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Understanding Special Situations Investing in Private Credit

A Case Study of Njord Partners' Investment in SolidAl

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Abstract

Private credit has become one of the fastest-growing areas in private markets over the past decade, with increasing capital allocated to specialised strategies such as special situations / opportunistic credit. Despite this trend, academic research remains primarily focused on traditional strategies like direct lending and leaves these more complex approaches largely underexplored.

This thesis investigates how special situations investors operate in practice by examining four key dimensions: opportunity evaluation, downside protection, management of downside scenarios, and return generation. The analysis builds on a single qualitative case study of Njord Partners' investment in the Portuguese power cable manufacturer SolidAl.

The analysis finds that success in this segment requires analytical depth, structural flexibility, and operational execution. Evaluation relies on fundamental analysis under uncertainty. Downside protection extends beyond covenants to include conservative valuation, effective structuring, and readiness for gaining ownership. In distress, active intervention depends on the availability of a dedicated operations team and a flexible investment mandate. Returns are generated through a mix of cash and PIK interest, as well as tailored upside participation mechanisms that preserve seniority.

By illustrating how theoretical concepts look like in practice, the thesis contributes to a more grounded understanding of special situations / opportunistic credit and lays the foundation for a teaching case aimed at enhancing graduate-level education in private credit.

Keywords: Private debt, special situations, opportunistic credit, downside protection

Supervisor: Bo Becker, Cevian Capital Professor of Finance

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Abbreviations

AssetCo	Asset Company
AUM	Assets Under Management
BDC	Business Development Company
Capex	Capital Expenditures
CDLI	Cliffwater Direct Lending Index
CLO	Collateralised Loan Obligation
COMI	Centre of Main Interests
EV	Enterprise Value
FED	Federal Reserve
HoldCo	Holding Company
IRR	Internal Rate of Return
KPI	Key Performance Indicator
LP	Limited Partner
LTM	Last-Twelve-Months
MOIC	Multiple on Invested Capital
OID	Original Issue Discount
OpCo	Operating Company
PE	Private Equity
PIK	Paid-in-Kind
S&OP	Sales and Operational Planning
SPA	Share Purchase Agreement

1 Introduction

Few areas in private markets have experienced such rapid growth in recent years as private debt. Since the global financial crisis, private debt assets under management (AUM) have increased significantly and surpassed the $2tn mark in 2023 (IMF, 2024). The growth has been driven by a combination of factors: regulatory pressure on traditional banks, investors' search for yield in a low-interest environment, and increased demand for tailored financing solutions for companies with specific capital needs (Fabozzi, 2022; IMF, 2024; Munday et al., 2018).

More than 80% of the private debt market is invested through closed-end funds (IMF, 2024). While most of this capital has historically been allocated to traditional direct lending strategies, which typically involve senior secured loans to mid-sized companies, recent years have seen a notable rise in more specialised and flexible approaches. Among these, special situations / opportunistic credit has gained significant traction. In 2016, the strategy accounted for only 6% of private debt fundraising (FS Investments, 2024). By 2023, its share had increased to 15%. This development is driven by the growing need for customised capital solutions from companies experiencing financial stress or dislocation, as well as by institutional investors' desire to diversify beyond traditional direct lending.

From an investor perspective, special situations / opportunistic credit offers several appealing characteristics. The strategy often targets elevated return profiles, benefits from low correlation with traditional market cycles, and allows for customised deal structuring across the capital structure in complex or time-sensitive situations where conventional lenders are typically absent (Ares, 2024; Fabozzi, 2022; Munday et al., 2018). Despite this growing relevance, the academic literature continues to focus primarily on traditional direct lending strategies. While aspects such as downside protection, portfolio company involvement, and flexible return structuring are frequently mentioned in practitioner-oriented publications, they are rarely examined in a systematic and empirically grounded way. In particular, little is known about how specialised credit investors actually assess opportunities, protect against downside risk, respond when downside scenarios materialise, and generate attractive risk-adjusted returns.

To address this gap, this thesis explores four fundamental aspects of how specialised credit investors operate in special situations / opportunistic credit. Each reflects a core area of investment practice that plays a critical role in outcomes but remains underexplored in academic research.

A starting point is the question of opportunity evaluation. Investment selection in this segment is often based on complex judgement under uncertainty. Understanding what criteria and processes investors use to identify viable opportunities is essential to grasp how capital is deployed in such situations. Against this background, the following question arises:

What investment criteria and processes guide special situations / opportunistic credit investors when assessing an opportunity?

Another key aspect concerns downside protection. In transactions involving financially stressed companies, mitigating the risk of principal loss is central. This leads to the question:

What instruments and structural mechanisms do investors use to ensure downside protection in special situations / opportunistic credit deals?

A third area of interest is the management of downside scenarios. When performance deteriorates, investors must be able to step in and stabilise the situation. However, little is known about how such interventions are structured or executed. It is therefore important to ask:

How do special situations / opportunistic credit investors manage portfolio companies in downside scenarios to stabilise performance and preserve value?

Finally, attractive return potential must compensate for the higher risk profile of this strategy. Understanding how investors structure returns beyond interest income is essential to fully understanding the investment approach. This raises the final question:

What instruments enable special situations / opportunistic credit investors to generate attractive risk-adjusted returns?

Given the limited availability of systematic data and the specific nature of special situations / opportunistic credit investing, this thesis develops a single qualitative case study according to the case method. The analysis focuses on the investment of the London-based special situations investor Njord Partners in the Portuguese power cable manufacturer SolidAl. The transaction reflects key characteristics of the strategy and allows for a detailed examination of opportunity evaluation, downside protection, turnaround management, and return generation.

This thesis pursues two main objectives. First, it aims to contribute to the existing academic literature by illustrating the practical application of special situations / opportunistic credit strategies through an in-depth case study. By doing so, it seeks to provide deeper insight into how these strategies are implemented in real-world settings and offer a foundation for

further research in this underexplored area. Second, it intends to serve as the basis for the development of a teaching case at Stockholm School of Economics, with the goal of enhancing graduate-level education in private credit investing.

The remainder of this thesis is structured as follows. Chapter 2 provides an overview of the existing academic literature on private debt, with a particular focus on special situations / opportunistic credit. Chapter 3 outlines the methodological approach applied in this thesis. Chapter 4 develops the case study of Njord Partners' investment in SolidAl. Chapter 5 discusses our findings in relation to the research questions. Chapter 6 concludes the thesis and outlines directions for future research.

2 Literature Review

This chapter provides an overview of the current academic literature. To lay the foundation for the analysis, we first introduce the asset class of private debt and describe its main characteristics. We then focus on the sub-strategy of special situations / opportunistic credit, highlighting how it differs from more traditional approaches and outlining the current state of academic research on the topic.

2.1 Private Debt as an Asset Class

In the following section, we first define private debt as an asset class and distinguish it from traditional bank lending. This is followed by a brief historical overview of the asset class and an explanation of the driving factors behind its rapid growth since the global financial crisis. We then examine the characteristics, historical performance, and risk-return profile of closed-end funds as the dominant investment vehicle in the private debt space. Finally, we address the specific risk factors of these funds and illustrate the various investment strategies pursued within this framework.

2.1.1 Definition of Private Debt

Private debt or credit (used interchangeably) is a broad asset class that covers a wide range of financing instruments and strategies. Generally, private credit can be defined as “debt-like instruments that have no readily tradable market or publicly quoted price. Typically, private debt is provided by nonbank entities to fund middle market companies, but can include funding for larger companies as well” (Munday et al., 2018). According to Fabozzi (2022), private debt refers to loans that are negotiated between private parties, with the credit risk being borne by an investor who is not a bank or financial intermediary. Block et al. (2024) define private credit more narrowly and add that private debt funds are “investors that raise capital commitments through closed-end funds (like private equity) and make senior loans (like banks) directly to, mostly, middle market firms”.

Private credit is part of the broader non-bank financing spectrum, often referred to as “Non-Bank Financial Intermediation” (FCA, 2023). In simple terms, this area covers all investment and funding markets that are outside the regulatory frameworks applicable to banks. The sector includes the activities of investment funds, insurance companies, pension funds, and other financial intermediaries, including those associated with private debt. Private credit shares many characteristics with traditional bank lending, e.g., variations in seniority,

amortisation, tenor, collateral, and coupon rates (fixed vs. floating). Still, academia sees significant distinctions due to the characteristic private credit fund structures and investment strategies (Munday et al., 2018). Most importantly, private credit is subject to far less regulation than banks, allowing for greater flexibility in their lending practices and selection of target market segments (IMF, 2024; King and Tarbert, 2011). Another key distinction is how the lending is funded. In private debt, long-term capital commitments by limited partners (LPs) are used to finance long-term loans, while banks typically finance their loans with short-term customer deposits. This structural mismatch can create liquidity risks for banks, especially if large numbers of depositors seek to withdraw funds (called a bank-run) that are tied up in long-term lending (Diamond and Dybvig, 1983; Goodhart and Perotti, 2015).

Broadly speaking, private debt encompasses a wide spectrum of financing solutions, including real estate debt, structured debt, infrastructure debt, and corporate debt (Fabozzi, 2022). However, for the purposes of this analysis and the case discussed later, we adopt a narrower definition in line with Fabozzi (2022) and focus on corporate private debt.

Private credit usually targets middle market companies as borrowers (Block et al., 2024), which are, according to the National Center for the Middle Market, companies with revenues between $10m and $1bn, or with 50 to 500 employees (Davydiuk et al., 2024). Middle market companies, as a sector, are underserved by banks in receiving traditional bank loans, mainly due to regulatory constraints (Block et al., 2024). The most significant regulatory framework affecting bank lending to this segment is Basel III. It requires banks to fulfil a minimum ratio of quality (Tier 1) capital[1] against risk-weighted assets. As middle market loans are considered riskier than loans to large corporations, they carry higher risk weights and therefore require banks to hold more quality capital, thus making such lending less attractive (King and Tarbet, 2011). In addition to these regulatory disincentives, middle market firms also lack access to public debt markets due to information asymmetries and moral hazard concerns, particularly because privately held firms are not subject to mandatory public disclosure (Faulkender and Petersen, 2006). Private debt lending can overcome these problems because it engages in significant screening and monitoring, thereby mitigating informational frictions (Diamond, 1991).

[1] Tier 1 capital comprises Common Equity Tier 1 capital, such as ordinary shares and retained earnings, and Additional Tier 1 capital, which includes subordinated, loss-absorbing instruments (King and Tarbet, 2011).

2.1.2 Origins of Private Debt

The origins of private debt, although considered a relatively new asset class, can be traced back to the 1980s, when insurance companies began lending money directly to companies if they showed strong credit profiles (Johnson and Wong, 2024). The asset class experienced a steady development until the great financial crisis in 2007-2009, which was when the growth of the asset class accelerated tremendously (Aramonte, 2020). Between 2012 and 2023, private debt grew at a compound annual growth rate of 13.6%, which is comparable to the growth of private equity (PE) and nearly twice the rate of bank-led industrial and commercial lending (Ares, 2024). The development of private debt AUM can be seen in Figure 1. In 2023, private debt capital commitments surpassed $2tn, according to the IMF (2024), making it the third largest alternative investment asset class behind private real estate and private equity (MSCI, 2024).

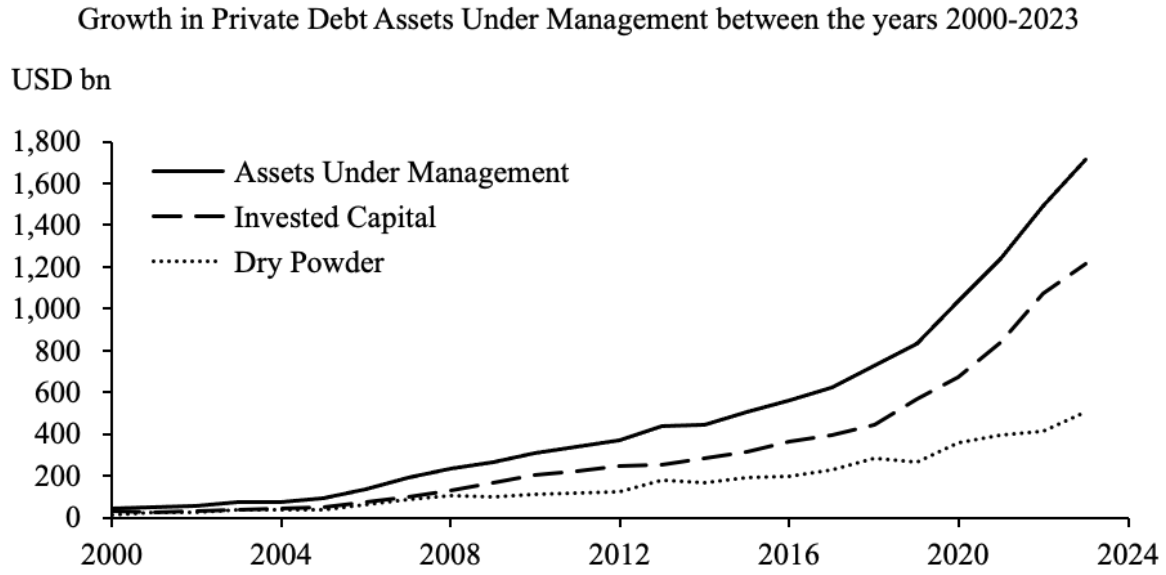

Figure 1. Development of assets under management for all private debt strategies, including the split between dry powder and invested capital between the years 2000-2023. The figure is made by the authors using information retrieved from Cai and Haque (2024).

The main drivers of this astonishing development can be structured into two categories: capital supply and credit demand. Supply refers to money flowing into the asset class, while demand refers to the demand for credit solutions by companies. The supply side was mainly driven by a historically low interest rate environment. “Faced with a historically low interest rate environment, institutional investors have increased allocations to private credit under the auspices of attractive risk-reward characteristics, […] expectations for low correlation with the rest of their portfolio, and the assumptions of an embedded liquidity premium relative to traditional fixed income investments” (Munday et al., 2018). Similarly, Fabozzi (2022)

identifies private debt as a way for LPs to achieve their target returns in a low interest rate environment. Another contributing factor is creditor protection as publicly traded loans shifted more towards covenant-lite structures while private debt continued to include more robust covenant packages, thereby providing superior creditor downside protection (Fabozzi, 2022). On the demand side, as mentioned before, the most prominent driver is seen in the tightening of bank regulations following the great financial crisis (Davydiuk et al., 2024; Fabozzi, 2022; IMF, 2024). This tightening of regulations made banks exit investments in riskier middle market companies, shifting credit demand towards the private lending sector. The private market, on the other side, is comparatively lightly regulated and more opaque, allowing funds to invest in these underserved areas (IMF, 2024). Additional demand-side factors include faster execution and tailored financing solutions, making private debt an attractive alternative for companies with specific capital needs (Fabozzi, 2022). Further advantages mentioned by Fabozzi (2022) are reduced leakage of information due to the absence of public disclosure requirements, no obligation to go through a rating process, and fewer counterparties to negotiate with in case of default. When assessing the further development of the private debt asset class, the Federal Reserve (FED) sees a concern that continued tightening of bank regulations could further shift credit origination from traditional banks to private lenders (Cai and Haque, 2024). This would move greater parts of the credit market to the private space, where the FED has limited regulatory oversight and hence a reduced ability to monitor and manage systemic risks.

2.1.3 Closed-end Private Debt Funds

Private debt investors typically invest through one of the following vehicles: Business Development Companies (BDCs), Collateralised Loan Obligations (CLOs), and closed- or open-end funds (S&P Global, 2024). BDCs were created in the 1980s in the US to facilitate the flow of capital to small- and mid-sized private firms (Davydiuk et al., 2024). A BDC is a non-bank lender "that raises capital from both institutional and retail sources, invests it mainly in the debt, […], and then pays out proceeds to investors in the form of a dividend […]" (Beltratti and Bock, 2018). BDCs are mostly publicly traded, enjoy tax privileges similar to real estate investment trusts[2], and are usually permanent life vehicles (Beltratti and Bock, 2018). Another type of private debt investors are CLOs. CLOs acquire syndicated leveraged loans and finance these acquisitions by issuing tranched debt and equity securities, which are

[2] If BDCs choose to be treated as regulated investment companies, they receive tax-exempt treatment on income, if they distribute at least 90% of their taxable income in the form of dividends (Munday et al., 2018).

backed by the cash flows of the underlying loans. Investors in CLOs receive interest and principal payments derived from the loan pool. Investing in a CLO offers investors the opportunity for leveraged exposure to bank loans with various degrees of risk and return depending on the tranche selected (McDermott et al., 2012). However, the most common investment vehicle within private credit is a closed-end fund with a capital call structure and limited life cycle, similar to funds used for private equity. They account for approximately 81% of the total private credit market (IMF, 2024). In the following, we will focus on closed-end fund vehicles in more detail as they represent the dominant form of private credit investing and are also the vehicle chosen in the case we will discuss in this thesis.

Closed-end private debt funds are characterised by their limited partner structure, defined fund lifecycle, return targets, and compensation models. In many aspects, private debt funds are highly similar to PE funds. The main capital providers for private debt funds are insurance companies, pension funds, sovereign wealth funds, and high-net-worth individuals (Block et al., 2024; IMF, 2024). According to the IMF (2024), the fund lifecycle is also similar to that of PE funds. While there is some variation, the typical fund life is ten years (Metrick and Yasuda, 2010). Returns for private debt funds differ depending on the specific investment strategy. Block et al. (2024), in their survey of direct lending funds, find average unlevered Internal Rate of Returns (IRRs) between 8.1% and 8.6%. These returns are common in senior secured direct lending strategies, which usually target returns in the high single digits to low double digits. Junior debt investments target returns in the mid teens, while more risky strategies like distressed debt and special situations target returns in the mid to high teens (Munday et al., 2018). In comparison, PE funds typically target returns of 20-25% IRR (Gompers et al., 2016). PE heavily relies on leverage to achieve those outcomes, while private debt typically does not (Block et al., 2024; Brown et al., 2021). Lastly, also the compensation and fee structure for closed-end private debt funds shows similarities to that in private equity. In private debt, the management fee is typically 1% with 15% carried interest (Block et al., 2024). PE funds, in comparison, normally have a fee structure of 2% management fee and 20% carry (Begenau and Siriwardane, 2024; Gompers and Lerner, 1999).

Following the discussion of their structural features, it is equally important to examine the risk-return profile of closed-end private debt funds. When it comes to realised returns, private debt consistently showed higher returns compared to bonds of comparable credit quality, with a spread difference of 140 basis points (Giuzio et al., 2018). Between the years

2005 and 2023, private debt (i.e., direct lending[3]) showed a premium of 200-400 basis points compared to publicly traded bank loans (Ares, 2024). As mentioned earlier, this supports typical fund return targets ranging from high single digits to high teens, depending on the credit strategy (Munday et al., 2018). The relative outperformance by private debt is further illustrated by Ares (2024), which provides a clear overview of private debt performance when comparing the Cliffwater Direct Lending Index (CDLI) to other indices (Bloomberg High Yield Bond Index, Morningstar LSTA US Leveraged Loan Index, Bloomberg Aggregate Bond Index). The private debt index shows significant outperformance of public securities with a 10-year annual return of 8.8% vs 4.6%, 4.4%, and 1.8% for the other indices, respectively (see Appendix A).

Not only from a pure return perspective but also from a risk-return perspective does private debt seem to perform well. Ares (2024) mention, in their analysis, that direct lending would sit in the top left corner in a risk-return matrix compared to other fixed-income asset classes. This analysis can be seen in Figure 2. Risk can be analysed by looking at defaults and losses. Private debt shows slightly higher default rates compared to public debt, but loss rates are similar for investment-grade assets and significantly lower for below-investment-grade assets (Carey, 1998). Chernenko et. al (2022) conducted a regression on bankruptcy and found that nonbank lenders do not select riskier firms than banks. Combined with the higher spread that private lenders receive, this leads to superior risk-adjusted returns. “Losses can mostly be avoided through a combination of working with the borrower to improve business, debt restructuring, and quality collateral” (Ares, 2024). As private debt lenders are often the only lenders to a firm, they can avoid losses, even in the event of default, by creating individual solutions, since they are the only counterparty to negotiate with (Block et al., 2024). From an LP’s perspective, including private debt can yield substantial diversification benefits to their overall portfolio. “Direct lending funds have relatively low beta and positive alpha compared with the leveraged loan or high yield indices. Additionally, direct lending funds’ low correlation with all benchmark indices indicates they could provide diversification benefits for investor portfolios” (Munday et al., 2018). While this suggests an attractive performance contribution, Erel et al. (2024) find that, after fees, direct lending funds do not generate meaningful alpha for LPs. However, Suhonen (2024), using a net asset value-based approach, finds that private credit funds outperform liquid benchmarks on a risk-adjusted, net-of-fees basis, reporting an annual alpha of 2.74%.

[3] The data used by Ares (2024) references the Cliffwater Direct Lending Index.

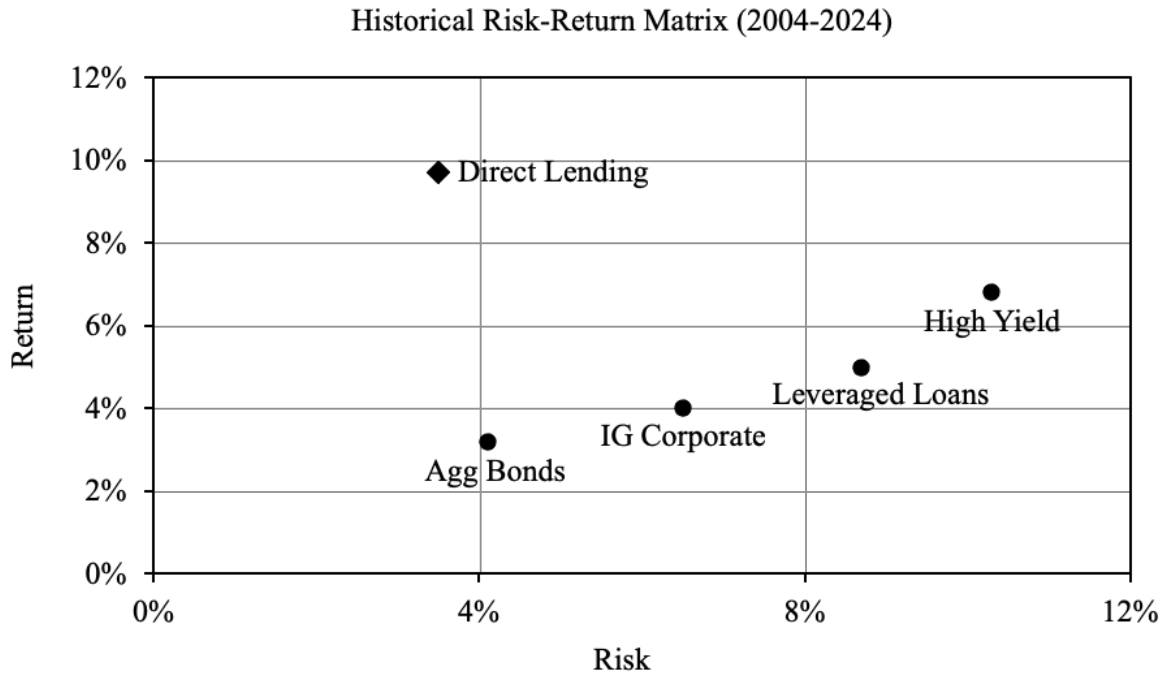

Figure 2. Historical Risk-Return Matrix for the years 2004-2024. The figure is made by the authors, using information retrieved from Ares (2024).

2.1.4 Risk Factors and Mitigation

To be able to answer the research question of how a special situations / opportunistic credit investor protects his investment downside based on our specific case example, we first want to outline the risk factors that a credit investor is exposed to and how these factors are typically managed. The risk factors of closed-end private debt funds can be seen from two perspectives: first, the debt investment itself and its associated risks; and second, the risks an LP faces when investing in a direct lending fund. Fabozzi (2022) provides a comprehensive overview of the associated risks. The main risks associated with private debt are similar to those in public debt investments. Investors face credit risk, interest rate risk, credit spread risk, and liquidity risk. The most important risk factor for the performance of the investment is credit risk. "Credit risk is the risk that the issuer will default on its obligations […]" (Fabozzi, 2022). Private debt investors are seen as having an advantage when it comes to credit risk as defaults usually result in revisions and renegotiations, instead of a complete loss of principal. Interest rate risk is typically limited in private debt since the majority of deals have floating interest rates. Credit spread risk refers to the margin added to the floating base rate, which is fixed for the loan's life. Private debt investments are seen as illiquid as they cannot be converted into cash immediately without loss of value. Similar to private equity, LPs tolerate the illiquidity to access the enhanced returns of the alternative asset class. On top of that, there are certain risks

that LPs additionally face when investing in a direct lending fund. “These include sourcing risk, due diligence risk, structuring risk, valuation risk, and monitoring risk” (Fabozzi, 2022). These risks can be summarised as the risk that the private debt fund does not reliably fulfil its performance targets due to mismanagement / -judgement.

Protection against these risks, especially the credit risk, is crucial for private debt investors’ returns, as they have limited upside. The two most common forms of protection are a senior position in the capital structure and the collateralisation of the debt (Fabozzi, 2022). This ensures senior access and preservation of the principal in case of default. Additionally, there are commonly two types of covenants that are used to protect lenders: financial and negative covenants. Block et al. (2024) identify Debt / EBITDA and coverage ratios as the two main types of financial covenants, which aim to ensure sufficient borrower liquidity to service debt obligations. Regarding negative covenants, the most important ones are limitations on incremental debt and restricted payments in order to protect the lender from claim dilution or cash diversion. In recent years, however, there has been a strong trend towards covenant loosening, even though covenants were originally considered a key strength of the asset class. This trend is driven by the rapid increase in AUM, which increases the pressure to deploy capital, as well as the increased number of funds competing for deals (Block et al., 2024; Chernenko et al., 2022; IMF, 2024). This is well illustrated by Figure 3, showing the rising share of covenant-lite institutional loan issuance. In response, many direct lending funds have adopted alternative mechanisms such as equity collateral pledges or warrants (Chernenko et al., 2022; Loumioti, 2022). These measures appear to be effective substitutes: while private debt shows higher default rates (covenant breaches) compared to public debt, the realised losses are lower, particularly for high-yield investments rated BB and below (Carey, 1998; IMF, 2024).

