

# 2024

## SECOND QUARTER

Quarterly report

Presentation

Press releases



Norske Skog

# INTRODUCTION

Norske Skog is a producer of packaging paper and publication paper across five mills in Europe and Australasia. Packaging paper includes testliner and fluting and publication paper includes newsprint and magazine paper. The annual production capacity of packaging paper will be 0.8 million tonnes during 2026 and the annual publication paper production capacity is 1.6 million tonnes. Packaging paper and publication paper are sold through sales offices and agents.

In addition to the traditional publication paper business and the new packaging paper business, Norske Skog aims to further diversify its operations and continue its transformation into a diversified wood fibre processing company.

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

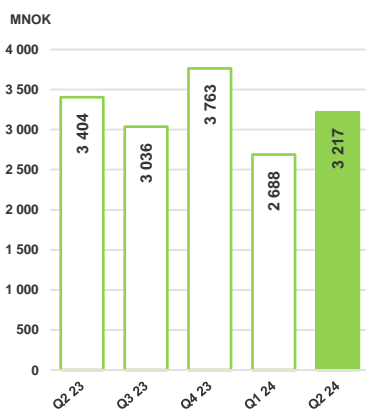
# KEY FIGURES

NOK MILLION	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
<b>INCOME STATEMENT</b>					
Total operating income	3 217	2 688	3 404	5 905	6 725
EBITDA*	471	76	380	546	1 055
Operating earnings	364	-177	146	187	231
Profit/loss before income taxes	311	-382	41	-71	-108
Profit/loss for the period	245	-328	45	-83	-135
Earnings per share (NOK)**	2.89	-3.86	0.48	-0.98	-1.43
<b>CASH FLOW</b>					
Net cash flow from operating activities	299	-69	353	229	783
Net cash flow from operating activities per share (NOK)**	3.52	-0.82	3.74	2.70	8.31
Net cash flow from investing activities	-104	-377	-695	-482	-1 063
<b>OPERATING MARGIN AND PROFITABILITY (%)</b>					
EBITDA margin*	14.6	2.8	11.2	9.3	15.7
Return on capital employed (annualised)*	1.2	-10.9	-15.3	-4.9	-5.5

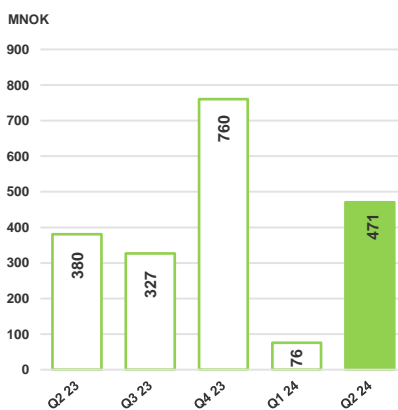
\* As defined in Alternative Performance Measures

\*\* Adjusted for purchase of treasury shares second half of 2024 pursuant to which the number of shares was decreased from 94 264 705 to 84 838 235

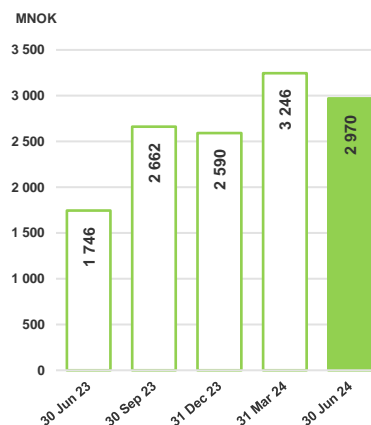
**TOTAL OPERATING INCOME**



**EBITDA**



**NET INTEREST-BEARING DEBT**



NOK MILLION	30 JUN 2024	31 MAR 2024	31 DEC 2023	30 JUN 2023
<b>BALANCE SHEET</b>				
Non-current assets	9 660	9 633	9 068	8 691
Current assets	5 540	5 011	5 687	5 998
Total assets	15 201	14 644	14 755	14 689
Equity	6 138	6 004	6 161	6 208
Net interest-bearing debt	2 970	3 246	2 590	1 746

# REPORT OF THE BOARD OF DIRECTORS FOR THE SECOND QUARTER OF 2024

- Earnings positively impacted by recognised insurance at Norske Skog Saugbrugs
  - Quarterly EBITDA of NOK 471 million impacted positively by NOK 338 million from recognised insurance compensation following the rockslide
  - Achieved positive EBITDA from Packaging Paper segment in the quarter
- Positive development in containerboard and publication paper markets, but closures still required
  - Price increases for containerboard and newsprint being implemented to mitigate cost increases
  - Containerboard and publication paper markets still experiencing excess capacity, but publication paper closures being announced
- Maintaining excellent customer feedback as containerboard deliveries continue to grow
  - Norske Skog Bruck PM3 delivering 41 140 tonnes of containerboard in the quarter, expect around 85% utilisation of design capacity by the second half 2024
  - Start-up of Norske Skog Golbey PM1 during the second half of 2024 will increase Norske Skog's total production capacity with more than 30%
- Starting pre-engineering (main study) for BCTMP at Norske Skog Saugbrugs
  - Norske Skog Saugbrugs well suited for BCTMP production, utilising a large share of existing machinery, equipment, infrastructure and personnel
  - Expect conclusion of pre-engineering and final investment decision during the first half of 2025
- Maintaining a strong cash position following bond refinancing
  - During the quarter, the EURIBOR +550 bps EUR 150 million secured bond was refinanced with a NIBOR +450 bps NOK 1 400 million unsecured bond
  - Received support from DNB for a NOK 500 million term loan at Skogn and a NOK 50 million overdraft facility, signing expected during the third quarter of 2024

## PROFIT/LOSS FOR THE PERIOD

NOK MILLION	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
Operating revenue	2 725	2 551	3 118	5 276	6 289
Other operating income	492	137	287	630	436
<b>Total operating income</b>	<b>3 217</b>	<b>2 688</b>	<b>3 404</b>	<b>5 905</b>	<b>6 725</b>
Distribution cost	-309	-297	-289	-606	-535
Cost of materials	-1 692	-1 547	-1 948	-3 239	-3 582
Fixed cost	-745	-769	-787	-1 514	-1 552
<b>EBITDA</b>	<b>471</b>	<b>76</b>	<b>380</b>	<b>546</b>	<b>1 055</b>

Higher operating revenue in the quarter compared to the previous quarter mainly driven by higher delivery volumes and higher sales price, partly offset by lower income from sale of excess energy. Other operating income increased as a result of insurance recognition at Norske Skog Saugbrugs of NOK 338 million. Publication paper prices were slightly higher in the quarter due to mix effects, and packaging paper prices increased in line with the market. Production of packaging paper increased as ramp-up continued as planned.

Cost of materials per tonne increased slightly in the quarter. Recovered paper prices increased in the quarter, energy prices were volatile at normalised levels, and pulpwood prices remained at high levels.

Fixed costs (including employee benefit expenses) decreased compared to the previous quarter both on absolute and per tonne basis.

EBITDA increased quarter-over-quarter, mainly driven by insurance recognition at Norske Skog Saugbrugs and higher delivery volumes and sales prices.

## NORSKE SKOG QUARTERLY REPORT – SECOND QUARTER 2024 (UNAUDITED)

NOK MILLION	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
Restructuring expenses	0	-13	-10	-13	-11
Depreciation	-128	-125	-128	-254	-243
Impairments	-22	0	0	-22	0
Derivatives and other fair value adjustments	44	-115	-96	-71	-570
<b>Operating earnings</b>	<b>364</b>	<b>-177</b>	<b>146</b>	<b>187</b>	<b>231</b>

Depreciation of NOK 128 million is a slight increase compared with the previous quarter. Impairment of NOK 22 million in the quarter relating to property, plant and equipment at Norske Skog Boyer. Restructuring cost were zero in the quarter.

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

NOK MILLION	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
Share of profit in associated companies and joint ventures	-25	-5	-4	-30	-7
Financial items	-29	-200	-101	-229	-332
Income taxes	-66	54	5	-12	-27
<b>Profit/loss for the period</b>	<b>245</b>	<b>-328</b>	<b>45</b>	<b>-83</b>	<b>-135</b>

Share of profit in associated companies and joint ventures was negative by NOK 25 million, which reflects the impact from change in market value and the result from Circa Group.

Financial items were negative by NOK 29 million in the second quarter, mainly due to currency changes on euro denominated debt and foreign exchange contracts.

The income tax in the quarter relates mainly to changes in deferred tax for the operations in Norway.

## DIVERSIFICATION BEYOND PUBLICATION PAPER

Norske Skog continues to ramp-up production in the packaging paper market following the successful start-up of Norske Skog Bruck PM3. Delivered volumes of recycled containerboard increased during the second quarter. Norske Skog Golbey in France is converting PM1 for production of packaging paper and will start production in the second half of 2024. When full capacity is reached at both Norske Skog Bruck PM3 and Norske Skog Golbey PM1, Norske Skog will have a production capacity of 0.8 million tonnes of recycled containerboard.

During the quarter, Norske Skog announced the start of pre-engineering (main study) for the production of bleached chemi-thermomechanical pulp (BCTMP) at Norske Skog Saugbrugs.

Commercial development of CEBINA and CEBICO continues together with partners.

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

The group continuously works to develop several other fibre projects, both on a stand-alone basis and in partnerships.

## SEGMENT INFORMATION

### PUBLICATION PAPER EUROPE

NOK MILLION	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
Total operating income	2 514	2 058	2 843	4 572	5 708
<b>EBITDA</b>	<b>464</b>	<b>166</b>	<b>429</b>	<b>630</b>	<b>1 191</b>
EBITDA margin (%)	18.4	8.1	15.1	13.8	20.9
Return on capital employed (%) (annualised)	2.2	-8.4	-7.3	-3.2	4.9
Production (1 000 tonnes)	279	272	232	551	509
Deliveries (1 000 tonnes)	279	262	267	541	512
Production / capacity (%)	87	85	74	86	76

The segment consists of Norske Skog's European operations in the publication paper market with industrial sites in Norway, France, and Austria. Annual production capacity is currently approximately 1.3 million tonnes.

Operating income increased from the previous quarter mainly as the quarter recognised NOK 338 million in insurance at Norske Skog Saugbrugs. In addition, higher delivery volumes and slightly higher prices due to mix effects contributed positively. Lower sale of excess energy contributed negatively compared to the previous quarter.

Distribution costs increased from the previous quarter on an absolute basis and decreased on a per tonne basis. Cost of materials increased on an absolute basis and on a per tonne basis, mainly due to recovered paper prices.

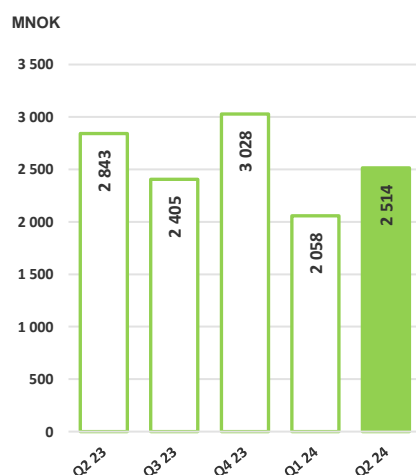
Employee benefit expenses increased on an absolute level and decreased on a per tonne basis. Other operating expenses increased on an absolute level and on a per tonne basis.

EBITDA increased compared to the previous quarter mainly due to recognition of insurance at Norske Skog Saugbrugs.

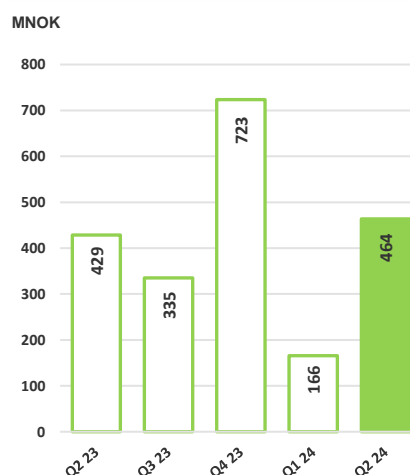
Demand for standard newsprint in Europe decreased by 1% as of May 2024 compared to the same period last year. For magazine paper the demand decreased by 6%, with supercalendered paper decreasing 11% and lightweight coated paper decreasing 1% for the same period (Source: Euro-Graph).

Capacity utilisation was 87% in the period, a slight increase compared with the previous quarter.

EUROPE  
TOTAL OPERATING INCOME



EUROPE  
EBITDA





## PUBLICATION PAPER AUSTRALASIA

NOK MILLION	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
Total operating income	472	438	489	909	922
<b>EBITDA</b>	<b>6</b>	<b>-74</b>	<b>-5</b>	<b>-68</b>	<b>-28</b>
EBITDA margin (%)	1.3	-17.0	-1.1	-7.5	-3.0
Return on capital employed (%) (annualised)	-1.1	-67.5	-14.5	-35.3	-18.0
Production (1 000 tonnes)	60	59	61	118	116
Deliveries (1 000 tonnes)	60	59	63	119	119
Production / capacity (%)	90	89	92	89	88

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

Operating income increased compared to the previous quarter due to higher deliveries and sales prices as a result of mix effects.

