

# Q3

Third quarter 2021



## Third quarter 2021

“With improved collection efficiency and a scalable cost level, we are well positioned to take an active role in the market.”

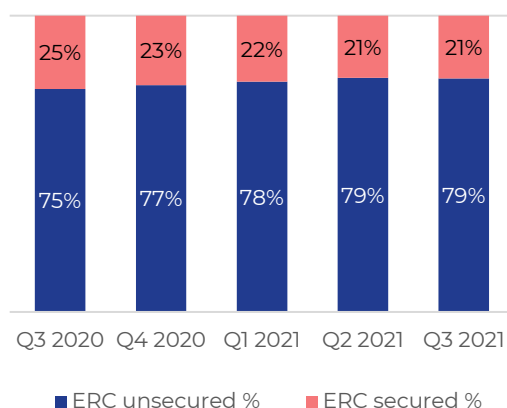
**Erik Just Johnsen, CEO**

### QUARTERLY EVENTS

- Unsecured collections at 103 % of the latest forecast
- Secured recoveries above the forecast
- Low cost level sustained
- Continued deleveraging and strong cash generation
- Increasing volume of NPL portfolios coming to market
- Advanced discussions with co-investment partners for our secured markets
- Dividend of NOK 0.15 and share buy-back program initiated

QUARTERLY SUMMARY	2021			2020			2020
	Q3	Q3	% Δ	YTD	YTD	% Δ	
<i>NOK million</i>							
Net revenues	792	813	-3 %	2 310	2 264	2 %	3 095
Adj. EBIT	385	369	4 %	1 037	883	17 %	1 246
Adj. EBIT %	49 %	45 %	3 pp	45 %	39 %	6 pp	40 %
EBIT	370	369	0 %	1 042	869	20 %	1 224
Profit/(loss) after tax	162	128	26 %	453	186	143 %	309
Cash revenue <sup>1)</sup>	1 332	1 348	-1 %	4 125	4 054	2 %	5 403
Cash EBITDA <sup>1)</sup>	931	932	0 %	2 922	2 741	7 %	3 646
Cash margin <sup>1)</sup>	70 %	69 %	1 pp	71 %	68 %	3 pp	67 %
Cost to collect %	18 %	17 %	1 pp	19 %	20 %	-1 pp	21 %
Gross collections <sup>2)</sup>	1 269	1 636	-22 %	4 170	4 345	-4 %	5 659
Portfolio purchases <sup>3)</sup>	237	264	-10 %	650	1 227	-47 %	1 664
EPS	0,40	0,31		1,11	0,45		0,75
Return on equity	11,7 %	6,2 %	5,5 pp	11,7 %	6,2 %	5,5 pp	6,9 %

### ERC - ASSET CLASS SPLIT



### KEY PERFORMANCE FIGURES

<i>NOK million</i>	2021	2020	%
	30 Sep	31 Dec	Change
ERC (at end of month) <sup>4)</sup>	19 744	23 100	-15 %
Net interest bearing debt	9 127	11 068	-18 %
Liquidity reserve	4 656	3 078	51 %
Equity ratio <sup>5)</sup>	32,6 %	27,7 %	4,9 pp
Leverage ratio <sup>1)</sup>	2,38x	3,04x	-0,66x
Total Loan to Value % (TLTV)	65,4 %	71,1 %	-5,7 pp
Number of employees (FTEs)	2 037	2 191	-7 %

- 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

## Market activity has picked up

We are pleased to report that the third quarter repeated the strong performance seen in previous quarters, with unsecured collections showing continued improvement and secured recoveries also above expectations. Based on a good cash flow and financial position, the Board has approved a dividend of NOK 0.15 for 2020 and initiated a share buy-back programme.

The overperformance we have seen within unsecured collection, continued in the third quarter in most of our markets. Northern Europe and Poland have remained solid throughout the pandemic, and the positive trend we observed in the previous quarters in both Central and South Eastern Europe continued in the third quarter. I am pleased to see the continued resilience in our unsecured collection business, which represents more than 75% of our ERC. We have continued to focus on cost and scalability, achieving another quarter with operating expenses maintained at the lower level reached during the pandemic.

“I am pleased to see the continued resilience in our unsecured collection business, which represents more than 75% of our ERC.”

Within Corporate and Secured Asset Management, the third quarter is a seasonally low quarter. Despite this, secured recoveries were above expectations for the quarter, including successful repossession of real estate collateral which is a crucial part of our recovery strategy. The sale of REOs is closely connected to our repossession strategy, and it is therefore encouraging to see that REOs sold in the quarter were sold significantly above book value. So far in 2021 we have sold REOs for NOK 140 million, with NOK 40 million being sold in the third quarter. We expect the positive development within REO sales to continue going forward.

With reference to previous communication regarding partnership discussions, B2Holding is currently in advanced discussions with reputable institutional investment partners where the aim is to establish a de-consolidated co-investment partnership predominantly for B2Holding's back book in secured assets. The financing provided will be with no recourse to B2Holding ASA. The partnership discussions also include future co-investments in B2Holding's secured markets.

Market activity has picked up, and we are moving towards a more normal market. Portfolio volumes are still somewhat lower than before the pandemic, partly due to different government schemes still being in place or recently expired. Having said that, we do expect volume of portfolios on the market will increase further in the fourth quarter and that this trend will continue in 2022.

It is encouraging to see that our ESG focus is acknowledged by external experts resulting in significantly improved Sustainalytics rating. In the new rating published this week, we placed among the top 1 per cent of rated companies globally and at the top of our industry. We have also improved our ESG rating from The Governance Group, who rate the 100 largest companies on the Oslo Stock Exchange

I am pleased to welcome Endre Solvin-Witzø as our Chief Investment Officer and new member of our Group Executive Management. Endre has extensive industry experience and comes from the position as Chief Investment Officer of Lowell Nordic and Managing Director of Lowell Norway.

Finally, I would like to take the opportunity to once again thank my colleagues across the whole organization for their continued hard work and dedication. I look forward to increased activity in the coming months and some exciting times for B2Holding.

