

# Q2

Second quarter 2022

Photo: Sylvain Mauroux, Unsplash



**B2**HOLDING®

## Second quarter and first half year 2022

“We see good supply of portfolios in many of our markets”

Erik Just Johnsen, CEO

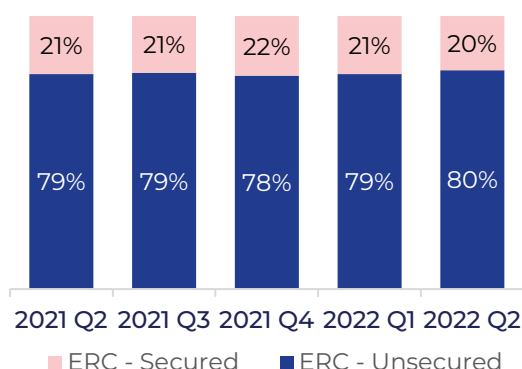
### QUARTERLY EVENTS

- Unsecured collections at 106% of the latest forecast
- Strong secured cash collections including REO sales of NOK 103m in the quarter and NOK 239m in H1
- Cash EBITDA of NOK 949m, up sequentially from NOK 934m
- Invested and committed capital of NOK 1,350m for 2022
- Extended RCF and senior funding completed
- Agreement signed for sale of subsidiary in Bulgaria (EUR 48m) resulting in non-cash one-off effects impacting Net Revenue NOK -32m, EBIT NOK -135m, and Net profit NOK -105m

### QUARTERLY SUMMARY

NOK million	2022	2021	%	2022	2021	%	2021
	Q2	Q2	Δ	H1	H1	Δ	Full Year
Cash collections	1 246	1 229	1 %	2 459	2 530	-3 %	4 857
Net revenues	748	756	-1 %	1 464	1 518	-4 %	3 036
Adj. EBIT	330	321	3 %	619	651	-5 %	1 333
Adj. EBIT %	42 %	43 %	0 pp	41 %	43 %	-2 pp	44 %
EBIT	139	341	-59 %	388	671	-42 %	1 308
Adj. Net profit	173	147	17 %	300	277	8 %	594
Cash revenue	1 379	1 369	1 %	2 720	2 793	-3 %	5 402
Cash EBITDA	949	957	-1 %	1 884	1 971	-4 %	3 779
Cash margin	69 %	70 %	-1 pp	69 %	71 %	-1 pp	70 %
Gross collections <sup>1)</sup>	1 245	1 407	-12 %	2 397	2 901	-17 %	5 435
Amortisation of own portfolios	-458	-647	-29 %	-923	-1 508	-39 %	-2 609
Portfolio investments <sup>1)</sup>	758	220	245 %	996	412	142 %	1 202
Cost to collect %	22 %	20 %	2 pp	21 %	19 %	2 pp	19 %
EPS	0.06	0.39		0.30	0.71		1.40
Return on equity	8.1 %	11.4 %	-3.2 pp	8.1 %	11.4 %	-3.2 pp	11.8 %

### ERC - ASSET CLASS SPLIT



### KEY PERFORMANCE FIGURES

NOK million	2022	2021	%
	30 Jun	31 Dec	Change
ERC (at end of month) <sup>1)</sup>	19 867	19 918	0 %
Net interest bearing debt	9 037	9 067	0 %
Liquidity reserve	3 027	2 218	37 %
Equity ratio <sup>2)</sup>	31.7 %	32.8 %	-1,1 pp
Leverage ratio	2.45x	2.40x	0.05x
Total Loan to Value % (TLTV)	68.3 %	65.4 %	2,9 pp
Number of employees (FTEs)	1 919	1 979	-3 %

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

## A quarter of high activity

The second quarter was characterized by high activity levels throughout the organisation both in terms of the underlying business as well as projects. The restructuring of our secured business continued, and we are pleased to state that we closed the transaction with PIMCO shortly before the release of the second quarter results. Despite closing somewhat later than earlier communicated, I am very pleased and impressed with the tremendous effort shown by those involved in the transaction. The restructuring has required us to address a very high level of complexity across eight jurisdictions. In addition, we have separated asset ownership from servicing and created a new cross-border Master servicer, Veraltis Asset Management. Veraltis Asset Management has, from the start, an experienced team with strong competence and proven results within secured recoveries in the region it covers. As a result of the transaction, we now have a more streamlined organization. As part of the restructuring activities, we have also finalized and signed an agreement for the sale of our Bulgarian subsidiary, Debt Collection Agency AD. The closing of the Bulgarian transaction is subject to clearance by the Bulgarian antitrust commission. Unsecured assets are the dominant asset class in Bulgaria and the strategic fit with the other countries included in the ring-fenced structure is limited.

“We have the capacity to take on more portfolios without a significant increase in fixed costs “

The second quarter was another strong quarter for unsecured collections with a collection performance of 106%. I am very pleased with the results within unsecured and that our core markets in the Nordics and Poland have once again performed well. As previously stated, we also see opportunities for further improvements and several digital initiatives are ongoing to increase efficiency and effectiveness across the Group. We also see a potential for increased scalability in our core markets, meaning that we have the capacity to take on more portfolios without a significant increase in fixed costs.

Within Corporate and Secured Asset Management (CSAM), the second quarter was solid with higher cash collection in Q2 2022 than the same period last year. The positive trend for REO sales continued with REOs sold for NOK 103m in the second quarter which was 34% above book value. Total REO sales in the first half of 2022 ended at NOK 239m which is 80% of the guided NOK 300m for the full year of 2022. I would once again like to highlight the tremendous effort the CSAM team has shown in the process of restructuring the secured business, and at the same time delivering strong results. This bodes well for the future.

Portfolio purchases in the second quarter ended at NOK 758m bringing the total up to almost NOK 1bn for the first half. With invested and committed capital of more than NOK 1,350m for 2022, we are already well ahead of the volume purchased for the full year of 2021. Based on historic seasonality trends the second half of the year is usually a more active period than the first half and we see a good supply of portfolios in many of our markets. In addition, we observe some large transactions in markets with the highest volumes of NPLs, which could serve as an indication of a busy second half of the year. The Group continues to maintain a disciplined approach to new investments and has acquired a meaningful volume of portfolios with expected healthy returns so far this year.

