

Q3

Third quarter 2021



Highlights Q3 2021

Operations

- Unsecured collections remained solid and continued the positive trend
- Secured recoveries above expectations for the quarter
- The positive trend for REOs sale continued

Effectiveness & efficiency

- Collection improvements implemented in previous quarters showing effect
- Higher amicable collections driven by AI efficiency initiatives resulting in lower legal expenses

Investments

- Maintained a disciplined and selective approach to investments
- New Group Chief Investment Officer

Capital & funding

- Repaid bond B2Ho2 in October
- Share buy-back program up to 10 million shares to be initiated in Q4
- Dividend of NOK 0.15 per share for the financial year of 2020

Key figures Q3 2021 (NOKm)

Net revenues

792

813

Gross Collections¹⁾

1,269

1,636

Cash EBITDA²⁾

931

932

Net profit

162

128

Portfolio purchases

237

264

Leverage ratio

2.4x

3.2x

Business update



Market pipeline increasing

- More activity observed; expect 2022 to become a more normalized year
- Government schemes still in place in several markets, limiting activity from financial institutions
- Maintaining a disciplined approach



Funding and investments

- Currently in advanced discussions with reputable institutional investment partners aiming to establish a co-investment partnership predominantly for B2Holding's back book in secured assets
- The partnership discussions include co-investments in both back book and front book in B2Holding's secured markets

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



Financial performance



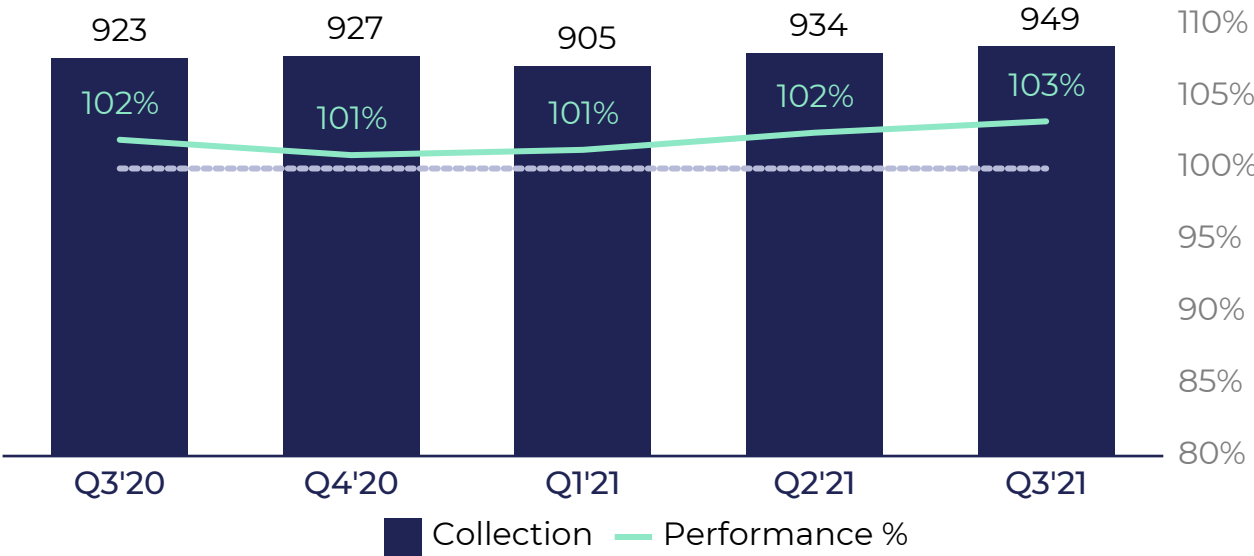
Third quarter 2021 summary

<i>NOK million</i>	2021 Q3	2020 Q3	% Δ	2021 YTD	2020 YTD	% Δ	2020 Full Year
Net revenues	792	813	-3%	2,310	2,264	2%	3,095
Adj. EBIT	385	369	4%	1,037	883	17%	1,246
Adj. EBIT %	49%	45%	3 pp	45%	39%	6 pp	40%
EBIT	370	369	0%	1,042	869	20%	1,224
EBIT%	47%	45%	1 pp	45%	38%	7 pp	40%
Profit/(loss) after tax	162	128	26%	453	186	143%	309
Cash revenue ¹⁾	1,332	1,348	-1%	4,125	4,054	2%	5,403
Cash EBITDA ¹⁾	931	932	-0%	2,922	2,741	7%	3,646
Cash margin ¹⁾	70%	69%	1 pp	71%	68%	3 pp	67%
Cost to collect %	18%	17%	1 pp	19%	20%	-1 pp	21%
Gross collections ²⁾	1,269	1,636	-22%	4,170	4,345	-4%	5,659
Portfolio purchases ³⁾	237	264	-10%	650	1,227	-47%	1,664
EPS	0.40	0.31		1.11	0.45		0.75
Return on equity	11.7 %	6.2 %	5.5 pp	11.7 %	6.2 %	5.5 pp	6.9 %

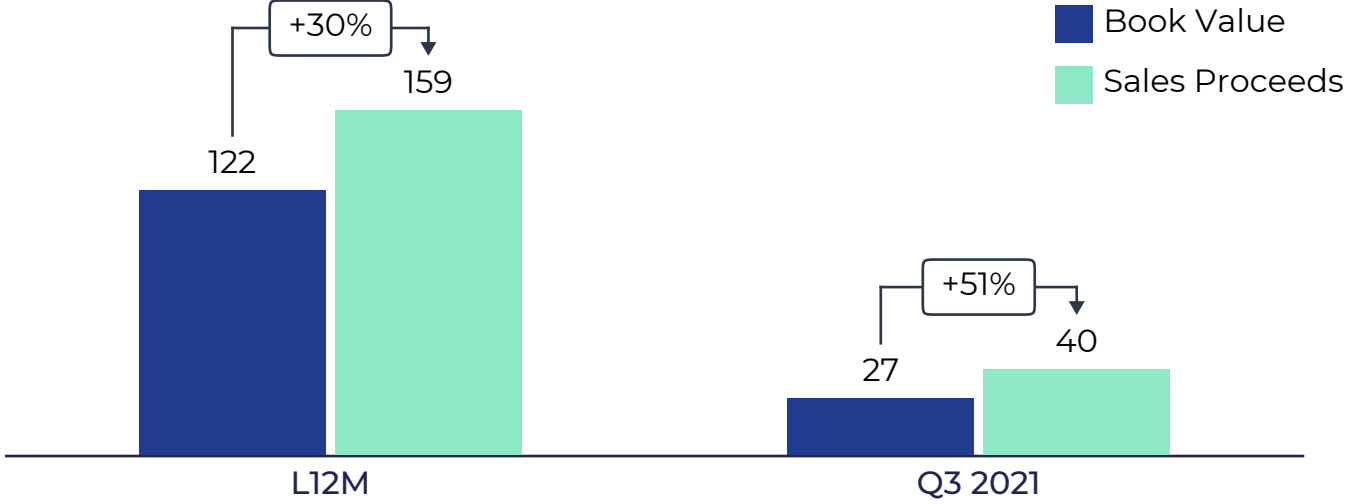
- Strong unsecured collections at 103.3% of the latest forecast
- Secured recoveries above the forecast
- REOs sold at a 51% premium
- Sustained cost control and improved efficiency driving Adj. EBIT growth
 - Net negative NRIs of NOK 15m in Q3
- Higher market activity, but continued selective investment approach
- Leverage ratio down to 2.38x
- Dividend of NOK 0.15