Oslo, 3 November 2021

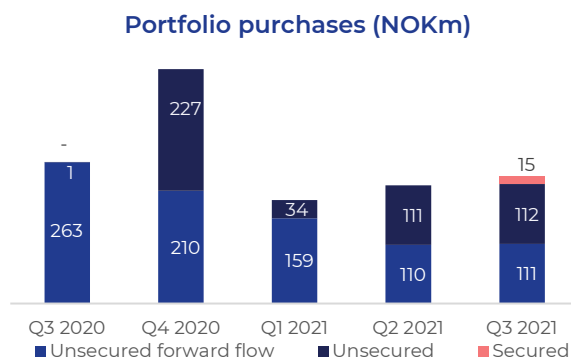
**Erik Just Johnsen**  
CEO



## Operations

Collections and recoveries continue to exceed expectations, REOs once again sold at a sizable premium, scalability remain a key focus, funding costs reduced, and a selective approach to new investments continued in Q3 2021.

### PORTFOLIO INVESTMENTS



The Group is currently seeing a notable increase in the volume of NPLs coming to the market and expects more volume in 2022. Although the volume of portfolios has increased, some vendors have delayed their sales processes. This, combined with the Group's continued disciplined and selective approach to purchases, resulted in Q3 portfolio purchases increasing only slightly compared with Q2. The Group's Q3 investments were deployed mainly in South Eastern and Northern Europe. The investments were mainly unsecured forward flow and one-time deals in consumer finance and banking NPLs. Northern Europe continues to see solid collection performance with limited impacts from the pandemic, hence the investment risk continues to be comparatively lower than in other regions and asset classes.

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 third quarter amounted to NOK 949m, over 3% better than expected and close to 2% ahead of the second quarter.

The overperformance from the previous quarters continued across the majority of the Group's markets. The positive trend was supported by focus on core collection processes as well as targeted improvement actions. The third quarter is traditionally a holiday

period, so activity is usually less intense than in the preceding quarter. However, in some markets Q3 also includes a month of tax refunds.

Cost discipline in all of the Group's markets remained strong, and the collection improvements implemented in the previous quarters continued to contribute positively to both efficiency and effectiveness of the unsecured business.

The Group remains positive on the prospects of the business across all its main markets, especially since the subsequent waves of the pandemic seem to have visibly smaller impact than in the first quarters of the pandemic. In addition, the competitive landscape seems to indicate increasing appetite for portfolios, supporting the consensus around expected economic recovery. With improved efficiency and continuously good effectiveness, the Group is well positioned to take an active role in the industry going forward.

#### Recoveries from secured portfolios

Secured recoveries were NOK 232m for the quarter and 15% above expectations for the quarter. NOK 93 million of the recoveries were repossessed assets that B2Holding has successfully taken legal ownership of.

The Group is continuously monitoring changes in the legal systems and governments' measures related to the pandemic, and have observed a shift to debtor-friendly policies which in the Groups view is temporary. During the quarter, the centralised Corporate and Secured Asset Management team rolled out its re-assessment methodologies in more markets while continuing the pursuit of opportunities for strategies which will improve the quality of the back book. The project to enhance competencies 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 1,122m at the end of 2021 Q2 to NOK 1,192m at the end of Q3 2021. Similar to previous quarters, the increase was mainly the result of successful repossessions concluded in Central Europe during the quarter. Offsetting this were sales of REOs during the quarter of NOK 40m with a book value of NOK 27m, resulting in a gain on sale of 51%.

During this quarter, the REOs team continued its marketing effort and the number of closed agreements has increased. This is not reflected entirely in this quarter's numbers since consideration is often paid within a 3 or 6 months completion period.

### 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 and 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) remain 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 Q3, 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 Q3 and these are expected to continue throughout 2021. Investments were again relatively low, with continued stronger price and underwriting discipline in a lower volume market. The transactions pipeline has already increased and is expected to further increase going forward.

The Group is in compliance with all covenants as of 30 September 2021.

#### Strategic risks

The investment pipeline further increased in Q3 compared with earlier in the year and this upward trend is expected to continue. 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 Q3, 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 the 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.

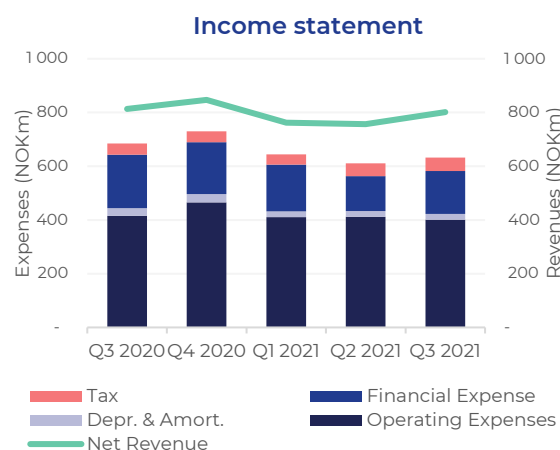
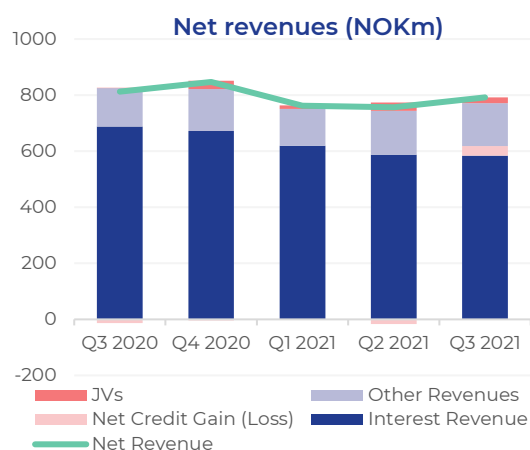
On 4 October, Bond 2 (B2H02) of EUR 175m (whereof EUR 111m was outstanding) was repaid by a combination of the Bridge facility and the RCF. After the repayment the outstanding loan balances were EUR 75m and EUR 300m respectively. The additional Bridge facility line of EUR 25m was cancelled thereafter.

