# Q2

Second quarter 2020

*Oslo, 20 August 2020*

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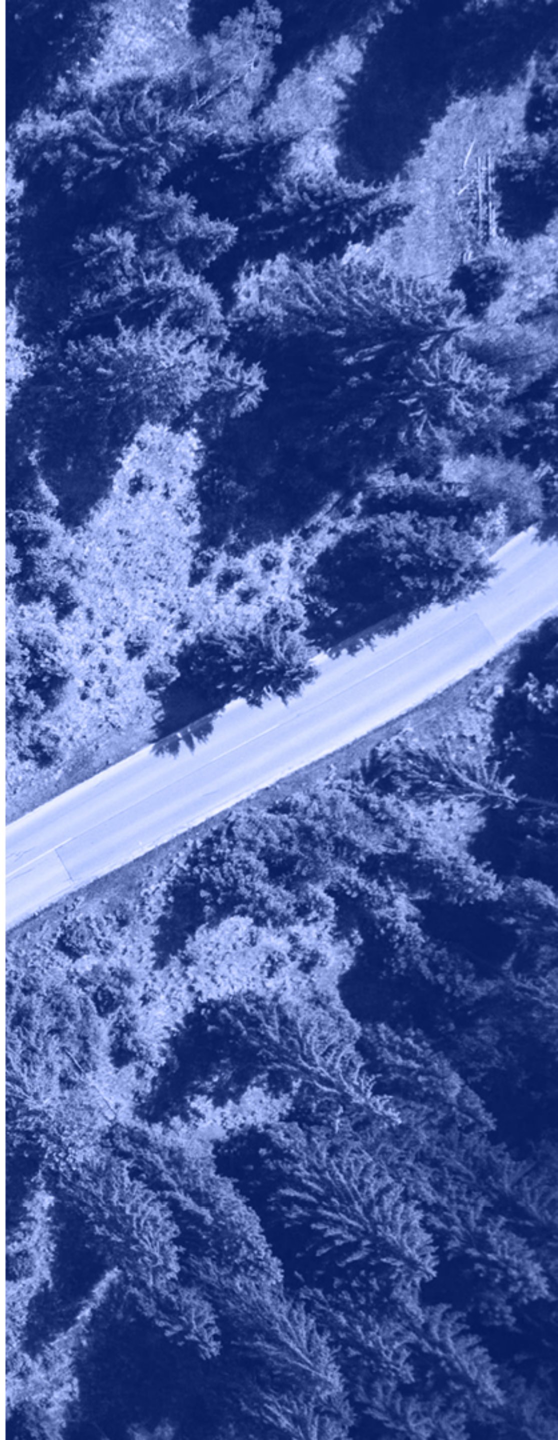


# Key figures Q2 2020

NOKm

| Total revenues | Gross Cash Collections[1] | Cash EBITDA |
|---|---|---|
| **702** | **1,277** | **916** |
| (379) | (1,328) | (993) |

| Net profit | Portfolio purchases | Leverage ratio |
|---|---|---|
| **34** | **473** | **3.12x** |
| (-270) | (1,667) | (2.86x) |

Comparable numbers for Q2 2019 in brackets

1) Includes the Group's share of gross cash collection for portfolios purchased and held in SPVs and joint ventures

# Highlights Q2 2020

### Volume

- Portfolio purchases kept low during the second quarter and first half year to further preserve liquidity and monitor the impact of Covid-19
- Portfolios mainly acquired in Northern Europe

### Effectiveness & Efficiency

- Unsecured collections moderately impacted by Covid-19, but better than expected
- Recoveries on secured portfolios in line with forecast
- Operating expenses reduced in Q2 in accordance with cost savings targets

### Capital & Funding

- Further bond buy-back from B2H01 maturing in Dec 2020
- In line with original RCF covenants and expects to be in compliance going forward

### Operations

- High level of business activity, while safeguarding the health and safety of employees
- Harald Thorstein elected as Chairman in AGM on 27 May
- André Adolfsen appointed as new CFO, effective from 1 November 2020 at the latest

# Business update

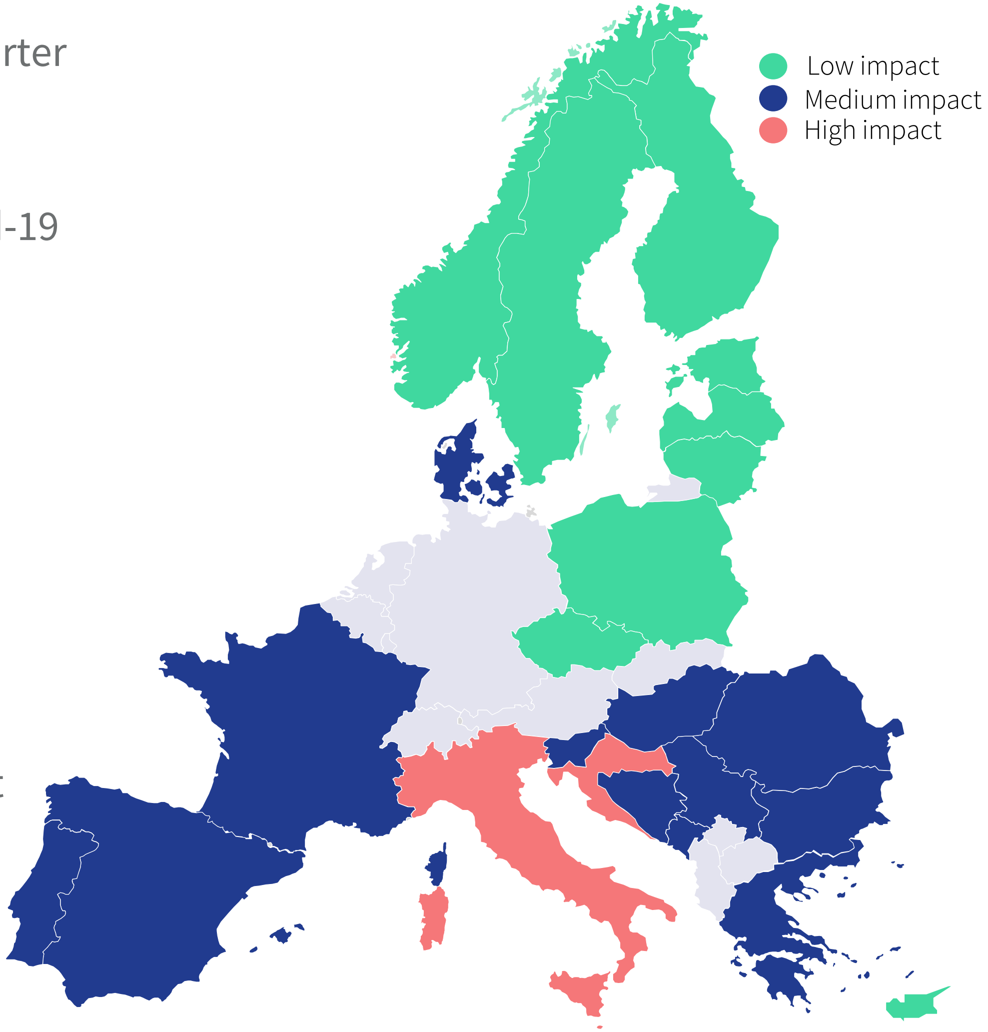
# Stable operations and gradually returning to normal activity

- High business activity and stable operations in all markets throughout the quarter resulting in limited impact of Covid-19 on the Group as a whole

- Gradually opening offices and implementing routines to minimize risk of Covid-19 exposure in the workplace
  - Approximately 50 % working remotely as of mid-August
  - Continuously monitoring the pandemic development and ready to adapt to new local recommendations if necessary

- Positive development in collections and recoveries in July
  - Both unsecured collections and secured recoveries ahead of forecast
  - Organisational changes within secured showing positive results

- Legal systems and bailiffs in most markets are fully operating as of mid-August



# Status forward flow agreements


Committed volume of approx. NOK 445m as of Q2 2020

- In second quarter forward flows were reduced by approximately 40 % compared with the initially planned purchases
- Forward flow agreements renegotiated or terminated
- Focus on amicable solutions to maintain the business relationship
- Aim to resume volumes when visibility improves

# Strengthened liquidity position

Liquidity reserve

**3.0**

NOK bn

- Good liquidity as of Q2, including treasury bonds of EUR 112.5 million
- Portfolio purchases reduced with 72 % compared with Q2 2019
- Modified covenant structure to provide additional headroom, valid until end of Q1 2021

Equity ratio[1)]

**25.7**

%

- Improved equity ratio and in line with original RCF covenants

[1)] Total Equity over Total Assets excluding book value of IFRS 16 right-of-use assets.

