Company presentation

DNB SME Conference – 7 April 2022

Erik Just Johnsen, CEO

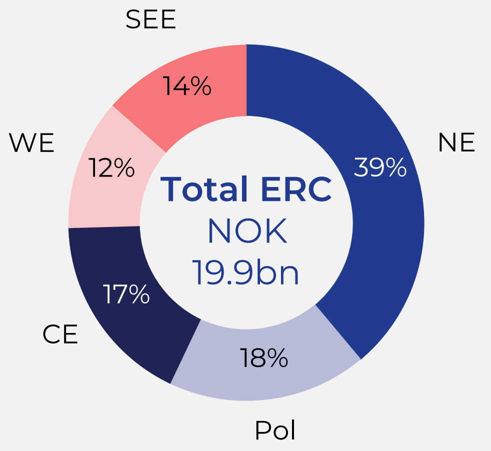
B2HOLDING®

Photo: Adrian / Unsplash

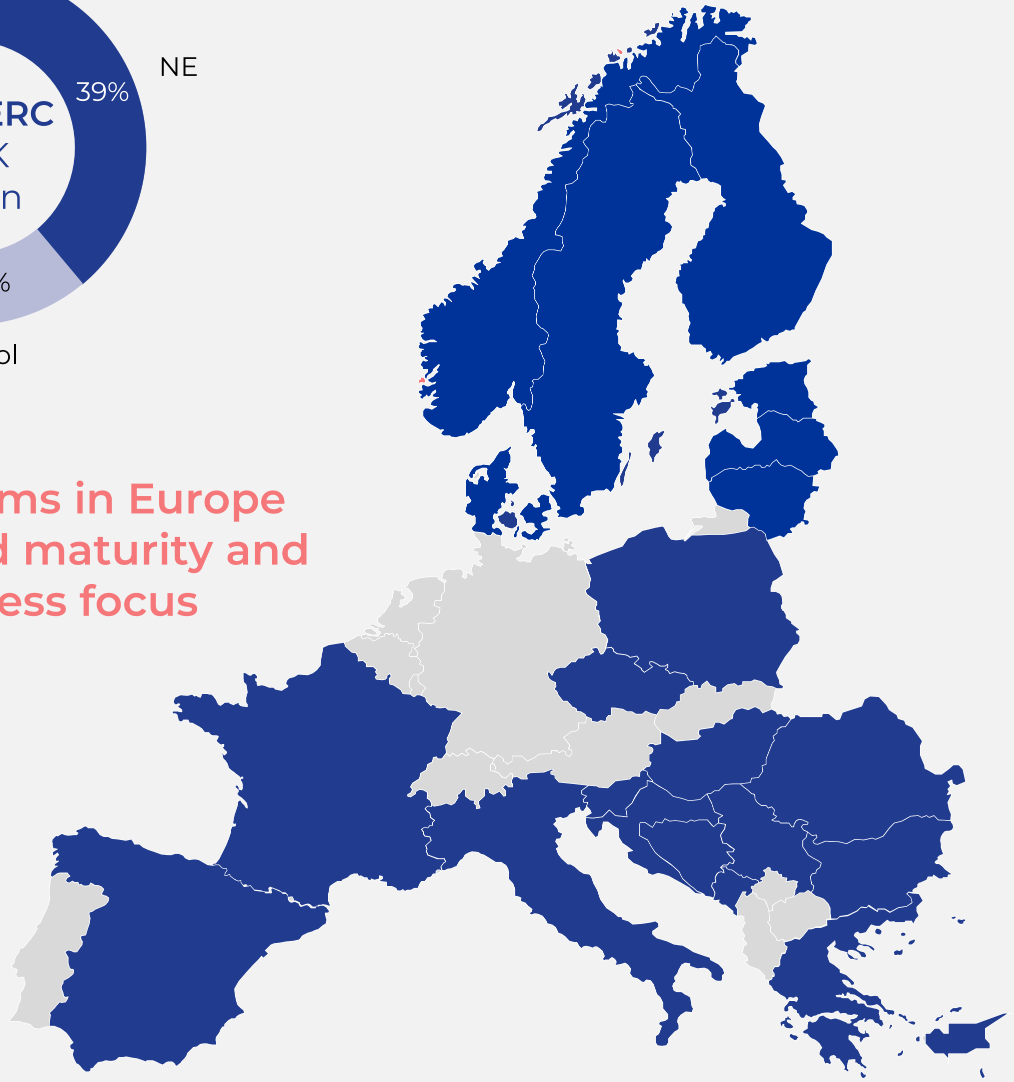
This is B2Holding

NOKm	FY 2021	FY 2020	Change %
Net revenues	3,036	3,095	-2%
Adjusted EBIT	1,333	1,246	7%
Adjusted EBIT Margin	44%	40%	4 pp
EBIT	1,308	1,224	7%
ERC	19,918	23,100	-14%
Gross Collections	5,435	5,659	-4%
Cash EBITDA	3,779	3,664	3%
#Claims (millions)	8.4	8.1	4%
#FTEs	1,979	2,191	-10%

- Leading pan-European credit management servicer headquartered in Norway and listed on the Oslo Stock Exchange under the ticker B2H
- Focus: Granular consumer NPLs, and retail and corporate secured NPLs, owned and serviced for JV partners