In addition to the bank financing, after repayment of Bond 2 the Group has three listed senior unsecured bond loans totalling EUR 600m. Of the outstanding bond loans,

a nominal value of EUR 27m is held as treasury bonds, of which EUR 9m is held in Bond 3 maturing in November 2022.

## Financials

B2Holding reported gross collections including share of co-investments of NOK 1,269m for the quarter. Net revenues were higher than the previous quarter mainly due to the over-performance in unsecured portfolios. Other revenues and profit from JVs were broadly in line with previous quarters. The Group's cost base is maintained at the lower level achieved since Q2 2020. This, together with a lower cost of debt, has resulted in a solid increase in profit after tax year-on-year at NOK 169m (128) for the quarter.



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 slightly weaker Norwegian Krone in Q3 compared with Q2 was approximately 1% or NOK 10m, while compared with Q3 2020 the impact of the stronger Norwegian Krone was approximately 5% or NOK 30m.

### REVENUES

Collections on unsecured portfolios came in at 103% of latest forecast, continuing the over-performance from previous quarters and resulting in an overall positive net credit gain for the Group.

Overall recoveries on secured portfolios were also higher than expected for the quarter, with recoveries above expectations in Central Europe, Poland and South Eastern Europe offsetting marginally below expectations recoveries in Western Europe. Changes in future collection estimates in the quarter resulted in a net credit gain of NOK 5m in Q3.

Net revenues for the Group of NOK 792m was an increase of NOK 36m on Q2 2021 with the increase mainly being the result of the overall net credit gain on portfolios of NOK 33m compared with a net credit loss of NOK 17m in Q2.

Profit from shares in associated parties/joint ventures and participation loan/notes was NOK 20m for the quarter with collections continuing to show improvement in Q3.

Interest income from loan receivables for Q3 2021 was NOK 19m. The reduction of NOK 32m compared with the same quarter last year reflects lower loan balances and a lower interest rate during 2021, and also includes a non-recurring item relating to a legal decision in Poland which reduced income by NOK 9m. Net credit gain from loan receivables was NOK 3m in Q3 compared with a loss of NOK 8m in Q3 2020.

Revenue from sale of collateral assets (REOs) for the quarter was NOK 40m and a net gain on sale of NOK 13m (51%) for the Group.

Other revenues were NOK 119m 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.

### OPERATING EXPENSES

In Q3 2021 the Group's operating expenses excluding cost of collateral assets sold, depreciation, amortization and impairment losses were NOK 401m which was a decrease of NOK 15m compared with Q3 2020. In Q3 the Group

recorded net negative non-recurring items impacting EBIT of NOK 15m. Of the non-recurring items, NOK 9m was a provision related to previous periods recognised as a reduction of Interest income from loan receivables, NOK 4m was a reduction of External expenses of services provided following recovery of transfer tax on portfolios purchases during 2016, and NOK 10m were costs relating to organisational changes.

Of the Group's operating expenses excluding cost of collateral assets sold, depreciation, amortisation, and revaluations in Q3, 52% are personnel costs, 23% variable costs related to collection/recovery activities and 25% office-related costs including premises, equipment, telecommunications, IT & postage.

#### NET FINANCIAL ITEMS

Net financial items for the quarter were NOK -160m in Q3 compared with NOK -199m in Q3 2020 and NOK -132m in Q2 2021. The main variance versus Q2 2021 was due to FX losses of NOK 4m in Q3 compared with FX gains of NOK 26m in Q2 2021. The significant decrease compared with Q3 2020 is interest expenses and 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 amounted to NOK 48m (42) and was 23% of profit before tax. Profit after tax for the quarter ended at NOK 162m (128).

#### BALANCE SHEET

At the end of the quarter, total assets amounted to NOK 15,500m 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 500m of the decrease being the result of a stronger NOK. Collateral assets (REOs) increased by NOK 319m since the end of 2020 following successful

repossessions of NOK 433m offset by REOs sold with a book value of NOK 102m and the impact of a stronger NOK.

Net interest-bearing debt amounted to NOK 9,127m, down NOK 1,941m compared with the end of 2020. Approximately NOK 300m of the decrease was a result of the strengthening of the NOK against the EUR, PLN and SEK in particular. The remaining reduction of Net Debt was the result of strong cashflow performance during the period.

#### CASH FLOW

Operating cash flow was NOK 940m in the third quarter of 2021 and slightly higher than Q3 2020 of NOK 923m. Cash revenues were slightly down in the quarter, but this was more than offset by lower operating costs as well as higher cash from sales of REOs.

Cash flow from investing activities ended at NOK -279m (-297) and is mainly related to lower portfolio purchases during 2021 as the Group has maintained its selective approach to NPL purchases during the pandemic.

Net cash flow from financing activities ended at NOK -597m (-907) following further voluntary repayments of debt during Q3.

#### 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, 3 November 2021

## Consolidated income statement

All figures in NOK million unless otherwise stated

	Notes	2021 Quarter 3	2020 Quarter 3	2021 9 months	2020 9 months	2020 Full Year
Interest income from purchased loan portfolios		584	688	1 791	2 093	2 765
Net credit gain/(loss) from purchased loan portfolios	4	33	-14	15	-231	-230
Profit from shares in associated parties/joint ventures and participation loan/notes		20	2	62	15	45
Interest income from loan receivables		19	51	81	174	217
Net credit gain/(loss) from loan receivables		3	-8	-8	-66	-79
Revenue from sale of collateral assets		40	27	140	53	72
Other revenues		119	99	331	284	385
<b>Total revenues</b>	3	<b>819</b>	<b>845</b>	<b>2 412</b>	<b>2 322</b>	<b>3 174</b>
External expenses of services provided		-94	-116	-310	-338	-454
Personnel expenses		-208	-207	-655	-664	-893
Other operating expenses		-99	-92	-238	-311	-411
Cost of collateral assets sold, including impairment		-27	-32	-102	-58	-78
Depreciation and amortisation		-21	-27	-65	-80	-108
Impairment losses		0	-1	-2	-1	-6
<b>Operating profit/(loss)</b>	3	<b>370</b>	<b>369</b>	<b>1 042</b>	<b>869</b>	<b>1 224</b>
Financial income		0	1	1	55	56
Financial expenses		-156	-192	-465	-613	-805
Net exchange gain/(loss)		-4	-8	10	-63	-64
<b>Net financial items</b>	5	<b>-160</b>	<b>-199</b>	<b>-454</b>	<b>-621</b>	<b>-814</b>
<b>Profit/(loss) before tax</b>		<b>210</b>	<b>171</b>	<b>588</b>	<b>248</b>	<b>411</b>
Income tax expense		-48	-42	-134	-62	-102
<b>Profit/(loss) after tax</b>		<b>162</b>	<b>128</b>	<b>453</b>	<b>186</b>	<b>309</b>
<b>Profit/(loss) attributable to:</b>						
Parent company shareholders		162	128	453	186	309
Non-controlling interests		0	0	0	0	0
<b>Earnings per share (in NOK):</b>						
Basic		0,40	0,31	1,11	0,45	0,75
Diluted		0,39	0,31	1,10	0,45	0,75

