

Q2

Second quarter 2021



B2HOLDING®

Second quarter 2021

“We are well positioned for what we expect will be a more active NPL market towards the end of 2021”

Erik Just Johnsen, CEO

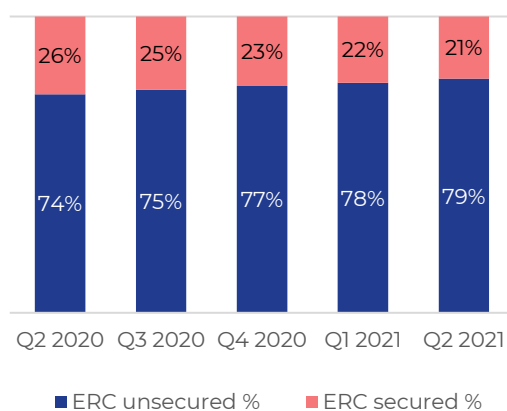
QUARTERLY EVENTS

- Stable unsecured collections at 102 % of the latest forecast
- Solid secured recoveries both in cash and in successful repossessions
- Low cost level sustained
- Maintained price discipline with pipeline and activity picking up
- Continued deleveraging and strong cash generation

QUARTERLY SUMMARY

NOK million	2021	2020	%	2021	2020	%	2020
	Q2	Q2	Δ	H1	H1	Δ	Full Year
Net revenues	756	687	10 %	1 518	1 451	5 %	3 095
Adj. EBIT	321	245	31 %	651	514	27 %	1 247
Adj. EBIT %	43 %	36 %	7 pp	43 %	35 %	8 pp	40 %
EBIT	341	245	39 %	671	500	34 %	1 224
Profit/(loss) after tax	162	34	378 %	291	58	400 %	309
Cash revenue ¹⁾	1 369	1 342	2 %	2 793	2 707	3 %	5 403
Cash EBITDA ¹⁾	977	927	5 %	1 991	1 809	10 %	3 646
Cash margin ¹⁾	71 %	69 %	2 pp	71 %	67 %	4 pp	67 %
Cost to collect %	20 %	22 %	-2 pp	19 %	22 %	-3 pp	21 %
Gross collections ²⁾	1 407	1 277	10 %	2 901	2 709	7 %	5 659
Portfolio purchases ³⁾	220	473	-54 %	412	964	-57 %	1 664
EPS	0,39	0,08		0,71	0,14		0,75
Return on equity	11,4 %	7,7 %	3,7 pp	11,4 %	7,7 %	3,7 pp	6,9 %

ERC - ASSET CLASS SPLIT



KEY PERFORMANCE FIGURES

NOK million	2021	2020	%
	30 June	31 Dec	Change
ERC (at end of month) ⁴⁾	20 440	23 100	-12 %
Net interest bearing debt	9 645	11 068	-13 %
Liquidity reserve	4 140	3 078	34 %
Equity ratio ⁵⁾	31,2 %	27,7 %	3,4 pp
Leverage ratio ¹⁾	2,52x	3,04x	-0,52x
Total Loan to Value % (TLTV)	67,3 %	71,1 %	-3,8 pp
Number of employees (FTEs)	2 102	2 191	-4 %

1) Prior period numbers are updated in accordance with adjusted definition for Cash revenue and Cash EBITDA

2) Includes the Group's share of gross collection for both wholly owned portfolios and portfolios purchased and held in SPVs and joint ventures

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

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

5) Equity ratio as defined in the RCF agreement

Comment by the CEO

Well positioned for the future

The strong performance we have seen in previous quarters continued in the second quarter, with both unsecured collections and secured recoveries in line with expectations. In combination with lower costs, the second quarter delivered strong cash flow and results. Consequently, our balance sheet is strengthened even further from the first quarter, and we are well positioned for what we expect will be a more active NPL market towards the end of 2021 and going into 2022.

Within unsecured, we have once again performed better than latest forecasts. Northern Europe and Poland have been steady performers as usual, and the positive development we saw in other regions in the first quarter continued in the second quarter. It pleases me to see that several countries in both Central and South Eastern Europe have shown improved performance along with the gradual re-opening of the countries in these regions.

Within Corporate and Secured Asset Management, the second quarter was another good quarter. Recoveries were lower than in the first quarter, but this is mainly due to one large recovery in the first quarter. The exact timing for recovery of secured assets is challenging to predict, and some variations quarter on quarter must be expected. The positive trend within Real Estate Owned assets (REOs) continued in the second quarter, and REOs sales more than doubled from the first quarter. I am also glad to see that we once again sold REOs well above book value. We never buy REOs outright, we only become owners of REOs through repossessions, and repossessions is an important part of our recovery strategies. As such, it is especially pleasing to see that our REO strategy is continuing its positive trend, and I must praise the secured team for their successful execution of our revised strategy within secured assets.

Once again, I must also praise my colleagues across the whole organisation for how well they have been able to adapt through this challenging period. Two of our five core values are agility and excellence, and these values are very appropriate reflecting how the organisation has performed throughout the pandemic.

We observed a quiet market for NPL transactions in the second quarter, but despite lower replenishment of portfolios we have sustained a higher than expected collection level across all assets classes. We do however expect activity to pick up in the second half of 2021, and we see encouraging signs of more activity going forward. It is therefore comforting to know that we have significantly strengthened our balance sheet and lowered our cost of capital. As such, it is fair to say that we are very well positioned for the future.

Oslo, 24 August 2021

Erik Just Johnsen
CEO

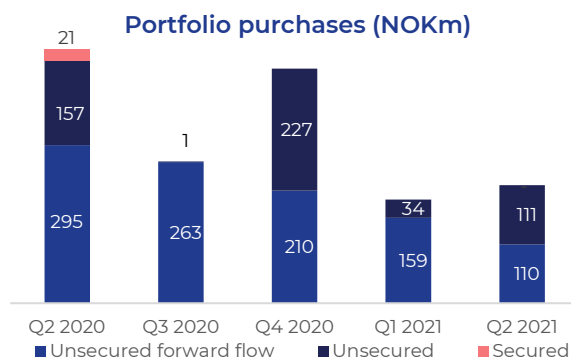


“The positive trend within Real Estate Owned assets (REOs) continued in the second quarter, and REO sales more than doubled from the first quarter.”

Operations

Collections and recoveries continue to exceed expectations, REOs again sold at a sizable premium, scalability remain a key focus, funding costs reduced, and a selective approach to new investments continued in Q2 2021.