On the capital side we have now closed the transaction with PIMCO and concluded the extension of the RCF, which gives us additional capital for new investments.

Oslo, 22 August 2022

**Erik Just Johnsen**  
CEO

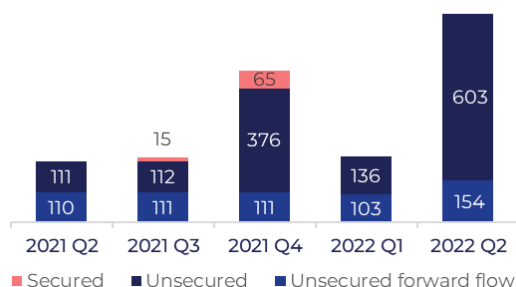


## Operations

Collections and recoveries continue to exceed expectations and portfolio investments continue to pick up.

### PORTFOLIO INVESTMENTS

#### Portfolio investments (NOKm)



As expected, during Q2 the Group's investment activity increased and the Group reported investments of NOK 758m for the quarter compared with NOK 239m in Q1 2022 and NOK 220m for Q2 2021. During the first half of 2022, the Group has purchased just under NOK 1bn of new portfolios and expects to purchase higher volumes in the second half of 2022.

The Group remains selective and price disciplined with its investments. The majority of portfolios purchased in Q2 were unsecured portfolios in Northern Europe and Poland with limited opportunities seen in other regions during the quarter. However, some smaller investments were also completed in South Eastern Europe and Western Europe during Q2 with some signs of increased activity also in these regions and in Central Europe.

### COLLECTIONS, RECOVERIES, REPOSSESSION AND SERVICING

#### Unsecured portfolios

During Q2 the Group over-performed versus its latest forecasts by 106% with unsecured collections at NOK 926m for the quarter. Adjusted for FX, this was an increase of 8.5% on Q1 and 1.2% on Q2 2021. Notably, the new investments completed during 2022 contributed with NOK 58m of collections during Q2.

B2Holding continued to focus on economies of scale, exchange of best practices between the markets and development of data & analytics. Underlying 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.

#### Corporate & Secured Asset Management (CSAM)

Cash collections from secured assets including share of SPVs and joint ventures were NOK 300m for Q2 2022 and 10% higher compared with NOK 271m for Q2 2021. Secured recoveries were NOK 260m for the quarter and 231% of latest forecast.

Proceeds from sales of REOs were NOK 103m in the quarter and NOK 239m for H1 2022 compared with NOK 72m in Q2 2021, NOK 100m for H1 2021 and NOK 164m for the full year 2021. The gain on sale of the REOs was 34% in the quarter with a book value of NOK 77m of assets sold.

Repossessions were NOK 80m in Q2 2022 compared with NOK 137m in Q2 2021. Although preferring to recover directly through payment, the Group continues to see repossession as a valuable method of maximizing value.

The value of repossessed assets increased from NOK 1,284m at the end of 2021 to NOK 1,305m at the end of Q2 2022. Adjusted for FX, the underlying book value decreased by approximately NOK 25m during the first half year as a result of higher book values of assets sold than repossessed during the period.

### RISKS AND UNCERTAINTIES

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

In February 2022, Russia invaded Ukraine and the resulting war has created geopolitical 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 macroeconomic 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 Q2, overall collections and recoveries were well 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 Q2 and expects to do so throughout 2022. Management is focused on price and underwriting discipline in a competitive market. Transactions in the pipeline have continued to gradually increase and the upward trend is expected to continue.

The Group is in compliance with all of its covenants as of 30 June 2022.

#### Strategic risks

The investment pipeline continued to increase in Q2 and additional large transactions are also coming to market in the second half of the year.

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, project 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 holds an EUR 610m senior secured revolving credit facility (RCF) with DNB Bank ASA, Nordea Bank AB and Swedbank AB. In addition to the original purpose the RCF has full flexibility to take out the two upcoming bond maturities in November 2022 and May 2023. EUR 100m of the RCF matures on 31 December 2023 while the remaining EUR 510m matures in Q3 2025.

The project financing stage 1 from PIMCO, the Senior Facility Arrangement ("SFA"), was completed on 19 August 2022. The Facility line is EUR 166m and EUR 142m was drawn on the same day. 65% of the Facility line can be used for reinvestment. In stage 2 the Facility line will be increased by EUR 14m and EUR 10m in additional drawings. The net proceeds from the drawings are to be used to repay the RCF. The SFA is fully securitised, but with no-recourse to B2Holding.

On top of the RCF and SFA, 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.

#### Reduction of share capital and Share buy-back program

The Annual General Meeting of B2Holding ASA on 24 May 2022 decided to reduce the share capital by NOK 876,777.40. The share capital reduction was registered and completed on 28 July through cancellation of 8,767,774 shares at NOK 0.10 per share.

The Share buy-back program for 2022 was announced on 27 May 2022. Size of the buy-back programme is up to 13,000,000 shares or maximum total consideration for NOK 130m. 3,428,471 shares were purchased under this program up to 30 June 2022.

## Financials

B2Holding reported gross collections including share of SPVs and joint ventures of NOK 1,245m for the quarter. Disposals of REOs (collateral assets) continued to progress well and Net revenues were substantially higher than the previous quarter due to strong collections.



- 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.

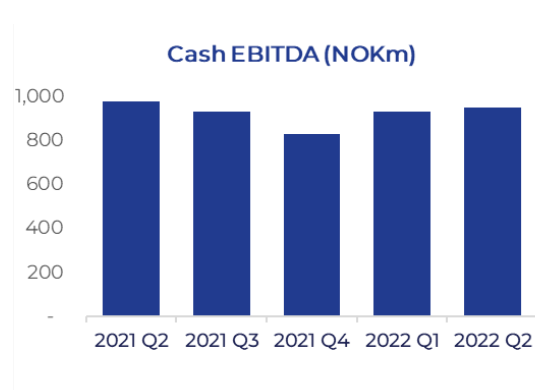
### REVENUES

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 Q2 compared with 2021 Q2 was a negative impacted of approximately 2% or NOK 30m.

