

# Q1

First quarter 2022



## First quarter 2022

“REO sales were strong in the first quarter and have contributed to another quarter with a solid cash flow.”

**Erik Just Johnsen, CEO**

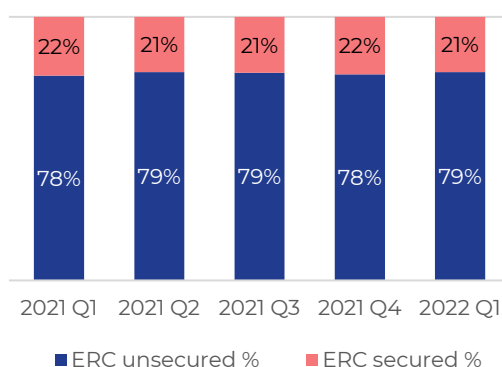
### QUARTERLY EVENTS

- Unsecured collections at 102% of the latest forecast
- Strong secured cash recoveries with REO sales of NOK 136m
- Cash EBITDA of NOK 934m, up sequentially from NOK 862m
- Stable underlying operating expenses excluding non-recurring items of NOK 40m related to restructuring
- Invested and committed capital of more than NOK 700m for 2022
- Extension and refinancing of RCF at improved terms
- New dividend policy allows for dividends and share buybacks of up to 50 % of net profit

### QUARTERLY SUMMARY

NOK million	2022 Q1	2021 Q1	% Δ	2021 FY
Gross collections <sup>1)</sup>	1 152	1 494	-23 %	5 435
Net revenues	716	762	-6 %	3 036
Adj. EBIT	289	330	-12 %	1 333
Adj. EBIT %	40 %	43 %	-3 pp	44 %
EBIT	249	330	-25 %	1 308
Profit/(loss) after tax	97	130	-25 %	573
Cash revenue	1 341	1 424	-6 %	5 402
Cash EBITDA	934	1 014	-8 %	3 779
Cash margin	70 %	71 %	-2 pp	70 %
Cost to collect %	21 %	18 %	2 pp	19 %
Amortisation of own portfolios	-465	-862	-46 %	-2 609
Portfolio purchases <sup>1)</sup>	239	192	24 %	1 202
EPS	0.24	0.32		1.40
Return on equity	11.4 %	8.8 %	2.6 pp	11.8 %

### ERC - ASSET CLASS SPLIT



### KEY PERFORMANCE FIGURES

NOK million	2022 31 Mar	2021 31 Dec	% Change
ERC (at end of month) <sup>1)</sup>	18 683	19 918	-6 %
Net interest bearing debt	8 474	9 067	-7 %
Liquidity reserve	2 504	2 218	13 %
Equity ratio <sup>2)</sup>	33.3 %	32.8 %	0,4 pp
Leverage ratio	2.29x	2.40x	-0.11x
Total Loan to Value % (TLTV)	65.0 %	65.4 %	-0,4 pp
Number of employees (FTEs)	1 966	1 979	-1 %

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

2) Equity ratio as defined in the RCF agreement

## Comment by the CEO

## Positioned for growth

The first quarter was an eventful and active quarter within several areas. First and foremost, we signed the senior financing agreement with PIMCO in February, and the transaction itself is expected to close in the second quarter. In connection with the senior financing, we are performing restructuring activities in all the countries where secured assets are predominant. Among other things, this entails the establishment of separate servicing companies in the countries in question and, as we have previously announced, establishing a Master Servicer in Greece. The ongoing restructuring activities will result in a more efficient and leaner organisation. As such, we are investing for the future. On the operational side, the first quarter was another good quarter with both secured and unsecured delivering above expectations. REO sales were strong in the first quarter and have contributed to another quarter with a solid cash flow.

The positive trend in unsecured collections continued with a collection performance of 102%, in line with the performance observed in the previous quarter. The collection performance once again shows the resilience in our business model, and we have also managed to keep operational costs at a sustainable lower level. We have seen over performance in most markets, but at the same time we also see room for improvement, among other things through digital initiatives that should reduce costs even further.

Within Corporate and Secured Asset Management (CSAM), the first quarter was solid. The CSAM team have delivered strong results, as evidenced by the best quarter so far for REO sales. This has been achieved in parallel with work related to the senior financing with PIMCO and the restructuring activities. I am impressed by the CSAM team's extraordinary effort and ability to coordinate all these activities. We are pleased to see positive development within our CSAM business with stable secured recoveries and a very positive trend within REO sales, with REOs sold well above book value.

We see a much-improved market now compared to a year ago. There is still an element of capital overhang resulting from low investments in the industry through the pandemic, but we are moving towards a more normalised market with increased activity and a larger supply of portfolios. When we include the portfolios won in the quarter, we see a substantial increase in portfolio investments and new committed investments compared with the first quarter last year. The Group has focused on maintaining a disciplined approach to investments and continues to see healthy development in expected returns for new investments.

I am pleased to announce that we have agreed a refinancing of our Revolving Credit Facility (RCF) with DNB, Nordea and Swedbank. Our ability to deleverage has been an important factor towards our banks. The new RCF will have extended maturity until 2025 and gives us additional flexibility and liquidity.

We recently published our annual report, and I am pleased to share the improvements made within ESG as shown in our sustainability report which has become an integral part of the annual report. The Board recently approved a dividend of NOK 0.42, which in combination with the recent share buyback program shows the financial strength of B2 Holding. We look ahead with optimism.

Oslo, 11 May 2022

**Erik Just Johnsen**  
CEO



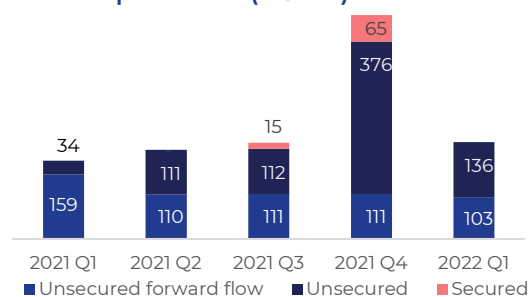
“The ongoing restructuring activities will result in a more efficient and leaner organisation.”

## Operations

Collections and recoveries continue to exceed expectations, pace of REO sales has picked up with book value of REOs sold exceeding repossessions during Q1 2022, and the investment pipeline continues to improve.

### PORTFOLIO INVESTMENTS

#### Portfolio purchases (NOKm)



NPL transaction activity continued the positive trend from end of 2021 into Q1, with an increase in volumes marketed, evaluated, and transacted.

