio energy plant of its kind in France. In 2024 at Skogn, a new thermo-mechanical pulp (TMP) line, substituting expensive recovered paper with fresh fibre, will commence.

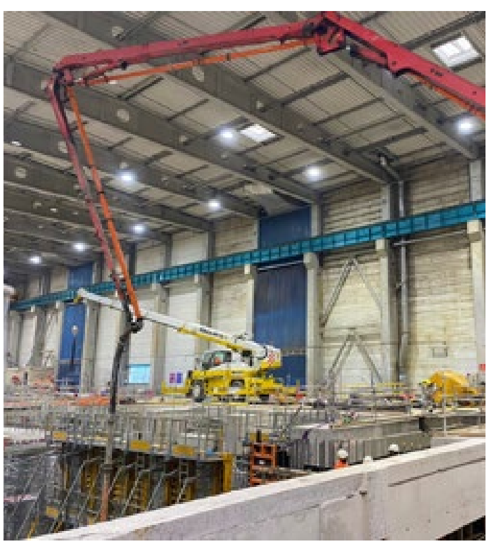
Photo: Lézards Création


Norske Skog
Golbey
CASQUE DE
PROTECTION
OBLIGATOIRE

Norske Skog Golbey

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.

Photos: @Nuit Blanche Production

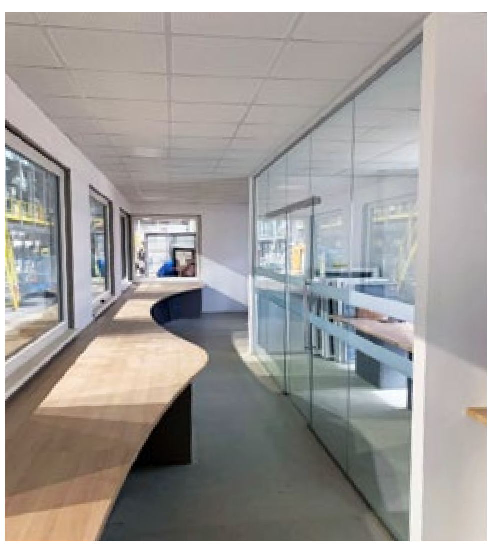


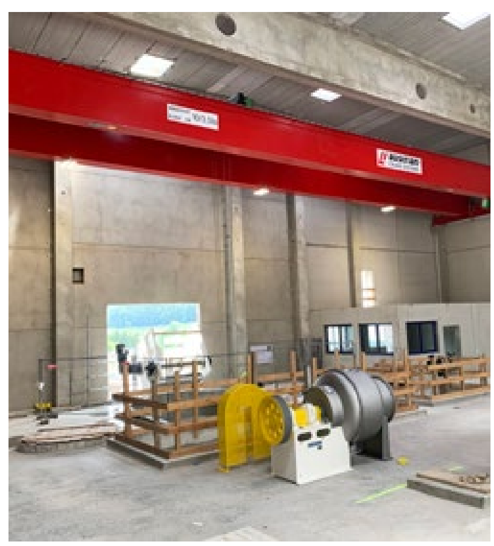
Norske Skog Bruck

Here are some pictures from Norske Skog Bruck conversion projects. Managing Director at Norske Skog Bruck, Enzo Zadra:

"The entire Bruck team are well tuned for containerboard production."

Photos: Markus Stübinger, Klaus Eibl





We are committed to be competitive in the global marketplace, leaving us with no other options than being innovative, creating new products and exploring new business opportunities.

We create green value

The transformation of Norske Skog is developing according to our chosen strategy with dedicated contribution from our suppliers and own employees. We are transforming from an almost pure publication paper business to also a packaging and bio-energy company. We are creating new green products and processes necessary to reach the global zero emission ambition by 2050. The long-term strategic ambition to diversify our product portfolio through creative utilization of fibre sources will add value not only for our shareholders but also for numerous stakeholders.

The UN has in 2022 completed two major global conferences, one in Egypt to combat climate change, and another in Canada to protect the planet's biodiversity. The decisions and consensus from these conferences will have a significant impact on the way we operate. There will not only be a critical look at how we operate our industrial facilities, but how we deal with the entire value chain from sourcing of raw materials and energy to production of products and the distribution of goods to the market.

We will be committed to create value for our shareholders, and simultaneously deliver value to our other stakeholders through ambitious emission targets, prudent sourcing of raw materials, and supplying circular and green products to the markets. We are responsible for our own destiny, and our strategy is already designed to meet these global changes.

The promotion of our environmental efforts and growth story will strengthen the valuation of the entire group and most importantly the local reputation of each mill. Europe and Australia will until 2050 strive to fulfil the common commitments of a carbon neutral industry and altered biodiversity conditions. Through our strategic choices, we are without doubt well positioned to be a competitive business leader in the green shift.

We are on a threshold to be an entirely new company. In 2023, we will start production of packaging paper. Firstly, Norske Skog Bruck will start delivering packaging paper in first half of 2023. Secondly, Norske Skog Golbey will start delivering packaging paper in the fourth quarter. Our entire commercial team has been outstanding in promoting our market presence and establishing profound customer relations for almost two years already.

Our Bruck and Golbey project teams are transforming the former publication paper machines (PM3 at Bruck and PM1 at Golbey) into 760 000 tonnes of packaging paper capacity. This is a demanding task involving hours of detailed planning, technical adaptions to existing infrastructure, and adjustments of entirely new equipment by our clever engineers.

After the corona pandemic, the demand for publication paper has surpassed the production capacity, putting an upward pressure on sales prices. During this market scenario, Europe was suddenly struck by the Russian invasion of the Ukraine leaving Europe with the largest energy crisis since the early 1970s. Despite market turbulence, our financial performance in 2022 has been excellent due to our ability to respond effectively to volatile markets and changing conditions.

For years, we have been loyal to our long-term strategy, which is to:
- Become a leading producer of renewable packaging paper
- Improve and optimise publication paper cash flows
- Diversify and innovate within fibre and energy

Clearly, Norske Skog has moved from the planning stage to the execution phase. In April 2022, Norske Skog demonstrated the long-term commitment to the Norske Skog Bruck mill by officially opening the new waste-to-energy plant, which will significantly reduce the fossil carbon footprint and eliminate dependency on the volatile gas market. Similarly, in a joint venture, the largest biofuel plant in France is under construction at the Golbey site, securing green and low-fossil carbon energy to the Norske Skog Golbey mill.

In May, Norske Skog Saugbrugs opened a pilot plant for producing bio-composites, which has a huge market potential, especially considering the decommissioning of fossil-based plastic products expected well before 2050. New green products like CEBINA and CEBICO developed at Saugbrugs, have successfully entered new markets, replacing high carbon footprint products.

Norske Skog Skogn has developed a strategy that will see the mill capitalising on exciting new opportunities at the crossroads of fibre and green energy, including utilisation of biogenic CO_2. In Tasmania, Norske Skog Boyer will spend AUD 6.9 million to reduce emissions, keep costs down and continue to deliver an Australian source of newsprint and magazine paper.

At Norske Skog, we are committed to be competitive in the global marketplace, leaving us with no other options than being innovative, creating new products and exploring new business opportunities. Certainly, we are committed to our slogan: We create green value!

SVEN OMBUDSTVEDT
CEO

Photo: Unsplash, Bryce Evans

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 and energy

OPERATIONAL EFFICIENCY TARGETS FOR PACKAGING PAPER

Packaging paper (from 2025-26)
Achieve an EBITDA margin of at least **+20%**

Maintain an operating rate of at least **95%**

Board of directors

GEIR DRANGSLAND (1962)
Chair since 2023

Current election period: Elected Chair on 9 March 2023, for a two-year period (2021-2023)

Independent: No

Residence: Oslo, Norway

Position: Chief Executive Officer, Byggma ASA

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

Other directorships: Subsidiaries in Byggma group

Shares in Norske Skog ASA per 28.03.2023: Owns and/or controls 22 274 079 shares

Options: 0

TRINE-MARIE HAGEN (1977)
Board member since 2019

Current election period: Elected Board member on 15 April 2021, for a two-year period (2021-2023)

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)

Other directorships: Subsidiaries of Felleskjøpet Agri SA

Shares in Norske Skog ASA per 28.03.2023: Owns and/or controls 0 shares

Options: 0

ARVID GRUNDEKJØN (1955)
Board member since 2018

Current election period: Elected Board member on 15 April 2021, for a two-year period (2021-2023)

Independent: Yes

Residence: Oslo, Norway

Position: Investor and professional board member

Education: Executive programme, Harvard Business School (USA)

Master of Law, University of Oslo (Norway)

Master of Business and Economics, Norwegian School of Economics, Bergen (Norway)

Other 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 per 28.03.2023: Owns and/or controls 41 617 shares

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)

Other directorships: Board Member Swedish Bioenergy Association, Svebio (Sweden)

Shares in Norske Skog ASA per 28.03.2023: Owns and/or controls 2 500 shares

Options: 0

NIKOLAI JOHNS (1961)
Board member since 2022

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

Independent: Yes

Residence: Hosle, Norway

Position: Investment Director in Norfund

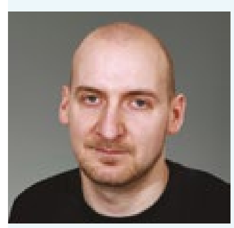
Education: Master of General Business with specialisation in International Management, Norwegian School of Management (Norway)

Other directorships: Selected boards in Norfund's investees

Shares in Norske Skog ASA per 28.03.2023: Owns and/or controls 2 500 shares

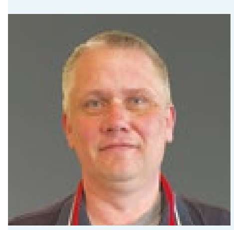
Options: 0

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

SVEN OMBUDSTVEDT (1966)
President and Chief Executive Officer

In Norske Skog since 2010

Professional experience:
Senior Vice President SCD, SAS

Chief Financial Officer and Head of Strategy & Senior Vice President Upstream Operations, Yara International ASA

Senior Vice President Corporate Strategy, Norsk Hydro ASA

Various positions in Hydro Agri and Norsk Hydro

Education:
Master in International Management, Thunderbird (USA)

Bachelor in Business Administration at Pacific Lutheran University (USA)

Shares in Norske Skog ASA per 28.03.2023:
Owns and/or controls 62 631 shares

Options: 563 000 synthetic options

TORE HANSESÆTRE (1984)
Senior Vice President Strategic Projects

In Norske Skog since 2009

Professional experience:
Chief Operating Officer, Norske Skog

Vice President Operations, Norske Skog

Manager Operation Support, Norske Skog

Senior Advisor Business Performance, Norske Skog

Corporate Strategy Analyst, Norske Skog

Education:
Master of Industrial Economics and Technology Management, Norwegian University of Science and Technology, Trondheim (Norway)

Shares in Norske Skog ASA per 28.03.2023:
Owns and/or controls 14 263 shares

Options: 291 000 synthetic options

AMUND SAXRUD (1972)
Chief Operating Officer

In Norske Skog since 1996

Professional experience:
Managing Director, Norske Skog Skogn

Production Manager, Norske Skog Follum

Performance Manager, Norske Skog Follum

Production Manager in Pulp and Energy Department manager Energy/Effluent, Norske Skog Follum

Process engineer, Norske Skog Follum

Education:
Master of Science, Faculty of Chemistry and Chemical Technology at the Norwegian Institute of Technology, Trondheim (Norway)

Shares in Norske Skog ASA per 28.03.2023:
Owns and/or controls 0 shares

Options: 291 000 synthetic options

RUNE SOLLIE (1966)
Chief Financial Officer

In Norske Skog since 2014

Professional experience:
Senior Director Financial Reporting & Compliance Statoil Fuel & Retail AS
Various positions at UNIconsult AS and Yara International ASA and KPMG AS

Education:
State Authorised Public Accountant at Norwegian School of Economics (Norway)

Bachelor of Science in Accounting and Auditing at Oslo University College (Norway)

Shares in Norske Skog ASA per 28.03.2023:
Owns and/or controls 31 315 shares

Options: 291 000 synthetic options

LARS P. S. SPERRE (1976)
Senior Vice President Corporate Strategy

In Norske Skog since 2006

Professional experience:
President and Chief Executive Officer, Norske Skog

Senior Vice President Corporate Strategy & Legal, Norske Skog

Vice President Legal, Norske Skog

Legal Counsel, Norske Skog

Associate lawyer, Wikborg Rein

Education:
Practising Certificate

Master of Law (Cand. Jur.) at University of Bergen (Norway)

Shares in Norske Skog ASA per 28.03.2023:
Owns and/or controls 42 947 shares

Options: 291 000 synthetic options

ROBERT A WOOD (1962)
Senior Vice President Commercial

In Norske Skog since 1987

Professional experience:
Vice President Commercial, Norske Skog

Managing Director Central European Hub, Norske Skog

Vice President European Sales, Norske Skog

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 per 28.03.2023:
Owns and/or controls 5 263 shares

Options: 291 000 synthetic options

Share information

Photo: Petra Ploner

INTRODUCTION

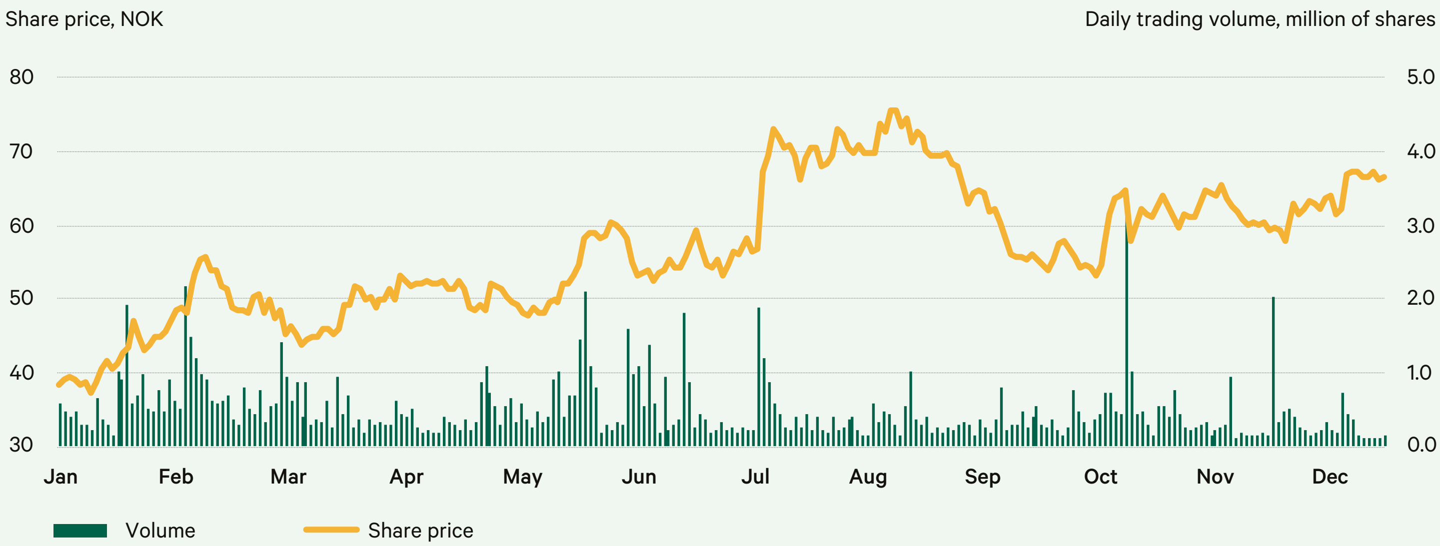
Norske Skog aims to provide long-term value growth and an attractive return for its shareholders which exceeds that of relevant investment alternatives, this ambition will be supported by a responsible capital allocation strategy and a conservative capital structure. Norske Skog is listed on the Oslo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

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 2022, 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.

The Norske Skog share price was NOK 67.25 on 30 December 2022, representing a market value of approximately NOK 6 339 million. The return for 2022 was positive NOK 28.85 or positive 75.1 percent. The Oslo Stock Exchange Benchmark Index (OSEBX) had a return of negative 1.0 percent in 2022. For Norske Skog, the highest share price in 2022, based on close-of-trading, was NOK 75.70 on 18 August, and the lowest price was NOK 37.30 on 10 January. Norske Skog paid no dividends during the year.



VOLUME

In 2022, 125 233 711 Norske Skog shares were traded in the market, equivalent to a turnover of NOK 6 951 million. The average daily trading volume was 494 995 shares. This volume excludes the off-market transaction of NS Norway Holding AS selling 11 000 000 shares in August.

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 has requested the authority to pay a dividend of NOK 5.00 per share for the financial year 2022, to be granted by the Annual General Meeting on 20 April 2022. The dividend payment is subject to certain lenders waiving restrictions on shareholder distributions.

LONG-TERM INCENTIVE PROGRAMME

The board of directors has approved a synthetic option programme for senior executive employees in Norske Skog. By year-end 2022, 4.713 million 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 23 Interest-bearing liabilities in the consolidated financial statements.

MAJOR SHAREHOLDERS AND VOTING RIGHTS

On 31 December 2022, the largest shareholder was Byggma ASA with 16 030 431 shares corresponding to a 17.0% ownership share. Byggma ASA is controlled by Geir Drangsland. On 31 December 2022, Geir Drangsland controlled an additional 4 716 148 shares through Drangsland Kapital AS, corresponding to a 5.0% ownership share. In aggregate, Geir Drangsland controlled 20 774 079 shares corresponding to a 22.0% ownership share.

On 31 December 2022, the foreign ownership was 30.20%. Based on the information in the Norwegian Registry of Securities, Norske Skog had a total of 9 677 shareholders on 31 December 2022 of which 466 resided outside of Norway.

SHAREHOLDING INTERVAL	NO. OF SHAREHOLDERS	NO. OF SHARES	% of share capital
1 - 100	3 728	137 168	0.15
101 - 1 000	3 933	1 661 756	1.76
1 001 - 10 000	1 627	5 118 500	5.43
10 001 - 100 000	306	8 749 871	9.28
100 001 - 1 000 000	69	23 116 614	24.52
above 1 000 000	14	55 480 796	58.86
Total	**9 677**	**94 264 705**	**100.00**

Shareholder citizenship	No. of shareholders	No. of shares	% of share capital
Norway	9 211	65 799 057	69.80
Luxembourg	18	10 862 202	11.52
United Kingdom	48	5 852 050	6.21
United States	37	4 016 210	4.26
Ireland	35	3 973 738	4.22
Sweden	75	999 714	1.06
Germany	30	711 975	0.76
Switzerland	13	389 509	0.41
France	16	367 958	0.39
Belgium	6	348 024	0.37
Denmark	38	307 391	0.33
Canada	13	177 073	0.19
Liechtenstein	1	169 000	0.18
United Arab Emirates	1	85 334	0.09
Finland	4	60 306	0.06
Guernsey	1	32 800	0.03
Cayman Islands	1	20 428	0.02
Australia	1	17 377	0.02
Estonia	3	11 930	0.01
The Netherlands	7	11 491	0.01
Other	118	51 138	0.05
Total	**9 677**	**94 264 705**	**100.00**

ANALYST COVERAGE

ANALYST	TELEPHONE
ABG Sundal Collier	+47 22 01 61 37
Arctic Securities	+47 95 10 08 87
Carnegie	+47 22 00 93 58
DNB Markets	+46 8 475 6844
Pareto Securities	+47 24 13 21 78
Sparebank 1 Markets	+47 24 13 37 72

2022 ANNUAL GENERAL MEETING

The Norske Skog Annual General Meeting for 2022 will be held on Thursday 20 April 2023, 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 17 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.

FINANCIAL CALENDAR FOR 2023

Norske Skog reserves the right to revise these dates.

First quarter			Second quarter			Third quarter			Fourth quarter		
April	May	June	July	August	September	October	November	December	January	February	March

20 April
Annual General Meeting

27 April
First quarter results

14 July
Second quarter results

20 October
Third quarter results

2 February 2024
Fourth quarter results

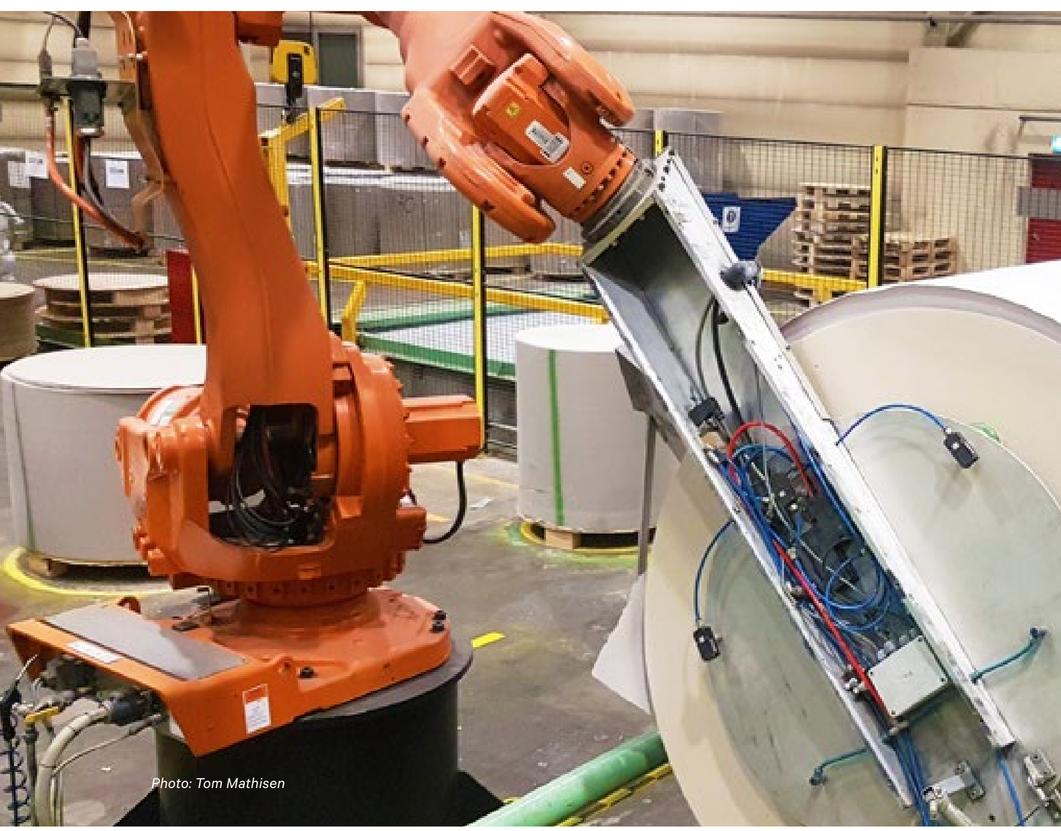


Photo: Tom Mathisen

Chad Nichols
PM2 machine tender
Norske Skog Boyer

Hello, I am Chad Nichols. I am a 43 year old and work at the Boyer mill in Tasmania, Australia. I completed year 12 at college, then picked up a traineeship at Boyer, aged 17, and have worked my way up the career path from Trainee through to Training as a PM2 machine tender.

I started working for Norske Skog by word of mouth from someone who worked there.

I am currently training as a machine tender, which is the senior operator level in the paper mill operating the Wet end of PM2. It's a busy and demanding job.

Outside of work, I have a young family which is growing up fast. I enjoy time at the shack on the farm and also enjoy motorbikes and running marathons.

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

About Norske Skog's operations

SUMMARY

Norske Skog is a world leading producer of publication paper with strong market positions and customer relations in Europe and Australasia. The Norske Skog group operates four mills in Europe, of which two will also produce recycled containerboard following the completion of the conversion projects in 2023. In addition, the group operates one publication paper mill in Tasmania 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 conversions, energy and bio products projects. The group has approximately 2 100 employees in seven countries, is head-quartered in Norway and listed on the Oslo Stock Exchange under the ticker NSKOG.

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 will introduce 760 000 tonnes of competitive container-board capacity to meet the growing demand for renewable packaging. The group has chosen Strato as the new 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 produces 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 commenced production in the first half of 2022.

BIO AND ENERGY 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 start-up of a 300 tonnes pilot-plant at Norske Skog Saugbrugs, enabling a significant increase in the bio-composite quality to selected customers, was officially opened in May by the Trade and Industry Minister of Norway, Jan Christian Vestre.

Following significant marketing efforts and further customer testing in 2022, Norske Skog have 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 210 000 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 build a new thermo-mechanical pulp (TMP) line, substituting expensive recovered paper with fresh fibre. The new TMP line will reduce varialble costs, significantly reduce NOx and fossil CO_2 emissions, and reduce waste sent to landfill. The start-up is expected to be in the first half of 2024.

Norske Skog is the largest shareholder in Circa Group. With a EUR 9.2 million from the EU Flagship Grant and NOK 500 million from a private placement, a 1 000 tonnes biochemicals plant, which is patented on Furacell technology, is under the construction in France. Circa Group is listed on the Euronext Growth market in Oslo.

Stakeholder and materiality analysis

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. In determining the most material sustainability topics for Norske Skog, we have assessed to what extent different stakeholder groups influence our operations. 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 areas of business risks but also opportunities fundamental to the group's strategy and will be integrated in daily operations. 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.

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. Group management has reviewed the risk factors and prepared the necessary operational contingency measures. The materiality analysis has been revised and approved by the corporate management. The sustainability strategy is based on both external and internal input.

A comprehensive risk assessment process has been conducted at the business units. The mill's management groups have assessed both the likelihood for the GRI-topic (risk) to occur, and the consequence for the mill if that risk, event and/or incident happens. They have given a number character from 1 – 5 for each GRI-topic, both for the likelihood and the consequence.