# Preparing for life after Covid-19

**Data and analytics**

**"Project Foresight" launched; transforming all business processes using data and analytics**

- The project is a part of a 3-year transformation program launched in 2019, targeting to deliver tangible financial results and build a visible competitive advantage

**Cost reductions**

**Cost saving program in line with targets as of Q2**

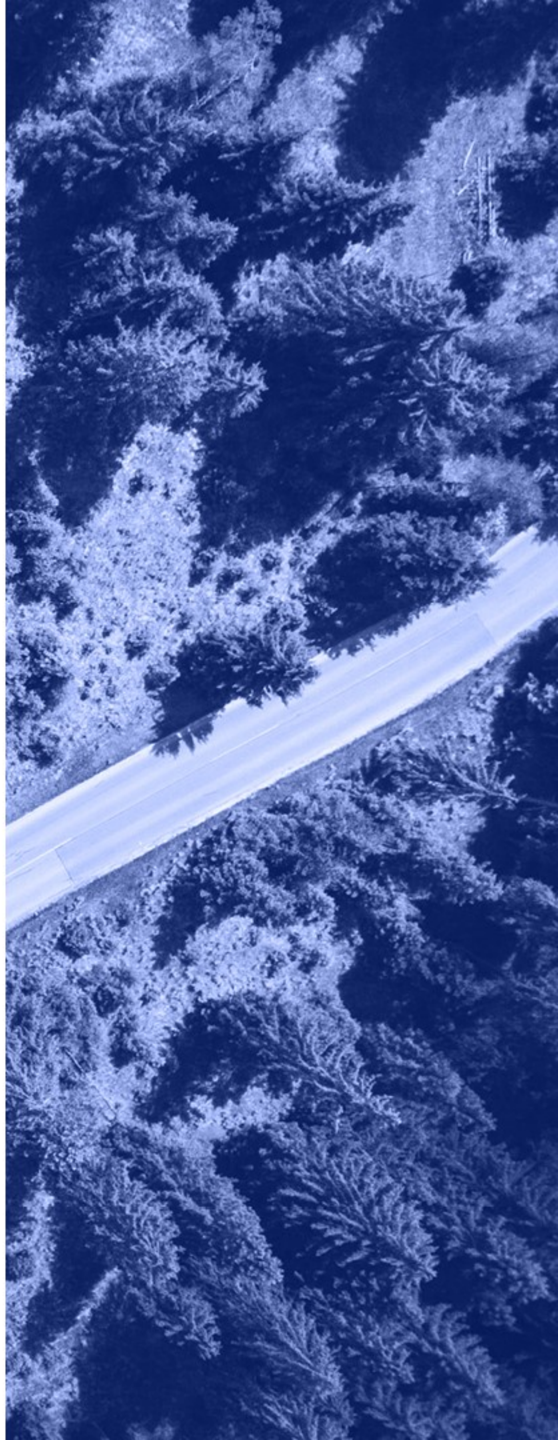
- Approx. monthly cost savings of NOK 20 million from April 2020
- Y-o-Y savings delivered by a combination of cost and efficiency measures undertaken in 2019, measures planned in 2020 and new initiatives introduced as a result of the Covid-19 situation

**JVs and third party servicing**

**Focus on revenues from third party servicing going forward**

- In Q2 the Group has increased two existing servicing agreements in Greek portfolios from EUR 1.4bn of asset under management (AuM) to EUR 5.5bn
- Temporary slowdown in developing new JVs due to Covid-19

# Financial performance



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# Second quarter 2020 summary

## Financial summary

| NOKm | 2020 Q2 | 2019 Q2 | % *Change* | 2020 6 months | 2019 6 months | % *Change* | 2019 Full year |
|---|---|---|---|---|---|---|---|
| Total revenues | 702 | 379 | *85 %* | 1,477 | 1,174 | *26 %* | 2,874 |
| Operating profit/(loss) | 245 | -69 | - | 500 | 281 | *78 %* | 959 |
| **Profit/(loss) after tax** | **34** | **-270** | **-** | **58** | **-164** | **-** | **107** |
| Cash revenue | 1,331 | 1,414 | *-6 %* | 2,779 | 2,797 | *-1 %* | 5,763 |
| Cash EBITDA | 916 | 993 | *-8 %* | 1,882 | 1,957 | *-4 %* | 3,982 |
| **Cash margin** | **69 %** | **70 %** | ***-1 pp*** | **68 %** | **70 %** | ***-2 pp*** | **69 %** |
| Cost to collect % | 21.7 % | 21.6 % | *0.2 pp* | 22.3 % | 21.8 % | *0.5 pp* | 22.5 % |
| *Basic earnings per share, NOK* | *0.08* | -0.66 | - | *0.14* | -0.40 | - | *0.26* |
| **Return on equity** | **7.7 %** | **3.9 %** | ***3.8 pp*** | **7.7 %** | **3.9 %** | ***3,8 pp*** | **2.5 %** |
| Gross cash collection from purchased loan portfolios1) | 1,277 | 1,328 | *-4 %* | 2,709 | 2,607 | *4 %* | 5,425 |
| Portfolio purchases2) | 473 | 1,667 | *-72 %* | 964 | 2,237 | *-57 %* | 4,034 |

- Net credit loss of NOK 155m in Q2
  - Primarily explained by Covid-19 related delays in collections during Q2 as well as further delayed collections forecast for the second half of 2020
- Return on equity is calculated based on rolling 12-months profit/(loss)
  - See definition on p. 29

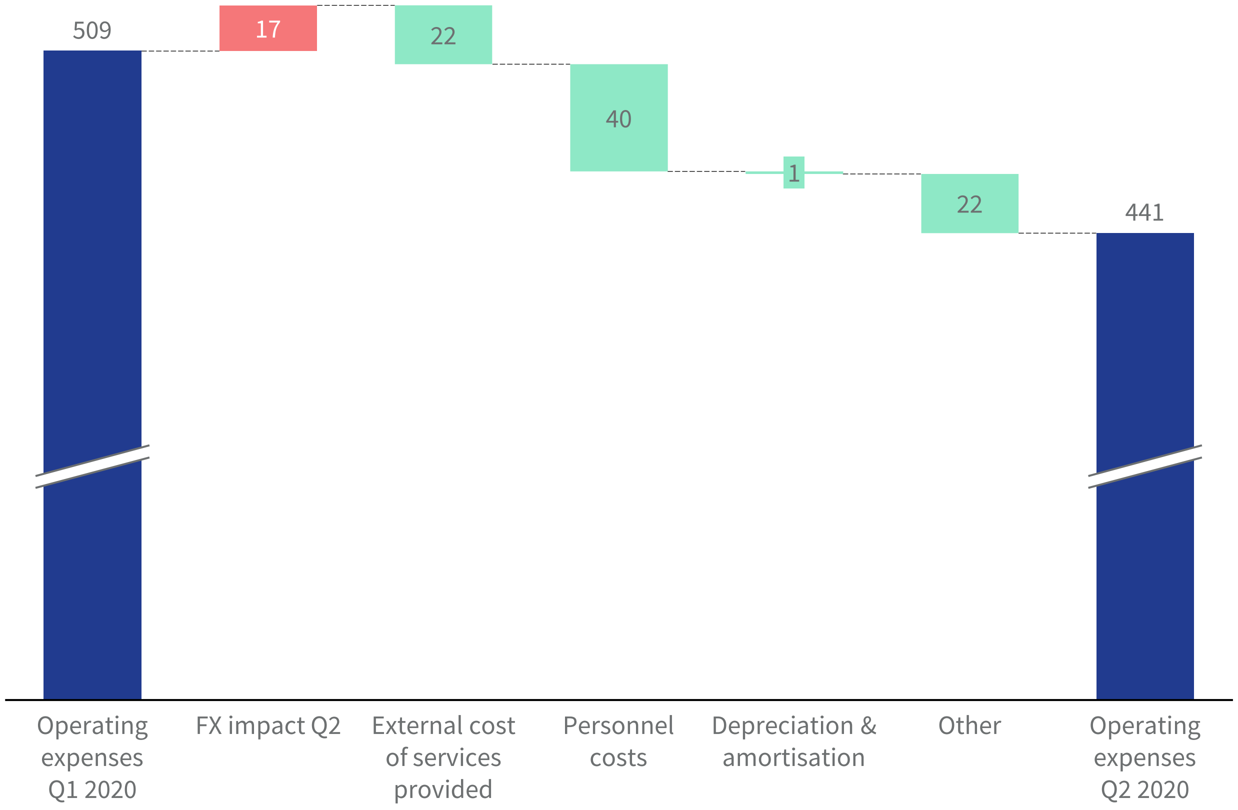
1) Includes the Group's share of gross cash collection for portfolios purchased and held in SPVs and joint ventures
2) Including the Group's share of portfolios purchased in SPVs and joint ventures

# Operating expenses reduced in accordance with cost saving targets

- In line with cost saving programme launched in Q1
- Cost savings of NOK 85 million (17 %) delivered in Q2
- Savings in Q2 resulted from:
  - Lower activity reducing external cost of services
  - Reduced personnel costs; temporary employees released and government subsidy programmes
  - Other savings due to fewer transactions, less travel, reduced marketing activities, lower office costs, etc.

