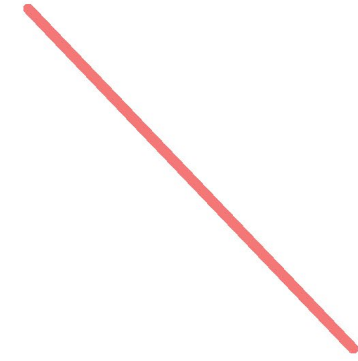


# Q4

Fourth quarter 2020



# Highlights Q4 2020

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## Operations

- Steady business operations in Q4 with resilience in key markets
- Positive cash generation after portfolio investments and interest coverage
- Reorganisation of Secured business starting to yield results

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## Effectiveness & Efficiency

- Unsecured collections were above expectations
- Successful execution of amicable recovery strategies for secured portfolios drove performance above target
- Continued focus on costs savings and cost control

---

## Investments

- Higher portfolio investments in Q4 compared with Q3
- Lower activity in most markets compared with previous years, but pipeline building up
- Preserving liquidity to position the company for future investment opportunities

---

## Capital & Funding

- Full repayment of B2H01 in December and buyback of B2H02 continued
- Signed 18 months bridge facility of EUR 100m in November and RCF extended with 1 year, maturing May 2023
- Strengthened balance sheet and well in line with original RCF covenants

# Key figures Q4 2020

NOKm

Total revenues

**852**

(819)

Gross Collections<sup>1)</sup>

**1,315**

(1,370)

Cash EBITDA<sup>2)</sup>

**905**

(940)

Net profit

**123**

(90)

Portfolio purchases

**437**

(566)

Leverage ratio

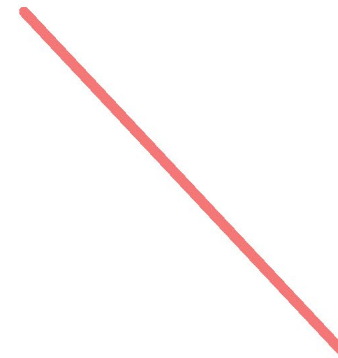
**3.04x**

(2.91x)

Comparable numbers for Q4 2019 in brackets. 1) Includes the Group's share of gross collection for portfolios purchased and held in SPVs and joint ventures.  
2) Prior period numbers are updated in accordance with adjusted definition for Cash revenue and Cash EBITDA – refer to the alternative performance measures section of the quarterly report for additional details.

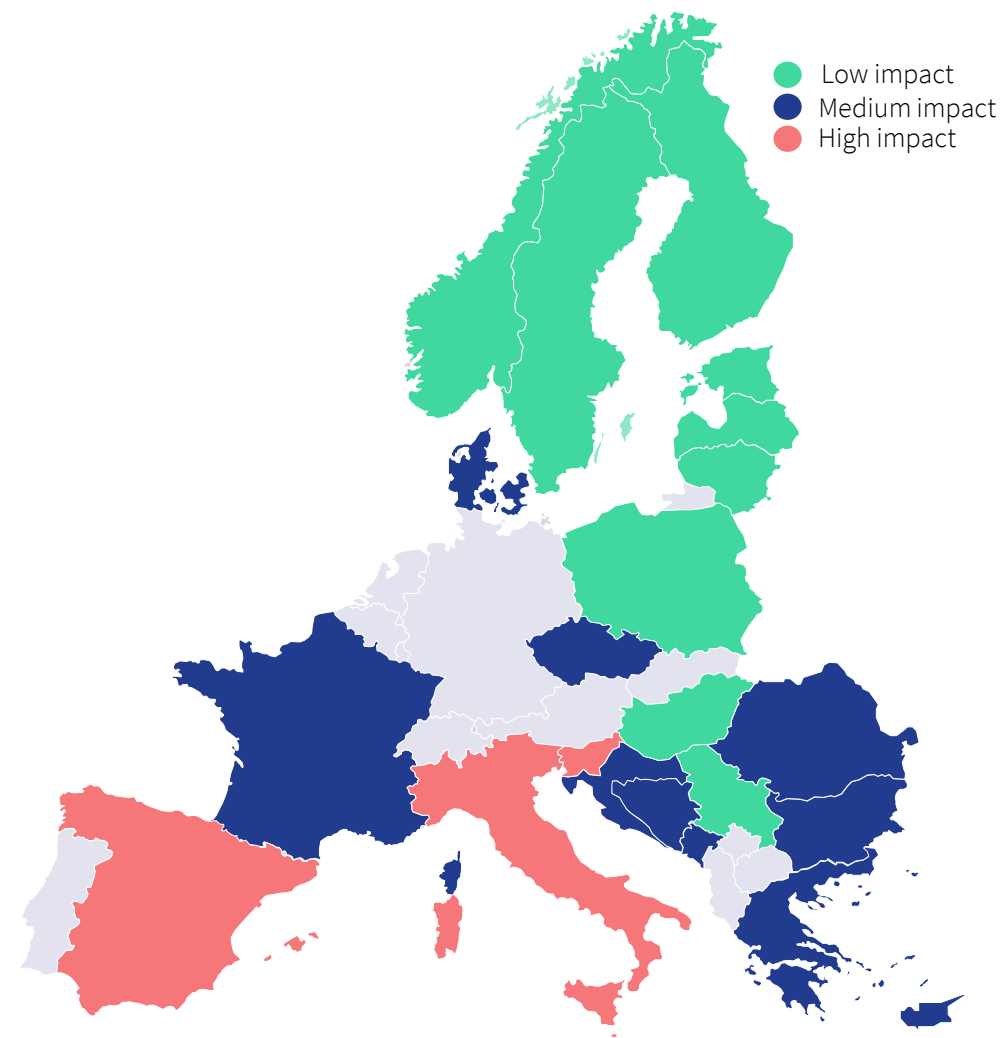


# Business update

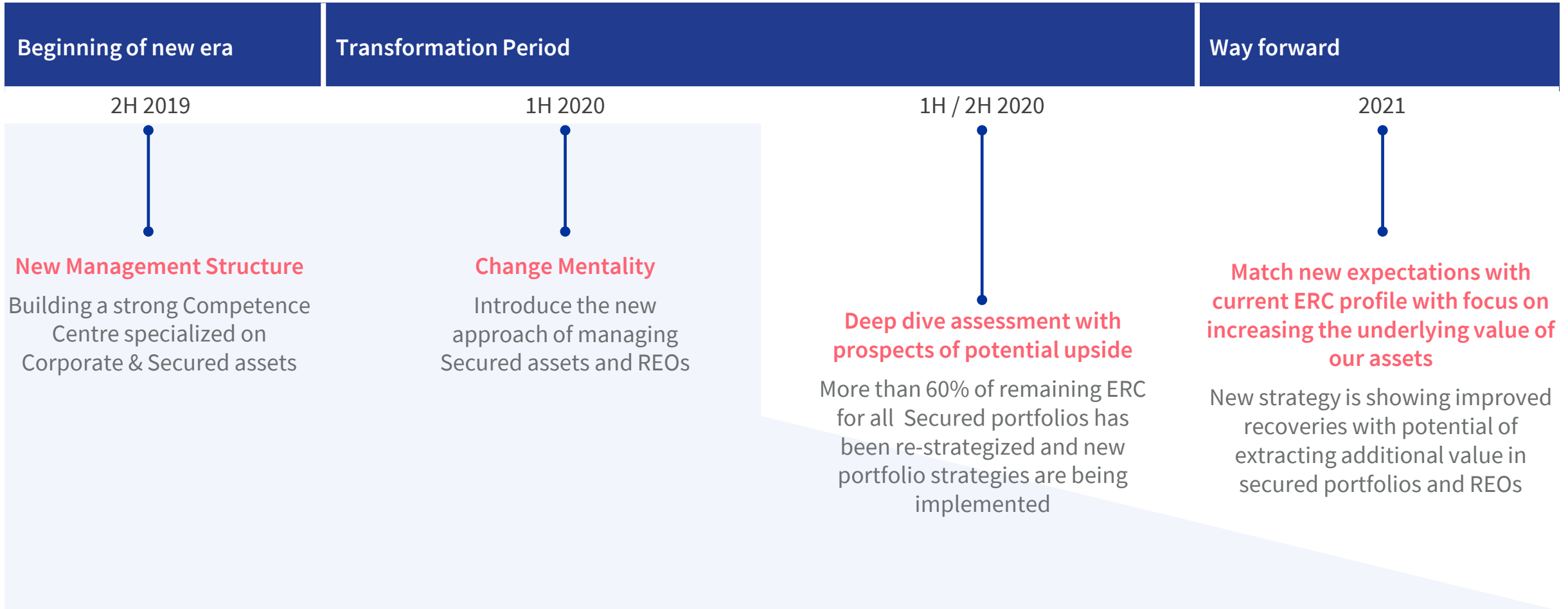


# Ending the year with close to normal activity in most markets

- Both unsecured collections and secured recoveries above latest forecast
  - Pandemic impact most visible in markets where the lock down affected the bailiff and legal system
- Stricter pandemic measures in Q4 made no material impact on the Group's operating capacity
  - Flexible work arrangements promoting the health and safety of the employees and ensuring stable operations
- Potential further impact of the pandemic is limited in the short-term
  - Business and governments were better prepared for the second wave; court and bailiff operations are functioning in all countries of B2Holding's presence
  - Access to the customers and the payment discipline has remained above the expectations during the pandemic