22 platforms in Europe with varied maturity and business focus



Group Main Achievements 2021

Organization & ESG

- Maintained Covid-19 measures: remote or hybrid working model based on local government recommendations
- Commitment to ESG showing results – 3rd party confirmation and validation

Operational improvements

- Unsecured collections: Continued positive trend with overperformance
- Secured recoveries: Significant improvement in portfolio management of secured NPLs and REOs

Effectiveness & efficiency

- Sustained lower cost base while maintaining high collection activity
- Improved efficiency through use of Artificial Intelligence ("AI") and improved data management

Capital funding

- Stable cash earnings, excess cash used to repay bonds and continued deleveraging
- Focus on partnerships for secured investments, where the first significant step is a non-recourse senior financing with PIMCO

Investments

- Solid investment capacity
- Focus on utilizing existing scalability on unsecured platforms

ESG focus showing results

Substantially improved the ESG Risk rating from Sustainalytics, ranking us at the top of our industry and within the top 1 % of rated companies globally

- B2Holding is considered to be at negligible ESG risk:
  - Low exposure of material ESG issues such as Business Ethics, Data Privacy and Security and Product Governance
  - Material ESG risks have been managed through suitable policies, programmes or initiatives

Additionally, we have improved the rating from E to C in The Governance Group's ESG 100 report on the largest companies on Oslo Stock Exchange

ESG Risk rating

9.3

Negligible Risk

Negligible	Low	Medium	High	Severe
0 - 10	10 - 20	20 - 30	30 - 40	40+

UNIVERSE	RANK (1st = lowest risk)	PERCENTILE (1st = lowest risk)
Global Universe	97 / 14613	**2nd**
Diversified Financials INDUSTRY	6 / 889	**2nd**
Consumer Finance SUBINDUSTRY	1 / 227	**1st**

Additional investment capacity for secured and unsecured markets

B2HOLDING
BV[1] NOK 13.1bn

BV NOK 8.3bn

Core unsecured & existing JVs

Norway	Spain
Sweden	Czech Republic
Denmark	Hungary
Finland	Montenegro
Poland	BiH
Baltics	Greece

~EUR 200m

Proceeds from senior financing to support capital structure and future investments

Co-investments in addition to revolving facility to drive increased volume for our platforms

BV NOK 4.8bn

Core secured perimeter

Cyprus	Italy
Romania	Croatia
Bulgaria	Slovenia
France	Serbia

Senior terms

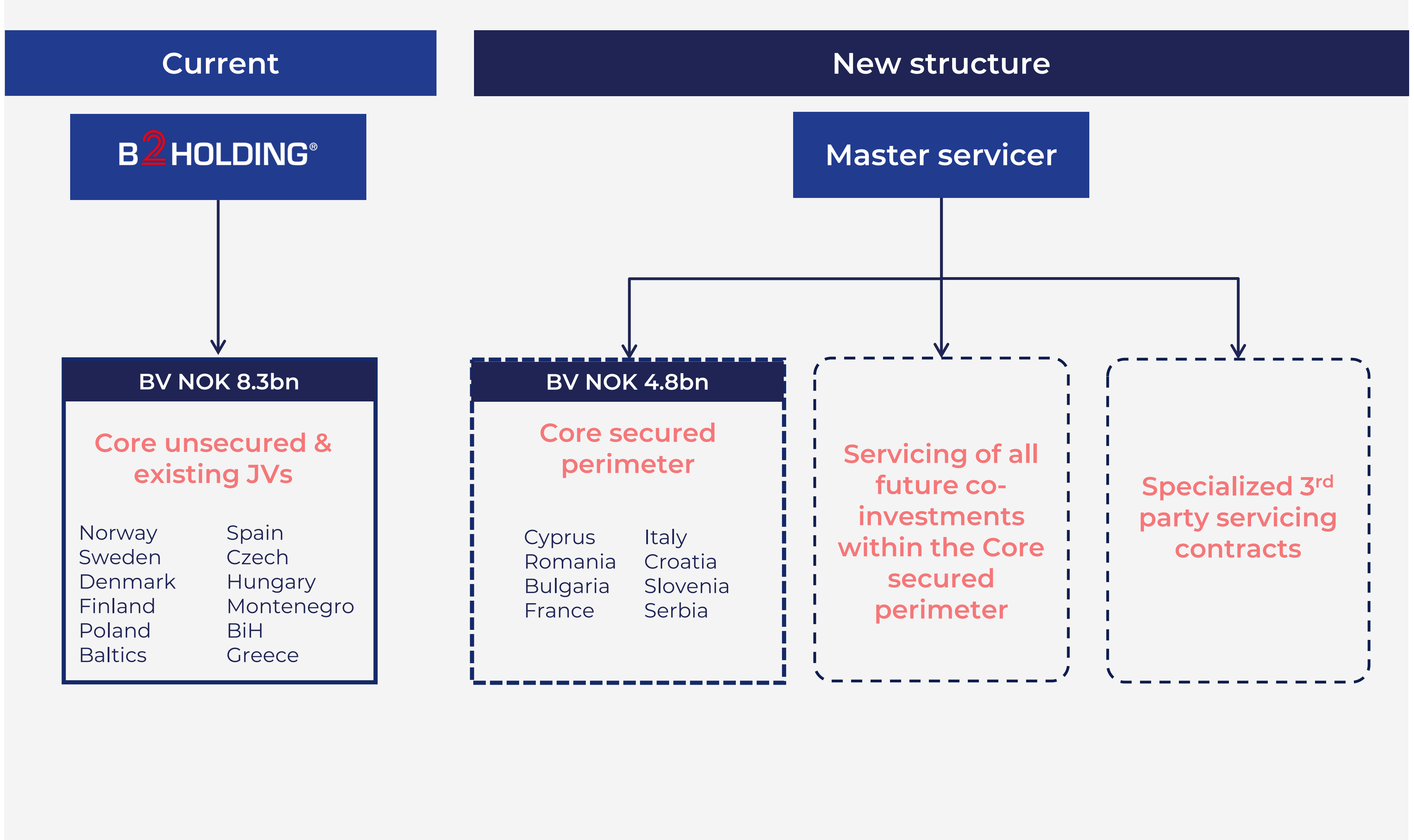
- 50% Senior financing at 5% fixed rate
- Revolving facility of 65% of proceeds for a period up to 2 years
- Funding during Q2
- Five-year duration with option for two more years
- 3-4 years repayment expected