Distribution costs were higher compared to the previous quarter on an absolute level and similar on a per tonne basis. Cost of materials were lower on an absolute basis and on a per tonne basis. Employee benefit expenses were lower on an absolute basis and on a per tonne basis. Other operating expenses were lower on an absolute and a per tonne

basis due to deconsolidation of Norske Skog Tasman in the previous quarter.

EBITDA was higher compared to the previous quarter, mainly due to negative impact from deconsolidation of Norske Skog Tasman in the previous quarter.

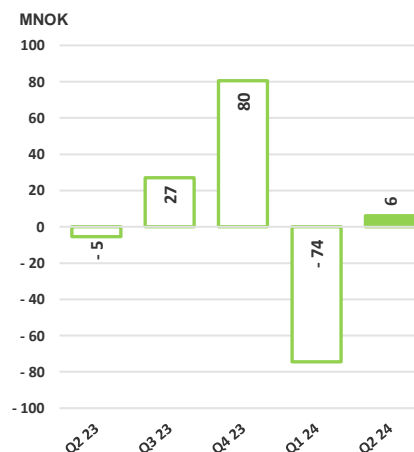
Demand for newsprint and coated mechanical decreased by 33% and 2%, respectively through May 2024 compared to same period last year (Source: PPPC).

Capacity utilisation was 90% in the period, an increase compared to the previous quarter.

**AUSTRALASIA**  
**TOTAL OPERATING INCOME**



**AUSTRALASIA**  
**EBITDA**



## PACKAGING PAPER

NOK MILLION	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
Total operating income	207	177	75	384	99
<b>EBITDA</b>	<b>2</b>	<b>-7</b>	<b>-40</b>	<b>-5</b>	<b>-79</b>
EBITDA margin (%)	0.8	-3.7	-53.9	-1.3	-79.2
Return on capital employed (%) (annualised)	-0.6	-2.2	-36.2	-1.4	-68.2
Production (1 000 tonnes)	40	40	20	80	20
Deliveries (1 000 tonnes)	41	38	10	79	10
Production / capacity (%)	87	86	71	87	71

The segment consists of Norske Skog's packaging paper operations in Europe. Norske Skog Bruck PM3 started producing in the first quarter of 2023 and the production is following the ramp-up curve with higher deliveries compared to previous quarter. Delivered volumes is expected to increase gradually during the coming quarters as ramp-

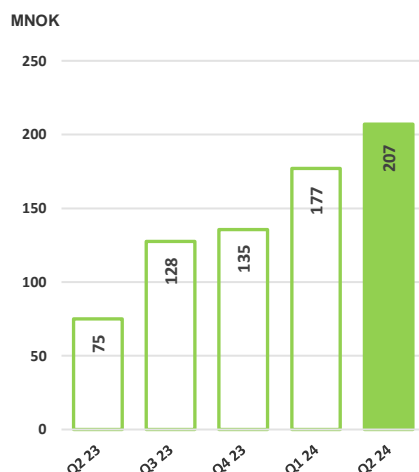
up continues. When full capacity is reached, Norske Skog Bruck will have a production capacity of 0.2 million tonnes of recycled containerboard.

Norske Skog Golbey in France is currently converting PM1 for production of packaging paper and will start production in the second half of 2024. When full capacity is reached, Norske Skog Golbey will have a production capacity of 0.6 million tonnes of recycled containerboard. For Norske Skog Golbey, the remaining net capex is approximately NOK 300 million.

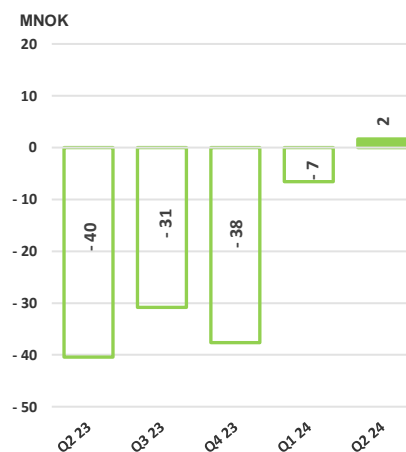
The machines are expected to operate at 60-70% utilisation in the first year of operation. Once at full utilisation, the machines are expected to generate annual EBITDA of EUR 70-80 million, based on historical prices and margins seen in the market.

EBITDA in the period was slightly positive due to higher delivered volume and higher sales prices.

**PACKAGING PAPER  
TOTAL OPERATING INCOME**



**PACKAGING PAPER  
EBITDA**



## OTHER ACTIVITIES

NOK MILLION	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
Total operating income	189	158	89	348	150
EBITDA	-1	-9	-2	-10	-29

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

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

## CASH FLOW

NOK MILLION	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
EBITDA	471	76	380	546	1 055
Change in working capital	201	-71	541	130	353
Restructuring payments	-6	-13	-29	-20	-31
Gain and losses from divestments	0	46	-1	46	2
Insurance compensation from property damage	-338	-52	0	-390	0
Net financial items	-52	-51	-36	-103	-71
Taxes paid	15	-2	-553	13	-569
Other items	9	-2	50	6	44
<b>Net cash flow from operating activities</b>	<b>299</b>	<b>-69</b>	<b>353</b>	<b>229</b>	<b>783</b>
<b>Purchases of property, plant and equipment and intangible assets</b>	<b>-442</b>	<b>-338</b>	<b>-697</b>	<b>-781</b>	<b>-1 266</b>
-whereof maintenance capex	-57	-32	-87	-89	-150

Net cash flow from operating activities was NOK 299 million in the second quarter.

The operating cash flow was positively impacted by a decrease in working capital of NOK 201 million, as a result of CO2 related proceeds.

Restructuring payments in the quarter are mainly related to settlement of restructuring costs due to organisational changes.

Net financial items in the second quarter relate mainly to interest payments.

Maintenance capex of NOK 57 million relate to ordinary maintenance in the quarter, an increase from the previous quarter.

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

## BALANCE SHEET

NOK MILLION	30 JUN 2024	31 MAR 2024	31 DEC 2023	30 JUN 2023
Non-current assets	9 660	9 633	9 068	8 691
<b>Cash and cash equivalents</b>	<b>2 784</b>	<b>1 915</b>	<b>2 463</b>	<b>2 673</b>
Inventories, trade and other receivables and other current assets	2 757	3 096	3 223	3 325
Total assets	15 201	14 644	14 755	14 689
<b>Equity</b>	<b>6 138</b>	<b>6 004</b>	<b>6 161</b>	<b>6 208</b>
Non-current liabilities	5 275	5 757	5 680	5 378
Current liabilities	3 789	2 883	2 914	3 104
<b>Net interest-bearing debt</b>	<b>2 970</b>	<b>3 246</b>	<b>2 590</b>	<b>1 746</b>

Total assets increased in the second quarter, mainly due to an increase in cash and cash equivalents as proceeds from the NOK 1 400 million bond issue were received prior to quarter end and the remaining principal of NOK 977 million from the refinanced bond issue was paid following quarter end.

Non-current liabilities were lower than the previous quarter reflecting buy-back of EUR 150 million bonds of EUR 50 million, instalments of local debt, and currency changes on euro denominated debt, offset by issuance of new bond.

Current liabilities were higher than the previous quarter, mainly due to the remaining principal of NOK 977 million of the refinanced bond issue repaid following quarter end, being reclassified from non-current.

Local debt to finance the packaging paper projects at Norske Skog Bruck and Norske Skog Golbey had an outstanding amount of approximately EUR 239 million at quarter end, compared to EUR 244 million at previous quarter end.

Net interest-bearing debt decreased from NOK 3 246 million to NOK 2 970 million in the quarter, mainly due to receipt of CO2 compensation and sale of CO2 allowances, as well as a stronger NOK influencing EUR-denominated debts.



## OUTLOOK

The development in the global economy is of vital importance for consumer spending, and this impacts the publication paper and packaging paper industry, and thus Norske Skog's operations and results. Norske Skog's deliveries have continued to improve during the second quarter of 2024 and is expected to improve through 2024.

The raw material and energy markets, which are important for both publication paper and packaging paper production, are expected to remain uncertain, although prices have come down closer to historical levels. Cost of recovered paper has increased significantly, and the quality and availability has deteriorated. This trend is expected to persist for the remainder of 2024. Pulpwood prices is expected to remain at higher levels for 2024.

The level of input costs and demand for paper will continue to influence paper sales prices in Europe. Both publication and packaging markets are characterised by excess capacity and capacity reductions are required to balance the markets. Utilisation is expected to remain weak until capacity is reduced.

The production of recycled containerboard in Norske Skog Bruck is expected to increase in line with plan over the coming quarters. However, the EBITDA from the Packaging Paper segment in 2024 is expected to be negative due to allocation of fixed costs following start-up of production in Norske Skog Golbey the second half of 2024.

Norske Skog Saugbrugs has initiated pre-engineering (main study) to produce bleached chemi-thermomechanical pulp (BCTMP), with expected final investment decision in the first half of 2025. Potential investments into a BCTMP project at Saugbrugs will result in recognition and receipt of additional insurance compensation of NOK 615 million.

In Australasia, markets remain challenging with a large share of volume being delivered in low margin export markets. There is continuous effort to improve the mill's cost position and commercial terms.

Norske Skog will continue to develop its industrial sites with new fibre projects based on efficient use of certified fibre and renewable energy, both on a stand-alone basis and in partnerships.

SKØYEN, 11 JULY 2024  
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA

Arvid Grundekjøn  
Chair

Trine-Marie Hagen  
Board member

Terje Sagbakken  
Board member

Christoffer Bull  
Board member

Tone Wille  
Board member

Geir Drangslund  
CEO

## INTERIM FINANCIAL STATEMENTS, SECOND QUARTER OF 2024

### CONDENSED CONSOLIDATED INCOME STATEMENT

NOK MILLION	NOTE	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
Operating revenue		2 725	2 551	3 118	5 276	6 289
Other operating income	9	492	137	287	630	436
<b>Total operating income</b>	<b>4</b>	<b>3 217</b>	<b>2 688</b>	<b>3 404</b>	<b>5 905</b>	<b>6 725</b>
Distribution costs		-309	-297	-289	-606	-535
Cost of materials		-1 692	-1 547	-1 948	-3 239	-3 582
Employee benefit expenses		-507	-505	-523	-1 012	-1 025
Other operating expenses		-238	-264	-264	-502	-528
Restructuring expenses		0	-13	-10	-13	-11
Depreciation	5	-128	-125	-128	-254	-243
Impairments	5	-22	0	0	-22	0
Derivatives and other fair value adjustments	6	44	-115	-96	-71	-570
<b>Operating earnings</b>		<b>364</b>	<b>-177</b>	<b>146</b>	<b>187</b>	<b>231</b>
Share of profit in associated companies and joint ventures	7	-25	-5	-4	-30	-7
Financial items	8	-29	-200	-101	-229	-332
<b>Profit/loss before income taxes</b>		<b>311</b>	<b>-382</b>	<b>41</b>	<b>-71</b>	<b>-108</b>
Income taxes		-66	54	5	-12	-27
<b>Profit/loss for the period</b>		<b>245</b>	<b>-328</b>	<b>45</b>	<b>-83</b>	<b>-135</b>
Basic earnings per share (NOK)		2.89	-3.86	0.48	-0.98	-1.43
Diluted earnings per share (NOK)		2.89	-3.86	0.48	-0.98	-1.43

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NOK MILLION	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
<b>Profit/loss for the period</b>	<b>245</b>	<b>-328</b>	<b>45</b>	<b>-83</b>	<b>-135</b>
<b>Items that may be reclassified subsequently to profit or loss</b>					
Currency translation differences	-111	178	118	67	429
Tax expense on translation differences	0	0	0	0	0
Reclassified translation differences upon divestment of foreign operations	0	-7	0	-7	5
<b>Other comprehensive income for the period</b>	<b>-111</b>	<b>171</b>	<b>118</b>	<b>60</b>	<b>434</b>
<b>Total comprehensive income for the period</b>	<b>133</b>	<b>-156</b>	<b>163</b>	<b>-23</b>	<b>299</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