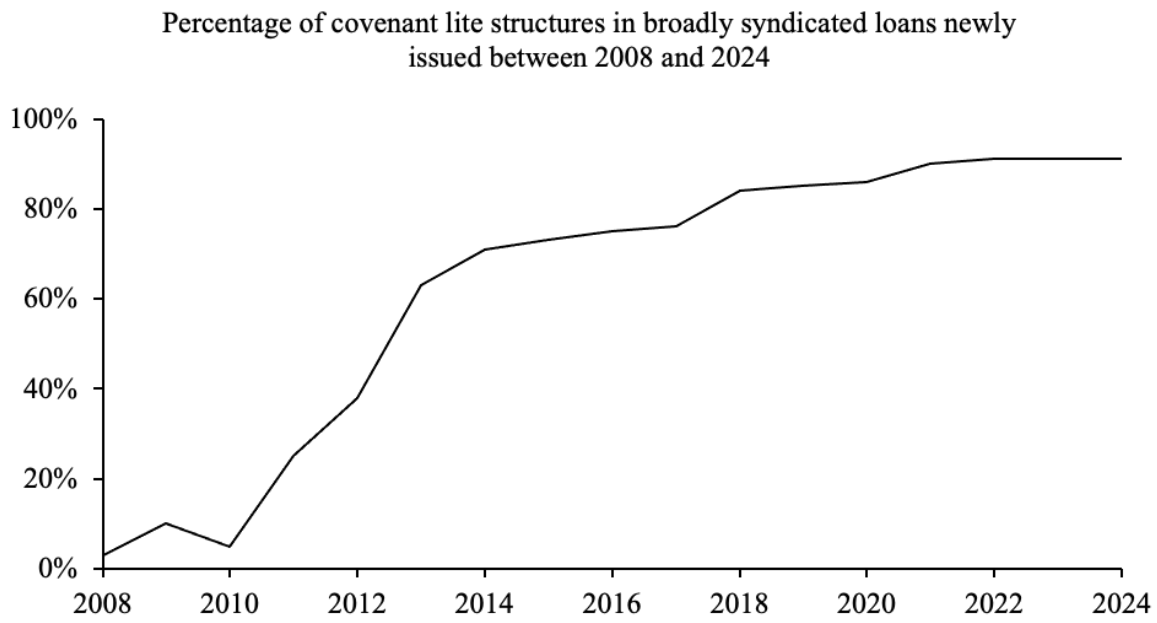

Figure 3. The percentage of newly issued, broad syndicated loans that have covenant-lite structures, issued 2008-2024. The figure is made by the authors, based on information from Akin Gump Strauss Hauer & Feld LLP (2025).

2.1.5 Different Investment / Fund Strategies

Within the spectrum of closed-end funds, there are multiple investment / fund strategies. The biggest of those, accounting for more than 50% of funds raised in 2024, is direct lending (Pitchbook, 2024). Munday et al. (2018) define senior loan funds (which is normally meant when referring to direct lending) as closed-end vehicles that issue senior loans to small and mid-sized companies. They target returns in the high single to low double digits range and often lend to companies showing positive EBITDA and low overall levels of risk. Common deal sources for direct lending funds are so-called "sponsored deals", accounting for 78% of deals in the US and 41% in Europe (Block et al., 2024). A sponsored deal means that the borrower is backed by a private equity company. The main advantages of doing sponsored deals are faster due diligence, faster deal execution, ongoing performance monitoring by the PE company, and financial support by the equity sponsor if needed (Fabozzi, 2022). However, on sponsored deals, there is increased competition among lenders due to the attractive benefits of having an equity sponsor, leading to less favourable terms and pricing compared to non-sponsored deals (Fabozzi, 2022).

Besides direct lending, there are multiple other private debt strategies. The main ones are mezzanine, distressed debt, and special situations / opportunistic credit. Mezzanine funds typically invest in junior debt in small and mid-sized companies via a hybrid of debt and equity in a subordinated, unsecured investment (Munday et al., 2018). Distressed debt describes the

investment in existing debt securities of mid to large-sized companies that experience distress. The debt is usually bought at a steep discount in the open market or from existing lenders (Munday et al., 2018). Within distressed debt, academia and practitioners differentiate between control and non-control strategies. Control strategies involve investing in distressed debt that is most likely to be converted into equity during a bankruptcy, giving the investor control of the company, while non-control strategies do not pursue gaining ownership in that way (Munday et al., 2018). Special situations funds typically "target investment in mid-to-large-sized companies undergoing pricing or liquidity dislocation caused by financial stress or event-driven factors. These situations often involve borrowers with (1) stressed, complex, or underappreciated assets, (2) cyclical, contrarian, or event-driven situations, or (3) broader market dislocations" (Munday et al., 2018).

In the anticipation and wake of macroeconomic turbulence and fluctuating interest rates, distressed and special situations strategies usually see an increase in activity (Private Debt Investor, 2024). In 2024 and early 2025, there has been a tremendous increase in distressed and special situations fundraising. Examples include Oaktree's $16bn opportunistic credit fund in February 2025, Bain Capital's $9bn special situations platform in November 2024, and Silver Point's $4.6bn opportunistic credit vehicle in September 2024 (Private Debt Investor, 2025a). Considering the increasing importance of the special situations segment and the focus of our case study, the following section will explore this investment strategy in more detail.

2.2 Special Situations / Opportunistic Credit

In the following, we begin by defining special situations / opportunistic credit as a sub-strategy within private debt. We then analyse the risk-return profile of the strategy by examining its individual return components and mechanisms for downside protection. Finally, we discuss its relevance as an "all-weather" investment approach in today's market environment.

2.2.1 Definition

As outlined in the previous chapter, special situations / opportunistic credit refers to "investment[s] in mid- to large-sized companies undergoing pricing or liquidity dislocation caused by financial stress or event-driven factors" (Munday et al., 2018). Broadly speaking, this strategy includes credit investments that earn better returns by engaging with companies that face more complicated circumstances (Private Debt Investor, 2024). In addition to that, special situations / opportunistic credit can also refer to debt investments that target any unmet capital need in a creative way (Cambridge Associates, 2024). Special situations / opportunistic

credit differs from distressed debt in that the targeted companies typically retain sound economic fundamentals but are experiencing temporary challenges (IQ-EQ, 2024).

Special situations / opportunistic credit shares the majority of the attractive general characteristics of private debt, namely, low correlation with other asset classes, low loss rates, and high risk-adjusted returns as described in chapter 2.1.3, but with a higher potential upside due to the stressed nature of the investments. These financing solutions frequently involve operational / financial restructuring or repositioning (Private Debt Investor, 2024). As special situations / opportunistic credit funds target companies that experience stress or dislocation, fewer funds address these kinds of companies, leading to reduced competition among lenders and the opportunity to earn higher returns (Chernenko et al., 2022).

2.2.2 Returns and Risk Characteristics

The returns in the high teens that can be seen in special situations / opportunistic credit funds are usually driven by multiple components beyond traditional coupon payments. The main source of return is still the traditional interest payments. Those are often split between cash and paid-in-kind (PIK) interest. Under a PIK structure, the borrower issues additional debt securities instead of paying cash interest, thereby increasing the outstanding principal. This provides the borrower with liquidity relief during stressed periods while still delivering a high yield to the lender as future interest payments increase together with the outstanding principal. PIK interest is mainly used in situations where the lender is not able to afford the cash interest or the cash is supposed to be used for internal investments (Giddy, 2008). To achieve sufficiently high returns in line with the elevated risk profile of these investments, special situations / opportunistic credit investors frequently include an equity-like upside component (Cambridge Associates, 2024). A common method used to create these returns is through equity warrants (PIMCO, 2023). A warrant is defined as an option issued by a company to purchase a specified number of shares (equity warrant) or bonds (bond warrant) at a set exercise price before the warrant's expiry date (Choudhry, 2004). This enables the debt investor to participate in the equity uplift when the dislocation of the borrower is reverted. Beyond warrants, lenders may also negotiate bespoke participation mechanisms tailored to the specific situation, as exemplified by Njord Partners in the investment case discussed later in this thesis. Njord structured an option that they could trigger once during the investment, where they would get a certain increase in principal based on the improvement of the borrower's equity value, calculated based on a fixed, agreed-upon valuation multiple (A. Trolle, December 20, 2024).

This allowed Njord to participate in the value created during the investment period, without ever becoming owners in the company (A. Trolle, March 27, 2025).

From a risk management and downside protection perspective, practitioners frequently identify the prevention of loss of principal as the most important aspect. Outperformance, from a fund perspective, does not result from generating higher yields but from avoiding losses (Private Debt Investor, 2024). For special situations / opportunistic credit investments, downside protection is primarily achieved through closeness to assets that can be monetised in the case of default, rather than reliance on sticky cash flows. This is accomplished by securing a strong position in the capital structure and ensuring access to high-quality collateral (Private Debt Investor, 2024). Ahmed Hamdani, founder and managing partner at Zetland Capital, in Private Debt Investor (2024), notes that his firm always carefully plans out the downside scenario and ensures a clear path to enforcing collateral and recovering principal in case of default. He sees this approach as a big differentiator to plain vanilla direct lending. Covenants play an important supporting role. They are typically used as an early warning system, which, when triggered, allows the lender to intervene and work with the company to create an improvement plan (Cambridge Associates, 2024). Furthermore, covenants are used to exercise control as a lender by giving the company a strict room to manoeuvre in and limiting external influence on the company's direction (Arvid Trolle, February 11, 2025).

Despite strong downside planning and collateral access, special situations / opportunistic credit investors may still be required to take on a more direct involvement in the company in certain scenarios, potentially resulting in ownership through restructuring. While it is normally not the goal to become an equity owner, it can become necessary if the borrower cannot be stabilised through conventional means in worst-case scenarios (Cambridge Associates, 2024). Jakob Kjellberg from Njord Partners in Private Debt Investor (2025b) states that for appropriate downside protection, an investor needs both financial and operational restructuring capabilities. At Njord, they see operational capabilities as key to being able to act fast and forcefully when they need to take control (Private Debt Investor, 2025b). This ability to step in and stabilise a business differentiates special situations / opportunistic credit investors from traditional direct lenders, who generally do not plan for active involvement. In contrast to these reactive outcomes, there are also strategies (normally found within distressed debt) that specifically aim for control, called "distressed for control" or "loan-to-own". There, "the explicit purpose of purchasing the debt security is to take ownership of the company through a restructuring of the

debt" (Cambridge Associates, 2024). However, practitioners see this strategy more as a PE-type strategy as the primary goal is equity ownership.

When combining the return and upside characteristics of special situations / opportunistic credit with the strong focus on seniority, collateralisation, covenants, and overall downside protection, one gets close to equity-like returns, without taking equity risk (Ares, 2024). This leads to a highly compelling risk-return profile.

2.2.3 Event-Diven versus All-Weather

Special situations / opportunistic credit is traditionally seen as an event-driven strategy that thrives during economic downturns when companies face higher levels of stress and distress (Private Debt Investor, 2024). Then, both distressed and special situations / opportunistic credit funds are able to deploy their capital more easily, as there are more potential target companies to work with. More recently, special situations / opportunistic credit funds, in contrast to distressed debt, have been described as an "all-weather" approach that is able to invest and create high returns in all parts of an economic cycle (Private Debt Investor, 2024). Arvid Trolle from Njord Partners puts it: "*Making mistakes is not cyclical. Everything we get involved in can be derived back to some form of mistake that someone has made. These can be misjudgement, not being prudent enough, etc. So yes, you can say that it is an "all-weather" strategy because you can always find companies that fall in the special situations bucket. But to be able to deploy several billion dollars, one needs a proper downcycle to have enough opportunities*" (Arvid Trolle, February 11, 2025).

Special situations / opportunistic credit has become an increasingly important segment within the broader private debt landscape. Yet, despite its growing practical relevance, academic research in this field remains scarce. Current knowledge is largely driven by practitioner insights, as of now. Given the compelling risk-return profile and its growing practical relevance, the strategy warrants greater academic attention and structured analysis, which is something this thesis aims to contribute to.

3 Methodology

The previous chapter provided an overview of the current academic literature on special situations / opportunistic credit, as well as the broader field of private debt. In the following section, we explain the methodology used to conduct our analysis. We first outline the empirical approach by describing the rationale behind choosing the case study method and discussing its main strengths and limitations. After that, we describe our data collection process, including the interviews conducted and other materials and sources used.

3.1 Empirical Methodology

As previously outlined, the aim of this thesis is to enrich the existing research on special situations / opportunistic credit and to address key research questions based on insights from practice. To do so, we first had to decide whether to approach our analysis using qualitative or quantitative research. According to Jackson (2008), quantitative research is particularly useful when testing hypotheses and drawing conclusions based on numerical data. However, as mentioned in the literature review, academic research, especially on special situations / opportunistic credit, is still relatively scarce. In addition, representative datasets are almost only available in the area of direct lending. For these reasons, we decided to follow a qualitative research approach, which is particularly suited to gaining a better understanding of the character of a research field (Strauss and Corbin, 1994).

We ultimately decided to answer our research questions by applying the case method using one selected business case: Njord Partners' investment in SolidAl. The case method is described as the "intensive study of a single unit for the purpose of understanding a class of (similar) units" (Gerring, 2004). It is particularly suitable for exploratory or descriptive research questions that ask about the "how" and "why" and, if applied correctly, allows for inductive conclusions (Yin, 2009). Moreover, the method enables a close connection between real-life situations and decisions on the one hand, and the underlying theoretical concepts on the other (Njie and Asimiran, 2014). Finally, a case study also provides a strong foundation for the development of teaching cases, which have been used in academic education for several decades and were originally developed at Harvard Business School (Herreid, 2011). As outlined in chapter 1, creating the basis for such a teaching case is another key objective of this thesis.

While the case method has its strengths, it also comes with certain limitations that need to be addressed when applying it. Yin (2013) points out two main challenges when evaluating

case studies: issues of validity and generalisability. On the one hand, case studies usually do not rely on large samples, which means that traditional statistical validation methods cannot be used. On the other hand, generalising findings to a broader population is difficult, since most case studies are based on a single observation and the case itself is often not selected randomly. The goal of our work is to contribute to the existing research in the field of special situations / opportunistic credit by illustrating it through a concrete case example. To address the validity issue, we aim to provide a comprehensive overview of the current state of the literature and to integrate our research questions into that context. At the same time, we try to show how existing theories and concepts play out in practice and to provide a basis for developing new abstract concepts that could be applied to other situations. This kind of "analytical generalisation" helps reduce the generalisability problem in case study research (Yin, 2013).

3.2 Data Collection

Most of the information used in the case study is based on interviews with the key individuals involved in the deal. On the side of Njord Partners, this includes Arvid Trolle, founder of Njord and the responsible Managing Partner for the transaction, as well as Julius van den Arend, a member of the investment team who was particularly involved in the analysis and execution of the deal during the second half of the investment period. In addition, we interviewed Francois Moufflet, who served as CEO of SolidAl during the second half of the investment and was therefore responsible for managing the company's turnaround both strategically and operationally. Since a realistic description of the events would not have been possible without insights from these individuals, the selection of interview partners was intentional.

For the interviews, we used a semi-structured approach. Following Adeoye-Olatunde and Olenik (2021), we prepared an interview guide with open-ended questions and possible follow-up questions on specific topics to establish a structured framework for the interviews. The advantage of this method is that it allows the interview to be guided in a certain direction, while still leaving room for additional thoughts and impulses that may come up during the conversation and contribute to a deeper understanding of the situation. In total, six interviews were conducted, either individually or with several interview partners simultaneously. The interviews took place between December 2024 and April 2025 and were conducted via video conference or by phone due to Njord being located in London. The interviews lasted between 50 and 150 minutes.

There are also some limitations to consider when conducting interviews. One of them is the presence of the researcher during the data collection process, which can influence the objectivity of the interviewee's responses and may lead to emotional bias in the interpretation of statements. In addition, the results of a data collection process in a case study are often difficult to reproduce (Quintão et al., 2020). To ensure the highest possible level of objectivity, we recorded the interviews with Njord's consent and listened to them multiple times afterwards, in order to interpret the content without being influenced by the atmosphere during the conversation. Furthermore, we deliberately addressed certain topics in more than one interview in order to consolidate several data points or statements on the same subject.

Overview of Conducted Interviews

Interview	Date	Company	Interviewees	Position	Length (min)
1	December 20, 2024	Njord Partners	Arvid Trolle	Partner, Co-Portfolio Manager	150
2	February 11, 2025	Njord Partners	Arvid Trolle Julius van den Arend	Partner, Co-Portfolio Manager Investment Director	60
3	February 18, 2025	Njord Partners	Arvid Trolle Julius van den Arend	Partner, Co-Portfolio Manager Investment Director	50
4	March 25, 2025	Njord Partners	Julius van den Arend	Investment Director	85
5	March 27, 2025	Njord Partners	Arvid Trolle	Partner, Co-Portfolio Manager	60
6	April 3, 2025	SolidAl	Francois Moufflet	Chief Executive Officer	55

Table 1. List of the interviews conducted by the authors with Njord Partners and the former CEO of SolidAl.

In addition to the interviews, further public and private sources were used in the preparation of the case study. On the one hand, we included publicly available information from the websites of Njord and SolidAl. On the other hand, Njord provided us with extensive private documents that helped us better understand the background and sequence of events. Furthermore, Njord shared their original financial models with us, which allowed us to realistically illustrate the quantitative investment analyses within the case study. In close coordination with Njord, we were permitted to reproduce selected excerpts from these models and include them in the case study.

4 The Case

After covering the methodological approach for this thesis in the previous section, this chapter develops the case study of Njord Partners' investment in the Portuguese company SolidAl. After a brief overview of the background of both parties, we describe the key phases of the investment: the initial credit investment in 2015, the early investment years and subsequent default, the debt-to-equity swap and follow-on investment, the turnaround phase, and finally the exit.

4.1 Case Background

In the following section, we introduce the parties involved in the case. We begin with a detailed overview of the lender / investor, Njord Partners LLP ("Njord Partners" or "Njord"), followed by a description of the borrower / target, SolidAl - Conductores Elèctricos, S.A. ("SolidAl").

4.1.1 Njord Partners

In this chapter, we provide a comprehensive overview of the history, investment strategy, fund structure, and organisational setup of Njord Partners.

Foundation and History

The investment firm Njord Partners was founded in 2013 in London by Arvid Trolle (formerly at Oaktree Capital Management, focusing on distressed debt and opportunistic credit investing) and Jakob Kjellberg (formerly at KKR, focusing on private equity investing) with the aim of implementing their own investment philosophy. *"The target or idea back then, which is something that we had lived by since, is to have a slightly broader special situations mandate than […] the established institutions, including the ones we came from, KKR, private equity buyouts, and Oaktree, distressed debt"* (A. Trolle, February 11, 2025). The two founders intended to combine the investment strategies of their former employers, i.e., downside protection from the distressed debt perspective on the one side, and value creation from the private equity perspective on the other side, with a focus on European mid-market companies, as the larger funds tend to focus on more sizable tickets.

After its founding in 2013, Njord initially invested on a deal-by-deal basis, meaning that capital was raised individually for each transaction. Building on this initial track record, Njord was able to raise its first fund (Fund I) in 2014. Since then, three additional vehicles have been added: Fund II in 2017, one separate vehicle backed by a single limited partner in 2019, and

Fund III, which held its first close in 2024. In total, Njord today manages more than €1bn in capital.

Investment Strategy

"It is our goal to generate excellent investment results through a rigorous investment process with risk under control, applying the highest level of integrity and transparency in close partnership with our investors and other stakeholders" (Njord Partners, 2025).

Njord Partners focuses on special situations involving mid-sized European companies. The firm defines special situations investing as long-term investments in companies undergoing any form of stress, distress, restructuring, turnaround, bankruptcy, or other complex scenarios. Njord invests "[…] flexibly across capital structures, economic cycles, and sectors, depending on where value is found at any given point in time" (Njord Partners, 2025). Target companies typically range between €40m and €500m in enterprise value (EV)[4], with capital needs between €20m and €75m. Past investments targeted a variety of different sectors, including industrials, chemicals, consumer goods, transportation, energy, and infrastructure, which highlights the firm's sector-agnostic approach (Njord Partners, 2025).

Within its overall investment approach, Njord distinguishes between two sub-strategies: the "Capital Solutions" segment (internally referred to as "Primaries") and the "Distressed Debt" segment (internally referred to as "Secondaries"). The Capital Solutions segment involves the origination of bilateral financing solutions, which can take the form of debt, equity, or hybrid instruments, tailored to the specific needs and situation of the company. Historically, Njord has deployed approximately 70% of its capital in Capital Solutions and 30% in Distressed Debt. However, this split is not the result of a strategic allocation but is rather market driven.

When evaluating an investment opportunity, Njord begins by assessing whether it can achieve sufficient downside protection, i.e., protection against the loss of principal. If this condition is met, the second step is to determine whether the investment can also deliver an adequate return. *"That means that we have a preference for credit behavior, which is not the same thing as a credit instrument […]. If we can lend money and be a senior secured lender, great, but sometimes that's not possible. So, if we can structure something which contractually behaves in the same or similar way, including proper downside protection, then we do that.*

[4] In certain cases, also investments in companies with an EV of up to €1bn (Njord Partners, 2025).

This can take the shape of tailored preference shares as one example" (A. Trolle, February 11, 2025). Even pure equity investments can be considered, although not in the sense of traditional private equity with a highly levered capital structure. Instead, they are used in situations with no or low existing leverage, where Njord's instruments would effectively enjoy credit-like seniority in a liquidation / restructuring scenario. From this downside-oriented perspective, Njord chooses the most appropriate instrument for each special situation they look at within its Capital Solutions segment.

In the Distressed Debt segment, Njord invests, analogous to the distressed debt definition in chapter 2.1.5, in existing loans or bonds of European mid-market companies at a discount to par. These companies are typically in turnaround situations, and Njord may inject new capital or participate in a debt-to-equity swap as part of the process. After that, Njord may actively support the company's turnaround (Njord Partners, 2025). As the investment in SolidAl was made as part of the Capital Solutions strategy, we will not further examine the Distressed Debt segment in this thesis.

A key aspect of Njord's investment strategy is their active involvement in portfolio companies, which depends on Njord's instrument and contractual rights but typically goes beyond periodic reporting or management update calls. Njord oftentimes engages directly with the business through its in-house operations team with long-standing value creation experience, both on the strategic and operational level. Njord emphasises that, in their view, they are not just providing capital, but solutions. *"Even though we are lenders, we think like owners. That does not mean that our intention is to ultimately take away a company from its owners but that we have to think like owners and think what is best in the long-run for the company, not only Njord's investment instrument, and the best way to do that is to have people on the ground"* (A. Trolle, February 11, 2025). This operational involvement can go as far as placing Njord's in-house operations team or professionals from their network into management positions of the portfolio company in distressed situations, with the goal of executing a successful turnaround and guiding the company back to long-term growth (Njord Partners, 2025).

Njord's involvement in its portfolio companies also includes being prepared, if necessary, to take over equity ownership in order to gain full control of the company's recovery and ultimately the investment return. This approach sets Njord apart from both traditional banks and typical loan-to-own distressed debt strategies. Banks primarily focus their risk assessment on the probability of a technical default, monitored through financial ratios such as leverage or interest coverage. *"From our perspective […], what we are worried about is 'loss of principal',*

not necessarily default. It is really about assessing the intrinsic value of the business. Then, depending on what capital structure you have, this determines the instrument that you are looking through, but ultimately, the intrinsic value of a company without applying the capital structure to it, is what matters the most" (A. Trolle, December 20, 2024). In practice, this means Njord evaluates each investment by assessing whether they would be comfortable taking ownership of the company in a potential restructuring. The key difference to loan-to-own distressed debt funds is the intention of the respective strategy: Njord does not pursue ownership as the primary goal but rather sees it as a potential tool to be used only if necessary.

Fund Structure

As previously mentioned, Njord currently manages four fund vehicles (Njord Funds I-III and one side vehicle). Two of these are closed-end funds with a targeted life of ten years and a three-year investment period. The other two are so-called "evergreen" vehicles, which do not have a predefined term. *"They keep on rolling, so whatever we exit in those vehicles, we can then recycle and redeploy again"* (A. Trolle, February 11, 2025). All of these vehicles operate under the same investment mandate (same holding periods, same target returns) and have a similar composition of limited partners. As in private equity, Njord's LP base includes pension funds, insurance companies, endowments, funds of funds, and similar institutional investors. Across all investments, the target return is 20% IRR and a 2.0x Multiple on Invested Capital (MOIC). Unlike PE funds, however, Njord does not apply financial leverage to enhance returns (neither to equity nor debt investments). For that reason, their return targets are not directly comparable to those in private equity, even if they fall within a similar range.

Organisation

The team at Njord currently consists of 16 professionals (as of May 2025). The organisational structure is divided into four core areas: the investment team, the operations team, the investor relations team, and the admin team (see Appendix B).

The investment team is responsible for sourcing, analysing, structuring, and executing investments. The two founders, Arvid Trolle and Jakob Kjellberg, serve as co-portfolio managers and lead the firm's investment activities. In addition, the investment team includes five further team members. Three of them are focused on the qualitative and quantitative analysis of opportunities as well as the structuring, documentation, and execution of investments, which includes all coordination with advisors and target companies throughout

the process. The other two are primarily responsible for sourcing investment opportunities, one focusing on Capital Solutions and one focusing on Distressed Debt.

Njord's operations team functions as an in-house consulting unit. As previously outlined, the team supports portfolio companies throughout the investment on both strategic and operational levels. On the one hand, team members can take on interim management roles within the portfolio company (for example, CEO, CFO, or CIO), particularly in restructuring or turnaround situations. On the other hand, they support the management teams of portfolio companies on a project basis or as advisors. The team currently comprises four professionals with extensive experience in operational restructuring.

The investor relations team is headed by Mads Videbaek, the third partner of Njord Partners, alongside Arvid Trolle and Jakob Kjellberg, and focuses on relations with existing LPs and fundraising.

Njord's investment, operations, and investor relations teams are supported by the admin team, which consists of Njord Partner's CFO, a fund accountant, and two executive assistants. Furthermore, Njord is supported by several external senior advisors who provide guidance on strategic matters and may take on advisory board positions within Njord's portfolio companies.

4.1.2 SolidAl

After introducing the investor, Njord Partners, in the previous section, the following section will focus on the borrower / target company, SolidAl. We will first provide a brief overview of the company and then outline its product portfolio and the ownership structure prior to the initial contact with Njord.

Company Overview

SolidAl - Conductores Elèctricos, S.A. was founded in 1925 in Esposende, Northern Portugal, and specialises in the manufacturing and distribution of power cables, conductors, and integrated solutions for energy transmission and distribution from 1kV up to 400 kV (SolidAl, 2025). Its main customers are utility companies and power grid operators, with whom SolidAl maintains long-standing business relationships. In its history, SolidAl completed projects in around 40 countries, with its strongest presence in Iberia, France, UK, and Ireland. At the time of initial contact with Njord, the company had one production facility in Esposende and employed around 400 people. In 2013, the year before the initial contact with Njord, SolidAl reported revenues of €90m and an EBITDA of €12m.

Product Portfolio

SolidAl's product portfolio can be divided into four categories (see Appendix C). The business initially focused on the production of aluminium conductors for overhead lines, which enable efficient electricity transmission over long distances. Later, driven by the growing demand for modern grid infrastructures and the expansion of renewable energy sources, SolidAl expanded its product portfolio to include the production of power cables. In this area, SolidAl manufactures low-voltage cables (1kV - 1.8kV) for local distribution grids and small-scale installations, medium-voltage cables (6kV - 35kV) for regional grids and commercial applications, and high-voltage cables (45kV - 220kV) for national transmission grids and large-scale projects. In summary, SolidAl's products are required for the transport of electricity from the power producer through substations to the electricity consumer (SolidAl, 2025).