During the first quarter, the Group invested NOK 239m in new portfolios. At the end of the first quarter the Group has spent and committed over NOK 700m which is expected to conclude during 2022.

Investments in Q1 were unsecured one-off and forward flow deals, mainly in consumer finance and banking. Poland and Northern Europe accounted for 83 percent of total investments in the quarter, with the remainder split across South-Eastern Europe, Central Europe, and Western Europe.

The Group continues to observe increased activity and a greater supply of portfolios. The Group has maintained a disciplined approach to investments.

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

### COLLECTIONS, RECOVERIES, REPOSSESSION AND SERVICING

In the first quarter B2 achieved gross collection on unsecured portfolios of NOK 848m, 102% of latest forecast, and in line with the trend from previous quarters.

The Group is still performing above expectations leaving behind most concerns regarding the medium-term impact of the pandemic. Although the macroeconomic

environment has become more uncertain, the Group has not seen an impact on collections in the quarter nor through the pandemic, and benefits from continuous improvements in its collection processes.

B2Holding continued to focus on economies of scale, exchange of best practices between the markets and development of data & analytics. Costs remained at a sustainable lower level, with several improvement initiatives undertaken in selected markets. The Group remains committed to investing in optimization of collection strategies, development of digital client interfaces and improvement of processes, and this strategy will improve efficiency and effectiveness of unsecured collections going forward.

Neither inflation nor uncertainties related to the war in Ukraine have so far shown notable impact on the performance of portfolios owned by the Group. We will continue to monitor relevant indicators going forward and increased macroeconomic uncertainty will be included in our valuation models. In the medium to long run, those macroeconomic trends should most likely increase the supply of unsecured NPLs, and B2Holding is well positioned to play an important role in the market development.

#### Recoveries from secured portfolios

Secured recoveries were NOK 243m for the quarter and 151% of latest forecast. NOK 55m of the recoveries were repossessed assets that B2Holding has successfully taken legal ownership of.

In connection with the announced senior financing for the Group's secured perimeter, the company has gone through a comprehensive re-structuring of the organisation in these markets to drive scalability on secured platforms and prepare for future co-investments. Restructuring includes the separation of asset owning entities and servicing, establishing a master servicing entity in the Group, as well as the implementation of efficiency programmes, down-sizing and restructuring of the servicing platforms themselves. As part of the process of separating the servicing entities from the asset owning entities, the Group has created a sub-brand for all the servicing activities in these markets. *Veraltis* is the

new name for the servicing entities, and this name will be more visible going forward.

#### Repossessed assets: new repossessions and disposals

Proceeds from sales of REOs were NOK 136m in the quarter compared with NOK 28m in Q1 2021 and NOK 164m for the full year 2021. The gain on sale of the REOs was 30% in the quarter with a book value of NOK 104m of assets sold.

Repossessions were NOK 55m in Q1 2022 compared with NOK 203m in Q1 2021. Although preferring to recover directly through payment, the Group continues to see repossession as a valuable method of recovering value.

The value of repossessed assets decreased from NOK 1 284m at the end of 2021 to NOK 1 206m at the end of Q1 2022.

### **RISKS AND UNCERTAINTIES**

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

Whilst the Covid-19 pandemic and its after-effects continue to impact the economies of the countries where B2Holding operates, we now consider the situation to have returned to business as usual, with a mix of office based and remote working, including some remaining precautions embedded in the new business practices. The ultimate impact of the pandemic on both NPL supply and collections appears limited. The timing of full economic recovery to pre-pandemic growth trajectory remains uncertain and varies on a country-by-country basis.

In February 2022, Russia invaded Ukraine and the resulting war has created geo-political and macroeconomic uncertainties.

B2Holding does not have any operations in Russia or Ukraine and has limited exposure to countries with significant dependency on Russian resources or trade ties with Russia. B2Holding operations are working at full capacity, and so far, we have not seen any material impact on B2Holding business. However, the wider macro-economic impact of the sanctions, higher energy costs, higher cost of living and higher inflation, combined with potential war escalation, creates uncertainties and these are actively monitored.

Current macroeconomic indicators predict economies to stagnate with elevated inflation and delayed and slower recovery than previously expected. B2Holding continues to actively monitor these uncertainties, and the macroeconomic developments, using both internal and external data sources, analysing data and information to better understand and mitigate potential business impacts.

#### Operational risks

B2Holding priority is to ensure the health and safety of its employees. The Group continues to use flexible working arrangements aligned with local government guidelines. These flexible working arrangements allow the Group to operate at full capacity under various circumstances, including periods with limited access to offices.

During Q1, overall collections and recoveries were above expectations and reflect the Group's improved internal operations.

#### Financial risks

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

B2Holding continued to apply precautionary measures to strengthen its liquidity position in Q1 and expects to do so throughout 2022. Management is focused on price and underwriting discipline in a competitive market. Transactions in the pipeline have gradually increased and the upward trend is expected to continue.

The Group is in compliance with all of its covenants as of 31 March 2022.

#### Strategic risks

The investment pipeline continued to increase in Q1 compared to 2021, with larger transactions coming to market, and this upward trend is expected to continue. However, there is still evidence of a cautious approach by some NPL vendors arising from continued macroeconomic uncertainties.

With its stronger financial position and good collection results in Q1, the Group expects to be able to take advantage of a re-bounding NPL market going forward.

For detailed assessment of risks, please refer to the Risk Management and Board of Directors sections of the Annual Report for 2021.

**CORPORATE MATTERS**

B2Holding has a solid funding base to support future growth. The Group's healthy funding structure and leverage ensures liquidity and financial flexibility to deliver on the strategy. The combination of equity, bank financing and bonds provides access to capital when larger opportunities arise, while steady collections across the Group provide a strong operating cash flow.

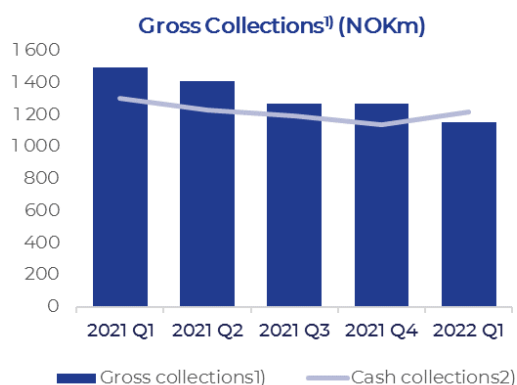
The Group's bank financing totals EUR 560m in facility lines and comprises of a EUR 510m senior secured revolving credit facility (RCF) with DNB Bank ASA, Nordea Bank AB and Swedbank ABP with maturity date 31 May 2023, and a EUR 50m senior secured bridge facility with DNB Bank ASA and Nordea Bank AB with maturity date 3 May 2022.

