

Norske Skog ASA – Trading update and contemplated private placement

NOT FOR DISTRIBUTION OR RELEASE, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES OF AMERICA (INCLUDING ITS TERRITORIES AND POSSESSIONS, ANY STATE OF THE UNITED STATES OF AMERICA AND THE DISTRICT OF COLUMBIA) (THE "UNITED STATES"), AUSTRALIA, CANADA, THE HONG KONG SPECIAL ADMINISTRATIVE REGION OF THE PEOPLE'S REPUBLIC OF CHINA OR JAPAN, OR ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL.

Oslo, 13 January 2021. Norske Skog ASA ("Norske Skog" or the "Company" and together with its subsidiaries the "Group", OSE ticker code "NSKOG") has retained DNB Markets, a part of DNB Bank ASA, and Pareto Securities AS (jointly, the "Managers") to advise on and carry out a private placement (the "Private Placement") of new and existing shares in the Company (the "Offer Shares"). Offer Shares for up to NOK 400 million are new shares to be issued by the Company in connection with the Private Placement and Offer Shares for up to NOK 400 million are existing shares offered by the Company's largest shareholder, NS Norway Holding AS, a company owned by funds managed by Oceanwood Capital Management LLP (the "Selling Shareholder").

The Company intends to use the net proceeds from the sale of new shares in the Private Placement to finance the Company's green growth projects including entry into containerboard production, further commercialisation of CEBINA™, continued qualification testing of bio composites, continued support of Circa Group and for general corporate purposes.

The sale of existing shares will enhance free float and share overhang, addressing specific feedback regarding ownership in order to facilitate the Private Placement. The Company and the Selling Shareholder have agreed to customary lock-up arrangements with the Managers that will restrict, subject to certain exceptions, their ability to, without the prior written consent of the Managers, issue, sell or dispose of shares, as applicable, for a period of 6 months from completion of the Private Placement, subject to certain customary exemptions.

Trading update

The Group's preliminary EBITDA for Q4 2020 was approximately NOK 110 million with no adjustments expected for the quarter (Q4 2019 EBITDA of NOK 560 million) and the preliminary EBITDA for the full year 2020 was approximately NOK 700 million (full year 2019 EBITDA of NOK 1 938 million). The preliminary cash flow from operations in 2020 was approximately NOK 450 million (2019 cash flow from operations of NOK 602 million), while maintenance capex in 2020 was approximately NOK 200 million (2019 maintenance capex of NOK 254 million). Given the adverse market development for publication paper following the COVID-19 pandemic, and the reduction of demand beyond the structural decline, the Group expects to recognise an impairment charge of NOK 300-500 million in Q4 2020. Please note that these are preliminary and unaudited figures and subject to final accounts for Q4 2020 and for the full year 2020 being completed.

Construction of the waste-to-energy plant at the Bruck mill (Austria) is progressing according to plan, with expected start-up in H1 2022. As of 31 December 2020 a total of approximately EUR 22 million had been invested in the construction of the plant (out of the total EUR 72 million investment amount), and an amount of approximately EUR 10 million had been drawn under the loan agreement entered into between the Bruck mill and Austrian banks (of a total EUR 54 million loan amount).

The Company has announced and initiated cost savings initiatives with expected combined cash flow effect in the range of NOK 200-250 million in 2021 compared to 2020 from the NEXT and Terminator energy efficiency initiatives at the Saugbrugs mill (as announced on 11 March 2020), the repositioning of the Tasman mill from newsprint to pulp-on-reel production (as announced on 10 December 2020), the closure of the Saugbrugs PM5 machine (as announced on 22 October 2020), a company-wide cost programme introduced with effect from 1 January 2021 and a reduction in the annual maintenance capex level in 2021 compared to 2020.

The alternative performance measures ("APMs") "EBITDA" and "maintenance capex" are used above. For a definition and further explanation of how the APMs are used, reference is made to the Company's Q3 2020 interim accounts, published on the Company's website <https://www.norskeskog.com/Investors/Reports-and-Presentations/Financial-reports>.

The Private Placement

The Private Placement will be directed towards Norwegian and international investors, subject to applicable exemptions from relevant registration, filing and prospectus requirements, and subject to other applicable selling restrictions. The minimum application and allocation amount has been set to the NOK equivalent of EUR 100,000. The Company may, however, at its sole discretion, allocate amounts below EUR 100,000 to the extent exemptions from the prospectus requirements in accordance with applicable regulations, including the Norwegian Securities Trading Act and ancillary regulations, are available.

The price for the Offer Shares in the Private Placement will be determined by the board of directors of the Company (the "Board") following an accelerated bookbuilding process. The bookbuilding and application period for the Private Placement commences today, on 13 January 2021 at 16:30 CET, and is expected to close on 14 January 2021 at 08:00 CET. The Company, after consultation with the Managers, reserves the right to at any time and in its sole discretion close or extend the application period or to cancel the Private Placement in its entirety and for any reason. If the bookbuilding is shortened or extended, the other dates referred to herein may be changed correspondingly.

Norske Skog ASA

Sjølyst plass 2
P.O. Box 294 Skøyen, 0213 Oslo
Norway

Allocation of the shares in the Private Placement will be determined at the end of the application period, and final allocation will be made by the Board at its sole discretion, following advice from the Managers.

Completion of the Private Placement is subject to the Board resolving to allocate Offer Shares and consummate the Private Placement.

The Company will announce the final offer price and the number of Offer Shares allocated in the Private Placement through a stock exchange notice expected to be published before opening of the trading on Oslo Stock Exchange on 14 January 2021.