Ownership Structure

Since the company's foundation in 1925, SolidAl had been fully owned by the Quintas family. At the time of the initial contact with Njord in 2014, approximately 45 individuals held shares in the company through a family holding structure. All of these shareholders were related to the founder of SolidAl, Mr. Quintas.

4.2 Credit Investment in 2015

After the parties involved in the case have been introduced, the following section analyses Njord's initial credit investment in SolidAl in 2015 from the first encounter to the final investment decision. For this purpose, we first outline SolidAl's initial situation and the initiation of contact with Njord. We then examine Njord's qualitative and quantitative investment analysis in order to illustrate the development of the investment thesis. Finally, we describe the final investment terms, analyse the rationale behind the proposed investment structure, and explain the reasoning behind Njord's final decision to proceed with the investment.

4.2.1 SolidAl's Initial Situation and Njord's Financing Proposal

As previously described, Njord Partners made its first investments as a newly founded investment company in 2013. One of these early investments was in a Finnish specialty chemicals company that was later acquired by one of its clients in Portugal. Through this transaction, Njord quickly gained exposure to the Portuguese lending market and established relationships with local advisory firms after having worked together during the sale process.

At the time of the case, the Portuguese economy was undergoing a process of structural transformation. After more than a decade of low economic growth and in the aftermath of the global financial crisis (2007-2009), Portugal's national indebtedness had risen sharply, and the country's economic outlook had deteriorated. This led to a loss of confidence in the Portuguese state and a sharp increase in refinancing costs. In order to sustainably stabilise the Portuguese economy, the EU, ECB, and IMF set up an economic adjustment programme in 2011, which was designed to lead the country back onto a steady growth path. Part of the defined measures aimed at stabilising the Portuguese banking sector, which had a high exposure to the struggling national economy. On the one hand, regulatory supervision by the Banco de Portugal was tightened; on the other hand, the Tier 1 capital ratio[5] was increased. As a result, the volume of bank lending, particularly to small and medium-sized enterprises, dropped sharply (European Commission, 2011).

Due to these developments, many medium-sized companies in Portugal found themselves in need of alternative, non-bank financing options. This eventually resulted in Njord receiving lots of requests to provide such financing in Portugal, largely due to its recognition among Portuguese advisory firms. One of these advisory firms eventually approached Njord with a request for growth financing on behalf of SolidAl.

Since the early 2000s, SolidAl had been in a state of high indebtedness and financial stress. Failed expansion plans into Brazil and Angola drove the company's leverage up to as much as 10.0x Net Debt / EBITDA. In response to these developments, the Quintas family appointed an external, non-family CEO who helped the company return to stable growth. Under his leadership, SolidAl diversified into higher value-add segments such as high-voltage cables, increasing reported EBITDA from €5m in 2003 to €12m in 2013. The resulting improvement in cash generation allowed SolidAl to reduce its debt burden to 3.5x Net Debt / EBITDA (as of June 2014). Despite these achievements, the company's capital structure remained fragile. SolidAl's balance sheet still contained various bank loans from the early 2000s, of which nearly 50% (based on balance sheet book value) were short-term obligations from eleven different lenders that had to be extended regularly.

[5] Defined as Common Equity Tier 1 / Risk Weighted Assets (King and Tabert, 2011).

Original Existing Debt Repayment Schedule

Facility	Outstanding	Repayment								
in €k	2013	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E	2022E
Bank 1	26,986.1	(3,205.7)	(1,600.4)	(950.0)	(2,500.1)	(3,600.2)	(3,700.0)	(3,700.0)	(3,700.0)	(4,029.7)
Bank 2	920.0	(341.7)	(578.3)	-	-	-	-	-	-	-
Bank 3	4,687.1	(4,687.1)	-	-	-	-	-	-	-	-
Bank 4	3,426.8	(1,264.7)	(2,162.1)	-	-	-	-	-	-	-
Bank 5	2,083.2	(169.2)	(1,914.0)	-	-	-	-	-	-	-
Bank 6	52.7	(48.0)	(4.7)	-	-	-	-	-	-	-
Bank 7	166.8	-	(166.8)	-	-	-	-	-	-	-
Bank 8	1,191.5	(401.9)	(789.6)	-	-	-	-	-	-	-
Bank 9	1,222.4	(10.0)	(1,212.4)	-	-	-	-	-	-	-
Bank 10	411.1	-	(411.1)	-	-	-	-	-	-	-
Bank 11	367.6	-	(367.6)	-	-	-	-	-	-	-
Bank 12	461.2	(461.2)	-	-	-	-	-	-	-	-
Factoring 1	2,524.8	(2,524.8)	-	-	-	-	-	-	-	-
Factoring 2	857.5	(857.5)	-	-	-	-	-	-	-	-

Table 2. Outstanding bank facilities at the end of 2013 and planned amortisation schedule. The table was made by the authors, based on information shared by Njord Partners.

Despite its stressed financial situation, SolidAl was looking for €5-10m in additional financing in 2014 to finance working capital and an increase in production capacity at its site in Esposende. This expansion was necessary to meet growing demand for power cables in Northern Europe, particularly in the low and medium voltage segments. However, due to its difficult financial situation and the broader constraints within the Portuguese banking sector, it was almost impossible for the company to secure additional financing from local banks. These banks were more interested in SolidAl repaying its debt in order to meet the tightened capital ratios than in providing new, higher-risk capital. At the same time, attracting equity investors for a minority investment also posed significant challenges. Such investors would require SolidAl to first resolve the short-term nature of its balance sheet, and, on top of that, SolidAl had no experience with an external investor up to that point, which raised concerns around governance and control. As a result, neither traditional equity nor credit financing channels offered a viable solution for SolidAl. The company was therefore forced to explore alternative financing solutions such as special situations / opportunistic credit.

Following the initial outreach by SolidAl's corporate finance advisor, Njord signed a non-disclosure agreement and received an information memorandum, as is common in such processes, depending on a company's sophistication and level of preparedness. Typically, Njord would then conduct a light-touch, internal due diligence by reviewing the materials, setting up a basic financial model, and conducting expert calls to assess the market and product. This preliminary analysis, if promising, then leads to a non-binding indicative term sheet combined with an exclusivity agreement for the next phase of the process.

In the case of SolidAl, however, Njord quickly realised the extent of the company's financial stress. *"When we looked at this, the balance sheet looked like a mess. There were ten*

to eleven short-term lenders, rolling monthly, which posed a large risk if lenders were not willing to extend at some point" (A. Trolle, February 18, 2025). At the same time, the originally targeted financing amount of approximately €5m was relatively small, even for Njord at that time. Nevertheless, SolidAl's situation aligned well with Njord's investment profile, as the company was facing financial pressure but had a fundamentally sound business model. *"The company was performing, it was a good market to be in, utility companies are usually great clients, reliable and stable. So, there was nothing wrong operationally or with the market"* (A. Trolle, December 20, 2024). For this reason, instead of €5-10m growth financing, Njord considered a credit investment of €25m with a six-year term. This would provide both the required growth capital and, at the same time, refinance the banks, thereby removing the financial pressure induced by the short-term bank liabilities from SolidAl's balance sheet. *"Liking the company, liking the market it was in, we found that if we can fix the capital structure, we make life easier for the company. They can focus on operations, and we refinance all these short-term facilities; this gives them one counterparty to talk to, [...], and a horizon of six years"* (A. Trolle, February 18, 2025). Although such a loan was significantly more expensive than the costs associated with SolidAl's existing short-term facilities, this proposal was highly attractive to the company. It offered the liquidity needed to expand their business and allowed them to fully concentrate on running the company rather than regularly having to renew their financing. Based on this proposal and the corresponding indicative term sheet, SolidAl signed an exclusivity agreement, allowing Njord to move on to the next phase of its investment analysis.

4.2.2 Evaluating the Investment Opportunity

After submitting the indicative term sheet, which outlined the key terms of the proposed deal in a non-binding format, and entering into exclusivity, Njord was granted access to a data room containing extensive company documentation. Based on this information, and with the support of various external advisors, Njord initiated a full due diligence process to verify the assumptions underlying the term sheet and prepare for a final investment decision.

Qualitative Analysis

Generally, as soon as the indicative term sheet is in place, Njord immediately engages external advisors to gain a comprehensive understanding of the company and the market in which it operates. The scope of such a qualitative investment analysis, however, typically depends on several factors. First, it depends on the extent to which the company already provides decision-

relevant materials, such as up-to-date and reliable financial data or existing due diligence reports. Second, the scope of the market analysis depends heavily on whether Njord has prior experience with the target's industry or geography, either through previous investments, internal expertise, or its broader advisor network. This determines whether the commercial due diligence is conducted entirely in-house or, in either a more focused or extensive form, with the support of external consultants.

The due diligence streams in a special situations / opportunistic credit investment are generally the same as those in PE transactions. For Njord, the essential components include a commercial due diligence, which assesses how the industry functions, its expected future development, and the target company's positioning within the market; a legal due diligence, which reviews ownership structures, existing material contracts, and any ongoing litigation; and a financial as well as a tax due diligence, which verify the accuracy of the financial information provided and identify any accounting or tax-related risks. Depending on the case and the business model, additional analyses (e.g., technical due diligence) may be conducted. Njord also conducts site visits of potential investment candidates, as was the case with SolidAl. Particularly for the commercial due diligence, the depth of the analysis may differ compared to private equity. *"We do the same in situations like this as traditional private equity, but we usually do not need to go that extra mile [in a commercial due diligence], as we compensate with a margin of safety or headroom by not acquiring it for 10.0x EBITDA with 5.0x EBITDA leverage ahead of us, but rather creating our incoming valuation on average at 3.5x EBITDA"* (A. Trolle, 27 March 2025). In terms of process timeline, deals tend to move significantly faster than in private equity (sometimes within just four to six weeks). This is due to the fact that Njord typically does not participate in auction processes, and the companies they invest in are often under pressure to secure financing, which creates urgency.

In the specific case of SolidAl, Njord conducted an external commercial due diligence to gain a better understanding of the European power cable market. At the time of the case, the market was characterised by stable demand, driven primarily by the urgent need to modernise Europe's ageing electricity grid. Although power cables typically have a life expectancy of around 30 years, by 2014, many of the existing installations were already over 50 years old, which significantly increased safety risks and made upgrades unavoidable. In addition, there was further growth potential in the market, fuelled by the ongoing energy transition towards renewables, which required grid expansion and the connection of wind farms and other installations. As previously noted, power cable manufacturers primarily serve utilities and grid

operators, which are generally stable and reliable payers. Since power cables are part of the critical infrastructure, customers rely on long-term, coordinated relationships with a small group of qualified / certified suppliers. Each cable type undergoes a customer-specific approval process that can take several years, resulting in very high entry barriers for new market participants. These characteristics create a sticky market environment, making SolidAl's long-established business model highly stable and predictable with multi-year order backlogs. *"Typically, what we saw was that if you did a good job, you have say 30% share of wallet with a specific utility company, if you did a less good job, that drops to say 20% […]. As long as you do what you are supposed to and deliver the products in time and according to specifications, it is a very stable market"* (A. Trolle, December 20, 2024).

For Njord, the legal due diligence plays a critical role in shaping the final investment structure, as it clarifies which valuable assets the company owns and whether any third parties have contractual claims to them in a downside scenario. This assessment directly influences the collateral package Njord can secure to protect its downside. At the time of the investment, SolidAl owned several fixed assets, including production machinery and real estate. All assets were unencumbered except for the production site in Esposende, which was pledged as collateral for an existing bank loan. Working capital items like inventories or receivables typically do not qualify as collateral for Njord, as their existence and recoverability in a liquidation scenario are often uncertain. In rare cases, when a company's own assets do not offer sufficient downside protection, Njord may engage with a company's shareholders to explore the inclusion of valuable shareholder-owned assets in Njord's security package. However, this was not applicable in the case of SolidAl.

For the financial and tax due diligence, Njord's main goal was to verify the financial data provided by SolidAl and identify potential risks early on. To this end, SolidAl shared detailed accounting records. Based on these, Njord, together with an advisor, reviewed the historical financial statements, past tax liabilities, and potential future obligations, as well as key figures such as net debt, working capital, and capital expenditures (Capex). These findings also served as input for the quantitative evaluation of the investment.

The findings from the qualitative analysis were crucial for Njord in two respects: first, to develop a coherent investment thesis, and second, to identify and assess potential deal breakers. At the same time, these insights formed the basis for the subsequent quantitative analysis, which will be discussed in the following section.

Quantitative Analysis

For an investment firm like Njord, it is not sufficient that a potential opportunity makes sense from a qualitative standpoint alone. It also has to meet Njord's downside risk and return expectations. As previously mentioned, Njord targets an IRR of 20% and a MOIC of 2.0x for its investments. In addition, especially when using a credit instrument, it is crucial that even in a worst-case scenario, such as a restructuring or liquidation, the investment does not result in capital losses but rather still results in positive returns on capital. To assess this, Njord built and analysed a comprehensive financial model. We will discuss the structure and key assumptions in the following section. The data and terms used are based on a version of the model that assumes a loan drawdown on June 30, 2014, approximately nine months prior to the actual drawdown date.

As mentioned before, for the investment in SolidAl, Njord considered a €25m loan to provide the necessary growth capital and refinance the company's short-term bank debt. The loan was structured as senior secured, meaning it would rank at the top of SolidAl's capital structure and be backed by various assets and shares identified during the legal due diligence. As described in chapter 2.2.2, special situations credit investments typically include three key return components: cash interest, PIK interest, and some form of equity kicker. The specific loan terms are initially set on an indicative basis and then refined iteratively throughout the due diligence process. The structure needs to meet the fund's return expectations while also being acceptable for the company. In some cases, companies may not generate enough cash flow in the early years to service a high level of cash interest. To address this, a larger (or even the entire) share of the return can then be shifted to PIK interest, deferring cash payments to a later stage in the loan term or all the way to maturity. More flexible structures are also possible, such as mechanisms that allow the borrower to choose whether to pay certain interest amounts in cash or PIK, once a specific threshold is reached. Even though the companies Njord engages with are often in challenging financial situations and need the financing, it is typically not feasible to achieve their target returns through cash and PIK interest alone. For this reason, Njord usually incorporates an equity or more broadly "performance" upside mechanism into the loan structure of its credit investments, ensuring additional return potential by sharing the upside with other stakeholders, such as shareholders, if the investment performs well. Such a mechanism was also included in the SolidAl investment.

At the start of the quantitative analysis, Njord first reviewed the available company information provided by SolidAl. This data was used to understand the company's historical

profitability and to develop plausible assumptions for the future development of revenues and costs (see Appendix D). The company's sales in the years following the global financial crisis were volatile, primarily driven by fluctuating aluminium prices that have been passed through to customers. After reporting a record revenue of €95m in 2008, sales dropped by around 25% the following year, recovered to nearly €120m in 2011, and then declined again by roughly the same percentage through 2013. Last-twelve-month (LTM) revenue available for the first half of 2014 is only slightly below the full-year revenue from 2013, suggesting a slowdown in revenue decline. At the same time, contribution margin and EBITDA margin had improved to 25% and 15%, respectively, which suggested an improving performance.

Based on the historical information, Njord developed a cash flow model to forecast the company's performance and cash generation in the years following the investment. The goal was to assess whether SolidAl would be able to meet the loan terms and have the ability to refinance Njord's loan at maturity and to set covenant limits. At the same time, the model served as a tool to develop and estimate the value of the deal's equity upside sharing mechanism, which is linked to SolidAl's future EBITDA development (more on that later). Initially, the key loan terms were built into the model (see Appendix E). The total loan amount was set at €25m, with a drawdown date of June 30, 2014, and a six-year tenor, ending on June 30, 2020. The loan was structured as a bullet repayment, meaning no amortisation was planned over the life of the facility. Njord also defined the interest rate structure. For the first three years, the loan carried 7.5% cash interest and 7.0% PIK interest, with the PIK interest being added to the outstanding principal and accruing further interest in subsequent periods. In the second half of the loan, the cash interest increased to 8.5% while the PIK portion decreased to 6.5%. This structure reflected the assumption that, based on the forecast, SolidAl would generate more cash in the later years and could therefore afford a higher share of cash payments. Interest was assumed to be paid quarterly. Finally, Njord assumed an original issue discount (OID) of 1.5%, meaning that SolidAl received slightly less than the full €25m at drawdown. Such terms are common in special situations transactions, as they slightly boost the return profile of the investment.

In parallel, Njord built and continuously revised (based on ongoing due diligence findings) an operating model for SolidAl to project the annual cash flow that would be available for debt service. To do this, Njord developed multiple performance scenarios. Often, companies already provide their own financial forecasts, known as the "management case". However, these are typically seen as overly optimistic, which is why Njord always builds its own set of

cases. Generally, Njord approaches operational forecasting with a conservative mindset. *"We are usually very conservative. Our base case may be flat or a continuous decline in revenue; maybe factoring in some cost savings"* (J. van den Arend, March 25, 2025). For the SolidAl investment model, Njord built three scenarios: a "Flat Case", a "Bad Case", and a "Disaster Case", the latter of which would later form the basis for the restructuring model (see Appendix E). Across all three cases, Njord assumed an 8.1% revenue increase in 2014 based on available financial data and extrapolations from the order book and market developments. This estimate was slightly more conservative than the 8.5% increase expected by management. In the Flat Case, revenue was then held constant throughout the investment period. In the Bad Case, revenue declined in 2015 and 2016, before recovering to slightly below the pre-investment level of 2013 and then growing back to the expected level of 2014. In the Disaster Case, revenues dropped sharply over the next three years and only began to recover in 2019 after assumed turnaround measures (ultimately to the pre-investment level of 2013). For cost of goods sold and other operating expenses, Njord applied similar assumptions across all cases, closely aligned with historical levels. This allowed them to forecast operating performance down to EBITDA for each scenario.

After completing the profit & loss operating forecast, Njord made further assumptions for key cash flow items such as capital expenditures, working capital, and taxes (see Appendix E). Each working capital position was projected based on cash conversion key performance indicators (KPIs), which were very similar across the scenarios. The resulting cash flow from change in working capital depended on the selected case because of the different revenue assumptions. The assumptions for expansionary Capex were based on SolidAl's original funding request and, therefore, were the same absolute amount in each of the scenarios. For taxes, depreciation was forecasted as a percentage of total income, and a tax rate of 23% was applied. At the same time, tax expenses were linked to the amount of net interest paid, which was calculated as part of the debt schedule.

The debt schedule outlines the development of SolidAl's individual debt positions over the course of the investment (see Appendix E). For each position, the schedule shows the opening and closing debt balance for each period, drawdowns and repayments, as well as the amounts of cash and PIK interest. In SolidAl's case, the facility from Njord, assumed to be issued in 2014, was intended to refinance the company's outstanding short-term bank facilities. According to the original amortisation schedule, this would have resulted in only two debt positions remaining on SolidAl's balance sheet by the end of 2015: Njord's facility and one

long-term loan from another bank. While the remaining bank facility gradually decreases over time due to amortisation, Njord's loan balance increases steadily due to the accruing PIK interest.

In the final step of the cash flow model, the development of SolidAl's cash balance is tracked since this is relevant for assessing gross and net leverage (based on which the covenants are set) and calculating the equity upside sharing mechanism (see Appendix E). For this purpose, the cash flow before debt service is adjusted for all interest expenses as well as drawdowns and repayments. As shown in the model, there are additional interest expenses beyond the bank debt and Njord's facility, such as those related to guarantees or a holding company (HoldCo) loan. However, these are not explored further in this thesis, as they have only marginal impact on the overall investment outcome. Once the levered cash flow is calculated, it is used to determine changes in the cash balance, net debt development, and various debt-related KPIs.

After completing the cash flow model, Njord calculated the expected investment returns based on the operating performance and the debt schedule. For this purpose, Njord projected its investment cash flows on a quarterly basis (see Appendix F). As outlined in the assumptions, the loan included a 1.5% OID, meaning that Njord's initial disbursement on June 30, 2014, amounted to €24.625m rather than the full €25m. Because part of the contractual interest was paid in PIK, the loan principal increased from period to period. This, in turn, led to a steady increase in the quarterly cash interest payments because they were always calculated based on the outstanding loan principal at the end of the previous quarter. An important contractual element with significant impact on the return profile was the loan's call protection. Njord typically aims to prevent a too early repayment, especially if it comes without adequate compensation, since this could result in a strong IRR but a below target MOIC, particularly if the equity upside has not yet materialised. To address this, the loan could not be called before March 31, 2017. If called after this, SolidAl would be required to repay the outstanding principal at 105% in year three or four, 104% in year five, and 103% in year six. For the initial non-call period, a "make-whole" clause was included. If SolidAl wanted to repay the loan before March 31, 2017, it would have to repay 105% of the principal as of year-end 2016 (last non-call period), together with all foregone cash interest up to December 31, 2016. This clause ensured that Njord would be fully compensated for an early exit. All these return components (cash and PIK interest, the original issue discount, and call protection) were contractually fixed

and applied in the same way regardless of the selected scenario, assuming the company is able to meet its required payments.

The value of the equity upside sharing mechanism, however, depends on the specific scenario and the company's resulting operational performance. As outlined in chapter 2.2.2, special situations credit strategies frequently use such instruments to generate additional return beyond the interest payments and thereby improve the risk-return profile of the investment. The mechanism used by Njord in the SolidAl case differs from other instruments like equity warrants or convertible loans in an important way: while it allows for equity-like upside, it does not involve equity-like risk at any point, as it ranks even more senior than the loan itself. The calculation of this equity kicker followed a predefined structure that was embedded in the loan terms (see Appendix F). In each period of the investment, Njord calculated SolidAl's enterprise value using an agreed fixed multiple (5.0x in the model) that was multiplied with the rolling average of the last two periods' EBITDA. From this enterprise value, total outstanding bank debt (including the Njord facility) was subtracted, and the cash balance was added. The resulting equity value was then compared to a predefined benchmark. In the model, this benchmark is set at 130% of the equity value as of June 30, 2014 (€11.175m). It is based on the LTM EBITDA and the company's debt and cash position at that point in time. If the difference between the current equity value and the benchmark was positive, 10% of that difference could be added to the outstanding loan principal as a one-time kicker. This additional amount would then accrue interest at the same terms as the outstanding loan principal until maturity. In the model, the mechanism is assumed to be exercised on December 31, 2018.

Under the previously defined assumptions regarding the loan terms and the equity kicker, and assuming that the loan will not be called but instead run as planned until June 30, 2020, the investment yields an IRR of 17.0% and a MOIC of 2.2x in the Flat Case (see Appendix F). While an early repayment would lead to a higher IRR, it would reduce the MOIC due to foregone interest payments and equity upside. The majority of the return in this scenario is generated by the contractual cash and PIK interest payments, which account for a 15.6% IRR. The equity kicker contributes 1.1% (remaining fraction stems from the OID). As previously mentioned, however, Njord's assumptions in the operating model are deliberately conservative. If the company performs better than expected, the value of the equity kicker could increase significantly.

In addition to meeting its base case return targets, Njord also expects that, even in a downside scenario, an investment still delivers close to the expected returns from cash and PIK

interest as well as the OID. As outlined in chapter 2.2.2, such a scenario typically requires financial and / or operational restructuring measures. To evaluate whether they would feel comfortable with the outcome of such a situation, Njord builds a separate restructuring model for each potential investment as part of their due diligence, based on a so-called "Disaster Case" (see Appendix G). The model first defines a set of restructuring-specific assumptions that become relevant over the course of the scenario. It also sets the two key financial covenants that apply to the SolidAl investment: a Net Debt (excluding PIK) / EBITDA ratio that should not exceed 4.5x, and an EBITDA / Net Cash Interest ratio that should not fall below 2.5x. Based on the Disaster Case assumptions, Njord projected the cash flow development to test covenant compliance throughout the facility term (see Appendix G). As shown in the model, the Net Debt / EBITDA covenant would be breached at the end of 2016, and both covenants would be breached by the end of 2017. As a result, Njord assumed it would initiate a restructuring process at the end of 2017. To gain operational control over the turnaround, Njord assumed a debt-to-equity swap that converted its entire outstanding loan facility into an 87.5% equity stake in SolidAl (with a "leakage" assumption of 12.5%).

From that point forward, the company's remaining debt consisted only of the initial long-term bank facility. Njord assumed a maximum leverage ratio of 4.0x for senior debt in the post-restructuring capital structure. Since the outstanding bank facility did not exceed this threshold as of December 31, 2017, no additional capital injection was required to achieve the target leverage. Building on this new capital structure, in which the remaining senior debt carried a 5.5% cash interest rate, Njord assumed that the operational turnaround would succeed and that revenue growth would return between 2019 and 2021 (see Appendix G). For the exit in the restructuring case, Njord assumed a sale of SolidAl on December 31, 2021, at an enterprise value based on a 5.0x EV / EBITDA multiple. From this, senior debt and other equity bridge items were subtracted, and the cash balance was added to arrive at the equity value. Based on Njord's assumed post-restructuring 87.5% equity ownership and the model assumptions in the Disaster Case, the proceeds would result in a 14.4% IRR and a 2.4x MOIC.

In summary, the quantitative analysis shows that, under conservative assumptions and assuming no early repayment, Njord could expect to generate an IRR of approximately 17.0% (2.2x MOIC) in the Flat Case. Even in a downside scenario involving a restructuring, the investment would still yield around 14.4% IRR (2.4x MOIC), thus recovering close to the level of the contractual return (cash and PIK interest).

4.2.3 Final Investment Structure and Investment Decision

Based on the results from the qualitative and quantitative investment analysis, Njord's next step was to finalise the investment structure and take a decision on the proposed investment in SolidAl. This chapter will first outline the final deal terms as agreed at the time of the investment in 2015. We will then discuss the rationale behind the legal structuring of the investment and analyse the security package put together by Njord. Finally, we will summarise all key insights in a concise investment thesis and explain Njord's reasoning behind its investment decision in 2015.

Final Investment Terms and Expected Outcome

Unlike originally planned, the final drawdown of the €25m facility did not take place on June 30, 2014, but was delayed until March 2015. The reason for this delay was that SolidAl's management repeatedly hesitated during the process, unsure whether to sign Njord's proposed term sheet or continue with their existing, cheaper but short-term financing structure. *"The deal was on and off because it took the counterparties a bit of time to realise the benefits of a secure, long-term capital structure at more expensive terms compared to what they had in place, i.e., something cheaper but with significant uncertainty. That is usually the case in these situations; it is mentally not that easy to go from single-digit cost of capital to double digits"* (A. Trolle, February 18, 2025). Until the final investment date in March 2015, Njord received updated financials for the second half of 2014. As a result, the company's operating forecast changed slightly due to updated figures and adjusted assumptions. This mainly affected the expected value of the equity upside sharing mechanism, although the calculation method itself remained unchanged. All other loan terms stayed consistent with those used in the model that had assumed a drawdown on June 30, 2014. The loan principal remained at €25m with a 1.5% OID, the tenor was still six years, and the contractual interest rates also remained unchanged.

