JØTUL

Company Presentation

28 March 2025

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Background

During FY20, the production facilities were relocated to Wroclaw, Poland. The new production premises allowed capitalisation on the very strong market during FY22 and FY23 by ramping up production and seizing market shares. However, the abrupt market decline in FY24A has put pressure on margins following the added capacity. Efforts are currently underway to implement initiatives aimed at optimizing the cost base and accelerating growth to enhance margins.

Units sold declined from record volumes in FY22 of c. 99k units, to c. 49.4k units in FY24 (equal to a 50% decline). Meanwhile the market declined by 12.3%.

Supply chain issues in competitors during FY22/FY23 caused a backlog, boosting market share above normal levels despite lower demand. As this was resolved In FY24, market share dropped back. To offset this, initiatives to reduce overhead spend and decrease the direct cost base have been implemented, However, significant capital has been tied up in inventory and additional cost saving initiatives are being implemented.

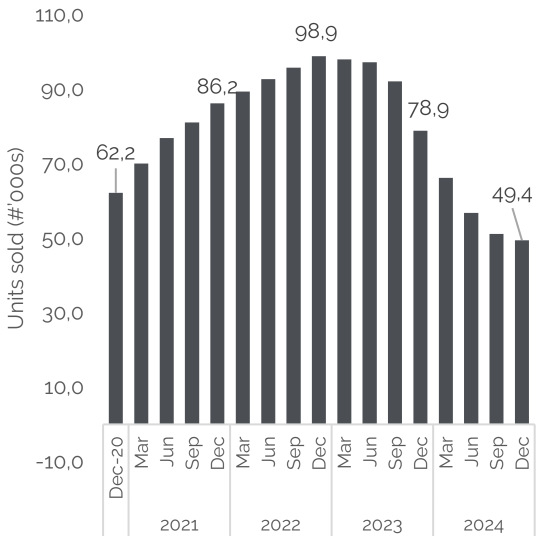
The assumed increase in sales during H2 2024 did not materialise despite de-stocking at distributors as the underlying demand in key markets was weaker than expected.

Due to the above and increased interest rates, the current debt structure is difficult to service. As such further right-sizing of both the cost base and the capital structure is required to obtain a viable business.

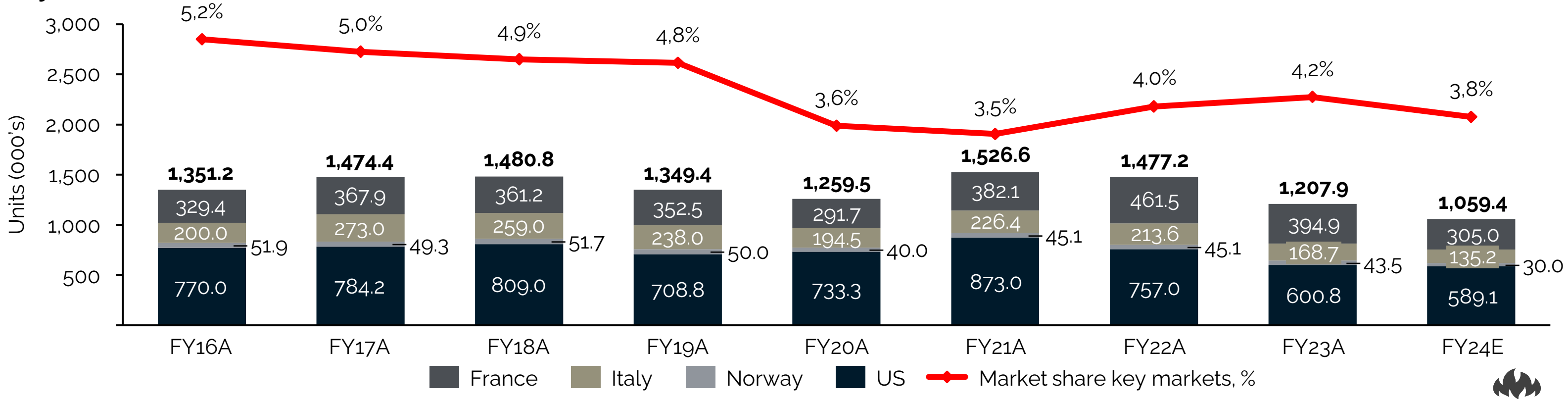
Overview of trading FY21A – FY24A

NOKm	FY21A	FY22A	FY23A	FY24A
Norway	323.7	351.5	337.5	257.5
Italy	175.9	227.0	170.6	95.5
France	331.0	404.9	498.8	381.3
North-America	202.9	277.0	194.9	171.3
Other	235.5	354.2	372.9	161.1
Total net sales	**1,269.0**	**1,614.5**	**1,574.8**	**1,066.7**
Contribution	514.3	727.3	719.4	400.4
SG&A cost	(357.5)	(447.9)	(483.0)	(448.9)
EBITDA	**156.9**	**279.4**	**236.4**	**(48.6)**
NWC impact	**(63.1)**	**(69.8)**	**(108.8)**	**144.7**
Leasing payments	(44.2)	(38.3)	(47.5)	(74.2)
Other operating cash flows	(53.4)	(38.9)	(22.8)	(16.4)
CF before investments	**(3.8)**	**132.4**	**57.3**	**5.5**
Capex	(33.1)	(37.5)	(47.8)	(26.1)
CF after investments	**(37.0)**	**94.9**	**9.6**	**(20.6)**
Total CF from financing[1]	**57.7**	**(54.9)**	**(71.9)**	**32.5**
Total cash flow	**20.8**	**40.0**	**(62.4)**	**11.9**
Opening cash	70.3	91.1	131.1	68.7
Cash flow	20.8	40.0	(62.4)	11.9
Closing cash	**91.1**	**131.1**	**68.7**	**80.6**

LTM Volumes sold FY21A – FY24A



Key markets overall volume FY21A – FY24E



1) Pro forma adjusted in FY21, NOK 11.7m

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Liquidity development before bond interest and before new money

Prolonged weak financial performance and overleveraged balance sheet results in unsustainable liquidity development

Assuming a 10% YoY increase in volume sold in FY25, Jøtul is forecasting continued severe decline in liquidity following the typical pattern of lower activity during the first half of the year. A low point of NOK -60.1m, excluding operating cash need, is estimated to be reached by the time the high season starts. Gradual sales recovery, alongside matured cost saving initiatives are expected to stabilise cash flows during FY26 and generate a surplus during FY27.

New debt structure and additional funding

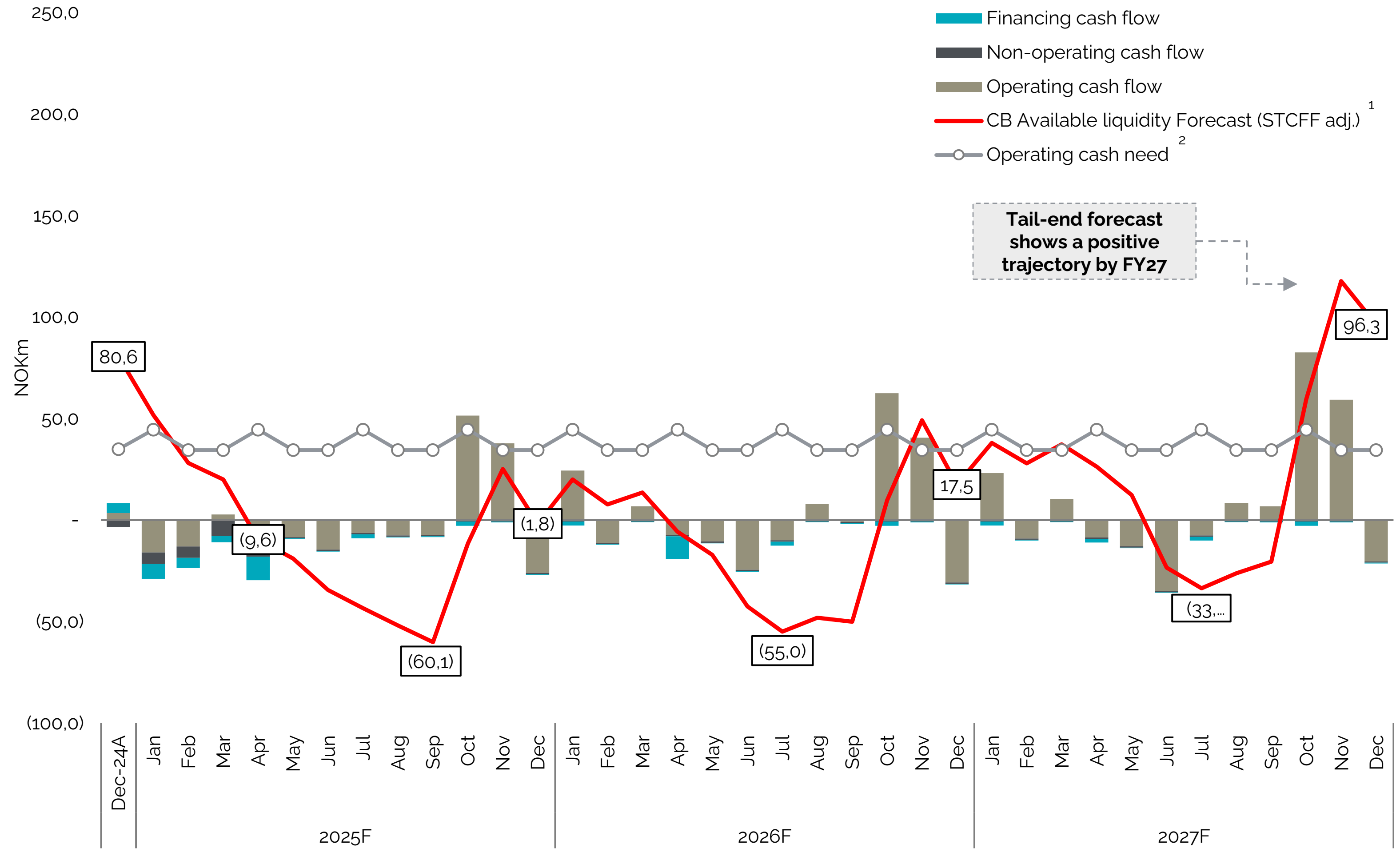
Considering these projections, Jøtul would not be able to continue operating without a substantial restructuring of its debt and without additional funding, An injection of **NOK 120m in the form of new money is required in the near term** in order to secure the seamless continuation of business.

Jøtul is requesting from various relevant stakeholders liquidity support of NOK 120m to cover the seasonal lows.

Projections beyond debt restructuring and new money

Positive impact from cost savings and continued volume growth from commercial initiatives will mean operating leverage and a positive EBITDA development. Cash flows are expected to stabilise during FY26 and increase during FY27.

Liquidity forecast (NOKm) – excluding bond interest and excluding new money



Notes:
1) Liquidity forecast adjusted for the learning from the STCFF review (refer to the supplementary analysis section of this document)
2) Intra month swing NOK 10m higher in the first month of each quarter due to quarterly lease payment.

Overview of current capital structure (as of year-end 2024)

Majority of external debt exposures are situated in the issuing entity Jøtul AS

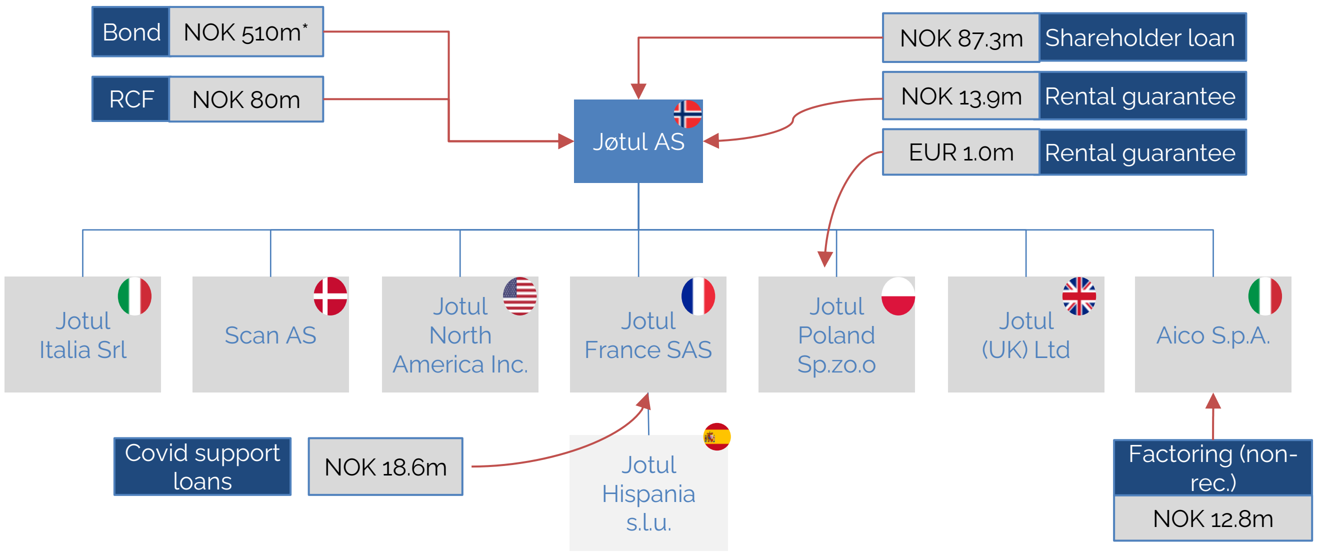
Key debt exposure and other liabilities in Jøtul AS and Group

- Senior secured RCF and Secured Bond both issued in Jøtul AS, as well as Shareholder loan from OpenGate.
- Aico Italy currently uses factoring with recourse (on-balance), although this is planned to be wound down during early 2025. Factoring without recourse (off balance sheet) is assumed continued to be used in several jurisdictions (France, Norway, Italy and other).
- The two French entities have Covid support loans which are to be repaid in equal parts in Apr25 and Apr26.
- Leasing liabilities (IFRS16) mainly relate to rental agreements in Norway, Poland and US. Note that Jøtul AS has issued bank guarantees (with Pareto Bank) for the rental contracts in Norway and Poland.

