

Press release

Formal takeover of Norske Skog Golbey PM1 marks key transformation milestone

Norske Skog achieved a pre-tax profit of NOK 120 million in the quarter and NOK 610 million year-to-date. The group reported an EBITDA of NOK 38 million in the third quarter of 2025, down from NOK 106 million in the previous quarter. EBITDA decreased compared to the previous quarter due to lower publication and packaging paper prices, partly offset by lower cost of fibre and energy. Pre-tax profit increased due to higher valuation of Norwegian energy contracts.

The formal takeover of the new containerboard machine PM1 at Norske Skog Golbey in France was completed during the quarter, marking a major step in the group's long-term transformation from publication paper to packaging paper production. Norske Skog expects full utilisation during the first half of 2027.

"The formal takeover of PM1 at Golbey is an important achievement for Norske Skog and a result of strong teamwork across the organisation," says Geir Drangslund, CEO of Norske Skog. "We are now able to deliver to customers on a commercial scale and further strengthen our position in the European containerboard market. Despite temporary ramp-up effects impacting profitability, the project continues to develop in line with expectations. The quarter also saw positive developments in reduced fibre costs, which will support competitiveness going forward."

In the third quarter of 2025, total operating income increased slightly to NOK 2 403 million, up from NOK 2 389 million in the previous quarter. Norske Skog had total operating earnings of NOK 193 million compared to NOK 74 million in the previous quarter, and a profit before income taxes of NOK 120 million, up from NOK 49 million in the previous quarter. Equity increased from NOK 5 877 million to NOK 5 997 million, resulting in the equity ratio improving from 41.8% to 42.8%. Total assets decreased slightly from NOK 14 068 million to NOK 14 002 million. Net interest-bearing debt increased from NOK 3 960 million to NOK 4 243 million.

Net cash flow from operating activities was NOK -90 million in the quarter, mainly due to increased working capital. Net cash flow from investing activities was NOK -207 million, reflecting ongoing investments in the Golbey PM1 project, the book paper conversion project at Norske Skog Skogn, and continued maintenance investments across mills. Net cash flow from financing activities improved to NOK -55 million from NOK -171 million in the previous quarter.

Market segments

The publication paper segment with a combined annual capacity of 1.3 million tonnes, experienced slightly lower achieved prices during the quarter, while deliveries remained at a similar level to the previous quarter. Lower pulpwood prices and recognised energy refunds helped offset market price declines. Fixed costs were reduced during the quarter through ongoing cost efficiency measures.

The packaging paper segment, consisting of mills in France and Austria with an annual capacity of approximately 0.8 million tonnes when fully utilised, delivered mixed results. Norske Skog Bruck PM3 achieved an EBITDA of NOK 5 million in the quarter. Lower OCC (recycled paper) prices partly mitigated the market-driven decline in containerboard prices. Norske Skog Golbey PM1 achieved an EBITDA of NOK -99 million in the quarter, reflecting ramp-up costs and the lower average price of initial trial deliveries.

Efficiency and other initiatives

Norske Skog has launched several initiatives to improve profitability and cash flow across all mills, including reviews of both variable and fixed costs and working capital efficiency. The company continues to evaluate strategic options for Norske Skog Saugbrugs, with a decision on a potential restart of PM6 expected by the end of 2025.

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At Norske Skog Skogn, modifications on PM1 are underway to enable flexible switching between newsprint and book paper from 2026, ensuring continued responsiveness to evolving market needs.

The appeal regarding the decision to exclude Norske Skog Skogn and Norske Skog Saugbrugs from the EU Emissions Trading System (EU ETS) for the period 2026 to 2030 is currently being handled by the Ministry of Climate and Environment. The exclusion is based on revised qualification criteria under which facilities with more than 95% of emissions originating from sustainable biomass no longer qualify for free CO₂ allowances. Norske Skog is actively engaging with the authorities to seek a reversal of this decision.

Outlook

Uncertainty and profitability pressure in both the market for publication paper and packaging paper is expected to continue due to raw material price volatility, excess production capacity, and constantly changing operating conditions. Norske Skog maintains significant emphasis on reducing the production costs and working capital to maintain its competitive position in this environment.

The remaining gross investment at Norske Skog Golbey is expected to be EUR 15 million, and the mill is expected to receive additional EUR 50 million in investment grants and energy certificates during 2025 to 2027. Production of recycled containerboard at Norske Skog Golbey (PM1) is expected to reach full utilisation during the first half of 2027.

Norske Skog monitors the capital and liquidity position closely and has several ongoing initiatives to secure the financial performance and competitive position going forward.

About Norske Skog

Norske Skog is a producer of packaging paper and publication paper across four mills in Europe. Packaging paper includes testliner and fluting and publication paper includes newsprint and magazine paper. The annual production capacity of packaging paper is 0.8 million tonnes, and the annual production capacity of publication paper is 1.3 million tonnes. Packaging paper and publication paper are sold through sales offices and agents. Norske Skog has approximately 1 700 employees and the parent company, Norske Skog ASA, a public limited liability company, is incorporated in Norway and has its head office in Oslo. The company is listed on Oslo Stock Exchange with the ticker NSKOG.

Presentation and quarterly material

The company 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.

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

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