Collections on unsecured portfolios came in at 106% of forecast, continuing the over-performance from previous quarters.

Recoveries on secured portfolios were 231% of the forecast. The business continues to perform well ahead of the curves following the re-underwriting process completed in Q4 2021 and is impacted to an extent by the timing of large recoveries in specific quarters.

Share of gross collections from JVs were NOK 59m in Q2 2022 compared with NOK 140m in Q2 2021 and NOK 61m in Q1 2022. The significant difference in collections for JVs was also the result of some large one-off recoveries and collections in the prior period which impact comparability.



Amortisation of own portfolios was NOK -458m in Q2 2022 compared with NOK -647m in Q2 2021 and NOK -465 in Q1 2022. The lower amortisation in Q2 2022 compared with Q2 2021 was mainly the result of the re-underwriting of the secured curves in Q4 2021, and the high secured recoveries in Q2 2021 following some sizeable recoveries and repossessions last year.

The Net credit gain on secured and unsecured portfolios was respectively NOK 18m and NOK 31m, and NOK 49m for the Group. The gain was the result of the strong overperformance (Collection above estimates) on both unsecured and secured portfolios during the quarter. Since there was a positive timing effect from secured with recoveries coming earlier than assumed in the amortization profile, the overperformance was partly offset by Changes in future collection estimates when removing the already collected amounts from future collection estimates for secured portfolios.

Profit from shares in associated parties/joint ventures was NOK 12m in the quarter and in line with the previous quarter.

Revenue from loan receivables (comprised of interest revenue from loan receivables and net credit gain/(loss) from loan receivables) was NOK 31m in Q2 2022 and slightly above the NOK 25m that was reported for Q2 2021.

Revenue from sale of REOs of NOK 103m in Q2 resulted in a net gain of NOK 26m on book value of NOK 77m and a gain on sale of 34%.

Other revenues, mainly being revenues from external collection and from servicing of SPVs and joint ventures, were broadly in line with 2021 Q2.

### CASH EBITDA

Cash EBITDA for Q2 2022 was NOK 949m compared with NOK 957m in Q2 2021. Adjusted for FX, the underlying cash EBITDA is NOK 12m higher in Q2 2022 than in Q2 2021. Q2 2022 was a very strong quarter with good collections and recoveries activity as well as strong REO sales.

### OPERATING EXPENSES

In Q2 2022 the Group's operating expenses excluding cost of collateral assets sold, depreciation, amortization and impairment losses were NOK 490m including Non-recurring items which negatively impacted by NOK 61m. Q2 2021 operating expenses were NOK 392m including Non-recurring items which positively impacted by NOK 20m. Underlying operating expenses of NOK 429m were NOK 18m higher than underlying operating expenses of NOK 412m in Q2 2021. Adjusted for FX, 2022 underlying operating expenses were NOK 23m (6%) higher than in Q2 2021 mainly driven by higher collections activity, as well as IT costs and travel.

The Non-recurring items in Q2 2022 were mainly in relation to the restructuring of the secured markets, divestment of DCA Bulgaria and the process of establishing the secured master servicer, as well as the senior financing with PIMCO.

Of the Group's underlying operating expenses excluding cost of collateral assets sold, depreciation, amortisation, impairment, and non-recurring items in Q2 2022, 51% are personnel costs, 26% variable costs related to collection/recovery activities and 23% office-related costs including premises, equipment, telecommunications, IT, and postage.

### NET FINANCIAL ITEMS

Net financial items for the quarter were NOK -107m in Q2 compared with NOK -132m in Q2 2021 and NOK -124m in Q1 2022. Financial expenses were notably down compared with Q2 2021 mainly driven by a NOK 32m positive change in fair value of interest rate derivatives due to increased long-term rates in the market. Net exchange gains of NOK 8m in Q2 2022 (NOK 26m in Q2 2021) were mainly the result of a strengthening in the HRK against the EUR.

### PROFIT FOR THE PERIOD AND TAX

The income tax expense for the quarter amounted to NOK 7m (48) and was 23% of profit before tax. Profit after tax for the quarter ended at NOK 25m (162). Adjusted for the Non-recurring items in both periods, the adjusted Net profit for Q2 2022 is NOK 173m compared with an adjusted Net profit of NOK 147m in Q2 2021.

### BALANCE SHEET

At the end of the quarter, total assets amounted to NOK 15 946m compared with NOK 15 315m at the end of 2021. Higher portfolio investments compared with amortisation of NPL portfolios during the quarter and the impact of FX movements were the major impact on Total Assets, with approximately NOK 400m (3%) of the increase being the result of a weaker NOK. At constant FX, collateral assets (REOs) decreased by a net of NOK 23m since the end of 2021.

Net interest-bearing debt amounted to NOK 9 037m at the end of Q2 and was down NOK 30m compared with the end of 2021 as a result of strong cashflow performance during the period. FX impacted Net interest-bearing debt, increasing it by approximately NOK 230m.

### CASH FLOW

Operating cash flow was NOK 660m in Q2 and down from NOK 895m in Q2 2021. Between the periods, the most significant individual variances were Non-recurring items and unrealised FX losses. Non-recurring items impacting Profit for the period before tax were negative by NOK 191m in Q2 2022 compared with positive by NOK 20m in Q2 2021. NOK 136m of the Non-recurring items in Q2 2022 were non-cash impacts including Changes in future collection estimates of NOK 32m, Personnel expenses of NOK 5m, Depreciation and amortisation of NOK 1m and Impairment losses of NOK 98m. Negative unrealised FX impacts in Q2 2022 were NOK 178m compared with NOK 28m in Q2 2021.

Cash flow from investing activities ended at NOK -538m compared with NOK -239m in Q2 2021, mainly impacted by the higher investments in 2022.

Net cash flow from financing activities ended at NOK 18m following drawdowns on loans, interest paid and NOK 168m in dividends paid to shareholders during the period.