Key stakeholders considered in the debt restructuring process

- OpenGate Capital (Sole shareholder and issuer of shareholder loan)
- Pareto Bank ASA (SSRCF holder and guarantor for NO/PL rental guarantees)
- Bondholder community, together representing >2/3 majority (Ad Hoc Group "AHG")

External Debt overview across Group (Dec24A balances)



Leasing liabilities	Trade creditors	Taxes, Social, Other	Salary & vacation	Other various liabilities
NOK 351.2m	NOK 129.1m	NOK 16.8m	NOK 32.7m	NOK 45.9m

Other liabilities across Group (Total Group balances)

Note: * Excluding accrued interest

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Debt restructuring[1)]

A comprehensive restructuring of debt is envisaged with certain key stakeholders to strengthen the balance sheet of the Group and to reduce the servicing cost

Creditor category	Quantum	Current position	Envisaged long-term solution
Super Senior RCF	▪ NOK 80m (Dec24A)	▪ Draw freeze ▪ Maturity date: 15th April 2026 (3 months prior to Secured Bond)	▪ Extend maturity to 3 months prior to the maturity date for the New Money Liquidity Bonds ▪ Reinstate the facility up to NOK 100m, divided into a NOK 80m term facility and NOK 20m RCF (New money) with annual cleandown ▪ Covenants, reps and warranties not more onerous than those of the New Money Liquidity Bonds
Secured Bond	▪ NOK 510m (Principal)	▪ Unpaid Jan25 coupon (NOK 16.4m) ▪ Total balance at Apr25 includes principal, interests overdue, interest accrued, etc. ▪ Maturity date: 15th July 2026	▪ All outstanding amounts (incl. accrued and unpaid interest) less (i) Elevated Liquidity Bonds and (ii) all claims for fees and expenses of the Bond Trustee, converted to equity
Elevated Liquidity Bonds	▪ NOK 100m	▪ N/a	▪ NOK 100m re-instated and to be allocated to subscribers (only) of New Money Liquidity Bonds ▪ Elevated Liquidity Bonds ranking behind New Money Liquidity Bonds ▪ 4 years maturity ▪ 12.5%/15.0% PIK toggle
Shareholder loans and unpaid management fees	▪ NOK 87.3m (Dec24A) ▪ NOK 8m unpaid management fees (Dec24A)	▪ PIK interest on the loans	▪ Shareholder loans have been converted to equity in full ▪ Expected to be settled at a discount on closing.
New Money – Liquidity Bonds	▪ NOK 100m	▪ N/a	▪ 3.5 years maturity ▪ 3mN + 6.5% (cash) ▪ Ranking senior to Elevated Liquidity Bonds but behind Super Senior RCF ▪ Financial Covenant: Minimum cash of NOK 25m

1. Please refer to Recapitalization Term Sheet (including schedules) attached to the Written Procedure for more information

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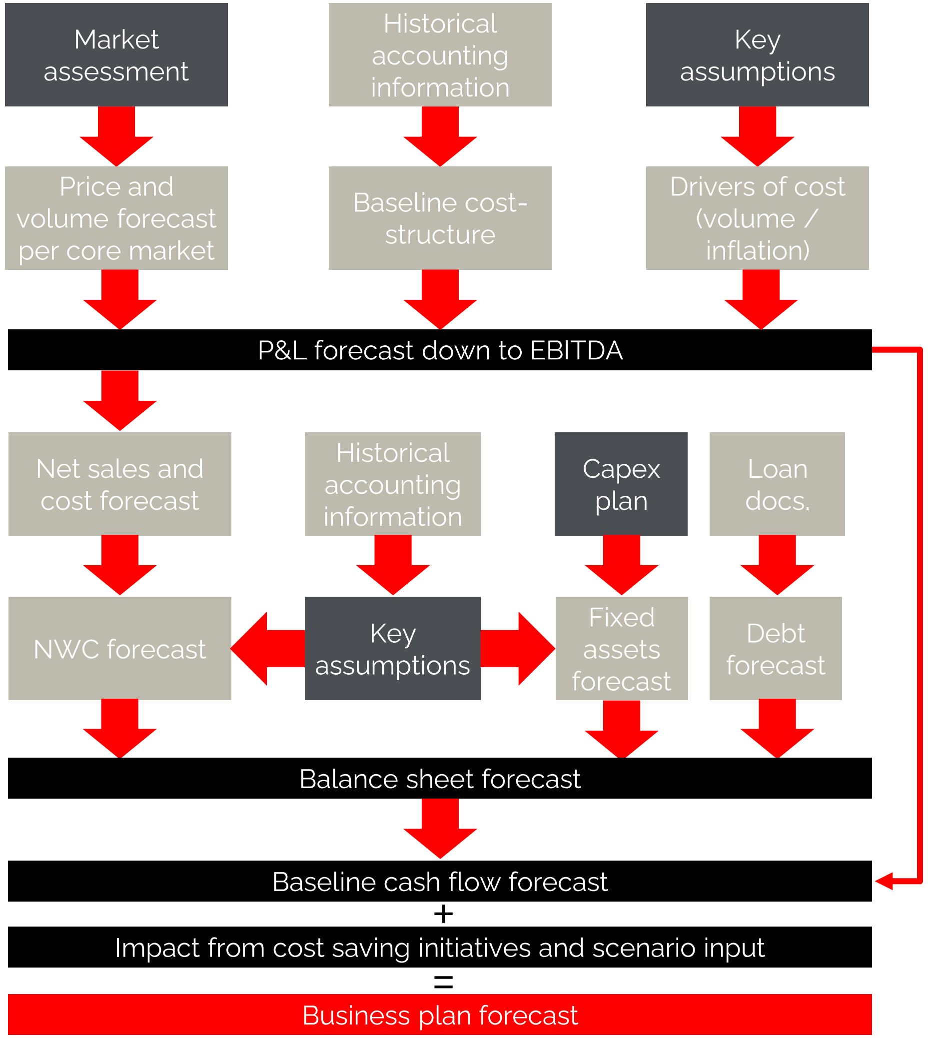
Business plan approach and structure

Baseline model structure



The business plan was development by Jøtul's management, with support from its advisor, Alvarez & Marsal. The overview below summarizes the approach used for building up the various elements of the model and for feeding them with data.

- The market assessment report is the baseline driving the volume scenario used in the model
- Historical accounting information has been analysed to establish the current cost base with the following key inputs
  - Standard price / cost analysis per fuel type and region
    - Per YTDSep24
  - Extract from the general ledger
    - Jan21-Oct24
  - Entity-level SG&A breakdown by function and cost-type
    - Has been made available per YTDOct24, covering 82% of total cost base
  - Entity-level breakdown of FTEs
    - Per FY24
  - IFRS 16 extract from House of control
    - Containing all contracts but USA
- Starting point for key assumptions have been historical information where:
  - Standard cost and price mix per region and core market is assumed to remain stable
  - Standard cost deviation is assumed to vary equal to historical level based on volumes
  - SG&A cost base has been divided into volume driven and inflation driven components, with the baseline being equal to YTDOct24 across the whole group.
  - Leasing baseline has been assumed to remain in line with Oct24 levels + inflation then reduced straight line depending on the volume scenario.
  - Net working capital modelled in line with most recent historical trading with some adjustments to cater for seasonality appropriately
  - Debt items modelled according to current capital structure
- The model is built to simulate a baseline, on which initiatives are added to reflect the actual business plan.
- The business plan has been adjusted to reflect findings from the STCFF review

Market outlook – Key markets

Forecast market development

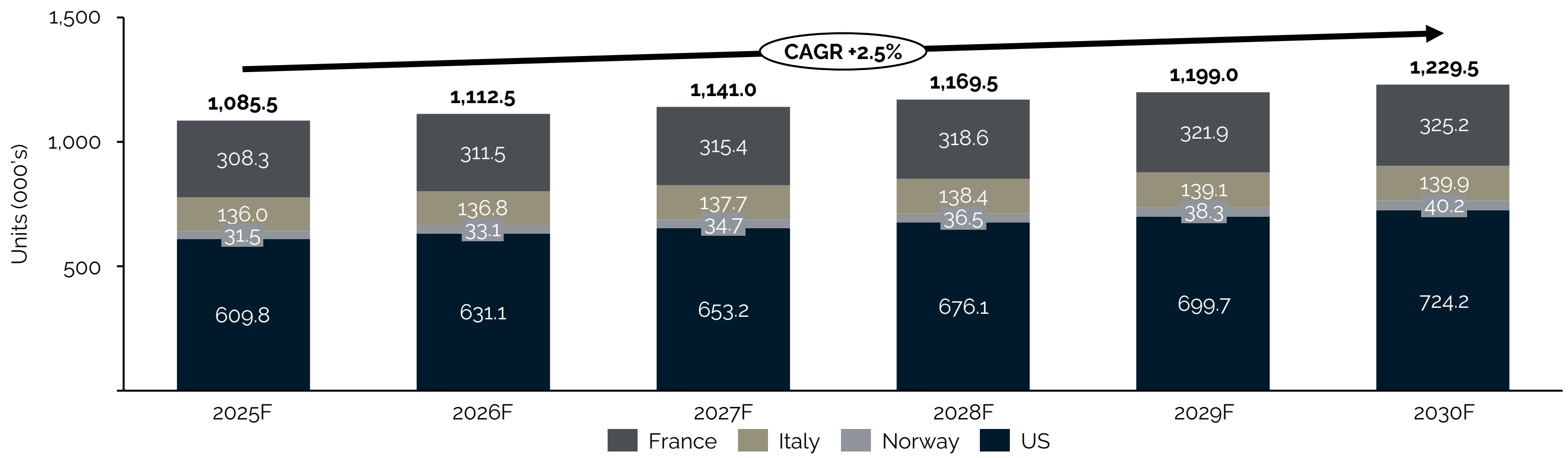
Volumes in key markets are expected to grow in FY25F from FY24's historical lows, largely driven by the current backlog of residential renovation accumulated during FY23 and FY24.

The recovery is most evident in the US where recent orders for early 2025 display a pick-up fuelled by post-election optimism and confirmation of a more expansive monetary policy stance by the Federal Reserve. In European markets, volumes are expected to remain largely stable. In Norway, the main growth driver is the introduction of pellet stoves in the local market with the expectation to sell c. 500 units in FY25.

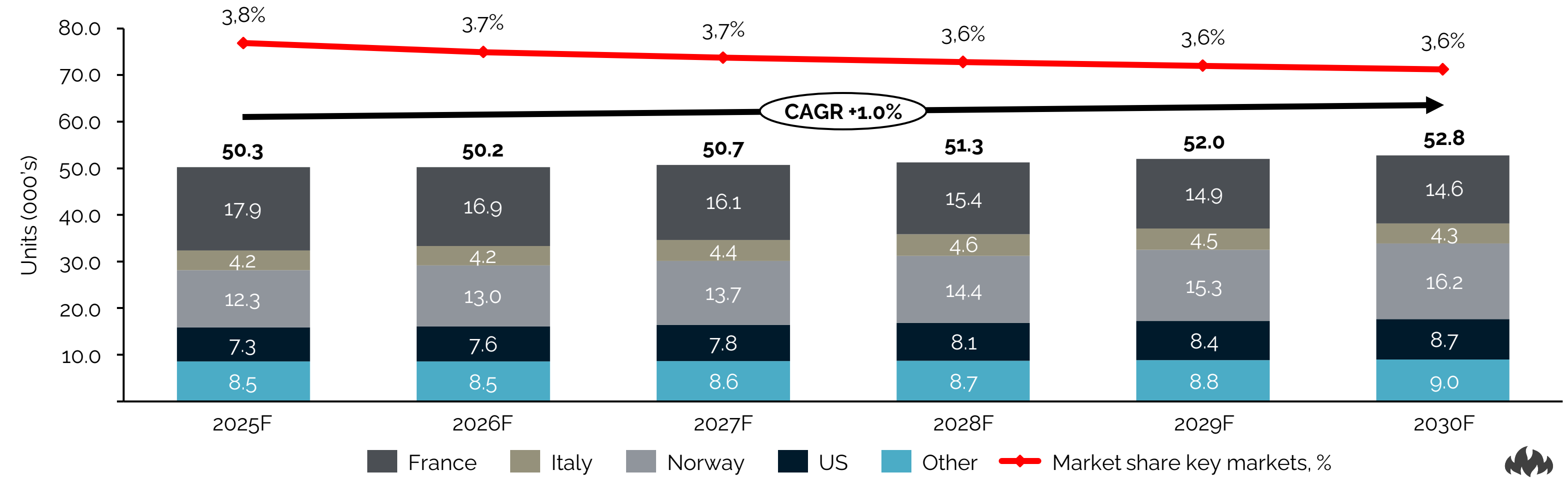
Underlying key markets are expected to grow by 2.5% CAGR over FY25-FY30F. However, the growth is driven by a stronger market outlook for pellets compared to wood, as pellet fuel prices have normalized following a surge in pellet prices over the recent years, especially in France and Italy. Since Jøtul's current product mix is biased toward wood, the market share in these markets are expected to reduce over the period. This is expected to have a negative impact to overall growth, implying an underlying 1.0% CAGR in over the period.

While the overall growth trajectory is modestly positive, the growth mix favoring pellets is unfavorable to Jøtul given their current market position, which is favorable to wood. Hence, commercial actions are needed to ensure that volumes are recovered by targeting growth opportunities within pellets and increasing expanding market share within wood, to ensure a stable growth going forward.

Key markets forecast FY25F – FY30F



Jøtul implied volume FY25 – FY30F



Key assumptions

The underlying market is expected to **gradually recover** from FY25 to FY27, primarily driven by increased pellet stove sales. To accelerate growth, the company is implementing initiatives focused on **production improvements, supply chain optimization,** and **market expansion** in Germany, Sweden, and other export markets.

Key measures include enhancing **delivery performance,** targeting **cost savings**, and optimizing **cross-selling** within the current product portfolio. While pricing remains under pressure in FY25 due to demand for lower-priced stoves, they are expected to normalize and increase in line with inflation from FY26 onward.

Operational efficiencies and cost-saving measures, such as insourcing distribution, workforce right-sizing, and optimized production, will help strengthen EBITDA from NOK 96.8m in FY25 to NOK 226.2m in FY27.

NWC expected to remain stable in FY25, with inventory destocking in AICO balancing AP roll-over from Dec24. **Seasonality** results in inventory build up until August, which is then released during peak season (Sept–Dec), driving swings in receivables and payables.

Covid-support loans will be fully repaid in FY26. **New financing** of NOK 120m from bondholders and RCF in Apr25.