Likelihood is how likely the risk is to materialise, whereas consequence is the impact on the group, not just financial, but also operational and reputational and, in some instances, its license to operate.

The outcome of the materiality review is listed below.

Change in risk assessment

There is no change in the assessment of GRI topics economic performance (201), energy (302), occupational health and safety (403) and public policy (415). Uncertainty around political framework conditions, developments in the energy market and the global economy will affect Norske Skog's operating performance. The GRI score for anti-competitive behaviour (206), materials (301) and emissions (305) are lower compared to 2021 due to lower likelihood of occurrence but may still cause severe operational and reputational damage if occurred. There are only minor adjustments in the other GRI topics.other GRI topics.

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.

Risk assessment 2022

Global Reporting Initiatvie Index refererence		**Likelihood**	**Consequences**	**Score**
201	Economic performance	5	5	5
302	Energy	5	5	5
403	Occupational health and safety	5	5	5
303	Water and effluents	4	4	4
413	Local communities	3	4	3
306	Waste	3	3	3
206	Anti-competitive behaviour	2	4	3
301	Materials	3	3	3
305	Emissions	3	3	3
304	Biodiversity	3	3	3
307	Environmental compliance	2	3	3
401	Employment	2	3	2
407	Freedom of association and collective bargaining	2	2	2
416	Customer health and safety	2	2	2
412	Human right assessment	2	2	2
405	Diversity and equal opportunity	2	2	2
205	Anti-corruption	1	2	2
406	Non-discrimination	1	2	2

EXPLANATION TO THE MATRIX:

Likelihood/Probability - how likely it is for the risk 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)

Consequences (impact/severity - determines the effects that the incident/ hazard can cause for the company/mill:

1. Insignificant – will cause insignificant harm to the business or operation
2. Minor – can only cause minor harm to the business or operation
3. Significant – can cause significant harm to the business or operation
4. Major – can cause irreversible harm to the business or operation that demand actions
5. Severe – can result in fatal harm to the business or operation demanding immediate actions

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 our homepages below: *www.norskeskog.com/sustainability*

Our business environment offers both business opportunities but also risks

Photo: Carsten Dybevig

Business opportunities

- Industrial sites with access to effective infrastructure and green energy
- Society demanding and consumers asking for 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, 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.

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. The 17 SDGs address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. The SDGs interconnect, and it is important that the world achieves each of the SDGs and its targets set for 2030.

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. 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.

To be a profitable business is fundamental for creating jobs and value for society through our operations and products. Innovations and operational excellence encompassing high-level governance practice and employee health and safety focus will spur long-term profitable business. 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, independent producer of renewable packaging paper*
- *Diversify and innovate within bio and energy products*

These strategic goals are communicated extensively throughout the organisation, and are well known to external, crucial stakeholders, especially the press and investors.

To make the SDG targets relevant for the board, management and the rest of the group, the intention was to align and integrate the 5 prioritized sustainable development goals to the resolved strategic goals already effectuated by the board of directors.

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

SDG 3: Good health and well-being

SDG 4: Quality education

SDG 9: Industry innovation and infrastructure

SDG 12: Responsible consumption and production

SDG 13: Climate action

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

THE SDGS ARE AN INTEGRAL PART OUR STRATEGY

Ambition	Strategy		Prioritised SDGs
We create green value	Packaging paper	Leading and independent	3 Good health and well-being; 4 Quality education; 9 Industry, innovation and infrastructure; 12 Responsible consumption and production; 13 Climate action
	Publication paper	Improve and optimise	3 Good health and well-being; 12 Responsible consumption and production; 13 Climate action
	Bio and energy products	Diversify and innovate	4 Quality education; 9 Industry, innovation and infrastructure; 13 Climate action

About the sustainability report

The report covers the most material sustainability topics to Norske Skog.
The sustainability report is divided into **four sections**:

Norske Skog is committed to contribute to sustainable development and supports the ten principles in the UN Global Compact.

Norske Skog use 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 2022, Norske Skog reported to the Carbon Disclosure Project and follow the reporting expections set forth in the GHG-protocol regarding Scope 1, 2 and 3.

Photo: Adobe Stock

1 Environment

Photo: Carsten Dybevig

Ensure sustainable resource management

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.

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.

The 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.

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

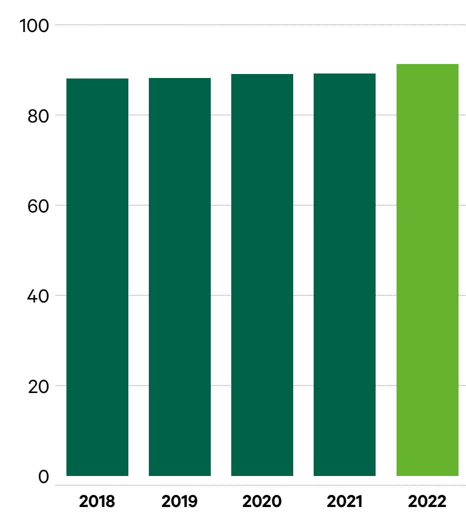
Forestry and use of forest products play an important role in the combat of climate change and for the preservation of biodiversity and ecosystems. For the forest value chain to be a part of the climate change solution, the forests must be managed sustainably. Norske Skog is not a forest owner. Norske 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. The ability to increase the share of certified wood therefore depends mainly on decisions made by forest owners.

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. In order 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 (81%) and plantations (19%). In all countries where Norske Skog sources wood, forest areas are increasing. The average share of certified fresh fibre in 2022 was 91%. In 2022, Norske Skog consumed 2,9 million m^3 of fresh fibre and 0.57 million tonnes of recovered paper.

Roundwood accounted for 79% of our consumption of fresh wood fibres in 2022. Sawmill chips, a by-product from the sawmill industry, accounted for the remaining 21%.

CERTIFIED PROPORTION OF FRESH FIBRE (%)
Roundwood and chips

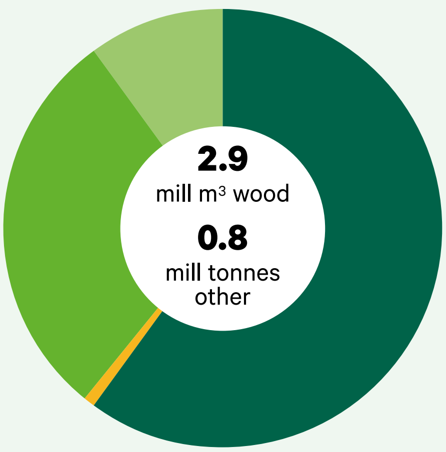


SHARE OF RECOVERED PAPER IN PAPER PRODUCTION:

77%
Norske Skog Bruck, Austria

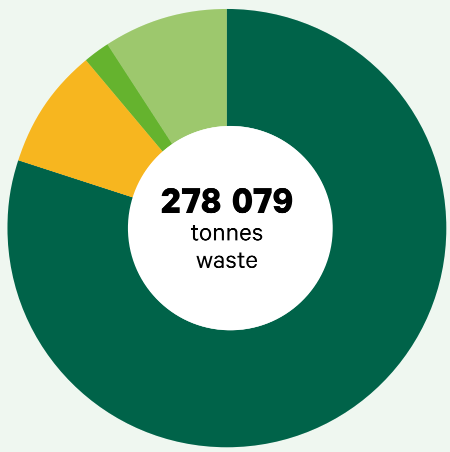
68%
Norske Skog Golbey, France

12%
Norske Skog Skogn, Norway



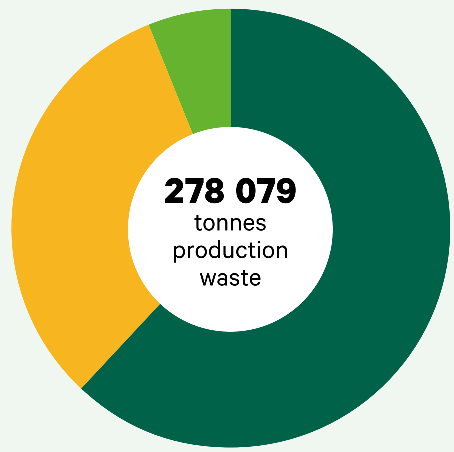
CONSUMPTION OF RAW MATERIAL

- **60%** *Wood (roundwood and sawmill chips)*
- **1%** *Purchased pulp*
- **29%** *Recovered paper*
- **10%** *Inorganic fillers*



DISPOSAL PRODUCTION WASTE

- **80%** *Biomass used as biofuel*
- **9%** *Agriculture*
- **2%** *Landfill*
- **9%** *Sold or delivered collectors*



SOURCES PRODUCTION WASTE
Total 278 079 tonnes

- **62%** *Sludge*
- **32%** *Bark*
- **6%** *Other*

Production waste performance:
The total quantity of production waste, such as sludge and bark, generated by the group in 2022 was 278 079 dry tonnes. In 2022, 80% of the waste was used as biofuel for the bio boilers at the mills generating thermal energy. In Europe 87% of the waste was used for energy purposes, whereas in Australia was 88% used for agricultural purposes.

In addition, 128 454 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 45% of the ash are deposited in landfills. This was higher than prior years mainly due to the new energy plant in Bruck. During 2023, 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 2022, 382 tonnes of hazardous waste were disposed through authorised collection systems according to national regulations.

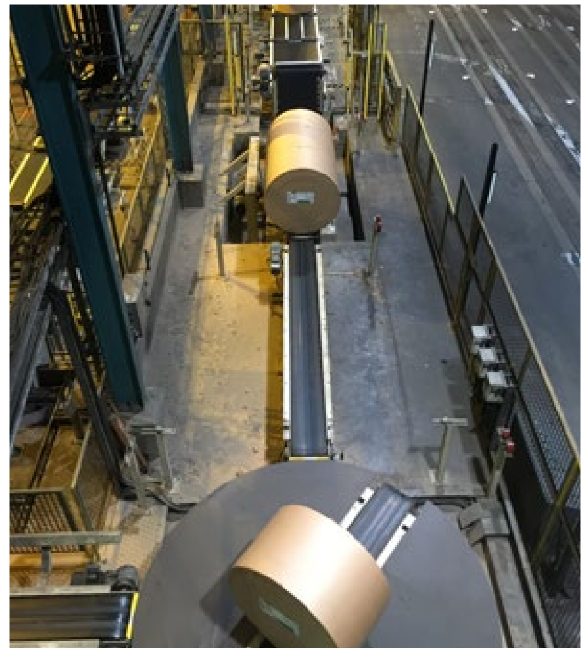
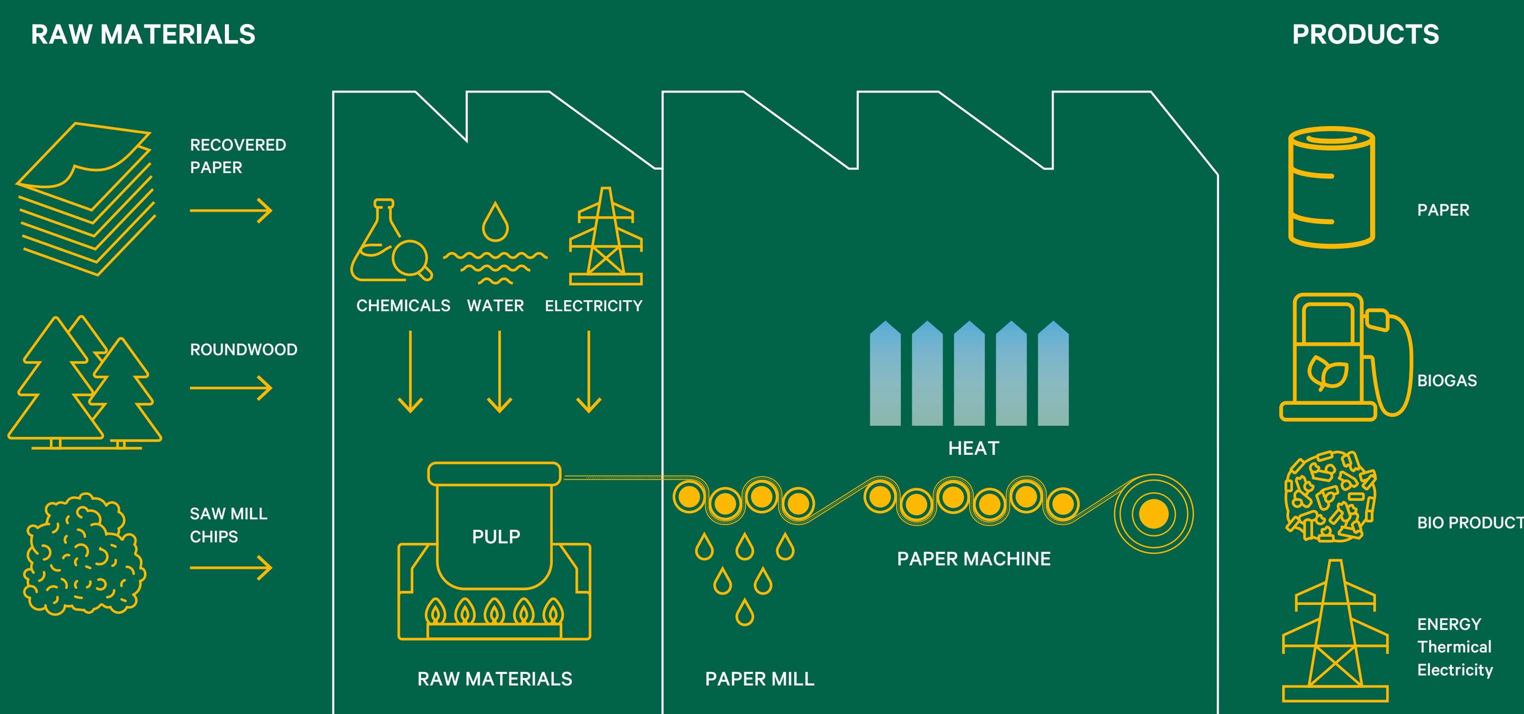


Photo: Carsten Dybevig

Paper production process



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.

Biodiversity and sustainable ecosystems

Norske Skog's objective is to prevent and reduce pollution of all kinds. 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 fiber, which we manage through sourcing of certified and sustainable forests. 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 usage performance:

Water shall generally be used and recovered multiple times through the pulp and papermaking processes before finally being discharged and treated in a number of 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 2022 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.

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

Some of our mills are located in areas where access to water and/or flooding might become a risk with climate change. In 2022, Norske Skog reviewed 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 majority of solid wastes occur from the processing of fibre inputs (wood or recovered paper) and from the treatment of effluent (fibre and biological solids). The increase in discharges of organic substances (COD) and suspended solids (SS) are related to technical challenges at the Golbey and Skogn wastewater treatment plant during 2022. At the year end, the Skogn mill has resolved these issues, and the wastewater treatment plant is operating as expected. At Skogn, a new termomechanical pulp line will be built to 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.

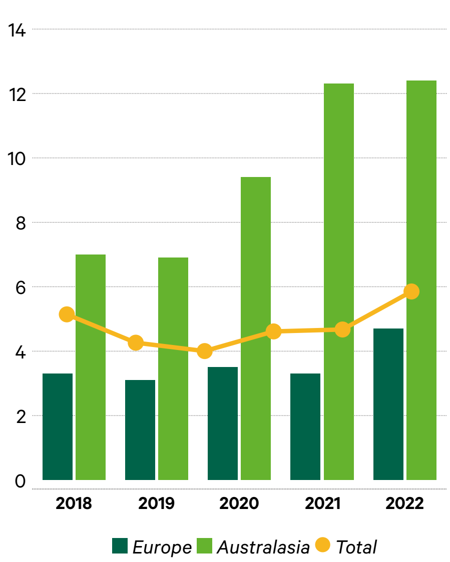
Many of our mills participate in projects to find alternative or additional methods of reusing the by-products from the production processes. Norske Skog's products are sold with an environmental product declaration for paper (paper profile), which guide the paper buyer according to environmental performance on standardised environmental parameters. All of Norske Skog's business units are certified in accordance with ISO 9001 and 14001.

Two mills (Norske Skog Boyer and Norske Skog Golbey) reported minor non-compliance issues to the respective local authorities in 2022. None of the instances have resulted in any further actions from the authorities.

The discharges of dissolved organic material and suspended matters per tonne of paper were respectively up by 25% and 30% compared to 2021 due to technical issues at the Golbey and Skogn treatment plant. The discharge of nitrogen and phosphorus per tonne of paper was in line with the 2021 reported figures. The difference in results from one year to the next is the result of many factors, including process improvements, utilisation of equipment, production-related issues and product changes.

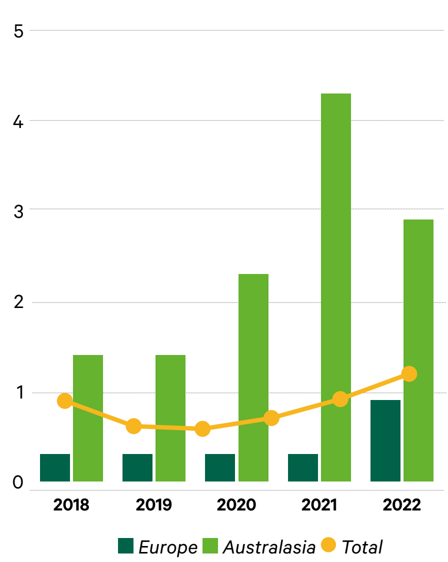
DISCHARGES OF ORGANIC SUBSTANCES (COD)

Kg per tonne of paper



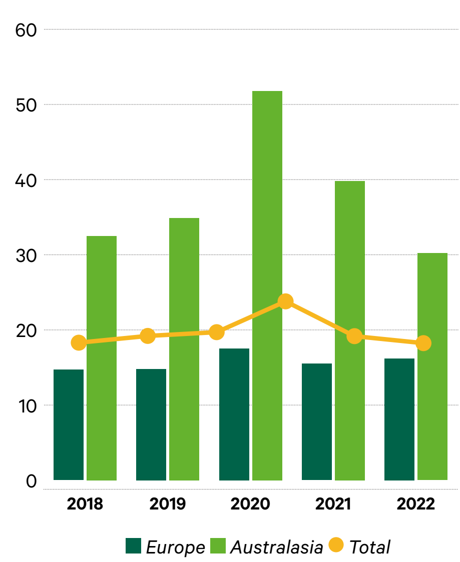
DISCHARGES OF SUSPENDED SOLIDS (SS)

Kg per tonne of paper



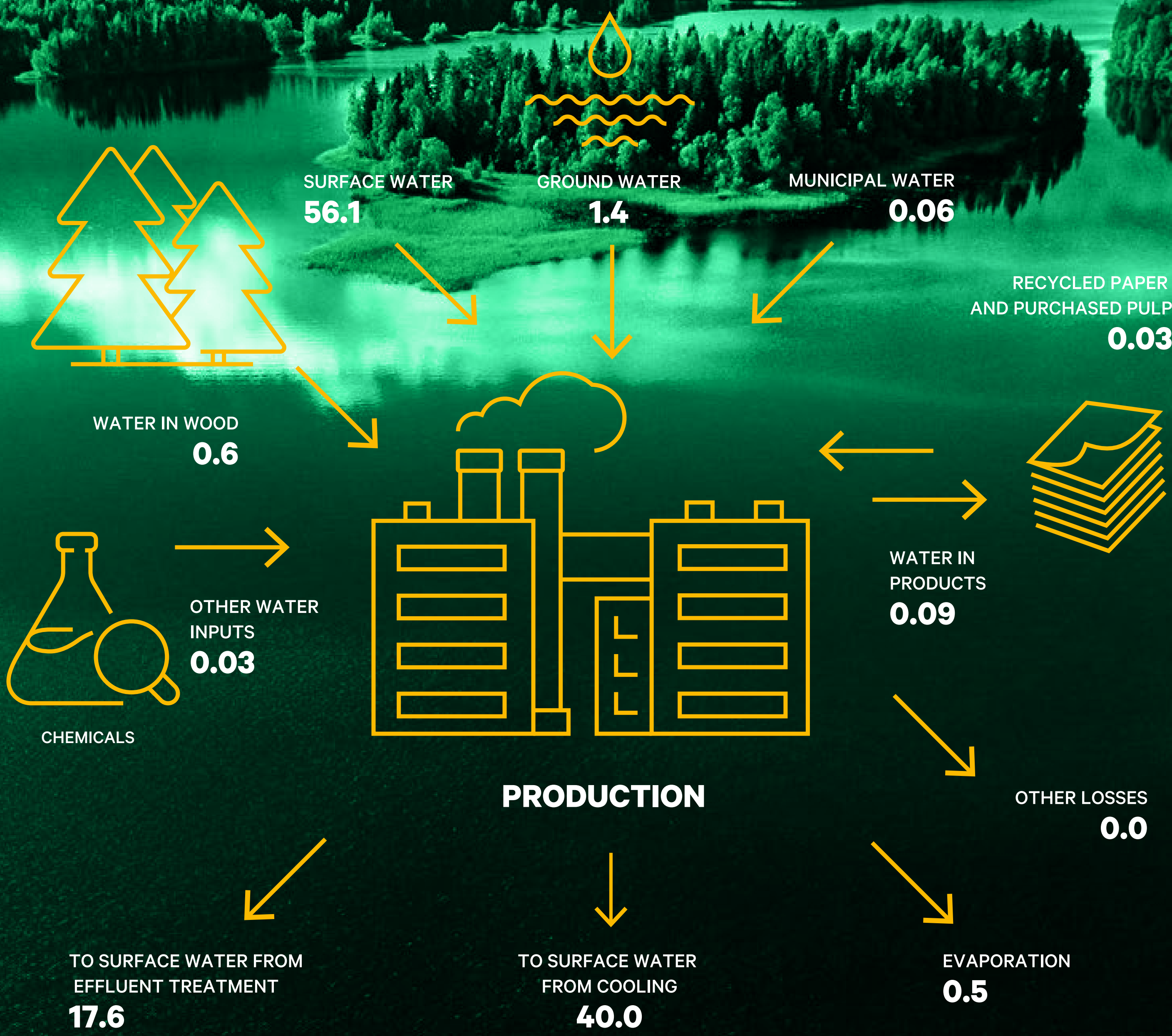
DISCHARGES OF WASTEWATER

m^3 per tonne of paper



Norske Skog global average water use and discharge

m^3/tonne of paper



The total water consumption in 2022 was 99 440 899 m^3, of which 96% derived from surface water. 99.9% of the water is returned as surface water after cooling and effluent treatment.

Photo: Adobe Stock

Combat climate change

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.

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. We are committed to contribute to combat global climate change. Norske Skog has a long-term commitment to achieve net zero GHG emission by 2050, and a 55% reduction within 2030 from a 2015 baseline. Norske Skog has a long-term commitment to achieve net zero GHG emission (Scope 1 and 2) by 2050, and a 55% reduction within 2030 from a 2015 baseline.

Emissions to air occur primarily from energy generation processes. Our mills have their own boilers or incinerators for producing thermal energy from production waste 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.

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 2022. Norske Skog achieved a favorable A– rating on CDP Climate Change. During 2023, Norske Skog will also calculate effects of adopting science-based targets.

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. Carbon stored in forest products (biogenic carbon) is separately reported to the Norwegian Environment Agency.

Scope 1 and 2 CO_2 emission performance:
In 2022, 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 and 2022 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 Australia, we have applied emission factors from local authorities. We do 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.

Using location-based methodology, Norske Skog reached a level of 276 kg scope 1 and 2 CO_2/tonne of paper in 2022 according to the GHG protocol methodology, which is a 14% reduction from 2021. This is mainly due to reduced gas consumption at Bruck after the start-up of a new energy plant in 2022, which is based on refused derived fuel.

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

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. The reporting boundary and consolidation approach for emissions are disclosed according to operational control.

With the performance in 2022, Norske Skog has achieved a 51 % 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 in CO_2-emission by 2030 ahead of time.

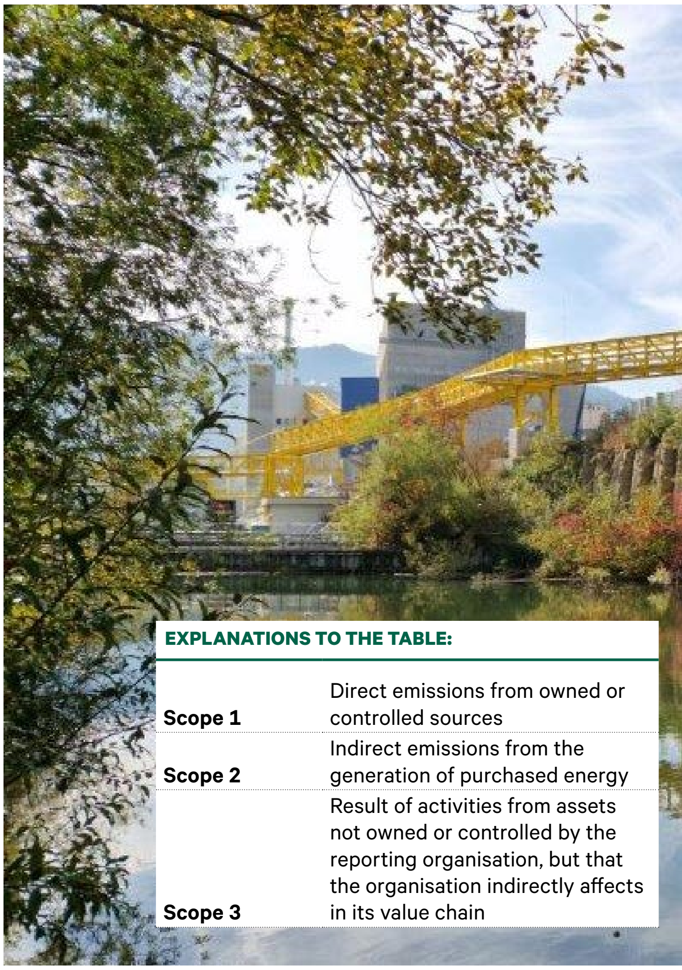
In 2022, the Norske Skog Boyer mill accounted for 67% of the fossil CO_2 emissions in the Norske Skog group. The CO_2 emissions for the Norwegian mills, Norske Skog Saugbrugs and Norske Skog Skogn, are very low due to a long-term commitment and completed investments to reduce fossil-based energy sources in the production of thermal energy.

