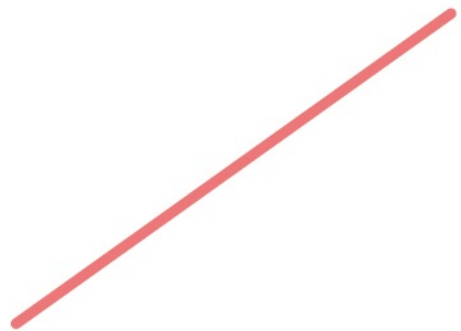
A photograph of a wide, outdoor stone staircase with metal handrails, set against a dark stone wall with several rectangular vents. The scene is dimly lit, creating a moody atmosphere.

# Q1

First quarter 2020



**B2** HOLDING

## Comment by the CEO

### Changing environments

In the previous quarter report, I stated that 2020 will be a year of transition for the Group. Since then, the Covid-19 outbreak has accelerated all over the world. The pandemic and the measures taken to control the spread have had major impact on societies and the world economy. Thus, today the statement has several new dimensions and our macroeconomic environment has significantly changed.

Ethical and responsible collections always drive our business, but especially in these challenging times. We acknowledge our social responsibility and closely monitor our operations to ensure that we demonstrate required sensibility towards those customers that are most vulnerable.

Our first quarter 2020 results show a stable gross cash collection. When the pandemic hit Europe, our organization proved its strength and agility. During a few days in mid-March, we shifted more than 90 % of the operations to work from home to secure the health and safety of our employees. I am very proud that our employees have ensured business continuity and limited operational impact in a challenging situation.

While our operations remained stable in first quarter, the historically large currency fluctuations have impacted the net results, the balance sheet and consequently the financial covenants. Nevertheless, by end of the quarter we are still in line with original RCF covenants and remain in close dialogue with the RCF banks.

The full extent, consequences and duration of the Covid-19 pandemic is not visible yet. Therefore, we prepare for a larger impact on business from May and forward by implementing cost reducing measures and temporary reducing portfolio purchases to a minimum in order to preserve liquidity. Although we expect some challenging quarters ahead, I am confident that B2Holding will benefit from our strong foundation and remain an important player in the European NPL market going forward.

Oslo, 6 May 2020

**Erik Just Johnsen**  
CEO

## Summary

**B2Holding Group continued to show stable gross cash collections in first quarter 2020, despite some markets with operations starting to notice the impact of Covid-19. The Group delivered cash EBITDA of NOK 966 million. During Q1 2020 the currency fluctuations have been historically large, leading to a net exchange loss of NOK 76 million, whereof NOK 73 million is unrealised. Profit before tax for the quarter is NOK 25 million. The Group was in line with covenants, has reduced purchasing of new portfolios to a minimum and implemented costs savings that will strengthen the ability to take advantage of a more favorable market when effects of Covid-19 starts to normalize.**

### First quarter 2020

- ERC<sup>1)</sup> at end of period was NOK 26,528 million (21,434), an increase of 24% compared to first quarter 2019
  - Stable gross cash collection from purchased loan portfolios, an increase of 5% to NOK 1,315 million (1,248)
  - Total revenues decreased by 3% to NOK 775 million (795)
  - Cash EBITDA increased by 0.2% to NOK 966 million (964)
  - Operating profit down 27% to NOK 255 million (350)
  - Portfolio purchases<sup>2)</sup> of NOK 491 million (570)
  - Leverage ratio 3.26x (3.0x)
    - Adjusted for fx rate the leverage rate was 2.86x, unchanged from Q4 2019
  - Cost to collect of 22.9% (22.0%)
  - The Group was in line with original RCF covenants
- During the first quarter 2020, the currency fluctuations have been historically large. This impacted reported revenues and operating profit in NOK positively, but also led to net currency losses, primarily unrealised*

(Comparable numbers for Q1 2019 in brackets)

(NOK million)	2020 Quarter 1	2019 Quarter 1	Change %	2019 Full Year
Total revenues excl. net credit gain/(loss)	837	793	6 %	3 274
Net credit gain/(loss) from purchased loan portfolios	-62	2		-400
Total revenues	775	795	-3 %	2 874
EBITDA	281	376	-25 %	1 093
Operating profit/(loss)	255	350	-27 %	959
Profit margin	33 %	44 %		33 %
Cash revenue	1 448	1 383	5 %	5 763
Cash EBITDA	966	964	0 %	3 982
Cash margin	67 %	70 %		69 %
Profit/(loss) after tax	24	106	-77 %	107
Basic earnings per share, NOK	0.06	0.26	-77 %	0.26
Cash flow from operating activities	620	712	-13 %	2 872
Operating cash flow per share, NOK	1.51	1.74	-13 %	7.01
Portfolio purchases <sup>2)</sup>	491	570	-14 %	4 034
Gross cash collection from purchased loan portfolios	1 315	1 248	5 %	5 202
ERC (at end of month) <sup>1)</sup>	26 528	21 434	24 %	23 809

1) Including the Group's share of portfolios purchased and held in SPVs and joint ventures

2) Including the Group's share of portfolios purchased in SPVs and joint ventures

## Operations

**B2Holding has been able to limit Covid-19 pandemic impacts in first quarter operations. Nearly all personnel were fully operational from home offices by mid-March. The experience from the changes implemented in operations will be further developed, with potential reduced operational cost going forward.**

### Operational review

B2Holding Group's gross cash collections amounted to NOK 1,315 million in the first quarter, which was in line with expectations. The Group reported a profit after tax for the quarter of NOK 24 million. The Q1 results include non-recurring expenses of NOK 15 million, mainly relating to organizational changes and NOK 76 million in net exchange loss, whereof NOK 73 million is unrealised.

The Group has presence in 23 countries across Europe and observe large variations in how operations are affected by the Covid-19 pandemic. In this challenging situation, the primary focus of the Group has been the safety and health of the employees. Since mid-March, the Group entities have successfully managed to shift more than 90% of the operations to remote home offices. The operational impact has been limited, and all business activities have continued to operate as before the crisis.

The impact on collections have been modest during the first quarter, as March was the first month where the effects of the pandemic became visible. The Group expects variations between the different countries going forward depending on the availability of the bailiff and legal system. There will also be variations depending on the level of measures taken by governments. In the Nordics, courts and bailiffs were operational in Q1, and we expect this to continue going forward. In other countries such as Italy, Croatia and Bulgaria, lockdown has been at a high level with reduced or no activity in courts and with bailiffs.

Adapting collection strategies to the current situation is part of measures taken by the Group. Such adaptations include promoting digital payments and online platforms, more flexible design of discount campaigns and more frequent follow up of regular payers and payment plans. Digitalization levels will also influence collection strategies as countries with a higher degree of electronic communication with courts and bailiffs, such as Sweden and Finland, will maintain legal collection.

During Q1 2020 the impact on B2Holding's unsecured business was relatively minor, with collections for Q1 2020 in line with Q1 2019 adjusted for foreign exchange differences. Collections from amicable solutions were somewhat impacted by the transfer from office to home operation. Recoveries from secured business were strong and ahead of expectations in Q1 2020 with the main impact expected from May onwards. The latter following the closure of the legal systems in several countries where the Group has secured portfolios.

The Group is closely monitoring its operations to ensure fulfilment of social responsibility with the required sensibility towards those customers that are most vulnerable. In general, a softer communication approach towards debtors with focus on amicable arguments are important measures introduced in the Group's collection activities as a direct approach to Covid-19. Increased promotion and awareness of digital solutions such as online platforms, will also enable clients to take more control over their repayment schedules.

Following a period of growth in recent years, the Group's focus will be on efficiencies going forward and this combined with the Group's response to the Covid-19 pandemic means the Group is currently targeting cost reductions related to travel expenses, office services, marketing activities, external consultants and temporary employees. These cost reductions amount to approximately NOK 20 million per month starting from April.

Cash EBITDA was NOK 966 million compared with NOK 964 million in Q1 2019 showing continued good cash flow from operations.

Portfolio purchases were NOK 491 million in Q1, where the large majority was unsecured portfolios acquired in Northern Europe. The Group has temporary reduced portfolio purchases to a minimum, as a result of the Covid-19 pandemic, in order to preserve and strengthen liquidity going forward.

## Risks and uncertainties

B2Holding is by the nature of its operations exposed to various strategic, financial and operational risks.

Following the outbreak of the Covid-19 pandemic several risk factors, such as the temporary shutdowns and the resulting deterioration of legal operations and overall economic conditions, have become prominent. Although the impact of the outbreak on the Q1 results is limited, its mid- to long-term effects are expected to negatively impact the Group.

Due to the strong measures taken by several countries where B2Holding has operations in response to the outbreak, B2Holding assumes significant macroeconomic impact in the upcoming quarters of 2020, and consequently an impact on the collections and recoveries of the Group. Currently, analyses and projects are ongoing throughout the Group to assess the actual impact and implement appropriate actions.