**Cost savings second quarter, FX adjusted**

NOKm



# Balance sheet

| NOKm | 2020<br>30 Jun | 2019<br>30 Jun | %<br>change |
|---|---|---|---|
| Deferred tax asset | 215 | 108 | 98 % |
| Goodwill | 845 | 769 | 10 % |
| Tangible and intangible assets | 364 | 371 | -2 % |
| Investments in associated companies and joint ventures | 372 | 637 | -42 % |
| Purchased loan portfolios | 14,280 | 12,986 | 10 % |
| Participation loan/notes | 546 | 569 | -4 % |
| Other long-term financial assets | 310 | 355 | -13 % |
| **Total non-current assets** | **16,932** | **15,796** | **7 %** |
| | | | |
| Other short-term assets | 270 | 307 | *-12 %* |
| Collateral assets | 512 | 171 | *200 %* |
| Cash & short-term deposits | 445 | 541 | *-18 %* |
| **Total current assets** | **1,227** | **1,019** | ***20 %*** |
| | | | |
| **Total assets** | **18,159** | **16,815** | ***8 %*** |
| | | | |
| **Total equity** | **4,628** | **3,942** | ***17 %*** |
| | | | |
| Deferred tax liabilities | 178 | 167 | *6 %* |
| Long-term interest-bearing loans and borrowings | 11,771 | 11,725 | *0 %* |
| Other long-term liabilities | 137 | 144 | *-5 %* |
| **Total non-current liabilities** | **12,086** | **12,037** | ***0 %*** |
| | | | |
| Short-term interest-bearing loans and borrowings | 767 | - | |
| Bank overdraft | 81 | 176 | *-54 %* |
| Other current liabilities (incl. Payable income tax & accounts payable) | 597 | 660 | *-10 %* |
| **Total current liabilities** | **1,445** | **836** | ***73 %*** |
| | | | |
| **Total equity and liabilities** | **18,159** | **16,815** | ***8 %*** |

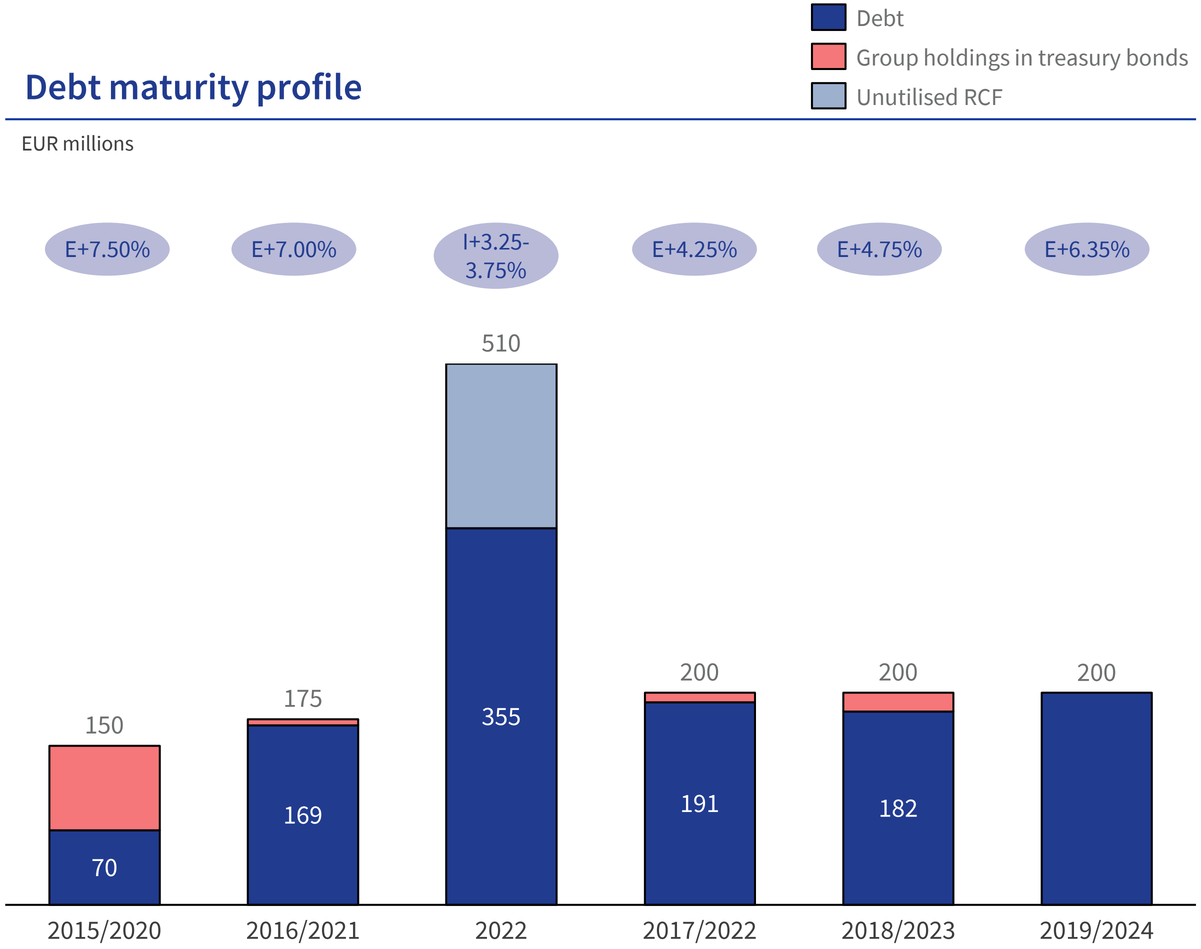
- Tangible equity ratio of 21.1 %[1)]
- NOK 902 million of assets in portfolio co-investment structures
  - 5.9 % of total portfolio assets (which is reflected in ERC)

[1)] Tangible equity over tangible assets (of which both sides are adjusted for goodwill and intangible assets)

# Capital structure
## Funding

- Funding structure with sound leverage levels
- Public rating (Corporate Family Rating)
  - S&P: B+
  - Moody's: Ba3
- Repurchased EUR 63.4m of outstanding bonds in Q2
  - The repurchases were made in B2H01 at par
  - Reduces interest expenses going forward
  - The Group holds EUR 112.5m in treasury bonds at end of quarter

### Debt maturity profile




**EUR 275m[1] liquidity reserves of which EUR 155m in unutilised RCF**

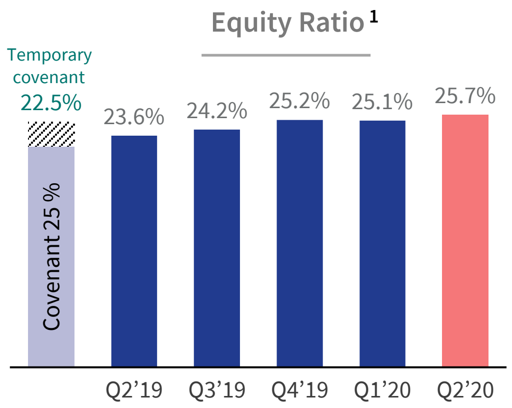
1) Calculated as EUR 122m undrawn existing RCF plus EUR 33m undrawn overdraft plus EUR 41m cash on balance sheet less NOK 200m (EUR 18m) in cash reserves less deferred payment for portfolio purchases of EUR 7m plus fair value of Treasury Bonds of EUR 105m.

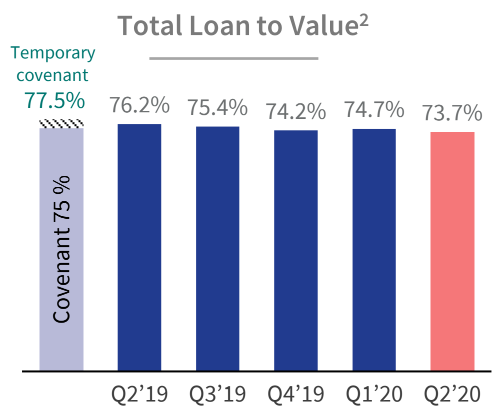
# Capital structure

## Covenants

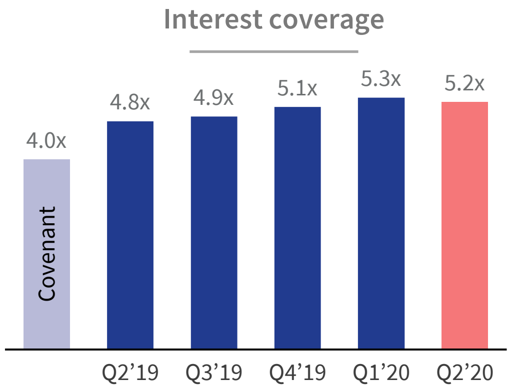
- In line with original RCF covenants and expect compliance going forward
- To further secure headroom to covenants due to Covid-19, the Group has received a waiver from the bank consortium until end of Q1 2021
  - Equity ratio covenant is decreased from 25% to 22.5%
  - Total Loan to Value covenant is increased from 75% to 77.5%