Collection Performance

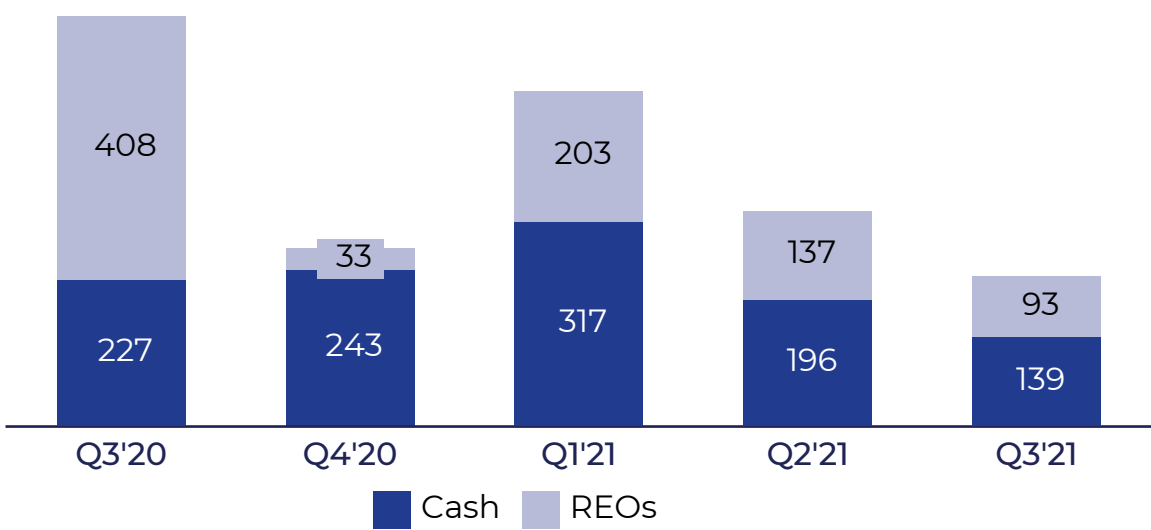
Unsecured collection performance



REOs sold



Secured recoveries

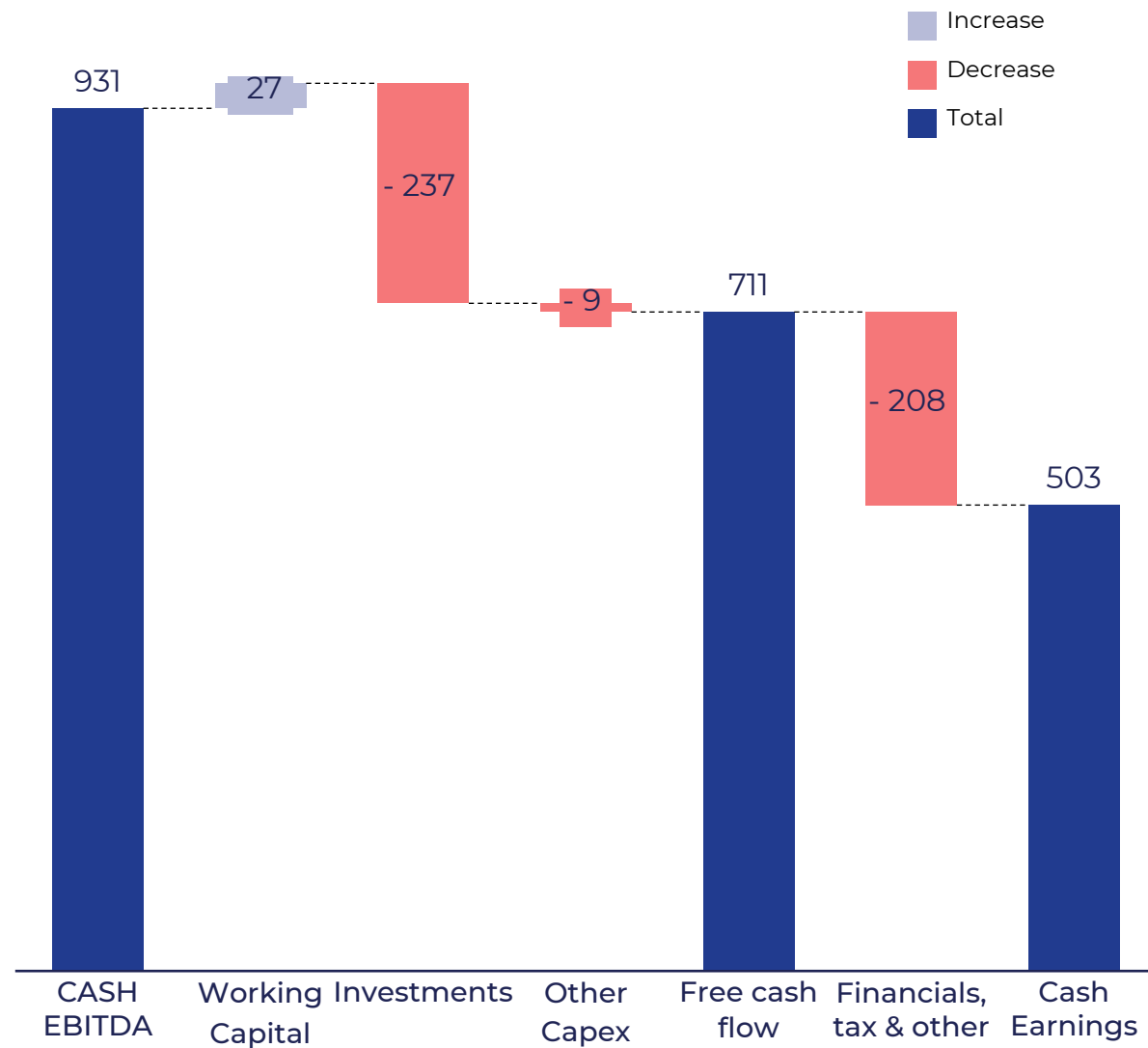


- Continued positive trend in unsecured collections
- Secured collections above latest forecast, but down year-on-year driven by large repossessions in Q3 2020
- REOs sold comfortably above book value