# Successful transformation of Secured Asset Management



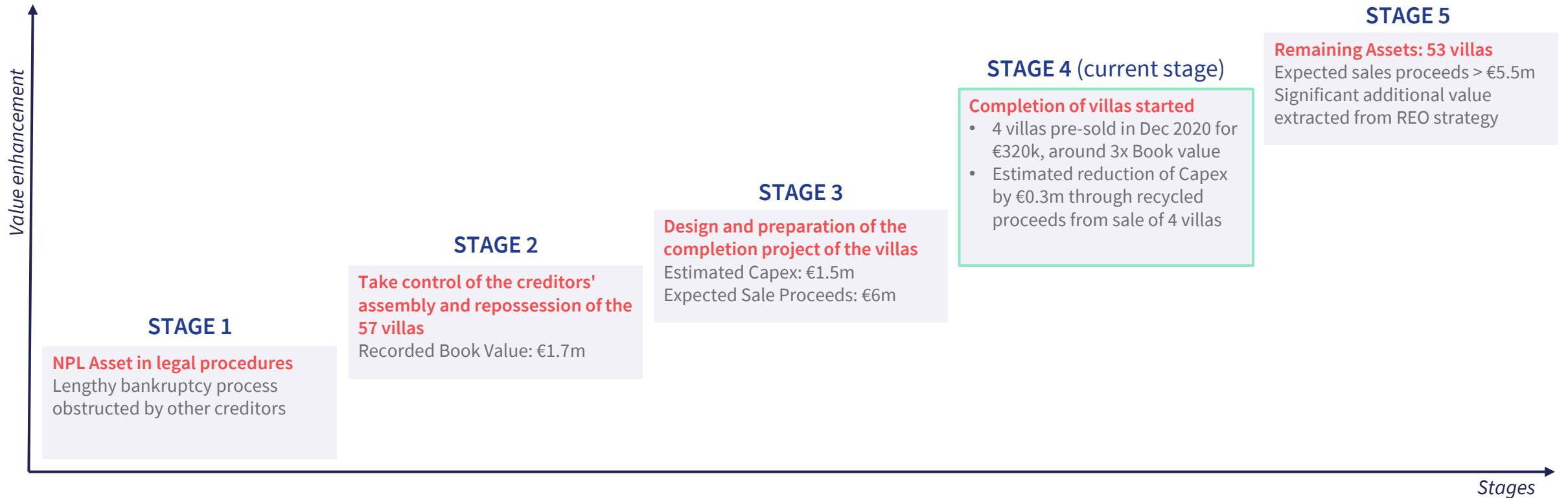


# REO Assets Under Management showing positive development

## Increased pace in the fourth quarter, satisfactory quality of disposals and proven resilience amidst Covid-19

- REO Assets Under Management have grown significantly in the last 12 months, mainly driven by the repossession of key assets
  - REO strategies are a fundamental part of loan recovery strategies in secured portfolios to shorten time to cash and extract additional value
  - Last 12-months performance has proven the quality of our assets and the strong competences in this asset class.

## REO Case: Understanding the underlying value of the case and design the proper strategy



# Core priorities going forward

## Operations



- Utilising economies of scale in key markets expected to improve margins for future investments
- Continued focus on business transformation towards higher degree of automation in collection and big data analytics

## Investments



- Expected improved market conditions with lower investments required to maintain earnings
- Maintain price discipline
- Continued shift towards stable cash generating portfolios in core markets

## Compliance and Risk



- Further strengthen risk function with higher degree of centralization in investments
- Improve data quality and insight resulting in more efficient capital allocation going forward



# Financial performance



# Fourth quarter 2020 summary

## Financial summary

NOKm	2020 Q4	2019 Q4	% Change	2020 Full year	2019 Full year	% Change
Total revenues	852	819	4 %	3,174	2,874	10 %
Operating profit (EBIT)	355	291	22 %	1,224	959	28 %
<b>Profit after tax</b>	<b>123</b>	<b>90</b>	<b>36 %</b>	<b>309</b>	<b>107</b>	<b>188 %</b>
Cash revenue	1,349	1,396	-3 %	5,403	5,642	-4 %
Cash EBITDA	905	940	-4 %	3,646	3,905	-7 %
<b>Cash margin</b>	<b>67 %</b>	<b>67 %</b>	<b>0 pp</b>	<b>67 %</b>	<b>69 %</b>	<b>-2 pp</b>
Cost to collect %	23.2 %	24.0 %	-0.8 pp	20.9 %	22.5 %	-1.6 pp
<i>Basic earnings per share, NOK</i>	0.30	0.22		0.75	0.26	
<b>Return on equity</b>	<b>6.9 %</b>	<b>2.5 %</b>	<b>4.4 pp</b>	<b>6.9 %</b>	<b>2.5 %</b>	<b>4.4 pp</b>
Gross collection from purchased loan portfolios <sup>1)</sup>	1,315	1,370	-4 %	5,659	5,425	4 %
Portfolio purchases <sup>2)</sup>	437	566	-23 %	1,664	4,034	-59 %

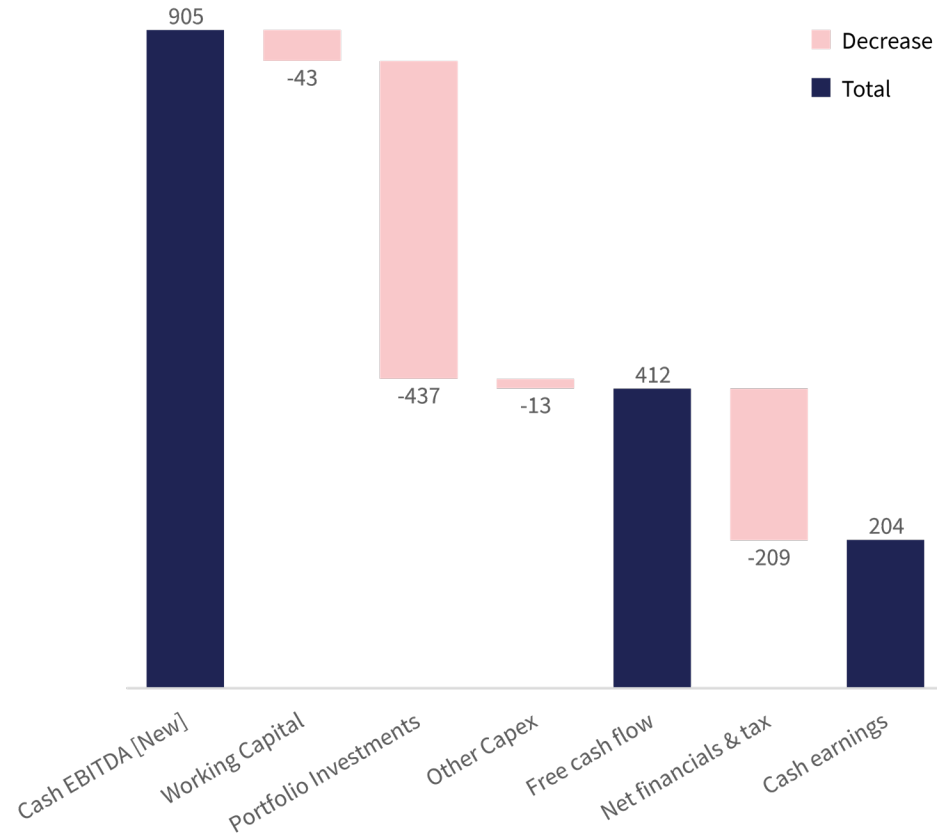
1) Includes the Group's share of gross collection for portfolios purchased and held in SPVs and joint ventures

2) Including the Group's share of portfolios purchased in SPVs and joint ventures