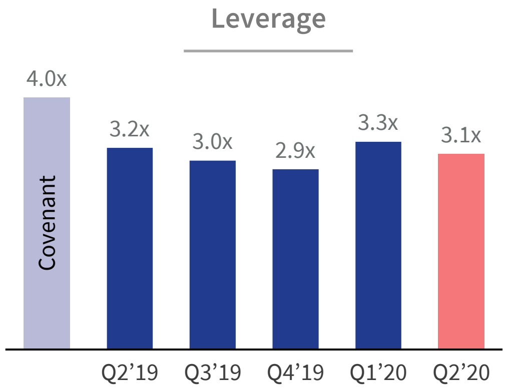
### RCF covenants

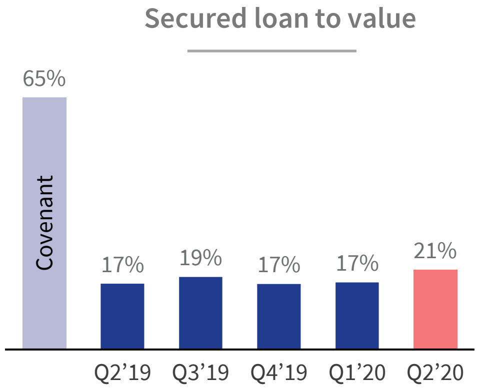



### Bond Loan covenants



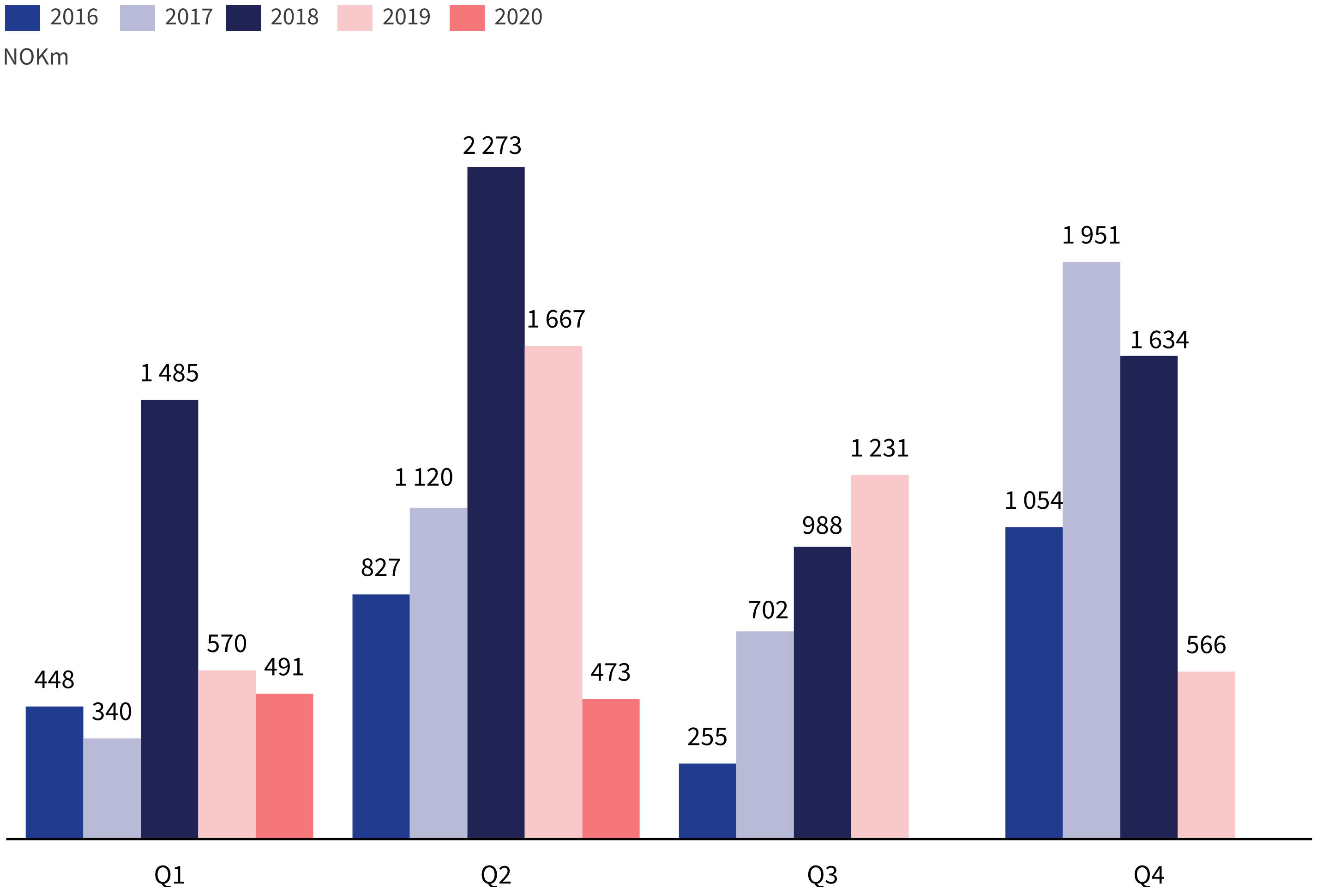



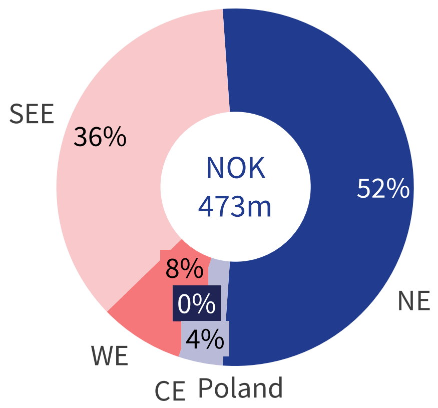

1) Total Equity over Total Assets excluding book value of IFRS 16 right-of-use assets.
2) Net Debt adj. for Vendor Loan, Earn Out and FX Hedge MTM over Assets (Portfolio, JV, loan receivables, REO and goodwill)

# Continued modest portfolio purchase in second quarter

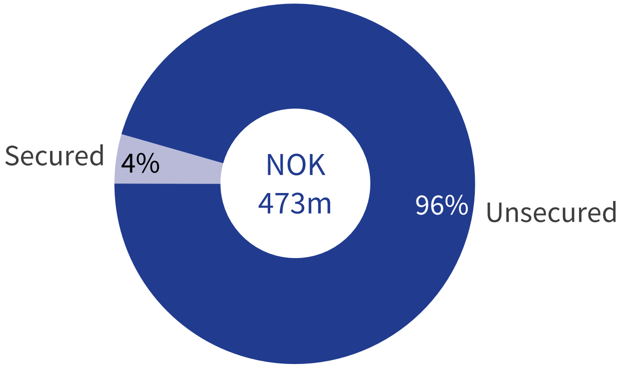
## Portfolio purchase volumes[1)]




## Geographical distribution




## Asset class distribution

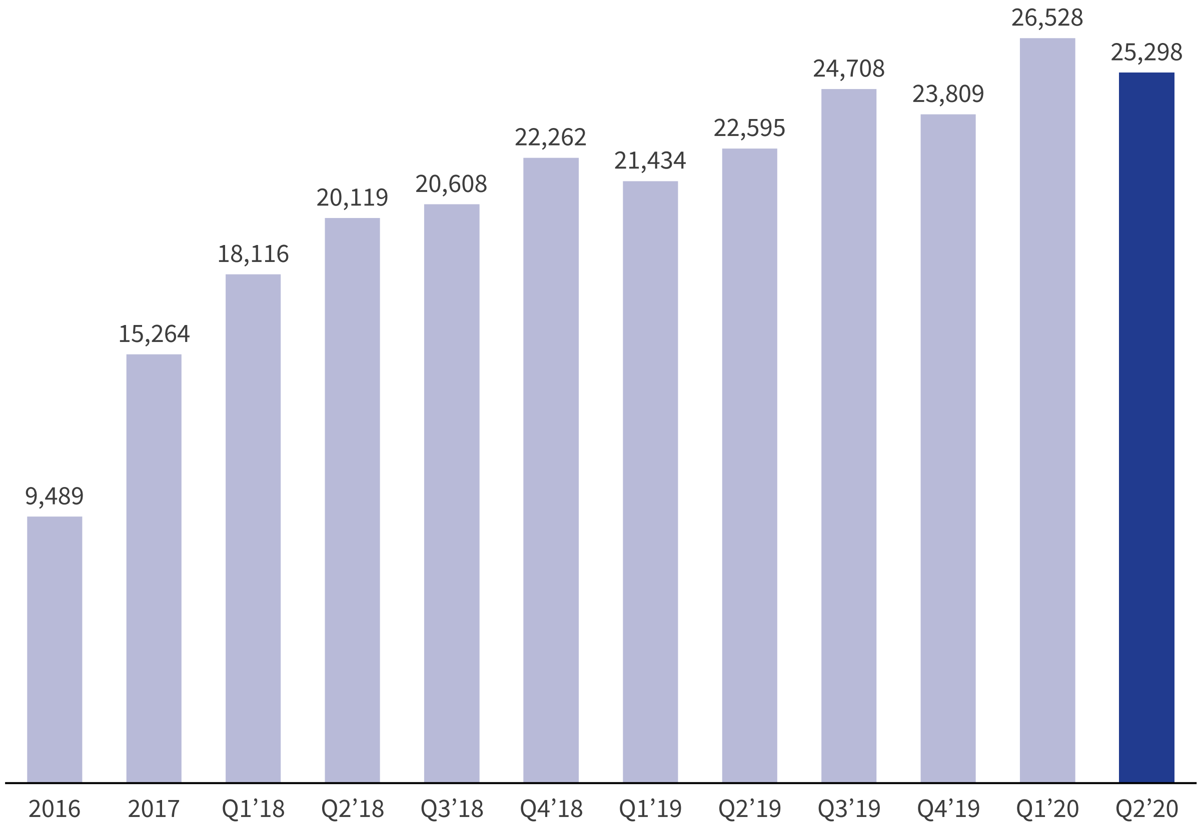



1) Including the Group's participation notes issued to joint venture for portfolio purchases in 2019.