## Consolidated statement of comprehensive income

All figures in NOK million

	2021 Quarter 3	2020 Quarter 3	2021 9 months	2020 9 months	2020 Full Year
<b>Profit/(loss) after tax</b>	<b>162</b>	<b>128</b>	<b>453</b>	<b>186</b>	<b>309</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	-43	40	-153	345	129
Hedging of currency risk in foreign operations	21	21	18	59	52
Tax attributable to items that may be reclassified to profit or loss		0		-11	-11
<b>Other comprehensive income</b>	<b>-22</b>	<b>61</b>	<b>-135</b>	<b>393</b>	<b>170</b>
<b>Total comprehensive income for the period</b>	<b>140</b>	<b>189</b>	<b>318</b>	<b>579</b>	<b>479</b>
<b>Total comprehensive income attributable to:</b>					
Parent company shareholders	140	189	319	579	479
Non-controlling interests	0	0	0	0	0

## Consolidated statement of financial position

All figures in NOK million

	Notes	2021 30 Sep	2020 30 Sep	2020 31 Dec
Deferred tax asset		279	224	323
Goodwill		801	854	824
Tangible and intangible assets		279	349	330
Investments in associated companies and joint ventures		298	358	349
Purchased loan portfolios	3,4,5	11 222	13 827	13 033
Loan receivables		209	284	235
Participation loan/notes	3	475	544	522
Other non-current financial assets		20	4	3
<b>Total non-current assets</b>		<b>13 583</b>	<b>16 444</b>	<b>15 620</b>
Other short-term assets		309	344	253
Collateral assets		1 192	907	873
Cash and short-term deposits		415	407	423
<b>Total current assets</b>		<b>1 916</b>	<b>1 658</b>	<b>1 549</b>
<b>Total assets</b>		<b>15 500</b>	<b>18 102</b>	<b>17 169</b>
Equity attributable to parent company's shareholders	7	5 030	4 817	4 718
Equity attributable to non-controlling interests		1	1	1
<b>Total equity</b>		<b>5 031</b>	<b>4 818</b>	<b>4 719</b>
Deferred tax liabilities		301	184	295
Long-term interest bearing loans and borrowings	6	8 031	11 180	10 116
Other non-current liabilities		75	142	131
<b>Total non-current liabilities</b>		<b>8 407</b>	<b>11 506</b>	<b>10 542</b>
Short-term interest bearing loans and borrowings	6	1 370	782	1 153
Bank overdraft	6	142	332	222
Account payables and other payables		176	241	154
Income taxes payable		21	53	39
Other current liabilities		353	371	339
<b>Total current liabilities</b>		<b>2 062</b>	<b>1 779</b>	<b>1 908</b>
<b>Total equity and liabilities</b>		<b>15 500</b>	<b>18 102</b>	<b>17 169</b>

## 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
<b>At 1 January</b>		<b>4 718</b>	<b>1</b>	<b>4 719</b>	<b>4 236</b>	<b>1</b>	<b>4 237</b>
Profit/(loss) after tax		453	0	453	186	0	186
Other comprehensive income		-135	0	-135	393	0	393
<b>Total comprehensive income</b>		<b>319</b>	<b>0</b>	<b>318</b>	<b>579</b>	<b>0</b>	<b>579</b>
Issue of share capital	7						
Share based payments		-6		-6	2		2
Dividend paid to parent company's shareholders							
Dividends to non-controlling interests							
<b>At 30 September</b>		<b>5 030</b>	<b>1</b>	<b>5 031</b>	<b>4 817</b>	<b>1</b>	<b>4 818</b>