### *Operational risks*

As described in the Operational Review, the Group has taken steps to mitigate operational risks caused by the pandemic and has shifted operations to remote work already by mid-March. Operational processes have been adjusted to “work-from-home” and the operating companies have the capacity necessary to maintain full activity.

The Group has kept an active and responsible approach to both its employees and customers, ensuring that the health, safety, compliance and business continuity are maintained in all local operations.

### *Financial risks*

B2Holding’s diversified investment portfolio limits the Group’s overall exposure to risks related to the Covid-19 impact on particular economies, asset classes and portfolios.

Due to the outbreak of the pandemic, B2Holding has taken precautionary steps to mitigate financial effects and strengthen its liquidity position by temporarily reducing new investments to a minimum, cancelling the dividends and implementing cost reduction initiatives throughout the Group.

Based on internal analyses, B2Holding expects that negative future effects of the pandemic primarily will be visible on the secured portfolios, which currently comprise 26% of the ERC, whereas the unsecured portfolios (74% of the ERC) should remain less affected. The operations in Spain and Italy (7% of the ERC) as well as in Central Europe (except Czech Republic) and Southeastern Europe (32% of the ERC) are expected to be affected the most, while the potential negative effect is expected to be moderate to low in the Nordics, Finland & Baltics, France, Czech Republic and Poland (overall 61% of the ERC).

The Group is in compliance with its original covenants as of 31 March 2020. In the short term, the book value of the portfolios held by the Group are expected to decrease due to postponed recoveries and potential downward revaluation of collaterals in secured portfolios, and consequently the Group’s Q2 results may be charged with impairment. The Group is currently assessing the impact of the pandemic on its valuation models. Depending on the magnitude of the potential impairments, the Group’s financing arrangements could be affected. To mitigate this risk, the company has undertaken discussions with funding partners to build up the covenant headroom.

### *Strategic risks*

The Group expects the effects of the pandemic to last beyond 2020, and to influence the competitive landscape in the credit management sector. In the long-term, as a result of adverse economic conditions, higher supply and yields on NPLs, new types of portfolios and more servicing opportunities may appear, but funding options may also be more limited. However, the Group has undertaken discussions with financing and JV partners to position itself to take advantage of the future opportunities.

B2Holding is currently assessing the overall impact of the pandemic on its strategy and business plan and will plan the relevant course of action to mitigate short-term risks and take advantage of the mid- to long-term opportunities.

For the assessment of other risks, please refer to note 5 and to the Annual Report for 2019.

## Corporate matters

Erik J. Johnsen was on 5 February 2020 appointed as the CEO. He has been with the company for 7 years of which the last 3 as the company’s CFO and since 15 August 2019 also the interim CEO.

The share price closed at NOK 3.61 on 31 March 2020 and with 410 million shares outstanding, the market cap for the group was NOK 1,478 million.

The Group holds a EUR 510 million senior secured revolving credit facility (RCF) with DNB Bank ASA, Nordea Bank AB and Swedbank AB with a final maturity date as of 31 May 2022. B2Holding was in compliance with the original covenants at 31 March 2020 and expect to be in compliance going forward, but as mentioned above B2Holding is in dialogue with the RCF banks to increase the headroom to covenants even further.

In addition to the mentioned RCF, the Group held five listed senior unsecured bond loans of EUR 925 million. On 23 March 2020 the company completed a bond-buyback with the nominal amount of EUR 16.4 million at price 97% of par value. The Group has during Q1 repurchased another EUR 11.7 million of its other

outstanding bond loans. In total the Group holds EUR 49 million in treasury bonds at quarter end.

The first bond issued (EUR 150 million) matures in December 2020, hence it is classified as short-term borrowing. The bond carries a make whole clause and the plan is to have sufficient headroom under the RCF to refinance the bond. EUR 210 million of the RCF was unutilised at 31 March 2020.

The S&P rating was downgraded from BB- (Stable outlook) to B+ (Negative outlook) in a general sector note on 15 April 2020. The main reason was potential impact of Covid-19 which put pressure on financial performance and increased liquidity risk.

The Group has NOK 3.1 billion in liquidity reserve (formerly stated as available investment capacity) at the end of the quarter adjusted for deferred payment for portfolio purchases of NOK 64 million, in addition to operating cash flow.

Net interest-bearing debt as of 31 March 2020 was NOK 12,990 million. Leverage Ratio of the Group was 3.26x (2,86x if calculated with average FX rate last 12 months), up from 2.86x in Q4 2019.

On 3 April 2020 the board announced to cancel the previously proposed dividend of NOK 0.08 per share due to the uncertainty associated with the Covid-19 pandemic and unknown macroeconomic consequences.

#### **Outlook**

Going forward the Group expects the macroeconomic environment to worsen due to the Covid-19 pandemic. Consequently, collections are expected to be reduced in the short- to mid-term. There is still limited visibility

on the actual net effect on collections, and thus a need to collect more data over a longer period of time in order to observe trends and evaluate the effects of Covid-19 on our cash flow. As such, the Group will observe the development throughout the second quarter and evaluate potential impairments as a result of the pandemic. A detailed analysis based on more consistent data is required to conclude on whether the Group should only expect delays in collection and recoveries, or if the expected future collections and recoveries will be lower.

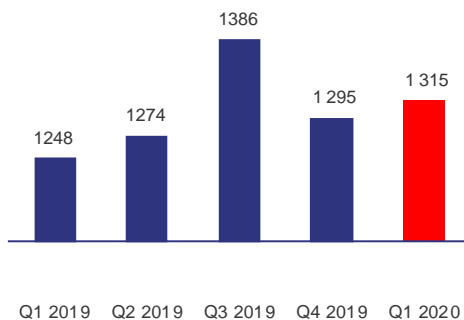
As a consequence of the pandemic, B2Holding has implemented several cost reduction initiatives. Currently, these cost reductions amount to approximately NOK 20 million per month starting from April. As mentioned, there are large variations in how local operations are affected, so further cost reductions will be evaluated based on the actual impact on the local operations.

The Group has temporary reduced portfolio purchases to a minimum in order to preserve and strengthen liquidity going forward. This will strengthen the NOK 3.1 billion in liquidity reserve at the end of the quarter.

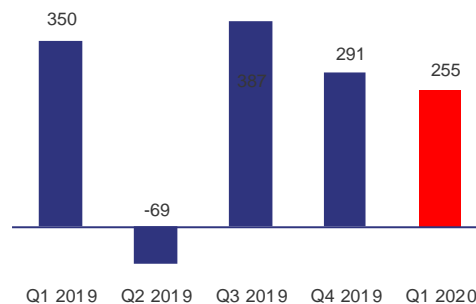
Although the short-term market outlook is uncertain, the Group believes that the NPL volumes coming to the market post the crisis will increase. Expectation is that the demand will grow less than the offered NPL volumes, resulting in a potential positive effect on pricing of portfolios and increased yields. With NPL volumes expected to increase, there is also a potential for growth in servicing revenues through co-investment structures and other third party servicing agreements.

## Financials

**In the first quarter B2Holding Group reported profit before tax of NOK 25 million affected by Covid-19 outbreak and FX loss. Despite the Covid-19 effect, gross cash collections continued to increase quarter on quarter with an increase of NOK 67 million (5%) compared with the first quarter of 2019.**



Gross cash collection (NOKm)



Operating profit (NOKm)

### Revenues, expenses and profits

In the first quarter of 2020 B2Holding Group continued to show stable gross cash collection, despite some of its markets starting to notice the impact of Covid-19. It is primarily the Q1 results of the secured business that are impacted by Covid-19, though impact is expected to increase during the spring 2020 and the present value of the Group's NPL portfolios will depend on both the length of the current extraordinary physical measures and on the economic effects the measures have on unemployment levels, the debtors' disposable income and debt service abilities.

The current lockdown situation will lead to postponements of payments and corresponding negative effects on short-term cashflows, particularly in Western, South Eastern and Central Europe. It may also have more long-term effects on the valuation of the assets. The Group is working to assess the impact of these risk factors on the valuation models for the NPL portfolios and expects to gain significantly better visibility during the second quarter of 2020, with the indication that the Q2 results may be charged with impairments.

Since year-end 2019, and Q1 2019, the Norwegian Krone has depreciated significantly against most other currencies. In 2019, approx. 99% of revenues were related to operations outside Norway, hence changes in revenues, expenses and profits compared to same quarter last year are more affected than usual due to the change in foreign currency translation rates.