On top of the mentioned RCF and Bridge facility, the Group holds three listed senior unsecured bond loans for a total of EUR 600m. A nominal value of EUR 27m is held as treasury bonds, of which EUR 9m is held in Bond 3 maturing in November 2022.

Following the strengthening of the Group's financial position and demonstrated solid financial performance, B2holding has signed a 2-year extension and EUR 100m increase of the existing RCF agreement with improved terms and full flexibility to take out the existing EUR 50m bridge loan and the two upcoming bond maturities in November 2022 and May 2023.

## Financials

B2Holding reported gross collections including share of SPVs and joint ventures of NOK 1,152m for the quarter. Disposals of REOs (collateral assets) progressed well with a significantly higher value of assets sold than repossessed during Q1. Net revenues were in line with previous quarter in constant FX and the low level of operating expenses (excluding non-recurring items) achieved during previous quarters was maintained.



- 1) Include the Group's share of portfolios held in SPVs and joint ventures.
- 2) Cash collections include unsecured collections, secured cash recoveries, cash received from SPVs and joint ventures, and REO sales proceeds.

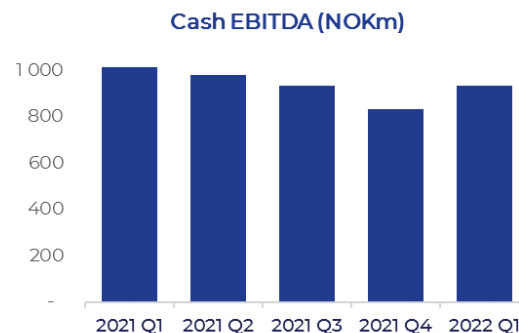
### REVENUES

Fluctuations in the Norwegian Krone impact the Group's numbers since approximately 99% of revenues were related to operations outside Norway. The weighted average impact on the Group's Gross Collections including share of portfolios held in SPVs and JVs from a stronger Norwegian Krone in 2022 Q1 compared with 2021 Q1 was a negative impacted of approximately 4% or NOK 50m.

Collections on unsecured portfolios again came in at 102% of forecast, continuing the over-performance from previous quarters.

Recoveries on secured portfolios were 151% of the forecast. Secured curves were adjusted in Q4 2021 following a re-underwriting process completed in Q4. We applied a prudent approach to values and timing to reflect the announced transaction with a senior financier. In Q1 2021 some large one-off recoveries impact the figures when comparing with gross collections and cash recoveries last year.

Share of gross collections from JVs were NOK 61m in Q1 2022 compared with NOK 69m in Q1 2021 and NOK 70m in Q4 2021.



Amortisation of own portfolios was NOK -465m in Q1 2022 compared with NOK -862m in Q1 2021 and NOK -564 in Q4 2021. The lower amortisation in Q1 2022 compared with Q4 2021 was mainly the result of the re-underwriting of the secured curves in Q4 2021, and the high secured recoveries in Q1 2021 following some sizeable recoveries and repossessions last year.

The Net credit gain on secured and unsecured portfolios was respectively NOK 4m and NOK 9m, and NOK 13m for the Group driven by solid unsecured collection performance as well as earlier than forecast collections on secured portfolios.

Profit from shares in associated parties/joint ventures was NOK 14m in the quarter and in line with NOK 12m reported in Q1 2021.

Revenue from loan receivables (comprised of interest revenue from loan receivables and net credit gain/(loss) from loan receivables) was NOK 25m in Q1 2022 and in line with NOK 27m reported in Q1 2021.

Revenue from sale of REOs of NOK 136m in Q1 resulted in a net gain of NOK 31m on book value of NOK 104m and a gain on sale of 30%.

Other revenues mainly being revenues from external collection and from servicing of SPVs and joint ventures were in line with 2021 Q1.

### CASH EBITDA

Cash EBITDA for Q1 2022 was NOK 934m compared with NOK 1,014m in Q1 2021. Q1 2022 was a very strong quarter following the good collections activity and with a high volume of REO sales concluded during the quarter. Q1 2021 included a significant one-off cash recovery on a secured claim which impacts comparability between the two quarters. Cash EBITDA in the quarter increased significantly compared to NOK 862m for Q4 2021 driven mainly by the high REO sales.

### OPERATING EXPENSES

In Q1 2022 the Group's operating expenses excluding cost of collateral assets sold, depreciation, amortization and impairment losses were NOK 447m including Non-recurring items which negatively impacted by NOK 40m. Underlying operating expenses of NOK 407m were NOK 3m lower than 2021 Q1. Adjusted for FX, 2022 underlying operating expenses were NOK 11m (3%) higher than in Q1 2021 mainly driven by higher activity.

The Non-recurring items in Q1 were mainly in relation to the restructuring of the secured perimeter, the process of establishing the secured master servicer, senior financing, and a donation to the UNHCR fund to support refugees because of the situation in the Ukraine.

Of the Group's operating expenses excluding cost of collateral assets sold, depreciation, amortisation, impairment and non-recurring items in Q1 2022, 54% are personnel costs, 25% variable costs related to collection/recovery activities and 21% office-related costs including premises, equipment, telecommunications, IT and postage.

### NET FINANCIAL ITEMS

Net financial items for the quarter were NOK -124m in Q1 compared with NOK -162m in Q1 2021 and NOK -112m in Q4 2021. Interest expenses were notably down compared with Q1 2021 driven by a significant reduction of debt. Additionally, the Change in fair value of interest rate derivatives has impacted positively by NOK 20m in Q1 2022 compared with Q1 2021 due to increased long-term rates in the market. Net exchange losses of NOK 15m in Q1 2022 (NOK 11m in Q1 2021) were mainly the result of a weakening in the HRK against the EUR.

### PROFIT FOR THE PERIOD AND TAX

The income tax expense for the quarter amounted to NOK 28m (38) and was 22% of profit before tax. Profit after tax for the quarter ended at NOK 97m (130).

### BALANCE SHEET

At the end of the quarter, total assets amounted to NOK 14,773m compared with NOK 15,315m at the end of 2021. Amortisation of NPL portfolios following strong collections during the quarter combined with low investments were the major impact on Total Assets, with approximately NOK 400m (2.8%) of the decrease being the result of a stronger NOK. Collateral assets (REOs) decreased by NOK 77m since the end of 2021 with a higher book value of REOs sold than repossessed during the quarter and the impact of a stronger NOK.

