

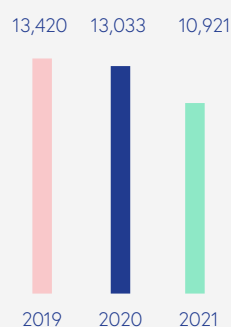
# Annual report 2021



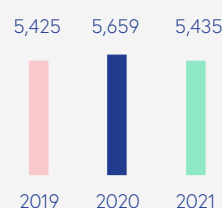
# Contents

03	_____	This is B2Holding
06	_____	Message from the CEO
08	_____	The share
12	_____	Risk management
26	_____	Sustainability report
59	_____	Corporate governance
71	_____	Directors' report
82	_____	Board of Directors
84	_____	Financial statements
153	_____	Responsibility statement
154	_____	Auditor's report
159	_____	Alternative performance measures

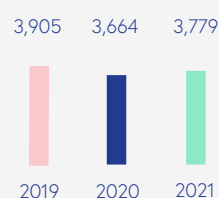
## Key Figures



Book value of portfolios (NOKm)



Gross collections\* (NOKm)



Cash EBITDA\*\* (NOKm)

# 19,918

NOKm

Estimated Remaining Collections (ERC)\*  
Sum of all future periods gross expected cash flow from purchased loan portfolios

# 8.4

Million claims\*

# 165,381

NOKm

Face value of acquired portfolios\*  
Unpaid balances plus accrued interest and fees

# 1,979

FTEs  
Number of employees converted to full-time posts

## Key Financial Figures

(NOK million)	2021	2020
Total operating revenues	3,155	3,174
Operating profit (EBIT)	1,308	1,224
Profit/(loss) after tax	573	309
Net interest-bearing debt	9,067	11,068
Total assets	15,315	17,169
Equity ratio	33 %	28 %
Basic earnings per share (EPS)	1.40	0.75

\*Including the Group's share of portfolios purchased and held in SPVs and joint ventures

\*\*Cash EBITDA 2020 is restated to exclude non-recurring items

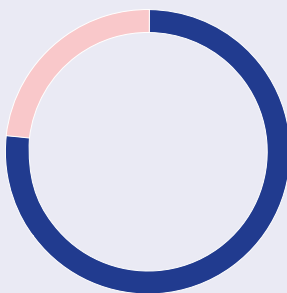
## This is B2Holding .....

### A PROFESSIONAL AND RELIABLE DEBT SPECIALIST

B2Holding is a leading pan-European debt investor and servicer. Our vision is to become the leading trusted partner that actively re-shapes the credit management industry.

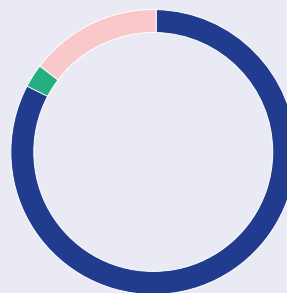
Through our business solutions we contribute to handling society's debt problems, bridging the gap that defaulted debt represents in the credit chain. Our business is about people and creating shared value for business and society. Being a socially responsible creditor and a trusted solution provider for our partners are fundamental in our way of doing business.

Estimated Remaining Collections (ERC)



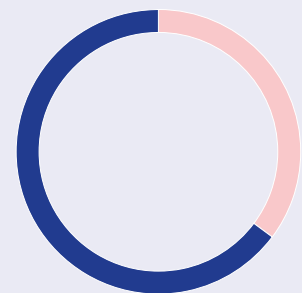
● Unsecured 78 %  
● Secured 22 %

Revenue split



● NPL portfolio income, total 75 %  
● Profit from shares and participation loan/notes in associated companies and joint ventures 3 %  
● Other operating revenues 22 %

Gender distribution (FTEs)



● Male 35 %  
● Female 65 %

### BUSINESS LINES

The Group's main business lines are Unsecured and Secured Asset Management. The markets are allocated according to their dominant ERC asset class and expected market potential.

#### Unsecured markets:

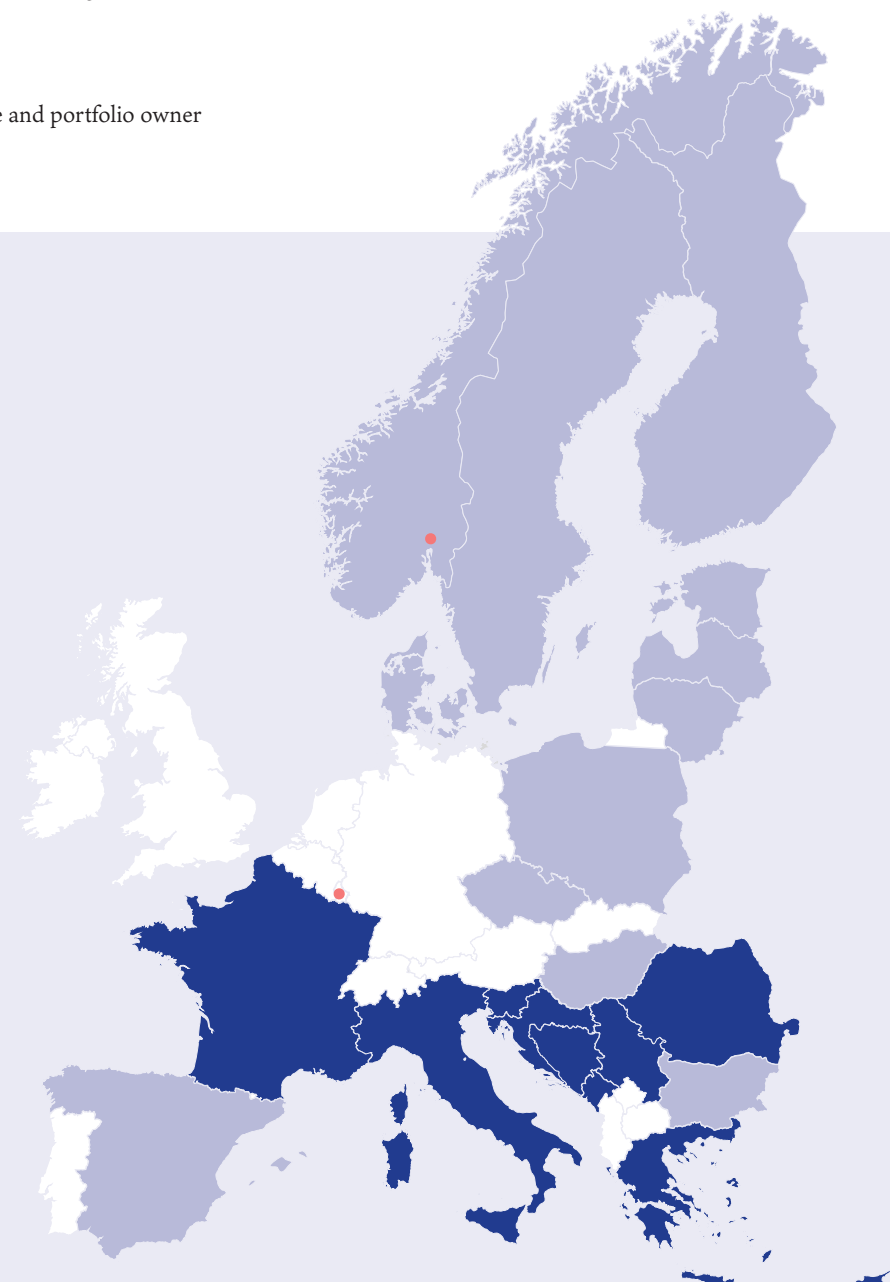
Norway, Sweden, Denmark, Finland, Estonia, Latvia, Lithuania, Poland, Spain, Bulgaria, Czech Republic, Hungary

#### Secured markets:

Italy, France, Romania, Greece, Cyprus, Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro

### OFFICES

- Norway, Head office in Oslo
- Luxembourg, Investment office and portfolio owner

- 
- Secured market
  - Unsecured market
  - Oslo and Luxembourg office

## Well positioned for the future

2021 was the year when extraordinary became the new normal. We turned challenges into opportunities, and during the year we have built a stronger company and a solid foundation for the future.

2021 was another year where society was largely impacted by the pandemic and the return to normal life was postponed repeatedly. Despite a challenging environment with periodic lockdowns and government restrictions, we managed to deliver stable good results throughout the year. We coped well together as an organisation and continued the established routines for hybrid and remote work, and our employees have responded to the challenges in a fantastic manner. It makes me proud to lead an organisation with employees showing agility and willingness to adapt. We are nevertheless grateful to see that the pandemic is developing in a positive direction, providing hope that we are approaching the end.

Throughout 2021 the Group's focus on scalability and maintaining costs at a sustainable lower level continued, both by the means of general cost discipline as well as targeted optimization actions implemented in selected markets.

In February this year, we announced an agreed non-recourse senior financing with PIMCO, one of the largest asset managers and capital providers in the world with strong experience and competence within non-performing assets. The agreement with PIMCO is an important step in supporting our long-term strategy to increase our servicing revenues in the coming years, and we believe this will set the grounds for a mutually beneficial cooperation going forward. The ability to co-invest with others is crucial to achieve necessary scale especially within the secured part of our business.

Sustainability has also been an area of strong focus during 2021. We see that ESG strategy and sustainability reporting is becoming ever more important, and especially within the social pillar we have a responsibility. As such, it is encouraging that our efforts to become more sustainable is acknowledged by external experts resulting in significantly



We have focused on deleveraging and strengthening our balance sheet to be well prepared for what we believe will be an improved market going forward.

improved ESG ratings. In the Sustainalytics rating published in November 2021, we placed among the top one 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. This commits us and encourages us to continue our sustainability efforts.

B2Holding's mission to bridge the gap in the credit chain caused by non-performing loans (NPL) is at the core of what we do. During 2021 we observed good collections and recoveries, but we were also conscious of the financial impact the pandemic has caused for many and to treat our customers with respect. Adopting payment plans that enables our customers to manage their debt problems has been a crucial part of our collection strategy throughout the pandemic. The economic crisis caused by the pandemic is likely to trigger an increase in NPLs as moratoriums are lifted, and we have observed a significant increase of stage 2 loans through the pandemic. European Banks also confirm that the prudential backstop introduced in 2019 will increase loss coverage for NPLs going forward, and this will create strong incentives for banks to sell more frequently. Going forward, we will play an important role in the financial ecosystem to help avoid the creation of new NPLs in European banks which could reduce volume of new credits.

The low volume of portfolios acquired in 2021 was mainly a result of low volumes coming to market, coupled with a conservative approach to not price portfolios aggressively in a period where competition has been high in several portfolio auctions. We have rather focused on deleveraging and strengthening our balance sheet to be well prepared for what we believe will be an improved market going forward.

## OUTLOOK FOR 2022

Going into 2022, we see an improving pipeline which signals a more normalized market this year. With a strong balance sheet, and one of the lowest leverage ratios in the industry, we are well positioned to take part in what we believe will be a more active market.

Though, as we finalise this report, the world is witnessing the terrible war in Ukraine and a humanitarian crisis developing in Europe. The war introduces new uncertainty to the outlook for Europe and B2Holding. Our thoughts are with all the innocent people affected and I am humbled by our local employees in the neighbouring countries of Ukraine, who have organized humanitarian efforts and travelled to the border to help the refugees. To show our support as a company, we chose to donate to the UN Refugee Agency with its large organization to support refugees with supplies, emergency relief and responding to needs of vulnerable refugees all over Europe. We are closely monitoring the macroeconomic and geopolitical developments related to the war as there is still low visibility on how this will affect our business and our everyday life in 2022.

Finally, I would like to thank all our shareholders, bond holders and other stakeholders for the continued trust you show us. I would also like to express my gratitude towards all our employees for their hard work and the great results delivered in another unusual year. We are entering 2022 with a good momentum and we are excited about the opportunities ahead.

Oslo, 26 April 2022

**Erik J. Johnsen**  
Chief Executive Officer



# 01

## The share

B2Holding is committed to open and transparent communication with the market. Through dialogue with shareholders, investors, analysts and with the financial market in general, B2Holding aims to create and achieve long term value growth for the shareholders.



## The share .....

B2Holding ASA has been listed on Oslo Stock Exchange since 8 June 2016 with the ticker code B2H. The share is included in Oslo Stock Exchange Benchmark index ("OSEBX").

### 2021 SHARE DATA

Based on the last trade on 30 December 2021, which was at NOK 10.36, B2Holding's market capitalization was NOK 4,247 million as of the same date. The highest closing price quoted during the year was NOK 11.28 on 11 November 2021, and the lowest closing price was NOK 6.88 on 11 January 2021. During 252 trading days in 2021, a total of 200,092,277 B2Holding ASA shares were traded. The average daily trading volume of the B2Holding ASA shares on the Euronext Oslo Stock Exchange in 2021 was 794,017, equivalent to 0.19 % of the total number shares.

### SHARE CAPITAL

At year-end 2021, B2Holding's share capital amounted to NOK 41 million, divided among 409,932,598 shares and corresponding to a nominal value of NOK 0.10 per share. There is one class of shares and all shares are treated equally. The shares are freely negotiable and with equal rights to vote and equal entitlement to B2Holding's profit and dividend.

### OWNERSHIP STRUCTURE

The number of shareholders was 5,388 per year-end 2021, a 4.33 % decrease from 5,632 at year-end 2020. According to the shareholder register maintained by the Norwegian Central Securities Depository (VPS), 93.29 % of B2Holding's shares are owned by Nordic investors.

Approximately 66 % (72 % in 2020) of the share capital was owned directly or indirectly by private individuals or families and the remaining 34 % (28 % in 2020) was owned by institutional investors (financial investors or funds under management).

### DIVIDEND

The Board of Directors considers applicable legal restrictions, capital expenditure requirements, the financial conditions, general business conditions and contractual obligations when assessing the company's ability to pay dividends. The amount of dividend approved by the Annual General Meeting, shall not exceed the amount recommended by the Board of Directors.

The dividend was NOK 0.15/share for the financial year 2016, NOK 0.30/share for the financial year 2017, NOK 0.45/share for the financial year 2018 and NOK 0.15/share for the financial year 2020. Due to the uncertainty associated with the Covid-19 pandemic, no dividend was paid for 2019.

The Board of Directors has proposed a dividend of NOK 0.42 per share for the financial year 2021, corresponding to 30 % of the net profit. Based on the last price paid on 30 December 2021 (NOK 10.36), the proposed dividend represents a dividend yield of 4.1 %.



## Shareholders per 31.12.2021

% of total share	Investor
12.91	PRIORITET GROUP AB
12.54	RASMUSSENGRUPPEN AS <sup>1)</sup>
6.34	VALSET INVEST AS
6.00	STENSHAGEN INVEST AS
5.16	DNB MARKETS AKSJEHANDEL/-ANALYSE
3.73	VERDIPAPIRFONDET ALFRED BERG GAMBAK
2.12	DUNKER AS
2.00	RUNE BENTSEN AS
1.90	VERDIPAPIRFONDET ALFRED BERG NORGE
1.60	VERDIPAPIRFONDET DNB NORGE
1.55	VERDIPAPIRFONDET STOREBRAND NORGE
1.50	VPF DNB AM NORSKE AKSJER
1.42	GREENWAY AS
1.33	SKANDINAVISKA ENSKILDA BANKEN AB
1.11	VERDIPAPIRFONDET ALFRED BERG AKTIV
0.85	LIN AS
0.72	B2HOLDING ASA
0.69	RANASTONGJI AS
0.69	VERDIPAPIRFONDET DNB SMB
0.68	VJ INVEST AS
35.17	OTHER
<b>100.00</b>	

1) Total shareholdings of Rasmussengruppen AS includes shareholdings of its fully owned subsidiaries Portia AS, Cressida AS and Viola AS

## Ownership structure per 31.12.2021

Size class	No of shares	Capital/votes %	No of owners	Owners %
1 - 1,000	929,609	0.2	2,428	45.1
1,001 – 10,000	7,683,221	1.9	2,006	37.2
10,001 – 100,000	25,068,144	6.1	727	13.5
100,001 – 1,000,000	48,276,477	11.8	168	3.1
1,000,001 – 5,000,000	89,977,847	21.9	45	0.8
5,000,001 – 10,000,000	54,969,029	13.4	8	0.1
10,000,001 – 53,000,000	183,028,271	44.6	6	0.1
<b>Total</b>	<b>409,932,598</b>	<b>100.0</b>	<b>5,388</b>	<b>100.0</b>

## Geographical distribution of shareholders per 31.12.2021

	%
Norway	78.06
Sweden	14.29
United States	2.26
Ireland	1.15
United Kingdom	1.05
Luxembourg	0.72
Finland	0.54
Denmark	0.41
Others	1.52
<b>Total</b>	<b>100.00</b>



# 02

## Risk management

B2Holding's approach to risk management is to proactively manage risks in order to ensure sustainable profits and value generation for all the Company's stakeholders.

# Risk management

B2Holding ASA (“the Company”) is the parent company of the B2Holding consolidated group of companies described as “the Group” or “B2Holding”. The Risk management report is an integral part of the Directors’ report.

B2Holding has continued focusing on risk management during 2021 by strengthening the Risk function and developing independent, centralized asset valuation capacity. The Enterprise Risk Management framework is gradually being rolled out across the Group’s jurisdictions to facilitate analysis and monitoring of significant risks and to enable the Group’s management at all levels to more easily identify and quantify the risk factors that may negatively affect the Group’s profitability and sustainability, while at the same time strengthening internal controls and governance.

## B2HOLDING RISK MANAGEMENT FRAMEWORK

B2Holding is implementing risk management principles based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Enterprise Risk Management (ERM) framework with the overriding objective to achieve improved governance, drive operational excellence and achieve enhanced value for all stakeholders.

The components and principles of the COSO ERM framework that B2Holding is actively embedding across the Group are transforming the business into a risk aware organization.



**Governance & Culture**

1. Exercises Board Risk Oversight
2. Establishes Operating Structures
3. Defines Desired Culture
4. Demonstrates Commitment to Core Values
5. Attracts, Develops, and Retains Capable Individuals

**Strategy & Objective-Setting**

6. Analyzes Business Context
7. Defines Risk Appetite
8. Evaluates Alternative Strategies
9. Formulates Business Objectives

**Performance**

10. Identifies Risk
11. Assesses Severity of Risk
12. Prioritizes Risks
13. Implements Risk Responses
14. Develops Portfolio View

**Review & Revision**

15. Assesses Substantial Change
16. Reviews Risk and Performance
17. Pursues Improvement in Enterprise Risk Management

**Information, Communication, & Reporting**

18. Leverages Information and Technology
19. Communicates Risk Information
20. Reports on Risk, Culture, and Performance

Source: COSO Enterprise Risk Management Framework

At B2Holding, the risk framework is underpinned by key principles which define internal expectations on risk management with all employees expected to apply these principles in

their daily work, promoting risk ownership and management where it arises. Risk management principles are grouped into categories as follows:

Dimension	Definition	Principle and Objectives
<b>1. Strategic</b>	Risks linked with the overall business plan, organisational structure, culture, competition, and macro and political environment.	Build a strong vision, strategy and product offering that enables the Company to grow profitably aligned with its strategic objectives. Lead by example, create a culture that promotes loyal and ethical behaviour aligned with company values and stakeholders' expectations.
<b>2. Financial</b>	Risks linked to financial losses, impacting the overall financial results, including liquidity, currency and interest rates, credit, investments, and tax.	Build a strong, transparent, and auditable financial position that enables the Company to plan and optimise its financial resources, meet financial obligations, and grow profitably.
<b>3. Operations</b>	Risks linked with failed internal processes and procedures, people's actions, systems or from external events including legal and compliance.	Deliver exceptional service that meets and exceeds targeted operational expectations. Create operational efficiencies, build company resiliency, auditability, transparency, and processes optimisation.

The risk governance structure is overseen by the Board of Directors ("the Board") through the Audit Committee, owned by the CEO and headed by the Chief Risk Officer with appointed risk managers from local entities.

The Group Risk function works with local risk managers to correctly identify and assess risks, challenge risk assessments and act as a consultant to support a clear and transparent risk mapping process.

#### FUNCTIONAL DESCRIPTION OF EFFECTIVE RISK MANAGEMENT AND CONTROL

The business operations as Risk owners, the Risk and Compliance functions and the Internal Auditor are the key actors of risk control framework of the B2Holding Group.

1. The first function comprises the business operations responsible for the risks they take. This entails responsibility for daily risk management and compliance with Group's internal policies and external regulations.
2. The second function comprises the Risk and Compliance functions responsible for independent risk monitoring, management support and control.
3. The third function comprises the Internal Auditor which ensures proper functioning of the first and second functions.

During 2021, the Group has worked to strengthen its internal governance with better structure and increased oversight implemented in the portfolio revision process and within the secured assets perimeter, including re-organisation of key functions and decision-making committees.

The work to strengthen the Group's governance model will continue in 2022, with new guidelines, processes and policies covering a broader range of the business.

#### RISK STRATEGY AND APPETITE

The Group's core business is to generate profitable returns through controlled exposure to credit risks in the form of acquiring and managing non-performing loans. Therefore, the Group actively pursues this type of risk which inherently carries the highest potential impact on the income statement and balance sheet. As such, there is an increased central focus on this area of risk, with particular emphasis and oversight on the portfolios acquisition process, performance management and reporting.

Risks such as liquidity, operational and market risk should be minimized but balanced, as far as it is economically justifiable, following internal policies and guidelines. Other types of risk such as management, regulatory and reputational risk are addressed through the Group's governance and compliance policies.

**PRINCIPAL RISKS**

Principal risks are identified through the Group-wide risk framework or through incidents raised. All material risks raised are discussed at periodic senior management meetings with mitigating actions defined and implemented, and with improvements actively monitored by the Group Risk function.

The risks are grouped into three broad categories: strategic, financial and operations. The tables below summarize the key risks and mitigants B2Holding is exposed to. Environmental, Social and Governance (ESG) risks are addressed in the Sustainability report which constitute an integrated part of the Directors' report.

Risk Type	Description	Mitigation
<b>Strategic Risks</b> - Risks linked with the overall business plan, organisational structure, culture, competition and macro and political environment.		
Management risk	B2Holding operates in multiple countries with different competitive and regulatory landscapes and historically operated a decentralised model. This may give rise to different types of risks as local entities have different operating models and different levels of maturity.	<p>A more centralised model strengthening Group level functions and oversight has progressed well in 2021 with key management appointments, such as a new Chief Investment Officer and Chief Data and Analytics Officer.</p> <p>During 2021, the Company has progressed well on updating and harmonising policies, processes and procedures and has continued to work on creating synergies, optimisation and greater governance and oversight control. This work will continue in 2022.</p> <p>Aim: More standardised and unified business operating model, greater financial control mechanisms, local operations supported to a larger extent by Group knowledge and competence.</p>
Competition risk	The risk of increased competition in purchasing NPL portfolios, pricing pressure and lower returns accepted by competitors may adversely affect operations and profitability.	<p>Management monitors the competitive environment by regularly monitoring the countries' opportunity pipeline and horizon scanning for suitable transactions to pursue and these are taken into consideration during the decision-making process.</p> <p>The Group uses local collection and servicing platforms with established positions and experience, providing in-depth local knowledge of the markets. The local platforms are supported by dedicated Group resources in key business areas, such as investment pricing, portfolio management, operations, IT and others. In 2021, the Group has secured a long-term investment partnership, which allows future opportunistic participation in multiple portfolio investments with reduced capital requirements, whilst benefitting from additional servicing earnings.</p>

**Macroeconomic and political risk**

B2Holding operates in multiple countries and is therefore implicitly exposed to different economic and political regimes.

Changes in the economic and political environment may negatively impact B2Holding's ability to collect from portfolios acquired or competitively price these.

The Group maintains an on-going dialogue with the local management teams and conducts regular checks on the macroeconomic and political development of each market.

The Group uses external market research and data to actively monitor the macroeconomic trends in each country. The market and macroeconomic analyses and insights are incorporated into Group's strategic considerations.

**Climate Risk**

Assessing and combating climate risk has become an important topic on the agenda for B2Holding, with both the Management and the Board committed to minimise the Group's carbon footprint and address relevant risks arising due to climate change and actively support transitioning to Net-Zero.

B2Holding has conducted an internal assessment on climate risk following the industry-standard TCFD (Task Force on Climate-related Financial Disclosures) framework using an external consultancy organization in conjunction with the Management. The outcome of the workshop graded the climate impact as low.

However, B2Holding expects that regulatory climate-related risk exposure will increase in markets where B2Holding is present.

Going forward, B2Holding expects to integrate and embed climate risk into the ERM framework across the organisation and to manage high impact risks at management level.

**Financial Risks - Risks linked to financial losses, impacting the overall financial results, including liquidity, currency and interest rates, credit, investments, and tax.****Liquidity risk**

B2Holding is dependent on access to financing, from banks, financial institutions, and from the capital markets through the issuance of bonds and share capital to have sufficient liquidity available to meet its contractual obligations.

The Group's capacity to assume risk is determined by the Board of Directors.

B2Holding's policy is to always have liquidity available to cover the contractual financial forward flows and outstanding binding portfolio investment offers, operating within bank and financing covenants restrictions.

The capital threshold for equity in the loan agreements is set at a minimum consolidated book equity ratio of 25 %.

Liquidity risk is monitored by the Group's Treasury function and reported monthly to the Board of Directors.

B2Holding works actively to maintain good relationships with the financing banks, financial institutions, bond investors and credit rating agencies.

#### Currency and interest rate risk

B2Holding is exposed to fluctuations in exchange and interest rates. These risks can affect the earnings and financing costs as B2Holding's accounts are denominated in NOK, whilst a large part of the Group's business is carried out in Euros and other local currencies.

To mitigate the currency risk the Group uses a multicurrency bank facility (borrowing in EUR, SEK, PLN) and has bond loans denominated in Euros to effectively establish natural hedging. For most countries, investments, revenues, and operating expenses are denominated in local currencies. Therefore, currency fluctuations have a relatively minor effect on operating earnings within the relevant country which limits transactional exposure.

However, portfolios acquired in specific countries such as Croatia, the Czech Republic, Bulgaria and Romania are financed in Euros due to limited possibilities for medium and long-term hedging arrangements when borrowing in those currencies. Croatia and Bulgaria have pegged their currency to the Euro.

Translational exposure to FX exists since the Group reports its consolidated numbers in NOK, while the majority of the Group's activities generate revenue and expenses in other currencies.

Transactional FX risk is also adversely impacted by the existence of the head office in Norway which results in operating expenses incurred in NOK without a revenue stream originating in NOK to offset them.

B2Holding is exposed to changes in interest rates since the Group's debt has an element of floating interest rate. The Group employs hedging strategies that enable B2Holding to, within certain limits, hedge its interest exposure and hence monitor and reduce overall interest rate risk exposure.

Currency and interest rates exposure are regularly monitored with hedging arrangements assessed and modified in accordance with the Group's Treasury policies to continuously minimise these risks.

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#### Credit risk

The risk of losses arising from customers not repaying principals or interest accrued or counterparties not meeting their contractual obligations.

For B2Holding, this refers mainly to receivables arising from acquired NPL portfolios, cash and cash equivalents, and outlays on behalf of clients.

NPL portfolio risks are addressed under investments risk.

For cash and cash equivalents, these are deposited with established banks where the risk of loss is remote. For counterparty risks, the Group deals primarily with known counterparties with good creditworthiness.

Credit risk is analysed, monitored, and controlled by the local entities management and strengthened by additional oversight from the Group controlling units.

**Investment risk**

B2Holding invests in NPL portfolios and then tries to make a profit from these investments by assuming all rights and risks arising from these transactions.

The Group needs access to a pipeline of NPLs that it can invest in at rates of return that are attractive to the Group.

The risk on this type of business is that losses may be incurred by over-estimating collections or the timing of them, or by under-estimating the costs to collect.

Therefore, it is crucial for the Group's business to achieve an overall rate of collections above that reflected in the prices paid.

While B2Holding believes that the recoveries on the Group's loan portfolios will be in excess of the amount paid, amounts recovered may be less than targeted.

B2Holding buys NPL portfolios at discounted prices and therefore the risk is partially mitigated through pricing and expected returns. Furthermore, the Group's assets are diversified both in terms of asset classes (secured, unsecured) and geographical location across more than 20 countries.

Access to NPLs is dependent on supply (banks and credit institutions wanting/having to sell), reputation (license to operate, i.e. wanting to sell to B2Holding), and pricing being attractive to B2Holding (competitiveness, risk appetite, WACC etc.). In order to be competitive, the Group focuses on efficiency and effectiveness, scalability and operational synergies.

All acquisitions are based on careful valuations to predict future net collections and are strictly governed via the Group investment process which was strengthened in 2021. Improvements include improved Group oversight by way of the introduction of a new Chief Investment Officer, improvement of central processes, and by the introduction of independent valuations led by Group Risk in particular for large or non-standard investments. Improvements have led to a more transparent assessment of investment risk and upskilling of internal resources.

B2Holding actively works to reduce underwriting risk through continuous improvements in processes, tools, and competences, to extract and maximise value from the Company's proprietary databases of historical NPL purchases and performance.

In 2021, the Group has initiated a project to further standardise and unify valuation principles across countries, thereby improving efficiency and controls and ultimately reducing portfolio valuation risk. This is part of the Group's data-driven transformation programme and is expected to go live within 2022.

**Tax risk**

Changes in domestic and international direct and indirect tax laws may result in financial losses or increased expenses for the Group, related to investments and on the operational level.

B2Holding's policy is to always engage the services of external tax advisors for large and complex transactions in order to ensure these are properly assessed and managed.

**Operational Risks** - Risks linked with failed internal processes and procedures, people's actions, systems or from external sources which includes legal and compliance.

<p><b>Data Protection Risk</b></p>	<p>The operations are dependent on a large amount of information containing personal data.</p> <p>Risk arises from human error, non-compliance with the internal policies or external regulations, or inappropriate processes and procedures implemented including internal control.</p>	<p>B2Holding Group has implemented and enforces the General Data Protection Regulation (GDPR) requirements, including the local legislation applied in all countries where the Group has business operations. Appropriate and suitable safeguards including technical measures have been implemented to protect personal data and to safeguard the rights and freedoms of the data subjects.</p> <p>B2Holding prioritizes privacy and has restricted and controlled access to personally identifiable information. The overriding principle is that, in accordance with applicable regulations, B2Holding only processes personal data for which the Company has legal grounds to do so and are necessary for its operations.</p> <p>In 2021, the Company's personal data management processes and policies were improved across the Group and its local subsidiaries.</p> <p>The Group and local entities have appointed Data Protection Officers who regularly monitor and assure GDPR compliance.</p> <p>All employees are trained regularly and at a minimum annually in GDPR and privacy rules and are expected to follow these established rules, including the reporting of any breaches to their respective Data Protection Officer.</p> <p>In 2021, no investigations have been conducted nor have any sanctions been imposed against any B2Holding legal entity by any European government authorities responsible for the application of and compliance with GDPR. Additionally, all demands from the data subjects were executed in accordance with the requirements and deadlines set out in the GDPR.</p>
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**Regulatory risk**

The Group depends on authorisations and licenses from different authorities in order to operate. Risk arises from non-compliance or breaches to existing processes and procedures implemented.

Regulatory changes can also influence the markets and local operations, either in a positive or in a negative way.

The Group complies with applicable rules and regulations in all jurisdictions where it operates. Adherence to license requirements and potential regulatory changes are managed and monitored by the relevant local operations and reported to Group on a regular basis. The Group also monitors regulatory changes and developments relevant to its industry, sector, and operations via open dialogue with the local senior management teams.

On a quarterly basis all business units file Compliance and GDPR reports which allow the Group to ensure transparency and oversight, amongst other things over regulatory changes that may impact the business data and compliance breaches acknowledged, whistleblowing reports investigated, audits conducted, etc.

A risk analysis is conducted across the Group in order to identify, monitor and mitigate the potential risks related to Compliance, GDPR, Information Security and Business Continuity Management.

In March 2021, the Market Abuse Regulation (MAR) entered into force under Norwegian law. This implied several important changes in the new market abuse rules. These changes impact B2Holding ASA as a listed entity on the Oslo Stock Exchange (Euronext). These changes have been addressed and B2Holding's Instructions for Handling Inside Information and the Rules for Primary Insiders have been updated accordingly.

In November 2021, the EU NPL Directive was approved by the EU Parliament. Member States have until the end of 2023 to transpose it into their local legislation. The transposition and implementation of this Directive in the EU jurisdictions where the Group operates will duly be closely monitored during the upcoming years in order to ensure timely compliance with the new requirements.

In particular, this will be addressed at the local level by co-operating with policymakers and by actively participating in industry associations that develop standards and best practices and by promoting the role of the industry in supporting the health and viability of the financial system.

**Reputation risk**

A good reputation is crucial to B2Holding's long-term sustainability, allowing it to operate as a viable company, in particular since the Company deals with debt collection activities and its customers need to trust B2Holding in order to positively engage with the Company. It is therefore crucial to B2Holding that its customers are always fairly treated.

The Group places great emphasis on reputation and relationships with all stakeholders: clients, customers, employees, board members, investors authorities and suppliers.

Employees are expected to comply with the Group values and Code of Conduct, as well as with the principles, rules and processes foreseen in Group Policies and procedures.

The Group is currently establishing a Collection Management Framework which will be implemented across the Group in 2022.

The Group expects its Business Partners to comply with these ethical standards, principles and behaviours when conducting business with or on behalf of B2Holding.

All Business Units have a Compliance function which closely follows up on collection practices and internal standards to ensure that good ethical practices are applied throughout the Group.

**IT functionality and security risk**

The Group depends on accessible and well-functioning IT systems. Interruptions and errors in business-critical systems can pose risks to the operations and Company reputation.

Although strict protocols are implemented there is always a risk of illegal infringement and access to the systems, giving unauthorised access to information, loss of data through malicious software or illegal exploitation on the Company's behalf through phishing.

IT functionality and security risks are managed through a combination of technical and administrative controls, security training and regular checks and monitoring of systems. This is carried out at both local entity and Group level. For Group functions, centralised logging and prevention of intrusion is in place.

In 2021, the Group has strengthened cyber security vulnerability scanning applicable to both Group and local environments.

In 2021, B2Holding also started a program to upgrade the Group IT Architecture, Governance and Security. These measures will be carried forward to 2022 and are forward looking, using the latest technology available on the market to support future business growth.

**Corruption risk**

The Group's employees face corruption, bribery, and money laundering attempts. The Group's employees may face corruption, bribery and money laundering attempts.

Therefore, there is a risk that employees will use their position of power in order to benefit themselves, or to influence decision makers.

B2Holding also faces being exploited to money laundering from criminal activities through insufficient knowledge of clients or through the payment of transactions undertaken.

B2Holding applies a zero-tolerance policy to corruption and bribery and this is reflected in the Code of Conduct and in B2Holding's values. B2Holding also takes a firm stand against Money Laundering (ML) and Terrorist Financing (TF) as outlined in the Group AML, TF and Sanction policy.

The fight against Money Laundering, which is closely related to other forms of serious and organised crime as well as to the financing of terrorism, has become a global priority over recent years. At the EU level, this is translated into the AML Package presented by the EU Commission in July 2021.

To minimise these risks, B2Holding collects information about clients and their shareholders, as well as about customers, and has local Know Your Counterparty (KYC) policies in place. Where required, customers are screened against the relevant sanction lists.

The Group is currently finalizing the Group Third Party Assessment Policy and working on the Anti-Bribery and Corruption (ABC) Policy. These Group Policies will set minimum standards for all Business Units of the Group.

To ensure compliance with the principles, rules and processes foreseen in the EU Whistleblowing Directive, which had to be transposed by EU Member States into local legislation by 17 December 2021, B2Holding implemented a Group Whistleblowing Policy and a Whistleblowing channel for all business units across the Group.

This channel has been set up in collaboration with an external service provider and ensures confidentiality and anonymous reporting.

Whistleblowing Functions have been appointed locally and at the Group level in order to handle Whistleblowing reports and to conduct investigations. The Whistleblowing functions have been trained and all employees have completed a mandatory e-learning training on Whistleblowing.

Employees are expected to report suspected cases of corruption, bribery, money laundering or any other illegal activities using the Whistleblowing channel.

**Employee risk**

The employees are crucial to B2Holding's success. The Group is committed to attracting and retaining competent and motivated employees and managers to avoid the risk that strategic goals cannot be achieved. Key individual dependency also represents a risk for business continuity.

B2Holding puts a strong emphasis on common values, engagement and continuous development and growth. The Group measures and monitors employee engagement annually. This survey gives important insight to the Group's work on harmonising and strengthening programs dedicated to promoting employee loyalty and retention. The Group works actively to promote employee development and established a common Learning Management System during 2021.

All Group entities have Employment and Training policies which are compliant with local laws and regulations, and all entities monitor and manage their employee turnover ratios.

Efforts to reduce key individual dependency is amongst other measures, reduced through succession planning and via the automation of work processes.

**EXTERNAL ONGOING RISKS: COVID-19 PANDEMIC**

During 2021, the Covid-19 pandemic continued to impact the economies of the countries where B2Holding operates. The Group also saw a migration to a “new normal”, with governments dealing with the pandemic primarily through vaccination programs and social distancing measures rather than hard lockdowns.

B2Holding’s primary concerns are the well-being of its employees and ensuring business continuity. Therefore, the Group and its business units always follow local government restrictions and regularly update working recommendations based on the rate of infections and local restrictions.

Throughout 2021, flexible working methods with a combination of office and home-based working practices continued and this is expected to continue even after Covid-19 restrictions are lifted since this is not deemed to affect operational risks to a significant degree.

**EMERGING EXTERNAL RISKS: RUSSIA-UKRAINE WAR**

On 24 February 2022, Russia commenced a large-scale military invasion of Ukraine. In response to the invasion, the West has moved swiftly to impose unprecedented broad-based sanctions targeting Russia. Sanctions are subject to rapid changes, and it is possible that additional direct and indirect sanctions may be imposed triggering economic implications. The war has created a significant uncertainty in the market and the outcomes are at this stage difficult to predict with accuracy.

B2Holding does not have any operations or employees in Ukraine or Russia. However, B2Holding has four business entities in countries which share borders with Ukraine and six business entities in countries that share borders with Russia. B2Holding is well diversified, and as at 31 December 2021, the book value in countries sharing borders with Ukraine stood at 19 %, whilst the book value in countries sharing borders with Russia (mainly Finland and Poland) stood at 34 % of the total B2Holding assets respectively. Out of the B2Holding countries bordering with Russia, all but Finland are members of the NATO.

B2Holding’s priority is to ensure the health and safety of its employees in the neighbouring countries, and to honour its commitments to investors and business partners while ensuring compliance with sanctions against Russia.

B2Holding book value exposure to countries with significant Russian gas or trade dependency is limited. As at 31 December 2021, countries with significant Russian gas dependency or trade ties with Russia as per internal analysis stood at 7.9 % of book value.

A potential economic impact of the war on B2Holding is consequences of increased inflation (above pre-war forecasts) due to higher energy and food prices, which may lead to higher costs and lower household disposable incomes for the debtors. This is mitigated by the majority of B2Holding cash flows coming from legal collection streams. Additionally, improved credit quality coming from lower interest rate caps and tighter lending conditions introduced during the Covid-19 pandemic should lead to more resilient performance on recent investments. Significant government-led fiscal measures introduced and/or announced in all EU economies in 2021 to curb inflation and improve the financial standing of lower income groups are expected to help mitigate inflation risk.

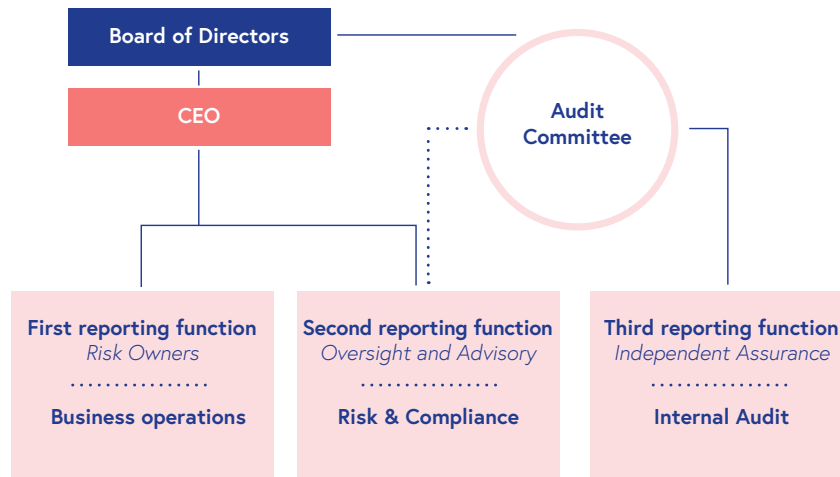
Other potential risks for B2Holding include rising interest rates due to inflationary pressures, and tighter future funding conditions if volatility persists.

B2Holding has adequate liquidity position to meet its investment appetite in 2022.

B2Holding’s operations are working at full capacity. The Group plans to continue to invest in a prudent and disciplined manner across its markets and within the desired risk-return profile.

B2Holding is actively monitoring the war and the resulting economic developments. At this stage the baseline scenarios indicate a limited risk for B2Holding, however the full impact on B2Holding business activities is uncertain and may change in the event of significant escalation.

ILLUSTRATION OF THE FUNCTIONAL ORGANIZATION OF EFFECTIVE RISK MANAGEMENT AND CONTROL



- The three functional responsibilities provide clear separation of internal functions:
  - Business operations
  - Independent support (Risk, Compliance, Corporate Governance) and
  - Independent assurance (Internal Audit)
- The Risk function has a dual reporting line to the CEO and the Board (Audit Committee)
- The objective of the second reporting function is to protect company value at key decision making moments and to support the executive management and the Board with unbiased risk assessment

↓

**Key Risk Indicators:**  
 Diversification  
 Underwriting quality  
 Performance  
 Operations, culture & conduct

Key Risk Indicators are set and monitored in cooperation with the Board

- Asset concentrations
- Valuation accuracy
- Performance
- Operational & compliance incidents

# 03

## Sustainability report

- 27 \_\_\_ CEO Statement
- 28 \_\_\_ Sustainability in B2Holding
  - 29 \_ B2Holding's Commitments
  - 30 \_ ESG management
  - 32 \_ ESG strategy
- 36 \_\_\_ ESG performance
  - 37 \_ Social
  - 40 \_ Governance
  - 43 \_ Environment
- 45 \_\_\_ Annexes incl. GRI Index



## CEO Statement

In 2021, the Covid-19 pandemic continued to have a big impact on societies around the world, with lockdowns, travel restrictions and isolation requirements affecting everyone's lives. B2Holding has continued to prioritise employees and customers in its response to the pandemic to ensure that they receive the support needed. The procedures and protocols that were introduced in 2020 have proved resilient throughout the pandemic and we have managed to ensure both safe working conditions and continuing operations.

I would once again like to express my gratitude to all B2Holding Group's employees for their efforts throughout the pandemic. I am proud of how our employees have handled the challenges presented during this time and how they have contributed to limiting the operational impact of the pandemic on B2Holding.