Serviced by B2Holding platforms

- Senior financing of approx. EUR 200m agreed with PIMCO
- Reinvestment of cash flows through revolving facility up to EUR 130m next two years
- Funding of assets in core secured perimeter will have non-recourse to B2Holding
- New structure facilitates a partnership model in secured assets

1) BV = Book value of NPLs, REOs and JVs

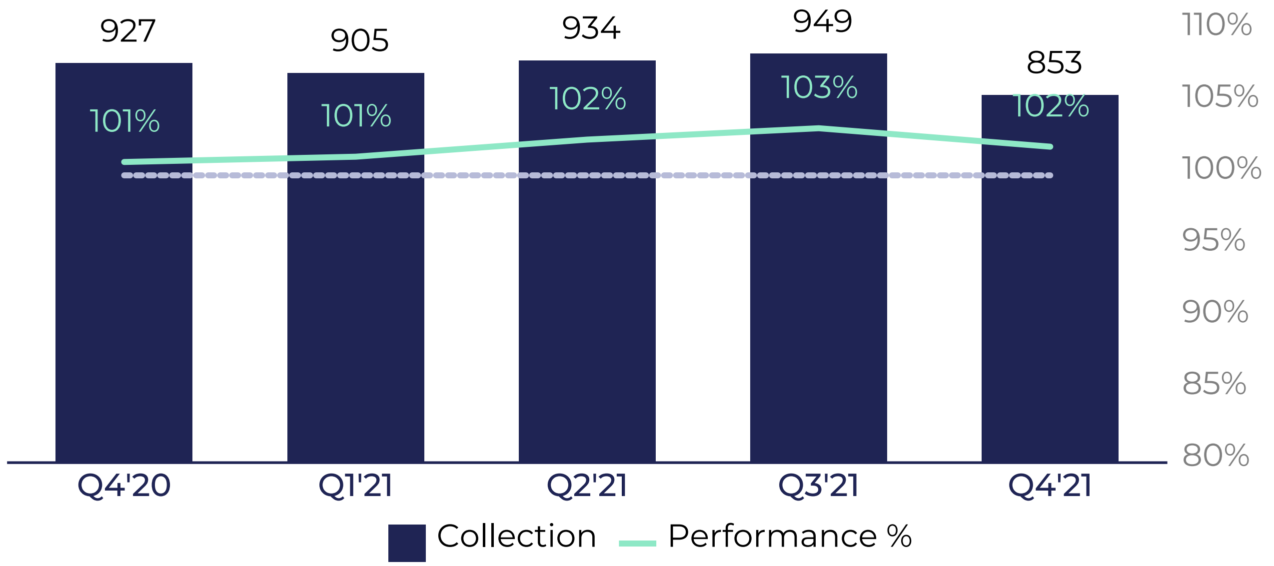
Establishing a cross-border master servicer with local expertise



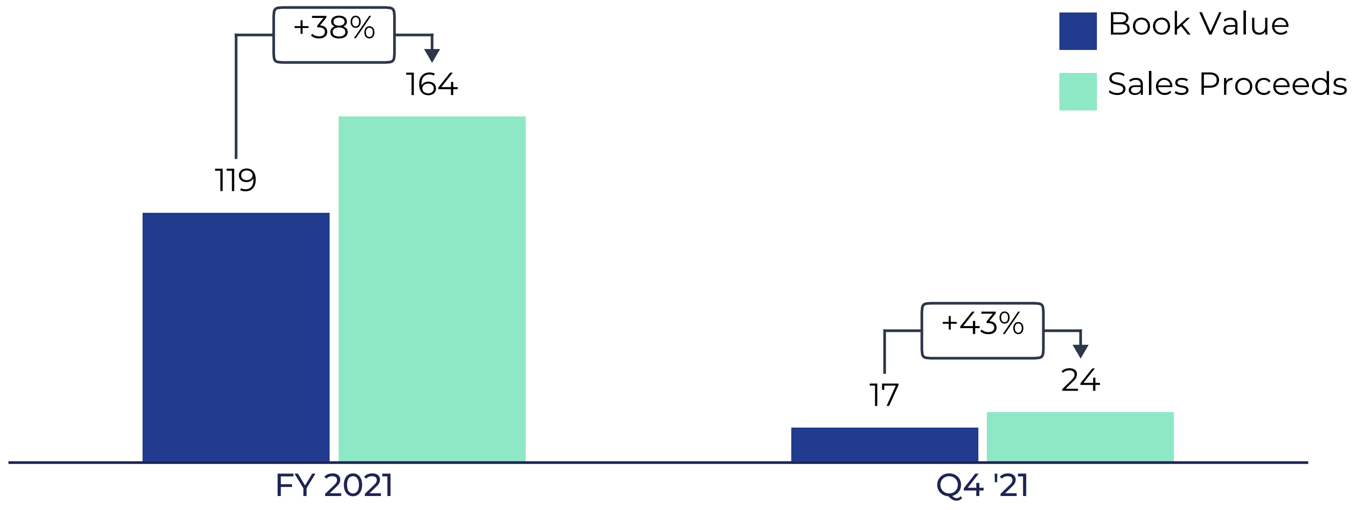
- Segregate Servicing from Investment activity in countries with secured assets
- Master and special servicer model received approval by regulator in EU.
- Facilitating co-investments mainly in secured NPLs
- Increased servicing volume and capital light revenue