Strong secured & REO monetization resulting in solid cash earnings

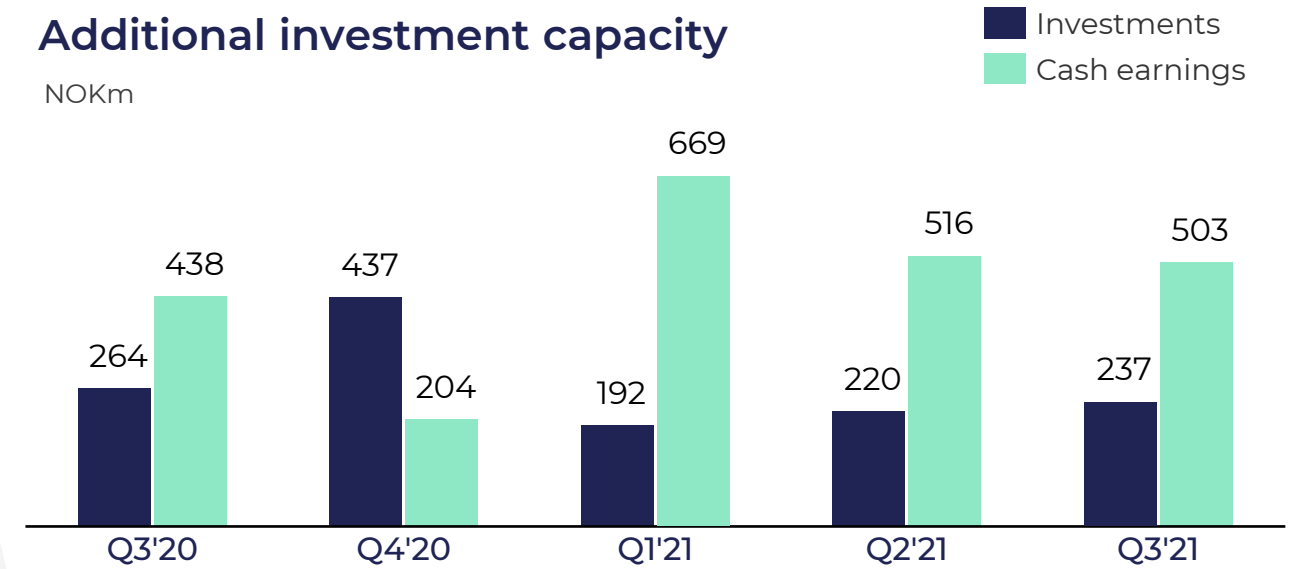
Cash flow Q3 2021

NOKm

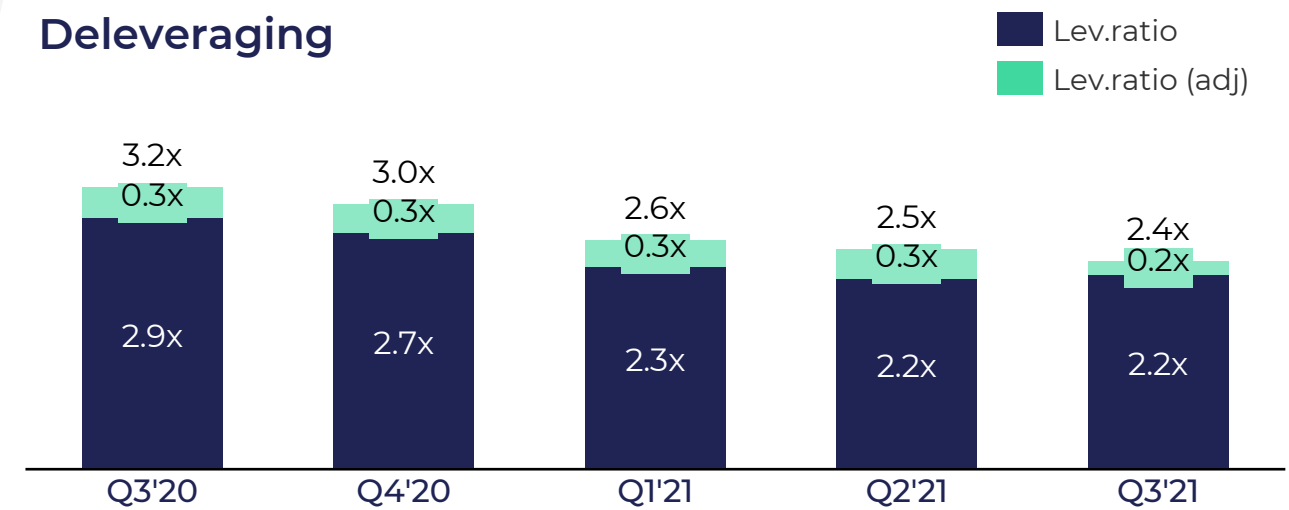


Additional investment capacity

NOKm

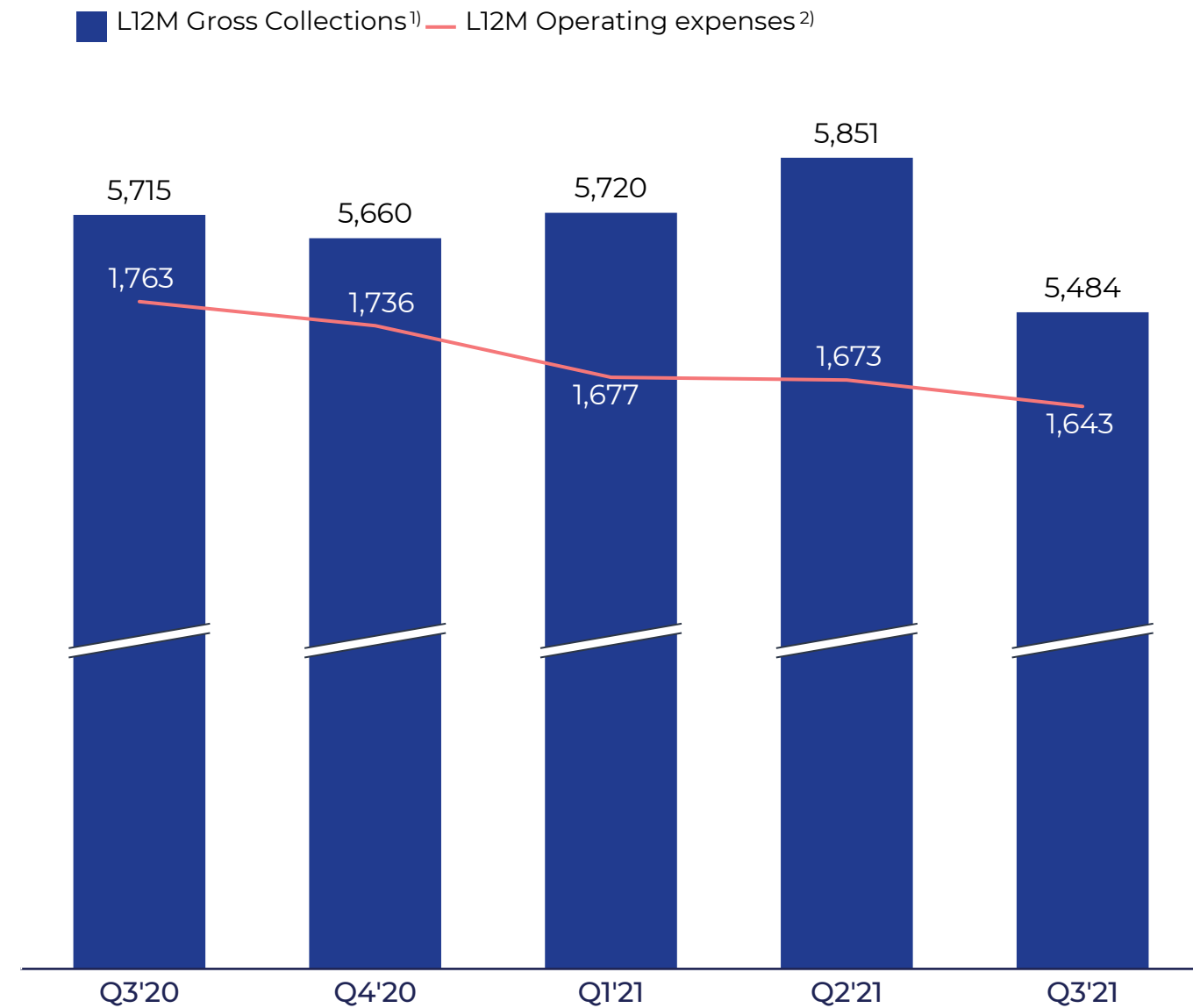


Deleveraging



Sustained lower cost base while maintaining high collection activity

- Accumulated savings compared to Q1 2020 of NOK 402m
- Sustained lower cost base despite high collection activity
- Higher amicable collections driven by AI efficiency initiatives resulting in lower legal expenses

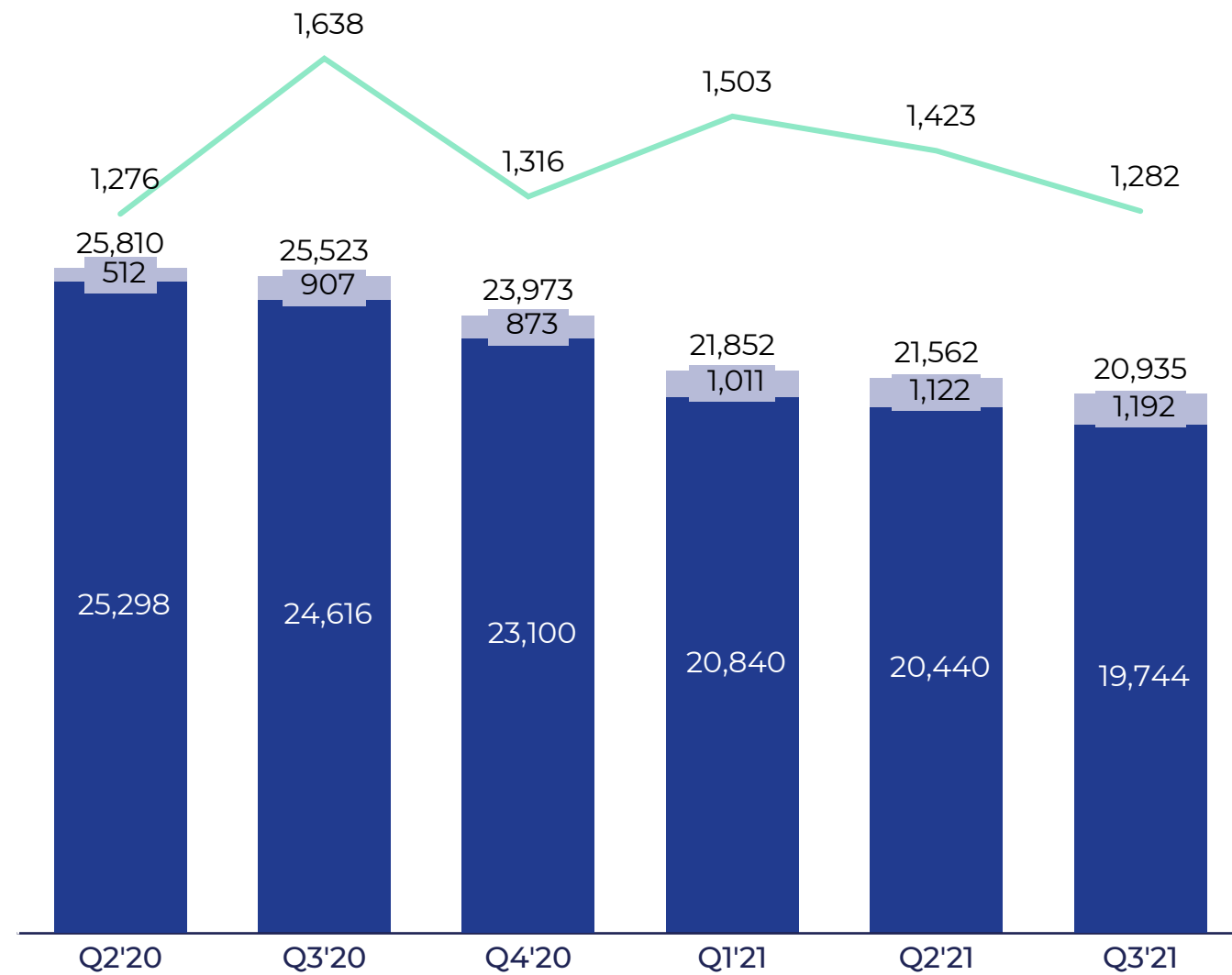


Numbers in NOK million
 1) Gross Collections includes share of cash from JVs
 2) Operating expenses excluding Depreciation, Amortisation, Impairment and Non Recurring Items

Portfolio investments and Estimated Remaining Collections (ERC)

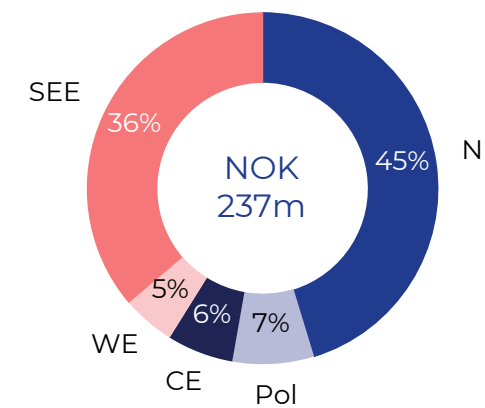
ERC incl. REO book value

NOKm ■ NPL ■ REOs — Gross Collection & Net Margin REOs

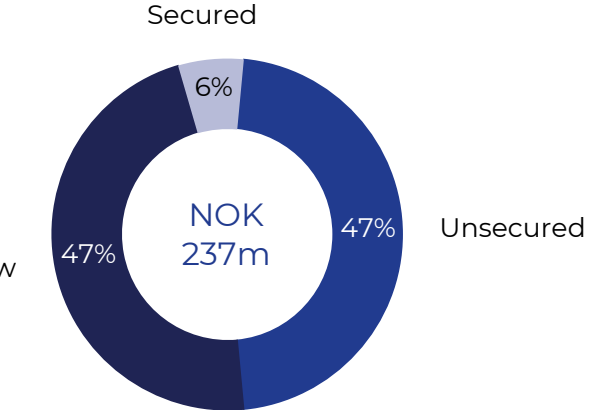


Portfolio investments in Q3

Geographical distribution

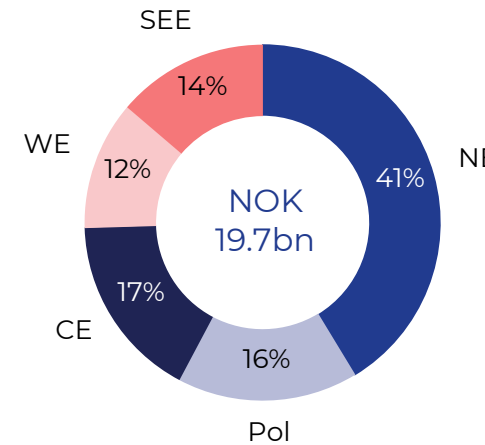


Asset class distribution

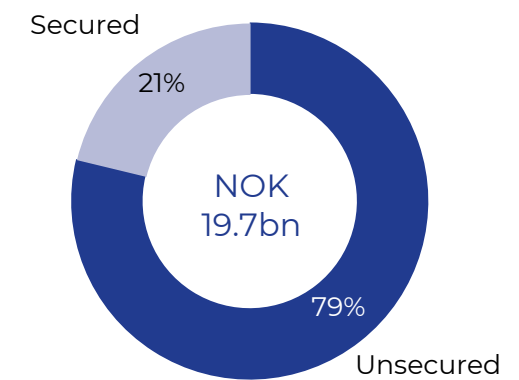


Total ERC as of Q3

Geographical distribution



Asset class distribution



Deleveraging and lower cost of funding

Decreased leverage following strong cash flow

- Net interest-bearing debt reduced by NOK 2.8bn year-on-year
 - NOK 1.9bn adjusted for FX effects