As we are writing this report there is a new humanitarian crisis developing in Europe with the Russian invasion of Ukraine. B2Holding has several countries bordering the conflict area and have supported the refugees through a donation to the UN Refugee Agency in addition to local initiatives such as special guidelines for customers impacted by the war and voluntary work. We are closely following the development of the war and considering measures for the longer term.

In 2021, B2Holding has progressed its commitment to becoming a truly sustainable company. The Group's main achievements in this regard were to confirm the sustainability strategy with the Board of Directors and committing to the Science Based Targets initiative (SBTi). We believe that everyone, including the private sector, plays a role in transitioning to net-zero, that committing to using targets that meet SBTi's criteria is the best way to achieve it, and that it is robust and valuable for the shareholders.

B2Holding's sustainability strategy will not only contribute to achieving the SBTi commitment, but also its broader sustainability ambitions, which include social, governance and environmental issues. The strategy until 2023 focuses on developing the Company's performance in four key areas. The goals have been developed through a mapping of our impact to the UN Sustainable Development Goals (SDGs) and a

desire to be a company that acts responsibly towards society.

Ethical and responsible collections have always been the core of our approach to business. The pandemic has shown that this is more important than ever. We take our responsibility seriously which is why B2Holding became a member of the UN Global Compact in the beginning of 2021. The Group has committed to the Ten Principles of the Compact and incorporates them into its strategies, policies and procedures.

Going into 2022, we are in a stronger position than ever to achieve our sustainability goals. We have been ranked as the number one company in our sub-industry of consumer finance by Sustainalytics and are assessed to have negligible ESG risk. In addition, our ESG reporting rating from the ESG100, provided by The Governance Group, has risen from E to C on the scale from F to A+, demonstrating that we are maturing in this area. This provides us with a strong foundation to continue our sustainability journey.

This sustainability report has been prepared based on the Global Reporting Initiatives (GRI) standards, the Euronext ESG Guidelines for listed companies and reporting requirements set out in Section 3-3c of the Norwegian Accounting Act. These help us to become more transparent and provide measurable sustainability reporting.

**Erik J. Johnsen**  
Chief Executive Officer

# Sustainability in B2Holding

B2Holding’s core values are the heart and soul of the Group. The values guide employees in their work and are a common language that clearly demonstrate B2Holding’s culture. Furthermore, the values describe the behaviours and attitudes of the Group and contribute to achieving its vision and mission.

### B2HOLDING BELIEVES IN

- **Agility:** The Group seeks to gain new knowledge and grow. Through constant development, the Group is able to adapt quickly and effectively to changing environments and to the needs of its business partners. B2Holding focuses on solutions, not problems.
- **Integrity:** B2Holding follows the highest ethical principles and does the right thing in all situations. The Group stands for what is right and speaks up in the event of misconduct. It is honest, responsible, accountable, and dedicated, even when challenged. Integrity is the foundation upon which the Group builds trust.
- **Diversity:** B2Holding believes that a multicultural, inclusive, and diverse work environment is an asset. The Group values and respects people of different backgrounds and experiences. B2Holding creates a culture where everyone is welcome.
- **Excellence:** The Group always contributes to the best of its abilities and encourages colleagues to do the same. The Group is committed to continuous improvement. B2Holding drives change and strives to find better ways of doing things. Technology and digitalization are at the top of the agenda to increase efficiency and foster a culture of innovation.
- **Responsibility:** B2Holding is committed to society and the environment. The Group goes beyond compliance and is accountable for its actions.



## B2HOLDING'S COMMITMENTS



Since 2021, B2Holding has been committed to the UN Global Compact corporate sustainability initiative and its principles in the areas of Human Rights, Labour, Environment and Anti-Corruption. The principles are implemented through internal policies and B2Holding's Code of Conduct, which supports the fundamental goal of building and sustaining long-term relations with all stakeholders by maintaining high ethical standards in every decision made.



B2Holding supports public accountability and transparency and has therefore committed to report on its progress within one year of joining the UN Global Compact and annually thereafter in the form of a Communication on Progress (COP) regarding the implementation of the ten principles. The Group's first COP was published in 2021.

B2Holding recognises that businesses play a key role in achieving the 17 Sustainable Development Goals (SDGs) put forth by the United Nations in 2015. The Group's main contribution as a debt solution provider lies in creating value for society by handling non-performing loans and supporting customers (debtors) in solving their payment challenges, enabling them to return to the financial system.

B2Holding has identified the following SDGs as areas where it can have a meaningful and sustainable impact:

	SDG target	B2Holding's commitment
	5.1: End all forms of discrimination against all women and girls everywhere.	B2Holding is committed to increasing diversity and ensuring equal opportunities for all its employees.
	8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, (...)  8.8: Protect labour rights and promote safe and secure working environments for all workers (...)  8.10: Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance, and financial services for all.	B2Holding is committed to protecting labour rights and ensuring secure and safe working environments within its own operations, as well as to uphold the same requirements throughout its value chain. In 2022, B2Holding will take additional measures to ensure effective implementation of the UN Guiding Principles on Business and Human Rights as well as the Norwegian Transparency Act.  B2Holding commits to continuously work to improve the treatment of debtors and debtor satisfaction through corporate standards and complaint management processes. Additionally, B2Holding seeks to improve efficiency in collection processes and ensure good quality standards in order to accelerate the process of reintroducing debtors in the financial value chain.



10.3: Ensure equal opportunity and reduce inequalities (...)

Financial inclusion and fair treatment of labour is at the very core of B2Holding's business. B2Holding continuously seeks to reintroduce debtors in the financial value chain by providing sound financial advice.

Furthermore, B2Holding is committed to increase diversity and ensure equal opportunities for all its employees.



13.2: Integrate climate change measures into (...) policies, strategies and planning

B2Holding maps its own emissions as well as its indirect emissions throughout its value chain. B2Holding is committed to set science-based targets in line with Science Based Targets initiative criteria.



16.5: Substantially reduce corruption and bribery in all their forms

B2Holding has zero tolerance for corruption or bribery as laid out in its policies on Anti-Corruption and Anti-Money Laundering, and through its Whistleblower mechanism. B2Holding continuously seeks to strengthen its legal compliance and transparency in all of its operations.

16.6: Develop effective, accountable, and transparent institutions at all levels

## ESG MANAGEMENT

### MANAGEMENT AND GOVERNANCE OF ESG

The Group analyses the needs and requests of its stakeholders by conducting materiality analyses and has established a set of minimum KPIs to assess performance. Furthermore, the Group is committed to report significant changes and progress related to its implementation of sustainability on its website.

In line with the Norwegian Code of Practice for Corporate Governance ("the Code") and new recommendations updated on 14 October 2021, the Board of Directors (the Board) considers the sustainability of the Company's objectives, strategies, and risk profiles. The Code's objective is to ensure that considerations of sustainability are closely linked with the Company's activities and value creation. Furthermore, the Norwegian Accounting Act requires that companies provide information on matters relating to the environment, social issues, the working environment, equality and non-discrimination, respect for human rights, and anti-corruption and bribery. The Board identifies and assess which aspects of sustainability are relevant to the Company. In 2021, B2Holding updated its materiality assessment in line with the

requirements of the GRI standards. As such, the Company is confident that its approach to managing sustainability risks and opportunities is compliant with both legal requirements and good practice.

The Head of Corporate Development is responsible for ESG within the Company. In 2021, The Board has organised and authorised the Corporate Sustainability Integration Committee (CSIC) as a committee reporting to the CEO. Led by the Head of Corporate Development, the CSIC comprises members from B2Holding's business lines, human resources, risk, compliance, and finance. The CSIC ensures that the Group's ESG strategy is anchored and implemented throughout the organisation. Furthermore, all Group entities have an appointed local sustainability ambassador to support and lead local initiatives, in addition to harmonizing with Group initiatives.

In 2021, B2Holding developed and implemented its Sustainability Policy which has been approved by the Board. The policy sets out B2Holding's standards for how it intends to work with sustainability and how it expects its employees and representatives to conduct themselves. The policy will be reviewed periodically to ensure that B2Holding is doing its best in this area.

B2Holding has several policies governing how the Group works with sustainability issues:

- Sustainability Policy
- Environment and Sustainability Procurement Statement
- Labour and Human Rights Statement
- Responsible marketing and sales Statement
- Supplier Diversity Statement
- Political and Religious involvement Statement
- Business Partner Code of Conduct
- Related Party Transaction Policy
- Health and Safety Statement
- Customer Fair Treatment Policy
- Code of Conduct
- Compliance Policy
- Whistleblower Policy
- Anti-Corruption Policy
- Anti-Money Laundering, Counter Terrorist Financing and Sanction Policy
- GDPR Policy
- Instructions for Handling Inside and Confidential Information

- Investment Approval Policy
- Group Transaction Team memo - Covid-19 and contractual impact
- Tax Policy
- Transfer Pricing Policy
- Information Security Policy

#### ADAPTATION TO ESG DEMANDS

B2Holding is increasingly experiencing requests for ESG related information and disclosures from its stakeholders. During 2021, the Group has focused on adopting relevant ESG standards, integrating processes and routines, and developing a strategic direction for the Company, as well as identifying and improving its performance against different ESG ratings.

The new GRI standard was published late 2021. In line with the Group's transparency commitment it has made an effort to report and disclose performance based on the new standard that will be mandatory with effect from 2023.

**TCFD** | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

**ESG 100**

How the largest 100 companies on the Oslo Stock Exchange report on ESG



**Preparing for the EU Taxonomy Regulation**

B2Holding is closely monitoring the EU’s work on Sustainable Finance. The new legislative and non-legislative actions introduced in the European Green Deal and the EU Sustainable Finance Action Plan will require financial market participants and companies to consider and disclose how they are working with sustainability in a new and standardized manner.

The EU Taxonomy, a cornerstone of this work, establishes a classification system with criteria for which economic activities can be considered environmentally sustainable. Large companies will be required to disclose to what extent their turnover, investments and operational costs align with the EU Taxonomy criteria. Going forward, B2Holding plans to analyse and disclose how the Group’s operations align with the EU Taxonomy. B2Holding will also assess how the framework can be used for internal risk management, financial planning, and strategy processes.

**Materiality Assessment**

In 2021, B2Holding updated its materiality assessment to align with the new GRI standards. The assessment was carried out through interviews with external and internal stakeholders, with the help of an independent third party.

Following the review, the following topics emerged as material for B2Holding:

- Fair treatment and satisfaction of customers
- Cybersecurity and data privacy
- Ethical behaviour and anti-corruption
- Training and development
- Responsible acquisition of portfolio and partnerships
- Human rights
- Diversity and inclusion
- Employee health and wellbeing
- Climate change

Over 2021, B2Holding has performed different stakeholder meetings as included in annex 4, stakeholder engagement on page 58.

**ESG STRATEGY**

To support the sustainability ambitions, B2Holding developed an ESG strategy in 2021. The strategy guides the Group’s ESG work and includes measurable targets that allow tracking goal achievements. The goals were developed to align with the SDGs in the areas where B2Holding can have meaningful and sustainable impact.

The strategy is divided into four strategic lines, which represent B2Holding’s ESG priorities. These are:



All strategic lines has their own set of goals and targets and are linked to B2Holding’s material topics. The Group will track and report on its progress in reaching the targets. The current strategy will run until 2023, at which point B2Holding will assess its implementation and develop a new strategy.

**LINE OF ACTION:  
SATISFACTION AND IMPROVEMENT OF  
THE KNOWLEDGE ABOUT THE CUSTOMERS**

The strategic line seeks to maintain a culture where B2Holding ensures the fair treatment and satisfaction of customers. To achieve this, the following goals and targets have been set:

Material topic	Goals	Targets
Fair treatment and satisfaction of customers (debtors)	Improve debtor satisfaction	Develop and implement debtor survey, establish baseline and develop targets for improvement (9 countries)
	Improve efficiency in the collection process and ensure good quality standards	Increase ratio of debtors reintroduced to the financial chain by 50 %

**LINE OF ACTION:  
RESPONSIBILITY IN THE VALUE CHAIN**

The strategic line includes the responsible acquisition of portfolios and partnerships, as well as human rights and has set the following goal and targets:

Material topic	Goals	Targets
Responsible acquisition of portfolios and partnerships	Integrate ESG criteria throughout the value chain	ESG requirements applied in 100 % of portfolio acquisitions
Human rights	Carry out effective human rights due diligence	Identify salient human rights issues
		Create communication channels with impacted people

**LINE OF ACTION:  
ATTRACTIVE AND SUSTAINABLE  
WORK ENVIRONMENT**

The strategic line includes diversity and inclusion, training and development and a safe and sustainable work environment and includes the following goals and targets:

Material topic	Goals	Targets
Diversity and inclusion	Increase diversity and equal opportunities within the company	Increase female representation in C-1 by 2 % in local entities
		Zero gender pay gap in all employment categories by 2025
Training and development	Foster talent development among employees	100 % of employees receiving performance and career development reviews at least once a year
		Annual hours of training per employee rate at 20 hrs/employee
Safe and sustainable work environment	Reduce environmental impact	Reduce total GHG emissions in line with SBTi
	Increase employee satisfaction and wellbeing	Maintain level of employee engagement at score level between 80-100
		Decrease voluntary turnover by 23 %

**LINE OF ACTION:  
TRANSPARENT AND CREDIBLE  
MANAGEMENT OF ESG**

The strategic line includes ethical behaviour and anti-corruption, risk and resilience, corporate governance, adaptation to ESG demands, credibility and transparency, and cyber-security and data privacy, and includes the following goals and targets:

Material topic	Goals	Targets
Ethical behaviour and anti-corruption	Strengthen legal compliance in all operations	Zero corruption  Annual compliance training for all employees
Risk and resilience	Strengthen management of ESG risks	Maintain negligible risk rating for Sustainalytics on the ESG risk rating scale ranging from negligible risk (0-10) to severe risk (40+)
Corporate governance	Strengthen management and governance of ESG issues	Develop and implement group wide ESG related policies: ESG policy, human rights policy, environmental policy, diversity policy, responsible supplier policy, responsible acquisition policy
Adaptation to ESG demands	Integration of ESG standards throughout operations	Train 100 % employees on ESG topics
Credibility and transparency	Increase transparency and credibility of ESG	Implement ESG software reporting tool
Cybersecurity and data privacy	Strengthen cybersecurity and data privacy	Annual audit on data privacy and cybersecurity

## ESG Performance

ESG in numbers

# 74

Percentage of portfolio acquisitions where ESG requirements have been applied

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# 100

Percentage of employees with training in whistleblowing, Code of Conduct and GDPR

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# 80

of 100 on employee engagement index

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# 9.3

Sustainalytics rating (negligable risk 0-10)

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# 0

Incidents of corruption

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# 0

Security breaches

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# 67

Percentage of women in the workforce (head count)

## SOCIAL

### SATISFACTION AND IMPROVEMENT OF THE KNOWLEDGE ABOUT CUSTOMERS

#### Fair treatment and satisfaction of customers

Fair treatment of B2Holding's customers (debtors) is at the very core of its business model. The customer is responsible for any delays in payment, however the consequences shall not be unreasonable. It is B2Holding's responsibility to ensure that the collection process does not cause unreasonable outcomes. Additionally, B2Holding often engages with people in vulnerable situations and considers it a responsibility to treat customers with understanding, respect and dignity. During 2021, the Group has continued the implemented Covid-19 pandemic measures and dedicated resources across the Group to help those in vulnerable situations. The business units have adapted their collection strategies, offering payment solutions to accommodate vulnerable groups and those especially affected by the pandemic.

These commitments guide B2Holding's behaviour and are stated in its Code of Conduct, as well as in its values. The Head of Operations within each business unit is responsible to ensure that operations are in line with Group policies, guidelines and standards, whilst the final responsibility lies with the Head of Unsecured Asset Management and the Head of Secured Asset Management who are responsible for the respective business lines and with members of the Group Executive Management (the Management).

B2Holding's principal mean to ensure good outcomes for all parties, including satisfaction of customers, is to find amicable solutions whenever possible. Through amicable solutions, the Group considers the customer's current financial situation whilst collecting repayments within a reasonable timeframe.

The main goal of B2Holding's services is to help the customers solve their indebtedness situation by paying their debts. The Company has different payment solutions and plans in place and can measure the impact on the health and safety of the services it provides. In 2021, the Group measured this information and found that 5.7 % of total customer claims were fully repaid (debt free). It is the Group's intention to get further details in 2022 by measuring not only fully repaid debt but also those customers who are reducing their debt balance with partial payments or payment plans.

B2Holding has established monthly internal Quality and Auditing Controls in 50 % of its entities (11 out of 22 entities), where it reviews calls and other actions performed for customers in order to assess how it is implementing its commitments. Of all audited calls and actions in 2021, 89 % comply with B2Holding's standards.

B2Holding continues to roll out customer surveys to collect feedback on its services. In 2021, 14 % of the Group's operations had implemented and carried out such surveys. Of the customers surveyed, an average of 83 % were satisfied with the services.

Complaints received in 2021 from customers concerning rights, disagreements, or non-conformity represented 0.17 % of cases during the reporting period. Complaints are handled on a daily basis by following the collection guidelines in the respective local entity.

KPI	2021	2020
% of claims fully repaid (debt free)	5.7 %	N/A
Quality and Auditing Controls <sup>1)</sup>	89 %	98 %
Customer satisfaction survey <sup>2)</sup>	83 %	98 %

1) In 2020, 45 % of the Group's operations were covered by a Quality and Auditing Controls system. This figure increased to 50 % in 2021.

2) In 2020, 10 % of the Group's business units performed customer satisfaction surveys. This figure increased to 14 % in 2021. In the beginning of 2022, it has been implemented in two additional countries with the goal to implement in the majority of B2Holding's entities during 2022.

### ATTRACTIVE AND SUSTAINABLE WORK ENVIRONMENT

#### Employee health and wellbeing

B2Holdings considers the health and wellbeing of its employees to be essential in delivering high quality services, as well as to attract and retain talent. Sick leave is generally high in the industry and this is an issue the Group is striving to tackle. The high absence rate can partly be explained by the nature of call centres, which can be a monotonous yet stressful work environment with pressure in both quality and quantity of calls. Therefore, B2Holding approved its Health and Safety Statement in 2021, which outlines B2Holding's commitment to treat the wellbeing and health of the Group's employees as a priority. This includes fostering and promoting a health and safety culture among all employees, providing an appropriate and safe working environment to employees and visitors, encouraging training on health and safety issues, and conducting systematic reviews to ensure that health and safety policies are being implemented correctly.

In order to fully understand how the wellbeing of the employees can be improved, the Group annually conducts a Group-wide engagement survey. The survey monitors engagement levels by giving the employees an opportunity to

share their opinions anonymously. The aim of the survey is to identify areas for improvements within the organisation, and the managers use the results to discuss improvement areas with their teams and to develop action plans together.

B2Holding considers work-life balance to be important and the Group is always striving to improve its performance in this area. Although only 43 % of the Group's entities have work-life balance measures in place, all entities have different measures accessible to employees that support work-life balance to some extent, such as flexible working hours and work-from-home policies.

KPI	2021	2020
Share of business units with a work-life balance plan in place	43 %	27 %
Professional sick leave ratio <sup>3)</sup> (excluding parental leave)	0.03	5.30
Accident frequency rate <sup>4)</sup>	0.45	0.30
Employee satisfaction (Engagement index)	80/100	80/100
Turnover rate	23 %	35 %
Voluntary turnover rate	16 %	13 %

3) Professional sick leave ratio calculated as total number of days lost of employees due to an in-work accident with sick leave and professional illness over the time period/total number of annual working hours x 1,000.

4) Accident frequency rate calculated as total number of accidents at work with sick leave over the time period/total number of annual working hours x 200,000

### Diversity and inclusion

B2Holding believes that a diverse workforce contributes a wider range of ideas and initiatives, driving innovation and enhanced performance. The Group aims for its employee composition to reflect the wider society. B2Holding believes that combining different competencies and perspectives results in better quality of debt collection services, both for clients and customers.

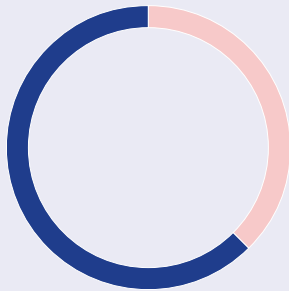
B2Holding seeks to ensure equal opportunities to all individuals, regardless of gender, ethnicity, or age. The company emphasises the need to ensure gender diversity, particularly in top management positions, as well as to properly disclose any existing pay gap. If pay gaps are revealed, great efforts shall be dedicated to reducing any such difference. In 2021, the Group performed an analysis of pay gap showing an overall 6.6 % pay gap in favour of male employees. This analysis can also

provide a more detailed segmentation regarding functions and location and will be followed up by implementing changes the coming years in areas necessary.

KPI	2021	2020
Share of women in management (C-0 and C-1 level)	46 %	49 %
Share of women in the workforce (head count)	67 %	65 %
Number of nationalities in the workforce	45	42
Share of Business Units with diversity and inclusion policy in place	38 %	21 %

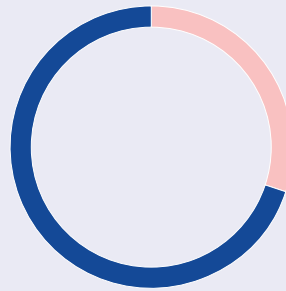


Board members by age group



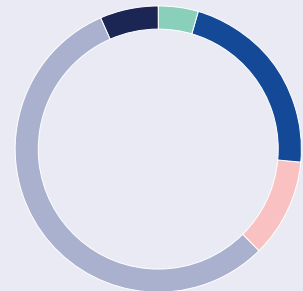
<span style="color: green;">●</span> <30 yrs	0 %
<span style="color: orange;">●</span> 30 – 50 yrs	43 %
<span style="color: blue;">●</span> >50 yrs	57 %

Group Management by age group



<span style="color: green;">●</span> <30 yrs	0 %
<span style="color: orange;">●</span> 30 – 50 yrs	30 %
<span style="color: blue;">●</span> >50 yrs	70 %

Origin of employees



Number of countries per continent	
<span style="color: black;">●</span> Africa	5
<span style="color: blue;">●</span> Asia	3
<span style="color: grey;">●</span> Europe	25
<span style="color: orange;">●</span> North America	2
<span style="color: green;">●</span> South America	10

### Training and development

B2Holding seeks to treat its clients and customers with trust and respect, as well as to provide sound financial advice to each customer based on their individual situation. To do this well, B2Holding’s employees must be highly competent and B2Holding considers employee training and development to be essential to its mission. Furthermore, facilitating and enabling professional growth is important to retain talent within the organisation.

To support the Group’s commitment in this area, a digital learning management platform was launched in March 2021, containing a combination of voluntary and mandatory content. In 2021, 100 % of employees participated in different trainings using either internal or external digital learning platforms, and each employee underwent an average of ten hours of training. Over the course of the year, all employees participated in mandatory trainings on Whistleblowing, Code of Conduct and GDPR. In 2022 the Group will disclose information related to training distribution per gender and function category. In addition, the Group plans to implement ESG training for all employees to ensure that the management of sustainability is integrated throughout the organisation.

In 2021, four Group entities (19 % of geographies) had talent development programs in place, and 29 employees were a part of a talent development program. The Group’s ambition is to expand such initiatives to all entities and give employees the opportunity to reach their true potential.

KPI	2021	2020
Business Units with talent programs in place	19 %	10 %
Business Units with e-learning platform	100 %	27 %
Employees receiving e-learning training	100 %	32 %

## GOVERNANCE

For B2Holding, good corporate governance means setting high ethical standards and is key to identifying and managing risks, as well as to visualize, plan, and fulfil the goals of the Company. The implementation of good corporate governance practices also contributes to the efficiency of processes, reduction of costs and access to financing. Moreover, good governance fosters an ethical and responsible organisational climate, which increases the Company's ability to attract and retain employees, maintain team commitment, and ensure a positive perception.

Good governance is a key element to promote ethical behaviour at B2Holding, which is essential to gain the trust of our stakeholders.

### TRANSPARENT AND EFFECTIVE MANAGEMENT OF ESG

B2Holding's Code of Conduct was reviewed, updated, and approved by the Board in 2020. It is communicated to the Group's employees and business partners during the onboarding process. The Code of Conduct is accessible on B2Holding's website, as well as through its internal communication platforms. It has been translated into local languages and is essential to ensure that a common culture takes hold within the organisation. To support the implementation across the organisation, various workshops and mandatory training sessions were conducted during 2021.

#### Ethical behaviour and anti-corruption

Corruption represents a risk to B2Holding's operations due to the high number of transactions passing through its organisation daily. Additionally, the Group has a presence in some countries and markets with higher exposure to financial crime, which requires extra vigilance when operating in these countries.

B2Holding's presence in different locations are ranked according to Transparency International Corruption Perception Index as shown in the table on this side.

B2Holding has a zero-tolerance policy against corruption, including the abuse of entrusted power, illegitimate personal benefits, or private gain. Employees are not permitted to receive gifts or personal benefits in any form from other stakeholders, as this may cause their decision-making to be based on other factors than sound financial principles.

This commitment is outlined in B2Holding's Code of Conduct and applies to employees, suppliers, vendors and business partners. Furthermore, the Group's Anti-Corruption Policy is rooted in the Code of Conduct, and outlines what is meant by corruption, the related risks, and how employees should respond, as well as the responsibilities and

### TRANSPARENCY INTERNATIONAL CORRUPTION PERCEPTION INDEX

Country	2021 Rank	Score
Finland	1	88
Denmark	1	88
Norway	4	85
Sweden	4	85
Luxembourg	9	81
Estonia	13	74
France	22	71
Lithuania	34	61
Spain	34	61
Latvia	36	59
Slovenia	41	57
Italy	42	56
Poland	42	56
Czech Republic	49	54
Cyprus	52	53
Greece	58	49
Croatia	63	47
Montenegro	64	46
Rumania	66	45
Hungary	73	43
Bulgaria	78	42
Serbia	96	38
Bosnia	110	35

consequences when corruption is detected. An updated version of the Group Anti-Corruption Policy is currently being prepared and will be finalised in the beginning of 2022.

B2Holding's exposure to corruption risk is assessed to be largely related to the acquisition of debt portfolios when these are not sold through regulated channels. Such sales are guided by the authorisation hierarchy, which is set out in the Corporate and Secured Asset Management Resolution Policy. The policy seeks to ensure appropriate delegation of authorities between the various levels of decision making.

The responsibility for identification, management, and remediation of non-ethical and/or corruption risks are divided as follows:

- Business Operations own and manage risks (the first function),
  - The Compliance and Risk Management functions support the implementation of risk and compliance management procedures, as well as measuring, monitoring, following up and reporting any risks (the second function), and
  - The Internal Auditor independently evaluates the governance, risk management and control processes within the first and second reporting functions (the third function).
- Ultimate responsibility lies with the Board.

An essential aspect for responsible business conduct is the implementation of a whistleblowing channel, and in 2021 B2Holding launched a whistleblowing channel covering all business units. The internal whistleblowing channel, which has been set up in collaboration with an external service provider, ensures confidentiality and anonymous reporting. B2Holding encourages its employees to use the Whistleblowing channel to report misconduct, violations and/or breaches (irregularities) which are deemed to be "protected disclosures". Whistleblowing Functions have been appointed locally and at the Group level and trained in order to handle Whistleblowing reports and conduct investigations. When necessary, corrective and remedial measures are implemented. To ensure individuals are comfortable reporting concerns, B2Holding prohibits any form of retaliation against good faith reports. Once the investigation has been duly completed, a final report is drafted, outlining the main conclusions and recommendations. Once the report is done, this is received by the corresponding body (i.e. Local management, local supervisory team or Group management if appropriate) to decide on the measures to put in place following recommendations. The channel is currently only available for employees, although the Group intends to expand its reach in due course.

To ensure the purpose of the whistleblowing mechanism was understood, a mandatory course was provided to the entire organisation together with the launch. Further,

B2Holding ensures compliance with the principles, rules and processes foreseen in the EU Whistleblowing Directive by implementing the Group Whistleblowing Policy to guide the operation of the whistleblowing mechanism. The steps of the process, from the receipt and registration of the whistleblowing report to the decision of Management, are described in the Policy.

The whistleblowing channel was launched towards the end of 2021, therefore the number of reported cases does not reflect the full year. In 2020, the information disclosed as "incidents reported as whistleblowing channel" where incidents reported to local entities that had a local channel in place at the time.

In 2021, the Compliance function implemented and deployed mandatory training, which was conducted by the whole organisation. Over the year compliance reporting has also been fully implemented via the Group reporting platform. Reporting takes place on a quarterly basis to follow up performance as well as to review incidents, management processes and implement necessary corrective measures. The central Compliance function has met with all entities to set up and train for the Annual Compliance Program (ACP), and for 2022, meetings have been set up with all business units. To help the local Compliance functions plan for compliance and GDPR activities for 2022, the ACP also aims at reviewing the status of measures and activities completed in 2021. As such, the function of the ACP is two-fold: review what has been done the previous year and assist in the planning of activities for the coming year.

KPI	2021	2020
Incidents reported as whistleblowing channel	10	11
Incidents reported as discrimination or harassment	1	11
Confirmed incidents of corruption	0	0

#### Risk and resilience

The Covid-19 pandemic has caused more awareness about the resilience of companies. For B2Holding it is essential to have prevention plans and robust risk management systems in place to identify, evaluate and manage the potential risks that might impact the Company's activities and performance, including ESG issues.

#### Stakeholder engagement and transparency

B2Holding considers transparency and accessibility crucial for growth and it is essential for B2Holding to ensure good internal and external communication based on corporate

values. As a publicly listed company, stakeholders are provided with access to information regarding regulatory compliance including financial and non-financial information.

During 2021, B2Holding has performed 12 meetings with different stakeholders with different goals. As shown in annex 4, Stakeholder engagement, on page 58 the Company and stakeholders have reviewed expectations and concerns in order to update and manage any potential issues. Some performance achievements have also been reviewed and updated.

### Cybersecurity and data privacy

In the current digital world, globalization and data sharing have triggered an increase in cyberattacks and data breaches. Data privacy is of the utmost importance for the millions of individuals affected by B2Holding's business. Consequently, data privacy is a major concern for the Group Executive Management.

B2Holding prioritises developing and implementing prevention plans to avoid cyberattacks and data breaches, and to secure the Company's information. As online services and digitalisation are part of B2Holding's business model, the Group is firmly committed to developing the necessary cybersecurity tools to tackle the associated risks. Confidentiality, integrity, and availability are respected during the whole data processing cycle: collection, processing, storage, and erasure with the aim of protecting customers' personal data.

B2Holding's policies and prevention plans are revised and updated regularly to appropriately handle customer privacy and personal data processing. Cybersecurity and data privacy are governed through the following policy documents:

- GDPR Policy
- Personal Data Breach Management Policy
- Cookie Files Policy
- Risk Analysis Policy
- Information Security Policy

B2Holding has an external Group Data Protection Officer (DPO) and all Group entities use dedicated DPOs where required. The Group entities have IT software to ensure compliance with GDPR requirements, and Data Protection training is provided to current employees as part of the regular training programs and to new employees as part of the onboarding process. The training is mandatory and is conducted on an annual basis.

KPI	2021	2020
Security and data privacy breaches	0	0

### RESPONSIBILITY IN THE VALUE CHAIN

#### Responsible acquisition of portfolios and partnerships

B2Holding works with different organisations, such as vendors or co-investors, to acquire non-performing loans, where the aim is to establish mutual trust agreements without incurring any unwanted risks. B2Holding's acquisition of non-performing loans and third-party debt collection services have important ESG implications. These are related to, but are not limited to, corruption, treatment of debtors, commercial strategies, certain reputational activities, anti-competitive practices, and legal sanctions.

In September 2021, a Responsible Marketing and Sales Statement was approved by the Head of Corporate Development. The statement provides guidelines to manage marketing and sales activities in an ethical and responsible manner, ensuring that business units do not partner with non-compliant business partners. Further, it provides guidelines on developing a well-defined marketing and sales process in compliance with all applicable laws, as well as to avoid and minimise claims, risk of fraud, or incorrect invoicing that could have a negative impact to B2Holding's business relationships, brand name and reputation. In relation to portfolio investments, B2Holding has developed a unique principle in its portfolio acquisitions to not partner with any business partner that has certain defined characteristics that present a high ESG risk. Such characteristics include the use of unfair pricing practices, the use of lending terms that can be regarded as offensive, abusive, or that deviate from market rates, or pursuing aggressive sales or lending methods which can be considered unfair. In addition, entities that offer consumer loans with a short duration against a high interest rate shall normally not be accepted as business partners, and when they are accepted, shall be subject to increased caution in the due diligence process. During 2021, at least 74 % of total acquisitions used these ESG criteria.

#### Human rights

B2Holding is committed to ensuring respect for the inherent dignity of people and their inalienable rights as a fundamental part of its corporate responsibility, and as an essential requirement for conducting its business activities in any country or social environment. For this reason, B2Holding is committed to the UN Guiding Principles on Business and Human Rights (UNGPs). The Group views human rights as those rights recognised by the International Bill of Rights and the Core Conventions of the International Labour Organisation.

The recent year, B2Holding has worked to strengthen its commitment to human rights and has developed its Labour and Human Rights Statement, approved by the Head of Corporate Development, to anchor its work. B2Holding's Code of Conduct supports these fundamental principles

and is the Group's foundation for building and sustaining professional and long-term relations with its stakeholders and maintaining high ethical standards in every decision made.

The Labour and Human Rights Statement of the Group covers UN Global Compact's Ten Principles, the UNGPs' "Protect, Respect and Remedy Framework", and International Labour Organization Conventions 87, 98 and 111. The Labour and Human Rights Statement is to be read in conjunction with B2Holding's Sustainability Policy and outlines the labour and human rights recognised by B2Holding to its employees irrespective of their role and the country in which they work, to its customers, and to the local communities where the Group operates.

The Group is taking additional measures to ensure compliance with the new Norwegian Transparency Law which comes into force in July 2022. This law requires companies to carry out human rights' due diligence in line with the OECD Guidelines for Multinational Enterprises. In addition, companies must report on the actions taken to mitigate adverse human rights impacts and their effectiveness, as well as to respond to requests for information from the public.

As a first step to comply with the law, B2Holding has partnered with an external independent third party to identify its salient human rights issues. These are:

- Vulnerable people
- Privacy and data protection
- Stakeholder engagement
- Labour rights
- Access to Remedy

B2Holding will review its salient issues on a regular basis as it works with and improves its performance on these issues.

## ENVIRONMENT

### CLIMATE CHANGE

#### Climate impacts

In September 2021, the Group approved The Environmental and Sustainable Procurement Statement that outlines how B2Holding expects employees and business units to act and perform their activity in a sustainable manner to reduce the Group's environmental impact, and how the Group integrates environmental considerations in its procurement processes. The statement sets out the strategic framework and model for the Group's various initiatives with regards to environmental management.

The share of business units with an energy consumption plan or a policy developed and implemented has increased from 14 % in 2020 to 17 % in 2021. In December 2021,

B2Holding committed to develop science-based emissions reduction targets in line with the Science-Based Target initiative criteria.

An important target for 2021 has been to provide a climate accounting for all Group entities. The climate accounting in the table is presented according to the GHG protocol<sup>5)</sup> and includes all subsidiaries where B2Holding holds financial control<sup>6)</sup>. As part of the Group strategy to reduce CO<sub>2</sub> emissions, the business unit in Italy purchased guarantees of origin for its entire electricity consumption in 2021.

Scope	Definition	Tonnes of CO <sub>2</sub> equivalents (2021)
1	All direct Greenhouse Gas (GHG) emissions from sources that are owned or controlled by the reporting entity.	427.98
2	Indirect GHG emissions from consumption of purchased electricity (location-based), district heating and cooling.	538.01
2	Indirect GHG emissions from consumption of purchased electricity (market-based), district heating and cooling.	691.35
3	Other indirect emissions, including business travel (flights) and car allowance.	1218.14

Calculations above are based on conversion factors from DEFRA, AIB, the Norwegian Environment Agency and the Norwegian District Heating Association.

- 5) Defra emission factors for fuels and air travel have been applied for scope 1 and 2 calculations. AIB's European residual mix and production mix have been applied for scope 2 calculations. For district heating, the European average according to the IEA has been applied for Croatia, France, Italy, Latvia, Lithuania, Romania and Slovenia. For Sweden, Energiföretagen's emission factor has been applied. For Norway, an estimation has been made based on numbers from Norsk Fjernvarmeforening. Emissions from car allowances has been calculated according to SSB estimation of CO<sub>2</sub> per passenger.km.
- 6) Luxembourg, Ultimo Portfolio, are excluded from the Scope 2 emissions. Czech Republic, B2 Kapital Czech Republic s.r.o., electricity data is based on 2020 numbers. Both Bosnia and Herzegovina, B2 Kapital d.o.o., and Montenegro, B2 Kapital d.o.o., are excluded from Scope 1,2 and 3 calculations.

### Climate risks

In January 2022, B2Holding conducted a climate risk review according to the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. The review found that there are some associated indirect climate-related risks

in the Group's secured debt portfolio, however, these risks are considered low and are partly mitigated through its operations.

Findings and recommendations based on the TCFD framework:

	Findings	Recommendations
<b>Governance</b>	<ul style="list-style-type: none"> <li>The Board is presented with certain climate related risks, however, no frequent or comprehensive overview of risks provided.</li> <li>Board oversight should include external climate related risks and financial consequences.</li> </ul>	<ul style="list-style-type: none"> <li>Board to be briefed on climate risk alongside, and on the same basis, as other business risks.</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>No strategy or approach on how to mitigate and adapt to climate change, as risks identified are considered short-term and low risk.</li> </ul>	<ul style="list-style-type: none"> <li>Develop strategy to systematic map and assess implication of climate risks and opportunities.</li> <li>Develop strategy to anticipate climate change-related public policies and market developments.</li> <li>Ensure that strategy includes financial planning for adaptation and business opportunities i.e. capitalising on opportunities.</li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>Risks are flagged top-down, however, there are no systematic review of B2Holdings total portfolio exposure to climate risk.</li> <li>Climate risks are not systematically integrated into B2Holding's overall risk management.</li> </ul>	<ul style="list-style-type: none"> <li>Integrate climate risk into ERM systems across the organisation.</li> <li>Establish a streamlined process for assessing and managing high impact risks at management level.</li> </ul>
<b>Metrics and targets</b>	<ul style="list-style-type: none"> <li>B2Holding are disclosing Scope 1, 2 and 3 emissions figures on an annual basis. However, reporting does not cover the entire organisation.</li> <li>B2Holding is committed to develop science-based emission reduction targets in line with Science-Based Targets Initiative (SBTi) criteria</li> </ul>	<ul style="list-style-type: none"> <li>Calculate complete Scope 1, 2 and 3 emissions for the entire company</li> <li>Identify where the largest emissions impacts are, and aim for a higher data quality for these emissions</li> </ul>

Additionally, the review identified relevant gaps in B2Holding's management approach, and the Group aims to implement monitoring of climate-related risks in its risk

management systems. B2Holding will continue to assess climate-related risks and opportunities on a frequent basis to further improve its resilience.

# Sustainability report annexes

## ANNEX 1: GRI INDEX

Statement of use: B2Holding has reported in accordance with the GRI Standards for the period 01.01.2021 to 31.12.2021

GRI 1 used: GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organizational details	<a href="http://www.b2holding.no/About">www.b2holding.no/About</a> , <a href="http://www.b2holding.no/About/Markets">www.b2holding.no/About/Markets</a>
	2-2 Entities included in the organization's sustainability reporting	This is B2Holding, page 4-5
	2-3 Reporting period, frequency and contact point	Annual reporting for the reporting period: 01.01.2021 to 31.12.2021 Published: April 2022 Contact point: María Haddad Sanchez de Cueto at mah@b2holding.no
	2-4 Restatements of information	None
	2-5 External assurance	The Board of Directors reviews and approves the Sustainability Report. It is the Company's intention to get external assurance in the future.
	2-6 Activities, value chain and other business relationships	This is B2Holding, page 4-5

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
GRI 2: General Disclosures 2021	2-7 Employees	Annex 2: General disclosures on employees, page 54	b) Report the total number of: i. permanent employees, and breakdown by gender and by region, ii. Temporary employees, and breakdown by gender and region, iv. Full-time and part-time employees, and breakdown by gender and by region	Information unavailable	B2Holding will seek to report on this in 2022.
	2-8 Workers who are not employees	At the end of 2021, B2Holding had 97 workers (head count) who are not employees and whose work is controlled by the organisation. These were mainly phone agents and temporary workers from external recruitment agencies.			
	2-9 Governance structure and composition	Corporate governance report, page 60 The are no employee representation in the Board			
	2-10 Nomination and selection of the highest governance body	Corporate governance report, page 64			
	2-11 Chair of the highest governance body	The chair of the Board is not a senior executive in B2Holding.			
	2-12 Role of the highest governance body in overseeing the management of impacts	ESG management, page 30			
	2-13 Delegation of responsibility for managing impacts	ESG management, page 30			

GRI Standard	Disclosure	Location
	2-14 Role of the highest governance body in sustainability reporting	The ESG strategy plan, as well as materiality review. ESG strategy goals are presented to the Board and approved by them.
	2-15 Conflicts of interest	<a href="http://www.b2holding.no/About/Code-of-Conduct">www.b2holding.no/About/Code-of-Conduct</a>
	2-16 Communication of critical concerns	Annual review and risk management. The Management reported issues related to operation, collection/recovery issues, organisation, risk factors, sustainability issues, liquidity issues, financial performance, status of projects, governance issues, compliance issues, investments with purchase price exceeding EUR 20 mill, effects on the pandemic - No issues with a risk described as critical.
	2-17 Collective knowledge of the highest governance body	B2Holding has introduced quarterly updates in any legislation change affecting the company on ESG and strategy implementation.
	2-18 Evaluation of the performance of the highest governance body	Sustainability report, page 30-32
	2-19 Remuneration policies	Instructions for the Remuneration Committee ( <a href="http://b2holding.no">b2holding.no</a> )
GRI 2: General Disclosures 2021	2-20 Process to determine remuneration	Instructions for the Remuneration Committee ( <a href="http://b2holding.no">b2holding.no</a> )
	2-21 Annual total compensation ratio	Average gross annual base pay of local entity CEOs are 3.96 times the average gross annual base pay for B2Holding in total. The Compensation & Benefits study conducted in 2021 showcase only a snapshot based on information reported at that specific time. B2Holding does not have an historical overview of these numbers.
	2-22 Statement on sustainable development strategy	Sustainability CEO statement, page 27
	2-24 Embedding policy commitments	Sustainability report, page 30-31 and 40-41
	2-25 Processes to remediate negative impacts	B2Holding has in 2021 developed a significant number of policies and statements that are related to sustainability topics. Over 2022, processes to remedy any negative impact will be developed.
	2-26 Mechanisms for seeking advice and raising concerns	Transparent and effective management of ESG, page 40
	2-27 Compliance with laws and regulations	B2Holding has not received any fines, nor sanctions of instances of non-compliance with laws and regulations

GRI Standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-28 Membership associations	Annex 3: Membership Associations, page 57
	2-29 Approach to stakeholder engagement	Transparent and effective management of ESG, page 40 ESG management, page 30 Annex 4: Stakeholder engagement, page 58
	2-30 Collective bargaining agreements	31.4 % of B2Holding's employees are covered by a collective bargaining agreement (CBA). Employees with no CBA are all covered by local labour laws and regulations. The reasons for not being included in a CBA are that it does not exist in the country, it is not compulsory or the company is not large enough to be in a CBA.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	ESG management, page 30 Transparent and effective management of ESG, page 40  B2Holding revised its materiality assessment in 2021 with an external third party. B2Holding identified its potential and actual impacts, and assessed the significance of these. The findings were calibrated and validated in a workshop to conclude on a list of material topics.
	3-2 List of material topics	ESG management, page 30
<b>Fair treatment and satisfaction of debtors</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Fair treatment and satisfaction of debtors, page 37
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Fair treatment and satisfaction of debtors, page 37
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	B2Holding had 4,743 of incidents of non-compliance with voluntary codes concerning the health and safety impacts of products and services (internal quality standards). The nature of non-compliance with voluntary codes are those related to internal collection guidelines that do not reach the quality of negotiations and/or solutions provided to customers.
<b>Cybersecurity and data privacy</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Cybersecurity and data privacy, page 42
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	The Company has not received any substantiated complaints as defined above in the reporting period regarding breaches of customer privacy and loss of customer data

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>Ethical behaviour and anti-corruption</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Transparent and effective management of ESG, page 40			
	205-1 Operations assessed for risks related to corruption	Transparent and effective management of ESG, page 40	The total number and percentage of operations assessed for risks related to corruption	Information unavailable	B2Holding will seek to report on this in 2022.
	205-2 Communication and training about anti-corruption policies and procedures	Transparent and effective management of ESG, page 40  All employees (100 %) have received the organisation's anti-corruption policies (Code of Conduct) and procedures and training. 205-2 b) & e)  Annex 2: General disclosures on employees, page 54	a. Total number and percentage of governance body members that the organisation's anti-corruption policies and procedures have been communicated to, broken down by region. c. Total number and percentage of business partners that the organisation's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organisation's anti-corruption policies and procedures have been communicated to any other persons or organizations. d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.	Information unavailable	B2Holding will seek to report on this in 2022.
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Transparent and effective management of ESG, page 40  Zero incidents of corruption in 2021.			