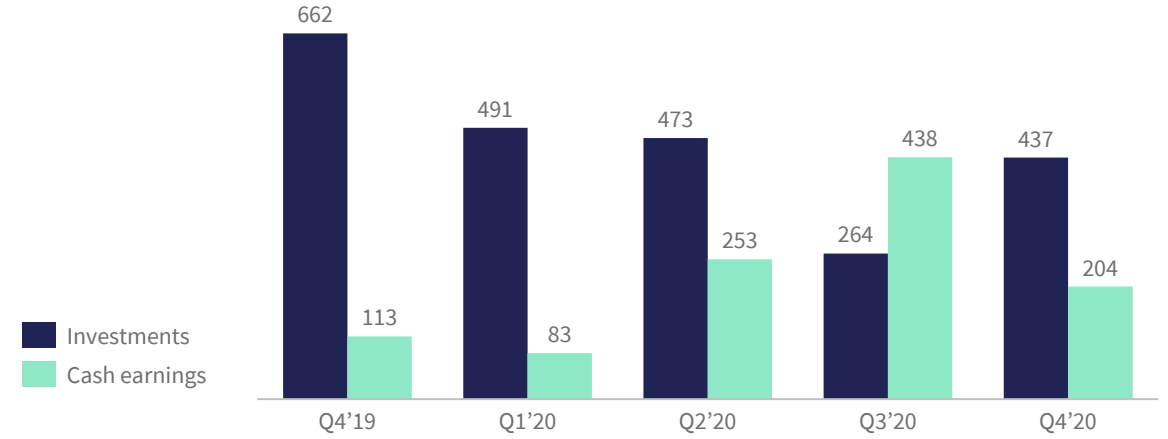
- Stable and resilient collections
  - Unsecured collections at 101% of latest forecast
  - Solid secured recoveries despite some resolutions delayed until Q1
- EBIT up 22% driven by tight cost control and lower net revaluations
- Profit after tax significantly up YoY despite NOK 13m one off cost related to bond buybacks
- Solid cash generation driven by efficiency, strict price discipline, and cost control

# Cash earnings utilized to reduce leverage and secure investment capacity

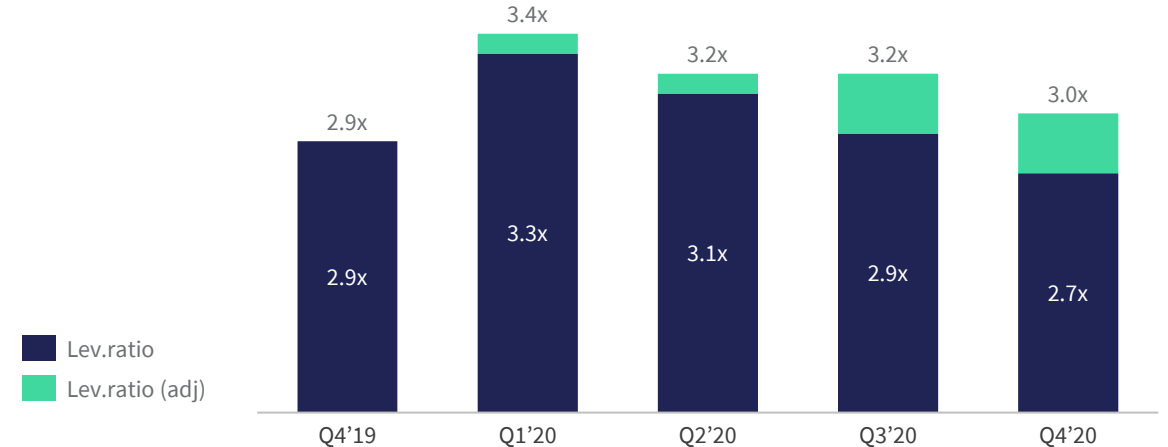
## Cash flow Q4 2020



## Additional investment capacity



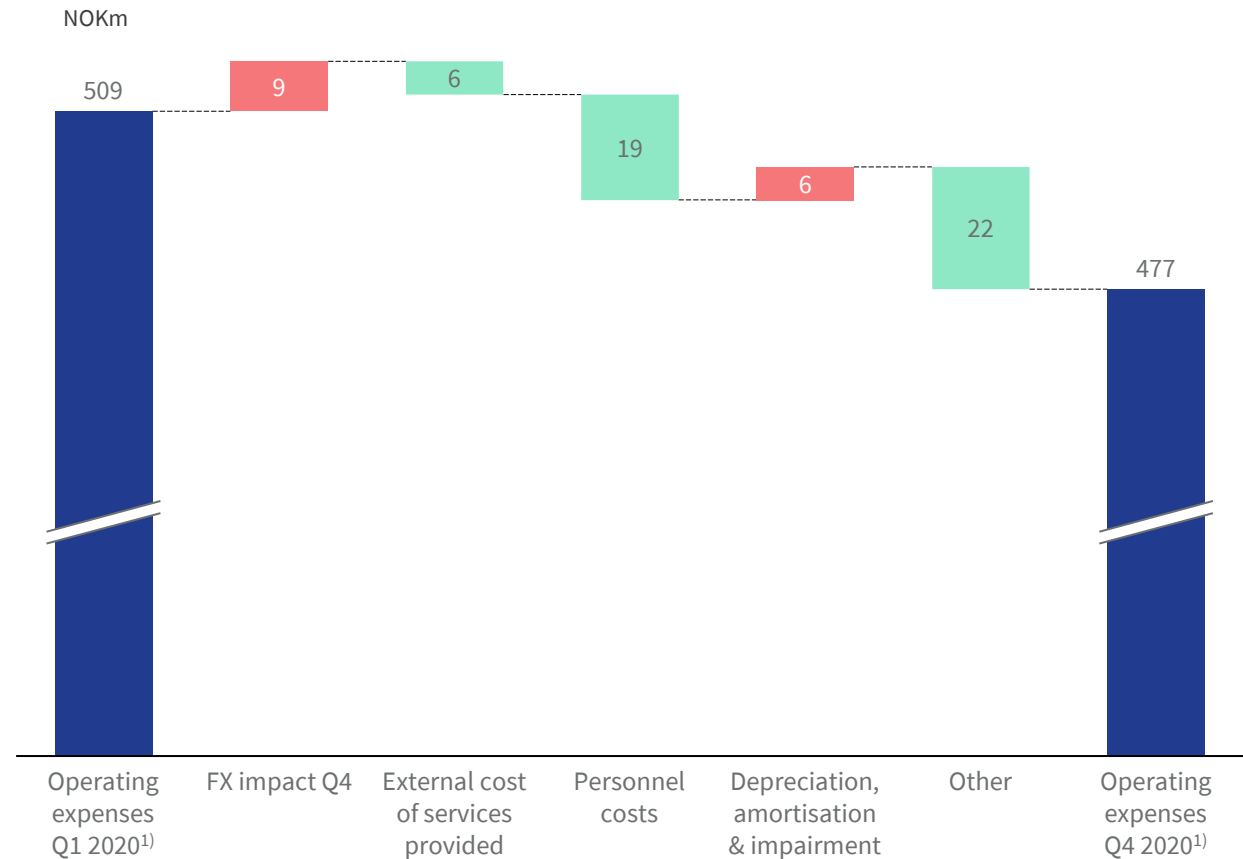
## Deleveraging



# Operating expenses reduced in accordance with cost saving targets

- In line with cost saving programme launched in Q1
- Cost savings of NOK 47 million (10 %) delivered in Q4 compared to Q1 (excludes Depreciation, Amortisation & Impairment)
- External cost of services provided close to “normal” levels in Q4
- Q4 savings in from:
  - Reduced personnel costs and temporary employees released (FTE numbers down from 2,395 at end Q1 to 2,191 at end Q4)
  - Other savings due to fewer transactions, less travel, reduced marketing activities, lower office costs etc.