Capex focus primarely targetting essentiaon R&D and revenue-driving projects; **leasing** payments decreasing due to portfolio optimisation.

Taxes payable in profitable divisions, and offset in those with tax losses carried forward**. NRI** most significant in FY25 related to the refinancing.

Item	Description	Key assumption	Output / cash impact		
P&L			**FY25**	**FY26**	**FY27**
Volume	Market comprises of pellet, wood and gas burning stoves	Addressing manufacturing and supply chain inefficiencies to improve delivery performance. Expanding German market potential and further developing export markets. Strengthening pellet stove sales and optimizing cross-selling opportunities.	Net sales increase from NOK 1,146.8m (FY25) to NOK 1,553.3m (FY27)		
Price	Price per unit by region and fuel type	Short-term price pressure due to mix shift, but price normalization expected from FY26.			
Cost Management & Operational Efficiency	Direct and Indirect cost optimalization	Insourcing of distribution to replace 3PL, reducing long-term logistics costs but temporarily increasing FY25-FY26 distribution expenses. Foundry optimization in Norway and workforce restructuring to improve cost efficiency. Standard COGS inflation of ~2% p.a. from FY26, with deviations expected to normalize as production volumes increase.	Total direct costs increase from NOK (644.1)m (FY25) to NOK (852.2)m (FY27)		
SG&A and indirect personnel costs	Fixed costs	Reduction in indirect personnel costs through FTE optimization in FY25. Salary increase of ~3% p.a. from FY26 onward, in line with industry trends. SG&A expenses to rise with inflation (~2.5% in FY25, ~2% from FY26 onward).	NOK (405,9)m	NOK (440,8)m	NOK (475,0)m
EBITDA		Expected to strengthen significantly, supported by: Cost savings of NOK 36m (FY25) and NOK 25m annually in FY26-FY27. Volume growth and efficiency improvements in supply chain and manufacturing.	NOK 96.8m	NOK 150.0m	NOK 226.2m
Balance sheet			**FY25**	**FY26**	**FY27**
Working capital (NWC)	Inventory, accounts receivable and other current assets less accounts payable and other current liabilities	Inventory overstock reduces throughout H1-25, aligning with volume needs. Receivables will follow a normalize patter, with a reduction in Italy (factoring). Payables adjusted for seasonality effects.	NOK 2.2m	NOK 7.6m	NOK 3.8m
Financing cash flows	Comprise Covid loans, Factoring, Loan receivable, RCF and new financing	Debt repayments: Covid loans cleared by FY26. New funding: NOK 120m in Apr25 (NOK 100m bonds, NOK 20m RCF). Factoring fees and amortization managed quarterly.	NOK 78.3m	NOK (34.5)m	NOK (25.2)m
Capex and leases	Group capex, specified by type of capex. Leases related to house and other leases	Investments focus on machinery, R&D, and IT (~NOK 26.5m in FY25, scaling up in FY27). Lease costs reduce as agreements expire, offset by indexation on remaining leases.	NOK (99.2)m	NOK (103.2)m	NOK (124.7)m
Taxes and other	Cash taxes related to the profitable entities of the Group. NRI consists of one-off expenses	Tax payments assumed to prior years payments in relation to net sales in each respective entity. NRI comprises refinancing fees of NOK 28m in FY25 and management fee of NOK 8m (unpaid) per year.	NOK (42.8)m	NOK (15.2)m	NOK (15.6)m

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Summary Business Plan

Continued weak market is expected during H1-25 with a slight recovery during H2-25. From FY26 Net sales are expected to increase following implementation of commercial acceleration initiatives, expected to start taking effect by late FY25 and then ramp up. Cost savings from personnel reductions, SG&A savings and right sizing of leasing portfolio are currently being implemented. NWC requirements are sized to service the volume forecast, while capex spend will be reduced to the most essential investments.

Net sales have been forecast by core markets Norway, Italy, France, North America and "Other" and by fuel type (Wood / Pellets / Gas). Main growth expected from gas stoves in North-America and wood stoves in Norway, supported by growth in non-core markets, while France and Italy is expected to remain stable albeit a mix-shift from wood to pellet stoves.

Cost saving initiatives targeting FTEs in Norway, Poland, Italy and Denmark, mainly relating to Manufacturing and R&D, insourcing of distribution and right-sizing of leasing portfolio are being implemented with an expected total EBITDA impact of NOK 48m in FY25 and run-rate impact of c. NOK 36m and NOK 25m in FY26 and FY27, respectively.

The cost base is generally assumed to increase by 2.5% in FY25 and 2% in FY26-FY27 and partly volume driven. Capex has been assumed to a minimum spend to meet regulatory requirements and keep machines functioning.

The base case assumes a financing of NOK 120m at 12% interest to meet the capital requirements of the business plan. Additionally, the current foundry equipment needs replacement in the coming 3-5 years, which will require additional capex of c. EUR 6m

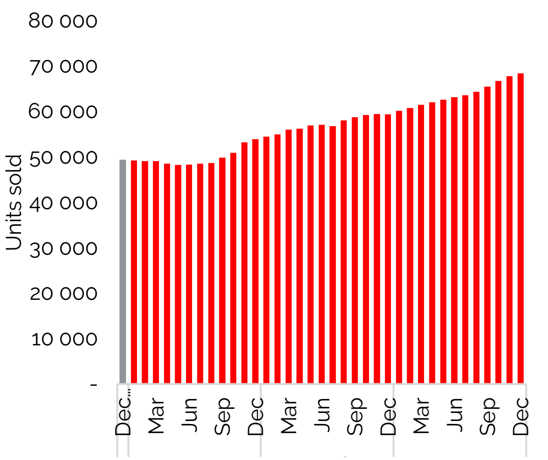
Business plan forecast FY24A-FY27F

NOKm	FY24A	FY25F	FY26F	FY27F
Norway	257.5	231.1	323.3	373.8
Italy	95.5	115.6	101.3	119.0
France	381.3	394.8	406.4	432.6
North-America	171.3	160.8	180.7	205.7
Other	161.1	244.4	304.6	422.2
Total net sales	**1,066.7**	**1,146.8**	**1,316.2**	**1,553.3**
Contribution	400.4	502.7	590.8	701.1
SG&A cost	(448.9)	(405.9)	(440.8)	(475.0)
EBITDA	**(48.6)**	**96.8**	**150.0**	**226.2**
NWC impact	144.7	2.2	7.6	3.8
Leasing payments	(74.2)	(72.7)	(71.8)	(70.7)
Other operating cash flows	(16.4)	(42.8)	(15.2)	(15.6)
CF before investments	**5.5**	**(16.6)**	**70.6**	**143.7**
Capex	(26.1)	(26.5)	(31.4)	(54.0)
CF after investments	**(20.6)**	**(43.1)**	**39.3**	**89.6**
Cash flow from financing[1]	32.5	78.3	(34.5)	(25.2)
Total cash flow	**11.9**	**35.2**	**4.8**	**64.4**
Opening cash	68.7	80.6	115.9	120.7
Cash flow	11.9	35.2	4.8	64.4
Closing cash	**80.6**	**115.9**	**120.7**	**185.1**

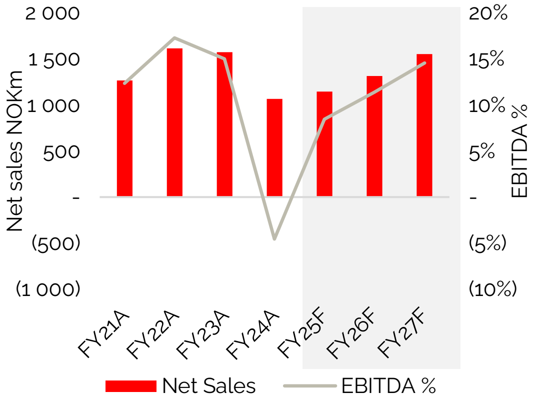
Cost saving and other cash release initiatives FY25-27F

NOKm	Comment	FY25F	FY26F	FY27F
FTE reduction	Reduction and furloughs	20.4	14.0	5.3
Salary freeze	Implemented in FY25	3.9	4.0	4.1
Bill of material	COGS related to Scan stoves	0.4	1.1	1.6
Insourcing of distribution	Insourcing from Q4-24	5.1	4.9	4.5
Manufacturing	Repairs, system terminations	2.3	1.1	(0.3)
Warranty claims	Improved quality	2.8	3.2	2.1
Purchase and logistics	Rentals, fuel and consultants	3.1	3.2	2.1
Sales	Fairs and red. of dealer income	6.7	(0.8)	(1.5)
Marketing	Non-participation of fairs	1.3	1.4	0.9
R&D	Testing and certification	0.1	-	-
General administration	Office maint. and other	1.1	0.8	0.6
Leasing payments	Right-sizing of lease portfolio	1.1	3.2	5.4
Total cost savings		**48.4**	**36.1**	**24.9**

LTM Volume forecast FY24A-FY27F



Net sales and EBITDA FY24A-FY27F



1. Cash flow from financing comprises Covid related debt and factoring.

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Business plan – Monthly and quarterly forecast

A continued decline during H1-25 is expected following the typical pattern of lower activity during the spring, followed by a pick-up during H2-25, which will drive NWC need, and resulting in a cash low point of NOK 61.1m by Sep-25, excluding operating cash need. Total YoY volume growth In FY25 assumed to 10%, driven mainly by Italy and non-core markets, offset by decline in Norway. Increased volumes from commercial initiatives and run-rate impact of cost savings are expected to stabilise cash flows during FY26 and generate a surplus during FY27.

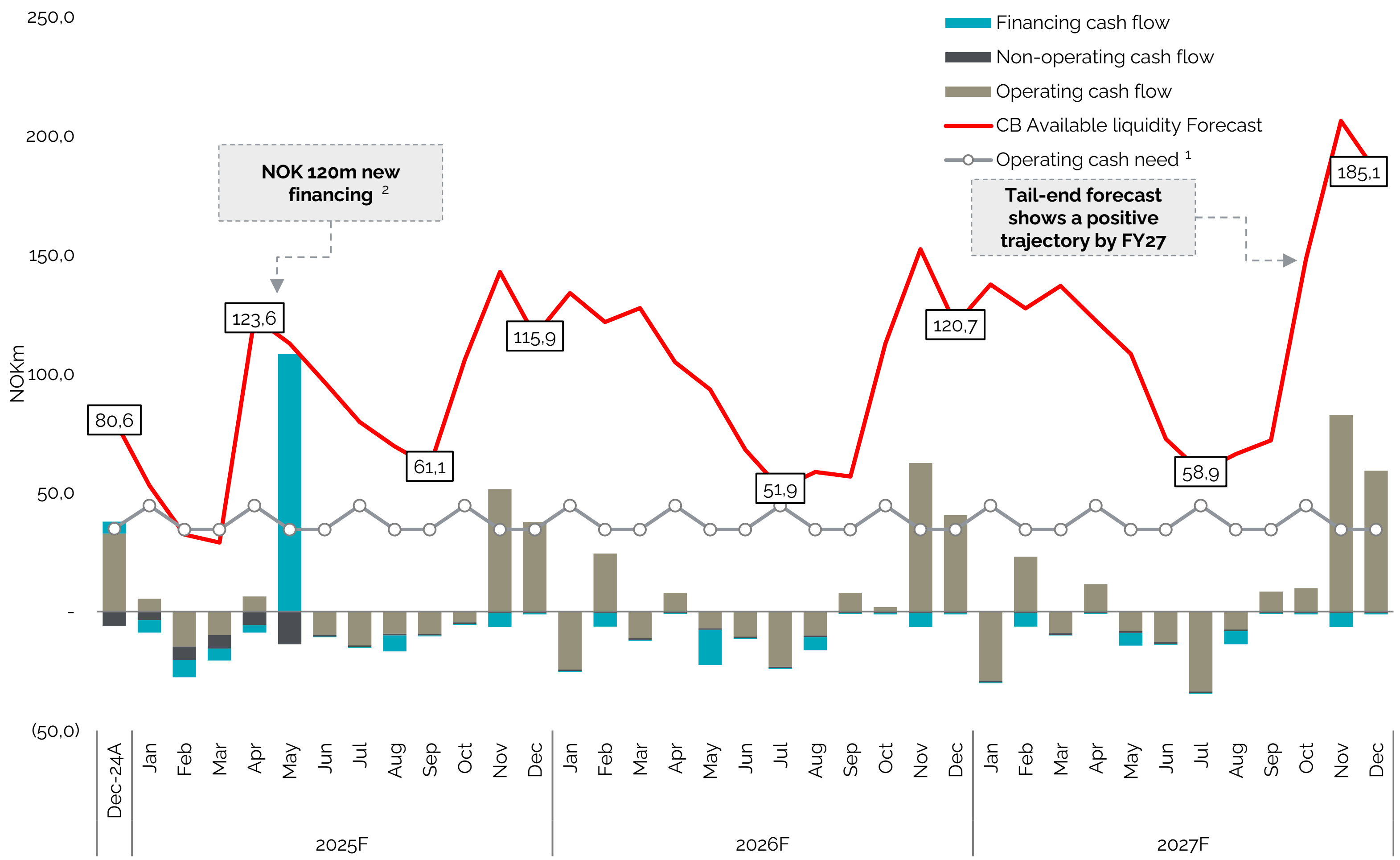
H1-25 to H2-25 cash flow

During H1, operating cash flows are expected to be supressed from seasonal low trading, high leasing payments, capex need, payment of deferred supplier payables from FY24 year-end and covid related debt. This is however offset by a positive impact in NWC following de-stocking of inventory, mainly in Aico Italy. Trading is expected to have a positive impact on H2, which is offset by working capital need, continued leasing payments and capex spend. Furthermore, initial investments necessary to allow for future growth are assumed to be made during H1-25. Due to an expected ramp-up in sales and working capital need during early fall, intra-year low-point is expected in September of NOK 61.1m, excluding operating cash need of NOK 35m.

FY26-27 forecast

Positive impact from cost savings and continued volume growth from commercial initiatives will mean operating leverage and a positive EBITDA development. Cash flows are expected to stabilise during FY26 and increase during FY27.

Liquidity forecast (NOKm) – Including new financing NOK 120m



Notes:
1) Intra month swing NOK 10m higher in the first month of each quarter due to quarterly lease payment.
2) NOK 120m if new financing assumed to be secured via NOK 100m additional loan form the bondholders and NOK 20m additional credit from the Senior secured RCF (i.e., increase of facility from NOK 80m to NOK 100m)

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Adjusted Business Plan

An in-depth review of the Group's short-term cash flow forecasting (STCFF) process was conducted by advisors during February 2025 and learnings from that review were applied to the business plan.

