

Press release

9 June 2021

Norske Skog to close the Tasman mill in New Zealand and sell mill assets

Reference is made to the stock exchange release dated 9 October 2020 regarding a strategic review of the Tasman mill in New Zealand. Norske Skog today announces the closure of the Tasman mill in New Zealand and a sales process for the mill's assets. Production will cease by 30 June 2021, permanently reducing Norske Skog's newsprint capacity by approximately 150,000 tonnes.

Since the initiation of the strategic review process in New Zealand in October 2020, a process made necessary by the secular decline of the publication paper industry and the impact of COVID-19, Norske Skog has explored a range of alternatives for the Tasman mill. Following a careful review, this process has resulted in a decision to close the Tasman mill and a sale of the mill's assets. Production will cease by 30 June 2021, reducing Norske Skog's newsprint capacity by approximately 150,000 tonnes per annum. The Tasman mill has only produced very limited volumes during 2021. Norske Skog will honour all redundancy and contractual obligations to the mill's approximately 160 employees as the workforce is progressively reduced during the third quarter.

- The decision to close the Tasman mill follows a detailed review over the past eight months. It will address the substantial imbalance between newsprint production capacity and customer demand in the Australasian region. The Tasman mill has been an important contributor to the regional economy in New Zealand for the past 66 years, producing more than 15 million tonnes of publication paper over its lifetime. I would like to thank everyone who has worked at the mill for their outstanding contribution throughout the years, and their significant efforts to ensure a long and good life for the mill, says Sven Ombudstvedt, CEO of Norske Skog.

Norske Skog's second quarter financial accounts are expected to be impacted by recognition of restructuring costs of approximately NZD 40 million, mainly related to employee redundancy and site closure costs. In addition, a non-cash loss of approximately NZD 15 million will be recognised in the second quarter, relating to the New Zealand energy contracts that have been recognised at fair value. The sale process for the mill's assets is currently being finalised, and announcements will be made when definitive transactions have been agreed. Mill asset sales are expected to be completed during the second half of 2021, with gross proceeds and working capital release expected to amount to approximately NZD 60 million. In summary, a net positive cash effect of approximately NZD 20 million is expected once everything is settled.

The Norske Skog Boyer mill will be the last domestic Australasian publication paper producer with a capacity of 150,000 tonnes newsprint and 135,000 tonnes LWC magazine paper. The Boyer mill will continue to serve the Australasian publication paper market under long-term contracts.

Norske Skog will continue to operate the 90,000 tonnes Nature's Flame wood pellets business in New Zealand. The pellets production will continue unaffected by the closure of the Tasman mill. The ongoing green shift in New Zealand industrial energy consumption provides a strong long term outlook for the Nature's Flame business. Nature's Flame was among the winners of the prestigious New Zealand's Energy Excellence Awards in early May for low carbon energy contributions. Norske Skog will initiate a process to review the potential for a further 30,000 tonnes production capacity expansion at the plant, and also continue the process to explore options for the long term ownership for the Nature's Flame business.

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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 industrial sites in Europe, two of which will produce recycled containerboard following planned conversion projects. In addition, the Group operates two industrial sites and a wood pellets plant in Australasia. Norske Skog aims to further diversify its operations and continue its transformation into a growing and high-margin business through a range of promising fibre projects. The Group has approximately 2,300 employees in five countries, is headquartered in Norway and listed on the Oslo Stock Exchange under the ticker code NSKOG.

Norske Skog
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