## Cost savings fourth quarter, FX adjusted

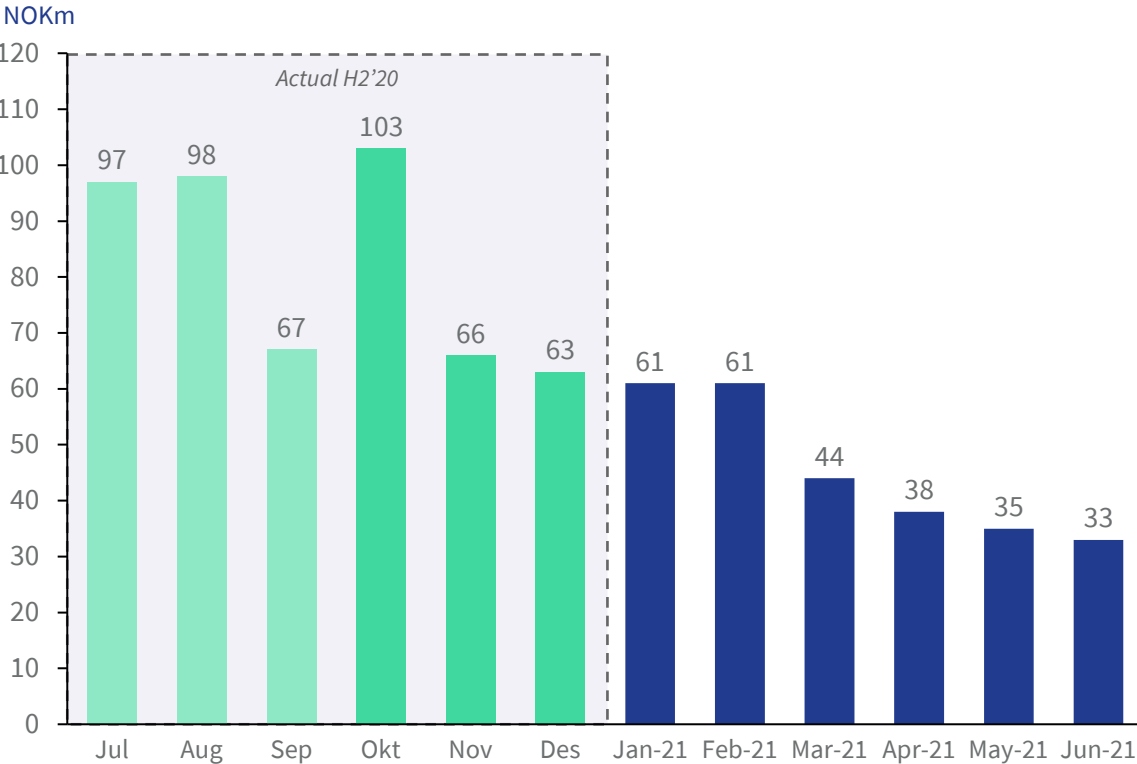


1) Operating expenses excludes “Cost of collateral assets sold, including impairment” of NOK 20m in Q4 and NOK 11m in Q1 2020



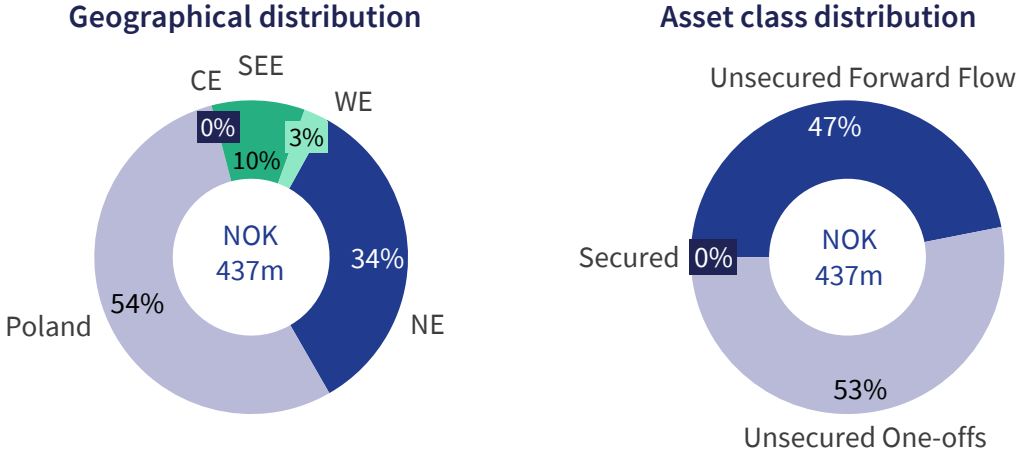
# Portfolio Investments and Estimated Remaining Collections

**Committed Forward Flow contracts, Q3'20 – Q2'21**

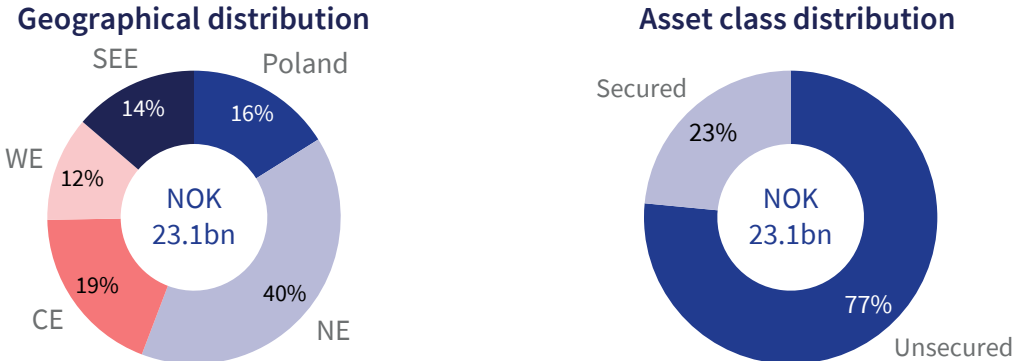


Committed volume in H1'21 of approx. NOK 272m as of Q4 2020

**Portfolio investments in Q4**



**Total ERC as of Q4**



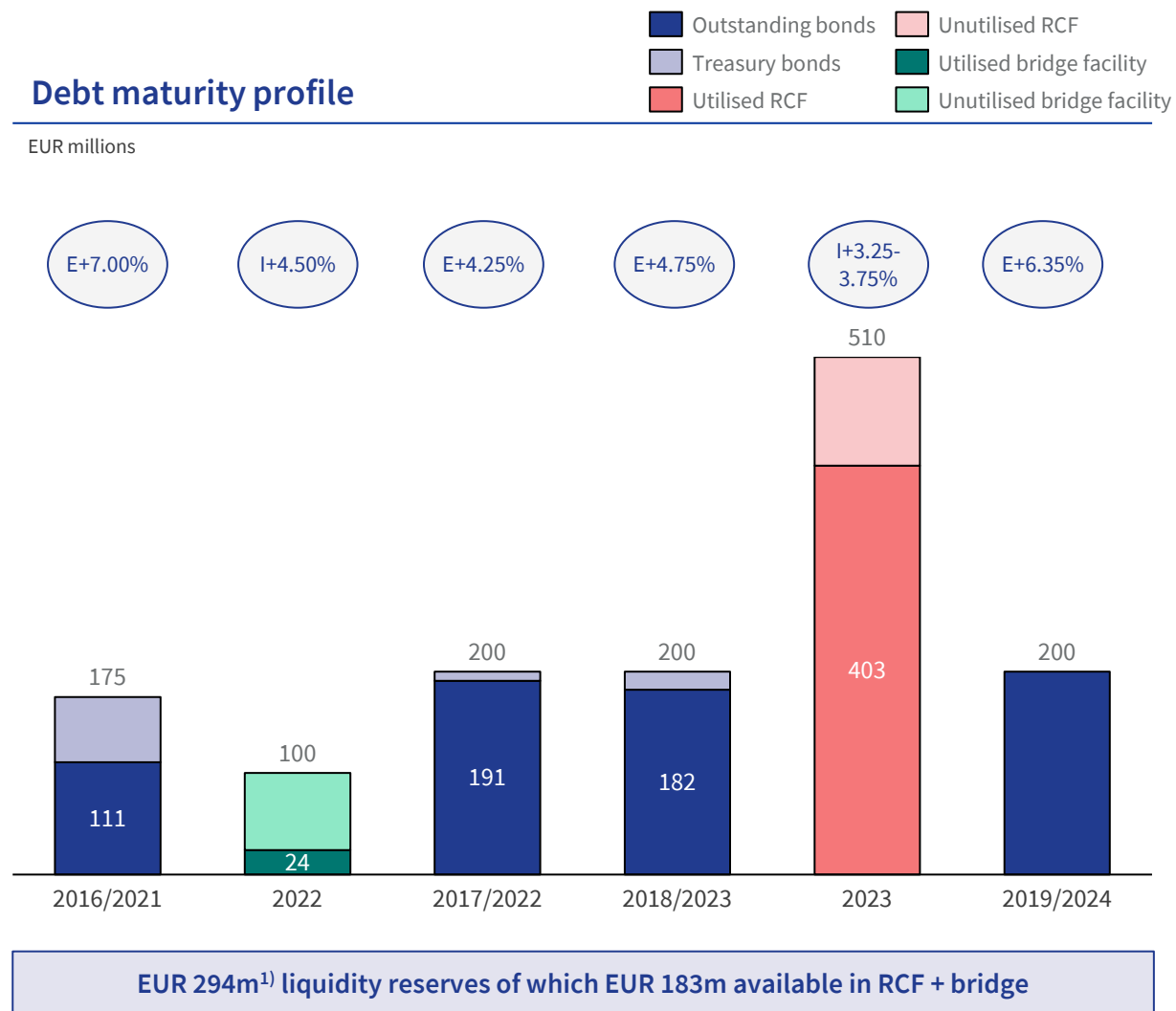
# Capital structure

## Funding

- Public rating (Corporate Family Rating/Bond Issue rating)
  - S&P: B+/B+
  - Moody's: Ba3/B1
  
- EUR 100m Bridge facility and 1-year extension of the RCF
  - Will give increased flexibility to position the financing for future needs
  
- Repurchased EUR 46.9m of outstanding B2H02
  - Reduces interest expenses with almost 1mEUR until Oct 2021
  - The Group holds EUR 91.25m in treasury bonds at year end
  
- B2H01 was refinanced with RCF on maturity
  
- Increased headroom to covenants

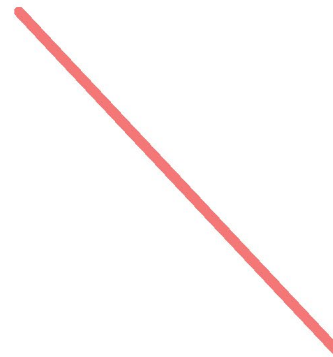
### Debt maturity profile

EUR millions



1) Calculated as EUR 88m undrawn existing RCF plus EUR 76m in undrawn bridge facility plus EUR 19m in undrawn overdraft plus EUR 40m cash on balance sheet less NOK 200m (EUR 19m) in cash reserves less deferred payment for portfolio purchases of EUR 2m plus fair value of Treasury Bonds of EUR 92m.

