

Press release

Proposed reduction of Norwegian CO2 compensation

The Norwegian National Budget for 2024 proposes a further reduction of the CO2 compensation to Norwegian industry. Norske Skog expects a reduction in the CO2 compensation payment to be received from 2024 and onwards of approximately NOK 100 million annually.

Today, 6 October 2023, the Norwegian government presented its National Budget proposal for 2024. The budget proposes to reduce the CO2 compensation to Norwegian industry. The CO2 compensation is an EU initiative, which can be implemented at the discretion of each individual member country, designed to mitigate the impact of high CO2 allowance (EUA) prices on electricity costs. The overall ambition is to avoid transfer of energy intensive industries to countries with less strict climate policies outside the EU, this has been termed Carbon Leakage.

The size of the CO2 compensation is, among other, based on electricity consumption and the average CO2 allowance price for the preceding year. The government has proposed to increase the price floor whereby the industry will only receive compensation for the CO2 allowance price that exceeds NOK 375. Prior to today's announcement the floor was set at NOK 200.

For Norske Skog, this implies that the Norwegian CO2 compensation to be paid in 2024 under the National Budget for 2024 will be reduced with approximately NOK 100 million. The CO2 compensation to be paid in 2024 is directly tied to electricity consumption and the related publication paper production in 2023 and has thus been recognised as a decrease in cost of materials in 2023. The reduction of the Norwegian CO2 compensation for the first three quarters of 2023 will be reflected in the third quarter results for 2023.

About Norske Skog

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

Communication and Public Affairs

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