**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, 22 August 2022

## Responsibility Statement

We confirm, to the best of our knowledge, that the Condensed Interim Consolidated Financial Information for the six months ended 30 June 2022 has been prepared in accordance with IAS 34 – Interim Financial Reporting and gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that arose during the first six months of the financial year 2022, and their impact on the Condensed Interim Consolidated Financial Information, and accounts properly for the principal risks and uncertainties for the remaining six months of the financial year 2022, as well as major transactions with related parties.

Oslo, 22 August 2022

Harald L. Thorstein  
*Chair of the Board*

Adele Bugge Norman Pran  
*Board member*

Grethe Wittenberg Meier  
*Board member*

Trygve Lauvdal  
*Board member*

Kjetil Garstad  
*Board member*

Trond Kristian Andreassen  
*Board member*

Thale Kuvås Solberg  
*Board member*

Erik J. Johnsen  
*Chief Executive Officer*

## Consolidated income statement

All figures in NOK million unless otherwise stated

	Notes	2022 Quarter 2	2021 Quarter 2	2022 6 months	2021 6 months	2021 Full Year
Interest revenue from purchased loan portfolios		528	588	1 059	1 207	2 344
Net credit gain/(loss) from purchased loan portfolios	4	49	-17	62	-18	11
Profit from shares in associated parties/joint ventures and participation loan/notes		12	29	26	42	99
Interest revenue from loan receivables		35	29	52	63	99
Net credit gain/(loss) from loan receivables		-4	-4	4	-12	-6
Revenue from sale of collateral assets		103	72	239	100	164
Other revenues		102	116	204	212	444
<b>Total revenues</b>	3	<b>825</b>	<b>812</b>	<b>1 645</b>	<b>1 593</b>	<b>3 155</b>
External expenses of services provided		-111	-106	-210	-216	-420
Personnel expenses		-224	-227	-441	-447	-870
Other operating expenses		-155	-59	-286	-139	-350
Cost of collateral assets sold, including impairment		-77	-56	-181	-75	-119
Depreciation and amortisation		-21	-21	-41	-43	-85
Impairment losses		-98	-2	-98	-2	-3
<b>Operating profit/(loss)</b>	3	<b>139</b>	<b>341</b>	<b>388</b>	<b>671</b>	<b>1 308</b>
Financial income		2	0	2	1	1
Financial expenses		-117	-158	-226	-309	-572
Net exchange gain/(loss)		8	26	-7	14	5
<b>Net financial items</b>	5	<b>-107</b>	<b>-132</b>	<b>-231</b>	<b>-294</b>	<b>-566</b>
<b>Profit/(loss) before tax</b>		<b>32</b>	<b>210</b>	<b>157</b>	<b>378</b>	<b>742</b>
Income tax expense		-7	-48	-35	-86	-169
<b>Profit/(loss) after tax</b>		<b>25</b>	<b>162</b>	<b>121</b>	<b>291</b>	<b>573</b>
<b>Profit/(loss) attributable to:</b>						
Parent company shareholders		25	162	121	291	573
Non-controlling interests		0	0	0	0	0
<b>Earnings per share (in NOK):</b>						
Basic		0.06	0.39	0.30	0.71	1.40
Diluted		0.06	0.39	0.30	0.71	1.39

## Consolidated statement of comprehensive income

All figures in NOK million

	2022 Quarter 2	2021 Quarter 2	2022 6 months	2021 6 months	2021 Full Year
<b>Profit/(loss) after tax</b>	<b>25</b>	<b>162</b>	<b>121</b>	<b>291</b>	<b>573</b>
<b>Other comprehensive income</b>					
<b>Items that may be reclassified subsequently to profit or loss:</b>					
Exchange differences on translation of foreign operations	354	147	135	-109	-217
Hedging of currency risk in foreign operations	-1	-36	21	-4	15
<b>Other comprehensive income</b>	<b>353</b>	<b>111</b>	<b>156</b>	<b>-113</b>	<b>-202</b>
<b>Total comprehensive income for the period</b>	<b>378</b>	<b>273</b>	<b>278</b>	<b>178</b>	<b>371</b>
<b>Total comprehensive income attributable to:</b>					
Parent company shareholders	378	273	278	179	371
Non-controlling interests	0	0	0	0	0

## Consolidated statement of financial position

All figures in NOK million

	Notes	2022 30 Jun	2021 30 Jun	2021 31 Dec
Deferred tax asset		322	288	279
Goodwill		720	801	787
Tangible and intangible assets		283	291	295
Investments in associated companies and joint ventures		352	228	349
Purchased loan portfolios	3,4,5	11 034	11 597	10 921
Loan receivables		225	207	206
Participation loan/notes	3	478	609	505
Other non-current financial assets		135	16	54
<b>Total non-current assets</b>		<b>13 549</b>	<b>14 036</b>	<b>13 396</b>
Other short-term assets		359	310	260
Collateral assets		1 305	1 122	1 284
Cash and short-term deposits		734	356	376
<b>Total current assets</b>		<b>2 397</b>	<b>1 789</b>	<b>1 920</b>
<b>Total assets</b>		<b>15 946</b>	<b>15 825</b>	<b>15 315</b>
Equity attributable to parent company's shareholders	7	5 022	4 899	4 992
Equity attributable to non-controlling interests		1	1	1
<b>Total equity</b>		<b>5 023</b>	<b>4 900</b>	<b>4 993</b>
Deferred tax liabilities		276	297	291
Long-term interest bearing loans and borrowings	6	7 600	8 492	6 825
Other non-current liabilities		83	101	93
<b>Total non-current liabilities</b>		<b>7 960</b>	<b>8 890</b>	<b>7 208</b>
Short-term interest bearing loans and borrowings	6	1 974	1 367	2 400
Bank overdraft	6	196	143	219
Account payables and other payables		401	169	173
Income taxes payable		45	23	13
Other current liabilities		348	333	309
<b>Total current liabilities</b>		<b>2 964</b>	<b>2 035</b>	<b>3 114</b>
<b>Total equity and liabilities</b>		<b>15 946</b>	<b>15 825</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		121	0	121	291	0	291
Other comprehensive income		156	0	156	-112	0	-113
<b>Total comprehensive income</b>		<b>278</b>	<b>0</b>	<b>278</b>	<b>179</b>	<b>0</b>	<b>179</b>
Buy-back share programme	7	-83		-83			
Share based payments		3		3	2		2
Dividend paid to parent company's shareholders		-168		-168			
Dividends to non-controlling interests			0	0			
<b>At 30 June</b>		<b>5 022</b>	<b>1</b>	<b>5 023</b>	<b>4 899</b>	<b>1</b>	<b>4 900</b>