Based on the findings of the STCFF review, certain assumptions in the BP have been identified that do not align with the latest available information, or managements latest view. These assumptions include:

1. Factoring implementation in Italy in BP assumed in Jan25 is not yet implemented
2. Sales margins are assumed to remain stable in all regions compared to YTDSep24 levels in the BP, while we understand sales campaigns in North America have been implemented in Jan-Feb25, impacting margins negatively.
3. Sales campaigns historically run in FY24 in North America giving future discounts to orders placed before April, impacting net sales negatively.

The business plan has been adjusted for the updated assumptions to align closing cash to the opportunity adjusted STCFF forecast.

Key assumptions in Business Plan

- Following preparation of FY25 Budget in Nov24, the FY25-27 BP process was initiated in end of Nov24.
- The BP is largely driven by YTDOct24 historical information as per latest available at the onset of the BP process, with updates to more recent information (per Dec24) as available.

Key inputs for the business plan include:

- Market assessment volumes, with additional volume driven by identified initiatives providing upside to market assessment
- YTDSep24 information of price and cost for products per fuel type and region
- Historical SG&A cost breakdown by function and cost type
- Entity-level breakdown of FTEs and related costs
- Cost savings initiatives implemented or planned for FY25
- Key assumptions for BP include:
- Standard cost price and mix per region assumed to remain stable
- SG&A cost divided in volume / inflation driven components
- Leasing baseline remain in line with Oct24, driven by inflation
- NWC in line with most recent historical trading, adjusted for seasonality

Adjustments to Business Plan

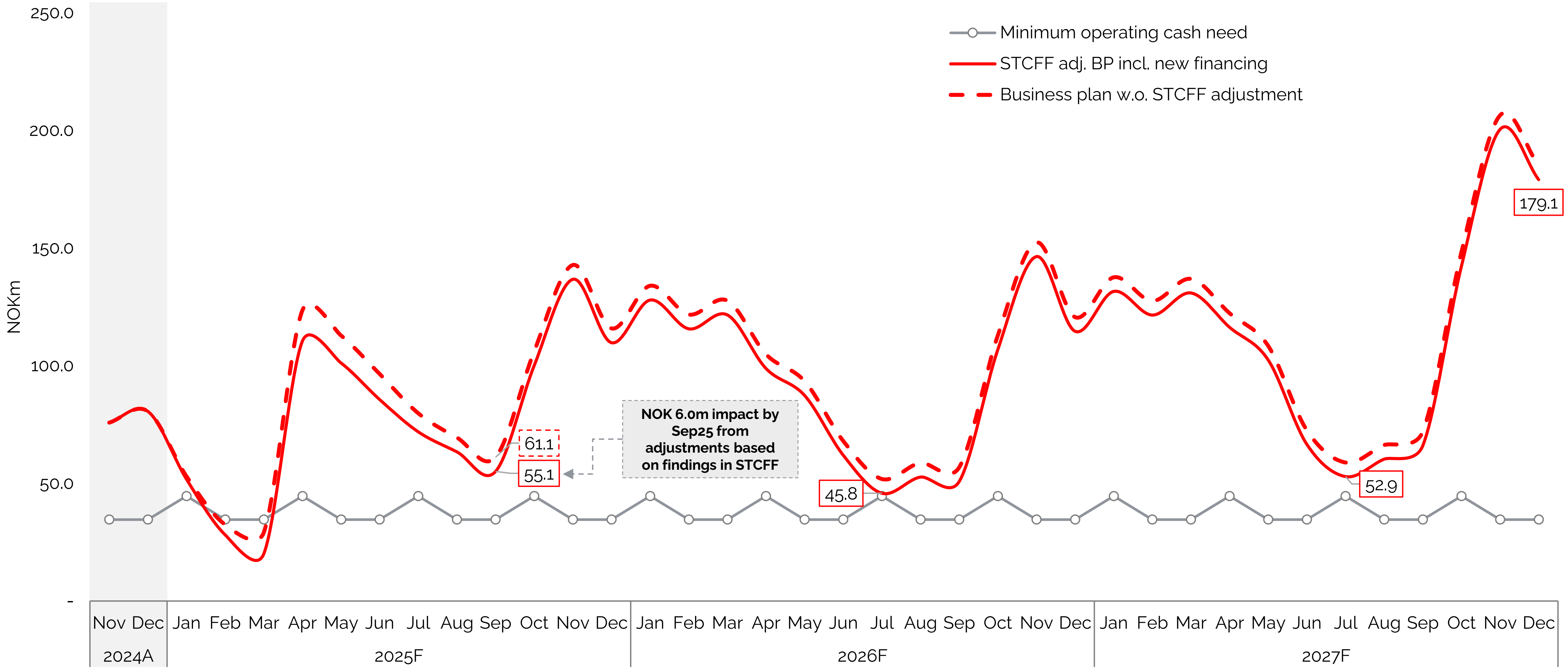
Proposed adjustments include:

1. Adjustment for factoring implementation in Italy, originally assumed in Jan25 ramping up until Jun25, to May25 ramping up until Aug25. This has a cash impact of NOK (6.9)m in Jan25-Apr25 in the BP (positive net cash impact of NOK 0.1m over FY25-27 due to less factoring fees). We understand that Management is looking in to starting this already in Mar-25. However, as implementation may take extra time, we conservatively adjust this with start in May25.
2. Adjustment of North America price index to 90% (vs 97.5%) input over Jan25 to Feb25 to account for early buy campaign (10% discount) which was launched during Jan-Feb and early pay discounts (2% discount). This has a cash impact of NOK (2.0)m in Jan25-Apr25 and net cash impact of NOK (1.9)m in FY25-FY27.
3. Adjustment to North America net sales in Mar25-Apr25 to account for accrued credits relating to marketing campaigns in 2024 expected to be credited to customers over Mar25/Apr25, amounting to USD 399k (NOK 4.3m).

Total cash impact to Sep-25 low point amount to negative c. NOK 6m, compared to the original business plan.

Business plan – STCFF adjusted business plan

The business plan has been adjusted to reflect the findings from the STCFF review, which has a total of NOK 6.0m impact to cash flows.



Liquidity forecast (NOKm) – Unlevered cash flows (excluding Bond and RCF interest payments)

Business plan – Monthly liquidity forecast, **Base case**

The graph illustrates the forecast liquidity in STCFF adj. BP and STCFF adj. BP incl. new financing, excluding bond interest payments on old bonds, before operating cash need.
Both scenarios assumes a market recovery starting from FY25 and base case impact from volume acceleration initiatives (excluding the mass merchant initiative and OEM manufacturing initiatives) driving the following volumes:

- FY25: 53,892
- FY26: 59,407
- FY27: 68,443

STCFF adj. BP includes above volumes applied to Original BP, including the proposed adjustments to the business plan, including Advisor fees of NOK 13m paid in Apr25

STCFF adj. BP incl. new financing includes above volumes applied to STCFF adj. BP and new financing:

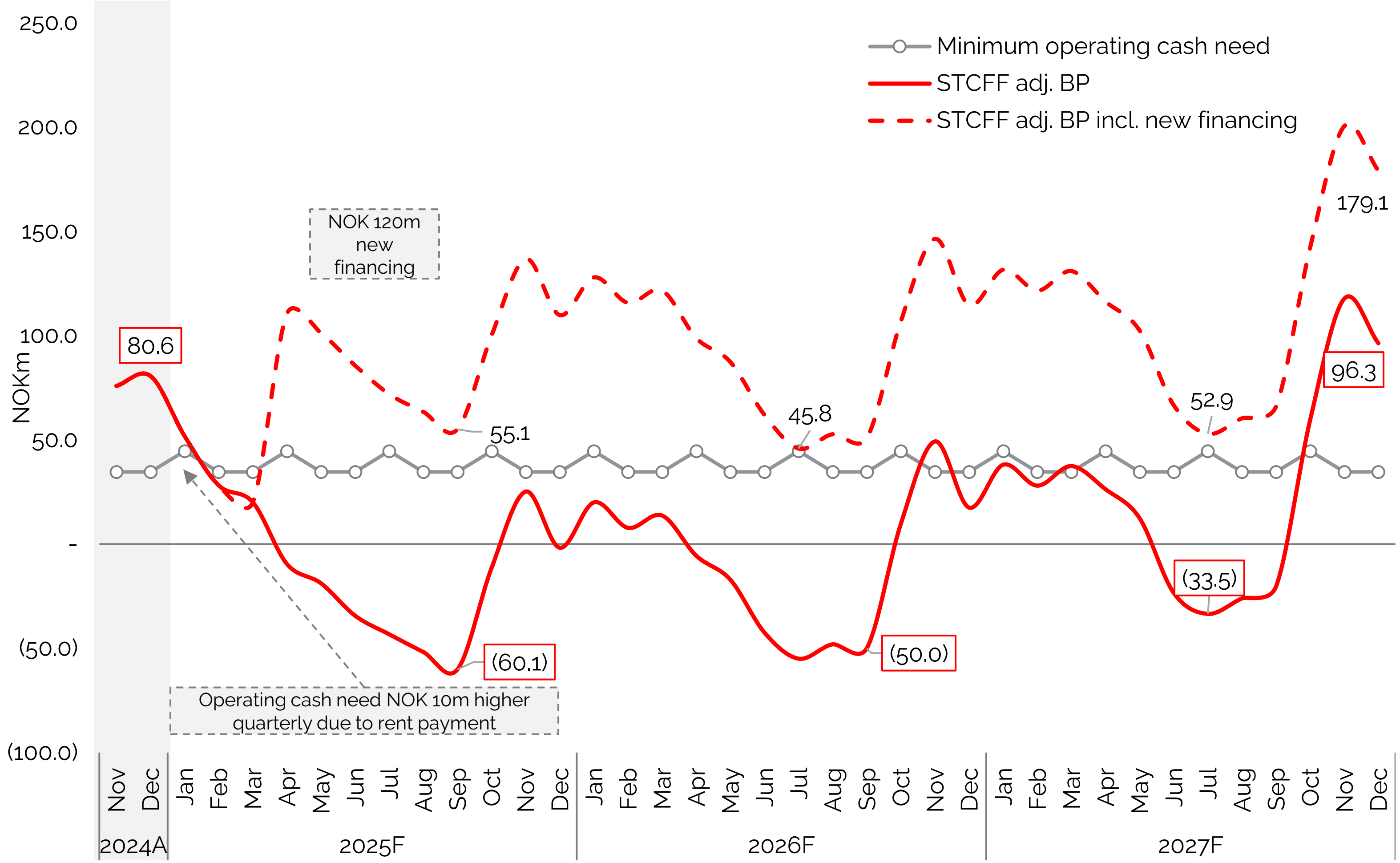
- New financing of NOK 120m from 1st April 2025 (for forecasting purposes assumed all as new bond at 12% interest rate). Interest paid quarterly.

Funding requirement STCFF adj. BP – Base case

NOKm	FY25	FY26	FY27
Intra-year low point	(47.1)	(42.0)	(20.5)
Date	Sep-25	Jul-26	Jul-27
Operating cash need[1]	(34.6)	(44.6)	(44.6)
Op. funding requirement[2]	**(81.7)**	**(86.6)**	**(65.1)**
Paid interest	(4.8)	(19.2)	(33.6)
Advisor fees	(13.0)	(13.0)	(13.0)
Tot. funding requirement	**(99.5)**	**(118.8)**	**(111.7)**

1) Intra month swing NOK 10m higher in the first month of each quarter due to quarterly lease payment
2) Excluding bond interest

Liquidity forecast (NOKm) – STCFF adj. BP and STCFF adj. BP incl. new financing, with Base case volumes scenario



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Sensitivity: Volumes

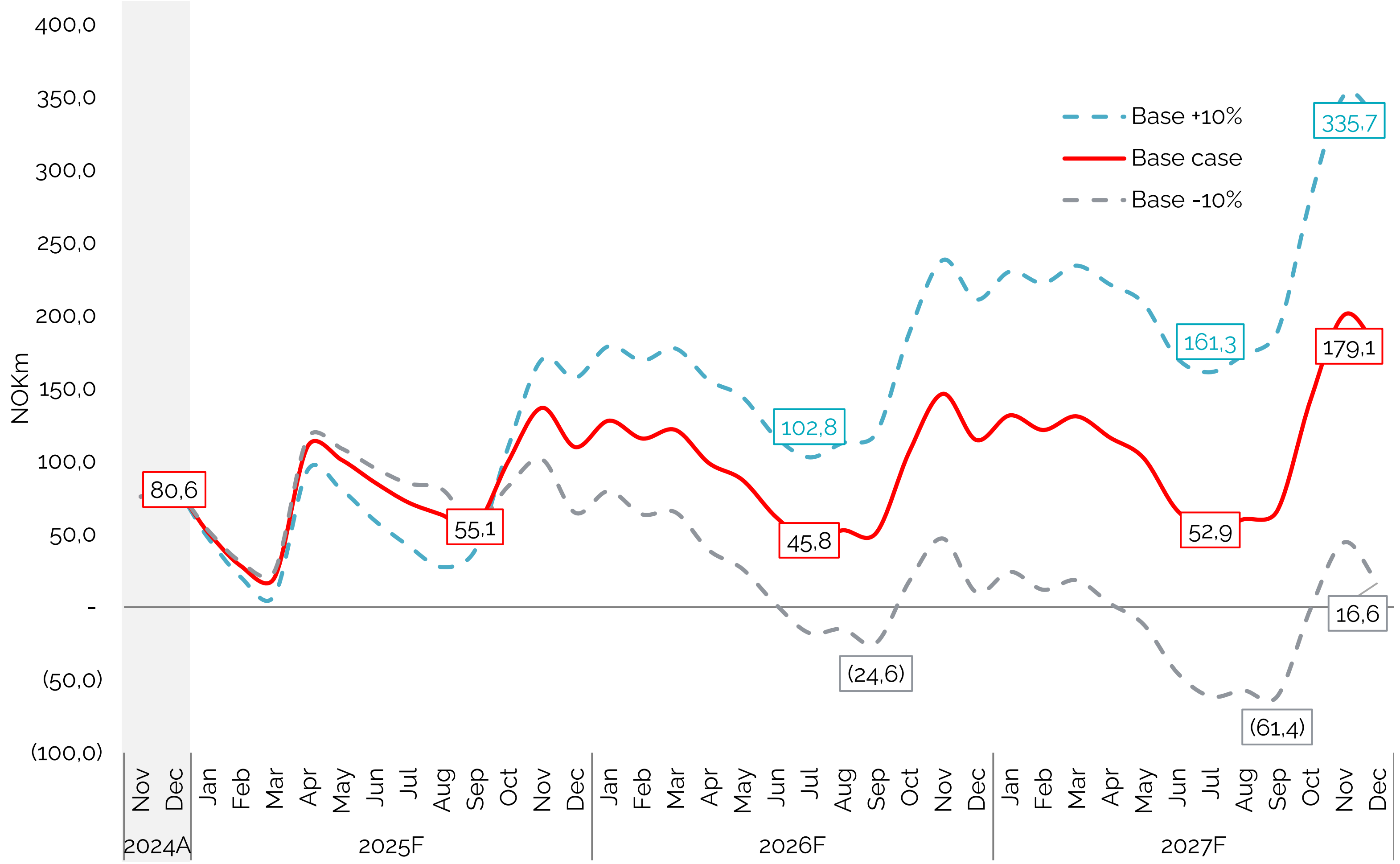
The graph illustrates the forecast liquidity in STCFF adj. BP incl. New Financing with applied sensitivity to volumes, before operating cash need.