Net interest-bearing debt amounted to NOK 8,474m, down NOK 593m compared with the end of 2021. Approximately NOK 250m of the decrease was a result of the strengthening of the NOK against the EUR, PLN and SEK in particular. The remaining reduction of Net Debt was the result of strong cashflow performance during the period.

### CASH FLOW

Operating cash flow was NOK 930m in the first quarter and down from NOK 1,029m in Q1 2021, but up from NOK 619m in Q4 2021.

Cash flow from investing activities ended at NOK -241m compared with NOK -155m in Q1 2021, mainly impacted by the higher investments in 2022.

Net cash flow from financing activities ended at NOK -464m following further repayments of debt during Q1.

### DISCLAIMER

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

Board of Directors, B2Holding ASA, 11 May 2022

## Consolidated income statement

All figures in NOK million unless otherwise stated

	Notes	2022 Quarter 1	2021 Quarter 1	2021 Full Year
Interest revenue from purchased loan portfolios		531	619	2 344
Net credit gain/(loss) from purchased loan portfolios	4	13	-1	11
Profit from shares in associated parties/joint ventures and participation loan/notes		14	12	99
Interest revenue from loan receivables		17	34	99
Net credit gain/(loss) from loan receivables		8	-7	-6
Revenue from sale of collateral assets		136	28	164
Other revenues		101	96	444
<b>Total revenues</b>	3	<b>820</b>	<b>782</b>	<b>3 155</b>
External expenses of services provided		-99	-110	-420
Personnel expenses		-216	-220	-870
Other operating expenses		-132	-80	-350
Cost of collateral assets sold, including impairment		-104	-19	-119
Depreciation and amortisation		-20	-22	-85
Impairment losses		0	0	-3
<b>Operating profit/(loss)</b>	3	<b>249</b>	<b>330</b>	<b>1 308</b>
Financial income		1	0	1
Financial expenses		-110	-151	-572
Net exchange gain/(loss)		-15	-11	5
<b>Net financial items</b>	5	<b>-124</b>	<b>-162</b>	<b>-566</b>
<b>Profit/(loss) before tax</b>		<b>125</b>	<b>168</b>	<b>742</b>
Income tax expense		-28	-38	-169
<b>Profit/(loss) after tax</b>		<b>97</b>	<b>130</b>	<b>573</b>
<b>Profit/(loss) attributable to:</b>				
Parent company shareholders		97	130	573
Non-controlling interests		0	0	0
<b>Earnings per share (in NOK):</b>				
Basic		0,24	0,32	1,40
Diluted		0,24	0,32	1,39

## Consolidated statement of comprehensive income

All figures in NOK million

	2022 Quarter 1	2021 Quarter 1	2021 Full Year
<b>Profit/(loss) after tax</b>	<b>97</b>	<b>130</b>	<b>573</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	-219	-256	-217
Hedging of currency risk in foreign operations	22	32	15
Tax attributable to items that may be reclassified to profit or loss			
<b>Other comprehensive income</b>	<b>-197</b>	<b>-224</b>	<b>-202</b>
<b>Total comprehensive income for the period</b>	<b>-100</b>	<b>-94</b>	<b>371</b>
<b>Total comprehensive income attributable to:</b>			
Parent company shareholders	-100	-94	371
Non-controlling interests	0	0	0

## Consolidated statement of financial position

All figures in NOK million

	Notes	2022	2021	2021
		31 Mar	31 Mar	31 Dec
Deferred tax asset		276	299	279
Goodwill		765	787	787
Tangible and intangible assets		282	301	295
Investments in associated companies and joint ventures		330	218	349
Purchased loan portfolios	3,4,5	10 277	11 772	10 921
Loan receivables		202	206	206
Participation loan/notes	3	472	585	505
Other non-current financial assets		92	12	54
<b>Total non-current assets</b>		<b>12 696</b>	<b>14 181</b>	<b>13 396</b>
Other short-term assets		336	276	260
Collateral assets		1 206	1 011	1 284
Cash and short-term deposits		535	405	376
<b>Total current assets</b>		<b>2 077</b>	<b>1 692</b>	<b>1 920</b>
<b>Total assets</b>		<b>14 773</b>	<b>15 873</b>	<b>15 315</b>
Equity attributable to parent company's shareholders	7	4 881	4 625	4 992
Equity attributable to non-controlling interests		1	1	1
<b>Total equity</b>		<b>4 882</b>	<b>4 626</b>	<b>4 993</b>
Deferred tax liabilities		283	283	291
Long-term interest bearing loans and borrowings	6	6 420	9 209	6 825
Other non-current liabilities		84	110	93
<b>Total non-current liabilities</b>		<b>6 787</b>	<b>9 603</b>	<b>7 208</b>
Short-term interest bearing loans and borrowings	6	2 426	1 102	2 400
Bank overdraft	6	163	4	219
Account payables and other payables		169	172	173
Income taxes payable		19	27	13
Other current liabilities		327	340	309
<b>Total current liabilities</b>		<b>3 104</b>	<b>1 645</b>	<b>3 114</b>
<b>Total equity and liabilities</b>		<b>14 773</b>	<b>15 873</b>	<b>15 315</b>

## Consolidated statement of changes in equity

All figures in NOK million

	Notes	2022			2021		
		Attributable to parent company's shareholders	Non-controlling interests	Total equity	Attributable to parent company's shareholders	Non-controlling interests	Total equity
<b>At 1 January</b>		<b>4 992</b>	<b>1</b>	<b>4 993</b>	<b>4 718</b>	<b>1</b>	<b>4 719</b>
Profit/(loss) after tax		97	0	97	130	0	130
Other comprehensive income		-197	0	-197	-224	0	-224
<b>Total comprehensive income</b>		<b>-100</b>	<b>0</b>	<b>-100</b>	<b>-94</b>	<b>0</b>	<b>-94</b>
Buy-back share programme	7			0			
Share based payments		-11		-11	1		1
Dividend paid to parent company's shareholders				0			
Dividends to non-controlling interests				0			
Sale and acquisition of non-controlling interests				0			
<b>At 31 December</b>		<b>4 881</b>	<b>1</b>	<b>4 882</b>	<b>4 625</b>	<b>1</b>	<b>4 626</b>