PORTFOLIO INVESTMENTS



Q2 has seen a slightly higher investment level compared to the first quarter, with several additional portfolios won in Q2, but where closing has been postponed to early Q3.

The Group's strategy of disciplined and selective investments was continued in Q2, consistent with previous quarters.

The incentive for vendors to recognise and/or sell non-performing assets continued to be impacted by various payment holidays, loan moratoria and other forms of fiscal and regulatory support for individuals and financial institutions adopted during the pandemic. Moreover, temporary caps on interest rates introduced in several markets in 2020 (and expected to expire in Q3/Q4 2021) still negatively impact the respective volumes of consumer NPL portfolios.

Almost half of the Group's Q2 investments were deployed in Poland. These investments were mainly driven by banking NPLs, allowing for greater diversification of asset classes while at the same time lowering the overall cost-to-collect. The remainder were mainly forward flow transactions in the Nordic markets. These markets continue to see solid collection performance and very mild impacts from the pandemic, hence the investment risk continues to be comparatively lower than in other regions and asset classes.

The remaining investment comes from minor but favourable portfolio acquisitions in Western and South Eastern Europe.

The Group anticipates a notable increase in volume of NPLs will be coming to the market later in 2021 and in 2022. The Group intends to continue to actively seek JV and servicing opportunities that further optimize risk exposure, leverage servicing revenues and increase its overall acquisition capacity.

COLLECTION, RECOVERIES, REPOSSESSION AND SERVICING

Gross collections on unsecured portfolios in the second quarter summed up to NOK 934m, 3 % up versus the first quarter.

Q2 collection results exceeded 102.5 % of the latest forecast, continuing the overperformance from the previous quarters. The strong performance was fuelled by a combination of post-crisis economic recovery and the stronger liquidity of households in most of the countries. The second quarter is the period with tax returns in several markets and the impact of these was both higher and earlier than expected, demonstrating an increased attention paid by the governments to transferring financial means back to the societies.

The first phases of the crisis in 2020 have posed challenges that B2Holding has successfully addressed by increasing cost discipline and via numerous improvements in its collection processes. All of those measures are now paying off during the recovery period.

Northern Europe and Poland continued to outperform both recent forecast and pre-Covid curves. The Group also saw signs of recovery in Western Europe. In South Eastern Europe the performance was more varied, however also in that region many countries are now back on track.

While observing numerous positive signs of economic recovery across Europe, the Group remains aware of potential risks of further waves of the pandemic, mainly due to important differences in the speed of vaccination programs as well as emergence of subsequent mutations of the virus. Despite potential risks, the countries' governments are now better prepared to activate mechanisms reducing the impact of the pandemic and fuelling economic activity. Additionally, the Group is now

well prepared to face possible future COVID challenges, with the cost base of platforms stabilized at lower levels and a long list of improvements successfully implemented in the Group's unsecured collection processes.

Recoveries from secured portfolios

Secured recoveries were NOK 333m (279) for the quarter, of which NOK 137 million (43) were repossessed assets that B2Holding has successfully taken legal ownership of.

The Group is continuously monitoring changes in the legal systems and governments' measures in response to the pandemic in order to protect the value of its assets and preserve recovery levels. The centralised secured asset management team continues to evaluate the Group's secured portfolios, identifying opportunities for upside strategies that secure and improve the quality of the back-book. A special project to enhance competences in some platforms is progressing well.

Repossessed assets: new repossessions and disposals

A number of the strategies designed and implemented in the corporate and secured portfolios relate to repossession of the underlying assets, the aim being to shorten the legal processes - the "time to asset" and "time to money".

The value of repossessed assets increased from NOK 1,011m at the end of 2021 Q1 to NOK 1,122m at the end of Q2 2021. The increase was mainly the result of successful repossessions concluded in Central Europe during the quarter, with some off-setting impact from a stronger NOK at the end of the quarter.

During this Quarter, our REOs team tripled the average historical disposal rate. REO disposals in the quarter were achieved with a high mark-up of 28 % over the book value. Repossessions for the quarter were NOK 137m while sales were NOK 72m. Moreover, a significant volume of additional disposal contracts are well progressed and expected to be concluded before the end of the year.

RISKS AND UNCERTAINTIES

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

The pandemic continues to impact the economies of the countries where B2Holding operates. Governments continue vaccine roll-outs, but the ultimate impact and timing of full recovery remains uncertain. Various fiscal

and regulatory support measures (such as moratoria, loan guarantees, and lower capital requirements) are still largely in place, providing significant room for consumers to avoid defaulting on their loans and for banks to absorb losses on outstanding exposures.

Courts and bailiffs are operating in all of the countries where the Group is present, and further impacts of the pandemic on the business are expected to be limited in the short-term.

Current macroeconomic indicators predict economies to rebound late in 2021 and to continue recovery in 2022. B2Holding continues to actively monitor the pandemic and macroeconomic developments, together with internal data analysis to understand potential impacts.

Operational risks

The Group was able to mitigate operational risks caused by the pandemic in 2020. Operational processes were subsequently adjusted to flexible work arrangements, safeguarding the health and safety of the Group's employees. Those measures continue to be in force.

During Q2, the various Covid safety measures still in place have not materially impacted the operating capacity of the Group. Strong collections and recoveries aligned with expectations in the quarter reflect the Group's improved internal operations.

Financial risks

B2Holding's geographically diversified investment portfolio limits the Group's overall exposure to risks related to the Covid-19 impact in individual economies, asset classes or portfolios.

B2Holding continued to apply precautionary measures to strengthen its liquidity position in Q2, and these are expected to continue throughout 2021. Investments were relatively low, with continued stronger price and underwriting discipline in a lower volume market. However, the Group still invested 14 % more compared with Q1, and the transactions pipeline is expected to increase going forward.

Costs remained low with some non-recurring items in the quarter, and strong Cash EBITDA in Q2 improved the leverage ratio to 2.52. The Group delivered an overall net positive outcome, further improving its balance sheet and reducing overall financial risk.

The Group is in compliance with all covenants as of 30 June 2021, with increased covenant headroom and significant available investment capacity.

Strategic risks

The Group expects the pandemic effects to influence the competitive landscape in 2021 and onwards. The investment pipeline increased in Q2 compared with Q1 and this upward trend is expected to continue going forward. However, there is still evidence of a cautious approach by some vendors, arising from continued ambiguity on the classification of NPLs and continuation of significant relief measures.

With its stronger financial position and good collection results in Q2, the Group expects to be able to take advantage of a re-bounding NPL market.

For detailed assessment of risks, please refer to the Risk Management and Board of Directors sections of the Annual Report for 2020.