STCFF adj. BP incl. New Financing volumes:

- FY25: 53,892
- FY26: 59,408
- FY27: 68,443

CB impact (NOKm)	FY25	FY26	FY27
Volumes +15%	71.1	146.7	234.9
Volumes +10%	47.5	96.4	156.6
Volumes +5%	23.1	47.8	77.8
Base	-	-	-
Volumes -5%	(22.7)	(50.8)	(78.8)
Volumes -10%	(45.1)	(104.5)	(162.5)
Volumes -15%	(67.5)	(153.8)	(241.7)

Illustrative liquidity forecast (NOKm) – Volume sensitivity applied to STCFF adj. BP incl. New Financing



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Sensitivity: Inventory

The graph illustrates the forecast liquidity in STCFF adj. BP incl. New Financing with applied sensitivity to inventory build-up in Aug and Dec each year, before operating cash need.

STCFF adj. BP incl. New Financing inventory:

- Aug25: NOK 341m, 7,209 units
- Aug26: NOK 353m, 8,157 units
- Aug27: NOK 381m, 10,189 units
- December 5,000 units closing balance every year

CB impact (NOKm)	FY25	FY26	FY27
+3,000 units	(29.2)	(26.7)	(26.8)
+2,000 units	(20.3)	(18.6)	(18.7)
+1,000 units	(10.2)	(9.3)	(9.4)
Base	-	-	-
-1,000 units	10.2	9.3	9.4
-2,000 units	13.8	12.1	12.2
-3,000 units	24.3	21.8	21.9

Illustrative liquidity forecast (NOKm) – Inventory sensitivity applied to STCFF adj. BP incl. New Financing

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Sensitivity: Accounts payable

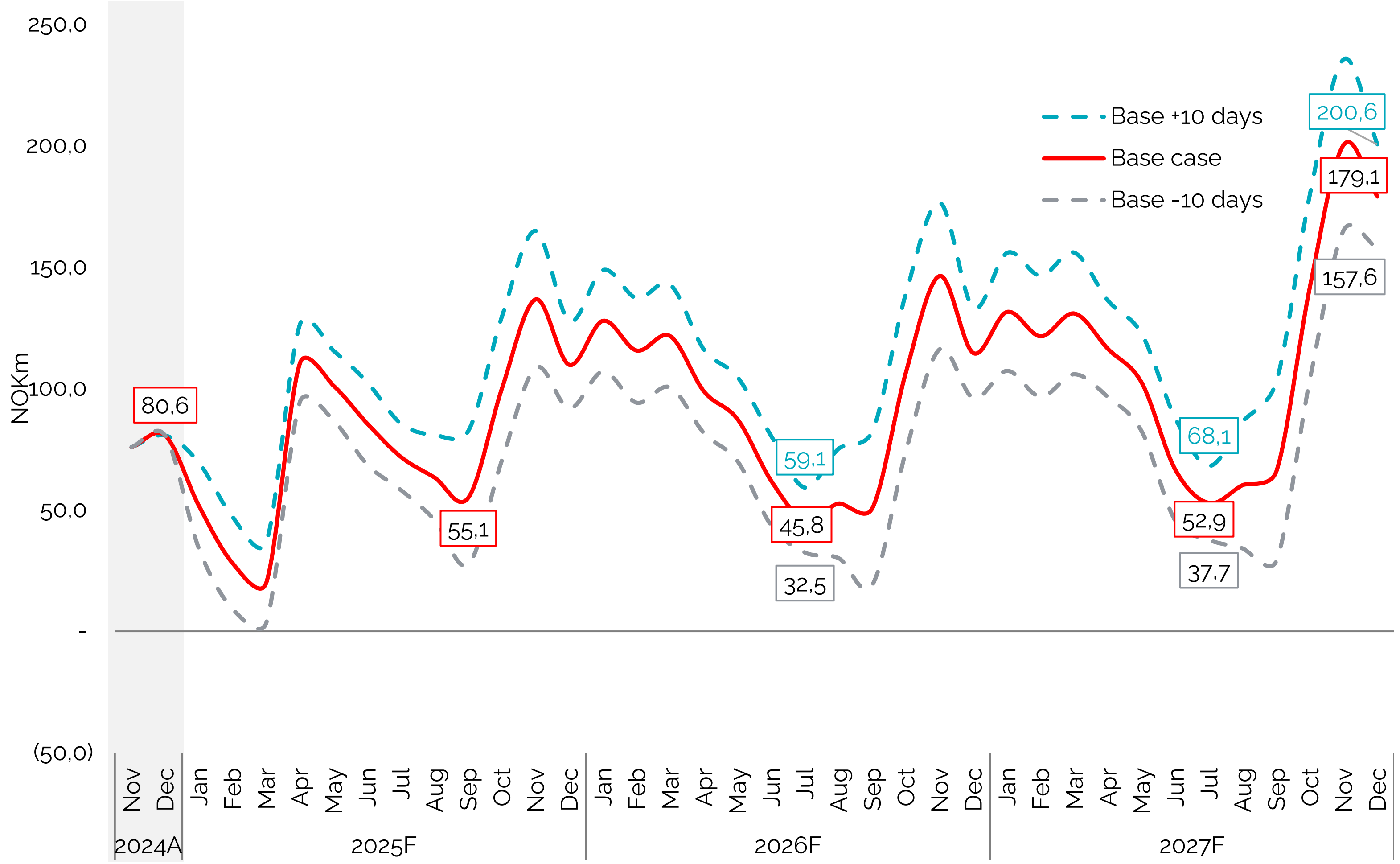
The graph illustrates the forecast liquidity in STCFF adj. BP incl. New Financing with applied sensitivity to DPO, __before__ operating cash need.

STCFF adj. BP incl. New Financing DPO:

- 50.7 days payable outstanding

CB impact (NOKm)	FY25	FY26	FY27
-15% / (7.6) days	(13.6)	(14.1)	(16.3)
-10% / (5.1) days	(9.1)	(9.4)	(10.9)
-5% / (2.5) days	(4.5)	(4.7)	(5.4)
Base	-	-	-
+5% / 2.5 days	4.5	4.7	5.4
+10% / 5.1 days	9.1	9.4	10.9
+15% / 7.6 days	13.6	14.1	16.3

Illustrative liquidity forecast (NOKm) – DPO sensitivity applied to STCFF adj. BP incl. New Financing



Sensitivity: Cost savings

The graph illustrates the forecast liquidity in STCFF adj. BP incl. New Financing with applied sensitivity to cost savings, <u>before</u> operating cash need.

STCFF adj. BP incl. New Financing Cost savings:

- FY25: NOK 48.4m
- FY26: NOK 36.1m
- FY27: NOK 24.9m

CB impact (NOKm)	FY25	FY26	FY27
Savings +15%	(7.3)	(12.7)	(16.4)
Savings +10%	(4.8)	(8.5)	(10.9)
Savings +5%	(2.4)	(4.2)	(5.5)
Base	-	-	-
Savings -5%	2.4	4.2	5.5
Savings -10%	4.8	8.5	10.9
Savings -15%	7.3	12.7	16.4

Illustrative liquidity forecast (NOKm) – Cost saving sensitivity applied to STCFF adj. BP incl. New Financing

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Summary of sensitivities

Summary of sensitivities (NOKm)

Cash impact FY25	-15%	-10%	-5%	Base	+5%	+10%	+15%
Volumes	(67.5)	(45.1)	(22.7)	-	23.1	47.5	71.1
Inventory	(29.2)	(20.3)	(10.2)	-	10.2	13.8	24.3
AP	(13.6)	(9.1)	(4.5)	-	4.5	9.1	13.6
Cost savings	(7.3)	(4.8)	(2.4)	-	2.4	4.8	7.3

Cash impact FY26	-15%	-10%	-5%	Base	+5%	+10%	+15%
Volumes	(153.8)	(104.5)	(50.8)	-	47.8	96.4	146.7
Inventory	(26.7)	(18.6)	(9.3)	-	9.3	12.1	21.8
AP	(14.1)	(9.4)	(4.7)	-	4.7	9.4	14.1
Cost savings	(12.7)	(8.5)	(4.2)	-	4.2	8.5	12.7

Cash impact FY27	-15%	-10%	-5%	Base	+5%	+10%	+15%
Volumes	(241.7)	(162.5)	(78.8)	-	77.8	156.6	234.9
Inventory	(26.8)	(18.7)	(9.4)	-	9.4	12.2	21.9
AP	(16.3)	(10.9)	(5.4)	-	5.4	10.9	16.3
Cost savings	(16.4)	(10.9)	(5.5)	-	5.5	10.9	16.4

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FY24 Key figures

Severe drop in profitability compared to prior year (LY) due mainly to drastic reduction in the volume of units sold

EBITDA dropping to NOK -48.6m (preliminary, unaudited) due to reduction of sales, while the savings in production fixed costs and SG&A had only a partial offsetting effect.

Cash generation was positive in 2024 however this is mostly on the account of significant **working capital release** (destocking) alongside NOK 80.0m of **RCF** drawn by year end (NOK 0 at the end of LY).

Production output reduced significantly due to actions to right-size the organization and to adjust to the lower demand from the key markets. Simultaneously, the Group has focused on reducing inventories, which had built up following the sudden contraction of demand which started in the second half of 2023.

Deliveries reflect the dynamics of the key markets and are ultimately the key reason of the poor financial performance.

Order book reduced to levels which are more representative to the seasonality effects, while at the end of LY the book still contained a small portion of backlog carried from the past. The current year closing order book should be considered reasonable given that most of the orders that it contains are with short term delivery dates. **New orders** are generally with short delivery dates.

FTEs have reduced following actions to right-size the organization to the new realities of weaker demand.

		Full year				
		AC *	BU	vs. BU%	LY	vs. LY%
P&L (kNOK)	Net sales	1,066,685	1,738,727	-38.7%	1,574,779	-32.3%
	Contribution margin	400,350	819,210	-51.1%	719,350	-44.3%
	Contribution margin %	37.5%	47.1%		45.7%	
	Production fixed costs	-220,307	-257,986	-14.6%	-254,416	-13.4%
	SG&A	-221,028	-254,547	-13.2%	-239,695	-7.8%
	Other operating (Chg. in inv of indir. costs)	-7,572	-4,352	74.0%	11,153	-167.9%
	EBITDA	-48,557	302,324	-116.1%	236,392	-120.5%
	EBITDA %	*-4.6%*	*17.4%*		*15.0%*	
Cash (kNOK)	Net cash flow	11,879			-62,370	-119.0%
	Opening cash balance	68,727			131,096	-47.6%
	Closing cash balance	80,606			68,727	17.3%
Operations	Production (units)	38,788	77,711	-50.1%	76,953	-49.6%
	Deliveries (units)	49,452	80,129	-38.3%	78,903	-37.3%
	Efficiency	57%	82%		60%	
Commercial	Order book (kNOK)	71,174			114,987	-38.1%
	New intake (kNOK)	1,022,872			1,205,025	-15.1%
HR	FTE	563	691	-18.5%	635	-11.3%

- Preliminary, unaudited figures.

Source: December management report prepared in mid-January 2025.

January 25 Key figures

Improved performance vs budget, mainly due to higher sales, and vs LY, mainly due to lower cost base

EBITDA overperforming vs budget and LY. **Sales** were higher than estimated in the first month of the budget and broadly in line with last year. Cost base lower mainly due to cost saving initiatives.

Cash generation was negative, however there is an unfavourable timing effect due to a certain accumulation of overdues at the end of December, and a partial catch-up in January. Interest on bonds not paid in January 2025, thus the Group is in default with the terms of the bond agreement.

Production output slightly lower than last year but above budget. For the full year, the volume of units produced is expected to increase with about 20% vs LY following gradual increase in sales (deliveries expected to increase with ~10% vs LY during the same period).

Deliveries broadly in line with last year and better than budget, denoting a better-than-expected start of the year, especially in North America and in the pellet markets in Europe.

Order book roughly at the level of the year-end 2024 balance, and should be considered reasonable for this time of the year. **New orders** in January slightly above the month's sales.