With AUD 2 million in grant from the Australian federal government, Norske Skog Boyer will in the first half of 2023 present a study to replace the mill's coal fired boiler, which is used to produce thermal energy (steam). A new electrical or biomass boiler(s) will use alternate fuels when implemented. This will reduce Boyer's scope 1 carbon emissions by around 90% and group scope 1 carbon emissions by around 60%.

The two Norwegian mills accounted for about 3% of the total scope 1 and 2 CO_2 emission in the group. Norske Skog Skogn will invest around NOK 230 million in a new thermomechanical pulp (TMP) production line replacing expensive recycled paper with fresh fibre. This will from 2024 significantly reduce NOx and fossil CO_2 emissions, and this will also reduce waste to landfill at the mill.

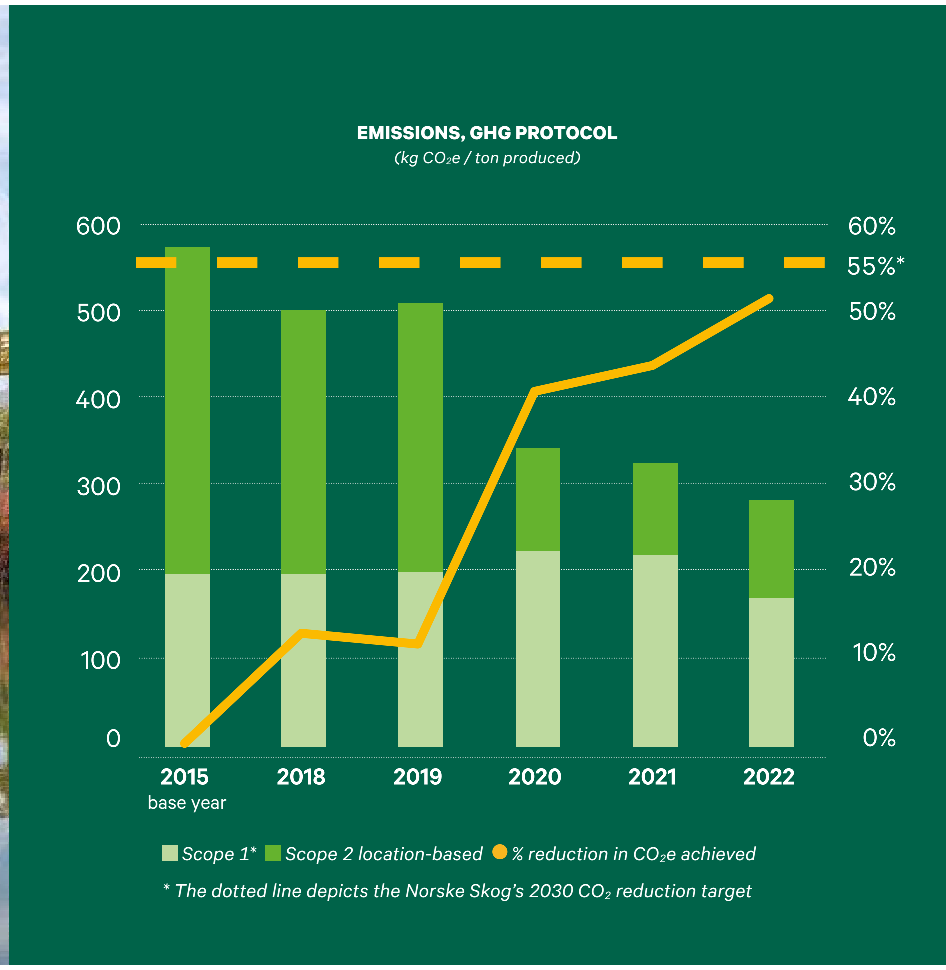
Through the partnerships with Ocean GeoLoop at Norske Skog Skogn and Borg CO2 at Norske Skog Saugbrugs, Norske Skog aims to pursue the opportunity to become CO_2 net negative, and to explore economically viable models for utilisation of biogenic CO_2. Norske Skog will through collaboration with industry and environmental organisations seek to establish effective, political and market designed mechanisms for carbon capture and usage.

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



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



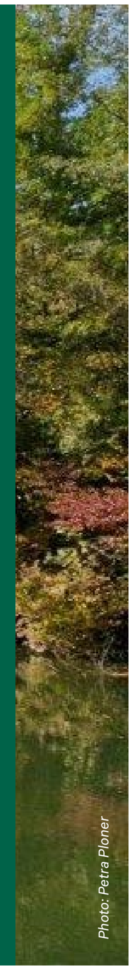


Photo: Petra Ploner

Emissions, GHG Protocol (metric tonne CO_2 equivalent)	Base year 2015	2018	2019	2020	2021	2022	% change
Scope 1	474 946	500 136	465 636	409 970	427 294	294 926	-31 %
Scope 2 location-based	865 236	734 033	692 672	195 762	186 703	177 808	-5 %
Scope 2 market-based					1 119 620	1 162 024	4 %
Total Scope 1 and 2 location-based	**1 340 182**	**1 234 169**	**1 158 308**	**605 732**	**613 998**	**472 734**	**-23 %**
kg CO_2e/tonne paper (scope 1 and 2 location-based)	567	495	502	337	320	276	-14 %
% reduction vs 2015		-13 %	-11 %	-41 %	-44 %	-51 %	
Biogenic CO_2	530 274	556 050	598 897	481 214	482 813	457 451	
Scope 3							
Purchased goods and services						148 000	
Upstream transportation and distribution						167 000	
Downstream transportation and distribution						201 000	
Processing of sold products						224 000	
Other						12 000	
Total Scope 3						**752 000**	

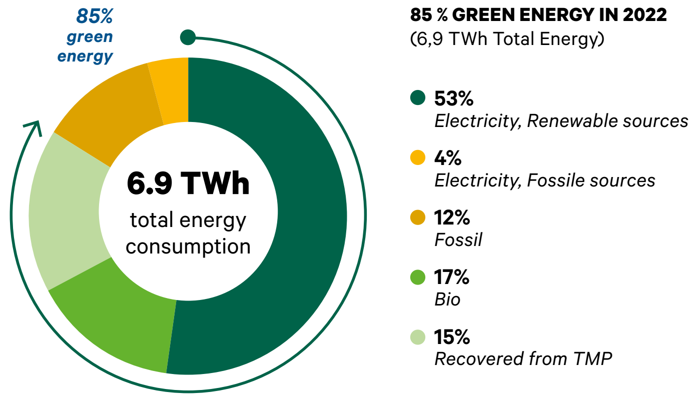
SCOPE 3

During 2022, Norske Skog has completed a first mapping of all Scope 3 categories, according to the GHG protocol, as shown in table above. The largest sources of emissions in our value chain are related to transport and distribution (~49%), processing of sold products (~30%) and purchased goods and services (~20%). 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 are 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. These two downstream categories have been estimated based on annual production volume and emission factors from trusted research papers. Our total scope 3 footprint was ~752 000 tons in 2022, and represent 61% 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.

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 harmful or unsustainable. 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

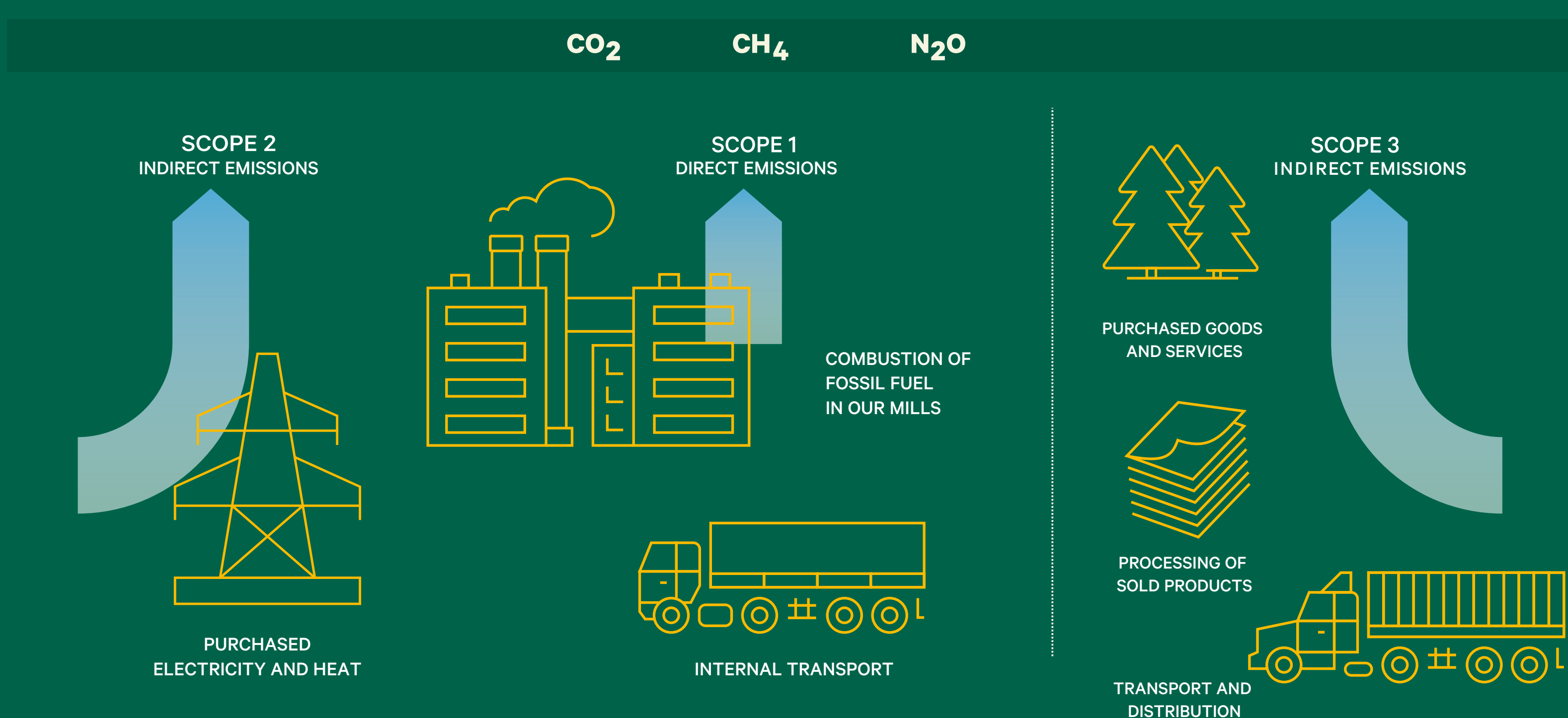


Photo: Nicolas Michel


Photo: Carsten Dybevig

Ensure long term access to sustainable 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, the group opened a new 50MW wide range energy boiler, utilising refuse derived fuels and paper production residuals in April 2022. The new energy plant at the Bruck mill is estimated to provide new revenue from waste handling as well as cost savings in the publication paper production. Bruck will deliver heat to the local district heating system to supply 1 500 households (30 GWh). 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 new biomass cogeneration plant, which will produce 200 GWh of electricity and more than 500 GWh of steam.

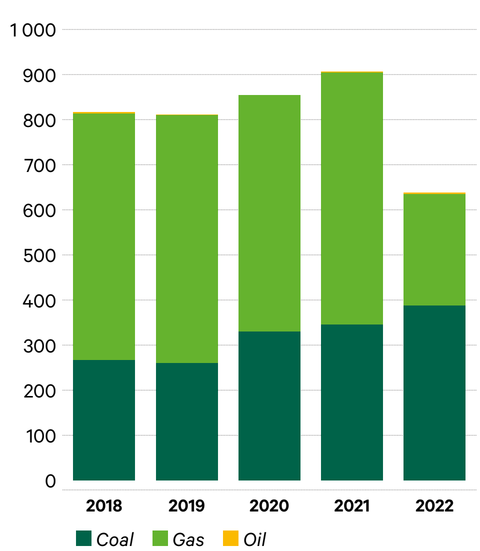
In 2023, Norske Skog Skogn announced to explore opportunities to build a biogas plant adjacent to the mill site processing livestock waste into large quantities of biogas and farming fertilizer, thus substantially reducing agricultural CO_2 emissions in the region. Norske Skog will continue to explore projects within bioenergy that support and develop the business.

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 32%, in addition, electricity covers about 53% and fossil sources 16% of the total energy consumption in 2022. In Norway, less than 1% of the energy sources derives from fossil-based fuels. After the start-up of the new energy plant at Bruck, the gas consumption went down by almost 70% from 2021 to 2022, and further reductions are expected in 2023 as the energy plant is approaching normal capacity utilisation.

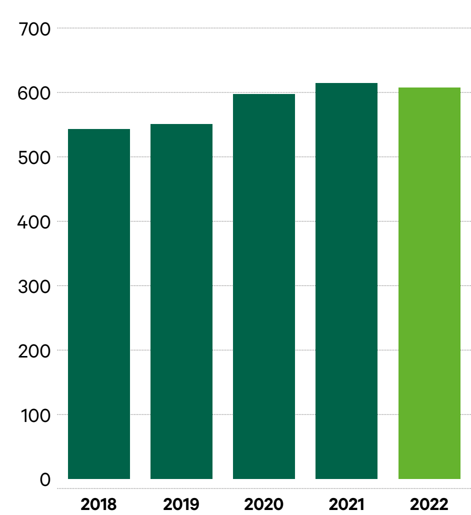
CONSUMPTION OF FOSSIL FUEL PER TONNE PAPER

KWh/tonne



CONSUMPTION OF RECOVERED HEAT FROM THERMO-MECHANICAL PRODUCTION

MWh/tonne



2 Social

Photo: Enzo Zadra

Ensure healthy lives and promote well-being for all

HEALTH AND SAFETY:
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
- Provide the business units the opportunity to assess themselves against the standards and continually improve their systems
- Enable inter-mill/unit reviews to provide an external perspective and recommendations for improvement

Where Norske Skog has no operational responsibility, but has an equity stake, or where significant Norske Skog assets are involved in a subcontracting site, 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.

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.

HEALTH AND SAFETY PERFORMANCE:

Norske Skog had an absence rate due to illness of 4.7 per cent in 2022, which is a 10% increase from last year. The total number of accidents at the mills are almost at the same level in 2022 as in 2021, but it was a 58% decrease in lost time injuries per million working hours (H1 or LTI) in 2022 compared to 2021.

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

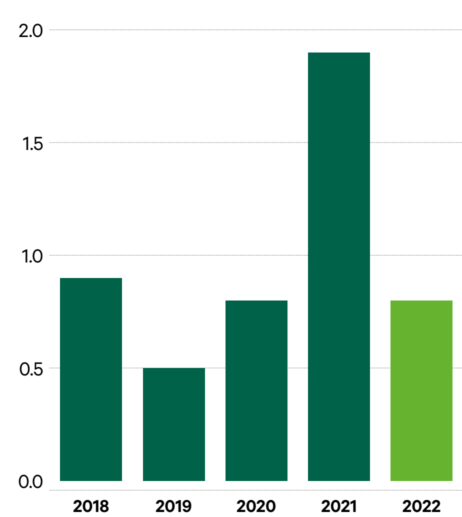
Our work with the IA-agreement has been extended to apply to all of Norske Skog's business units and is intended to be an integral part of our targeted health, safety and environmental (HSE) work.

	2018	2019	2020	2021	2022
LTI [1] (H1)	0.9	0.5	0.8	1.9	0.8
TRI [2] (H2)	7.4	9.8	6.6	5.9	7.1
Absence due to illness	3.8	3.7	4.2	4.2	4.7

[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.

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

H1 DEVELOPMENT
Lost time injuries per million working hours



Promote lifelong learning 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. During 2023 the group is looking to establish an internal global leadership development program.

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 2022, 6.2% of our employees were apprentices and trainees. In Norway, 44% of new hired skilled workers are recruited from apprentice programs, whereas the group achieved 32%.

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 2023.

Achieve gender equality

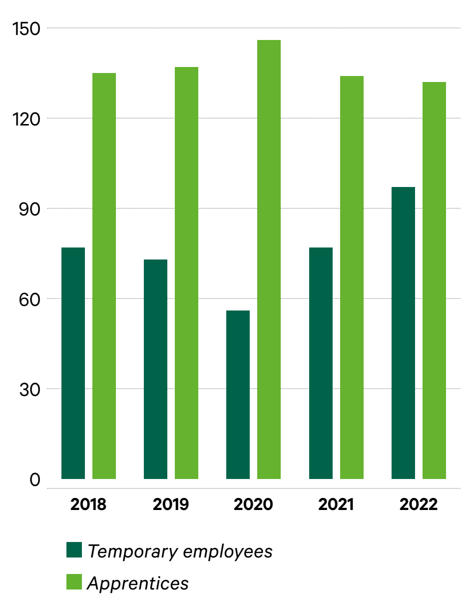
Norske Skog has an overall ambition to promote diversity and inclusion by providing equal employment and career opportunities, in addition to treat all employees fairly and with respect. We consider competence as the key for both the company and the individual.

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.

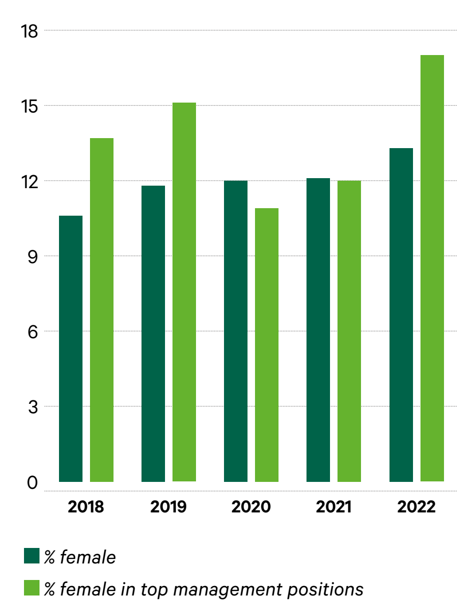
The paper industry has traditionally attracted few female employees despite several attempts to attract females to the industry. Shift work and unfavourable working hours have been explanations for the low female share. In 2022, the female share of the total workforce was 13%. Our female share in top management positions is 17%, 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 12%.

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.

NUMBER OF APPRENTICES AND TEMPORARY EMPLOYEES



PROPORTION OF FEMALE (%)



Promote inclusive and productive employment

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.

In 2022, Norske Skog Golbey and Norske Skog Saugbrugs had Platinum Rating from EcoVadis for its performance on environmental and social impact, human rights and responsible sourcing. Eco Vadis 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 2022, Norske Skog employed 2 140 people in Europe and Australasia, which is an 2% 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 14%. Our employment levels are not subject to seasonal variations, and the share of temporary employment is around 5% of the total.

In 2022, unions represented 88% 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.

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.

To manage this responsibility, Norske Skog established new processes for responsible business conduct into our management systems in 2022. A Human Rights Policy was approved by the board of directors in December 2022. 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.

In 2022 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 labor conditions
- Natural resource related human rights

The risk of adverse impact from these areas are assumed to most significant is our supply chain. Our business units have started the process of assessing prioritized areas in selected purchasing categories. We will publish updated information about these processes and related results in 2023. We will publish information on our webpage annually by 1st of July regarding these processes and related results.

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.

The Norwegian transparency act:
In June 2021, the Norwegian Parliament 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 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. The act entered into force on 1 July 2022. Norske Skog will comply with the obligations under the scope of this act.

Cooperation with local communities

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 are aware of that 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.

Laura Ness
HR trainee
Norske Skog Skogn

Hello, I am Laura Ness, and I am 24 years old. I have a Bachelor and Masters degree (BSc Business Management with specialism in HR & MSc Occupational and Business Psychology) from Kingston University in London. I started working as an HR trainee in June 2022.

I decided to work for Norske Skog because I have always been fascinated with industry, but I really do not have an engineering type of brain. However, now I have the best of both worlds, HR at an industrial company!

My main tasks include employer branding, social media, communication, recruitment and other HR-related tasks.

Outside of work, I enjoy cross-country skiing, working out, and spending time with my niece. Besides that, I'm obsessed with podcasts, documentaries and skincare.

Photo: Lézards Création

3 Corporate governance

Photo: Carsten Dybevig

Norske Skog ASA is a Norwegian based paper manufacturer with production and sales operations in Europe and Australasia. 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 Børs 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 2021.

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 manner in which 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. 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, in order 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.

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 2022 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 2022 was NOK 5 909 million, which is equivalent to 43.4% of total assets (for Norske Skog ASA, the total equity was NOK 4 115 million, which is equivalent to 53.6% of total assets).

DIVIDEND POLICY
It follows from Norske Skog's Corporate Governance Policy that the company shall, at all times, 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 ongoing 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 to request consent from relevant financing providers to make dividend distributions.

On the basis of the results for the financial year 2022, the company will request a consent from relevant financing providers to pay dividend of up to NOK 5 per share, and the board of directors will accordingly propose that the annual general meeting approves an authorisation to the board of directors for payment of dividend in the equivalent amount, i.e. up to NOK 5 per share.

CAPITAL INCREASES AND ISSUANCE OF SHARES
The general meeting in 2022 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 2023. 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. In the event that 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 two members, Yngve Nygaard, who serves as the chair of the committee, and Richard Timms.

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 an 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 five, 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, and 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 members 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 of 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 2022:

Name (*)	Residence	Role	Committee memberships	Board meetings attended	Board member since	End of term
John Chiang (**)	London, UK	Chair	Audit committee and remuneration committee	8/8	2018	2023
Arvid Grundekjøn	Oslo, Norway	Board member	Audit committee and remuneration committee	8/8	2018	2023
Trine-Marie Hagen	Oslo, Norway	Board member	Audit committee	8/8	2019	2023
Nikolai Johns	Oslo, Norway	Board member	N/A	6/6 (***)	2022	2024
Johanna Lindén	Gothenburg, Sweden	Board member	N/A	6/6 (***)	2022	2024

(*) *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.*

(**) *John Chiang served as chair of the board of directors until the extraordinary general meeting held on 9 March 2023, at which Geir Drangsland was elected as the new chair of the board of directors.*

(***) *The board member was elected to the board of directors at the annual general meeting in 2022, after which six board meetings were held in the remainder of 2022.*

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

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 24 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 2022 and into 2023, 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 2022 are the group's conversion of newsprint paper machines to recycled containerboard paper machines, with one machine at the Golbey mill in France and one machine at the Bruck mill in Austria, including the energy boiler projects at these mills that are being constructed in tandem with the conversions. 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 2022 were Arvid Grundekjøn (chair), John Chiang and Trine-Marie Hagen. The members of the remuneration committee during 2022 were John Chiang (chair) and Arvid Grundekjøn. 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 2022. In addition, the committee completed a tender process for the role as new external auditor as part of a periodical change of audit firm, and prepared a recommendation to the general meeting in this respect. The committee furthermore focussed on improving the reporting on salary and other remuneration to executive personnel in 2022.

The external auditor and the 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 2022:

Name (*)	Committee memberships	Board meetings attended	Audit committee meetings attended	Remuneration committee meetings attended
John Chiang (**)	Audit committee and remuneration committee	8/8	8/8	2/2
Arvid Grundekjøn	Audit committee and remuneration committee	8/8	8/8	2/2
Trine-Marie Hagen	Audit committee	8/8	8/8	N/A

(*) *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.*

(**) *John Chiang served as chair of the board of directors, member of the audit committee and chair of the remuneration committee until the extraordinary general meeting held on 9 March 2023, at which Geir Drangsland was elected as the new chair of the board of directors.*

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

In 2022, the board of directors held eight meetings and one matter was resolved by written resolutions. The audit committee held eight meetings in 2022. The remuneration committee held two meetings in 2022 and one matter was resolved by written resolutions. Due to the circumstances around COVID-19, the meetings of the board of directors and its committees were to a large extent held by video conference throughout 2021. At the end of 2021 and in the beginning of 2022, the meetings were increasingly held with physical attendance and following Q1 2022, all meetings were held physically. Representation at meetings of the board of directors and 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 manner in which 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. In the beginning of 2023, ISCO Group assisted with completing the evaluation process for the year 2022.

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 500 000 per year. (*)
2. The remuneration for the other members of the board is NOK 300 000 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.

(*) John Chiang, who during 2022 served as the chair of the board, chair of the remuneration committee and member of the audit committee, is a partner of Oceanwood Capital Management LLP, the investment manager of the company's previously largest shareholder, NS Norway Holding AS. Due to internal guidelines in Oceanwood Capital Management LLP, Mr Chiang did not receive remuneration for his role as chair of the board, chair of the remuneration committee and member of the audit committee.

The total remuneration for the board of directors in 2022, including committee work, was NOK 1 369 745. 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.

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.

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.