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>Training and development</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Attractive and sustainable work environment, page 37			
	404-1 Average hours of training per year per employee	Attractive and sustainable work environment, page 37 On average 10 hrs/employee were performed.	a. Average hours of training that the organization's employees have undertaken during the reporting period by: i. gender ii. employee category	Information unavailable	B2Holding has provided the total number, and will seek to report by gender and employee category in 2022.
GRI 404: Training and Education 2016	404-2 Programs for upgrading employee skills and transition assistance programs	Attractive and sustainable work environment, page 37			
	404-3 Percentage of employees receiving regular performance and career development reviews	Attractive and sustainable work environment, page 37 A total of 53.2 % of B2Holding's employees received regular performance and career development reviews.	a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	Information unavailable	B2Holding has provided the total number, and will seek to report by gender and employee category in 2022.

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>Responsible acquisition of portfolio and partnerships</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsibility in the value chain, page 42			
Custom	Significant investment agreements and contracts that include environmental clauses or that underwent environmental screening		<p>a. Total number and percentage of significant investment agreements and contracts that include environmental clauses or that underwent human rights screening.</p> <p>b. The definition used for 'significant investment agreements'.</p>	Information unavailable	B2Holding is planning to include environmental clauses in contracts and carry out environmental screening as part of their acquisition procedures, and report accordingly in 2022.
GRI 412: Human rights assessment 2016	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<p>Responsible acquisition of portfolios and partnerships, page 42</p> <p>At least 74 % of significant investment agreements underwent or include human rights clauses. It is in relation to the Groups main activity as NPL investor.</p>			
<b>Human rights</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsibility in the value chain, page 42			
GRI 412: Human rights assessment 2016	412-2 Employee training on human rights policies or procedures		<p>a. Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.</p> <p>b. Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations.</p>	Information unavailable	B2Holding will seek to report on this in 2022.

GRI Standard	Disclosure	Location	Omission		
			Requirement(s) omitted	Reason	Explanation
<b>Diversity and inclusion</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Attractive and sustainable work environment, page 37			
	405-1 Diversity of governance bodies and employees	Attractive and sustainable work environment, page 37  The board of directors have three women and four men.	b. Percentage of employees per employee category in each of the following diversity categories: ii. Age group: under 30 years old, 30-50 years old, over 50 years old	Information unavailable	B2Holding will seek to report on this in 2022.
GRI 405: Diversity and Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	Attractive and sustainable work environment, page 37	a. Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation. b. The definition used for 'significant locations of operation'.	Information unavailable	B2Holding has reported total ratio of basic salary of man and women, and will seek to report for each employee category by significant location of operation in 2022.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were no reported incidents of discrimination reported in 2021.			

			Omission		
GRI Standard	Disclosure	Location	Requirement(s) omitted	Reason	Explanation
<b>Employee health and wellbeing</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Attractive and sustainable work environment, page 37			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Annex 2: General disclosures on employees, page 54	<p>a. Rate of new employee hires during the reporting period by region.</p> <p>b. Rate of employee turnover during the reporting period, by age group and gender.</p>	Information unavailable	B2Holding will seek to report rate on hires and turnover by region, age group and gender in 2022.
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of worker health		<p>a. An explanation of how the organization facilitates workers' access to non-occupational medical and health-care services, and the scope of access provided.</p> <p>b. A description of any voluntary health promotion services and programs offered to workers to address major non-work-related health risks, including the specific health risks addressed, and how the organization facilitates workers' access to these services and programs.</p>	Information unavailable	B2Holding will seek to report on this in 2022.
	403-10 Work-related ill health	<p>i) No fatalities reported as a result of work-related ill health, page 38</p> <p>ii) Nine cases recordable work-related ill health, mainly as "in itinere" accidents on the way to work</p>	<p>b. A description of any voluntary health promotion services and programs offered to workers to address major non-work-related health risks, including the specific health risks addressed, and how the organization facilitates workers' access to these services and programs.</p>	Confidentiality constraints	The main types of work-related ill health are not reported due to employees' and workers' right to privacy.
<b>Climate change</b>					
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate change, page 43-44			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Climate change, page 43-44			
	305-2 Energy indirect (Scope 2) GHG emissions	Climate change, page 43-44			
	TCFD	Climate change, page 43-44			

## ANNEX 2: GENERAL DISCLOSURES ON EMPLOYEES

G2, 2-7

Reporting period: 01.01.2021 – 31.12.2021

By gender and region (head count)

	Female	Male	Total
B2Holding ASA	10	17	27
Bosnia	4	2	6
Bulgaria	139	66	205
Croatia	111	54	165
Cyprus	19	11	30
Czech Rep	1	1	2
Denmark	28	7	35
Estonia	18	5	23
Finland	109	38	147
France	62	26	88
Greece	76	62	138
Hungary	13	3	16
Italy	8	13	21
Latvia	67	34	101
Lithuania	35	4	39
Luxembourg	9	7	16
Montenegro	1	-	1
Norway	3	4	7
Poland	334	181	515
Romania	155	66	221
Serbia	5	4	9
Slovenia	15	3	18
Spain	240	89	329
Sweden	31	40	71
<b>Total</b>	<b>1 493</b>	<b>737</b>	<b>2 230</b>

G205-2 B) &amp; D)

Reporting period: 01.01.2021 – 31.12.2021.

By gender and region

	Employees with anti-corruption policies and procedures communicated			Employees with anti-corruption policies and procedures training		
	Female	Male	Total	Female	Male	Total
B2Holding ASA	10	17	27	10	17	27
Bosnia	4	2	6	4	2	6
Bulgaria	139	66	205	139	66	205
Croatia	111	54	165	111	54	165
Cyprus	19	11	30	19	11	30
Czech Rep	1	1	2	1	1	2
Denmark	28	7	35	28	7	35
Estonia	18	5	23	18	5	23
Finland	109	38	147	109	38	147
France	62	26	88	62	26	88
Greece	76	62	138	76	62	138
Hungary	13	3	16	13	3	16
Italy	8	13	21	8	13	21
Latvia	67	34	101	67	34	101
Lithuania	35	4	39	35	4	39
Luxembourg	9	7	16	9	7	16
Montenegro	1	-	1	1	-	1
Norway	3	4	7	3	4	7
Poland	334	181	515	334	181	515
Romania	155	66	221	155	66	221
Serbia	5	4	9	5	4	9
Slovenia	15	3	18	15	3	18
Spain	240	89	329	240	89	329
Sweden	31	40	71	31	40	71
<b>Total</b>	<b>1 493</b>	<b>737</b>	<b>2 230</b>	<b>1 493</b>	<b>737</b>	<b>2 230</b>

## G401-1

Reporting period: 01.01.2021 – 31.12.2021.

By gender, region  
and age range

	People entering, female	People entering, male	People entering by age group: <30	People entering by age group: >50	People entering by age group: 30-50	People leaving, female	People leaving, male	People leaving by age group: <30	People leaving by age group: >50	People leaving by age group: 30-50
Bulgaria	27	18	14	0	29	52	20	11	4	57
Croatia	5	3	0	0	8	21	10	11	3	17
Cyprus	19	15	4	12	15	0	1	1	0	0
Czech Rep.	1	0	0	0	0	0	0	0	0	0
Estonia	0	2	2	0	0	1	1	0	0	2
Denmark	1	0	4	0	1	2	6	1	1	2
Finland	15	1	6	2	8	7	7	7	0	7
France	9	10	8	1	10	9	12	3	2	16
Greece	13	21	9	2	23	10	9	1	0	19
Hungary	5	0	3	0	2	13	4	4	4	9
Italy	2	3	0	0	3	4	11	0	1	14
Latvia	117	46	48	15	99	14	3	12	0	5
Lithuania	1	0	0	0	1	3	0	0	1	2
Luxembourg	0	0	0	0	0	2	0	1	0	1
Norway	1	1	0	1	1	1	2	1	1	1
Poland	34	23	27	3	27	50	30	36	5	39
Romania	20	12	16	0	16	24	21	17	0	28
Serbia	0	0	0	0	0	2	1	1	0	2
Slovenia	1	0	0	0	1	6	0	2	0	4
Spain	27	19	14	5	27	47	53	22	19	59
Sweden	12	8	12	0	8	9	6	9	1	6
<b>Total</b>	<b>310</b>	<b>182</b>	<b>167</b>	<b>41</b>	<b>279</b>	<b>277</b>	<b>197</b>	<b>140</b>	<b>42</b>	<b>290</b>

## ANNEX 3: MEMBERSHIP ASSOCIATIONS

GRI 2, 2-28

Reporting period: 01.01.2021 – 31.12.2021

1	Bulgarian Receivables Management Association
2	Bulgarian Chamber of Commerce and Industry Investment Council
3	Danish Business Association
4	TCM Group
5	Danish Debt Collection Association
6	EK Confederation of Finnish Industries
7	Service Sector Employers Palta
8	SPL Suomen Perimistöimistöjen liitto
9	Business in Ostrobothnia and JCI Vaasan nuorkauppakamari
10	FIGECI
11	Confederation of Small and Medium-sized Enterprises
12	Hungarian association of debt managers and business information providers
13	Unirec
14	Confcommercio
15	The association of credit and collection professionals (ACA International)
16	Debt collectors' association of Latvia
17	Latvian Chamber of Commerce and Industry (LCCI)
18	Creditreform International
19	The association of Credit Management companies
20	Virke AS
21	B2B Arena
22	The trade association Aalesund
23	Association of Financial Companies in Poland
24	Polish Confederation Lewiatan
25	Association of Commercial Receivables Management ("AMCC")
26	AKUPS
27	Workers Commission - General Union of Workers
28	The West Sweden Chamber of Commerce
29	The Swedish Credit Management Association
30	Swedish Debt Collection Association
31	Data Protection Forum

## ANNEX 4: STAKEHOLDER ENGAGEMENT

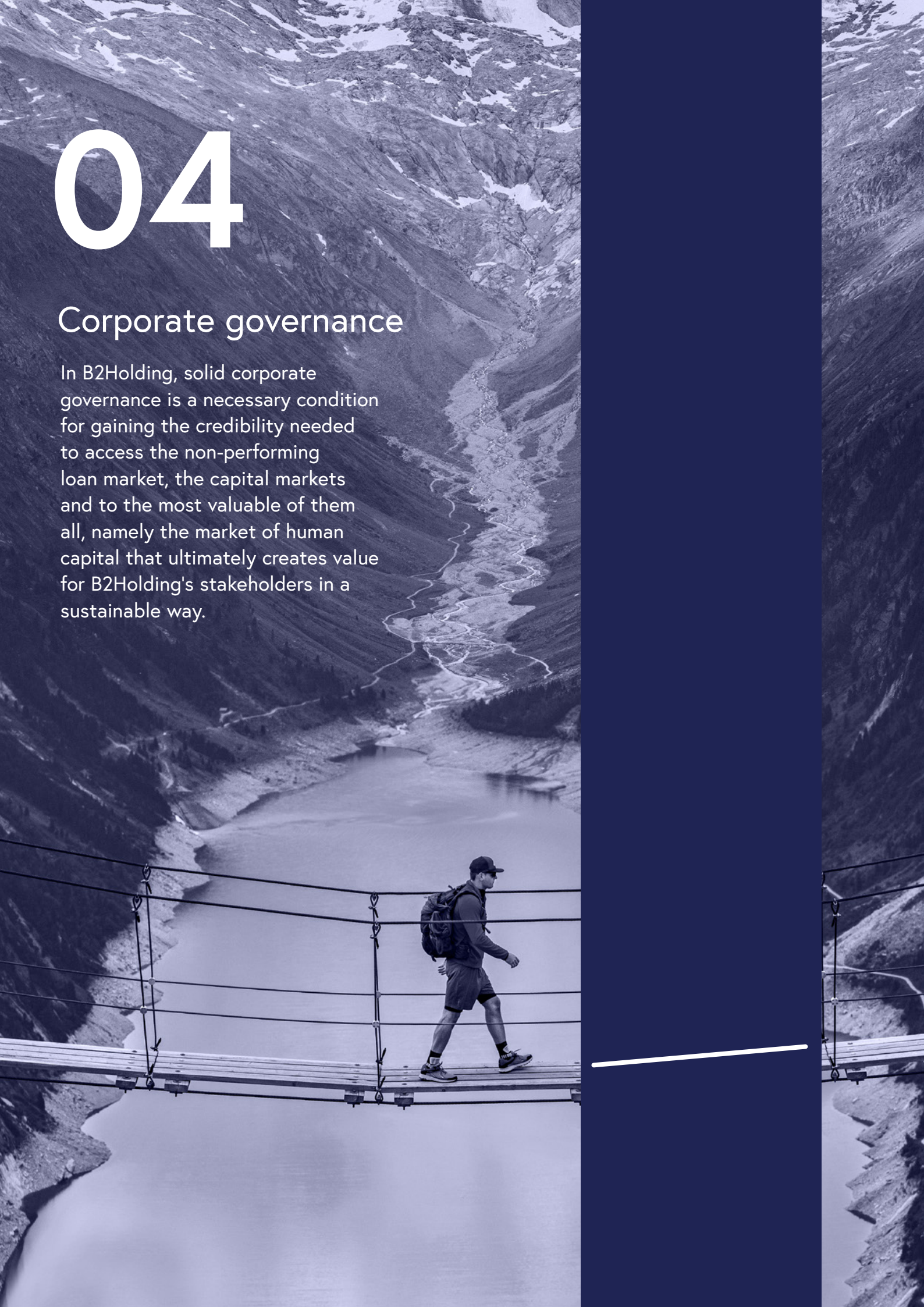
The table below describes B2Holding's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, as well as key topics and concerns that have been raised and how B2Holding responded.

Stakeholder group	Type of contact and frequency	Key topics and concerns raised	B2Holding's response
Customers (debtors)	<ul style="list-style-type: none"> <li>Daily contact through website, email, phone, letters, SMS</li> <li>Debtor survey</li> <li>Customer service</li> </ul>	<ul style="list-style-type: none"> <li>Covid-19 crisis financial implications related to employment.</li> </ul>	<ul style="list-style-type: none"> <li>Protocols and procedures introduced in 2020 that have proved resilient through the pandemic. Special focus on customers in vulnerable circumstances. Fair customer treatment policy approved.</li> </ul>
Business partners and financial vendors	<ul style="list-style-type: none"> <li>Industrial forums</li> <li>Regular meetings</li> <li>Valuation processes</li> </ul>	<ul style="list-style-type: none"> <li>Pandemic implications for defaults.</li> <li>Regulatory changes and implications for their assets under management.</li> <li>Post-sale reputational risks.</li> </ul>	<ul style="list-style-type: none"> <li>Implemented protocols adapting collection strategies to Pandemic.</li> <li>Increased focus to address partners' and vendors' expectations.</li> </ul>
Investors (lenders and shareholders)	<ul style="list-style-type: none"> <li>Quarterly reporting</li> <li>Press releases, investor presentations, road shows</li> <li>Regular meetings</li> </ul>	<ul style="list-style-type: none"> <li>Share price</li> <li>Company performance &amp; competitiveness</li> <li>Capital structure</li> <li>Market development</li> <li>Regulatory environment</li> <li>External credit ratings</li> <li>ESG management</li> </ul>	<ul style="list-style-type: none"> <li>Provided trading updates to the investor community with focus on pandemic-related measures during the first wave.</li> <li>All quarterly presentations and investor presentations were carried out digitally.</li> <li>ESG increasing demands and expectations addressing Human Rights, as well as target setting and monitoring tools implementation.</li> <li>Environment and climate initiatives commitment.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Internal communication platform (Workplace)</li> <li>HR onboarding programmes</li> <li>Daily digital or face-to-face interactions</li> <li>Digital training and feedback sessions</li> </ul>	<ul style="list-style-type: none"> <li>Work from home policies (WFH)</li> <li>Pandemic employment uncertainty impacts Health and safety</li> </ul>	<ul style="list-style-type: none"> <li>WFH policies in place for the longer term with hybrid WFH models.</li> <li>Ensured employment due to limited pandemic operational impact.</li> <li>Protocols and measures for flexibility in WFH over different pandemic waves.</li> </ul>

# 04

## Corporate governance

In B2Holding, solid corporate governance is a necessary condition for gaining the credibility needed to access the non-performing loan market, the capital markets and to the most valuable of them all, namely the market of human capital that ultimately creates value for B2Holding's stakeholders in a sustainable way.



# Corporate governance

Corporate governance is in a shift internationally, reflecting the structural changes in the economy with globally evolving cultural norms and a variety of investor types with more screening and monitor roles. In the new recommendation updated on 14 October 2021, the Norwegian Corporate Governance Board states that as listed companies manage a significant proportion of the country's assets, it is important that companies keep good relationships with society as a whole and with the stakeholder groups that are affected by their activities. This also include areas such as diversity, gender balance, ethics, conflict of interest and how the governance framework is designed to create value for shareholders in a sustainable manner.

As a Norwegian public liability company, B2Holding is subject to the corporate governance reporting requirements set out in Section 3-3b of the Norwegian Accounting Act, the Issuer Rules for companies listed on Oslo Børs and to the Norwegian Code of Practice for Corporate Governance issued by the Norsk Utvalg for Eierstyring og Selskapsledelse (NUES), as updated per 14 October 2021 ("the Code") effective for the 2021 financial year. The Company applies the changes in the 2021 version of the Code.

The Corporate governance report constitutes an integral part of the Directors' report and must report in a "comply or explain" method whether all the provisions of the Code have been complied with.

The objective of the Code is, among others, to regulate the roles of various corporate and management bodies in a more comprehensive way than is required by the legislation. The full Code is available at [www.nues.no/english](http://www.nues.no/english)

## INTRODUCTION

B2Holding ASA (or "the Company") is a Norwegian public liability company, registered under organisation number 992 249 986, being the parent company of a consolidated group of entities ("the Group" or "B2Holding") having its head office at Stortingsgaten 22, 0121 Oslo, Norway.

The Company's shares, and its three bond loans, are listed on the Oslo Børs, the regulated market for financial instruments on Euronext in Norway. To this effect, the Company is held to the rules laid down in Section 4.4 and Section 6.3.6 of the Oslo Børs Rulebook II for Issuers ("the Rulebook") as updated per October 2021, which articulates that the Company must provide, as part of or in addition to its Directors' report, a report on the Company's corporate governance practices.

## CORPORATE GOVERNANCE WITHIN THE COMPANY

In B2Holding, solid corporate governance is a necessary condition for gaining the credibility needed to access the non-performing loan market, the capital markets and to the most valuable of them all, namely the market of human capital that ultimately creates value for B2Holding's stakeholders in a sustainable way.

B2Holding is subject to the extensive external regulatory framework described above which is reflected in its risk and internal control mechanisms. The setup of its internal governance structure reflects both the resolutions and proxy given by the Company's shareholders from the Articles of Association and the Annual General Meeting, as well as the policies and instructions that are adopted by the Company's Board of Directors ("the Board") related to the Board, the Audit Committee, the Remuneration Committee, and the instructions to the CEO.

### Articles of Association – Annual General Meeting

Part of the governance structure of the Company is incorporated in the Company's Articles of Association, which contain the basic compulsory information of the Company such as the objective of the company, the share capital, the number of members to be elected for the Board and the rules for holding a General Meeting.

The Annual General Meeting furthermore adopts the instructions for the Nomination Committee, which submits the proposals for the election of members to the Board, the appointment of the Chair of the Board, remuneration to the Board members and remuneration to the members in the various sub-committees of the Board. Further, the Public Companies Act, together with regulations and recommendations as set out above, sets a distinction between what can and should be adopted by the Annual General Meeting and what is assigned to the exercise of the Board.

The new statutory rules regarding holding electronic general meetings are reflected in the Public Companies Act. In addition, it is reflected that no member of the Board of Directors should be a member of its Nomination committee and that the Nomination committee should hold individual discussions with each member of the Board.

### The Board

The new recommendation from NUES has been added which states that instructions issued by the Board and by the Group Executive Management (“the Management”), shall handle agreements with related parties.

B2Holding commits to ethical and sustainable business practices, reliable and transparent financial reporting, and compliance with all regulations, requirements, and industry standards in each of the countries where the Group operates. Corporate governance within the Group is therefore about more than how the Board and the Management conducts its affairs, it is also about consolidating and further developing the Group’s values and its ethical footprint. The Board has therefore adopted a set of policies and instructions which further define the governance structure of the Company and the Group.

These policies, instructions, and procedures include:

- Instruction for the Nomination Committee
- Board of Directors’ Rules of Procedure
- Instructions for the Audit Committee
- Instructions for the Remuneration Committee
- Instructions for the Chief Executive Officer
- Remuneration Policy
- Dividend Policy
- Instruction for Handling Inside and Confidential Information
- Rules for Primary Insiders
- Related Party Transactions Policy
- Corporate Governance Policy
- Internal Control and Risk Management Policy
- Investment Approval Policy
- Information Security Policy
- Investor Relations and Communications Policy
- The Code of Conduct
- Whistleblowing Policy
- Sustainability Policy
- Third Party Assessment Policy including anti-corruption and anti-bribery.

The Group is currently organised into regional areas and follows an operational product line matrix for Unsecured Asset Management and Secured Asset Management.

Both the Head of Unsecured Asset Management and the Head of Secured Asset Management are, together with the Group CEO and with the support of the Group functions, responsible for and shall ensure that all business units in the Group operate and develop in accordance with the governance policies, instructions, and procedures as outlined by the Board. B2Holding’s ethical standards for conducting business are based on the Code of Conduct.

### Principles

B2Holding has instated fundamental general principles which should be reflected in all policies and internal decision processes within the Group:

- **Relevance** – decisions must be taken by the relevant authorised executives or bodies.
- **Escalation** – for key decisions there should be clear escalation rules and an escalation path to higher authority.
- **Competence** – decision makers shall have relevant competence and will engage the appropriate support.
- **Rule of law** – decisions must be taken in compliance with the relevant legal constraints and internal policies.
- **Ethical conduct** – decisions must uphold high ethical standards.
- **Accountability** – responsibility for decisions must be clearly defined and communicated.
- **Participation** – decisions must be consulted with the relevant functions and appropriate participants.
- **Transparency** – key decisions must be properly communicated and documented.
- **Efficiency** – decisions must be taken in an efficient and timely manner.
- **Four eyes principle** – key decisions must always be taken by at least two independent executives or an appropriate larger body.
- **Grandfather principle** – key decisions must be taken with involvement of (or at least with information to) relevant higher authority.

The sections below give a detailed account of B2Holding’s corporate governance principles and practice. These sections are compiled pursuant to the NUES Code and are further detailed on a comply or explain basis. Where there are deviations, these will be mentioned under the relevant section.

## NUES CODE

### 1. IMPLEMENTING AND REPORTING ON CORPORATE GOVERNANCE.

In pursuing the Code, the Board and the Management shall contribute to achieving the following objectives:

- Openness and transparency in communication with its stakeholders.
- Independence in the relationship between the Board, the Management, and the owners to ensure that decisions are made on an unbiased and neutral basis.
- Equal treatment and equal rights for all shareholders.
- Good control and corporate governance mechanisms to secure predictability and reduce the level of risks for owners and other stakeholders.

B2Holding's vision is to be the leading trusted partner that actively re-shapes the credit management industry. The Company's mission is "Bridging the gap". Through its business solutions the Group shall contribute to handling society's debt problems and bridge the gap that defaulted debt represents in the credit chain. B2Holding's business is about people and creating shared value for business and society. The Group is a socially responsible creditor and a trusted solutions provider to vendors and co-investors.

B2Holding has defined five core values: Agility, Integrity, Diversity, Excellence and Responsibility. The core values demonstrate the Group's culture by being a common language of all employees, guiding behaviour and actions.

The Board actively adheres to good corporate governance standards and will at all times ensure that B2Holding complies with the requirements of section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance ("the Code"). B2Holding's corporate governance principles are subject to annual review and discussion by the Board.

B2Holding is furthermore committed to promote sustainable social development by operating in line with responsible business principles, systematically improving its operational standards with focus on external environment, climate, and energy resources. Further, a sustainable social development includes investing in non-performing loan portfolios that can generate positive effects for the local banking sector and the local non-banking industries in general. B2Holding believes that such commitment will generate financial results for the stakeholders and positive social effects for the society.

The following sections and governance principles are structured in the same way as the Code and cover each respective point of the Code describing B2Holding's corresponding compliance efforts.

*No deviations from the Code.*

## 2. BUSINESS

B2Holding's vision is to be a trusted partner that actively re-shapes the credit management industry in all the Group's markets and achieve or maintain a top five market position in the respective NPL markets, whereby efficiency is more important than footprints.

Efficiency is a prerequisite for sustainable platforms and is strived for by adopting digital transformation processes and by leveraging scale on Group projects. Group strategy and goals are assessed and evaluated annually.

The updated Code recommends that the business should create value for the shareholders in a sustainable manner. The Board has set out a Sustainability Policy led by the Head of Corporate Development in the Management team, supported by a separate Corporate Sustainability Integration

Committee (CSIC) also headed by the Head of Corporate Development. The CSIC's role is, among others, to be responsible for implementing the sustainability strategy and ensure that the management of the sustainability work is integrated throughout the organisation. For further information see the Sustainability report which constitutes an integrated part of the Directors' Report.

The Risk management function is led by the Chief Risk Officer in the Management team and reports and follows up on risk exposures in all business areas in a controlled and consistent manner. The Investment function is led by the Chief Investment Officer in the Management team and is responsible for managing the investment process of non-performing loans throughout the Group. The investment function is supported by a central Investment Committee which is headed by the CEO and follows investment thresholds and authorisations as set by the Board.

Additionally, the Group Legal, Compliance and HR Officer has separate functions and departments for compliance and human capital respectively, and follow up on related risk and compliance exposures in all business areas in a controlled and consistent manner.

To further support the risk management principles B2Holding has a Group Internal Auditor employed by and reporting to the Board via the Audit Committee. The Group Internal Auditor is responsible for fulfilling the Group's controlling function for risk, compliance and internal control.

B2Holding keeps the market updated through investor presentations in connection with quarterly financial reporting, industry market days and frequent business updates in compliance with the Rulebook II for Issuers ("the Rulebook") reflecting the Continuing Obligations of Euronext Oslo Børs. This information to the market has continued during the second year of the Covid-19 pandemic.

*No deviations from the Code.*

## 3. EQUITY AND DIVIDENDS

The Board monitors the Group's capital structure regularly and particularly on a quarterly basis as part of the quarterly reports and will immediately take adequate steps should it become apparent that at a given time the Company's equity or funding structure is or becomes less than adequate.

The Board considers the Group to be adequately capitalised and financed.

### Dividend policy

The Company will at all times have a clear and predictable dividend policy established and revised annually by the Board. The dividend policy forms the basis for the Board's proposals on dividend payments for consideration at the Annual General Meeting and will be publicly disclosed.

B2Holding's Dividend policy is available on the Company's website.

In deciding whether to propose a dividend and in determining the dividend amount, the Board considers both the applicable legal restrictions as set out in the Norwegian Public Companies Act as well as B2Holding's solidity, liquidity, and future capital requirements.

This assessment includes liquidity and solidity risk, market opportunities, timing effect from portfolio recoveries, financial covenants, general business conditions and any capital restrictions at the time of the dividend to be assessed and paid.

The Dividend Policy approved by the Board on 24 April 2022 outlines to aim for an annual distribution of 20-50 % of the Group's Net Profits after Tax in terms of the aggregated amount of dividend pay-out and distribution for share buy-back programs of treasury shares. Distributions through dividends or share buy-back program can be initiated by the Board based on the authorisation from the General Meeting on one or several occasions limited to the framework of the last annual audited accounts. The Dividend Policy is available on the Company's webpage. There can however be no assurance that a dividend will be proposed nor declared in any given year. If a dividend is proposed or declared, there is also no assurance that the dividend amount or yield will be in the range mentioned above.

In 2021, the Board proposed to the Annual General Meeting not to distribute dividends for the financial year 2020 but to authorise the Board to consider the financial development and distribute dividends of up to NOK 0.35 per share when it was perceived as sufficient and appropriate. The Board decided on 3 November 2021 to pay dividend of NOK 0.15 per share under this authorisation.

For the Annual General Meeting in May 2022, the Board has proposed a dividend of NOK 0.42 per share for the financial year 2021, reflecting 30 % of the Net Profit in line with the Dividend policy.

#### Authorisations to the Board

Any authorisations granted to the Board by the General Meeting to increase the share capital will be restricted to the defined purposes. When the General Meeting should pass resolutions on authorisations to the Board for the increase of share capital for different purposes, each such authorisation shall be considered and resolved separately by the General Meeting.

Authorisations granted to the Board to increase the share capital or purchase treasury shares, shall be limited in time, and shall in no instance last beyond the next Annual General Meeting.

*No deviations from the Code.*

#### 4. EQUAL TREATMENT OF SHAREHOLDERS

B2Holding maintains only one class of shares. Each share carries one vote, and all shares carry equal rights, including the right to participate and vote in General Meetings. All shareholders are treated on an equal basis unless there are justified grounds approved by the General Meeting for different treatment.

##### Share issues without pre-emption rights for existing shareholders

In the event of an increase in share capital through the issuance of new shares, a decision to waive the existing shareholders' pre-emptive rights to subscribe for shares will be justified. Where the Board resolves to issue shares and waive the pre-emptive rights of existing shareholders pursuant to an authorisation granted to the Board by the General Meeting, the justification will be publicly disclosed in a stock exchange announcement issued in connection with the share issuance.

##### Transactions in treasury shares

Pursuant to the Norwegian Public Companies Act, the Board may be granted an authorisation by the General Meeting to acquire own shares with a total nominal value of up to 10 % of the share capital. A share buyback program may be organised under the structured "safe harbour" exemption rules or as a single market transaction arranged through an auction process.

Any transactions carried out by B2Holding in its treasury shares will be carried out through Euronext Oslo Børs and in any case at the prevailing stock exchange rates. In the event that there is limited liquidity in the shares, B2Holding will consider other ways to cater for equal treatment of shareholders.

On 8 November 2021, a share buy-back program commenced based on the authorisation from the Annual General Meeting 2021 for a period until the end of March 2022. The purpose of the program was to reduce the capital and number of outstanding shares of the Company. The maximum number of shares that could be acquired under the program was 10 million shares at an aggregated amount of NOK 90 million and at a maximum price of NOK 12.00 per share. The buy-back program complied with relevant regulations including the Market Abuse Regulation and reflected that the maximum number of shares acquired during one trading day was 25 % of the daily volume average during the previous 20 trading days and the maximum price paid was limited to volume weighted average price as quoted on Oslo Børs for the five last business days prior to the time of the acquisition, plus 5 %.

In total 8,767,774 treasury shares at an aggregated amount of NOK 86,834,562 (average NOK 9.90 per share) was acquired under the program at the end of March 2022.

*No deviations from the Code.*

## 5. SHARES AND NEGOTIABILITY

The shares of B2Holding are freely negotiable with one class of shares and the Company's Articles of Association do not contain any form of restriction on any party's ability to own, trade or vote for shares in the company. Each share carries one vote.

*No deviations from the Code.*

## 6. GENERAL MEETINGS

The Board ensures that a) the resolutions and supporting information distributed are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the meeting, and b) any deadline for shareholders to give notice of their intention to attend the meeting is set as close to the date of the meeting as possible.

Further, the Board should ensure that the members of the Board and the Chair of the Nomination Committee attend the General Meeting and that the General Meeting is able to elect an independent chair for the meeting. The Board will ensure that the General Meeting is chaired by an independent person.

Shareholders are able to vote on each individual matter, including on each individual candidate nominated for election.

There are provisions in the Articles of Association as well as in the Norwegian Public Companies Act, that allow the Board to choose whether to hold a General Meeting as a physical meeting or as an electronic meeting.

Based on the experiences during last year's Annual General Meetings during the pandemic and the opportunity to give all shareholders equal treatment, the Board of Directors has decided to conduct the General Meeting in 2022 as a virtual meeting, accessible online via Lumi AGM. All shareholders will be able to participate in the meeting, vote and ask questions.

As per 31 December 2021, the Company's total issued number of shares numbered 409,932,598 distributed among 5,388 shareholders. All shareholders listed in the shareholders' register on the day prior to the Annual General Meeting are entitled to participate at the Annual General Meeting either in person or by proxy and are entitled to vote relative to their respective shareholdings. At 31 March 2022 at the expiry of the share buy-back program, the Company's total number of outstanding shares was 401,164,824 shares.

B2Holding's corporate governance principles state that the General Meetings shall be facilitated through the steps

described in the Code and regulated by the Norwegian Public Companies Act. This includes among others, the distribution of sufficiently detailed and comprehensive information allowing the shareholder to form a view on all matters. A notice to the shareholders is given no less than three weeks prior to the General Meeting, and the registration deadline is set as close as possible to the date of the General Meeting.

## Participation without being present

Shareholders who are unable to attend a General Meeting will be given the opportunity to vote by proxy or cast their votes by electronic means. B2Holding will in this respect provide information on the procedure for voting by proxy, for nominating a person to vote on behalf of shareholders as their proxy, and to vote by electronic means.

A proxy form will be prepared and made available, which shall be set up so that it is possible to vote on each of the items on the agenda and for candidates that are nominated for election, one by one.

*No deviations from the Code.*

## 7. NOMINATION COMMITTEE

In accordance with its Articles of Association, the Company has established a Nomination Committee. The Annual General Meeting elects the members as well as the Chair of the Nomination Committee for a period of two years and determines their remuneration.

The majority of the Nomination Committee are independent from the Board and the Management. The CEO and other members of the Management are not members of the Nomination Committee.

The objectives, responsibilities and functions of the Nomination Committee follow the rules and standards applicable to the Group and are described in "Instructions for the Nomination Committee" as disclosed on the Company's webpage. The Annual General Meeting shall adopt the Instructions for the Nomination Committee.

The Nomination Committee shall recommend candidates for the election of members and Chair of the Board, candidates for the election of members and chair of the Nomination Committee, and remuneration for the Board and the Nomination Committee. The nomination complies with the guidelines in section 9 of the Code regarding the composition and independence of the Board.

The Nomination Committee's recommendation of candidates to the Nomination Committee shall ensure that they represent a broad cross-section of the shareholders as well as being balanced with regards to independence.

The proposals from the Nomination Committee shall include motivated grounds, justifications and particularly include information on each candidate's competence, capacity

and independence. Further, information on the candidates should include age, education and business experience, give information about ownership interests in the Company, any assignments carried out for the Company and assignment for other companies and organisations.

In order for the Nomination Committee to carry out its monitoring as effectively as possible, the committee have individual discussions with the members of the Board and the Chief Executive Officer.

*No deviations from the Code.*

## 8. CORPORATE ASSEMBLY AND BOARD: COMPOSITION AND INDEPENDENCE

The composition of the Board considers and is grounded on expertise, capacity and diversity deemed appropriate and necessary to attain B2Holding's goals, main challenges, and the common interests of all stakeholders. Furthermore, members of the Board should be willing and able to work as a team, resulting in the Board working effectively as a collegiate body.

In accordance with the Code and B2Holding's corporate governance principles, the Board is composed independently from any special interests. A majority of the members of the Board is independent of the Management and any material business connections of the Group, and at least two of the members of the board elected by shareholders should be independent of the Company's main shareholder(s). In this respect due attention should be paid to the balance between male and female members of the Board.

According to B2Holding's corporate governance principles, "a majority shareholder" means a shareholder who owns or controls 10 % or more of the Company's shares or votes, and "independence" entails that there are no circumstances or relations that could be expected to influence the independent assessments of the person in question.

No member of B2Holding's Management are member of the Board. The Chair of the Board is elected by the Annual General Meeting. The term of office for members of the Board shall not be longer than two years at a time. Members of the Board may be re-elected and phases of terms should be considered.

B2Holding's annual report provides information regarding the expertise of the members of the Board, as well as information on their history of attendance at board meetings. The annual report are the members of the Board who are independent. Members of the Board are encouraged to own shares in B2Holding. The Board's and the Management's shareholdings are disclosed on the Company's webpage.

*No deviations from the Code.*

## 9. THE WORK OF THE BOARD

The Norwegian Public Companies Act stipulates that the Board has the ultimate responsibility for the Management and for supervising its day-to-day management and activities in general. Further, the Board's responsibility includes to ensure that the activities of the Management are soundly organised, drawing up plans and budgets for the activities of the Company, keeping itself informed of the Company's financial position and ensuring that its activities, accounts and asset management are subject to adequate control.

In addition, the Code contains special requirements for transactions between public companies and related parties and how they are to be handled. These rules are applicable to all types of agreements. The handling and consideration of such transactions between the Company and a related party are carried out in a manner that ensures sufficient clarity with regard to the balance of the agreement in order to avoid possible conflict of interest, as well as that such agreements are handled in a sufficiently thorough manner with the aim of preventing value from being transferred to related parties.

The Board has issued "Board of Directors' rule of procedure" which reflect the responsibilities above and regulate its own activities. In addition, the Board has issued a separate instruction for the CEO which particularly focuses on clear internal allocation of responsibilities and duties as well as providing the Board with accurate, relevant, and timely information sufficient for the Board to carry out its duties.

These instructions have been updated to include how the Board and Management shall handle agreements with related parties, including whether an independent valuation must be obtained. The Board should also present any such agreements in the Directors' Report. In matters where the Chair of the Board is personally involved, the Board's consideration of such matter is chaired by another member of the Board.

Independent valuations will be procured for transactions between companies within the Group if any of the companies involved have minority shareholders.

In the event of transactions that are considered material between B2Holding and its shareholders, a shareholder's parent company, members of the Board, executive personnel of the Group or close associates to any such party, the Board will arrange for an independent third-party valuation.

The Board has introduced a separate Related Party Transactions. Policy applicable for all Group entities, employees and for the Board itself which is available on the Company's webpage.

The objectives, responsibilities and functions of the Board and the CEO are revised annually and remain in compliance with the rules and standards applicable to the Group.

### Audit Committee

The Board has established an Audit Committee with a separate instruction available on the Company's webpage. The duties and composition of the Audit Committee are in compliance with the Norwegian Public Companies Act and the Issuer Rules, Oslo Rule Book II, Section 3.1.3.6. The committee is a working and preparatory committee for the Board, preparing matters and acting in an advisory capacity.

The members of the Audit Committee are elected by and from the members of the Board for a term of up to two years. The Audit Committee members must have the overall competence required to fulfil their duties based on the organisation and operations of the Group. At least one member of the Audit Committee should be competent in respect of finance and audit and be independent from the Group. The majority of the members are independent of the Management.

The objectives, responsibilities and functions of the Audit Committee shall be revised annually and follow rules and standards applicable to the Group that are described in the "Instructions for the Audit Committee".

### Remuneration Committee

The Board has established a Remuneration Committee with a separate instruction available on the Company's webpage. The Remuneration Committee is a preparatory and advisory committee for the Board in questions relating to remuneration of the Management.

The purpose of the Remuneration Committee is to ensure thorough and independent preparation of matters relating to the remuneration of the Management.

The Remuneration Committee puts forth a recommendation for the Board's guidelines and report for remuneration to senior executives in accordance with Section 6-16a of the Norwegian Public Companies Act.

The members of the Remuneration Committee are elected by and from the members of the Board for a term of up to two years and shall be independent of the Management.

The objectives, responsibilities and functions of the Remuneration Committee are revised annually and are in compliance with rules and standards applicable to the Group and are described in the "Instructions for the Remuneration Committee".

The Board provides the details for the appointment of Board committees in the annual report.

### Annual evaluations

The Board should evaluate its performance and expertise annually.

At the end of each Board meeting, the Board has a separate agenda item where the Board, without the Management

present, discusses matters and assessments that support and complements the annual review of their work.

*No deviations from the Code.*

## 10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board must at all times ensure that B2Holding has properly composed systems for internal control and risk management that are adequate in relation to the extent and nature of the company's activities. As a part of B2Holding's risk management, the Board has adopted a risk profile and appetite as further set out in the internal policies.

B2Holding shall comply with all laws and regulations that apply to the Group's business activities. The Group must not be associated with operations that could harm its reputation.

B2Holding has approved policies and guidelines in the following areas to support its objectives in respect of internal control and risk management:

- Ethics, Code of Conduct
- Environmental, Social and Governance (Sustainability)
- Risk management
- Compliance, including Group policies covering Anti-Corruption, Anti-Money Laundering, sanctions, and whistleblowing
- Communication
- Financial management, including guidelines for quality assurance of financial reporting
- People and organisation, including guidelines for variable remuneration
- Investor relations
- Related party transactions

The Board conducts quarterly reviews of the most important areas of exposure to risk, compliance and sustainability. B2Holding has separate risk and compliance functions at Group level led by the Chief Risk Officer and the Chief Legal, Compliance and HR Officer reporting to the CEO and a Group Internal Audit function reporting to the Board via the Audit Committee. Further, B2Holding's Compliance policy describes the main principles for compliance and how the legal and compliance function is organised.