## Condensed consolidated statement of cash flows

All figures in NOK million

	Notes	2022 Quarter 2	2021 Quarter 2	2022 6 months	2021 6 months	2021 Full Year
<b>Cash flows from operating activities</b>						
Profit for the period before tax		32	210	157	378	742
<u>Adjustment for non-cash items:</u>						
Amortisation/revaluation of purchased loan portfolios		610	697	1157	1503	2 714
Repossession of collateral assets		-80	-137	-135	-340	-559
Cost of collateral assets sold, including impairment		77	56	181	75	119
Share of profit in associated parties/joint ventures/participation notes	3	-12	-30	-26	-42	-99
Financial expenses	5	117	158	226	309	572
Unrealised foreign exchange differences		-178	-28	-8	68	44
Other non-cash items		135	25	174	50	164
<u>Operating cash flows:</u>						
Income tax paid		-35	-28	-59	-68	-153
Change in working capital		39	-19	24	8	45
Change in non-current financial assets/liabilities		-45	-8	-101	-17	-84
<b>Net cash from operating activities</b>		<b>660</b>	<b>895</b>	<b>1 590</b>	<b>1 924</b>	<b>3 505</b>
<b>Cash flows from investing activities</b>						
Payment of loan portfolios	3, 4	-553	-238	-812	-436	-1 192
Investments/divestments in subsidiaries, joint ventures and associated companies		36	5	78	56	100
Net investments in intangible and tangible assets		-21	-6	-45	-14	-50
Payment of contingent consideration		-	-	-	-	-14
<b>Net cash from investing activities</b>		<b>-538</b>	<b>-239</b>	<b>-780</b>	<b>-394</b>	<b>-1 155</b>
<b>Cash flows from financing activities</b>						
Payment buy-back share programme	7	-29	-	-84	-	-31
Net drawdowns/(repayments) on interest bearing loans and borrowings		359	-708	89	-1 199	-1 654
Interest paid on interest bearing loans & borrowings		-135	-143	-256	-289	-582
Repayment of principal amount on lease liabilities		-9	-8	-26	-26	-46
Termination of issued options		-	-	-	-	-10
Dividends paid to parent company's shareholders		-168	-	-168	-	-61
Dividends paid to non-controlling interests		-0	-0	-0	-0	-0
<b>Net cash from financing activities</b>		<b>18</b>	<b>-859</b>	<b>-445</b>	<b>-1 514</b>	<b>-2 385</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>140</b>	<b>-202</b>	<b>365</b>	<b>16</b>	<b>-35</b>
Cash and cash equivalents at the beginning of the period		372	402	157	201	201
Exchange rate difference on cash and cash equivalents		26	14	15	-4	-9
<b>Cash and cash equivalents at the end of the period</b>		<b>538</b>	<b>214</b>	<b>538</b>	<b>214</b>	<b>157</b>
<b>Cash and cash equivalents comprised of:</b>						
Cash and short-term deposits		734	356	734	356	376
Bank overdraft		-196	-143	-196	-143	-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 second quarter ended 30 June 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 30 June 2022 and 30 June 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.

## 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 22-24.

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

## Quarter 2, 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	64	74		528
Net credit gain/(loss) from purchased loan portfolios	24	51	14	-2	-37		49
<b>Revenue from purchased loan portfolios</b>	<b>199</b>	<b>172</b>	<b>107</b>	<b>62</b>	<b>37</b>		<b>577</b>
Profit from shares in associated parties/joint ventures and participation loans/notes	-4		13		3		12
<b>Total revenue from purchased loan portfolios</b>	<b>196</b>	<b>172</b>	<b>120</b>	<b>62</b>	<b>40</b>		<b>589</b>
Revenue from external collection	34	0	2	26	29		90
Revenue from loan receivables		31			0		31
Revenue from sale of collateral assets	1		78	12	13		103
Other operating revenues	4	3	2	7	-3		12
<b>Total other revenues</b>	<b>39</b>	<b>33</b>	<b>81</b>	<b>45</b>	<b>38</b>		<b>236</b>
<b>Total revenues</b>	<b>234</b>	<b>205</b>	<b>201</b>	<b>107</b>	<b>78</b>		<b>825</b>
Cost to collect	-63	-65	-55	-39	-42		-265
Cost of collateral assets sold, including impairment	-1	0	-58	-8	-9		-77
Cost other revenues	-33	-13	-4	-29	-33		-112
Administration and management costs	-7	-4	6	-6	-5	-98	-113
<b>EBITDA</b>	<b>130</b>	<b>123</b>	<b>90</b>	<b>24</b>	<b>-11</b>	<b>-98</b>	<b>259</b>
Depreciation, amortisation and impairment losses	-4	-5	-3	-5	-9	-95	-119
<b>Operating profit (EBIT)</b>	<b>126</b>	<b>119</b>	<b>87</b>	<b>19</b>	<b>-20</b>	<b>-193</b>	<b>139</b>