Under these final loan terms, Njord expected an updated return in the Flat Case of 17.5% IRR and 2.3x MOIC, slightly above the originally projected 17.0% IRR and 2.2x MOIC.

Investment Structure and Security Package

When making an investment decision, Njord places enormous emphasis on the legal structuring and creation of a satisfactory security package to ensure effective downside protection. As described in chapter 4.1.1, the first priority is to create a structure that is able to protect Njord's principal. Only when this is possible, Njord analyses whether the investment can also deliver

an adequate return on that basis. In the case of SolidAl, Njord decided to use a so-called double Luxembourg structure. This meant that two additional Luxembourg-based entities ("SolidAl TopCo" and "HoldCo") were inserted between the Portuguese shareholder company (the Quintas family holding) and SolidAl's Portuguese operating company (OpCo) (see Appendix H). The idea was to make sure Njord could enforce its claims quickly and effectively in a downside scenario. *"This is something that is often used in lending situations. When things go wrong, you want to be able to take control of the situation as quickly as possible through a single point of enforcement in an established jurisdiction, and especially in Southern Europe, it does not always go that fast"* (A. Trolle, February 18, 2025). Luxembourg is considered a creditor-friendly place to structure and enforce security rights (Loyens & Loeff, 2023). Relevant laws include the collateral law, which makes it easier to create and enforce security agreements, and the securitisation law, which helps to protect assets in case of a default (EY, 2023).

The security package was structured based on the findings of the legal due diligence. Given the risk profile of Njord's investment strategy, the firm generally aims to include as many valuable assets and key entities' shares in the security package as possible. *"We are trying to have as much protection as possible and if you do not ask, you do not get. So, if something is unencumbered, we will ask for it […]. When something is already encumbered, we try to take a second-ranking security over that"* (A. Trolle, March 27, 2025). As previously mentioned, all of SolidAl's valuable fixed assets were unencumbered following the refinancing of the short-term bank liabilities, with the exception of the production facility in Esposende. Njord therefore secured a first-lien security on all fixed assets except the production building. For the production building, a second-lien position was agreed, subordinated to the only remaining bank facility. In addition, Njord received full share pledges on all entities embedded in the structure, including both the Portuguese and Luxembourg-based entities. This was a critical element of the package, as it gave Njord the ability to take ownership of the company in a downside scenario and gain full control over a potential operational restructuring or turnaround process.

Investment Decision

With the due diligence completed and both the legal structure and security package in place, Njord prepared its final investment committee memorandum in order to take an investment decision in March 2015.

The investment opportunity in SolidAl matched Njord's investment strategy well and fulfilled all of its key investment criteria. First, SolidAl operated in a market characterised by sustainable growth and stable, predictable customer demand. Within this market, SolidAl had built a strong and long-standing position over several decades, maintaining long-term relationships with major utility companies and grid operators. Internally, the company showed strong cost efficiency, as reflected in its contribution and EBITDA margins, along with good cash generation and meaningful upside potential.

While the expected IRR in the Flat Case was only 17.5% and therefore below Njord's 20% target, there were several reasons to put this into perspective. First, the investment was expected to generate a 2.3x MOIC, meaning that in absolute terms, the return on invested capital would still exceed Njord's MOIC target. The lower IRR is mainly a result of the relatively long holding period of six years, which is slightly longer than Njord's typical investment horizon. At the same time, Njord had taken a very conservative approach when modelling the company's operating performance. If SolidAl performed better than expected, the value of the equity kicker could grow significantly and further boost returns. In addition, even in a downside scenario involving a restructuring, the investment would still deliver a return close to the expected returns from cash and PIK interest, as well as the OID (14.4% IRR and 2.4x MOIC). This underlined the strength of the security package and the downside protection.

Based on these considerations, Njord ultimately decided to proceed with the investment in SolidAl in early 2015. Since Njord was not able to fully cover the €25m loan with its Fund I (which at the time had a total size of €100m), the investment amount was shared with a co-investor who adopted Njord's analysis and agreed to the proposed terms (72% was covered by the co-investor, the remaining 28% by Njord). Based on this structure, the loan (net of the original issue discount) was disbursed to SolidAl in March 2015.

4.3 Early Investment Period and Default

After covering the initial investment decision, this chapter examines the subsequent developments and processes that occurred after Njord's investment in SolidAl in March 2015. For this purpose, we will focus on the early years of the investment period and the critical events in 2017 / 2018 that led to Njord executing a debt-to-equity swap.

4.3.1 First Years of the Investment Period

During the first two-and-a-half years following the investment (March 2015 to September 2017), the investment performed without any complications. Njord was involved as much as contractually allowed and beyond that expected by the company, which at the time could be considered as "light-touch involvement". This approach, commonly employed by Njord for credit investments, involves taking on a board member or observer role and providing advisory services to the company's management through Njord's in-house operations team. These advisory services, benefitting all stakeholders, are a substantial part of Njord's investment proposal and come as part of the financing package, causing no additional cost to the borrower.

In the case of SolidAl, Njord's operations team had monthly meetings with the company, discussing financial performance and providing guidance on cash flow forecasting, working capital management, and other financial topics. Additionally, Njord received regular business and financial updates from the management.

During the initial investment period, SolidAl demonstrated consistent performance, generating revenues of approximately €80m annually from 2015 to 2017. Adjusted EBITDA remained consistent at approximately €9m during these years, respectively. Over this period, the €25m loan facility increased to an outstanding principal amount of €29.8m by September 2017, driven by the accrual of the 7.0% PIK interest. By that point, the loan had paid €5.2m in cash interest, of which €1.4m was allocated towards Njord. Overall, the investment performed in line with expectations (i.e., deliverance on the contractual terms of the loan) during its first years.

4.3.2 Share Dilution and Credit Insurance Default

Starting in 2017 and peaking in the summer of 2018, however, two distinct incidents significantly weakened SolidAl's financial position and threatened to erode Njord's control over the investment. These developments ultimately led to Njord conducting a debt-to-equity swap, thereby taking control of SolidAl.

Dispute and Share Dilution

In the fall of 2017, the Portuguese banking sector began to recover from its downturn, resulting in the emergence of more affordable financing options relative to Njord's facility. SolidAl claimed to have secured alternative lenders that could replace Njord's credit facility through refinancing. "*In general, we were fine with this, as we would make our forecasted target*

returns" (A. Trolle, December 20, 2024). However, SolidAl refused to honour the contractual equity upside sharing mechanism, described in chapter 4.2.2, which would have represented significant additional value to Njord. This disagreement posed a major challenge, as Njord was unwilling to leave this upside potential on the table. The dispute over the upside sharing escalated, leading to SolidAl's management stopping all communication and reporting to Njord. In Q4 2017, SolidAl also ceased paying the quarterly accrued interest on the Njord loan facility. From late 2017 onwards, Njord was completely shut out and received no further financial or business information.

In November 2017, the sole shareholder entity of SolidAl held an unauthorised shareholder meeting without the knowledge or approval of the Luxembourg holding company. There, Njord had certain negative controls, and their approval was required for significant changes. At this shareholder meeting, SolidAl's management executed a rights issue, allocating a controlling stake of 50.1% to a newly formed entity, "FAQ", which was controlled by the management. This transaction was facilitated through the use of an illegitimate power of attorney supposedly issued by the Luxembourg HoldCo. As a result, the borrower of the loan facility, the Luxembourg HoldCo (with Njord's negative controls), technically lost its majority ownership of the operating company (see Appendix H). This manoeuvre intended to prevent Njord from enforcing the equity upside sharing mechanism through the Luxembourg entities. At the time of the rights issue, communication between SolidAl and Njord had already ceased, which is why Njord remained unaware of the transaction. The rights issue and loss of control were only discovered in Spring 2018 through Njord's local advisory network in Portugal.

In response to the discovery of the fraudulent dilution, Njord initiated legal proceedings against the new entity "FAQ", the Portuguese OpCo, and several individuals, including SolidAl's CEO. These lawsuits were filed across multiple jurisdictions, including Portugal, Luxembourg, and the UK. As part of its legal strategy, Njord relocated the Centre of Main Interests (COMI)[6] of the SolidAl HoldCo (the borrower) from Luxembourg to UK jurisdiction (see Appendix H).

Credit Insurance Incident and Cross-Default

In parallel with the ongoing litigation between Njord and SolidAl in early 2018, the company was further destabilised by a separate event. During the time of no communication with and

[6] Centre of Main Interests refers to the place where a debtor conducts the administration of its interests on a regular basis. A company needs an office, board, and meaningful activities to be recognized as having its COMI in a certain jurisdiction (European Union, 2015).

reporting to Njord, the profitability and liquidity of SolidAl eroded. In April 2018, a critical supplier initiated legal actions over a delayed payment of approximately €50k in trade credit extended to SolidAl. In response, SolidAl's largest credit insurer[7] withdrew its coverage, followed by all other credit insurers. The withdrawal of credit insurance triggered an immediate tightening of supplier terms, with key vendors requiring payment upon delivery. Lack of liquidity and financial support by the banks initiated a downward spiral, resulting in SolidAl being unable to source their key raw material supplies, and production activity slowed down progressively.

Njord was unaware of the slowdown in production and operations, as they were still engaged in ongoing litigations with SolidAl. They learned about the critical state of SolidAl through market contacts in July of 2018. By then, SolidAl had fully ceased production and was no longer able to pay the salaries of its 363 employees. The employees were asked to take holidays or unpaid leave until a resolution could be found. Given the company's financial condition, no traditional lender was willing to provide the necessary liquidity to stabilise operations.

Njord's Suggested Solution

SolidAl was unable to secure additional debt financing without Njord's involvement, and a company sale was unfavourable given the distressed circumstances. Moreover, the existing shareholders lacked the resources to resolve the liquidity crisis themselves. Given Njord's specialisation in restructuring and its readiness to take full control in distressed scenarios, they were well positioned to react quickly. Njord also benefited from its prior familiarity with both SolidAl and the broader market context. In search of a solution, Njord re-established contact with part of the management team, despite the ongoing litigations. Njord's proposed solution involved providing rescue financing in the form of a "super-senior" loan, alongside a full conversion of the existing debt into equity.

4.4 Debt-to-Equity Swap

Following the incidents in 2017 / 2018, Njord conducted a new due diligence to assess the viability of the rescue financing solution. The following chapter will cover the buyout of the

[7] A credit insurer provides insurance services that protect transactions between companies where goods or services are supplied with deferred payments. The insurance covers the risk of non-payment of the trade credit (Allianz Trade, n.d.).

co-investor's original credit facility, followed by the due diligence process, and concluding with an explanation of the debt-to-equity swap mechanism.

4.4.1 Co-Investor Buyout

Upon SolidAl's distress and the ongoing litigation, the co-investor in the original €25m facility sought to exit the investment, primarily due to concerns over potential public exposure. This presented Njord with the opportunity to acquire the co-investor's claim at a discount. Following successful negotiations, Njord acquired the outstanding claim for €13m, representing a 50% discount[8]. Njord's Fund II did the acquisition of the claim, whereas Njord's share of the original investment in 2015 had been made via Njord's Fund I. As mentioned before, Fund I was unable to cover the full €25m due to size constraints. Thus, the newly raised Fund II acquired the co-investor's claim in 2018. Following this transaction, Fund I held 28% of the total exposure to SolidAl, while Fund II held the remaining 72%. All subsequent investments in SolidAl were made pro rata according to this allocation. "*This clear mechanic also made LP management easier, as there was no complicated entanglement between fund vehicles, but clear separation*" (A. Trolle, March 27, 2025). With this transaction, Njord became the sole claimant of the original senior secured loan facility from 2015.

The involvement of Fund II, backed by different LPs compared to Fund I, required a separate, independent due diligence of the investment. This was essential to ensure that the proposed investment was attractive on a standalone basis from a downside risk and return perspective, rather than being a rescue operation of a Fund I investment. "*Hence, the Fund II investment was seen as a completely new investment […]"* (J. van den Arend, March 25, 2025).

4.4.2 Debt-to-Equity Swap Due Diligence

The due diligence process conducted in 2018 was notably lighter and faster compared to the due diligence carried out for the initial investment in 2015. "*At this point, we already had multiple years of financial reporting and first-hand insights into SolidAl and its market*" (J. van den Arend, March 25, 2025). Hence, the majority of the due diligence was conducted in-house by Njord's investment and operations team. The primary focus was on assessing SolidAl's restructuring possibilities, while the remaining due diligence largely served to reaffirm the original investment thesis from 2015. "*Nothing had changed from the 2015 investment thesis*"

[8] By 2018, the co-investor's portion of the loan, through PIK interest and outstanding cash interest, amounted to a total of approximately €26m.

(A. Trolle, March 27, 2025). The due diligence concluded that SolidAl had a solid foundation to operate successfully in the market. In fact, the findings further strengthened Njord's conviction in their original assessment, and the situation provided Njord with the opportunity to increase exposure and capture additional upside.

Financial Model

In addition to qualitative considerations, the follow-on investment also presented a compelling case from a financial perspective. For the financial analysis, Njord's investment team prepared a financial model, again covering different cases, forecasting SolidAl's financial development, and projecting returns. There are several key inputs to the model consistent across the two cases (underwriting case and base / expansion case) (see Appendix I). The first block of inputs related to the structure of the capital injection, which totalled €23m. Initially, the whole €23m was structured as a bridge loan, but later €8m of this was to be converted into equity, while the remaining €15m stayed on as a bridge loan. The bridge loan was structured to be repaid using available cash (cash sweep) and carried an 8% PIK interest rate. The investment date for the €23m was set to be August 1, 2018, and a minimum cash balance of €1m was assumed on the company's balance sheet. The second set of inputs defined the breakdown of Njord's total investment across Fund I and II. The original loan facility amounted to €24.6m, of which Njord's portion was €6.9m and the rest held by the co-lender. In 2018, Fund II acquired the co-investor's remaining claim for €13m. Taken together, the model reflected a total investment of €42.9m[9]. The equity ownership following the transaction was assumed to be 87.5%. The final group of inputs addressed the exit assumptions. The model applied an exit multiple of 7.5x EV / EBITDA, based on a conservative approach relative to public market comparables, which were trading at 9-10x EBITDA at the time. The projected exit date was set to be December 31, 2023. To enable a sensitivity analysis, the model allowed for adjustment in future EBITDA levels and the timeline for achieving those levels.

The model covers two cases: an underwriting case and a base / expansion case. The underwriting case follows Njord's conservative investment modelling philosophy, assuming a recovery to stability, but no further operational improvement. The base / expansion case, while still conservative, assumes moderate growth beyond recovery, projecting a return to and slight improvement over pre-crisis performance.

[9] Njord's initial loan share of €6.9m + buyout of the co-lender for €13m + capital injection €23m.

The model is based on a set of assumptions. Scenario independent assumptions were the Portuguese corporate tax rate of 21%, a working capital build-up in 2019, a reduction of non-recourse factoring, rental payments to the AssetCo (defined later) to cover debt servicing, flat asset depreciation, and minor cash leakage of €1m to other creditors between 2019-2021. Unsecured debt was projected to remain stable at €8m, reflecting predominantly revolving credit lines. Scenario-specific assumptions varied. The underwriting case assumed sales rebound modestly from the 2018 downturn to just above pre-crisis levels, with EBITDA margins returning to 14.8%. Capex was limited to €1m annually for maintenance, consistent with historic levels. The base / expansion case assumed post-rebound sales growth driven by strategic initiatives. EBITDA margins were projected to improve to 16.5% from 2022 onwards, supported by efficiency gains and reduced board fees. In addition to €1m in annual maintenance Capex, €5m in expansionary Capex were assumed over the holding period.

The projection model (see Appendix I), used to assess the follow-on investment, includes two years of actuals (2016 and 2017), an estimate of 2018, and projections for the years 2019 to 2025. Since the assumed exit occurs at the end of 2023, the years 2024 and 2025 assume no further growth in sales or EBITDA margin. The model begins with projected sales, which are expected to rebound with 60% growth in 2019, followed by more moderate increases. EBITDA is derived from sales based on expected margins. Below EBITDA, the model deducts Capex and other cash-effective items to arrive at "Cash Flow benefiting Njord". These cash-effective items, such as debt sweeps, changes in net working capital, interest, and taxes, are detailed in the "Workings" table (see Appendix I). A separate debt schedule (see Appendix I) covers the three debt positions (Sale & Leaseback, Other Unsecured, and Njord Bridge Loan). For each, the model tracks opening balance, accrued PIK and cash interest, repayments, and closing balance. Based on "Cash Flow benefitting Njord", the repayment of the Njord bridge loan is derived, as well as the change in cash for SolidAl. The model includes annual closing balances for all debt positions, from which net debt is calculated. In the underwriting scenario, EBITDA is expected to reach €13.2m upon exit, which is in line with pre-crisis levels. In the base / expansion scenario, EBITDA increases to €18m. In both cases, the €15m Njord bridge loan is expected to be fully repaid within the holding period.

Next in the model, the equity value is calculated (see Appendix I). The enterprise value is determined by applying the EV / EBITDA multiple (7.5x) to the projected EBITDA for each year. From the EV, outstanding debt is subtracted and cash is added, resulting in the total equity value. As Njord's equity stake is set to be 87.5%, only that proportion of the equity value is

attributable to Njord. The equity value attributable to Njord varies depending on the chosen scenario and exit year.

With the equity value determined, the next step is to calculate the implied returns (see Appendix I). The return calculations are based on an assumed exit in 2023, as outlined in the key inputs. To provide a comprehensive perspective on the investment, three return profiles are calculated. The more conservative case (i.e., the underwriting case) yields a 17.1% IRR and a 2.4x MOIC for the total investment return (Fund I and Fund II together). Fund I's sole returns in that case are 13.2% IRR and 3.1x MOIC. For Fund II, the investment yields a 19.8% IRR and a 2.4x MOIC. In the base / expansion case, the returns are higher. Evaluating the investment opportunity at hand (Fund II's investment in 2018), it generates approximately 20% IRR in the underwriting case, thus meeting Njord's target return.

To better understand the impact of varying exit multiples, timings, and EBITDA levels at exit, a sensitivity analysis was conducted to calculate the IRR and MOIC for Njord's total investment (see Appendix I). The results are structured across multiple tables, each reflecting a different driver combination: Multiple / Exit Date, Multiple / EBITDA, and EBITDA / Exit Date. An increase in either EBITDA or the exit multiple leads to a higher IRR and MOIC. If the exit date occurs later in the future, the MOIC increases, but the IRR starts to become lower, as there is no additional sales and EBITDA growth modelled beyond 2023.

Concluding the financial due diligence section, the 2018 follow-on investment presented a compelling opportunity from a financial and fund-return perspective. Even under Njord's conservative forecasting approach, the investment was projected to yield a 20% IRR. Overall, after conducting the due diligence, both qualitatively and quantitatively, Njord concluded that the required follow-on investments, followed by a debt-to-equity swap, constituted a sound opportunity and therefore proceeded with the investment.

4.4.3 Rescue Financing, Debt-to-Equity Swap Mechanism, and Remaining Shares

In 2018, Njord entered negotiations with SolidAl's shareholders to execute a consensual debt-to-equity swap. The structure and process of this transaction are outlined in the following. To restart production and address immediate liquidity needs, Njord provided an €8m "super-senior" loan directly to the SolidAl OpCo. This facility ranked even above the original senior secured loan in terms of seniority and was later converted into equity as part of the swap (as mentioned above). In addition, Njord provided €300k to cover the unpaid salaries of SolidAl's employees. This gesture, made without security or a confirmed agreement with shareholders,

was a key factor in securing future operations and relations with employees, easing tensions, and accelerating negotiations.

In addition to the new loan, Njord and the shareholder family negotiated to swap Njord's outstanding debt into a majority equity stake, including the €8m super-senior loan. In August 2018, they agreed on Njord acquiring an 87.5% common equity ownership stake by conducting a debt-to-equity swap. This 87.5% stake was designed to ensure that the original owners retained enough ownership to stay motivated while preventing Njord from missing its return targets. Another significant part of the swap was in the form of preferred equity, ranking senior to the common equity, that compounded at a 15% PIK interest, realisable at an exit event. After finalising the terms, it took until the end of 2018 to complete all the necessary steps, as outlined below.

Since the equity rights over SolidAl were split between two entities, FAQ and SolidAl HoldCo, the deal required several restructuring steps to be executed. Njord established a new entity under Luxembourg jurisdiction, "Njord NewCo," which would ultimately hold 87.5% of the equity and all other instruments outstanding in SolidAl. This entity first acquired 37.6% of the equity rights from the Portuguese shareholder entity, FAQ, for nominal consideration, leaving FAQ with the agreed 12.5% equity stake (see Appendix H). In the second step, Njord NewCo acquired the remaining 49.9% of equity from the SolidAl HoldCo. To ensure fairness and regulatory compliance, a formal open-market sale process for the 49.9% was conducted. During that process, Njord made a "credit-bid" using their credit claim to bid for the equity. "*This is risky, as another party could have made a higher bid in cash. […] But here it ironically came in handy, that this entity (SolidAl HoldCo) got diluted to a minority stake of 49.9% and that the company overall was in distress"* (A. Trolle, December 20, 2024). Due to the distress of SolidAl and the minority stake being sold, there was limited interest in the market, and Njord ultimately won the bidding process. As a result of the successful credit bid, the Njord lending facility was eliminated, as this was now converted into equity. SolidAl HoldCo's share rights were reduced to 0%, and Njord NewCo now held 87.5% of the common equity as well as all other instruments in SolidAl (see Appendix H). In December 2018, SolidAl HoldCo was put into liquidation, finalising the new holding structure (see Appendix H).

In 2023, Njord acquired the remaining 12.5% equity stake from the family shareholders at an attractive price. At the time, litigation with the family shareholder entity was still open. The negotiation was described as "*a mix between a sales negotiation and a litigation settlement*" (J. van den Arend, March 25, 2025). A central point of discussion concerned the

expected economic dilution of the 12.5% stake. As previously mentioned, Njord's preferred equity stake, compounding at a 15% PIK interest rate, significantly diluted the common equity held by the family. Additionally, as part of the restructuring, Njord became the sole shareholder of two separate entities (AssetCos as described in chapter 4.5.1) that owned all of the land on which SolidAl operated, which, if reintegrated, would further dilute the family shareholders. The final purchase price was structured to be paid in tranches tied to specific milestones, designed to ensure cooperation of the counterparty and prevent disruptions from contestation or further legal actions. The first tranche was paid upon signing of the share purchase agreement (SPA), which was executed by FAQ's legal representatives on behalf of the family members. Because of the risk of each individual shareholder of FAQ potentially contesting the decision of FAQ to enter into the SPA, the second milestone was the expiry of the contestation period in Portugal, factoring in a conservative buffer. Finally, the parties agreed that the family would receive a share of Njord's proceeds from a potential future sale of SolidAl.

4.5 Turnaround

After examining the second investment decision and the debt-to-equity swap mechanisms, this chapter will focus on the comprehensive turnaround of SolidAl. It begins with an analysis of the financial restructuring, followed by a detailed exploration of the operational turnaround. Finally, the role of Njord in driving these transformations will be discussed, highlighting their strategic involvement and support throughout the process.

Following the agreement on the debt-to-equity swap in August 2018, Njord took over operational control and initiated a substantial turnaround and transformation effort. At the time, production was completely halted, payroll had been missed the previous month, and relationships with key stakeholders were severely strained. EBITDA for 2018 was projected at negative €18m, down from positive €8m in 2017, while revenue was expected to reach only one third of the prior year's level, as a result of the liquidity shortage following the credit insurance terminations, which temporarily halted SolidAl's production. As previously mentioned, Njord provided immediate liquidity to purchase raw materials and cover employee wages. From there, the turnaround process began, both financially and operationally, anchored on five core pillars: fixing sales and operational planning (S&OP), de-risking and optimising production, controlling the supply chain, restoring client confidence, and fixing the capital structure.

4.5.1 Financial Restructuring

During the turnaround, Njord ultimately injected a total of €31m into the company. Between August 2018 and mid-2019, €26m was provided as rescue financing, exceeding the €23m anticipated in the financial model. In late 2019, an additional €4m was injected to support working capital needs. Finally, in 2021, another €1m was provided for Capex financing.

Restructuring of Debt Positions

A crucial part of the financial turnaround was the restructuring of debt owed to banks, factoring institutions, and suppliers. The Portuguese bank, already mentioned during the initial investment and involved in financing SolidAl's real estate via a sale-and-leaseback facility, had the largest exposure, amounting to €28m. While the sale-and-leaseback facility was secured by the real estate, the bank also had unsecured claims against SolidAl. In a potential insolvency scenario, the bank's unsecured facilities risked complete impairment. To address this, Njord and the bank agreed on a separate sale-and-leaseback transaction outside of SolidAl (resulting in two AssetCos holding land used by SolidAl), in return for a partial write-off of the unsecured debt. This deal reduced SolidAl's leverage while lowering the bank's provision requirements and direct exposure, thereby improving security.

Overall, Njord successfully reduced SolidAl's outstanding debt to banks and factoring institutions from €46.3m prior to the restructuring to €19.5m by the end of 2019. In parallel, existing factoring facilities were preserved and expanded, and the majority of overdue supplier credits were repaid as part of the restructuring process.

Investments and Financial Development

The majority of the injected capital, particularly early on, was allocated to working capital and factory maintenance to restart production and resume fulfilling customer orders. Other key investments made under Njord's control included critical quality control equipment and health and safety upgrades. Additionally, a centralised business intelligence system was implemented to support more data-driven and transparent decision-making.

In 2018, revenue dropped to €32.6m from €82m in 2017, and adj. EBITDA fell sharply to negative €13m from positive €8m. Just one year later, in 2019, revenue rebounded to €78m and adj. EBITDA to €5m. "*This shows that the customers and the market were there, and the problem had simply been a lack of liquidity. There was nothing wrong with the operations or product itself, or the demand for it*" (A. Trolle, December 20, 2024). From 2019 to 2023,

SolidAl, under Njord's control, continued to grow significantly, reaching €155m in revenue and €21m in adj. EBITDA, as shown in Figure 4. This improvement was enabled by the operational turnaround and transformation measures discussed in the following.