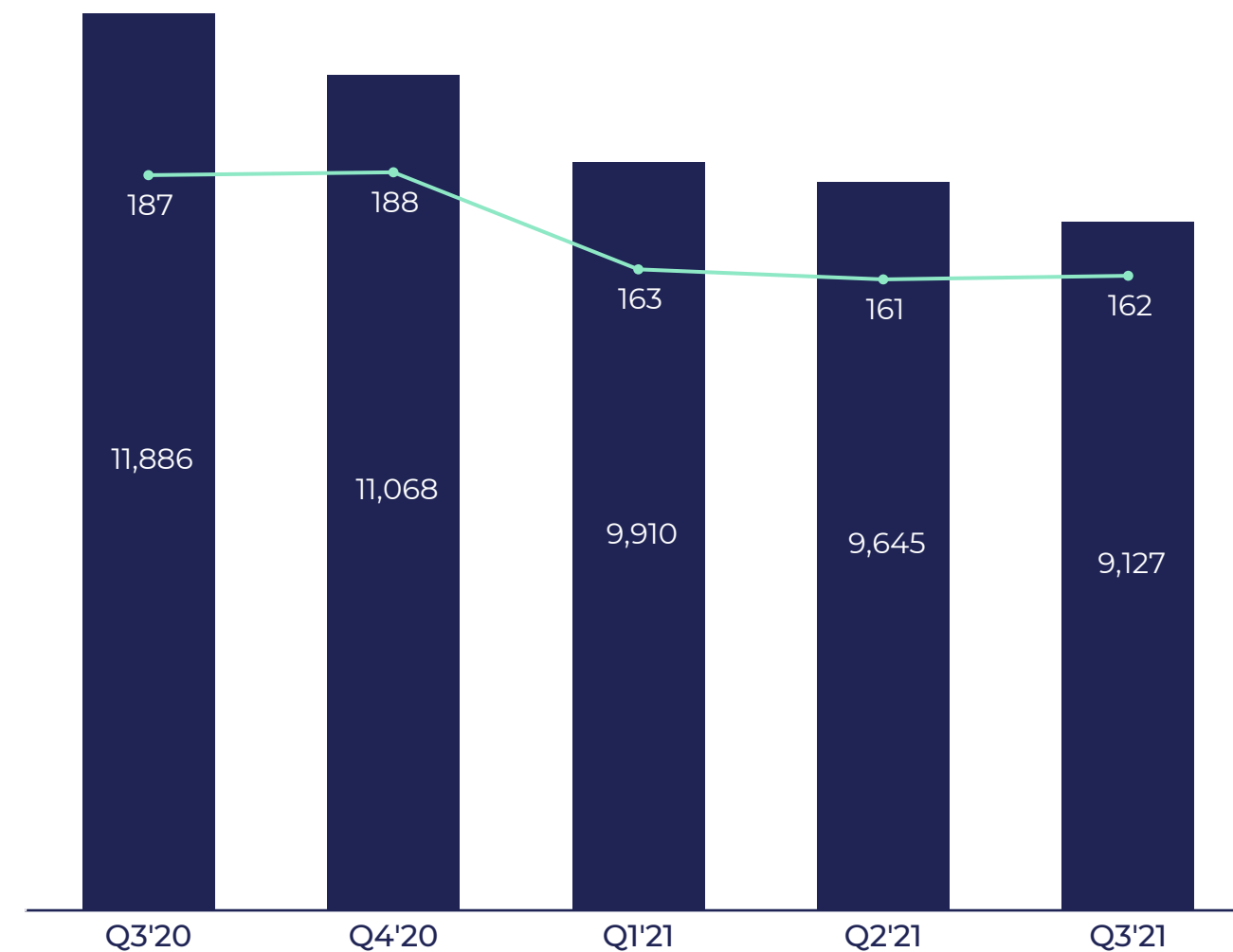
- Interest expenses reduced by NOK 25m year-on-year
 - Driven by debt repayment and buyback of bonds

- Bond 2 repaid in October
 - Repayment via a combination of the RCF and the Bridge Facility
 - Cost of debt reduced going forward

- Liquidity reserve of EUR 458m
 - EUR 258m after Bond 2 & EUR 25m reduction of bridge facility

Interest expenses reduced

NOKm ■ Net interest-bearing debt — Interest expenses¹⁾

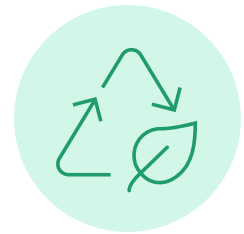


¹⁾ Consisting of interest expenses, commitment fees and arrangement fees

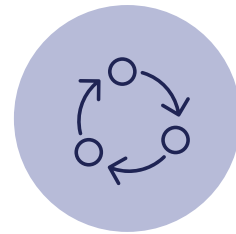
Summary



Key takeaways



ESG rating among top 1 % globally



Improved efficiency in collection through AI initiatives



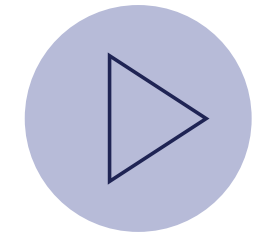
Strong cash generation and continued deleveraging