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

## 6 months, 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	350	242	186	129	152		1 059
Net credit gain/(loss) from purchased loan portfolios	17	86	55	-68	-28		62
<b>Revenue from purchased loan portfolios</b>	<b>367</b>	<b>328</b>	<b>242</b>	<b>61</b>	<b>124</b>		<b>1 121</b>
Profit from shares in associated parties/joint ventures and participation loans/notes	-3		23		6		26
<b>Total revenue from purchased loan portfolios</b>	<b>363</b>	<b>328</b>	<b>264</b>	<b>61</b>	<b>130</b>		<b>1 146</b>
Revenue from external collection	66		3	54	51		174
Revenue from loan receivables		55			0		56
Revenue from sale of collateral assets	1	0	197	12	29		239
Other operating revenues	7	3	6	15	-1		30
<b>Total other revenues</b>	<b>74</b>	<b>58</b>	<b>206</b>	<b>81</b>	<b>79</b>		<b>499</b>
<b>Total revenues</b>	<b>438</b>	<b>386</b>	<b>471</b>	<b>142</b>	<b>209</b>		<b>1 645</b>
Cost to collect	-119	-126	-79	-76	-90		-489
Cost of collateral assets sold, including impairment	-1	0	-150	-8	-22		-181
Cost other revenues	-65	-24	-11	-66	-61		-227
Administration and management costs	-12	-4	-13	-3	-8	-180	-221
<b>EBITDA</b>	<b>241</b>	<b>232</b>	<b>218</b>	<b>-12</b>	<b>28</b>	<b>-180</b>	<b>527</b>
Depreciation, amortisation and impairment losses	-7	-10	-5	-10	-12	-96	-139
<b>Operating profit (EBIT)</b>	<b>234</b>	<b>222</b>	<b>213</b>	<b>-21</b>	<b>17</b>	<b>-277</b>	<b>388</b>

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

## Quarter 2, 2022

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<b>Portfolio investments in the period</b>	366	340	0	32	19		758
<b>Purchased loan portfolios, carrying value</b>							
Purchased loan portfolios	4 489	2 124	1 902	1 508	1 010		11 034
Participation loan/notes to SPVs for purchase of loan portfolios	76				402		478
Purchased loan portfolios held through joint ventures <sup>1)</sup>			347		6		352
<b>Purchased loan portfolios at 30 June</b>	<b>4 565</b>	<b>2 124</b>	<b>2 249</b>	<b>1 508</b>	<b>1 418</b>		<b>11 864</b>

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

## Quarter 2, 2021

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<b>Portfolio investments in the period</b>	98	103	0	7	12		220
<b>Purchased loan portfolios, carrying value</b>							
Purchased loan portfolios	4 692	1 809	2 194	1 796	1 106		11 597
Participation loan/notes to SPVs for purchase of loan portfolios <sup>1)</sup>	90		20		499		609
Purchased loan portfolios held through joint ventures <sup>1)2)</sup>			222		6		228
<b>Purchased loan portfolios at 30 June</b>	<b>4 782</b>	<b>1 809</b>	<b>2 436</b>	<b>1 796</b>	<b>1 610</b>		<b>12 433</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

## 6 months, 2022

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<b>Portfolio investments in the period</b>	468	438	20	35	36		996
<b>Purchased loan portfolios, carrying value</b>							
Purchased loan portfolios	4 489	2 124	1 902	1 508	1 010		11 034
Participation loan/notes to SPVs for purchase of loan portfolios	76				402		478
Purchased loan portfolios held through joint venture <sup>1)</sup>			347		6		352
<b>Purchased loan portfolios at 30 June</b>	<b>4 565</b>	<b>2 124</b>	<b>2 249</b>	<b>1 508</b>	<b>1 418</b>		<b>11 864</b>

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

## 6 months, 2021

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<b>Portfolio investments in the period</b>	229	121	11	8	43		412
<b>Purchased loan portfolios, carrying value</b>							
Purchased loan portfolios	4 692	1 809	2 194	1 796	1 106		11 597
Participation loan/notes to SPVs for purchase of loan portfolios <sup>1)</sup>	90		20		499		609
Purchased loan portfolios held through joint ventures <sup>1)2)</sup>			222		6		228
<b>Purchased loan portfolios at 30 June</b>	<b>4 782</b>	<b>1 809</b>	<b>2 436</b>	<b>1 796</b>	<b>1 610</b>		<b>12 433</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	2021	2022	2021	2021
	Quarter 2	Quarter 2	6 months	6 months	Full Year
Opening balance	10 277	11 772	10 921	13 033	13 033
Portfolio investments in the period	758	220	996	412	1 202
Gross collection from purchased loan portfolios	-1 187	-1 267	-2 278	-2 692	-5 068
Interest revenue from purchased loan portfolios	528	588	1 059	1 207	2 344
Net credit gain/(loss) from purchased loan portfolios	49	-17	62	-18	11
Exchange rate differences	609	301	274	-346	-600
<b>Closing balance</b>	<b>11 034</b>	<b>11 597</b>	<b>11 034</b>	<b>11 597</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 30 June 2022 is NOK 11.394m.

**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 2, 2022***All figures in NOK million*

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<b>Secured portfolios:</b>							
Gross collection from purchased loan portfolios	3	10	164	47	36		260
Collection above/(below) estimates	1	-1	128	3	17		148
Changes in future collection estimates	-1	3	-121	5	-15		-130
Net credit gain/(loss) from secured portfolios	0	1	7	8	2		18
<b>Unsecured portfolios:</b>							
Gross collection from purchased loan portfolios	421	279	77	41	108		926
Collection above/(below) estimates	20	49	7	-10	-13		53
Changes in future collection estimates	4	0	0	0	-26		-22
Net credit gain/loss from unsecured portfolios	24	49	7	-10	-38		31
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>24</b>	<b>51</b>	<b>14</b>	<b>-2</b>	<b>-37</b>		<b>49</b>

## Quarter 2, 2021

All figures in NOK million

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

## 6 months, 2022

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<b>Secured portfolios:</b>							
Gross collection from purchased loan portfolios	5	16	290	97	96		503
Collection above/(below) estimates	2	-8	186	5	46		230
Changes in future collection estimates	-1	9	-141	-46	-29		-208
Net credit gain/(loss) from secured portfolios	1	1	45	-41	16		22
<b>Unsecured portfolios:</b>							
Gross collection from purchased loan portfolios	783	534	156	78	225		1775
Collection above/(below) estimates	17	85	10	-27	-18		67
Changes in future collection estimates	-1	0	0	0	-26		-27
Net credit gain/loss from unsecured portfolios	16	85	10	-27	-44		40
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>17</b>	<b>86</b>	<b>55</b>	<b>-68</b>	<b>-28</b>		<b>62</b>