## Condensed consolidated statement of cash flows

All figures in NOK million

	Notes	2021 Quarter 3	2020 Quarter 3	2021 9 months	2020 9 months	2020 Full Year
<b>Cash flows from operating activities</b>						
Profit for the period before tax		210	171	588	248	411
<b>Adjustment for non-cash items:</b>						
Amortisation/revaluation of purchased loan portfolios		563	884	2 066	2 213	2 743
Repossession of collateral assets		-93	-408	-433	-586	-619
Disposal of REOs sold, including write-downs		27	32	102	58	74
Share of profit in associated parties/joint ventures/participation notes	3	-20	-2	-62	-15	-45
Interest expense on interest bearing loans		160	191	459	609	796
Unrealised foreign exchange differences		-3	8	65	-48	-208
Other non-cash items		25	32	75	90	199
<b>Operating cash flows:</b>						
Income tax paid		-34	-16	-102	-83	-112
Change in working capital		-16	-22	-24	-87	-83
Change in non-current financial assets/liabilities		121	54	104	170	92
<b>Net cash from operating activities</b>		<b>940</b>	<b>923</b>	<b>2 838</b>	<b>2 570</b>	<b>3 248</b>
<b>Cash flows from investing activities</b>						
Purchase of loan portfolios	3, 4	-227	-311	-663	-1 318	-1 756
Investments/divestments in subsidiaries, joint ventures and associated companies		-28	17	28	50	64
Net investments in intangible and tangible assets		-10	-3	-24	-23	-45
Payment of contingent consideration		-14		-14	-22	-22
<b>Net cash from investing activities</b>		<b>-279</b>	<b>-297</b>	<b>-673</b>	<b>-1 314</b>	<b>-1 760</b>
<b>Cash flows from financing activities</b>						
Net receipts/(payments) on interest bearing loans and borrowings		-440	-728	-1 639	-889	-808
Interest paid on interest bearing loans & borrowings		-147	-179	-436	-562	-736
Termination of issued options		-10		-10		
<b>Net cash from financing activities</b>		<b>-597</b>	<b>-907</b>	<b>-2 085</b>	<b>-1 451</b>	<b>-1 544</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>64</b>	<b>-281</b>	<b>80</b>	<b>-195</b>	<b>-56</b>
Cash and cash equivalents at the beginning of the period		213	364	201	259	259
Exchange rate difference on cash and cash equivalents		-4	-7	-8	12	-2
<b>Cash and cash equivalents at the end of the period</b>		<b>273</b>	<b>75</b>	<b>273</b>	<b>76</b>	<b>201</b>
<i>Cash and cash equivalents comprised of:</i>						
Cash and short-term deposits		415	407	415	407	423
Bank overdraft		-142	-332	-142	-332	-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) is a debt solutions provider specialized in investing in, and the recovery of, non-performing debt portfolios in addition to providing third-party debt collection services. 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 third quarter ended 30 September 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](http://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 future<sup>1</sup>. 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 September 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 Condensed consolidated statement of cash flows has been changed (with comparable numbers for 3rd 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 September 2021 and 30 September 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.

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 pages 21-22.

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 3, 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	125	105	78	80		584
Net credit gain/(loss) from purchased loan portfolios	31	17	21	-28	-7		33
<b>Revenue from purchased loan portfolios</b>	<b>227</b>	<b>142</b>	<b>126</b>	<b>49</b>	<b>73</b>		<b>618</b>
Profit from shares in associated parties/joint ventures and participation loans/notes	1		3		17		20
<b>Total revenue from purchased loan portfolios</b>	<b>228</b>	<b>142</b>	<b>129</b>	<b>49</b>	<b>90</b>		<b>638</b>
Revenue from external collection	42	0	2	27	25		96
Revenue from loan receivables		21			0		22
Revenue from sale of collateral assets	1	0	10	2	27		40
Other operating revenues	8	0	5	6	3		23
<b>Total other revenues</b>	<b>51</b>	<b>22</b>	<b>18</b>	<b>35</b>	<b>55</b>		<b>181</b>
<b>Total revenues</b>	<b>279</b>	<b>164</b>	<b>147</b>	<b>84</b>	<b>145</b>		<b>819</b>
Cost to collect	-51	-58	-39	-33	-34		-215
Cost of collateral assets sold, including impairment		0	-8	-3	-16		-27
Cost other revenues	-34	-10	-4	-33	-41		-124
Administration and management costs	-6	2	-4	-2	-4	-48	-62
<b>EBITDA</b>	<b>188</b>	<b>97</b>	<b>90</b>	<b>14</b>	<b>50</b>	<b>-48</b>	<b>392</b>
Depreciation, amortisation and impairment losses	-3	-6	-2	-5	-4	-2	-21
<b>Operating profit (EBIT)</b>	<b>185</b>	<b>92</b>	<b>88</b>	<b>9</b>	<b>47</b>	<b>-50</b>	<b>370</b>

## Quarter 3, 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	219	143	142	88	96		688
Net credit gain/(loss) from purchased loan portfolios	2	18	-29	5	-10		-14
<b>Revenue from purchased loan portfolios</b>	<b>220</b>	<b>161</b>	<b>113</b>	<b>93</b>	<b>86</b>		<b>674</b>
Profit from shares in associated parties/joint ventures and participation loans/notes	3		-2		2		2
<b>Total revenue from purchased loan portfolios</b>	<b>223</b>	<b>161</b>	<b>111</b>	<b>93</b>	<b>88</b>		<b>676</b>
Revenue from external collection	43	0	0	31	7		81
Revenue from loan receivables		42			0		43
Revenue from sale of collateral assets	0	3	13	0	11		27
Other operating revenues	5	0	3	7	3		18
<b>Total other revenues</b>	<b>48</b>	<b>45</b>	<b>16</b>	<b>39</b>	<b>20</b>		<b>169</b>
<b>Total revenues</b>	<b>271</b>	<b>206</b>	<b>128</b>	<b>132</b>	<b>108</b>		<b>845</b>
Cost to collect	-60	-74	-45	-34	-50		-263
Cost of collateral assets sold, including impairment		-2	-18	0	-12		-32
Cost other revenues	-35	-14	-4	-42	-17		-112
Administration and management costs	-3	-1	-1	0	-1	-34	-41
<b>EBITDA</b>	<b>174</b>	<b>115</b>	<b>60</b>	<b>55</b>	<b>27</b>	<b>-34</b>	<b>398</b>
Depreciation, amortisation and impairment losses	-5	-9	-2	-6	-5	-2	-28
<b>Operating profit (EBIT)</b>	<b>169</b>	<b>106</b>	<b>58</b>	<b>50</b>	<b>23</b>	<b>-35</b>	<b>369</b>