B2Holding has a separate Investment Committee regulated via an Investment Approval Policy including thresholds and a decision hierarchy approved by the Board. All investment decisions exceeding the upper threshold shall be made by the Board. The Investment Committee is led by the Chief Investment Officer and reports to the CEO.

Further, B2Holding has a Corporate Sustainability Integration Committee (CSIC) that is responsible for coordinating and integrating sustainability into the day-to-day business

operations and is an important part of the corporate governance structure. The CSIC is led by the Head of Corporate Development who is reporting to the CEO. The CSIC is monitoring cross-functional policies and statements such as Business Partner Code of Conduct, Customer Fair Treatment Policy, the Health Safety Statement and Human Right Political and Religious Involvement Policy. For further information see the Sustainability report for 2021 which is an integrated part of the Director's Report.

The Company shall focus on frequent and relevant management reporting to the Board of both operational, financial and non-financial matters with the purpose of ensuring that the Board has sufficient and relevant information for decision-making and is able to respond quickly and balanced to changing conditions.

The liquidity situation and balance sheet position of B2Holding is assessed to be satisfactory and controllable and meets the requirements under the loan agreements. In 2021, the Group reduced the portfolio purchases to a minimum to preserve liquidity for new investment opportunities expected following the Covid-19 pandemic.

The Board is providing an account of the main features of the Company's internal control and risk management systems as they relate to the Company's financial reporting. This account must include sufficient and properly structured information to make it possible for shareholders to understand how the Company's internal control system is organised.

During 2021 a Group Internal Audit function has been established. The Group's Internal Audit is an independent review function that reports directly to the Board via the Audit Committee. The role of the Internal Audit is to provide independent reasonable assurance to the Board and the CEO of the effectiveness of internal control, risk management and the Group's governing processes. The Internal Audit also provides advice to the Management and the Board regarding how the control environment can be improved and how risks in internal control can be limited. The Group Audit receives its instructions from the Board via the Audit Committee, which also approves Group Audit's annual plans and budgets and quarterly written reports.

*No deviations from the Code.*

## 11. REMUNERATION OF THE BOARD

The remuneration of the Board is determined by the shareholders at the Annual General Meeting based on the proposal from the Nomination Committee.

The level of remuneration should reflect the Board's responsibility, expertise, the complexity of the Company, as well as time spent and the level of activity in both the Board and Board committees. The remuneration of the Board is not linked to B2Holding's performance and share options are not

granted to members of the Board.

Board members, or companies associated with Board members, do not engage in specific assignments for B2Holding in addition to their appointments as members of the Board. In cases where there are special grounds, consideration may be presented to the Nomination Committee on the recommendation from the Board and the Nomination Committee may, in its opinion, submit proposals to the Annual General Meeting.

The remuneration paid to the Chair of the Board is determined separately from that of the other members. Any considerations paid to members of the Board in addition to their board remuneration are identified in the separate Remuneration report for 2021. There is no additional remuneration paid to members of the Board except for the remuneration approved by the Annual General Meeting on 20 May 2021.

Details of all elements of the remuneration and benefits to each member of the Board is disclosed in the Remuneration report. Reference is made to the Remuneration Report 2021 available on B2Holding's webpage and attached to the Notice to the Annual General Meeting held in May 2022.

*No deviations from the Code.*

## 12. REMUNERATION OF EXECUTIVE PERSONNEL

The new recommendation from NUES on 14 October 2021 is stating that the company's arrangements in respect of salary and other remuneration should help ensure that the executive personnel and shareholders have convergent interests and should be simple. Performance-related remuneration should be subject to an absolute limit.

The guidelines on fixed remuneration and other type of remuneration for executive personnel that must be considered by the General Meeting, are available to shareholders in the notice for the General Meeting and available on the Company's webpage.

The Remuneration Policy to determine fixed remuneration and other remuneration to the CEO and senior executives, was attached to the notice for and approved by the Annual General Meeting in 2021 and is available on the Company's webpage.

B2Holding's Remuneration Policy should always support the Group's values and strategy. The total remuneration to the CEO and other senior executives consists of a fixed remuneration, variable remuneration, long-term incentive program, other benefits and pension.

Performance-related remuneration of the Management in the form of variable remuneration and long-term incentive program is designed to enhance value creation for shareholders or B2Holding's profit over time through quantifiable factors which the employee may influence.

A cap is set on performance-related variable remuneration to 35 % of fixed remuneration. The long-term incentive program is based on granting share-options on an annual basis vesting with one-third on each of the first, second and the third year. The Board has considered it inappropriate to practice a general right to demand the repayment of any performance-related remuneration of granted variable remuneration for a single year unless required for compliance with regulations. In addition to financial targets, the senior executives' performance related key performance indicators for 2021 included certain sustainability targets as such measures are considered strategically important for the Company and for its shareholders.

*No deviations from the Code.*

### 13. INFORMATION AND COMMUNICATIONS

Guidelines have been established to secure timely and precise information to shareholders, Oslo Børs, and the financial markets in general. Relevant information is given out in the form of annual reports, semi-annual reports, quarterly reports, capital market days, stock exchange releases, and investor presentations in accordance with what is deemed appropriate from time to time.

B2Holding aims to clarify its long-term potential, including strategies, value drivers and risk factors.

Unless exceptions apply and are invoked, B2Holding will promptly disclose all inside information in accordance with MAR, Article 17, cf. MAR, Article 7, as well as Article 2 of Commission Implementing Regulation 2016/1055 by the Norwegian Securities Trading Act. In all circumstances, B2Holding will provide information about certain events, decisions by the Board and the Annual General Meeting concerning dividends, amalgamations, mergers/demergers or changes to the share capital, the issuing of subscription rights, convertible loans and all agreements of major importance that are entered into by the Company and related parties.

Separate guidelines have been drawn up for the proper handling of inside information, see Instructions for Handling Inside and Confidential Information and Rules for Primary Insiders available on the Company's webpage.

In addition to the Board's dialogue with the shareholders in the Annual General Meetings, the Board makes suitable arrangements for shareholders to communicate with B2Holding at other given times. Communications with the shareholders should always follow the provisions of applicable laws and regulations and consider the principle of equal treatment of shareholders.

As part of the investor relations activities, dedicated representatives from the Management meet with investors and financial analysts through regular roadshows, investor conferences, group and individual meetings, and ad hoc calls and emails. B2Holding aims to host capital markets days and

similar events as needed in order to further increase transparency and dialogue with investment communities.

*No deviations from the Code.*

### 14. TAKE-OVERS

In a take-over process, the Board and Management each have an individual responsibility to ensure that B2Holding's shareholders are treated equally and that there are no unnecessary interruptions to the Group's business activities. The Board has a particular responsibility in ensuring that the shareholders have sufficient information and time to assess the offer and not hinder the take-over bids for the Company's activities or shares.

In the event of a take-over process, the Board will abide by the principles of the Code, and ensure that the following takes place:

- the Board will not seek to hinder or obstruct any takeover bid for the Company's operations or shares unless there are particular reasons for doing so,
- the Board will not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company,
- the Board will not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders, and
- the Board must be aware of the duty it has for ensuring that the values and interests of the shareholders are protected.

In the event of a take-over bid, the Board will, in addition to complying with relevant legislation and regulations, comply with the recommendations in the Code. This includes obtaining a valuation from an independent expert. On this basis, the Board will make a recommendation as to whether the shareholders should accept the bid or not.

*Deviations from the Code:*

There are no other written guidelines for procedures to be followed in the event of a take-over bid. The Group has not found it appropriate to draw up any explicit basic principles for B2Holding's conduct in the event of a take-over bid, other than the actions described above and what follows from the Security Trading Act, the Issuer Rules, Oslo Rule Book II and other relevant applicable regulatory matters. The Board otherwise concurs with what is stated in the Code regarding this issue.

*No deviations from the Code except what is reported above.*

## 15. AUDITOR

The Board works to ensure that the auditor presents the main features of the plan for its work regarding audits to the Audit Committee and the Board.

The auditor is invited to and participates in the meeting(s) of the Board and the Audit Committee where any of the following topics are on the agenda: the annual accounts, the quarterly reports, accounting principles, assessment of any accounting estimates and matters of importance on which there has been disagreement between the auditor and the Management and/or the Audit Committee, and weaknesses identified by the auditor and proposals for improvement.

The Audit Committee and the Board holds a meeting with the auditor at least once a year at which no representative of the Management is present.

In order to strengthen the Board's work on financial reporting and internal control, the auditor is required by the EU's Audit Regulation to submit an annual additional report to the Audit Committee in which it declares its independence and explains the results of the statutory audit carried out by providing a range of information about the audit. The Auditors Act sets out requirements for the independence and objectivity of the auditor.

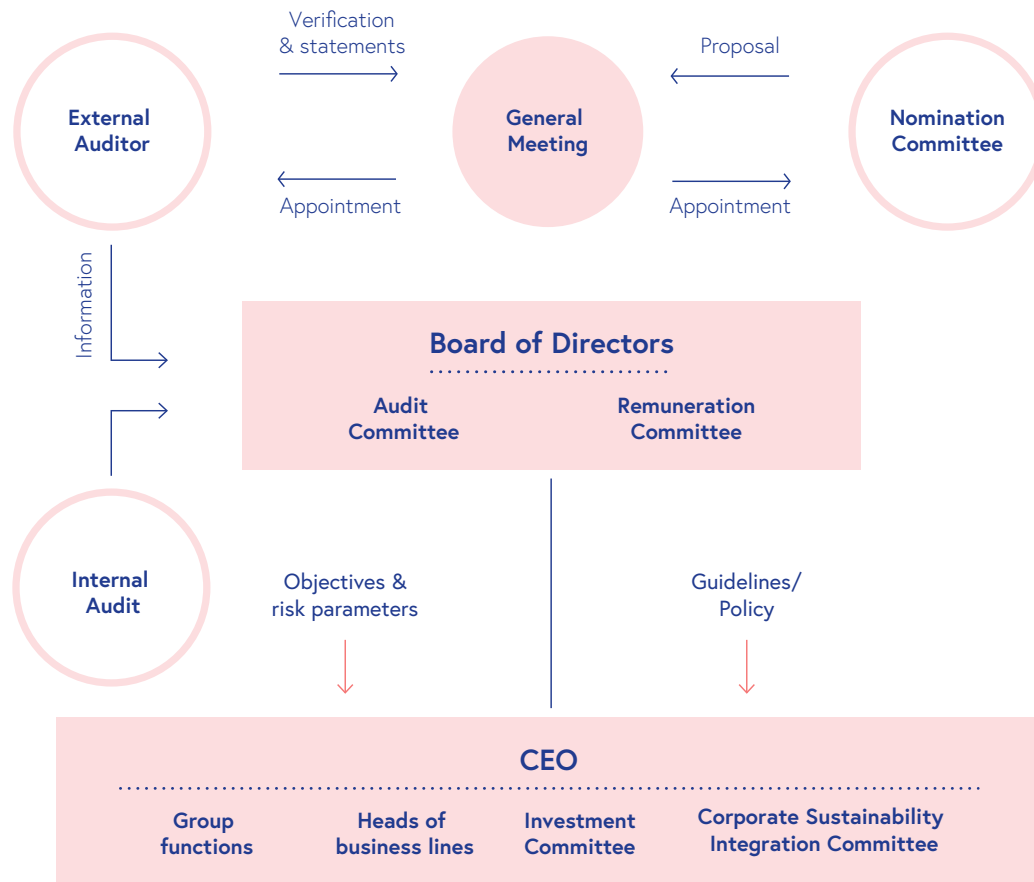
The Audit Committee has on behalf of the Board specified the Management's routines for using the auditor for non-audit services for the purpose of maintaining the independency of the auditor in accordance with the Norwegian Auditor Act.

The auditor communicates in writing with the Board on all matters brought to light by the audit of which the Board should be apprised in order to be able to discharge its responsibility and functions, including significant deficiencies in the Company's internal control, breaches of the bookkeeping rules and other legal requirements and identified irregularities. The auditor shall indicate the nature of any such matter and what consequences it may have for the audit if the matter is not acted upon. The auditor shall number their written documentation.

The Board reports the remuneration paid to the auditor to the shareholders at the Annual General Meeting.

*No deviations from the Code.*

## GOVERNING BODIES IN THE B2HOLDING GROUP



The Board has the principal responsibility for the Group's business operations, which includes ensuring that operations, financial reporting, and asset management are subject to adequate control. Separate instructions have been established for the Board, the two Board committees and the CEO.

The Board has appointed and authorised the Investment Committee through the CEO to make portfolio investment decisions subject to a specific threshold hierarchy. The Investment Committee consists of five members of the

Management (headed by the CEO). Portfolio investment in new geographical markets or portfolio investments with purchase price above EUR 20 million will require approval from the Board.

The Board has organised and authorised the Corporate Sustainability Integration Committee as a committee reporting to the CEO, being responsible for implementing the Sustainability Strategy and ensure that the management of sustainability is integrated throughout the organisation.

# 05

Director's  
report



## Directors' report

Directors' report is prepared in accordance with the Norwegian Accounting Act and the Norwegian Securities Trading Act. The Corporate governance report, the Risk management report and the Sustainability report are integral parts of the Directors' report.

### THE NATURE OF THE BUSINESS AND ITS OPERATIONS

B2Holding ASA ("the Company") is a Nordic-based debt solutions provider with a vision to be a trusted partner that actively re-shapes the credit management industry. The Company is the parent company of the B2Holding consolidated group of companies (together "the Group" or "B2Holding") and since incorporation in 2011, the Group has grown to become a pan-European debt solutions provider. The Group aims to achieve or maintain a top five market position in its respective non-performing loan ("NPL") markets.

The Group's mission is to contribute towards addressing society's debt problems and to bridge the gap that defaulted debt represents in the credit chain, in short "bridging the gap". The Group's core values are Agility, Integrity, Diversity, Excellence and Responsibility and these values reflect the Group's culture and guide the behaviour and actions of all its employees.

The Group provides debt solutions for customers (referred to as debtors) both within unsecured and secured debt, ranging from consumer credits, residential credits, credits to small and medium-sized enterprise ("SMEs"), as well as to corporate customers. In addition, the Group provides services for third-party debt collection, credit information and project management as a full-service provider of debt management and servicing for co-investors and financial partners and NPL vendors.

The strategy set out in the business plan from 2020 remained unchanged in 2021. The main pillars continue to be profitable growth through focused investments in core markets and strengthening the Group's servicing capabilities through a focus on efficiency over footprint. During 2020 and 2021 the Group has responded to the Covid-19 pandemic (hereafter referred to as "Covid-19" or "the pandemic") by strict price discipline and a cautious approach to investment. Growth has thus slowed the past two years but will once again be a focus for the Group's strategy going forward. Operational efficiency is a prerequisite for sustainable platforms and is strived for through adopting digital transformation processes and leverage on scale.

B2Holding is undertaking a 5-year digital business programme powered by data, analytics and technology with the aim of transforming the Group into an analytical player in the debt industry. This programme is already showing early signs of increased business value. The programme is expected to continue to drive growth in collections and improve operational efficiency and effectiveness through pioneering machine learning and artificial intelligence techniques, intelligent automation at scale and cutting-edge technology. Related costs are expensed for.

The Group strategy and goals are assessed and evaluated annually.

This strategy aims to transform the Group towards a more cost-efficient model and leverage the Group's servicing capabilities by increasing assets under management. The Group is structured with a clear distinction between asset classes and increased operational focus. Further, in 2021 it has established functions and senior positions within risk management, compliance, and internal control.

2021 was the second year of the Covid-19 pandemic with various mutations and steps and the Group continued to observe a significantly changed macroeconomic environment characterized by a lot of uncertainty.

Ethical and responsible collections have always driven the Group's business, but especially in such challenging times. B2Holding acknowledges its social responsibility and closely monitors its operations to ensure that the Group demonstrates required sensibility towards those customers that are most vulnerable.

With access to the largest NPL markets in Europe, the Group focuses its investments in markets with growth potential that are of strategic importance. During 2021, the Group has maintained a price disciplined and opportunistic investment approach consistent with the Group's response to the uncertainty caused by the pandemic.

Forward flow contracts were renegotiated in 2020 and this positively affected the returns and the performance in 2021. 74 % of the portfolio investments in 2021 were in Northern Europe and Poland, both being regions that were only moderately impacted by the pandemic.

Towards the end of the year, the Group observed increased activity in the European NPL markets and a greater supply of portfolios. Throughout 2021 the Group has maintained a prudent approach to investments and continues to see a positive development in expected returns for new portfolio investments.

The Group works actively with partners on solutions to optimize overall asset risk exposure, to expand the Group's total investment capacity, and to enhance servicing capacity and scalability.

B2Holding has a solid funding base to support future growth with NOK 2.2 billion in liquidity reserves at the end of the 2021. Bond 2 (B2H02) of EUR 175 million was repaid in the fourth quarter of 2021 and as of end of December 2021 the Group has three listed senior unsecured bond loans for a total of EUR 600 million in addition to the bank financing. B2Holding holds outstanding bond loans with a nominal value of EUR 27 million as treasury bonds, of which EUR 9 million is held in Bond 3 maturing in November 2022.

The Group achieved good performance in most markets in 2021, with visible improvements in those markets most affected by the first waves of the pandemic. The performance was driven by an overall improvement in economic activity in Europe together with improvements in the Group's collection processes and increased use of data and analytics. The Group's focus on scalability and maintaining costs at a sustainable lower level continued, both through general cost discipline as well as via targeted optimization actions implemented in selected markets. The Group's commitment to continuous innovation in strategy development, automation of contact channels and optimization of processes continued to deliver tangible results in terms of unsecured collection efficiency and effectiveness.

During the year, the Corporate and Secured Asset Management business line has undergone a process of re-underwriting all assets under management. The net result of this re-underwriting is a notable increase in Estimated Remaining Recoveries ("ERR"). Under IFRS, the expected cashflow is discounted using the gross IRR on each portfolio as the discounting factor. The net impact from the re-underwriting was thus negative despite the improved expected cashflow. The cash impact of higher ERR was positive by NOK 431 million and the non-cash impact from timing was negative by NOK 596 million. Net credit loss from the Secured business was NOK 129 million for the full year 2021.

The re-underwriting process also revealed a number of assets, mainly in Western Europe, which were either under-targeted or valued at zero.

Gross collections for the year ended at NOK 5,435 million (NOK 5,659 million) a reduction of NOK 224 million (4 %) versus 2020. Adjusted for foreign exchange rates ("FX"), the Group's underlying Gross collections were approximately 2 % above the previous year despite relatively low portfolio investments during 2020 and 2021 and despite some delays in collections due to Covid-19.

Gross collections on unsecured portfolios reached NOK 3,641 million (NOK 3,698 million) in 2021 excluding the Group's share of collections from co-investments. Adjusted for FX, this was an increase of approximately NOK 150 million (4%) in 2021. The collection performance in 2021 reached the same level as the pre-Covid-19 forecast. The impact of the pandemic was most visible in the markets where governments took measures with respect to legal framework of the financial and debt collection systems.

Collection strategies and the operational set-up within the Group have been adjusted continuously as a reaction to the development of the pandemic and the impact on the business environment. During the second and third wave of the pandemic the Group continued to facilitate for remote or hybrid work based on local government recommendations in the local markets. The Group's IT systems fully support a distributed organisation of work, and the quality of management routines of the dispersed organisations is functioning well. Overall, both the Group's access to its customers and their payment discipline remained above the expectations pre-Covid-19, and notably higher than the Group's stress test scenarios from 2020.

Collection results in the Group's main unsecured markets in Northern Europe and Poland continued to perform in line with or above pre-Covid-19 levels. The performance in Western Europe was varied, while the impact of the pandemic in South Eastern Europe was more visible than in the other regions.

Gross collections on secured portfolios excluding the Group's share of collections from co-investments were NOK 1,427 million for the year which was 10 % lower than the NOK 1,580 million reported for 2020. Adjusted for FX, the decrease was approximately NOK 70 million (5 %). The Estimated Remaining Collections ("ERC") for secured portfolios by year end is NOK 4,353 million (NOK 5,423 million) or 22 % of the Group's total ERC including share of ERC from co-investments. The momentum of resolutions in secured portfolios continued during 2021 with actual performance at same level as the latest forecast.

Overall, the secured recoveries continued to improve in 2021, despite significant delays and interruptions in key public services necessary for progressing such resolutions, specifically the courts and bailiff systems and operations related to real estate transactions such as land books.

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

Part of the strategies designed and implemented in the corporate and secured portfolios, relate to repossession of the underlying assets, and aims to shorten the legal processes.

The carrying value of collateral assets increased during 2021 and was NOK 1,284 million (NOK 873 million) at the end of the year. Due to Covid-19 related restrictions and particularly various lockdown measures in the legal systems across Europe, the activity levels, both with regards to sale of collateral assets and non-amicable repossessions, remained at a low, but improved level.

In accordance with the strategy, the Group is actively pursuing further co-investments to gain access to a larger pipeline and utilize the Group's servicing platforms. The ability to co-invest with others is of essence for achieve necessary scale especially within the secured part of the business. At the end of 2021, the Group has established co-investment arrangements for portfolios in Romania, Greece, Croatia, Sweden, Italy and Cyprus.

The ability to transact with reputable investors creates unique advantages for B2Holding with regards to a more flexible purchasing capacity, the opportunity to leverage its servicing platforms by acting as servicer of portfolios for investment partners, and the ability to balance the risk by adjusting the Group's exposure regardless of transaction sizes.

In February 2022, B2Holding announced that the Company has agreed a non-recourse senior financing structure with Pacific Investment Management Company LLC (PIMCO) and its affiliates, having a strong experience and competence within non-performing assets. The Board of Directors ("the Board") believes that teaming up with a major international, reputable institutional investment partner will support the strategy and set further grounds for a mutually beneficial cooperation going forward.

The total portfolio purchases in 2021, excluding portfolios purchased in JVs, was NOK 1,202 million which is a 28 % decrease from 1,664 million in 2020. In 2021 the allocation was NOK 458 million and 38% to Poland (NOK 362 million and 22 % in 2020), NOK 427 million and 35 % to Northern Europe (NOK 898 million and 54 % in 2020), NOK 213 million and 18% to South Eastern Europe (NOK 311 million and 19 % in 2020), NOK 73 million and 6 % to Central Europe (nil in 2020), and NOK 32 million and 3 % to Western Europe (NOK 93 million and 6 % in 2020). Following the purchases in 2021, Northern Europe was the Group's largest region with 39 % of the ERC (40 % in 2020). Poland increased to 18 % (16 % in 2020) and the exposure in Central Europe was reduced to 17 % (19 % in 2020). The exposure in South Eastern Europe and Western Europe are stable at respectively 14 % and 12 % in terms of ERC.

**Northern Europe:** Collections continued to perform well in 2021, but decreased slightly from NOK 1,786 million in 2020 to NOK 1,701 million in 2021 with the decrease of 5 % mainly due to FX. Underlying collections were just 0.4 % lower than in 2020 despite the low investment level in 2021. The gross collections in 2021 were mainly (99 %) from unsecured portfolios.

Revenue from purchased loan portfolios was in line with 2020 with lower interest revenue in 2021 offset by a net credit gain from purchased loan portfolios in 2021 of NOK 58 million compared with a net credit loss of NOK 36 million in 2020. The positive outcome in 2021 was due to overperformance on collections. FX negatively impacted 2021 compared with 2020 by approximately 5 %. Other revenues were also stable year-on-year.

Costs were lower year-on-year following efficiency improvements and the cost to collect % improved by 1 percentage point. The number of full-time equivalents (FTEs) in the region by year end was 353 (357).

**Central Europe:** Collections decreased by NOK 96 million (7 %) mainly being FX, with underlying collections down just 2.7 % year-on-year. The lower collections year-on-year were on secured portfolios and were due to a relatively large repossession in 2020.

Revenues from NPLs were impacted by the low investment levels in 2020 and in 2021 and thus lower interest revenue on lower book values, as well as by a net credit gain from purchased loan portfolios of NOK 33 million in 2021 compared with a net credit loss of NOK 72 million in the prior year. Other revenues were higher in 2021 due to higher revenue from sale of collateral assets which were disposed of at a margin of 36 % in 2021.

Cost to collect was lower in 2021 than in 2020 following efficiencies achieved across the region and the cost to collect percentage decreased to 14 % during the year from 15 % in 2020. The number of FTEs in the region by year end was 199 (256).

**Western Europe:** The region most affected by the Covid-19 pandemic and subsequent governmental measures. Collections decreased by NOK 85 million (16 %) to NOK 463 million of which approximately NOK 30 million or 5 % was due to FX. The decrease was otherwise mainly lower collections due to the governmental measures including closed courts and bailiffs.

Revenues from purchased portfolio were down by NOK 191 million (65 %) to NOK 101 million in 2021 compared with NOK 292 million in 2020 following a net credit loss of NOK 206 million in 2021 mainly due to negative revaluations of secured portfolios.

The cost to collect percentage increased by 5 % percentage points to 33 % in 2021. The number of FTEs by year end was 417, a significant decrease from 453 last year following the cost efficiency program during the pandemic.

**South Eastern Europe:** The region increased collections by NOK 37 million (6 %) to NOK 669 million in 2021 compared with NOK 632 million in 2020. Adjusted for FX, underlying collections increased by NOK 76 million (13 %). Total revenues from purchased portfolio were NOK 375 million compared with NOK 325 million in 2020 and an increase of NOK 50 million. The increase was mainly due net credit losses in 2020. Profit from joint ventures decreased by NOK 2 million (6 %) to NOK 27 million (NOK 29 million). The number of FTEs decreased from 567 last year to 534 in 2021 due to cost efficiency programmes under the pandemic.

**Poland:** Total collections in 2021 were NOK 1,052 million compared with NOK 1,033 million in 2020, a 2 % increase year-on-year, however adjusted for FX underlying collections were higher than last year by NOK 99 million (10 %).

Revenues from NPLs were also higher the last year with lower interest revenue offset by significant over-performance on collections which resulted in a large positive net gain from purchase loan portfolios in 2021.

Cost to collect improved from 30 % to 25 % due to higher gross collections combined with reduction in FTEs of 51 (-11 %) to 433 (484) at the end of 2021.

#### FUNDING STRUCTURE AND FINANCING

During 2021, the Group has maintained its liquidity reserve, increased headroom to its financial covenants and repaid part of its debt.

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 560 million in facility lines and comprises of a EUR 510 million 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 50 million 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 holds three listed senior unsecured bond loans for a total of EUR 600 million. A nominal value of EUR 27 million is held as treasury bonds, of which EUR 9 million is held in Bond 3 maturing in November 2022.

The rating agencies Moody's and S&P upgraded their outlook in their latest review in November. Moody's affirmed the Ba3 rating and changed their outlook to stable, while S&P affirmed the B+ rating and changed their outlook to positive. The upgrade in outlook reflects a combination of the Group's improved liquidity profile, its headroom to financial covenants, the solid collection performance, and the affirmation of the values of the Group's REOs and secured portfolios.

#### FINANCIAL STATEMENTS

The Board is of the opinion that the annual financial statements for 2021 provide a true and fair view of the net assets, financial position and result of B2Holding ASA and the Group for the year. The Group's consolidated financial statements are presented in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU.

#### Profit and loss

The Group recorded a full year operating profit of NOK 1,308 million for the year 2021, compared to NOK 1,224 million in 2020. The cost to collect was 19 % which is a reduction from 21 % last year mainly due to focus on operational efficiency and cost reductions.

Revenues from purchased loan portfolios amounted to NOK 2,355 million compared to NOK 2,535 million in 2021. Total revenues for the year amounted to NOK 3,155 million compared to NOK 3,174 million in 2020, a decrease of NOK 19 million mainly due to lower interest revenue from purchased loan portfolios following lower portfolio purchases.

Operating expenses, excluding depreciation and amortisation and impairment losses and cost of collateral assets sold decreased by NOK 117 million (7 %) in 2021 compared with 2020.

Net financial items ended at NOK 566 million (NOK 814 million), of which interest expenses on interest bearing debt amounted to NOK 639 million (NOK 795 million) and net foreign exchange gains to NOK 5 million in 2021 (net loss of NOK 65 million in 2020).

The number of FTEs in the Group was 1,979 (2,191) at the end of 2021, a net decrease of 212 during the year. The FTE numbers have decreased in all regions, with most significant decrease in Central Europe (-22 %) and Poland (-11 %) due to efficiency programs. Going forward, the number of FTEs is expected to be further reduced as a result of the ongoing efficiency programs and the planned reduction of geographical footprint.

### CASH FLOWS AND CASH COLLECTIONS

As described above, Gross collections decreased in 2021 by NOK 224 million (4 %) to NOK 5,435 million due to FX, with underlying Gross collections approximately 2% above 2020. The main increase in FX adjusted collections year-on-year were in Poland and in South Eastern Europe, with Northern Europe and Central Europe very close to last year, but a reduction in Western Europe.

Cash flow from operating activities for the year ended at NOK 3,505 million (NOK 3,193 million), NOK 311 million (10%) higher than in 2020. The difference between operating cash flows and the operating profit of NOK 1,308 million (NOK 1,224 million) is mainly related to amortisation/ revaluation of purchased loan portfolios offset by unrealised foreign exchange balances, paid taxes, and timing differences. Cash flow from investment activities ended at minus NOK 1,155 million (NOK 1,760 million), while the Net cash flow from financing activities in the period ended at minus NOK 2,385 million (NOK 1,489 million).

### Balance sheet and liquidity

Total assets at 31 December 2021 amounted to NOK 15,315 million compared to NOK 17,169 million in 2020. The equity amounted to NOK 4,993 million and the book equity ratio was 32.6 % compared to 27.5 % at 31 December 2020.

Total book value of purchased loan portfolios ended at NOK 10,921 million end of December 2021 which is NOK 2,112 million lower than year-end 2020. Net interest-bearing debt as of 31 December 2021 was NOK 9,067 million compared to NOK 11,068 million last year.

Cash and cash equivalents amounted to NOK 376 million at the balance sheet date compared to NOK 423 million at the end of 2020. The Group's liquidity situation and the ability to finance future investments are assessed as adequate.

### PARENT COMPANY

B2Holding ASA, the parent company, recorded a full year loss of NOK 32 million (NOK 110 million). Interest income from Group companies was NOK 430 million in 2021 compared to NOK 516 million in 2020. Net cash flow for the year ended negative at NOK 5 million compared to a deficit of NOK 1 million for 2020.

Total assets at 31 December 2021 amounted to NOK 9,594 million compared to NOK 10,946 million in 2020. The equity amounted to NOK 3,416 million (NOK 3,717 million) and the book equity ratio was 35.6 % (34 %).

Cash and cash equivalents amounted to NOK 0.07 million at the balance sheet date compared to NOK 5 million at the end of 2020. Of this amount, NOK 0.06 million were restricted balances. The Company's liquidity situation, ability to finance future investments, meeting its obligation and the solidity of the parent company are adequate and satisfactory.

### FINANCIAL AND OTHER RISKS

B2Holding's approach to risk management is to proactively manage risks in order to ensure sustainable profits and value generation for the Company's stakeholders.

Reference is made to the Risk management report which is an integral part of the Directors' report.

The risk governance structure is overseen by the Board through the Audit Committee, owned by the CEO and headed by the Chief Risk Officer (CRO) with appointed risk managers from local entities. The Group Risk function works with local risk managers to correctly identify and assess risks, challenge risk assessments and act as a consultant to support clear and transparent risk mapping process.

The Group Internal Audit function was established in 2021. The Group's Internal Audit is an independent review function that reports directly to the Board via the Audit Committee. The role of the Internal Audit is to provide independent reasonable assurance to the Board and CEO of the effectiveness of internal control, risk management and the Group's governing processes. The Internal Audit also provides advice to Management and the Board regarding how the control environment can be improved and how risks in internal control can be limited. The Internal Audit receives its instructions from the Board via the Audit Committee, which also approves Internal Audit's annual plans, budgets and quarterly written reports.

The Group's core business is to generate profitable returns through controlled exposure to credit risks in the form of acquiring and managing non-performing loans. Therefore, the Group actively pursues this type of risk which inherently carries the highest potential impact on the income statement and balance sheet. As such, there is an increased central focus on this area of risk, with particular emphasis and oversight on the portfolio acquisition process, performance management and reporting.

B2Holding has continued to focus on risk management throughout 2021 by strengthening the Risk function and by developing independent, centralized asset valuation capacity. The Enterprise Risk Management framework is gradually being rolled out across the Group's jurisdictions to facilitate the analysis and monitoring of significant risks, aiming to enable the Group's management at all levels to more easily identify and quantify risk factors that may negatively affect the Company's profitability and sustainability, while at the same time strengthening internal controls and governance.

B2Holding is implementing risk management principles based on the Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management (COSO ERM) framework with the overriding objectives to achieve improved governance, drive operational excellence, and to achieve enhanced value for the stakeholders.

The components and principles of the COSO ERM framework that B2Holding is actively embedding across the Group are transforming the business into a risk aware organization.

The risk framework is underpinned by key principles which define internal expectations on risk management with all employees expected to apply these principles in their daily work, promoting risk ownership and management where it arises.

Business operations, Risk and Compliance functions and the Internal Auditor are the key actors of the risk control framework of the Group. During 2021, the Group has worked to strengthen its internal governance with improved structures and increased oversight implemented in the portfolio revision process and within the secured assets perimeter, including re-organisation of key functions and decision-making committees. The work to strengthen the Group's risk governance is expected to continue into 2022.

The Risk management principles are grouped into strategic, financial and operational risk which are further divided into different risk groups:

- The strategic risks are divided into management risk, competition risk, macro and political risk and climate risk.
- The financial risks are divided into liquidity risk, currency and interest risk, investment risk and fiscal risk.
- The operational risks consist of data protection risk, regulatory risk, reputation risk, IT security risk, corruption and other non-compliance risk and human capital risk.

For a more thorough description of the risk elements and actions to mitigate the relevant risk, please see the Risk Management report which constitutes an integral part of the Director's report.

Principal risks are identified through the Group-wide risk framework or through incidents raised. All material risks raised are discussed at periodic senior management meetings, with mitigating actions defined and implemented, and with improvements actively monitored by the Group Risk function.

Environmental, Social and Governance (ESG) risks are addressed in the Sustainability report which is an integral part of the Director's report.

The CEO and the Heads of Unsecured and Secured Asset Management are responsible for and shall ensure that all business units operate and develop in accordance with B2Holding's risk management and internal control policy and routines.

The Board reviews the Group's most important risk areas and its approach to address the identified risks on an annual basis.

## ENVIRONMENT AND EMPLOYEES

### Administration and personnel

B2Holding ASA, the Group's head office located in Oslo, had 27 employees at the end of the year, of which 10 were women and 17 were men.

There were reported 83 (1.2 %) days of sick leave in the parent company B2Holding ASA in 2021 compared to 107 (2 %) last year.

Throughout 2021, no incidents resulting in serious injury or material damage have been reported. The workplace environment is considered to be positive and improvements are made on a continuous basis.

At 31 December 2021, the Board consisted of seven members of which three were women and four were men.

### Equality and discrimination

The B2Holding Group has 2,230 employees at year-end comprised of 1,493 women and 737 men, compared to 2,398 in 2020 of which 1,602 women and 796 men. The total number of full-time equivalents (FTEs) at year-end was 1,979 of which 1,269 women and 710 men. The Group aims to be a workplace where there is gender equality. The Group employs a policy where no discrimination is tolerated.

The Norwegian Equality and Anti-Discrimination Act aims to promote equality and prevent discrimination based on the basis of gender, pregnancy, leave in connection with childbirth or adoption, care responsibilities, ethnicity, religion, belief, disability, sexual orientation, gender identity, gender expression, age or other significant characteristics of a person. The Group works actively, purposefully, and systematically to promote and ensure that the Group adheres to the fundamental principles laid out by the Equality and Anti-Discrimination Act. These activities are targeted in recruitment, wage and working conditions, promotion, development, and protection against harassment.

The Group introduced and implemented a Whistleblowing Policy in 2021 and established a secure whistleblowing reporting channel through an external provider. The whistleblowing channel is available for all business units in local languages and employees are encouraged to report any irregularities through this channel. A tailor-made training targeting all employees supported the implementation of the whistleblowing policy and channel.

The Group strives to be a workplace where disability discrimination, mental or physical, is not tolerated. The Group works to design and facilitate the physical environment to make it accessible. Employees and applicants with physical disabilities will receive individual solutions to facilitate their workplace environment and responsibilities.

The Board wishes to thank all employees for all support and efforts made for the achieved results and progress in 2021.

### Sustainability – Environmental, Social and Governance (ESG)

Under section 3-3a and 3-3c of the Norwegian Accounting Act, B2Holding is required to report on its corporate responsibility and selected related issues. The Sustainability report is based on principles described in the Euronext ESG Guidelines for listed companies and principles under the Global Reporting Initiative (GRI).

In 2021, the Covid-19 pandemic continued to have a large impact on societies around the world, with lockdowns, travel restrictions and isolation requirements affecting everyone. B2Holding has continued to prioritise its response to the pandemic and has sought to ensure that its employees and customers receive the support they need. The procedures and protocols that were introduced in 2020 have proved resilient throughout the pandemic and B2Holding have managed to ensure both safe working conditions and continuing operations.

In the beginning of 2021, B2Holding became a signatory to the UN Global Compact, committing the Group to its ten principles including Human Rights, Labour, Environment and Anti-Corruption. These principles are implemented through internal policies and B2Holding's Code of Conduct, which supports the fundamental goal of building and sustaining long-term relations with all stakeholders by maintaining high ethical standards in every decision made. B2Holding supports public accountability and transparency and therefore commits to reporting on its progress within one year of joining the UN Global Compact and annually thereafter in the form of a Communication on Progress (COP) regarding the implementation of the ten principles. The Group's first COP was published in 2021.

During 2021, B2Holding developed and implemented its Sustainability policy, as well as a set of other policies and statements under the sustainability umbrella that have been duly approved and will be implemented beginning of 2022. The sustainability policy sets out B2Holding's standards both for how it intends to work with sustainability as a Group and how it expects its employees and representatives to behave. The policy will be reviewed periodically to ensure that B2Holding is doing the best in this area.

A part of the sustainability strategy is commitment to the Science Based Targets initiative (SBTi). The Board considers SBTi's criteria to be an appropriate method for committing the Group to a set of targets in transitioning to net-zero emission and that it is robust and valuable for its shareholders.

The Head of Corporate Development is responsible for the sustainability activities within the Company. In 2021, a Corporate Sustainability Integration Committee (CSIC) was established under the CEO, to ensure coordination and integration in the Group. Led by the Head of Corporate Development, the CSIC comprises members from B2Holding's business lines, human resources, risk, compliance and

finance. The CSIC ensures that the Group's Sustainability strategy is anchored and implemented throughout the organisation. Furthermore, all Group entities have appointed a local sustainability ambassador to support and lead local initiatives, in addition to harmonizing with Group initiatives.

B2Holding recognises that businesses play a key role in achieving the 17 Sustainable Development Goals (SDGs) put forth by the United Nations in 2015. The Group's main contribution as a debt solution provider lies in creating value for the society by handling non-performing loans and supporting customers (debtors) in solving their payment challenges, enabling them to improve their financial situation and return to the standard financial system.

Going into 2022, B2Holding is in a stronger position to achieve its sustainability goals. B2Holding is ranked as the number one in the sub-industry of consumer finance by Sustainability and is assessed to have negligible ESG risk. In addition, the ESG reporting rating from the ESG100, provided by The Governance Group, has risen from E to C, showing that B2Holding is more transparent and maturing in this area.

Reference is made to the separate Sustainability report.

### CORPORATE GOVERNANCE AND INTERNAL CONTROL

Reference is made to the corporate governance report that constitutes an integral part of the Directors' report.

B2Holding ASA is subject to various corporate governance reporting requirements under applicable regulations including the Norwegian Code of Practice for Corporate Governance ("the Code") issued by The Norwegian Corporate Governance Board (NGCB or NUES) updated on 14 October 2021. B2Holding reports that there are no deviations from the Code.

B2Holding considers solid corporate governance as a necessary condition for gaining the credibility needed to access the non-performing loan market, the capital markets and the most valuable of them all, namely the market of human capital that ultimately creates value for B2Holding's stakeholders in a sustainable way. A well-functioning corporate governance framework is the cornerstone to ensuring that the organisation has an effective and balanced internal management control system, with clear delineated responsibilities, and administers subsequent accountability. B2Holding is subject to extensive external regulatory framework described in the corporate governance report which is reflected in B2Holding's internal control mechanisms.

The setup of the internal governance structure reflects both the Article of Associations, resolutions and proxy given by the Company's shareholders in the Annual General Meeting, as well as the policies and instructions that are adopted by the Board.

The Annual General Meeting adopts the Instruction for its Nomination Committee submitting proposals for the election of the members of the Board and the Chair of the Board, remuneration to the members and the Chair, and for the members of the Board committees.

At B2Holding ASA's Annual General Meeting on 20 May 2021, Adele Bugge Norman Pran and Thale Kuvås Solberg were elected for a period until the Annual General Meeting in 2023 and Harald L. Thorstein, Niklas Wiberg, Trygve Lauvdal, Grethe Wittenberg Meier and Trond Kristian Andreassen were elected for the period until the Annual General Meeting in 2022.

The Board established the Audit Committee after the Annual General Meeting on 20 May 2021 with Adele Bugge Norman Pran as leader and Thale Kuvås Solberg and Trond Kristian Andreassen as committee members. The external auditor, EY, participates in meetings with the Audit Committee when matters falling within the scope of the external auditors' responsibilities are considered. The Instruction for the Auditing Committee was updated on 27 January 2021 in order to reflect new regulatory requirements with effect from 1 January 2021. The Instruction to the Audit Committee is available on the Company's website.

The Board established the Remuneration Committee after the Annual General Meeting on 20 May 2021 with Harald L. Thorstein as the leader and Trygve Lauvdal as a committee member.

The Board has both managerial and supervisory duties and approves the Corporate Governance Principles and the Code and is responsible for compliance with the principles.

B2Holding commits to ethical and sustainable business practices, reliable and transparent financial reporting, and compliance with all regulations, requirements, and industry standards in each of the countries where the Group operates. Corporate governance within the Group is therefore about more than how the Board and the Management conduct themselves, it is also about consolidating and further developing the Group's values and its ethical footprint.

The Board has adopted a set of policies and instructions which further define the governance structure of B2Holding ASA and the Group. These policies, instructions and procedures outline and clarify the different levels of responsibilities within the Group, and which limitations or control mechanisms coincide with these responsibilities.

The Board will at all times ensure that B2Holding complies with the requirements of section 3-3b of the Norwegian Accounting Act and the Code. This is done by ensuring that the topic of good governance is an integral part of the decision-making process in matters dealt with by the Board. B2Holding's corporate governance principles are subject to annual review and discussion by the Board.

The Group is currently structured into regional areas and follows an operational product line matrix for Unsecured Asset Management and Secured Asset Management. Both the Head of Unsecured Asset Management as well as the Head of Secured Asset Management are, together with the Group CEO and the support from the Group functions, responsible for and shall ensure that all business units in the Group operate and develop in accordance with the governance policies, instructions, procedures, and Code of Conduct as outlined by the Board.