Collection Performance

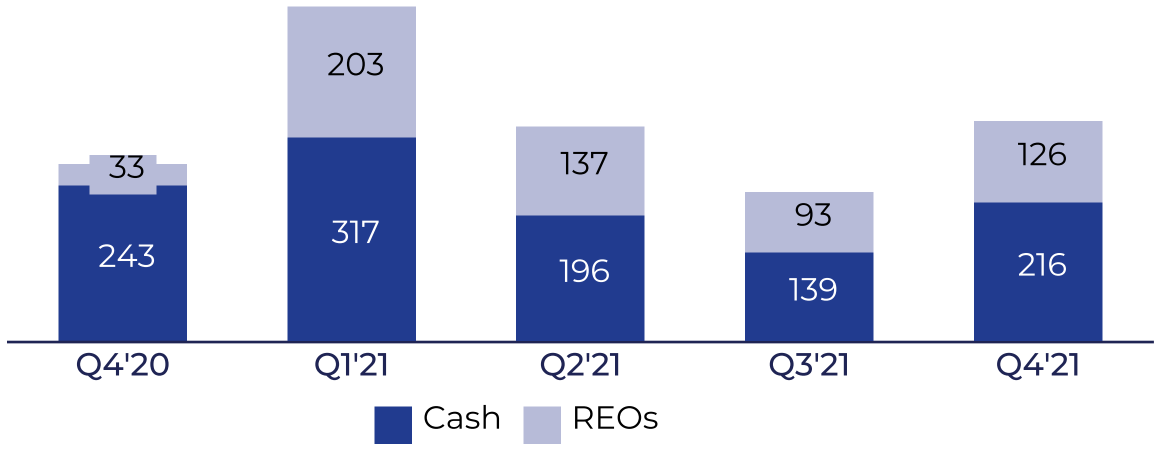
Unsecured collection performance



REOs sold



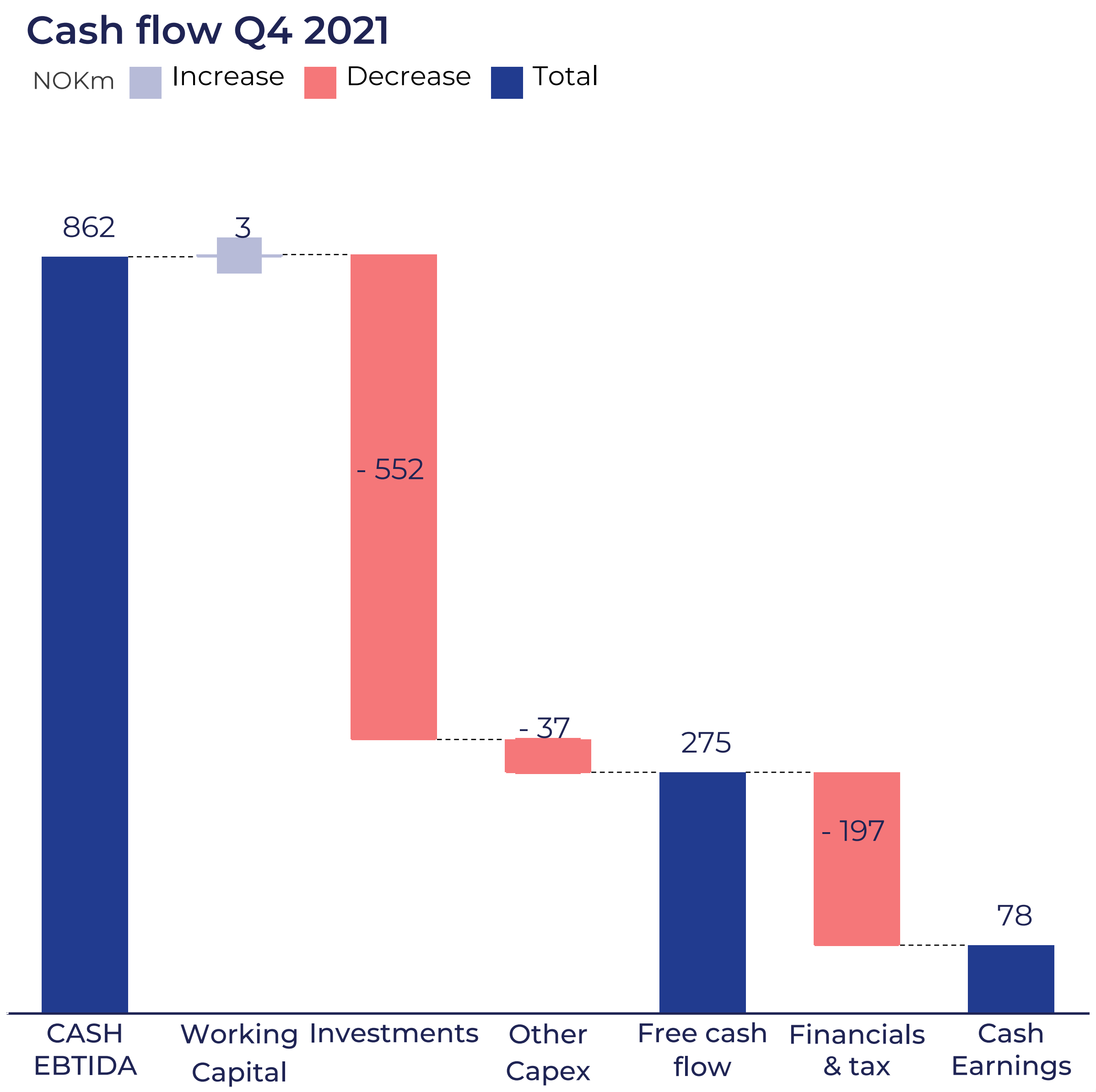
Secured recoveries