# ERC development

## Development in total gross ERC[1)]

NOKm

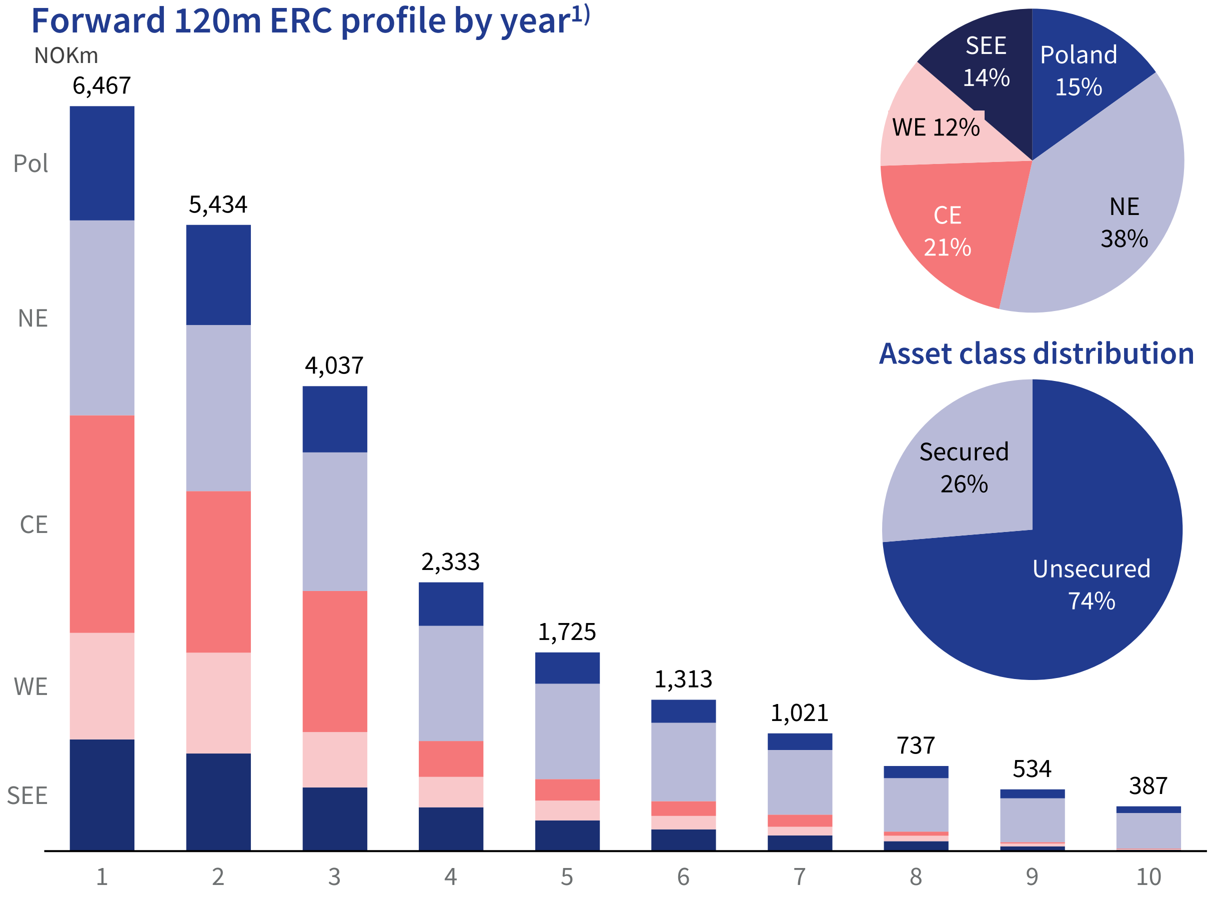



## Forward 120m ERC profile by year[1)]

NOKm

## Geographical distribution

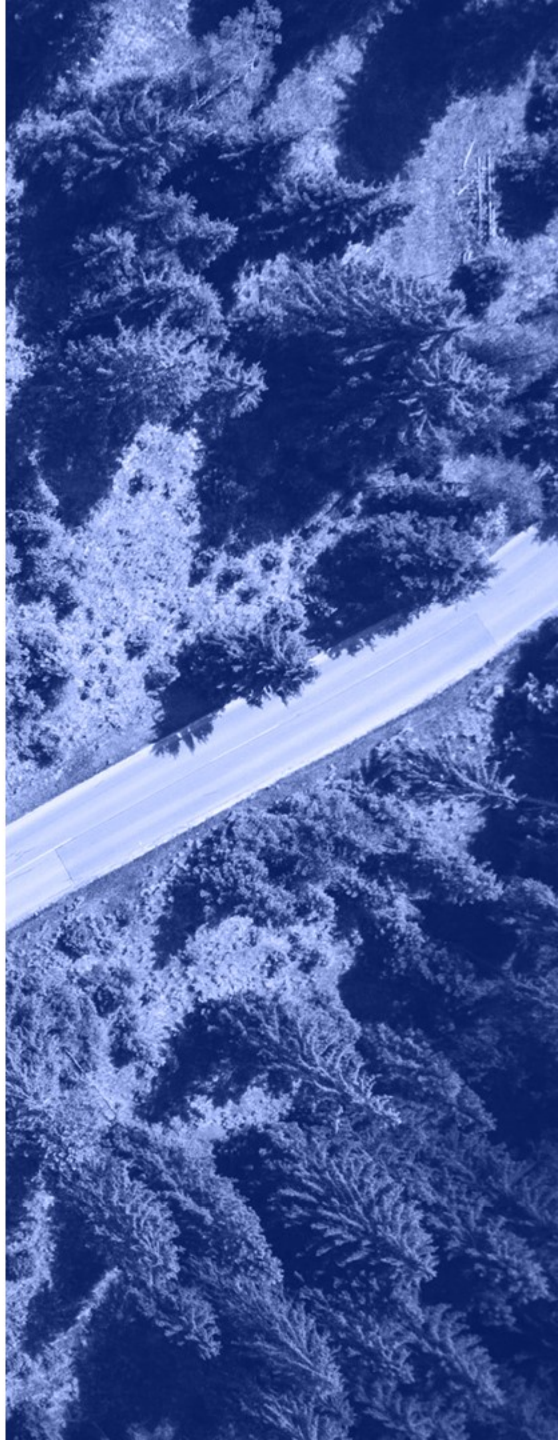
## Asset class distribution




1) Including the Group's share of portfolios acquired and held in joint ventures.

Disclaimer: B2Holding ASA emphasizes that every assessment of future conditions necessarily involves an element of uncertainty.

# Summary



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# Summary

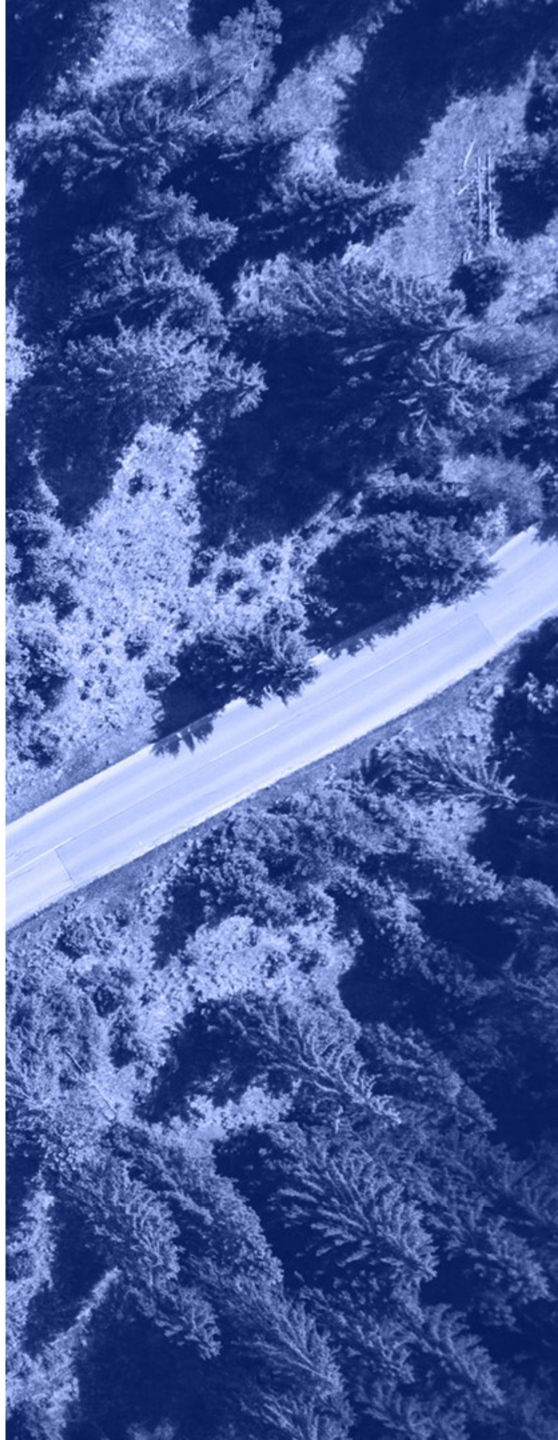
High activity level despite a majority of the organisation working from home