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 7 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 is 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 accounts are on the agenda and as otherwise requested. At such meetings, the auditor are 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 2022 and 2023, 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

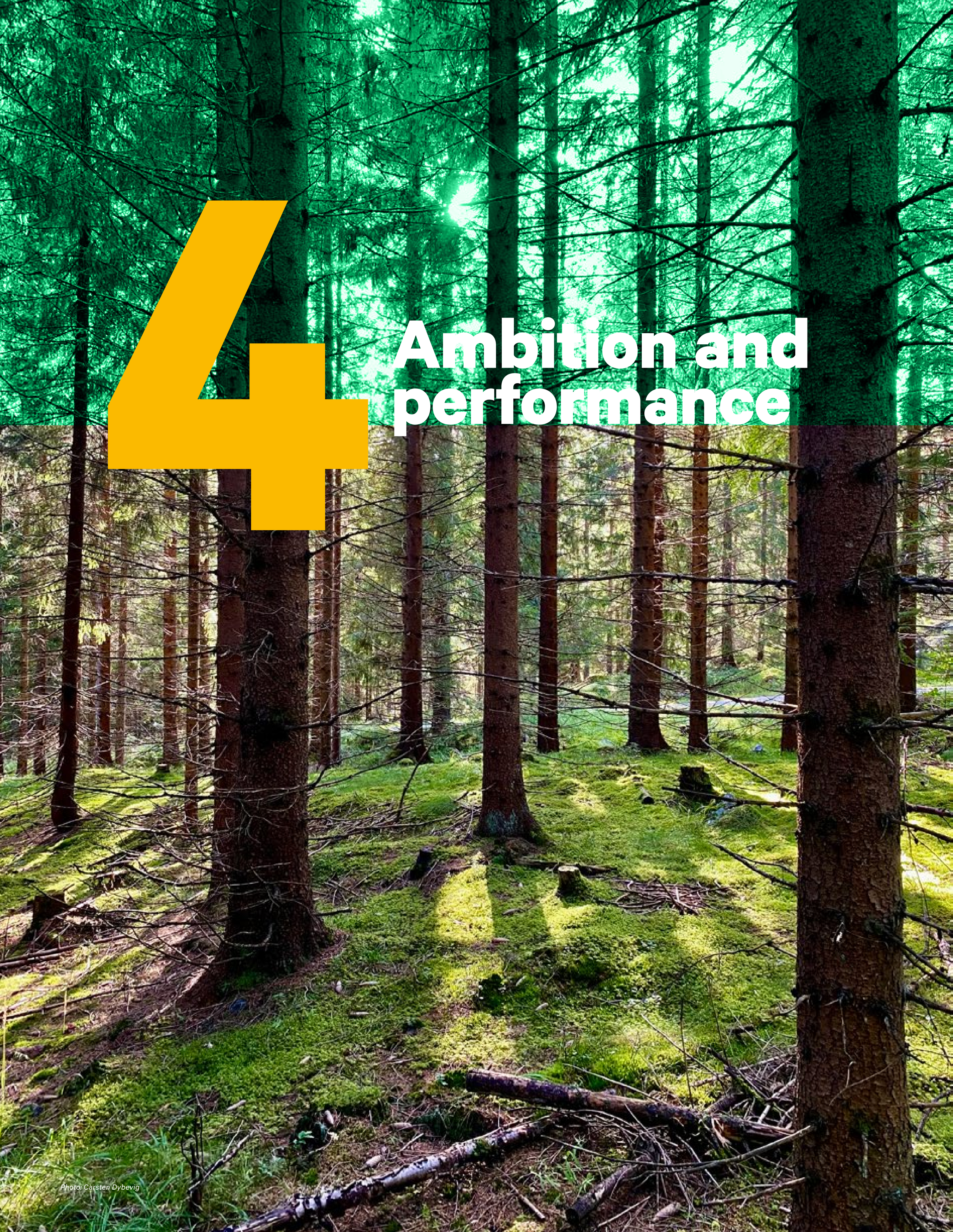


Photo: Carsten Dybevig

Key figures

KEY FIGURES – EMPLOYEES

Business Unit	Number of employees (FTE) 31 December 2022					Female share in %		% of employees covered by collective agreements
						Top mngt positions	Other mngt positions	
	Ordinary	Temporary	Apprentices	Other	Total	End 2022	End 2022	End 2022
Norske Skog Saugbrugs	413.0	12.0	31.0	3.0	459.0	11.1	14.8	89.0
Norske Skog Skogn	367.0	29.0	19.0	2.0	417.0	11.1	8.0	92.0
Headquarter Oslo	31.0	0	0	0	31.0	0	25.0	9.6
Norway total	**811.0**	**41.0**	**50.0**	**5.0**	**907.0**	**8.3**	**11.3**	**87.3**
Norske Skog Bruck	388.0	35.0	36.0	3.0	462.0	0	4.0	100.0
Norske Skog Papier Recycling	19.0	0	0	0	19.0	0	0	100.0
Norske Skog Golbey	353.0	8.0	29.0	0	390.0	50.0	10.8	100.0
Sales offices in Europe	52.0	0	1.0	0	53.0	33.3	0	7.7
Europe total	**812.0**	**43.0**	**66.0**	**3.0**	**924.0**	**28.6**	**9.3**	**94.1**
Norske Skog Boyer	247.0	13.0	16.0	5.0	281.0	0	16.0	75.3
Norske Skog Tasman	0	0	0	6.0	6.0	0	0	0
Australasia Shared Services	22.0	0	0	0	22.0	33.3	50.0	0
Australasia total	**269.0**	**13.0**	**16.0**	**11.0**	**309.0**	**12.5**	**20.7**	**69.1**
Norske Skog group total	**1 892.0**	**97.0**	**132.0**	**19.0**	**2 140.0**	**17.0**	**11.9**	**87.6**

		2017	2018	2019	2020	2021	2022
Health & Safety							
H1 [1)]		1.0	0.9	0.5	0.8	1.9	0.8
H2 [2)]		7.3	7.4	9.8	6.6	5.9	7.1
Absence due to illness	%	3.5	3.8	3.7	4.2	4.2	4.7
People							
Total employees	FTE	2 414	2 444	2 359	2 332	2 092	2 140
Temporary employees	FTE	66	77	73	56	77	97
Apprentices	FTE	130	135	137	146	134	132
Average age of employees	FTE	47.0	47.3	47.1	46.6	44.9	45.0
Female in top management position	%	8.5	13.7	15.1	10.9	12.0	17.0
Female in management position	%	8.5	10.1	10.2	12.1	12.7	12.0
Employees w/ collective agreements	%	84.3	84.1	83.3	86.5	86.9	88.0

[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
%	26	43	31

KEY FIGURES OPERATIONS

		2017	2018	2019	2020	2021	2022
Production							
Paper	tonnes	2 495 000	2 494 000	2 308 000	1 799 020	1 919 574	1 713 016
Consumption of raw materials							
Roundwood	m^3	2 810 000	2 785 000	2 586 000	1 930 000	2 241 800	2 257 360
Sawmill chips	m^3	1 018 000	1 031 000	1 093 000	917 000	870 324	607 585
Recovered paper	tonnes	814 000	871 000	777 000	608 000	645 686	565 783
Purchased pulp	tonnes	50 000	43 000	31 000	27 000	29 215	21 157
Inorganic fillers	tonnes	320 000	308 000	282 000	215 000	223 321	195 921
Energy consumption							
Electricity	GWh	5 571	5 526	5 316	4 203	4 365	3 975
Heat	GWh	4 325	4 161	4 127	3 425	3 478	2 956
Discharges to water							
Discharged process water	mill m^3	46	48	46	41	36	30
Discharges of organic substances	tonnes	12 831	10 623	9 226	8 283	8 958	9 989
Suspended Solid (SS)	tonnes	2 227	1 529	1 329	1 259	1 746	2 030
Phosphorus (Tot-P)	tonnes	41	31	37	29	30	27
Nitrogen (Tot-N)	tonnes	302	280	303	262	268	275
Emission to air							
CO_2-equivalents (direct)	tonnes	514 000	500 000	466 000	410 000	427 294	294 926
SO_2	tonnes	198	175	162	297	401	360
NOX	tonnes	908	772	786	701	879	709
Production waste							
Sludge (dry)	tonnes	246 000	249 000	246 000	186 000	198 892	152 980
Bark	tonnes	98 000	128 000	133 000	93 700	106 958	102 714
Other	tonnes	14 000	25 500	18 000	17 400	19 992	20 834

PRODUCTION CAPACITY

in tonnes/year

Business unit	Newsprint (including improved NP)	SC (magazine paper)	LWC (magazine paper)	Total capacity business unit	Under construction Packaging paper*
Norske Skog Bruck	-	-	257 000	257 000	210 000
Norske Skog Golbey	330 000	-	-	330 000	550 000
Norske Skog Saugbrugs	-	356 000	-	356 000	-
Norske Skog Skogn	500 000	-	-	500 000	-
Total Europe	**830 000**	**356 000**	**257 000**	**1 443 000**	**760 000**
Norske Skog Boyer	145 000	-	120 000	265 000	-
Total Australasia	**145 000**	**-**	**120 000**	**265 000**	**-**
Total Norske Skog group	**975 000**	**356 000**	**377 000**	**1 708 000**	**760 000**

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

SCOPE 1 AND 2 EMISSION

in 2022

	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	67 458	20 817	86 100	66 571	88 275	19%	219 452	402
Norske Skog Golbey	25 324	30 496	36 144	186 174	55 820	12%	429 452	130
Norske Skog Saugbrugs	708	3 938	355 156	97 094	4 646	1%	313 613	15
Norske Skog Skogn	3 231	6 381	568 448	107 612	9 612	2%	501 426	19
Norske Skog Boyer	198 205	116 176	116 176	-	314 381	67%	249 073	1 262
Total Norske Skog Group	**294 926**	**177 808**	**1 162 024**	**457 451**	**472 734**	**100%**	**1 713 016**	**276**

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

Tore Hansesætre
SVP Strategic projects
Norske Skog Headquarter

Hello, I am Tore Hansesætre, and I'm heading the transformation projects that we are implementing to become a supplier of packaging paper. This is done in close cooperation with my colleagues, especially in Norske Skog Bruck and Norske Skog Golbey. It also includes realization of large-scale green energy plants at these industrial sites.

I started working in Norske Skog in 2009, after finishing studies at the university. My main motivation for starting in Norske Skog back then was to learn as much as possible through exposure to challenges across several areas and disciplines.

I like the fact that Norske Skog produces renewable products in an environmental-friendly way. At the same time, both the publication paper and the packaging paper industries are highly competitive, which requires us to continuously improve the way we operate.

I would like to see Norske Skog as a leading independent supplier of recycled containerboard and publication paper in Europe in the future.

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 2022 (link)

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 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 low-emission product development and risk related to regulatory changes in energy and carbon markets were identified as the most material. **Opportunities:** o Products: 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. 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 Regulatory: 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 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.
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. • Norske Skog plans to conduct a Climate-Related Scenario Analysis during 2023, testing the business strategy against both low and high emission scenarios.

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 risk and opportunity evaluation. • 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". • (A) 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. • (B) 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. • (C) 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 waste water treatment and biogas production at all European mills. • (D) Reduce emissions of Sulphur Dioxide (SO2) and Nitrogen Oxide (NOX) from our operations, which means (1) to ensure compliance with emission permits and regulations; (2) to perform mill activities related to SO2 and NOX improvements. • (E) Reduce waste from our operations, which relates to (1) deliver no ash to landfill in 2030; (2) establish procedures and/or ash product development • (F) 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. • (G) 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: 294 926 t CO_2e (-31 % vs 2021) o Scope2 (location-based method): 177 808 t CO_2e (-5 % vs 2021) o Scope 3: 752 000 t CO_2e (first year of publication) • 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.
		Invest in our people through training and development.
		Prepare Norske Skog for entering the containerboard market in 2023.
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.	Implement 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.
Establish three knowledge networks to capture critical competence and facilitate knowledge transfer throughout the group.	Establish and operate three knowledge networks by the end of 2023.
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.
o **Publication paper:** - Achieve an EBITDA margin of at least 10-15%. - Maintain an operating rate of at least 90%. o **Packaging paper:** - Achieve an EBITDA margin of at least 20%. - Maintain an operating rate of at least 95% from 2025.	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 within 2023.	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 2022

Norske Skog is reporting in accordance with the Global Reporting Initiative GRI Standards: Core option.

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 2022, regardless of whether they are fully or partly reported relative to GRI.

AR = Annual Report 2022
SR = Sustainability Report 2022, part of Annual Report 2022

General disclosures – The Organization and its reporting practices		Reference and/or response
2- 1	Organizational details	SR - 3 Corporate Governance SR - About Norske Skog's operations SR – Key figures operations
2- 2	Entities Included in the organization's sustainability reporting	AR – Consolidated financial statement – note 16
2- 3	Reporting period, frequency and contact point	2022 Annual reporting cycle info@norskeskog.com
2- 4	Restatements of information	No significant restatements
2- 5	External assurance	SR - Independent auditor's assurance report
General disclosures – Activities and workers		**Reference and/or response**
2- 6	Activities, value chain and other business relationships	SR - About Norske Skog's operations SR - Key figures operations
2- 7	Employees	SR – Key figures employees
2- 8	Workers who are not employees	Not applicable. Norske Skog's business is mainly managed and carried out by its own employees. For larger projects Norske Skog hires additional resources.
General disclosures – Governance		**Reference and/or response**
2- 9	Governance structure and composition	SR - 3 Corporate Governance https://www.norskeskog.com/sustainability/governance
2-10	Nomination and selection of the highest governance body	SR – 3 Corporate Governance
2-11	Chair of the highest governance body	SR- 3 Corporate Governance
2-12	Role of the highest governance body in overseeing the management of impacts	SR – 3 Corporate Governance https://www.norskeskog.com/sustainability/governance
2-13	Delegation of responsibility for managing impacts	SR – 3 Corporate Governance https://www.norskeskog.com/sustainability/governance
2-14	Role of the highest governance body in sustainability reporting	SR – 3 Corporate Governance
2-15	Conflicts of interest	SR – 3 Corporate Governance
2-16	Communication of critical concerns	SR – 3 Corporate Governance
2-17	Collective knowledge of the highest governance body	SR – 3 Corporate Governance; 4 Ambition and performance
2-18	Evaluation of the performance of the highest governance body	SR – 3 Corporate Governance
2-19	Remuneration policies	SR – 3 Corporate Governance https://www.norskeskog.com/sustainability/governance/remuneration-of-leading-personnel
2-20	Process to determine remuneration	SR – 3 Corporate Governance https://www.norskeskog.com/sustainability/governance/remuneration-of-leading-personnel
2-21	Annual total compensation ratio	Annual compensation ratio: 26,4 Change in annual total compensation: 13,3 The large impacts in 2022, and the changes from 2021 to 2022, are due to the accounting effects of valuing the synthetic options in the long-term incentive plan
General disclosure – Strategy, policies and practices		**Reference and/or response**
2-22	Statement on sustainable development strategy	SR - We create green value – CEO message
2-23	Policy commitments	SR – 3 Corporate Governance SR - About the sustainability report
2-24	Embedding policy commitments	SR – 3 Corporate Governance
2-25	Processes to remediate negative impacts	SR – 3 Corporate Governance
2-26	Mechanisms for seeking advice and raising concerns	SR – 3 Corporate Governance
2-27	Compliance with laws and regulations	No significant instances of non-compliance with laws and regulations during the reporting period.
2-28	Membership associations	SR - Social - promote inclusive and productive employment
General disclosures – Stakeholder engagement		**Reference and/or response**
2-29	Approach to stakeholder engagement	SR – Stakeholder and materiality analysis
2-30	Collective bargaining agreements	SR – Key figures employees
Main category: Economy		**Reference and/or response**
103 1-3	Management approach for economic standards and disclosures	AR –Report of the Board of Directors SR – 4 Ambition and compliance

GRI Standard: Economic performance		Reference and/or response
201-1	Direct economic value generated and distributed	SR – 4 Ambition and performance AR - Key figures; Consolidated financial statements and notes
201-2	Financial implications and other risks and opportunities due to climate change	SR – Our business environment offers both business opportunities but also risks SR – 4 Ambition and compliance
201-3	Defined benefit plan obligations and other retirement plans	AR – Consolidated financial statements, Note 20
GRI Standard: Anti-corruption		**Reference and/or response**
205-3	Confirmed incidents of corruption and actions taken	No confirmed incidents in 2022
GRI Standard: Anti-competitive behavior		**Reference and/or response**
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No such legal actions in 2022
Main category: Environment		**Reference and/or response**
103 1-3	Management approach for environmental standards and disclosures	AR – Corporate governance; Report of the Board of Directors SR – 1 Environment – Combat climate change; Ensure long term access to sustainable energy
GRI Standard: Materials		**Reference and/or response**
301-1	Materials used by weight or volume	SR –1 Environment - Ensure sustainable resource management
301-2	Recycled input materials used	SR –1 Environment - Ensure sustainable resource management
GRI Standard: Energy		**Reference and/or response**
302-1	Energy consumption within the organisation	SR – 1 Environment - Ensure long term access to sustainable energy
302-3	Energy intensity	SR – 1 Environment - Ensure long term access to sustainable energy
302-4	Reduction of energy consumption	SR – 1 Environment - Ensure long term access to sustainable energy
GRI Standard: Water		**Reference and/or response**
303-3	Water withdrawal	SR – 1 Environment - Biodiversity and sustainable ecosystems
303-4	Water discharge	SR – 1 Environment - Biodiversity and sustainable ecosystems; 4 Ambition and performance – Key figures operations
303-5	Water consumption	SR – 1 Environment - Biodiversity and sustainable ecosystems
GRI Standard: Biodiversity		**Reference and/or response**
304-2	Significant impacts of activities, products and services on biodiversity	SR – 1 Environment - Biodiversity and sustainable ecosystems
GRI Standard: Emissions		**Reference and/or response**
305-1	Direct (Scope 1) GHG emissions	SR – 1 Environment - Combat climate change SR - 4 Ambitions and performance - Key figures operations
305-2	Energy indirect (Scope 2) GHG emissions	SR –1 Environment - Combat climate change
305-3	Other indirect (Scope 3) GHG emissions	SR –1 Environment - Combat climate change
305-4	GHG emissions intensity	SR –1 Environment - Combat climate change
305-5	Reduction of GHG emissions	SR –1 Environment - Combat climate change
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	SR –1 Environment - Combat climate change; SR - 4 Ambitions and performance, Key Figures Operations
GRI Standard: Waste		**Reference and/or response**
306-3	Waste generated	SR – 1 Environment – Ensure sustainable resource management ; 4 Ambitions and performance – Key figures operations
306-4	Waste diverted from disposal	SR – 1 Environment – Ensure sustainable resource management
306-5	Waste directed to disposal	SR – 1 Environment – Ensure sustainable resource management
Main category: Social		**Reference and/or response**
103 1-3	Management approach for social standards and disclosures	AR – Corporate governance; Report of the Board of Directors SR – Social – Ensure healthy lives and promote well-being for all at all ages
GRI Standard: Employment		**Reference and/or response**
401-1	New employee hires and employee turnover	SR – Key figures employees
GRI Standard: Labor/Management relations		**Reference and/or response**
402-1	Minimum notice periods regarding operational changes	Follow national laws and practice
GRI Standard: Occupational health and safety		**Reference and/or response**
403-8	Workers covered by an occupational health and safety management system	SR – 2 Social – Ensure healthy lives and promote well-being for all at all ages
403-9	Work-related injuries	SR –2 Social – Ensure healthy lives and promote well-being for all at all ages
GRI Standard: Diversity and equal opportunity		**Reference and/or response**
405-1	Diversity of governance bodies and employees	AR – Board of Directors; Corporate management SR - Key figures employees
GRI Standard: Non-discrimination		**Reference and/or response**
406-1	Incidents of discrimination and corrective actions taken	SR – 2 Social – Achieve gender equality SR – 2 Social – Promote inclusive and productive employment
GRI Standard: Freedom of associations and collective bargaining		**Reference and/or response**
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	SR – 2 Social – Respecting Human Rights
GRI Standard: Child labour		**Reference and/or response**
408-1	Operations and suppliers at significant risk for incidents of child labor	SR – 2 Social – Respecting Human Rights
GRI Standard: Forced or compulsory labour		**Reference and/or response**
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	SR – 2 Social – Respecting Human Rights
GRI Standard: Local communities		**Reference and/or response**
413-2	Operations with significant actual and potential negative impacts on local communities	SR – 2 Social – Cooperation with local communities

Gerhard Preisig
Shift supervisor
Norske Skog Bruck

Hello, my name is Gerhard Preisig, and I am 52 years old. After school, I started an apprenticeship as a universal welder. After military service, an employee of Norske Skog informed me about vacancies, and I applied. I started at paper machine (PM) 4.

As I was interested in energy and environmental technology, I joined the energy department 10 years later. Currently, I work as a shift supervisor, and our team consists of 5 people, including me. We are responsible for safe and energy-efficient plant operation as well as for the energy supply throughout the plant.

One thing I appreciate about Norske Skog is that training and further education are always encouraged and supported.

In my spare time, I like to take part in sporting events as a cyclist or mountain biker, for example. Very often, you can find me in the gym.

Photo: Lezards Création

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Independent Auditor's Assurance Report

To the board of directors of Norske Skog ASA

We have been engaged by the Management of Norske Skog ASA to provide limited assurance in respect of the information presented in the Sustainability Report section ("the Report") included in the Norske Skog – Annual Report 2022.

Conclusion

Based on our work, nothing has come to our attention causing us to believe that:

- Norske Skog does not apply a reporting practice for its sustainability reporting aligned with the Global Reporting Initiative (GRI) Standards reporting principles nor that the reporting does not fulfil level Core according to the GRI Standards.
- Norske Skog's GRI index presented in the Report does not appropriately reflect where information on each of the disclosures of the GRI Standards is to be found within the Norske Skog – Annual Report 2022.
- Sustainability information presented for 2022 is not consistent with data accumulated and appropriately presented in the Report.

Management's Responsibilities

Management of Norske Skog is responsible for the preparation and presentation of the Report and that it has been prepared in accordance with the reporting criteria described in the Report, including the GRI Standards. Management is also responsible for establishing such internal control management determine is necessary to ensure that the information is free from material misstatement, whether due to fraud or error.

Our independence and quality control

We are independent of the Company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards – IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express a limited assurance conclusion on the information in the Report. We have conducted our work in accordance with ISAE 3000 (Revised) Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board.

The procedures performed in a limited assurance engagement vary in nature and timing compared to, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Considering the risk of material misstatement, our procedures included, among others:

- Meetings with central and local management (Norske Skog Golbey and Norske Skog Skogn) to discuss issues, risks, important sustainability topics and procedures for collecting and reporting relevant data
- Analytical review of development and changes from prior reporting periods
- Review of evidence supporting the information in the report on a sample basis

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for a conclusion with a limited level of assurance on the subject matters.

Oslo, 24.03.2023

BDO AS

Terje Eggum Adolfsen
State Authorized Public Accountant

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Report of the board of directors

Norske Skog is one of the leading producers of publication paper in the world, with an annual production capacity of 1.7 million tonnes. The group has production sites in Europe and Australasia. In Europe, the group has four production sites, two in Norway, one in France and one in Austria. The European segment is the largest with 1.4 million tonnes of capacity, of which 0.8 million tonnes is newsprint and 0.6 million tonnes is magazine paper. In Australasia, the group has one production site in Australia. The production capacity in the Australasian segment is 0.2 million tonnes newsprint and 0.1 million tonnes magazine paper located in Tasmania at Norske Skog Boyer, the only domestic producer of publication paper in Australia.

NORSKE SKOG IN 2022

2022 turned out to be another eventful year for Norske Skog and the world in general. The COVID-19 pandemic impacted less than previous years but the war in Ukraine created significant uncertainty and volatility in the markets and in particular the energy markets in Europe.

While European publication paper operations experienced a very challenging operating environment during 2021, things changed significantly in 2022. The price increases experienced in the latter part of 2021 continued into 2022 and increased further throughout the year. The price increases were driven by a combination of positive supply demand balance following the many closures of capacity in the industry and the underlying increase in variable costs. Prices for energy, our most important cost factor, increased to record high levels and we faced additional cost pressure from increases in cost for recovered paper and other raw materials.

In Australia, Norske Skog Boyer has during 2022 only served the local markets in Australia and New Zealand with newsprint and magazine paper. Australia and New Zealand where to a much lesser extent impacted by the volatility experienced in Europe.

In February Norske Skog sold Nature's Flame pellets company to Talley's Group, a New Zealand based dairy, fishing, produce and food company. Following this Norske Skog has no operating activity in New Zealand.

In April the waste-to-energy plant at Norske Skog Bruck was officially opened. Reliable access to affordable sources of green energy will be crucial for the long-term competitiveness at Norske Skog Bruck. Our fossil carbon footprint is reduced significantly by this new energy plant.

During 2022 Norske Skog continued with the conversions at Norske Skog Bruck and Norske Skog Golbey. Norske Skog Bruck PM3 was stopped in July and Norske Skog Golbey PM1 was stopped in November to facilitate the final steps of the conversions. The conversions will add 760 000 tonnes of cost-competitive and low-emission recycled containerboard capacity. The Western European recycled containerboard market was in 2022 approximately 21 million tonnes. The 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. The projects have progressed during 2022 and Norske Skog Bruck will start production of recycled containerboard in the first quarter of 2023 and Norske Skog Golbey in the fourth quarter of 2023.