For investment in and evaluation of loan portfolios, the Board has established policies for an internal control framework including an Investment Committee and an investment office in Luxembourg headed by the Chief Investment Officer. This framework is established to control the specific operational risks and risks related to financial reporting of purchased loan portfolios.

Management prepares monthly consolidated financial reports that are sent to the Board. When the Group's quarterly financial reports are to be presented, the Audit Committee reviews the reports prior to the Board.

The Board annually reviews the strategic plan and as part of the preparation for the strategic discussion, the Board also reviews the Group risk exposures.

The members of the Board and the CEO's possible liability to the Company and third parties are individually covered under a Nordic Directors & Officers Liability Insurance up to 30 June 2022, after which it will be renewed.

## NOMINATION COMMITTEE

B2Holding's Nomination Committee is stated in the Articles of Association. The Nomination Committee shall have three members, including the head of the Committee. As to the composition of the Nomination Committee, the interests of the shareholders will be considered, and the majority of the members shall be independent of the Board and of the Group Management. The Nomination Committee shall not include any Executives or any member of the Board. The Chair of the Board and the CEO shall be invited to minimum one meeting of the Nomination Committee and the Nomination Committee shall have individual discussions with all members of the Board before it gives its final recommendation to the Annual General Meeting.

The Nomination Committee shall propose and present candidates for election to the Board at the Annual General Meeting. At B2Holding ASA's Annual General Meeting on 20 May 2021, Kjetil Garstad (leader), Albert Collet and Hans Thrane Nielsen were elected for a period until the Annual General Meeting in 2023.

## EQUITY

The parent company's share capital at 31 December 2021 amounted to NOK 41 million and total book value of equity was NOK 3,416 million. Total book value of equity for the Group at 31 December 2021 was NOK 4,993 million corresponding to a book equity ratio of 32.6 %. Considering the nature and scope of B2Holding's business, the Board of Directors considers that the Company has adequate equity.

The Board proposes to the Annual General Meeting a proxy to distribute a cash dividend of NOK 0.42 per share for the financial year 2021. The Board has updated the Dividend Policy aligning relevant regulations balancing the Company's commitments to the credit market to increase its attractiveness in the equity markets. This is done by broadening the range for aggregated distributable amount for dividend and repurchase of treasury shares combined to 20-50 % of Net profit reflected in last approved audited Annual accounts, as well as taking into account future market opportunities in addition to solidity and liquidity aspects when assessing the distributable amount. The Dividend Policy is available on the Company's website.

## GOING CONCERN

The annual accounts for 2021 have been prepared on a going concern basis and in the opinion of the Board, the accounts provide a fair representation of the Company's business and financial results. The Board of Directors confirms that the going concern assumption has been satisfied.

## OUTLOOK

Fourth quarter 2021 was a solid quarter that indicated a strong momentum into 2022. B2Holding has observed more investment activity and an improved pipeline into 2022 compared with one year ago. The unsecured collections and secured recoveries have proven to be solid throughout 2021 which continued into fourth quarter with a positive momentum into first quarter of 2022.

The cost levels have been maintained at a low level through cost discipline and operational improvements, among other via automation and process optimization that will continue into 2022.

The comprehensive re-underwriting process of secured assets in 2021 has identified excess values in secured assets which substantiate the expectations of cash recoveries in our secured portfolios going forward. Market activity picked up in the fourth quarter 2021 and portfolio acquisitions more than doubled compared with the third quarter 2021.

The co-investment partnership with PIMCO predominantly for B2Holding's back book in secured assets is setting the grounds for a mutually beneficial cooperation going forward.

Going into 2022, the Board sees an improving pipeline

which signals a more normalized and balanced market. With a strong balance sheet and one of the lowest leverage ratios in the industry, B2Holding is well positioned to take part in what the Board believe will be a more active market going forward.

The outlook for the future development in the unsecured markets remains positive, with a visible improvement of the counter-pandemic measures taken by the governments.

The recent development of inflation rates in several jurisdictions, fuelled to a large extent by the increasing cost of utilities and particularly energy prices, may pose new challenges to the collection processes, however their effects have not yet been visible. At the same time those new macro-economic trends should increase activity in the unsecured NPL market, and the Group is well prepared to participate in this growth. Improvements in Group processes have also resulted in good performance and created a strong foundation for the further growth of the unsecured business.

As a result of the pandemic and the prolonged uncertainty, the Group will continue to carefully monitor the market and remain price disciplined while maintaining an opportunistic approach to portfolio purchases. At the same time, the Group will focus on strengthening its balance sheet, and improve headroom to loan covenants.

During the pandemic, B2Holding's primary concern has been the well-being of its employees, followed by ensuring business continuity and regularity, and it has actively addressed both as the pandemic progressed.

Governmental measures such as lockdowns and forced closures of businesses, have among others had an effect on the local bailiff and court systems during 2021, as well as for many customers who have found themselves in a more challenging and uncertain financial situation.

The Group's values emphasizing both ethical and responsible collections, have been fundamental and more important than ever.

B2Holding moved their workforce to work-from-home within weeks from the inception of the pandemic, and throughout the pandemic the Group has complied with all regulations imposed by the local health authorities and governments. This allowed the Group to mitigate the risks caused by the lockdowns imposed in 2020 and 2021.

## The Ukraine situation

In light of the ongoing Russian invasion of Ukraine, the primary business focus is to evaluate potential risks affecting the Company. B2Holding does not have any operations or employees in Ukraine or Russia. B2Holding's priority is to ensure the health and safety of its employees in the neighbouring countries, make sure that the Group comply with international sanctions on Russia and honouring commitments to business partners. At the time of publishing this

report, there is large uncertainty associated with the macro-economic implications of the geopolitical situation.

#### ALLOCATIONS

The Board has proposed to cover the parent company's loss after tax of NOK 32 million with Other equity. The Board has proposed to the Annual General Meeting a cash dividend for 2021 of NOK 171 million (NOK 0.42/share) of which NOK 3 million is dividend for treasury shares acquired under the share buy-back program as of 31 March 2021.

The Board has proposed to the Annual General Meeting to decrease the parent company's Share capital and Other paid in capital by cancellation of its 8,767,774 treasury shares acquired under the share buy-back program. A creditor deadline of six weeks will apply before implementation.

The Board is of the opinion that, after the net dividend payment of NOK 168 million for 2021 and the cancellation of the acquired treasury shares, the Group will have adequate liquidity, financial strength, and flexibility to provide sufficient support to its operations within the Group's strategy and market requirements.

*Oslo, 26 April 2022*

/sign/  
Harald L. Thorstein  
Chair of the Board

/sign/  
Trond Kristian Andreassen  
Board Member

/sign/  
Trygve Lauvdal  
Board Member

/sign/  
Adele Bugge Norman Pran  
Board Member

/sign/  
Thale Kuvås Solberg  
Board Member

/sign/  
Erik J. Johnsen  
Chief Executive Officer

/sign/  
Niklas Wiberg  
Board Member

/sign/  
Grethe Wittenberg Meier  
Board Member

## Board of Directors



### HARALD L. THORSTEIN

- Independent
- Chair of the Board since May 2020
- Founder and owner of the London based advisory company Arkwright London Ltd. He has previously held positions in Seatankers Management and DnB Markets.
- Chair of the Board of Altus Intervention Holding AS and board member of DOF Subsea AS. Extensive board experience includes Aktiv Kapital, Axactor, SFL Corp and Seadrill.
- MSc in Industrial Economics and Technology Management with specialization within Finance and Optimization.

Number of board meetings in 2021: **21**  
 Number of shares: **125,000**  
 Born: **1979**



### TRYGVE LAUVDAL

- Represents second largest shareholder Rasmussengruppen AS
- Board member since May 2020 and previously from 2013 to 2018
- Investment director at Rasmussengruppen AS. Prior to this, he worked nine years as an equity analyst in DNB, specializing in the technology, industrial and renewable energy sectors.
- Board member of Net1 International Holdings AS, and Nykode Therapeutics AS.
- PhD in Engineering Cybernetics from Norwegian University of Science and Technology (NTNU)

Number of board meetings in 2021: **21**  
 Number of shares: **0**  
 Born: **1969**



### NIKLAS WIBERG

- Represents largest shareholder Prioritet Group AB
- Board member since May 2018. Deputy board member 2016-2018, board member 2013-2016.
- Executive Vice President and Deputy CEO at Prioritet Finans AB, Sweden's largest buyer of invoices. Prioritet Finans is owned by the Wiberg family.
- Magister level degree in Business with Specialisation in accounting, finance, and entrepreneurship.

Number of board meetings in 2021: **21**  
 Number of shares: **0**  
 Born: **1978**



### ADELE BUGGE NORMAN PRAN

- Independent
- Board member since May 2018
- Management consultant, Board Professional and Investor. Professional experience from private equity and M&A consulting. Partner and CFO in Herkules Capital for 12 years.
- Chair of the board of Zalaris ASA. Board member of Yara International ASA, ABG Sundal Collier ASA, Hitecvision AS, Motor Gruppen AS, Løvenskiold-Fossum ANS and Bane Nor Sf.
- Cand. jur degree from University of Oslo, Master of Accounting from NHH Norwegian School of Economics.

Number of board meetings in 2021: **20**  
 Number of shares: **90,000**  
 Born: **1970**



#### TROND KRISTIAN ANDREASSEN

- Independent
- Board member since May 2020.
- Managing owner of Vimar AS. Previous positions include CEO and Member of the Board of Avida Finans, CEO at Gothia Financial Group and CEO (Nordic, Spain and Holland and CEO Group Factoring Europe) at Arvato Financial Solutions.
- Member of the board in Lillestrøm Sportsklubb.
- Bachelor of Business Administration from BI Norwegian Business School.

*Number of board meetings in 2021: 21*  
*Number of shares: 165,000*  
*Born: 1963*



#### GRETHE WITTENBERG MEIER

- Independent
- Board member since May 2018
- CEO at Privatmegleren AS. Previous positions include CEO at Terra Aktiv Eiendomsmegling AS, CEO at SATS AS, CEO at Vita AS and marketing director at Bank2 AS.
- Chair of the Board of Eiendom Norge AS. Board member of Privatmegleren Nyeboliger AS and Vita Holdco AS.
- Bachelor of Commerce/ Business Studies from The Norwegian Business School (BI).

*Number of board meetings in 2021: 21*  
*Number of shares: 25,000*  
*Born: 1965*



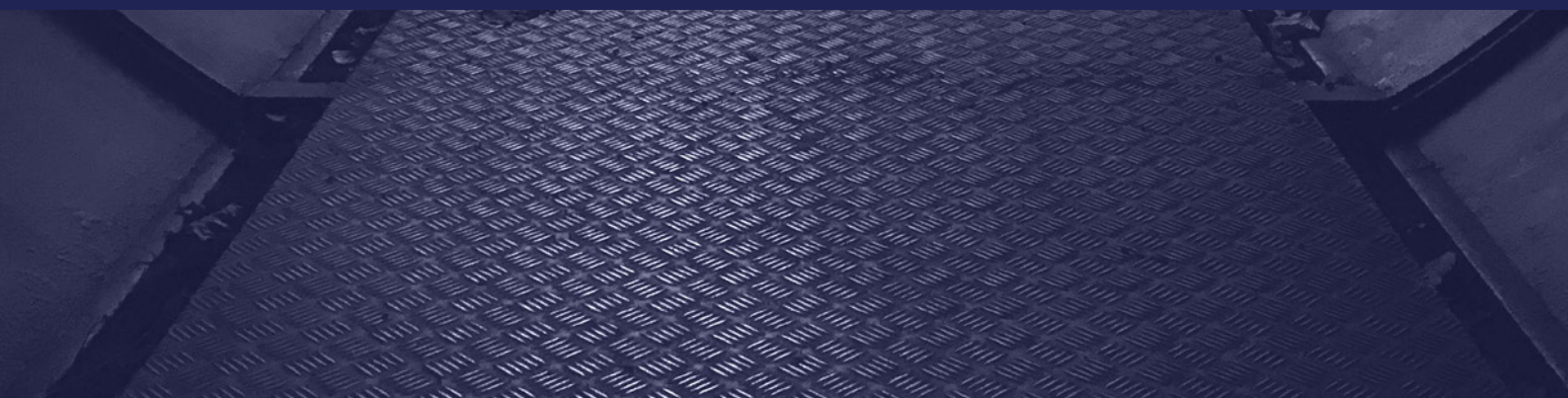
#### THALE KUVÅS SOLBERG

- Independent
- Board member since May 2021
- Head of Professional Services in Volue AS. Previous positions include CEO at SMB LAB (part of SpareBank1) and various leadership roles in SpareBank1, Ernst & Young Advisory and JP Morgan Chase.
- Board member of Ztl Payment Solution AS and deputy board member of AtB AS.
- Holds the title of "Siviløkonom" from NHH Norwegian School of Economics and has a MSc in Risk Management from the University of Southampton, UK and a BSc in International Business from Copenhagen Business School.

*Number of board meetings in 2021: 14*  
*Number of shares: 0*  
*Born: 1977*

# 06

## Financial statements



## Consolidated income statement

Year ended 31 December	Notes	2021	2020
Interest revenue from purchased loan portfolios	4	2 344	2 765
Net credit gain/(loss) from purchased loan portfolios	4	11	-230
Profit from shares in associated parties/joint ventures and participation loans/notes	17	99	45
Interest revenue from loan receivables		99	217
Net credit gain/(loss) from loan receivables		-6	-79
Revenue from sale of collateral assets	20	164	72
Other revenues	7	444	385
<b>Total revenues</b>	<b>6</b>	<b>3 155</b>	<b>3 174</b>
Expenses from services provided	8	-420	-454
Personnel expenses	9	-870	-893
Other operating expenses	10	-350	-411
Cost of collateral assets sold, including impairment	20	-119	-78
Depreciation and amortisation	15	-85	-108
Impairment losses	14,15	-3	-6
<b>Operating profit/(loss)</b>		<b>1 308</b>	<b>1 224</b>
Financial income		1	56
Financial expenses		-572	-805
Net exchange gain/(loss)		5	-64
<b>Net financial items</b>	<b>11</b>	<b>-566</b>	<b>-814</b>
<b>Profit/(loss) before tax</b>		<b>742</b>	<b>411</b>
Income tax expense	12	-169	-102
<b>Profit/(loss) after tax</b>		<b>573</b>	<b>309</b>
<b>Profit/(loss) attributable to:</b>			
Parent company shareholders		573	309
Non-controlling interests		0	0
<b>Earnings per share (in NOK):</b>			
Basic	13	1.40	0.75
Diluted	13	1.39	0.75

## Consolidated statement of comprehensive income

Year ended 31 December	Notes	2021	2020
<b>Profit/(loss) after tax</b>		<b>573</b>	<b>309</b>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		-217	129
Hedging of currency risk in foreign operations	4	15	52
Tax attributable to items that may be reclassified to profit or loss			-11
<b>Other comprehensive income</b>		<b>-202</b>	<b>170</b>
<b>Total comprehensive income</b>		<b>371</b>	<b>479</b>
<b>Total comprehensive income attributable to:</b>			
Parent company shareholders		371	479
Non-controlling interests		0	0

# Consolidated statement of financial position

As at 31 December	Notes	2021	2020
Deferred tax asset	12	279	323
Goodwill	14	787	824
Tangible and intangible assets	15,16	295	330
Investments in associated companies and joint ventures	17	349	247
Purchased loan portfolios	4	10 921	13 033
Loan receivables	18	206	235
Participation loans/notes	17	505	624
Other non-current financial assets	18	54	3
<b>Total non-current assets</b>		<b>13 396</b>	<b>15 620</b>
Other current assets	19	260	253
Collateral assets	20	1 284	873
Cash and cash equivalents	21	376	423
<b>Total current assets</b>		<b>1 920</b>	<b>1 549</b>
<b>Total assets</b>		<b>15 315</b>	<b>17 169</b>
Share capital	22	41	41
Other paid in capital	22	2 843	2 843
Other capital reserves	23	59	39
Foreign currency translation reserve		231	433
Other equity, including net profit for the year		1 818	1 362
<b>Equity attributable to parent company's shareholders</b>		<b>4 992</b>	<b>4 718</b>
Equity attributable to non-controlling interests		1	1
<b>Total equity</b>		<b>4 993</b>	<b>4 719</b>
Deferred tax liabilities	12	291	295
Non-current interest bearing loans and borrowings	24	6 825	10 116
Other non-current liabilities	16,25	93	131
<b>Total non-current liabilities</b>		<b>7 208</b>	<b>10 542</b>
Current interest bearing loans and borrowings	24	2 400	1 153
Bank overdraft	24	219	222
Accounts and other payables	26	173	154
Income taxes payable	12	13	39
Other current liabilities	16,27	309	339
<b>Total current liabilities</b>		<b>3 114</b>	<b>1 908</b>
<b>Total equity &amp; liabilities</b>		<b>15 315</b>	<b>17 169</b>

Oslo, 26 April 2022

/sign/  
Harald L. Thorstein  
Chair of the Board

/sign/  
Adele Bugge  
Norman Pran  
Board Member

/sign/  
Niklas Wiberg  
Board Member

/sign/  
Trygve Lauvdal  
Board Member

/sign/  
Thale Kuvås Solberg  
Board Member

/sign/  
Grethe Wittenberg  
Meier  
Board Member

/sign/  
Trond Kristian  
Andreassen  
Board Member

/sign/  
Erik J. Johnsen  
Chief Executive  
Officer

# Consolidated statement of changes in equity

	Attributable to parent company's shareholders							Non-controlling interests <sup>2)</sup>	Total equity
	Notes	Share capital	Other paid-in capital	Other capital reserves	Foreign currency translation reserve <sup>1)</sup>	Other equity	Total		
<b>At 1 January 2020</b>		<b>41</b>	<b>2 843</b>	<b>24</b>	<b>263</b>	<b>1 065</b>	<b>4 236</b>	<b>1</b>	<b>4 237</b>
Profit for the year after tax						309	309	0	309
Other comprehensive income					170		170		170
<b>Total comprehensive income</b>					<b>170</b>	<b>309</b>	<b>479</b>	<b>0</b>	<b>479</b>
Issue of share capital	22						0		0
Share based payments	23			4			4		4
Other restricted capital				11		-11	0		0
Dividend paid to parent company's shareholders	22						0		0
Dividends to non-controlling interests							0	0	0
Sale of non-controlling interests					0		0		0
<b>At 31 December 2020</b>		<b>41</b>	<b>2 843</b>	<b>39</b>	<b>433</b>	<b>1 362</b>	<b>4 718</b>	<b>1</b>	<b>4 719</b>
Profit for the year after tax						573	573	0	573
Other comprehensive income					-202		-202		-202
<b>Total comprehensive income</b>					<b>-202</b>	<b>573</b>	<b>371</b>	<b>0</b>	<b>371</b>
Issue of share capital	22						0		0
Buy-back share programme	22	0				-31	-31		-31
Share based payments	23			6			6		6
Termination of issued share options						-10	-10		-10
Other restricted capital				14		-14	0		0
Dividend paid to parent company's shareholders	22					-61	-61		-61
Dividends to non-controlling interests							0	0	0
Sale of non-controlling interests					0		0	0	0
<b>At 31 December 2021</b>		<b>41</b>	<b>2 843</b>	<b>59</b>	<b>231</b>	<b>1 818</b>	<b>4 992</b>	<b>1</b>	<b>4 993</b>

1) Including NOK 15 million in 2021 (NOK 41 million in 2020) in foreign exchange hedging instruments of net investment in foreign operations, please refer to note 4.2 for further details.

2) Minority interest in Latvia and Polen, please refer to note 29 for further details.

# Consolidated statement of cash flows

Year ended 31 December	Notes	2021	2020
<b>Cash flow from operating activities</b>			
Profit before tax		742	411
<i>Adjustment for non-cash items:</i>			
Amortisation/revaluation of purchased loan portfolios		2 714	2 743
Repossession of collateral assets		-559	-619
Cost of collateral assets sold, including impairment	20	119	78
Share of profit in associated parties/joint ventures/participation notes	17.1	-99	-45
Finance income	11	-1	-56
Finance costs	11	572	805
Unrealised foreign exchange differences		44	-208
Other items		164	187
<i>Operating cashflows:</i>			
Income tax paid during the year		-153	-112
Interest received		1	1
Decrease/(increase) in current assets		-4	-10
Decrease/(increase) in other non-current financial assets		-67	23
Increase/(decrease) in current liabilities		49	-5
Increase/(decrease) in non-current liabilities		-17	2
<b>Net cash flow from operating activities</b>		<b>3 505</b>	<b>3 193</b>
<b>Cash flow from investing activities</b>			
Payment of purchased loan portfolios	4	-1 192	-1 756
Investment in subsidiary companies and joint ventures		100	64
Payment of contingent consideration	5	-14	-22
Purchase of tangible and intangible assets	15	-50	-45
Proceeds from the sale of tangible and intangible assets		0	
<b>Net cash flow from investing activities</b>		<b>-1 155</b>	<b>-1 760</b>
<b>Cash flow from financing activities</b>			
Proceeds from the issue of new shares	22		
Payment buy-back share programme	22	-31	
Proceeds from new external loans during the year	24	16 605	15 577
Repayment of external loans during the year	24	-18 259	-16 290
Repayment of principal amount on lease liabilities	16	-46	-39
Interest paid		-582	-736
Termination of issued share options	23	-10	
Dividend paid to parent company's shareholders	22	-61	
Dividends paid to non-controlling interest		0	0
<b>Net cash flow from financing activities</b>		<b>-2 385</b>	<b>-1 489</b>
<b>Net cash flow during the year</b>		<b>-35</b>	<b>-56</b>
Cash and cash equivalents at 1 January		201	259
Exchange rate difference on cash and cash equivalents		-9	-2
<b>Cash and cash equivalents at 31 December</b>		<b>157</b>	<b>201</b>
<i>Cash and cash equivalents comprised of:</i>			
Cash and short-term deposits	21	376	423
Bank overdraft	24	-219	-222
		<b>157</b>	<b>201</b>

For changes in the presentation of the Consolidated statement of cash flows, please refer to note 1.6.

# Notes to the consolidated financial statements

## NOTE 1: GENERAL INFORMATION, BASIS OF PREPARATION, CONSOLIDATION PRINCIPLES, NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP AND NEW AND AMENDED STANDARDS ISSUED BUT NOT YET EFFECTIVE

### 1.1 General information

B2Holding ASA (the Company or Parent) and its subsidiaries (together the Group) is a pan-European debt investor and servicer. The business consists of purchase, management and collection of unsecured and secured non-performing loans.

B2Holding ASA is a Norwegian public limited company listed on the Oslo Stock Exchange (Oslo Børs) with ticker B2H. The Company's registered office is at Stortingsgaten 22, 0161 Oslo, Norway.

The consolidated financial statements of the Group for the year ending 31 December 2021 were authorised for issue in accordance with a resolution of the Board of Directors on 26 April 2022.

### 1.2 Basis of preparation

The consolidated financial statements of the Group have 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 consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and approved by the EU.

Preparation of the financial statements, including note disclosures, requires management to make estimates and assumptions that affect amounts reported. Actual results may differ. See note 3 "Critical accounting judgments and key sources of estimation uncertainty".

The consolidated financial statements have been prepared on a historical cost basis except for the following assets and liabilities that are measured at fair value:

- derivatives,
- contingent considerations arising from business combinations,
- participation loan/notes, and
- structured bond and investment funds

The functional currency of B2Holding ASA is the Norwegian krone (NOK). The B2Holding Group consolidated financial statements are presented in NOK and all values are rounded to the nearest million (NOK'000 000) except when otherwise indicated. B2Holding ASA has been granted permission from the Norwegian authorities to publish the Group accounts in English only.

The Group consolidated financial statements are prepared on the basis of uniform accounting principles for similar transactions and events. Unless otherwise stated the accounting policies as set out below have been consistently applied to all reporting periods presented. Presentation and classification of items in the financial statements is also consistent for the periods presented.

### 1.3 Consolidation principles

The consolidated financial statements comprise of the financial statements of the Group at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- exposure, or rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee,
- rights arising from other contractual arrangements, and
- the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributable to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

**1.4 New and amended standards adopted by the Group**

The adoption of the following standards and interpretations has not had any material impact on the disclosures or on the amounts reported in these financial statements:

- Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments, IFRS 7 Statement of Cash Flows, IFRS 4 Insurance Contracts and IFRS 16 Leases – Interest Rate Benchmark Reform – Phase 2. The relevant reference rates for the Group are EUROBOR, NIBOR, STIBOR, CIBOR and WIBOR. Although with a reformed methodology, these reference rates will remain in 2021 and for the foreseeable future. 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 31 December 2021, nor is it expected to have any material impact on the financial statements of the Group in future periods.

**1.5 New and amended standards issued but not yet effective**

The Group has not early adopted new and revised IFRS standards which are not yet mandatory or effective.

The Group does not expect that the adoption of these accounting standards in future periods will have a material impact on the financial statements.

**1.6 Change in presentation of financial information****Consolidated statement of cash flows**

The presentation of the Consolidated statement of cash flows has been changed in 2021.

Gross collections from purchased loan portfolios, Interest income from purchased loan portfolios and Net credit (gain)/loss from purchased loan portfolios are now presented net in Amortisation/revaluation of purchased loan portfolios, while previously in three separate rows.

Repossession of collateral assets, Cost of collateral asset sold, including impairment and Share of profit in associated parties/joint ventures/participation notes are presented in separate lines under Adjustment for non-cash items. Previously these were presented under Operating capital adjustments.

Finance income, Finance costs and Interest received are presented in separate lines. These were previously reported under Cash flow from operating activities in line Interest paid and Other items, except for gain on purchased own bonds in 2020, that was previously reported under Net cash flow from financing activities (“Repayment of external loans during the year”).

**NOTE 2: SIGNIFICANT ACCOUNTING PRINCIPLES**

The following accounting principles applied by the Group when preparing its consolidated financial statements.

**2.1 Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. According to this method, acquisitions of subsidiaries are viewed as transactions by which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities and values those assets and liabilities meeting the conditions for recognition under IFRS 3 Business Combinations, at their fair value on the acquisition date.

The Group's cost of the subsidiary's shares or operations consists of the fair value of the consideration given on the transfer date, including any conditional purchase consideration which is recognised as a liability at fair value at the acquisition date, as well as the amount of any non-controlling interest in the subsidiary. Contingent consideration is a financial instrument and falls within the scope of IFRS 9 Financial Instruments. Any changes in the fair value of contingent consideration are recognised in the consolidated income statement. A contingent payment that is considered to be remuneration for future services of employees or former owners of the acquiree is recognised as personnel costs.

Non-controlling interests arise in cases where the Group acquires less than 100 % of the shares in the subsidiary. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in other operating expenses in accordance with the acquisition method.

In business combinations where the Group's cost exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference is reported as goodwill. If the difference is negative, it is recognised directly in the consolidated income statement.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU), or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, by comparing the carrying amount of the CGU, including goodwill, with the recoverable amount of the CGU. The Group calculates the recoverable amount of the CGU by determining the higher of the fair value less cost to sell and its value in use. The key assumption for the value in use calculation is the forecasted cash flows during the forecast period, WACC and growth rate. If the recoverable amount of the CGU is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is

recognised immediately in the consolidated income statement and is not reversed in a subsequent period.

On disposal of an operating unit within a CGU to which goodwill has been allocated, the goodwill associated with that operation is included in the carrying amount of the operation when determining the gain or loss on disposal.

## 2.2 Investments in associated companies and joint arrangements

An associated company is an entity over which the Group has significant influence and that is not a subsidiary or a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without the ability to have control over those policies. Significant influence normally exists when the Group has 20 % to 50 % voting power through ownership or agreements. Investments in associated companies are accounted for using the equity method.

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. That is when the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control. If the parties to the joint arrangement have rights to the net assets of the arrangement, the arrangement is classified as a joint venture and accounted for using the equity method. If the parties have rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is classified as a joint operation. The Group's participation in joint arrangements is all classified as joint ventures. See further details about investments in associated companies and joint ventures in note 17.

Under the equity method the investment is recognised at cost and subsequently adjusted to the Group's share of the change in the investment's net assets since acquisition date. The equity method is applied from the date a significant influence arises until the time it ceases, or the associated company or joint venture becomes a subsidiary. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

The financial statements of the associates and joint ventures are prepared for the same reporting period as the Group, except for the Joint Venture EOS Credit Funding BL DAC, which prepare financial statements for the period 1 March to 28 February. Adjustments are made for the effects of transactions or events that occur between the date of the Group's consolidated financial statements and that date.

If the Group's share of reported losses in the investment exceeds its carrying value, the carrying value is reduced to zero. Losses can be offset against the Group's unsecured receivables from the investment if they constitute a part of the net investment. Further losses are not recognised provided the Group has not issued guarantees to cover them.

## 2.3 Foreign currencies

The consolidated financial statements are presented in NOK, which is B2Holding ASA's functional currency. Transactions in foreign currencies are initially recognised in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate at the reporting date. All

exchange differences are recognised in the income statement with the exception of exchange differences on foreign currency borrowings that provide an effective hedge against a net investment in a foreign entity, or monetary items that are regarded as a part of the net investments. These exchange differences are recognised as a separate component of other comprehensive income until the disposal of the net investment or settlement of the monetary item, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in other comprehensive income. Non-monetary items measured at historical cost in foreign currency are translated using the exchange rates at the dates of the initial recognition. The date of initial recognition for non-monetary assets on which the Group has paid an advance consideration is the date of the payment of the advanced consideration.

The Group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date and their income statements are translated at the average exchange rates for the year. The translation differences arising from the translation are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

## 2.4 Purchased loan portfolios

Purchased loan portfolios consist of portfolios of non-performing loans and debt, purchased at prices significantly below the nominal receivable. They are recognised at amortised cost according to the credit-adjusted effective interest method in accordance with the rules for credit-impaired receivables set out in IFRS 9 Financial Instruments. Purchased loan portfolios are classified as non-current assets in the statement of financial position.

The credit-adjusted effective interest method is a method of calculating the amortised cost of a credit-impaired financial asset and of allocating the interest income to the income statement over the relevant period. The credit-adjusted effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or when appropriate a shorter period, to the net carrying amount of the financial asset.

In connection with purchased loan portfolios, the effective interest rate is calculated based on the acquisition cost, including all transaction costs, and estimated future cash flows which includes the nominal amount, reminder fees, collection fees and late interest that, based on a probability assessment, are expected to be received from debtors.

Each portfolio is initially recorded in the statement of financial position at cost, including all transaction costs. Subsequent price adjustments for portfolios acquired are recorded as an adjustment to the statement of financial position. Interest income on purchased loan portfolios is accrued monthly in the income statement based on each portfolio's credit adjusted effective interest rate. Monthly cash flows greater than the cash flow forecast for the same period are recorded as part of the "Net credit gain/loss purchased loan portfolios" in the period. Likewise, monthly cash flows that are less than the monthly cash flow forecast for the same period are also classified as part of the "Net credit gain/loss purchased loan portfolios" in the period.

Portfolios are defined to be the lowest reliable level for aggregating accounts with similar attributes, such as accounts in the same jurisdiction or similar types or classes of debt. Typically, each portfolio consists of an individual acquisition of receivables. The portfolio is accounted for as a single unit for the recognition of income, principal payments and adjustments due to the recalculation of the estimated future cash flows.

The Group also acquires portfolios on a forward flow basis. This means that a contract is established for purchases of loan portfolio at an agreed price as a percentage of a nominal receivable, but where the volumes of debts are not fully known at the time of agreement. The acquisition (delivery) of forward flow debts can be done on a monthly basis. For reporting and IFRS evaluation purposes, the Group combines these acquisitions into portfolio pools by vendor and sets future collections expectations based on these combined pools. The internal rate of return can therefore vary from each pool based on content of the pool.

#### Unidentified receipts and excess payments

The Group receives large volumes of payments from debtors. There are instances where the sender's reference information is missing or incorrect making it difficult to allocate the payment to the right case. There are also situations where payments are received on closed cases. In such instances, a liability is recognised in the statement of financial position for unidentified or incorrectly received payments. A reasonable search and attempt to contact the payment sender is made but, failing this, the payment is recognised as income at intervals that are permitted according to the rules and business practices of the local jurisdiction.

#### Collateral assets

In connection with the acquisition and recovery of purchased loan portfolios, the Group may become owner of assets such as land, buildings or other physical goods. These assets are only acquired as part of the recovery strategy for the purpose of being divested within the Group's ongoing operations to maximize the value of recoveries. Such assets are classified as inventories and recognised in the balance sheet at the lower of cost and net realisable value in accordance with IAS 2 Inventories.

#### 2.5 Segments

An operating segment is a part of the Group that generates income and incurs expenses, and for which separate financial information is available that is evaluated regularly by the chief operating decision maker, the Chief Executive Officer, in deciding how to assess performance and allocate resources to the operating segment.

The Group's operating segments are the geographical regions:

- Northern Europe (NE)
  - Norway, Sweden, Denmark, Finland, Estonia, Latvia and Lithuania
- Poland
- Central Europe (CE)
  - Croatia, Slovenia, Serbia, Montenegro, Bosnia and Herzegovina, Austria, Czech Republic, and Hungary
- Western Europe (WE)
  - Spain, Italy and France
- South Eastern Europe (SEE)
  - Bulgaria, Romania, Greece and Cyprus

- Central Functions (CF)
  - including the Parent company and Group functions in Luxembourg.

Results from purchased loan portfolios are included in the region where the portfolio is originated. The breakdown by geographical region is also used for internal monitoring in the Group.

Revenue and operating profits are reported by geographical region. Financial income and expenses are not as the allocation of financial items is dependent on the Group structure and financing and is not affected by the actual performance of the regions.

#### 2.6 Revenue from contracts with customer

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties. Revenue from contracts with customers are mainly revenue from external collection, telemarketing, fraud prevention and credit information services. Revenue from contracts with customers is presented in one-line item in the consolidated income statement as part of "Other revenues" and specified in note 7 Other revenues.

#### 2.7 Taxes

##### Current income tax:

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date in the countries where the Group operates. When there is uncertainty regarding if particular tax treatments made in tax filings will be accepted by the tax authorities, but acceptability is probable, accounting tax positions are determined consistently with the treatment in the tax filings. If acceptability is not probable, the uncertainty is reflected when determining the accounting tax positions.

Income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in the income statement.

##### Deferred tax:

Deferred income tax is computed using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying amounts in the statement of financial position at the reporting date.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or in respect of temporary differences associated with investments in subsidiaries, associates or joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised in the statement of financial position to the extent it is more likely than not that the tax assets will be utilised. The enacted tax rates at the end of the reporting period and undiscounted amounts are used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### Sales tax:

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- where the sales tax incurred on the purchase of assets or services is not recoverable from the tax authority so that the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item. This is the case in many of the tax jurisdictions in which the Group operates where the collection of debts is not subject to sales tax; and
- receivables and payables which are subject to sales tax are stated with the amount of sales tax included.

The net amount of the sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

#### 2.8 Tangible assets

Tangible assets, such as improvements to rented offices, equipment, fixtures and fittings are recognised at cost less accumulated depreciation and accumulated impairment, if any. Cost includes the purchase price and costs directly attributable to installing the asset in the way intended. Repair and maintenance costs are expensed as incurred.

Depreciation is calculated on a straight-line basis over the useful life of these assets, and for improvements to rented offices, over the remaining expected term of the property lease, if this is less than the useful life. For practical reasons, the residual value of the asset is set to zero.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The tangible assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

A tangible fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an item of tangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is reported as other revenues or other operating expenses in the income statement as part of operating profit or loss.

#### 2.9 Leases

The Group leases various office buildings, vehicles, and smaller equipment. Rental contracts are typically made for fixed periods of 6 months to 10 years but may have extension or termination options.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the contractual lease payments.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. For the classification in the statement of cash flow the interest payments on the lease liabilities follow the same principles as other interests.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

#### 2.10 Intangible assets

Intangible assets include purchase of software and intangible assets acquired separately or in a business combination. Internal expenses for IT development and internal and external maintenance expenses are expensed as incurred.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The intangible assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The amortisation expense on intangible assets with finite lives is presented in the income statement as part of "Depreciation and amortisation".

The gain or loss arising from derecognition of an intangible asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is reported as other revenues or other operating expenses in the income statement as part of operating profit or loss.

#### 2.11 Impairment of tangible assets and other non-current assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. If it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An asset's (or cash-generating unit's) recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment is recognised in the income statement. If the impairment is subsequently reversed, for assets other than goodwill, the carrying amount of the asset (cash-generating unit) is increased to the updated estimate of its recoverable amount to the extent the increased carrying amount does not exceed the carrying amount that would have been recognised had no impairment losses been recognised for the asset (or cash-generating unit) in prior years.

See also section 2.1 Business combinations and goodwill and section 2.10 Intangible assets for the specific criteria which is applied in determining the impairment of these classes of asset.

#### 2.12 Financial assets and liabilities: classification, measurement and impairment

A financial instrument is defined as any form of agreement giving rise to a financial asset in a company and a financial liability or equity instrument in a counterparty. The Group's main financial assets and liabilities are described below. See section 2.13 for a description of the Group's use of derivative financial instruments for the purpose of risk management.

Within the scope of IFRS 9 Financial instruments, financial assets are classified as either financial assets held at fair value through profit or loss (FVTPL), financial assets held at fair value through other comprehensive income (FVOCI) or financial assets held at amortised cost. Financial assets held at FVTPL are derivatives, equity-traded instruments and other investments not meeting the criteria of cash flows consisting of solely payments of principal and interest (SPPI). Financial assets at FVOCI meet the SPPI criteria and have a business model of Hold to collect and sell. All other financial assets are those meeting the SPPI criteria and with a business model of Hold to collect and are measured at amortised

cost. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or at amortised costs. Financial assets and liabilities measured at FVTPL include derivatives not designated for hedging purposes, assets held for trading and financial assets and liabilities that are not classified in one of the other categories.

Financial assets and liabilities are recognised by the Group when it becomes party to the contractual provisions of the instrument and are initially measured at fair value, which normally equals the transaction price. The Group determines the classification of its financial assets and financial liabilities at the point in time of initial recognition.

#### Purchased loan portfolios:

Purchased loan portfolios are measured at amortised cost. Their accounting treatment is described in more detail in section 2.4 and note 3.

#### Loan receivables:

Loan receivables are issued loans measured at amortised cost using the effective interest rate method, less impairment which is the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. See note 18.1 Loan receivables for additional information.

#### Participation loan/notes:

Participation loans/notes are measured at FVTPL. See note 17 Investments in associated companies and joint ventures and participation loans/notes/funds for additional information.

#### Other non-current financial assets:

are primarily derivatives measured at FVTPL. See note 18.2 for additional information about fair value financial assets.

#### Other current assets:

Accounts and other receivables are recognised when the Group has performed and there is a contractual obligation on the counterparty to pay, even if an invoice has not yet been received. Accounts receivables are recognised when an invoice has been sent. Accounts and other receivables are recognised initially at fair value and subsequently measured at amortised cost less any loss allowance. The loss allowance is based on a lifetime credit loss (ECL) model. The anticipated maturity of these receivables is short, so their carrying values are not discounted.

Customer cash accounts, included in Other, represent cash received on collection of a specific debt on behalf of a client and payable to the client within a specific period of time. The same amount is reported within other payables.

#### Cash and cash equivalents:

Cash and cash equivalents consist of cash and short-term deposits as well as immediately available balances with banks and similar institutions. Short-term deposits are easily and readily convertible to a known amount of cash and have a maturity of not more than three months.

#### Interest-bearing loans and borrowings including overdrafts:

Bonds are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial

recognition, interest-bearing loans and borrowings, are subsequently measured at amortised cost using the effective interest method and included in net financial items. The upfront fees are a part of the borrowing cost and are recognised as part of the interest expense in accordance with the effective interest method. Due to their nature, other loans and borrowings are recognised at nominal value with accrued interest in the balance sheet. Directly attributable transaction costs for these loans are offset against the liability and amortised over the lifetime of the loan.

#### Accounts and other payables:

Payables are recognised when the counterparty has performed and there is a contractual obligation on the Group to pay, even if an invoice has not yet been received. Accounts payable are recognised when an invoice has been received.

Accounts and other payables are recognised initially at fair value and subsequently measured at amortised cost. The anticipated maturity of these payables is short, so their carrying values are not discounted.

#### Impairment of financial assets:

IFRS 9 Financial Instruments requires recognition of expected credit losses (ECL) for the Group's investments in debt instruments measured at amortised cost. The Group applies the practical expedient of the lifetime ECL model for accounts receivable. For loan receivables at amortised cost, the ECL 3-stage model is applied. In stage 1, ECL from default events that are possible within the next 12 months is recognised. In stage 2 and 3 (credit risk has increased significantly since initial recognition), lifetime ECL is recognised. Loan receivables are transferred from stage 1 to stage 2 when days past due are 11 days. The purchased loan portfolios are credit-impaired at acquisition and are out of scope for the general ECL impairment model. Full lifetime ECL is included in the estimated cash flows when calculating the effective interest rate, and no additional loss allowance recognition is required at inception.

#### 2.13 Derivatives

The Group uses the following derivative financial instruments to hedge its risks associated with interest rates and foreign exchange rates: interest rate swaps (with or without cap), interest rate caps, foreign exchange swaps and cross currency rate swaps (with or without cap).

The derivative financial instruments are measured at fair value. Any gains or losses arising from changes in fair value on derivatives that are not cash flow hedges or hedges of net investments are recognised in the income statement as financial income or expense.

Derivatives are recognised without any offsetting; as assets when the value is positive and as liabilities when the value is negative, unless the Group has the intention or legally enforceable right to settle the contracts net.

#### 2.14 Derecognition of financial assets and liabilities

The Group derecognizes a financial asset when the contractual rights to the cash flow from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. Where an existing

financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

#### 2.15 Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### 2.16 Fair value of financial instruments

The fair value of financial instruments that are traded on active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments that are not traded on an active market, the fair value is determined using appropriate valuation techniques which include:

- using recent arm's length market transactions
- reference to the current fair value of another instrument that is substantially the same and
- a discounted cash flow analysis or other valuation model.

An analysis of the fair values of financial instruments and further details as to how they are measured are provided in note 4 Financial risk management.

#### 2.17 Provisions

Provisions such as workforce reductions, onerous contracts and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value. Where the Group expects full or partial reimbursement of the expense related to the provision, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

#### 2.18 Pensions and other post-employment liabilities

##### Defined contribution pension plans:

The Group has a series of defined contribution pension plans which are pension plans under which the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual, or voluntary basis. The contributions are recognised as employee benefit expense when they are due.

The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods, and therefore does not record a pension liability in the statement of financial position.

**Other post-employment liabilities:**

The Group's employees in certain jurisdictions are entitled to one month's severance pay in the event of old-age or disability retirement, in accordance with national labour regulations. This post-employment liability is based on a valuation carried out by a professional actuarial firm.

Provisions for other termination benefits are created once employment is terminated.