In advanced discussions with reputable institutional co-investment partners



Dividend of NOK 0.15 for 2020 and share buy-back program



Higher market activity expected going forward

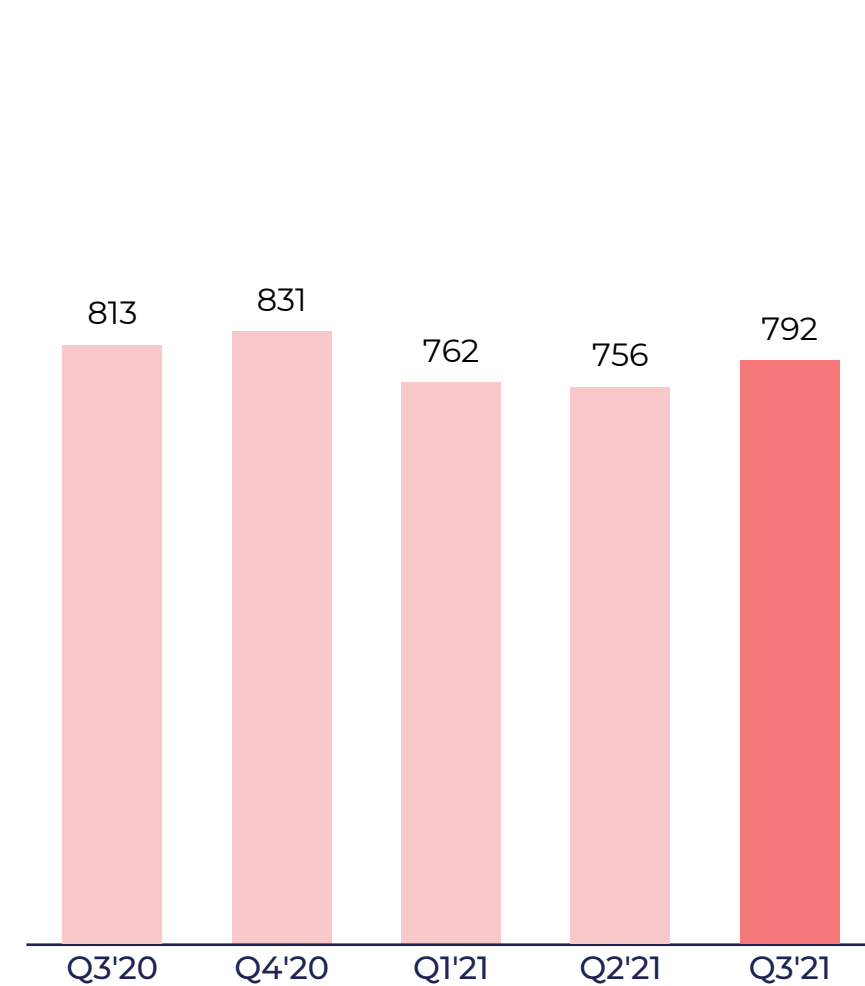
Q&A



Quarterly financial performance

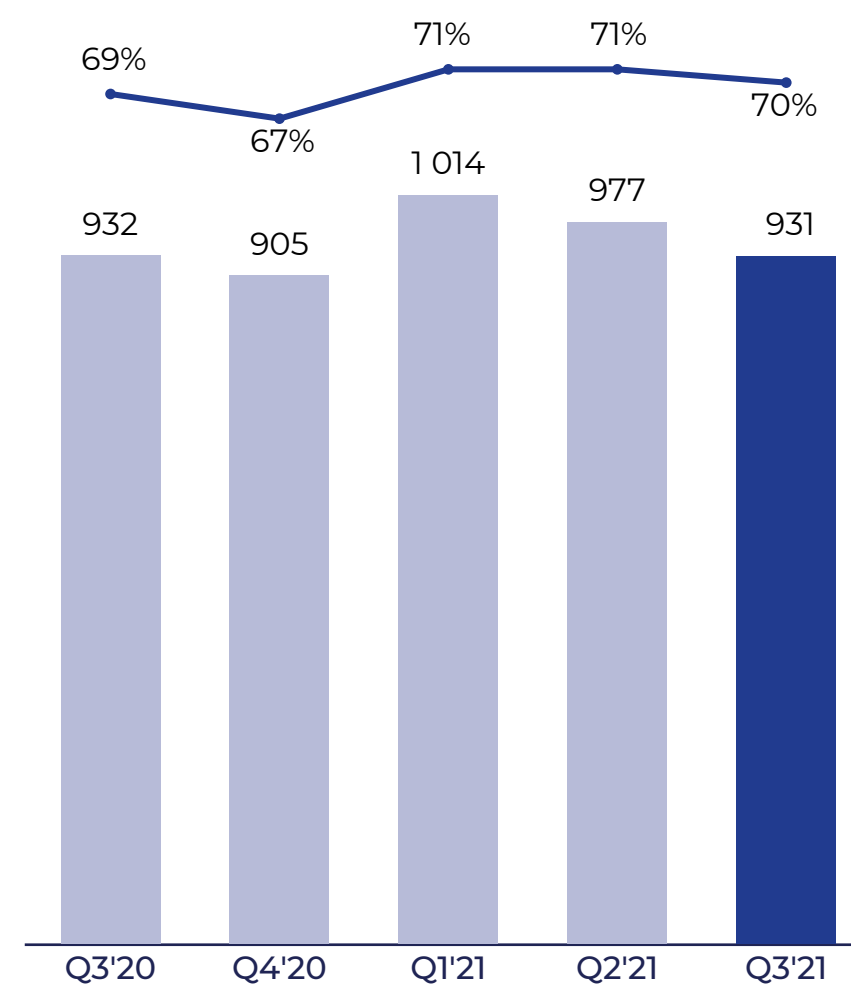
Net revenues

NOKm



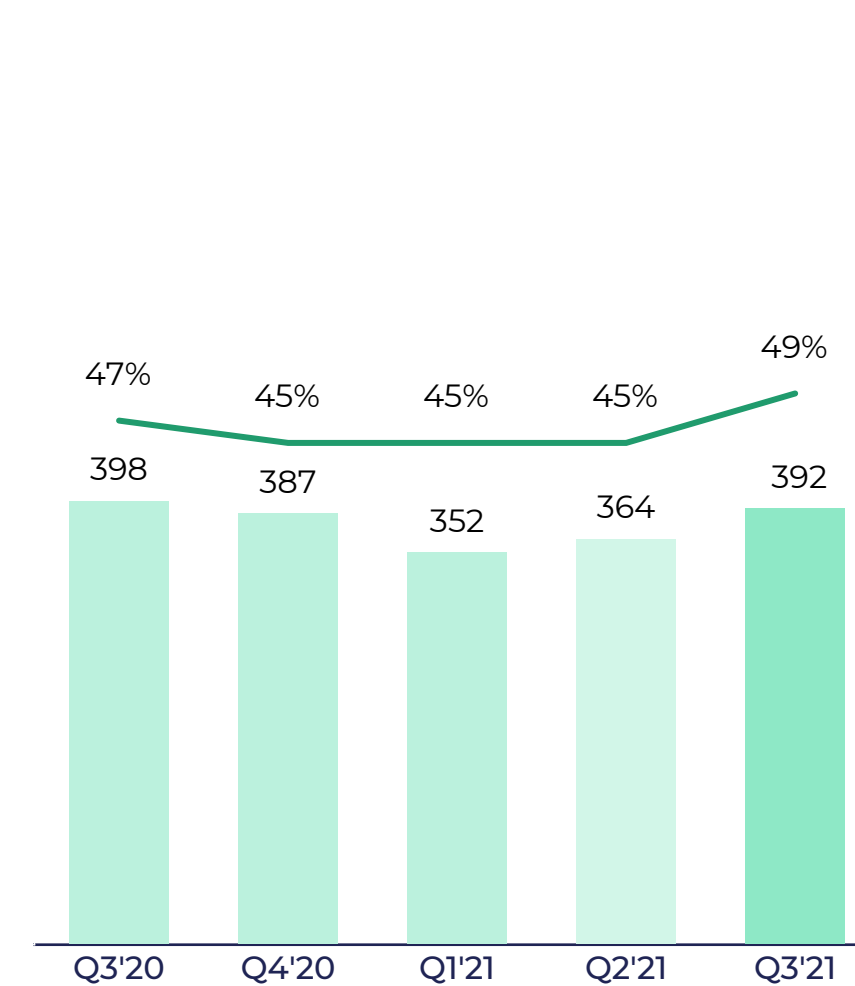
Cash EBITDA

NOKm Cash EBITDA Cash margin



EBITDA

NOKm EBITDA EBITDA margin

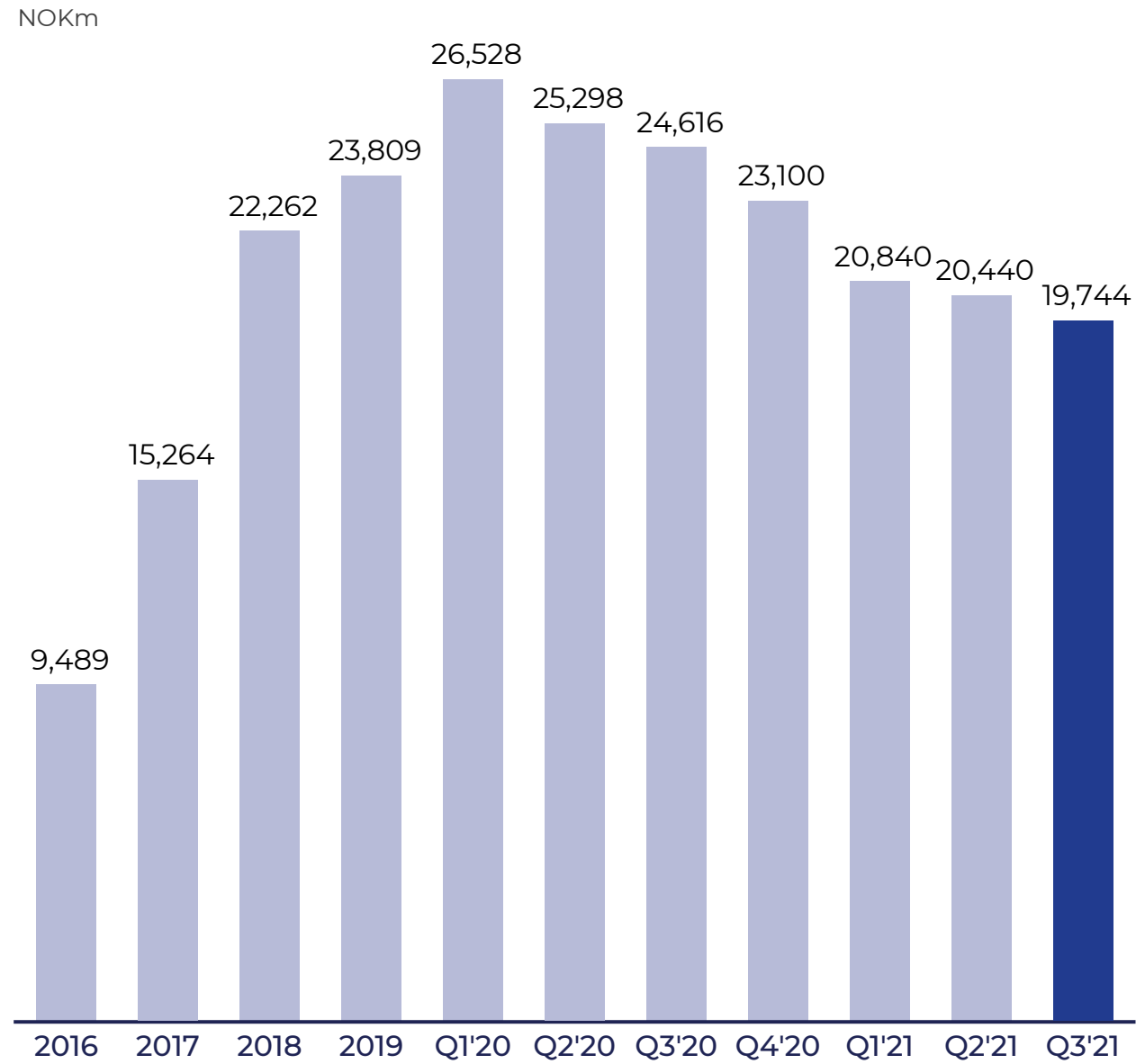


Third quarter 2021 summary

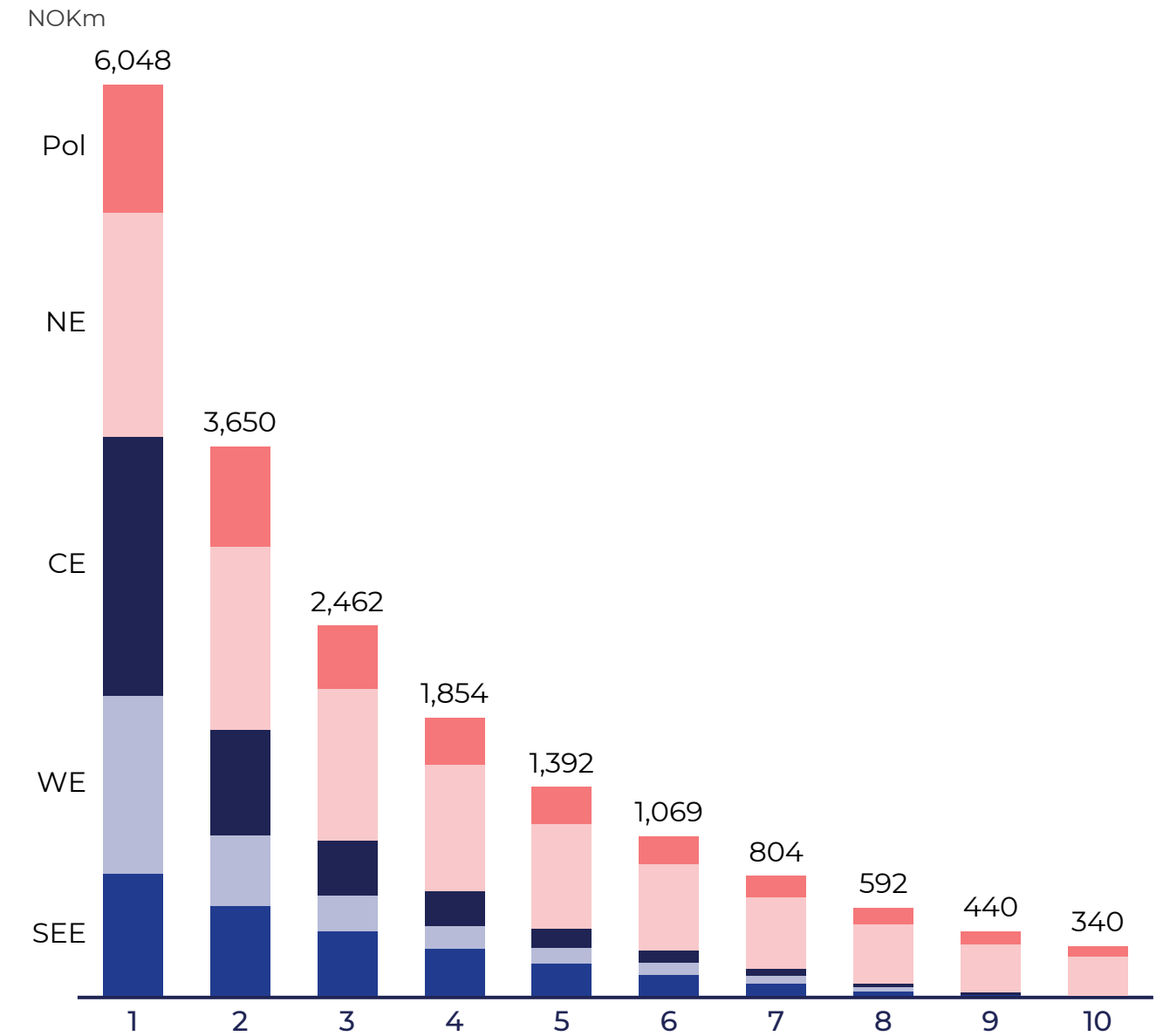
NOKm	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3
Net revenues	764	687	813	831	762	756	792
EBIT	255	245	369	355	330	341	370
Profit (loss) after tax	24	34	128	123	130	162	162
Cash revenue	1,364	1,342	1,348	1,349	1,424	1,369	1,332
Cash EBITDA	881	927	932	905	1,014	977	931
Cash margin	65%	69%	69%	67%	71%	71%	70%
Cost to collect %	22.9%	21.7%	16.9%	23.2%	18.3%	20.0%	18.2%
Gross collections ¹⁾	1,433	1,277	1,636	1,315	1,494	1,407	1,269
