



Q2

Second quarter 2022



B2HOLDING

Highlights Q2 2022

Operations

- Unsecured collections and secured recoveries above the latest forecast
- Positive trend for REO sales continued

Effectiveness & efficiency

- In the final stages of the strategic restructuring period
- Continue to improve scalability across our markets

Investments

- Increased investment activity
- Growing pipeline indicates good activity in the second half of 2022

Capital & funding

- PIMCO funding closed in August
- Divestment of DCA Bulgaria
- Extended RCF completed

Key figures Q2 2022 (NOKm)

Cash collections

1 246

1 229

REO sales

103

72

Net revenues

748

756

Cash EBITDA¹⁾

949

957

Adj. Net profit²⁾

173

147

Portfolio investments

758

220

Market activity and volumes are up



• Active quarter with increase in number and volume of deals evaluated

• Significant increase in portfolios acquired versus prior quarter and same quarter last year

• At the end of second quarter, NOK 1bn were invested in new portfolios and NOK 350m committed for the remainder of 2022

• Unsecured banking and consumer finance represents the majority of volume

• Expected total investments of around NOK 3bn this year

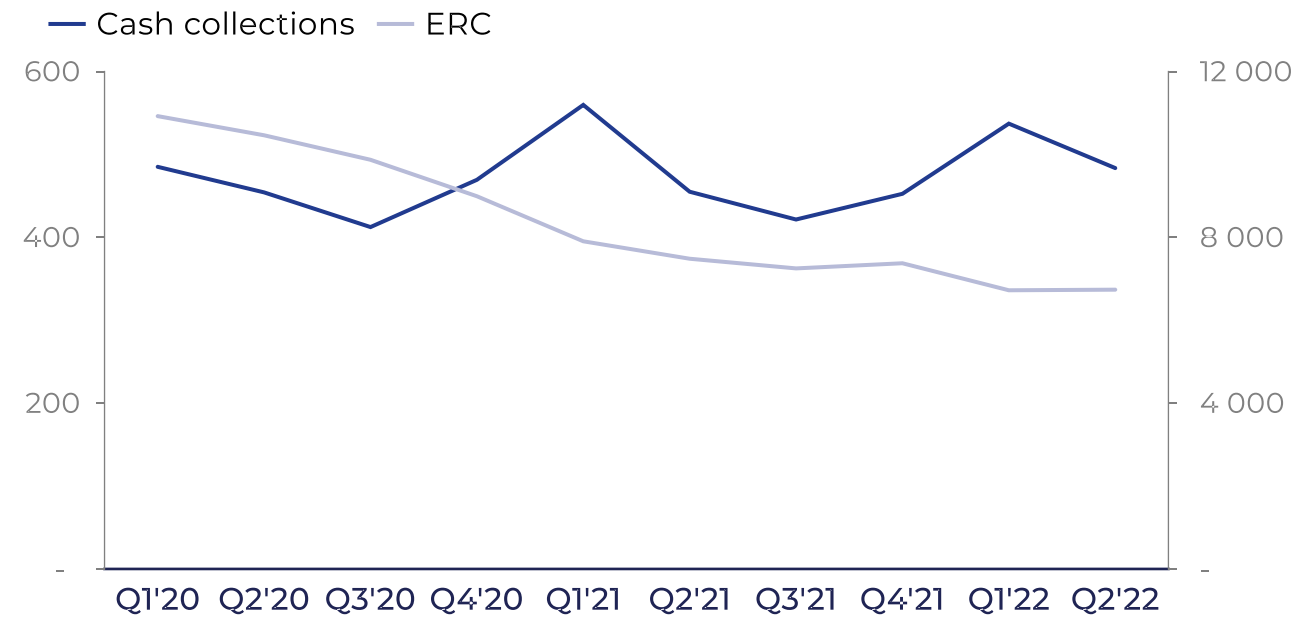
- Dynamic approach to shifting market and economic developments
- Healthy pipeline and good activity into 2H 2022
- Continued disciplined approach towards new investments