CORPORATE MATTERS

B2Holding has a solid funding base to support future growth. The Group's healthy funding structure and gearing ensures liquidity and financial flexibility to

deliver on our strategy. The combination of equity, bank financing and bonds provides access to capital when larger opportunities arise, while steady collections across the Group provide a strong operating cash flow.

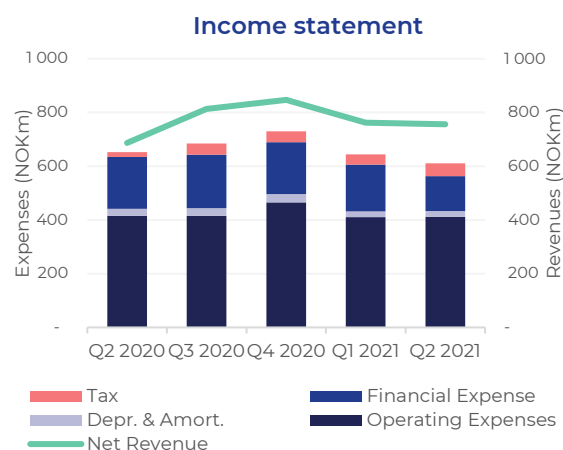
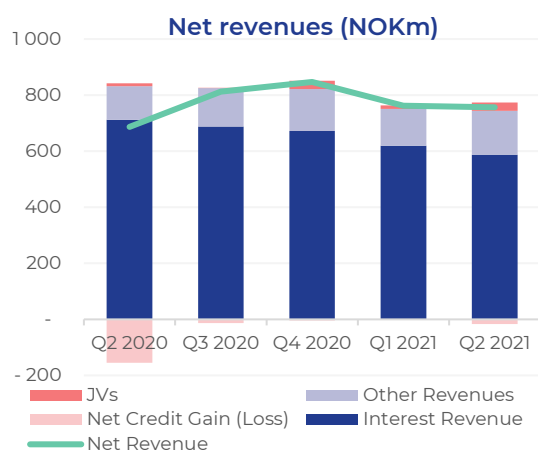
The Group's bank financing totals EUR 610m in facility lines and comprises of a EUR 510m senior secured revolving credit facility (RCF) with DNB Bank ASA, Nordea Bank AB and Swedbank ABP with maturity date 31 May 2023, and a EUR 100m senior secured bridge facility with DNB Bank ASA and Nordea Bank AB with maturity date 3 May 2022.

In addition to the bank financing, the Group has issued four listed senior unsecured bond loans for a total of EUR 775m. At the end of the second quarter of 2021, a nominal value of EUR 91m was held as treasury bonds, of which EUR 64m was held in Bond 2 maturing in October 2021. The remaining amount of EUR 111m in Bond 2 will primarily be refinanced via a combination of the RCF and the bridge facility.

During the quarter, B2Holding has strengthened its liquidity reserve and increased its headroom to financial covenants.

Financials

B2Holding reported profit after tax of NOK 162m for the second quarter of 2021. Total revenues were in line with the previous quarter with other revenues and profit from JVs offsetting lower revenues from NPLs. The Group continues to deliver significant savings following tight cost control. Gross collections including share of co-investments ended at NOK 1,407m for the quarter, slightly down on Q1 which included slightly higher recoveries from secured portfolios.



Fluctuations in the Norwegian Krone impact the Group's numbers since approximately 99 % of revenues were related to operations outside Norway. The weighted average impact on Group revenues from a stronger Norwegian Krone in Q2 2021 is approximately 8.5 % versus Q2 2020 and 1.5 % versus Q1 2021.

REVENUES

Collections on unsecured portfolios came in at 102.5 % of latest forecast, continuing the over-performance from previous quarters and resulting in an overall positive net credit gain for the Group. Despite the strong performance, in line with Group policy a minor net downward revision was made since the majority of the over-performing portfolios did not fully meet the criteria for upward revision.

Overall recoveries on secured portfolios were also higher than expected for the quarter, with recoveries above expectations in South Eastern Europe, Poland and Northern Europe offsetting marginally below expectations recoveries in Central and Western Europe. Changes in future collection estimates in the quarter resulted in a net credit loss of NOK 29m in Q2 mainly reflecting timing delays.

Net revenues for the Group of NOK 756m was a decrease of NOK 6m on Q1 2021 and an increase of NOK 69m

compared with Q2 2020. The significant increase compared with Q2 2020 was the result of strong REO sales, servicing revenues and other revenues.

Profit from shares in associated parties/joint ventures and participation loan/notes for the quarter was NOK 29m for the quarter with collections continuing to show improvement in Q2.

Interest income from loan receivables for Q2 2021 was NOK 29m (58), the reduction compared with same quarter last year is reflecting lower loan balances and a lower interest rate during 2021. Net credit loss from loan receivables was NOK 4m (28) in Q2.

Revenue from sale of collateral assets (REOs) for the quarter was NOK 72m and a net gain on sale of NOK 16m for the Group.

Other revenues were NOK 116m (91) for the quarter. Other revenues are mainly comprised of revenue from external collection and from servicing of co-investments. Revenue from Credit information services and factoring are also included under other revenues. The main driver of the increase was the result of increased servicing revenues in South Eastern Europe.

OPERATING EXPENSES

In Q2 2021 the Group's operating expenses excluding cost of collateral assets sold, depreciation, amortization and impairment losses were NOK 392m which was a decrease of NOK 23m compared with Q2 2020. In Q2 the Group recorded net positive non-recurring items impacting EBIT of NOK 20m which decreased the operating expenses for the quarter. The non-recurring items were mainly related to the recovery of VAT from previous financial years in Poland and costs in connection with organisational changes.

In response to the Covid19 pandemic, the Group initiated active cost control measures. The targeted cost reductions combined with lower costs as a result of closure of the legal systems across Europe were expected to deliver EUR 2m per month compared with the Group's cost levels pre-Covid in 2021 Q1. In Q2 2021, adjusting for the non-recurring items and FX, the operating expenses have again been maintained well below the prior year's levels. The Group delivered FX adjusted cost reductions compared with the cost level in Q1 2020 of approximately NOK 203m from Q2 to Q4 2020, and the cost reductions continued into 2021 with a further NOK 62m in Q1 and NOK 51m in Q2 of reduced costs after adjusting for FX and non-recurring items. The Group will continue to focus on cost and efficiency going forward but expects underlying costs to increase as the effects of the pandemic diminish, legal systems re-open for full and the Group resumes a more normal level of portfolio purchases.