**2.19 Share based payments**

Members of the Group management and some key employees may receive remuneration in the form of share-based payments that are considered as equity-settled share-based payments.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made, see further details in note 23 Share based payments. The fair value reflects market performance conditions, while service and non-market performance conditions are not considered. The cost is recognised as personnel costs, with a corresponding increase in other capital reserves, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Group is obliged to withhold and pay an amount, and report the full amount, to local tax authorities for the employee's tax obligations associated with redemption of vested share options. In addition, the Group may be obliged to report and pay social security tax.

No expense is recognised for awards that do not ultimately vest because of non-market performance and/or service conditions not being met. Where an award is cancelled by the entity, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. For further details, see note 13 Earnings per share.

**2.20 Equity and net investment hedge**

Share capital is stated at the nominal value of the shares that have been issued.

Other paid-in capital consists of any premiums received in connection with the initial issue of share capital. Any transaction costs associated with the issuing of shares are deducted from other paid-in capital, net of any related income tax benefits.

Other capital reserves represent the cumulative cost of share-based payments, as described in note 2.18 above.

The effects of exchange differences on translation of foreign currency are included as a separate component of equity.

The Group hedges net investments in foreign operations when feasible. The hedged risk is the foreign currency translation risk caused by the consolidation of an investment in a foreign subsidiary with a different functional currency than the parent. With hedge accounting, the change in carrying amount due to exchange rate fluctuations to the degree considered an effective hedge, will be reported as "Hedging of currency risk in foreign operations" in

Other comprehensive income. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as Other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss. For further details, see note 4 Financial risk management.

Other equity includes current and prior period results as disclosed in the consolidated statement of profit or loss and other comprehensive income.

**2.21 Dividends**

The Group recognises a liability to pay a dividend to owners of equity once it has been approved by the shareholders at the Shareholders' General Meeting. A corresponding amount is recognised directly in equity.

Dividend revenue is recognised when the Group's right to receive the payment is established, which is generally when the shareholders have approved the dividend.

**2.22 Classification in the statement of financial position**

Current assets and liabilities include items due less than one year from the reporting date, and items tied to the operating cycle, if longer. Other assets are classified as non-current assets. The current portion of long-term debt is included as current liabilities.

**2.23 Related parties**

Parties are defined as related parties if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. All transactions between the related parties are based on the principle of 'arm's length' (estimated market value).

**2.24 Consolidated statement of cash flows**

The indirect method is used for the consolidated statement of cash flows which reconciles the change in cash and cash equivalents to the profit for the year before tax. For the purpose of the consolidated statement of cash flows, cash and cash equivalents, defined in section 2.12 Financial assets and liabilities, are shown net of any outstanding bank overdrafts.

Foreign subsidiary transactions are translated in the cash flow statement at the average exchange rate for the period. Acquired and divested subsidiaries are recognised as cash flow from investing activities on a net basis after deducting cash and cash equivalents in the acquired or divested company.

**NOTE 3: CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of consolidated financial statements requires management to make judgements and assumptions that can significantly affect the amounts recognised in the financial statements. Additionally, major sources of estimation uncertainty at the end of the reporting period can have a significant risk of resulting in a material adjustment to the carrying amounts of assets or liabilities in future periods.

Key sources of estimation uncertainty and critical judgements are continually evaluated and updated based on expectations about future events that are believed by Management to be reasonable under the circumstances.

When applying the Group's accounting policies, Management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

**Purchased loan portfolios – classification**

Purchased loan portfolios are the primary business activity of the Group and consist of portfolios of non-performing loans and debt, purchased at prices significantly below the nominal value of the receivable. After adoption of IFRS 9 Financial Instruments on 1 January 2018, these portfolios are defined as credit-impaired at acquisition, and classification under IFRS 9 Financial Instruments is dependent on an evaluation of the B2Holding business model and whether these portfolios meet the SPPI criteria (cash flows are solely payments of principal and interest). If these portfolios are determined to meet the criteria for a business model of Hold to collect and the cash flows consist of only principal and interest, then the classification is amortised cost. If not amortised cost, then the classification would be measurement at fair value over other comprehensive income (FVOCI), as the SPPI criteria is met and the business model would be Hold to collect and sell. Management has performed a detailed analysis and exercised significant judgement related to the classification of the purchased loan portfolios upon implementation of IFRS 9 Financial Instruments. Management reviewed the portfolio cash flows, collection methods, and strategies as well as the infrequency of sales of individual receivables claims in the process of coming to a classification decision. It is management's conclusion that the IFRS 9 Financial Instruments criteria for a business model of Hold to collect and the SPPI criteria are satisfied for these portfolios. Purchased loan portfolios will continue to be measured at amortised cost using the effective interest method in accordance with the rules for credit-impaired at acquisition financial assets as set out in IFRS 9 Financial Instruments.

**Purchased loan portfolios – recognition in the income statement**

The Group uses a credit-adjusted effective interest rate method to account for the loan receivables in the purchased loan portfolios. The use of the credit-adjusted effective interest rate method requires the Group to estimate future cash flows at each balance sheet reporting date. The underlying estimates that form the basis for interest income recognition and impairment losses on the portfolios depends on variables such as the ability to contact the customer and reach an agreement, estimated timing of cash flows, the general economic environment and statutory regulations. 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 in the consolidated income statement. If the estimations for future periods are revised, the Group adjusts the carrying amount of the portfolios and loans to reflect actual and revised estimated cash flows in accordance with IFRS 9.B5.4.6. This adjustment, due to changes in the actual and estimated cash flows, is recognised in the consolidated income statement as "Net credit gain/loss from purchased loan portfolios". Events or changes in assumptions and Management's assessments and judgement will affect the amount and timing of the recognition of interest income and impairment losses. For further details, see note 4 Financial risk management.

**Purchased loan portfolios – measurement**

Purchased loan portfolios consist mainly of acquired credit-impaired (non-performing) loans and receivables (non-derivative financial assets). When these portfolios meet the definition of having cash flows that are payments of solely principal and interest and are managed in a business model of Hold to collect, they are measured at amortised cost. The initial book value of the purchased loan portfolios is at fair value, defined as the acquisition cost plus transaction expenses at the time of purchase. Subsequent measurement is at amortised cost using the credit-adjusted effective interest rate established as of the date of initial acquisition of the portfolio. Events or changes in actual versus estimated collections and Management's assessment of future cash flows will impact the net present value of future cash flows and therefore the amortised cost book value of the purchased loan portfolios. Significant estimates have been made by management with respect to the collectability of future cash flows from portfolios. The cash flow estimates are prepared by management over a forecast period of time. If the cash flow estimates are revised, the carrying amount is recalculated by computing the present value of estimated future cash flows using the original credit-adjusted effective interest rate.

Management's interpretations of historical cash flows, type of receivable, age, face value of the individual account, collaterals and experience from other portfolios form the basis for the cash flow estimates. Actual results may differ from the estimates, making it reasonably possible that a change in estimates could occur and impact the carrying value of the related purchased loan portfolio. On a quarterly basis Management reviews the estimates of future cash flows and whether it is reasonably possible that its assessment of collectability may change based on actual results and other factors that may have an impact on the estimates. Where management is made aware of special circumstances relating to a purchased loan portfolio that may affect the reliability of previous assumptions, they will review and, if necessary, change the future cash flow estimates

For further details, see notes 2.4 Purchased loan portfolios and 4 Financial risk management.

**Goodwill impairment testing**

In accordance with IAS 36, goodwill is tested at least on an annual basis for impairment. If a loss in value is indicated, the recoverable amount is the cash-generating unit's (CGU's) fair value less the cost of disposal or its value in use. When testing goodwill for impairment, Management defines the recoverable amount as the estimated value in use. The value in use is the net present value of the estimated cash flows before tax. The discount rate used is the weighted average cost of capital (WACC) before tax calculated for each CGU. Estimating the financial assets' recoverable amount is based on

Management's judgements related to estimates of future performance and cash flows, the interest income generating capacity of the assets and assumptions related to future market conditions. A possible impairment of goodwill is determined by assessing the recoverable amount of the CGU (or group of CGUs) to which the goodwill relates. For specific details related to the testing of goodwill, see note 14 Goodwill.

#### Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that will be recognised, based upon the reliable evidence as to the estimated timing and amount of the future taxable profits. Further details are included in note 2.7 and note 12 Income tax.

## NOTE 4: FINANCIAL RISK MANAGEMENT

## 4.1 Financial risk

The Group's activities are exposed to financial risks: market risk, currency and interest rate risk, credit risk, liquidity risk and cash flow risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market and regulatory environment:

The primary market risk for the Group is related to general economic conditions and statutory regulations in various geographical markets which have an impact on the debtors' ability to pay and vendors' criteria for selling portfolios of loans and receivables. The services and products offered in the respective geographical markets are subject to strict local laws and regulations, including requirements for lending, ownership and debt collection licenses, as well as legislation concerning personal data protection. Any legislative changes concerning consumer credit could affect the Group's earnings, market position and range of products and services.

Currency and interest rate risk:

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

Currency risk:

Net debt adjusted for derivatives are made in relevant currencies reflecting the underlying expected future cash flows from loans and receivables. The exceptions are Croatian Kuna (HRK), Romanian Leu (RON), Bulgarian Lev (BGN), Hungarian Forint (HUF), Bosnian Convertible Mark (BAM), Czech Koruna (CZK) and Serbian Dinar (RSD) where all borrowing is done in EUR.

The Group's bond loans is denominated in EUR and borrowings under the multi-currency revolving credit facility and the bridge facility are drawn in PLN, SEK and NOK. To obtain a more balanced currency basket, the Group has entered into the following currency derivatives at 31 December 2021: (i) FX Forward of NOK 400 million bought against DKK, (ii) FX Forward of NOK 500 million bought against EUR, (iii) FX Forward of NOK 400 million bought against SEK, (iv) FX Forward of NOK 100 million sold against PLN and (v) FX Forward of RON 5.5 million bought against EUR. At 31 December 2021, Net debt amounted to NOK 9,129 million. Adjusted for the currency derivatives mentioned above, the net debt represented a currency basket comprising EUR: 68 %, PLN: 15 %, SEK: 12 % and DKK: 5 %.

Interest rate risk:

The Group uses interest rate swaps and interest rate caps to reduce its interest rate exposure. The Group's strategy is to hedge between 60 % and 120 % of Net debt up to a maximum period of 5 years. The hedging ratio at 31 December 2021 was 90 % with a duration of 1.4 years.

Under the arrangements in effect at 31 December 2021, a 1 %-point decrease in market interest rates is estimated to have a negative effect on net financial items of NOK 8 million, including a decrease in the fair value of the derivatives of NOK 25 million. A 1 %-point increase in market interest rates is estimated to have a negative effect on net financial items of NOK 18 million, including an increase in the fair value of the derivatives of NOK 31 million. The reason for the negative effect if interest rates fall is that the interest bearing loan agreements (both the multi-currency revolving credit facility, the bridge facility and the bond loans) have capped the floating rate to zero, which means that the benefit of any current negative interest rates is not fully matched by the derivatives whose main purpose is to avoid increased financing costs if interest rates rise.

In general, changes in macroeconomic factors such as interest rates may impact the debtors' ability to repay their debt and thereby influence the future cash flow received from the portfolios.

The currency sensitivity analysis shown below is based on book value of loans and receivables at 31 December 2021, net of Net debt and the effect of currency derivatives.

Currency	Closing rate at 31 December 2021 against NOK	NOK strengthens by 20 %	NOK strengthens by 10 %	NOK weakens by 10 %	NOK weakens by 20 %
DKK	1.3432	-135	-67	67	135
EUR	9.9888	207	104	-104	-207
HRK	1.3291	-545	-273	273	545
SEK	0.9745	-164	-82	82	164
HUF	0.0271	-11	-5	5	11
BAM	5.1073	-8	-4	4	8
RSD	0.085	-20	-10	10	20
PLN	2.1729	-125	-62	62	125
RON	2.0183	-100	-50	50	100
BGN	5.1073	-122	-61	61	122
CZK	0.4018	-65	-33	33	65
GBP	11.8875	1	1	-1	-1
<b>Total impact on book values</b>		<b>-1 087</b>	<b>-543</b>	<b>543</b>	<b>1 087</b>

The EUR has an opposite effect to the other currencies in the table above because EUR net borrowings, including derivatives, exceeds the book value of EUR loans and receivables. The reason for this is that all borrowings relating to the acquisition of loan portfolios in Czech Republic, Croatia, Serbia, Bosnia and Herzegovina, Hungary, Romania and Bulgaria are done in EUR and not in their local currency, as mentioned in the currency risk paragraph above.

#### Credit risk:

Most of the loans and receivables are unsecured. As long as there is uncertainty about the ability of debtors to fulfil their obligations, there will also be considerable risk linked to cash collected from the Group's loans and receivables. Management's view is that the real credit risk exposure is reduced through the price discount paid on acquisition of the portfolios.

In order to minimise the credit risk exposure, the Group continues to invest in staff with broad experience in credit management, and focus on increased analytical approaches to portfolio assessments. In addition, the Group's investment in effective IT systems and a more uniform cross-border business model will result in better control of the Group's business, which in turn will also help reduce the risk of credit losses.

Refer to note 32 for subsequent events impact on credit risk.

Maximum exposure to credit risk	2021	2020
Purchased loan portfolios	10 921	13 033
Loan receivables	206	235
Participation loans/notes	505	522
Other non-current financial assets	54	3
Accounts receivable	32	33
Other current assets	228	220
Cash and cash equivalents	376	423
<b>Total at 31 December</b>	<b>12 322</b>	<b>14 470</b>

#### Liquidity risk:

The Group's multi-currency revolving credit facility of EUR 510 million, the EUR 50 million bridge facility and the three senior unsecured bond loans of in total EUR 600 million, and the cash and cash equivalents, totalling NOK 11,963 million at 31 December 2021, ensures necessary funding to meet future payment obligations. At 31 December 2021, the Group had an unused part of the revolving credit facility totalling EUR 182 million or NOK 1,818 million, an unused part of the multi-currency overdraft totalling EUR 18 million or NOK 180 million and cash and cash equivalents of NOK 376 million.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	12 months or less	1-2 years	2-5 years	More than 5 years
Interest bearing loans & borrowings (current and non-current)	2 945	5 124	2 050	
Other non-current liabilities		37	40	8
Bank overdraft	219			
Accounts and other payables	173			
Other current liabilities	282			
<b>Total at 31 December 2021</b>	<b>3 619</b>	<b>5 161</b>	<b>2 090</b>	<b>8</b>
Interest bearing loans & borrowings (current and non-current)	1 840	2 769	8 312	
Other non-current liabilities		56	58	15
Bank overdraft	222			
Accounts and other payables	154			
Other current liabilities	313			
<b>Total at 31 December 2020</b>	<b>2 529</b>	<b>2 825</b>	<b>8 371</b>	<b>15</b>

Refer to note 32 for subsequent events impact on liquidity risk.

**Capital structure:**

The Group's Net interest-bearing debt was NOK 9,067 million at 31 December 2021. Total equity, net of intangible assets (incl. goodwill), was NOK 4,065 million and total assets, net of intangible assets (incl. goodwill), was NOK 14,388 million.

The Group monitors its capital structure by calculating a total loan to value ratio, defined as Net debt, adjusted for vendor financing, earn out, financial lease, fair value of hedging instrument, less cash and deposits divided by the carrying value of purchased loan portfolios, loan receivables, joint venture investments, REO and goodwill. The total loan to value ratio at 31 December 2021 was 65.4 % which is lower than the maximum allowed loan to value covenant requirement under the multi-currency revolving credit facility of 75 %.

Refer to note 24 for more information about the Group's financial covenants.

## 4.2 Derivative financial instruments and net investment hedge

At 31 December 2021, the Group had the following derivative financial instruments:

Instrument	Currency	Notional amount in currency	Notional amount in NOK	Fixed rate	Strike	Floating 3M IBOR	Fair value NOK	Start	Due
<b>Interest rate derivatives:</b>									
Interest rate swap with cap	EUR	60	599		1.1695 %	-0.57 %	0	10.04.2017	11.04.2022
Interest rate swap with cap	PLN	100	217		3.8880 %	2.54 %	0	12.04.2021	14.04.2022
Interest rate swap with cap	SEK	100	97		1.3180 %	-0.05 %	0	12.04.2021	14.04.2022
Interest rate swap	DKK	350	470	0.2540 %		-0.28 %	-3	21.12.2018	14.12.2023
Interest rate swap	PLN	75	163	0.6850 %		2.54 %	17	14.07.2020	14.07.2025
Interest rate swap	PLN	75	163	0.6670 %		2.54 %	17	15.06.2020	16.06.2025
Interest rate swap	PLN	75	163	0.6650 %		2.54 %	16	14.05.2020	14.05.2025
Interest rate cap	EUR	65	649		1.0000 %	-0.57 %	0	22.12.2017	22.12.2022
Interest rate cap	EUR	65	649		1.0000 %	-0.57 %	0	22.12.2017	22.12.2022
Interest rate cap	EUR	100	999		1.0000 %	-0.57 %	0	28.08.2017	29.08.2022
Interest rate cap	EUR	100	999		1.0000 %	-0.57 %	0	10.07.2018	10.07.2023
Interest rate cap	EUR	100	999		1.0000 %	-0.57 %	0	10.07.2018	10.07.2023
Interest rate cap	EUR	75	749		1.0000 %	-0.57 %	1	21.12.2018	14.02.2024
Interest rate cap	EUR	75	749		1.0000 %	-0.57 %	1	21.12.2018	14.02.2024
Interest rate cap	SEK	300	292		1.0000 %	-0.05 %	0	28.08.2017	28.08.2022
Interest rate cap	SEK	300	292		1.0000 %	-0.05 %	0	21.12.2018	14.03.2024
							<b>48</b>		

	Currency pair	Buy amount in currency	Buy amount in NOK	Forward rate	Sell amount currency	Spot rate	Fair value NOK	Start date	Due date
<b>Currency derivatives:</b>									
FX forward	NOK/EUR	49	492	10.1602	500	10.1275	8	10.12.2021	14.03.2022
FX forward	DKK/NOK	400	400	1.3655	293	1.3629	4	10.12.2021	14.02.2022
FX forward	SEK/NOK	400	400	0.9907	404	0.9895	7	10.12.2021	14.01.2022
FX forward	NOK/PLN	46	99	2.1926	100	2.1952	-0	10.12.2021	14.01.2022
FX forward	EUR/RON	15	30	4.9633	3	4.9509	-0	10.12.2021	14.01.2022
FX forward	RON/EUR	2	19	4.9612	10	4.9494	0	21.12.2021	14.01.2022
							<b>18</b>		

The Group uses interest rate swaps and caps to hedge (from floating to fixed) its interest rate risk exposure, and foreign exchange forward contracts to hedge its currency exposure. The fair value of the interest swaps and caps at 31 December 2021 was positive with NOK 48 million and the fair value of the foreign exchange forward contracts at 31 December 2021 was positive with NOK 18 million. In total the fair value of all derivatives at 31 December 2021 was positive with NOK 67 million.

In addition to changes in fair value, net financial items is also affected by the interest paid and received under the interest rate swaps and foreign exchange forwards. The net interest cost from the interest rate swaps was NOK 7 million in 2021 and the net interest revenue from foreign exchange forwards was NOK 7 million.

**Financial instruments designated as hedging instruments of net investment in foreign operations**

The Group applies hedge accounting to hedges of net investments in foreign subsidiaries. The hedged risk is the foreign currency translation risk caused by the consolidation of an investment in a foreign subsidiary with a different functional currency than the parent. Foreign currency borrowings are used as hedging instruments. These instruments are presented as non-current interest bearing debt in the balance sheet. Instruments in EUR, PLN and SEK are used to hedge the investments in the Group's subsidiaries with functional currencies EUR, PLN and SEK. Hedge ineffectiveness may arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the debt and derivatives designated as hedging instruments.

The total hedged exposure in the net investment hedges amounted to NOK 1,292 million at 31 December 2021. There was no hedge ineffectiveness recorded in the years ending 31 December 2021 and 2020, since the foreign currency gains and losses on the hedged items are offset by the foreign currency gains and losses on the hedging instruments. The hedge ratio is 1:1. Any reclassifications from net investment hedge reserve to the income statement, due to for instance sales of subsidiaries, can be seen in the Consolidated statement of comprehensive income and the Consolidated statement of changes in equity.

<b>Net investment hedging relationships</b>	<b>2021</b>	<b>2020</b>
Change in carrying amount of net investment hedge instruments as a result of foreign currency movements since 1 January, recognised in OCI	15	52
Change in value of hedged item used to determine hedge effectiveness	-15	-52

Interest-bearing debt designated as hedging instruments in net investment hedges (only designated part of instruments is included):

<b>As of 31 December</b>	<b>2021</b>	<b>2020</b>
Nominal amounts net investment hedge instruments	1 292	1 574

Debt designated as hedging instruments in net investment hedges are recognised on the line item Non-current interest bearing loans and borrowings in the Consolidated statement of financial position.

The following table shows the maturity profile (in nominal values) of the Group's net investment hedge instruments (only designated part of instruments are included):

	<b>&lt;1 year</b>	<b>2 years</b>	<b>3 years</b>	<b>4 years</b>	<b>Total</b>
As of 31 December 2021		1 292			<b>1 292</b>
As of 31 December 2020			1 574		<b>1 574</b>

**Impact of hedging on equity**

Set out below is the reconciliation of component of equity and the analysis of the other comprehensive income:

	<b>Foreign currency translation reserve</b>
<b>As at 1 January 2020</b>	<b>-34</b>
Foreign currency revaluation of the PLN borrowing	76
Foreign currency revaluation of the SEK borrowing	-17
Foreign currency revaluation of the EUR borrowing	-7
Tax effect	-11
<b>As at 1 January 2021</b>	<b>7</b>
Foreign currency revaluation of the PLN borrowing	6
Foreign currency revaluation of the SEK borrowing	7
Foreign currency revaluation of the EUR borrowing	2
<b>As at 31 December 2021</b>	<b>22</b>

## 4.3 Purchased loan portfolios

Purchased loan portfolios at 31 December 2021.

	2021	2020
<b>At 1 January</b>	<b>13 033</b>	<b>13 420</b>
Purchase of loan portfolios	1 202	1 664
Gross collections from purchased loan portfolios	-5 068	-5 278
Interest revenue from purchased loan portfolios	2 344	2 765
Net credit gain/loss purchased loan portfolios	11	-230
Exchange rate differences	-600	692
<b>At 31 December</b>	<b>10 921</b>	<b>13 033</b>

Gross collections from purchased loan portfolios:

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

Net credit gain/loss from purchased portfolios:

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

Net credit gain/loss from purchased loan portfolios is specified in the table below. Net credit loss of NOK 129 million on secured portfolios reflects the re-underwriting exercise carried out in 2021. The result of the exercise was a significant increase in ERC but with a timing delay giving a net negative impact of NOK 163 million to Changes in future estimates. The net credit gain on unsecured portfolios was positive by NOK 140 million following over-performance in 2021 and a net positive impact of increased ERC and timing delays in future expectations.

Year ended 31 December 2021	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Total
<u>Secured portfolios:</u>						
Gross collections from purchased loan portfolios	10	48	859	294	215	1 427
Collections above/(below) estimates	4	19	30	-44	24	34
Changes in future collection estimates	-3	-26	2	-107	-29	-163
Net credit gain/(loss) from secured portfolios	1	-7	32	-150	-5	-129
<u>Unsecured portfolios:</u>						
Gross collections from purchased loan portfolios	1 691	1 004	324	168	454	3 641
Collections above/(below) estimates	70	106	4	-56	-43	81
Changes in future collection estimates	-13	2	-3	0	72	59
Net credit gain/loss from unsecured portfolios	58	108	1	-56	29	140
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>58</b>	<b>102</b>	<b>33</b>	<b>-206</b>	<b>23</b>	<b>11</b>

Year ended 31 December 2020	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Total
<b>Secured portfolios:</b>						
Gross collections from purchased loan portfolios	8	46	955	348	223	1 580
Collections above/(below) estimates	1	23	683	44	90	842
Changes in future collection estimates	0	-36	-712	-80	-83	-911
Net credit gain/(loss) from secured portfolios	1	-12	-29	-36	7	-69
<b>Unsecured portfolios:</b>						
Gross collections from purchased loan portfolios	1 778	987	324	201	409	3 698
Collections above/(below) estimates	34	22	-28	-30	-54	-55
Changes in future collection estimates	-72	10	-14	1	-31	-105
Net credit gain/loss from unsecured portfolios	-37	33	-43	-28	-85	-161
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>-36</b>	<b>20</b>	<b>-72</b>	<b>-65</b>	<b>-78</b>	<b>-230</b>

**Net purchase of purchased loan portfolios, cash flow statement:**

	2021	2020
Purchase of loan portfolios	-1 202	-1 664
Change in prepaid/amounts due on purchase of purchased loan portfolios	10	-92
<b>Net purchase of purchased loan portfolios, cash flow statement</b>	<b>-1 192</b>	<b>-1 756</b>

**4.4 Fair value estimation purchased loan portfolios**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques such as net present value of estimated cash flows. For purchased loan portfolios, the discount rate used is the weighted average cost of capital, which is the weighted value of the cost of debt and the cost of equity in each particular country. The cost of equity is estimated by applying the capital asset pricing model.

As described in note 3, the preparation of cash flow estimates requires significant estimates to be made by management regarding future cash flows from purchased loan portfolios. The fair value of the purchased loan portfolios is estimated to be approximately NOK 11,370 million and is based on net future estimated cash flows after tax, discounted with the estimated WACC for the countries in question. The corresponding carrying amount is NOK 10,921 million which is based on IFRS 9 using the estimated gross future cash flows, where the discount factor is the individual IRR for each portfolio. The future gross cash flow forecasts used to estimate the fair value are the same as the cash flow forecasts used in the accounting for purchased loan portfolios at 31 December 2021.

The fair value estimation is based on estimated monthly net cash flows from the purchased loan portfolios per subsidiary and type of portfolio (unsecured/secured). The estimated monthly net cash flows from purchased loan portfolios is the assumed monthly future Gross collections less assumed monthly cost to collect. Cost to collect is a percentage of the Gross collections and varies from 8% to 45% depending on the type of portfolio, stage of development of the subsidiary in its local market and country specific environment. In addition, the country specific marginal tax rate is applied. This individual cost to collect and tax rate is applied to each estimated future cash flow, adding up to an estimated total net cash flow (CF3) for the Group, presented in the table below.

**Table showing CF1, CF2 & CF3 for the years from 2022 to 2041 for purchased loan portfolios owned at 31 December 2021**

	2022	2023	----->	2042	Total
Gross collections (CF1)	4 013	3 552	11 004		18 570
Cost to collect	-776	-654	-2 073		-3 503
Gross collections less cost to collect (CF2)	3 238	2 899	8 931	0	15 067
Tax	-235	-177	-455		-868
<b>Net cash flow from purchased loan portfolios (CF3)</b>	<b>3 002</b>	<b>2 722</b>	<b>8 475</b>	<b>0</b>	<b>14 199</b>

The weighted average cost of capital after tax is estimated for each country where the cash flow is generated. Based on this rate, the discounted value of the estimated net cash flows for the forecast period indicates that the fair value of the purchased loan portfolios is NOK 11,370 million.

To evaluate this calculation, a sensitivity analysis is presented in the table below in order to see the effect of deviations in the cash flow estimates and effects of variations in the cost of capital used as discount rate.

Fair value of purchased loan portfolios at 31 December 2021 assuming different % forecast collection levels and discount rates		% forecast collection		
		90 %	100 %	110 %
Discount rate	WACC -1.5 %	10 533	11 848	13 162
	WACC -1.0 %	10 387	11 684	12 980
	WACC -0.5 %	10 246	11 525	12 803
	WACC used	10 109	<b>11 370</b>	12 632
	WACC +0,5 %	9 976	11 222	12 467
	WACC +1.0 %	9 847	11 077	12 306
	WACC +1.5 %	9 722	10 936	12 149

#### Cost of capital:

The cost of equity ( $R_s$ ) was assessed by applying the Capital Asset Pricing Model, which assumes that the shareholders demand a risk premium in addition to the return on a risk-free ( $R_f$ ) investment. The risk premium was estimated based on a general market risk (MRP), which was adjusted up or down depending on the industry's risk profile through multiplying by the  $\beta$ -risk. Empirical studies indicate that investors demand a higher rate of return from small companies. The cost of equity was modified to reflect this. An additional common adjustment to the traditional CAPM equation is a country risk premium, CRP. This expands our specification of the CAPM to:

$$R_s = R_f + \text{MRP} * \beta + \text{SSP} + \text{CRP}$$

The weighted average cost of capital is estimated as:

$$\text{WACC} = \frac{\text{Equity}}{\text{Equity} + \text{Debt}} * R_s + \frac{\text{Debt}}{\text{Equity} + \text{Debt}} * R_b * (1 - \text{corporate tax rate})$$

Where  $R_b$  is the cost of debt. The cost of debt was estimated on the basis of long term swap yields, adding a debt premium to compensate the financial creditor for the risk of the company's assets and future cash flows.

#### Risk free rate:

The risk free rate was estimated as the effective rate of return on long-term government bonds in the countries where the collections are generated.

#### Market risk premium:

The market risk premium is defined as:

$$\text{MRP} = (R_M - R_f)$$

where  $R_M$  = Market return and  $R_f$  = Risk free rate

A market risk premium of 5 % was applied.

#### Equity beta:

The beta coefficient is a measure of systematic risk. The value expresses the combination of the stock's risk and to what extent the stock correlates with the market. Beta was determined based on stock price statistics for quoted, comparable companies. Weekly observations over a two-year period was used to estimate beta. The Morgan Stanley World ACWI index was used as reference index. Bayesian adjusted betas were applied. The effect of debt on  $\beta$  was eliminated through the Harris and Pringle formula.

#### Small Stock Premium (SSP):

Several institutions perform regular studies as to the effect of company size on stock returns, i.e., small stock premium. The SSP for the Group was estimated using a methodology developed by IbbotsonAssociates.

**Country Risk Premium (CRP):**

A country risk premium is often added when the target company is located in or operating in a geographical area that is subject to additional political and economic risks compared to a similar company based in, for instance, Western Europe. There are several sources and methodologies available for estimating CRP. CRP for the Group was estimated using the Damodaran model, which is an extension of the sovereign spread model (Goldman model) where credit default risk for sovereign bonds is estimated based on sovereign bond credit ratings. The Damodaran model adjusts the bond default risk with a factor for assumed equity markets standard deviation divided by bond markets standard deviation (usually assumed to be 1.5).

**Future cash flow estimates:**

The future cash flow estimates are based on the forecast for the portfolio base as of 31 December 2021.

**Weighted average cost of capital calculation:**

	<b>2021</b>
Risk free rate (long term government bond yields)	-0.3 % to 3.4 %
Equity Beta	1.67
Country risk premium	0 %-6.3 %
Market risk premium	5.0 %
Additional liquidity risk premium/small stock premium	2.0 %
Total risk premium	7.0 %
Tax rate Group	20 %
Cost of equity	10.1 % to 20.5 %
Cost of debt	6.0
Equity weight	33 %
Debt weight	67 %
<b>WACC (after tax)</b>	<b>6.5 % - 9.9 %</b>

## 4.5 Fair value of financial instruments

As at 31 December 2021	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>							
Purchased loan portfolios		10 921	10 921			11 370	11 370
Loans receivable		206	206			206	206
Derivatives	71		71		71		71
Participation loans/notes (note 17.2)	505		505			505	505
<b>Total</b>	<b>576</b>	<b>11 128</b>	<b>11 704</b>	<b>0</b>	<b>71</b>	<b>12 081</b>	<b>12 152</b>
<b>Financial liabilities</b>							
Interest bearing loans and borrowings		9 443	9 443	5 815	3 527		9 342
Derivatives	5		5		5		5
Contingent consideration (note 5.2)	11		11			11	11
<b>Total</b>	<b>16</b>	<b>9 443</b>	<b>9 459</b>	<b>5 815</b>	<b>3 532</b>	<b>11</b>	<b>9 358</b>

As at 31 December 2020	Carrying amount			Fair value			
	Fair value through profit or loss	Amortised cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>							
Purchased loan portfolios		13 033	13 033			13 255	13 255
Loans receivable		235	235			235	235
Derivatives	23		23		23		23
Participation loans/notes (note 17.2) <sup>1)</sup>	624		624			624	624
Other financial assets	0		0			0	0
<b>Total</b>	<b>646</b>	<b>13 269</b>	<b>13 915</b>	<b>0</b>	<b>23</b>	<b>14 114</b>	<b>14 137</b>
<b>Financial liabilities</b>							
Interest bearing loans and borrowings		11 491	11 491	6 953	4 162		11 115
Derivatives	16		16		16		16
Contingent consideration (note 5.2)	31		31			31	31
<b>Total</b>	<b>47</b>	<b>11 491</b>	<b>11 538</b>	<b>6 953</b>	<b>4 178</b>	<b>31</b>	<b>11 162</b>

1) NOK 102m is reclassified from Investment in associated companies and joint ventures

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 Gross collections less cost to collect and tax with the estimated weighted average cost of capital for the countries where the purchased loan portfolio is originated.

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

The Group classifies fair value measurements by using a fair value hierarchy that reflects the significance of the input that is used in preparing the measurements. The fair value hierarchy has the following levels:

Level 1: the input is quoted prices (unadjusted) in an active market for identical assets or liabilities.

Level 2: the input is prices, other than quoted prices included in level 1, that are observable for the asset or liability either directly (as prices) or indirectly (calculated from prices).

Level 3: the input to the asset or liability is not based on observable market data (non-observable input).

## NOTE 5: BUSINESS COMBINATIONS AND ACQUISITION OF NON-CONTROLLING INTERESTS

## 5.1 Acquisitions in 2021

The Group made no business acquisitions in 2021 and there were no new business combinations completed during the year.

## 5.2 Contingent consideration

As part of the purchase agreements with the previous owners of NACC, a contingent consideration is due for a limited period of time and based on the achievement of certain post-acquisition performance targets.

NACC, France, was acquired in March 2018. As at the acquisition date, the fair value of the contingent consideration was estimated and accounted for as a non-current or current liability depending on the payment date of the various installments.

A reconciliation of the fair value measurement of the contingent consideration liability is set out below:

	NACC
<b>At 1 January 2020</b>	<b>59</b>
Payments during the year	-22
Fair value adjustments during the year	-11
Exchange differences	5
<b>At 31 December 2020</b>	<b>31</b>
Payments during the year	-14
Fair value adjustments during the year	-5
Exchange differences	-1
<b>At 31 December 2021</b>	<b>11</b>

The contingent consideration to the former owners of NACC is based on Gross collections from the portfolios held by NACC as at 31 December 2017 for the period 30 September 2017 to 31 December 2021. In addition, if cost to collect in relation to the Gross collections from portfolios held at 31 December 2017 exceeds the target threshold, cost to collect will reduce the Gross collections constituting the calculation basis for the contingent consideration. Based on estimated earn-out calculations for 2021 (final year), the contingent provision was reduced with NOK 5 million through financial income recognised in the Consolidated Income statement.

## NOTE 6: OPERATING SEGMENTS

For management purposes, the Group is organised into different geographical regions corresponding to the countries where the Group operates. The Executive Management monitors the operating results of these geographical regions separately for the purposes of making decisions about resource allocation and performance assessment. The segment reporting is presented in the same manner as presented to the Executive Management. The Executive Management reporting differs from the reported numbers in the consolidated financial statements. The differences are related to the line item presentation of revenue from purchased loan portfolios and the presentation of operating cost. Total revenues and operating profit are equal in segment reporting and in the consolidated income statement. Amortisation/revaluation of purchased loan portfolios shows the difference between Gross collections and revenue from purchased loan portfolios recognised in the condensed interim consolidated income statement.

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.

Year ended 31 December 2021	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest revenue from purchased loan portfolios	777	505	430	308	324		2 344
Net credit gain/(loss) from purchased loan portfolios	58	102	33	-206	23		11
<b>Revenue from purchased loan portfolios</b>	<b>835</b>	<b>607</b>	<b>463</b>	<b>101</b>	<b>348</b>		<b>2 355</b>
Profit from shares in associated parties/joint ventures and participation loans/notes	6		65		27		99
<b>Total revenue from purchased loan portfolios</b>	<b>842</b>	<b>607</b>	<b>528</b>	<b>101</b>	<b>375</b>		<b>2 452</b>
Revenue from external collection	150	0	9	110	93		362
Revenue from loan receivables		92			1		93
Revenue from sale of collateral assets	2	3	98	11	51		164
Other operating revenues	19	1	17	30	16		83
<b>Total other revenues</b>	<b>171</b>	<b>95</b>	<b>124</b>	<b>151</b>	<b>160</b>		<b>702</b>
<b>Total revenues</b>	<b>1 013</b>	<b>702</b>	<b>652</b>	<b>253</b>	<b>535</b>		<b>3 155</b>
Cost to collect	-220	-259	-167	-150	-183		-981
Cost of collateral assets sold, including impairment	-1	-3	-72	-10	-33		-119
Cost other revenues	-135	-42	-27	-133	-110		-447
Administration and management costs	-24	24	-21	-16	-15	-160	-213
<b>EBITDA</b>	<b>632</b>	<b>422</b>	<b>365</b>	<b>-58</b>	<b>195</b>	<b>-160</b>	<b>1 396</b>
Depreciation, amortisation and impairment losses	-14	-25	-8	-19	-14	-9	-88
<b>Operating profit/(loss) (EBIT)</b>	<b>618</b>	<b>397</b>	<b>356</b>	<b>-76</b>	<b>181</b>	<b>-169</b>	<b>1 308</b>

## Consolidated financial statements

All figures in NOK million unless otherwise stated

Year ended 31 December 2020	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest revenue from purchased loan portfolios	873	576	585	357	374		2 765
Net credit gain/(loss) from purchased loan portfolios	-36	20	-72	-65	-78		-230
<b>Revenue from purchased loan portfolios</b>	<b>837</b>	<b>597</b>	<b>513</b>	<b>292</b>	<b>296</b>		<b>2 535</b>
Profit from shares in associated parties/joint ventures and participation loans/notes	11		5		29		45
<b>Total revenue from purchased loan portfolios</b>	<b>848</b>	<b>597</b>	<b>518</b>	<b>292</b>	<b>325</b>		<b>2 579</b>
Revenue from external collection	152	0	8	120	35		315
Revenue from loan receivables		136			1		137
Revenue from sale of collateral assets	0	6	44	10	10		72
Other operating revenues	19	1	6	37	7		70
<b>Total other revenues</b>	<b>171</b>	<b>144</b>	<b>58</b>	<b>167</b>	<b>54</b>		<b>594</b>
<b>Total revenues</b>	<b>1 019</b>	<b>740</b>	<b>577</b>	<b>460</b>	<b>379</b>		<b>3 174</b>
Cost to collect	-252	-309	-192	-152	-198		-1 103
Cost of collateral assets sold, including impairment		-6	-49	-11	-12		-78
Cost other revenues	-146	-57	-21	-167	-79		-471
Administration and management costs	-20	-8	-10	-4	-12	-130	-184
<b>EBITDA</b>	<b>601</b>	<b>360</b>	<b>304</b>	<b>125</b>	<b>78</b>	<b>-130</b>	<b>1 338</b>
Depreciation, amortisation and impairment losses	-18	-35	-9	-27	-17	-7	-113
<b>Operating profit/(loss) (EBIT)</b>	<b>583</b>	<b>325</b>	<b>295</b>	<b>98</b>	<b>61</b>	<b>-137</b>	<b>1 224</b>

Year ended 31 December 2021	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	427	458	73	32	213		1 202
<b>Purchased loan portfolios, book value</b>							
Purchased loan portfolios	4 352	1 874	2 025	1 534	1 136		10 921
Participation loan/notes to SPVs for purchase of loan portfolios					422		422
Purchased loan portfolios held through joint ventures	83		344		6		432
<b>Purchased loan portfolios at 31 December</b>	<b>4 435</b>	<b>1 874</b>	<b>2 369</b>	<b>1 534</b>	<b>1 563</b>		<b>11 775</b>

Year ended 31 December 2020	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Portfolio purchases in the period	898	362		93	311		1 664
<b>Purchased loan portfolios, book value</b>							
Purchased loan portfolios	5 046	1 967	2 763	1 948	1 309		13 033
Participation loan/notes to SPVs for purchase of loan portfolios					522		522
Purchased loan portfolios held through joint ventures	102		240		6		348
<b>Purchased loan portfolios at 31 December</b>	<b>5 148</b>	<b>1 967</b>	<b>3 004</b>	<b>1 948</b>	<b>1 837</b>		<b>13 903</b>

## NOTE 7: OTHER REVENUES

	2021	2020
Collection fees, commissions and debtor fees from external collection	362	315
Other revenues from contracts with customers	54	60
<b>Total revenue from contracts with customers</b>	<b>415</b>	<b>375</b>
Rental income from collateral assets	16	2
Other revenues	13	8
<b>Total other revenues</b>	<b>444</b>	<b>385</b>

Other revenues from contracts with customers consists mainly of telemarketing, fraud prevention and credit information services.

## NOTE 8: EXPENSES FROM EXTERNAL SERVICES PROVIDED

	2021	2020
Fees to court and bailiffs	-308	-335
External cost portfolio acquisition & search	-4	-4
Other fees for external services, including fees to lawyers for collection services	-108	-115
<b>Total Expenses from services provided</b>	<b>-420</b>	<b>-454</b>

## NOTE 9: PERSONNEL EXPENSES

	2021	2020
Wages, salaries and other benefits paid	-645	-669
Social security costs & payroll taxes	-131	-129
Defined contribution pension costs	-32	-29
Cost of external temporary staff	-30	-37
Other personnel costs, including training and recruitment costs	-33	-28
<b>Total Personnel expenses</b>	<b>-870</b>	<b>-893</b>
Number of full time equivalents (FTEs) at 31 December	1 979	2 191

The pension schemes of the Norwegian companies in the Group follow the requirements in the Act on Mandatory company pension.