FTEs have reduced vs LY following actions to right-size the organization to the new realities of weaker demand. Vs budget, the FTE numbers are unfavourable, mainly due to the timing of the temporary layoffs in Norway (assumed to have a full month effect in the budget)

		January YTD					Full year				
		AC	BU	vs. BU%	LY	vs. LY%	FC	BU	vs. BU%	LY	vs. LY%
P&L (kNOK)	Net sales	99,854	84,357	18.4%	99,600	0.3%	1,155,090	1,155,090	0.0%	1,070,943	7.9%
	Contribution margin	46,600	35,403	31.6%	42,090	10.7%	502,271	502,271	0.0%	406,129	23.7%
	Contribution margin %	46.7%	42.0%		42.3%		43.5%	43.5%		37.9%	
	Production fixed costs	-17,441	-16,199	7.7%	-17,594	-0.9%	-197,270	-197,270	0.0%	-216,937	-9.1%
	SG&A	-16,538	-17,103	-3.3%	-21,356	-22.6%	-201,083	-201,083	0.0%	-225,952	-11.0%
	Other operating	-3,803	-1,554	144.7%	-3,595	5.8%	-3,804	-3,804	0.0%	-7,572	-49.8%
	EBITDA	8,818	546	1515.1%	-456	-2035.8%	100,113	100,113	0.0%	-44,331	-325.8%
	EBITDA %	*8.8%*	*0.6%*		*-0.5%*		*8.7%*	*8.7%*		*-4.1%*	
Cash (kNOK)	Net cash flow	-15,649			10,534	-248.6%					
	Opening cash balance	80,606			68,727	17.3%					
	Closing cash balance	64,957			79,261	-18.0%					
Operations	Production (units)	3,094	2,268	36.4%	3,314	-6.6%	46,674	45,847	2%	38,788	20%
	Deliveries (units)	4,381	4,091	7.1%	4,307	1.7%					
	Efficiency	63%	80%		57%						
Commercial	Order book (kNOK)	75,669			97,547	-22.4%					
	New intake (kNOK)	104,349			82,159	27.0%					
HR	FTE	480	453	5.9%	549	-12.6%					

Source: January management report prepared in mid-February 2025.

February 25 Key figures

Improved performance vs budget, mainly due to higher sales, and vs LY, mainly due to higher sales and lower cost base

On a YTD basis, **EBITDA** is overperforming vs budget and LY. **Sales** were higher than previously estimated in the first two months of the year mainly due to improved performance in key markets like Norway, North America and France. Cost base slightly above budget but substantially lower than LY mainly due to implemented cost saving initiatives.

Cash generation was negative, however there is an unfavourable timing effect due to a certain accumulation of overdues at the end of December, and a partial catch-up subsequently. Liquidity progression in line with expectations as the company is moving into the low season.

Production higher than budget and last year. For the full year, the volume of units produced is expected to increase with about 20% vs LY following gradual increase in sales (deliveries expected to increase with ~10% vs LY during the same period).

Deliveries better than budget and last year, denoting a good start of the year.

Order book somewhat on the lower end but not unreasonable for this time of the year, while **new orders** continue to trend above last year.

FTEs have reduced significantly vs LY following actions to right-size the organization to the new realities of weaker demand. Vs budget, the FTE numbers are slightly unfavourable.

		YTD					Full year				
		AC	BU	vs. BU%	LY	vs. LY%	FC	BU	vs. BU%	LY	vs. LY%
P&L (kNOK)	Net sales	194,144	162,293	19.6%	183,533	5.8%	1,155,090	1,155,090	0.0%	1,070,943	7.9%
	Contribution margin	86,626	68,486	26.5%	69,927	23.9%	502,271	502,271	0.0%	406,129	23.7%
	Contribution margin %	44.6%	42.2%		38.1%		43.5%	43.5%		37.9%	
	Production fixed costs	-33,744	-32,201	4.8%	-36,740	-8.2%	-197,270	-197,270	0.0%	-216,937	-9.1%
	SG&A	-35,350	-33,636	5.1%	-41,248	-14.3%	-201,083	-201,083	0.0%	-226,446	-11.2%
	Other operating	-5,769	-2,711	112.8%	-4,972	16.0%	-3,804	-3,804	0.0%	-7,572	-49.8%
	EBITDA	11,763	-62	-19124.0%	-13,033	-190.3%	100,113	100,113	0.0%	-44,825	-323.3%
	EBITDA %	*6.1%*	*0.0%*		*-7.1%*		*8.7%*	*8.7%*		*-4.2%*	
Cash (kNOK)	Net cash flow	-28,449			-9,365	203.8%					
	Opening cash balance	80,606			80,606	0.0%					
	Closing cash balance	52,157			71,241	-26.8%					
Operations	Production (units)	5,955	5,198	14.6%	4,942	20.5%	46,604	45,847	2%	38,788	20%
	Deliveries (units)	8,637	7,744	11.5%	8,158	5.9%					
	Efficiency	65%	85%		54%						
Commercial	Order book (kNOK)	63,053			94,420	-33.2%					
	New intake (kNOK)	186,023			162,966	14.1%					
HR	FTE	461	450	2.4%	526	-12.4%					

Source: February management report prepared in mid-March 2025.

Weekly sales – weeks 1 to 11

Year-to-date sales trending above budget and slightly above last year (with two less days than last year)

Net sales (before discounts)	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Total AC	Total BU	% vs BU	Total LY	% vs LY
	30/12 - 5/01	6/01 - 12/01	13/01 - 19/01	20/01 - 26/01	27/01 - 2/02	3/02 - 9/02	10/02 - 16/02	17/02 - 23/02	24/02 - 2/03	3/03 - 9/03	10/03 - 16/03	**30/12 - 16/03**	**30/12 - 16/03**		**1/01 - 17/03**	
	2 days	5 days	5 days	5 days	5 days	5 days	5 days	5 days	5 days	5 days	5 days	**52 days**	**52 days**		**54 days**	
Jøtul AS	2,079	6,146	6,360	7,400	6,708	8,018	5,680	6,750	9,332	4,012	5,839	**68,324**	**60,751**	**12%**	**76,734**	**-11%**
Jotul North America	-	4,320	5,176	5,649	5,874	2,656	4,745	4,869	5,573	1,589	2,881	**43,333**	**29,852**	**45%**	**35,970**	**20%**
Jotul France	5,309	8,421	5,972	9,613	9,957	9,363	7,166	5,662	6,803	4,834	5,431	**78,531**	**74,313**	**6%**	**86,943**	**-10%**
Jotul Italy	-	290	394	383	872	623	963	1,198	1,154	890	679	**7,445**	**6,748**	**10%**	**8,209**	**-9%**
Total Jotul Poland	2	606	1,455	1,592	1,010	1,392	2,113	953	4,448	327	458	**14,358**	**12,438**	**15%**	**8,757**	**64%**
AICO Italy	1,355	953	1,298	1,932	1,801	1,124	1,222	3,566	1,444	693	2,237	**17,626**	**17,750**	**-1%**	**11,873**	**48%**
Total Jøtul Group	**8,746**	**20,736**	**20,655**	**26,569**	**26,222**	**23,176**	**21,890**	**22,999**	**28,754**	**12,346**	**17,525**	**229,617**	**201,851**	**14%**	**228,486**	**0%**

Units sold	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Total AC	Total BU	% vs BU	Total LY	% vs LY
	30/12 - 5/01	6/01 - 12/01	13/01 - 19/01	20/01 - 26/01	27/01 - 2/02	3/02 - 9/02	10/02 - 16/02	17/02 - 23/02	24/02 - 2/03	3/03 - 9/03	10/03 - 16/03	**30/12 - 16/03**	**30/12 - 16/03**		**1/01 - 17/03**	
	2 days	5 days	5 days	5 days	5 days	5 days	5 days	5 days	5 days	5 days	5 days	**52 days**	**52 days**		**54 days**	
Jøtul AS	63	250	237	293	289	371	187	295	483	112	209	**2,789**	**2,707**	**3%**	**2,930**	**-5%**
Jotul North America	-	165	287	225	247	98	185	216	283	54	106	**1,866**	**1,703**	**10%**	**1,658**	**13%**
Jotul France	237	368	266	423	408	406	296	245	284	198	257	**3,388**	**3,566**	**-5%**	**4,003**	**-15%**
Jotul Italy	-	12	21	20	24	32	50	52	56	48	35	**350**	**363**	**-4%**	**436**	**-20%**
Total Jotul Poland	-	31	81	95	48	64	103	50	217	29	23	**741**	**664**	**12%**	**434**	**71%**
AICO Italy	89	27	37	88	50	37	40	153	53	18	85	**677**	**785**	**-14%**	**481**	**41%**
Total Jøtul Group	**389**	**853**	**929**	**1,144**	**1,066**	**1,008**	**861**	**1,011**	**1,376**	**459**	**715**	**9,811**	**9,788**	**0%**	**9,942**	**-1%**

JØTUL

Order intake – weeks 1 to 11

Order intake trending above last year in terms of both value and units booked

Order intake, kNOK	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Total AC	Total LY	% vs LY
	30/12 - 5/01	6/01 - 12/01	13/01 - 19/01	20/01 - 26/01	27/01 - 2/02	3/02 - 9/02	10/02 - 16/02	17/02 - 23/02	24/02 - 2/03	3/03 - 9/03	10/03 - 16/03	**30/12 - 16/03**	**1/01 - 17/03**	
	2 days	5 days	5 days	5 days	5 days	5 days	5 days	5 days	5 days	5 days	5 days	**52 days**	**54 days**	
Jøtul AS	3,020	5,882	5,969	8,195	10,503	6,136	6,502	6,077	8,113	5,265	4,467	**70,127**	**65,824**	**7%**
Jotul North America	-	7,443	8,908	2,576	8,447	3,798	4,544	3,242	5,823	2,142	3,618	**50,540**	**44,996**	**12%**
Jotul France	5,021	5,462	6,691	6,088	5,625	5,885	5,286	5,357	4,613	5,291	10,968	**66,287**	**73,788**	**-10%**
Jotul Italy	-	81	731	325	1,237	1,245	423	1,327	1,971	972	1,323	**9,634**	**10,130**	**-5%**
Jotul Poland	476	964	3,373	3,251	1,075	519	2,157	1,410	1,128	2,272	370	**16,995**	**8,686**	**96%**
AICO Italy	775	666	2,472	1,005	537	3,432	1,015	2,637	2,239	3,024	1,656	**19,458**	**17,990**	**8%**
Total Jøtul Group	**9,292**	**20,497**	**28,142**	**21,440**	**27,424**	**21,016**	**19,927**	**20,050**	**23,886**	**18,965**	**22,402**	**233,041**	**221,414**	**5%**

Order intake, units	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Total AC	Total LY	% vs LY
	30/12 - 5/01	6/01 - 12/01	13/01 - 19/01	20/01 - 26/01	27/01 - 2/02	3/02 - 9/02	10/02 - 16/02	17/02 - 23/02	24/02 - 2/03	3/03 - 9/03	10/03 - 16/03	**30/12 - 16/03**	**1/01 - 17/03**	
	2 days	5 days	5 days	5 days	5 days	5 days	5 days	5 days	5 days	5 days	5 days	**52 days**	**54 days**	
Jøtul AS	126	243	232	333	545	269	259	223	357	228	156	**2,971**	**2,347**	**27%**
Jotul North America	-	308	442	97	323	126	180	110	307	80	133	**2,106**	**2,214**	**-5%**
Jotul France	208	236	287	270	226	271	216	224	200	234	537	**2,909**	**3,471**	**-16%**
Jotul Italy	-	7	42	5	50	60	35	46	97	75	49	**466**	**547**	**-15%**
Jotul Poland	30	52	161	189	45	28	104	82	63	98	44	**896**	**411**	**118%**
AICO Italy	39	15	106	46	(24)	114	76	154	108	152	71	**857**	**804**	**7%**
Total Jøtul Group	**403**	**861**	**1,270**	**940**	**1,165**	**868**	**870**	**839**	**1,132**	**867**	**990**	**10,205**	**9,794**	**4%**

JØTUL

Factoring facilities overview

Until the end of 2024, factoring was used in Jotul AS (for Norwegian and Swedish customers), Jotul France, and AICO Italy. Jotul AS and Jotul France have non-recourse factoring, while in AICO Italy the solution is a mix between non-recourse and recourse, the later being predominant.

Factofrance is the legacy solution implemented by the Group back in 2018. **General Finance** was used by AICO Italy in the past years but is discontinued as the entity is being onboarded to the Factofrance contract.

With the onboarding of the two Italian entities to the Factofrance factoring agreement, the total about of the facility was increased from EUR 9.0m to EUR 13.0m.

As of 31 Jan 2024

Solution provider	Entity	Facility amount	Amount drawn		
			W/o recourse	With recourse	Total
Factofrance	Jøtul AS	5,000.0	2,696.0	-	**2,696.0**
Factofrance	Jotul FR *	4,000.0	3,058.0	-	**3,058.0**
General Finance	AICO IT	7,000.0	-	1,081.7	**1,081.7**
All	**Total Jøtul Group**	**16,000.0**	**5,754.0**	**1,081.7**	**6,835.7**

From Jan 2025

Solution provider	Entity	Facility amount
Factofrance	Jøtul AS	5,000.0
Factofrance	Jotul FR *	2,000.0
Factofrance **	AICO IT + Jotul IT	6,000.0
All	**Total Jøtul Group**	**13,000.0**

* No contractual limit. Can draw up to the total unused facility available to the Group.
** Contract signed in January, but no receivables transferred yet. Implementation in progress and the goal is to start in March/April.

RISK FACTORS (1/5)

Risk factors deemed to be of importance for Jøtul AS, incorporated in Norway (the ***"Issuer"****) and its direct and indirect subsidiaries (the* ***"Group"****). The Group operates through all of its subsidiaries. Hence, the same risks are applicable to each member of the Group, including the Issuer, and no specific risk factor is applicable only to the Issuer. If any of these risks or uncertainties actually occurs, the business, operating results and financial position of the Group could be materially and adversely affected, which could have a material adverse effect on the Group's ability to meet its obligations (including payment of interest and repayment of principal) under the bond terms of the new senior secured bonds to be issued by the Issuer (the* ***"Bonds"****), including both a floating and fixed rate tranche. Unless defined otherwise in these risk factors, defined terms in these risk factors shall have the same meaning as in the term sheet setting out the terms for the Bonds (the* ***"Term Sheet"****) or in the final bond terms of the Bonds to be entered into by the Issuer and the Agent (as defined therein) (the* ***"Bond Terms"****) (as applicable). The risk factors presented below are categorised as "RISKS RELATING TO THE GROUP" or "RISKS RELATING TO THE BONDS" on the basis of whether they pertain to the Group or to the Bonds. The risk factors categorised as "RISKS RELATING TO THE GROUP", are categorised as risk factors pertaining to the Group and not as risk factors pertaining to the Issuer, as a major part of the business operations of the Group are conducted by the Issuer's subsidiaries. The risks presented herein are not exhaustive, and other risks not discussed herein, not currently known or not currently considered to be material, may also affect the Group's future operations, performance and financial position, and consequently the Group's ability to meet its obligations under the Bond Terms. Potential investors should consider carefully the information contained in this section and make an independent evaluation before making an investment in the Bonds. The assessment of the materiality of the risk factors have been based on the probability of their occurrence and the expected magnitude of their adverse impact. The assessment of the materiality and probability for each risk factor has been made by the Issuer.*

RISKS RELATING TO THE GROUP

Market specific risks

Suppliers and raw material

The Group's ability to service its customers depends on the availability and timely supply of products from external suppliers. Inability to maintain a national and international logistic network for customer deliveries or other problems with regard to supplies, such as delays, may have adverse consequences for customer relations, etc. resulting in an adverse effect on the Group's net sales, earnings and financial position. Further, the Group is dependent on certain suppliers for its ongoing manufacturing. The Group is currently experiencing higher production costs, which adversely effects the Group's earnings and financial condition. As of the date of this Presentation, the Group has five to ten important supplier agreements in place, some of which constitute the Group's sole supplier of the relevant raw material or component (as applicable). If any of these agreements are terminated, the manufacturing process of the relevant products could be delayed and/or permanently stopped until such agreement is either re-instated or a contract with a new supplier has been entered into. Such stoppage in production may lead to a material adverse effect on the Group's business, earnings and financial position as well as the Group's reputation for reliability, as such stoppage in production may result in the Group not being able to deliver its products to its customers in time.