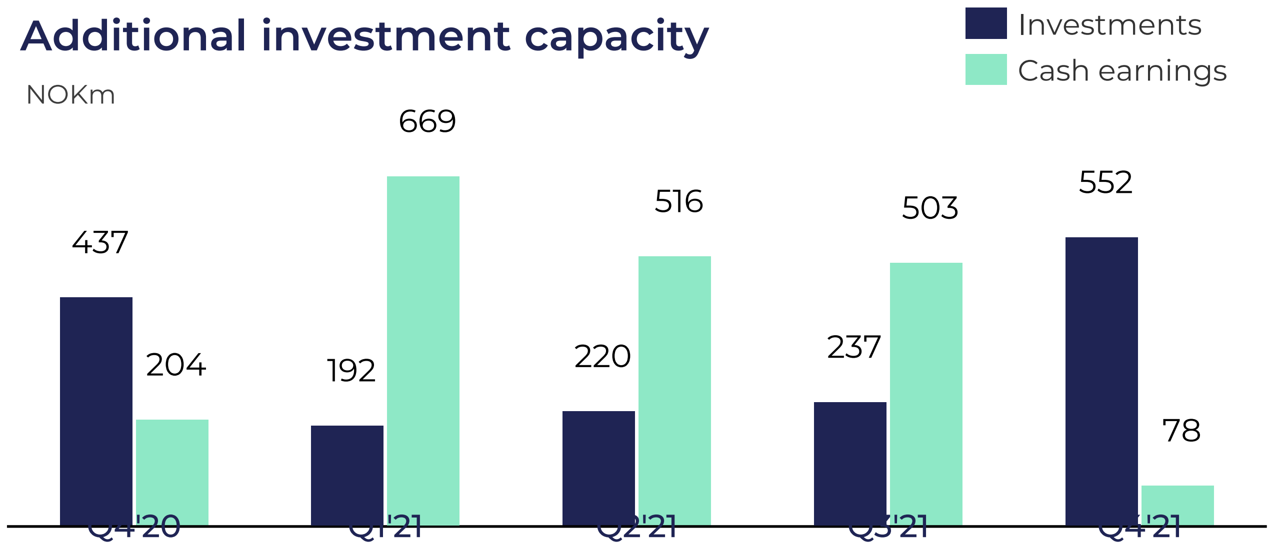


- Unsecured collections continued to perform ahead of forecast
- Secured collections above latest forecast
- REOs sold with a premium to book value