Portfolio purchases ²⁾	491	473	264	437	192	220	237
Basic earnings per share, NOK	0.06	0.08	0.31	0.30	0.32	0.39	0.40

ERC development

Development in total gross ERC¹⁾



Forward 120m ERC profile by year¹⁾



Portfolio diversification

Unsecured	Year 1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Pol	758	550	400	308	242	184	141	108	84	65	2,842	3,025
NE	1,478	1,212	1,001	835	687	567	471	390	319	264	7,223	8,120
CE	294	249	199	154	118	81	42	22	13	5	1,176	1,179
WE	219	183	140	105	79	64	40	22	4	1	856	858
SEE	593	516	419	322	222	152	89	42	15	2	2,371	2,371
Sum	3,341	2,711	2,158	1,723	1,348	1,048	783	583	434	338	14,469	15,553

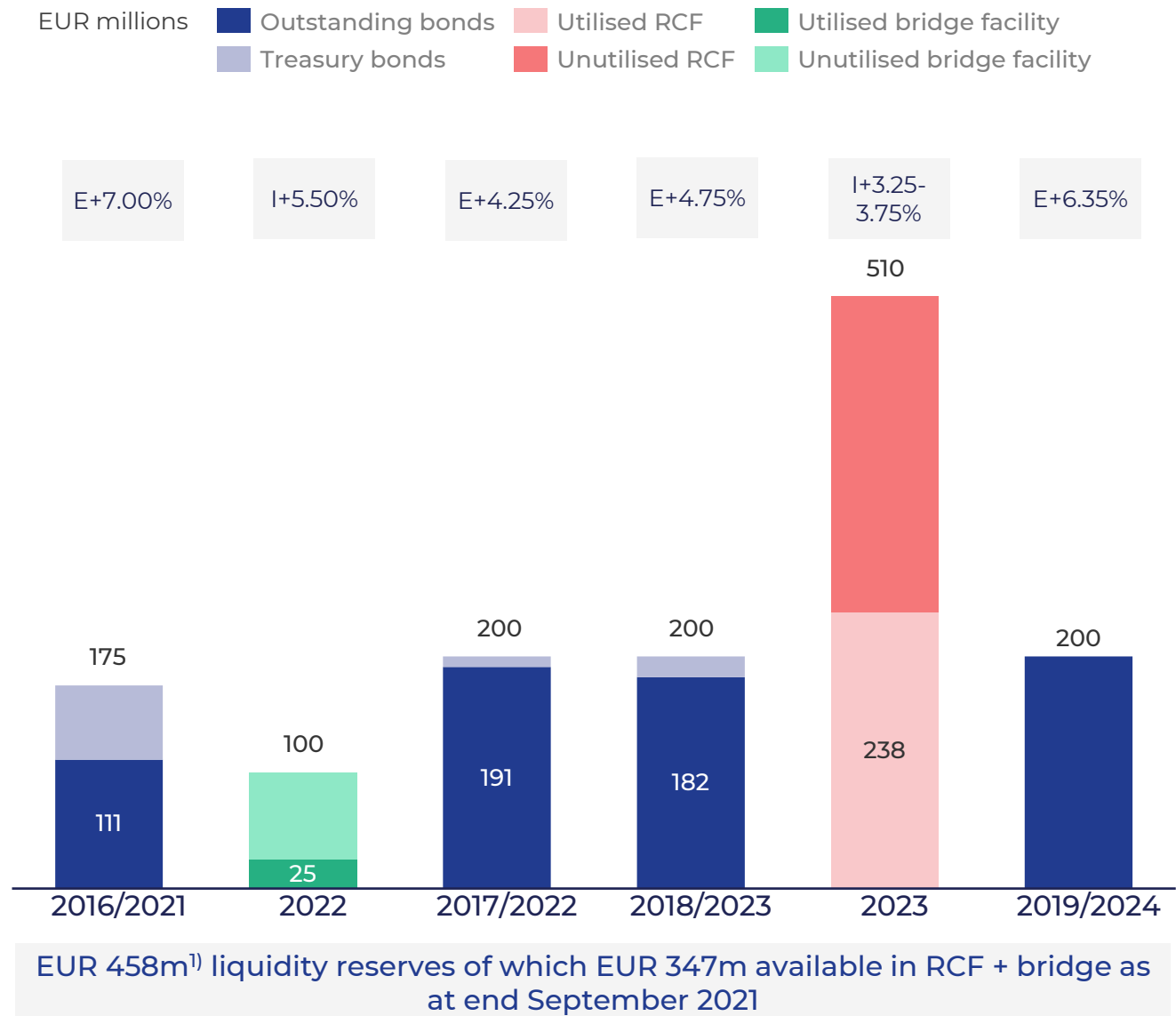
Secured	Year 1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Pol	91	109	17	2	1	1	1	1	0	0	222	223
NE	7	5	4	3	3	3	2	2	1	1	32	37
CE	1,423	447	162	77	13	2	1	1	2	1	2,129	2,132
WE	958	289	103	47	24	14	15	5	2	0	1,456	1,456
SEE	228	89	18	2	1	1	1	-	-	-	342	342
Sum	2,707	939	303	131	43	21	21	9	5	3	4,182	4,191