# Summary



# Summary



Unsecured collections and secured recoveries above latest forecast



Flexible work arrangements ensuring stable operations through second wave



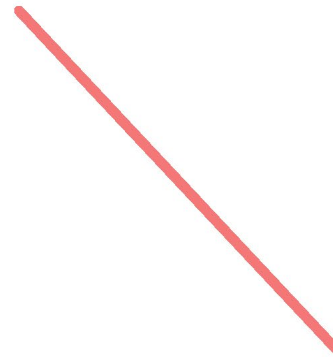
Cash earnings enables further reduced leverage and secures additional investment capacity



NPL market outlook remains positive



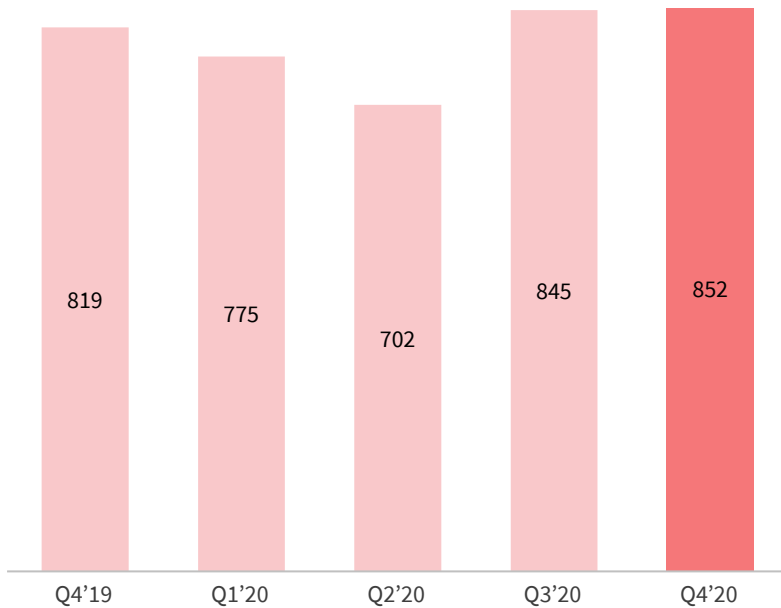
# Q&A



# Quarterly financial performance

## Total revenues

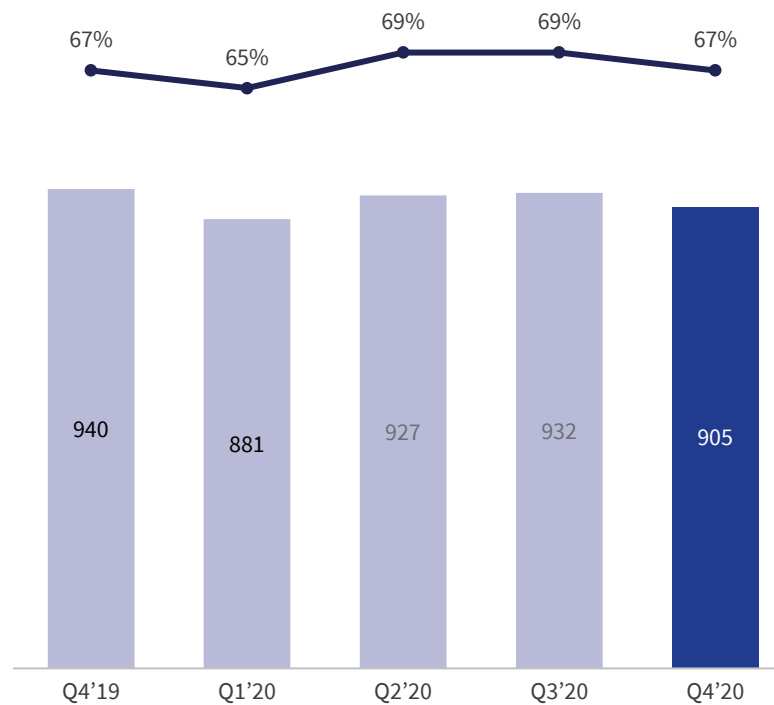
NOKm



## Cash EBITDA

NOKm

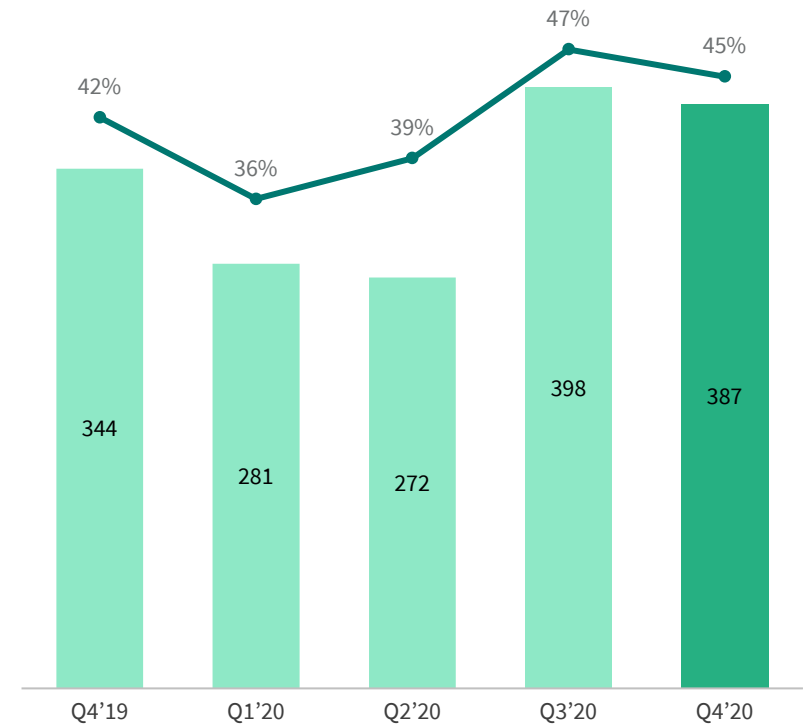
Cash EBITDA Cash margin



## EBITDA

NOKm

EBITDA EBITDA margin



# Quarterly financial performance

NOKm	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4
Total revenues	795	379	880	819	775	702	845	852
Operating profit	350	-69	387	291	255	245	369	355
<b>Profit after tax</b>	<b>106</b>	<b>-270</b>	<b>181</b>	<b>90</b>	<b>24</b>	<b>34</b>	<b>128</b>	<b>123</b>
Cash revenue	1,354	1,401	1,492	1,396	1,364	1,343	1,348	1,349
Cash EBITDA	942	989	1,034	940	881	927	932	905
<b>Cash margin</b>	<b>70 %</b>	<b>71 %</b>	<b>69 %</b>	<b>67 %</b>	<b>65 %</b>	<b>69 %</b>	<b>69 %</b>	<b>67 %</b>
Cost to collect %	22.0 %	21.6 %	22.4 %	24.0 %	22.9 %	21.7 %	16.9 %	23.2 %
Basic earnings per share, NOK	0.26	-0.66	0.44	0.22	0.06	0.08	0.31	0.30
Gross collection from purchased loan portfolios <sup>1)</sup>	1,248	1,274	1,386	1,370	1,315	1,277	1,636	1,315
Portfolio purchases <sup>2)</sup>	570	1,042	1,231	566	491	473	264	437
Leverage ratio				2.91	3.38	3.22	3.23	3.04