All numbers in NOK million

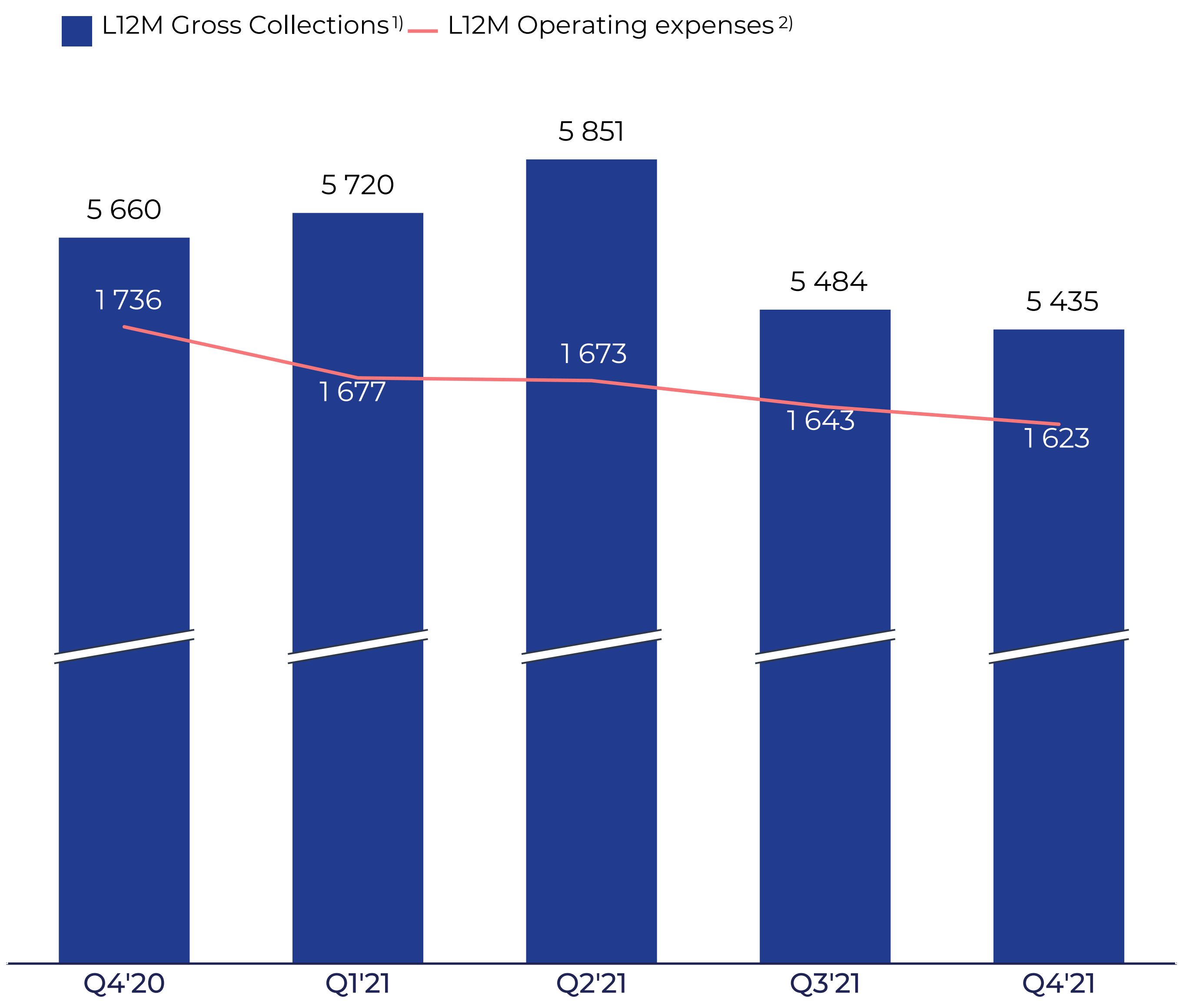
Strong secured & REO monetization resulting in solid cash earnings





Sustained lower cost base while maintaining high collection activity

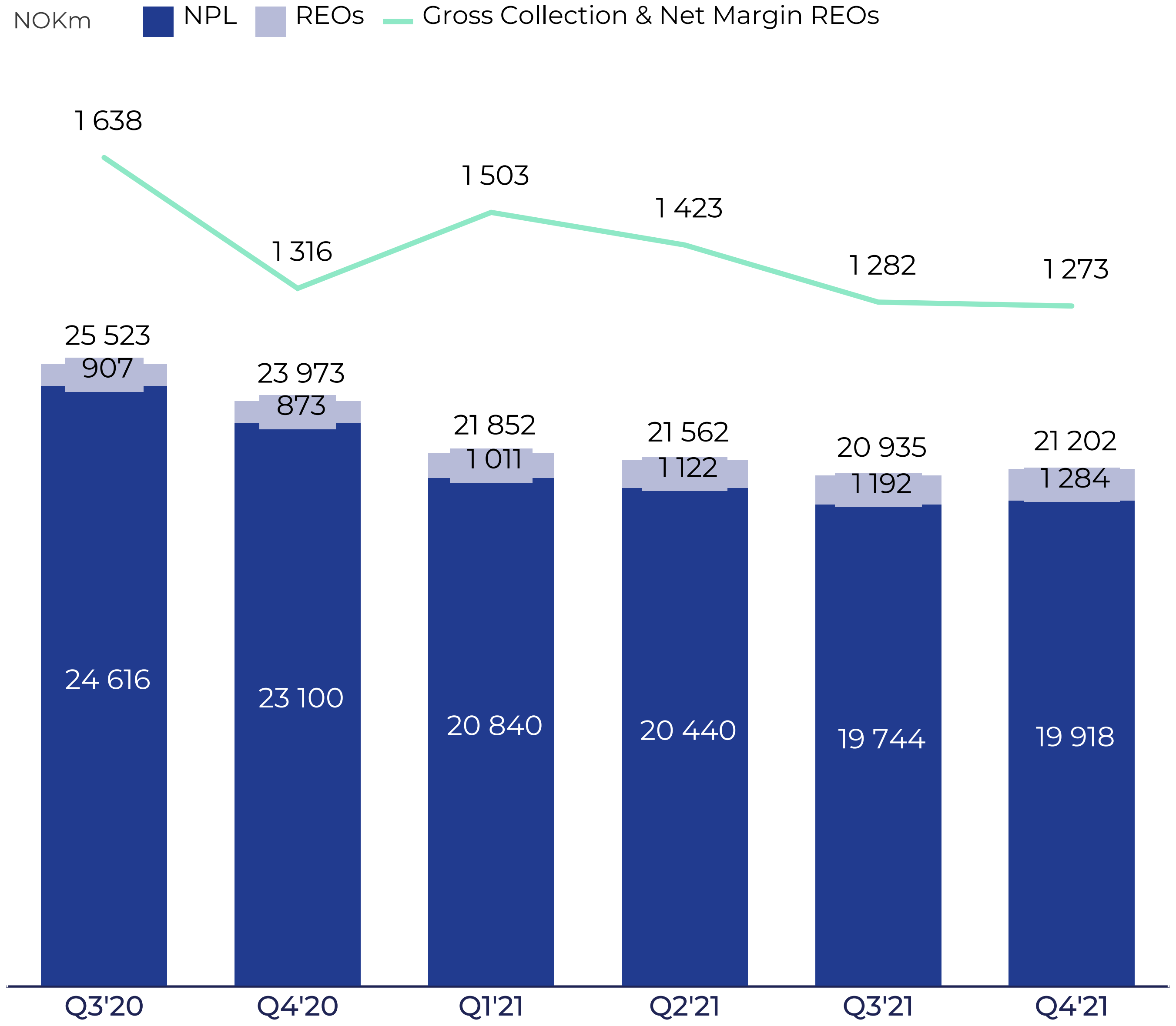
- Sustained lower cost base despite high collection activity demonstrating increased scalability across the group
- OPEX in the quarter down 13% compared to Q4 2019 adjusted for FX and NRIs
- We expect to benefit from a more efficient cost base as we ramp up investment volumes going forward