Total	6,048	3,650	2,462	1,854	1,392	1,069	804	592	440	340	18,651	19,744
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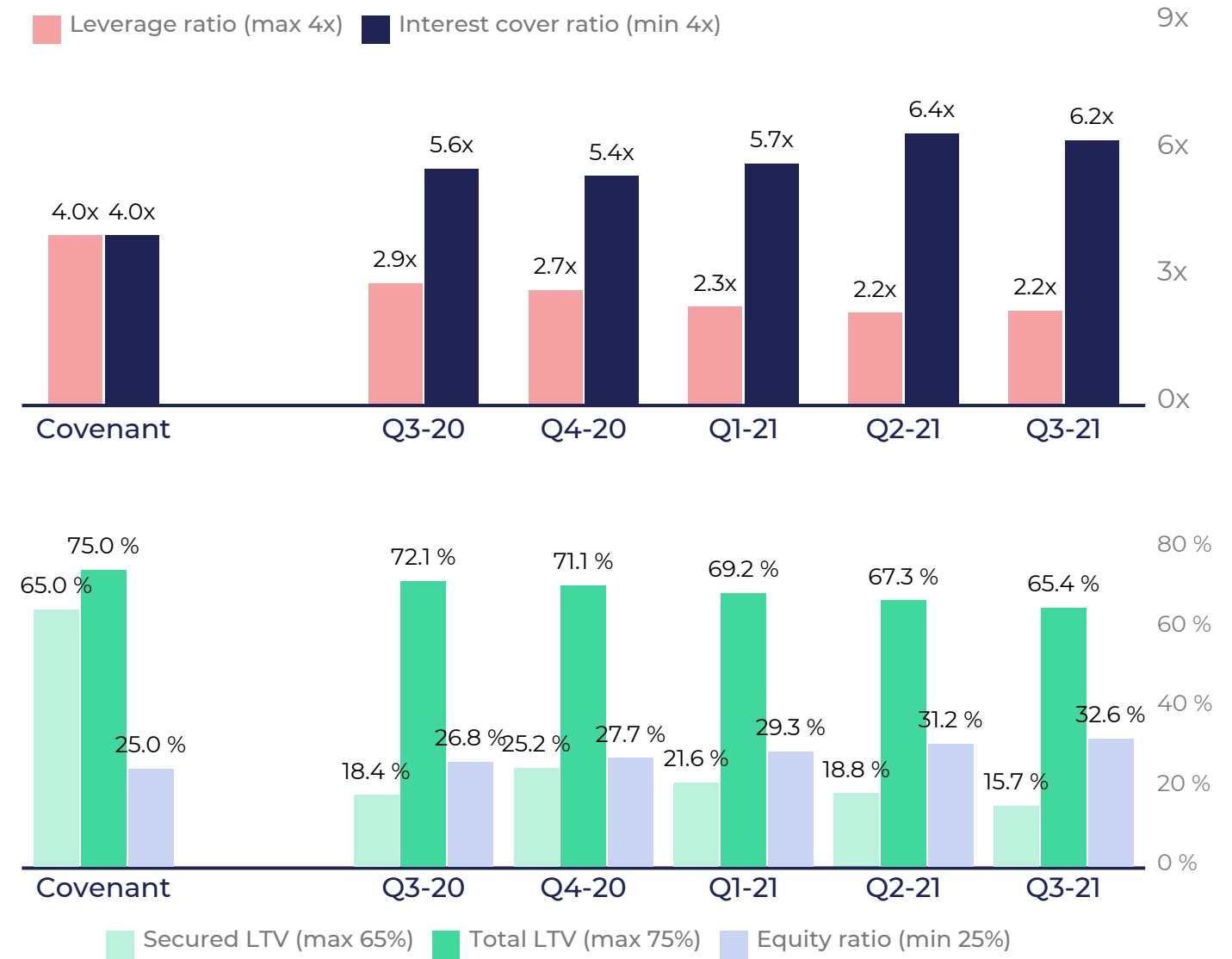
Strong liquidity reserve and comfortable headroom to covenants

S&P: B+ (stable outlook) | Moody's: Ba3 (negative outlook)

Funding profile



Financial covenants



¹⁾ Calculated as EUR 246m undrawn existing RCF plus EUR 75m in undrawn bridge facility plus EUR 26m in undrawn overdraft plus EUR 41m cash on balance sheet less NOK 200m (EUR 20m) in cash reserves less deferred payment for portfolio purchases of EUR 2m plus fair value of Treasury Bonds of EUR 92m.



Northern Europe (NE)

NOKm	2021 Q3	2020 Q3	Change %
Total revenues	279	271	3%
EBIT	185	169	9%
Profit margin (%)	66%	62%	4pp
ERC	8,157	9,684	-16%

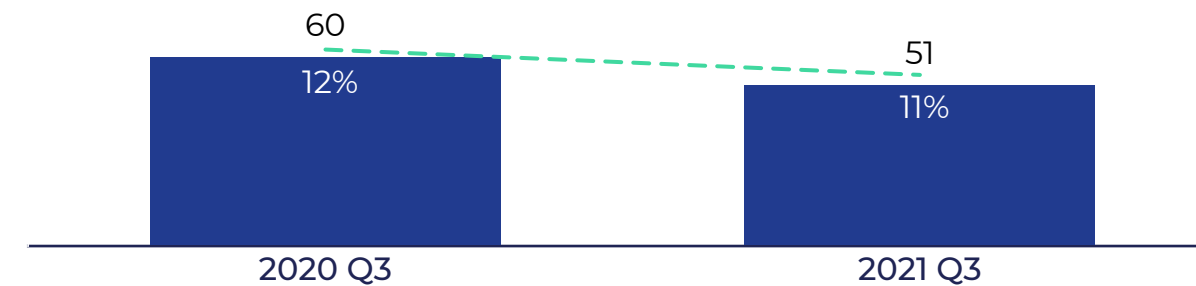
Highlights & KPIs

- Portfolio purchase volume of NOK 108m in the quarter
- Gross collection of NOK 470m

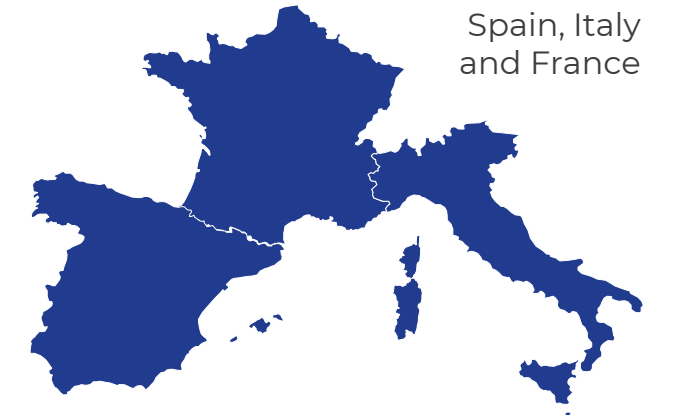
Portfolio purchases



Cost to Collect



Western Europe (WE)

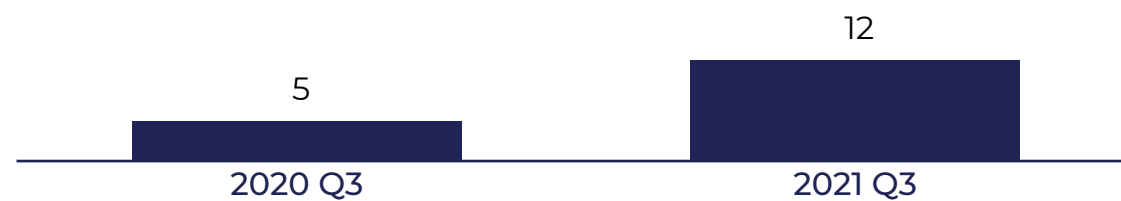


NOKm	2021 Q3	2020 Q3	Change %
Total revenues	84	132	-36%
EBIT	9	50	-82%
Profit margin (%)	11%	38%	-27pp
ERC	2,314	2,966	-22%

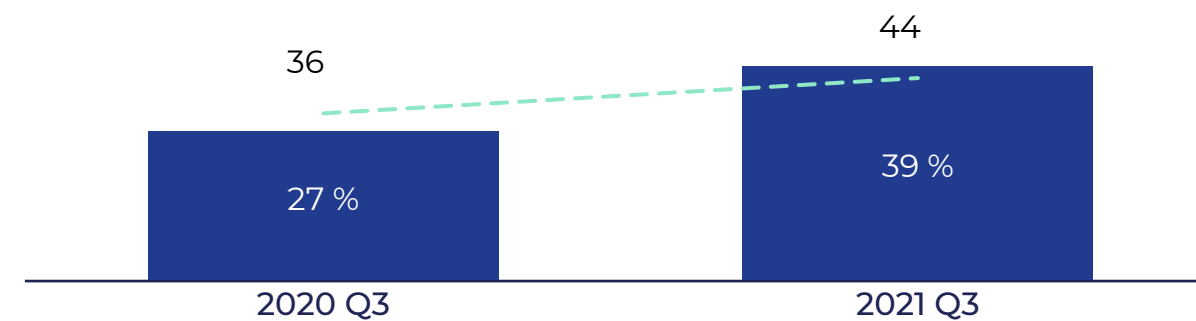
Highlights & KPIs

- Portfolio purchases of NOK 12m in the quarter
- Gross collection of NOK 89m

Portfolio purchases

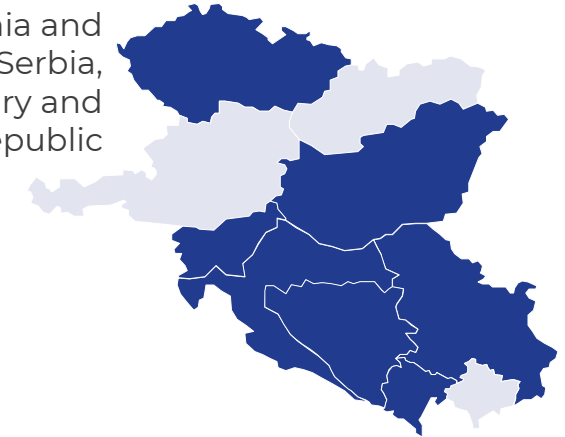


Cost to Collect



Central Europe (CE)

Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Hungary and Czech Republic



NOKm	2021 Q3	2020 Q3	Change %
Total revenues	147	128	15%
EBIT	88	58	53%
Profit margin (%)	60%	45%	15pp
ERC	3,311	4,841	-32%