The Group is also exposed to risks relating to fluctuations in e.g. the prices of raw materials or specific components used in the Group's production and the price relating to the power supply needed to operate the Group's production sites. If the Group is unable to add its production costs on to its end customers, any significant and/or lengthy increase in the price of raw materials, specific components used in the Group's production or relating to the power supply would have a significant negative effect on the Group's business and earnings.

Production error

The Group's business is susceptible to risks associated with production errors, particularly in the manufacturing of fireplaces. If a component of the fireplace is incorrectly produced, it can lead to significant safety hazards, including the risk of overheating, fire or emission of harmful particles. Such errors may necessitate costly recalls or repairs, adversely affecting the Group's reputation and customer trust. The financial implications of addressing these errors, including potential legal liabilities and compensation claims, could materially impact the Group's earnings and financial position. Furthermore, production errors can disrupt supply chains, leading to delays in delivery and affecting customer satisfaction and retention.

Export risks / tariffs

The Group's operations and financial performance are significantly influenced by international trade dynamics, including tariffs and export regulations. As the Group engages in cross-border sales and distribution, it faces several risks associated with tariffs and export restrictions that could adversely affect its business. Changes in tariff policies by governments can lead to increased costs for importing raw materials or exporting finished products. Higher tariffs may reduce the competitiveness of the Group's products in international markets, potentially leading to decreased sales and profitability. Furthermore, the Group's operations are subject to international trade agreements and policies. Any changes or termination of these agreements could disrupt supply chains, increase costs, and impact market access. These factors could impact the Group's competitiveness, market access, and financial performance. The recently announced US tariffs on steel and aluminum products may have an unfavourable impact of up to ~500k USD in 2025. Jøtul is exploring opportunities to partially offset such effects with price increases.

Seasonality of the Group's business may lead to volatility in cash flow

The Group's business is exposed to and is affected by seasonal variations in temperature. Weather conditions vary between seasons over the course of the year but also between individual years. Historical spikes in the demand for the Group's products have been caused by natural catastrophes and extremely cold weather which impact the overall heating infrastructure. Conversely, there is a risk that warm seasons and warmer than average winters could decrease the consumers' interest and demand for stoves and fireplaces and may result in low cash flow. Further, changes in weather conditions can also impact demand through their influence on energy prices. For example, precipitation has a direct effect on energy prices due to its impact on hydroelectric power.

The demand for the products sold by the Group is strongly influenced by the prevailing climate and the Group's sales increases significantly during long and cold winters. The Nordics, USA, France Germany and Italy being the Group's most important markets, have suffered many warm winters in a row, resulting in a negative impact on the Group's sales and as a result, the operations and financial results of the Group. There is a risk that future temperature increases, and overall climate changes will have a negative impact on the liquidity and cash flow of the Group.

These seasonal variations are beyond the Group's control and can significantly affect the Group's liquidity and cash flow which in turn can have a material adverse effect on the Group's business, earnings and financial position.

Macroeconomic and regional specific factors

The economic situation on the global market affects the Group's business, result and financial position as the Group operates business in multiple geographic markets such as Norway, Poland, France, USA and Italy. The demand for the Group's products and services depends on the level of planned capital and maintenance expenditures by the end customers. The level of capital and maintenance expenditures, such as house building and property renovation, by the end customers depends, in turn, on general economic conditions, availability of credit and economic conditions. Adverse changes in the economy may accordingly have a material negative effect on the Group's business, earnings or financial position.

The Group is dependent upon its ability to produce, sell and develop new products and services and render such products and services successful within existing and new market segments at certain volumes. A decrease in demand for the Group's products as a result of an economic downturn could have a material negative effect on the Group's business, earnings or financial position.

The Group must also be able to develop its existing products in order to stay competitive and to avoid losing market shares to competitors. Research and development efforts of new products are costly and always entail a risk of unsuccessful commercialisation. In addition, there is a risk that the Group is not successful in its attempts to preserve and develop its product segment If not successful in the aforementioned fields, this may have an adverse effect on the Group's business, earnings or financial position.

Pandemics and ongoing war and military conflicts may also affect the economy in general and may, inter alia, result in increased cost of supplies of the Group. If one or several of these factors would develop negatively, this could have a significant negative impact on the Group's business, financial position and results of operation.

RISK FACTORS (2/5)

Risks related to technological developments

The industry in which the Group operates has been, and is expected to continue to be, characterised by new, stricter environmental regulations, such as the EcoDesign directive in the EU, the new pan-European EN16510 standard and the EPA 2020 regulation in US, and consumer awareness that have resulted in, and will likely continue to result in, improvements in function and performance of the Group's products, such as higher efficiency and lower emission of harmful particles. As a result, the future success and profitability of industry participants will to certain extent be dependent upon its development capabilities to address the increasingly sophisticated needs of its customers and anticipate changes in technology and industry standards, and to respond to technological developments and stricter environmental regulations in a timely manner. Further, a part of the Group's resources will need to be spent on updating old products to abide by the new aforementioned emission standards to be introduced. If the Group is not successful in developing its products, as well as keeping its existing products up to industry standards, in a timely and cost-effective manner, this could materially adversely affect the Group's business and financial conditions.

Competition

The Group operates on a variety of local and international markets that are highly competitive, with a variety of heating sources, such as electrical water heating, heat pumps, oil/gas/water heating and room heating. Companies in the industry compete by price, availability, time to delivery, innovations, design and quality of goods, but also by other competitive factors such as production capacity, up to date technology and market penetration. The Group has a number of competitors across different product categories, segments and geographic markets. It cannot be ruled out that these competitors will grow to be stronger in the future, for example, by means of further consolidation in the market or that these competitors would not take any additional competitive actions against the Group.

The demand for the Group's products is in the short term mainly influenced by local outside temperatures and the cost development for alternative heating sources (e.g. electricity, gas and oil). In the long term, market growth is driven primarily by climate changes, the willingness of consumers to invest in homes, as well as an increased focus on reduction of local particle emissions and the use of renewable energy. There is a risk that the Group may not adapt to the short term and long term demands of the intended end customers as efficiently as the Group's competitors, which can result in the Group losing market shares or not establishing it on new markets which in turn would have a material adverse effect on the Group's business, earnings and financial position.

Exposure to currency fluctuations

The Group's revenue and cash flow is primarily denominated in, inter alia, EUR, GBP, NOK, PLN, SEK and USD while the Group reports its financial results in NOK. The exchange rates between some of these currencies and NOK have fluctuated significantly in recent years and the Group's local currencies may in the future fluctuate significantly. For example, if the NOK were to increase by 10 per cent relative to EUR, this would mean a loss of approximately NOK 15,000,000 for the Group based on the interim report for the financial quarter ending 30 September 2024. As per the date of this Presentation, the Issuer does not hold any hedging arrangements for its current foreign exchange rate exposures. The Group tries to match the currency for its assets and liabilities. To the extent that foreign exchange rate exposures are not hedged, the assets and liabilities remain unmatched or adequately transferred to the end consumers of the Group, fluctuations in currencies may adversely affect the Group's financial results in ways unrelated to the operations and could affect the Group's financial statements when the results are translated into NOK for reporting purposes.

Further, due to the international reach of the Group both in Europe and in the USA, and considering that the Group purchases material for its products from foreign suppliers in different currencies and sells products to customers in different currencies, the Group is exposed to risks relating to currency fluctuations. As the Issuer does not hold any hedging arrangements towards foreign currency exposure, there is a risk that a devaluation or appreciation in a currency that the Group has exposure towards (as applicable) results in a reduced value of the Groups local monetary assets and generate local currency losses, which in turn would have an adverse effect on the Group's business, earnings or financial position.

Alternative heating costs

Households tend to evaluate alternative heating sources based on the current energy prices in order to reduce the overall household costs. Energy prices in respective markets, including fossil fuels such as oil as well as natural gas and electricity prices, have a strong impact on the demand for stoves and fireplaces. There is a risk that lower energy prices on alternative heating sources could decrease the consumer's interest and demand for the Group's products. The Group cannot predict the impact of changing demand of alternative heating sources, and changes in energy prices for alternative heating sources may have a material adverse effect on the Group's business, earnings and financial position, e.g. with respect to cash flows.

Group and business specific risks

Risk relating to the Group's business plan and funding need

The Group's funding need is estimated based on its business plan (which again is based on several underlying assumptions which are highly uncertain and based on Group expectations and estimates) and capital structure. Some key underlying drivers in the business plan are the number of units sold, the price obtained per unit sold, operational cost and cost cutting measures initiated. Should the Group's business plan not be met there is a risk that additional financing may be needed. This may result in increased financial risk and, in worst case, insolvency.
The Group has embarked on several commercial acceleration initiatives aimed at enhancing market presence, increasing sales, and ensure growth. These initiatives are critical to achieving strategic objectives and improving the Group's competitive and financial position. However, there is a risk that these initiatives may not be successfully implemented or meet the Group's expectations, which could have several adverse consequences for the Group including its financial position and future prospects.

Risks relating to production

The majority of the Group's production activities are located in Poland. In addition to the production in Poland, the Group has production sites in USA, Norway and France. The result of having multiple productions site across the globe is an expensive infrastructure for production due to higher rents, higher salaries, an inflexibility to adjust the workload due to stricter labour regulations and the requirements to adhere to strict governmental regulations and controls with regard to environmentally friendly production. The various regulatory requirements in each country also result in increased costs for the Group's continuous work with legal compliance. Having the production in the aforementioned countries could also become a competitive disadvantage for the Group as the Group's products becomes relatively expensive. Further, the Group's business is very cyclical to its nature and the Group's current organisation and cost structure is oversized and inflexible given current volumes, which could make the adjustment of the business to market fluctuations difficult. With challenging external market conditions, the profitability may therefore come under pressure. Should the Group not be successful in identifying, and execute identified, opportunities for cost reduction in its production and infrastructure, there is a risk that this will have an adverse effect on the Group's business, earnings and financial position. In addition, cost reduction action, such as outsourcing to low cost countries and lay offs, may negatively affect the perception of the Group's brands, resulting in adverse effects on the Group's business, financial position or results of operations.

Damage to warehouse facilities and factories

The Group manages several factories for its productions in Poland, USA, Norway and France. If one of the Group's material factories or the equipment therein would be damaged, for example as a result of fire, or if any of the factories would have to close, the Group may suffer losses and delays in delivery, which in turn could adversely affect the Group's business, financial condition and results of operations.

Borrowing by the Group and interest risk

The Group has incurred and have a right to, in compliance with the limits set out in the final Bond Terms of the Bonds, further incur financial indebtedness to finance its business operations. There is a risk that such financing generates interest costs which will be higher than the gains produced by the investments made by the Group.

RISK FACTORS (3/5)

If interest rates increase, the Group's current financial costs will also increase, which will have a negative effect on the Group's liquidity. The Group has previously experienced difficulties in finding refinancing sources with favourable interest rates. Borrowing money to make investments will increase the Group's exposure to the loss of capital and higher interest expenses. Interest on the Group's borrowings from time to time is subject to fluctuations in the applicable interest rates. Higher interest rates could affect the Group's operations, earnings and financial position.

Risks relating to the Group's factoring arrangements

The Group's financial operations are significantly reliant on factoring arrangements, which are used to manage cash flow and liquidity across various subsidiaries, including the Issuer, Jotul France, Jotul Italy and AICO Italy. The dependency on factoring facilities introduces risks in connection to the Group's ability to draw funds under the factoring agreements, which is contingent upon the creditworthiness of its customers and the factoring provider. Any deterioration in customer payment behaviour or the financial stability of the factoring provider could adversely affect the Group's liquidity and financial position.

Insurance

The Group is exposed to various types of risks, such as product liability, environmental risk, property damage, third party liability and business interruption, including events caused by natural disasters and other events beyond the Group's control. The Group may in such case be required to pay for losses, damages and liabilities out of own funds, which could materially and adversely affect its business, earnings and financial position. Even if the insurance coverage would be adequate to cover direct losses, the Group may not be able to take remedial actions or other appropriate measures. Furthermore, the Group's claim records may affect the premiums which insurance companies may charge in the future. In addition, the Group's current insurance coverage could be cancelled or become unavailable on reasonable economic terms in the future. Materialisation of these risks may have an adverse effect on the Group's business, earnings, and financial position as well as future prospects.

There is also a risk that cost of ensuring sufficient insurance cover may increase due to the limited number of insurance providers willing to insure the business and products of the Group. If the Group's insurance premiums would increase, there is a risk that it could have an adverse effect on the earnings, operations and liquidity of the Group.

Changes in legislation and regulations

A number of legislations and regulations, competition regulations, and environmental regulations, taxes and rules can affect the business conducted by the Group and the Group must observe and comply with a vast number of laws and regulations relating to the regulatory environment for the industry in which the Group operates. New or amended legislations and regulations could call for unexpected costs or impose restrictions on the development of the business operations or otherwise affect net sales, which could have an adverse effect on the Group's business and results of business operations. As previously mentioned under section "Risks related to technological developments", the EcoDesign standard has been implemented throughout the European Union during 2022 and the Group must comply with such new standard and regulatory framework. Compliance with these or other new standards may result in increased R&D costs as well as the need for other investments for the purpose of ensuring compliance with the new regulations and standards. Increased R&D costs and costs for necessary investments which cannot be transferred to the end customers when selling the Group's products can have an adverse effect on the Group's liquidity, cash flow and earnings.