NOK MILLION	NOTE	30 JUN 2024	31 MAR 2024	31 DEC 2023	30 JUN 2023
Deferred tax asset		189	262	206	215
Intangible assets	5	12	11	12	13
Property, plant and equipment	5	9 234	9 106	8 567	7 839
Investments in associated companies and joint ventures	7	51	75	80	93
Other non-current assets	6	174	178	203	531
<b>Total non-current assets</b>		<b>9 660</b>	<b>9 633</b>	<b>9 068</b>	<b>8 691</b>
Inventories		1 523	1 472	1 360	1 635
Trade and other receivables		1 069	1 565	1 635	1 419
Other current assets	6	164	59	229	271
Cash and cash equivalents		2 784	1 915	2 463	2 673
<b>Total current assets</b>		<b>5 540</b>	<b>5 011</b>	<b>5 687</b>	<b>5 998</b>
<b>Total assets</b>		<b>15 201</b>	<b>14 644</b>	<b>14 755</b>	<b>14 689</b>
Paid-in equity	10	8 860	8 860	8 860	8 898
Retained earnings		-2 723	-2 856	-2 700	-2 690
<b>Total equity</b>		<b>6 138</b>	<b>6 004</b>	<b>6 161</b>	<b>6 208</b>
Employee benefit obligations		290	301	294	305
Deferred tax liability		204	215	202	228
Interest-bearing non-current liabilities	8	4 184	4 622	4 536	4 080
Other non-current liabilities	6	596	620	647	765
<b>Total non-current liabilities</b>		<b>5 275</b>	<b>5 757</b>	<b>5 680</b>	<b>5 378</b>
Trade and other payables		2 076	2 229	2 256	2 498
Tax payable		14	12	11	9
Interest-bearing current liabilities	8	1 569	540	517	340
Other current liabilities	6	128	101	130	257
<b>Total current liabilities</b>		<b>3 789</b>	<b>2 883</b>	<b>2 914</b>	<b>3 104</b>
<b>Total liabilities</b>		<b>9 063</b>	<b>8 640</b>	<b>8 594</b>	<b>8 481</b>
<b>Total equity and liabilities</b>		<b>15 201</b>	<b>14 644</b>	<b>14 755</b>	<b>14 689</b>

SKØYEN, 11 JULY 2024  
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA



Arvid Grundekjøn  
Chair



Trine-Marie Hagen  
Board member



Terje Sagbakken  
Board member



Christoffer Bull  
Board member



Tone Wille  
Board member



Geir Drangslund  
CEO

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOK MILLION	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
Cash generated from operations	3 291	2 716	4 119	6 007	7 489
Cash used in operations	-2 955	-2 733	-3 178	-5 688	-6 066
Cash flow from currency hedges and financial items	-15	-13	-12	-28	-25
Interest payments received	19	21	23	40	43
Interest payments made	-56	-59	-48	-115	-89
Taxes paid	15	-2	-553	13	-569
<b>Net cash flow from operating activities <sup>1)</sup></b>	<b>299</b>	<b>-69</b>	<b>353</b>	<b>229</b>	<b>783</b>
Purchases of property, plant and equipment and intangible assets	-442	-338	-697	-781	-1 266
Sales of property, plant and equipment and intangible assets	0	0	1	0	3
Proceeds from property damage insurance	338	52	0	390	0
Dividend proceeds from joint venture	0	0	0	0	200
Sales of shares in companies and other financial instruments	0	-91	0	-91	0
<b>Net cash flow from investing activities</b>	<b>-104</b>	<b>-377</b>	<b>-695</b>	<b>-482</b>	<b>-1 063</b>
New loans raised	1 437	0	210	1 437	395
Repayments of loans	-754	-118	-106	-872	-155
<b>Net cash flow from financing activities</b>	<b>683</b>	<b>-118</b>	<b>104</b>	<b>564</b>	<b>240</b>
Foreign currency effects on cash and cash equivalents	-9	17	17	9	62
<b>Total change in cash and cash equivalents</b>	<b>869</b>	<b>-548</b>	<b>-221</b>	<b>321</b>	<b>23</b>
<b>Cash and cash equivalents at start of period</b>	<b>1 915</b>	<b>2 463</b>	<b>2 894</b>	<b>2 463</b>	<b>2 650</b>
<b>Cash and cash equivalents at end of period</b>	<b>2 784</b>	<b>1 915</b>	<b>2 673</b>	<b>2 784</b>	<b>2 673</b>
<b><sup>1)</sup> Reconciliation of net cash flow from operating activities</b>					
Profit/loss before income taxes	311	-382	41	-71	-108
Change in working capital	201	-71	541	130	353
Change in restructuring provisions	-6	0	-20	-7	-20
Depreciation and impairments	150	125	128	275	243
Derivatives and other fair value adjustments	-44	115	96	71	570
Gain and losses from divestment of business activities and PPE	0	46	-1	46	2
Insurance compensation from property damage	-338	-52	0	-390	0
Net financial items without cash effect	1	154	70	155	268
Taxes paid	15	-2	-553	13	-569
Change in pension obligations and other employee benefits	-6	-8	-3	-14	-9
Adjustment for other items	15	5	53	20	53
<b>Net cash flow from operating activities</b>	<b>299</b>	<b>-69</b>	<b>353</b>	<b>229</b>	<b>783</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN GROUP EQUITY

NOK MILLION	PAID-IN EQUITY	OTHER PAID-IN EQUITY	RETAINED EARNINGS	TOTAL EQUITY
<b>Equity 1 January 2023</b>	<b>6 649</b>	<b>2 249</b>	<b>-2 989</b>	<b>5 909</b>
Profit/loss for the period	0	0	-181	-181
Other comprehensive income for the period	0	0	316	316
<b>Equity 31 March 2023</b>	<b>6 649</b>	<b>2 249</b>	<b>-2 854</b>	<b>6 045</b>
Profit/loss for the period	0	0	45	45
Other comprehensive income for the period	0	0	118	118
<b>Equity 30 June 2023</b>	<b>6 649</b>	<b>2 249</b>	<b>-2 690</b>	<b>6 208</b>
Treasury shares	-38	0	-377	-415
Profit/loss for the period	0	0	616	616
Other comprehensive income for the period	0	0	-191	-191
Dividends paid	0	0	-57	-57
<b>Equity 31 December 2023</b>	<b>6 611</b>	<b>2 249</b>	<b>-2 700</b>	<b>6 161</b>
Profit/loss for the period	0	0	-328	-328
Other comprehensive income for the period	0	0	171	171
<b>Equity 31 March 2024</b>	<b>6 611</b>	<b>2 249</b>	<b>-2 856</b>	<b>6 004</b>
Profit/loss for the period	0	0	245	245
Other comprehensive income for the period	0	0	-111	-111
<b>Equity 30 June 2024</b>	<b>6 611</b>	<b>2 249</b>	<b>-2 723</b>	<b>6 138</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

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

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

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

	Q2 2024	Q1 2024	30 JUN 2024	31 MAR 2024	31 DEC 2023
AUD	7.08	6.91	7.09	7.04	6.91
EUR	11.56	11.42	11.40	11.68	11.24
GBP	13.56	13.33	13.47	13.62	12.93
USD	10.74	10.51	10.65	10.80	10.17

## 2. ACCOUNTING POLICIES

The interim financial statements of Norske Skog have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for 2023. The interim financial statements are unaudited.

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

31 December 2023, except for the adaptation of amended standards and new interpretations, which are mandatory from 1 January 2024. These changes are described in the consolidated financial statements for 2023.

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

## 3. ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

### *Recoverable amount of intangible assets and property, plant and equipment*

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

### *Accounting treatment of physical energy contracts and other financial instruments*

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

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

The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. See Note 22 in the consolidated financial statements for 2023 for more information regarding the calculation of fair value of derivatives.

See Note 3 in the consolidated financial statements for 2023 for a more thorough description of important accounting estimates and assumptions impacting the preparation of financial statements.



## 4. OPERATING SEGMENTS

The activities of the Norske Skog group are separated into three operating segments, Publication Paper Europe, Publication Paper Australasia and Packaging Paper which is in line with how the group is managed internally. Norske Skog's chief operating decision maker is corporate management, who distribute resources and assess performance of the group's operating segments. Norske Skog has an integrated strategy across the three segments to maximise profits. The optimisation is carried out through coordinated sales and operational planning. The regional planning, in combination with structured sales and operational processes, ensures maximisation of profit.

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

Publication Paper Europe segment encompasses production and sale of newsprint and magazine paper in Europe. All the four European

industrial sites and the regional sales organisation are included in the operating segment publication paper Europe.

Publication Paper Australasia encompasses production and sale of newsprint and magazine paper in Australasia. Norske Skog Boyer, the only producer of newsprint and magazine grade in the region, and the regional sales organisation is included in the operating segment publication paper Australasia.

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

Activities in the group that do not fall into the operating segments are presented under other activities. This includes corporate functions, sourcing solutions and other holding company activities.

Q2 2024	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	PACKAGING PAPER	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 053	466	182	189	-165	2 725
Other operating income	461	5	26	0	0	492
<b>Total operating income</b>	<b>2 514</b>	<b>472</b>	<b>207</b>	<b>189</b>	<b>-165</b>	<b>3 217</b>
Distribution costs	-222	-62	-25	0	0	-309
Cost of materials	-1 271	-282	-124	-152	137	-1 692
Employee benefit expenses	-367	-80	-41	-20	0	-507
Other operating expenses	-192	-41	-15	-18	28	-238
<b>EBITDA</b>	<b>464</b>	<b>6</b>	<b>2</b>	<b>-1</b>	<b>0</b>	<b>471</b>
Depreciation	-88	-9	-29	-2	0	-128
Impairments	0	-22	0	0	0	-22
Derivatives and other fair value adjustments	46	0	0	-3	0	44
<b>Operating earnings</b>	<b>423</b>	<b>-25</b>	<b>-27</b>	<b>-6</b>	<b>0</b>	<b>364</b>
Share of operating revenue from external parties (%)	100	100	100	20		100

Q1 2024	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	PACKAGING PAPER	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	1 956	437	141	158	-141	2 551
Other operating income	102	1	36	0	-2	137
<b>Total operating income</b>	<b>2 058</b>	<b>438</b>	<b>177</b>	<b>158</b>	<b>-143</b>	<b>2 688</b>
Distribution costs	-213	-61	-23	0	0	-297
Cost of materials	-1 148	-284	-105	-122	113	-1 547
Employee benefit expenses	-357	-82	-40	-28	2	-505
Other operating expenses	-174	-85	-15	-17	28	-264
<b>EBITDA</b>	<b>166</b>	<b>-74</b>	<b>-7</b>	<b>-9</b>	<b>0</b>	<b>76</b>
Restructuring expenses	-6	-3	0	-3	0	-13
Depreciation	-87	-8	-29	-2	0	-125
Derivatives and other fair value adjustments	-115	0	0	0	0	-115
<b>Operating earnings</b>	<b>-42</b>	<b>-86</b>	<b>-35</b>	<b>-14</b>	<b>0</b>	<b>-177</b>
Share of operating revenue from external parties (%)	100	100	100	21		100

## NORSKE SKOG QUARTERLY REPORT – SECOND QUARTER 2024 (UNAUDITED)

Q2 2023	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	PACKAGING PAPER	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	2 592	490	37	88	-90	3 118
Other operating income	251	-2	38	1	-1	287
<b>Total operating income</b>	<b>2 843</b>	<b>489</b>	<b>75</b>	<b>89</b>	<b>-91</b>	<b>3 404</b>
Distribution costs	-208	-75	-7	0	0	-289
Cost of materials	-1 609	-297	-53	-50	62	-1 948
Employee benefit expenses	-384	-80	-40	-20	1	-523
Other operating expenses	-214	-43	-15	-21	29	-264
<b>EBITDA</b>	<b>429</b>	<b>-5</b>	<b>-40</b>	<b>-2</b>	<b>0</b>	<b>380</b>
Restructuring expenses	0	0	0	-10	0	-10
Depreciation	-106	-11	-9	-2	0	-128
Derivatives and other fair value adjustments	-96	0	0	0	0	-96
<b>Operating earnings</b>	<b>227</b>	<b>-17</b>	<b>-49</b>	<b>-14</b>	<b>0</b>	<b>146</b>
Share of operating revenue from external parties (%)	100	100	99	0		100

YTD 2024	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	PACKAGING PAPER	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	4 009	903	322	347	-306	5 276
Other operating income	563	6	62	1	-2	630
<b>Total operating income</b>	<b>4 572</b>	<b>909</b>	<b>384</b>	<b>348</b>	<b>-308</b>	<b>5 905</b>
Distribution costs	-435	-123	-48	0	0	-606
Cost of materials	-2 418	-566	-230	-275	250	-3 239
Employee benefit expenses	-724	-161	-81	-48	2	-1 012
Other operating expenses	-366	-127	-30	-35	56	-502
<b>EBITDA</b>	<b>630</b>	<b>-68</b>	<b>-5</b>	<b>-10</b>	<b>0</b>	<b>546</b>
Restructuring expenses	-6	-3	0	-3	0	-13
Depreciation	-174	-17	-58	-4	0	-254
Impairments	0	-22	0	0	0	-22
Derivatives and other fair value adjustments	-68	0	0	-3	0	-71
<b>Operating earnings</b>	<b>381</b>	<b>-111</b>	<b>-63</b>	<b>-20</b>	<b>0</b>	<b>187</b>
Share of operating revenue from external parties (%)	100	100	100	21		100