## NOTE 10: OTHER OPERATING EXPENSES

	2021	2020
Printing, postage	-38	-55
IT, telecommunications	-93	-102
Cost of office premises	-29	-32
Travel, vehicles, accomodation	-15	-17
Marketing, business entertaining, meetings, arrangements	-12	-11
Consultancy fees - non collection services	-104	-80
Statutory and other corporate costs, including business insurance and trade licences	-21	-36
Office equipment and supplies	-10	-13
Impairment of receivables	-1	-5
Bank charges	-7	-7
Other expenses	-21	-52
<b>Total Other operating expenses</b>	<b>-350</b>	<b>-411</b>

## NOTE 11: NET FINANCIAL ITEMS

	2021	2020
Interest revenue	1	1
Gain on purchase of own bond loans	0	54
Gain on other financial instruments (excluding derivatives)	0	1
Other financial income	0	0
<b>Financial income</b>	<b>1</b>	<b>56</b>
Interest expenses	-632	-786
Change in fair value of interest rate derivatives	62	-1
Interest expense on leases	-7	-9
Loss on purchase of own bond loans	0	-12
Loss on other financial instruments (excluding derivatives)	0	-3
Adjustment of contingent consideration (note 5.2)	5	11
Other financial expenses	0	-5
<b>Financial expenses</b>	<b>-572</b>	<b>-805</b>
Realised exchange gain/(loss)	-16	71
Unrealised exchange gain/(loss)	22	-162
Change in fair value of currency derivatives	-1	26
<b>Net exchange gain/(loss)</b>	<b>5</b>	<b>-65</b>
<b>Net financial items</b>	<b>-566</b>	<b>-814</b>

## NOTE 12: INCOME TAX

The major components of income tax reported in the income statement are set out below:

<b>Income tax expense:</b>	<b>2021</b>	<b>2020</b>
Current year income tax payable	131	124
Change in deferred tax	38	-22
<b>Total tax expense reported in the income statement</b>	<b>169</b>	<b>102</b>

Reconciliation between the expected tax expense and the actual tax expense

	<b>2021</b>	<b>2020</b>
Profit before tax	742	411
<b>Expected tax expense at Norwegian nominal tax rate of 22 %</b>	<b>163</b>	<b>90</b>
Difference between local tax rates and the Norwegian nominal tax rate	-20	-29
Tax effect of permanent differences	30	-23
Tax effect of the change in unrecognised deferred taxes	-4	47
Other differences	0	17
<b>Actual tax expense</b>	<b>169</b>	<b>102</b>
<b>Effective tax rate</b>	<b>23 %</b>	<b>25 %</b>

The nominal tax rate in Norway was 22 % in 2021. Subsidiaries outside Norway are subject to local tax rates in their country of operation. The effective taxation of operations outside Norway depends on both local tax rules and on whether it is possible to avoid double taxation. The tax expense is also dependent on whether or not to recognise a deferred tax asset from carry forward losses in the individual entity.

## Analysis of deferred tax assets and liabilities

	2021	2020
<b>Tax effect of temporary differences</b>		
<b>Taxable temporary differences - non-current items</b>		
Tangible and intangible assets	39	43
Purchased loan portfolios	248	236
Loans to group companies and other long-term assets	85	156
Long-term interest bearing loans and borrowings	0	8
Loans from group companies and other non-current liabilities	39	11
	<b>412</b>	<b>454</b>
<b>Taxable temporary differences - current items</b>		
Other current assets	28	6
Other current liabilities	0	0
	<b>28</b>	<b>7</b>
<b>Deductible temporary differences - non-current items</b>		
Tangible and intangible assets	0	-0
Purchased loan portfolios	-144	-176
Loans to group companies and other long-term assets	-1	-2
Long-term interest bearing loans and borrowings	-19	-113
Loans from group companies and other non-current liabilities	-1	-1
	<b>-166</b>	<b>-292</b>
<b>Deductible temporary differences - current items</b>		
Other short-term assets	-3	-6
Other current liabilities	-33	-12
	<b>-36</b>	<b>-17</b>
Tax losses carried forward	-464	-530
<b>Gross deferred tax liabilities/(assets)</b>	<b>-226</b>	<b>-379</b>
Deferred taxes not recognised	238	351
<b>Net deferred tax liabilities/(assets)</b>	<b>12</b>	<b>-28</b>

Due to the right to offset deferred tax assets and liabilities within the same tax jurisdiction, the presentation of net deferred tax in the consolidated statement of financial position for each year end was as follows:

	2021	2020
Deferred tax assets	-279	323
Deferred tax liabilities	291	295
	<b>12</b>	<b>-28</b>
Deferred tax liabilities/(assets) at 1 January	-28	-17
Deferred tax expense recognised in the income statement	38	-22
Deferred tax expense recognised in other comprehensive income	0	11
Exchange differences	2	0
<b>Deferred tax liabilities at 31 December</b>	<b>12</b>	<b>-28</b>

Analysis of tax losses available for offset against future taxable income, by year of expiration:

	2021	2020
Within 5 years	880	268
After 5 years	1	746
No time limit	1 127	1 245
<b>Total tax losses available for offset</b>	<b>2 007</b>	<b>2 259</b>
<b>Tax effect of tax losses, before consideration of whether the losses are recognisable or not</b>	<b>464</b>	<b>530</b>

Tax losses carried forward at 31 December 2021 relate mainly to the Group's subsidiary companies in Luxembourg NOK 1,242 million (NOK 1,372 million) and the Parent company in Norway, NOK 423 million (NOK 498 million). The tax losses in the Group's subsidiary companies in Luxembourg are partly recognised as deferred tax asset, based on the Group's expectation of taxable profit in the coming five years. The tax losses in the Group's parent company in Norway and NOK 607 million in Luxembourg are not recognised as deferred tax assets.

**NOTE 13: EARNINGS PER SHARE**

Basic earnings per share amounts are calculated by dividing the profit after tax for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year, excluding the Company's own shares.

Diluted earnings per share amounts are calculated by dividing the profit after tax for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year, excluding the Company's own share, plus the weighted average number of ordinary shares that would be issued on conversion of all the potentially dilutive ordinary shares into ordinary shares.

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

	2021	2020
<b>Profit after tax attributable to parent company shareholders</b>	<b>573</b>	<b>309</b>
Number of shares outstanding at 1 January	409 932 598	409 932 598
<b>Number of shares outstanding at 31 December</b>	<b>409 932 598</b>	<b>409 932 598</b>
Company's own shares (note 22)	-2 940 631	
<b>Weighted average number of shares during the year</b>	<b>409 563 452</b>	<b>409 932 598</b>
Effect of dilution:		
Option programmes (note 23)	1 613 355	337 732
<b>Weighted average number of shares during the year adjusted for the effect of dilution</b>	<b>411 176 807</b>	<b>410 270 330</b>
Earnings per share (in NOK):		
- Basic	1.40	0.75
- Diluted	1.39	0.75

Options granted to employees are considered to be potential ordinary shares. Accordingly, they have not been included in the determination of basic earnings per share, but have been included in the determination of diluted earnings per share to the extent that they are dilutive. 8,996,645 options granted in the period 2018 - 2021 are not included in the calculation of diluted earnings per share because exercise price is higher than average stock price 2021 and therefore they are not considered dilutive for the year ended 31 December 2021. These options could potentially dilute basic earnings per share in the future.

## NOTE 14: GOODWILL

	Goodwill
<b>Acquisition/purchase cost</b>	
At 1 January 2020	783
Exchange differences	50
<b>At 31 December 2020</b>	<b>833</b>
Exchange differences	-38
<b>At 31 December 2021</b>	<b>796</b>
<b>Impairment</b>	
At 1 January 2020	6
Impairment	3
Exchange differences	0
<b>At 31 December 2020</b>	<b>9</b>
Impairment	0
Exchange differences	0
<b>At 31 December 2021</b>	<b>9</b>
<b>Net book value</b>	
<b>At 31 December 2020</b>	<b>824</b>
<b>At 31 December 2021</b>	<b>787</b>

Goodwill acquired through business combinations has been tested for impairment at the end of 2021. The recoverable amount is set to the estimated value in use. The value in use is the net present value of the estimated cash flow before tax. The discount rate used is the weighted average cost of capital (WACC) before tax calculated for each Cash Generating Unit (CGU). Reference to note 4.4 for further details on cost of capital and WACC calculation.

The CGUs have been tested using a 5 or 10 year cash flow model discounted at a country specific pre-tax WACC ranging from 8.1 % to 10.1 % by the end of December 2021. A 5 or 10 year cash flow model has been used based on expected life time for the individual CGUs portfolio, as well as the expected recoverable cash flows arising from the individual CGUs loan portfolio investment program. The terminal value for loan portfolios has been set to estimated portfolio book value at the end of the 5 or 10 year cash flow model.

The basis for the expected future cash flow is a management approved investment allocation plan for the group, forecast 2022 for the individual CGU and in general a 0 % growth rate in other revenue. The sum of the future expected gross cash flows, less estimated costs to collect and costs related to other revenue, forms the basis for the net cash flow estimates used in the 5 or 10 year cashflow model and estimated terminal value. The impact of changes to key assumptions have been considered and assessed for each individual CGU, and there have not been identified any instances that should cause the carrying amount to exceed the recoverable amount.

The following cash generating units represents 69 % of the carrying value of goodwill at the end of December 2021:

**Poland Group**

At 31 December 2021, the carrying value of goodwill allocated to Poland Group amounts to NOK 287 million (300 million in 2020). The CGUs has been tested using a 10 year cash flow model based on a stable loan portfolio investment program and with a terminal value after 10 years. The terminal value of loan receivables are estimated to be equal to book value as of beginning of cash flow period.

**Négociation et Achat de Créances Contentieuses (NACC), France, and its subsidiary Tahiti Encaissements Services, Tahiti**

At 31 December 2021, the carrying value of goodwill allocated to NACC, France, and its subsidiary amounts to NOK 254 million (NOK 267 million in 2020). The CGUs have been tested using a 10 year cash flow model with a terminal value after 10 years based on a stable loan portfolio investment program.

In addition, the following cash generating units have been tested for impairment:

Company name	Region	Allocated goodwill	
		At 31 December 2021	At 31 December 2020
Debt Collection Agency AD, Bulgaria <sup>1)</sup>	South Eastern Europe	110	115
Confirmaciónde Solicitudes de Crédito Verifica S.A. (Verifica), Spain	Western Europe	82	86
Creditreform Latvia SIA, Latvia, and its subsidiaries	Northern Europe	29	31
Interkreditt AS, Norway	Northern Europe	11	11
OK Perinta OY, Finland, and its subsidiaries	Northern Europe	5	5
Nordic Debt Collection A/S, Denmark	Northern Europe	2	2
B2Kapital UAB, Lithuania	Northern Europe	6	6
<b>Total</b>		<b>246</b>	<b>256</b>

1) Goodwill in Bulgaria has been tested using a 10 year cash flow model based on a stable loan portfolio investment program and with a terminal value after 10 years. WACC was 10 % and growth terminal value 0. The value in use is in excess of the carrying book value including goodwill. The headroom will be zero if Cost to collect increases by 10 percentage points, eg. due to lower investment levels, or if WACC increases to 16 %.

The result of the impairment tests showed that in 2021 there was no requirement to impair the goodwill in any of the cash generating units.

The Group constantly monitors the latest legislation in relation to sustainability. The group will adjust the key assumptions used in value-in-use calculations and sensitivity to changes in assumptions should a change be required.

The war in Ukraine has created a significant uncertainty in the market and B2Holding is closely monitoring the macroeconomic and geopolitical developments related to the war. At this stage the baseline scenarios indicate limited risk for B2Holding, however the full impact on B2Holding's business activities and assessment of goodwill is uncertain and may change in the event of significant escalation.

## NOTE 15: TANGIBLE AND INTANGIBLE ASSETS

	Improvements to rented offices	Equipment, fixtures & fittings	RoU asset office premises	RoU asset vehicles & equipment	Intangible assets	Total
<b>Acquisition/purchase cost</b>						
<b>At 1 January 2020</b>	<b>32</b>	<b>142</b>	<b>165</b>	<b>6</b>	<b>352</b>	<b>698</b>
Additions	3	18	24	2	22	70
Disposals	-1	-15	-13	0	-4	-33
Exchange differences	1	3	7	0	16	28
<b>At 31 December 2020</b>	<b>34</b>	<b>149</b>	<b>184</b>	<b>8</b>	<b>387</b>	<b>763</b>
Additions	1	9	34	1	25	71
Disposals	0	-9	-5	0	-5	-20
Exchange differences	-2	-7	-9	0	-18	-36
<b>At 31 December 2021</b>	<b>34</b>	<b>141</b>	<b>204</b>	<b>9</b>	<b>389</b>	<b>778</b>
<b>Depreciation / amortisation and impairment</b>						
<b>At 1 January 2020</b>	<b>21</b>	<b>79</b>	<b>36</b>	<b>2</b>	<b>198</b>	<b>335</b>
Depreciation / amortisation charge for the year	3	29	41	2	33	108
Impairment losses for the year		0			2	2
Disposals	-3	-11	-6	0	-3	-23
Exchange differences	1	1	1	0	9	11
<b>At 31 December 2020</b>	<b>22</b>	<b>97</b>	<b>72</b>	<b>3</b>	<b>238</b>	<b>433</b>
Depreciation / amortisation charge for the year	4	18	36	2	26	85
Impairment losses for the year	1	0			2	3
Disposals	0	-7	-3	0	-5	-15
Exchange differences	-1	-5	-4	0	-12	-22
<b>At 31 December 2021</b>	<b>25</b>	<b>103</b>	<b>101</b>	<b>5</b>	<b>249</b>	<b>483</b>
<b>Net book value</b>						
<b>At 31 December 2020</b>	<b>12</b>	<b>51</b>	<b>112</b>	<b>5</b>	<b>149</b>	<b>330</b>
<b>At 31 December 2021</b>	<b>9</b>	<b>38</b>	<b>103</b>	<b>4</b>	<b>141</b>	<b>295</b>
Depreciation method	Straight line	Straight line	Straight line	Straight line	Straight line	
Economic useful lives	2-10 years	2-10 years	2-10 years	2-10 years	2-12 years	

Intangible assets are the capitalised costs related to the software systems used throughout the Group, client relationships and licenses. The Group has also invested in development of a group data warehouse.

## NOTE 16: LEASES

The Group's lease agreements mainly relate to the lease of office premises.

<b>Lease liabilities</b>	<b>2021</b>	<b>2020</b>
Current lease liabilities	36	41
Non-current lease liabilities	81	87
	<b>117</b>	<b>128</b>

<b>Maturity analysis contractual undiscounted cash flows</b>	<b>2021</b>	<b>2020</b>
Amounts due within one year	43	49
Amounts due between one and five years	68	85
Amounts due later than five years	32	15
	<b>144</b>	<b>149</b>

<b>Effects on income statement</b>	<b>2021</b>	<b>2020</b>
Depreciation of right-of-use assets	-38	-43
Interest expense on lease liabilities	-7	-9
Expense relating to short-term leases	-8	-9
Expense relating to leases of low value assets	-8	-11
	<b>-61</b>	<b>-73</b>

<b>Cash outflows for leases</b>	<b>2021</b>	<b>2020</b>
Interest paid on lease liabilities	-7	-9
Principle paid on lease liabilities	-46	-39
Expense relating to short-term leases	-8	-9
Expense relating to leases of low value assets	-8	-11
	<b>-70</b>	<b>-69</b>

Please refer to Note 15 for information about RoU assets.

## NOTE 17: INVESTMENTS IN ASSOCIATED COMPANIES, JOINT VENTURES AND PARTICIPATION LOANS/NOTES/FUNDS

## 17.1 Investments in associated companies, joint ventures and participation loans/notes/funds

Profit from shares in associated companies, joint ventures and participation loans/notes/funds	2021	2020
Share of profit from participation loans/notes/funds (note 17.2)	34	19
Share of result from joint ventures	65	26
<b>Total</b>	<b>99</b>	<b>45</b>

Investments in associated companies, joint ventures and participation loans/notes/funds	2021	2020
Participation loans/notes/funds (note 17.2)	505	624
Investments in associated companies and joint ventures (note 17.3 and 17.4)	349	247

## 17.2 Participation loans, notes and fund investments, 31 December

	2021	2020
Participation loan in EOS Credit Funding BL DAC	12	31
Participation notes in Hellas 3P Investment DAC (H3P)	240	303
Participation notes in Hellas 2P Investment DAC (H2P)	169	188
Shares in Glencar ICAV Sub-fund 3 (classified under 17.3 in 2020)	83	102
<b>Total</b>	<b>505</b>	<b>624</b>

	2021	2020
At 1 January	624	542
Repayments	-126	-38
Change in fair value of participation loan/notes/funds	34	9
Exchange rate differences	-27	9
Reclassification of share in Glencar ICAV Sub-fund 3		102
<b>At 31 December</b>	<b>505</b>	<b>624</b>

The Group has three investment agreements with co-investors for purchase of loan portfolios through SPVs, fully financed through participation loan/notes from the investors. The contractual arrangement of the participation loan/notes is directly linked to the performance of the portfolios purchased in the SPVs. Gross collections from the portfolios in the SPVs are paid monthly to the investors pro rata after deduction of cost to collect and overhead costs in the SPVs. The payments are split between Interest revenue and repayments according to the amortisation of the portfolio, so the repayments of the loan are equal to the amortisation of the portfolio. If the SPVs need additional funding, the investors are obliged to contribute pro rata, but since the SPVs are self-funding through their operations this is not expected to occur. The participation loan/notes are measured at fair value through profit or loss. The profit from participation loan/notes is presented as a part of "Profit from shares in associated companies/joint ventures and participation loans/notes" in the Group's consolidated income statement.

For EOS Credit Funding BL DAC, the Group has both investment in joint venture and a share of participation loans. See note 17.3 for further information regarding the joint venture. The Group's share of the participation loan is 50 %.

In 2018, the Group entered into two agreements for co-investments through SPVs. The Group's share of the participation notes in the SPVs was 35 % for the H3P portfolio purchase and 30 % for the H2P portfolio purchase. At the end of 2021 the Group is servicing both H2P and H3P.

The Group invested in December 2019 in 30 % of a portfolio, an investment of NOK 96 million, through subscribing to 30 % of the shares in Glencar 3, a sub-fund of Glencar ICAV. Glencar ICAV with offices in Dublin, Ireland. The portfolio is serviced by the Group. The participation in the sub-fund is measured at fair value through profit or loss.

**17.3 Investments in joint ventures**

In 2018 the Group became owner of 50 % of the share capital and voting rights in the SPV, EOS Credit Funding BL DAC with offices in Dublin, Ireland (portfolio owner), and ENB Properties Solutions srl with offices in Bucharest, Romania, and has joint control in these two companies. The two companies are accounted for using the equity method in the consolidated financial statements.

During 2019 the Group entered a new joint venture with DDM Group, holding portfolios in Croatia, an investment of NOK 276 million. The Group holds 50 % of the share capital and voting rights in CE Partner S.à r.l. and CE Holding Invest S.C.S. with offices in Luxembourg. The Group is master servicer for the joint venture.

The Group does not have goodwill or other adjustments related to the joint ventures.

<b>Investments in joint ventures</b>	<b>2021</b>	<b>2020</b>
At 1 January	246	386
Additions	84	
Repayments	-10	-56
The Group's share of the joint ventures' result after tax	65	16
Dividends received	-46	-5
Exchange differences	10	7
Reclassification of share in Glencar ICAV Sub-fund 3		-102
<b>At 31 December</b>	<b>349</b>	<b>246</b>

**17.4 Investments in associates companies**

In May 2021 the Group sold the 26 % interest in Creditreform OU, Estonia at a loss of NOK 0.3 million.

In 2018 the Group acquired a 28.02 % interest in Linjiska Nacionalna Plovidba d.d., Croatia. The investment was impaired from NOK 2 million to 0 during 2019.

The Group does not have goodwill or other adjustments related to the associated companies.

<b>Investments in associated companies</b>	<b>2021</b>	<b>2020</b>
At 1 January	1	1
Disposals	-1	-1
The Group's share of the associate's result after tax	0	0
<b>At 31 December</b>	<b>0</b>	<b>1</b>

## NOTE 18: LOAN RECEIVABLES AND OTHER NON-CURRENT FINANCIAL ASSETS

## Note 18.1: Loan receivables

	2021	2020
Loan receivables - gross	1 111	967
Loss allowance	-905	-731
<b>At 31 December</b>	<b>206</b>	<b>235</b>

Loan receivables are interest-bearing loans that normally are granted for a period of few years, with monthly installments. The Group collects contractual cash flow according to loan schedules. The Group currently only has such business in Poland. The average loan ticket amounts to PLN 4,750 and the average installment number is 39 months at the end of 2021. Products are sold via several distribution channels including internet, call center sale, external brokers point of sales. The Group sold approximately 13,210 loans to individual clients in 2021. There is no single debtor who represents a large share of the loan receivables and therefore poses a material credit risk.

The Group measures the impairment loss on loan receivables using a 3-stage model for expected credit loss (ECL) according to IFRS 9. For loan receivables in stage 1 (performing, i.e. days past due between 0-10 days), ECL for default events that are possible within the next 12 months are recognised. The Group consider that credit risk has increased significantly since initial recognition for loan receivables in stage 2 (underperforming, i.e. days due between 11-60 days) and 3 (non-performing, i.e. days past due over 60 days) and lifetime ECL is recognised.

At 31 December, the analysis of loan receivables was as follows:

	Total	Stage 1	Stage 2	Stage 3
Loan receivables - gross	1 111	145	18	948
Loss allowance	-905	-17	-9	-879
<b>Loan receivables - net, 31 December 2021</b>	<b>206</b>	<b>128</b>	<b>9</b>	<b>69</b>
Loan receivables - gross	967	143	16	808
Loss allowance	-731	-23	-7	-701
<b>Loan receivables - net, 31 December 2020</b>	<b>235</b>	<b>120</b>	<b>9</b>	<b>106</b>

## Note 18.2: Other non-current financial assets

	2021	2020
<b>Financial assets at fair value through profit or loss:</b>		
Derivatives (note 4)	52	1
	<b>52</b>	<b>1</b>
<b>Financial assets at amortised cost:</b>		
Other	2	2
	<b>2</b>	<b>2</b>
<b>At 31 December</b>	<b>54</b>	<b>3</b>

## NOTE 19: OTHER CURRENT ASSETS

## 19.1: Accounts receivable

As at 31 December	2021	2020
Accounts receivable from contract revenues - gross	27	32
Accounts receivable from single transactions - gross	8	5
Loss allowance	-3	-4
	<b>32</b>	<b>33</b>

There is no single customer who represents a large share of the accounts receivable and therefore pose a material credit risk.

Accounts receivable are non-interest bearing and are generally on terms of 30-90 days. At 31 December, the maturity of accounts receivables was as follows:

	Total	Not due	0-30 days	31-60 days	61-90 days	>90 days
Accounts receivable - gross, 31 December 2021	35	21	5	2	3	3
Loss allowance	-3	-0	-0	-0	-0	-3
<b>Accounts receivable - net, 31 December 2021</b>	<b>32</b>	<b>21</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>1</b>
Accounts receivable - gross, 31 December 2020	37	25	4	1	1	5
Loss allowance	-4	-0	-0	-0	-0	-3
<b>Accounts receivable - net, 31 December 2020</b>	<b>33</b>	<b>25</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>1</b>

## 19.2: Other current assets

As at 31 December	2021	2020
Value added, sales or other taxes receivable	43	67
Amounts due from previous owners of purchased loan portfolios	5	2
Advances & security deposits paid to suppliers	54	41
Prepayments	25	24
Amounts due from employees	0	1
Derivatives (note 4)	19	22
Amounts due from joint venture (note 17)	7	8
Accrued income not yet invoiced	21	18
Other	54	35
	<b>228</b>	<b>220</b>

## NOTE 20: COLLATERAL ASSETS

Collateral assets are assets, mainly real estate, repossessed as part of the management of secured non-performing loan portfolios. Collateral assets are acquired with the purpose of subsequent resale in the near future, however there may be improvements or actions needed in order to optimise prices.

	2021	2020
Opening balance 1 January	873	319
Additions	576	631
Disposals	-117	-69
Write-down	-1	-9
Exchange differences	-46	2
<b>Closing book value at 31 December</b>	<b>1 284</b>	<b>873</b>

Which consists of:

	2021	2020
Retail Properties	404	206
Non-retail properties	829	648
Other	50	19
<b>Total</b>	<b>1 284</b>	<b>873</b>

Of the collateral assets NOK 1,031 million is located in Central Europe (2020: 696 million), NOK 169 million is located in South Eastern Europe (2020: 120 million), NOK 77 million is located in Western Europe (2020: 45 million), NOK 6 million is located in Poland (2020: 9 million) and NOK 1 million is located in Northern Europe (2020: 0 million). Retail properties are related to private housing and non-retail properties to commercial buildings.

The Group has specific pre-emption rights on the realisability of some of its collateral assets if the offered sales prices are below what has been agreed with interested stakeholders. These rights are only applicable for a period of 18-36 months from the granting of such rights which was in Q3 2020.

The Group has no contractual obligations for construction, development, repairs or maintainance.

	2021	2020
Rental income	16	2
Revenue from sale of collateral assets	164	72
Cost of collateral assets sold, including impairment	-119	-78
Direct operating expenses	-17	-11
<b>Operating profit/(loss) from collateral assets</b>	<b>45</b>	<b>-15</b>

Rental income is presented in the line "Other revenues" in the consolidated income statement. Direct operating expenses are directly related to the collateral assets and include repairs and maintainance costs, insurance, valuation costs and other similar types of running costs. Direct operating expenses are included in either "Expenses of external services provided" or "Other operating expenses" depending upon the nature of the expense.

## NOTE 21: CASH AND CASH EQUIVALENTS

	2021	2020
<b>Cash at banks</b>		
- unrestricted balances	308	407
- tax deductions from employee payroll	0	3
- other restricted balances	4	7
	312	417
Short-term deposits	64	6
	<b>376</b>	<b>423</b>

Cash at banks earns interest at floating rates which are based on bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Other restricted balances represent deposits paid into a short term escrow account in connection with, for example, the acquisition of loan portfolios or guarantees provided by third parties.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the cash and short-term deposit balances in the table above.

## NOTE 22: 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 <sup>1)</sup>	Share capital NOK mill	Other paid-in capital <sup>2)</sup> NOK mill
At 1 January 2020	409 932 598	41	2 843
At 31 December 2020	409 932 598	41	2 843
At 31 December 2021	409 932 598	41	2 843
At 26 April 2022 (the date of completion of these financial statements)	409 932 598	41	2 843

1) Including 3,043,082 shares purchased in share buy-back program, of which 102,451 shares are not settled transactions as at 31 December 2021

2) Net proceeds after transaction costs

A share buy-back program started on 8 November 2021 and ending 31 March 2022. The purpose of the program is to reduce the capital of the Company. The share buy-back program will be for a maximum of 10,000,000 shares and will comprise acquisitions of own shares for an aggregate amount of up to NOK 90,000,000.

In the period 8 November - 31 December 2021 3,043,082 shares were bought back at an average price of NOK 10.37 per share. Of these 2,940,631 shares were settled transactions as at 31 December 2021, decreasing the equity attributable to parent company shareholders by NOK 31 million.

Dividend paid to parent company's shareholders in 2021, for 2020, amounted to NOK 0.15 per share. Proposed dividend for 2021 is NOK 0.42 per share.

#### **Mandates granted to the Board of Directors:**

On 20 May 2021 the General Meeting of the shareholders of B2Holding ASA granted the Board a right to increase the share capital (i) in connection with acquisitions and raising of equity, by a maximum of NOK 4,099,325, equivalent to 10 % (rounded) of the Company's share capital, and (ii) in connection with the Company's share option program, by a maximum of NOK 1,721,000.

The General Meeting on 20 May 2021 also granted the Board a right to acquire own shares (treasury shares) in B2Holding ASA from the shareholders in the company up to a total nominal value of NOK 4,099,325, equaling 10 % (rounded) of the share capital. The maximum amount that can be paid for each share is the volume weighted average price as quoted on the Oslo Stock Exchange for the five business days prior to the time of the acquisition plus 5 %, and the minimum amount to be paid is NOK 0.10 per share.

Each of the said authorisations provided to the Board are effective until the earliest of the Company's 2022 Annual General Meeting and 30 June 2022 and replaces the authorisations issued by the General Meeting on 27 May 2020.

#### **Shares owned by Group management and Board of Directors**

The number of shares owned directly or indirectly by the Board of Directors and Group Management at 31 December 2021 were as set out below. For details of options granted to the Board of Directors and Group Management, see note 23.

<b>Name</b>	<b>Position</b>	<b>Number of shares</b>
Erik Just Johnsen <sup>1)</sup>	Chief Executive Officer	2 225 680
Endre Solvin-Witzø	Chief Investment Officer	124 500
Rasmus Hansson <sup>2)</sup>	Head of Commercial Strategy and Investor Relations	80 057
Tore Krogstad <sup>3)</sup>	Head of Personnel, Improvement & Restructuring	120 000
Adam Parfiniewicz <sup>4)</sup>	Head of Unsecured Asset Management	6 000
Maria Haddad	Head of Corporate Development	100 000
Harald L. Thorstein	Chair of the Board of Directors	125 000
Adele Bugge Norman Pran	Board member	90 000
Grethe Wittenberg Meier	Board member	25 000
Trond Kristian Andreassen <sup>5)</sup>	Board member	165 000

1) Erling Johnsen AS, an entity controlled by Erik J. Johnsen holds 2,080,000 shares. In addition, persons related to Johnsen holds 145,680 shares

2) Rmh Invest AS, an entity controlled by Rasmus Hansson, holds 80,057 shares

3) Engelia Invest AS, an entity controlled by Tore Krogstad, holds 120,000 shares

4) Adam Parfiniewicz holds 6,000 shares through a nominee account

5) Vimar AS, an entity controlled by Trond Kristian Andreassen, holds 165,000 shares

Prioritet Group AB holds 52,913,000 shares represented by board member Niklas Wiberg.

Rasmussengruppen AS with subsidiaries holds 51,373,266 shares represented by board member Trygve Lauvdal.

For further information regarding shares and shareholders, please refer to note 11 to the parent company financial statements.

## NOTE 23: SHARE BASED PAYMENTS

## 23.1 Option program

The Group has granted share options to management and selected key employees according to the Group's remuneration policy. As of the date of completion of these financial statements, there were 10,610,000 options outstanding.

All of the Company's option agreements include a clause regarding accelerated vesting meaning that if 50,1 % (75 % for options issued before 2019, expiring Dec 2021) of the shares in the Company are sold to an acquirer, all outstanding options are vested. In case of a merger, the grantee shall if possible be granted an equal share option in the merged company. If this is not possible, the grantee will have the right to exercise all the options prior to the merger.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2021 Number	2021 WAEP	2020 Number	2020 WAEP
Outstanding 1 January	14 410 000	9.051	19 125 000	10.077
Granted during the year	2 450 000	10.080	5 150 000	6.264
Exercised during the year				
Forfeited during the year	-6 250 000	9.217	-1 240 000	13.777
Expired during the year			-8 625 000	9.467
<b>Outstanding at 31 December</b>	<b>10 610 000</b>	<b>9.345</b>	<b>14 410 000</b>	<b>9.051</b>
<b>Exercisable at 31 December</b>	<b>4 256 662</b>	<b>11.240</b>	<b>7 536 666</b>	<b>10.112</b>

Due to previous changes in the Group Management 250,000 share options was terminated in May 2021. Further 6,000,000 share options with extended expiry date until 30 June 2022 was terminated in third quarter 2021.

The weighted average fair value of options granted in 2021 was NOK 10.080 (NOK 6.26 in 2020) per option and the cost of the options recognised in personnel costs together with a corresponding increase in other capital reserves was NOK 6 million in 2021 (NOK 4 million in 2020).

The fair value of options awarded is calculated using the Black-Scholes option pricing model. The risk-free interest rate on the award date has been obtained from Norges Bank and weighted average for options awarded in 2021 was 0.89 % (0.63 % in 2020). The weighted average expected volatility for the options granted in 2021 was 54.85 % (45.07 % in 2020), and the expected lifetime has been set as the vesting date.

At 31 December 2021, the range of exercise prices and weighted average remaining contractual life of the options were as follows:

Exercise price	Outstanding options			Vested options		
	Outstanding options as of 31.12.2021	Weighted average remaining contractual life	Weighted average exercise price	Outstanding options as of 31.12.2021	Weighted average remaining contractual life	Weighted average exercise price
0.00 - 8.00	2 800 000	3.5	4.420	933 330	3.5	4.420
8.01 - 9.99	4 010 000	2.5	9.250	1 973 332	2.5	9.490
10.00 - 12.99	2 450 000	4.5	10.080			
13.00 - 17.99	600 000		16.060	600 000		16.060
18.00 - 23.30	750 000		20.480	750 000		20.480
<b>Total</b>	<b>10 610 000</b>	<b>2.9</b>	<b>9.346</b>	<b>4 256 662</b>	<b>1.9</b>	<b>11.241</b>

At 31 December 2020, the range of exercise prices and weighted average remaining contractual life of the options were as follows:

Exercise price	Outstanding options			Vested options		
	Outstanding options as of 31.12.2020	Weighted average remaining contractual life	Weighted average exercise price	Outstanding options as of 31.12.2020	Weighted average remaining contractual life	Weighted average exercise price
0.00 - 8.00	3 050 000	4.5	4.568			
8.01 - 8.50	2 000 000	1.5	8.340	2 000 000	1.5	8.340
8.51 - 9.99	6 100 000	2.2	9.057	4 000 000	1.5	9.231
10.00 - 12.99	1 910 000	3.5	10.140	636 666	3.5	10.140
13.00 - 17.99	600 000	1.0	16.210	450 000	1.0	15.900
18.00 - 23.99	750 000	1.0	20.630	450 000.00	1.0	19.990
<b>Total</b>	<b>14 410 000</b>	<b>2.6</b>	<b>9.051</b>	<b>7 536 666</b>	<b>1.6</b>	<b>10.112</b>

#### NOTE 24: INTEREST BEARING LOANS AND BORROWINGS

	2021	2020
<b>Non-current</b>		
Multi-currency revolving credit facility	3 031	3 912
Bridge Facility		250
Bond loan	3 794	5 954
	<b>6 825</b>	<b>10 116</b>
<b>Current</b>		
Bond loan	1 900	1 153
Bridge Facility	500	
Bank overdraft	219	222
	<b>2 619</b>	<b>1 375</b>

**Interest bearing loans**

The Group is financed by the following loans; (i) a EUR 510 million senior secured multi-currency revolving credit facility agreement, including a multi-currency cash pool with a EUR 40 million overdraft, which matures in May 2023, (ii) a EUR 50 million bridge facility with maturity in May 2022, (iii) a EUR 200 million senior unsecured bond with maturity in November 2022, (iv) a EUR 200 million senior unsecured bond with maturity in May 2023 and (v) a EUR 200 million senior unsecured bond with maturity in May 2024. The Group holds EUR 27 million in treasury bonds, which is not included in tables below.

The multi-currency revolving credit facility, the bridge facility and the bond loans carry a variable interest rate based on the interbank rate in each currency plus a margin supplement. In addition, there is a commitment fee, which is calculated as a percentage of the loan margin on the undrawn part of the credit facilities. The overdraft carries a facility line fee. The loan agreements have a number of operational and financial covenants, including limits on certain key indicators, which have all been complied with as of 31 December 2021. There are no instalments to be paid before maturity.

At 31 December 2021, PLN 700 million, SEK 760 million and NOK 800 million, in total EUR 306 million, was utilised from the EUR 470 million multi-currency revolving credit facility, leaving an available, undrawn amount of EUR 164 million. The multi-currency overdraft facility of EUR 40 million was utilised with EUR 22 million, leaving an available, undrawn amount of EUR 18 million. The bridge facility was utilised with EUR 50 million, leaving an available, undrawn amount of EUR 0 million.

The EUR 470 million multi-currency revolving credit facility and the EUR 50 million bridge facility are secured by guarantees issued by B2Holding ASA, a share pledge over B2Holding ASA's 100 % directly owned subsidiaries, an account charge over a number of pre-defined B2Holding ASA bank accounts and a pledge over the intra-group loan receivables from B2Holding ASA to its subsidiaries. The Bond Loans are unsecured.

Details of the interest rates, maturity and outstanding nominal values by currency at 31 December 2021 and 31 December 2020 are summarised below:

<b>At 31 December 2021</b>	<b>Currency</b>	<b>Interest rate %</b>	<b>Maturity</b>	<b>Outstanding nominal value</b>
Multi-currency revolving credit facility	PLN	Floating	May 2023	1 521
	SEK	Floating	May 2023	741
	NOK	Floating	May 2023	800
Bridge facility	NOK	Floating	May 2022	500
Bond loans	EUR	4.25 %	November 2022	1 998
	EUR	4.75 %	May 2023	1 998
	EUR	6.35 %	May 2024	1 998
				<b>9 555</b>

<b>At 31 December 2020</b>	<b>Currency</b>	<b>Interest rate %</b>	<b>Maturity</b>	<b>Outstanding nominal value</b>
Multi-currency revolving credit facility	PLN	Floating	May 2023	1 791
	SEK	Floating	May 2023	678
	NOK	Floating	May 2023	1 530
Bridge facility	NOK	Floating	May 2022	250
Bond loans	EUR	7.00 %	October 2021	1 832
	EUR	4.25 %	November 2022	2 094
	EUR	4.75 %	May 2023	2 094
	EUR	6.35 %	May 2024	2 094
				<b>12 364</b>

The repayment schedule by currency at 31 December 2021 and 31 December 2020 is shown in the table below:

At 31 December 2021	Multi-currency revolving credit facility			Bridge Facility	Bond loan	Total
	SEK	NOK	PLN	NOK	EUR	
2022				500	1 998	2 498
2023	741	800	1 521		1 998	5 059
2024					1 998	1 998
	<b>741</b>	<b>800</b>	<b>1 521</b>	<b>500</b>	<b>5 993</b>	<b>9 555</b>

At 31 December 2020	Multi-currency revolving credit facility			Bridge Facility	Bond loan	Total
	SEK	NOK	PLN	NOK	EUR	
2021					1 832	1 832
2022				250	2 094	2 344
2023	678	1 530	1 791		2 094	6 093
2024					2 094	2 094
	<b>678</b>	<b>1 530</b>	<b>1 791</b>	<b>250</b>	<b>8 114</b>	<b>12 364</b>

#### Financial covenants

The financial covenants at 31 December 2021 for the bond loans are summarised below. All covenants have been met at 31 December 2021 and 31 December 2020.

The financial covenants for the bond loan are as follows:

	Requirement	2021	2020
Secured loan to value	Maximum 65 %	24.3 %	25 %
Leverage ratio	Maximum 4.0	2.2	2.7
Net interest cover ratio	Minimum 4.0	7.3	5.4

The financial covenants for the multi-currency revolving credit facility include covenants for the borrowing base ratio, the equity ratio and the ratio of actual NPL portfolio cash collections compared to cash collection forecasts. In addition to this, the covenants for the borrowing base ratio and the ratio of actual NPL portfolio cash collections compared to cash collection forecasts are measured at the "Restricted Group" level, which comprises B2Kapital Holding S.à r.l. and its directly and indirectly owned subsidiaries. If the group fails to comply with the financial covenants, both the multi-currency revolving credit facility agreement and the bond loan agreements have a grace period after notice thereof is given to the counterparties before default is declared.

Bank borrowings secured by pledged assets	2021	2020
Multi-currency revolving credit facility	3 531	4 162
	<b>3 531</b>	<b>4 162</b>

Balance sheet value of pledged assets	2021	2020
Share Pledge	3 622	3 622
Account charge over bank accounts		13
Intra Group Loan receivable	5 585	6 930
	<b>9 208</b>	<b>10 565</b>

At 31 December 2021, the multi-currency revolving credit facility and the bridge facility is secured by a share pledge over B2Holding ASA's shares in B2Kapital Holding S.à r.l., an account charge over a number of pre-defined B2Holding ASA bank accounts and a pledge over the intra-group loan receivables from B2Holding ASA to B2Kapital Holding S.à r.l.. The Bond Loans are unsecured.

#### Changes in liabilities arising from financing activities

The table below shows reconciliation of cash flows from financing activities to interest bearing liabilities in the statement of financial position.

	Cash flow	Foreign exchange movement	New leases	Interest expense	Other	Balances
<b>At 1 January 2020</b>						<b>11 865</b>
Principal repayments (lease liabilities)	-39					-39
Additions (lease liabilities)			26			26
Proceeds from new external loans during the year	15 577					15 577
Repayment of external loans during the year	-16 290	338				-15 952
Interest paid	-736	-2		786	-62	-14
Other changes					6	6
<b>At 31 December 2020</b>	<b>-1 488</b>	<b>336</b>	<b>26</b>	<b>786</b>	<b>-55</b>	<b>11 469</b>
<b>At 1 January 2021</b>						<b>11 469</b>
Principal repayments (lease liabilities)	-46					-46
Additions (lease liabilities)			35			35
Proceeds from new external loans during the year	16 605					16 605
Repayment of external loans during the year	-18 259	-386				-18 645
Interest paid	-582	-3		632	-72	-24
Other changes					(6)	-6
<b>At 31 December 2021</b>	<b>-2 282</b>	<b>-389</b>	<b>35</b>	<b>632</b>	<b>-78</b>	<b>9 388</b>

«Other changes» consist of non-cash effects from utilizing amortised cost principal.

Interest bearing liabilities	2021	2020
Interest bearing loans and borrowings <sup>1)</sup>	9 224	11 270
Accrued interest on interest bearing loans and borrowings (see note 27)	47	71
Lease liabilities (see note 16)	117	128
	<b>9 388</b>	<b>11 469</b>

1) Including EUR 27 million treasury bonds

Lease liabilities and Accrued interest on interest bearing loans and borrowings are included in Other current and non-current liabilities in the Consolidated statement of financial position.

## NOTE 25: OTHER NON-CURRENT LIABILITIES

	2021	2020
<b>Financial liabilities at fair value through profit or loss</b>		
Contingent consideration (note 5.2)	0	17
Derivatives (note 4)	3	14
Other	4	6
	<b>7</b>	<b>37</b>
<b>Financial liabilities</b>		
Lease liabilities (note 16)	81	87
	<b>81</b>	<b>87</b>
<b>Other non-financial liabilities</b>		
Post-employment liabilities	5	6
	<b>5</b>	<b>6</b>
	<b>93</b>	<b>131</b>

Contingent consideration due within one year is classified within other current liabilities.

## NOTE 26: ACCOUNTS AND OTHER PAYABLES

	2021	2020
Accounts payable	67	59
Vendor financing	36	23
Amounts owed to third party collection customers	12	14
Amounts prepaid by loan debtors	32	55
Other payables	26	4
	<b>173</b>	<b>154</b>

Accounts payable, amounts prepaid by loan debtors and amounts owed to third party collection customers are non-interest bearing and are normally settled within 30 days. Vendor financing is non-interest bearing and relates to portfolio purchases not yet fully paid but normally due within 6 months.

## NOTE 27: OTHER CURRENT LIABILITIES

	2021	2020
<b>Financial liabilities at fair value through profit or loss</b>		
Contingent consideration (note 5.2)	11	14
Derivatives (note 4)	1	2
	<b>12</b>	<b>16</b>
<b>Other liabilities at amortised cost</b>		
Amounts due to employees	108	110
Accrued interest on external loans	47	71
Accrued costs of external collection services and other expenses	36	42
Lease liabilities (note 16)	36	41
Other	27	14
	<b>254</b>	<b>279</b>
<b>Indirect taxes payable</b>		
Value added taxes / sales taxes payable	11	6
Payroll taxes payable	12	15
Social security payable	20	21
Other indirect taxes payable	0	3
	<b>43</b>	<b>45</b>
	<b>309</b>	<b>339</b>

Contingent consideration due within one year is classified as other current liabilities.

Amounts due to employees are accruals for fixed and variable salaries and includes accruals for holiday entitlements according to local regulations and practices.

Interest payable on loans and borrowings is normally paid quarterly throughout the financial year.

Indirect taxes are non-interest bearing and are payable on a regular basis to the relevant national tax authority.

Social security payable at 31 December 2021 and 31 December 2020 includes the accrued social security costs of the share option programmes described in note 23.