Of the Group's operating expenses excluding cost of collateral assets sold, depreciation, amortisation, and revaluations in Q2, approximately 50% are personnel costs, 30 % variable costs related to collection / recovery activities and 20% office-related costs including premises, equipment, telecommunications, IT & postage.

NET FINANCIAL ITEMS

Net financial items for the quarter amounted to NOK -132m (-193) comprised of NOK -158m (-213) in financial expenses, and NOK 26m (20) in net exchange gains. Included in financial expenses are interest expenses of NOK 161m (205) and an income from the change in the fair value of interest derivatives of NOK 5m compared with an expense of NOK 5m in Q2 2020. The decrease in interest expenses is mainly related to reduced cost of debt and lower interest-bearing debt.

PROFIT FOR THE PERIOD AND TAX

The income tax expense for the quarter amounts to NOK 48m (19) and is 23 % of profit before tax. Profit after tax for the quarter ended at NOK 162m (34).

BALANCE SHEET

At the end of the quarter, total assets amount to NOK 15,825m compared with NOK 17,169m at the end of 2020. Amortisation of NPL portfolios following strong collections during the quarter combined with low investments were the major impact on Total Assets, with approximately NOK 360m of the decrease being the result of a stronger NOK. REOs increased during the quarter by a net amount of NOK 112m following successful repossessions of NOK 137m offset by REOs sold with a book value of NOK 56m and the impact of the weaker NOK.

Net interest-bearing debt amount to NOK 9,645m, down NOK 1,423m compared with the end of 2020. Approximately NOK 250m of the decrease is a result of the strengthening of the NOK against the EUR, PLN & SEK in particular. The remaining reduction of Net Debt is the result of strong cashflow performance during the first 2 quarters.

CASH FLOW

Operating cash flow was NOK 887m (839) in the second quarter of 2021. The increase compared with the same period last year relates mainly to higher cash collection.

Cash flow from investing activities ended at NOK -239m (-448) and is mainly related to low portfolio purchases during 2021 with lower volumes and with the Group maintaining its conservative approach to NPL purchases during the pandemic.

Net cash flow from financing activities ended at NOK -850m (-224) following further voluntary repayments of debt during Q2.

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, 24 August 2021

Responsibility Statement

We confirm, to the best of our knowledge, that the Condensed Interim Consolidated Financial Information for the six months ended 30 June 2021 has been prepared in accordance with IAS 34 – Interim Financial Reporting, and gives a true and fair view of the Group’s assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that arose during the first six months of the financial year 2021, and their impact on the Condensed Interim Consolidated Financial Information, and accounts properly for the principal risks and uncertainties for the remaining six months of the financial year 2021, as well as major related parties transactions.

Oslo, 24 August 2021

Harald L. Thorstein
Chair of the Board

Adele Bugge Norman Pran
Board member

Grethe Wittenberg Meier
Board member

Trygve Lauvdal
Board member

Niklas Wiberg
Board member

Trond Kristian Andreassen
Board member

Thale Kuvås Solberg
Board member

Erik J. Johnsen
Chief Executive Officer

Consolidated income statement

All figures in NOK million unless otherwise stated

	Notes	2021 Quarter 2	2020 Quarter 2	2021 6 months	2020 6 months	2020 Full Year
Interest income from purchased loan portfolios		588	712	1 207	1 405	2 765
Net credit gain/(loss) from purchased loan portfolios	4	-17	-155	-18	-217	-230
Profit from shares in associated parties/joint ventures and participation loan/notes		29	10	42	13	45
Interest income from loan receivables		29	58	63	123	217
Net credit gain/(loss) from loan receivables		-4	-28	-12	-58	-79
Revenue from sale of collateral assets		72	14	100	26	72
Other revenues		116	91	212	185	385
Total revenues	3	812	702	1 593	1 477	3 174
External expenses of services provided		-106	-102	-216	-222	-454
Personnel expenses		-227	-212	-447	-456	-893
Other operating expenses		-59	-101	-139	-220	-411
Cost of collateral assets sold, including impairment		-56	-15	-75	-26	-78
Depreciation and amortisation		-21	-27	-43	-53	-108
Impairment losses		-2		-2		-6
Operating profit/(loss)	3	341	245	671	500	1 224
Financial income		0	0	1	55	56
Financial expenses		-158	-213	-309	-421	-805
Net exchange gain/(loss)		26	20	14	-56	-64
Net financial items	5	-132	-193	-294	-422	-814
Profit/(loss) before tax		210	52	378	78	411
Income tax expense		-48	-19	-86	-19	-102
Profit/(loss) after tax		162	34	291	58	309
Profit/(loss) attributable to:						
Parent company shareholders		162	34	291	58	309
Non-controlling interests		0	0	0	0	0
Earnings per share (in NOK):						
Basic		0,39	0,08	0,71	0,14	0,75
Diluted		0,39	0,08	0,71	0,14	0,75

Consolidated statement of comprehensive income

All figures in NOK million

	2021 Quarter 2	2020 Quarter 2	2021 6 months	2020 6 months	2020 Full Year
Profit/(loss) after tax	162	34	291	58	309
Other comprehensive income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations	147	-157	-109	305	129
Hedging of currency risk in foreign operations	-36	-35	-4	38	52
Tax attributable to items that may be reclassified to profit or loss		0		-11	-11
Other comprehensive income	111	-192	-113	332	170
Total comprehensive income for the period	273	-159	178	390	479
Total comprehensive income attributable to:					
Parent company shareholders	273	-159	179	390	479
Non-controlling interests	0	0	0	0	0

Consolidated statement of financial position

All figures in NOK million

	Notes	2021	2020	2020
		30 Jun	30 Jun	31 Dec
Deferred tax asset		288	215	323
Goodwill		801	845	824
Tangible and intangible assets		291	364	330
Investments in associated companies and joint ventures		318	372	349
Purchased loan portfolios	3,4,5	11 597	14 280	13 033
Loan receivables		207	304	235
Participation loan/notes	3	519	546	522
Other non-current financial assets		16	6	3
Total non-current assets		14 036	16 932	15 620
Other short-term assets		310	270	253
Collateral assets		1 122	512	873
Cash and short-term deposits		356	445	423
Total current assets		1 789	1 227	1 549
Total assets		15 825	18 159	17 169
Equity attributable to parent company's shareholders	7	4 899	4 627	4 718
Equity attributable to non-controlling interests		1	1	1
Total equity		4 900	4 628	4 719
Deferred tax liabilities		297	178	295
Long-term interest bearing loans and borrowings	6	8 492	11 771	10 116
Other non-current liabilities		101	137	131
Total non-current liabilities		8 890	12 086	10 542
Short-term interest bearing loans and borrowings	6	1 367	767	1 153
Bank overdraft	6	143	81	222
Account payables and other payables		169	218	154
Income taxes payable		23	26	39
Other current liabilities		333	353	339
Total current liabilities		2 035	1 445	1 908
Total equity and liabilities		15 825	18 159	17 169