Risks related to expansion of the product portfolio

As the Group has experienced over the past years and decades significant growth, expansion and recognition on its current markets, especially the Norwegian market, the Group may, in the future, experience saturated markets with regard to their current product portfolio and can only achieve further growth through new products, products improvements and/or establishment on new markets. As a result, the Group may experience strains on operational and financial resources associated with development of products and establishment on new markets to cover different sections of the market. Hence, there is a risk that the Group invests time and financial resources in expansion strategies and the development of new products which turn out not to be successful, which would have an adverse effect on the Group's business, results of operations and financial position.

Counterparty risk and dependency on sellers

Counterparty risk is the risk that the counterparty of a contract will not live up to its contractual obligations. The Group only conducts business to business and is therefore exposed to counterparty risk in all of its contracts. Should any of the Group's dealers experience a deterioration in their financial position, they may not be able to meet their payment obligations under the customer agreements which could have a material adverse effect on the Group's earnings and financial position.

Further the Group is largely dependent on its dealers' knowledge, experience and commitment to meet sales targets on the local markets, and having a well motivated and loyal dealer network is essential in the respect that the Group's products are properly marketed towards customers. The products are sold through the Group's own sales companies and distributors. In the event that key sales personnel leave the Group, the sales may decrease which would have a negative effect on the Group's business, results of operations and financial position. In the event the Group's dealers fail to act and perform in accordance with expectations, or should the Group not be successful in maintaining its relations with its dealers, this could have an adverse effect on the Group's business, results of operations and financial position.

Protection of know-how and loss of key employees

The Group's future development depends largely on the skills, experience and commitment of its key employees and advisers. Persons employed by the Group also have a comprehensive knowledge of the industry in general and of the Group in particular. It is important for the Group's future business activities and development that the Group is able to retain, and where necessary also recruit, skilled personnel and to provide relevant incentives for its personnel in order to keep their key employees and management. If the Group should become unable to retain or recruit such personnel, there is a risk that it has an adverse impact on the Group's operations and results.

Dependency on trademarks

The Group is dependent upon its brands and marketing and the Group is exposed to the risk of lost market appeal. A decline in the market appeal of the Group (including its brands) may derive from, amongst other things, a poor product offering, negative publicity concerning the brands (whether or not it is justifiable) or lack of investments in the products in order to keep them updated and attractive for the customers. There is a risk that the Group fails to build and maintain its brand perception resulting in adverse effects on the Group's business, financial position or results of operations.

Environment

The Group's business includes risks associated with running of industrial factories. The Group is exposed to risks of liability under e.g. environmental laws and regulations due to the production, storage, transportation, disposal and sale of materials that can cause contamination or personal injury if released into the environment. Furthermore, the Group is also required to maintain compliance with international and national standards relating to e.g. efficiency and emission related requirements imposed on the wood stove manufacturing industry.

Compliance with environmental laws involves cost of the manufacturing, cost of registration/approval requirements, costs of transportation and storage of raw materials and finished products, as well as the costs of the storage and disposal of wastes. The Group may furthermore incur substantial costs, including fines, damages, criminal or civil sanctions and remediation costs for violations arising under environmental laws. In addition, the discovery of contamination arising from historical industrial operations at some of the Group's former and present factories may expose the Group to clean-up obligations and other damages. There is a risk that non-compliance with environmental laws and liability arising in connection with any personal injuries or damages and damages to the environment may have a material negative effect on the Group's business, result and financial position.

Legal disputes and litigations

The Group is not currently involved in any material legal disputes or litigations. As the Group sells products that may constitute a risk to consumers, there is a risk that the Group may be held liable for damages on consumers and their property, with material costs, negative publicity and a damaged brand perception as a consequence. These risks relating to product liability may, if they materialise, have a material adverse effect on the Group's business, earnings and financial position.

RISK FACTORS (4/5)

Disputes of different kinds can be time consuming, disrupt normal operations, involve large amounts and result in considerable costs and reputational risks, which would have a negative effect on the Group's business, financial position and results of operation.

Tax

The Group conducts its business in accordance with its interpretation of applicable tax regulations and applicable requirements and decisions. It is possible that the Group's or its advisors' interpretation and the Group's application of laws, provisions, judicial practice has been, or will at some point be, incorrect or that such laws, provisions and practice will be changed, potentially with retroactive effect. There is a risk that if such an event should occur, the Group's tax liabilities can increase, which negatively effects the Group's earnings and financial position.

RISKS RELATING TO THE BONDS

Credit risks

Investors in the Bonds carry a credit risk towards the Group. The investor's ability to receive payment under the Bonds is therefore dependent on the Issuer's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position. The Group's financial position is affected by several factors of which some have been mentioned above.
There is a risk that an increased credit risk will cause the market to charge the Bonds a higher risk premium, which will affect the Bonds' value negatively. Another aspect of the credit risk is that there is a risk that a deteriorating financial position of the Group will reduce the Group's possibility to receive debt financing at the time of the maturity of the Bonds.

Refinancing risk

There is a risk that the Issuer will be required to refinance certain or all of its outstanding debt, including the Bonds. The Issuer's ability to successfully refinance its debt depends, among other things, on the conditions of the debt capital markets and its financial condition at such time. Even if the debt capital markets improve, there is a risk that the Issuer's access to financing sources will not be available on favourable terms, or at all. Should the Issuer be unable to refinance its debt obligations on favourable terms, or at all, it would have a material adverse effect on the Group's business, financial condition and results of operations and on the bondholders' recovery under the Bonds.

Interest rate risks

The Bonds' value depends on several factors, one of the most significant over time being the level of market interest. The Bonds will bear a floating rate interest based on three-month NIBOR and margin. Hence, the interest rate is to a certain extent adjusted for changes in the level of the general interest rate. There is a risk that an increase of the general interest rate level will adversely affect the value of the Bonds. The general interest rate level is to a high degree affected by the Norwegian and the international financial development and is outside the Group's control.

Ability to service debt

The Issuer's ability to service its debt under the Bonds will depend upon, among other things, the Group's future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond the Group's control. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take actions such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. There is a risk that the Group will not be able to affect any of these remedies on satisfactory terms, or at all. This would have a negative effect on the Group's operations, earnings, results and financial position.

Risks relating to the transaction security

Although the Issuer's obligations towards the Investors under the Bonds will be secured by, inter alia, first priority pledges over the shares in the Issuer and certain Group companies as well as security over certain intragroup loans from the Issuer to any subsidiary, it is not certain that the proceeds of any enforcement sale of the security assets would be sufficient to satisfy all amounts then owed to the Investors.

The bondholders will be represented by Nordic Trustee AS as security agent (the **"Agent"**) in all matters relating to the transaction security. There is a risk that the Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the transaction security. Further, the transaction security is subject to certain hardening periods during which times the bondholders do not fully, or at all, benefit from the transaction security. The risk of clawback and hardening periods increases when the Issuer is issuing new bonds, as opposed to refinancing existing debt. Security interests granted to bondholders during the hardening period may be at risk of being invalidated or reduced in priority if challenged during insolvency proceedings. This could result in bondholders not fully benefiting from the transaction security, thereby affecting their recovery prospects.

The Agent is entitled to enter into agreements with members of the Group or third parties or to take any other action necessary for the purpose of maintaining, releasing or enforcing the transaction security or for the purpose of settling, among other things, the bondholders' rights to the security.

Risks relating to enforcement of the transaction security

If the Issuer or any of its subsidiaries, which shares have been pledged in favour of the bondholders, is subject to any foreclosure, dissolution, winding up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceedings, the shares that are subject to such pledge may then have limited value because all of the subsidiary's obligations must first be satisfied, potentially leaving little or no remaining assets in the subsidiary for the bondholders. As a result, the bondholders may not recover the full value (or any value in the case of an enforcement sale) of the shares. In addition, the value of the shares subject to pledges may decline over time.

The value of any intra group loan granted by the Issuer to any subsidiary, which is subject to security in favour of the bondholders, is largely dependent on such subsidiary's ability to repay its loan. Should such subsidiary be unable to repay its debt obligations upon an enforcement of a pledge over the intra group loan, the bondholders may not recover the full or any value of the security granted over the intra group loan.

If the proceeds of an enforcement are not sufficient to repay all amounts due under or in respect of the Bonds, then the bondholders will only have an unsecured claim against the Issuer and its remaining assets (if any) for the amounts which remain outstanding under or in respect of the Bonds.

Risks related to intercreditor arrangement

The Issuer has the possibility to incur additional debt under a super senior revolving credit facility (the "Super Senior RCF") which will, in accordance with the terms of an Intercreditor Agreement (as defined below), rank senior to the Bonds. Further, the Issuer may incur additional financial indebtedness which also will rank pari passu with the Bonds. The relation between certain of the Issuer's creditors (jointly the "Secured Creditors") and a security agent is governed by an intercreditor agreement (as amended and restated, the "Intercreditor Agreement"). Although the obligations under the Bonds and certain other obligations of the Group towards the bondholders and the Secured Creditors (if any) will be secured by first priority security, there is a risk that the proceeds of any enforcement sale of the security assets will not be sufficient to satisfy all amounts then owed to the Secured Creditors. Furthermore, if the Issuer issues additional Bonds, the security position of the current bondholders may be impaired.

The security agent will in accordance with the Intercreditor Agreement in some cases take instructions from a super senior representative under the Super Senior RCF (if any). There is a risk that the security agent and/or a super senior representative under the Super Senior RCF will act in a manner or give instructions not preferable to the bondholders. In addition, the security agent will in some cases take instructions from a senior representative, being those senior creditors whose senior debt at that time aggregate to more than 50 per cent of the total senior debt. If the outstanding senior debt towards other senior creditors than the bondholders exceed the obligations under the Bonds, the bondholders will therefore not be in a position to control the enforcement procedure.

If the outstanding obligations of the Group towards other Secured Creditors than the bondholders increase, there is a risk that the security position of the bondholders is impaired.

RISK FACTORS (5/5)

Furthermore, there is a risk that the security will not at all times cover the outstanding claims of the Secured Creditors.

The Intercreditor Agreement will also contain provisions regarding the application of proceeds from an enforcement of security where any agent will receive payments first, secondly any creditor under any super senior debt, thirdly any creditor pro rata under any senior debt (including the bondholders under the new money tranche), fourthly any creditor under the elevated tranche and lastly any creditor under any shareholder, intercompany and subordinated debt. There is a risk that the enforcement proceeds will not be sufficient in order for the Issuer to satisfy the waterfall provisions above.

Risks related to early redemption and partial repayment of the Bonds

Under the Bond Terms, the Issuer has reserved the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed or partially repaid before the final redemption date, the holders of the Bonds have the right to receive an early redemption amount or a premium on the repaid amount (as applicable) which exceeds the nominal amount in accordance with the Bond Terms. However, there is a risk that the market value of the Bonds is higher than the early redemption amount or the repayment amount (including the premium) (as applicable) and that it may not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate.

In addition, a partial repayment of the Bonds may affect the liquidity of the Bonds and may have a negative impact on the market value of the Bonds, which could result in bondholders' difficulties to sell the Bonds (at all or at reasonable terms).

It is further possible that the Issuer will not have sufficient funds at the time of the mandatory prepayment to carry out the required redemption of Bonds.

The Issuer is dependent on its subsidiaries

A significant part of the Group's assets and revenues relate to the Issuer's subsidiaries. Accordingly, the Issuer is dependent upon receipt of sufficient income and cash flow related to the operation of and the ownership in the subsidiaries to enable it to make payments under the Bonds. Consequently, the Issuer is dependent on the subsidiaries' availability of cash, and their legal ability to make dividends. The subsidiaries are legally distinct from the Issuer and have no obligation to make payments to the Issuer of any profits generated from their business. The ability of the subsidiaries to make payments to the Issuer is restricted by, among other things, the availability of funds, corporate restrictions and legal restrictions (e.g. limitations on value transfers). Should the Issuer not receive sufficient income from its subsidiaries, there is a risk that the bondholder's ability to receive payment under the Bond Terms and the Group's financial condition may be adversely affected.

The Group or its assets may not be protected from any actions by the creditors of any subsidiary of the Group, whether under bankruptcy law, by contract or otherwise. In addition, defaults by, or the insolvency of, certain subsidiaries of the Group could result in the obligation of the Group to make payments under parent company financial or performance guarantees in respect of such subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Group.

Put option

According to the Bond Terms, the Bonds are subject to prepayment at the option of each bondholder (put option) if any person or group of persons, acting in concert gains decisive influence over the Issuer's holding company. There is, however, a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds which could adversely affect the Issuer, e.g. by causing insolvency or an event of default under the Bond Terms, and thus adversely affect all bondholders and not only those that choose to exercise the option.

No action against the Issuer and bondholders' representation

In accordance with the Bond Terms, the Agent will represent all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from the Issuer and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action. However, there is a risk that an individual bondholder, in certain situations, could bring its own action against the Issuer (in breach of the Bond Terms), which could negatively impact an acceleration of the Bonds or other action against the Issuer.

The rights of bondholders depend on the Agent's actions and financial standing

By subscribing for, or accepting the assignment of, any Bond, each holder of a Bond will accept the appointment of the Agent (being on the issue date Nordic Trustee AS) to act on its behalf and to perform administrative functions relating to the Bonds. The Agent shall have, among other things, the right to represent the bondholders in all court and administrative proceedings in respect of the Bonds. However, the rights, duties and obligations of the Agent as the representative of the holders of the Bonds will be subject to the provisions of the Bond Terms, and there is no specific legislation or market practice in Norway (under which laws the Bond Terms will be governed) which would govern the Agent's performance of its duties and obligations relating to the Bonds. There is a risk that a failure by the Agent to perform its duties and obligations properly or at all will adversely affect the enforcement of the rights of the bondholders.

There is a risk that materialisation of the above risks will have a material adverse effect on the enforcement of the rights of the holders of the Bonds and the rights of the holders of the Bonds to receive payments under the Bonds.

Bondholders' decisions

The Bond Terms will include certain provisions regarding bondholders' meetings. Such meetings may be held in order to resolve on matters relating to the bondholders' interests. The Bond Terms allow for stated majorities to bind all bondholders, including bondholders who have not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted bondholders' meeting. Consequently, there is a risk that the actions of the majority in such matters will affect a bondholder's rights in a manner that is undesirable for some of the bondholders.


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