Collections and recoveries exceeded expectations in stress test scenarios following the outbreak of Covid-19, and cost reductions in accordance with plan

Good support from our banks with waiver giving additional headroom to covenants until end of Q1 2021

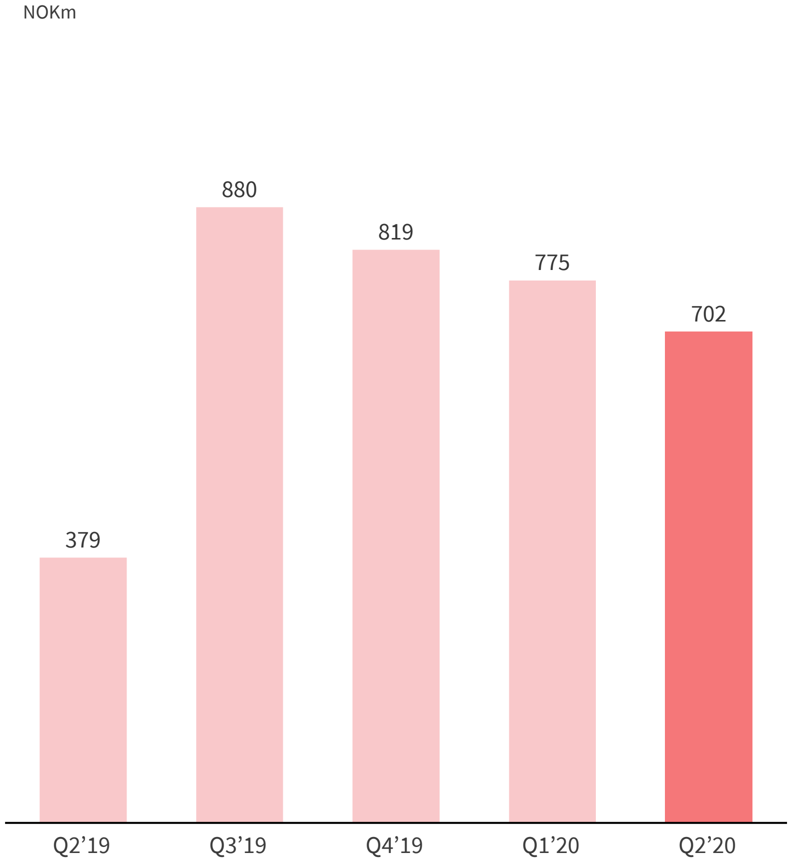
Still observe low market activity but expect a positive market development post Covid-19 with increasing NPL volumes

# Q&A

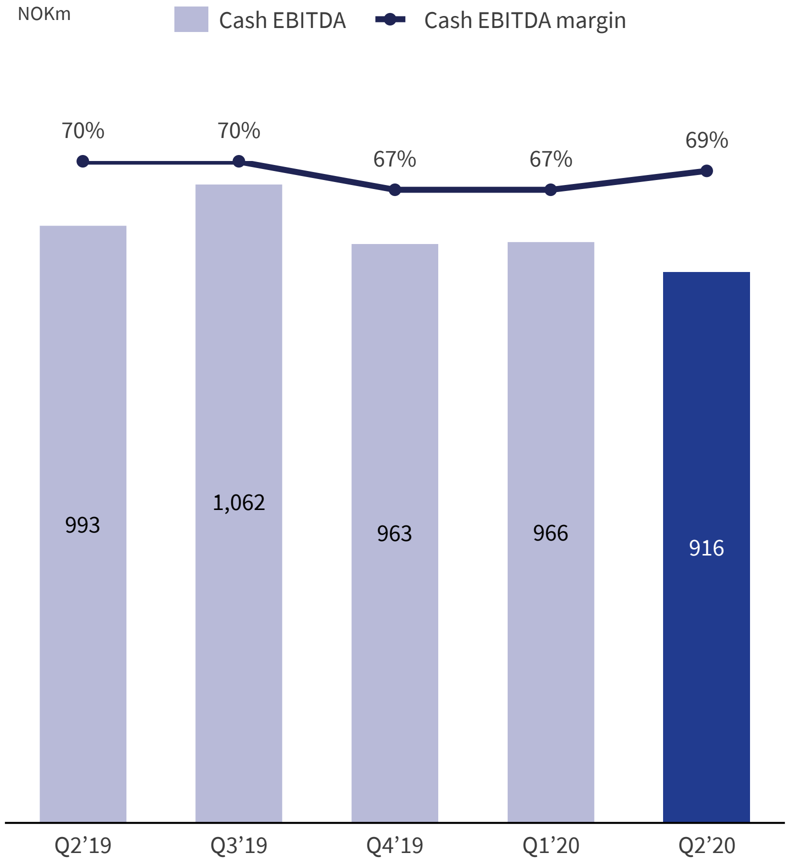


# Quarterly financial performance

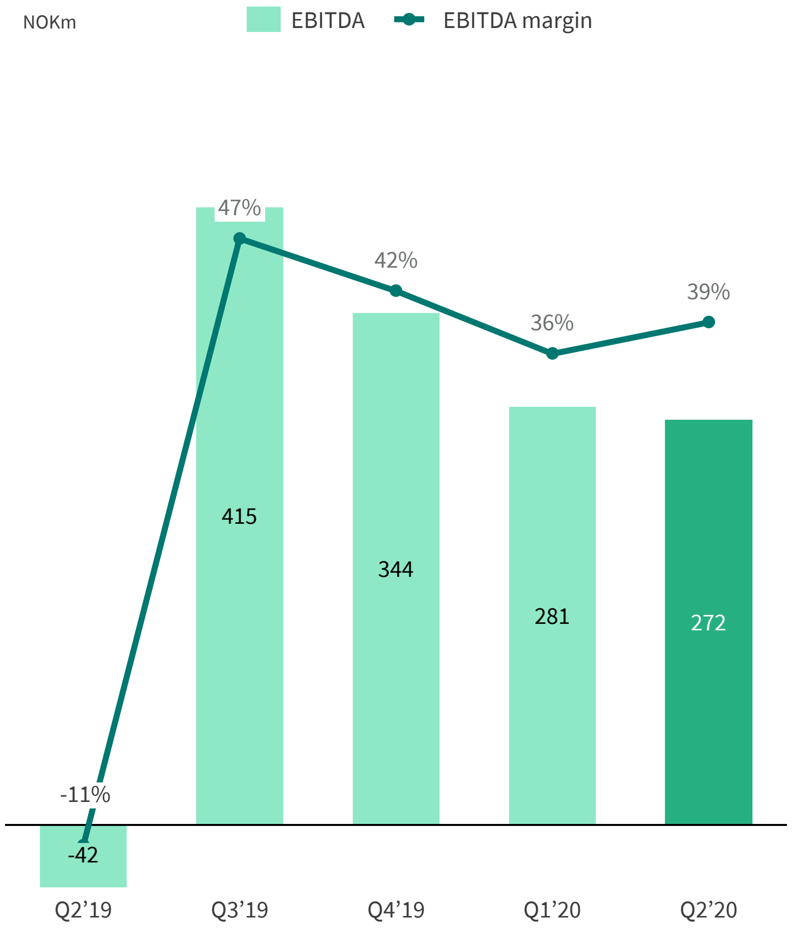
## Total revenues




## Cash EBITDA




## EBITDA



# Quarterly financial performance

| NOKm | 2018 Q3 | 2018 Q4 | 2019 Q1 | 2019 Q2 | 2019 Q3 | 2019 Q4 | 2020 Q1 | 2020 Q2 |
|---|---|---|---|---|---|---|---|---|
| Total revenues | 746 | 753 | 795 | 379 | 880 | 819 | 775 | 702 |
| Operating profit/(loss) | 370 | 326 | 350 | -69 | 387 | 291 | 255 | 245 |
| **Profit/(loss) after tax** | **159** | **156** | **106** | **-270** | **181** | **90** | **24** | **34** |
| | | | | | | | | |
| Cash revenue | 1,141 | 1,242 | 1,383 | 1,414 | 1,527 | 1,439 | 1,448 | 1,331 |
| Cash EBITDA | 778 | 833 | 964 | 993 | 1,062 | 963 | 966 | 916 |
| **Cash margin** | **68 %** | **67 %** | **70 %** | **70 %** | **70 %** | **67 %** | **67 %** | **69 %** |
| | | | | | | | | |
| Cost to collect % | 24.6 % | 24.5 % | 22.0 % | 21.6 % | 22.4 % | 24.0 % | 22.9 % | 21.7 % |
| | | | | | | | | |
| Basic earnings per share, NOK | 0.39 | 0.38 | 0.26 | -0.66 | 0.44 | 0.22 | 0.06 | 0.08 |
| | | | | | | | | |
| Gross cash collection from purchased loan portfolios[1)] | 1,022 | 1,169 | 1,248 | 1,274 | 1,386 | 1,295 | 1,315 | 1,277 |
| Portfolio purchases[2)] | 988 | 1,634 | 570 | 1,042 | 1,231 | 566 | 491 | 473 |
| | | | | | | | | |
| Leverage ratio | 3.48 | 3.53 | 3.05 | 3.18 | 3.03 | 2.86 | 3.26 | 3.12 |