Norske Skog Saugbrugs and Ringstad Næringsutvikling have together, through Porsnes Utvikling AS, developed and completed modern facilities for high school education in Halden. These were sold to Viken county municipality in December and net proceeds to Norske Skog were approximately NOK 200 million.

Oceanwood reduced its ownership from 28.5% to 16.7% through a private placement of shares of 11 100 000 shares in August 2022. During 2022 Byggma AS/Drangsland Kapital AS became the largest shareholder with a combined ownership of 22.01% on 31 December 2022.

INCOME STATEMENT AND CASH FLOW

Norske Skog's operating income was NOK 15.2 billion in 2022 (NOK 10.3 billion). The increase was mainly due to price increases realised throughout 2022, which more than offset lower volumes due to machine closures in preparation for conversions. In Australasia, volumes decreased following the cessation of production at Norske Skog Tasman.

Distribution costs of NOK 1.2 billion (NOK 1.2 billion) were in line with the previous year as increases in distribution more than offset the reduction in deliveries. Cost of materials of NOK 7.9 billion (NOK 6.1 billion) increased due to higher energy prices which remained at high levels during 2022 combined with higher recovered paper prices throughout the year.

Employee benefit expenses of NOK 2.0 billion (NOK 1.7 billion) increased year-on-year because of general salary increases, increased bonuses and accrual for our long-term incentive program. EBITDA increased to NOK 3.1 billion in 2022 (NOK 662 million), mostly impacted by the positive operating environment in Europe and Australasia during the year. Restructuring expenses in 2022 amounted to NOK 11 million (NOK 192 million) and is mainly related to restructuring of the operations in Australia. Depreciation was NOK 546 million in 2022 (NOK 433 million) reflecting increased depreciation on obsolete assets. Derivatives and other fair value adjustments in 2022 ended at NOK 462 million (NOK -218 million) reflecting the impact of the change in fair value of energy contracts in Norway.

An impairment of NOK 164 million was recognised in relation to Norske Skog Bruck PM4 producing lightweight coated paper which has been negatively impacted by the high energy prices in Austria.

Operating earnings ended at NOK 2 845 million in 2022 (NOK -160 million). The change primarily reflects changed market conditions for publication paper in Europe and the change in fair value of the energy contracts in Norway.

Net financial items in 2022 were NOK -256 million (NOK -118 million). Net interest expenses of NOK 100 million in 2022 (NOK 113 million) was in line with the previous year. Currency loss of NOK 97 million (gain of NOK 78 million) is due to weaker NOK during 2022 as most debt is denominated in other currencies, primarily EUR. Income taxes for 2022 amounted to NOK -206 million (NOK - 68 million) reflecting higher tax expense due to improved results offset by recognition of deferred tax assets. Profit for the period was NOK 2 572 million in 2022 (loss of NOK -363 million).

Net cash flow from operating activities ended at NOK 2 040 million in 2022 (NOK 191 million). Cash from operations was NOK 2 291 million (NOK 439 million) reflecting the significantly improved operating environment in 2022. Interest payments were NOK 122 million (NOK 107 million), a slight increase from previous years reflecting the increased interest rates as well an increase from new loans drawn. Taxes paid was NOK 101 million in 2022 (NOK 106 million). Taxes paid in 2022 are related to Norske Skog Golbey, Norske Skog Bruck and payment of tax for previous years in Italy.

Publication paper Europe

Operating income was NOK 13.1 billion (NOK 8.4 billion) a significant increase from the previous year due to higher publication paper prices and sale of excess energy, partly offset by lower deliveries following the closure for conversion of Norske Skog Bruck PM3 and Norske Skog Golbey PM1.

Distribution costs of NOK 963 million (NOK 937 million) increased on an absolute and per tonne basis, driven by higher freight rates despite lower tonnage. Cost of materials of NOK 6.9 billion (NOK 5.0 billion) also increased significantly, due to higher energy costs as well as increases in recovered paper and pulpwood prices. Employee benefit expenses of NOK 1.5 billion (NOK 1.3 billion) increased both on an absolute level and on a per tonne basis, mainly driven by general cost inflation.

Operating earnings ended at NOK 2 769 million in 2022 (NOK 92 million). The improvement primarily reflects favourable market conditions for publication paper in Europe during 2022 and the change in fair value of the energy contracts in Norway.

Net cash flow from operating activities ended at NOK 2 282 million in 2022 (NOK 589 million).

Demand for standard newsprint in Europe decreased by 6% as of December 2022 compared to the same period last year. Magazine paper demand decreased by 18%, with super calendared paper decreasing 15% and lightweight coated paper decreasing 20%. (Source: Eurograph).

Capacity utilisation was 86% in 2022, a decrease compared with the previous year of 91%, mainly driven by down time due to high energy prices and earlier closure of Golbey PM1 for conversion.

Publication paper Australasia

Operating income of NOK 1.9 billion (NOK 1.8 billion) increased compared to previous year due higher prices, partly offset by lower deliveries.

Distribution costs of NOK 261 million (NOK 226 million) were higher compared to the previous year on an absolute level and on a per tonne basis due to higher freight rates. Cost of materials of NOK 1 051 million (NOK 1 045) million were similar on an absolute basis but increased on a per tonne basis due to higher energy and fibre costs. Employee benefit expenses of NOK 293 milllion (NOK 340 million) decreased on an absolute basis and on a per tonne basis, partly impacted by the closure of Norske Skog Tasman.

Operating earnings ended at NOK 100 million in 2022 (NOK -225 million). The improvement primarily reflects favourable market conditions in the region and a restructuring charge of NOK 174 million recognised in relation to the closure of Norske Skog Tasman in 2021.

Net cash flow from operating activities ended at NOK 53 million in 2022 (NOK -139 million).

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

Capacity utilisation was 95% in 2022, an increase compared to the previous year of 79%, mainly due to the closure of Norske Skog Tasman in 2021 and all production being moved to Norske Skog Boyer.

BALANCE SHEET

Total assets were NOK 13.6 billion at 31 December 2022 (NOK 9.1 billion). Total non-current assets were NOK 7.1 billion at 31 December 2022 (NOK 4.5 billion). The increase is mainly related to the completion of the waste-to-energy boiler at Norske Skog Bruck and 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 221 million in 2022 (NOK 172 million). The increase in associated companies and joint ventures reflects the gain 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 137 million due to the improved operating environment.

Total current assets were NOK 6.5 billion at 31 December 2022 (NOK 4.6 billion), with cash and cash equivalents of NOK 2 650 million at 31 December 2022 (NOK 1 489 million). In addition to the increase in cash and cash equivalents, trade receivables increased due to higher sales while higher input costs for produced goods increased inventory.

Total non-current liabilities were NOK 4.4 billion at 31 December 2022 (NOK 3.4 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 3.3 billion (NOK 2.6 billion) an increase driven by higher trade payables and higher tax payables. Net interest-bearing debt at 31 December 2022 was NOK 1 092 million (NOK 1 054 million). Equity was NOK 5.9 billion at 31 December 2022 (NOK 3.1 billion). The increase reflects profit for 2022.

RISK MANAGEMENT

The main exposures for the group are linked to demand development in key sectors within publication paper and capacity management by the suppliers and thereby impacting prices. Prices for publication 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 2022 and into 2023 energy in particular 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 in the NOK, pose a financial risk for the group. Norske Skog's operations are predominantly production of publication paper in Europe and Australasia. The demand for publication paper will likely continue to decrease and the market balance is over time dependent on future closures of production capacity either permanently or through conversions to other paper grades. Exposure to both newsprint and magazine paper grades give some product diversification, 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 on one paper machine at Norske Skog Golbey will provide further product diversification into recycled containerboard, which is expected to continue to be a growing market. New fibre based and bio-related products will provide further diversification.

Financial risk management includes currency and liquidity planning. Currency volatility is to a certain extent mitigated by natural hedging where income and expenses are matched in the same currency. Norske Skog has loans predominantly denominated in EUR, replicating cash flows from the EUR based European market. Liquidity is ensured by maintaining sufficient cash balances and open credit lines linked to 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 group 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 2022.

Risk factors are further discussed in Note 4 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 thus, reflected in the group sustainability report. The 17 UN Sustainable Development Goals are now an integral part of Norske Skog's 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 2022, 80% of the waste was used as biofuel for the bio boilers at the mills generating thermal energy. In Europe 87% of the waste was used for energy purposes, whereas in

Australia, 88% 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 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 -23 % in 2022 compared to 2021, 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 CO2, 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 2022. Norske Skog achieved a favorable 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") 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 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. The act entered into force on 1 July 2022. Norske Skog will comply with the obligations under the scope of this act and will disclose further information on www.norskeskog.com by 30 June 2023.

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 0.8 in 2022 (1.9), while injuries with medical treatments per million working hours was 7.15 in 2022 (5.9) Norske Skog had an absence rate due to sickness of 4.7% in 2022 (4.2%).

EMPLOYEES, GENDER EQUALITY, GENDER BALANCE AND DIVERSITY

The Norske Skog group had 2 140 employees at year end 2022 (2 092). The paper industry has traditionally had few female employees. At Norske Skog, the share of female employees, around 13%, is a slight increase from the 12% 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 17%, which is an increase from 12% in previous year. Our female share in other management positions is 12%, a slight decrease from 13% in 2021. The board of directors consists of five members, two women and three men.

Given the low share of female employees, particularly at the mills, we aim to recruit more female operators. 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 CEBINA products.

In February Norske Skog Saugbrugs, together with its research and industry partners, was granted NOK 60 million in research funding from the Research Council of Norway and Innovation Norway under the Green Platform Programme. The portfolio of 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.

In May 2022 a new milestone at Norske Skog Saugbrugs was achieved with the official opening of the CEBICO demonstration plant. Several years of development work led to a grant support of 15 million NOK from Innovation Norway for the investment in this new technology. With a capacity of 300 tonne per year, the demonstration plant has verified the up-scaled production process and provides large product volumes for customer testing in new applications.

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 in 2024.

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 2022, the equity of the company is NOK 5.9 billion giving an equity ratio of approximately 42%. Based on the results for the company and group for 2022, 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 2023

The development in the global economy, especially within the raw material and energy markets, but also consumer spending, are of vital importance for the publication paper and packaging industry, and thus for Norske Skog's operations. The general high level of uncertainty on how the global economy will develop in 2023 remains. Raw material and energy prices have come down from record highs but are still at significant levels. The volatility and uncertainty will remain in 2023. These factors will influence the cost level, and hence the prices for publication and packaging paper in Europe. However, Norske Skog will actively manage its energy exposure through the coming quarters.

Executed and planned capacity closures in the industry are expected to maintain a balanced newsprint paper market, whereas the markets for super calendared magazine grades and in particular lightweight-coated magazine grades are softening. The turbulent operating environment, especially within energy, may result in further temporary or permanent downtime and closures in the industry.

The waste-to-energy facility at Bruck has been operating since second quarter 2022 on approximately 80% of its design capacity. Together with the main supplier Valmet, necessary modifications are done in the first quarter 2023 to bring the energy plant to its full design capacity. The facility has already significantly reduced the gas consumption, and thus CO_2 emissions for Norske Skog Bruck.

Norske Skog expects to commence production of recycled containerboard during the first quarter of 2023 at Norske Skog Bruck PM3, and during the fourth quarter of 2023 at Norske Skog Golbey PM1. From the first quarter of 2023, Norske Skog will establish packaging paper as a new operating segment.

Norske Skog will continue its strategic review of the operations in Australia. Norske Skog Boyer is the only publication paper producer in the region. Further opportunities to realise values related to the Norske Skog Boyer industrial site will be reviewed.

Norske Skog will continue working to develop other options based on the current industrial platform and site-specific opportunities, which include further machine conversions and other new renewable energy and bioproduct initiatives.

NORSKE SKOG ASA (THE PARENT COMPANY)

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 2022 the company had 31 employees.

Operating revenue NOK 97 million (NOK 95 million) is primarily from the services provided within the group. Employee benefit expenses NOK 218 million (NOK 82 million) an increase of NOK 136 million mainly due to accrual of our long-term incentive programme. Other operating expenses NOK 69 million (NOK 50 million) are related to the head office functions. Net financial items amounted to NOK 904 million (NOK -11 million) reflecting a reversal of impairment related to shares in subsidiaries of NOK 1 066 million (NOK 0 million), net interest expense of NOK 64 million and (NOK 37 million) and unrealised currency loss of NOK 91 million (gain NOK 81 million). The profit for the year for Norske Skog ASA was NOK 708 million in 2022 (NOK -80 million).

Net cash flow from operating activities was NOK -119 million (NOK -76 million). Total assets were NOK 7.7 billion at 31 December 2022 (NOK 6.3 billion). The increase is mainly due to increase in cash and cash equivalents and reversal of impairment on shares in subsidiaries.

Total non-current assets were NOK 4.9 billion at 31 December 2022 (NOK 4.8 billion). Total non-current liabilities were NOK 1.4 billion at 31 December 2022 (NOK 1.5 billion) while current liabilities increased to NOK 2.1 billion from NOK 1.4 billion. Equity was NOK 4.1 billion at 31 December 2022 (NOK 3.4 billion). The increase is due to the profit for the year.

Lost-time injuries per million working hours, was 0 in 2022 (0) in Norske Skog ASA. The company had an absence rate due to sickness of 2.1% in 2022 (0.8%).

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.

The total number of shareholders was 9 677 at 31 December 2022 (7 615).

PROFIT/LOSS ALLOCATION

The profit for the year for Norske Skog ASA (the parent company) in 2022 was NOK 708 million (loss of NOK 80 million). The profit for the year was allocated to retained earnings.

DIVIDEND PROPOSAL

The board of directors will propose to the annual general meeting the authority to pay dividend up to NOK 5.00 per share. Any shareholder distribution is subject to waivers from certain lenders.

SKØYEN, 28 MARCH 2023
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA

Geir Drangsland Chair	Arvid Grundekjøn Board member	Trine-Marie Hagen Board member
Nikolai Johns Board member	Johanna Lindén Board member	Sven Ombudstvedt CEO

Photo: Lézards Création


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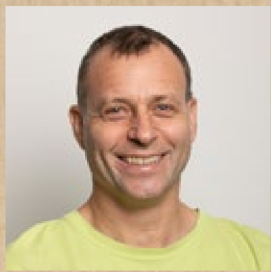


Johannes Moser
Production line manager
Norske Skog Bruck

My name is Johannes Moser, and I am the production line manager at PM3. I started working at Norske Skog Bruck as a papermaker's apprentice, completing an apprenticeship in papermaking and one in chemistry laboratory technologies. I also achieved a master certificate in papermaking. I took on my current role during the conversion to containerboard.

My two brothers also completed apprenticeships at our company and told me about the working environment and development opportunities.

At Norske Skog, I like the cooperation and creativity. Solutions are always found. I also like the life-long training and development, making career paths from apprenticeship to management positions.

By converting to containerboard, I hope we become a strong partner in this segment. By developing in the "green energy sector", I expect a positive and sustainable commitment to the environment. Through our investment programs, Norske Skog should strengthen our image as a leading company and attractive employer.

Photo: Norske Skog

Consolidated financial statements

Consolidated financial statements

Notes to the consolidated financial statements

CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	2022	2021
Operating revenue	5	14 537	9 848
Other operating income	6	677	466
Total operating income		**15 214**	**10 315**
Distribution costs		-1 227	-1 187
Cost of materials	6	-7 937	-6 055
Employee benefit expenses	7	-2 024	-1 723
Other operating expenses	8	-921	-687
Restructuring expenses	22	-11	-192
Depreciation	14, 15	-546	-433
Impairments	15	-164	22
Derivatives and other fair value adjustments	9	462	-218
Total operating expenses		**12 369**	**10 474**
Operating earnings	5	**2 845**	**-160**
Share of profit in associated companies and joint ventures	10	188	-18
Financial income	11	31	5
Financial expense	11	-190	-200
Gains/(losses) on foreign currency	11	-97	78
Profit/(loss) before income taxes		**2 778**	**-295**
Income taxes	12	-206	-68
Profit/(loss) after taxes		**2 572**	**-363**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	NOTE	2022	2021
Profit/(loss) after taxes		**2 572**	**-363**
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		187	-122
Reclassified translation differences upon divestment of foreign operations		1	0
Tax expense on translation differences		0	0
Total		**188**	**-122**
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of post employment benefit obligations		14	14
Tax effect on remeasurements of post employment benefit obligations		2	-2
Total		**16**	**12**
Other comprehensive income		**204**	**-110**
Total comprehensive income		**2 775**	**-473**
Basic earnings per share (NOK)	13	27.28	-3.90
Diluted earnings per share (NOK)	13	27.28	-3.90

CONSOLIDATED BALANCE SHEET

NOK MILLION	NOTE	31.12.2022	31.12.2021
Assets			
Deferred tax assets	12	137	0
Intangible assets	14	14	21
Property, plant and equipment	5, 15	5 852	4 103
Investment in associated companies	10	299	108
Other non-current assets	20, 21	768	305
Total non-current assets		**7 069**	**4 538**
Inventories	5, 24	1 464	1 203
Trade and other receivables	5, 20	1 944	1 411
Other current assets	24	481	484
Cash and cash equivalents	4	2 650	1 489
Total current assets		**6 539**	**4 587**
Total assets		**13 609**	**9 125**
Equity and liabilities			
Paid-in equity		8 898	8 898
Other equity		-2 989	-5 765
Total equity		**5 909**	**3 133**
Employee benefit obligations	21	278	312
Deferred tax liability	12	208	260
Interest-bearing non-current liabilities	23, 24	3 432	2 356
Other non-current liabilities	24	504	463
Total non-current liabilities		**4 422**	**3 391**
Trade and other payables	24	2 245	1 910
Tax payable	12	358	50
Interest-bearing current liabilities	23, 24	310	187
Other current liabilities	21, 24	364	454
Total current liabilities		**3 278**	**2 600**
Total liabilities		**7 700**	**5 991**
Total equity and liabilities		**13 609**	**9 125**

SKØYEN, 28 MARCH 2023
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA

Geir Drangsland
Chair

Arvid Grundekjøn
Board member

Trine-Marie Hagen
Board member

Nikolai Johns
Board member

Johanna Lindén
Board member

Sven Ombudstvedt
CEO

CONSOLIDATED STATEMENT OF CASH FLOWS

NOK MILLION	NOTE	2022	2021
Cash generated from operations	5	14 624	10 003
Cash used in operations		-12 333	-9 564
Cash flow from currency hedges and financial items		-59	-39
Interest payments received	11	31	4
Interest payments made	11	-122	-107
Taxes paid		-101	-106
Net cash flow from operating activities [1)]	5	**2 040**	**191**
Purchases of property, plant and equipment and intangible assets	5, 14, 15	-2 228	-1 021
Sales of property, plant and equipment and intangible assets	15	28	17
Purchase of shares in companies and other financial payments		-30	-95
Sales of shares in companies and other financial instruments		275	207
Net cash flow from investing activities		**-1 956**	**-891**
New loans raised	23	1 354	1 202
Repayments of loans	23	-321	-383
New paid-in equity		0	388
Net cash flow from financing activities		**1 033**	**1 207**
Foreign currency effects on cash and cash equivalents		43	2
Total change in cash and cash equivalents		**1 161**	**509**
Cash and cash equivalents at start of period		1 489	980
Cash and cash equivalents at end of period		2 650	1 489

[1)] Reconciliation of net cash flow from operating activities			
Profit/(loss) before income taxes		2 778	-295
Change in working capital		-545	57
Change in restructuring provisions	22	-22	-28
Depreciation and impairments	15	710	411
Derivatives and other fair value adjustments	9	-462	223
Gain and losses from divestment of business activities and property, plant and equipment		-191	-16
Net financial items without cash effect		-82	-7
Taxes paid		-101	-106
Change in pension obligations and other employee benefits		-31	-13
Adjustment for other items		-14	-37
Net cash flow from operating activities		**2 040**	**191**

CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

NOK MILLION	PAID-IN-EQUITY [1]	OTHER PAID-IN EQUITY [2]	OTHER EQUITY	TOTAL EQUITY
Equity 1 January 2021	**6 261**	**2 249**	**-5 292**	**3 219**
Change in paid-in equity [3]	388	0	0	388
Profit/(loss) after tax	0	0	-363	-363
Other comprehensive income	0	0	-110	-110
Equity 31 December 2021	**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**

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) Increase of paid-in-equity in February 2021 by issuing 11 764 705 new shares. The increase consisted of increase in share capital of NOK 47 million and increase in share premium of NOK 341 million.

Marleen van den Berg
VP containerboard sales/
MD Norske Skog Deutschland

Hello, I am Marleen van den Berg and I actually have two jobs at Norske Skog: VP Containerboard Sales and MD Norske Skog Deutschland.

I started working at Norske Skog when the conversion projects started. Playing a role in the transition of the company is very motivating.

I like the culture of the company: We are a resilient bunch, and there is a can-do mentality throughout the company. And wherever I go, I'm impressed by the professionalism and commitment of my colleagues, no matter what position.

I would like to see Norske Skog execute its vision and become a leading player in the three fields we are focusing on: publication paper, packaging paper, fibres and energy. Mind you – leading doesn't always mean the biggest in volume. It can be leading from a technological or operational point of view. It's key, though, that we generate the results needed to keep developing the company.

Photo: Norske Skog Golbey

Notes to the consolidated financial statements

1. General information

Norske Skog ASA ("the company") and its subsidiaries ("the group") is a world leading producer of publication paper with strong market positions in Europe and Australasia. Publication paper includes newsprint and magazine paper. Norske Skog operates five mills in four countries. Norske Skog has an annual publication paper production capacity of 1.7 million tonnes. Four of the mills are in Europe and one in Australia. Newsprint and magazine paper are sold through sales offices and agents to over 80 countries. At 31 December 2022 the group has 2 140 employees. Of the four mills in Europe two will also produce recycled containerboard following conversion projects. In addition to the traditional publication paper business, Norske Skog aims to further diversify its operations and continue its transformation into a growing and high margin business through a range of exciting bio products, fibre and energy related projects.

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

The consolidated financial statements are presented in accordance with International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRIC), as adopted by the European Union (EU). The consolidated financial statements are presented in English only. All amounts are presented in NOK million unless otherwise stated. There may be some small differences in the summation of columns and rows due to rounding. The corresponding amounts for prior year in parenthesis. The consolidated financial statements were authorised for issue by the board of directors in Norske Skog ASA on 28 March 2023.

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	
	2022	2021	31.12.2022	31.12.2021
AUD	6.66	6.45	6.70	6.40
EUR	10.10	10.16	10.51	9.99
GBP	11.85	11.82	11.85	11.89
NZD	6.09	6.08	6.26	6.03
USD	9.61	8.59	9.86	8.82

2. Accounting policies

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

CONSOLIDATION

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Norske Skog ASA and its subsidiaries as at 31 December 2022. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if, and only if, the group has:

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

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

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

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

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

b) Associates

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

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

SEGMENT REPORTING

Reportable segments

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

Accounting policies applied in the segment reporting

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

Performance measurement

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

Intercompany transactions

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

FOREIGN CURRENCY TRANSLATION

a) Functional and presentational currency

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

b) Transactions and balances

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

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

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

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

c) Group companies

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

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

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

The residual value and useful life of property, plant and equipment are reviewed and adjusted. Review of impairment indicators are performed regularly, and if impairment indicators are identified an impairment test of property plant and equipment for the CGU in question is performed. An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

INTANGIBLE ASSETS

a) Patents and licences

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

b) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire the specific software and bring it into use and amortised over their estimated useful lives. 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 OF NON-FINANCIAL ASSETS

Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which cash flows are separately identifiable CGUs (cash-generating units).

FINANCIAL ASSETS

The group classifies its financial assets in the following three categories: at fair value through profit or loss, at amortised cost, and at fair value through other comprehensive income. This classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

a) Financial assets at fair value through profit or loss

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

Non-financial commodity contracts where the relevant commodity is readily convertible to cash, and where the contracts are not for own use, fall within the scope of IFRS 9 and such contracts are treated as derivatives. Embedded derivatives are separated from the host contract and accounted for as a derivative if the economic characteristics are not closely related to the economic characteristics and risk of the host contract. See Notes 4, 17 and 18 for more information. Commodity contracts within the scope of IFRS 9 are classified as current assets, unless they are expected to be realised more than 12 months after the balance sheet date. In that case, they are classified as non-current assets.

b) Amortised cost

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

c) Fair value through other comprehensive income

Investments in other shares not held for trading purpose are classified as fair value through other comprehensive income.

DERIVATIVES

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 quoted investments is based on the current market price. If the market for a financial asset is not active, the group applies valuation techniques to establish the fair value. These include the use of recent arm's length transactions, reference to other instruments which are substantially the same, and discounted cash flow analyses defined to reflect the issuer's specific circumstances. Fair value includes the impact of credit risk and the adjustment for credit risk is dependent on whether the derivative is in the money (asset) or out of the money (liability). Credit value adjustment is applied to assets positions based on credit risk associated with the counterparty. Debit value adjustment is applied to liability positions, based on the groups own credit risk.

CASH AND CASH EQUIVALENTS

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

TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are 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 recognised based on ageing categories of trade receivables that includes all receivables.

INVENTORY

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

TRADE PAYABLES

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

PROVISIONS

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

Restructuring costs are costs which are not related to the ongoing operations. Restructuring cost are recognised once there is a constructive obligation. This includes for example severance (redundancy) payments, early retirement or other arrangements for employees leaving the company, external costs to lawyers and legal advisors in relation to the restructuring process, lease termination costs and onerous contracts. Salary which is earned while the employee contributes to the ongoing operations is not classified as restructuring costs.