## Condensed consolidated statement of cash flows

All figures in NOK million

	Notes	2022 Quarter 1	2021 Quarter 1	2021 Full Year
<b>Cash flows from operating activities</b>				
Profit for the period before tax		125	168	742
<u>Adjustment for non-cash items:</u>				
Amortisation/revaluation of purchased loan portfolios		547	806	2 714
Repossession of collateral assets		-55	-203	-559
Cost of collateral assets sold, including impairment		104	19	119
Share of profit in associated parties/joint ventures/participation notes	3	-14	-12	-99
Finance cost	5	110	151	572
Unrealised foreign exchange differences		170	96	44
Other non-cash items		39	25	164
<u>Operating cash flows:</u>				
Income tax paid		-25	-40	-153
Change in working capital		-16	27	45
Change in non-current financial assets/liabilities		-56	-9	-84
<b>Net cash from operating activities</b>		<b>930</b>	<b>1 029</b>	<b>3 505</b>
<b>Cash flows from investing activities</b>				
Payment of loan portfolios	3, 4	-259	-198	-1 192
Investments/divestments in subsidiaries, joint ventures and associated companies		42	51	100
Net investments in intangible and tangible assets		-24	-8	-50
Payment of contingent consideration				-14
<b>Net cash from investing activities</b>		<b>-241</b>	<b>-155</b>	<b>-1 155</b>
<b>Cash flows from financing activities</b>				
Payment buy-back share programme	7	-55		-31
Net drawdowns/(repayments) on interest bearing loans and borrowings		-270	-491	-1 654
Interest paid on interest bearing loans & borrowings		-121	-146	-582
Repayment of principal amount on lease liabilities		-18	-18	-46
Termination of issued options				-10
Dividends paid to parent company's shareholders				-61
Dividends paid to non-controlling interests			-0	-0
<b>Net cash from financing activities</b>		<b>-464</b>	<b>-656</b>	<b>-2 385</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>225</b>	<b>218</b>	<b>-35</b>
Cash and cash equivalents at the beginning of the period		157	201	201
Exchange rate difference on cash and cash equivalents		-10	-18	-9
<b>Cash and cash equivalents at the end of the period</b>		<b>372</b>	<b>402</b>	<b>157</b>
<i>Cash and cash equivalents comprised of:</i>				
Cash and short-term deposits		535	405	376
Bank overdraft		-163	-4	-219

# Notes to the interim consolidated financial statements

## NOTE 1 – GENERAL INFORMATION AND BASIS FOR PREPARATION

B2Holding ASA (the Company or Parent) and its subsidiaries (together the Group) is a debt solutions provider specialized in investing in, and the recovery of, non-performing debt portfolios in addition to providing third-party debt collection services. B2Holding ASA is a public limited liability company, incorporated and domiciled in Norway. The Company's registered office is at Stortingsgaten 22, 0119 Oslo, Norway. The interim condensed consolidated financial statements consist of the Group and the Group's interests in associated companies and joint arrangements. As a result of rounding differences, numbers or percentages may not add up to the total.

These interim condensed consolidated financial statements (interim report) for the first quarter ended 31 March 2022 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statement for 2021. The annual consolidated financial statements for 2021 are available at the company's website ([www.b2holding.no](http://www.b2holding.no)).

The accounting policies applied in the preparation of the interim report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

The interim financial information for the quarters ended 31 March 2022 and 31 March 2021 are unaudited. The 2021 audited financial statements were approved by the Board of Directors on 11 May 2022.

## NOTE 2 – ESTIMATES AND CRITICAL ACCOUNTING JUDGEMENTS

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognized as assets, liabilities, income, and expenses. The important assessments underlying the application of the Group's accounting policies and the main sources of uncertainty are the same for these interim financial statements as for the consolidated financial statements for the year ending 31 December 2021. However, in the light of uncertainty arising from the war in Ukraine there is clearly a significant level of judgement required in the assessment of future collections/cash flows/forecasts. Management have assessed the data and information available at the balance date.

## NOTE 3 – SEGMENT REPORTING

For management purposes, the Group is organized into different geographical regions corresponding to the countries where the Group operates. The Executive Management monitors the operating results of these geographical regions separately for the purposes of performance assessment and making decisions about resource allocation. The segment reporting is presented in the same manner as presented to the Executive Management. The Executive Management reporting differs from the reported numbers in the interim consolidated financial statements. The differences are related to the line-item presentation of revenue from purchased loan portfolios and the presentation of operating expenses. Total revenues and operating profit are equal in segment reporting and in the interim consolidated income statement. See explanation of the differences in definitions on pages 19-20.

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

## Quarter 1, 2022

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest revenue from purchased loan portfolios	175	121	93	65	77		531
Net credit gain/(loss) from purchased loan portfolios	-7	35	42	-66	9		13
<b>Revenue from purchased loan portfolios</b>	<b>168</b>	<b>156</b>	<b>135</b>	<b>-1</b>	<b>86</b>		<b>544</b>
Profit from shares in associated parties/joint ventures and participation loans/notes	0		10		4		14
<b>Total revenue from purchased loan portfolios</b>	<b>168</b>	<b>156</b>	<b>145</b>	<b>-1</b>	<b>90</b>		<b>558</b>
Revenue from external collection	32	0	2	28	22		84
Revenue from loan receivables		25			0		25
Revenue from sale of collateral assets	0	0	119	0	17		136
Other operating revenues	4	0	4	8	2		18
<b>Total other revenues</b>	<b>36</b>	<b>25</b>	<b>125</b>	<b>36</b>	<b>41</b>		<b>262</b>
<b>Total revenues</b>	<b>204</b>	<b>181</b>	<b>270</b>	<b>35</b>	<b>131</b>		<b>820</b>
Cost to collect	-55	-61	-24	-37	-47		-224
Cost of collateral assets sold, including impairment	0	0	-91	0	-13		-104
Cost other revenues	-32	-11	-7	-37	-27		-115
Administration and management costs	-5	-1	-20	3	-3	-82	-108
<b>EBITDA</b>	<b>111</b>	<b>108</b>	<b>128</b>	<b>-36</b>	<b>40</b>	<b>-82</b>	<b>269</b>
Depreciation, amortisation and impairment losses	-3	-5	-2	-5	-3	-2	-20
<b>Operating profit (EBIT)</b>	<b>107</b>	<b>103</b>	<b>126</b>	<b>-41</b>	<b>37</b>	<b>-84</b>	<b>249</b>