Gross cash collections ended at NOK 1,315 million, up NOK 67 million (5%) versus Q1 2019 due to impact of FX, with underlying collections in line with Q1 2019. Secured recoveries were NOK 390 million for the

quarter, of which NOK 192 million (49%) were repossessed assets that B2Holding has successfully taken legal ownership of. The repossession of assets is expected to reduce time-to-money and to result in a higher realisable value for the assets going forward. Unsecured portfolios collected NOK 9 million less than expected, targets were too high and additionally collections were impacted by COVID-19, mainly in Bulgaria, Italy and Spain. Secured portfolios recovered above targets due to earlier recoveries than expected, primarily in Croatia and Romania and mainly related to repossession of assets.

Revenue from purchased portfolios ended at NOK 631 million, down NOK 29 million (-4%). The decrease was due to a net credit loss of NOK 62 million, mainly related to lower than expected unsecured collections in Western and South Eastern Europe and expected delays in future recoveries as a result of Covid-19. Profit from joint ventures ended at NOK 3 million, down NOK 12 million (-79%) following adjustments to collections forecast in Q1 2020. Other revenues ended at NOK 142 million, up NOK 21 million (17%), including revenue from sale of collateral assets of NOK 12 million and FX of NOK 9 million. In Q1 2019 reported Other revenues were NOK 120 million but with the result from collateral assets reported net.

Operating expenses excluding depreciation, amortization and impairment losses increased by NOK 75 million (18%) of which NOK 28 million was due to weaker NOK, while NOK 15 million were non-recurring expenses mainly relating to organizational changes, and cost of collateral assets sold of NOK 11 million. Prior period has not been restated to reflect the cost of collateral assets sold in Q1 2019, see further information about the change in presentation in note 1.

Personnel costs, excluding non-recurring expenses and currency effects, decreased by NOK 5 million, with increased number of FTEs in Northern and South Eastern Europe offset by efficiencies realised elsewhere in the Group. External cost of services provided were up NOK 18 million of which NOK 8 million was FX and the remainder mainly related to legal changes and significantly higher court fees in Poland. Other operating expenses, excluding non-recurring expenses and currency effects, increased with NOK 4 million. Cost to collect at 23%, in line with previous quarters.

**Northern Europe** collections in the first quarter of 2020 ended at NOK 428 million (+31%) compared to same quarter in 2019. Unsecured portfolios collected NOK 13 million more than expected as Finland continue to perform. In addition, there were put backs in both Denmark and Finland. Revenue from purchased portfolios were up NOK 44 million (26%) to NOK 215 million mainly due to continuing portfolio purchases. Net credit gain from purchased loan portfolios were NOK 1 million in the quarter. Other revenues were NOK 6 million higher than in Q1 2019 mainly due to servicing of JV portfolio in Sweden. Cost to collect ended at 15%, down from 17%, mainly due to increased collections, and Cash EBITDA ended at NOK 366 million, up NOK 91 million (33%) versus Q1 2019.

**Poland** is steadily increasing collections and ended at NOK 254 million (+8%). The region collected in total NOK 8 million more than expected on secured and unsecured portfolios. It was mainly legal collection that was above target, slightly impacted by Covid-19 which caused delayed tax refunds. Revenue from purchased portfolios ended at NOK 150 million (+7%), of which net credit gain was NOK 3 million. Other revenues ended at NOK 39 million, up NOK 15 million (+66%), mainly due to good risk curve and higher than expected collections in the Takto business. Cost has increased due to legal changes and significantly higher court fees. The market is adapting to the regulatory changes implying that future purchases will reflect the cost of these legal changes, resulting in higher gross IRRs with expected net IRR remaining the same. Personnel cost and other expenses were down due to non-recurring restructuring and IT development costs in Q1 2019. Cost to collect ended at 32% (37% Q1 2019), and cash EBITDA for the quarter ended at NOK 188 million (+23%).

**Central Europe** collections ended at NOK 325 million, down NOK 69 million (-17%) compared to Q1 2019. Secured recoveries were NOK 231 million, of which NOK 158 million (68%) were repossessed assets. Unsecured portfolios collected slightly below target. Secured portfolios were above target by NOK 118 million mainly due to earlier recoveries than expected related to repossession of assets in Croatia. Revenues from purchased portfolios ended at NOK 119 million, down NOK 59 million (-33%), of which net credit loss was NOK 39 million mainly due to expected delay in future recoveries as a result of Covid-19. Cost to collect ended

at 19%, up from 13% in Q1 2019, due to less recoveries and increase in fees to court and bailiffs related to repossession of assets. Cash EBITDA amounted to NOK 261 million, down NOK 79 million (-23%).

**Western Europe** collections ended at NOK 138 million, down NOK 12 million (-8%). Unsecured portfolios collected NOK 18 million below target as targets were too high. The region was also severely impacted by Covid-19, mainly in Italy and Spain. Secured portfolios recovered above target in Italy due to earlier collection than expected, offset by underperformance in France due to timing and Covid-19. Revenue from purchased portfolios ended at NOK 67 million, down NOK 16 million (-20%), of which net credit loss was NOK 21 million mainly due to lower unsecured collections and expected delay in recoveries in Italy and France as a result of Covid-19. Other revenues were down NOK 8 million (-15%), to NOK 44 million, due to lower volumes from third-party collection clients and Covid-19 in Spain. Cost to collect ended at 28%, up from 21%, due to the above-mentioned decline in collections, Cash EBITDA ended at NOK 94 million down NOK 30 million (-24%) from Q1 2019.

**South Eastern Europe** both secured recoveries and unsecured collections increased versus Q1 2019 and ended at NOK 170 million (20%), an increase of NOK 29 million versus Q1 2019. Secured recoveries were NOK 59 million, of which NOK 32 million (54%) were repossessed assets. Unsecured portfolios collected slightly less than expected, mainly due to legal changes in Bulgaria and Covid-19, partly offset by collection "overflow" in Romania, where collections targeted in late 2019 spilled over into Q1 2020. Secured portfolios recovered above target by NOK 20 million, mainly due to earlier collection than expected in Romania, partly offset by Covid-19 impact in Bulgaria. Revenue from purchased portfolios ended at NOK 80 million, down NOK 8 million (-9%), of which net credit loss was NOK 7 million. In addition, less portfolio purchases also impacts the revenue vs Q1 2019. Profit from joint ventures ended at NOK 1 million, down NOK 14 million, mainly due to revised collection forecasts. Other revenues ended at NOK 12 million (+24%), up NOK 2 million, despite being affected by a drop in 3<sup>rd</sup> party collection in Greece due to Covid-19. Cost to collect ended at 33%, down from 34%, due to increased collections. Cash EBITDA ended at NOK 101 million, down NOK 3 million (3%).

**Central Functions** has increased cost of NOK 12 million compared to same quarter in 2019, where non-recurring cost related to organizational changes and portfolio projects is approximately NOK 13 million. Additionally, there is an increase in FTEs due to strengthening of corporate functions in Oslo and Luxembourg.

Financial items ended the quarter at a net expense of NOK 229 million comprised of financial income of NOK 54 million, financial expenses of NOK 208 million and a net exchange loss of NOK 76 million. The financial

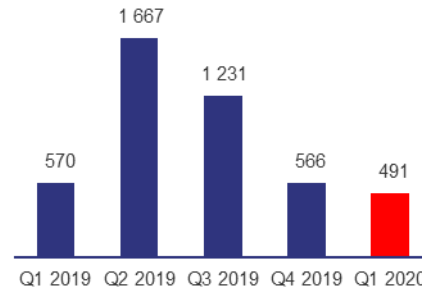
income is primarily a gain arising from repurchase of outstanding bond loans below par value. The net exchange loss was mainly a result of fluctuations in the exchange rates for the Croatian Kuna (HRK), the Czech Koruna (CZK) and the Romanian Leu (RON) versus the Euro.

Profit after tax for the period ended at NOK 24 million, a decrease of NOK 82 million (-77%) compared to Q1 2019.

### Cash flows

Operating cash flow was NOK 620 million (NOK 712 million) in the first quarter of 2020. The 13% decrease compared with the same period last year mainly relates to lower profit before tax and changes in working capital due to repossession of secured assets, which is partly offset by positive currency effects on cash collections from purchased loan portfolios.

Cash flow from investing activities ended at NOK -569 million and is mainly related to portfolio purchases. The difference between the reported portfolio purchases and the cash investments is mainly relating to change in deferred payments on portfolio purchases. At the end of the first quarter 2020 deferred payments for portfolio purchases amounted to NOK 64 million and the liability was included in the condensed balance sheet in "accounts payables and other payables".



Portfolio purchases (NOKm)

Net cash flow from financing activities ended at NOK -132 million which is explained by net repayment on external borrowing in the quarter. At the end of the quarter, interest bearing debt amounted to NOK 13,386 million compared to NOK 11,735 million at the year-end 2019. The increase in interest bearing debt is explained by foreign exchange differences.