## 6 months, 2021

All figures in NOK million

	Northern Europe	Poland	Central Europe	Western Europe	South Eastern Europe	Central functions / eliminations	Total
<b>Secured portfolios:</b>							
Gross collection from purchased loan portfolios	7	23	581	128	114		853
Collection above/(below) estimates	3	6	-3	-56	-8		-58
Changes in future collection estimates	-3	-6	-2	34	5		27
Net credit gain/(loss) from secured portfolios	0	0	-6	-23	-3		-31
<b>Unsecured portfolios:</b>							
Gross collection from purchased loan portfolios	845	530	160	88	216		1838
Collection above/(below) estimates	41	55	-3	-23	-36		34
Changes in future collection estimates	-13	-2	-4	0	-3		-22
Net credit gain/loss from unsecured portfolios	28	52	-7	-23	-38		12
<b>Net credit gain/(loss) from purchased loan portfolios</b>	<b>28</b>	<b>53</b>	<b>-13</b>	<b>-46</b>	<b>-41</b>		<b>-18</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	2021	2022	2021	2021
	Quarter 2	Quarter 2	6 months	6 months	Full Year
Portfolio investments in the period	-758	-220	-996	-412	-1 202
Change in prepaid amounts and amounts due on portfolio purchases	204	-18	184	-24	10
<b>Payment of loan portfolios, cash flow statement</b>	<b>-553</b>	<b>-238</b>	<b>-812</b>	<b>-436</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 3,664m) as the loan is based on one to six months floating interest. The fair value (NOK 5,932m) of bond loans (level 1) were determined by obtaining quoted market prices for the bond loans from Refinitiv EIKON. The carrying amount is NOK 5,910m. Participation loan/notes are measured at fair value through profit or loss. For loan receivables the carrying value is the best estimate of fair value.

**Financial risk**

The strategy of the Group is to manage and limit both currency and interest rate risk. The Group holds various derivative financial instruments with the purpose of reducing its interest rate exposure and achieving a suitable currency ratio between its assets and liabilities. At quarter end the fair value of the currency derivatives was negative NOK 4m and the fair value of the interest rate hedging derivatives was positive NOK 123m. The interest rate hedging ratio was 83%.

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	2021	2022	2021	2021
	Quarter 2	Quarter 2	6 months	6 months	Full Year
Interest revenue	1	1	2	1	1
Other financial income	1	-0	1	0	0
<b>Financial income</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>1</b>
Interest expenses	-151	-161	-293	-324	-632
Change in fair value of interest rate derivatives	36	5	70	19	62
Interest expense on leases	-2	-2	-4	-4	-7
Other financial expenses	0	-0	-0	-0	5
<b>Financial expenses</b>	<b>-117</b>	<b>-158</b>	<b>-226</b>	<b>-309</b>	<b>-572</b>
Realised exchange gain/(loss)	-42	-12	-39	-9	-16
Unrealised exchange gain/(loss)	87	46	53	48	22
Change in fair value of currency derivatives	-37	-8	-22	-24	-1
<b>Net exchange gain/(loss)</b>	<b>8</b>	<b>26</b>	<b>-7</b>	<b>14</b>	<b>5</b>
<b>Net financial items</b>	<b>-107</b>	<b>-132</b>	<b>-231</b>	<b>-294</b>	<b>-566</b>

**NOTE 6 - INTEREST BEARING LOANS AND BORROWINGS***All figures in NOK million*

	30 June 2022		31 December 2021	
	Current	Non-current	Current	Non-current
Multi-currency revolving credit facility	0	3 664	497	3 030
Bond loan	1 974	3 936	1 903	3 794
Bank overdraft	196		219	
<b>Total</b>	<b>2 170</b>	<b>7 600</b>	<b>2 619</b>	<b>6 825</b>

The Group is financed by a combination of multi-currency Revolving Credit Facility (RCF) and Bond loans. At quarter end EUR 374m was utilised from the EUR 610m RCF, leaving total available, undrawn facility lines of EUR 236m. The bridge which was current by end of Q1 has been rolled into the non-current RCF. For further information, please refer to Corporate Matters.

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 and Corporate Matters in interim reports Q1 and Q2 2022.

**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 30 June 2022</b>	<b>409 932 598</b>	<b>41</b>	<b>2 843</b>
Capital reduction registered on 28 July 2022 related to the share buy-back programme ended 31 Mar 2022	-8 767 774	-1	-
<b>At 22 August 2022 (date of completion of these interim condensed financial statements)</b>	<b>401 164 824</b>	<b>40</b>	<b>2 843</b>

1) Including 3,428,471 shares purchased in share buy-back program, whereof 342,448 not settled as at 30 June 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 total 8,767,774 shares were bought back at an average price of NOK 9.90 per share and the share capital reduction of NOK 0.9m was effective as of 28 July 2022.

The Company started a second share buy-back program on 27 May 2022 to end 31 December 2022. The purpose of the program is to reduce the capital of the Company.

In the period 27 May – 30 June 2022 3,428,471 shares were bought back at an average price of NOK 8.13 per share. Of these 3,086,023 shares were settled transactions as of 30 June 2022, decreasing the equity attributable to parent company shareholders by NOK 25m.

## NOTE 8 – SHARE BASED PAYMENTS

In second quarter, 30 June 2022, 2,110,000 share options were granted at a strike price of 8.048 NOK. Each option, when exercised, will give the right to acquire one share in B2Holding ASA. Pursuant to the vesting schedule 1/3 of the options will vest one, two and three years after the day of granting. The options that have not been exercised will lapse five (5) years after the date of granting.

No share options were terminated, exercised or expired in second quarter.

At the date of these interim financial statements there are 11,130,000 share options outstanding.

## NOTE 9 – SUBSEQUENT EVENTS

On 19 August 2022 B2Holding signed an agreement to sell 100% of the shares in its Bulgarian subsidiary, Debt Collection Agency EAD (“DCA”), to a local Special Purpose Vehicle company. The total proceeds received from the sale of DCA is EUR 48.4 million which after adjustments represent close to 100% of the book value of the portfolios. The closing of the transaction is subject to relevant regulatory approvals in Bulgaria and is expected in October this year. The transaction triggered a non-cash impairment, mainly related to goodwill. The net impact on profit after tax was NOK 105 million. The signing of the Sale and Purchase Agreement was done subsequent to the second quarter, but the impairment was recognized in the second quarter.