## Quarter 1, 2021

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
Interest revenue from purchased loan portfolios	200	134	120	80	86		619
Net credit gain/(loss) from purchased loan portfolios	13	24	5	-21	-21		-1
<b>Revenue from purchased loan portfolios</b>	<b>213</b>	<b>157</b>	<b>124</b>	<b>58</b>	<b>65</b>		<b>618</b>
Profit from shares in associated parties/joint ventures and participation loans/notes	2		-7		17		12
<b>Total revenue from purchased loan portfolios</b>	<b>215</b>	<b>157</b>	<b>117</b>	<b>58</b>	<b>83</b>		<b>631</b>
Revenue from external collection	37	0	2	27	16		82
Revenue from loan receivables		26			0		27
Revenue from sale of collateral assets	0	0	21	2	6		28
Other operating revenues	4	0	0	8	3		14
<b>Total other revenues</b>	<b>41</b>	<b>26</b>	<b>24</b>	<b>36</b>	<b>24</b>		<b>151</b>
<b>Total revenues</b>	<b>256</b>	<b>184</b>	<b>141</b>	<b>94</b>	<b>107</b>		<b>782</b>
Cost to collect	-60	-73	-46	-36	-46		-260
Cost of collateral assets sold, including impairment		0	-14	-1	-4		-19
Cost other revenues	-35	-7	-5	-35	-23		-106
Administration and management costs	-3	-2	-4	-3	-3	-29	-43
<b>EBITDA</b>	<b>157</b>	<b>101</b>	<b>72</b>	<b>19</b>	<b>31</b>	<b>-29</b>	<b>352</b>
Depreciation, amortisation and impairment losses	-4	-6	-2	-5	-3	-2	-22
<b>Operating profit (EBIT)</b>	<b>154</b>	<b>95</b>	<b>70</b>	<b>14</b>	<b>28</b>	<b>-31</b>	<b>330</b>

## Quarter 1, 2022

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<b>Portfolio purchases in the period</b>	102	97	20	3	17		239
<b>Purchased loan portfolios, carrying value</b>							
Purchased loan portfolios	4 126	1 793	1 916	1 410	1 033		10 277
Participation loan/notes to SPVs for purchase of loan portfolios	78				394		472
Purchased loan portfolios held through joint ventures <sup>1)</sup>			325		5		330
<b>Purchased loan portfolios at 31 March</b>	<b>4 203</b>	<b>1 793</b>	<b>2 241</b>	<b>1 410</b>	<b>1 432</b>		<b>11 079</b>

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

## Quarter 1, 2021

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<b>Portfolio purchases in the period</b>	131	18	11	2	30		192
<b>Purchased loan portfolios, carrying value</b>							
Purchased loan portfolios	4 725	1 745	2 295	1 819	1 189		11 772
Participation loan/notes to SPVs for purchase of loan portfolios <sup>1)</sup>	91				495		585
Purchased loan portfolios held through joint ventures <sup>1)2)</sup>			212		6		218
<b>Purchased loan portfolios at 31 March</b>	<b>4 816</b>	<b>1 745</b>	<b>2 507</b>	<b>1 819</b>	<b>1 689</b>		<b>12 576</b>

1) The investment in Glencar ICAV Sub-fund 3 is reclassified from investment in joint venture to Participation in loan/notes

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

## NOTE 4 – PURCHASED LOAN PORTFOLIOS

## Purchased loan portfolios

All figures in NOK million

	2022 Quarter 1	2021 Quarter 1	2021 Full Year
Opening balance	10 921	13 033	13 033
Portfolio purchases in the period	239	192	1 202
Gross collection from purchased loan portfolios	-1 091	-1 425	-5 068
Interest revenue from purchased loan portfolios	531	619	2 344
Net credit gain/(loss) from purchased loan portfolios	13	-1	11
Exchange rate differences	-335	-647	-600
<b>Closing balance</b>	<b>10 277</b>	<b>11 772</b>	<b>10 921</b>

The fair value of unquoted financial assets has been estimated using valuation techniques based on assumptions that are not supported by observable market prices. The fair value of purchased loan portfolios (level 3) has been calculated by discounting the expected net future cash flows from collections less cost to collect and tax with the estimated weighted average cost of capital for the countries where the purchased portfolios are originated. The calculated fair value of purchased loan portfolios as of 31 March 2022 is NOK 10,680m.

## Net credit gain/loss from purchased portfolios

The Group purchases materially impaired loan portfolios at significant discounts and as such impairments are already included at purchase. The expected credit loss for the purchased loan portfolios is not explicitly recognized as a loss provision, as these financial assets are credit impaired by definition and the estimated loss is already part of the amortized cost. The Group's exposure to credit risk from the purchased loan portfolios is related to actual gross collections deviating from collections estimates, as well as from changes in future collections estimates. The Group regularly evaluates the future collections estimates (ERC / ERR) at portfolio level and the estimate is adjusted if expected future collections is determined to materially deviate from the previous estimate. The adjusted collections estimate is discounted by the initial rate of return at acquisition of the portfolio. Changes from current estimates adjust the book value of the portfolio and are included in the profit and loss statement in the line item "Net credit gain/(loss) from purchased loan portfolios". Both secured and unsecured portfolios are evaluated quarterly. Gross collections above collections estimates and upward adjustments of future collections estimates increase revenue, while conversely gross collections below collections estimates and downward adjustments of future collections estimates decrease revenue.

**Quarter 1, 2022**

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions/ eliminations	Total
<i>Secured portfolios:</i>							
Gross collection from purchased loan portfolios	2	6	126	50	59		243
Collection above/(below) estimates	0	-7	58	2	29		82
Changes in future collection estimates	0	6	-19	-51	-14		-78
Net credit gain/(loss) from secured portfolios	0	-1	38	-49	15		4
<i>Unsecured portfolios:</i>							
Gross collection from purchased loan portfolios	362	255	78	36	117		848
Collection above/(below) estimates	-3	36	4	-17	-6		13
Changes in future collection estimates	-5	0	0	0	0		-5
Net credit gain/loss from unsecured portfolios	-8	36	3	-17	-6		9
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>-7</b>	<b>35</b>	<b>42</b>	<b>-66</b>	<b>9</b>		<b>13</b>

**Quarter 1, 2021**

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions/ eliminations	Total
<i>Secured portfolios:</i>							
Gross collection from purchased loan portfolios	2	12	406	56	43		520
Collection above/(below) estimates	0	1	10	-50	-28		-68
Changes in future collection estimates	0	0	3	37	27		66
Net credit gain/(loss) from secured portfolios	0	1	13	-14	-1		-2
<i>Unsecured portfolios:</i>							
Gross collection from purchased loan portfolios	407	264	78	46	110		905
Collection above/(below) estimates	17	23	-4	-7	-16		12
Changes in future collection estimates	-3	0	-4	0	-4		-11
Net credit gain/loss from unsecured portfolios	13	23	-8	-8	-20		1
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>13</b>	<b>24</b>	<b>5</b>	<b>-21</b>	<b>-21</b>		<b>-1</b>

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

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

All figures in NOK million

	2022 Quarter 1	2021 Quarter 1	2021 Full Year
Portfolio purchases in the period	-239	-192	-1 202
Change in prepaid amounts and amounts due on portfolio purchases	-20	-6	10
<b>Purchase of loan portfolios, cash flow statement</b>	<b>-259</b>	<b>-198</b>	<b>-1 192</b>

**NOTE 5 – FINANCIAL INSTRUMENTS**

Specific disclosures regarding purchased loan portfolios see note 4.