Consolidated statement of changes in equity

All figures in NOK million

	Notes	2021			2020		
		Attributable to parent company's shareholders	Non-controlling interests	Total equity	Attributable to parent company's shareholders	Non-controlling interests	Total equity
At 1 January		4 718	1	4 719	4 236	1	4 237
Profit/(loss) after tax		291	0	291	58	0	58
Other comprehensive income		-112	0	-113	332	0	332
Total comprehensive income		179	0	179	390	0	390
Issue of share capital	7						
Share based payments		2		2	1		1
Dividend paid to parent company's shareholders							
Dividends to non-controlling interests						0	
At 30 June		4 899	1	4 900	4 627	1	4 628

Consolidated statement of cash flows

All figures in NOK million

	Notes	2021 Quarter 2	2020 Quarter 2	2021 6 months	2020 6 months	2020 Full Year
Cash flows from operating activities						
Profit for the period before tax		210	52	378	78	411
<u>Adjustment for non-cash items:</u>						
Amortisation/revaluation of purchased loan portfolios		697	644	1 503	1 329	2 743
Repossession of collateral assets		-137	-43	-340	-178	-619
Disposal of REOs sold, including write-downs		56	15	75	26	74
Share of profit in associated parties/joint ventures/participation notes	3	-29	-10	-42	-13	-45
Interest expense on interest bearing loans		150	212	299	419	796
Unrealised foreign exchange differences		-28	-139	68	-56	-208
Other non-cash items		26	3	50	59	199
<u>Operating cash flows:</u>						
Income tax paid		-28	-30	-68	-67	-112
Change in working capital		-20	59	-8	-65	-83
Change in non-current financial assets/liabilities		-8	76	-17	115	92
Net cash from operating activities		887	839	1 898	1 647	3 248
Cash flows from investing activities						
Purchase of loan portfolios	3, 4	-238	-444	-436	-1 008	-1 756
Investments/divestments in subsidiaries, joint ventures and associated companies		6	26	56	33	64
Net investments in intangible and tangible assets		-7	-9	-14	-21	-45
Payment of contingent consideration			-22		-22	-22
Net cash from investing activities		-239	-448	-394	-1 017	-1 760
Cash flows from financing activities						
Net receipts/(payments) on interest bearing loans and borrowings		-708	-29	-1 199	-162	-808
Interest paid on interest bearing loans & borrowings		-143	-195	-289	-383	-736
Dividends paid to non-controlling interests		-	-0	-0	-0	-0
Net cash from financing activities		-850	-224	-1 488	-545	-1 544
Net increase/(decrease) in cash and cash equivalents		-202	167	16	86	-56
Cash and cash equivalents at the beginning of the period		402	199	201	259	259
Exchange rate difference on cash and cash equivalents		14	-2	-4	19	-2
Cash and cash equivalents at the end of the period		214	364	213	364	201
<i>Cash and cash equivalents comprised of:</i>						
Cash and short-term deposits		356	445	356	445	423
Bank overdraft		-143	-81	-143	-81	-222

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 purchasing, 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 (interim report) for the second quarter ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim report does 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 2020. The annual consolidated financial statements for 2020 are available at the company's website (www.b2holding.no).

The accounting policies applied in the preparation of the interim report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020; the only exceptions to this are given below and relate to the adoption of new IFRS standards.

Adoption of new IFRS standards

Amendments to IFRS 9, IAS 39, IFRS7, IFRS4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2 (effective from 1 January 2021)

The relevant reference rates for the Group are EURIBOR, NIBOR, STIBOR, CIBOR and WIBOR. Although with a reformed methodology, these reference rates will remain in 2021 and for the foreseeable future¹. Therefore, the adoption of the amended standards has not had any material impact on the disclosures or on the amounts reported in the interim report ended 30 June 2021, nor is it expected to have any material impact on the financial statements of the Group in future periods.

Change in presentation of financial information

Consolidated statement of cash flows

The presentation of the Consolidated statement of cash flows has been changed (with comparable numbers for 2nd quarter and full year 2020). Repossession of collateral assets, Disposals of REOs sold including write-downs and Share of profit in associated parties/joint ventures/participation notes are now presented in separate lines under Cash flows from operating activities. Previously these were presented under "Change in working capital" and "Change in other balance sheet items".

The interim financial information for the quarters ended 30 June 2021 and 30 June 2020 are unaudited. The 2020 audited financial statements were approved by the Board of Directors on 21 April 2021.

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, 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 the year ending 31 December 2020. However, in the light of uncertainty arising from the COVID-19 pandemic there is clearly a significant level of judgement required in the assessment of future collections/cash flows/forecasts. Management have assessed the data and information available at the balance date.

1) <https://nordeamarkets.com/ibor/>, <https://gpwbenchmark.pl/Papers>

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 performance assessment and making decisions about resource allocation. 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 21.

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 2, 2021

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest income from purchased loan portfolios	196	127	107	77	81		588
Net credit gain/(loss) from purchased loan portfolios	15	29	-17	-24	-20		-17
Revenue from purchased loan portfolios	211	156	90	52	61		570
Profit from shares in associated parties/joint ventures and participation loans/notes	1		10		18		29
Total revenue from purchased loan portfolios	213	156	100	52	79		600
Revenue from external collection	38	0	2	29	27		97
Revenue from loan receivables		24			0		25
Revenue from sale of collateral assets	1	2	52	5	13		72
Other operating revenues	4	0	6	7	2		19
Total other revenues	42	26	60	42	42		212
Total revenues	255	182	160	94	121		812
Cost to collect	-56	-58	-40	-44	-55		-254
Cost of collateral assets sold, including impairment		-2	-38	-5	-10		-56
Cost other revenues	-32	-13	-9	-32	-17		-103
Administration and management costs	-10	27	-7	-3	-2	-40	-35
EBITDA	156	136	65	10	36	-40	364
Depreciation, amortisation and impairment losses	-3	-6	-2	-5	-4	-4	-23
Operating profit/(loss)	153	130	63	6	32	-43	341