YTD 2023	PUBLICATION PAPER EUROPE	PUBLICATION PAPER AUSTRALASIA	PACKAGING PAPER	OTHER ACTIVITIES	ELIMINATIONS	NORSKE SKOG GROUP
Operating revenue	5 328	927	38	148	-151	6 289
Other operating income	380	-4	62	1	-3	436
<b>Total operating income</b>	<b>5 708</b>	<b>922</b>	<b>99</b>	<b>150</b>	<b>-154</b>	<b>6 725</b>
Distribution costs	-394	-134	-7	0	0	-535
Cost of materials	-2 964	-563	-64	-75	84	-3 582
Employee benefit expenses	-729	-162	-75	-61	2	-1 025
Other operating expenses	-429	-91	-32	-43	68	-528
<b>EBITDA</b>	<b>1 191</b>	<b>-28</b>	<b>-79</b>	<b>-29</b>	<b>0</b>	<b>1 055</b>
Restructuring expenses	0	-1	0	-10	0	-11
Depreciation	-199	-22	-17	-4	0	-243
Derivatives and other fair value adjustments	-570	0	0	0	0	-570
<b>Operating earnings</b>	<b>422</b>	<b>-52</b>	<b>-96</b>	<b>-43</b>	<b>0</b>	<b>231</b>
Share of operating revenue from external parties (%)	100	100	98	1		100

SEGMENT OTHER ACTIVITIES	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
<b>OTHER OPERATING REVENUE</b>					
Corporate functions	24	25	27	49	60
Sourcing solutions	165	134	62	299	90
<b>Total</b>	<b>189</b>	<b>158</b>	<b>89</b>	<b>348</b>	<b>150</b>
<b>EBITDA</b>					
Corporate functions	-1	-12	-4	-12	-32
Sourcing solutions	0	3	1	2	3
<b>Total</b>	<b>-1</b>	<b>-9</b>	<b>-2</b>	<b>-10</b>	<b>-29</b>

## 5. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

JAN-JUN 2024	PROPERTY, PLANT AND EQUIPMENT	RIGHT-OF-USE ASSETS	TOTAL PROPERTY PLANT AND EQUIPMENT	INTANGIBLE ASSETS
Carrying value at start of period	8 483	84	8 567	12
Additions*	800	37	837	2
Depreciation	-228	-22	-251	-3
Impairments	-22	0	-22	0
Disposals	0	0	0	0
Currency translation differences	101	1	103	0
<b>Carrying value at end of period</b>	<b>9 134</b>	<b>100</b>	<b>9 234</b>	<b>12</b>

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

### PER OPERATING SEGMENTS

30 JUN 2024	TOTAL PROPERTY PLANT AND EQUIPMENT	INTANGIBLE ASSETS
Publication paper Europe	6 555	4
Publication paper Australasia	193	1
Packaging paper	2 467	1
Other activities	18	5
<b>Total</b>	<b>9 234</b>	<b>12</b>

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

30 JUN 2024	ASSETS		LIABILITIES	
	CURRENT	NON-CURRENT	CURRENT	NON-CURRENT
Energy contracts and embedded derivatives in energy contracts (level 3)	47	0	26	234
Other derivatives and financial instruments carried at fair value (level 2)	14	0	3	0
<b>Total</b>	<b>61</b>	<b>0</b>	<b>29</b>	<b>234</b>

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

The contract prices for energy in Norway are sensitive to change in publication paper prices and pulpwood prices. Externally forecasted price increases/decreases for paper increases/decreases the cost of energy. Contract prices vs market prices for energy have developed in opposite directions in the relevant energy areas in Norway, while a weaker NOK has impacted embedded derivatives negatively. There has been a net positive change in the fair value of the contracts and embedded derivatives in the quarter of NOK 44 million.

Changes in the value of energy contracts, commodity contracts and embedded derivatives in contracts are presented in the income statement line Derivatives and other fair value adjustments. A sensitivity analysis of the impact on profit after tax of fluctuations in energy prices, currency and price indices is given in Note 5 in the consolidated financial statements for 2023.

Financial derivative contracts are accounted for at fair value and changes in contracts are presented in the income statement under financial items. A sensitivity analysis of the impact on profit after tax of fluctuations in currency is given in Note 5 in the consolidated financial statements for 2023.

The valuation techniques used are described in Note 22 in the consolidated financial statement for 2023.

## 7. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

Investments in associated companies and joint ventures are accounted for in accordance with the equity method. The carrying value is NOK 51 million on 30 June 2024.

Norske Skog holds a 50% share of Porsnes Utvikling AS, an equal ownership joint venture between Ringstad Næringsutvikling AS and Norske Skog Saugbrugs AS. On 30 June 2024 this has a carrying value of NOK 7 million.

On 30 June 2024 Norske Skog holds a 26% share of Circa Group AS, with a carrying value of NOK 36 million. Loss is included in the quarter

with NOK 4.5 million. In addition, there has been an impairment of the shares of NOK 20 million in the quarter, to reflect the market value. Circa Group AS is listed on Euronext Growth. Due to later reporting dates than Norske Skog, the share of results from Circa Group is included with three months lag.

## 8. FINANCIAL ITEMS AND DEBT REPAYMENTS

### FINANCIAL ITEMS

NOK MILLION	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
Net interest expenses	-28	-40	-27	-67	-51
Currency gains/losses*	54	-140	-54	-86	-244
Other financial items	-55	-20	-20	-75	-36
<b>Total financial items</b>	<b>-29</b>	<b>-200</b>	<b>-101</b>	<b>-229</b>	<b>-332</b>

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

### FINANCING

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

The facilities are drawn as capital expenditures are incurred, and repayment is scheduled to commence approximately upon completion of each respective project with average maturity towards the end of 2030. As of 30 June 2024, the outstanding amount was EUR 239 million.

During the second quarter, Norske Skog initiated a process to refinance the NSKOG02 EUR 150 million senior secured bond with the new NSKOG03 NOK 1 400 million senior unsecured bond. The remaining principal of EUR 85.7 million (NOK 977 million) was repaid on 1 July 2024, following quarter end. NSKOG03 matures in June 2029 and has an interest rate of NIBOR (zero floor) + 4.5% with quarterly interest payments. As of 30 June 2024, the outstanding amount under NSKOG02 and NSKOG03 was NOK 2 377 million.

Norske Skog has a EUR 31 million Revolving Credit Facility with a tenor of five years. As of 30 June 2024, the revolving credit facility was undrawn.

The EUR 54 million credit facility for the waste-to-energy plant in Norske Skog Bruck commenced repayments in the fourth quarter of 2022. As of 30 June 2024, the outstanding amount was EUR 39 million. The final maturity date is in 2028.

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

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

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

### BONDS

MILLION	MATURITY	CURRENCY	INTEREST RATE	NOMINAL VALUE	AMOUNT OUTSTANDING 30 JUN 2024
NSKOG02	March 2026	EUR	EURIBOR +5.5%	150	86
NSKOG03	June 2029	NOK	NIBOR +4.5%	1 400	1 400

### DEBT REPAYMENT SCHEDULE\*

NOK MILLION	2024	2025	2026	2027	2028-
Bonds	977	0	0	0	1 400
Debt to credit institutions	289	753	533	688	1 039
<b>Total</b>	<b>1 265</b>	<b>753</b>	<b>533</b>	<b>688</b>	<b>2 439</b>

\*Not including items relating to leases.

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

Financed amounts from securitisation arrangements is classified as interest-bearing current liabilities. This amounts to NOK 1 097 million in debt repayment in the third quarter of 2024. The financed amount represents a group of individual loans, which are settled individually at maturity of the trade receivable.

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

## 9. NORSKE SKOG SAUGBRUGS ROCKSLIDE

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

Work has continued to secure the site from further rockslide and rebuild the damaged building and infrastructure.

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

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

On 2 November 2023 Norske Skog announced that it has agreed a settlement with the insurers in relation to both business interruption and property damage.

In relation to business interruption for the coverage period of 18 months from the date of the incident an amount of NOK 850 million was agreed. This has been recognised in full in 2023. NOK 635 million of the

insurance settlement proceeds was received in 2023 while the remaining NOK 215 million was received in the first quarter of 2024.

The property damage to building structures and cost of reinstatement of these as well as costs to secure rock formations will be covered by Norske Skog Saugbrugs, but fully reimbursed by the insurers. In second quarter NOK 43 million has been recognised and capitalised as property, plant and equipment.

In addition, a settlement of NOK 1 billion was agreed for investments in production equipment. Of this NOK 385 million has been paid in 2023, while the remaining amount of NOK 615 million will be paid as investment costs accrue and contingent of the amount of NOK 385 million being invested at Norske Skog Saugbrugs. In the income statement, the settlement for investments in production equipment has been recognised with NOK 77 million in 2023 and NOK 308 million in 2024, of which NOK 13 million was recognized in the first quarter and NOK 295 million in the second quarter following the initiation of a BCTMP main study. In addition, NOK 615 million will be received and recognised as investment costs accrue.

## 10. PRINCIPAL SHAREHOLDERS

	NUMBER OF SHARES	OWNERSHIP %
BYGGMA ASA	17 430 431	20.55
UBS Europe SE	5 835 000	6.88
DRANGSLAND KAPITAL AS	5 316 148	6.27
INTERTRADE SHIPPING AS	2 875 000	3.39
VERDIPAPIRFONDET FONDSFINANS NORGE	2 402 227	2.83
VERDIPAPIRFONDET HOLBERG NORGE	2 100 000	2.48
VOLDSTAD EIENDOM AS	1 700 000	2.00
VERDIPAPIRFONDET NORDEA NORGE VERD	1 519 422	1.79
VERDIPAPIRFONDET NORDEA AVKASTNING	1 235 506	1.46
CACEIS Investor Services Bank S.A.	1 134 617	1.34
State Street Bank and Trust Comp	989 545	1.17
VPF SPAREBANK 1 NORGE VERDI	750 000	0.88
J.P. Morgan SE	702 262	0.83
Pershing Securities Limited	688 585	0.81
J.P. Morgan SE	655 889	0.77
The Bank of New York Mellon SA/NV	651 322	0.77
Nordnet Bank AB	636 272	0.75
Saxo Bank A/S	594 080	0.70
Morgan Stanley & Co. International	532 108	0.63
INAK 3 AS	520 000	0.61
Other shareholders	36 569 821	43.11
<b>Total</b>	<b>84 838 235</b>	<b>100.00</b>

The data is extracted from VPS 11 July 2024. Whilst every reasonable effort is made to verify all data, VPS cannot guarantee the accuracy of the analysis.



## 11. THE NORSKE SKOG SHARE

	30 JUN 2024	31 MAR 2024	31 DEC 2023	30 JUN 2023
Share price (NOK)	43.26	33.54	41.40	42.22
Book value of equity per share (NOK)	72.34	70.77	72.62	65.86

Following the share repurchase programme executed in second half of 2023, the General Assembly resolved on 11 April 2024 cancellation of

these shares by capital reduction. The share capital reduction was completed on 28 June 2024.

## 12. RELATED PARTIES

Investor AS and subsidiaries Drangslund Kapital AS and Byggma ASA are related parties to Norske Skog through the ownership in Norske Skog ASA and the CEO Geir Drangslund being the ultimate owner for these companies.

There have not been any transactions with related parties in 2024.

## 13. EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after the balance sheet date with significant impact on the interim financial statements for the first quarter of 2024.

On 1 July, Norske Skog repaid the remaining principal of its outstanding NSKOG02 EUR 150 million senior secured bond of EUR 85.7 million (NOK 977 million) plus call premium of 2.2% and accrued interest.