Where a number of similar obligations exist, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the best estimate of the expenditure required to settle the present obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised within financial items.

CURRENT AND DEFERRED INCOME TAX

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

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

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

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

PENSION OBLIGATIONS, BONUS ARRANGEMENTS AND OTHER EMPLOYEE BENEFITS

a) Pension obligations

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

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds which are denominated in the currency in which the benefits will be paid, and which have terms to maturity approximating to the terms of the related pension liability, or alternatively a government bond interest rate if such bonds do not exist.

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

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

b) Other employee benefit obligations

Group companies operate various other employee benefit schemes. Other employee benefits are future benefits that the employees have earned in return for their service in current and prior periods.

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.

The obligations are classified as non-current during the period they are being earned, and are for some of the plans reclassified to current when the employees have completed the required period of service and the group does not have an unconditional right to defer settlement for these obligations.

c) Share-based remuneration

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

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

d) Bonus arrangements

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

e) Short-term obligations

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

BORROWINGS

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

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

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

DERECOGNITION

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

PAID-IN-EQUITY

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

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

REVENUE RECOGNITION

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

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

DIVIDEND INCOME

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

INTEREST INCOME

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

GOVERNMENT GRANTS

Government grants are recognised as income 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. CO_2 compensation is recognised as a reduction of energy cost as the element of energy cost it compensates is consumed and incurred. Government grants in the form of compensation for losses which have already been incurred, or in the form of direct financial support, which is not directly related to future costs, are recognised as income in the same period as they are awarded.

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

LEASES

Norske Skog recognises a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term ("right-of-use asset"). Exceptions for short term leases and low value leases have been adapted by the group. At initial recognition the right-of-use 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 right-of-use asset.

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

NEW AND AMENDED INTERPRETATION AND STANDARDS ADOPTED BY THE GROUP

a) New standards effective from 1 January 2022

Changes in standards and interpretations during 2022 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. Accounting estimates and assumptions

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 9 and Note 18 for more information.

b) Recoverable amount of intangible assets and property, plant and equipment (PPE)
The group performs impairment tests to assess whether there has been a decline in the value of intangible assets and PPE 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. The group conducts annual reviews of the remaining economic life of PPE. An increase or decrease in the remaining economic life will have an impact on future depreciation, as well as affect the cash flow horizon for calculating value in use. See Note 15 for further information.

4. Financial risk

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

Uncertainty about future changes in the broader economic climate development and more adverse developments than expected may influence all of the above.

The aforementioned risks may all affect future results. The factors are an inherent uncertainty when the board makes its assessments.

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.

	31.12.2022			31.12.2021		
INTEREST-BEARING ASSETS AND LIABILITIES	**FLOATING**	**FIXED**	**TOTAL**	**FLOATING**	**FIXED**	**TOTAL**
Interest-bearing liabilities	2 892	850	3 742	1 671	872	2 543
Interest-bearing assets	-2 650	0	-2 650	-1 489	0	-1 489
Net exposure	**241**	**850**	**1 092**	**182**	**872**	**1 054**

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.

INTEREST RATE	NET PROFIT AFTER TAX 2022	2021
50 basis point downward parallel shift in the yield curve	4	-3
50 basis point upward parallel shift in the yield curve	-4	2

With a 50-basis point upward change in interest rate the interest payments will increase with 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 - economically 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 2022 Norske Skog has economically 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 loss of NOK 6 million in 2022 (NOK -4 million). At year end 2022 we did not have any hedging contracts (2021 NOK -1 million).

Translation risk - net investment hedge

The group does not have any net investment hedges.

Foreign exchange - sensitivity analysis on financial instruments

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

- Norske Skog as a group comprises entities with different functional currencies. Derivative and non-derivative financial instruments of a monetary nature, denominated in currencies different from the functional currency of the entity, create foreign exchange rate exposure on the consolidated income statement.

- Financial instruments denominated in the functional currency of the entity have no currency risk and will therefore not be applicable to this analysis. Furthermore, the foreign currency exposure of translating financial accounts of subsidiaries into the group's presentational currency is not part of this analysis.

- Sensitivity on commodity contracts and embedded derivatives is presented separately under "commodity risk".

- Other currency derivatives that are recognised at fair value through profit and loss will affect the income statement. These effects come mainly from currency derivatives and financial liabilities managed as economic net investment hedges which do not qualify for hedge accounting according to IFRS 9.

- Other non-derivative financial instruments accounted for in the analysis comprise cash and cash equivalents, accounts payable, accounts receivable and borrowings denominated in currencies different from the functional currency of the entity.

- Correlation effects between currencies are not taken into account. Figures are presented net of tax.

CURRENCIES AGAINST TO WHICH THE GROUP HAS SIGNIFICANT EXPOSURE	NOK GAIN/(LOSS) FROM 10% APPRECIATION ON FOREIGN CURRENCY EXCHANGE RATES 31.12.2022	31.12.2021
EUR	-75	-82
GBP	13	17
USD	12	14
Other	8	0
Total	**-41**	**-51**

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 are common in physical commodity contracts and comprise a wide variety of derivative characteristics.

Changes in fair value of commodity contracts reflect unrealised gains or losses and are calculated as the difference between market price and contract price, discounted to present value. Some commodity contracts are bilateral contracts or embedded derivatives in bilateral contracts, for which there exists no active market. Therefore, valuation techniques are used as much as possible, with the use of available market information. Techniques that reflect how the market could be expected to price instruments are used in non-observable markets. The 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 by principle assumed to occur in the middle of the period. Currency effects arise when contract values nominated in foreign currencies are translated into the reporting currency.

COMMODITY CONTRACTS WITHIN THE SCOPE OF IFRS 9			FAIR VALUE 31.12.2022	NET PROFIT AFTER TAX - INCREASE	NET PROFIT AFTER TAX - DECREASE
Energy price	change	10%	446	323	-323
Currency	change	10%	446	-11	14
Price index	change	2.5%	446	1	-1

Sensitivity analysis for embedded derivatives

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

EMBEDDED DERIVATIVES			FAIR VALUE 31.12.2022	NET PROFIT AFTER TAX - INCREASE	NET PROFIT AFTER TAX - DECREASE
Currency	change	10%	12	-56	75

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 2 650 million on 31 December 2022 (NOK 1 489 million). Restricted bank deposits amounted to NOK 109 million on 31 December 2022 (NOK 85 million).

Scheduled repayments in Note 23 shows a more specified contractual maturities of non-derivative financial liabilities than the table below. All amounts disclosed in the table are undiscounted cash flows. Furthermore, amounts denominated in foreign currency are translated to NOK using closing rates at 31 December 2022. These amounts consist of trade payables and interest payments. Variable rate interest cash flows are calculated using the forward yield curve. Projected interest payments are based on the maturity schedule at 31 December 2022 without accounting for forecasted refinancing and/or other changes in the liability portfolio. All other cash flows are based on the group's positions held at 31 December 2022.

SCHEDULED REPAYMENTS OF FINANCIAL DEBT AND INTEREST	2022	2021
Not later than one year	551	404
Later than one year and not later than five years	3 632	2 321
Later than five years	387	146
Total	**4 569**	**2 872**
Trade payables	819	1 018

CREDIT RISK

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

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

5. Operating segments

REPORTABLE SEGMENTS

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

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

Publication paper Europe

The publication paper Europe segment encompasses production and sale of newsprint and magazine paper in Europe. All the four European mills and the regional sales organisation are included in the operating segment publication paper Europe. One machine in Norske Skog Bruck and one machine in Norske Skog Golbey ceased production during 2022 to prepare for conversion to containerboard production.

Publication paper Australasia

The publication paper Australasia segment encompasses production and sale of newsprint and magazine paper in Australasia. The mills in Australasia and the regional sales organisation are included in the operating segment publication paper Australasia. The Norske Skog Boyer mill is the only mill in the Australian operating segment.

Other activities

Activities in the group that do not fall into the operating segments publication paper Europe or publication paper Australasia are presented under other activities. This includes corporate functions, green energy and other holding company activities. The pellets operations of Nature's Flame is included up to first quarter 2022 when it was sold.

REVENUE FROM CUSTOMERS AND OTHER OPERATING ACTIVITIES

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

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:

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 recognised if the customer has taken over a significant part of the gain and loss potential relating to the goods.

E-terms, where the responsibility is placed on the buyer. The seller assures the delivery of the goods to the buyer or the agreed destination.

F-terms, where the purchaser arranges and pays for the transport. The point of sale is when the goods are handed over to the transporter contracted by the purchaser.

The sale of newsprint and magazine paper in Norske Skog is mainly based on delivery terms C and D, with 20% and 74% respectively.

REVENUES AND EXPENSES NOT ALLOCATED TO OPERATING SEGMENTS

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

MAJOR CUSTOMERS

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

Norske Skog had a total sales volume of newsprint and magazine paper of 1 714 000 tonnes in 2022, of which sales to the group's largest customer constituted approximately 169 000 tonnes. Total sales volume in 2022 of newsprint and magazine paper to the five largest customers in Europe and Australasia amounted to approximately 308 000 and 178 000 tonnes respectively.

Cyrielle Nussbaum
Communication manager
Norske Skog Golbey

Hello, I am Cyrielle Nussbaum and I am the Communication Manager at Norske Skog Golbey. I have a professional degree in advertising and a certification in webmarketing. I completed a CSR Communication course last year.

I have worked as a brand manager for leading French brands specialising in linen for 10 years.

I saw a video about Norske Skog Golbey's ambitions, its CSR approach and its strategy for the future. That prompted me to send my application.

I manage internal and external communication of the business unit, except products communication. It includes public and press relations, community management (social media, website, videos), writing and making layouts of print documents (flyers, posters) and organizing events and trade shows.

Like all moms, I try to take care of my 2 sons (10 and 12 years old). I have been practising kyokushinkai karate for several years. I enjoy going to the restaurant with friends.

Photo: Nicolas Michel

OPERATING INCOME AND EXPENSES PER OPERATING SEGMENT

2022	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	12 645	1 893	117	-119	14 537
Other operating income	477	28	177	-4	677
Total operating Income	**13 122**	**1 920**	**294**	**-122**	**15 214**
Distribution costs	-963	-261	-4	0	-1 227
Cost of materials	-6 889	-1 051	-13	16	-7 937
Employee benefit expenses	-1 515	-293	-220	3	-2 024
Other operating expenses	-791	-161	-71	102	-921
EBITDA	**2 965**	**154**	**-14**	**0**	**3 105**
Restructuring expenses	0	-11	0	0	-11
Depreciation	-493	-43	-10	0	-546
Impairments	-164	0	0	0	-164
Derivatives and other fair value adjustments	462	0	0	0	462
Operating earnings	**2 769**	**100**	**-24**	**0**	**2 845**
Share of operating revenue from external parties (%)	100	100	18		100

2021	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	7 990	1 759	214	-115	9 848
Other operating income	422	33	13	-3	466
Total operating income	**8 412**	**1 792**	**228**	**-117**	**10 315**
Distribution costs	-937	-226	-24	0	-1 187
Cost of materials	-4 986	-1 045	-51	28	-6 055
Employee benefit expenses	-1 296	-340	-91	3	-1 723
Other operating expenses	-565	-137	-72	87	-687
EBITDA	**628**	**44**	**-11**	**0**	**662**
Restructuring expenses	-16	-174	-3	0	-192
Depreciation	-380	-40	-13	0	-433
Impairments	8	14	0	0	22
Derivatives and other fair value adjustments	-148	-69	0	0	-218
Operating earnings	**92**	**-225**	**-26**	**0**	**-160**
Share of operating revenue from external parties (%)	100	100	62		100

OPERATING REVENUE PER GEOGRAPHICAL MARKET

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

	2022	2021
Norway	685	218
Rest of Europe	11 282	6 904
North America	349	316
Australasia	1 873	1 777
Asia	270	570
Africa	78	62
Total	**14 537**	**9 848**

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.

	31.12.2022	31.12.2021
Europe	5 603	3 776
Australasia	249	327
Total	**5 852**	**4 103**

CASH GENERATED FROM OPERATIONS

	2022	2021
Publication paper Europe	12 813	8 047
Publication paper Australasia	1 819	1 854
Other activities	114	219
Eliminations	-122	-117
Total	**14 624**	**10 003**

NET CASH FLOW FROM OPERATING ACTIVITIES

	2022	2021
Publication paper Europe	2 282	589
Publication paper Australasia	53	-139
Other activities	-44	-11
Total cash flow allocated to segments	**2 291**	**439**
Net financial items	-150	-142
Taxes paid	-101	-106
Net cash flow from operating activities	**2 040**	**191**

PURCHASES OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	2022	2021
Publication paper Europe	2 207	990
Publication paper Australasia	19	26
Other activities	2	5
Total	**2 228**	**1 021**

INVENTORIES

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

	31.12.2022	31.12.2021
Publication paper Europe	1 252	966
Publication paper Australasia	211	208
Other activities	0	29
Total	**1 464**	**1 203**

TRADE RECEIVABLES

	31.12.2022	31.12.2021
Publication paper Europe	530	526
Publication paper Australasia	266	153
Other activities	22	50
Total	**818**	**729**
Provison for bad debt	-44	-43
Total	**774**	**686**

6. Other operating income

	2022	2021
Public subsidies and grants	37	74
Gain on sales of non-current assets	192	16
Gain from sale of CO_2 allowances	270	250
Other	179	126
Total	**677**	**466**

Public subsidies and grants in 2022 consist of energy support in Norske Skog Bruck of NOK 20 million. 2021 includes COVID-19 financial support to Norske Skog Bruck of NOK 63 million.

Gain on sale of non-current assets in 2022 consists of gain on sale of the pellets business Nature's Flame of NOK 171 million, and sale of land and other assets of NOK 21 million. The land and other assets includes Norske Skog Tasman and a sale of business in the sales office Norske Skog Italy.

EUs ETS system was established early 2000. Pulp & Paper is part of the carbon leakage group (together other sectors) and are covered by special regulations which includes allocation of free CO_2 quotas. Norske Skog received 410 000 CO_2 quotas in 2022 (430 000) and were able to sell approximately 300 000 quotas for 2022 (188 000) in the market as these exceeds the quotas needed to be delivered. The number of quotas available for sale is dependent on yearly production. ETS system currently covers the period 2021 to 2025. It is expected that the EU ETS scheme will be adjusted in 2026, the outcome of any adjustments is uncertain.

CO_2 compensation is an arrangement whereby sectors covered by carbon leakage may compensated for the increased cost producers have to cover their emissions. Any compensation is decided on country level and Norske Skog receives CO_2 compensation in Norway and France. The compensation is dependent on energy consumption and average CO_2 price in the previous year. CO_2 compensation covers a defined period but may be changed at the discretion of the government. The amount recognised for CO_2 compensation for 2022 is NOK 433 million (NOK 286 milllion) and are recorded as a reduction of energy costs in the line cost of materials.

Other for 2022 consist mainly of gate fee, sale of steam, and real estate rental.

7. Employee benefit expenses

EMPLOYEE BENEFIT EXPENSES	NOTE	2022	2021
Salaries including holiday pay		1 608	1 349
Social security contributions		333	293
Pension and other long term employee benefits	21	44	61
Other employee benefit expenses		39	21
Total		**2 024**	**1 723**

NUMBER OF EMPLOYEES	2022	2021
Europe	1 800	1 732
- Corporate functions	31	30
Australasia	309	330
Total	**2 140**	**2 092**

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 20 April 2023 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 68 million was expensed in 2022 and at 31 December 2022 the corresponding liability was NOK 88 million. In January 2023 2 006 000 of the synthetic options were exercised, and 1 887 000 new were awarded.

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.

2022 (in NOK 1 000)	BASE SALARY 31.12	SALARY PAID	BENEFITS IN KIND ETC. [1]	CONTRIBUTION TO PENSION SCHEMES	ANNUAL BONUS EARNED [2]	LTI-PLAN EARNED [3]	TOTAL REMUNERA-TION	RELATIVE PROPORTION FIXED/ VARIABLE
Sven Ombudstvedt (CEO)	4 975	4 985	212	794	2 240	15 725	**23 956**	25% / 75%
Lars P. S. Sperre (SVP)	3 670	3 706	215	539	1 560	8 405	**14 425**	31% / 69%
Rune Sollie (CFO)	2 280	2 277	206	266	929	8 405	**12 084**	23% / 77%
Amund Saxrud (COO)	2 280	2 287	323	265	1 026	8 405	**12 306**	23% / 77%
Tore Hansesætre (SVP)	2 205	2 216	212	252	937	8 405	**12 023**	22% / 78%
Robert A. Wood (SVP) [4]	2 135	2 077	42	249	801	8 405	**11 575**	21% / 79%

2021 (in NOK 1 000)	BASE SALARY 31.12	SALARY PAID	BENEFITS IN KIND ETC. [1]	CONTRIBUTION TO PENSION SCHEMES	ANNUAL BONUS EARNED [2]	LTI-PLAN EARNED [3]	TOTAL REMUNERA-TION	RELATIVE PROPORTION FIXED/ VARIABLE
Sven Ombudstvedt (CEO)	4 750	4 778	137	781	1 544	1 927	**9 167**	62% / 38%
Lars P. S. Sperre (SVP)	3 500	3 590	221	531	1 138	1 030	**6 510**	67% / 33%
Rune Sollie (CFO)	2 170	2 193	201	265	705	1 030	**4 394**	61% / 39%
Amund Saxrud (COO)	2 150	2 166	270	261	753	1 030	**4 479**	60% / 40%
Tore Hansesætre (SVP)	2 100	2 138	196	251	735	1 030	**4 350**	59% / 41%
Robert A. Wood (SVP) [4]	2 028	1 913	18	242	761	1 030	**3 964**	55% / 45%

[1] Includes car allowance, insurance, free telephone, etc.
[2] Based on results achieved in the financial year, paid in 2022 and in 2023.
[3] LTI-Plan earned is based on the expensed change in accrual of the corresponding liability.
[4] Robert Wood is employed by Norske Skog (UK) Ltd. but works fully for Norske Skog ASA as SVP Commercial.

8. Other operating expenses and auditors' fee

	NOTE	2022	2021
Maintenance materials and services		519	408
Marketing expenses		22	21
Variable lease, short term and low value lease expenses	16	25	14
Administration, insurance, travel expenses etc.		93	58
Losses from divestments of property, plant and equipment		1	0
Other expenses		261	186
Total		**921**	**687**
Specification of losses on accounts receivable included in other expenses			
Receivables written off during the period		1	17
Change in provision for bad debt		-1	-16
Total		**1**	**0**

AUDITORS' FEE INCLUDED IN OTHER OPERATING EXPENSES

	PARENT COMPANY		SUBSIDIARIES			
(in NOK 1 000, excluding VAT)	GROUP AUDITORS (PWC)	PREVIOUS AUDITORS (BDO)	GROUP AUDITORS (PWC)	PREVIOUS AUDITORS (BDO)	OTHER AUDITORS	TOTAL
Audit fee	1 100	1 681	3 186	1 231	517	7 715
Audit-related assistance[1)]	0	211	83	702	167	1 163
Tax assistance	0	0	0	0	31	31
Other fees	34	57	44	975	0	1 110
Total	**1 134**	**1 949**	**3 313**	**2 908**	**716**	**10 019**

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

9. Derivatives and other fair value adjustment

	2022	2021
Changes in value – commodity contracts [1)]	450	-223
Changes in value – embedded derivatives	12	0
Other realised gains/(losses)	0	5
Total	**462**	**-218**

[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 4. The valuation techniques used are described in Note 18.

The gain in fair value of commodity contracts in 2022 is mainly due to the fact that the forecasted energy prices in Norway have increased. The loss in 2021 was mainly due to forecasted energy prices in Norway decreasing from 2020 to 2021.

Other realised gains and losses in 2021 primarily relates to financial hedging of energy.

10. Associated companies

Net profit from associated companies are included in 2022 with NOK 188 million (loss NOK 18 million).

Investments in associated companies are accounted for in accordance with the equity method. The carrying value of associated companies and joint ventures are NOK 299 million at 31 December 2022 (NOK 108 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. At 31 December 2022 Norske Skog ASA held a 26% (26%) share of Circa Group AS with a carrying value of NOK 80 million. Norske Skog's share of net loss for the year of NOK 60 million is recognised in the income statement with NOK 14 million. Circa Group AS is listed on Euronext Growth with a market value as of 31 December 2022 of NOK 190 million.

Porsnes Utvikling AS
Porsnes Utvikling AS is incorporated in Halden, Norway, and is a real estate company established to develop projects located at Norske Skog Saugbrugs site in Halden. At 31 December Norske Skog Saugbrugs held a 50% (50%) share of the company with a carrying value of NOK 212 million. Norske Skog's share of net profit for the year of NOK 399 million is recognised in the income statement with NOK 199 million. The net profit is a gain from sales of shares in Porsnes Utvikling 1 AS, which developed a high school, sold to Viken county municipality in December 2022. Following this Norske Skog received a dividend of NOK 200 million in January 2023 from Porsnes Utvikling AS.

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 accounts of the owner.

11. Financial items

FINANCIAL ITEMS	2022	2021
Financial income		
Interest income	31	4
Other financial income	0	1
Total	**31**	**5**
Financial expenses		
Interest expense	-131	-117
Other financial expenses	-60	-83
Total	**-190**	**-200**
Gains/(losses) on foreign currency	**-97**	**78**
Financial items	**-256**	**-118**

Other financial expenses mainly consist of commitments fee and other financing expenses. Other financial expenses in 2021 also includes loss of NOK 45 million due to early repayment of the EUR 125 million bond. See Note 23.

12. Income taxes

TAX EXPENSE	2022	2021
Current tax expense	-403	-104
Change in deferred tax	197	36
Total	**-206**	**-68**

RECONCILIATION OF THE GROUP TAX EXPENSE	2022	2021
Profit/(loss) before income taxes	2 778	-295
Computed tax at nominal tax group rate of 22%	-611	65
Differences due to different tax rates	-103	16
Non taxable income/non deductible expenses	65	-118
Adjustment previous years	-5	-5
Other items	1	-17
Change in tax rate	-1	0
Deferred tax asset not recognised	448	-9
Total tax (expense)/income	-206	-68
Effective tax rate	**7%**	**-23%**

CURRENT TAX LIABILITY	31.12.2022	31.12.2021
Norway	0	0
Rest of Europe	-358	-50
Australasia	0	0
Total	**-358**	**-50**

DEFERRED TAX - MOVEMENTS	2022	2021
Net deferred tax asset/(liability) 1 January	-260	-308
Change in deferred tax in the income statement	197	36
Tax on other comprehensive income	2	-2
Currency translation differences	-10	14
Net deferred tax asset/(liability) 31 December	**-72**	**-260**

DEFERRED TAX ASSET AND DEFERRED TAX LIABILITY	31.12.2022	31.12.2021
Norway	120	0
Rest of Europe	17	0
Australasia	0	0
Deferred tax assets	**137**	**0**
Norway	0	0
Rest of Europe	-208	-260
Australasia	0	0
Deferred tax liability	**-208**	**-260**
Net deferred tax assets/(liability)	**-72**	**-260**

DEFERRED TAX DETAILS	31.12.2022	31.12.2021
Fixed assets	185	147
Pension and other employee obligations	17	29
Other non-current items	85	73
Currency translation differences and financial instruments	-99	-14
Current items	35	-1
Tax losses to carry forward	801	1 016
Tax losses and other deferred tax assets not recognised	-1 096	-1 509
Net deferred tax assets/(liability)	**-72**	**-260**

LOSSES TO CARRY FORWARD AND TEMPORARY DIFFERENCES 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	1 015	-167	831	1 679
Tax losses and temporary differences not recognised	-1 785	-27	-2 343	-4 156
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%**	

LOSSES TO CARRY FORWARD AND TEMPORARY DIFFERENCS 31.12.2021 BY REGION

	NORWAY	REST OF EUROPE	AUSTRALASIA	TOTAL
Indefinite expiry	2 484	169	1 425	4 077
Tax losses to carry forward	**2 484**	**169**	**1 425**	**4 077**
Temporary differences	1 168	-206	902	1 959
Tax losses and temporary differences not recognised	-3 652	0	-2 327	-6 036
Total tax losses and tax credits to carry forward (recognised)	**0**	**0**	**0**	**0**
Deferred tax asset	**0**	**0**	**0**	**0**
Tax rate	**22%**	**19-32%**	**28-30%**	

Norske Skog has recognised deferred tax asset of NOK 18 million arising from the carry forward of unused tax losses.

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

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

13. Earnings and dividend per share

	2022	2021
Profit/(loss) for the year in NOK million attributable to owners of the parent	2 572	-363
Weighted average number of shares in million	94.3	93.1
Basic earnings/(loss) per share in NOK	27.28	-3.90
Diluted earnings/(loss) per share in NOK	27.28	-3.90

For the financial year 2022, the board of directors proposes that the annual general meeting approves the authority to pay dividend up to NOK 5.00 per share. Any shareholder distribution is subject to waivers from certain lenders. No dividend was paid in 2022 for the financial year 2021.

On 5 February 2021 an extraordinary general meeting in Norske Skog ASA resolved to issue 11 764 705 new shares increasing share number of shares to 94 264 705.