On 19 August 2022 B2Holding ASA closed the previously announced non-recourse senior financing agreement with a company managed and advised by Pacific Investment Management Company LLC (“PIMCO”). The senior financing will have a floating interest rate of 4.55% over 3m Euribor. B2Holding, through its fully owned subsidiary, Veraltis Asset Management, will be the master and special servicer of the portfolios included in the structure.

## 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	2021	2022	2021	2021
	Quarter 2	Quarter 2	6 months	6 months	Full Year
<b>Total revenues</b>	825	812	1 645	1 593	3 155
Adjust for cost of collateral assets sold, including impairment	-77	-56	-181	-75	-119
<b>Net revenues</b>	<b>748</b>	<b>756</b>	<b>1 464</b>	<b>1 518</b>	<b>3 036</b>
<b>Operating profit/(loss)</b>	139	341	388	671	1 308
Non-recurring items, of which:					
Changes in future collection estimates	32	-	32	-	-
Interest revenue on loan receivables	-	-	-	-	10
Other revenues	-	-	-	-	-3
External expenses of services provided	-1	-	-4	-	-4
Personnel expenses	5	4	3	4	4
Other operating expenses	56	-24	102	-24	18
Depreciation and amortisation	1	-	1	-	-
Impairment	98	-	98	-	1
Total Non-recurring items	191	-20	231	-20	25
<b>Adjusted EBIT</b>	<b>330</b>	<b>321</b>	<b>619</b>	<b>651</b>	<b>1 333</b>
<b>Operating profit/(loss)</b>	139	341	388	671	1 308
Add back depreciation, amortisation and impairment losses	119	23	139	45	88
<b>EBITDA</b>	<b>259</b>	<b>364</b>	<b>527</b>	<b>716</b>	<b>1 396</b>
<b>Total revenues</b>	825	812	1 645	1 593	3 155
Add back amortisation of purchased loan portfolios	458	647	923	1 508	2 609
Add back revaluation of purchased loan portfolios	152	50	234	-5	104
Adjust for repossession of collateral assets	-80	-137	-135	-340	-559
Adjust for profit from shares in associated parties/joint ventures and participation loan/notes	-12	-29	-26	-42	-99
Add cash received from shares in associated parties/joint ventures and participation loan/notes	36	27	78	78	184
Adjust for Non-recurring items	-	-	-	-	7
<b>Cash revenue</b>	<b>1 379</b>	<b>1 369</b>	<b>2 720</b>	<b>2 793</b>	<b>5 402</b>
<b>Operating profit/(loss)</b>	139	341	388	671	1 308
Add back amortisation of purchased loan portfolios	458	647	923	1 508	2 609
Add back revaluation of purchased loan portfolios	152	50	234	-5	104
Add back depreciation, amortisation and impairment losses	119	23	139	45	88
Adjust for repossession of collateral assets	-80	-137	-135	-340	-559
Add back for cost of collateral assets sold, including impairment	77	56	181	75	119
Adjust for profit from shares in associated parties/joint ventures and participation loan/notes	-12	-29	-26	-42	-99
Add cash received from shares in associated parties/joint ventures and participation loan/notes	36	27	78	78	184
Adjust for Non-recurring items	61	-20	101	-20	24
<b>Cash EBITDA</b>	<b>949</b>	<b>957</b>	<b>1 884</b>	<b>1 971</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 30 Jun	2022 31 Mar	2021 31 Dec	2021 30 Sep
<b>Total assets</b>	15 946	14 773	15 315	15 500
<b>Total equity</b>	5 023	4 882	4 993	5 031
<b>Equity ratio</b>	<b>31,5 %</b>	<b>33,0 %</b>	<b>32,6 %</b>	<b>32,5 %</b>
<b>Total assets</b>	15 946	14 773	15 315	15 500
Excluding IFRS 16 right-of-use asset	-98	-100	-108	-85
<b>Total assets excl IFRS 16 right-of-use asset</b>	<b>15 848</b>	<b>14 673</b>	<b>15 208</b>	<b>15 415</b>
<b>Equity ratio</b>	<b>31,7 %</b>	<b>33,3 %</b>	<b>32,8 %</b>	<b>32,6 %</b>

### Total Loan to Value

All figures in NOK million

	2022 30 Jun	2022 31 Mar	2021 31 Dec	2021 30 Sep
Bond loan (nominal value) <sup>1)</sup>	5 931	5 565	5 725	6 950
Revolving Credit Facility (nominal value) <sup>1)</sup>	3 177	2 825	3 062	2 280
Bridge Facility (nominal value) <sup>1)</sup>	500	500	500	250
Contingent consideration (earn out)	12	11	11	17
Vendor loan	224	15	36	18
FX Derivatives (MTM)	4	-32	-18	-0
Net cash balance including overdraft	-538	-372	-157	-274
<b>Total loan</b>	<b>9 309</b>	<b>8 511</b>	<b>9 157</b>	<b>9 241</b>
Purchased loan portfolios	11 034	10 277	10 921	11 222
Investment and participation in joint ventures <sup>2)</sup>	830	802	854	773
Other assets <sup>3)</sup>	1 763	2 014	2 226	2 141
<b>Book value</b>	<b>13 627</b>	<b>13 094</b>	<b>14 001</b>	<b>14 136</b>
<b>Total Loan to Value % (TLTV)</b>	<b>68,3 %</b>	<b>65,0 %</b>	<b>65,4 %</b>	<b>65,4 %</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.

### Adjusted EBIT % (Adj. EBIT %)

Adjusted EBIT % is Adjusted EBIT expressed as a percentage of Net revenues excluding Non-recurring items.

### Adjusted Net profit (Adj. Net profit)

Adjusted Net profit consists of Profit/(loss) after tax adjusted for Non-recurring items impacting EBIT reduced by the tax rate for the period.

### 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.

### Cash collections

Cash collections include unsecured collections, secured cash recoveries, cash received from SPVs and joint ventures, and REO sales proceeds.

### 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.

**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.

**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

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