

Research Update:

# B2 Impact ASA Upgraded To 'BB' On Improved Financial Profile; Outlook Stable

April 1, 2026

## Rating Action Overview

- Norway-based debt collector B2 Impact ASA's (B2) solid cash flow generation and a stable debt stack underpin the strengthening of its financial profile.
- Successful capital management exercises and a disciplined financial policy have helped the company to lower its interest expense, grow its investment portfolio sustainably, and expand its collection revenue and earnings. This has kept its leverage in check.
- We raised our long-term issuer credit ratings on B2 and its senior unsecured notes to 'BB' from 'BB-'. The recovery rating on the notes is unchanged at '4'.
- The stable outlook indicates that we anticipate that B2 will maintain its prudent financial policy and sound collection performance while maintaining its competitive position within European distressed debt purchasers (DDP) for the next 12 months.

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## Rating Action Rationale

**We think that B2's leverage is contained.** Successful refinancing efforts during the past couple of years have enabled the company to materially reduce its interest expenses, releasing cash to fund investment without incurring additional debt. This reflects the company's clear financial policy in the past 24 months, which has prioritized deleveraging and business rationalization, creating a clear differentiator compared with other DDP peers.

**In our view, the group's collections performance has been solid.** Higher investments, a structural shift to prioritize unsecured portfolios, and collection outperformance (returns have trended between 105% to 110% of expected recoveries) have resulted in rising collections. Coupled with sound cost control B2's EBITDA levels have risen materially. Taken with its stable debt stack, B2's debt to adjusted EBITDA levels have remained consistently below 4.0x, with end-2025 leverage of 3.0x. We expect B2's management to maintain this prudent profile, keeping leverage in line with their market guidance of below 2.5x of reported leverage, equivalent to about 3.5x S&P Global Ratings-adjusted leverage.

**We expect B2 to gradually increase its debt stack to fuel portfolio growth in the next 24 months.** B2's dividend policy allows the company to distribute 100% of its net earnings to shareholders if its reported leverage ratio is below 2.5x. Under our base case, we expect management to continue to meet this target, returning 100% of its net income to shareholders across our forecast. As such, additional growth in its balance sheet will require the company to gradually increase its debt--drawing on its revolving credit facility (RCF) without exceeding the 2.5x threshold. This policy is shareholder friendly to some extent. However, B2's approach gives the company the ability to decrease or even halt dividend payments to maintain a broadly consistent financial profile--either in the case of a material market downturn or asset underperformance that negatively affects its EBITDA and increases leverage. Despite a gradual climb in leverage toward 3.5x on an S&P Global Ratings-adjusted basis through 2026 and 2027, B2 compares favorably with other industry peers in a sector that has struggled to deleverage and often lacks the financial flexibility to preserve its balance sheet through adverse economic conditions.

**We view the group's maturity profile as positive.** One of the key pillars of B2's recent strategy has been to refinance and extend its maturity profile, improving its cash interest cost by nearly 23% compared to end-2023. Consistent efforts to tap into the market at improved terms have given the firm funding flexibility. The group has no material repayments within the next three years and no maturity concentrations within its capital structure. This allows the company the ability to manage its cash flow profile and balance sheet flexibly, managing its shareholder returns and capital expenditure (capex) to meet short-term liquidity needs and medium-term funding requirements.

**Continued growth will consolidate B2's position within the European DDP industry.** We expect B2's brisk growth to continue, using its leverage headroom and the dislocation among industry peers to gradually increase its market participation, ramping up its investment volumes in the confines of its risk policy. The recent acquisition of a DNB loan portfolio in Norway supports our belief that the company intends to ramp-up its growth efforts in the coming years, gradually closing the gap with bigger players. We expect B2 to invest close to Norwegian krone (NOK) 4 billion in 2026 and between NOK3.5 billion-NOK4.0 billion going forward.

## Outlook

The stable outlook indicates our expectations that B2 will maintain debt to adjusted EBITDA comfortably below 4.0x in the next 12 months, in line with its prudent financial policy and its solid financial flexibility. Additionally, we incorporate that B2 will maintain its collection levels between 105%-110%, adjusted EBITDA margins of about 60%, and that it will actively manage its liquidity and debt burden.

### Downside scenario

We could lower the rating on B2 if the company's financial policy loosens and leverage builds up to consistently above 4.0x. This could happen, for instance, if management were overly aggressive under adverse economic conditions, weakening its financial profile and failing to keep its debt to EBITDA contained.

### Upside scenario

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Although we see an upgrade over the next 12 months as unlikely, we could raise the rating on B2 if we saw a material reduction in adjusted leverage to levels sustainably below 3.0x, with interest coverage above 6.0x. An upgrade would also depend on the company maintaining well-spread maturities and keeping its weighted-average maturities above two years.

## Our Base-Case Scenario

### Assumptions

- Increased nonperforming loan (NPL) investment volumes close to NOK4 billion in 2026 and between NOK3.5 billion-NOK4.0 billion going forward, funded with operating cash flow and gradually increasing leverage.
- Strong secured and unsecured collection performance between 105%-110%.
- EBITDA margins close to 60%.
- Gross debt levels gradually scaling to meet portfolio growth, reflective of a dividend policy that allows the company to distribute 100% of net earnings if leverage is below 2.5x (consistent with our base case).
- Improved to stable cost of debt.