**9 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	592	386	332	234	248		1 791
Net credit gain/(loss) from purchased loan portfolios	59	70	8	-74	-48		15
<b>Revenue from purchased loan portfolios</b>	<b>651</b>	<b>456</b>	<b>340</b>	<b>160</b>	<b>200</b>		<b>1 807</b>
Profit from shares in associated parties/joint ventures and participation loans/notes	4		6		52		62
<b>Total revenue from purchased loan portfolios</b>	<b>655</b>	<b>456</b>	<b>346</b>	<b>160</b>	<b>252</b>		<b>1 868</b>
Revenue from external collection	117	0	7	83	68		275
Revenue from loan receivables		72			1		73
Revenue from sale of collateral assets	2	2	83	9	45		140
Other operating revenues	15	0	12	21	8		56
<b>Total other revenues</b>	<b>134</b>	<b>74</b>	<b>101</b>	<b>113</b>	<b>122</b>		<b>544</b>
<b>Total revenues</b>	<b>789</b>	<b>530</b>	<b>447</b>	<b>273</b>	<b>373</b>		<b>2 412</b>
Cost to collect	-167	-188	-126	-112	-135		-729
Cost of collateral assets sold, including impairment		-2	-60	-9	-30		-102
Cost other revenues	-102	-31	-18	-100	-82		-333
Administration and management costs	-18	26	-15	-8	-9	-116	-140
<b>EBITDA</b>	<b>502</b>	<b>334</b>	<b>228</b>	<b>43</b>	<b>117</b>	<b>-116</b>	<b>1 108</b>
Depreciation, amortisation and impairment losses	-10	-18	-6	-14	-11	-7	-66
<b>Operating profit (EBIT)</b>	<b>491</b>	<b>317</b>	<b>222</b>	<b>29</b>	<b>107</b>	<b>-123</b>	<b>1 042</b>

**9 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	656	435	454	269	278		2 093
Net credit gain/(loss) from purchased loan portfolios	-24	5	-102	-46	-63		-231
<b>Revenue from purchased loan portfolios</b>	<b>632</b>	<b>440</b>	<b>352</b>	<b>223</b>	<b>215</b>		<b>1 862</b>
Profit from shares in associated parties/joint ventures and participation loans/notes	9		3		3		15
<b>Total revenue from purchased loan portfolios</b>	<b>641</b>	<b>440</b>	<b>355</b>	<b>223</b>	<b>218</b>		<b>1 877</b>
Revenue from external collection	115	0	1	91	23		230
Revenue from loan receivables		107			1		108
Revenue from sale of collateral assets	0	6	23	9	14		53
Other operating revenues	14	1	8	26	4		54
<b>Total other revenues</b>	<b>130</b>	<b>114</b>	<b>32</b>	<b>125</b>	<b>43</b>		<b>445</b>
<b>Total revenues</b>	<b>771</b>	<b>554</b>	<b>388</b>	<b>348</b>	<b>261</b>		<b>2 322</b>
Cost to collect	-185	-234	-145	-109	-151		-824
Cost of collateral assets sold, including impairment	0	-6	-27	-9	-16		-58
Cost other revenues	-110	-44	-14	-128	-55		-351
Administration and management costs	-10	-4	-4	-2	-4	-114	-138
<b>EBITDA</b>	<b>466</b>	<b>265</b>	<b>199</b>	<b>99</b>	<b>35</b>	<b>-114</b>	<b>951</b>
Depreciation, amortisation and impairment losses	-12	-26	-7	-17	-14	-5	-81
<b>Operating profit (EBIT)</b>	<b>454</b>	<b>240</b>	<b>192</b>	<b>82</b>	<b>22</b>	<b>-119</b>	<b>869</b>

**Quarter 3, 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	108	18	14	12	86		237
<b>Purchased loan portfolios, book value</b>							
Purchased loan portfolios	4 547	1 683	2 116	1 767	1 109		11 222
Participation loan/notes to SPVs for purchase of loan portfolios					475		475
Purchased loan portfolios held through joint venture <sup>1)</sup>	85		206		6		298
<b>Purchased loan portfolios at 30 September</b>	<b>4 632</b>	<b>1 683</b>	<b>2 322</b>	<b>1 767</b>	<b>1 591</b>		<b>11 995</b>

**Quarter 3, 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	163	45		5	51		264
<b>Purchased loan portfolios, book value</b>							
Purchased loan portfolios	5 339	1 971	2 935	2 140	1 442		13 827
Participation loan/notes to SPVs for purchase of loan portfolios					544		544
Purchased loan portfolios held through joint venture <sup>1)</sup>	106		244		7		357
<b>Purchased loan portfolios at 30 September</b>	<b>5 445</b>	<b>1 971</b>	<b>3 179</b>	<b>2 140</b>	<b>1 993</b>		<b>14 728</b>

<sup>1)</sup> Values stated reflects the Group's book value of investments in SPVs and joint ventures**9 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	337	138	26	20	129		650
<b>Purchased loan portfolios, book value</b>							
Purchased loan portfolios	4 547	1 683	2 116	1 767	1 109		11 222
Participation loan/notes to SPVs for purchase of loan portfolios					475		475
Purchased loan portfolios held through joint venture <sup>1)</sup>	85		206		6		298
<b>Purchased loan portfolios at 30 September</b>	<b>4 632</b>	<b>1 683</b>	<b>2 322</b>	<b>1 767</b>	<b>1 591</b>		<b>11 995</b>

**9 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	751	125		82	269		1 227
<b>Purchased loan portfolios, book value</b>							
Purchased loan portfolios	5 339	1 971	2 935	2 140	1 442		13 827
Participation loan/notes to SPVs for purchase of loan portfolios					544		544
Purchased loan portfolios held through joint venture <sup>1)</sup>	106		244		7		357
<b>Purchased loan portfolios at 30 September</b>	<b>5 445</b>	<b>1 971</b>	<b>3 179</b>	<b>2 140</b>	<b>1 993</b>		<b>14 728</b>

<sup>1)</sup> 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	2020	2021	2020	2020
	Quarter 3	Quarter 3	9 months	9 months	Full Year
Opening balance	11 597	14 280	13 033	13 420	13 420
Portfolio purchases in the period	237	264	650	1 227	1 664
Gross collection from purchased loan portfolios	-1 181	-1 559	-3 873	-4 075	-5 278
Interest income from purchased loan portfolios	584	688	1 791	2 093	2 765
Net credit gain/(loss) from purchased loan portfolios	33	-14	15	-231	-230
Exchange rate differences	-49	168	-395	1 393	692
<b>Closing balance</b>	<b>11 222</b>	<b>13 827</b>	<b>11 222</b>	<b>13 827</b>	<b>13 033</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. The calculated fair value of purchased loan portfolios as of 30 September 2021 is NOK 11,404m.