**Fair value of financial instruments**

The fair value of interest-bearing loans and borrowings is equal to the carrying amount (level 2) for the Multi-currency revolving credit facility (NOK 2,807m) and Bridge facility (NOK 497m) as the loans are based on one to six months floating interest. The fair value (NOK 5,581m) of bond loans (level 1) were determined by obtaining quoted market prices for the bond loans from Refintiv EIKON. The carrying amount is NOK 5,542m. Participation loan/notes are measured at fair value through profit or loss. For loan receivables the carrying value is the best estimate of fair value.

**Financial risk**

The strategy of the Group is to manage and limit both currency and interest rate risk. The Group holds various derivative financial instruments with the purpose of reducing its interest rate exposure and achieving a suitable currency ratio between its assets and liabilities. At quarter end the fair value of the currency derivatives was positive NOK 32m and the fair value of the interest rate hedging derivatives was positive NOK 80m. The interest rate hedging ratio was 94%.

For more details refer to the Risk Management section in the Group's 2021 Annual Report.

**Net financial items**

All figures in NOK million

	2022 Quarter 1	2021 Quarter 1	2021 Full Year
Interest revenue	1	0	1
Other financial income	0	0	0
<b>Financial income</b>	<b>1</b>	<b>0</b>	<b>1</b>
Interest expenses	-141	-163	-632
Change in fair value of interest rate derivatives	34	14	62
Interest expense on leases	-2	-2	-7
Other financial expenses	-0	-0	5
<b>Financial expenses</b>	<b>-110</b>	<b>-151</b>	<b>-572</b>
Realised exchange gain/(loss)	3	4	-16
Unrealised exchange gain/(loss)	-33	2	22
Change in fair value of currency derivatives	15	-17	-1
<b>Net exchange gain/(loss)</b>	<b>-15</b>	<b>-11</b>	<b>5</b>
<b>Net financial items</b>	<b>-124</b>	<b>-162</b>	<b>-566</b>

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

All figures in NOK million

	31 March 2022		31 December 2021	
	Current	Non-current	Current	Non-current
Multi-currency revolving credit facility including Bridge	497	2 807	497	3 030
Bond loan	1 930	3 613	1 903	3 794
Bank overdraft	163		219	
<b>Total</b>	<b>2 590</b>	<b>6 420</b>	<b>2 619</b>	<b>6 825</b>

The Group is financed by a combination of multi-currency Revolving Credit Facility (RCF), Bridge Facility and Bond loans. At quarter end EUR 308m was utilised from the EUR 510m RCF and the EUR 50m Bridge Facility was fully utilised, leaving total available, undrawn facility lines of EUR 202m.

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

For more information about the Group's financing, please refer to note 24 in the Group's 2021 Annual Report.

**NOTE 7 – SHARE CAPITAL AND OTHER PAID-IN CAPITAL**

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

	Share capital Number of shares <sup>1)</sup>	Share capital NOK million	Other paid-in capital <sup>2)</sup> NOK million
<b>At 31 December 2021</b>	<b>409 932 598</b>	<b>41</b>	<b>2 843</b>
<b>At 31 March 2022</b>	<b>409 932 598</b>	<b>41</b>	<b>2 843</b>
<b>At 11 May 2022 (date of completion of these interim condensed financial statements)</b>	<b>409 932 598</b>	<b>41</b>	<b>2 843</b>

1) Including 8,767,774 shares purchased in share buy-back program, of which 182,428 shares is not settled transactions as at 31 March 2022

2) Net proceeds after transaction costs

A share buy-back program started on 8 November 2021 and ended 31 March 2022. The purpose of the program was to reduce the capital of the Company.

In the period 1 January – 31 March 2022 5,724,692 shares were bought back at an average price of NOK 9.66 per share. Of these 5,542,264 shares were settled transactions as of 31 March 2022, decreasing the equity attributable to parent company shareholders by NOK 55m.

As of 31 March 2022, total buy backs under the programme are 8,767,774 shares at an average price of NOK 9.90, corresponding to 2,14% of the Company's share capital. The Board has proposed to the Annual General Meeting 2022 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.

**NOTE 8 – SHARE BASED PAYMENTS**

In first quarter, 240,000 share options were terminated, while no share options were granted, exercised, or expired.

At the date of these interim financial statements there are 9,020,000 share options outstanding.

**NOTE 9 – SUBSEQUENT EVENTS**

The Board has proposed to the Annual General Meeting 2022 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 refinancing of the Revolving Credit Facility took place after the end of the quarter and is not reflected in the numbers.

## ALTERNATIVE PERFORMANCE MEASURES

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

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

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

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

### Alternative performance measures – reconciliation

All figures in NOK million

	2022 Quarter 1	2021 Quarter 1	2021 Full Year
<b>Total revenues</b>	820	782	3 155
Adjust for cost of collateral assets sold, including impairment	-104	-19	-119
<b>Net revenues</b>	<b>716</b>	<b>762</b>	<b>3 036</b>
<b>Operating profit/(loss)</b>	249	330	1 308
Non-recurring items	40	-	25
<b>Adjusted EBIT</b>	<b>289</b>	<b>330</b>	<b>1 333</b>
<b>Operating profit/(loss)</b>	249	330	1 308
Add back depreciation, amortisation and impairment losses	20	22	88
<b>EBITDA</b>	<b>269</b>	<b>352</b>	<b>1 396</b>
<b>Total revenues</b>	820	782	3 155
Add back amortisation of purchased loan portfolios	465	862	2 609
Add back revaluation of purchased loan portfolios	82	-55	104
Adjust for repossession of collateral assets	-55	-203	-559
Adjust for profit from shares in associated parties/joint ventures and participation loan/notes	-14	-12	-99
Add cash received from shares in associated parties/joint ventures and participation loan/notes	42	51	184
Adjust for Non-recurring items	-	-	7
<b>Cash revenue</b>	<b>1 341</b>	<b>1 424</b>	<b>5 402</b>
<b>Operating profit/(loss)</b>	249	330	1 308
Add back amortisation of purchased loan portfolios	465	862	2 609
Add back revaluation of purchased loan portfolios	82	-55	104
Add back depreciation and amortisation	20	22	88
Adjust for repossession of collateral assets	-55	-203	-559
Add back for cost of collateral assets sold, including impairment	104	19	119
Adjust for profit from shares in associated parties/joint ventures and participation loan/notes	-14	-12	-99
Add cash received from shares in associated parties/joint ventures and participation loan/notes	42	51	184
Adjust for Non-recurring items	40	-	24
<b>Cash EBITDA</b>	<b>934</b>	<b>1 014</b>	<b>3 779</b>