## 14. HISTORICAL FIGURES

INCOME STATEMENT	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
<b>Total operating income</b>	<b>3 217</b>	<b>2 688</b>	<b>3 763</b>	<b>3 036</b>	<b>3 404</b>
Variable costs*	-2 002	-1 844	-2 115	-1 881	-2 237
Fixed costs*	-745	-769	-888	-828	-787
<b>EBITDA</b>	<b>471</b>	<b>76</b>	<b>760</b>	<b>327</b>	<b>380</b>
Restructuring expenses	0	-13	-9	-18	-10
Depreciation	-128	-125	-130	-141	-128
Impairments	-22	0	-88	0	0
Derivatives and other fair value adjustment	44	-115	97	-131	-96
<b>Operating earnings</b>	<b>364</b>	<b>-177</b>	<b>629</b>	<b>36</b>	<b>146</b>
Share of profit in associated companies and joint ventures	-25	-5	-5	-3	-4
Financial items	-29	-200	-38	79	-101
<b>Profit/loss before income taxes</b>	<b>311</b>	<b>-382</b>	<b>586</b>	<b>112</b>	<b>41</b>
Income taxes	-66	54	-104	22	5
<b>Profit/loss for the period</b>	<b>245</b>	<b>-328</b>	<b>482</b>	<b>134</b>	<b>45</b>

\* As defined in Alternative Performance Measures

SEGMENT INFORMATION	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
<b>Publication paper Europe</b>					
Total operating income	2 514	2 058	3 028	2 405	2 843
EBITDA	464	166	723	335	429
Deliveries (1 000 tonnes)	279	262	270	258	267
<b>Publication paper Australasia</b>					
Total operating income	472	438	568	476	489
EBITDA	6	-74	80	27	-5
Deliveries (1 000 tonnes)	60	59	63	60	63
<b>Packaging paper</b>					
Total operating income	207	177	135	128	75
EBITDA	2	-7	-38	-31	-40
Deliveries (1 000 tonnes)	41	38	29	26	10
<b>Other activities</b>					
Total operating income	189	158	152	133	89
EBITDA	-1	-9	-6	-5	-2

BALANCE SHEET	30 JUN 2024	31 MAR 2024	31 DEC 2023	30 SEP 2023	30 JUN 2023
<b>Total non-current assets</b>	<b>9 660</b>	<b>9 633</b>	<b>9 068</b>	<b>8 790</b>	<b>8 691</b>
Inventories	1 523	1 472	1 360	1 521	1 635
Trade and other receivables	1 069	1 565	1 635	1 433	1 419
Cash and cash equivalents	2 784	1 915	2 463	2 036	2 673
Other current assets	164	59	229	120	271
<b>Total current assets</b>	<b>5 540</b>	<b>5 011</b>	<b>5 687</b>	<b>5 109</b>	<b>5 998</b>
<b>Total assets</b>	<b>15 201</b>	<b>14 644</b>	<b>14 755</b>	<b>13 898</b>	<b>14 689</b>
<b>Total equity</b>	<b>6 138</b>	<b>6 004</b>	<b>6 161</b>	<b>5 880</b>	<b>6 208</b>
<b>Total non-current liabilities</b>	<b>5 275</b>	<b>5 757</b>	<b>5 680</b>	<b>5 607</b>	<b>5 378</b>
Trade and other payables	2 076	2 229	2 256	1 804	2 498
Other current liabilities	1 712	653	658	607	606
<b>Total current liabilities</b>	<b>3 789</b>	<b>2 883</b>	<b>2 914</b>	<b>2 411</b>	<b>3 104</b>
<b>Total liabilities</b>	<b>9 063</b>	<b>8 640</b>	<b>8 594</b>	<b>8 018</b>	<b>8 481</b>
<b>Total equity and liabilities</b>	<b>15 201</b>	<b>14 644</b>	<b>14 755</b>	<b>13 898</b>	<b>14 689</b>

CASH FLOW	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
<b>Reconciliation of net cash flow from operating activities</b>					
EBITDA	471	76	760	327	380
Change in working capital	201	-71	399	-153	541
Payments made relating to restructuring activities	-6	-13	-11	-13	-29
Gain and losses from divestment	0	46	-58	-1	-1
Insurance compensation from property damage	-338	-52	-55	-67	0
Cash flow from net financial items	-52	-51	-48	-19	-36
Taxes paid	15	-2	-4	-25	-553
Other	9	-2	-11	124	50
<b>Net cash flow from operating activities</b>	<b>299</b>	<b>-69</b>	<b>973</b>	<b>173</b>	<b>353</b>
<b>Net cash flow from investing activities</b>					
Purchases of property, plant and equipment and intangible assets	-442	-338	-800	-1 018	-697
Proceeds from property damage insurance	338	52	55	67	0
Net divestments	0	-91	68	2	1
<b>Net cash flow from investing activities</b>	<b>-104</b>	<b>-377</b>	<b>-677</b>	<b>-949</b>	<b>-695</b>
<b>Net cash flow from financing activities</b>					
Foreign currency effects on cash and cash equivalents	-9	17	-22	-15	17
<b>Total change in cash and cash equivalents</b>	<b>869</b>	<b>-548</b>	<b>427</b>	<b>-637</b>	<b>-221</b>

## Statement from the Board of Directors and CEO

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

We declare that to the best of our knowledge, the condensed consolidated interim financial statements for the period 1 January to 30 June 2024 have been prepared in accordance with IAS 34 – *Interim Financial Reporting* and that the information in the condensed financial statements give a true and fair view of the Norske Skog group's assets, liabilities, financial position and result as a whole.

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

SKØYEN, 11 JULY 2024  
THE BOARD OF DIRECTORS OF NORSKE SKOG ASA

Arvid Grundekjøn  
Chair

Trine-Marie Hagen  
Board member

Terje Sagbakken  
Board member

Christoffer Bull  
Board member

Tone Wille  
Board member

Geir Drangslund  
CEO

## ALTERNATIVE PERFORMANCE MEASURES

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

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

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

NOK MILLION	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
Operating earnings	364	-177	146	187	231
Restructuring expenses	0	13	10	13	11
Depreciation	128	125	128	254	243
Impairments	22	0	0	22	0
Derivatives and other fair value adjustments	-44	115	96	71	570
<b>EBITDA</b>	<b>471</b>	<b>76</b>	<b>380</b>	<b>546</b>	<b>1 055</b>

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

NOK MILLION	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
EBITDA	471	76	380	546	1 055
Total operating income	3 217	2 688	3 404	5 905	6 725
<b>EBITDA margin</b>	<b>14.6 %</b>	<b>2.8 %</b>	<b>11.2 %</b>	<b>9.3 %</b>	<b>15.7 %</b>

**Variable costs:** Distribution costs + cost of materials

NOK MILLION	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
Distribution costs	309	297	289	606	535
Cost of materials	1 692	1 547	1 948	3 239	3 582
<b>Variable costs</b>	<b>2 002</b>	<b>1 844</b>	<b>2 237</b>	<b>3 845</b>	<b>4 117</b>

**Fixed costs:** Employee benefit expenses + other operating expenses.

NOK MILLION	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
Employee benefit expenses	507	505	523	1 012	1 025
Other operating expenses	238	264	264	502	528
<b>Fixed costs</b>	<b>745</b>	<b>769</b>	<b>787</b>	<b>1 514</b>	<b>1 552</b>

## NORSKE SKOG QUARTERLY REPORT – SECOND QUARTER 2024 (UNAUDITED)

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

NOK MILLION	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
EBITDA	471	76	380	546	1 055
Capital expenditure	442	338	697	781	1 266
Average capital employed	9 843	9 621	8 275	9 539	7 718
<b>Return on capital employed (annualised)</b>	<b>1.2 %</b>	<b>-10.9 %</b>	<b>-15.3 %</b>	<b>-4.9 %</b>	<b>-5.5 %</b>

NOK MILLION	30 JUN 2024	31 MAR 2024	30 JUN 2023
Intangible assets	12	11	13
Property, plant and equipment	9 234	9 106	7 839
Inventory	1 523	1 472	1 635
Trade and other receivables	1 069	1 565	1 419
Trade and other payables	-2 076	-2 229	-2 498
<b>Capital employed</b>	<b>9 762</b>	<b>9 925</b>	<b>8 408</b>

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

NOK MILLION	30 JUN 2024	31 MAR 2024	30 JUN 2023
Interest-bearing non-current liabilities	4 184	4 622	4 080
Interest-bearing current liabilities	1 569	540	340
Cash and cash equivalents	-2 784	-1 915	-2 673
<b>Net interest-bearing debt</b>	<b>2 970</b>	<b>3 246</b>	<b>1 746</b>

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

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





# Norske Skog

## Q2 2024 presentation

12 July 2024

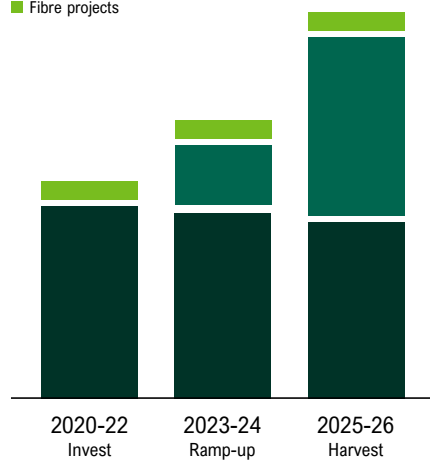
*We create  
green value*

## Norske Skog

*Sustainable fibre processing*

### Strategic transition

- Publication paper
- Packaging paper
- Fibre projects



### → Leading publication paper producer

- Newsprint capacity: 990kt
- LWC magazine capacity: 400kt
- SC magazine capacity: 200kt

### → Growing packaging paper producer

- RCCM capacity: 760kt (2025-26)
- Remaining net investment of NOK 0.3bn

### → Exploring fibre projects

- BCTMP capacity: 300kt (2027-28)
- Net investment of NOK 1.5-2.0bn, will unlock NOK 615m from insurance settlement

### → 2023 CDP Climate Change Score "A-"

## Five high quality industrial sites

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



# Quarter highlights

## Second quarter 2024

### Earnings positively impacted by recognised insurance at Saugbrugs

- Quarterly EBITDA of NOK 471m impacted positively by NOK 338m from recognised insurance in the quarter
- Achieved positive EBITDA from Packaging Paper segment in the quarter

### Positive development in containerboard and publication paper markets, but closures still required

- Price increases for containerboard and publication paper being implemented to mitigate cost increases
- Containerboard and publication paper markets still experiencing excess capacity, but publication paper closures being announced

### Maintaining excellent customer feedback as containerboard deliveries continue to grow

- Bruck PM3 delivering 41kt of containerboard in the quarter, expect around 85% utilisation of design capacity by H2 2024
- Start-up of Golbey PM1 during H2 2024 will increase Norske Skog's total production capacity with more than 30%

### Starting pre-engineering (main study) for BCTMP at Saugbrugs

- Saugbrugs well suited for BCTMP production, utilising a large share of existing machinery, equipment, infrastructure, and personnel
- Expect conclusion of pre-engineering and final investment decision during H1 2025

### Maintaining a strong cash position following bond refinancing

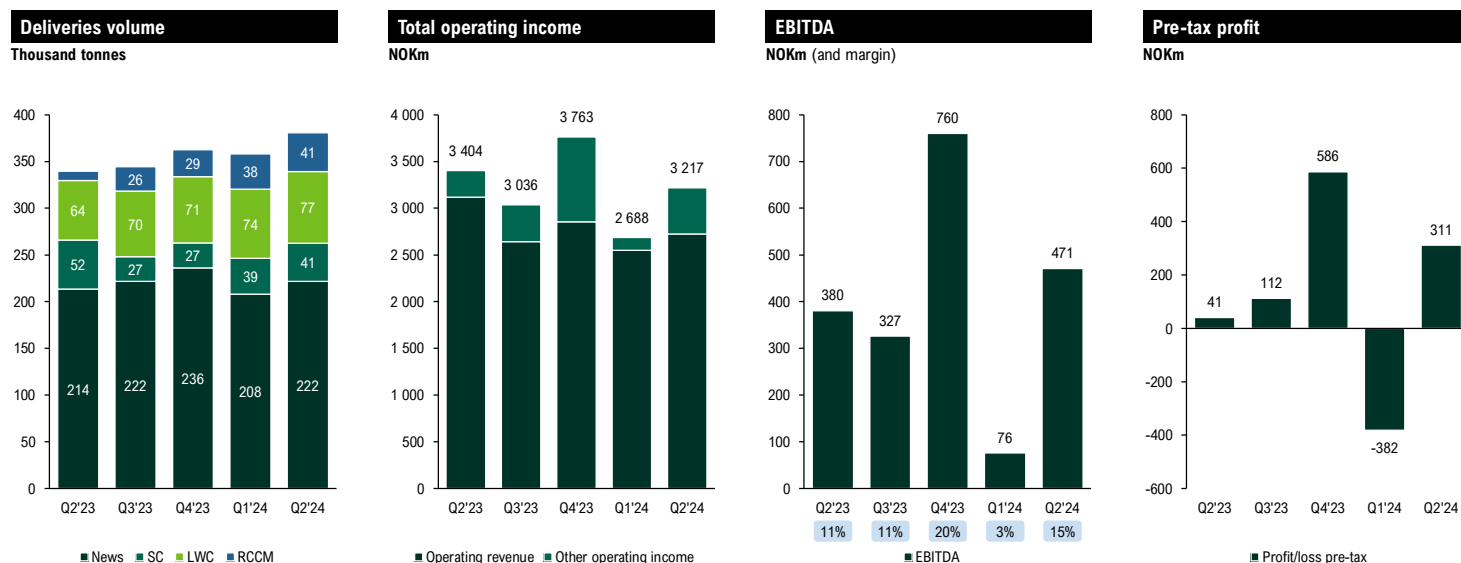
- During the quarter, the EURIBOR+550bps EUR 150m secured bond was refinanced with a NIBOR+450bps NOK 1 400m unsecured bond
- Received support from DNB for a NOK 500m term loan at Skogn and a NOK 50m overdraft facility, signing expected during Q3 2024