1) Quarterly Gross cash collection in 2020 includes the Group's share of gross cash collection for portfolios purchased and held in SPVs and joint ventures 2) Including the Group's share of portfolios purchased in SPVs and joint ventures

# Diversified portfolio

| UNSECURED | Year 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 120m ERC | Total ERC |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Pol | 920 | 734 | 511 | 370 | 269 | 198 | 144 | 105 | 77 | 58 | 3,386 | 3,531 |
| NE | 1,681 | 1,435 | 1,198 | 995 | 826 | 678 | 557 | 460 | 379 | 307 | 8,516 | 9,662 |
| CE | 348 | 323 | 271 | 215 | 164 | 120 | 71 | 35 | 10 | 3 | 1,560 | 1,562 |
| WE | 237 | 227 | 177 | 145 | 112 | 83 | 60 | 35 | 18 | 4 | 1,097 | 1,099 |
| SEE | 673 | 593 | 457 | 351 | 259 | 187 | 134 | 83 | 39 | 9 | 2,785 | 2,785 |
| **Sum** | **3,859** | **3,312** | **2,615** | **2,076** | **1,630** | **1,267** | **966** | **718** | **522** | **381** | **17,344** | **18,639** |

| SECURED | Year 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 120m ERC | Total ERC |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Poland | 74 | 133 | 65 | 10 | 4 | 1 | 1 | 1 | 1 | 1 | 291 | 292 |
| NE | 10 | 8 | 6 | 5 | 4 | 3 | 3 | 2 | 2 | 2 | 46 | 54 |
| CE | 1,540 | 1,079 | 953 | 93 | 20 | 8 | 34 | 2 | 1 | 2 | 3,732 | 3,737 |
| WE | 689 | 648 | 304 | 120 | 62 | 32 | 16 | 12 | 7 | 2 | 1,893 | 1,893 |
| SEE | 297 | 254 | 94 | 28 | 5 | 2 | 2 | 2 | 0 | - | 684 | 684 |
| **Sum** | **2,609** | **2,122** | **1,422** | **257** | **96** | **46** | **55** | **19** | **12** | **6** | **6,644** | **6,659** |
| **Total** | **6,467** | **5,434** | **4,037** | **2,333** | **1,725** | **1,313** | **1,021** | **737** | **534** | **387** | **23,989** | **25,298** |

ERC including the Group's share of portfolios acquired and held in joint ventures.

Disclaimer: B2Holding ASA emphasizes that every assessment of future conditions necessarily involves an element of uncertainty.

# Northern Europe (NE)

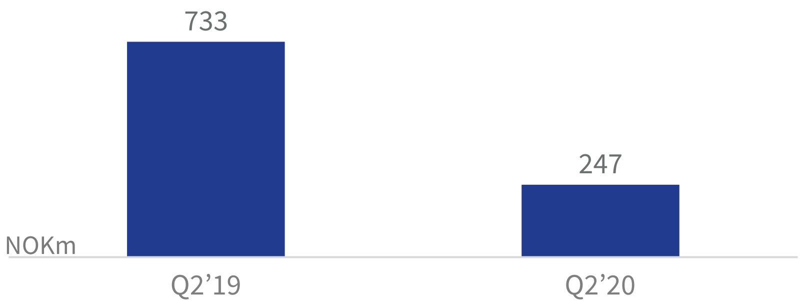
Norway, Sweden, Denmark,
Finland, Estonia, Latvia and Lithuania

| NOKm | 2020 Q2 | 2019 Q2 | Change (%) |
|---|---|---|---|
| Total revenues | 243 | 253 | *-4 %* |
| EBIT | 136 | 162 | *-16 %* |
| Profit margin (%) | 56 % | 64 % | *-8 ppt* |
| ERC | 9,716 | 7,922 | *23 %* |

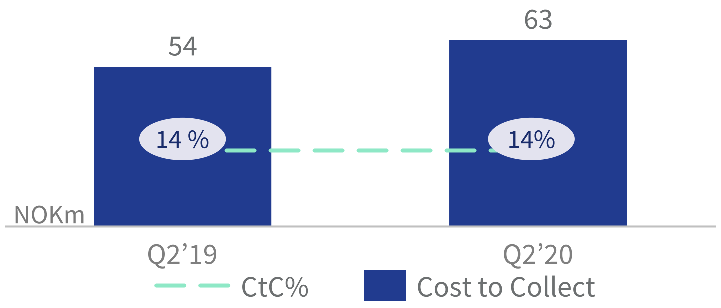
## Highlights & KPIs

- Portfolio purchase volume of NOK 247m in the quarter
- Gross cash collection of NOK 439m in Q2
- Cash EBITDA was NOK 393m, up 23% from NOK 319m in Q2 2019

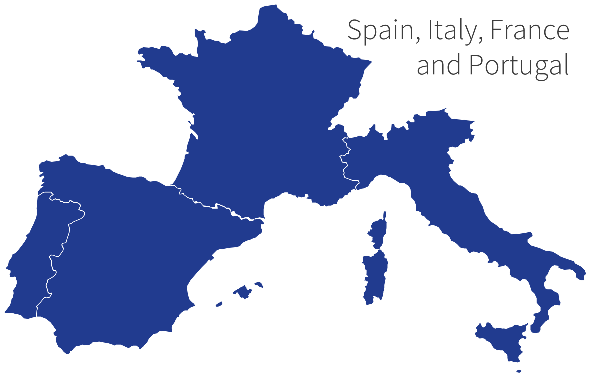
Portfolio purchases




Cost to Collect



# Western Europe (WE)

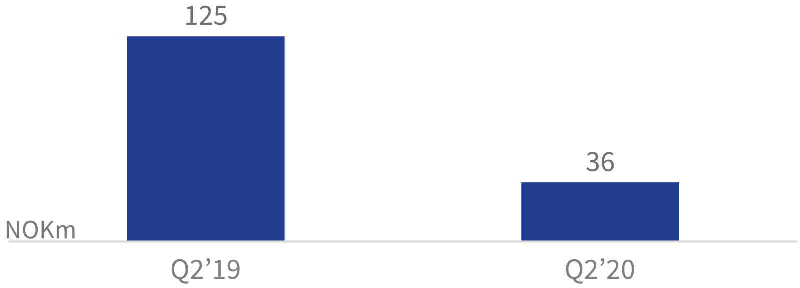



| NOKm | 2020 Q2 | 2019 Q2 | Change (%) |
|---|---|---|---|
| Total revenues | 105 | 245 | -57 % |
| EBIT | 16 | 155 | -90 % |
| Profit margin (%) | 15 % | 63 % | -48 ppt |
| ERC | 2,992 | 2,763 | 8 % |

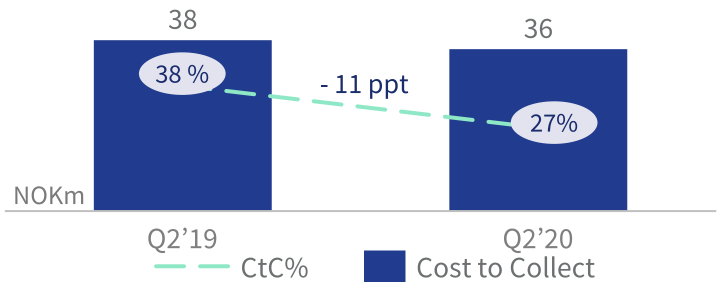
## Highlights & KPIs

- Portfolio purchases of NOK 36m in the quarter
- Gross cash collection in Q2 of NOK 131m
- Cash EBITDA was NOK 94m, up 42 % from Q2 2019

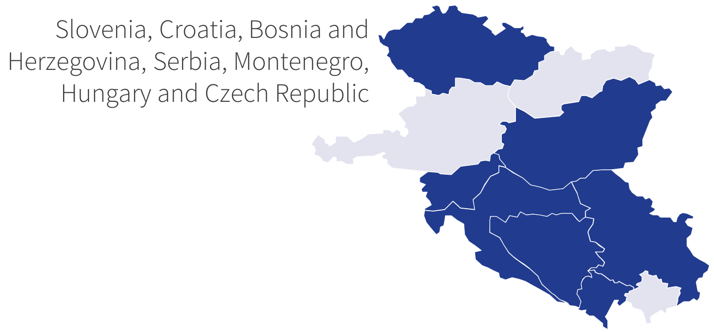
Portfolio purchases




Cost to Collect



# Central Europe (CE)

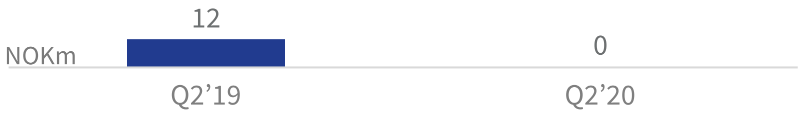



| NOKm | 2020 Q2 | 2019 Q2 | Change (%) |
|---|---|---|---|
| Total revenues | 135 | -294 | - |
| EBIT | 82 | -360 | - |
| Profit margin (%) | 61 % | - | - |
| ERC | 5,299 | 5,165 | *3 %* |