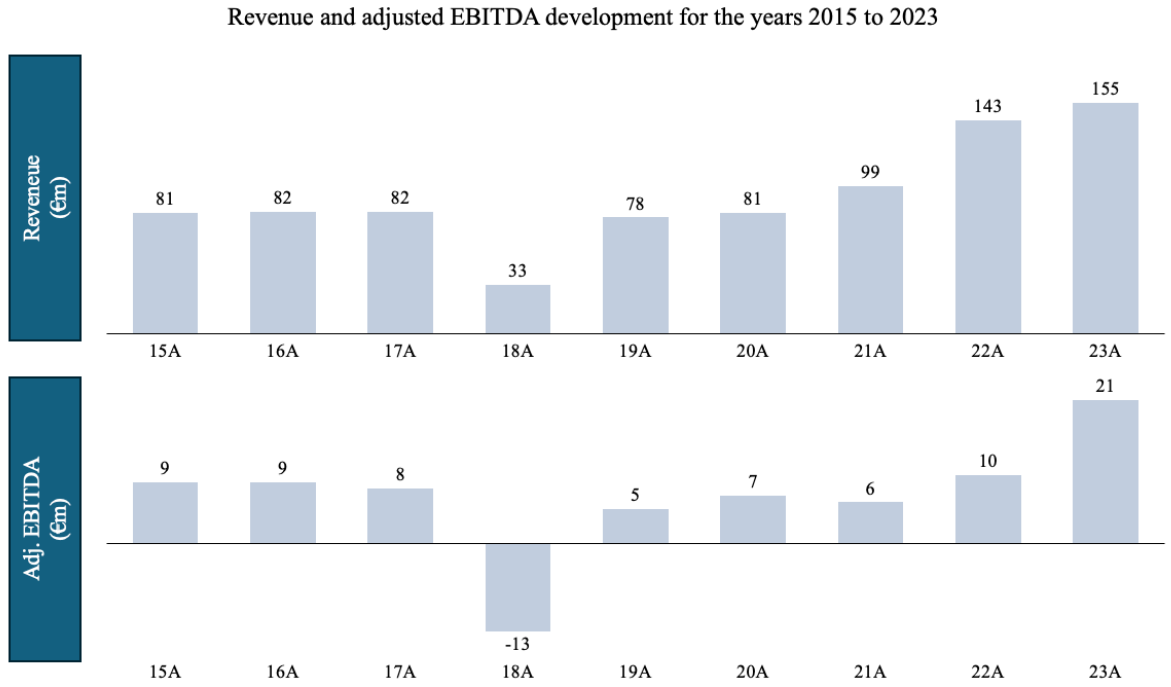

Figure 4. SolidAl's actual revenue and adjusted EBITDA development between 2015 and 2023. The figure was made by the authors, based on information shared by Njord Partners.

4.5.2 Operational Turnaround

With Njord taking control of SolidAl, the operational turnaround began. In August 2018, a consulting firm was tasked with leading the restructuring, and Francois Moufflet (EY and AlixPartners) took on the role of Chief Restructuring Officer. In April 2019, he transitioned to CEO of SolidAl, a position he held until Njord's exit. Moufflet, together with a member of Njord's operations team, whom he already knew from his time at EY, was the first to be on the ground in Portugal. "*The first two steps are to assess the situation, find out what is needed, find the right people to do it, and then come up with a thesis of why we are here; what we want to achieve*" (F. Moufflet, April 3, 2025). Three key insights emerged early on: first, SolidAl's industry requires complex certification and customer acquisition processes, making its technical and commercial know-how highly valuable. Second, the sector's outlook was still positive, with electrification driving demand, as previously mentioned. Together, these factors supported a thesis for increasing output by 25-30%. "*It was not a whole lot of information, but that's where I thought all of these things might come together to be successful*" (F. Moufflet, April 3, 2025).

In late 2018, Philippe Cochet joined the team as a senior advisor. A former Senior Vice President at General Electric, he brought deep industry familiarity and extensive lean manufacturing expertise, leading the "de-risking and optimising production" turnaround pillar. "*The challenge in implementing it from scratch is that you don't know where to begin*" (F. Moufflet, April 3, 2025). Cochet guided the design and rollout of the factory transformation, starting with the implementation of the "5S Method" for lean manufacturing[10]. The first step, however, was to stabilise production by reducing volume volatility and establishing consistent output. From there, output was gradually increased. Over the holding period (2018–2024), SolidAl raised annual output from approximately 20,000t to 30,000t, a 50% increase. For the S&OP pillar, a turnaround advisory firm was brought in to take on an interim supply chain director role. They developed new procedures for S&OP and the broader supply chain. Additionally, these advisors played a key role in de-risking production, overseeing investments in quality control and health and safety systems. Furthermore, they led significant process control improvements on the factory floor, implementing planning and scheduling procedures, waste measurement, key KPIs, raw materials control, and more.

Besides optimising production and factory management, Francois Moufflet led the company-wide transformation. Early on, the primary focus was on stabilising operations and maintaining open, frequent communications with key stakeholders. "*Theory tells you to first make sure you have the right organisational structure and reporting in place. But in this scenario, in practice, you need to make sure that all the stakeholders (suppliers, employees, customers, etc.) are stable*" (F. Moufflet, April 3, 2025). The organisational structure and reporting systems began to change in 2019. Prior to that, the financial restructuring was still ongoing, and the shareholder family remained involved in the management. Thus, the new management took a cautious approach and treated them "softly" until the shareholder matters were fully resolved.

So, the immediate focus was on stabilising SolidAl's key stakeholder groups to make the company operational again. Suppliers who had not been paid in the past were placed on structured payment plans, and, as previously noted, the majority of supplier credit was repaid swiftly. Transparent communication, visible operational improvements, and consistent delivery on commitments helped rebuild trust with suppliers. On the customer side, SolidAl had longstanding clients who had not received deliveries in some time. The priority was to restore

[10] A workplace organisation technique aimed at improving efficiency, safety, and quality by systematically implementing five principles: Sort, Set in order, Shine, Standardise, and Sustain (Hirano, 1995).

customer confidence by proving the company's reliability through consistent fulfilment of orders. "*Utilities want to know that they get the cables […]. They want reliability of service, and that is exactly what SolidAl hadn't provided before 2018*" (F. Moufflet, April 3, 2025). Rebuilding that trust proved challenging. "*It all starts with talking, telling the truth, owning failure, giving dates, and making commitments […]. In the end, the proof is in the pudding; talk is cheap"* (F. Moufflet, April 3, 2025). Since SolidAl remained certified with its previous customers, a process that is typically time-consuming, many customers started to place small orders again. By consistently delivering on those, SolidAl gradually regained trust with its customers. The third major stakeholder group requiring immediate attention was SolidAl's workforce. The first step, which was immediately taken, was to cover missed payrolls. A second important step was creating transparency during the turnaround. Moufflet initiated regular all-employee meetings where he updated on progress, results, and investments within the company. This level of transparency was a new experience for the company and proved vital in keeping employees engaged and motivated throughout the turnaround.

One of Moufflet's core objectives as CEO was to instill a culture of transparency, data-driven decision-making, and individual responsibility. Prior to Njord's involvement, SolidAl's management team and board members operated from private offices that were inaccessible to regular employees. This was one of the first things that Moufflet changed. He positioned his desk right in the middle of the office, making himself visible and approachable. That also gave him direct insight into the day-to-day dynamics of the organisation. Eventually, the entire office layout was redesigned to eliminate the physical separation between management and staff. "*The idea was to bring more transparency, and that information is shared with everyone*" (F. Moufflet, April 3, 2025). To reinforce this cultural shift, SolidAl implemented a comprehensive business intelligence tool to improve information transparency across the organisation. This system enabled decisions to be supported by data, facilitated clearer goal setting, and allowed for measurable performance tracking. With this in place, SolidAl moved away from the instinct-driven decisions previously made by the shareholder family to a culture of transparent, data-based decisions. "*When you have the transparency and the confidence in the facts, then you can make people responsible for certain objectives*" (F. Moufflet, April 3, 2025). One of the big challenges that took throughout the entire holding period to change was getting employees to take ownership of their decisions. In the past, decisions were made by directors and management, and employees only provided informational input. Shifting this aspect of corporate culture was challenging and took a lot of time.

By 2022, SolidAl reached a solid level of productivity, plant utilisation, and output. Moufflet felt things were going well operationally, but the company still was not making enough money. This was mainly due to an unprecedented shift and volatility in raw material prices, particularly aluminium and gas, caused by the Covid-19 pandemic. In SolidAl's industry, pricing is typically based on raw material costs at the time contracts are signed, while payments are made several months later, once orders are fulfilled. "*You are selling things at a price that was the right price six to nine months ago. So, you are doing well operationally, but you are losing money nonetheless*" (F. Moufflet, April 3, 2025). This pricing mismatch, along with the slowdown triggered by the Covid-19 pandemic, delayed Njord's planned exit by one to two years, and they remained involved until 2024.

4.5.3 Role of Njord and Exit Delay

Njord played a key role not only in the financial restructuring of SolidAl but also in driving critical operational improvements. One major initiative driven by Njord was the aforementioned implementation of the comprehensive business intelligence system. It provided Njord, as the investor, with the visibility needed to actively manage and support their portfolio company. "*I don't know if this is more or less than you would see in other companies, but to me, this is the standard now. I could not imagine running a manufacturing business without such a tool because I would feel blind without that kind of access*" (F. Moufflet, April 3, 2025). Beyond tools and systems, Njord contributed with on-ground support through its operations team. From the CEO's perspective, this involvement was invaluable: "*You can only demand so much from your employees, otherwise they get sick of you and it is a long run of three to five years […]. To have someone, [Njord's operations team], who is able to get things done when you need to, especially in a mid-sized company that is not overstaffed, that is extremely helpful as the incoming CEO*" (F. Moufflet, April 3, 2025). The operations team also brought in extensive experience from previous turnaround situations, adding meaningful value to the transformation of SolidAl.

As mentioned earlier, Njord's initially envisaged exit timing was delayed by one to two years due to the volatility in raw material prices and other effects of the Covid-19 pandemic. While the day-to-day operations of SolidAl were unaffected, the extended holding period provided several benefits. It allowed more time for financial performance to improve, provided an opportunity to consider further investments, and enabled the building of stronger relationships with stakeholders. "*Without the five years we had in the end, it would have been*

tricky to achieve all the positive change that we did manage to achieve" (F. Moufflet, April 3, 2025). When Moufflet joined, he had a clear vision of what he wanted SolidAl to "look and feel" like. The additional time gave him the chance to solidify and deepen the cultural transformations he had initiated.

Summarising the turnaround, under Njord's control and leadership, SolidAl saw significant improvements in both revenue and EBITDA. By 2023, SolidAl's revenue had increased to €155m, with adjusted EBITDA of €21m, surpassing the 2018 financial model's projections of €109m in revenue and €18m in EBITDA. This marked a strong recovery, with the adjusted EBITDA margin improving from 9.8% to 13.6%, despite being slightly below the original target range of 14.8-16.5%. Beyond the financial improvements, SolidAl successfully repaired relationships with key stakeholders, regaining the trust of customers, suppliers, and access to the banking market. During the holding period, SolidAl's workforce grew from 363 to approximately 430 employees, and its production facilities were upgraded (Appendix J), including state-of-the-art laboratories and quality control facilities. "*I left the company with almost everything in place that I imagined on day one could happen. I pictured an organisation where we build trust with employees, we were high performing, we had a good management team, we had good offices where we could receive customers, and people felt proud of the environment they worked in*" (F. Moufflet, April 3, 2025).

4.6 Exit

Having examined the turnaround of SolidAl, this final chapter of the case focuses on Njord's exit from the investment in 2024. It outlines the sale process, presents the realised returns for Njord, and discusses Njord's overall assessment of the investment.

Throughout its holding period, Njord already received several inbound acquisition offers for SolidAl from strategic buyers. Some of these offers were made when SolidAl's EBITDA had reached €11m. However, Njord believed that significant value remained to be unlocked. As discussed earlier in the context of the restructuring, the Covid-19 pandemic and raw material price volatility delayed the realisation of this potential. Nevertheless, Njord remained confident that a substantial uplift in EBITDA would follow once raw material prices normalised, supported by SolidAl's strong order book and positive market trends. "*We knew that in the near future there would be a significant uplift in EBITDA based on the achieved operational turnaround, SolidAl's order book, and the development of the raw material market"* (J. van den

Arend, March 25, 2025). Additionally, Njord identified further investment opportunities and operational improvements to support SolidAl in reaching the projected EBITDA target.

By summer 2023, SolidAl's performance had significantly improved. So, in late 2023, Njord reached out to several investment banks to pitch for a formal sale process. The selected advisor, the global investment bank Lazard, developed a teaser and conducted a relatively broad outreach to potential strategic and financial acquirers to market SolidAl. The process attracted strong interest from both financial sponsors and strategic investors. In particular, global strategics, which sought to expand their production capacity, showed high interest in acquiring SolidAl.

SolidAl was eventually acquired by the leading Danish power cable manufacturer NKT in June 2024. As the third-largest power cable manufacturer in Europe, NKT aimed to establish a presence in the Iberian market through this acquisition. Two primary factors, one financial and one strategic, led to NKT being selected as the buyer. First, NKT submitted an attractive bid in the sale process, offering a valuation of 9.5x EV / EBITDA. Second, the company emphasised strategic and topline synergies rather than cost synergies, viewing SolidAl as a platform for expansion into Southern Europe. "*We are financial investors and have a responsibility to our investors to maximise the return on the capital we have been entrusted to manage on their behalf"* (J. van den Arend, March 25, 2025), but "*[we] are also expected to be good custodians for the companies we invest in"* (A. Trolle, December 20, 2024). Given that NKT saw predominantly strategic synergies, Njord considered it a particularly suitable long-term home for SolidAl.

From the perspective of Njord as a financial investor, the investment was a clear success. Across Fund I and II, Njord invested a total of €54m in SolidAl and ultimately realised proceeds of €139m. This corresponds to an IRR of 17.0% and an MOIC of 2.6x. Fund II, which entered the investment by acquiring the co-lender's claim in the initial loan, followed by the debt-to-equity swap in mid-2018, contributed €38 million of the total capital and realised €99 million in proceeds, resulting in an IRR of 19.0% and an MOIC of 2.6x. Fund I generated slightly lower returns, having been involved since 2015. Njord, in the end, had to inject more capital than initially anticipated (€54m vs €42.9m), which contributed to the returns being slightly below those projected in the 2018 financial model. Nevertheless, the realised returns exceeded the contracted minimum and met the fund's overall target return. Given the significant challenges faced throughout the holding period, this outcome represents a very strong performance.

Overall, not only from a financial perspective, Njord considers the investment in SolidAl a great success. The investment exemplifies what the firm stands for: target analysis, investment structuring, execution upon challenges, and strong in-house operational capabilities. "*It is an absolute flagship investment [for Njord] that shows that we can structure things well from the start; that when things do not go as planned, we are quick, decisive, and powerful to take the reins (legally and operationally); that shows that we have the capability and network to make operational turnarounds and achieve a good return in all of that"* (J. van den Arend, March 25, 2025). The case highlights Njord's approach to downside-protected special situation investing. "*Of course, we would have liked the initial investment to perform and make 23% IRR after three years, but to still make approximately 20% IRR when things become so stressed, both financially and operationally, that is what capital protection and preservation is all about"* (J. van den Arend, March 25, 2025).

5 Discussion

While the previous chapter examined Njord Partners' investment in SolidAl in depth, this chapter discusses its broader relevance in relation to the research questions from chapter 1. As special situations / opportunistic credit investing is still relatively underexplored in academic research, the aim of this discussion is not to test existing theories but to derive practical insights from a real-world case. Where appropriate, these insights are compared with academic concepts to support a more structured understanding of key mechanisms in this subsegment of the private debt market, particularly in terms of deal selection, downside protection, value preservation, and return generation. In doing so, the discussion aims not only to illustrate existing concepts but also to provide a foundation for further academic research in this field.

5.1 Evaluating Special Situations / Opportunistic Credit Opportunities

This section explores how special situations / opportunistic credit investors evaluate potential investments, with a focus on the underlying assessment criteria and decision-making processes in situations of financial stress and limited information. To guide this analysis, we ask:

What investment criteria and processes guide special situations / opportunistic credit investors when assessing an opportunity?

As outlined in chapter 2.1.5, special situations / opportunistic credit investments typically involve companies experiencing financial stress or event-driven dislocation, where the current valuation is below the company's intrinsic value due to temporary pressure (Munday et al., 2018). The literature emphasises that investors look for fundamentally sound businesses whose value has been temporarily impaired by external or financial factors. However, while this conceptual definition is widely accepted, academic research offers little detail on the actual process through which such opportunities are evaluated in practice.

Our case study shows that Njord Partners follows a structured, two-stage evaluation process. In the initial phase, opportunities are screened internally for strategic fit. As described in chapter 4.2.1, Njord primarily targets companies under financial pressure that nonetheless operate a sound core business model, directly reflecting the theoretical definition. Only if this baseline condition is met, the opportunity moves into a more detailed due diligence phase.

At first glance, this evaluation logic appears similar to approaches used in private equity or direct lending. However, our case highlights a key difference in both order and emphasis: the evaluation does not begin with return potential but with a rigorous assessment of whether

sufficient downside protection is possible at all. In contrast to PE processes, which often aim to validate a pre-defined return hypothesis, Njord's approach is fundamentally risk-first. This prioritisation reflects the uncertain and information-poor nature of special situations deals, where investments are frequently made outside of formal sale processes and with limited or inconsistent data availability.

The due diligence process, therefore, is not merely confirmatory but serves as an exploratory and hypothesis-driven analysis. As outlined in chapter 4.2.2, Njord uses this phase to challenge initial assumptions, assess cash flow resilience under realistic stress scenarios, and identify risks that are not visible during the initial screening. This includes both quantitative modelling and qualitative judgement based on direct engagement with management and other stakeholders.

Based on these findings, Njord develops a deal-specific investment thesis that integrates market, business, and capital structure perspectives. Importantly, this thesis must satisfy two key conditions: first, that sufficient downside protection exists, and second, that the deal offers a realistic path to attractive, risk-adjusted returns. While the literature emphasises the importance of core business quality, it does not elaborate on how such quality is identified, validated, or prioritised under uncertainty. In this respect, Njord's approach contributes a practical and differentiated framework for evaluating investment opportunities in special situations / opportunistic contexts.

The limited academic coverage of this topic may be explained by the private and idiosyncratic nature of special situations investing, where proprietary frameworks are rarely disclosed. Nonetheless, our case illustrates that investment evaluation in this subsegment follows a structured, risk-led process that departs meaningfully from conventional investment strategies in purpose, order, and context.

5.2 Structuring Downside Protection

The following section examines how special situations / opportunistic credit investors structure their deals to protect against downside risk, focusing on the instruments and mechanisms used to preserve the loan principal in the face of financial distress. We address this by asking:

What instruments and structural mechanisms do investors use to ensure downside protection in special situations / opportunistic credit deals?

Downside protection is a central concern for all private debt investors, but it is particularly critical in special situations, where investment targets are already under financial pressure at the time of entry. As discussed in chapter 2.1.4, this increases vulnerability to adverse developments compared to traditional direct lending, where borrowers typically present healthier financial profiles and greater buffers against negative shocks. Interviews with Njord Partners confirm that avoiding principal loss is the guiding principle in structuring special situations investments.

A first layer of protection consists of contractual mechanisms. The literature on private debt typically highlights seniority in the capital structure, collateralisation, and the use of covenants as key safeguards. These elements are also reflected in our case study and interviews with Njord. However, Njord emphasises that contractual structuring goes beyond these basic elements. In particular, the legal structure of the deal plays a critical role. For example, European deals are often set up using a double Luxembourg holding structure to enable more effective enforcement in a liquidation scenario. In other investments, Njord has also employed other strategies such as separating operating entities from asset-holding entities to strengthen collateral positions, especially when multiple claimants are involved. While not applied in the initial structuring of the SolidAl deal, this strategy was described by Njord as a common structuring tool. In contrast to the literature's observation that covenant usage has declined due to competitive pressures, the SolidAl case underlines the continued importance of covenants as both a control instrument and an early warning system. They limit managerial discretion and provide investors with triggers for intervention.

A second dimension of downside protection lies in valuation and forecasting practices. This aspect is largely absent from academic literature but was identified as critical by Njord. As seen in the SolidAl investment, Njord applies a highly conservative approach to both business forecasting and collateral valuation. Base cases are flat or declining, and downside scenarios are modelled extensively to assess whether the investment remains viable under stress. Similarly, recovery values for collateral are estimated conservatively. From Njord's perspective, these practices serve as a functional complement to contractual protection mechanisms, particularly in environments characterised by uncertainty and limited visibility.

Finally, downside protection in special situations also depends on the investor's ability to take control in distressed scenarios. According to Njord, effective protection of principal requires not only contractual rights but also the mandate and operational capabilities to actively manage a restructuring if necessary. This includes the ability to replace management,

implement turnaround plans, and gain control over day-to-day operations. While rarely covered in the literature, this readiness to intervene is seen by Njord as a core requirement for special situations investors.

Overall, our case shows that downside protection in special situations / opportunistic credit investing extends well beyond legal contracts. Instead, it is based on a multidimensional framework that integrates contractual structuring, conservative valuation practices, and operational takeover readiness. These insights provide a practical extension to the limited theoretical understanding of downside protection in this field. At the same time, the single-case nature of this study highlights the need for further research to examine whether these mechanisms are consistently applied across the industry.

5.3 Handling Downside Scenarios

The following analysis considers how special situations / opportunistic credit investors respond when portfolio companies face severe underperformance or financial distress, with particular attention to restructuring and performance stabilisation. We explore this through the third research question:

How do special situations / opportunistic credit investors manage portfolio companies in downside scenarios to stabilise performance and preserve value?

While the previous section focused on how preparedness and structural design contribute to downside protection, this part examines how investors act when financial distress actually unfolds. Academic literature on this topic remains limited, but practitioner insights and white papers offer valuable guidance. The founders of Njord Partners highlight in a Private Debt Investor (2025b) interview that both financial and operational restructuring capabilities are essential.

These insights are supported by our case study. In the SolidAl investment, Njord's in-house operations team played a central role in managing the company through the restructuring process. CEO Francois Moufflet explicitly highlighted their contribution to the turnaround. The team provided targeted on-site support, helping to address key operational inefficiencies and stabilise the business during a period of increased uncertainty. According to Njord, a dedicated operational capability is essential for navigating distressed situations and is a defining feature of their investment approach.

Beyond execution, downside scenario management also depends on structural enablers. In SolidAl's case, the previously established holding structure proved effective in enforcing investor rights during the restructuring, highlighting how legal design features can translate into operational leverage when distress materialises. In addition, the case underlines the importance of having the flexibility to invest across the capital structure. Without this pre-existing flexibility, acting quickly to stabilise the company would have been significantly more difficult and could have jeopardised the success of the restructuring. Moreover, had Njord been strictly limited to providing debt financing, the investment would likely have ended in 2017 or 2018, with the firm attempting to recover its principal. Njord's ability to respond without delay allowed the firm to take control of the situation before it deteriorated further.

Taken together, the SolidAl case provides several insights into effective downside scenario management. Investors must combine operational intervention capabilities with structural flexibility and legal clarity. These elements enable a proactive and timely response to financial distress, which remains an underexplored topic in the academic literature on special situations / opportunistic credit.

5.4 Creation of Upside and Sufficient Risk-Adjusted Returns

We now turn to the return dimension of special situations / opportunistic credit investing, focusing on how investors structure upside to compensate for increased risk levels and achieve attractive risk-adjusted returns. This leads to our fourth research question:

What instruments enable special situations / opportunistic credit investors to generate attractive risk-adjusted returns?

Because investments in this asset class target financially stressed companies, downside scenarios are an inherent part of the risk profile and must be adequately priced in. As discussed in previous sections, lenders require sufficient return potential to compensate for this risk. Munday et al. (2018) report target returns in the high teens for special situations / opportunistic credit strategies. Our study supports this, with Njord Partners targeting an IRR of at least 20%.

The academic literature identifies three primary return drivers in this space: cash interest, PIK interest, and equity upside participation (see chapter 2.2.2). PIK interest plays a particularly important role by offering borrowers cash flow flexibility while enhancing lender returns through compounding. This mechanism is clearly illustrated in the SolidAl case. In the initial phase of the investment, Njord structured the loan with a higher PIK and lower cash interest component to accommodate the company's liquidity constraints (see chapter 4.2.2).

Flexibility in interest design is essential, especially in the early stages of an investment. Companies under stress are often unable to service high fixed cash interest payments. By adjusting the mix between cash and PIK, investors can maintain return expectations without putting undue pressure on the borrower's liquidity.

However, interest income alone is often insufficient to meet risk-adjusted return targets in this segment. To bridge this gap, the literature emphasises the importance of equity upside mechanisms, typically in the form of warrants (PIMCO, 2023). Njord Partners confirmed the relevance of such instruments in our interviews, but also highlighted alternative ways of achieving equity-like upside. In the SolidAl case, Njord designed a bespoke upside-sharing mechanism that did not rely on warrants. If the company's equity value increases, a calculated share of that created value is added to the loan principal. This structure offers the lender equity-like returns while preserving seniority and collateralisation, providing access to upside without taking on equity-like risk.

In summary, our findings support the academic understanding of return construction in special situations / opportunistic credit but also add a practical variation through the SolidAl case. The example shows how value creation can be captured through structurally integrated mechanisms within the debt instrument that preserve the lender's senior position while providing access to meaningful return potential.

6 Conclusion and Outlook

Following the discussion of our findings, this final chapter summarises the key insights of our study, reflects on its limitations, and outlines directions for future research in the field of special situations / opportunistic credit investing.

6.1 Concluding Remarks

This thesis examined the investment approach of special situations / opportunistic credit investors through a single qualitative case study of Njord Partners' investment in SolidAl. Against the backdrop of limited academic research in this sub-segment of private credit, the study analysed four key dimensions of the investment process: how investors evaluate opportunities, implement downside protection, respond to financial distress, and structure sufficient risk-adjusted returns. The findings offer deeper insight into how these investors operate under conditions of uncertainty and limited information.

Our findings suggest that succeeding in special situations / opportunistic credit investing requires a combination of analytical depth, structural flexibility, and operational execution. Investment evaluation is based on a thorough analysis of the business model, financials, and market environment, with the due diligence serving to challenge assumptions and uncover potential risks. Downside protection in practice extends beyond contractual elements and includes conservative valuation, scenario-based forecasting, and legal structuring that enables fast and effective enforcement if needed. When financial distress occurs, the ability to respond quickly depends on having a dedicated in-house operations team, a flexible investment mandate, and legally secured control rights. Finally, achieving attractive risk-adjusted returns relies on a tailored combination of cash and PIK interest, complemented by integrated upside mechanisms that provide equity-like participation while preserving the lender's senior position.

Overall, the findings contribute to a more grounded understanding of how special situations / opportunistic credit investments are structured and executed in practice. The case study of Njord's investment in SolidAl connects academic concepts with investment practice and offers rare insight into the mechanisms and decision-making processes of a specialised credit investor.

6.2 Limitations of the Thesis

While this thesis offers meaningful insights, it is also subject to some limitations. The findings are based on a single qualitative case study, which may limit the generalisability of the

conclusions. In addition, the private and often confidential nature of special situations investments makes it difficult to access comparable cases or publicly available deal information.

The practices observed in this case may only reflect Njord Partners' specific investment philosophy, structuring preferences, and operational capabilities rather than common industry standards. Furthermore, the empirical basis of the study relies primarily on interviews with representatives of Njord Partners and the CEO of SolidAl, which may introduce subjective perspectives and potential interpretation bias.

Finally, the study focuses on a European investment context. Some of the elements discussed, such as the use of double-layered holding structures for enforcement purposes, may not be applicable in jurisdictions with different legal and regulatory systems.

6.3 Areas for Future Research

Special situations / opportunistic credit investing is an increasingly relevant segment within private markets that has so far received limited academic attention. By documenting and analysing the approach of a real-world investor, this thesis contributes a case-based perspective that may serve as a starting point for future research.