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# Key figures

## Second quarter 2024



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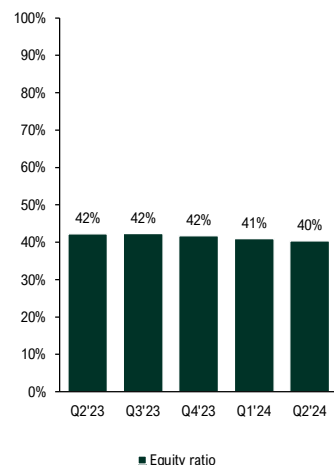


# Financial position

## Second quarter 2024

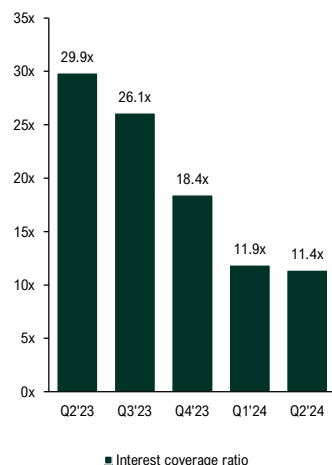
### Equity ratio

Book equity to total assets  
group covenant of min. 25%



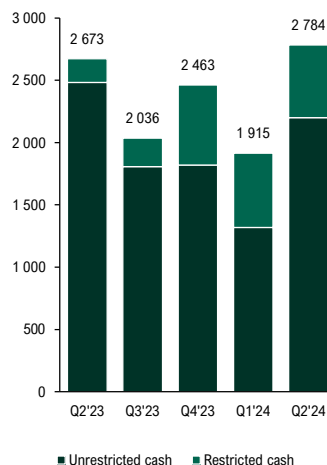
### Interest coverage ratio

EBITDA to net cash interest cost  
group covenant of min. 2.0x



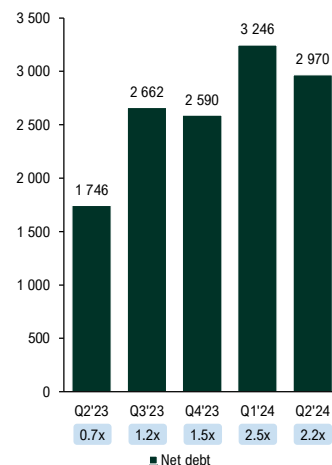
### Cash<sup>1</sup>

NOKm  
group covenant of min. NOK 100m unrestricted



### Net debt

NOKm (and leverage ratio)  
no group maintenance covenant



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Note: Figures according to definitions in loan agreements  
1) Note that NOK 977m (NOK 1 005m including call premium and accumulated interest) was repaid following end of quarter as part of the bond refinancing.  
Pro forma, in Q2 2024 the cash position was NOK 1 779m of which NOK 584m was restricted

# Segment financials

## Results driven by recognition of insurance

NOK million	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
<b>Publication Paper Europe</b>					
Deliveries, kt	267	258	270	262	279
Total operating inc.	2 843	2 405	3 028	2 058	2 514
EBITDA	429	335	723	166	464
EBITDA margin	15%	14%	24%	8%	18%
<b>Publication Paper Australasia</b>					
Deliveries, kt	63	60	63	59	60
Total operating inc.	489	476	568	438	472
EBITDA	-5	27	80	-74	6
EBITDA margin	-1%	6%	14%	-17%	1%
<b>Packaging Paper</b>					
Deliveries, kt	10	26	29	38	41
Total operating inc.	75	128	135	177	207
EBITDA	-40	-31	-38	-7	2
EBITDA margin	-54%	-24%	-28%	-4%	1%
<b>Other</b>					
Total operating inc.	89	133	152	158	189
EBITDA	-2	-5	-6	-9	-1

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### Q2 2024

#### Publication Paper Europe

→ EBITDA margin of 18% positively impacted by NOK 338m from recognition of insurance

→ Increased deliveries for all grades

→ Average prices slightly up from previous quarter due to product mix effects

→ Sold 226k CO2 allowances and received CO2 compensation for 2023 in the quarter

#### Publication Paper Australasia

→ EBITDA slightly positive due to higher deliveries and sales prices

#### Packaging Paper

→ Achieved positive EBITDA for the segment as containerboard deliveries continue to increase

→ Higher sales prices in line with the market

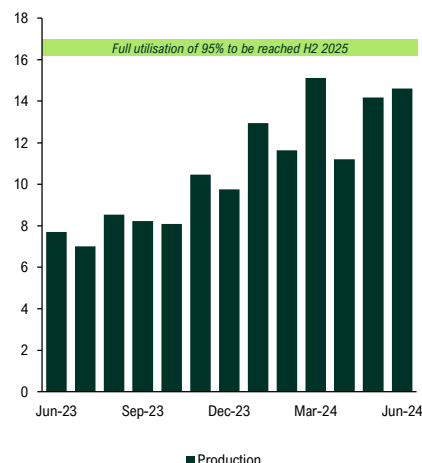


# Containerboard ramp-up

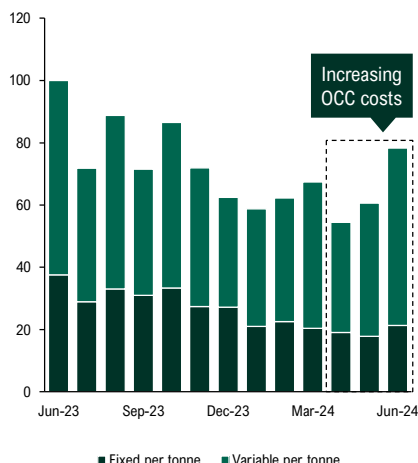
*Continued increase in production volume*

Monthly RCCM production Bruck PM3

Thousand tonnes



Monthly RCCM production cost Bruck PM3



## Golbey PM1 – 550kt containerboard capacity

- Cabling representing majority of remaining work
- Remaining net capex of NOK 0.3bn
- Expect containerboard production start-up in H2 2024

## Bruck PM3 – 210kt containerboard capacity

- Continued growth in production and deliveries, expect around 85% utilisation end of 2024 in line with plan
- Excellent product quality and customer feedback
- Continue to improve production efficiency as utilisation and process optimisation increases

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# Saugbrugs fibre processing

*Strong local support to secure Saugbrugs as cornerstone industry in Halden*



## BCTMP pre-engineering (main study)

- Starting pre-engineering for 300kt BCTMP production at Saugbrugs with final investment decision H1 2025
- Expected net investment of NOK 1.5-2.0bn based on early supplier discussions for proven and industry-standard equipment and technical solutions
- Production expected to start H1 2027 and full utilisation in H1 2028, achieving return on net investment above 20%
- In addition, investments in BCTMP investments will unlock remaining insurance payments of NOK 615m<sup>1</sup>
- The project requires updating existing environmental permits and approval from certain lenders

## SC magazine paper production continues

- Saugbrugs will continue to be a reliable supplier of 200kt SC magazine paper from PM4 and PM5

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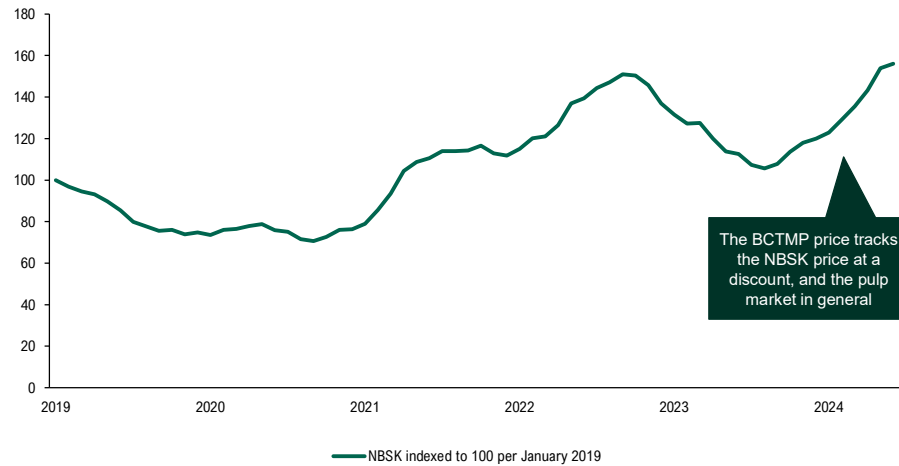
1) Insurance payments of NOK 615m to be received and recognised in other operating income as BCTMP investments accrue, Norske Skog will have to expense initial NOK 289m of investments

# Top brownfield opportunity

*Potential to become a cost-leading BCTMP supplier*

## Indexed Northern Bleached Softwood Kraft (NBSK) Europe price in USD

Indexed to 100 per January 2019



## Sources of cost competitiveness

- ✓ Industrial site and buildings with scale advantages and personnel experienced with TMP production
- ✓ Invested NOK 165m in 2020-21 to further enhance energy efficiency of high quality TMP lines
- ✓ Access to green hydro power with sufficient grid capacity (280 MW) in place
- ✓ Biomass boiler (70 MW) secures sustainable and competitive steam supply, covering BCTMP and SC magazine paper production
- ✓ Existing water treatment facilities with excess capacity to serve BCTMP production
- ✓ Established relations to pulpwood suppliers, with expectation to return to historic consumption levels
- ✓ Existing infrastructure and processes for low-cost logistics of inbound raw materials
- ✓ Efficient transportation by road, rail, and sea of BCTMP to potential packaging, hygiene, and other customers both in Nordic and global markets

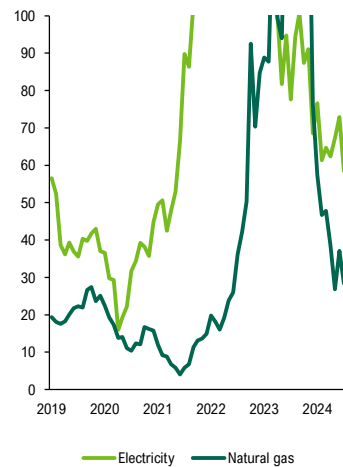
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# Raw materials

*Recycled paper prices increasing significantly*

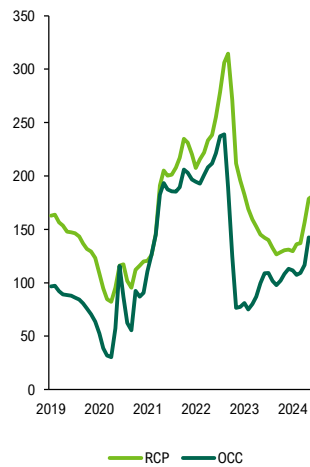
## Energy prices Germany

EUR per MWh



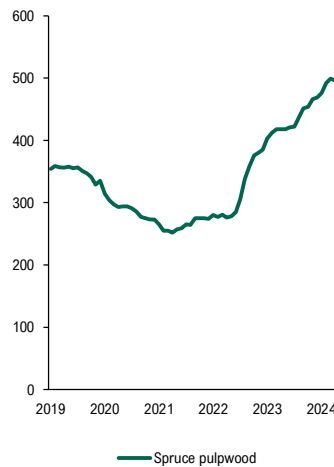
## Recycled paper prices Germany

EUR per tonne



## Spruce pulpwood prices Norway

NOK per solid cubic metre



## CO2 (EUA) price

EUR per allowance



10

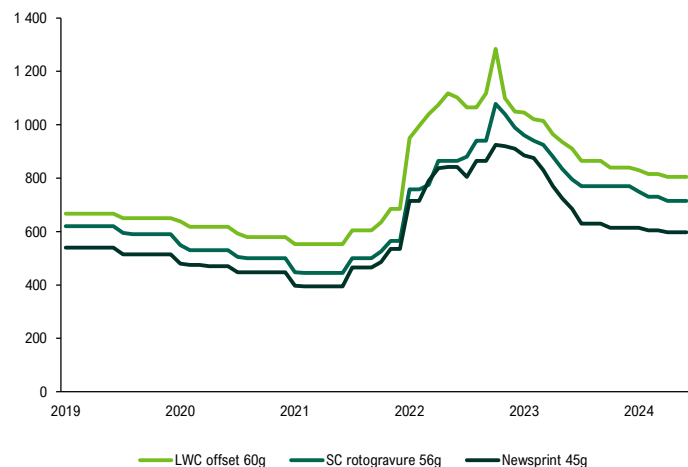
Source: Nordpool, Trading Economics, RISI, Miljødirektoratet