### Disclaimer

This report contains forward-looking statements that reflect management's current view with respect to future events. All such statements are subject to inherent risks and uncertainties, and many factors can lead to developments deviating from what has been expressed or implied in such statements.

Board of Directors, B2Holding ASA, 6 May 2020

## Consolidated income statement

All figures in NOK '000s unless otherwise stated

		2020	2019	2019
	Notes	Quarter 1	Quarter 1	Full Year
Interest income from purchased loan portfolios		692 804	657 918	2 713 165
Net credit gain/(loss) from purchased loan portfolios	4	-62 238	2 027	-400 127
Profit from shares in associated parties/joint ventures and participation loan/notes		3 102	14 917	64 113
Interest income from loan receivables		65 458	70 356	293 892
Net credit gain/(loss) from loan receivables		-29 668	-46 454	-178 149
Revenue from sale of collateral assets		11 765		
Other revenues		93 958	96 542	380 928
<b>Total revenues</b>	3	<b>775 181</b>	<b>795 306</b>	<b>2 873 823</b>
External expenses of services provided		-120 189	-102 109	-447 245
Personnel expenses		-243 850	-215 607	-887 889
Other operating expenses		-118 714	-101 346	-445 852
Cost of collateral assets sold, including impairment		-11 303		
Depreciation and amortisation		-26 517	-26 568	-107 352
Impairment losses				-26 915
<b>Operating profit/(loss)</b>	3	<b>254 608</b>	<b>349 675</b>	<b>958 570</b>
Financial income		54 198	1 194	12 651
Financial expenses		-207 939	-189 834	-794 463
Net exchange gain/(loss)		-75 572	-30 171	-11 858
<b>Net financial items</b>	5	<b>-229 313</b>	<b>-218 811</b>	<b>-793 670</b>
<b>Profit/(loss) before tax</b>		<b>25 295</b>	<b>130 864</b>	<b>164 900</b>
Income tax expense		-835	-24 866	-57 750
<b>Profit/(loss) after tax</b>		<b>24 461</b>	<b>105 998</b>	<b>107 151</b>
<b>Profit/(loss) attributable to:</b>				
Parent company shareholders		24 355	105 913	106 759
Non-controlling interests		106	85	392
<b>Earnings per share (in NOK):</b>				
Basic		0,06	0,26	0,26
Diluted		0,06	0,26	0,26

## Consolidated statement of comprehensive income

All figures in NOK '000s

		2020	2019	2019
		Quarter 1	Quarter 1	Full Year
<b>Profit/(loss) after tax</b>		<b>24 461</b>	<b>105 998</b>	<b>107 151</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations		462 441	-105 373	-23 049
Hedging of currency risk in foreign operations		72 945	90	-36 970
Tax attributable to items that may be reclassified to profit or loss		-10 895	-23	8 920
<b>Other comprehensive income</b>		<b>524 491</b>	<b>-105 306</b>	<b>-51 099</b>
<b>Total comprehensive income for the period</b>		<b>548 952</b>	<b>692</b>	<b>56 052</b>
<b>Total comprehensive income attributable to:</b>				
Parent company shareholders		548 754	618	55 669
Non-controlling interests		198	74	383

## Consolidated statement of financial position

All figures in NOK '000s

	Notes	2020	2019	2019
		31 Mar	31 Mar	31 Dec
Deferred tax asset		217 526	92 977	188 765
Goodwill		884 616	762 769	777 764
Tangible and intangible assets		395 383	381 734	362 529
Investments in associated companies and joint ventures		395 367	116 672	387 041
Purchased loan portfolios	3,4,5	15 077 304	12 899 940	13 419 720
Loan receivables		354 347	359 000	345 160
Participation loan/notes	3	601 479	569 190	541 683
Other non-current financial assets		4 155	11 876	4 531
<b>Total non-current assets</b>		<b>17 930 177</b>	<b>15 194 157</b>	<b>16 027 194</b>
Other short-term assets		359 885	205 439	239 973
Collateral assets		510 492	163 086	318 595
Cash and short-term deposits		395 704	405 838	355 884
<b>Total current assets</b>		<b>1 266 081</b>	<b>774 363</b>	<b>914 452</b>
<b>Total assets</b>		<b>19 196 258</b>	<b>15 968 520</b>	<b>16 941 646</b>
Equity attributable to parent company's shareholders	7	4 784 715	4 363 164	4 236 179
Equity attributable to non-controlling interests		823	460	625
<b>Total equity</b>		<b>4 785 537</b>	<b>4 363 624</b>	<b>4 236 804</b>
Deferred tax liabilities		187 802	144 245	171 475
Long-term interest bearing loans and borrowings	6	11 650 710	10 378 337	10 140 978
Other non-current liabilities		170 630	194 802	159 528
<b>Total non-current liabilities</b>		<b>12 009 141</b>	<b>10 717 384</b>	<b>10 471 981</b>
Short-term interest bearing loans and borrowings	6	1 538 213		1 497 563
Bank overdraft	6	197 203	209 807	96 634
Account payables and other payables		230 318	280 761	265 081
Income taxes payable		30 384	34 795	28 684
Other current liabilities		405 460	362 148	344 900
<b>Total current liabilities</b>		<b>2 401 579</b>	<b>887 511</b>	<b>2 232 861</b>
<b>Total equity and liabilities</b>		<b>19 196 258</b>	<b>15 968 520</b>	<b>16 941 646</b>

## Consolidated statement of changes in equity

All figures in NOK '000s

	Notes	2020			2019		
		Attributable to parent company's shareholders	Non-controlling interests	Total equity	Attributable to parent company's shareholders	Non-controlling interests	Total equity
<b>At 1 January</b>		<b>4 236 179</b>	<b>625</b>	<b>4 236 804</b>	<b>4 354 889</b>	<b>601</b>	<b>4 355 489</b>
Profit/(loss) after tax		24 355	106	24 461	105 913	85	105 998
Other comprehensive income		524 399	92	524 491	-105 295	-11	-105 306
<b>Total comprehensive income</b>		<b>548 754</b>	<b>198</b>	<b>548 952</b>	<b>618</b>	<b>74</b>	<b>692</b>
Issue of share capital	7				7 520		7 520
Share based payments		-218		-218	670		670
Acquisition of non-controlling interests					-532	-214	-746
<b>At 31 March</b>		<b>4 784 715</b>	<b>823</b>	<b>4 785 537</b>	<b>4 363 164</b>	<b>460</b>	<b>4 363 624</b>

## Consolidated statement of cash flows

All figures in NOK '000s

	Notes	2020 Quarter 1	2019 Quarter 1	2019 Full Year
<b>Cash flow from operating activities</b>				
Profit/(loss) before tax		25 295	130 864	164 900
Amortisation/revaluation of purchased loan portfolios	3	684 413	587 598	2 889 009
Adjustment other non-cash items		29 147	28 700	124 224
Interest expenses		206 972	188 375	801 842
Interest paid		-188 097	-181 648	-737 132
Unrealised foreign exchange differences		83 272	84 098	-15 495
Income tax paid		-37 275	-48 581	-193 882
Change in working capital		-249 340	-111 590	-292 287
Change in other balance sheet items		65 813	34 018	131 072
<b>Net cash flow from operating activities</b>		<b>620 200</b>	<b>711 834</b>	<b>2 872 251</b>
<b>Cash flow from investing activities</b>				
Net portfolio purchases	3,4	-564 304	-685 213	-3 116 974
Net investments in tangible and intangible assets		-11 810	-17 219	-48 765
Investments in subsidiary companies, joint ventures and associated companies		6 674	-746	-370 593
Payment of contingent consideration				-87 698
<b>Net cash flow from investing activities</b>		<b>-569 440</b>	<b>-703 178</b>	<b>-3 624 029</b>
<b>Cash flow from financing activities</b>				
Net new share issue	7		7 520	7 520
Capital contribution from non-controlling interests			-150 234	123
Net receipts/(payments) on interest bearing loans and borrowings		-132 402		851 434
Dividends paid to parent company's shareholders				-184 470
Dividends paid to non-controlling interests				-269
<b>Net cash flow from financing activities</b>		<b>-132 402</b>	<b>-142 713</b>	<b>674 339</b>
<b>Net cash flow during the period</b>		<b>-81 642</b>	<b>-134 057</b>	<b>-77 440</b>
Cash and cash equivalents at the beginning of the period		259 251	338 587	338 587
Exchange rate difference on cash and cash equivalents		20 891	-8 497	-1 895
<b>Cash and cash equivalents at the end of the period</b>		<b>198 502</b>	<b>196 032</b>	<b>259 251</b>
<i>Cash and cash equivalents comprised of:</i>				
Cash and short-term deposits		395 704	405 838	355 884
Bank overdraft		-197 203	-209 807	-96 634

## Notes to the interim consolidated financial statements

### Note 1 – General information and basis for preparation

B2Holding ASA (the Company or Parent) and its subsidiaries (together the Group) operates in the portfolio business. The portfolio business consists of purchase, management and collection of unsecured and secured non-performing loans. B2Holding ASA is a public limited liability company, incorporated and domiciled in Norway. The Company's registered office is at Stortingsgaten 22, 0119 Oslo, Norway. The interim condensed consolidated financial statements consist of the Group and the Group's interests in associated companies and joint arrangements. As a result of rounding differences, numbers or percentages may not add up to the total.