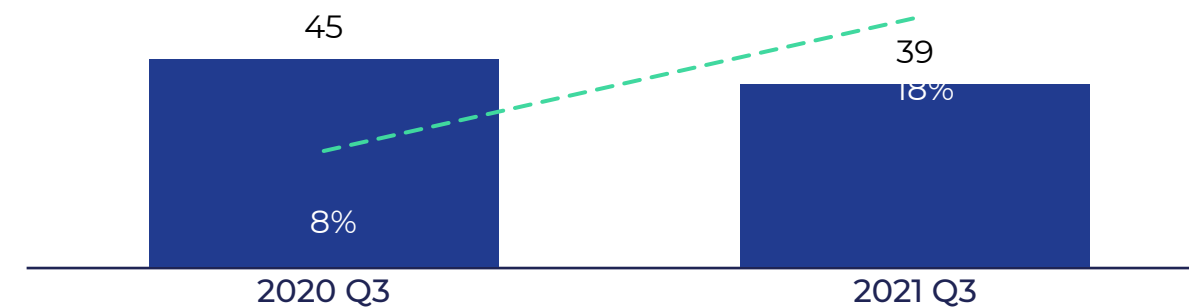
Highlights & KPIs

- Portfolio purchases of NOK 14m in the quarter
- Gross collection of NOK 220m

Portfolio purchases



Cost to Collect



South Eastern Europe (SEE)

Romania, Bulgaria, Greece and Cyprus

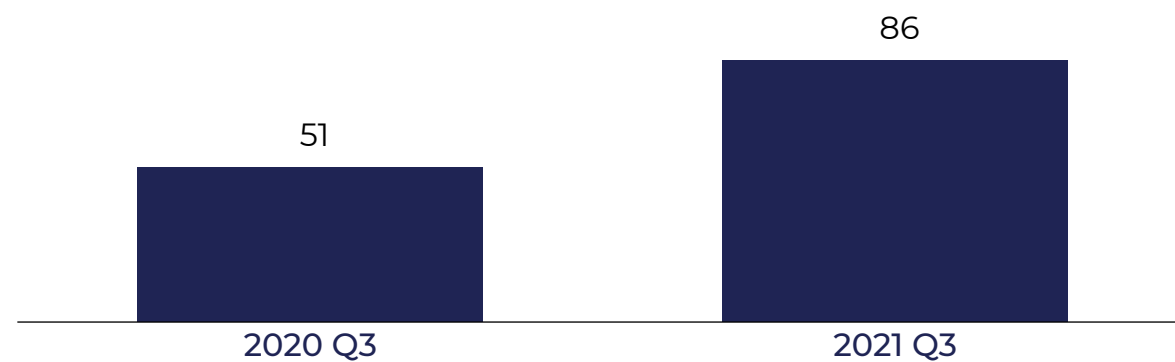


NOKm	2021 Q3	2020 Q3	Change %
Total revenues	145	108	34%
EBIT	47	23	105%
Profit margin (%)	32%	21%	11pp
ERC	2,714	3,403	-20%

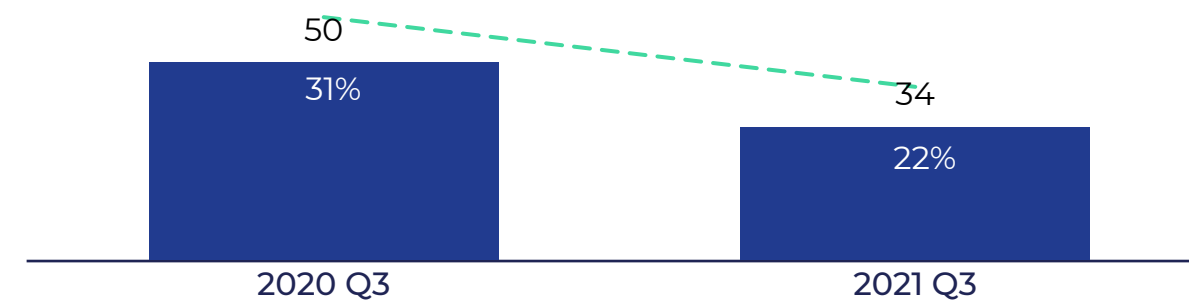
Highlights & KPIs

- Portfolio purchases of NOK 86 in the quarter
- Gross collection of NOK 154m

Portfolio purchases



Cost to Collect



Poland

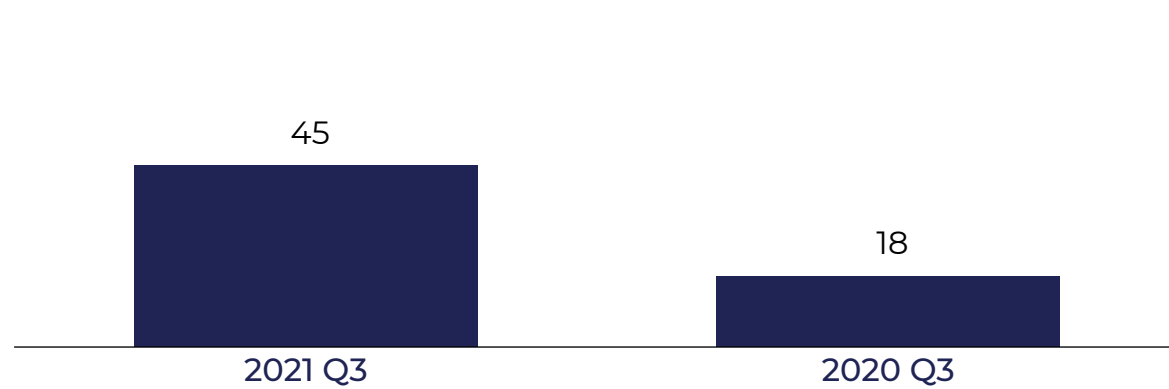


NOKm	2021 Q3	2020 Q3	Change %
Total revenues	164	206	-21%
EBIT	92	106	-14%
Profit margin (%)	56%	51%	4pp
ERC	3,248	3,687	-12%

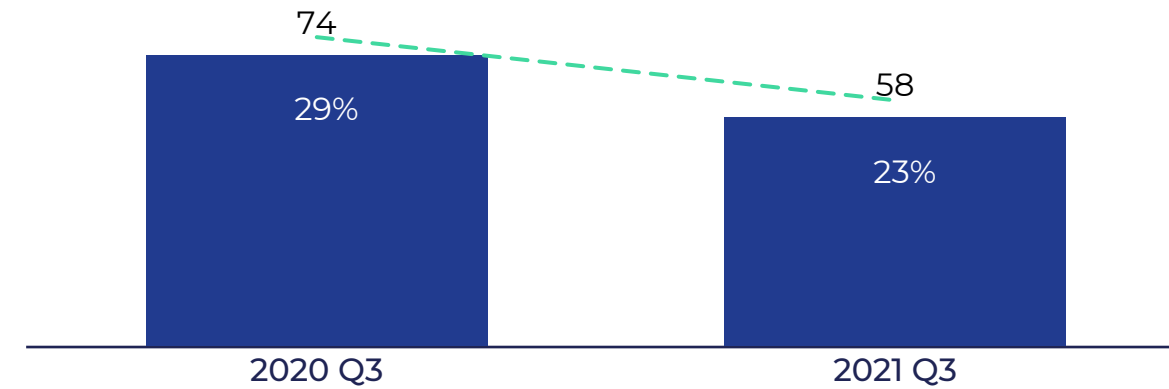
Highlights & KPIs

- Portfolio purchases of NOK 18m in the quarter
- Gross collection of NOK 248m

Portfolio purchases



Cost to Collect



20 largest shareholders

#	Shareholder	No. of shares	Percentage
1	PRIORITET GROUP AB	52,913,000	12.91 %
2	RASMUSSENGRUPPEN AS ¹⁾	51,373,266	12.53 %
3	VALSET INVEST AS	26,000,000	6.34 %
4	STENSHAGEN INVEST AS	24,600,143	6.00 %
5	DNB MARKETS AKSJEHANDEL/-ANALYSE	17,984,479	4.39 %
6	VERDIPAPIRFONDET ALFRED BERG GAMBA	15,271,688	3.73 %
7	DUNKER AS	8,676,690	2.12 %
8	RUNE BENTSEN AS	8,191,680	2.00 %
9	VERDIPAPIRFONDET ALFRED BERG NORGE	7,155,224	1.75 %
10	VERDIPAPIRFONDET DNB NORGE	6,505,296	1.59 %
11	STOREBRAND NORGE I VERDIPAPIRFOND	6,372,483	1.55 %
12	VPF DNB AM NORSKE AKSJER	6,142,796	1.50 %
13	GREENWAY AS	5,802,368	1.42 %
14	SKANDINAVISKA ENSKILDA BANKEN AB	5,451,112	1.33 %
15	VERDIPAPIRFONDET ALFRED BERG AKTIV	4,246,516	1.04 %
16	K11 INVESTOR AS	3,883,067	0.95 %
17	LIN AS	3,500,000	0.85 %
18	RANASTONGJI AS	2,847,048	0.69 %
19	VJ INVEST AS	2,797,989	0.68 %
20	VERDIPAPIRFONDET KLP AKSJENORGE IN	2,656,669	0.65 %
	OTHER	147,561,084	36.00 %
	TOTAL	409,932,598	100.00 %

Definitions

- **120-month ERC:** Estimated remaining collection, which expresses the gross 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.
- **Adjusted EBIT (Adj. EBIT):** Adjusted EBIT consists of EBIT adjusted for Non-recurring items.
- **Actualisation:** 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 is 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, amortisation and revaluation of purchased loan portfolios, profit from shares in shares in associated parties/joint ventures and participation loan/notes and cost of collateral assets sold. Adjusted for repossession of collateral assets and cash received 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 margin:** Consists of cash EBITDA expressed as a percentage of cash revenue.
- **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.
- **Cash revenue:** Cash revenue consists of "Total revenues" added back amortisation and revaluation of purchased loan portfolios, profit from shares in shares in associated parties/joint ventures and participation loan/notes. Adjusted for repossession of collateral assets and cash received 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.
- **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 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 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 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 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).

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