# Publication paper market

*Publication paper prices remain at low levels as demand stabilises*

**Publication paper prices Germany**

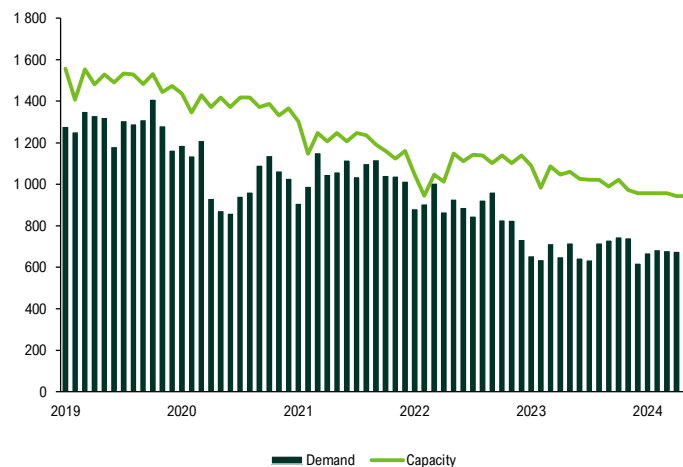
EUR per tonne



11 Source: RISI, PPPC

**Monthly publication paper demand and capacity Western Europe**

Thousand tonnes

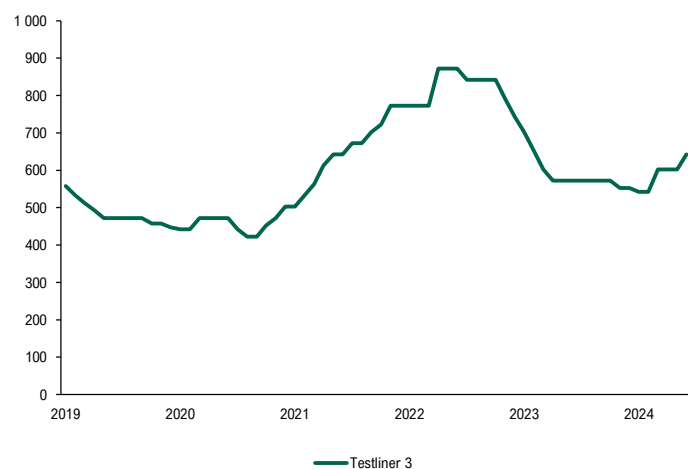


# Packaging paper market

*Price increases implemented as demand growth returns*

**Recycled containerboard index Germany**

Index

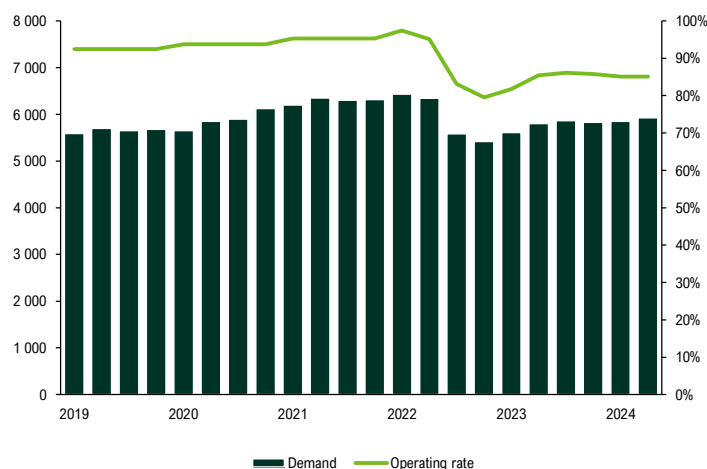


12 Source: RISI, PPPC

**Quarterly recycled containerboard demand and operating rate Western Europe**

Thousand tonnes

Operating rate





# Outlook

## *Concluding remarks*

- Energy costs normalising, but pulpwood and recovered paper costs increasing
- Publication paper prices remain at unsustainable levels as fibre costs increase
- Further price increases for containerboard implemented as recovered paper costs continue to increase
- Expect negative EBITDA from packaging paper segment in 2024 due to Golbey PM1 start-up in H2 2024
- Significant focus on reducing production cost and working capital to maintain competitive position
- Maintaining a strong liquidity position as investments near completion and debt repayments increase

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

*We create  
green value*

## Press release

### Positive market development

Norske Skog's EBITDA in the second quarter of 2024 was NOK 471 million, an increase from NOK 76 million in the first quarter of 2024. The second quarter EBITDA was positively impacted by insurance at Norske Skog Saugbrugs of NOK 338 million. Despite signs of positive developments in the publication and containerboard markets, closures are still required. The process to deliver a main study on the BCTMP-production project (bleached chemi-thermomechanical pulp) at Saugbrugs has started.

*" - We are receiving excellent feedback from our customers on our containerboard product quality, which is promising for our plan to deliver a total of 760 000 tonnes of packaging paper from Bruck and Golbey into the market in the coming years. In the quarter, we launched plans to start BCTMP-production at Saugbrugs. This will secure jobs and further strengthen the competitiveness of Saugbrugs. Despite declining markets and reduced machine capacities, we are very pleased to have achieved an increased market share with higher sales volumes in the second quarter of 2024 compared to the same quarter last year. This means that Norske Skog's market position with the paper industry has been strengthened,"* says Geir Drangslund, CEO of Norske Skog.

Cash flow from operations was NOK 299 million in the quarter compared to NOK -69 million in the previous quarter. The second quarter cash flow was positively influenced by somewhat higher sales prices and -volumes, and a decrease in working capital due CO2 related proceeds. Operating earnings in the second quarter of 2024 were NOK 364 million compared to operating earnings in the first quarter of 2024 of NOK -177 million. The operating earnings in the quarter were affected by insurance at Norske Skog Saugbrugs of NOK 338 million, non-cash changes in fair value of energy contracts in Norway amounting to NOK 44 million and depreciation of NOK 128 million.

Profit before tax in the quarter was NOK 311 million compared to loss before tax of NOK -382 million in the previous quarter. Net interest-bearing debt decreased from NOK 3 246 to 2 970 million at the end of the quarter in part due to favourable working capital changes. The equity ratio was 40%. During the quarter, Norske Skog refinanced the EUR 150 million secured bond with a five-year NOK 1 400 million unsecured bond at a lower interest rate.

*" - It is great to see that the long-term refinancing of the group with a new NOK 1.4 billion bond has been completed at a lower interest rate and lower amount than the previous bond. The previous bond was secured, whereas the new one is unsecured, which makes the refinancing even more impressive,"* says Geir Drangslund, CEO of Norske Skog.

#### Operations

Total annual publication paper production capacity for the group is 1.6 million, with 1.3 million tonnes in Europe and 0.3 million tonnes in Australia. Norske Skog Bruck (PM3) started production of recycled containerboard paper in first quarter of 2023, and Norske Skog Golbey (PM1) plans to start in the second half of 2024. Norske Skog will after the ramp-up of Norske Skog Bruck and Norske Skog Golbey have an annual capacity of 760 000 tonnes of packaging paper production.

According to Euro Graph, demand for standard newsprint in Europe decreased by 1% through May 2024 compared to the same period last year. SC magazine demand decreased by around 11%. LWC paper demand decreased by around 1% through May 2024 compared to the same period last year. According to PPC trade statistics for Australia, demand for newsprint and coated mechanical decreased by 33% and 2%, respectively, through May 2024 compared to the same period last year.

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### *Publication paper*

Operating income increased from the previous quarter mainly due to the recognition of NOK 338 million in insurance at Norske Skog Saugbrugs in the quarter, and slightly higher sales prices and sales volumes due to geographic and product mix effects. Despite positive demand sentiment in certain segments of the publication paper market, there is still a market imbalance for publication paper.

Variable costs per tonne increased in the quarter, both in absolute terms and per tonne for cost of materials mainly caused by higher recovered paper prices. Distribution costs increased slightly in the quarter. Fixed costs both in absolute terms and per tonne decreased somewhat in the quarter due to lower costs and production volumes. Group capacity utilisation was 88% in the quarter, 87% in Europe and 90% in Australasia.

### *Packaging paper*

The packaging paper machine at Bruck is operating according to the ramp-up plan. The containerboard production will reach full capacity utilisation in the second half of 2025. The operating income for the second quarter was higher than the mill gate cash costs. The EBITDA was slightly positive due to higher sales prices and delivered volume.

### **Key figures, second quarter of 2024**

<b>NOK million (unless otherwise stated)</b>	<b>Q2 2024</b>	<b>Q1 2024</b>	<b>Q2 2023</b>	<b>YTD 2024</b>	<b>YTD 2023</b>
<b>Income statement</b>					
Total operating income	3 217	2 688	3 404	5 905	6 725
EBITDA	471	76	380	546	1 055
Operating earnings	364	-177	146	187	231
Profit before tax	311	-382	41	-71	-108
EBITDA margin %	14.6	2.8	11.2	9.3	15.7
Capacity utilisation publication paper %	88	86	77	87	78
<b>Cash flow</b>					
Net cash flow from operating activities	299	-69	353	229	783
Net cash flow from investing activities	-104	-377	-695	-482	-1 063
<b>Balance</b>	<b>30.06.24</b>	<b>31.03.24</b>	<b>30.06.23</b>	<b>30.06.24</b>	<b>30.06.23</b>
Total assets	15 201	14 644	14 689	15 201	14 689
Equity	6 138	6 004	6 208	6 138	6 208
Equity %	40	41	42	40	42

### **Status projects**

#### *Norske Skog Golbey conversion projects*

At Norske Skog Golbey, the conversion of the newsprint paper machine (PM1) into recycled containerboard paper production is progressing towards start-up in the second half of 2024. Norske Skog Golbey will eventually add 550 000 tonnes of new low-emission packaging paper capacity after ramp-up is completed, which will be fully based on recycled fibre. Golbey PM1 will utilise renewable energy generated from the biomass plant under construction at the Golbey industrial site (Green Valley Energie).

#### *Norske Skog Skogn new TMP-line*

Norske Skog Skogn successfully started the production at the net NOK 180 million new thermo-mechanical pulp (TMP) line, which substitutes recovered paper with fresh fibre. The project was completed according to budget and timeline. The total cost of the purchased machinery and equipment were about 50-70% below standard new equipment. The new TMP line will reduce variable costs, in addition to reducing NOx emissions, fossil CO2-emissions and waste sent to landfill.

*“ - I would like to thank everyone who has been involved with the project for their efforts and excellent work, especially the employees and not least to all our partners who have delivered according to expectations.*

*This project will give us a boost both on the cost and environmental side, but not least it will give a boost in what we offer our customers. The feedback from our largest customers has so far been outstanding. We now offer paper produced only on fresh fibre from Skogn. This investment will clearly strengthen our position in the paper market,” says Geir Drangslund, CEO of Norske Skog.*

#### **Norske Skog Saugbrugs BCTMP-production**

Norske Skog will initiate a main study aiming to enter the bleached chemi-thermomechanical pulp (BCTMP) market by starting production at Norske Skog Saugbrugs in Halden. The new BCTMP line will produce approximately 300 000 tons of competitive pulp to meet the growing demand, especially for products in the packaging market. The BCTMP production will be based on fresh fibre, and the mill already has access to adequate energy capacity. Norske Skog Saugbrugs investment will exploit existing machinery, equipment, and infrastructure; thus, reducing the total investment significantly compared to a greenfield alternative.

#### **Outlook**

The development in the global economy is of vital importance for consumer spending, and this impacts the publication paper and packaging paper industry, and thus Norske Skog's operations and results. Norske Skog's deliveries have continued to improve during the second quarter of 2024, and is expected to improve through 2024.

The raw material and energy markets, which are important for both publication paper and packaging paper production, are expected to remain uncertain, although prices have come down closer to historical levels. Cost of recovered paper has increased significantly, and the quality and availability has deteriorated. This trend is expected to persist for the remainder of 2024. Pulpwood prices is expected to remain at higher levels for 2024.

The level of input costs and demand for paper will continue to influence paper sales prices in Europe. Both publication and packaging markets are characterised by excess capacity and capacity reductions are required to balance the markets. Utilisation is expected to remain weak until capacity is reduced.

The production of recycled containerboard in Norske Skog Bruck is expected to increase in line with the plan over the coming quarters. However, the EBITDA from the Packaging Paper segment in 2024 is expected to be negative due to allocation of fixed costs following start-up of production in Norske Skog Golbey in the second half of 2024.

Norske Skog Saugbrugs has initiated pre-engineering (main study) to produce bleached chemi-thermomechanical pulp (BCTMP), with expected final investment decision in the first half of 2025. Potential investments into a BCTMP project at Saugbrugs will result in recognition and receipt of additional insurance compensation of NOK 615 million.

In Australasia, markets remain challenging with a large share of volume being delivered in low margin export markets. There is continuous effort to improve the mill's cost position and commercial terms. Norske Skog will continue to develop its industrial sites with new fibre projects based on efficient use of certified fibre and renewable energy, both on a stand-alone basis and in partnerships.

#### **About Norske Skog**

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

#### **Presentation and quarterly material**

The company will not hold a live presentation but will arrange a Teams-webinar today at 08:30 CEST, which can be attended by clicking the [webinar link](#) on the front page of the [www.norskeskog.com](http://www.norskeskog.com).

The quarterly board of directors report, the presentation, the financial statements and the press releases are available on [www.norskeskog.com](http://www.norskeskog.com), and published on [www.newsweb.no](http://www.newsweb.no) under the ticker NSKOG. If you want to receive future Norske Skog press releases, please subscribe through the website of the Oslo Stock Exchange [www.newsweb.no](http://www.newsweb.no).