These interim condensed consolidated financial statements for the first quarter ended 31 March 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statement for 2019. The annual consolidated financial statements for 2019 are available upon request from the Company and at [www.b2holding.no](http://www.b2holding.no).

The accounting policies applied in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

The interim financial information for the quarters ended 31 March 2020 and 31 March 2019 are unaudited. The financial report was approved by the Board of Directors on 6 May 2020.

#### **Adjustment of presentation of financial items – Revenues from loan receivables and sale of collateral assets**

From the first quarter 2020 the presentation of consolidated income statement for the Group has been updated. The presentation was changed to better reflect revenues from loan receivables and revenues and cost from sale of collateral assets, separating this from "Other revenues". Comparable numbers are updated for revenues from loan receivables.

### Note 2 – Estimates and critical accounting judgements

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognized as assets and liabilities, income and expenses. The important assessments underlying the application of the Group's accounting policies and the main sources of uncertainty are the same for these interim financial statements as for the consolidated financial statements for 2019. However, in the light of the uncertainty arising from the COVID-19 pandemic there is clearly a high level of judgement required in the assessment of future collections/cash flows/forecasts. Especially considering the uncertainty around the duration and intensity of the crisis at this seemingly early stage. The management have assessed the data and information available at the balance date. The work is still ongoing and will continue in Q2.

### Note 3 – Segment reporting

For management purposes, the Group is organized into different geographical regions corresponding to the countries where the Group operates. The Executive Management monitors the operating results of these geographical regions separately for the purposes of making decisions about resource allocation and performance assessment. The segment reporting is presented in the same manner as presented to the Executive Management. The Executive Management reporting differs from the reported numbers in the interim consolidated financial statements. The differences are related to the line item presentation of revenue from purchased loan portfolios and the presentation of operating expenses. Total revenues and operating profit are equal in segment reporting and in the interim consolidated income statement. See explanation of the differences in definitions on page 22.

Finance and taxes are managed on a Group basis and are not included at the regional level. The results of the Parent company, the holding companies and the Investment Office in Luxembourg are reported as "Central functions". Results from purchased loan portfolios are included in the region where the portfolio is originated.

Quarter 1, 2020

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Gross cash collection from purchased loan portfolios	427 753	253 681	325 254	138 409	169 883		1 314 979
<i>Of which, secured portfolios</i>	2 080	8 499	230 755	89 452	58 879		389 665
<i>Of which, unsecured portfolios</i>	425 672	245 182	94 499	48 957	111 004		925 313
Amortisation/revaluation of purchased loan portfolios	-213 029	-103 440	-206 501	-71 073	-90 369		-684 413
<b>Revenue from purchased loan portfolios</b>	<b>214 724</b>	<b>150 241</b>	<b>118 752</b>	<b>67 336</b>	<b>79 514</b>		<b>630 566</b>
Profit from shares in associated parties/joint ventures and participation loans/notes	3 294		-1 087		895		3 102
<b>Total revenue from purchased loan portfolios</b>	<b>218 019</b>	<b>150 241</b>	<b>117 665</b>	<b>67 336</b>	<b>80 408</b>		<b>633 668</b>
Revenue from external collection	34 152	58	316	30 217	9 072		73 814
Interest income from loan receivables		65 085			373		65 458
Net credit gain/(loss) from loan receivables		-29 668					-29 668
Revenue from sale of collateral assets		2 999	4 485	3 147	1 133		11 765
Other operating revenues	4 669	418	2 847	11 026	1 184		20 145
<b>Total other revenues</b>	<b>38 821</b>	<b>38 893</b>	<b>7 648</b>	<b>44 390</b>	<b>11 761</b>		<b>141 513</b>
<b>Total revenues</b>	<b>256 840</b>	<b>189 133</b>	<b>125 314</b>	<b>111 726</b>	<b>92 169</b>		<b>775 181</b>
Cost to collect	-62 568	-82 439	-60 220	-38 835	-56 418		-300 480
Cost of collateral assets sold, including impairment		-3 171	-3 576	-3 084	-1 472		-11 303
Cost other revenues	-36 641	-17 548	-5 614	-46 141	-22 375		-128 320
Administration and management costs	-4 854	-1 359	-1 242	-1 132	-1 258	-44 107	-53 953
<b>EBITDA</b>	<b>152 777</b>	<b>84 616</b>	<b>54 662</b>	<b>22 532</b>	<b>10 646</b>	<b>-44 107</b>	<b>281 125</b>
Depreciation, amortisation and impairment losses	-3 525	-8 265	-2 371	-6 049	-4 674	-1 632	-26 517
<b>Operating profit/(loss)</b>	<b>149 252</b>	<b>76 351</b>	<b>52 291</b>	<b>16 484</b>	<b>5 972</b>	<b>-45 740</b>	<b>254 608</b>

Quarter 1, 2019

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Gross cash collection from purchased loan portfolios	327 575	234 490	394 168	150 007	141 303		1 247 544
<i>Of which, secured portfolios</i>	2 280	9 377	302 022	117 379	44 405		475 463
<i>Of which, unsecured portfolios</i>	325 296	225 113	92 146	32 627	96 898		772 080
Amortisation/revaluation of purchased loan portfolios	-156 732	-93 462	-216 843	-66 306	-54 256		-587 598
<b>Revenue from purchased loan portfolios</b>	<b>170 843</b>	<b>141 028</b>	<b>177 326</b>	<b>83 701</b>	<b>87 047</b>		<b>659 945</b>
Profit from shares in associated parties/joint ventures and participation loans/notes					14 917		14 917
<b>Total revenue from purchased loan portfolios</b>	<b>170 843</b>	<b>141 028</b>	<b>177 326</b>	<b>83 701</b>	<b>101 964</b>		<b>674 862</b>
Revenue from external collection	29 542		217	36 719	8 846		75 323
Interest income from loan receivables	1 142	68 383	251		579		70 356
Net credit gain/(loss) from loan receivables	-1 286	-45 168					-46 454
Other operating revenues	3 373	238	1 842	15 684	81		21 218
<b>Total other revenues</b>	<b>32 771</b>	<b>23 453</b>	<b>2 310</b>	<b>52 403</b>	<b>9 506</b>		<b>120 443</b>
<b>Total revenues</b>	<b>203 614</b>	<b>164 481</b>	<b>179 636</b>	<b>136 104</b>	<b>111 470</b>		<b>795 306</b>
Cost to collect	-55 768	-86 375	-52 729	-31 674	-48 104		-274 650
Cost other revenues	-28 621	-17 369	-2 494	-46 201	-13 232		-107 918
Administration and management costs	-956	-899	-995	-603	-400	-32 641	-36 494
<b>EBITDA</b>	<b>118 269</b>	<b>59 838</b>	<b>123 418</b>	<b>57 625</b>	<b>49 735</b>	<b>-32 641</b>	<b>376 243</b>
Depreciation and amortisation	-2 930	-10 401	-3 354	-5 537	-3 545	-800	-26 568
<b>Operating profit (EBIT)</b>	<b>115 340</b>	<b>49 436</b>	<b>120 064</b>	<b>52 088</b>	<b>46 190</b>	<b>-33 443</b>	<b>349 675</b>

**Quarter 1, 2020**

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	341 370	60 914		41 776	46 900		490 961
<b>Purchased loan portfolios, book value</b>							
Purchased loan portfolios	5 572 492	2 200 296	3 590 757	2 291 212	1 422 546		15 077 304
Participation loan/notes to SPV's for purchase of loan portfolios					601 479		601 479
<b>Purchased loan portfolios at 31 March</b>	<b>5 572 492</b>	<b>2 200 296</b>	<b>3 590 757</b>	<b>2 291 212</b>	<b>2 024 026</b>		<b>15 678 783</b>

**Quarter 1, 2019**

All figures in NOK '000s

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	404 795	92 393	556	34 083	38 603		570 430
<b>Purchased loan portfolios, book value</b>							
Purchased loan portfolios	3 888 683	1 975 034	3 884 114	1 726 704	1 425 405		12 899 940
Participation loan/notes to SPV's for purchase of loan portfolios					569 190		569 190
<b>Purchased loan portfolios at 31 March</b>	<b>3 888 683</b>	<b>1 975 034</b>	<b>3 884 114</b>	<b>1 726 704</b>	<b>1 994 594</b>		<b>13 469 130</b>

**Note 4 – Purchased loan portfolios**

**Purchased loan portfolios**

All figures in NOK '000s

	2020 Quarter 1	2019 Quarter 1	2019 Full Year
Opening balance	13 419 720	13 346 098	13 346 098
Acquired in business combinations			
Portfolio purchases in the period	490 961	570 430	3 409 441
Gross cash collection from purchased loan portfolios	-1 314 979	-1 247 544	-5 202 047
Interest income from purchased loan portfolios	692 804	657 918	2 713 165
Net credit gain/(loss) from purchased loan portfolios	-62 238	2 027	-400 127
Book value of sold loan portfolios			-311 497
Exchange rate differences	1 851 036	-428 990	-135 313
<b>Closing balance</b>	<b>15 077 304</b>	<b>12 899 940</b>	<b>13 419 720</b>

The face value of purchased loan portfolios at 31 March 2020 amounts to NOK 153,689 million including accrued interest (2019: NOK 127,723 million).