First, as this study focused on a single qualitative case, broader empirical research based on larger samples of investors and transactions could help validate and quantify the importance of specific evaluation criteria and downside protection mechanisms discussed here.

Second, additional comparative case studies could clarify whether the practices described in this case reflect broader industry standards or are specific to selected investors. Cross-jurisdictional analyses would be particularly valuable in understanding how legal structuring and enforcement mechanisms differ across regulatory environments.

Lastly, given the evolving nature of private credit markets and the increasing use of complex lending strategies, more theoretical work is needed to integrate special situations / opportunistic credit into established frameworks of credit risk, private debt pricing, and financial intermediation. Bridging this gap could lead to a more robust academic foundation for a field that has so far been shaped more by practitioner experience than by academic research.

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Appendix

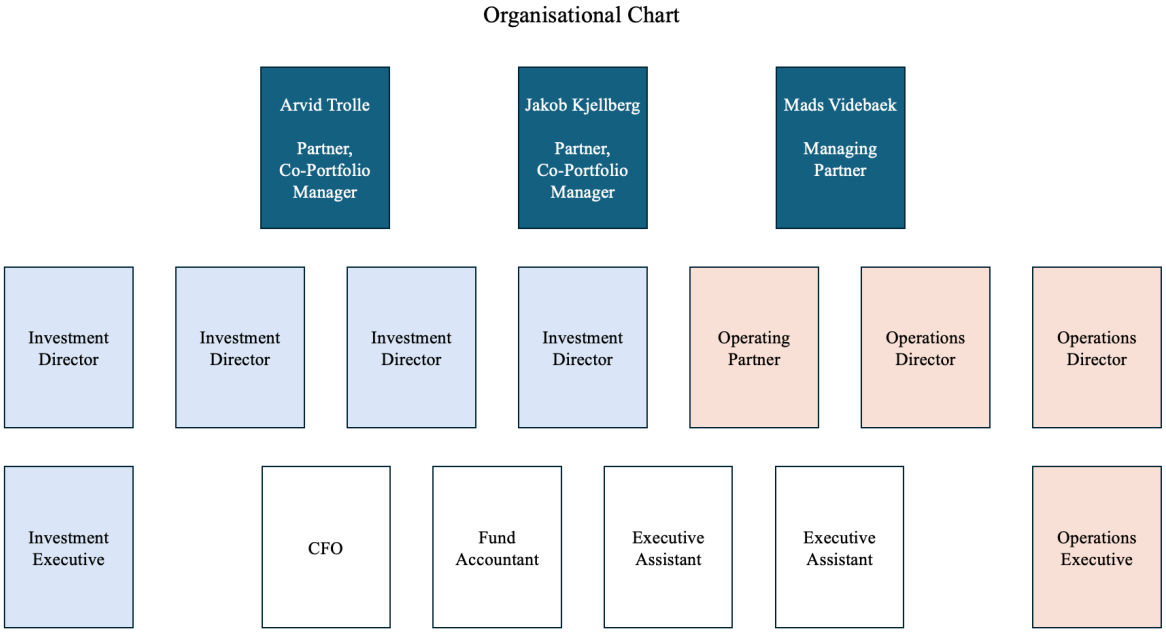
Appendix A. Direct Lending Return Comparison

Table A1. Return comparison for Cliffwater Direct Lending Index, represents direct lending against bond indices and leveraged loans for the years 2005-2023. The figure is made by the authors using data from Ares (2024), which references Cliffwater as the data source.

Calendar Year	Cliffwater Direct Lending Index (CDLI)	Bloomberg High Yield Bond Index	Morningstar LSTA US Leveraged Loan Index	Bloomberg Aggregate Bond Index
2005	10.1%	2.7%	5.1%	2.4%
2006	13.7%	11.9%	6.7%	4.3%
2007	10.2%	1.9%	2.1%	7.0%
2008	-6.5%	-26.2%	-29.1%	5.2%
2009	13.2%	58.2%	51.6%	5.9%
2010	15.8%	15.1%	10.1%	6.6%
2011	9.8%	5.0%	1.5%	7.9%
2012	14.0%	15.8%	9.7%	4.2%
2013	12.7%	7.5%	5.3%	-2.0%
2014	9.6%	2.5%	1.6%	5.9%
2015	5.5%	-4.5%	-0.7%	0.6%
2016	11.2%	17.1%	10.1%	2.7%
2017	8.6%	7.5%	4.1%	3.6%
2018	8.1%	-2.1%	0.5%	0.0%
2019	9.0%	14.2%	8.7%	8.7%
2020	5.5%	7.1%	3.1%	7.5%
2021	12.8%	5.3%	5.2%	-1.5%
2022	6.3%	-11.2%	-0.8%	-13.0%
2023	12.1%	13.5%	13.3%	5.5%
10 Years	**8.8%**	**4.6%**	**4.4%**	**1.8%**
Inception	**9.5%**	**6.4%**	**4.8%**	**3.1%**

Appendix B. Njord Partners Organisational Chart

Figure B1. Njord Partners' organisational chart. This figure is made by the authors, based on materials shared by Njord.



Appendix C. SolidAl Product Portfolio

Figure C1. Product portfolio of SolidAl (SolidAl, 2025).



Appendix D. SolidAl Historical Financials

Table D1. Historical financials of SolidAl (from 2007 to H1/2014), as per Njord Partners' April 2014 model.

EUR '000s	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**LTM H1 2014**
Sales	**94,561**	**94,893**	**72,460**	**89,186**	**118,878**	**112,800**	**90,396**	**86,653**
% growth	15%	0%	(24%)	23%	33%	(5%)	(20%)	
Volumes ('000 meters)	32,209	28,077	26,435	27,157	29,265	22,850	22,895	*na*
% growth	16%	(13%)	(6%)	3%	8%	(22%)	0%	
Volumes ('000 kilos)	26,377	25,775	23,640	26,366	30,450	27,861	22,245	*na*
% growth	6%	(2%)	(8%)	12%	15%	(9%)	(20%)	
Contribution Profit	**23,960**	**24,590**	**24,951**	**21,009**	**21,678**	**21,332**	**20,278**	**21,678**
% Sales	25%	26%	34%	24%	18%	19%	22.4%	25%
EBITDA	**14,909**	**14,712**	**13,670**	**9,879**	**9,256**	**9,238**	**11,590**	**13,008**
% Sales	15.8%	15.5%	18.9%	11.1%	7.8%	8.2%	12.8%	15.0%

Appendix E. Initial Investment Cash Flow Model

Table E1. Cash Flow Model Inputs / Drivers, as per Njord Partners' April 2014 model.

Inputs / Drivers						
General Assumptions		Njord Facility			Equity Kicker	
Tax Rate / Min. Tax	25%	Total Amount	25,000		Njord's Share	10.0%
Minimum Tax	500	Drawdown	30. Jun 14		Agreed Multiple	5.0x
Minimum Cash on BS for HoldCo Interest	5,000	Amortisation	0		Exercised	2018
		Tenor / Repayment	6	30. Jun 20	Paid	2020
		Cash Interest	7.5%	8.5%	Hurdle above current Eq V	130.0%
		PIK Interest	7.0%	6.5%		
		Periods per annum	2			
		OID	1.5%			

Table E2. Operating Model assumptions and calculation of the Cash Flow before Debt Service, Flat Case, as per Njord Partners' April 2014 model.

Cash Flows												
EUR '000s	**2013**	**2014E**	**2015E**	**2016E**	**2017E**	**2018E**	**2019E**	**2020E**	**2021E**	**2022E**	**2023E**	**2024E**
Total Income	**90,396**	**97,718**	**97,718**	**97,718**	**97,718**	**97,718**	**97,718**	**97,718**	**97,718**	**97,718**	**97,718**	**97,718**
Growth Rate	*(19.9%)*	*8.1%*	-	-	-	-	-	-	-	-	-	-
Management Case		8.5%	23.9%	4.0%	11.0%	-	-	-	-	-	-	-
Flat Case		8.1%	-	-	-	-	-	-	-	-	-	-
Bad Case		8.1%	(10.0%)	(17.0%)	5.0%	-	16.0%	-	-	10.0%	-	-
Disaster Case		8.1%	(10.0%)	(17.0%)	(5.5%)	-	6.0%	12.0%	10.0%	-	-	-
Case 5 -		-	-	-	-	-	-	-	-	-	-	-
Cost of sold & cons. Inventories & Subcontracts	(55,855)	(56,676)	(56,676)	(56,676)	(56,676)	(56,676)	(56,676)	(56,676)	(56,676)	(56,676)	(56,676)	(56,676)
% Total Income	*61.8%*	*58.0%*	*58.0%*	*58.0%*	*58.0%*	*58.0%*	*58.0%*	*58.0%*	*58.0%*	*58.0%*	*58.0%*	*58.0%*
Management Case		59.0%	59.1%	59.2%	59.2%	59.2%	59.2%	59.2%	59.2%	59.2%	59.2%	59.2%
Flat Case		58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%
Bad Case		58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%
Disaster Case		58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%	58.0%
Case 5 -		-	-	-	-	-	-	-	-	-	-	-
External supp. and services	(10,943)	(13,892)	(13,892)	(13,892)	(13,892)	(13,892)	(13,892)	(13,892)	(13,892)	(13,892)	(13,892)	(13,892)
% Total Income	*12.1%*	*14.2%*	*14.2%*	*14.2%*	*14.2%*	*14.2%*	*14.2%*	*14.2%*	*14.2%*	*14.2%*	*14.2%*	*14.2%*
Management Case		12.6%	13.1%	13.6%	14.6%	14.6%	14.6%	14.6%	14.6%	14.6%	14.6%	14.6%
Flat Case		14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%
Bad Case		14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%
Disaster Case		14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%	14.2%
Case 5 -		-	-	-	-	-	-	-	-	-	-	-
Payroll costs	(9,749)	(9,847)	(9,847)	(9,847)	(9,847)	(9,847)	(9,847)	(9,847)	(9,847)	(9,847)	(9,847)	(9,847)
% Growth	*(5.0%)*	*1.0%*	-	-	-	-	-	-	-	-	-	-
Management Case		3.9%	2.5%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Flat Case		1.0%	-	-	-	-	-	-	-	-	-	-
Bad Case		1.0%	-	-	-	-	-	-	-	-	-	-
Disaster Case		1.0%	-	-	-	-	-	-	-	-	-	-
Case 5 -		-	-	-	-	-	-	-	-	-	-	-
Other operating costs	(2,259)	(2,442)	(2,442)	(2,442)	(2,442)	(2,442)	(2,442)	(2,442)	(2,442)	(2,442)	(2,442)	(2,442)
% Total Income	2.5%	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*	*2.5%*
Management Case		0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Flat Case		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Bad Case		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Disaster Case		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Case 5 -		-	-	-	-	-	-	-	-	-	-	-
EBITDA	**11,590**	**14,861**	**14,861**	**14,861**	**14,861**	**14,861**	**14,861**	**14,861**	**14,861**	**14,861**	**14,861**	**14,861**
% Margin	12.8%	15.2%	15.2%	15.2%	15.2%	15.2%	15.2%	15.2%	15.2%	15.2%	15.2%	15.2%
Growth Rate	25.5%	28.2%	-	-	-	-	-	-	-	-	-	-
Total Capex	**(1,251)**	**(7,900)**	**(2,700)**	**(2,800)**	**(2,800)**	**(2,800)**	**(2,800)**	**(2,800)**	**(2,800)**	**(2,800)**	**(2,800)**	**(2,800)**
Expansionary Capex	-	(5,400)	-	-	-	-	-	-	-	-	-	-
Management Case		(5,400)	-	-	-	-	-	-	-	-	-	-
Flat Case		(5,400)	-	-	-	-	-	-	-	-	-	-
Bad Case		(5,400)	-	-	-	-	-	-	-	-	-	-
Disaster Case		(5,400)	-	-	-	-	-	-	-	-	-	-
Case 5 -		-	-	-	-	-	-	-	-	-	-	-
Replacement Capex	(1,251)	(2,500)	(2,700)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)
Management Case		(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)
Flat Case		(2,500)	(2,700)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)	(2,800)
Bad Case		(2,500)	(2,000)	(1,500)	(2,000)	(2,000)	(2,000)	(3,500)	(2,800)	(2,800)	(2,800)	(2,800)
Disaster Case		(2,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
Case 5 -		-	-	-	-	-	-	-	-	-	-	-
EBITDA - Capex	**10,339**	**6,961**	**12,161**	**12,061**	**12,061**	**12,061**	**12,061**	**12,061**	**12,061**	**12,061**	**12,061**	**12,061**
Change in Working Capital	3,405	(3,790)	(120)	(462)	(192)	(268)	-	-	-	-	-	-
% Total Income	3.8%	*(25.5%)*	*(0.8%)*	*(3.1%)*	*(1.3%)*	*(1.8%)*	-	-	-	-	-	-
Management Case		(3,790)	(120)	(462)	(192)	(268)	-	-	-	-	-	-
Flat Case		(3,790)	(120)	(462)	(192)	(268)	-	-	-	-	-	-
Bad Case		(3,790)	(120)	(462)	(192)	(268)	-	-	-	-	-	-
Disaster Case		(3,790)	(120)	(462)	(192)	(268)	-	-	-	-	-	-
Case 5 -		-	-	-	-	-	-	-	-	-	-	-
Tax	(279)	(1,055)	(920)	(958)	(906)	(859)	(814)	(816)	(836)	(779)	(703)	(602)
Cash Flow before Debt Service	**13,465**	**2,116**	**11,121**	**10,640**	**10,963**	**10,935**	**11,247**	**11,245**	**11,225**	**11,282**	**11,358**	**11,459**
6 Year Cumulative Cash Flow		*2,116*	*13,237*	*23,876*	*34,840*	*45,774*	*57,021*					

Table E3. Tax Calculation, Flat Case, as per Njord Partners' April 2014 model.

Tax Calculation												
Depreciation	(5,042)	(5,130)	(4,397)	(4,397)	(4,153)	(4,153)	(4,153)	(4,153)	(4,153)	(4,153)	(4,153)	(4,153)
% Total Income	5.6%	5.3%	4.5%	4.5%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%	4.3%
Adjustments	(69)	-	-	-	-							
Impairments	84	-	-	-	-							
EBIT	**6,563**	**9,731**	**10,463**	**10,463**	**10,708**	**10,708**	**10,708**	**10,708**	**10,708**	**10,708**	**10,708**	**10,708**
Growth Rate	6.1%	-	-	-	-							
% Total Income	7.3%	-	-	-	-							
Financial Costs	(4,744)	(5,146)	(6,465)	(6,297)	(6,770)	(6,975)	(7,169)	(7,162)	(7,074)	(7,322)	(7,653)	(8,091)
Other Non-Operating Results	-	-	-	-	-							
Profit before Tax	**1,819**	**4,585**	**3,999**	**4,167**	**3,937**	**3,733**	**3,538**	**3,546**	**3,634**	**3,386**	**3,055**	**2,617**
Income Tax	(279)	(1,055)	(920)	(958)	(906)	(859)	(814)	(816)	(836)	(779)	(703)	(602)
% Total Income	(15.3%)	(23.0%)	(23.0%)	(23.0%)	(23.0%)	(23.0%)	(23.0%)	(23.0%)	(23.0%)	(23.0%)	(23.0%)	(23.0%)
Net Profit	**1,540**	**3,530**	**3,079**	**3,208**	**3,032**	**2,874**	**2,725**	**2,731**	**2,798**	**2,607**	**2,352**	**2,015**

Table E4. Working Capital Projections and calculation of Change in Working Capital, Flat Case, as per Njord Partners' April 2014 model.

Working Capital Projections	**2013**	**2014E**	**2015E**	**2016E**	**2017E**	**2018E**	**2019E**	**2020E**	**2021E**	**2022E**	**2023E**	**2024E**
Inventories	11,575	14,286	14,286	14,286	14,286	14,286	14,286	14,286	14,286	14,286	14,286	14,286
Days of cost of goods sold & subcontracts	76	92	92	92	92	92	92	92	92	92	92	92
Management Case		99	99	99	99	99	99	99	99	99	99	99
Flat Case		92	92	92	92	92	92	92	92	92	92	92
Bad Case		92	92	92	92	92	92	92	92	92	92	92
Disaster Case		92	92	92	90	90	90	90	90	92	92	92
Case 5 -		-	-	-	-	-	-	-	-	-	-	-
Customers	19,136	20,079	19,967	20,106	19,611	19,611	19,611	19,611	19,611	19,611	19,611	19,611
Days of Total Income	77	75	75	75	73	73	73	73	73	73	73	73
Management Case		77	75	75	73	73	73	73	73	73	73	73
Flat Case		75	75	75	73	73	73	73	73	73	73	73
Bad Case		75	75	75	73	73	73	73	73	73	73	73
Disaster Case		75	75	73	73	73	73	73	73	73	73	73
Case 5 -		-	-	-	-	-	-	-	-	-	-	-
State and public entities	605	591	437	381	308	308	308	308	308	308	308	308
Days of Total Income	2	2	2	1	1	1	1	1	1	1	1	1
Management Case		2	2	1	1	1	1	1	1	1	1	1
Flat Case		2	2	1	1	1	1	1	1	1	1	1
Bad Case		2	2	1	1	1	1	1	1	1	1	1
Disaster Case		2	2	1	1	1	1	1	1	1	1	1
Case 5 -		-	-	-	-	-	-	-	-	-	-	-
Other debtors	6,274	4,819	3,748	3,213	1,874	1,874	1,874	1,874	1,874	1,874	1,874	1,874
Days of Total Income	25	18	14	12	7	7	7	7	7	7	7	7
Management Case		13	9	7	5	5	5	5	5	5	5	5
Flat Case		18	14	12	7	7	7	7	7	7	7	7
Bad Case		18	14	12	7	7	7	7	7	7	7	7
Disaster Case		18	14	12	7	7	7	7	7	7	7	7
Case 5 -		-	-	-	-	-	-	-	-	-	-	-
Deferred costs	469	507	507	507	507	507	507	507	507	507	507	507
Days of Total Income	2	2	2	2	2	2	2	2	2	2	2	2
Management Case		2	2	2	2	2	2	2	2	2	2	2
Flat Case		2	2	2	2	2	2	2	2	2	2	2
Bad Case		2	2	2	2	2	2	2	2	2	2	2
Disaster Case		2	2	2	2	2	2	2	2	2	2	2
Case 5 -		-	-	-	-	-	-	-	-	-	-	-
Advances to suppliers	-	-	-	-	-	-	-	-	-	-	-	-
Current Assets	**38,058**	**40,281**	**38,944**	**38,491**	**36,585**	**36,585**	**36,585**	**36,585**	**36,585**	**36,585**	**36,585**	**36,585**
Suppliers	26,720	26,101	24,167	23,781	22,814	22,814	22,814	22,814	22,814	22,814	22,814	22,814
Days of cost of sold & subcontracts & Ext. Supplies & Serv	146	135	125	123	118	118	118	118	118	118	118	118
Management Case		132	117	112	103	103	103	103	103	103	103	103
Flat Case		135	125	123	118	118	118	118	118	118	118	118
Bad Case		135	130	125	123	123	123	123	123	123	123	123
Disaster Case		135	130	130	130	135	135	135	135	135	135	135
Case 5 -		-	-	-	-	-	-	-	-	-	-	-
Advances to costumers	390	423	425	425	426	426	426	426	426	426	426	426
Days of Total Income	2	2	2	2	2	2	2	2	2	2	2	2
Management Case		2	2	2	2	2	2	2	2	2	2	2
Flat Case		2	2	2	2	2	2	2	2	2	2	2
Bad Case		2	2	2	2	2	2	2	2	2	2	2
Disaster Case		2	2	2	2	2	2	2	2	2	2	2
Case 5 -		-	-	-	-	-	-	-	-	-	-	-
State and public entities	2,448	1,874	2,884	2,623	2,294	2,294	2,294	2,294	2,294	2,294	2,294	2,294
Days of Total Income	10	7	11	10	9	9	9	9	9	9	9	9
Management Case		6	11	10	9	9	9	9	9	9	9	9
Flat Case		7	11	10	9	9	9	9	9	9	9	9
Bad Case		7	11	10	9	9	9	9	9	9	9	9
Disaster Case		7	11	10	9	9	9	9	9	9	9	9
Case 5 -		-	-	-	-	-	-	-	-	-	-	-
Other creditors	5,227	4,819	4,284	4,016	3,213	2,945	2,945	2,945	2,945	2,945	2,945	2,945
Days of Total Income	21	18	16	15	12	11	11	11	11	11	11	11
Management Case		12	8	5	4	4	4	4	4	4	4	4
Flat Case		18	16	15	12	11	11	11	11	11	11	11
Bad Case		18	16	15	12	12	12	12	12	12	12	12
Disaster Case		18	16	15	15	15	15	15	15	15	15	15
Case 5 -		-	-	-	-	-	-	-	-	-	-	-
Accrued Costs	-	-	-	-	-	-	-	-	-	-	-	-
Days of cost of sold & subcontracts		0	0	0	0	0	0	0	0	0	0	0
Current Liabilities	**34,785**	**33,217**	**31,760**	**30,844**	**28,746**	**28,479**	**28,479**	**28,479**	**28,479**	**28,479**	**28,479**	**28,479**
Total Working Capital	**3,274**	**7,064**	**7,184**	**7,647**	**7,839**	**8,106**	**8,106**	**8,106**	**8,106**	**8,106**	**8,106**	**8,106**
As a % of Total Income	3.6%	7.2%	7.4%	7.8%	8.0%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%	8.3%
Change In Working Capital	3,405	(3,790)	(120)	(462)	(192)	(268)	-	-	-	-	-	-

Table E5. New Debt Schedule (incl. Njord's facility), Flat Case, as per Njord Partners' April 2014 model.

Total Debt												
Beginning Debt Balance	45,359	57,277	49,930	50,980	50,539	49,057	47,617	46,334	45,205	43,917	46,842	
Repayment / Drawdown	11,028	(9,207)	(950)	(2,500)	(3,600)	(3,700)	(3,700)	(3,700)	(4,030)	-	-	
PIK Interest	890	1,860	2,000	2,059	2,119	2,260	2,417	2,571	2,742	2,925	3,129	
Ending Debt Balance	57,277	49,930	50,980	50,539	49,057	47,617	46,334	45,205	43,917	46,842	49,971	
Total Cash Interest	(2,414)	(2,919)	(2,820)	(3,070)	(3,299)	(3,369)	(3,270)	(3,150)	(3,227)	(3,375)	(3,610)	
Repayment / Drawdown (excluding OID on Njord Facility)	10,653	(9,207)	(950)	(2,500)	(3,600)	(3,700)	(3,700)	(3,700)	(4,030)	-	-	
Check	-	-	-	-	-	-	-	-	-	-	-	
Beginning Debt Balance												
Bank 1	26,986	23,780	22,180	21,230	18,730	15,130	11,430	7,730	4,030	-	-	
Bank 2	920	578	-	-	-	-	-	-	-	-	-	
Bank 3	4,687	0	0	0	0	0	0	0	0	0	0	
Bank 4	3,427	2,162	0	0	0	0	0	0	0	0	0	
Bank 5	2,083	1,914	0	0	0	0	0	0	0	0	0	
Bank 6	53	5	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	
Bank 7	167	167	-	-	-	-	-	-	-	-	-	
Bank 8	1,191	790	-	-	-	-	-	-	-	-	-	
Bank 9	1,222	1,212	-	-	-	-	-	-	-	-	-	
Bank 10	411	411	-	-	-	-	-	-	-	-	-	
Bank 11	368	368	-	-	-	-	-	-	-	-	-	
Bank 12	461	-	-	-	-	-	-	-	-	-	-	
Factoring 1	2,525	-	-	-	-	-	-	-	-	-	-	
Factoring 2	858	-	-	-	-	-	-	-	-	-	-	
NJORD FACILITY	-	25,890	27,750	29,750	31,809	33,928	36,187	38,604	41,175	43,917	46,842	
Repayment / Drawdown Schedule												
Bank 1	(3,206)	(1,600)	(950)	(2,500)	(3,600)	(3,700)	(3,700)	(3,700)	(4,030)	-	-	
Bank 2	(342)	(578)	-	-	-	-	-	-	-	-	-	
Bank 3	(4,687)	-	-	-	-	-	-	-	-	-	-	
Bank 4	(1,265)	(2,162)	-	-	-	-	-	-	-	-	-	
Bank 5	(169)	(1,914)	-	-	-	-	-	-	-	-	-	
Bank 6	(48)	(5)	-	-	-	-	-	-	-	-	-	
Bank 7	-	(167)	-	-	-	-	-	-	-	-	-	
Bank 8	(402)	(790)	-	-	-	-	-	-	-	-	-	
Bank 9	(10)	(1,212)	-	-	-	-	-	-	-	-	-	
Bank 10	-	(411)	-	-	-	-	-	-	-	-	-	
Bank 11	-	(368)	-	-	-	-	-	-	-	-	-	
Bank 12	(461)	-	-	-	-	-	-	-	-	-	-	
Factoring 1	(2,525)	-	-	-	-	-	-	-	-	-	-	
Factoring 2	(858)	-	-	-	-	-	-	-	-	-	-	
NJORD FACILITY	25,000	-	-	-	-	-	-	-	-	-	-	
PIK Interest												
Bank 1		-	-	-	-	-	-	-	-	-	-	
Bank 2		-	-	-	-	-	-	-	-	-	-	
Bank 3		-	-	-	-	-	-	-	-	-	-	
Bank 4		-	-	-	-	-	-	-	-	-	-	
Bank 5		-	-	-	-	-	-	-	-	-	-	
Bank 6		-	-	-	-	-	-	-	-	-	-	
Bank 7		-	-	-	-	-	-	-	-	-	-	
Bank 8		-	-	-	-	-	-	-	-	-	-	
Bank 9		-	-	-	-	-	-	-	-	-	-	
Bank 10		-	-	-	-	-	-	-	-	-	-	
Bank 11		-	-	-	-	-	-	-	-	-	-	
Bank 12		-	-	-	-	-	-	-	-	-	-	
Factoring 1		-	-	-	-	-	-	-	-	-	-	
Factoring 2		-	-	-	-	-	-	-	-	-	-	
NJORD FACILITY		890	1,860	2,000	2,059	2,119	2,260	2,417	2,571	2,742	2,925	3,129
Ending Debt Balance												
Bank 1	26,986	23,780	22,180	21,230	18,730	15,130	11,430	7,730	4,030	-	-	-
Bank 2	920	578	-	-	-	-	-	-	-	-	-	-
Bank 3	4,687	0	0	0	0	0	0	0	0	0	0	0
Bank 4	3,427	2,162	0	0	0	0	0	0	0	0	0	0
Bank 5	2,083	1,914	0	0	0	0	0	0	0	0	0	0
Bank 6	53	5	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Bank 7	167	167	-	-	-	-	-	-	-	-	-	-
Bank 8	1,191	790	-	-	-	-	-	-	-	-	-	-
Bank 9	1,222	1,212	-	-	-	-	-	-	-	-	-	-
Bank 10	411	411	-	-	-	-	-	-	-	-	-	-
Bank 11	368	368	-	-	-	-	-	-	-	-	-	-
Bank 12	461	-	-	-	-	-	-	-	-	-	-	-
Factoring 1	2,525	-	-	-	-	-	-	-	-	-	-	-
Factoring 2	858	-	-	-	-	-	-	-	-	-	-	-
NJORD FACILITY	-	25,890	27,750	29,750	31,809	33,928	36,187	38,604	41,175	43,917	46,842	49,971
Cash Interest												
Bank 1		(792)	(717)	(678)	(624)	(528)	(415)	(299)	(184)	(63)	-	-
Bank 2		(36)	(14)	-	-	-	-	-	-	-	-	-
Bank 3		(125)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Bank 4		(131)	(51)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Bank 5		(146)	(70)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
Bank 6		(1)	(0)	0	0	0	0	0	0	0	0	0
Bank 7		(6)	(3)	-	-	-	-	-	-	-	-	-
Bank 8		(54)	(22)	-	-	-	-	-	-	-	-	-
Bank 9		(71)	(35)	-	-	-	-	-	-	-	-	-
Bank 10		(14)	(7)	-	-	-	-	-	-	-	-	-
Bank 11		(12)	(6)	-	-	-	-	-	-	-	-	-
Bank 12		(8)	-	-	-	-	-	-	-	-	-	-
Factoring 1		(52)	-	-	-	-	-	-	-	-	-	-
Factoring 2		(12)	-	-	-	-	-	-	-	-	-	-
NJORD FACILITY		(954)	(1,993)	(2,143)	(2,446)	(2,770)	(2,955)	(2,971)	(2,967)	(3,164)	(3,375)	(3,610)

Table E6. Calculation of Cash Balance (end of period) and debt-related KPIs, Flat Case, as per Njord Partners' April 2014 model.