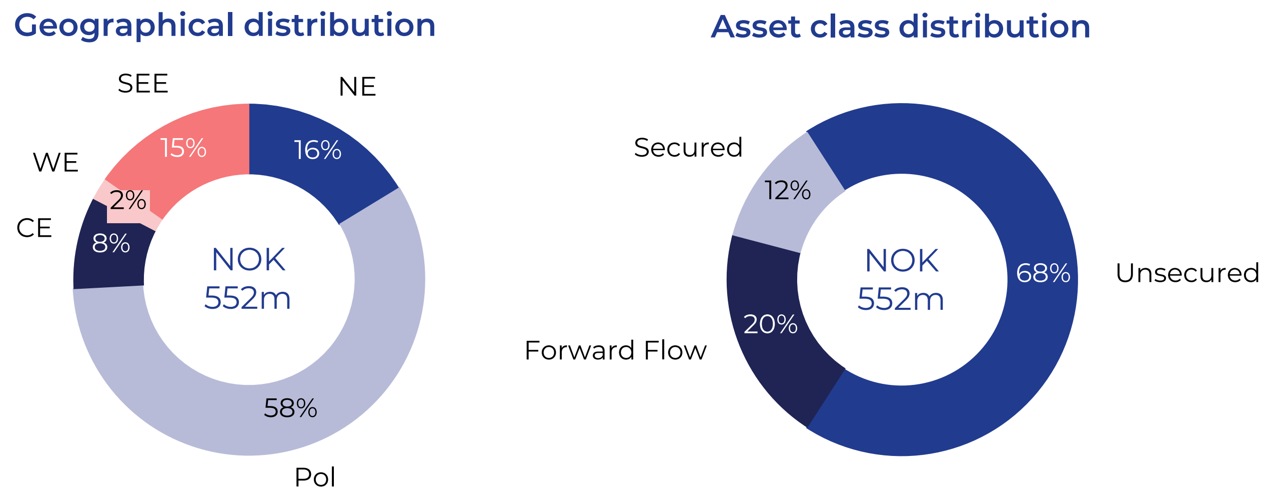
Numbers in NOK million
1) Gross Collections includes share of cash from JVs
2) Operating expenses excluding Depreciation, Amortisation, Impairment and Non Recurring Items

Portfolio investments and Estimated Remaining Collections (ERC)

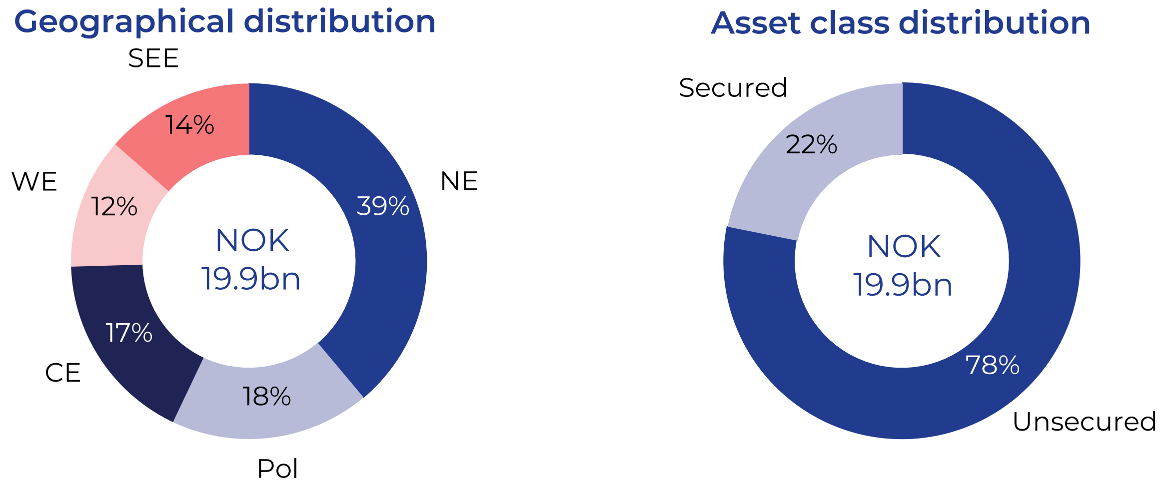
ERC incl. REO book value



Portfolio investments in Q4



Total ERC as of Q4



All numbers in NOK million

Key takeaways

- 2021 closed on a positive trend
- Dividend of NOK 0.42 for 2021
- Signed financing agreement with PIMCO to drive scalability on secured platforms
- Significant increase in investments in Q4
- Prepared for higher market activity