**Net credit gain/loss from purchased portfolios**

The Group purchases materially impaired loan portfolios at significant discounts and impairments are already included at purchase. The expected credit loss for the purchased loan portfolios is not explicitly recognized as a loss provision, as these financial assets are credit impaired by definition and the estimated loss is already part of the amortized cost. The Group's exposure to credit risk from the purchased loan portfolios is related to actual gross cash collection deviating from collection estimates and from changes in future cash collection estimates. The Group regularly evaluates the current collection estimates on single portfolios and the estimate is adjusted if collection is determined to deviate from current estimate over time. The adjusted collection estimate is discounted by the initial rate of return at acquisition of the portfolio. Changes from current estimate adjusts the book value of the portfolio and is included in the profit and loss statement in the line item "Net credit gain/(loss) from purchased loan portfolios". Due to volatility towards the timing of collection, secured portfolios are evaluated monthly. Unsecured portfolios are evaluated quarterly. Cash collection above collection estimates and upward adjustments of future collection estimates, increase revenue. Cash collection below collection estimates and downward adjustments of future collection estimates, decrease revenue.

**Quarter 1, 2020**

All figures in NOK`000s

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Collection above/(below) estimates	400	4 030	118 420	-3 251	19 797		139 396
Changes in future collection estimates	708	-4 707	-152 601	573	-19 108		-175 135
Net credit gain/(loss) from secured portfolios	1 108	-677	-34 181	-2 678	689		-35 739
<i>Unsecured portfolios:</i>							
Collection above/(below) estimates	13 139	4 107	-3 959	-18 184	-4 585		-9 482
Changes in future collection estimates	-12 775	2	-1 112	0	-3 132		-17 017
Net credit gain/loss from unsecured portfolios	364	4 109	-5 071	-18 184	-7 717		-26 499
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>1 472</b>	<b>3 432</b>	<b>-39 252</b>	<b>-20 862</b>	<b>-7 028</b>		<b>-62 238</b>

**Quarter 1, 2019**

All figures in NOK`000s

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Collection above/(below) estimates	-574	4 712	-211 356	8 696	-69 707		-268 228
Changes in future collection estimates	-5 736	-5 648	198 013	-1 697	62 974		247 906
Net credit gain/(loss) from secured portfolios	-6 310	-935	-13 343	6 999	-6 733		-20 322
<i>Unsecured portfolios:</i>							
Collection above/(below) estimates	3 839	11 291	-8 424	6 496	1 675		14 878
Changes in future collection estimates	4 466	-262	3 350	-1 440	1 358		7 471
Net credit gain/loss from unsecured portfolios	8 305	11 029	-5 074	5 056	3 033		22 349
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>1 995</b>	<b>10 094</b>	<b>-18 417</b>	<b>12 055</b>	<b>-3 700</b>		<b>2 027</b>

**Purchase of loan portfolios, cash flow statement**

The following table reconciles the difference between "Net portfolio purchases" in cash flow statement and other statements:

All figures in NOK`000s

	2020 Quarter 1	2019 Quarter 1	2019 Full Year
Opening balance	13 419 720	13 346 098	13 346 098
Acquired in business combinations			
Portfolio purchases in the period	490 961	570 430	3 409 441
Gross cash collection from purchased loan portfolios	-1 314 978	-1 247 544	-5 202 047
Interest income from purchased loan portfolios	692 804	657 918	2 713 165
Net credit gain/(loss) from purchased loan portfolios	-62 238	2 027	-400 127
Book value of sold loan portfolios			-311 497
Exchange rate differences	1 851 036	-428 990	-135 313
<b>Closing balance</b>	<b>15 077 304</b>	<b>12 899 940</b>	<b>13 419 720</b>

## Note 5 – Financial instruments

Specific disclosures regarding purchased loan portfolios see note 4.

### Fair value of financial instruments

	Carrying amount			Fair value			
	Fair value over profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>As at 31 March 2020</b>							
<i>All figures in NOK '000s</i>							
<b>Financial assets</b>							
Purchased loan portfolios		15 077 304	15 077 304			14 930 030	14 930 030
Loans receivable		354 347	354 347			354 347	354 347
Derivatives	36 052		36 052		36 052		36 052
Participation loan/notes	601 479		601 479			601 479	601 479
<b>Total</b>	<b>637 531</b>	<b>15 431 651</b>	<b>16 069 182</b>		<b>36 052</b>	<b>15 885 856</b>	<b>15 921 908</b>
<b>Financial liabilities</b>							
Interest bearing loans and borrowings		13 386 126	13 386 126	9 489 471	3 391 175		12 880 646
Derivatives	30 732		30 732		30 732		30 732
Contingent consideration	68 325		68 325			68 325	68 325
<b>Total</b>	<b>99 057</b>	<b>13 386 126</b>	<b>13 485 183</b>	<b>9 489 471</b>	<b>3 421 907</b>	<b>68 325</b>	<b>12 979 703</b>

	Carrying amount			Fair value			
	Fair value over profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>As at 31 December 2019</b>							
<i>All figures in NOK '000s</i>							
<b>Financial assets</b>							
Purchased loan portfolios		13 419 720	13 419 720			14 005 408	14 005 408
Loans receivable		345 160	345 160			345 160	345 160
Derivatives	7 708		7 708		7 708		7 708
Participation loan/notes	541 683		541 683			541 683	541 683
Other financial assets	0	703	703		0	703	703
<b>Total</b>	<b>549 391</b>	<b>13 765 583</b>	<b>14 314 974</b>		<b>7 708</b>	<b>14 892 954</b>	<b>14 900 662</b>
<b>Financial liabilities</b>							
Interest bearing loans and borrowings		11 735 175	11 735 175	8 776 854	2 901 406		11 678 261
Derivatives	24 494		24 494		24 494		24 494
Contingent consideration	58 553		58 553			58 553	58 553
<b>Total</b>	<b>83 047</b>	<b>11 735 175</b>	<b>11 818 222</b>	<b>8 776 854</b>	<b>2 925 900</b>	<b>58 553</b>	<b>11 761 308</b>

The fair value of unquoted financial assets has been estimated using valuation techniques based on assumptions that are not supported by observable market prices. The fair value of purchased loan portfolios (level 3) has been calculated by discounting the expected net future cash flows from collection less cost to collect and tax with the estimated weighted average cost of capital for the countries where the purchased portfolios are originated. In order to show the sensitivity in the fair value calculation of the purchased loan portfolio, a 1%-point increase in the discount rate used would decrease the fair value of purchased portfolios with NOK 383 million (3%).

The fair value of interest-bearing loans and borrowings is equal to book value for the Multi-currency revolving credit facility (level 2) as the loans are based on one to six month floating interest, and the fair value of bond loans (level 1) were determined by obtaining quoted market prices for the bond loans from the Norwegian Stock Exchange. The fair value of derivatives is set by calculating of the present value of future cash flows using market rates for interest and currencies. In the case of the derivatives the fair value is confirmed by the financial institution that is the counterparty.

In the first quarter of 2020 the calculated fair value of purchased loan portfolios is 1% below the carrying amount. This is an indication that the carrying amount (recognised at amortised cost) is too high, however, the valuation is sensitive to changes in assumptions and given the limited insight into the full effect of Covid-19 in the different markets it operates the Group has chosen to not record additional impairments in Q1.

### Financial risk

Currency and interest rate risk:

The strategy of the Group is to manage and limit both currency and interest rate risk. The Group holds various derivative financial instruments with the purpose of reducing its interest rate exposure and achieving a suitable currency ratio between its assets and liabilities.