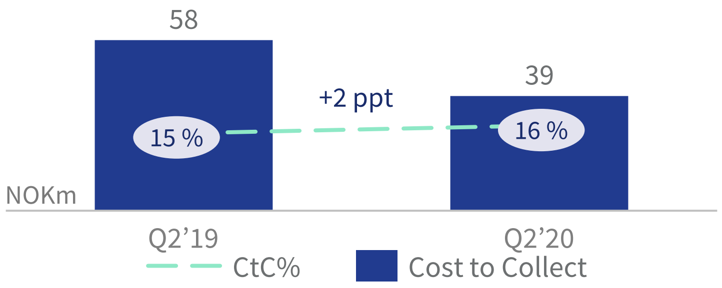
## Highlights & KPIs

- No portfolio purchases in the quarter
- Gross cash collection in Q2 of NOK 233m
- Cash EBITDA was NOK 204m, down 40 % from Q2 2019

Portfolio purchases




Cost to Collect



# South East Europe (SEE)

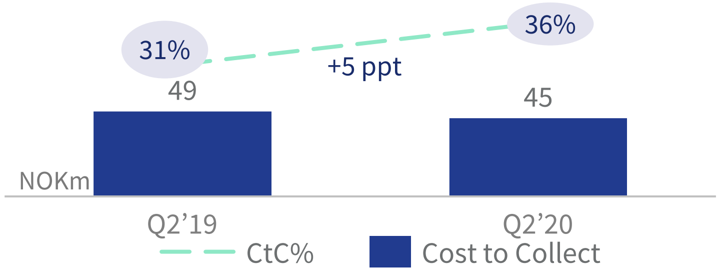

| NOKm | 2020 Q2 | 2019 Q2 | Change (%) |
|---|---|---|---|
| Total revenues | 60 | -3 | - |
| EBIT | -7 | -73 | - |
| Profit margin (%) | -11 % | - | - |
| ERC | 3,469 | 3,235 | 7 % |

## Highlights & KPIs

- Portfolio purchases of NOK 171m in the quarter
- Gross cash collection in Q2 of NOK 118m
- Cash EBITDA was NOK 70m, down 41 % from Q2 2019

Portfolio purchases


Cost to Collect

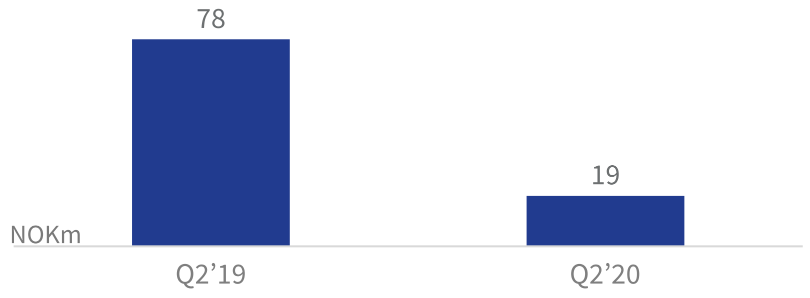


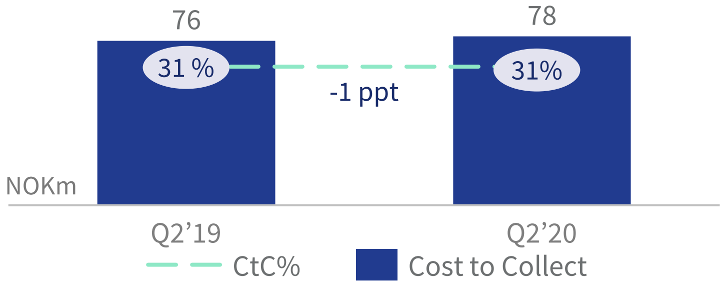
# Poland


| NOKm | 2020 Q2 | 2019 Q2 | Change (%) |
|---|---|---|---|
| Total revenues | 159 | 178 | *-11 %* |
| EBIT | 57 | 73 | *-22 %* |
| Profit margin (%) | 36 % | 41 % | *-5 ppt* |
| ERC | 3,823 | 3,510 | *9 %* |

## Highlights & KPIs

- Portfolio purchases of NOK 19m in the quarter
- Gross cash collection in Q2 of NOK 253m
- Cash EBITDA was NOK 192m, up 11 % from Q2 2019



# 20 largest shareholders

| # | Shareholder | No of shares | Percentage |
|---|---|---|---|
| 1 | PRIORITET GROUP AB | 52 913 000 | 12.91 % |
| 2 | RASMUSSENGRUPPEN AS[1)] | 51 873 266 | 12.65 % |
| 3 | VALSET INVEST AS | 25 000 000 | 6.10 % |
| 4 | STENSHAGEN INVEST AS | 18 893 376 | 4.61 % |
| 5 | K11 INVESTOR AS | 9 766 680 | 2.38 % |
| 6 | BRYN INVEST AS | 8 676 690 | 2.12 % |
| 7 | RUNE BENTSEN AS | 8 191 680 | 2.00 % |
| 8 | VPF DNB AM NORSKE AKSJER | 7 569 123 | 1.85 % |
| 9 | STOREBRAND NORGE I VERDIPAPIRFOND | 7 419 771 | 1.81 % |
| 10 | DNB MARKETS AKSJEHANDEL/-ANALYSE | 7 049 153 | 1.72 % |
| 11 | VERDIPAPIRFONDET DNB NORGE | 6 439 892 | 1.57 % |
| 12 | VERDIPAPIRFONDET ALFRED BERG NORGE | 6 175 885 | 1.51 % |
| 13 | VERDIPAPIRFONDET PARETO INVESTMENT | 5 928 000 | 1.45 % |
| 14 | GREENWAY AS | 5 802 368 | 1.42 % |
| 15 | STATE STREET BANK AND TRUST COMP | 5 501 613 | 1.34 % |
| 16 | ARCTIC FUNDS PLC | 5 438 735 | 1.33 % |
| 17 | VERDIPAPIRFONDET ALFRED BERG AKTIV | 4 939 465 | 1.20 % |
| 18 | ARCTIC FUNDS PLC | 4 575 734 | 1.12 % |
| 19 | LIN AS | 3 501 898 | 0.85 % |
| 20 | KLP AKSJENORGE INDEKS | 3 247 439 | 0.79 % |
|  | OTHER | 161 028 830 | 39.28 % |
|  | **Total** | **409 932 598** | **100 %** |

Updated per 17 August 2020

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

# Definitions

- **120-month ERC**
Estimated remaining collection, which expresses the gross cash collection in face value expected to be collected in the future over a 120-month period from the purchased portfolios owned at the reporting date. The 120-month ERC is a common measure in the debt purchasing industry; however it may be calculated differently by other companies and may not be comparable. These projections have been prepared for illustrative purposes only and may differ from the forecast we use to calculate the carrying value of our portfolio purchases as recognized in the Audited Financial Statements. We can provide no assurance that we will achieve such collections within the specified time period, or at all.

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

- **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 depreciation and amortisation of tangible and intangible assets and added back amortisation and revaluation of purchased loan portfolios. Cash EBITDA is a measure of actual performance from the collection business (cash business) and other business areas.

- **Cash EBITDA 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. Cash revenue is a measure of actual revenues (cash business) from the collection business and other business areas. Cash revenue is an alternative performance measure used by the Company in order to reflect the performance of its purchased loan portfolios and external collection and consumer lending businesses. Cash revenue is an alternative performance measure frequently used by securities analysts, investors and other interested parties in the evaluation of companies in the debt collection industry.

- **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 cash 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 cash collection on portfolios purchased and held in joint ventures. ERC includes ERR. The Total ERC is a common measure in the debt purchasing industry; however it may be calculated differently by other companies and may not be comparable.

- **ERR**
Estimated remaining recoveries (ERR) expresses the gross cash 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 cash collection on secured portfolio 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.

# Definitions (cont’d)

- **Gross cash collection**
  Gross cash collection is the actual cash collected and assets recovered from purchased portfolios before costs related to collect the cash received.

- **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.

- **Interest Coverage**
  The ratio of Cash EBITDA divided by net interest expenses.

- **Leverage ratio**
  Net Interest-bearing debt over Cash EBITDA calculated for the last 12 months.

- **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 credit gain/(loss) from purchased loan portfolios**
  The Group's exposure to credit risk from the purchased loan portfolios is related to actual gross cash collection deviating from collection estimates and from changes in future cash 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". Cash collection above collection estimates and upward adjustments of future collection estimates increase revenue. Cash collection below collection estimates and downward adjustments of future collection estimates decrease revenue. Net credit gain/(loss) equals net actualisation/revaluation.

- **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 is 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.

- **Secured Loan to Value Ratio**
  Net interest-bearing debt of secured facilities plus any vendor loans less cash and short-term deposits over Assets (portfolio, JV, loan receivables, REO and goodwill).

- **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).

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