Q&A

B2 HOLDING®

Definitions

- **Actualisation:** The difference between actual and forecasted collections for purchased loan portfolios for the reporting period.
- **Adjusted EBIT (Adj. EBIT):** Adjusted EBIT consists of EBIT adjusted for Non-recurring items.
- **Administration & management costs:** Administration and management cost include Head Office and other Group costs such as Investment Office.
- **Amortisation:** Amortisation it the reduction in the current value of the purchased loan portfolios during the period, which is attributable to collection taking place as planned.
- **Available investment capacity/Liquidity reserve:** Cash and short-term deposit (less NOK 200 million to cover working capital) plus unutilised bank overdraft, plus unutilised multi-currency revolving credit facility, 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:** 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 acquisitions of portfolio investments and in connection with the recovery of collateral for purchased loan portfolios, the Group may become owners of property holdings or other physical goods. These have been acquired for the purpose of being divested within the Group's ongoing operations and are classified as inventories in accordance with IAS 2.
- **Cost other revenues:** Cost other revenues is all external and internal operating costs related to the Group's other business areas.
- **Cost to collect:** All external and internal operating costs related to the Group's collection business.
- **EBITDA:** Operating profit before depreciation and amortisation (EBITDA) consists of operating profit (EBIT) adding back depreciation and amortisation of tangible and intangible assets.
- **EBITDA margin:** EBITDA over total operating revenues.
- **ERC:** Estimated remaining collection (ERC) expresses the gross collection in nominal values expected to be collected in the future from the purchased loan portfolios owned at the reporting date and the Group's share of gross collection on portfolios purchased and held in joint ventures. ERC includes ERR.
- **ERR:** Estimated remaining recoveries (ERR) expresses the gross collection in nominal values expected to be recovered in the future from the purchased secured loan portfolios owned at the reporting date and the Group's share of gross collection on secured portfolios purchased and held in joint ventures.
- **Forward flow agreements:** Forward flow agreements are agreements where the Group agrees with the portfolio provider that it will, over some period in fixed intervals, transfer its non-performing loans of a certain characteristics to the Group.
- **Gross collection:** Gross collection is the actual cash collected and assets recovered from purchased portfolios before costs related to collect the cash received.
- **Interest income from loan receivables:** Interest income from loan receivables is the calculated amortised cost interest revenue from the loan receivable using the original effective interest rate.

Definitions (cont'd)

- **Interest Coverage:** The ratio of Cash EBITDA divided by net interest expenses.
- **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 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".
- **Net credit gain/(loss) from purchased loan portfolios:** The Group's exposure to credit risk from the purchased loan portfolios is related to actual gross collection deviating from collection estimates and from changes in future collection estimates. The Group regularly evaluates the current collection estimates at the individual portfolio level and the estimate is adjusted if collection is determined to deviate from current estimate over time. The adjusted collection estimate is discounted by the initial rate of return at acquisition of the portfolio. Changes from current estimate adjust the book value of the portfolio and are included in the profit and loss statement in the line item "Net credit gain/(loss) from purchased loan portfolios". Collection above collection estimates and upward adjustments of future collection estimates increase revenue. Collection below collection estimates and downward adjustments of future collection estimates decrease revenue. Net credit gain/(loss) equals net actualisation/revaluation.
- **Net debt:** Net debt consist of nominal value of interest-bearing loans and borrowings plus utilised bank overdraft less cash and short-term deposits.
- **Net interest-bearing debt:** Net interesting-bearing debt consist of carrying value of interest-bearing loans and borrowings plus utilised bank overdraft less cash and short-term deposits.
- **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 includes revenue from external collection, interest on loan receivables as well as subscription income for credit information, telemarketing and other services which is recognised proportionately over the term of the underlying service contract which is usually one year.
- **Participation loan/notes:** Participation loan/notes consist of investment agreements with co-investors for the purchase of loan portfolios through SPVs. The contractual arrangement of the participation loan/notes are directly related to the performance of the portfolios purchased in the SPVs
- **Portfolio purchases:** Portfolio purchases are the investments for the period in secured (with collateral) and unsecured (without collateral) loan portfolios.
- **Profit margin:** Profit margin consists of operating profit (EBIT) expressed as a percentage of total operating revenues.
- **Return on equity (ROE):** Return on equity is calculated based on rolling 12-months profit/(loss) attributable to parent company shareholders divided by the average equity attributable to parent company shareholders, with average equity calculated as a simple average based on opening and closing balances for the respective 12-month period.
- **Revaluation:** Revaluation is the period's increase or decrease in the current value of the purchased loan portfolios attributable to changes in forecasts of future collection.
- **Total Loan to Value (TLTV):** Net debt adjusted for vendor loan, earn out and FX hedge MTM over Assets (portfolio, JV, loan receivables, REO and goodwill).

b2holding.no

IR contact
Rasmus Hansson
Head of Commercial Strategy
and Investor Relations

+47 952 55 842
rh@b2holding.no

B2HOLDING®