

Nature's Flame wood pellets production company sold to New Zealand-based Talley's Group

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Norske Skog has entered into agreement with Talley's Group, a New Zealand based dairy, fishing, produce and food company, to sell the Nature's Flame pellets company for a consideration of approximately NZD 47.8 million (approximately NOK 280 million). The transaction is expected to close during the first quarter of 2022.

“Nature's Flame is an excellent company producing high quality and sustainable energy pellets from wood residues, and thus the sales process generated significant interest. Under our ownership, we have expanded the capacity from producing some 20,000 tonnes when acquired to currently 90,000 tonnes, and we are very pleased that Talley's has indicated interest to continue the ongoing project to further expand the capacity to 150,000 tonnes. This will support the ongoing decarbonisation of New Zealand industries by transitioning from fossil coal energy to renewable energy like wood pellets. Following the closure of the Tasman mill in 2021 and the sale of the Nature's Flame business, the Boyer industrial site at Tasmania is now our only operational asset in the region. The Boyer industrial site will continue to service the regional publication paper markets and develop its industrial footprint within energy and bio products”, says Sven Ombudstvedt, CEO of Norske Skog.

Norske Skog acquired the Nature's Flame business in 2015 for a consideration of NZD 6.7 million, and has invested an additional NZD 7.8 million to expand the capacity to 90,000 tonnes. The sale is expected to close during the first quarter of 2022. The sale consideration of approximately NZD 47.8 million (approximately NOK 280 million), subject to customary closing conditions, will be paid at closing and will result in a book value gain of NOK 150-200 million. The sale follows a broad and structured process with high

interest from both local and international parties. Nature's Flame contributed approximately NZD 5.0 million (approximately NOK 30 million) to Norske Skog's EBITDA over the last twelve months as of the third quarter of 2021. The sale further strengthens Norske Skog's balance sheet and liquidity position in relation to ongoing strategic projects within energy and packaging paper.

About Norske Skog

Norske Skog is a leading industrial company within publication paper, packaging paper, energy production and bio products. The Group owns and operates four industrial sites in Europe, and one industrial site in Australasia. Sustainable and safe operations is at the core of all business activities. The Group has approximately 2,150 employees, is headquartered in Norway, and listed on the Oslo Stock Exchange under the ticker NSKOG.

About Talley's Group

Talley's Group Limited is a privately owned, New Zealand-based agribusiness company that provides seafood, vegetable and dairy products across a number of divisions and brands.

Norske Skog
Communications and Public Affairs

Carsten Dybevig
Direktør kommunikasjon og samfunnskontakt
Vice President Communication and Public Affairs
Mobile: + 47 917 63 117
Email: carsten.dybevig@norskeskog.com