**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 estimates 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 3, 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	1	10	136	47	37		232
Collection above/(below) estimates	0	6	26	-4	1		30
Changes in future collection estimates	0	-7	-9	-9	1		-25
Net credit gain/(loss) from secured portfolios	0	-2	17	-13	2		5
<i>Unsecured portfolios:</i>							
Gross collection from purchased loan portfolios	468	238	85	42	117		949
Collection above/(below) estimates	31	18	3	-15	-7		30
Changes in future collection estimates	0	0	0	0	-2		-2
Net credit gain/loss from unsecured portfolios	31	19	3	-15	-9		29
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>31</b>	<b>17</b>	<b>21</b>	<b>-28</b>	<b>-7</b>		<b>33</b>

**Quarter 3, 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	10	478	80	64		635
Collection above/(below) estimates	2	5	432	16	27		482
Changes in future collection estimates	-1	-6	-444	-20	-23		-494
Net credit gain/(loss) from secured portfolios	1	-1	-12	-5	4		-13
<i>Unsecured portfolios:</i>							
Gross collection from purchased loan portfolios	479	241	56	49	99		923
Collection above/(below) estimates	17	19	-20	9	-7		18
Changes in future collection estimates	-15	0	4	0	-8		-19
Net credit gain/loss from unsecured portfolios	2	19	-16	9	-15		-1
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>3</b>	<b>18</b>	<b>-28</b>	<b>5</b>	<b>-11</b>		<b>-14</b>

**9 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	8	34	717	175	151		1 085
Collection above/(below) estimates	3	12	23	-60	-6		-28
Changes in future collection estimates	-3	-13	-12	24	6		3
Net credit gain/(loss) from secured portfolios	0	-1	12	-36	0		-26
<i>Unsecured portfolios:</i>							
Gross collection from purchased loan portfolios	1 314	767	245	129	333		2 788
Collection above/(below) estimates	72	73	0	-38	-43		64
Changes in future collection estimates	-13	-2	-4	0	-5		-24
Net credit gain/loss from unsecured portfolios	59	71	-3	-38	-47		41
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>59</b>	<b>70</b>	<b>8</b>	<b>-74</b>	<b>-48</b>		<b>15</b>

**9 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	6	30	852	254	162		1 304
Collection above/(below) estimates	2	14	634	55	68		773
Changes in future collection estimates	0	-27	-686	-80	-59		-852
Net credit gain/(loss) from secured portfolios	2	-13	-52	-25	9		-79
<i>Unsecured portfolios:</i>							
Gross collection from purchased loan portfolios	1 353	730	247	148	293		2 771
Collection above/(below) estimates	25	7	-26	-22	-48		-64
Changes in future collection estimates	-50	10	-24	1	-25		-88
Net credit gain/loss from unsecured portfolios	-25	17	-50	-21	-73		-152
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>-23</b>	<b>4</b>	<b>-102</b>	<b>-46</b>	<b>-64</b>		<b>-231</b>

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

The following table reconciles the difference between “Purchase of loan portfolios” in cash flow statement and other statements:

All figures in NOK million

	2021	2020	2021	2020	2020
	Quarter 3	Quarter 3	9 months	9 months	Full Year
Portfolio purchases in the period	-237	-264	-650	-1 227	-1 664
Change in prepaid amounts and amounts due on portfolio purchases	10	-47	-13	-91	-92
<b>Purchase of loan portfolios, cash flow statement</b>	<b>-227</b>	<b>-311</b>	<b>-663</b>	<b>-1 318</b>	<b>-1 756</b>

**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 2,238m) and Bridge facility (NOK 245m) as the loans are based on one to six months floating interest. The fair value (NOK 7,065m) of bond loans (level 1) were determined by obtaining quoted market prices for the bond loans from Refintiv EIKON. The carrying amount is NOK 6,917m. 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 positive NOK 0.5m and the fair value of the interest rate hedging derivatives was positive NOK 13m. The interest rate hedging ratio was 89%.

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 3	Quarter 3	9 months	9 months	Full Year
Interest income	0	0	1	1	1
Other financial income	-0	0	0	54	55
<b>Financial income</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>55</b>	<b>56</b>
Interest expenses	-162	-187	-486	-598	-786
Change in fair value of interest rate derivatives	7	-1	26	-5	-1
Interest expense on leases	-2	-2	-5	-7	-9
Other financial expenses	-0	-1	-0	-4	-9
<b>Financial expenses</b>	<b>-156</b>	<b>-192</b>	<b>-465</b>	<b>-613</b>	<b>-805</b>
Realised exchange gain/(loss)	10	-84	1	74	71
Unrealised exchange gain/(loss)	-19	82	29	-134	-162
Change in fair value of currency derivatives	5	-6	-19	-2	26
<b>Net exchange gain/(loss)</b>	<b>-4</b>	<b>-8</b>	<b>10</b>	<b>-63</b>	<b>-64</b>
<b>Net financial items</b>	<b>-160</b>	<b>-199</b>	<b>-454</b>	<b>-621</b>	<b>-814</b>

**NOTE 6 - INTEREST BEARING LOANS AND BORROWINGS**

All figures in NOK million

	30 September 2021		31 December 2020	
	Current	Non-current	Current	Non-current
Multi-currency revolving credit facility including Bridge	245	2 238		4 162
Bond loan	1 125	5 793	1 153	5 954
Bank overdraft	142		222	
<b>Total</b>	<b>1 512</b>	<b>8 031</b>	<b>1 375</b>	<b>10 116</b>

The Group is financed by a combination of multi-currency Revolving Credit Facility (RCF), Bridge Facility and Bond loans. At quarter end EUR 238m 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 347m.

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 <sup>1)</sup> NOK million
<b>At 31 December 2020</b>	<b>409 932 598</b>	<b>41</b>	<b>2 843</b>
<b>At 30 September 2021</b>	<b>409 932 598</b>	<b>41</b>	<b>2 843</b>
<b>At 3 November 2021 (date of completion of these interim condensed financial statements)</b>	<b>409 932 598</b>	<b>41</b>	<b>2 843</b>

1) Net proceeds after transaction costs

**NOTE 8 – SHARE BASED PAYMENTS**

In third quarter, 450,000 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 year of granting, with the first tranche vesting 30 June 2022. The options that have not been exercised will lapse by 30 June 2026.