Cash Flow before Debt Service	**13,465**	**2,116**	**11,121**	**10,640**	**10,963**	**10,935**	**11,247**	**11,245**	**11,225**	**11,282**	**11,358**	**11,459**
6 Year Cumulative Cash Flow		*2,116*	*13,237*	*23,876*	*34,840*	*45,774*	*57,021*					
Bank Debt Interest Expense	(3,172)	(2,828)	(3,180)	(2,936)	(3,128)	(3,299)	(3,369)	(3,270)	(3,150)	(3,227)	(3,375)	(3,610)
Of which: Existing Debt (incl. Swap)	*(3,172)*	*(1,874)*	*(1,187)*	*(793)*	*(681)*	*(528)*	*(415)*	*(299)*	*(184)*	*(63)*	*(0)*	*(0)*
Of which: Njord Debt		*(954)*	*(1,993)*	*(2,143)*	*(2,446)*	*(2,770)*	*(2,955)*	*(2,971)*	*(2,967)*	*(3,164)*	*(3,375)*	*(3,610)*
Interest Expense on Guarantees & Factoring & Other Financial Costs (Net)	(1,572)	(704)	(700)	(638)	(860)	(834)	(817)	(751)	(629)	(629)	(629)	(629)
Other Interest Costs (projections only)	-	(724)	(724)	(724)	(724)	(724)	(724)	(724)	(724)	(724)	(724)	(724)
Debt Drawdown / Repayments	(4,814)	10,653	(9,207)	(950)	(2,500)	(3,600)	(3,700)	(3,700)	(3,700)	(4,030)	-	-
HoldCo Loan Repayment	-	(5,600)	(750)	(750)	(750)	(750)	(750)	(2,800)	(5,250)	-	-	-
Total Debt Service	(9,558)	798	(14,561)	(5,997)	(7,962)	(9,207)	(9,360)	(11,245)	(13,453)	(8,609)	(4,728)	(4,963)
6 Year Cumulative Debt Service		*798*	*(13,764)*	*(19,761)*	*(27,722)*	*(36,929)*	*(46,289)*					
Total Levered Cash Flow	3,907	2,914	(3,441)	4,643	3,002	1,728	1,887	0	(2,228)	2,673	6,630	6,496
6 Year Cumulative Cash Flow		*2,914*	*(527)*	*4,116*	*7,118*	*8,845*	*10,733*					
Existing Bank Debt	45,359	31,387	22,180	21,230	18,730	15,130	11,430	7,730	4,030	0	0	0
Njord Partners Debt	-	25,890	27,750	29,750	31,809	33,928	36,187	38,604	41,175	43,917	46,842	49,971
Total Debt	**45,359**	**57,277**	**49,930**	**50,980**	**50,539**	**49,057**	**47,617**	**46,334**	**45,205**	**43,917**	**46,842**	**49,971**
Cash Balance EoP / (Additional Financing Required)	691	3,604	164	4,807	7,808	9,536	11,423	11,424	9,196	11,868	18,499	24,995
Net Debt	**44,668**	**53,673**	**49,767**	**46,174**	**42,731**	**39,521**	**36,194**	**34,910**	**36,009**	**32,049**	**28,344**	**24,976**
Bank Debt / EBITDA	3.9x	2.1x	1.5x	1.4x	1.3x	1.0x	0.8x	0.5x	0.3x	0.0x	0.0x	0.0x
Njord Debt / EBITDA		1.7x	1.9x	2.0x	2.1x	2.3x	2.4x	2.6x	2.8x	3.0x	3.2x	3.4x
Total Debt / EBITDA	**3.9x**	**3.9x**	**3.4x**	**3.4x**	**3.4x**	**3.3x**	**3.2x**	**3.1x**	**3.0x**	**3.0x**	**3.2x**	**3.4x**
Net Debt / EBITDA	**3.9x**	**3.6x**	**3.3x**	**3.1x**	**2.9x**	**2.7x**	**2.4x**	**2.3x**	**2.4x**	**2.2x**	**1.9x**	**1.7x**
Total Cash Flow to Njord		8,004	8,630	8,948	8,890	9,116	9,292	9,471	9,689	9,866	10,005	10,106
Cash Flow Yield		**30.9%**	**31.1%**	**30.1%**	**27.9%**	**26.9%**	**25.7%**	**24.5%**	**23.5%**	**22.5%**	**21.4%**	**20.2%**

Appendix F. Initial Investment Returns

Table F1. Assumptions for Call Allowance and Equity Kicker, as per Njord Partners' April 2014 model.

Assumptions		
Loan Amount		25,000,000
OID		1.5%
Call	Call Allowed?	Amount
YR 1	No	105.0%
YR 2	No	105.0%
YR 3	Yes	105.0%
YR 4	Yes	105.0%
YR 5	Yes	104.0%
YR 6	Yes	103.0%
Equity Upside Hurdle		130.0%
Njord Share		10.0%
Equity Upside Exercised		2018
Equity Upside Paid		2020

Table F2. Calculation of quarterly investment cash flows and return metrics per year of repayment, Flat Case, as per Njord Partners' April 2014 model.

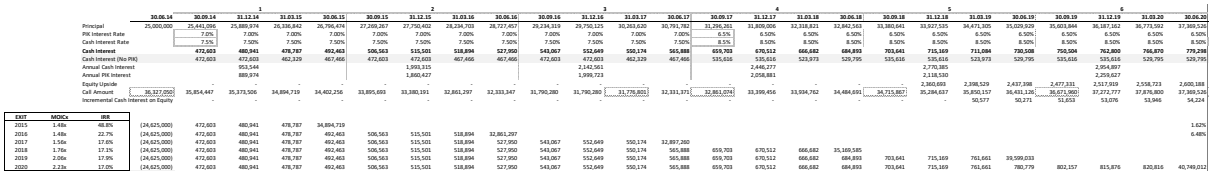


Table F3. Calculation of return contributions by individual return components per year of repayment, Flat Case, as per Njord Partners' April 2014 model.

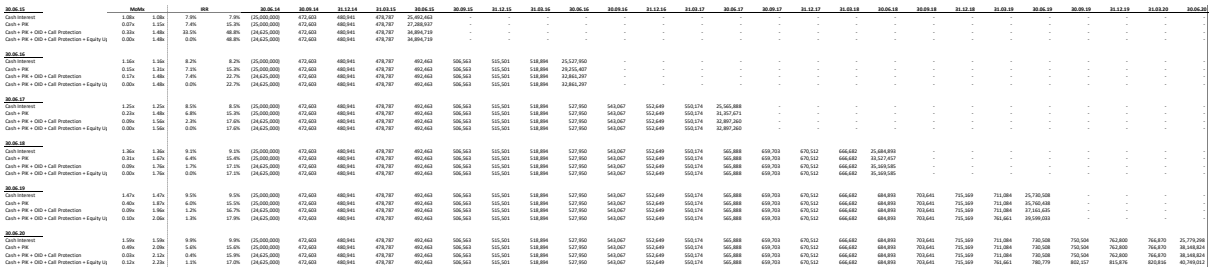


Table F4. Equity Kicker Calculation, Flat Case, as per Njord Partners' April 2014 model.

Equity Kicker Calculation												
	2013	**2014E**	**2015E**	**2016E**	**2017E**	**2018E**	**2019E**	**2020E**	**2021E**	**2022E**	**2023E**	**2024E**
EBITDA	11,590	14,861	14,861	14,861	14,861	14,861	14,861	14,861	14,861	14,861	14,861	14,861
2 yr avg EBITDA		13,225	14,861	14,861	14,861	14,861	14,861	14,861	14,861	14,861	14,861	14,861
Multiple	5.0x	5.0x	5.0x	5.0x	5.0x	5.0x	5.0x	5.0x	5.0x	5.0x	5.0x	5.0x
Enterprise Value	**57,950**	**66,127**	**74,304**	**74,304**	**74,304**	**74,304**	**74,304**	**74,304**	**74,304**	**74,304**	**74,304**	**74,304**
Less: Total Bank Debt	45,359	57,277	49,930	50,980	50,539	49,057	47,617	46,334	45,205	43,917	46,842	49,971
Plus: Cash Balance	691	3,604	164	4,807	7,808	9,536	11,423	11,424	9,196	11,868	18,499	24,995
Total Equity Value	**13,282**	**12,454**	**24,537**	**28,130**	**31,573**	**34,782**	**38,110**	**39,394**	**38,295**	**42,255**	**45,960**	**49,328**
Current LTM EBITDA	10,733								TBD			
Agreed Multiple	5.0x											
Enterprise Value	53,665											
Current Debt	45,384 Q2'2014											
Current Cash	316 Q2'2014											
Equity Value	8,597											
Hurdle Rate	130.0%											
Hurdle Amount	**11,175**	**11,175**	**11,175**	**11,175**	**11,175**	**11,175**	**11,175**	**11,175**	**11,175**	**11,175**	**11,175**	**11,175**
In the Money	2,107	1,279	13,361	16,955	20,398	23,607	26,935	28,218	27,119	31,079	34,784	38,152
Njord's Share	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Equity Share to Njord	**211**	**128**	**1,336**	**1,695**	**2,040**	**2,361**	**2,693**	**2,822**	**2,712**	**3,108**	**3,478**	**3,815**
Equity Kicker Paid	**#REF!**	**#REF!**	**#REF!**	**#REF!**	**#REF!**	**2,361**	**2,361**	**2,361**	**2,361**	**2,361**	**2,361**	**2,361**

Table F5. Investment Returns Charts, Flat Case, as per Njord Partners' April 2014 model.

Returns Charts

Returns Charts

IRR		**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
	Cash & PIK	15.3%	15.3%	15.3%	15.4%	15.5%	15.6%
	OID and Call Pro	33.5%	7.4%	2.3%	1.7%	1.2%	0.4%
	Equity Upside	0.0%	0.0%	0.0%	0.0%	1.3%	1.1%

MOICx		**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
	Cash & PIK	1.15x	1.31x	1.48x	1.67x	1.87x	2.09x
	PIK Interest						
	OID and Call Pro	0.33x	0.17x	0.09x	0.09x	0.09x	0.03x
	Equity Upside	0.00x	0.00x	0.00x	0.00x	0.10x	0.12x

If held to maturity

		Contractual	**Equity Upside**	**Total**
IRR	**IRR**	15.9%	1.1%	17.0%
MOICx	**MOICx**	2.12x	0.12x	2.23x

	Total
IRR	17.0%
MOICx	2.23x

Appendix G. Initial Investment Restructuring Model

Table G1. Restructuring Model Assumptions and Cash Flow Projections, Disaster Case, as per Njord Partners' April 2014 model.

Restructuring Model **Disaster Case**

Assumptions

Restructuring		New Debt		Other		Njord Facility		
New Leverage	6.0x	Swap Rate	1.50%	Minimum Cash on BS	2,000	Total Amount	25,000	
Senior	3.0x	Spread Senior	4.00%	Revolving Facility	0	OID	1.5%	
Junior	0.0x	Spread Junior	0.1x	Total Existing Debt	45,359	Drawdown	30. Jun 14	
Restructuring Multiple	4.0x	Senior Amort	5%	Debt 2	0	Amortisation	0	
Exit Multiple	5.0x	General		Debt 3	0	Tenor / Repayment	6	30. Jun 20
Leakage	12.5%	Restructuring and exit take place at year end		Debt 4	0	Cash Interest	8%	9%
Restructuring Date	31. Dec 17	Tax Rate / Min. Tax	25%	**Total - Existing Debt**	**45,359**	PIK Interest	7%	
Exit Date	31. Dec 21	Minimum Tax	500					
Add back of Int. & Amort. @ Refin	0.0							

Cash Flow Projections

EUR '000s

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue	90,396	97,718	87,946	72,995	68,980	68,980	73,119	81,894	90,083	90,083
growth		8.1%	(10.0%)	(17.0%)	(5.5%)	-	6.0%	12.0%	10.0%	-
EBITDA	**11,590**	**14,861**	**12,390**	**8,610**	**7,595**	**7,595**	**8,641**	**10,860**	**12,930**	**12,930**
margin	12.8%	15.2%	14.1%	11.8%	11.0%	11.0%	11.8%	13.3%	14.4%	14.4%
Depreciation	(5,042)	(5,130)	(3,958)	(3,285)	(2,932)	(2,932)	(3,108)	(3,480)	(3,829)	(3,829)
chg WC	3,405	(3,790)	1,468	1,315	1,219	682	(193)	(309)	(288)	(286)
Capex	(1,251)	(7,900)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
capex as % of sales	1.4%	8.1%	1.7%	2.1%	2.2%	2.2%	2.1%	1.8%	1.7%	1.7%
Restructuring Charges	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Free Cash Flow Before Debt Service and Tax	**13,744**	**3,170**	**12,358**	**8,424**	**7,314**	**6,777**	**6,948**	**9,051**	**11,142**	**11,144**
Structure with Njord Facility FCF Projections:										
Cash Interest Payment on Current Debt		(2,828)	(3,180)	(2,936)	(3,128)	(3,299)	(3,369)	(3,270)	(3,150)	(3,227)
Current Amortisation		10,653	(9,207)	(950)	(2,500)	(3,600)	(3,700)	(3,700)	(3,700)	(4,030)
Cash Interest on Guarantees		(704)	(700)	(638)	(638)	(629)	(629)	(629)	(629)	(629)
Other Interest Costs (1)		(724)	(724)	(724)	(724)	(724)	(724)	(724)	(724)	(724)
Repayment of HoldCo Loan		(5,600)	-	-	-	-	-	-	-	-
Cash Tax		(1,341)	(938)	(500)	(500)	(500)	(500)	(675)	(1,127)	(1,108)
Free Cash Flow		**2,627**	**(2,391)**	**2,677**	**(175)**	**(1,975)**	**(1,974)**	**53**	**1,813**	**1,427**
Cash BoP		691	3,317	926	3,604	3,428	1,453	(521)	(467)	1,345
Cash EoP Before Draw Down		3,317	926	3,604	3,428	1,453	(521)	(467)	1,345	2,772
Draw Down / (Repayment) - Revolver		-	-	-	-	-	-	-	-	-
Cash EoP	**691**	**3,317**	**926**	**3,604**	**3,428**	**1,453**	**(521)**	**(467)**	**1,345**	**2,772**

(1) Other interest costs include - interest related to overdraft facility, interest on commercial paper programme with Solidal and Stamp Duty

Total Debt (incl PIK) / EBITDA	**3.85x**	**4.03x**	**5.92x**	**6.65x**	**6.46x**	**5.51x**	**4.27x**	**3.50x**	**3.40x**
Net Debt (pre restructuring)	53,070	46,254	42,626	40,302	38,676	36,950	33,197	27,685	22,228
Net Debt / EBITDA	**3.57x**	**3.73x**	**4.95x**	**5.31x**	**5.09x**	**4.28x**	**3.06x**	**2.14x**	**1.72x**
Min Covenant	4.50x	4.50x	4.50x	4.50x	4.50x	4.50x	4.50x	4.50x	4.50x
EBITDA / Net Cash Interest	**5.25x**	**3.90x**	**2.93x**	**2.43x**	**2.30x**	**2.56x**	**3.32x**	**4.10x**	**4.01x**
Max Covenant	2.50x	2.50x	2.50x	2.50x	2.50x	2.50x	2.50x	2.50x	2.50x

= *Breach*

Table G2. Restructuring Model Equity Distribution, Disaster Case, as per Njord Partners' April 2014 model.

Equity Distribution											
EUR '000s		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Available Value											
Enterprise Value @ + Cash	4.0x	47,051	62,760	50,486	38,042	33,806	36,764	44,177	58,299	73,559	80,640
New Debt at Restructuring		45,359	31,387	22,180	21,230	18,730	15,130	11,430	7,730	4,030	0
New Equity at Restructuring		1,692	31,373	28,306	16,812	15,077	21,634	32,748	50,570	69,529	80,640
Claim From Lenders											
Total Debt EoP Pre Restructuring		45,359	57,277	49,930	50,980	50,539	49,057	47,617	46,334	45,205	43,917
Senior Debt		45,359	31,387	22,180	21,230	18,730	15,130	11,430	7,730	4,030	0
Njord Debt		-	25,890	27,750	29,750	31,809	33,928	36,187	38,604	41,175	43,917
New Debt Allocation											
Total New Debt		45,359	31,387	22,180	21,230	18,730	15,130	11,430	7,730	4,030	0
Senior Debt		45,359	31,387	22,180	21,230	18,730	15,130	11,430	7,730	4,030	0
Njord Debt		-	-	-	-	-	-	-	-	-	-
Lenders Shortfall from New Debt											
Total Shortfall		-	25,890	27,750	29,750	31,809	33,928	36,187	38,604	41,175	43,917
Senior Debt		-	-	-	-	-	-	-	-	-	-
Njord Debt		-	25,890	27,750	29,750	31,809	33,928	36,187	38,604	41,175	43,917
Lenders Economic Claim on New Equity											
Total		-	83%	98%	100%	100%	100%	100%	76%	59%	54%
Senior Debt		-	-	-	-	-	-	-	-	-	-
Njord Debt		-	83%	98%	100%	100%	100%	100%	76%	59%	54%
Lenders Allocation on New Equity											
Total		-	83%	98%	100%	100%	100%	100%	76%	59%	54%
Senior Debt		-	-	-	-	-	-	-	-	-	-
Njord Debt		-	83%	98%	100%	100%	100%	100%	76%	59%	54%
Total Equity Allocation Post Restructuring:						Refin				Exit	
Management		-	-	-	-	13%	13%	13%	13%	13%	13%
Senior Debt		-	-	-	-	-	-	-	-	-	-
Njord Debt		-	-	-	-	88%	88%	88%	88%	88%	88%
Current Shareholders		100%	100%	100%	100%	-	-	-	-	-	-

Table G3. Restructuring Model Debt Structure Impact at Restructuring, Disaster Case, as per Njord Partners' April 2014 model.

Debt Structure Impact at Restructuring											
EUR '000s						Refin					
New Leverage - Post Restructuring - Assume Existing Debt Refinanced		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
EBITDA		**11,590**	**14,861**	**12,390**	**8,610**	**7,595**	**7,595**	**8,641**	**10,860**	**12,930**	**12,930**
New Leverage	4.0x Max - Refi Debt	45,359	31,387	22,180	21,230	18,730	15,130	11,430	7,730	4,030	0
Senior	4.0x Only Senior	45,359	31,387	22,180	21,230	18,730	15,130	11,430	7,730	4,030	0
Junior	0.0x	-	-	-	-	-	-	-	-	-	-
						Refin					
New Debt Structure - Post Restructuring		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Senior Debt BoP		-	-	-	-	-	18,730	17,793	16,904	16,059	15,256
Amortisation		-	-	-	-	-	(936)	(890)	(845)	(803)	(763)
Capital Injection		-	-	-	-	-	-	-	-	-	-
Senior Debt EoP		-	-	-	-	18,730	17,793	16,904	16,059	15,256	14,493
Interest Paid		-	-	-	-	-	(1,030)	(979)	(930)	(883)	(839)
						Refin					
Subordinated Debt BoP		-	-	-	-	-	-	-	-	-	-
Amortisation		-	-	-	-	-	-	-	-	-	-
Capital Injection		-	-	-	-	-	-	-	-	-	-
Subordinated Debt EoP		-	-	-	-	-	-	-	-	-	-
Interest Paid		-	-	-	-	-	-	-	-	-	-
Revolver BoP			-	-	-	-	-	-	-	-	-
Drawdown			-	-	-	-	-	-	-	-	-
Amortisation			-	-	-	-	-	-	-	-	-
Revolver EoP		-	-	-	-	-	-	-	-	-	-
Interest Paid		-	-	-	-	-	-	-	-	-	-
Total Debt - Post Restructuring		**-**	**-**	**-**	**-**	**18,730**	**17,793**	**16,904**	**16,059**	**15,256**	**14,493**
New Total Leverage		0.0x	0.0x	0.0x	0.0x	2.5x	2.3x	2.0x	1.5x	1.2x	1.1x
New Net Leverage		0.0x	0.0x	0.0x	0.0x	2.0x	1.5x	0.8x	0.1x	(0.5x)	(1.1x)

Table G4. Restructuring Model Investment Returns, Disaster Case, as per Njord Partners' April 2014 model.

Investment Return											
EUR '000s		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
EBITDA		**11,590**	**14,861**	**12,390**	**8,610**	**7,595**	**7,595**	**8,641**	**10,860**	**12,930**	**12,930**
Implied Exit Enterprise Value @	5.0x		74,304	61,950	43,048	37,973	37,973	43,205	54,298	64,651	64,651
Implied EBITDA - Capex Multiple			10.7x	5.7x	6.1x	6.2x	6.2x	6.1x	5.8x	5.7x	5.7x
										Exit	
Cash Flows at Exit		**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Enterprise Value			74,304	61,950	43,048	37,973	37,973	43,205	54,298	64,651	64,651
Cash on Balance Sheet			3,317	926	3,604	3,428	6,386	9,613	14,861	21,838	28,919
Factoring			(11,332)	(11,332)	(11,332)	(11,332)	(11,332)	(11,332)	(11,332)	(11,332)	(11,332)
Available [value]			**66,289**	**51,544**	**35,320**	**30,069**	**33,027**	**41,486**	**57,827**	**75,157**	**82,239**
Proceeds to New Lenders			-	-	-	18,730	17,793	16,904	16,059	15,256	14,493
Proceeds to Equity Holders:			66,289	51,544	35,320	11,339	15,233	24,583	41,768	59,901	67,746
Proceeds to Management			-	-	-	1,417	1,904	3,073	5,221	7,488	8,468
Proceeds to Senior Debt			-	-	-	-	-	-	-	-	-
Proceeds to Njord Debt			-	-	-	9,922	13,329	21,510	36,547	52,414	59,277
Proceeds to Current Shareholders			66,289	51,544	35,320	-	-	-	-	-	-
Cash Flows to Njord Debt		30. Jun 14	31. Dec 14	31. Dec 15	31. Dec 16	31. Dec 17	31. Dec 18	31. Dec 19	31. Dec 20	31. Dec 21	31. Dec 22
In-Price and Proceeds from New Debt		(24,625)	-	-	-	-	-	-	-	-	-
Interest and Amortisation			954	1,993	2,143	2,446	-	-	-	-	-
Capital Injection			-	-	-	-	-	-	-	-	-
Exit Value of Equity Allocated			-	-	-	-	-	-	-	52,414	-
Principal Repayment			-	-	-	-	-	-	-	-	-
Total Cash Flow		**(24,625)**	**954**	**1,993**	**2,143**	**2,446**	**-**	**-**	**-**	**52,414**	**-**

		Dec 16	Dec 17	Dec 18	Dec 19	Dec 20	Dec 21	Dec 22
Multiple on Invested Capital (MOIC)	**2.4x**	0.3x	0.7x	0.8x	1.2x	1.8x	2.4x	2.7x
		Dec 16	Dec 17	Dec 18	Dec 19	Dec 20	Dec 21	Dec 22
IRR	**14.4%**	-37.2%	-10.7%	-4.3%	3.6%	10.9%	14.4%	14.3%

Appendix H. Holding Structure Development

Figure H1. Steps 1-3 of changes in the holding structure throughout the debt-to-equity swap. The figure is made by the authors, based on materials shared by Njord.