Quarter 2, 2020

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest income from purchased loan portfolios	225	146	154	92	95		712
Net credit gain/(loss) from purchased loan portfolios	-28	-17	-35	-30	-46		-155
Revenue from purchased loan portfolios	197	129	120	62	49		557
Profit from shares in associated parties/joint ventures and participation loans/notes	3		7		0		10
Total revenue from purchased loan portfolios	200	129	126	62	50		568
Revenue from external collection	38	0	0	30	7		75
Revenue from loan receivables		29			0		29
Revenue from sale of collateral assets		1	5	5	2		14
Other operating revenues	5	0	3	7	1		15
Total other revenues	43	30	8	42	11		134
Total revenues	243	159	135	105	60		702
Cost to collect	-63	-78	-39	-36	-45		-261
Cost of collateral assets sold, including impairment		-1	-5	-6	-3		-15
Cost other revenues	-38	-13	-5	-40	-15		-110
Administration and management costs	-3	-1	-1	-1	-1	-36	-43
EBITDA	140	66	84	22	-3	-36	272
Depreciation, amortisation and impairment losses	-4	-9	-2	-6	-4	-2	-27
Operating profit (EBIT)	136	57	82	16	-7	-38	245

6 months, 2021

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest income from purchased loan portfolios	396	261	227	156	168		1 207
Net credit gain/(loss) from purchased loan portfolios	28	53	-13	-46	-41		-18
Revenue from purchased loan portfolios	424	313	214	111	127		1 189
Profit from shares in associated parties/joint ventures and participation loans/notes	3		3		35		42
Total revenue from purchased loan portfolios	427	313	217	111	162		1 230
Revenue from external collection	75	0	5	56	43		178
Revenue from loan receivables		50			1		51
Revenue from sale of collateral assets	1	2	73	7	18		100
Other operating revenues	7	0	6	15	4		33
Total other revenues	83	53	84	78	67		363
Total revenues	510	366	301	188	228		1 593
Cost to collect	-116	-130	-86	-80	-102		-514
Cost of collateral assets sold, including impairment		-2	-52	-6	-14		-75
Cost other revenues	-68	-21	-13	-67	-41		-209
Administration and management costs	-12	24	-11	-6	-5	-68	-78
EBITDA	314	237	138	29	67	-68	716
Depreciation, amortisation and impairment losses	-7	-12	-4	-9	-7	-5	-45
Operating profit (EBIT)	307	225	133	20	60	-74	671

6 months, 2020

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest income from purchased loan portfolios	438	293	312	181	182		1 405
Net credit gain/(loss) from purchased loan portfolios	-26	-14	-74	-51	-53		-217
Revenue from purchased loan portfolios	412	279	238	130	129		1 188
Profit from shares in associated parties/joint ventures and participation loans/notes	7		6		1		13
Total revenue from purchased loan portfolios	418	279	244	130	130		1 201
Revenue from external collection	72	0	1	60	16		149
Revenue from loan receivables		64			1		65
Revenue from sale of collateral assets		4	10	9	3		26
Other operating revenues	9	1	6	18	2		36
Total other revenues	82	69	16	87	22		276
Total revenues	500	348	260	216	153		1 477
Cost to collect	-125	-160	-100	-75	-101		-562
Cost of collateral assets sold, including impairment		-4	-9	-9	-4		-26
Cost other revenues	-74	-30	-10	-86	-37		-239
Administration and management costs	-8	-3	-3	-2	-2	-81	-97
EBITDA	292	150	139	44	8	-81	553
Depreciation, amortisation and impairment losses	-7	-17	-5	-12	-9	-3	-53
Operating profit (EBIT)	285	133	134	32	-1	-84	500

Quarter 2, 2021

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	98	103	0	7	12		220
Purchased loan portfolios, book value							
Purchased loan portfolios	4 692	1 809	2 194	1 796	1 106		11 597
Participation loan/notes to SPV's for purchase of loan portfolios			20		499		519
Purchased loan portfolios held through joint venture ¹⁾	90		222		6		318
Purchased loan portfolios at 30 June	4 782	1 809	2 436	1 796	1 610		12 433

Quarter 2, 2020

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	247	19		36	171		473
Purchased loan portfolios, book value							
Purchased loan portfolios	5 358	2 022	3 315	2 136	1 448		14 280
Participation loan/notes to SPV's for purchase of loan portfolios					546		546
Purchased loan portfolios held through joint venture ¹⁾	107		258		7		372
Purchased loan portfolios at 30 June	5 465	2 022	3 573	2 136	2 001		15 197

1) Values stated reflects the Group's book value of investments in SPVs and joint ventures

6 months, 2021

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	229	121	11	8	43		412
Purchased loan portfolios, book value							
Purchased loan portfolios	4 692	1 809	2 194	1 796	1 106		11 597
Participation loan/notes to SPV's for purchase of loan portfolios			20		499		519
Purchased loan portfolios held through joint venture ¹⁾	90		222		6		318
Purchased loan portfolios at 30 June	4 782	1 809	2 436	1 796	1 610		12 433

6 months, 2020

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	588	80		77	218		964
Purchased loan portfolios, book value							
Purchased loan portfolios	5 358	2 022	3 315	2 136	1 448		14 280
Participation loan/notes to SPV's for purchase of loan portfolios					546		546
Purchased loan portfolios held through joint venture ¹⁾	107		258		7		372
Purchased loan portfolios at 30 June	5 465	2 022	3 573	2 136	2 001		15 197

1) Values stated reflects the Group's book value of investments in SPVs and joint ventures

NOTE 4 – PURCHASED LOAN PORTFOLIOS**Purchased loan portfolios**

All figures in NOK million

	2021 Quarter 2	2020 Quarter 2	2021 6 months	2020 6 months	2020 Full Year
Opening balance	11 772	15 077	13 033	13 420	13 420
Portfolio purchases in the period	220	473	412	964	1 664
Gross collection from purchased loan portfolios	-1 267	-1 201	-2 692	-2 516	-5 278
Interest income from purchased loan portfolios	588	712	1 207	1 405	2 765
Net credit gain/(loss) from purchased loan portfolios	-17	-155	-18	-217	-230
Exchange rate differences	301	-626	-346	1 225	692
Closing balance	11 597	14 280	11 597	14 280	13 033

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. The calculated fair value of purchased loan portfolios as of 30 June 2021 is NOK 11,777m.

Net credit gain/loss from purchased portfolios

The Group purchases materially impaired loan portfolios at significant discounts and as such 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 collections deviating from collection estimates, as well as from changes in future collection estimates. The Group regularly evaluates the future collection estimates (ERC / ERR) at portfolio level and the estimate is adjusted if expected future collections is determined to materially deviate from the previous estimate. 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". Both secured and unsecured portfolios are evaluated quarterly. Gross collection above collection estimates and upward adjustments of future collection estimates increase revenue, while conversely gross collection below collection estimates and downward adjustments of future collection estimates decrease revenue.