## Liquidity

We think that B2's liquidity will be mainly supported by cash flow from operations and its €610 million multicurrency RCF, which had roughly 60% available as of December 2025. Liquidity sources remain above 1.2x uses for the next 12 months, and the company has no significant bond maturities before 2029. Principal liquidity sources and uses over the next 12 months started Dec. 30, 2025, include:

Principal liquidity sources	Principal liquidity uses
<ul style="list-style-type: none"><li>• Cash balance of about NOK0.5 billion</li><li>• Undrawn RCF of about NOK3.5 billion</li><li>• Cash funds from operations close to NOK4 billion</li></ul>	<ul style="list-style-type: none"><li>• New NPL investments between NOK3.5 billion-NOK4.0 billion, subject to market conditions and investment opportunities</li><li>• Cash dividends of about NOK650 million-NOK700 million (representing 100% of expected net income as leverage remains manageable)</li><li>• Some minor working capital and maintenance capex outflows</li></ul>

## Covenants

B2 is subject to maintenance covenants under its bond and RCF documentation, under which we expect the company will maintain ample headroom. As of the second quarter of 2025, the covenants' limits and breaching thresholds were:

- Net interest coverage ratio: Greater than 4.0x

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- Leverage ratio: Less than 4.0x
- Equity ratio: Greater than 25%
- Secured loan-to-value ratio: Less than 65%
- Total loan-to-value ratio: Less than 75%

## **Issue Ratings--Recovery Analysis**

### **Key analytical factors**

- We raised our issue rating on B2's senior unsecured bonds in line with our long-term issuer credit rating on B2 to 'BB' from 'BB-'.
- The recovery rating on the notes is unchanged at '4'. Within this we now expect an average recovery of 45% under our default scenario, rising from 40% previously.
- Our recovery estimate is constrained by the structural subordination of debt instruments to the €610 million senior RCF balance.
- In our default scenario, we consider a default during the first half of 2029, reflecting a significant decline in cash flow because of lost clients, difficult collection conditions, or greater competitive pressures, leading to the mispricing of portfolio purchases.
- We use a discrete asset-valuation approach, in line with other debt purchasers with revenue concentrated on own-debt collections.
- We assume 85% of the multicurrency senior secured RCF, with a current volume of €246 million, will be drawn.
- We take the company's portfolio as of Dec. 30, 2025, assume 70% of the undrawn RCF balance is used for portfolio purchases, and apply a 25% haircut to the total expected book value as an estimate of resale value in a liquidation.
- In addition, we consider B2's real estate owned in our valuation, applying a more conservative 45% haircut. This reflects some additional revaluation risks associated with these real estate assets.

### **Simulated default assumptions**

- Simulated year of default: First half of 2029
- Jurisdiction: Norway

### **Simplified waterfall**

- Gross enterprise value at default: €982 million
- Administrative costs: 5%
- Net enterprise value after administrative costs: €933 million
- Prior ranking claims: About €538 million under the RCF
- Senior unsecured debt claims: About €842 million
- Recovery expectations: 30%-50% (rounded estimate: 45%)

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Note: Debt amounts include six months of accrued interest that we assume will be owed at default. We assume use of 85% for cash flow and 60% for asset-based lending revolving facilities at default.

### Rating Component Scores

Component	
Foreign currency issuer credit rating	BB/Stable/--
Local currency issuer credit rating	BB/Stable/--
Business risk	Fair
Country risk	Intermediate risk
Industry risk	Moderately high risk
Competitive position	Fair
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	bb

### Modifiers

Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Adequate
Management and governance	Neutral
Comparable rating analysis	Neutral
Stand-alone credit profile	bb

## Related Criteria

- [Criteria | Corporates | General: Sector-Specific Corporate Methodology](#), July 7, 2025
- [Criteria | Corporates | General: Corporate Methodology](#), Jan. 7, 2024
- [Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities](#), Jan. 7, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments](#), April 1, 2019
- [Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers](#), Dec. 7, 2016
- [Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments](#), Jan. 20, 2016
- [Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), Dec. 16, 2014
- [General Criteria: Methodology: Industry Risk](#), Nov. 19, 2013
- [General Criteria: Country Risk Assessment Methodology And Assumptions](#), Nov. 19, 2013
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

## Related Research

- [Research Update: B2 Impact ASA Outlook Revised To Positive On Strong Collection And Lower Expected Leverage; 'BB-' Rating Affirmed](#), Oct. 27, 2025
- [B2 Impact ASA](#), Dec. 12, 2024
- [B2 Impact Proposed Senior Unsecured Notes Assigned 'BB-' Issue Rating](#), Sept. 2, 2024
- [Industry Economic And Ratings Outlook: A Debt-Fueled Decade Weighs On Europe's Distressed Debt Purchasers' Ratings](#), Feb. 18, 2026

## Ratings List

### Ratings List

#### Upgraded; Outlook Action

	To	From
<b>B2 Impact ASA</b>		
Issuer Credit Rating	BB/Stable/--	BB-/Positive/--

#### Upgraded; Revised

	To	From
<b>B2 Impact ASA</b>		
Senior Unsecured	BB	BB-
Recovery Rating	4(45%)	4(40%)

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