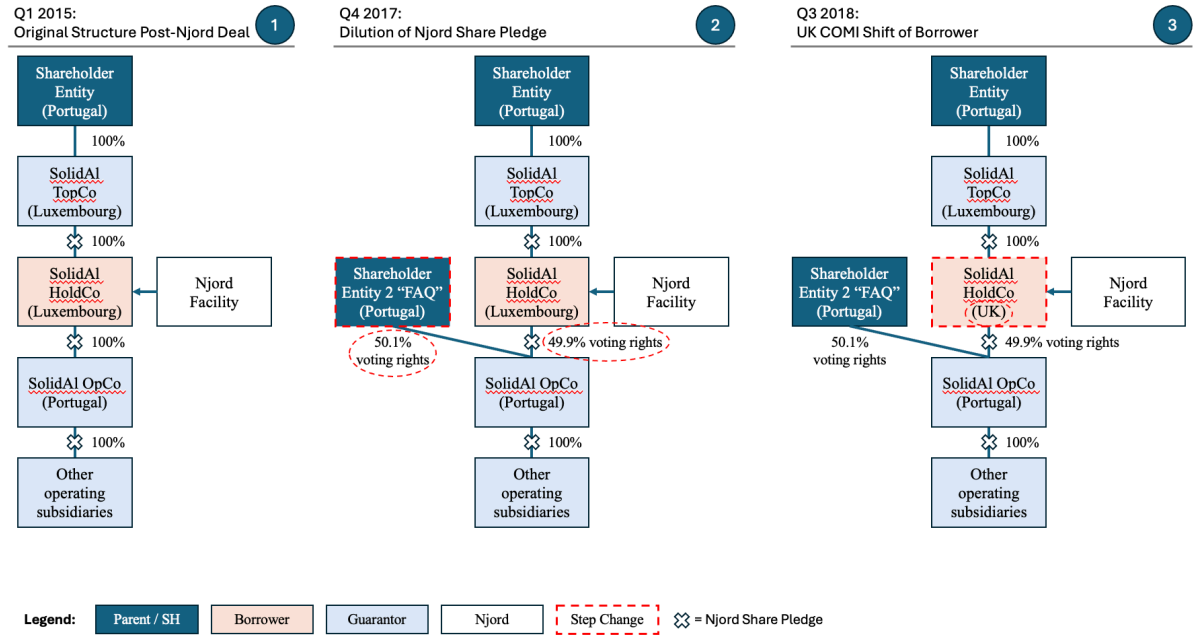
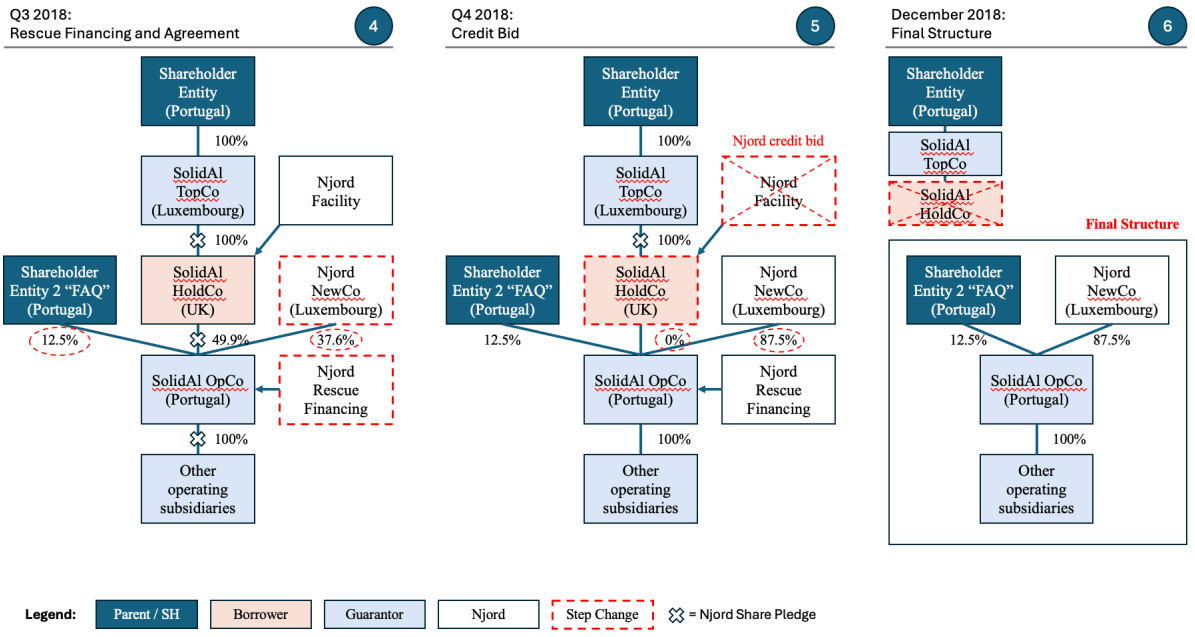


Figure H2. Steps 4-6 of changes in the holding structure throughout the debt-to-equity swap. The figure is made by the authors, based on materials shared by Njord.



Appendix I. Follow-on Investment Financial Model

Table I1. Key Inputs, as per Njord Partners' August 2018 model.

Key inputs

2018 Capital Injection	23.0	EUR m
Of which: Conv. Amount	*8.0*	EUR m, converted to equity
Minimum Cash	1.0	EUR m
Investment Date	01. Aug 18	
Investment I (net of OID)	24.6	EUR m
Njord Share (net of OID)	6.9	
Njord Purchase of Co-Lender	13.0	EUR m
Total Njord Investment	**42.9**	EUR m
Njord Equity Ownership	87.5%	
Njord % of Investment I	28.0%	
Njord % of Investment II	100.0%	
Sales Multiple (EV/EBITDA)	7.5x	
Assumed Exit Date	31. Dec 23	
Future EBITDA	20.0	EUR m
EBITDA Achieved in	2023	*2021 or 2023*

Table I2. Projection Model, Underwriting Case, as per Njord Partners' August 2018 model.

PROJECTION MODEL	**Underwriting case**									
		Actual	*Actual*	*Estimated*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*
		2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Sales		**83.4**	**81.8**	**45.0**	**72.0**	**81.0**	**85.1**	**89.3**	**89.3**	**89.3**	**89.3**
% Growth		*1.4%*	(1.9)%	*(45.0)%*	60.0%	12.5%	5.0%	5.0%	0.0%	0.0%	0.0%
	Underwriting Case		*(7.5)%*	*(35.0)%*	*60.0%*	*12.5%*	*5.0%*	*5.0%*	*0.0%*	*0.0%*	*0.0%*
	Base Case		*(5.0)%*	*(35.0)%*	*60.0%*	*20.0%*	*15.0%*	*10.0%*	*0.0%*	*0.0%*	*0.0%*
	Sensitivity		*(5.0)%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
EBITDA		**13.0**	**12.2**	**(18.0)**	**10.0**	**12.0**	**12.6**	**13.2**	**13.2**	**13.2**	**13.2**
% Margin		15.6%	15.0%	(40.0)%	13.9%	14.8%	14.8%	14.8%	14.8%	14.8%	14.8%
	Underwriting Case		*15.0%*	*(40.0)%*	*13.9%*	*14.8%*	*14.8%*	*14.8%*	*14.8%*	*14.8%*	*14.8%*
	Base Case		*15.0%*	*(40.0)%*	*13.9%*	*14.8%*	*16.0%*	*16.5%*	*16.5%*	*16.5%*	*16.5%*
	Sensitivity		12.2	(18.0)	*10.0*	12.5	15.0	17.5	*20.0*	20.0	20.0
Less Capex			(0.4)	(0.4)	-	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Of which: Maintenance Capex			(0.4)	(0.4)	-	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
	Underwriting Case		*(0.4)*	*-*	*(1.0)*	*(1.0)*	*(1.0)*	*(1.0)*	*(1.0)*	*(1.0)*	*(1.0)*
	Base Case		*(0.4)*	*-*	*(1.0)*	*(1.0)*	*(1.0)*	*(1.0)*	*(1.0)*	*(1.0)*	*(1.0)*
	Sensitivity		*(0.4)*	*-*	*(1.0)*	*(1.0)*	*(1.0)*	*(1.0)*	*(1.0)*	*(1.0)*	*(1.0)*
Of which: Expansionary		-	-	-	-	-	-	-	-	-	-
	Underwriting Case		*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
	Base Case		*-*	*-*	*(1.0)*	*(3.0)*	*(1.0)*	*-*	*-*	*-*	*-*
	Sensitivity		*-*	*-*	*(0.0)*	*(1.1)*	*(1.2)*	*(1.3)*	*-*	*-*	*-*
EBITDA-Capex		**12.6**	**11.8**	**(18.0)**	**9.0**	**11.0**	**11.6**	**12.2**	**12.2**	**12.2**	**12.2**
Less: Cash Tax			(1.5)	(0.2)	(0.8)	(1.2)	(1.3)	(1.5)	(1.5)	(1.5)	(1.5)
Less: Chg in WC					(3.3)	(1.7)	0.5	0.6	-	-	-
Less: Other Financial Costs					(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Less: Unsecured Bank Debt Interest					(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Less: Rental Payment for Bank Debt Service					(0.3)	(0.3)	(1.8)	(1.8)	(1.7)	(1.7)	(1.7)
Less: Chg in other creditors					*(1.0)*	*(1.0)*	*(1.0)*	*-*	*-*	*-*	*-*
Cash Flow Benefitting Njord					**2.6**	**5.8**	**7.0**	**8.6**	**8.0**	**8.1**	**8.1**
Cumulative Cash Flow Benefitting Njord					**2.6**	**8.4**	**15.4**	**24.1**	**32.1**	**40.2**	**48.3**
Less: Njord Bridge Loan Repayment					(1.6)	(5.8)	(7.0)	(3.7)	(0.3)	(0.0)	(0.0)
Plus: Capital injection					-	-	-	-	-	-	-
Less: Other unsecuresd debt repayments					-	-	-	-	-	-	-
Less: Other					-	-	-	-	-	-	-
Total Chg in Cash					**1.0**	**-**	**-**	**4.9**	**7.7**	**8.0**	**8.1**

Table I3. Calculation of Net Debt and Net Debt / EBITDA, Underwriting Case, as per Njord Partners' August 2018 model.

Debt Overview								
Bank Sale & Leaseback Facility	16.4	16.4	16.4	14.9	13.4	12.0	10.5	9.0
Other Unsecured Debt	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Total Debt (excl Njord, incl Bank Debt at AssetCo's)	**24.4**	**24.4**	**24.4**	**22.9**	**21.4**	**20.0**	**18.5**	**17.0**
Njord Bridge Facility	**15.0**	**14.6**	**9.9**	**3.7**	**0.3**	**0.0**	**0.0**	**0.0**
Minimum Cash		1.0	1.0	1.0	1.0	1.0	1.0	1.0
Cash		1.0	1.0	1.0	5.9	13.6	21.7	29.8
Net Debt (incl AssetCo Debt)		**23.4**	**23.4**	**21.9**	**15.5**	**6.3**	**(3.2)**	**(12.7)**
Net Debt/EBITDA		**2.3x**	**1.9x**	**1.7x**	**1.2x**	**0.5x**	**(0.2)x**	**(1.0)x**

Table I4. Workings table, Underwriting Case, as per Njord Partners' August 2018 model.

WORKINGS										
		Actual	*Actual*	*Estimated*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*
		2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Cash Flow Generation Pre Sweep				-	2.6	5.8	7.0	8.6	8.0	8.1	8.1
Minimum Cash to Be Maintained				-	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)
Starting Cash				-	-	1.0	1.0	1.0	5.9	13.6	21.7
Available Cash to Sweep				-	1.6	5.8	7.0	8.6	12.9	20.7	28.8
Sales				45.0	72.0	81.0	85.1	89.3	89.3	89.3	89.3
Trade Net Working Capital				*10.0*	13.3	15.0	14.5	13.8	13.8	13.8	13.8
NWC as % of Sales				22.2%	18.5%	18.5%	17.0%	15.5%	15.5%	15.5%	15.5%
	Underwriting Case			*22.2%*	*18.5%*	*18.5%*	*17.0%*	*15.5%*	*15.5%*	*15.5%*	*15.5%*
	Base Case			*22.2%*	*18.5%*	*18.5%*	*17.0%*	*15.5%*	*15.5%*	*15.5%*	*15.5%*
	Sensitivity			*22.2%*	*18.5%*	*18.5%*	*17.0%*	*15.5%*	*15.5%*	*15.5%*	*15.5%*
Chg in NWC				(10.0)	(3.3)	(1.7)	0.5	0.6	-	-	-
Other Financial Costs				(0.7)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Non-Recourse Factoring / Performance Guarantees				*10.0*	6.7	6.7	6.7	6.7	6.7	6.7	6.7
% Financial Costs / Factoring				*7.0%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*	*7.0%*
EBITDA			12.2	(18.0)	10.0	12.0	12.6	13.2	13.2	13.2	13.2
Less: Other Financial Costs			-	-	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Less: Bank Interest (Njord excluded)			-	(0.9)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.7)
Less: Depreciation			(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)	(5.0)
Taxable Income			7.2	(23.9)	3.7	5.7	6.3	6.9	7.0	7.0	7.0
Cash Tax			**(1.5)**	**(0.2)**	**(0.8)**	**(1.2)**	**(1.3)**	**(1.5)**	**(1.5)**	**(1.5)**	**(1.5)**
Minimum Tax			(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Tax Rate			21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%

Table I5. Debt Schedule, Underwriting Case, as per Njord Partners' August 2018 model.

Bank Debt Schedule									
Beginning Balance		17.1	16.4	16.4	16.4	14.9	13.4	12.0	10.5
Less: Repayments (as per repay. schedule, ass. zero in 2018)		(0.7)	-	-	(1.5)	(1.5)	(1.5)	(1.5)	(1.5)
Ending Balance		16.4	**16.4**	**16.4**	**14.9**	**13.4**	**12.0**	**10.5**	**9.0**
Cash Interest	2.0%	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.2)	(0.2)
Other Unsecured Debt Schedule									
Beginning Balance		8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Less: Repayments (Swept if cash is available)		-	-	-	-	-	-	-	-
Ending Balance		8.0	**8.0**	**8.0**	**8.0**	**8.0**	**8.0**	**8.0**	**8.0**
Cash Interest	6.5%	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Njord Bridge Loan									
Beginning Balance			15.0	14.6	9.9	3.7	0.3	0.0	0.0
Less: Repayments (Swept if cash is available)			(1.6)	(5.8)	(7.0)	(3.7)	(0.3)	(0.0)	(0.0)
Plus: PIK Interest			1.2	1.2	0.8	0.3	0.0	0.0	0.0
Ending Balance		15.0	14.6	9.9	3.7	0.3	0.0	0.0	0.0
Cash Interest, assumed PIK'd	8.0%								

Table I6. Equity Value Calculation, Underwriting Case, as per Njord Partners' August 2018 model.

EQUITY VALUE CALCULATION								
Exit - Value Waterfall	**Dec-2018**	**Dec-2019**	**Dec-2020**	**Dec-2021**	**Dec-2022**	**Dec-2023**	**Dec-2024**	**Dec-2025**
EBITDA	(18.0)	10.0	12.0	12.6	13.2	13.2	13.2	13.2
EV / EBITDA Multiple	7.5x	7.5x	7.5x	7.5x	7.5x	7.5x	7.5x	7.5x
Enterprise Value	**(135.0)**	**75.1**	**90.0**	**94.5**	**99.3**	**99.3**	**99.3**	**99.3**
Plus: Cash	-	1.0	1.0	1.0	5.9	13.6	21.7	29.8
Less: Bank S&L / Assume Repaid to AssetCo	(16.4)	(16.4)	(16.4)	(14.9)	(13.4)	(12.0)	(10.5)	(9.0)
Less: Other Unsecured Creditors	(8.0)	(8.0)	(8.0)	(8.0)	(8.0)	(8.0)	(8.0)	(8.0)
Less: Njord Bridge Facility	-	(14.6)	(9.9)	(3.7)	(0.3)	(0.0)	(0.0)	(0.0)
Available Equity Value	**-**	**37.1**	**56.7**	**68.9**	**83.4**	**92.9**	**102.4**	**112.0**
Njord Share of Equity %	87.5%	87.5%	87.5%	87.5%	87.5%	87.5%	87.5%	87.5%
SolidAl Share of Equity %	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Njord Proceeds (Bridge Facility + Equity Value)	**-**	**47.0**	**59.5**	**64.0**	**73.3**	**81.3**	**89.6**	**98.0**
SolidAl Equity Value	-	4.6	7.1	8.6	10.4	11.6	12.8	14.0

Table I7. Returns Calculation, Underwriting Case, as per Njord Partners' August 2018 model.

NJORD RETURNS

Purchase Price (Amt)	13.0
Bank Purchase Date	31. Jul 18
Follow on Investment Date	01. Aug 18
Exit Date	31. Dec 23

Fund I Share	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	0.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%
Fund II Share	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	72.0%	72.0%	72.0%	72.0%	72.0%	72.0%	72.0%	72.0%	72.0%

Njord total Returns	**04. Mar 15**	**04. Jun 15**	**04. Sep 15**	**04. Dec 15**	**04. Mar 16**	**06. Jun 16**	**05. Sep 16**	**05. Dec 16**	**06. Mar 17**	**06. Jun 17**	**04. Sep 17**	**31. Jul 18**	**01. Aug 18**	**31. Dec 18**	**31. Dec 19**	**31. Dec 20**	**31. Dec 21**	**31. Dec 22**	**31. Dec 23**	**31. Dec 24**	**31. Dec 25**
Njord Investment	(6.9)	-	-	-	-	-	-	-	-	-	-	(13.0)	(23.0)	-	-	-	-	-	-	-	-
Cash Interest	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2										
Repayment Bridge Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.6	5.8	7.0	3.7	-	-	-
Exit Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	81.3	-	-
Total	**(6.9)**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.2**	**0.2**	**0.2**	**(13.0)**	**(23.0)**	**-**	**1.6**	**5.8**	**7.0**	**3.7**	**81.3**	**-**	**-**
Net Invested Capital	*(6.9)*	*(6.8)*	*(6.6)*	*(6.5)*	*(6.3)*	*(6.2)*	*(6.1)*	*(5.9)*	*(5.8)*	*(5.6)*	*(5.4)*	*(18.4)*	*(41.4)*	*(41.4)*	*(39.9)*	*(34.0)*	*(27.0)*	*(23.3)*	*58.0*	*58.0*	*58.0*
IRR																			**17.1%**		
MOIC																			**2.4x**		

Njord Fund I Returns	**04. Mar 15**	**04. Jun 15**	**04. Sep 15**	**04. Dec 15**	**04. Mar 16**	**06. Jun 16**	**05. Sep 16**	**05. Dec 16**	**06. Mar 17**	**06. Jun 17**	**04. Sep 17**	**31. Jul 18**	**01. Aug 18**	**31. Dec 18**	**31. Dec 19**	**31. Dec 20**	**31. Dec 21**	**31. Dec 22**	**31. Dec 23**	**31. Dec 24**	**31. Dec 25**
Njord Investment	(6.9)	-	-	-	-	-	-	-	-	-	-	-	(6.4)	-	-	-	-	-	-	-	-
Cash Interest	-	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2										
Repayment Bridge Loan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.4	1.6	2.0	1.0	-	-	-
Exit Cash Flow	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22.8	-	-
Total	**(6.9)**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.2**	**0.2**	**0.2**	**-**	**(6.4)**	**-**	**0.4**	**1.6**	**2.0**	**1.0**	**22.8**	**-**	**-**
Net Invested Capital	*(6.9)*	*(6.8)*	*(6.6)*	*(6.5)*	*(6.3)*	*(6.2)*	*(6.1)*	*(5.9)*	*(5.8)*	*(5.6)*	*(5.4)*	*(5.4)*	*(11.9)*	*(11.9)*	*(11.4)*	*(9.8)*	*(7.8)*	*(6.8)*	*16.0*	*16.0*	*16.0*
IRR																			**13.2%**		
MOIC																			**2.2x**		

Njord Fund II Returns	**04. Mar 15**	**04. Jun 15**	**04. Sep 15**	**04. Dec 15**	**04. Mar 16**	**06. Jun 16**	**05. Sep 16**	**05. Dec 16**	**06. Mar 17**	**06. Jun 17**	**04. Sep 17**	**31. Jul 18**	**01. Aug 18**	**31. Dec 18**	**31. Dec 19**	**31. Dec 20**	**31. Dec 21**	**31. Dec 22**	**31. Dec 23**	**31. Dec 24**	**31. Dec 25**
Njord Investment												(13.0)	(16.6)	-	-	-	-	-	-	-	-
Cash Interest																					
Repayment Bridge Loan												-	-	-	1.1	4.2	5.1	2.7	-	-	-
Exit Cash Flow														-	-	-	-	-	58.5	-	-
Total												**(13.0)**	**(16.6)**	**-**	**1.1**	**4.2**	**5.1**	**2.7**	**58.5**	**-**	**-**
Net Invested Capital												*(13.0)*	*(29.6)*	*(29.6)*	*(28.4)*	*(24.2)*	*(19.2)*	*(16.5)*	*42.1*	*42.1*	*42.1*
IRR																			**19.8%**		
MOIC																			**2.4x**		

Table I8. Sensitivity Analysis, as per Njord Partner's August 2018 model.

Sensitivity Analysis

Njord Total IRR:

Multiple/Exit Date

	31. Dec 20	31. Dec 21	31. Dec 22	31. Dec 23	31. Dec 24	31. Dec 25
6.0x	6.4%	13.4%	17.2%	20.3%	19.4%	18.6%
6.5x	10.2%	16.0%	19.1%	21.7%	20.5%	19.4%
7.0x	13.7%	18.4%	20.9%	23.0%	21.5%	20.2%
7.5x	16.8%	20.6%	22.5%	24.2%	22.5%	21.0%
8.0x	19.8%	22.7%	24.1%	25.3%	23.4%	21.7%
8.5x	22.5%	24.7%	25.6%	26.4%	24.2%	22.4%

Multiple/EBITDA

	15.0	16.0	17.0	18.0	19.0	20.0
6.0x	14.7%	16.0%	17.1%	18.2%	19.3%	20.3%
6.5x	16.1%	17.4%	18.5%	19.6%	20.7%	21.7%
7.0x	17.4%	18.7%	19.8%	20.9%	22.0%	23.0%
7.5x	18.6%	19.9%	21.0%	22.2%	23.2%	24.2%
8.0x	19.8%	21.0%	22.2%	23.3%	24.4%	25.3%
8.5x	20.9%	22.1%	23.3%	24.4%	25.4%	26.4%

EBITDA/Exit Date

	31. Dec 20	31. Dec 21	31. Dec 22	31. Dec 23	31. Dec 24	31. Dec 25
15	11.9%	15.0%	16.7%	18.6%	17.7%	16.8%
16	13.0%	16.2%	18.0%	19.9%	18.8%	17.8%
17	14.0%	17.4%	19.2%	21.0%	19.8%	18.6%
18	14.9%	18.5%	20.4%	22.2%	20.7%	19.5%
19	15.9%	19.6%	21.5%	23.2%	21.6%	20.3%
20	16.8%	20.6%	22.5%	24.2%	22.5%	21.0%

Njord Total MOIC:

Multiple/Exit Date

	31. Dec 20	31. Dec 21	31. Dec 22	31. Dec 23	31. Dec 24	31. Dec 25
6.0x	1.2x	1.6x	2.1x	2.8x	3.1x	3.4x
6.5x	1.3x	1.8x	2.3x	3.0x	3.3x	3.6x
7.0x	1.4x	1.9x	2.4x	3.2x	3.5x	3.8x
7.5x	1.6x	2.1x	2.6x	3.4x	3.7x	4.0x
8.0x	1.7x	2.2x	2.8x	3.6x	3.9x	4.2x
8.5x	1.8x	2.4x	3.0x	3.8x	4.1x	4.4x

Multiple/EBITDA

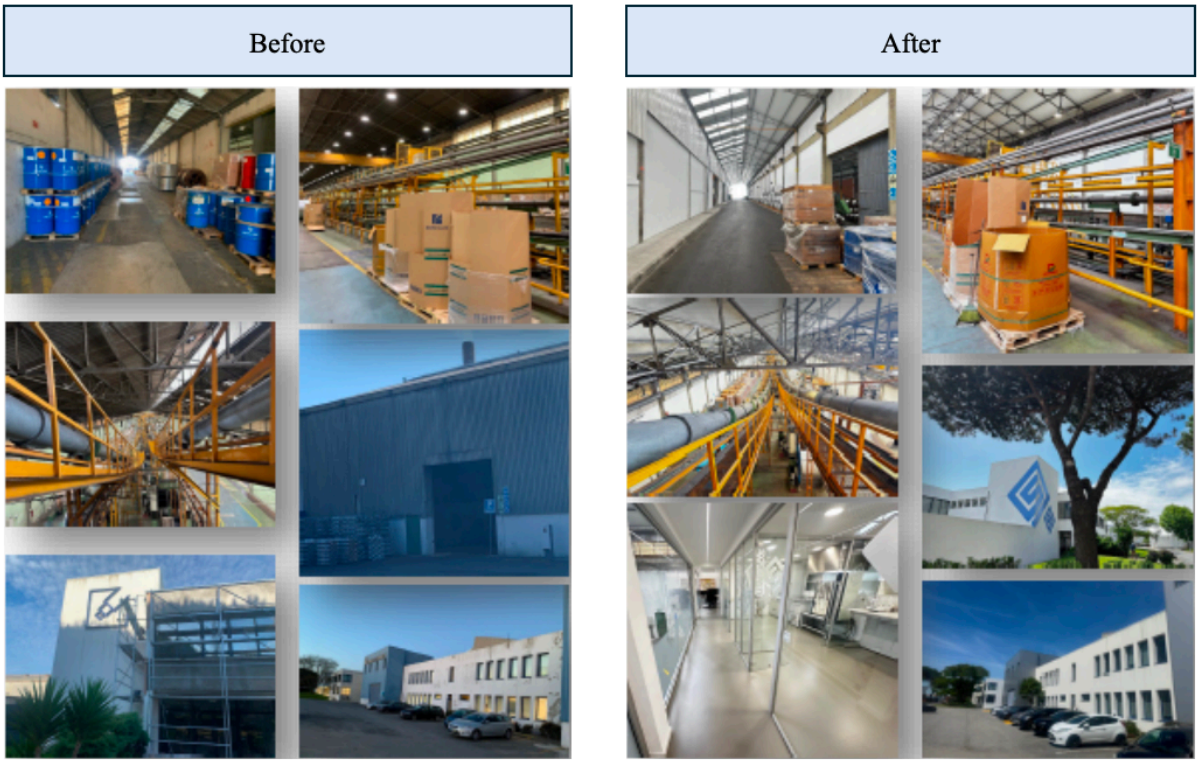
	15.0	16.0	17.0	18.0	19.0	20.0
6.0x	2.1x	2.2x	2.4x	2.5x	2.6x	2.8x
6.5x	2.2x	2.4x	2.5x	2.7x	2.8x	3.0x
7.0x	2.4x	2.6x	2.7x	2.9x	3.0x	3.2x
7.5x	2.5x	2.7x	2.9x	3.1x	3.2x	3.4x
8.0x	2.7x	2.9x	3.1x	3.2x	3.4x	3.6x
8.5x	2.9x	3.0x	3.2x	3.4x	3.6x	3.8x

EBITDA/Exit Date

	31. Dec 20	31. Dec 21	31. Dec 22	31. Dec 23	31. Dec 24	31. Dec 25
15	1.4x	1.7x	2.0x	2.5x	2.8x	3.0x
16	1.4x	1.8x	2.2x	2.7x	3.0x	3.2x
17	1.5x	1.8x	2.3x	2.9x	3.1x	3.4x
18	1.5x	1.9x	2.4x	3.1x	3.3x	3.6x
19	1.5x	2.0x	2.5x	3.2x	3.5x	3.8x
20	1.6x	2.1x	2.6x	3.4x	3.7x	4.0x

Appendix J. SolidAl Production Facility

Figure J1. SolidAl's production facility before and after renovations.



AI Disclosure

To ensure full transparency, this disclosure outlines our use of artificial intelligence tools in this Master's thesis.

What AI tools have been used and how?

ChatGPT has been used for two purposes: spell / grammar checks and formulation improvement.

After finishing the entire writing process of our thesis, we used ChatGPT to check sections of our text for spelling and grammar mistakes. As English is not our native language, we wanted to ensure that the thesis is written in proper and correct English. Second, we used ChatGPT to improve the formulation of key sentences to improve understandability and readability in complex sections of the thesis.

In what ways have these tools contributed to increasing the quality of the thesis?

The use of spelling / grammar checks, as well as the limited use of reformulation suggestions, proved helpful in increasing readability and clarity of our writing.

What potential risks were found using AI, and what measures were taken to reduce these risks?

As we only used AI to address the correct use of language, we faced no content-related risks. Nonetheless, AI tools can make errors, so we always double-checked everything before implementing any suggestions.

What are the insights gained from using AI tools in the thesis writing process?

As non-native speakers, AI is a helpful enabler to write correct and proper English in academic settings involving complex content.