Quarter 2, 2021

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions/ eliminations	Total
<i>Secured portfolios:</i>							
Gross collection from purchased loan portfolios	5	11	175	72	71		333
Collection above/(below) estimates	3	6	-13	-6	21		10
Changes in future collection estimates	-3	-6	-5	-3	-22		-39
Net credit gain/(loss) from secured portfolios	0	0	-18	-9	-1		-29
<i>Unsecured portfolios:</i>							
Gross collection from purchased loan portfolios	438	265	82	42	105		934
Collection above/(below) estimates	25	32	1	-16	-20		23
Changes in future collection estimates	-10	-3	0	0	1		-11
Net credit gain/loss from unsecured portfolios	15	30	1	-15	-19		12
Net credit gain/(loss) from purchased loan portfolios	15	29	-17	-24	-20		-17

Quarter 2, 2020

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Gross collection from purchased loan portfolios	1	11	143	84	39		279
Collection above/(below) estimates	0	5	84	42	21		152
Changes in future collection estimates	0	-16	-89	-60	-17		-182
Net credit gain/(loss) from secured portfolios	0	-11	-6	-18	4		-31
<i>Unsecured portfolios:</i>							
Gross collection from purchased loan portfolios	449	244	97	50	83		923
Collection above/(below) estimates	-5	-16	-2	-13	-36		-73
Changes in future collection estimates	-23	10	-26	1	-14		-52
Net credit gain/loss from unsecured portfolios	-28	-6	-29	-12	-50		-125
Net credit gain/(loss) from purchased loan portfolios	-28	-17	-35	-30	-46		-155

6 months, 2021

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Gross collection from purchased loan portfolios	7	23	581	128	114		853
Collection above/(below) estimates	3	6	-3	-56	-8		-58
Changes in future collection estimates	-3	-6	-2	34	5		27
Net credit gain/(loss) from secured portfolios	0	0	-6	-23	-3		-31
<i>Unsecured portfolios:</i>							
Gross collection from purchased loan portfolios	845	530	160	88	216		1838
Collection above/(below) estimates	41	55	-3	-23	-36		34
Changes in future collection estimates	-13	-2	-4	0	-3		-22
Net credit gain/loss from unsecured portfolios	28	52	-7	-23	-38		12
Net credit gain/(loss) from purchased loan portfolios	28	53	-13	-46	-41		-18

6 months, 2020

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<i>Secured portfolios:</i>							
Gross collection from purchased loan portfolios	3	20	374	174	98		669
Collection above/(below) estimates	0	9	202	39	41		291
Changes in future collection estimates	1	-21	-242	-60	-36		-358
Net credit gain/(loss) from secured portfolios	1	-12	-40	-20	5		-66
<i>Unsecured portfolios:</i>							
Gross collection from purchased loan portfolios	874	489	191	99	194		1848
Collection above/(below) estimates	8	-12	-6	-31	-41		-82
Changes in future collection estimates	-35	10	-28	1	-17		-69
Net credit gain/loss from unsecured portfolios	-27	-2	-34	-30	-58		-151
Net credit gain/(loss) from purchased loan portfolios	-26	-14	-74	-51	-53		-217

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 million

	2021	2020	2021	2020	2020
	Quarter 2	Quarter 2	6 months	6 months	Full Year
Portfolio purchases in the period	-220	-473	-412	-964	-1 664
Change in prepaid amounts and amounts due on portfolio purchases	-18	29	-24	-44	-92
Net portfolio purchases, cash flow statement	-238	-443	-436	-1 008	-1 756

NOTE 5 – FINANCIAL INSTRUMENTS

Specific disclosures regarding purchased loan portfolios see note 4.

Fair value of financial instruments

The fair value of interest-bearing loans and borrowings is equal to the carrying amount (level 2) for the Multi-currency revolving credit facility (NOK 2,700m) and Bridge facility (NOK 243m) as the loans are based on one to six months floating interest. The fair value (NOK 7,073m) of bond loans (level 1) were determined by obtaining quoted market prices for the bond loans from Refintiv EIKON. The carrying amount is NOK 6,916m. Participation loan/notes are measured at fair value through profit or loss. For loan receivables the carrying value is the best estimate of fair value.

Financial 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. At quarter end the fair value of the currency derivatives was negative NOK 5m and the fair value of the interest rate hedging derivatives was positive NOK 6m. The interest rate hedging ratio was 86 %.

For more details refer to the Risk Management section in the Group's 2020 Annual Report.

Net financial items

All figures in NOK million

	2021	2020	2021	2020	2020
	Quarter 2	Quarter 2	6 months	6 months	Full Year
Interest income	1	0	1	1	1
Other financial income	-0	0	0	54	55
Financial income	0	0	1	55	56
Interest expenses	-161	-205	-324	-411	-786
Change in fair value of interest rate derivatives	5	-5	19	-3	-1
Interest expense on leases	-2	-2	-4	-5	-9
Other financial expenses	-0	-1	-0	-3	-9
Financial expenses	-158	-213	-309	-421	-805
Realised exchange gain/(loss)	-12	181	-9	157	71
Unrealised exchange gain/(loss)	46	-143	48	-216	-162
Change in fair value of currency derivatives	-8	-18	-24	3	26
Net exchange gain/(loss)	26	20	14	-56	-64
Net financial items	-132	-193	-294	-422	-814

NOTE 6 - INTEREST BEARING LOANS AND BORROWINGS

All figures in NOK million

	30 June 2021		31 December 2020	
	Current	Non-current	Current	Non-current
Multi-currency revolving credit facility including Bridge	243	2 700		4 162
Bond loan	1 124	5 792	1 153	5 954
Bank overdraft	143		222	
Total	1 510	8 492	1 375	10 116

The Group is financed by a combination of multi-currency Revolving Credit Facility (RCF), Bridge Facility and Bond loans. At quarter end EUR 285m was utilised from the EUR 510m RCF and EUR 25m was utilised from the EUR 100m Bridge Facility, leaving total available, undrawn facility lines of EUR 300m. Total outstanding bond loans was EUR 775m of which EUR 91m was held as Treasury Bonds.

The Group's loan agreements have several operational and financial covenants, including limits on certain key indicators, which have all been complied with at quarter end.

For more information about the Group's financing, please refer to note 24 in the Group's 2020 Annual Report.