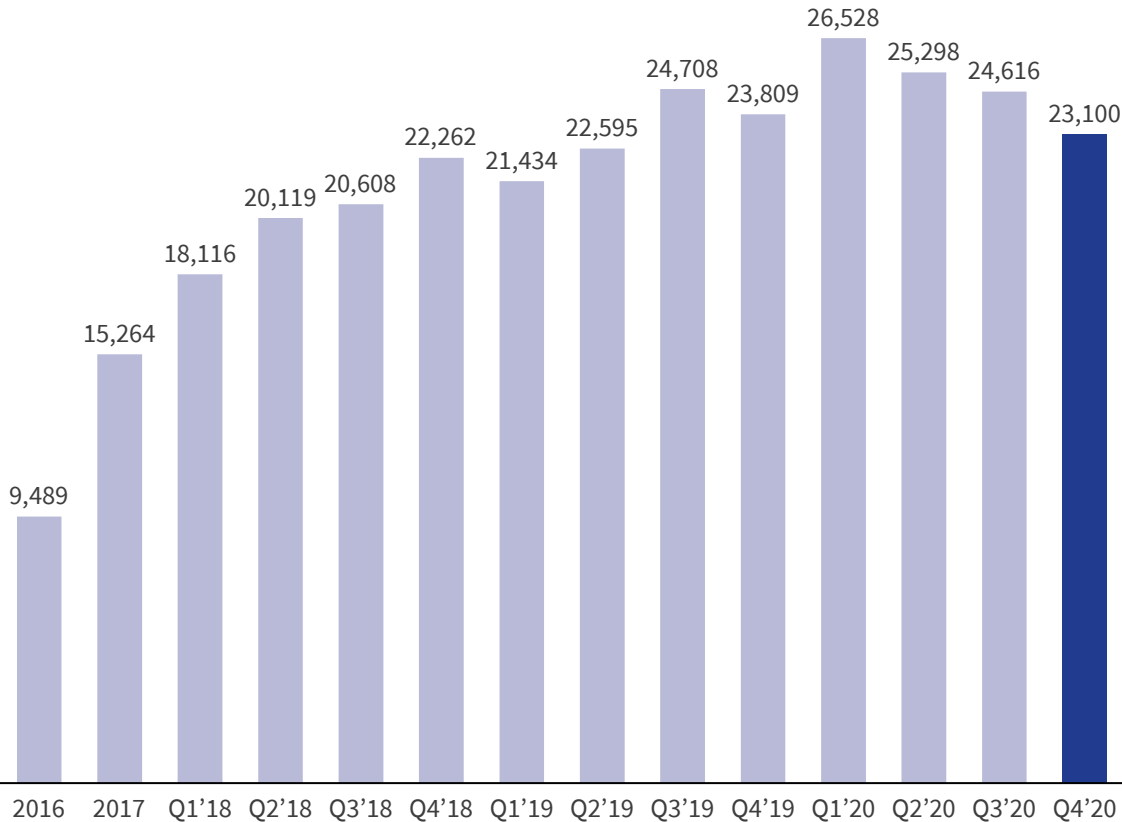
1) Quarterly Gross collection in 2020 includes the Group's share of gross collection for portfolios purchased and held in SPVs and joint ventures

2) ) Including the Group's share of portfolios purchased and held in SPVs and joint ventures

# ERC development

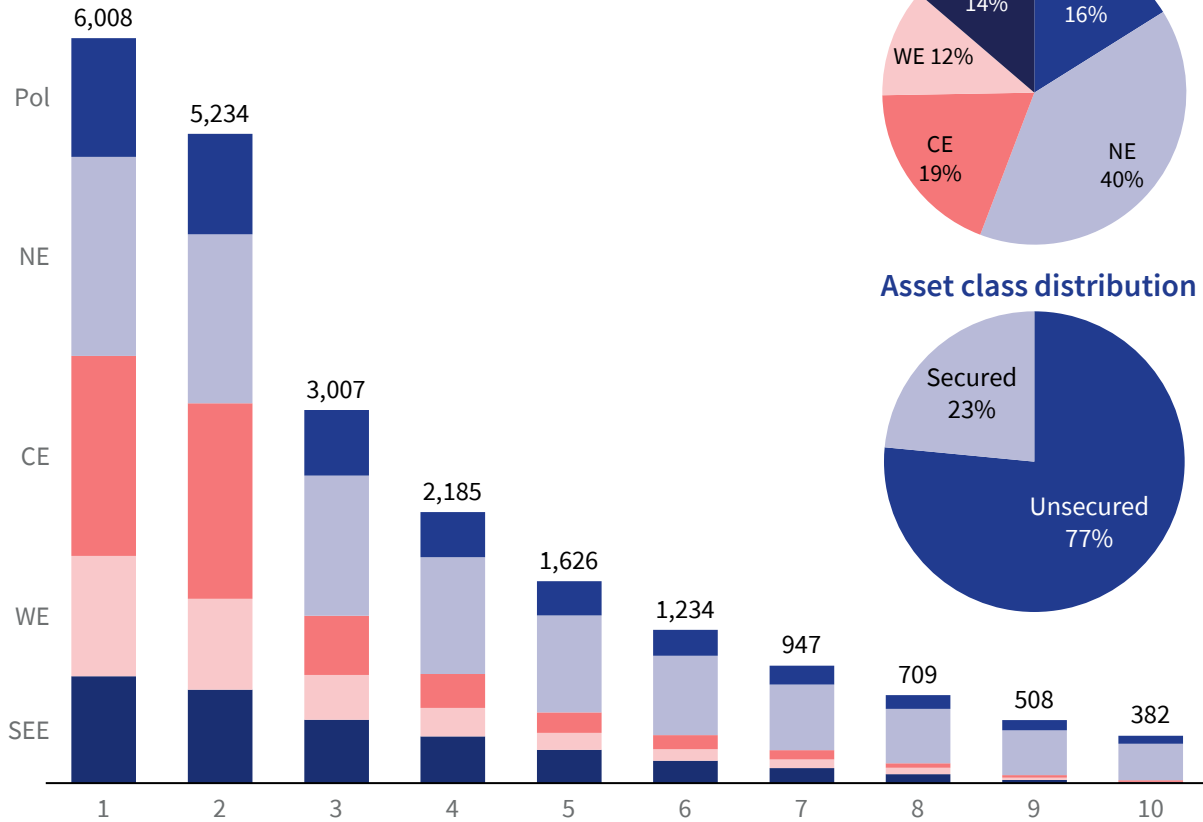
## Development in total gross ERC<sup>1)</sup>

NOKm

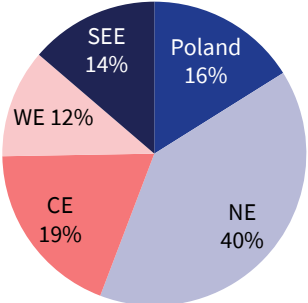


## Forward 120m ERC profile by year<sup>1)</sup>

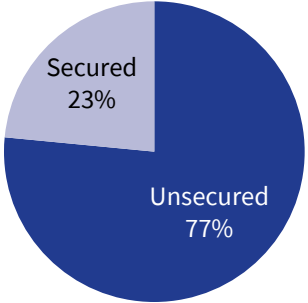
NOKm



## Geographical distribution



## Asset class distribution



1) Including the Group's share of portfolios purchased and held in SPVs and joint ventures  
 Disclaimer: B2Holding ASA emphasizes that every assessment of future conditions necessarily involves an element of uncertainty.



# Portfolio diversification

UNSECURED	Year										120m ERC	Total ERC
	1	2	3	4	5	6	7	8	9	10		
Pol	888	683	483	360	273	206	151	111	83	63	3,302	3,463
NE	1,594	1,354	1,124	938	778	639	528	437	359	294	8,043	9,123
CE	323	285	240	186	144	111	71	34	19	12	1,424	1,430
WE	235	202	165	122	98	75	58	37	16	2	1,010	1,011
SEE	588	575	462	363	265	177	120	71	25	7	2,651	2,651
<b>Sum</b>	<b>3,628</b>	<b>3,100</b>	<b>2,473</b>	<b>1,968</b>	<b>1,557</b>	<b>1,207</b>	<b>928</b>	<b>690</b>	<b>502</b>	<b>378</b>	<b>16,429</b>	<b>17,677</b>

SECURED	Year										120m ERC	Total ERC
	1	2	3	4	5	6	7	8	9	10		
Poland	71	127	45	4	3	1	1	1	1	0	254	254
NE	10	7	5	4	3	3	2	2	2	2	41	48
CE	1,290	1,293	238	89	21	3	2	1	1	2	2,940	2,945
WE	735	530	198	107	40	19	12	14	2	0	1,658	1,658
SEE	274	178	48	13	2	1	1	1	-	-	518	518
<b>Sum</b>	<b>2,380</b>	<b>2,134</b>	<b>534</b>	<b>217</b>	<b>69</b>	<b>27</b>	<b>18</b>	<b>20</b>	<b>7</b>	<b>4</b>	<b>5,411</b>	<b>5,423</b>

<b>Total</b>	<b>6,008</b>	<b>5,234</b>	<b>3,007</b>	<b>2,185</b>	<b>1,626</b>	<b>1,234</b>	<b>947</b>	<b>709</b>	<b>508</b>	<b>382</b>	<b>21,840</b>	<b>23,100</b>
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ERC including the Group's share of portfolios acquired and held in SPVs and joint ventures.