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## Pressemelding

### Positiv markedsutvikling

Norske Skogs EBITDA i andre kvartal 2024 var NOK 471 millioner, en økning fra NOK 76 millioner i første kvartal 2024. EBITDA i andre kvartal ble positivt påvirket av forsikringer ved Norske Skog Saugbrugs på NOK 338 millioner. Til tross for tegn på positiv utvikling i markedene for publikasjon- og emballasjepapir, er ytterligere kapasitetsstengninger nødvendige. Prosessen med å utarbeide en hovedstudie for BCTMP-produksjonsprosjektet (bleket kjemi-termomekanisk masse) ved Saugbrugs har startet.

*"- Vi får utmerkede tilbakemeldinger fra våre kunder på kvaliteten av vårt emballasjepapir, noe som er lovende for våre planer om å levere totalt 760 000 tonn emballasjepapir fra Bruck og Golbey til markedet i de kommende årene. I kvartalet lanserte vi planer om å starte BCTMP-produksjon ved Saugbrugs. Dette vil sikre arbeidsplasser og ytterligere styrke konkurranseevnen til Saugbrugs. Til tross for fallende markeder og redusert maskinkapasitet, er vi svært fornøyde med å ha oppnådd økt markedsandel med høyere salgsvolumer i andre kvartal 2024 sammenlignet med samme kvartal i fjor. Dette betyr at Norske Skogs markedsposisjon innen papirindustrien har blitt styrket,"* sier Geir Drangslund, administrerende direktør i Norske Skog.

Kontantstrøm fra drift var NOK 299 millioner i kvartalet sammenlignet med NOK -69 millioner i forrige kvartal. Kontantstrømmen i andre kvartal ble positivt påvirket av noe høyere salgspriser og -volumer, samt en reduksjon i arbeidskapital grunnet CO2-relaterte inntekter. Driftsresultatet i andre kvartal 2024 var NOK 364 millioner sammenlignet med et driftsresultat i første kvartal 2024 på NOK -177 millioner. Driftsresultatet i kvartalet ble påvirket av forsikringer ved Norske Skog Saugbrugs på NOK 338 millioner, endringer, uten kontanteffekt, i verdsettelsen av energikontrakter i Norge på NOK 44 millioner og avskrivninger på NOK 128 millioner.

Resultat før skatt i kvartalet var NOK 311 millioner sammenlignet med tap før skatt på NOK -382 millioner i forrige kvartal. Netto rentebærende gjeld gikk ned fra NOK 3 246 til 2 970 millioner ved slutten av kvartalet, delvis på grunn av gunstige endringer i arbeidskapitalen. Egenkapitalandelen var 40 %. I løpet av kvartalet refinansierte Norske Skog det sikrede obligasjonslånet på EUR 150 millioner med et femårig usikret obligasjonslån på NOK 1 400 millioner til en lavere rente.

*"- Det er flott å se at den langsiktige refinansieringen av konsernet med et nytt obligasjonslån på NOK 1,4 milliarder er fullført til en lavere rente og et lavere utestående beløp enn det forrige obligasjonslånet. Det tidligere obligasjonslånet var sikret, mens det nye er usikret, noe som gjør refinansieringen enda mer imponerende,"* sier Geir Drangslund, konsernsjef i Norske Skog.

#### Drift

Samlet årlig produksjonskapasitet for publikasjonspapir for konsernet er 1,6 millioner tonn, med 1,3 millioner tonn i Europa og 0,3 millioner tonn i Australia. Norske Skog Bruck (PM3) startet produksjon av resirkulert emballasjepapir i slutten av første kvartal av 2023, mens Norske Skog Golbey (PM1) vil starte i løpet av andre halvår 2024. Etter igangskjøringsperioden av Norske Skog Bruck og Norske Skog Golbey, vil Norske Skog ha en årlig kapasitet på 760 000 tonn av emballasjepapir.

Ifølge Euro Graph falt etterspørselen etter standard avisepapir i Europa med 1% til og med mai sammenlignet med samme periode ifjor. Etterspørselen etter magasinpapir fra henholdsvis SC og LWC falt med rundt 11% og rundt 1% til og med mai sammenlignet med samme periode ifjor. I følge PPPCs australske handelsstatistikk falt etterspørselen etter avisepapir og LWC med henholdsvis 33 og 2% til og med mai 2024 sammenlignet med samme periode i fjor.

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«Tross fallende markeder og lavere maskinkapasiteter, er vi svært fornøyde med å ha oppnådd økte markedsandeler med et høyere salgsvolum i første kvartal 2024 sammenlignet med samme kvartal i fjor," sier Geir Drangslund, konsernsjef i Norske Skog.

#### Publikasjonspapir

Driftsinntektene økte fra forrige kvartal, hovedsakelig på grunn av inntektsføring av NOK 338 millioner i forsikringer ved Norske Skog Saugbrugs i kvartalet, og litt høyere salgspriser og salgsvolumer grunnet geografiske- og produktmikseffekter. Til tross for positiv etterspørsel i enkelte deler av publikasjonspapirmarkedet, er det fortsatt en markedsubalanse for publikasjonspapir.

Variable kostnader per tonn økte i kvartalet, både i absolutte termer og per tonn for materialkostnader, hovedsakelig på grunn av høyere priser på returpapir. Distribusjonskostnadene økte noe i kvartalet. Faste kostnader, både i absolutte termer og per tonn, falt noe i kvartalet grunnet lavere kostnader og produksjonsvolumer. Konsernets kapasitetsutnyttelse var 88% i kvartalet, 87% i Europa og 90% i Australasia.

#### Emballasjepapir

Emballasjepapirmaskinen på Bruck produserer i tråd med opptrappingsplanen. Produksjonen av emballasjepapir vil nå full kapasitetsutnyttelse i løpet av det tredje produksjonsåret. Driftsinntektene for andre kvartal var høyere enn driftskostnadene. EBITDA var noe positiv på grunn av høyere salgspriser og -volum.

#### Nøkkeltall, andre kvartal 2024

NOK millioner (om ikke annet er oppgitt)	Q2 2024	Q1 2024	Q2 2023	YTD 2024	YTD 2023
<strong>Resultatregnskap</strong>					
Totale inntekter	3 217	2 688	3 404	5 905	6 725
EBITDA	471	76	380	546	1 055
Driftsresultat	364	-177	146	187	231
Resultat før skatt	311	-382	41	-71	-108
EBITDA margin %	14.6	2.8	11.2	9.3	15.7
Kapasitetsutnyttelse publikasjonspapir %	88	86	77	87	78
<strong>Kontantstrøm</strong>					
Netto kontantstrøm fra operasjonelle aktiviteter	299	-69	353	229	783
Netto kontantstrøm fra investeringsaktiviteter	-104	-377	-695	-482	-1 063
<strong>Balanse</strong>	<strong>30.06.24</strong>	<strong>31.03.24</strong>	<strong>30.06.23</strong>	<strong>30.06.24</strong>	<strong>30.06.23</strong>
Totale eiendeler	15 201	14 644	14 689	15 201	14 689
Egenkapital	6 138	6 004	6 208	6 138	6 208
Egenkapital %	40	41	42	40	42

#### Status prosjekter

##### Norske Skog Golbey konverteringsprosjekter

Ved Norske Skog Golbey gjennomføres ombyggingen av avisapirmaskinen (PM1) til produksjon av resirkulert emballasjepapir mot oppstart i andre halvår av 2024. Norske Skog Golbey vil med tiden tilføre 550 000 tonn lavutslipps emballasjepapirkapasitet etter opptrappingsfasen i 2026. Produksjonen av emballasjepapir vil være fullt ut basert på resirkulert fiber. Golbey PM1 vil bruke fornybar energi generert fra biomasseanlegget, som er under utbygging på industriområdet til Golbey (Green Valley Energie).

##### Norske Skog Skogn nye TMP-linje

Det var en vellykket oppstart av produksjonen ved den nye termomekaniske masse (TMP) linjen til en kostnad på netto NOK 180 millioner ved Norske Skog Skogn i andre kvartal. Tremasse basert på fersk fiber vil ertatte bruk av returpapir. Prosjektet ble fullført i henhold til budsjett og tidsplan. Totalkostnaden for innkjøpt maskiner og utstyr var omtrent 50-70% under nivået for å kjøpe nytt. Den nye TMP-linjen vil redusere variable kostnader, i tillegg til å redusere NOx-utslipp, fossile CO2-utslipp og avfall sendt til deponi.

*" - Jeg vil takke alle som har vært involvert i prosjektet for deres innsats og utmerkede arbeid, spesielt de ansatte og ikke minst alle våre partnere som har levert i henhold til forventningene. Dette prosjektet vil gi oss et løft både på kostnads- og miljøsidene, men ikke minst vil det gi et løft i hva vi tilbyr våre kunder. Tilbakemeldingene fra våre største kunder har så langt vært enestående. Vi tilbyr nå papir produsert kun på fersk fiber fra Skogn. Denne investeringen vil helt klart styrke vår posisjon i papirmarkedet," sier Geir Drangslund, konsernsjef i Norske Skog.*

#### **Norske Skog Saugbrugs BCTMP-produksjon**

Norske Skog vil igangsette en hovedstudie med mål om å gå inn i markedet for bleket kjemi-termomekanisk masse (BCTMP) for å starte produksjon ved Norske Skog Saugbrugs i Halden. Den nye BCTMP-linjen vil produsere omtrent 300 000 tonn konkurransedyktig masse for å møte den økende etterspørselen, spesielt for produkter i emballasjemarkedet. BCTMP-produksjonen vil bli basert på fersk fiber. Saugbrugs har allerede tilgang til tilstrekkelige energileveranser. Investeringen ved Norske Skog Saugbrugs vil utnytte eksisterende maskiner, utstyr og infrastruktur, og dermed redusere den totale investeringen betydelig sammenlignet med et nytt og komplett anlegg.

#### **Utsikter**

Utviklingen i den globale økonomien er av vital betydning for forbruket, og vil påvirke treforedlingsindustrien, og dermed Norske Skogs virksomheter og resultater. Etterspørselen etter Norske Skogs produkter har forbedret gjennom andre kvartal av 2024, og forventes å forbedre seg ytterligere i 2024.

Råvare- og energimarkedene, som er viktige for både publikasjons- og emballasjepapir, forventes å forbli usikre selv om prisene har kommet nærmere historiske nivåer. Kostnadene for resirkulert papir har økt betydelig, men både kvaliteten og tilgjengeligheten har blitt forverret. Denne trenden forventes å vedvare gjennom hele 2024. Massevirkeprisene forventes å holde seg på høyere nivåer i 2024.

Utvikling av innsatskostnader og etterspørsel etter papir vil fortsatt påvirke papirsalgssprisene i Europa. Både publikasjons- og emballasjepapirmarkedet er preget av overskuddskapasitet, og kapasitetsstenginger i industrien er nødvendig for å bedre markedsbalansen. Kapasitetsutnyttelsen forventes å forbli svak i den kommende perioden ettersom ytterligere stenginger er nødvendig.

Produksjonen av resirkulert emballasjepapir i Norske Skog Bruck forventes å øke i tråd med planene i de neste kvartalene. Imidlertid forventes negativ EBITDA fra emballasjepapirsegmentet i 2024 på grunn av intern fordeling av faste kostnader knyttet til produksjonsoppstart av Norske Skog Golbey i andre halvdel av 2024.

Norske Skog Saugbrugs har igangsatt en hovedstudie for å produsere bleket kjemi-termomekanisk masse (BCTMP), med en forventet investeringsbeslutning i første halvdel av 2025. Potensielle investeringer i et BCTMP-prosjekt ved Saugbrugs vil utløse mottak av ytterligere NOK 615 millioner i forsikringskompensasjon.

Australasia forblir markedene utfordrende med en stor andel av volumet levert i eksportmarkeder med lave marginer. Det gjøres kontinuerlig innsats for å forbedre fabrikkens kostnadsposisjon og kommersielle vilkår. Norske Skog vil fortsette å utvikle sine industristeder med nye fiberprosjekter basert på effektiv bruk av sertifisert fiber og fornybar energi, både på selvstendig basis og i partnerskap.

#### **Om Norske Skog**

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



## Presentasjon og kvartalsmateriell

Selskapet vil ikke holde en live presentasjon, men vil arrangere et Teams-webinar i dag kl. 08:30 CEST, som kan følges ved å klikke på webinarlinken på forsiden av [www.norskeskog.com](http://www.norskeskog.com).

Kvartalsrapporten fra styret, presentasjonen, regnskapene og pressemeldingene er tilgjengelige på [www.norskeskog.com](http://www.norskeskog.com), og publisert på [www.newsweb.no](http://www.newsweb.no) under tickeren NSKOG. Hvis du ønsker å motta fremtidige pressemeldinger fra Norske Skog, vennligst abonner via nettsiden til Oslo Børs [www.newsweb.no](http://www.newsweb.no).

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