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 million	Other paid-in capital ¹⁾ NOK million
At 31 December 2020	409 932 598	41	2 843
At 30 June 2021	409 932 598	41	2 843
At 24 August 2021 (date of completion of these interim condensed financial statements)	409 932 598	41	2 843

1) Net proceeds after transaction costs

Note 8 – Share based payments

30 June 2021, 2,000,000 share options were granted at a strike price of 10.23 NOK. Each option, when exercised, will give the right to acquire one share in B2Holding ASA. Pursuant to the vesting schedule 1/3 of the options will vest one, two and three years after the day of granting. The options that have not been exercised will lapse five (5) years after the date of granting.

In second quarter 2021 83,333 share options were terminated due to previous changes in Group management.

At the date of these interim financial statements there are 16,160,000 share options outstanding.

NOTE 9 – SUBSEQUENT EVENTS

Nothing to report.

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 Group presents alternative performance measures (APMs) which 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

	2021	2020	2021	2020	2020
	Quarter 2	Quarter 2	6 months	6 months	Full Year
Total revenues	812	702	1 593	1 477	3 174
Adjusted for cost of collateral assets sold, including impairment	-56	-15	-75	-26	-78
Net revenues	756	687	1 518	1 451	3 095
Operating profit/(loss)	341	245	671	500	1 224
Non-recurring items	-20	-	-20	14	22
Adjusted EBIT (Adj. EBIT)	321	245	651	514	1 246
Operating profit/(loss)	341	245	671	500	1 224
Add back depreciation, amortisation and impairment losses	23	27	45	53	113
EBITDA	364	272	716	553	1 338
Total revenues	812	702	1 593	1 477	3 174
Add back amortisation/revaluation of purchased loan portfolios	697	644	1 503	1 329	2 743
Adjusted for repossession of collateral assets	-137	-43	-340	-178	-619
Add back profit from shares in associated parties/joint ventures and participation loan/notes	-29	-10	-42	-13	-45
Adjusted for cash received from shares in associated parties/joint ventures and participation loan/notes	27	49	78	92	150
Cash revenue	1 369	1 342	2 793	2 707	5 403
Operating profit/(loss)	341	245	671	500	1 224
Add back amortisation/revaluation of purchased loan portfolios	697	644	1 503	1 329	2 743
Add back depreciation and amortisation	23	27	45	53	113
Adjusted for repossession of collateral assets	-137	-43	-340	-178	-619
Add back for cost of collateral assets sold, including impairment	56	15	75	26	78
Add back profit from shares in associated parties/joint ventures and participation loan/notes	-29	-10	-42	-13	-45
Adjusted for cash received from shares in associated parties/joint ventures and participation loan/notes	27	49	78	92	150
Cash EBITDA	977	927	1 991	1 809	3 646

The following APMs are financial covenants in the RCF agreement and are calculated accordingly.

Equity Ratio

All figures in NOK million

	2021 30 Jun	2021 31 Mar	2020 31 Dec	2020 30 Sep
Total assets	15 825	15 873	17 169	18 102
Total equity	4 900	4 626	4 719	4 818
Equity ratio	31,0 %	29,1 %	27,5 %	26,6 %
Total assets	15 825	15 873	17 169	18 102
Excluding IFRS 16 right-of-use asset	-95	-103	-117	-124
Total assets excl IFRS 16 right-of-use asset	15 730	15 770	17 052	17 978
Equity ratio	31,2 %	29,3 %	27,7 %	26,8 %

Total Loan to Value

All figures in NOK million

	2021 30 Jun	2021 31 Mar	2020 31 Dec	2020 30 Sep
Bond loan (nominal value) ¹⁾	6 955	6 834	7 159	8 890
Revolving Credit Facility (nominal value) ¹⁾	2 752	3 342	3 999	3 187
Bridge Facility (nominal value) ¹⁾	250	250	250	
Contingent consideration (earn out)	30	30	31	44
Vendor loan	13	27	23	25
FX Derivatives (MTM)	5	-3	-20	8
Net cash balance including overdraft	-214	-402	-201	-75
Total loan	9 792	10 079	11 241	12 079
Purchased loan portfolios	11 597	11 772	13 033	13 827
Investment and participation in joint ventures ²⁾	836	803	870	894
Other assets ³⁾	2 114	1 987	1 914	2 037
Book value	14 547	14 562	15 817	16 758
Total Loan to Value % (TLTV)	67,3 %	69,2 %	71,1 %	72,1 %

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" and "short-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.

Adjusted EBIT (Adj. EBIT)

Adjusted EBIT consists of EBIT adjusted for Non-recurring items.

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 deposits (less NOK 200 million to cover working capital) plus unutilised credit facility lines, 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, amortisation and revaluation of purchased loan portfolios, profit from shares in shares in associated parties/joint ventures and participation loan/notes and cost of collateral assets sold. Adjusted for repossession of collateral assets and cash received from shares in associated parties/joint ventures and participation loan/notes. 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, profit from shares in shares in associated parties/joint ventures and participation loan/notes. Adjusted for repossession of collateral assets and cash received from shares in associated parties/joint ventures and participation loan/notes. 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 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 collection on portfolios purchased and held in joint ventures. ERC includes ERR.

Estimated Remaining Recoveries (ERR)

Estimated remaining recoveries (ERR) expresses the gross 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 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 collection

Gross 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 carrying value 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 collection deviating from collection estimates and from changes in future 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". Collection above collection estimates and upward adjustments of future collection estimates increase revenue. 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 items

Significant profit and loss items that are not included in the Group's normal recurring operations, which are difficult to predict and are considered to have low forecast value for the future earnings trend. Non-recurring items may include but are not limited to restructuring costs, acquisition and divestment costs, advisory costs for discontinued acquisition projects, integration costs, termination costs for Group Management and country managers, non-portfolio related write offs, unusual legal expenses, extraordinary projects, and material income or expenses relating to prior years.

Net revenues

Net revenues are the Total revenues reported less the Cost of collateral assets sold, including impairment.

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.

Return on equity (ROE)

Return on equity is calculated based on rolling 12-months profit/(loss) attributable to parent company shareholders divided by the average equity attributable to parent company shareholders, with average equity calculated as a simple average based on opening and closing balances for the respective 12-month period.

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 collection. Gross 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 2021

Annual report 2020 27.04.2021

Annual General Meeting 20.05.2021

Half-yearly report 25.08.2021

Quarterly report - Q1 20.05.2021

Quarterly report - Q3 04.11.2021

Quarterly report - Q4 10.02.2022

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