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

### Equity Ratio

All figures in NOK million

	2022 31 Mar	2021 31 Dec	2021 30 Sep	2021 30 Jun
<b>Total assets</b>	14 773	15 315	15 500	15 825
<b>Total equity</b>	4 882	4 993	5 031	4 900
<b>Equity ratio</b>	<b>33,0 %</b>	<b>32,6 %</b>	<b>32,5 %</b>	<b>31,0 %</b>
<b>Total assets</b>	14 773	15 315	15 500	15 825
Excluding IFRS 16 right-of-use asset	-100	-108	-85	-95
<b>Total assets excl IFRS 16 right-of-use asset</b>	14 673	15 208	15 415	15 730
<b>Equity ratio</b>	<b>33,3 %</b>	<b>32,8 %</b>	<b>32,6 %</b>	<b>31,2 %</b>

### Total Loan to Value

All figures in NOK million

	2022 31 Mar	2021 31 Dec	2021 30 Sep	2021 30 Jun
Bond loan (nominal value) <sup>1)</sup>	5 565	5 725	6 950	6 955
Revolving Credit Facility (nominal value) <sup>1)</sup>	2 825	3 062	2 280	2 752
Bridge Facility (nominal value) <sup>1)</sup>	500	500	250	250
Contingent consideration (earn out)	11	11	17	30
Vendor loan	15	36	18	13
FX Derivatives (MTM)	-32	-18	-0	5
Net cash balance including overdraft	-372	-157	-274	-214
<b>Total loan</b>	<b>8 511</b>	<b>9 157</b>	<b>9 241</b>	<b>9 792</b>
Purchased loan portfolios	10 277	10 921	11 222	11 597
Investment and participation in joint ventures <sup>2)</sup>	802	854	773	836
Other assets <sup>3)</sup>	2 014	2 226	2 141	2 114
<b>Book value</b>	<b>13 094</b>	<b>14 001</b>	<b>14 136</b>	<b>14 547</b>
<b>Total Loan to Value % (TLTV)</b>	<b>65,0 %</b>	<b>65,4 %</b>	<b>65,4 %</b>	<b>67,3 %</b>

1) Bond loans and revolving credit facility (RCF) are measured at nominal value according to the definitions of financial covenants.

In the Consolidated statement of financial position this is included in "long-term interest bearing loans and borrowings" and "short-term interest bearing loans and borrowings", with bonds measured at amortised cost and RCF at linear cost

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

3) Included in "goodwill", "loan receivables" and "collateral assets" in the Consolidated statement of financial position

## Definitions

### Actualisation

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

### Adjusted EBIT (Adj. EBIT)

Adjusted EBIT consists of Operating profit/(loss) (EBIT) adjusted for Non-recurring items.

### Administration & management costs

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

### Amortisation

Amortisation is the amount of the gross collections that are used to reduce the book value of the purchased portfolios.

### Available investment capacity/Liquidity reserve

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

### Cash EBITDA

Cash EBITDA consists of EBIT added back amortisation and revaluation of purchased loan portfolios, depreciation, amortisation and impairment of tangible and intangible assets and cost of collateral assets sold, adjusted for repossession of collateral assets and the difference between cash received and recognised profit from shares in associated parties/joint ventures and participation loan/notes. Cash EBITDA is a measure of actual performance from the collection business (cash business) and other business areas. Cash EBITDA is adjusted for Non-recurring items.

### Cash margin

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

### Cash revenue

Cash revenue consists of Total revenues added back amortisation and revaluation of purchased loan portfolios and adjusted for repossession of collateral asset and the difference between cash received and recognised profit from shares in associated parties/joint ventures and participation loan/notes. Cash revenue is a measure of actual revenues (cash business) from the collection business and other business areas. Cash Revenue is adjusted for Non-recurring items.

### Collateral asset

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.

### Cost other revenues

Cost other revenues is all external and internal operating costs

excluding Administration and management costs and not related to the collections of B2Holding's purchased loan portfolios.

### Cost to collect

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

### EBITDA

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

### Estimated Remaining Collections (ERC)

Estimated remaining collections (ERC) 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.

### Estimated Remaining Recoveries (ERR)

Estimated remaining recoveries (ERR) 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.

### Forward flow agreements

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

### Gross collections

Gross collections are the actual cash collected and assets recovered from purchased portfolios.

### Interest income from loan receivables

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

### Interest income from purchased portfolios

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

### Leverage ratio

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

### Net debt

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

### Net interest-bearing debt

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

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

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

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

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

**Non-recurring items**

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

**Net revenues**

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

**Operating cash flow per share**

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

**Other revenues**

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

**Participation loan/notes**

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

**Portfolio purchases**

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

**Profit margin**

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

**Return on equity (ROE)**

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

**Revaluation**

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

**Total Loan to Value (TLTV)**

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

**SEGMENT REPORTING**

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

**Segment Central Europe**

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

**Segment Central functions/eliminations**

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

**Segment Northern Europe**

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

**Segment Poland**

The operating segment Poland includes Poland

**Segment South Eastern Europe**

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

**Segment Western Europe**

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

**Financial year 2022**

Annual report 2021 29.04.2022  
Annual General Meeting 24.05.2022  
Half-yearly report 23.08.2022

Quarterly report - Q1 12.05.2022  
Quarterly report - Q3 10.11.2022  
Quarterly report - Q4 15.02.2023

B2HOLDING ASA

**Head office**

Postal address:  
PO Box 1726 vika  
0121 Oslo  
Norway

## Visiting address:

Stortingsgaten 22, 7th floor, Oslo  
Tel: +47 22 83 39 50  
E-mail: [post@b2holding.no](mailto:post@b2holding.no)