

Press Release

Reykjavik, July 19, 2021

 Landsvirkjun

More Energy for Value-adding Green Production

Landsvirkjun, Iceland's national power company, and Norðurál, the aluminium smelter, have signed an amended power contract which provides a three year extension to the previous one, and supports a more diverse production and future growth of Norðurál. Increased supply of energy advances Norðurál's pending investment in a new casthouse, with plans for production of value-adding specialty products which will boost Norðurál's competitive position.

The current agreement between the two companies (161 MW) is linked to Nord Pool, the Nordic electricity market, and runs until 31 December 2023. With this new amendment the agreement is extended by three years, or until end of 2026, on fixed price. The contracting parties intend to lift the confidentiality clause after three years, meanwhile the agreement remains confidential for commercial reasons.

The agreement advances the pending investment by Norðurál of ISK 15 billion for a new casthouse and plans for production of aluminium rods in order to meet increased demand from customers in Europe. The production entails expanding product diversity as well as further processing of aluminium, resulting in a more valuable product which is highly environmentally friendly. Estimated electricity requirements for the casthouse are 10 MW, and in accordance with the agreement delivery of this increased electricity supply is expected to begin in approximately two years.

The agreement also ensures Norðurál sufficient electricity to further increase its production capacity at the aluminium smelter Grundartangi. The added energy is 11 MW, and delivery will begin later this year.

When the agreement has been fully implemented it will supply Norðurál with approximately 182 MW of electricity annually, which is roughly a third of the aluminium smelter energy needs.

Gunnar Guðlaugsson, Managing Director Norðurál:

We are very pleased to have reached this agreement with Landsvirkjun, which has been a trusted and reliable partner of Norðurál from the very start. Our investment plans for ISK 15 billion are founded on our solid operations, which rely on the good people who work for Norðurál and the predictability that this agreement offers. Therefore, this agreement is extremely important.

Tinna Traustadóttir, Executive Vice President of Sales & Customer Service Landsvirkjun:

It is truly delightful that Landsvirkjun and Norðurál have reached a new power agreement. The agreement benefits both companies and ensures necessary stability in operations for both sides. Norðurál is

*aiming for a more diverse and value-added production in its new
cathouse and it is indeed a joy to be able to support our client's growth.*

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