Further, 6,000,000 share options were terminated in third quarter.

At the date of these interim financial statements there are 10,610,000 share options outstanding.

**NOTE 9 – SUBSEQUENT EVENTS**

The Board of Directors has decided to distribute a cash dividend of NOK 0.15 per share based on the financial year of 2020.

The Board of Directors has decided to initiate a repurchase of shares from 8 November 2021 to end of March 2022. The share buy-back programme is limited to the repurchase of 10 million shares, up to an aggregated amount of NOK 90 million.

## 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 the 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 the 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 3	Quarter 3	9 months	9 months	Full Year
<b>Total revenues</b>	819	845	2 412	2 322	3 174
Adjust for cost of collateral assets sold, including impairment	-27	-32	-102	-58	-78
<b>Net revenues</b>	<b>792</b>	<b>813</b>	<b>2 310</b>	<b>2 264</b>	<b>3 095</b>
<b>Operating profit/(loss)</b>	370	369	1 042	869	1 224
Non-recurring items	15		-5	14	22
<b>Adjusted EBIT</b>	<b>385</b>	<b>369</b>	<b>1 037</b>	<b>883</b>	<b>1 246</b>
<b>Operating profit/(loss)</b>	370	369	1 042	869	1 224
Add back depreciation, amortisation and impairment losses	21	28	66	81	113
<b>EBITDA</b>	<b>392</b>	<b>398</b>	<b>1 108</b>	<b>951</b>	<b>1 338</b>
<b>Total revenues</b>	819	845	2 412	2 322	3 174
Add back amortisation/revaluation of purchased loan portfolios	563	884	2 066	2 213	2 743
Adjust for repossession of collateral assets	-93	-408	-433	-586	-619
Adjust for profit from shares in associated parties/joint ventures and participation loan/notes	-20	-2	-62	-15	-45
Add cash received from shares in associated parties/joint ventures and participation loan/notes	63	29	141	121	150
<b>Cash revenue</b>	<b>1 332</b>	<b>1 348</b>	<b>4 125</b>	<b>4 054</b>	<b>5 403</b>
<b>Operating profit/(loss)</b>	370	369	1 042	869	1 224
Add back amortisation/revaluation of purchased loan portfolios	563	884	2 066	2 213	2 743
Add back depreciation and amortisation	21	28	66	81	113
Adjust for repossession of collateral assets	-93	-408	-433	-586	-619
Add back for cost of collateral assets sold, including impairment	27	32	102	58	78
Adjust for profit from shares in associated parties/joint ventures and participation loan/notes	-20	-2	-62	-15	-45
Add cash received from shares in associated parties/joint ventures and participation loan/notes	63	29	141	121	150
<b>Cash EBITDA</b>	<b>931</b>	<b>932</b>	<b>2 922</b>	<b>2 740,99</b>	<b>3 646</b>

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

### Equity Ratio

All figures in NOK million

	2021 30 Sep	2021 30 Jun	2021 31 Mar	2020 31 Dec
<b>Total assets</b>	15 500	15 825	15 873	17 169
<b>Total equity</b>	5 031	4 900	4 626	4 719
<b>Equity ratio</b>	<b>32,5 %</b>	<b>31,0 %</b>	<b>29,1 %</b>	<b>27,5 %</b>
<b>Total assets</b>	15 500	15 825	15 873	17 169
Excluding IFRS 16 right-of-use asset	-85	-95	-103	-117
<b>Total assets excl IFRS 16 right-of-use asset</b>	15 415	15 730	15 770	17 052
<b>Equity ratio</b>	<b>32,6 %</b>	<b>31,2 %</b>	<b>29,3 %</b>	<b>27,7 %</b>

### Total Loan to Value

All figures in NOK million

	2021 30 Sep	2021 30 Jun	2021 31 Mar	2020 31 Dec
Bond loan (nominal value) <sup>1)</sup>	6 950	6 955	6 834	7 159
Revolving Credit Facility (nominal value) <sup>1)</sup>	2 280	2 752	3 342	3 999
Bridge Facility (nominal value) <sup>1)</sup>	250	250	250	250
Contingent consideration (earn out)	17	30	30	31
Vendor loan	18	13	27	23
FX Derivatives (MTM)	-0	5	-3	-20
Net cash balance including overdraft	-274	-214	-402	-201
<b>Total loan</b>	<b>9 241</b>	<b>9 792</b>	<b>10 079</b>	<b>11 241</b>
Purchased loan portfolios	11 222	11 597	11 772	13 033
Investment and participation in joint ventures <sup>2)</sup>	773	836	803	870
Other assets <sup>3)</sup>	2 141	2 114	1 987	1 914
<b>Book value</b>	<b>14 136</b>	<b>14 547</b>	<b>14 562</b>	<b>15 817</b>
<b>Total Loan to Value % (TLTV)</b>	<b>65,4 %</b>	<b>67,3 %</b>	<b>69,2 %</b>	<b>71,1 %</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" 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 "collateral 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 amortisation and revaluation of purchased loan portfolios, depreciation, amortisation and impairment of tangible and intangible assets and cost of collateral assets sold, adjusted for repossession of collateral assets and the difference between cash received and recognised profit 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 and adjusted for repossession of collateral asset and the difference between cash received and recognised profit 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 excluding Administration and management costs and not related to the collection of B2Holding's purchased loan portfolios.

### Cost to collect

Cost to collect is all external and internal operating costs related to the collection of B2Holding's purchased loan portfolios.

### 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/valuation.

**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

B2HOLDING ASA

**Head office**

Postal address:

PO Box 1726 vika

0121 Oslo

Norway

Visiting address:

Stortingsgaten 22, 7th floor, Oslo

Tel: +47 22 83 39 50

E-mail: [post@b2holding.no](mailto:post@b2holding.no)