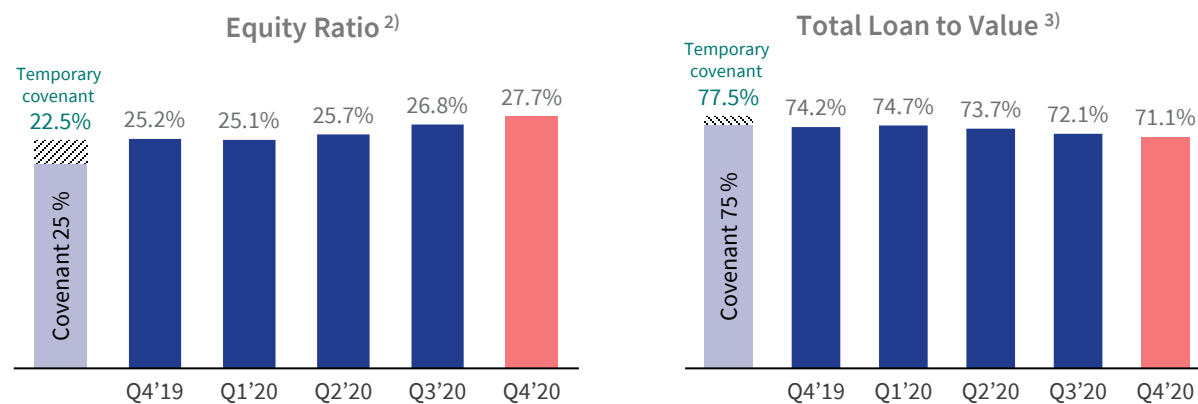
Disclaimer: B2Holding ASA emphasizes that every assessment of future conditions necessarily involves an element of uncertainty.

# Capital structure

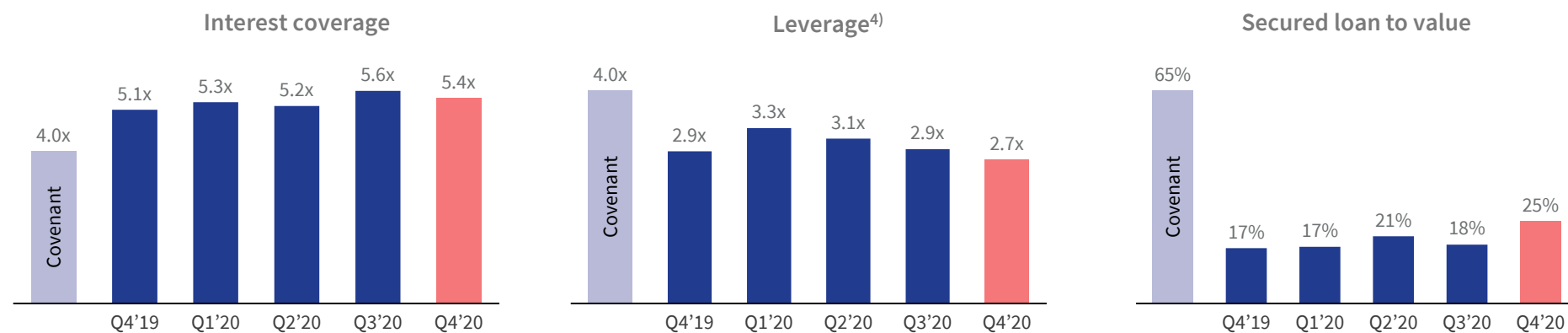
## Covenants

- Well in line with all original covenants<sup>1)</sup>  
Expect to increase headroom going forward

### RCF covenants



### Bond Loan covenants



1) See further details in Quarterly report, Q4-20 2) Total Equity over Total Assets excluding book value of IFRS 16 right-of-use assets. 3) Net Debt adj. for Vendor Loan, Earn Out and FX Hedge MTM over Assets (Portfolio, JV, loan receivables, REO and goodwill) 4) Leverage ratio according to old definition of cash EBITDA

# Northern Europe (NE)

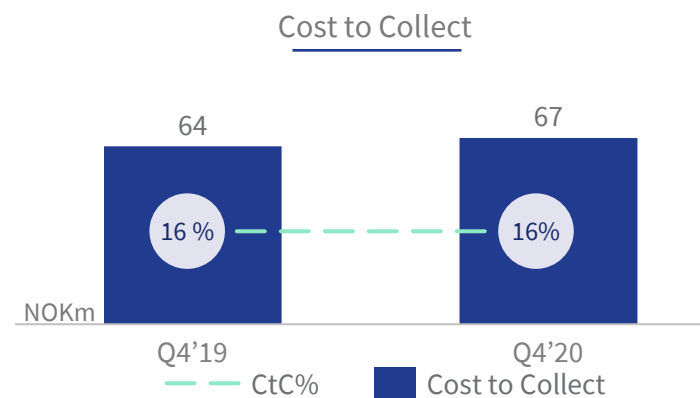
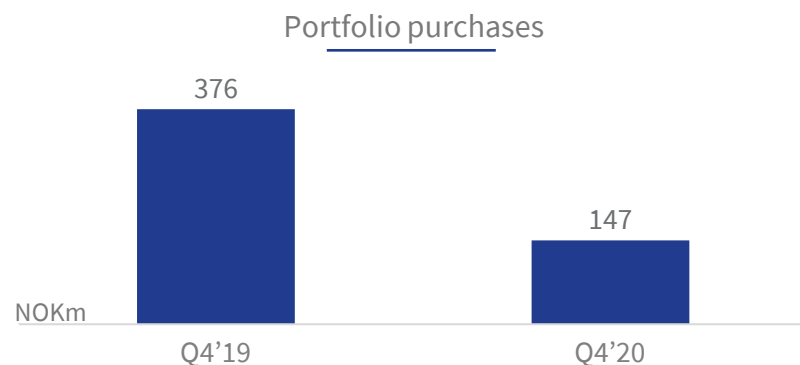
Norway, Sweden, Denmark,  
Finland, Estonia, Latvia and Lithuania



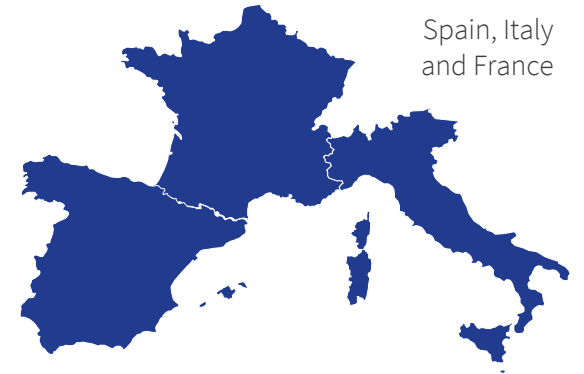
NOKm	2020 Q4	2019 Q4	Change (%)
Total revenues	248	229	17 %
EBIT	129	119	25 %
Profit margin (%)	52 %	52 %	4 pp.
ERC	9,170	8,515	8 %

## Highlights & KPIs

- Portfolio purchase volume of NOK 147m in the quarter
- Gross collection in Q4 of NOK 427m



# Western Europe (WE)

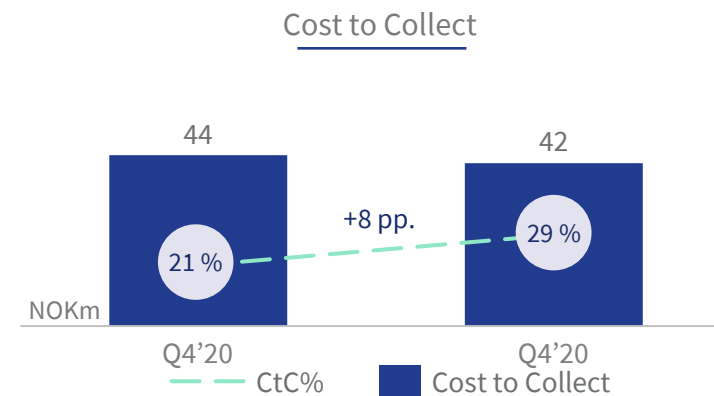
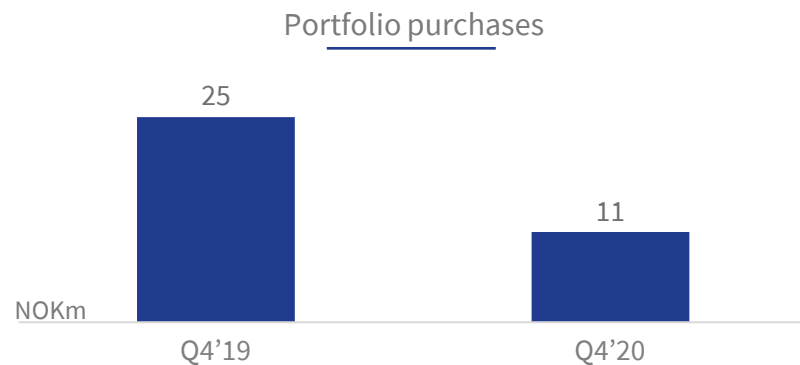