*Currency risk*

Net debt adjusted for derivative financial instruments are made in relevant currencies reflecting the underlying expected future cash flows from loans and receivables. The exceptions are Croatian Kuna (HRK), Romanian Leu (RON), Bulgarian Lev (BGN), Hungarian Forint (HUF), Bosnian Convertible Mark (BAM), Czech Koruna (CZK) and Serbian Dinar (RSD) where all borrowing is done in EUR. The Group is further exposed towards currency translation risk when translating the foreign currency financial statements of its subsidiaries into NOK, which affects various key metrics (such as Equity Ratio and Leverage ratio, etc.). During Q1-2020 the currency fluctuations has been historically large, e.g. EUR has strengthened 16,7% to NOK and 2,5% to HRK, which has impacted most key metrics negatively.

The Group's bond loans are denominated in EUR and borrowings under the multi-currency revolving credit facility are drawn in NOK, PLN and SEK. To obtain a more balanced currency basket, the Group has entered into the following currency derivatives at 31 March 2020: (i) FX Forward of NOK 250 million (bought) against DKK (sold), (ii) FX Forward of EUR 35 million (bought) against DKK (sold), (iii) FX Forward of EUR 45 million (bought) against SEK (sold), (iv) FX Forward of EUR 10 million (bought) against PLN (sold) and (v) FX Forward of NOK 110 million (bought) against EUR (sold). The fair value of the currency derivatives was NOK 18 million at quarter end.

*Interest rate risk*

The Group uses interest rate swaps and interest rate caps to reduce its interest rate exposure. The Group's strategy is to hedge between 60% and 120% of net debt up to a maximum period of 5 years. The hedging ratio at 31 March 2020 was 72 % with a duration of 2.9 years and the fair value of the interest rate hedging derivatives was NOK -12.5 million.

**Net financial items**

*All figures in NOK`000s*

	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>Quarter 1</b>	<b>Quarter 1</b>	<b>Full Year</b>
Interest income	416	700	3 043
Other financial income	53 782	495	9 608
<b>Financial income</b>	<b>54 198</b>	<b>1 194</b>	<b>12 651</b>
Interest expenses	-208 325	-163 749	-770 502
Change in fair value of interest rate derivatives	1 353	-24 608	-31 340
Other financial expenses	-967	-1 477	7 379
<b>Financial expenses</b>	<b>-207 939</b>	<b>-189 834</b>	<b>-794 463</b>
Realised exchange gain/(loss)	-23 769	32 392	16 494
Unrealised exchange gain/(loss)	-73 074	-129 410	-75 714
Change in fair value of currency derivatives	21 272	66 847	47 362
<b>Net exchange gain/(loss)</b>	<b>-75 572</b>	<b>-30 171</b>	<b>-11 858</b>
<b>Net financial items</b>	<b>-229 313</b>	<b>-218 811</b>	<b>-793 670</b>

## Note 6 - Interest bearing loans and borrowings

All figures in NOK'000s

	As at 31 March 2020		As at 31 December 2019	
	Current	Non-current	Current	Non-current
Multi-currency revolving credit facility		3 193 972		2 804 773
Bond loan	1 538 213	8 456 738	1 497 563	7 336 206
Short term interest bearing loans & borrowings				
Bank overdraft	197 203		96 634	
<b>Total</b>	<b>1 735 417</b>	<b>11 650 710</b>	<b>1 594 197</b>	<b>10 140 979</b>

The Group is financed by the following loans; (i) a EUR 510 million senior secured multi-currency revolving credit facility agreement, including a multi-currency cash pool with a EUR 40 million overdraft, which matures in May 2022, (ii) a EUR 150 million senior unsecured bond with maturity in December 2020, (iii) a EUR 175 million senior unsecured bond with maturity in October 2021, (iv) a EUR 200 million senior unsecured bond with maturity in November 2022, (v) a EUR 200 million senior unsecured bond with maturity in May 2023, and (vi) a EUR 200 million senior unsecured bond with maturity in May 2024.

The multi-currency revolving credit facility and the bond loan carry a variable interest rate based on the interbank rate in each currency plus a margin supplement. In addition, there is a commitment fee which is calculated as a percentage of the loan margin on the undrawn part of the credit facility. The overdraft carries a facility line fee. The loan agreements have several operational and financial covenants, including limits on certain key indicators, which have all been complied with as of 31 March 2020. There are no instalments required to be paid before maturity.

At 31 March 2020, NOK 450 million, PLN 780 million and SEK 800 million, in total EUR 282 million, was utilised from the EUR 470 million multi-currency revolving credit facility, leaving an available, undrawn amount of EUR 187 million. The multi-currency overdraft facility of EUR 40 million was utilised with EUR 17 million, leaving an available, undrawn amount of EUR 23 million at 31 March 2020.

The EUR 510 million multi-currency revolving credit is secured by a guarantee issued by B2Holding ASA and a security package including some predefined guarantee, share pledge, bank account charges and pledge in intercompany loan. The bond loans are unsecured.

## Note 7 – Share Capital and other paid-in capital

Ordinary shares have a nominal value of NOK 0.10 each. The number and value of authorised and registered shares, and the amount of other paid-in capital, being the premium on shares issued less any transaction costs of new shares issued, was as follows:

	Share capital Number of shares	Share capital NOK'000s	Other paid-in capital <sup>1)</sup> NOK'000s
<b>At 31 December 2019</b>	<b>409 932 598</b>	<b>40 993</b>	<b>2 843 325</b>
<b>At 31 March</b>	<b>409 932 598</b>	<b>40 993</b>	<b>2 843 325</b>
<b>At 6 May 2020 (date of completion of these interim condensed financial statements)</b>	<b>409 932 598</b>	<b>40 993</b>	<b>2 843 325</b>

1) Net proceeds after transaction costs

## Note 8 – Share based payments

In February 2020, 2,100,000 share options were granted at a strike price of 8.726 NOK. Pursuant to the vesting schedule 1/3 of the options will vest one, two and three years after 25 June 2020. The strike price will be increased by 7 per cent per year from the first vesting date until the options are exercised.

Due to changes in Group Management 1,240,000 share options were terminated in first quarter 2020.

At the date of these interim financial statements there are 19,985,000 share options outstanding.

## Note 9 – Subsequent events

There have been no events after the balance sheet date with significant impact on the interim financial statements for the first quarter of 2020.

## Alternative performance measures

The interim financial information of the Group has been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The interim financial information complies with IFRS as issued by the International Accounting Standards Board (IASB) and approved by the EU. In addition, the Group presents alternative performance measures (APMs). These measures do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies.

The APMs are regularly reviewed by Management and their aim is to enhance stakeholders' understanding of the Group's performance and to enhance comparability between financial periods. The APMs are reported in addition to but are not substitutes for the financial statements prepared in accordance with IFRS.

The APMs provide a basis to evaluate operating profitability and performance trends, excluding the impact of items which in the opinion of Management, distort the evaluation of the performance of our operations. The APMs also provide measures commonly reported and widely used by investors as an indicator of the Group's operating performance and as a valuation metric of debt purchasing companies. Furthermore, APMs are also relevant when assessing our ability to incur and service debt.

APMs are defined consistently over time and are based on the financial data presented in accordance with IFRS.

### Alternative performance measures - reconciliation:

All figures in NOK million

	2020 Quarter 1	2019 Quarter 1	2019 Full Year
<b>Operating profit/(loss)</b>	255	350	959
Add back depreciation, amortisation and impairment losses	27	27	134
<b>EBITDA</b>	<b>281</b>	<b>376</b>	<b>1 093</b>
<b>Total revenues</b>	775	795	2 874
Add back amortisation/revaluation of purchased loan portfolios	684	588	2 889
Adjusted for cost of sales collateral assets	-11		
<b>Cash revenue</b>	<b>1 448</b>	<b>1 383</b>	<b>5 763</b>
<b>Operating profit/(loss)</b>	255	350	959
Add back amortisation/revaluation of purchased loan portfolios	684	588	2 889
Add back depreciation and amortisation	27	27	134
<b>Cash EBITDA</b>	<b>966</b>	<b>964</b>	<b>3 982</b>

The following APM's are financial covenants in the RCF agreement and are calculated accordingly.

