

Solid collections, strong cash flow, cost control and lower cost of funding

B2Holding provides an update on the Group's operations and financial position for the first quarter 2021.

First quarter financial highlights (preliminary figures) with Q1'20 comparable figures in brackets:

- Gross collection of NOK 1,494 million * (NOK 1,433 million)
- EBIT of NOK 330 million ** (NOK 255 million)
- Net profit of NOK 130 million (NOK 24 million)
- Cash EBITDA of NOK 1,014 million *** (NOK 881 million)
- Portfolio purchases of NOK 192 million (NOK 491 million)
- Leverage ratio of 2.62x *** (3.38x)
- Equity Ratio of 29.3% (25.1%)

* Gross collection Includes the Group's share of gross collection for portfolios purchased and held in SPVs and joint ventures amounting to NOK 69 million (NOK 118 million).

** Operating profit includes a net credit loss of NOK 1 million (NOK -62 million).

*** Cash EBITDA and Leverage ratio for Q1-20 are updated in accordance with the new definition of Cash EBITDA.

In the first quarter of 2021, the B2Holding Group continued to deliver stable results and strong cash flow. The positive development the Group observed throughout 2020, despite the impact of Covid-19, continued into 2021. Even with the prolonged challenges caused by the pandemic in several European countries, the Group has maintained a high activity level with limited impact on operations in the first quarter. The level of NPL portfolios sold is still quite low compared to previous years, and as a consequence the investment level in the first quarter has been modest. The Group does however observe an increase in the market activity level and expects this trend to continue going forward, even if it may still take some quarters before NPL transaction levels resume to the same levels as before the pandemic.

Business operations

Collections on unsecured portfolios were above latest forecast in the first quarter. Collections in Northern Europe and Poland have shown resilience and remained strong throughout the pandemic, and the Group has also seen a positive development in countries in Central and South Eastern Europe. The cost level has been lower than expected and exceeded the cost saving targets of the Group. However, it is expected that legal costs related to collections may increase in the second half of 2021 due to increased activity and investment levels.

Recoveries from secured portfolios have been strong in the first quarter. Some larger claims that were delayed from the fourth quarter, have been recovered in line with or above expectations. The recoveries within secured portfolios have contributed positively to the strong cash flow in the quarter. The Group has also observed a positive development within the realisation of Real Estate Owned (REOs), where the redefined strategy is continuing to yield results. The REOs sold in the

quarter have been realised well above book value. With the resulting higher amortisation on secured portfolios following the strong recoveries, the effect is less on the EBITDA but has a positive effect on the Cash EBITDA which was solid in the quarter.

Financial position

At the end of March, B2Holding had a liquidity reserve of EUR 360 million. The liquidity reserve includes among others Treasury Bonds with a fair value of EUR 93 million, EUR 175 million in unutilised Revolving Credit Facility (RCF) and EUR 75 million in unutilised bridge facility.

The Group's funding cost has decreased in the first quarter, mainly as a result of the repayment of the first bond. B2Holding has further increased its headroom to financial covenants during the first quarter.

“I am humbled by and proud of the extraordinary efforts our employees have shown throughout 2020 and into 2021. Despite a challenging situation, the Group was able to deliver good and stable results during 2020, and the first quarter of 2021 was no exception. We have seen a continued positive development in both unsecured collections and secured recoveries, which confirms that our strategic initiatives show positive results. I am especially pleased with the strong cash flow generated during the first quarter. We also see increased interest from potential co-investment partners in several of our markets. B2Holding has strengthened its balance sheet even further in the first quarter, and we are well positioned to actively take part in an NPL market which we expect will present attractive opportunities going forward”, says Erik J. Johnsen, CEO of B2Holding ASA.

Definitions of alternative performance measures can be found in B2Holding's Annual report 2020 ([b2holding-annualreport.no](https://www.b2holding.no/b2holding-annualreport.no)) and are also available on the Company's website (www.b2holding.no)

The first quarter report will be published on 20 May, and a webcasted quarterly presentation will be held at 08:00 CEST the same day. Invitation to the presentation including link to the webcast will be published in due time.

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