Spain, Italy and France

NOKm	2020 Q4	2019 Q4	Change (%)
Total revenues	111	131	-15 %
EBIT	16	27	-41 %
Profit margin (%)	14 %	21 %	-7 pp.
ERC	2,669	2,837	-6 %

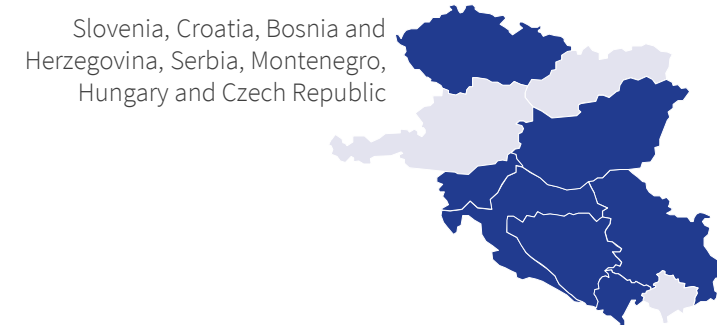
## Highlights & KPIs

- Portfolio purchases of NOK 11m in the quarter
- Gross collection in Q4 of NOK 147m





# Central Europe (CE)



NOKm	2020 Q4	2019 Q4	Change (%)
Total revenues	189	159	3 %
EBIT	103	73	7 %
Profit margin (%)	54 %	46 %	2 pp.
ERC	4,374	5,510	-21 %

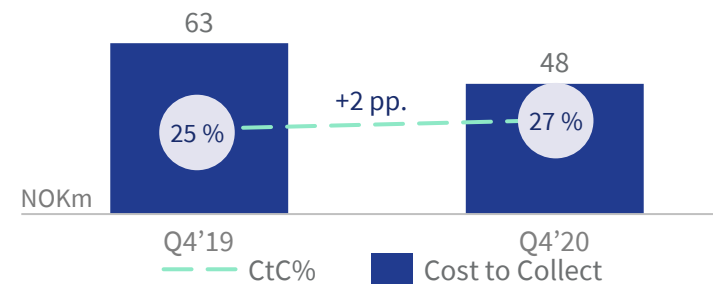
## Highlights & KPIs

- No portfolio purchases in the quarter
- Gross collection in Q4 of NOK 180m

Portfolio purchases



Cost to Collect



# South East Europe (SEE)

Romania, Bulgaria,  
Greece and Cyprus



NOKm	2020 Q4	2019 Q4	Change (%)
Total revenues	118	115	3 %
EBIT	39	41	-5 %
Profit margin (%)	33 %	35 %	-2 pp.
ERC	3,169	3,134	1 %

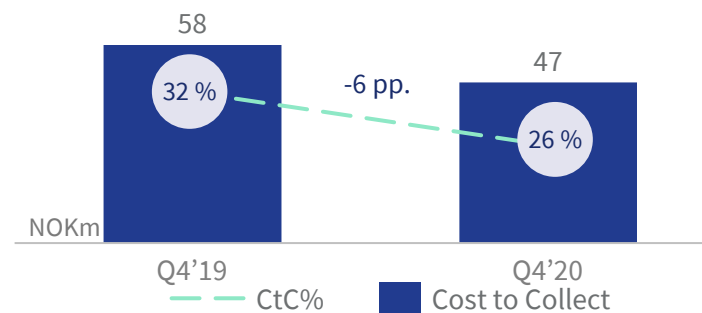
## Highlights & KPIs

- Portfolio purchases of NOK 42m in the quarter
- Gross collection in Q4 of NOK 177m

Portfolio purchases



Cost to Collect



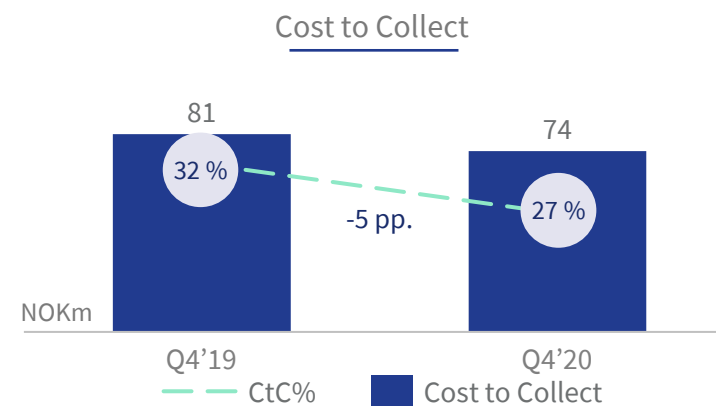
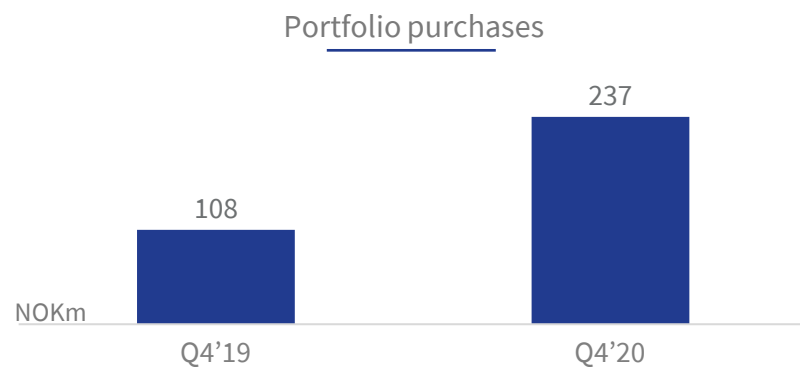
# Poland



NOKm	2020 Q4	2019 Q4	Change (%)
Total revenues	186	186	-
EBIT	85	78	9 %
Profit margin (%)	46 %	42 %	4 pp.
ERC	3,718	3,812	-2 %

## Highlights & KPIs

- Portfolio purchases of NOK 237m in the quarter
- Gross collection in Q4 of NOK 273m



# 20 largest shareholders

#	Shareholder	No of shares	Percentage
1	PRIORITET GROUP AB	52 913 000	12.91 %
2	RASMUSSENGRUPPEN AS <sup>1)</sup>	51 873 266	12.65 %
3	VALSET INVEST AS	26 000 000	6.34 %
4	STENSHAGEN INVEST AS	18 893 376	4.61 %
5	VERDIPAPIRFONDET ALFRED BERG GAMBA	13 329 295	3.25 %
6	DNB MARKETS AKSJEHANDEL/-ANALYSE	11 628 843	2.84 %
7	BRYN INVEST AS	8 676 690	2.12 %
8	K11 INVESTOR AS	8 266 680	2.02 %
9	RUNE BENTSEN AS	8 191 680	2.00 %
10	VERDIPAPIRFONDET ALFRED BERG NORGE	7 155 224	1.75 %
11	VPF DNB AM NORSKE AKSJER	6 840 967	1.67 %
12	STOREBRAND NORGE I VERDIPAPIRFOND	6 588 693	1.61 %
13	VERDIPAPIRFONDET DNB NORGE	6 439 892	1.57 %
14	GREENWAY AS	5 802 368	1.42 %
15	SKANDINAVISKA ENSKILDA BANKEN AB	4 724 124	1.15 %
16	VERDIPAPIRFONDET ALFRED BERG AKTIV	3 739 465	0.91 %
17	LIN AS	3 500 000	0.85 %
18	VERDIPAPIRFONDET KLP AKSJENORGE IN	3 388 676	0.83 %
19	VERDIPAPIRFONDET PARETO INVESTMENT	3 324 000	0.81 %
20	AS TANJA	3 073 100	0.75 %
	OTHER	155 583 259	37.84 %
	<b>Total</b>	<b>409 932 598</b>	<b>100 %</b>

Updated per 9 February 2021

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 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 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.

## ■ 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.

# Definitions (cont'd)

## ■ **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 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 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/reevaluation.

## ■ **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.

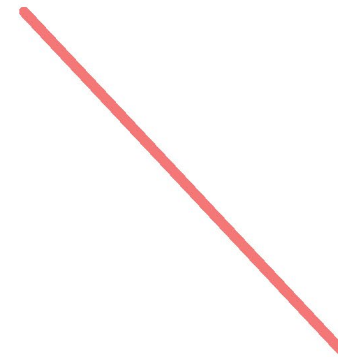
## ■ **Total Loan to Value (TLTV)**

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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