All figures in NOK million

	2020 31 Mar	2019 31 Dec	2019 30 Sep
<b>Total assets</b>	19 196	16 942	17 133
<b>Total equity</b>	4 786	4 237	4 122
<b>Equity ratio</b>	<b>24,9 %</b>	<b>25,0 %</b>	<b>24,1 %</b>
<b>Total assets</b>	19 196	16 942	17 133
Excluding IFRS 16 right-of-use asset	-140	-134	-114
<b>Total assets excl IFRS 16 right-of-use asset</b>	<b>19 056</b>	<b>16 808</b>	<b>17 020</b>
<b>Equity ratio</b>	<b>25,1 %</b>	<b>25,2 %</b>	<b>24,2 %</b>

All figures in NOK million

	2020 31 Mar	2019 31 Dec	2019 30 Sep
Bond loan (nominal value) <sup>1)</sup>	10 082	8 917	8 945
Revolving Credit Facility (nominal value) <sup>1)</sup>	3 255	2 863	3 013
Contingent consideration (earn out)	68	59	73
Vendor loan	64	121	153
FX Derivatives (MTM)	-18	5	-2
Net cash balance including overdraft	-199	-259	-114
<b>Total loan</b>	<b>13 253</b>	<b>11 705</b>	<b>12 068</b>
Purchased loan portfolios	15 077	13 420	13 749
Investment and participation in joint ventures <sup>2)</sup>	988	922	872
Other assets <sup>3)</sup>	1 741	1 433	1 375
<b>Book value</b>	<b>17 807</b>	<b>15 775</b>	<b>15 995</b>
<b>Total Loan to Value % (TLTV)</b>	<b>74,4 %</b>	<b>74,2 %</b>	<b>75,4 %</b>

1) Bond loans and revolving credit facility (RCF) are measured at nominal value according to the definitions of financial covenants. In the Consolidated statement of financial position this is included in "long-term interest bearing loans and borrowings", with bonds measured at amortised cost and RCF at linear cost

2) Included in "investment in associated companies and joint ventures" and "participation loan/notes" in the Consolidated statement of financial position

3) Included in "goodwill", "loan receivables" and "other short-term assets" in the Consolidated statement of financial position

## Definitions

### Actualisation

Actualisation is the difference between actual and forecasted collections for purchased loan portfolios for the reporting period.

### Administration & management costs

Administration and management cost include Head Office and other Group costs such as Investment Office.

### Amortisation

Amortisation is the reduction in the current value of the purchased loan portfolios during the period, which is attributable to collection taking place as planned.

### Available investment capacity/Liquidity reserve

Cash and short-term deposit (less NOK 200 million to cover working capital) plus unutilised bank overdraft, plus unutilised multi-currency revolving credit facility, plus fair value of treasury bonds and less short-term vendor loans. Cash flow from future operations is not included in the number.

### Cash EBITDA

Cash EBITDA consists of EBIT added back depreciation and amortisation of tangible and intangible assets, added back amortisation and revaluation of purchased loan portfolios. Cash EBITDA is a measure of actual performance from the collection business (cash business) and other business areas.

### Cash margin

Cash margin consists of cash EBITDA expressed as a percentage of cash revenue.

### Cash revenue

Cash revenue consists of "Total revenues" added back amortisation and revaluation of purchased loan portfolios and cost of sales collateral assets. Cash revenue is a measure of actual revenues (cash business) from the collection business and other business areas.

### Collateral asset

In connection with acquisitions of portfolio investments and in connection with the recovery of collateral for purchased loan portfolios, the Group may become owners of property holdings or other physical goods. These have been acquired for the purpose of being divested within the Group's ongoing operations and are classified as inventories in accordance with IAS 2.

### Cost other revenues

Cost other revenues is all external and internal operating costs related to the Group's other business areas.

### Cost to collect

Cost to collect is all external and internal operating costs related to the Group's collection business.

### EBITDA

Operating profit before depreciation and amortisation (EBITDA) consists of operating profit (EBIT) adding back depreciation and amortisation of tangible and intangible assets.

### Estimated Remaining Collection (ERC)

Estimated remaining collection (ERC) expresses the gross cash collection in nominal values expected to be collected in the future from the purchased loan portfolios owned at the reporting date and the Group's share of gross cash collection on portfolios purchased and held in joint ventures. ERC includes ERR.

### Estimated Remaining Recoveries (ERR)

Estimated remaining recoveries (ERR) expresses the gross cash collection in nominal values expected to be recovered in the future from the purchased secured loan portfolios owned at the reporting date and the Group's share of gross cash collection on secured portfolios purchased and held in joint ventures.

### Forward flow agreements

Forward flow agreements are agreements where the Group agrees with the portfolio provider that it will, over some period in fixed intervals, transfer its non-performing loans of a certain characteristics to the Group.

### Gross cash collection

Gross cash collection is the actual cash collected and assets recovered from purchased portfolios before costs related to collect the cash received.

### Interest income from loan receivables

Interest income from loan receivables is the calculated amortised cost interest revenue from the loan receivable using the original effective interest rate.

### Interest income from purchased portfolios

Interest income from purchased loan portfolios is the calculated amortised cost interest revenue from the purchased loan portfolios using the credit-adjusted effective interest rates set at initial acquisition.

### Leverage ratio

Net interest-bearing debt over Cash EBITDA calculated for the last 12 months.

### Net debt

Net debt consists of nominal value of interest-bearing loans and borrowings plus utilised bank overdraft less cash and short-term deposits.

### Net interest-bearing debt

Net interest-bearing debt consist of interest-bearing loans and borrowings plus utilised bank overdraft less cash and short-term deposits.

### Net credit gain/(loss) from purchased loan portfolios

The Group's exposure to credit risk from the purchased loan portfolios is related to actual gross cash collection deviating from collection estimates and from changes in future cash collection estimates. The Group regularly evaluates the current collection estimates at the individual portfolio level and the estimate is adjusted if collection is determined to deviate from current estimate over time. The adjusted collection estimate is discounted by the initial rate of return at acquisition of the portfolio. Changes from current estimate adjust the book value of the portfolio and are included in the profit and loss statement in the line item "Net credit gain/(loss) from purchased loan portfolios". Cash collection above collection estimates and upward adjustments of future collection estimates increase revenue. Cash collection below collection estimates and downward adjustments of future collection estimates decrease revenue. Net credit gain/(loss) equals net actualisation/revaluation.

### Net credit gain/(loss) from loan receivables

The Group's exposure to credit risk from loan receivables is related to actual instalments deviating from loan schedules. The Group measures the impairment loss on loan receivables using a 3-stage model for expected credit loss (ECL) according to IFRS 9. Changes from current estimate adjust the book value of the loan receivables and are included in the profit and loss statement in the line item "Net credit gain/(loss) from loan receivables".

### Non-recurring

Unusual income, gain, loss or expense that is unlikely to occur again in the normal course of the business. Non-recurring expenses may include non-portfolio related write offs, restructuring cost and unusual legal expenses.

### Operating cash flow per share

Operating cash flow per share is operating cash flow from consolidated statement of cash flows divided on the weighted average number of shares outstanding in the reporting period. Operating cash flow per share is a measure on actual cash earned from operating business per share.

### Other revenues

Other revenues include revenue from external collection, as well as subscription income for credit information, telemarketing and other services which is recognised proportionately over the term of the underlying service contract which is usually one year.

### Participation loan/notes

Participation loan/notes consist of investment agreements with co-investors for the purchase of loan portfolios through SPVs. The contractual arrangement of the participation loan/notes are directly related to the performance of the portfolios purchased in the SPVs

### Portfolio purchases

Portfolio purchases are the investments for the period in secured (with collateral) and unsecured (without collateral) loan portfolios.

**Profit margin**

Profit margin consists of operating profit (EBIT) expressed as a percentage of total operating revenues.

**Revaluation**

Revaluation is the period's increase or decrease in the current value of the purchased loan portfolios attributable to changes in forecasts of future collection.

**Total Loan to Value (TLTV)**

Total loan to value is net debt adjusted for vendor loan, earn out and FX hedge MTM over assets (portfolio, JV, loan receivables, real estate owned and goodwill).

**Segment reporting**

The presentation of segment information is in the same format as reported to management. This is different from the financial statement presentation due to management focus on actual gross cash collected. Gross cash collection less amortisation/revaluation is equal to interest revenue adjusted for Net credit gain/(loss) from purchased loan portfolios.

**Segment Central Europe**

The operating segment Central Europe includes Austria, Bosnia and Herzegovina, Czech Republic, Croatia, Slovenia, Serbia, Montenegro and Hungary.

**Segment Central functions/eliminations**

The operating segment Central functions/eliminations includes Oslo Head office and other Group functions and costs such as the Investment Office in Luxembourg

**Segment Northern Europe**

The operating segment Northern Europe includes Norway, Sweden, Finland, Denmark, Estonia, Latvia and Lithuania.

**Segment Poland**

The operating segment Poland includes Poland

**Segment South Eastern Europe**

The operating segment South Eastern Europe includes Bulgaria, Romania, Cyprus and Greece.

**Segment Western Europe**

The operating segment Western Europe includes Italy, Spain, Portugal and France.

**Financial year 2020**

Annual report 2019 30.04.2020  
Annual General Meeting 27.05.2020  
Half-yearly report 20.08.2020

Quarterly report - Q1 07.05.2020  
Quarterly report - Q3 03.11.2020  
Quarterly report - Q4 12.02.2021

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