Settlement of the Private Placement will be on a delivery versus payment basis (normal t+2). For new shares allocated in the Private Placement, delivery versus payment settlement will be facilitated by existing and unencumbered shares in the Company being borrowed by the Selling Shareholder pursuant to a share lending agreement entered into between the Selling Shareholder, the Company and the Managers. The Offer Shares will thus be tradable from allocation. The Managers will settle the share loan with new shares in the Company to be issued by resolutions of the extraordinary general meeting to be held on or about 5 February 2021 (the "EGM"). If the EGM does not resolve to issue new shares, the redelivery of the borrowed shares will instead be settled in cash by way of transfer to the Selling Shareholder of the net proceeds from the sale of the borrowed shares. The Company will in that case not receive any proceeds from the Private Placement. The Selling Shareholder and investors who are allocated Offer Shares in the Private Placement will undertake to vote in favour of the issue of new shares at the EGM.

The Board has considered the offering of new shares in the Private Placement in light of the requirements in the Norwegian Public Limited Companies Act and the rules on equal treatment under Oslo Rule Book II for companies listed on the Oslo Stock Exchange and the Oslo Stock Exchange's Guidelines on the rule of equal treatment, and the Board is of the opinion that the contemplated transaction is in compliance with these requirements and guidelines. The share issuance will be carried out as a private placement in order to widen the Company's shareholder base and to complete a transaction in an efficient manner. On this basis and based on an assessment of the current equity markets, the Company's Board has considered the Private Placement to be in the common interest of the Company and its shareholders. As a consequence of the Private Placement structure, the shareholders' preferential rights will be deviated from.

The Company may, subject to completion of the Private Placement and the Board being granted an authorisation to this effect at the EGM, carry out a subsequent offering of new shares in the Company (the "Subsequent Offering") towards existing shareholders in the Company as of 13 January 2021 (as registered in the Norwegian Central Securities Depository ("VPS") as of 15 January 2021), who (i) were not allocated Offer Shares, and (ii) are not resident in a jurisdiction where such offering would be unlawful or, would (in jurisdictions other than Norway) require a prospectus, a registration or similar action. Whether a Subsequent Offering will be carried out will inter alia depend on the results of the Private Placement and the subsequent development of the Company's share price.

The Selling Shareholder currently owns 52,161,386 shares (63.23%) and is represented as Chair on the board of directors of Norske Skog ASA.

Advisors

DNB Markets, a part of DNB Bank ASA, and Pareto Securities AS are acting as Joint Bookrunners in connection with the Private Placement. Advokatfirmaet Thommessen AS is legal advisor to the Company and Wikborg Rein Advokatfirma AS is acting as legal advisor to the Joint Bookrunners in connection with the Private Placement.

For further queries, please contact:

Norske Skog media:

Vice President Corporate Communication and Public Affairs
Carsten Dybevig
carsten.dybevig@norskeskog.com
Mob: +47 917 63 117

Norske Skog Investor Relations:

Investor Relations Manager
Even Lund
even.lund@norskeskog.com
Mob: +47 906 12 919

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, of which two will produce recycled containerboard following planned conversion projects. In addition, the Group operates two publication paper mills and one pellet facility 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 NSKOG.

IMPORTANT INFORMATION

These materials do not constitute or form a part of any offer of securities for sale or a solicitation of an offer to purchase securities of the Company in the United States or any other jurisdiction. The securities of the Company may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"). The securities of the Company have not been, and will not be, registered under the U.S. Securities Act. Any sale in the United States of the securities mentioned in this communication will be made solely to

"qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act. No public offering of the securities will be made in the United States.

In any EEA Member State, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the EU Prospectus Regulation, i.e., only to investors who can receive the offer without an approved prospectus in such EEA Member State. The expression "EU Prospectus Regulation" means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (together with any applicable implementing measures in any Member State).

In the United Kingdom, this communication is only addressed to and is only directed at Qualified Investors who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "Order") or (ii) are persons falling within Article 49(2)(a) to (d) of the Order (high net worth companies, unincorporated associations, etc.) (all such persons together being referred to as "Relevant Persons"). These materials are directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this announcement relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Company's shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Company's shares and determining appropriate distribution channels.

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as "anticipate", "believe", "continue", "estimate", "expect", "intend", "may", "should", "will" and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The information, opinions and forward-looking statements contained in this announcement speak only as at its date and are subject to change without notice.

This announcement is made by and, and is the responsibility of, the Company. The Managers are acting exclusively for the Company and no one else and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, or for advice in relation to the contents of this announcement or any of the matters referred to herein.

Neither the Managers nor any of their respective affiliates makes any representation as to the accuracy or completeness of this announcement and none of them accepts any responsibility for the contents of this announcement or any matters referred to herein.

This announcement is for information purposes only and is not to be relied upon in substitution for the exercise of independent judgment. It is not intended as investment advice and under no circumstances is it to be used or considered as an offer to sell, or a solicitation of an offer to buy any securities or a recommendation to buy or sell any securities of the Company. Neither the Managers nor any of their respective affiliates accepts any liability arising from the use of this announcement.

Each of the Company, the Managers and their respective affiliates expressly disclaims any obligation or undertaking to update, review or revise any statement contained in this announcement whether as a result of new information, future developments or otherwise.

The distribution of this announcement and other information may be restricted by law in certain jurisdictions. Persons into whose possession this announcement or such other information should come are required to inform themselves about and to observe any such restrictions.

This information is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.