## NOTE 28: COMMITMENTS

## 28.1 Lease commitments - Group as lessee

The Group has entered into leases for office premises, motor vehicles and office equipment. The lease payments for the majority of the office premises lease contracts are adjusted according to the consumer price index, have an extension option and have an average life of between 12 months and 9 years. There are no restrictions placed upon the lessee under the lease contracts to use the office premises in the normal course of business. The commitments related to future payments on lease agreements are presented in note 16.

### 28.2 Forward flow commitments

The Group has committed to buy non-performing debt portfolios for delivery in future years ("forward flow" contracts) in the following segments. The estimated face value and purchase price of contracts are based on the maximum face value in the purchase agreement or best estimate if there are not any maximum amounts in the purchase agreements. The Group is entitled to terminate the agreements with less than 12 months notice. At 31 December, the non-cancellable part of these commitments were as follows:

	2021		2020	
	Face value	Purchase price	Face value	Purchase price
Northern Europe	71	47	230	121
Poland	92	21	202	34
Western Europe	85	11	0	0
South Eastern Europe	31	5	115	27
	<b>279</b>	<b>83</b>	<b>547</b>	<b>182</b>

### NOTE 29: RELATED PARTY DISCLOSURE

The Group's related parties include the Group management team, Board of Directors of the parent company, associated companies and joint ventures (note 17).

No loans or guarantees have been given to members of the Management, the Board of Directors or other elected corporate bodies.

#### Compensation of key management of the Group

	2021	2020
Base salary	25	23
Benefits	1	1
Short term incentive	9	7
Share-options	6	5
Pension	3	2
<b>Total compensation to key management personnel</b>	<b>43</b>	<b>37</b>

CEO and Group Management have received bonus according to the bonus program described in the Remuneration report. No additional remuneration are paid for special services outside the normal functions within the given manager positions.

Short term incentive includes yearly bonus awarded for the reporting period while the other amounts disclosed in the table are the amounts recognised as an expense during the reporting period.

The Board of Directors compensation was NOK 2.9 million in 2021 (NOK 2.7 million in 2020) including any additional fees to members of Audit Committee and Remuneration Committee.

#### Transactions with associated companies and joint ventures:

See note 17 and 18 for transactions with associated companies and joint ventures.

#### Group companies

Companies in the Group are also related parties. Intra-group related party transactions and outstanding balances are eliminated in the preparation of the consolidated financial statements of the Group. Sales to and purchases from intra-group related parties are made at normal market prices as the transactions are performed on the same terms as unrelated parties.

Outstanding intra-group balances at the year end are unsecured and interest free, other than for interest-bearing loans. No intra-group loans have been impaired in 2021 (NOK 80 million in 2020).

B2Holding ASA, with its registered office in Oslo is the Parent Company of the Group. The list of Group subsidiaries is provided below. All subsidiaries are included in the B2Holding Group consolidated financial statements

## Consolidated financial statements

All figures in NOK million unless otherwise stated

Company name	Country of incorporation	Segment	Directly owned by B2Holding ASA	% equity interest	
				2021	2020
B2Holding ASA					
Interkreditt AS	Norway	Northern Europe		100 %	100 %
Interkreditt Kapital AS	Norway	Northern Europe		100 %	100 %
BackB Investments S.à r.l.	Luxembourg	Central functions	√	100 %	100 %
B-Squared Investments S.à r.l.	Luxembourg	Central functions		100 %	
B2Kapital Holding S.à r.l.	Luxembourg	Central functions	√	100 %	
ULTIMO Portfolio Investment SA	Luxembourg	Central functions		100 %	100 %
ULTIMO SA	Poland	Poland		100 %	100 %
ULTIMO Securitisation Fund	Poland	Poland		100 %	100 %
ULTIMO Legal Office	Poland	Poland		99 %	99 %
ULTIMO TFI SA	Poland	Poland		100 %	100 %
TAKTO Group comprising TAKTO Sp z.o.o,					
TAKTO Securitisation Fund & Invest TAKTO SKA	Poland	Poland		100 %	100 %
Sileo Holding AB	Sweden	Northern Europe		100 %	100 %
Sileo Kapital AB	Sweden	Northern Europe		100 %	100 %
Interkredit Sverige AB (former Sileo Finans AB)	Sweden	Northern Europe		100 %	100 %
Sileo Förvaltning AB (former Kontant Finans Sverige AB)	Sweden	Northern Europe	√	100 %	100 %
OK Perintä OY	Finland	Northern Europe		100 %	100 %
Nordic Debt Collection A/S	Denmark	Northern Europe		100 %	100 %
OK Incure OÜ	Estonia	Northern Europe		100 %	100 %
TCM Estonia OÜ	Estonia	Northern Europe		100 %	100 %
B2Kapital SIA	Latvia	Northern Europe		100 %	100 %
Creditreform Latvija SIA	Latvia	Northern Europe		99.5 %	99.5 %
Crefo Rating SIA	Latvia	Northern Europe		100 %	100 %
AS Crefo Birojs	Latvia	Northern Europe		100 %	100 %
UAB B2Kapital (former UAB Skolu valdymo centras)	Lithuania	Northern Europe		100 %	100 %
B2 Kapital d.o.o	Croatia	Central Europe		100 %	100 %
B2 Real Estate d.o.o	Croatia	Central Europe		100 %	100 %
B2 Portfolio d.o.o.	Croatia	Central Europe		100 %	100 %
BSP Consulting d.o.o.	Croatia	Central Europe		100 %	
B2Kapital d.o.o	Bosnia and Herzegovina	Central Europe		100 %	100 %
B2Kapital d.o.o	Slovenia	Central Europe		100 %	100 %
B2 Holding Kapital d.o.o	Serbia	Central Europe		100 %	100 %
B2Kapital d.o.o	Montenegro	Central Europe		100 %	100 %
B2Kapital GmbH <sup>1)</sup>	Austria	Central Europe		100 %	100 %
B2Kapital Czech Republic s.r.o	Czech Republic	Central Europe		100 %	100 %
Consequence Europe MKFT	Hungary	Central Europe		100 %	100 %
B2Kapital Hungary Zrt	Hungary	Central Europe		100 %	100 %
B2Kapital Portfolio Management S.R.L	Romania	South Eastern Europe		100 %	100 %
B2 Real Estate Management S.R.L.	Romania	South Eastern Europe		100 %	100 %
B2 Kapital Finance I.F.N. S.A.	Romania	South Eastern Europe		100 %	100 %
Freyja Development S.R.L	Romania	South Eastern Europe		100 %	100 %
Acatoen Development S.R.L	Romania	South Eastern Europe		100 %	100 %
Joro Assets S.R.L.	Romania	South Eastern Europe		100 %	100 %
Advanced Holding Three S.R.L	Romania	South Eastern Europe		100 %	100 %
Debt Collection Agency EAD	Bulgaria	South Eastern Europe		100 %	100 %
Smart Collect EOOD	Bulgaria	South Eastern Europe		100 %	100 %
B2Kapital AE	Greece	South Eastern Europe		100 %	100 %
B2Kapital Cyprus LTD	Cyprus	South Eastern Europe		100 %	100 %
Gabyud Ltd	Cyprus	South Eastern Europe		100 %	100 %
B2 Kapital S.r.l	Italy	Western Europe		100 %	100 %
B2 Kapital Investment S.r.l.	Italy	Western Europe		100 %	100 %
B2 Kapital RE S.r.l.	Italy	Western Europe		100 %	100 %
B2Kapital 71 S.r.l	Italy	Western Europe		100 %	100 %
Confirmación de Solicitudes de Crédito Verifica S.A.U	Spain	Western Europe		100 %	100 %
Verifica Portugal S.A. <sup>1)</sup>	Portugal	Western Europe		100 %	100 %
Négociation et Achat de Créances Contentieuses	France	Western Europe		100 %	100 %
Tahiti Encaissements Services	French Polynesia	Western Europe		100 %	100 %

1) In process of liquidation

## NOTE 30: FEES TO AUDITORS

## 30.3 Fees to auditors

The table below summarises audit fees, fees for further assurance services and tax services incurred by the Group during 2020 and 2019 from Ernst & Young, who were appointed the Group auditors in December 2014. Fees include all companies in the Group.

Ernst & Young	2021	2020
Audit fees	9.4	9.5
Fees for further assurance services	0.5	1.2
Fees for tax advise	0.5	0.5
<b>Total Ernst &amp; Young</b>	<b>10.4</b>	<b>11.1</b>
Other auditing companies	2.4	2.0
<b>Total</b>	<b>12.7</b>	<b>13.2</b>

VAT is both included and not included in the fees specified above, depending on if the receiving company has deduction for VAT.

## NOTE 31: GUARANTEES

B2Holding ASA has issued a guarantee limited to EUR 900 million with the addition of any and all interests, default interests, costs and expenses to DNB Bank ASA as Agent on behalf of itself, Nordea Bank ABP, Branch of Norway and Swedbank AB in connection with the provision of the Group's senior secured multi-currency revolving credit facility of EUR 510 million and the Group's EUR 50 million bridge facility. The guarantee was issued on behalf of the borrower under the multi-currency revolving credit facility and the bridge facility, B2Holding ASA's 100 % directly owned subsidiary, B2Kapital Holding S.à r.l. The total utilised amount under the facilities at 31 December 2021 was EUR 378 million.

B2Holding ASA has issued a office rental guarantee with effect from 10 October 2017 in favour of the lessor of the Group's offices in Gothenburg, Sweden. In 2021 was the rental agreement extended 3 years if not cancelled within a specified date. Although the guarantee is unlimited, the Group estimates that its exposure for the remaining rental period is limited to the yearly rental cost for the period, which amounts to SEK 2.4 million.

B2Holding ASA has issued a office rental guarantee with effect from 19 December 2017 in favour of the lessor of the Group's offices in Wroclaw, Poland. The guarantee agreement is limited to the aggregated amount of EUR 402 thousand, which are ment to cover 3 months office rental cost, and are valid until 90 days following the rental agreement maturing in June 2023.

## NOTE 32: SUBSEQUENT EVENTS

The Board of Directors has proposed for the Annual General Meeting 2022 to pay a cash dividend of NOK 0.42 per share for 2021.

As we are writing this report there is a new humanitarian crisis developing in Europe with the Russian invasion of Ukraine. B2Holding has several countries bordering the conflict area. We are closely monitoring the macroeconomic and geopolitical development related to the war as there is still low visibility on how this will affect our business in the future.

## NOTE 33: CONTINGENCIES

One of the Groups subsidiaries is involved in a court case related to the reimbursement model and commission paid. A provision of NOK 12 million is made to cover the potential reimbursements in case the dispute is finally lost.

## Parent company income statement

Year ended 31 December	Notes	2021	2020
Operating revenue from group companies		86	45
<b>Total revenues</b>		<b>86</b>	<b>45</b>
Personnel expenses	3	-83	-58
Depreciation and amortisation	7	-1	-1
Impairment losses	7	-2	
Operating expenses from group companies		-64	-31
Other operating expenses	4.1	-72	-46
<b>Operating expenses</b>		<b>-221</b>	<b>-135</b>
<b>Operating profit/(loss)</b>		<b>-135</b>	<b>-90</b>
Group contribution	5	2	
Profit from shares in associated parties/joint ventures		47	5
Interest income from group companies		430	516
Interest expense to group companies		-1	-1
Net exchange gain/(loss)	5	1	-14
Other interest expenses	5	-364	-522
Other financial items	5	-21	6
<b>Net financial items</b>		<b>93</b>	<b>-10</b>
<b>Profit/(loss) before tax</b>		<b>-42</b>	<b>-100</b>
Change in deferred taxes	6	10	-10
<b>Profit/(loss) after tax</b>		<b>-32</b>	<b>-110</b>
<i>Attributable to:</i>			
Ordinary dividend		-170	
<b>Other equity</b>		<b>-202</b>	<b>-110</b>

## Parent company balance sheet

As at 31 December	Notes	2021	2020
Tangible and intangible assets	7	23	14
Investment in subsidiary companies	8	3 625	3 624
Investments in associated companies and joint ventures	8	306	232
Non-current loans to group companies	8.1	5 585	6 930
Other non-current financial assets		5	25
<b>Total non-current assets</b>		<b>9 545</b>	<b>10 824</b>
Receivables from group companies	9	47	93
Other current assets		22	23
Cash and cash equivalents	9	0	5
<b>Total current assets</b>		<b>69</b>	<b>122</b>
<b>Total assets</b>		<b>9 614</b>	<b>10 946</b>
Share capital	10, 11	41	41
Other paid in capital	10, 11	2 843	2 843
Other capital reserves	10	21	17
Other equity	10	511	815
<b>Total equity</b>		<b>3 416</b>	<b>3 717</b>
Deferred tax liabilities	6	0	10
Non-current interest bearing loans and borrowings	12	3 817	6 001
<b>Total non-current liabilities</b>		<b>3 817</b>	<b>6 010</b>
Current interest bearing loans and borrowings	12	1 908	1 159
Payables to group companies	9	227	-11
Accounts and other payables		12	3
VAT, payroll and other public duties payables		9	2
Other current liabilities	13	225	67
<b>Total current liabilities</b>		<b>2 381</b>	<b>1 219</b>
<b>Total liabilities</b>		<b>6 198</b>	<b>7 229</b>
<b>Total equity &amp; liabilities</b>		<b>9 614</b>	<b>10 946</b>

Oslo, 26 April 2022

/sign/  
Harald L. Thorstein  
Chair of the Board

/sign/  
Adele Bugge  
Norman Pran  
Board Member

/sign/  
Niklas Wiberg  
Board Member

/sign/  
Trygve Lauvdal  
Board Member

/sign/  
Thale Kuvås Solberg  
Board Member

/sign/  
Grethe Wittenberg  
Meier  
Board Member

/sign/  
Trond Kristian  
Andreassen  
Board Member

/sign/  
Erik J. Johnsen  
Chief Executive  
Officer

## Parent company cash flow statement

Year ended 31 December	Notes	2021	2020
<b>Cash flow from operating activities</b>			
Profit for the year before tax		-42	-100
<i>Adjustment for non-cash items:</i>			
Depreciation, amortisation and impairment of assets	7	3	1
Interest expense on interest bearing loans	5	364	522
Amortisation of loan financing costs	5	21	31
Cost share option program		4	2
Unrealised foreign exchange differences		67	69
<i>Operating cashflows:</i>			
(Grant)/repayment of long term receivables			4
Interest paid on interest bearing loans & borrowings		-385	-537
<i>Operating capital adjustments:</i>			
Decrease/(increase) in current balances with group companies		284	-254
Decrease/(increase) in accounts receivable and other current assets		1	11
Decrease/(increase) in other non-current financial assets		-2	-10
Increase/(decrease) in accounts payable and other current liabilities		25	-8
<b>Net cash flow from operating activities</b>		<b>342</b>	<b>-270</b>
<b>Cash flow from investing activities</b>			
Purchase of tangible and intangible fixed assets	7	-12	-10
Purchase of shares in subsidiary companies	8	-1	
Purchase of shares in joint ventures		-74	44
Decrease/(Increase) in non-current loans to group companies		950	2 304
<b>Net cash flow from investing activities</b>		<b>863</b>	<b>2 338</b>
<b>Cash flow from financing activities</b>			
Buy-back share programme	11	-31	
Termination of issued options		-10	
Repayment of interest bearing loans and borrowings during the year		-1 108	-2 068
Dividend paid to shareholders	10	-61	
<b>Net cash flow from financing activities</b>		<b>-1 210</b>	<b>-2 068</b>
<b>Net cash flow during the year</b>		<b>-5</b>	<b>-1</b>
<b>Cash and cash equivalents at 1 January</b>		<b>5</b>	<b>6</b>
<b>Cash and cash equivalents at 31 December</b>		<b>0</b>	<b>5</b>

# Notes to the parent company financial statements

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements, which have been presented in compliance with the Norwegian Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect at 31 December 2021, consist of the income statement, balance sheet, cash flow statement and notes to the accounts. The financial statements are presented in Norwegian kroner (NOK) and all values are rounded to the nearest million except where otherwise is indicated.

### Investments

Investment in subsidiaries, associated companies and joint venture companies are accounted for using the cost method. The investments are recorded at the acquisition price of the shares and will be written down or impaired to fair value when a fall in value is due to reasons that cannot be assumed to be temporary and are necessary according to generally accepted accounting principles. Write-downs are reversed when there is no longer a basis for impairment. Dividends and group tax contributions from subsidiaries are recognised in the income statement when the subsidiary has proposed these.

### Interest bearing loans and borrowings

Borrowings are recognised at nominal value. Directly associated costs are amortised straightline over the term of the loan.

### Foreign currency

Transactions in a currency other than Norwegian kroner are recognised at the exchange rate in effect on the transaction date. When such transactions are settled, any difference in the exchange rate will give rise to a realised exchange rate gain or loss. Monetary assets or liabilities in a currency other than Norwegian kroner are translated at the exchange rates on each balance sheet date and will give rise to an unrealised exchange rate gain or loss. Both realised and unrealised exchange rate differences are recognised in net financial items in the income statement.

### Classification

Current assets and liabilities include items due less than one year from the reporting date, and items tied to the operating cycle, if longer. The current portion of long-term debt is included as current liabilities. Other assets are classified as non-current assets.

### Tangible fixed assets

Tangible fixed assets are recorded in the balance sheet at historical cost less depreciation based on an assessment of useful economic life. If the recoverable amount is less than the balance sheet value, then the amount is impaired to the recoverable amount which is the highest of net sales value or value in use. Value in use is the current value of the future cash flows that the asset will generate.

### Intangible assets

Intangible assets include purchase of software. Expenditures for IT development and maintenance are expensed as incurred.

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The intangible assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The amortisation expense on intangible assets with finite lives is classified in the income statement as 'Amortisation of intangible assets'.

Any gain or loss arising on derecognition of an intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset) is included in the income statement in the year the intangible asset is derecognised.

### Lease agreements

A lease is classified as either a finance or operating lease. Finance leases, which transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term.

Operating lease payments are expensed on a straight-line basis over the lease term.

### Receivables and other current assets

Receivables and other current assets are accounted for at face value less any provision for expected losses.

### Tax

#### *Current income tax:*

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

#### *Deferred tax:*

Deferred income tax is computed using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying amounts at the reporting date as well as tax losses carried forward. The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each

reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities.

#### Defined contribution pension plans

The Company operates a defined contribution pension plan under which the company pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods, and therefore does not record a pension liability in the balance sheet.

#### Share based payments

Members of the management team and selected key employees receive remuneration in the form of share-based payments, whereby they render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in B2Holding Group financial statement note 23. That cost is recognised in personnel costs, together with a corresponding increase in other capital reserves within equity, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in the cumulative expense recognised at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured at the date of modification is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. For further details, see note 13 in B2Holding Group financial statement.

#### Cash flow statement

The cash flow statement is prepared according to the indirect method which reconciles the change in cash and cash equivalents to the profit for the year before tax. Cash flows are divided into cash flows from operating activities, investing activities and financing activities. Cash and cash equivalents consist of cash and short-term deposits as well as immediately available balances with banks and similar institutions. Short-term deposits are easily and readily convertible to a known amount of cash and have a maturity of not more than three months.

## NOTE 2: FINANCIAL RISK MANAGEMENT

Financial risk management for the Company is fully integrated into the B2H Group's overall financial risk management.

The B2H Group's activities are exposed to financial risks: market risk, currency and interest rate risk, credit risk, liquidity risk and cash flow risk. The Company focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse effects of the market fluctuations on the Group's financial performance.

For further details, please refer to note 4.1 in B2Holding Group financial statement.

## NOTE 3: PERSONNEL EXPENSES

	2021	2020
Wages, salaries and other benefits paid	52	37
Social security costs	9	7
Defined contribution pension costs	5	3
Other personnel costs	7	11
Cost share option program	7	2
Social security cost share option program	4	-1
	<b>83</b>	<b>58</b>
Number of full time equivalents (FTEs) at 31 December	27.0	28.0

All employees are covered by a defined contribution pension plan which fulfill the company's obligations under the Norwegian occupational pension legislation.

## NOTE 4: OTHER OPERATING EXPENSES

	2021	2020
Audit and tax services	2	3
External accounting services & temporary consultants	0	0
Tax and legal services	2	17
Other professional services	48	8
Cost of office premises	5	5
IT, telecommunications	4	5
Marketing, business entertaining	1	1
Travel, accommodation, meetings, arrangements	1	1
Statutory and other corporate costs	9	7
	<b>72</b>	<b>46</b>

## 4.1 Fees to auditors

	2021	2020
Audit fees	2	3
Fees for tax services	0	-
	<b>2</b>	<b>3</b>

All figures including VAT.

## NOTE 5: FINANCIAL ITEMS

	2021	2020
Group contribution from Interkreditt AS	2	
<b>Group contribution</b>	<b>2</b>	<b>0</b>
Realised exchange gains/(losses)	-52	55
Unrealised exchange gains/(losses)	53	-69
<b>Net realised and unrealised exchange gains/(losses)</b>	<b>1</b>	<b>-14</b>
Interest expense on interest bearing loans	-364	-522
Other interest expense	0	0
<b>Other interest expenses</b>	<b>-364</b>	<b>-522</b>
Interest income on cash & short-term deposits	0	0
Net gain/(loss) on financial instruments		42
Costs of financing	-21	-35
<b>Other financial items</b>	<b>-21</b>	<b>6</b>

## NOTE 6: TAXES

The major components of income tax reported in the income statement were:

	2021	2020
<b>Current income tax</b>		
Current year income tax payable	0	0
Origination and reversal of temporary differences	-10	10
<b>Deferred tax expense/(income)</b>	<b>-10</b>	<b>10</b>
<b>Total tax expense reported in the income statement</b>	<b>-10</b>	<b>10</b>
<b>Calculation of the income tax base</b>	<b>2021</b>	<b>2020</b>
Profit before tax	-42	-100
Permanent differences	102	36
Group contribution	2	
Change in temporary differences	-60	-64
Transfer to/(from) tax losses carried forward	-2	129
<b>Current year income tax base</b>	<b>0</b>	<b>0</b>
<b>Current year income tax payable at 22 %</b>	<b>0</b>	<b>0</b>

Calculation of the deferred tax base	Deferred taxes		Change in deferred taxes
	2021	2020	2021
Non-current loans to group companies	141	536	
Fixed assets	6	4	
<b>Taxable temporary differences</b>	<b>147</b>	<b>540</b>	
Other receivables & liabilities	-3	-1	
Non-current interest bearing loans	-41	-494	
Tax losses carried forward - no time limit on expiry	-419	-498	
Reversal of basis for deferred tax asset not recognised	317	498	
<b>Deductible temporary differences</b>	<b>-147</b>	<b>-495</b>	
<b>Net basis for deferred tax / tax asset</b>	<b>0</b>	<b>45</b>	
Basis for deferred tax at 22 %	-70	-100	30
Deferred tax losses not recognised	70	109	40
<b>Net deferred tax / change in deferred taxes</b>	<b>0</b>	<b>10</b>	<b>-10</b>
<i>Comprising:</i>			
22 % deferred tax liability	32	119	
22 % deferred tax asset	-32	-109	
	<b>0</b>	<b>10</b>	

Significant judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Reconciliation of the Norwegian nominal tax rate to the effective tax rate	2021	2020
Profit before tax	-42	-100
<b>Expected tax expense at the Norwegian nominal tax rate of 22 %</b>	<b>-9</b>	<b>-22</b>
Tax effect of permanent differences	23	8
Tax effect of the change in unrecognised deferred taxes	-40	22
Tax effect on estimate change	26	2
<b>Total income and deferred tax expense</b>	<b>0</b>	<b>10</b>

## Parent company financial statements

All figures in NOK million unless otherwise stated

## NOTE 7: TANGIBLE FIXED ASSETS

	Equipment, fixtures & fittings	Intangibles	Total
<b>Acquisition/purchase cost</b>			
At 1 January 2021	3	13	15
Additions	0	12	12
Disposals	0	0	0
<b>At 31 December 2021</b>	<b>2</b>	<b>25</b>	<b>27</b>
<b>Depreciation and impairment</b>			
At 1 January 2021	1	0	1
Depreciation charge for the year	0	1	1
Accumulated depreciation on disposals	0		0
Impairment charge for the year		2	2
<b>At 31 December 2021</b>	<b>1</b>	<b>2</b>	<b>4</b>
<b>Net book value</b>			
<b>At 31 December 2021</b>	<b>1</b>	<b>22</b>	<b>23</b>
At 1 January 2021	2	12	14
Depreciation method	Straight line	Straight line	
Economic useful lives	0-5 years	3 years	

## NOTE 8: INVESTMENT IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

Name of subsidiary	Country of incorporation	Established/ acquired	% equity interest <sup>1)</sup>		Equity 2021	Profit 2021	Book value 2021
			2021	2020			
B2Kapital Holding S.à r.l. <sup>3)</sup>	Luxembourg	2014	100.00 %	100.00 %	5 501	199	3 622
BackB Investments S.à r.l.	Luxembourg	2021	100.00 %		1	0	1
Sileo Förvaltning AB	Sweden	2013	100.00 %	100.00 %	11	10	1
B2 Kapital Portfolio Management S.R.L. <sup>2)</sup>	Romania	2016	0.19 %	0.00 %	156	52	0
							<b>3625</b>
<b>Joint venture companies</b>							
CE Partner S.à r.l.	Luxembourg	2018	50.00 %	50.00 %	0	0	0
CE Holding Invest S.C.S. <sup>3)</sup>	Luxembourg	2018	49.99 %	49.99 %	395	48	306
							<b>306</b>

1) Voting rights in the subsidiary is equivalent to % equity interest.

2) The majority of the shares are owned by B2Kapital Holding S.à r.l. (Luxembourg), a 100 % owned B2H Group company.

3) Equity and profit are based on preliminary, unaudited financial statement for 2021.

B2Holding ASA is the ultimate parent company in the B2H Group and consolidates the accounts for the Group. A copy of the B2Holding Group financial statements is available at B2Holding ASAs website at [www.b2holding.no](http://www.b2holding.no).

## 8.1 Non-current loans to group companies

	2021	2020
B2Kapital Holding S.à r.l.	5 585	6 930
<b>Non-current loans to group companies</b>	<b>5 585</b>	<b>6 930</b>

## NOTE 9: CASH AND SHORT-TERM DEPOSITS

	2021
<b>Cash at banks:</b>	
Unrestricted balances	0
Tax deductions from employee payroll	0
Other restricted balances	0
	<b>0</b>

Cash at banks earns interest at floating rates which is based on bank deposit rates. Other restricted balances represent deposits paid into an escrow account in connection with lease of office premises.

For the purpose of the statement of cash flow, cash and cash equivalents comprised the cash balances in the table above.

In addition the Company holds bank accounts in the Group's multi-currency cashpool, with a net current debt amounting to NOK 207 million. Reported in gross amounts respectively as "Receivables from group companies" and "Payables to group companies" in the balance sheet.

## NOTE 10: CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Other paid-in capital	Other capital reserves	Other equity	Total equity
<b>At 1 January 2021</b>	<b>41</b>	<b>2 843</b>	<b>17</b>	<b>815</b>	<b>3 717</b>
Profit for the year after tax				-32	-32
Buy-back share programme	0			-31	-31
Share based payment			4		4
Termination of issued share options				-10	-10
Dividends <sup>1)</sup>				-232	-232
<b>At 31 December 2021</b>	<b>41</b>	<b>2 843</b>	<b>21</b>	<b>511</b>	<b>3 416</b>

1) Dividends, of which NOK 61 million for 2020 was paid to shareholders in November 2021.

The Board of Directors has decided to propose for the Annual General Meeting in 2022 an ordinary cash dividend for 2021 of NOK 0.42 per share. See note 17 for subsequent events.

## NOTE 11: SHARE CAPITAL AND OTHER PAID-IN CAPITAL

Ordinary shares have a nominal value of NOK 0.10 each and all provide the same rights in the Company. 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:

	Number of shares <sup>1)</sup>	Share capital	Other paid-in capital <sup>2)</sup>
<b>At 1 January 2020</b>	<b>409 932 598</b>	<b>41</b>	<b>2 843</b>
<b>At 31 December 2020</b>	<b>409 932 598</b>	<b>41</b>	<b>2 843</b>
<b>At 31 December 2021</b>	<b>409 932 598</b>	<b>41</b>	<b>2 843</b>
<b>At 26 April 2022 (the date of completion of these financial statements)</b>	<b>409 932 598</b>	<b>41</b>	<b>2 843</b>

1) Including 3,043,082 shares purchased in share buy-back program, of which 102,451 shares are not settled transactions as at 31 December 2021.

2) Net proceeds after transaction costs.

A share buy-back program started on 8 November 2021 and ending 31 March 2022. The purpose of the program is to reduce the capital of the Company. The share buy-back program will be for a maximum of 10,000,000 shares and will comprise acquisitions of own shares for an aggregate amount of up to NOK 90,000,000.

For further information about mandates granted to the Board of Directors to increase the share capital, please refer to note 22 in B2Holding Group financial statement.

The largest shareholders at 31 December 2021 were as follows:

	Number of shares	% total
Prioritet Group AB <sup>1)</sup>	52 913 000	12.91 %
Rasmussengruppen AS <sup>2)</sup>	51 373 266	12.53 %
Valset Invest AS	26 000 000	6.34 %
Stenshagen Invest AS	24 600 143	6.00 %
DNB Markets Aksjehandel/-analyse	21 170 204	5.16 %
Verdipapirfondet Alfred Berg Gambak	15 271 688	3.73 %
Dunker AS	8 676 690	2.12 %
Rune Bentsen AS	8 191 680	2.00 %
Verdipapirfondet Alfred Berg Norge	7 807 186	1.90 %
Verdipapirfondet DNB Norge	6 552 851	1.60 %
Verdipapirfondet Storebrand Norge	6 344 346	1.55 %
VPF DNB AM Norske Aksjer	6 142 796	1.50 %
Greenway AS	5 802 368	1.42 %
Skandinaviska Enskilda Banken AB	5 451 112	1.33 %
Verdipapirfondet Alfred Berg Aktiv	4 544 554	1.11 %
Remaining shareholders (less than 1 %)	159 090 714	38.81 %
	<b>409 932 598</b>	<b>100.00 %</b>

1) Shareholder represented in the Board of Directors.

2) Total shareholdings of Rasmussengruppen AS includes shareholdings of its fully owned subsidiaries Portia AS, Cressida AS and Viola AS.

For further information about shares owned directly or indirectly by Board of Directors and Group Management at 31 December 2021, please refer to note 22 in B2Holding Group financial statement.

For details about Long-Term Incentive Plans (share option programs) granted to the Group Management and selected key employees at 31 December 2021, please refer to note 23 in B2Holding Group financial statement.

## NOTE 12: INTEREST BEARING LOANS AND BORROWINGS

**Non-current**

The Company holds two non-current unsecured bond loans as of 31 December 2021.

	Currency	Nominal interest	Debt in local currency	Debt in NOK	Maturity
Senior Unsecured Bond Issue 2018	EUR	4.75 %	200	1 998	May 2023
Senior Unsecured Bond Issue 2019	EUR	6.35 %	200	1 998	May 2024

**Current**

The Company's third issued senior unsecured bond of EUR 200 million matures in full in November 2022.

	Currency	Nominal interest	Debt in local currency	Debt in NOK	Maturity
Senior Unsecured Bond Issue 2017	EUR	4.25 %	200	1 998	November 2022

**Repayment schedule at 31 December 2021**

	EUR	NOK
In 2022	191	1 908
In 2023	182	1 819
In 2024	200	1 998
	<b>573</b>	<b>5 725</b>

At 31 December 2021 the Company holds EUR 27 million in treasury bonds reflected in outstanding nominal amounts in table above.

**Financial covenants**

All financial covenants have been met at 31 December 2021 and 31 December 2020. For further details, please refer to note 24 in B2Holding Group financial statement.

## NOTE 13: OTHER CURRENT LIABILITIES

	2021	2020
Provision for social security on share options	3	0
Accrued interest bond loans	31	51
Proposed dividend	170	
Other	21	15
	<b>225</b>	<b>67</b>

## NOTE 14: COMMITMENTS

The company has entered into two commercial leases for office premises. The lease contract for current office premises mature in June 2024. One further lease contract for future office premises is entered during 2021 for a 10 year rental period assumed to be started in August 2022. The company is working to find a solution to be released from the contract mature in 2024 during 2022.

Further the Company has entered into a commercial lease for accommodation of visiting employees.

All leases are annually adjusted according to the consumer price index. For the premises leases there are no restrictions placed upon the lessee under the lease contracts to use the office premises in the normal course of business.

Previous commercial lease of one motor vehicle was terminated in 2020.

The operating lease costs for the following types of lease were as follows:

	2021	2020
Office premises	4	3
Motor vehicles		0
	<b>4</b>	<b>3</b>

As of December 2021 the company entered into a commercial lease for accommodation of visiting employees. Including this and cost for current office premises until mature in June 2024, future minimum rentals payable under the non-cancellable operating lease at 31 December 2021 were as follows:

	2021	2020
Rentals payable within one year	6	4
Rentals payable from one to five years	25	9
	<b>30</b>	<b>13</b>

**NOTE 15: RELATED PARTY DISCLOSURE**

The Company's related parties include the Group management team, Board of Directors, associated companies and joint ventures. For details, please refer to note 29 in B2Holding Group financial statement.

**Transactions with associated companies and joint ventures**

See note 8 for transactions with associated companies and joint ventures.

**Group companies**

Companies in the B2Holding Group are also related parties. Sales to and purchases from intra-group related parties are made at normal market prices as the transactions are performed on the same terms as unrelated parties.

Outstanding intra-group balances at the year end are unsecured, and other than for interest-bearing loans, and interest free. At 31 December 2021 and at 31 December 2020, the Company has not made any provision of doubtful debts relating to intra-group related party balances. This assessment has been undertaken for each period end based on an examination of the financial position of the related party and the market in which the related party operates.

For further details of the Group's transactions with related parties, please refer to note 29 in B2Holding Group financial statement.

**NOTE 16: GUARANTEES**

B2Holding ASA has issued a guarantee limited to EUR 900 million with the addition of any and all interests, default interests, costs and expenses to DNB Bank ASA as Agent on behalf of itself, Nordea Bank ABP, Branch of Norway and Swedbank AB in connection with the provision of the Group's senior secured multi-currency revolving credit facility of EUR 510 million and the Group's EUR 50 million bridge facility. The guarantee was issued on behalf of the borrower under the multi-currency revolving credit facility and the bridge facility, B2Holding ASA's 100 % directly owned subsidiary, B2Kapital Holding S.à r.l. The total utilised amount under the facilities at 31 December 2021 was EUR 378 million.

B2Holding ASA has issued an office rental guarantee with effect from 10 October 2017 in favour of the lessor of the Group's offices in Gothenburg, Sweden. In 2021 the rental agreement was extended with three years. Although the guarantee is unlimited, the Group estimates that its exposure for the remaining rental period is limited to the yearly rental cost for the period, which amounts to SEK 2.4 million.

B2Holding ASA has issued an office rental guarantee with effect from 19 December 2017 in favour of the lessor of the Group's offices in Wroclaw, Poland. The guarantee agreement is limited to the aggregated amount of EUR 402 thousand, which are ment to cover 3 months office rental cost, and are valid until 90 days following the rental agreement maturing in June 2023.

**NOTE 17: SUBSEQUENT EVENTS**

The Board of Director's has proposed for the Annual General Meeting 2022 to pay a cash dividend of NOK 0.42 per share for 2021.

As we are writing this report there is a new humanitarian crisis developing in Europe with the Russian invasion of Ukraine. The Group has several countries bordering the conflict area. We are closely monitoring the macroeconomic and geopolitical development related to the war as there is still low visibility on how this will affect our business in the future.

## Responsibility statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2021 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the Group taken as a whole.

We also confirm that the Board of Directors' report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principles risks and uncertainties facing the entity and the group.

Oslo, 26 April 2022

/sign/  
Harald L. Thorstein  
*Chair of the Board*

/sign/  
Adele Bugge Norman Pran  
*Board Member*

/sign/  
Grethe Wittenberg Meier  
*Board Member*

/sign/  
Trygve Lauvdal  
*Board Member*

/sign/  
Niklas Wiberg  
*Board Member*

/sign/  
Trond Kristian Andreassen  
*Board Member*

/sign/  
Thale Kuvås Solberg  
*Board Member*

/sign/  
Erik J. Johnsen  
*Chief Executive Officer*

# Auditor's report



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Medlemmer av Den norske Revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of B2Holding ASA

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of B2Holding ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2021 and the income statement and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2021, the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided, except for a breach that was reported to the Audit Committee related to non-audit services rendered to a foreign subsidiary.

We have been the auditor of the Company for 8 years from the election by the general meeting of the shareholders on 3 December 2014 for the accounting year 2014.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2021. These matters were addressed in the context of our audit of the

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financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

#### Estimated future cash collections from purchased loan portfolios

##### *Basis for the key audit matter*

Purchased loan portfolios account for 71% of total assets of the Group. Estimated future cash collections from purchased loan portfolios is the basis for the book value of purchased loan portfolios and is also input into the disclosure of fair value of purchased loan portfolios in the notes to the consolidated financial statement. Estimation of future cash collections from purchased loan portfolios is complex and require significant judgement from management about the value, probability, and timing of expected future cash flows. Furthermore, the estimates of future cash flows depend on management's approach to managing the portfolios (e.g., changes in collection policies and strategies) and local regulations. The estimation of future cash collections from purchased loan portfolios was considered a key audit matter based on the significant judgments involved.

##### *Our audit response*

We tested the consideration price upon acquisition of loan portfolios to the purchase agreement. We tested the approval by Group management of the initial cash collection forecast of the purchased portfolio prepared by local management and compared the initial cash collection forecast to historical cash collection on similar loan portfolios. We also compared the calculated effective interest rate on the purchased loan portfolio to the effective interest rate on loan portfolios purchased in previous years. Furthermore, we tested changes in future cash collection estimates by comparing actual cash collection to forecasted cash collection and by testing the historical accuracy of prior year forecasts. As part of our procedures, we discussed the assumptions used including amounts, probability, and timing of expected future cash flows, changes in policies and strategies, seasonality and local regulations with management and controllers. We also assessed the Company's disclosure in note 3 Critical accounting judgments and key sources of estimation uncertainty, note 2.4 and note 4.3 Purchased Loan Portfolios.

#### Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or

Independent auditor's report - B2Holding ASA 2021

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirement

### Report on compliance with regulation on European Single Electronic Format (ESEF)

#### *Opinion*

As part of our audit of the financial statements of B2Holding ASA we have performed an assurance engagement to obtain reasonable assurance whether the financial statements included in the annual report, with the file name B2Holding ASA ESEF File 2021, has been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation given with legal basis in Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements included in the annual report have been prepared, in all material respects, in compliance with the ESEF Regulation.

#### *Management's responsibilities*

Management is responsible for the preparation of an annual report and iXBRL tagging of the consolidated financial statements that complies with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary to enable the preparation of an annual report and iXBRL tagging of the consolidated financial statements that is compliant with the ESEF Regulation.

#### *Auditor's responsibilities*

Our responsibility is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to

Independent auditor's report - B2Holding ASA 2021

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obtain reasonable assurance that the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its annual report in XHTML format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 28 April 2022  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Kjetil Rimstad  
State Authorised Public Accountant (Norway)

Perneco dokumentnagle: XPJUE-OGMXU-1WUVP-LMBHN-25WWS-Y/84F

Independent auditor's report - B2Holding ASA 2021

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## Alternative performance measures

The consolidated financial statements of the Group have 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 consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and approved by the EU. In addition, the Group presents alternative performance measures (APMs). These measures do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies.

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

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

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

### Alternative performance measures - reconciliation

	2021	2020
Total revenues	3 155	3 174
Adjust for cost of collateral assets sold, including impairment	-119	-78
<b>Net revenues</b>	<b>3 036</b>	<b>3 095</b>
Operating profit/(loss)	1 308	1 224
Non-recurring items	25	22
<b>Adjusted EBIT</b>	<b>1 333</b>	<b>1 246</b>
Operating profit/(loss)	1 308	1 224
Add back depreciation, amortisation and impairment losses	88	113
<b>EBITDA</b>	<b>1 396</b>	<b>1 338</b>
Gross collections from purchased loan portfolios	5 068	5 278
Less interest income from purchased loan portfolios	-2 344	-2 765
Less net credit gain/loss purchased loan portfolios	-11	230
<b>Amortisation/revaluation of purchased loan portfolios</b>	<b>2 714</b>	<b>2 743</b>
Total revenues	3 155	3 174
Add back amortisation/revaluation of purchased loan portfolios	2 714	2 743
Adjust for repossession of collateral assets	-559	-619
Adjust for profit from shares in associated parties/joint ventures and participation loan/notes	-99	-45
Add cash received from shares in associated parties/joint ventures and participation loan/notes	184	150
Adjust for Non-recurring items	7	
<b>Cash revenue</b>	<b>5 402</b>	<b>5 403</b>
Operating profit/(loss)	1 308	1 224
Add back amortisation/revaluation of purchased loan portfolios	2 714	2 743
Add back depreciation and amortisation	88	113
Adjust for repossession of collateral assets	-559	-619
Add back for cost of collateral assets sold, including impairment	119	78
Adjust for profit from shares in associated parties/joint ventures and participation loan/notes	-99	-45
Add cash received from shares in associated parties/joint ventures and participation loan/notes	184	150
Adjust for Non-recurring items	24	18
<b>Cash EBITDA</b>	<b>3 779</b>	<b>3 664</b>

## ALTERNATIVE PERFORMANCE MEASURES (APMS)

Definitions of APMS applied in the table above:

**Amortisation and revaluation** - Amortisation/revaluation of purchased loan portfolios shows the difference between gross collections and revenue from purchased loan portfolios recognised in the income statement. Amortisation is the amount of the gross collections that are used to reduce the book value of the purchased portfolios. Revaluation is the change in portfolio value that comes from revised estimates on future remaining collections from the portfolio.

**Adjusted EBIT** - Adjusted EBIT consists of Operating profit/(loss) (EBIT) adjusted for Non-recurring items.

**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 EBITDA is adjusted for Non-recurring items.

**Cash revenue** - Cash revenue consists of Total revenues added back amortisation and revaluation of purchased loan portfolios and 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 revenue is a measure of actual revenues (cash business) from the collection business and other business areas. Cash revenue is adjusted for Non-recurring items.

**EBITDA** - Operating earnings before depreciation and amortisation (EBITDA) consists of operating profit (EBIT) added back depreciation, amortisation, and impairment losses of tangible and intangible assets.

**Gross collections** - Gross collections is the actual cash collected and assets recovered from purchased portfolios.

**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** - Total revenues reported less the Cost of collateral assets sold, including impairment.

Definitions of other Alternative Performance Measures (APMs) used in this report:

**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.

**ERC** - Estimated remaining collections expresses the gross collections 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 collections on portfolios purchased and held in joint ventures. ERC includes ERR.

**ERR** - Estimated Remaining Recoveries expresses the gross collections 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 collections on secured portfolios purchased and held in joint ventures.

**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 consists of carrying value of interest-bearing loans and borrowings plus utilised bank overdraft less cash and short-term deposits.

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