14. Intangible assets

	OTHER INTANGIBLE ASSETS	LICENCES AND PATENTS	TOTAL
Acquisition cost 1 January 2021	**98**	**93**	**192**
Additions	25	2	27
Disposals	-57	0	-57
Reclassified from plant under construction	0	6	6
Currency translation differences	-3	-3	-6
Acquisition cost 31 December 2021	**63**	**99**	**162**
Accumulated depreciation and impairments 1 January 2021	**59**	**78**	**137**
Depreciation	1	7	8
Currency translation difference	-2	-3	-5
Accumulated depreciation and impairments 31 December 2021	**59**	**82**	**141**
Carrying value 31 December 2021	**4**	**16**	**21**
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	-1	-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**

15. Property, plant and equipment

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. Except for CGU Europe lightweight coated (Norske Skog Bruck) there are no indicators for impairment at 31 December 2022. CGU Europe lightweight coated paper has experienced operating losses in 2022 due to high cost of input factors, primarily energy from purchased gas. An impairment charge of NOK 164 million has been recognised in relation to CGU Europe lightweight coated paper for 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 cash-generating unit (CGU) is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of future cash flows expected to arise from an asset or cash-generating unit. Norske Skog applies the value in use approach when calculating recoverable amount for its cash-generating units. 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) and Europe lightweight coated (Norske Skog Bruck) are assessed to generate independent cash inflows and to be separate CGUs. These represent the five cash generating units that the group is focusing on in its follow-up operationally and commercially as communication with customers, suppliers, employees. The different mills within a CGU works together to generate cash inflows.

The production machines have a long technical life, while useful lives are linked to industry cost curves and the size of the market. The estimated remaining useful life of the individual paper machines forms the basis for determining the length of the cash flow period. Estimated useful life for the individual paper machines in the group varies from 1 to 8 years. 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 follows from Fastmarkets RISI cost curve positioning and market demand projections. Fastmarkets RISI is the leading global source for forest products information and data (www.fastmarkets.com).

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

The key drivers of profitability in the industry and thus asset values for the group are product prices relative to production costs. The starting point for any impairment test is the financial budget for 2023 approved by the board of directors. Beyond 2023 sales prices are adjusted in 2024 based on expected development and thereafter by inflation adjusted by a factor assuming that not all cost increases are passed on to customers. Costs beyond 2023 is extrapolated from historical figures relative to sales prices and adjusted by inflation. The inflation rates applied in the period are estimated by country. Contracted prices/costs are reflected when applicable.

At the end of 2022 the newsprint market remains balanced, while markets for magazine grades were softer and in particular for lightweight coated. Input costs have come down from record high levels but remain at high levels. For the ongoing years, we have for lightweight coated assumed in the impairment model that the market balance remains weak as no closures have been announced for this paper grade leading to a low utilization rate and recognition of an impairment of the remaining value of NOK 164 million.

Sensitivity to estimates of recoverable amount

The estimation of recoverable amount is based on assumptions regarding the future development of several factors. These include price development for finished goods, sales volumes, currency rates and interest rates. In relation to the assumptions made in a calculation of the present value of future cash flows, recoverable amount is most sensitive to changes in prices of finished goods, sales volumes and the discount rate used. Norske Skog has performed testing of CGUs with impairment indicators. At 31 December 2022 the assets of Europe lightweight coated, PM4, has been impaired in full.

Property, plant and equipment allocated to cash-generating units

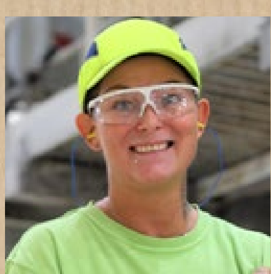
The table below shows machinery and equipment and land and buildings allocated to Norske Skog's cash-generating units as of 31 December 2022.

	MACHINERY AND EQUIPMENT	LAND AND BUILDINGS
Europe newsprint	1 722	654
Australasia newsprint	0	14
Australasia lightweight coated	118	63
Europe super calendared	257	132
Europe lightweight coated	0	0
Carrying value 31 December 2022	**2 097**	**863**

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 2022, 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 years compared with last year assumptions while some machines increased useful life by one to two years following the closure of competing machines.



Isabella Apoloner
Worker
Norske Skog Bruck

My name is Isabella Apoloner, and I am 42 years old. After 20 years in the restaurant business, I wanted a career change. A friend of mine recommended Norske Skog. I applied and quickly received a positive response.

I have now worked 5 years for the company. I started as a second helper at the winder at the finishing department and was promoted to first helper. I then had the opportunity to start an apprenticeship as a paper technician.

My main tasks include cutting the finished paper reels to the correct size and ensuring good flatness, good reel construction and optimum winding hardness during rewinding.

Thanks to Norske Skog, I was able to go through a career change, and I am very happy about my decision! My next goal is to improve my IT knowledge.

In my spare time, I like to do sports and spend time with my family, friends and my cats.

Photo: Carsten Dybevig

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 2021	**2**	**28 312**	**6 695**	**538**	**744**	**188**	**36 480**
Additions	0	64	12	4	945	29	1 055
Disposals	0	-120	-2	-1	0	-11	-135
Reclassified from plant under construction	0	262	27	10	-307	0	-7
Currency translation differences	0	-693	-153	-21	-36	6	-908
Acquisition cost 31 December 2021	**2**	**27 826**	**6 579**	**530**	**1 347**	**201**	**36 485**
Accumulated depreciation and impairments 1 January 2021	**0**	**26 317**	**5 944**	**478**	**84**	**72**	**32 894**
Depreciation	0	292	78	17	0	38	425
Impairment	0	0	-22	0	0	0	-22
Disposals	0	-120	-2	-1	0	-12	-135
Reclassified to assets held for sale	0	-5	0	4	0	0	0
Currency translation difference	0	-628	-130	-19	-1	-2	-781
Accumulated depreciation and impairments 31 December 2021	**0**	**25 856**	**5 868**	**478**	**83**	**96**	**32 381**
Carrying value 31 December 2021	**2**	**1 970**	**711**	**52**	**1 264**	**104**	**4 103**
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
Reclassified to assets held for sale	0	0	0	0	0	0	0
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**

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 16.

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 9 million in 2022 and NOK 8 million in 2021.

Disposals in 2022 and 2021 were primarily related to scrapping of fully depreciated assets that no longer have any technical values.

At year end 2022 the group has contractual commitments for acquisition of property, plant and equipment of NOK 1 600 million. Total payments to last year commitments amounted to NOK 2 100 million.

Non-current assets held for sale

Norske Skog did not have any non-current assets held for sale at 31 December 2022.

16. Leases

RIGHT-OF-USE ASSETS

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

LEASES	MACHINERY AND EQUIPMENT	LAND AND BUILDINGS	FITURES AND FITTINGS	TOTAL
Carrying value 1 January 2021	**72**	**39**	**6**	**117**
Additions	25	4	0	29
Depreciations	-25	-12	-1	-38
Currency translation differences	-3	0	0	-3
Carrying value 31 December 2021	**68**	**30**	**6**	**104**
Additions	9	5	2	16
Disposals	-10	-6	0	-16
Depreciations	-26	-13	-1	-40
Currency translation differences	2	1	0	3
Carrying value 31 December 2022	**44**	**16**	**7**	**68**

LEASE PAYMENTS MATURITY ANALYSIS	NOTE	31.12.2022	31.12.2021
Not later than one year		37	42
Later than one year and not later than five years		39	75
Later than five years		5	12
Total		**82**	**129**
Future finance charges		8	17
Present value of liabilities	24	**74**	**112**

Interest expense on lease liabilities in the period amounts to NOK 5 million (NOK 8 million).

CASH PAYMENT MADE FROM LEASES	2022	2021
Principal payments on recognised lease liabilities	44	56
Interest payments on recognised lease liabilities	5	8
Payments on leases expensed in the period	25	15
Total	**74**	**79**

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		16	5
Short term leases exemption		3	7
Low-value leases exemption		6	2
Reduced lease		0	-1
Total	8	**25**	**14**

17. 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	10 000	100%
	Norske Skog Papier 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 (Australia) No. 2 Pty Ltd., Sydney, Australia	AUD	0	100%
	Norske Skog Capital (Australia) Pty Ltd., Sydney, Australia	AUD	4	100%
	Norske Skog Holdings (No.1) Ltd., Auckland, New Zealand	NZD	0	100%
	Norske Skog Paper Mills (Albury) Pty Limited, Sydney, Australia	AUD	5 230	100%
	Norske Skog Paper Mills (Australia) Ltd., Tasmania, Australia	AUD	7 539	100%
	Norske Skog Tasman Ltd., Auckland, New Zealand	NZD	725 000	100%
	Norske Skog Capital (New Zealand) Ltd., Auckland, New Zealand	NZD	1	100%
	Topp1 Energy Limited, Auckland, New Zealand	NZD	16 391	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 Italia SrL, Milan, Italy	EUR	20	100%
	Norske Skog (Österreich) GmbH, Graz, Austria	EUR	35	100%
	Norske Skog (Schweiz) AG, Zürich, Switzerland	CHF	50	100%
	Norske Skog (UK) Ltd., London, United Kingdom	GBP	100	100%
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%	80
Owned by consolidated companies				
Porsnes Utvikling AS, Halden, Norway	NOK	300	50%	212
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				**299**

OTHER SHARES	CURRENCY	SHARE CAPITAL (in 1 000)	OWNERSHIP%	CARRYING VALUE (NOK)
Owned by the parent company				
Ocean GeoLoop AS, Skogn, Norway	NOK	527	2%	25
Shelterwood AS, Oslo, Norway	NOK	4 800	3%	2
Owned by consolidated companies				
Exeltium SAS, Paris, France	EUR	12 358	5%	88
Other				1
Total other shares				**116**

18. Derivatives

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

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

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

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

31.12.2022	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**

31.12.2021	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	484	484
Total	**0**	**0**	**484**	**484**
Financial liabilities at fair value through profit or loss				
Trading derivatives	0	0	0	0
Derivatives used for hedging	0	-1	0	-1
Commodity contracts and embedded derivatives	0	0	-485	-485
Total	**0**	**-1**	**-485**	**-487**

The following table shows the changes in level 3 instruments in 2022.

	ASSETS	LIABILITIES
Balance 1 January	**484**	**-485**
Gain and losses recognised in profit or loss	499	-37
Balance 31 December	**983**	**-523**

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 9.

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

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

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

FAIR VALUE OF DERIVATIVES IN LEVEL 3 GIVEN A REASONABLY POSSIBLE ALTERNATIVE		31.12.2022	31.12.2021
Assets			
Commodity contracts	Energy price -20%	472	93
Embedded derivatives	Energy price -20%	13	0
Total		**485**	**93**
Liabilities			
Commodity contracts	Energy price -20%	-855	-735
Embedded derivatives	Energy price -20%	-1	0
Total		**-856**	**-735**

Sara Schofield
Mechanical tradesperson
Norske Skog Boyer

Hello, I am Sara Schofield, and I have worked for Norske Skog at the Boyer mill in Tasmania, Australia, for 4 years. I recently completed my apprenticeship as a fitter and turner and was then offered a position to then continue on as a mechanical tradesperson doing mechanical maintenance in PM3.

I chose to work for Norske Skog because of the variety of equipment and tasks.

My main work task is general mechanical maintenance in PM3, which includes breakdown work, shutdowns, and preventative maintenance.

Outside of work, I enjoy camping, horse-riding and shooting.

Photo: Stein-Roger Johansen

19. Financial instruments

CATEGORIES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

31.12.2022	NOTE	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	TOTAL FINANCIAL ASSETS	NON-FINANCIAL ASSETS	TOTAL
Other non-current assets	24	0	707	53	**760**	8	768
Trade and other receivables	20	0	0	1 205	**1 205**	739	1 944
Cash and cash equivalents		0	0	2 650	**2 650**	0	2 650
Other current assets	24	0	392	0	**392**	90	481

31.12.2022	NOTE	FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	TOTAL FINANCIAL LIABILITIES	NON-FINANCIAL LIABILITIES	TOTAL
Interest-bearing non-current liabilities	23, 24	0	3 432	**3 432**	0	3 432
Interest-bearing current liabilities	23, 24	0	310	**310**	0	310
Other non-current liabilities	24	313	0	**313**	191	504
Trade and other payables	24	0	1 688	**1 688**	557	2 245
Other current liabilities	24	219	0	**219**	145	364

31.12.2021	NOTE	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	TOTAL FINANCIAL ASSETS	NON-FINANCIAL ASSETS	TOTAL
Other non-current assets	24	0	287	5	**292**	13	305
Trade and other receivables	20	0	0	1 082	**1 082**	329	1 411
Cash and cash equivalents		0	0	1 489	**1 489**	0	1 489
Other current assets	24	0	308	0	**308**	176	484

31.12.2021	NOTE	FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	TOTAL FINANCIAL LIABILITIES	NON-FINANCIAL LIABILITIES	TOTAL
Interest-bearing non-current liabilities	23, 24	0	2 356	**2 356**	0	2 356
Interest-bearing current liabilities	23, 24	0	187	**187**	0	187
Other non-current liabilities	24	270	0	**270**	192	463
Trade and other payables	24	0	1 586	**1 586**	324	1 910
Other current liabilities	24	223	0	**223**	231	454

See Note 24 for further specification of financial assets and financial liabilities.

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).

31.12.2022	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	818	818	0	0	818
VAT receivables	173	173	0	0	173
Other receivables	214	214	0	0	214
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**

31.12.2021	CARRYING AMOUNT	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
Derivatives	0	0	0	0	0
Commodity contracts	176	176	0	0	176
Miscellaneous other non-current assets	116	116	0	0	116
Other non-current assets	**292**	**292**	**0**	**0**	**292**
Trade receivable	727	727	0	0	727
VAT receivables	122	122	0	0	122
Other receivables	233	233	0	0	233
Trade and other receivables	**1 082**	**1 082**	**0**	**0**	**1 082**
Derivatives	0	0	0	0	0
Commodity contracts	308	308	0	0	308
Current investments	0	0	0	0	0
Other current assets	**308**	**308**	**0**	**0**	**308**
Cash and cash equivalents	**1 489**	**1 489**	**0**	**0**	**1 489**
Interest-bearing non-current liabilities	2 356	2 434	0	1 552	882
Interest-bearing current liabilities	187	187	0	0	187
Total interest-bearing liabilities	**2 543**	**2 621**	**0**	**1 552**	**1 069**
Derivatives	0	0	0	0	0
Commodity contracts	270	270	0	0	270
Other non-current liabilities	**270**	**270**	**0**	**0**	**270**
Trade payables	1 018	1 018	0	0	1 018
Other payables	568	568	0	0	568
Trade and other payables	**1 586**	**1 586**	**0**	**0**	**1 586**
Derivatives	1	1	0	0	1
Commodity contracts	215	215	0	0	215
Financial current liabilities	7	7	0	0	7
Other current liabilities	**223**	**223**	**0**	**0**	**223**

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 9.

20. Receivables and other non-current assets

	NOTE	31.12.2022	31.12.2021
Trade and other receivables			
Trade receivables		818	729
Provision for bad debt		-44	-43
VAT receivables		173	122
Prepaid expenses		52	44
Other receivables		945	558
Total		**1 944**	**1 411**
Other non-current assets			
Long-term shareholdings	17	116	111
Derivatives		13	0
Commodity contracts		578	176
Pension plan assets	21	8	13
Other non-current receivables		53	5
Total		**768**	**305**

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 2022 was NOK 605 million (NOK 594 million).

At 31 December 2022 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 2022 (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 4.

AGEING OF THE GROUP'S CURRENT RECEIVABLES	31.12.2022	31.12.2021
Not due	1 812	1 259
0 to 3 months	139	157
3 to 6 months	0	0
Over 6 months	38	37
Total [1]	**1 988**	**1 454**

[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.

21. Pension and other employee obligations

EMPLOYEE BENEFIT OBLIGATIONS	2022	2021
Pension obligations	112	89
Other long-term employee benefit obligations	167	223
Total employee benefit obligations	**278**	**312**

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 2 088 active and former employees are covered by such schemes. Of these, 502 people are covered by defined benefit plans and 1 586 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	39
Norske Skog Skogn AS	65	30	70	62	46
Norske Skog Golbey SAS	0	42	62	60	354

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 64 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 4% for earnings up to 7.1 G and 10% between 7.1 and 12 G. With effect from 1 January 2023 the contribution has increased to 5% for earnings up to 7.1 G and 17% between 7.1 and 12 G. In Australia and New Zealand contribution are made for employees to local plans that provide retirement, death and disability benefits for employees and their dependants.

ASSUMPTIONS MADE WHEN CALCULATING FUTURE BENEFIT OBLIGATIONS	2022	2021
Discount rate	3.14%	1.50%
Expected return on plan assets	3.20%	1.50%
Salary adjustment	2.00%	1.50%
Inflation rate	2.15%	1.50%
Pension adjustment	3.63%	0.75%

The discount rate applied for the pension schemes in Norway for 2022 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 3.15% to 4.21% and pension adjustments vary from 1.7% to 11.1%. Norske Skog has used the mortality table K2013BE in Norway, Richttafeln 2018G in Germany and AVO 2018-P in Austria.

NET PERIODIC PENSION EXPENSE	2022	2021
Pension expense, defined benefit plan	4	4
Pension expense, defined contribution plan	56	52
Net periodic pension expense	**59**	**55**
Net periodic interest expense	**1**	**1**

Estimated payments to the group's defined benefit pension schemes in 2023 amounts to NOK 8 million.

PENSION PLANS IN THE BALANCE SHEET

SPECIFICATION OF PENSION PLANS IN THE BALANCE SHEET	2022	2021
Pension assets in the balance sheet	8	13
Pension liabilities in the balance sheet	-112	-89
Net pension obligations	**-104**	**-75**
Net unfunded pension plans	-110	-75
Net partly or fully funded pension plans	7	13

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	2022	2021
Balance 1 January	-75	-88
Adjustment to opening balance, due to reclassification	-55	0
Current year's service cost	-5	0
Current year's interest cost	1	-1
Pensions benefits paid	4	5
Remeasurements (loss)/gain OCI	26	5
Currency translation differences	-7	4
Balance 31 December	**-110**	**-75**

PARTLY OR FULLY FUNDED PENSION PLANS

CHANGES IN PENSION OBLIGATIONS FOR PARTLY OR FULLY FUNDED PENSION PLANS, PROJECTED BENEFIT OBLIGATIONS INCLUDING NATIONAL INSURANCE CONTRIBUTIONS	2022	2021
Balance 1 January	**-141**	**-150**
Current year's service cost	-2	-2
Current year's interest cost	-2	-2
Payroll tax of employer contribution	1	1
Pension benefits paid	6	5
Remeasurements (loss)/gain OCI	36	7
Balance 31 December	**-104**	**-141**

CHANGES IN PLAN ASSETS FOR PARTLY OR FULLY FUNDED PENSION PLANS, PLAN ASSETS AT FAIR VALUE	2022	2021
Balance 1 January	**156**	**156**
Adjustment to opening balance	0	7
Return on plan assets (interest income)	2	2
Employer contribution including payroll tax	5	5
Payroll tax of employer contribution	-1	-1
Pension benefits paid	-6	-5
Remeasurements (loss)/gain OCI	-44	-8
Other changes	-1	0
Balance 31 December	**111**	**156**
Net assets/obligations (-) partly or fully funded pension plans	**7**	**13**

SPESIFICATION OF REMEASUREMENT GAINS/LOSSES IN OTHER COMPREHENSIVE INCOME (OCI)	2022	2021
Actuarial loss/(gain) - change in discount rate	-17	-1
Actuarial loss/(gain) - change in other financial assumptions	7	0
Actuarial loss/(gain) - change in other demographic assumptions	0	-4
Actuarial loss/(gain) - experience obligation	-51	1
Actuarial loss/(gain) - experience assets	42	-2
Investment management cost	1	2
Asset ceiling - asset adjustment	1	0
Remeasurements loss/(gain) in OCI	**-16**	**-4**

	2022		2021	
INVESTMENT PROFILE FOR PENSION FUNDS	FUNDS	DISTRIBUTION	FUNDS	DISTRIBUTION
Shares	6	5%	19	12%
Bonds	74	67%	101	65%
Properties and real estate	15	14%	20	13%
Money market	14	13%	10	6%
Other	1	1%	6	4%
Total	**111**	**100%**	**156**	**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%	-3	3
Future pension - 0.5%	5	0

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.

B) 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.

NET PERIODIC EXPENSE	2022	2021
Net periodic expense/remeasurement	**-15**	**5**
Net periodic interest expense	**2**	**2**

CHANGES IN OTHER EMPLOYEE BENEFITS	2022	2021
Balance 1 January	**-255**	**-287**
Adjustments to opening balance, due to reclassification	42	0
Current year's service cost	-12	-14
Current year's interest cost	-2	-2
Remeasurements loss/(gain)	20	9
Payments made	20	29
Other changes	-5	-2
Currency translation differences	-11	12
Balance 31 December	**-203**	**-255**

OTHER EMPLOYEE BENEFITS IN THE BALANCE SHEET	31.12.2022	31.12.2021
Other non-current employee benefit obligations	-167	-223
Other current employee benefit obligations	-37	-32
Total other employee benefits 31 December	**-203**	**-255**

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.

22. Provisions

	RESTRUCTURING PROVISION	DISMANTLING PROVISION	ENVIRONMENTAL PROVISION
Balance 1 January 2021	**70**	**19**	**208**
Changes and new provisions	214	-19	-39
Utilised during the year	-220	0	-1
Periodic unwinding of discount	0	0	2
Currency translation differences	0	0	-5
Balance 31 December 2021	**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**

RESTRUCTURING PROVISION

Restructuring provision is included in the balance sheet line other current liabilities. The restructuring provision of NOK 43 million at 31 December 2022 includes various restructuring activities included provision for severance payments and other costs (Publication paper Europe NOK 6 million and Publication paper Australasia NOK 18 million). The amount expensed in 2022 in relation to restructuring activities amounted to NOK 11 million (Publication paper Australasia NOK 11 million).

The restructuring provision of NOK 63 million at 31 December 2021 includes various restructuring activities included provision for severance payments and other costs (Publication paper Europe NOK 18 million and Publication paper Australasia NOK 43 million). The amount expensed in 2021 in relation to restructuring activities amounted to NOK 192 million (Publication paper Europe NOK 16 million and Publication paper Australasia NOK 174 million). NOK 19 million of the increase in provision during 2021 is due to a reclassification from long term dismantling provision to short term as part of the closure of the production at Norske Skog Tasman.

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 2022, compared to NOK 0 million at 31 December 2021.

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. In 2021 the remaining amount of NOK 19 million was reclassified from long term to short term as part of the closure of the production at the Norske Skog Tasman. This is included in the balance sheet line other current liabilities.

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 167 million at 31 December 2022 compared to NOK 165 million at 31 December 2021. Resources spent on environmental activities during 2022 amounted to 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 12 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.

23. Interest-bearing liabilities

INTEREST-BEARING DEBT, OUTSTANDING AMOUNTS	31.12.2022	31.12.2021
Bonds	1 460	1 498
Debt to financial institutions	2 171	875
Factoring facilities	56	82
Total	**3 687**	**2 456**

INTEREST-BEARING DEBT, OUTSTANDING AMOUNTS	CURRENCY AMOUNT 31.12.2022	NOK 31.12.2022	NOK 31.12.2021
EUR	342	3 593	2 352
AUD	3	21	25
Total interest-bearing debt in foreign currencies		**3 614**	**2 377**
NOK		73	79
Total interest-bearing debt		**3 687**	**2 456**

In the first quarter of 2021 Norske Skog issued a EUR 150 million senior secured bond. The bond matures in March 2026 and has an interest rate of EURIBOR (zero floor) + 5.5% with quarterly interest payments. The proceeds were mainly used to refinance the EUR 125 million bond and for general corporate purposes. During 2022 Norske Skog bought back a nominal amount of EUR 11.6 million. At 31 December 2022, the outstanding amount, net of bought back bonds was EUR 138.4 million.

Norske Skog has a EUR 31 million Revolving Credit Facility with maturity in March 2026. At 31 December 2022, the facility was undrawn.

In the fourth quarter of 2021 Norske Skog announced that it had entered into credit facility agreements in an aggregate amount of EUR 265 million to finance its EUR 350 million 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. During 2022 the facilities has been drawn upon as capital expenditures have incurred, and on 31 December 2022 the credit facilities had been drawn by approximately EUR 136 million. Repayment is scheduled to commence approximately upon completion of each respective project with average maturity in end of 2030.

In 2022 Norske Skog Bruck completed the construction of an incineration boiler. The construction costs have been partly financed by a EUR 54 million credit facility. During 2022 the credit facility was fully drawn and in fourth quarter 2022 the first scheduled repayment was made. The facility will be 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 2022, the outstanding amount under the credit facility was approximately 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 providers. 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 EUR 54 million credit facility and the packaging conversion facilities.

The average interest rate at 31 December 2022 was 5.2% (4.4%).

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**

SCHEDULED REPAYMENTS OF THE GROUP'S FINANCIAL DEBT AND INTEREST AT 31.12.2021	INTEREST	OTHER LOANS[1]	BONDS	TOTAL
2022	104	300	0	404
2023	99	143	0	242
2024	94	134	0	228
2025	91	133	0	223
2026	25	105	1 498	1 628
2027	2	104	0	106
2028	1	13	0	14
2029	0	7	0	7
2030	0	7	0	7
2031 ->	0	13	0	13
Total	**416**	**958**	**1 498**	**2 872**

[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 amortised cost principle and exclusion of debt items related to leases. At 31 December 2022, the financial statements included amortised cos in an amount of NOK 18 million (NOK 24 million), and the amount of interest-bearing debt related to leases was NOK 74 million. See Note 16.

Trade payables amounted to NOK 819 million at 31 December 2022 (NOK 1 018 million).

Drawn amounts from securitization arrangements is classified as interest-bearing current liabilities. This amounts to NOK 56 million in scheduled repayments in 2023. The financed amount represents a group of individual loans, which are settled individually at maturity of the accounts receivable. New loans are initiated on a consecutive basis based on new accounts receivable included under the securitization agreement. The liability is in its nature current and Norske Skog does not have an unconditional right to defer settlement beyond twelve months. The liabilities are liabilities that are settled through its normal operating cycle. The corresponding accounts receivable is derecognised when the customer pays it.

At 31 December 2022, Norske Skog ASA and its subsidiaries had issued bank guarantees on its behalf in an amount of NOK 165 million (NOK 169 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.

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES	2022	2021
Balance 1 January	**2 543**	**1 705**
New loans raised	1 354	1 202
Repayments	-321	-383
New leasing debt	16	29
Loss early repayment of bond and amortisaton of transaction costs debt issuance	7	52
Currency translation differences	-143	-62
Balance 31 December	**3 742**	**2 543**
Current	310	187
Non-current	3 432	2 356

24. Specification of balance sheet items

	Note	2022	2021
Inventories			
Raw materials and other production goods		795	742
Semi-manufactured materials		16	7
Finished goods		652	454
Total	5	**1 464**	**1 203**
Other current assets			
Commodity contracts		392	308
Other current assets		90	176
Total		**481**	**484**
Trade and other payables			
Trade payables		819	1 018
Accrued labour costs and taxes		664	419
Accrued expenses		728	419
Other interest-free liabilities		31	55
Total	19	**2 245**	**1 910**
Other current liabilities			
Derivatives		1	1
Commodity contracts		209	215
Accrued emission rights		65	136
Accrued financial costs		9	7
Other current employee benefits		37	32
Restructuring provision	22	43	63
Total	19	**364**	**454**

	Note	2022	2021
Other non-current liabilities			
Commodity contracts		313	270
Environmental provision	22	168	165
Deferred recognition of government grants		23	21
Other non-interest-bearing debt		0	6
Total	19	**504**	**463**
Interest-bearing non-current liabilities			
Bond (amortised cost)		1 442	1 474
Debt to financial institutions		1 949	814
Leasing liabilities	16	40	68
Total	19	**3 432**	**2 356**
Interest-bearing current liabilities			
Debt to financial institutions and bond (amortised cost)		277	143
Leasing liabilities	16	33	43
Total	19	**310**	**187**

25. Related parties

Oceanwood Special Situations Malta Limited has during 2022 been a related party to Norske Skog through the ownership in NS Norway Holding AS (largest shareholder).

There have been no transactions with Oceanwood Special Situations Malta Limited in 2022.

On 8 February 2023 NS Norway Holding AS sold 15 896 681 shares in Norske Skog ASA. Following this sale NS Norway Holding AS holds no shares in Norske Skog ASA.

Balances and transactions between the group and subsidiaries listed in Note 17, have been eliminated on consolidation and are not disclosed in this note.

Remuneration for corporate management is presented in Note 7. Remuneration for leading personnel is presented in the remuneration report available at www.norskeskog.com.

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

26. Consideration of climate risk for the financial statements

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 60-61. 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).

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.

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. 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.

We have identified the following risks as the most significant:

- o Regulatory: Norske Skog is subject to several regulatory requirements relating to energy and emissions including the EU Emissions Trading Scheme (ETS), which include both a CO_2 compensation scheme, and CO_2-allowances. Due to the financial impact such regulations may have on our business we monitor associated risks closely.

- 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 the production of publication paper in Norway and Australia may be affected by longer-term shifts in climate patterns in the future.

The financial statements may be impacted by climate related risk in the future, but 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 CO2 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 of 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.

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.

27. Events after the balance sheet date

On 9 March 2023, following a request from Byggma ASA and Drangsland Kapital AS which are under common control by Investor AS, Norske Skog ASA held an extraordinary general meeting pursuant to Section 5-7 (2) of the Norwegian Public Limited Liability Companies Act. Based on the recommendation from the nomination committee the extraordinary general meeting resolved that Geir Drangsland was elected as the new chair of the board of directors replacing John Chiang and that Asbjørn André Dypdahl (employee and main union representative of Norske Skog Skogn AS) is elected as an observer to replace Svein Erik Veie.

There have been no events after the balance sheet date with significant impact on the financial statements for 2022.

Katrin Eisenberger
HR and resources manager
Norske Skog Bruck

My name is Katrin Eisenberger, and since 2019 I have been the Human Relations and Resources Manager at Norske Skog Bruck. I received a Master's degree in International Business/Human Resources Management and have about 17 years of work experience. My team and I are mainly focused on recruiting, employee/leadership development and organisational development related to company culture.

I liked the complex production process, the company's long tradition, its products and the highly skilled workforce.

Most of all, I like being part of a team that continuously seeks to improve performance, find efficient ways to solve problems and is willing to continuously learn and adapt.

I believe Norske Skog will develop into a key player in the "Green Energy" sector while still keeping its core competence as an excellent paper producer. I'd like to see Norske Skog as a main player in the field of biomass, fibres and energy, continuously exploring new, innovative fields, thus driving business in the right direction.

Photo: Thomas Leirvik

Henriette Ulsund
Winder operator
Norske Skog Saugbrugs

Hello, my name is Henriette Ulsund and I am 35. I have a certificate of apprenticeship in chemistry and process and have worked for Norske Skog Saugbrugs since September 2009.

I decided to work for Norske Skog Saugbrugs when I was offered a permanent position after ending my apprenticeship. I was very satisfied working at Saugbrugs and could see myself staying here for a long time.

I am a Winder operator on PM4 and my work tasks include running the machine in an efficient and safe way.

In my free time, I play football and indoor bandy.

Photo: Nicolas Michel

Financial statements

Norske Skog ASA

Financial statements

Notes to the financial statements

INCOME STATEMENT

NOK MILLION	Note	2022	2021
Total operating Income	3	**97**	**95**
Employee benefit expenses	4	-218	-82
Other operating expenses		-69	-50
Restructuring expenses		0	-3
Depreciation	8	-9	-9
Total operating expenses		**-297**	**-145**
Operating earnings		**-199**	**-49**
Share of profit in associated companies	5	-14	-18
Financial income	6	1 130	71
Financial expense	6	-136	-164
Gains/(losses) on foreign currency	6	-91	81
Profit/(loss) before income taxes		**691**	**-78**
Income taxes	7	17	-2
Profit/(loss) after income tax		**708**	**-80**

STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	2022	2021
Profit/(loss) after tax	**708**	**-80**
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	**-1**	**-1**
Total comprehensive income	**707**	**-81**

BALANCE SHEET

NOK MILLION	NOTE	2022	2021
Deferred tax assets	7	18	0
Intangible assets	8	7	13
Property, plant and equipment	8	6	8
Shares in subsidiaries	9	4 550	3 341
Investment in associated companies	5	89	102
Other non-current assets	12	208	1 310
Total non-current assets		**4 878**	**4 775**
Trade and other receivables	12	649	227
Other current assets		142	25
Cash and cash equivalents		2 011	1 271
Total current assets		**2 801**	**1 523**
Total assets		**7 679**	**6 298**
Paid-in-equity		4 039	4 039
Retained earnings		77	-631
Total equity	10	**4 115**	**3 408**
Interest-bearing non-current liabilities	11, 12	1 444	1 479
Total non-current liabilities		**1 444**	**1 479**
Interest-bearing current liabilities	11, 12	1 909	1 344
Other current liabilities		211	67
Total current liabilities		**2 120**	**1 412**
Total liabilities		**3 564**	**2 891**
Total equity and liabilities		**7 679**	**6 299**

SKØYEN, 28 MARCH 2023
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA

Geir Drangsland
Chair

Arvid Grundekjøn
Board member

Trine-Marie Hagen
Board member

Nikolai Johns
Board member

Johanna Lindén
Board member

Sven Ombudstvedt
CEO

STATEMENT OF CASH FLOWS

NOK MILLION	NOTE	2022	2021
Cash generated from operations		91	88
Cash used in operations		-142	-120
Cash flow from currency hedges and financial items		-12	-35
Interest payments received		64	70
Interest payments made		-120	-79
Taxes paid	7	0	-2
Net cash flow from operating activities		**-119**	**-76**
Purchases equipment and intangible assets	8	-1	-3
Other financial payments		-142	-243
Net cash flow from investing activities		**-143**	**-246**
New loans raised		0	442
Repayments of loans		-117	-255
New paid-in equity		0	388
Change in intercompany balance with group		1 091	220
Net cash flow from financing activities		**973**	**796**
Foreign currency effects on cash and cash equivalents		29	16
Total change in cash and cash equivalents		**739**	**490**
Cash and cash equivalents 1 January		1 271	783
Cash and cash equivalents 31 December [1)]		2 011	1 271
[1)] Whereof restricted cash		78	40

STATEMENT OF CHANGES IN EQUITY

NOK MILLION	NOTE	SHARE CAPITAL	SHARE PREMIUM	OTHER PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL EQUITY
Equity 1 January 2021		**330**	**1 072**	**2 249**	**-549**	**3 101**
Change in paid-in capital		47	341	0	0	388
Profit after tax		0	0	0	-80	-80
Other comprehensive income		0	0	0	-1	-1
Equity 31 December 2021		**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	10	**377**	**1 412**	**2 249**	**77**	**4 115**

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 28 March 2023.

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.

Requirements related to recognition and measurement applied to the company financial statements of Norske Skog ASA are identical to the ones described in Note 2 Accounting policies in the consolidated financial statements, with the exception of shares in subsidiaries which are recognised at lower of cost and net-realizable value in the company financial statements. Shares in subsidiaries are reviewed for impairment if changes in circumstances indicate that the carrying amount is higher than the fair value of the investment, and impairment loss is reversed if the impairment situation no longer exists. Dividends from subsidiaries is recognised in the year for which it is proposed by the subsidiary.

For accounting estimates and assumptions see Note 3 Accounting estimates and assumptions in the consolidated financial statements.

3. Operating revenue by geographical market

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 96 million in 2022. The corresponding figure for 2021 were NOK 82 million.

OPERATING REVENUE BY GEOGRAPHICAL MARKET	2022	2021
Norway	38	47
Europe excluding Norway	52	39
Australasia	8	9
Total	**97**	**95**

4. Payroll expenses, pension expenses and obligations

EMPLOYEE BENEFIT EXPENSES	2022	2021
Salaries including holiday pay	183	66
Social security contributions	31	9
Pension expenses	2	2
Other employee benefit expenses	2	4
Total	**218**	**82**

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 21 Pension and other employee obligations in the consolidated financial statements for further information.

NUMBER OF EMPLOYEES	31.12.2022	31.12.2021
Employees	31	30

NET PERIODIC PENSION EXPENSES	2022	2021
Pension expenses, defined benefit plan	0	0
Pension expenses, defined contribution plan	2	2
Net periodic pension expenses	**2**	**2**
Net periodic interest expenses	**0**	**0**

PENSION ASSETS IN THE BALANCE SHEET	31.12.2022	31.12.2021
Net pension assets in the balance sheet	**0**	**1**

PENSION OBLIGATION IN THE BALANCE SHEET	31.12.2022	31.12.2021
Projected benefit obligation	-8	-23
Plan assets at fair value	9	24
Net pension obligations in the balance sheet	**0**	**1**

SENSITIVITY ANALYSIS AT 31 DECEMBER 2022	Increase	Decrease
Discount rate -0.5%	0	0
Salary adjustment -0.5%	0	0

5. Associated companies

Investment in associated companies are accounted for in accordance with the equity method.

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 2022 Norske Skog ASA held a 26% (26%) share of Circa Group AS with a carrying value of NOK 89 million (NOK 102 million). Norske Skog's share of net loss for the year of NOK 60 million is recognised in the income statement with NOK 14 million (NOK 18 million). Circa Group AS is listed on Euronext Growth with a market value as of 31 December 2022 of NOK 190 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

FINANCIAL ITEMS	2022	2021
Interest income	29	2
Interest income from group companies	35	69
Other financial income	0	1
Reversal of impairment of investments in subsidiaries	1 066	0
Total	**1 130**	**71**
Interest expense	-95	-92
Interest expense group companies	-33	-16
Other financial expenses	-7	-56
Total	**-136**	**-164**
Gains/(losses) on foreign currency	**-91**	**81**
Total financial items	**904**	**-11**

No dividends have been received from subsidiaries in 2022 or 2021.

7. Income taxes

TAX EXPENSE	2022	2021
Current tax expense	0	-2
Change in deferred tax	18	0
Total	**17**	**-2**

INCOME TAX RECONCILIATION	2022	2021
Profit/(loss) before income taxes	**691**	**-78**
Computed tax at nominal tax rate 22%	-152	17
Non taxable income/non deductible expenses	-7	-5
Impairment of investments in subsidiaries	235	0
Adjustment previous years	-7	1
Other items	-3	-4
Deferred tax assets not recognised	-47	-10
Withholding tax	0	-2
Total tax (expense)/income	**17**	**-2**

TEMPORARY DIFFERENCES AND TAX LOSSES - DETAILS	31.12.2022	31.12.2021
Other non-current items	0	2
Pensions	0	-1
Translation differences and financial instruments	21	-57
Current items	247	-4
Tax losses to carry forward	1 100	1 134
Tax losses and other deferred tax assets not recognised [1]	-1 288	-1 073
Basis for deferred tax	**81**	**0**

DEFERRED TAX	31.12.2022	31.12.2021
Net deferred tax asset/(liability)	**18**	**0**

[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.

Vidar Kenneth Arvola
Industrial mechanic
Norske Skog Skogn

Hello, I am Vidar Kenneth Arvola, and I am 52 years old. I started at Norske Skog Skogn in Norway as a trainee and qualified as an Industrial Mechanic in 1992. After a few years outside Norske Skog, I returned in 2007 and am now Teamleader Mechanics for the area PM 3 and finishing treatment. My goal was to get at job at Norske Skog Skogn, being a cornerstone workplace offering a secure job with interesting work tasks.

My main task is to plan and execute maintenance of PM3. I am responsible for the team and encourage good teamwork.

My interests outside of work are American motorcycles and cars, and I am the happy owner of both a Harley Davidson and a Pontiac Firebird 68.

8. Intangible assets and property, plant and equipment

INTANGIBLE ASSETS	LICENCES AND PATENTS
Acquisition cost 1 January 2021	**29**
Addition	2
Reclassified from plant under construction	3
Acquisition cost 31 December 2021	**34**
Accumulated depreciation and impairments 1 January 2021	**15**
Depreciation	6
Accumulated depreciation and impairments 31 December 2021	**21**
Carrying value 31 December 2021	**13**
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**

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 2021	**1**	**2**	**14**	**18**
Addition	0	1	0	1
Reclassified from plant under construction	0	-3	0	-3
Acquisition cost 31 December 2021	**1**	**0**	**14**	**16**
Accumulated depreciation and impairments 1 January 2021	**1**	**0**	**4**	**4**
Depreciation	0	0	3	3
Accumulated depreciation and impairments 31 December 2021	**1**	**0**	**7**	**8**
Carrying value 31 December 2021	**1**	**0**	**7**	**8**
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**

Fixtures and fittings and right of use assets are depreciated on a linear basis over a period from three to five years.

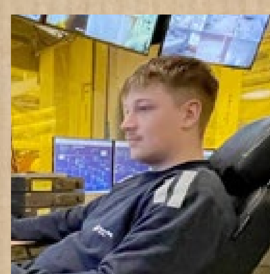
9. Shares in subsidiaries

SHARE IN SUBSIDIARIES	CURRENCY	SHARE CAPITAL (IN 1 000)	OWNERSHIP %	CARRYING VALUE (IN NOK MILLION)
Norske Skog Bruck GmbH, Bruck, Austria	EUR	10 000	99.9%	617
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%	276
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				**4 550**

Investments in subsidiaries are tested for impairment in accordance with IAS 36 Impairment of assets. Shares in subsidiaries are written down to their recoverable amount when the recoverable amount is lower than the carrying value of the investment. 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.

The investment in subsidiaries have increased from NOK 3 341 million to NOK 4 550 million during 2022. The increase is due to new paid-in capital of EUR 15 million and impairment of NOK 294 million in Norske Skog Bruck GmbH, and reversal of impairment in Norske Skog Skogn AS of NOK 324 million, Norske Skog Saugbrugs AS of NOK 997 million, Nornews AS of NOK 23 million and Norske Skog Industries Australia Ltd. of NOK 46 million.

See Note 6. For further information with respect to impairment testing see Note 15 Property, plant and equipment in the consolidated financial statements.



Lukas Adler
Operator
Norske Skog Saugbrugs

Hello, my name is Lukas Adler. I am 21 years old and born in Germany. I moved to Norway 13 years ago. I have a college degree within chemistry process and a certificate of apprenticeship within the same. I have worked at Norske Skog Saugbrugs for four years as an Operator.

I decided to work for Norske Skog Saugbrugs primarily due to my big brother, who also worked at Saugbrugs, and because of my interest in chemistry.

My main task is to follow up on routines, which includes everything from cleaning work areas, supervision of the process and much more.

Outside of work, I am interested in weight training, cars and being social.

Photo: Tom Mathisen

10. Equity

The share capital of Norske Skog ASA on 31 December 2022 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.

During 2022 Byggma AS/Drangsland Kapital AS became the largest shareholder with a combined ownership of 22.01% on 31 December 2022.

NS Norway Holding AS has through sales of shares reduced its ownership share to 16.86%[1)] at 31 December 2022.

See note 25 Events after the balance sheet date in the consolidated finacial statements for changes in shareholders after 31 December 2022.

The 20 largest shareholders at 31 December 2022 are as follows:

20 LARGEST SHAREHOLDERS AT 31 DECEMBER 2022	NUMBER OF SHARES	OWNERSHIP %
Byggma ASA	16 030 431	17.01
NS Norway Holding AS	15 896 681	16.86
Drangsland Kapital AS	4 716 148	5.00
UBS Europe SE	4 000 000	4.24
Verdipapirfondet Alfred Berg Gamba	2 501 411	2.65
The Bank Of New York Mellon SA/NV	2 154 407	2.29
Intertrade Shipping AS	2 100 000	2.23
Verdipapirfondet Holberg Norge	1 400 000	1.49
UBS Europe SE	1 267 141	1.34
MP Pensjon PK	1 198 015	1.27
J.P. Morgan SE	1 102 660	1.17
The Bank Of New York Mellon SA/NV	1 072 781	1.14
The Bank Of New York Mellon SA/NV	1 031 504	1.09
RBC Investor Services Bank S.A.	1 009 617	1.07
Skandinaviska Enskilda Banken AB	1 000 000	1.06
Clearstream Banking S.A.	992 465	1.05
Verdipapirfondet Nordea Avkastning	868 340	0.92
Carucel Finance AS	837 124	0.89
RBC Investor Services Bank S.A.	713 343	0.76
Verdipapirfondet Fondsfinans Norge	700 000	0.74
Other shareholders	33 672 637	35.72
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 9 MARCH 2023	NUMBER OF SHARES
Geir Drangsland (chair from 9 March 2023)	27 500
Arvid Grundekjøn	21 617
Trine-Marie Hagen	0
Nicolai Johns	2 500
Johanna Lindén	2 500

SHARES OWNED BY MEMBERS OF CORPORATE MANAGEMENT AT 9 MARCH 2023	NUMBER OF SHARES
Sven Ombudstvedt	62 631
Lars P. S. Sperre	42 947
Rune Sollie	31 315
Robert Wood	5 263
Tore Hansesætre	14 263
Amund Saxrud	0

1) *See Note 25 Related parties in the consolidated financial statements.*

2 *Geir Drangsland and the company's largest shareholders, Byggma ASA and Drangsland Kapital AS holds 22 274 079 shares combined. Byggma ASA and Drangsland Kapital are under common control of Investor AS, where Geir Drangsland is controlling shareholder.*

3) *John Chiang represented NS Norway Holding and served as chair of the board of directors until the extraordinary general meeting held on 9 March 2023, at which Geir Drangsland was elected as the new chair of the board of directors. John Chiang held 116 839 shares through a nominee account in UBS at 31 December 2022.*

11. Maturity of interest-bearing liabilities

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**

MATURITY OF THE COMPANY'S DEBT AT 31.12.2021	INTEREST	BOND	TOTAL
2022	84	0	84
2023	84	0	84
2024	84	0	84
2025	84	0	84
2026	21	1 498	1 519
Total	**355**	**1 498**	**1 853**

The table above shows contractual scheduled repayments. Foreign currency debt is presented using exchange rate at 31 December 2022.

For more information, see Note 23 Interest-bearing liabilities in the consolidated financial statements.

12. Intercompany receivables and liabilities

	31.12.2022	31.12.2021
Non-current intercompany receivables		
Norske Skog Saugbrugs AS	181	403
Norske Skog Skogn AS	0	607
Norske Skog Industries Australia Ltd.	0	273
Total	**181**	**1 282**
Current intercompany receivables		
Nornews AS	7	7
Norske Skog Bruck GmbH	549	0
Norske Skog Golbey SAS	1	0
Norske Skog Italia s.r.l.	18	6
Norske Skog (UK) Ltd.	0	1
Saugbrugs Bioenergi AS	17	12
Norske Skog (Australasia) Pty Ltd.	78	83
Norske Skog Tasman Ltd.	64	91
Total	**734**	**202**
Current intercompany liabilities		
Norske Skog (Österreich) GmbH	12	1
Norske Skog (Schweiz) AG	1	0
Norske Skog Bruck GmbH	0	77
Norske Skog Deutschland GmbH	60	35
Norske Skog France SARL	34	12
Norske Skog Golbey SAS	1 586	731
Norske Skog Saugbrugs AS	103	150
Norske Skog Skogn AS	96	304
Norske Skog (UK) Ltd.	12	0
Norske Skog Tasman Ltd.	0	32
Total	**1 904**	**1 342**

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 2022 (NOK 4 million at 31 December 2021). In addition, the company has issued corporate guarantees with an outstanding amount of NOK 1 664 million at 31 December 2022 (NOK 622 million at 31 December 2021) 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 25 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 2022.

See Note 27 Events after the balance sheet date in the consolidated financial statements.

Philippe Bertrand
Newsprint line manager
Norske Skog Golbey

Bon jour, I am Philippe Betrand and I have been working at the paper mill in Golbey in France for almost two years. I have a degree in general engineering and have worked as a production manager in the industry for 20 years.

After many years in industry, I got the opportunity to work at Norske Skog and to have a job that met my expectations and ambitions.

My main tasks is to manage the newsprint production line from the pulp production to the finished. With the conversion of PM1, it also includes the definition and the implementation of the new organisation, the selection and the training of the new recruits. I manage a production team of around 75 people. As part of the management team, I coordinate actions with the other departments.

In my free time, I like to have dinner with friends, meet people, do manual works. When the weather is nice, I enjoy driving my convertible car (MG Midget).

Photo: Tom Mathisen

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 company and the consolidated financial statements for the group, for the period 1 January to 31 December 2022 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, 28 MARCH 2023
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA

Geir Drangsland Chair	Arvid Grundekjøn Board member	Trine-Marie Hagen Board member
Nikolai Johns Board member	Johanna Lindén Board member	Sven Ombudstvedt 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 2022, 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 2022, 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 a summary of significant accounting policies.

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 2022, 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 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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 1 year from the election by the general meeting of the shareholders on 21 April 2022 for the accounting year 2022.

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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.

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. Norske Skog ASA price protects part of its future electric power consumption using physical energy commodity contracts. The Group has established policies to manage the risks arising from these contracts. The commodity contracts classified as financial instruments within the scope of IFRS 9 contracts 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. 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. The fair value of the 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 note 9 and 18.	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 the requirements in IFRS, 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.

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 appear 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 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 and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the 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.

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, related safeguards.

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.

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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_2022_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, 28 March 2023
PricewaterhouseCoopers AS

Herman Skibrek
State Authorised Public Accountant

5 / 5

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	2022	2021
Operating earnings	2 845	-160
Restructuring expenses	11	192
Depreciation	546	433
Impairments	164	-22
Derivatives and other fair value adjustments	-462	218
EBITDA	**3 105**	**662**

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

NOK MILLION	2022	2021
EBITDA	3 105	662
Total operating income	15 214	10 315
EBITDA margin	**20.4%**	**6.4%**

Variable costs: Distribution costs + cost of materials.

NOK MILLION	2022	2021
Distribution costs	1 227	1 187
Cost of materials	7 937	6 055
Variable costs	**9 164**	**7 242**

Fixed costs: Employee benefit expenses + other operating expenses.

NOK MILLION	2022	2021
Employee benefit expenses	2 024	1 723
Other operating expenses	921	687
Fixed costs	**2 945**	**2 410**

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

NOK MILLION	2022	2021
EBITDA	3 105	662
Capital expenditure	2 228	1 021
Average capital employed	5 928	4 611
Return on capital employed (annualised)	**14.8%**	**-7.8%**

NOK MILLION	2022	2021
Intangible assets	14	21
Tangible assets	5 852	4 103
Inventory	1 464	1 203
Trade and other receivables	1 944	1 411
Trade and other payables	-2 245	-1 910
Capital employed	**7 028**	**4 828**

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.

	2022	2021
Interest-bearing non-current liabilities	3 432	2 356
Interest-bearing current liabilities	310	187
Cash and cash equivalents	-2 650	-1 489
Net interest-bearing debt	**1 092**	**1 054**

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

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

Photo: Carsten Dybevig

Norske Skog

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