Strategic journey – New B2Holding is taking shape

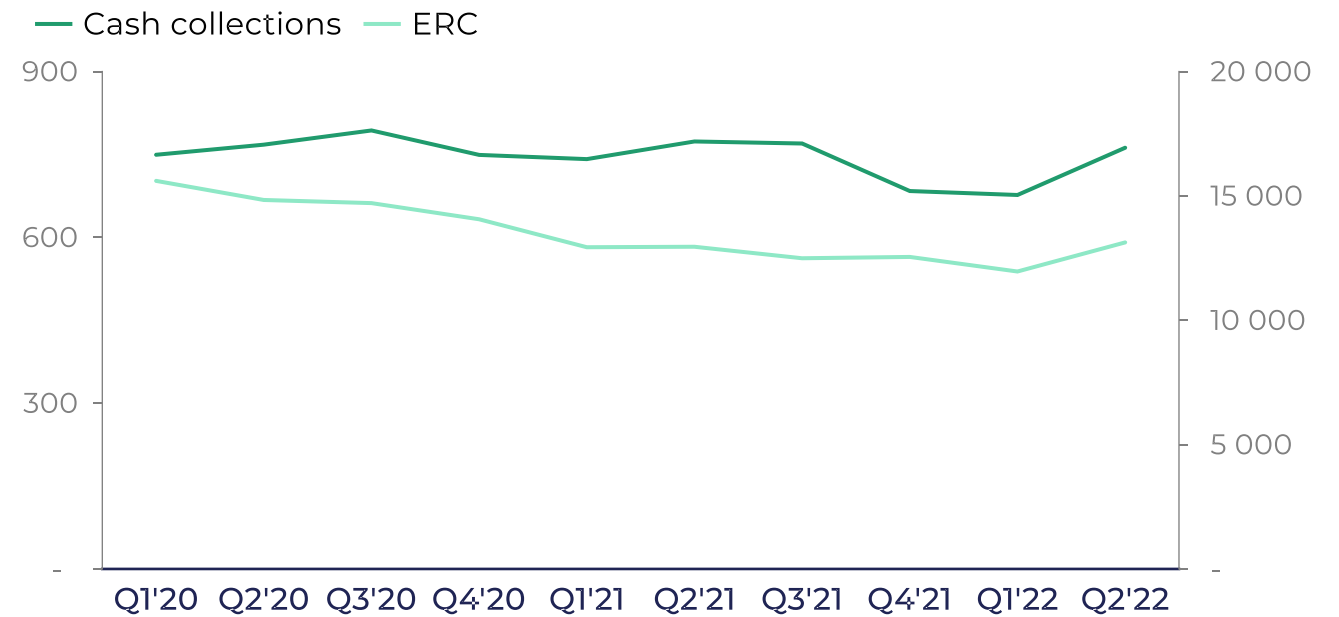


Improved scalability across our markets

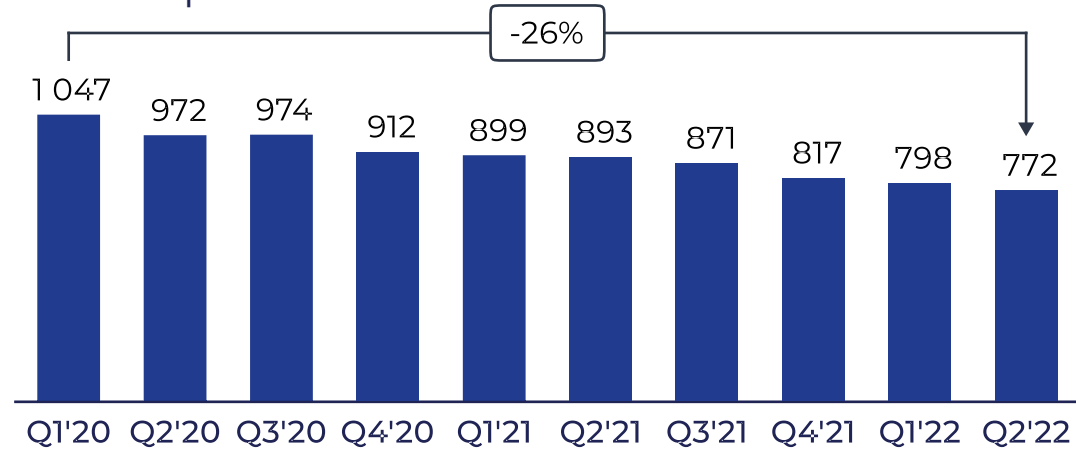
Secured markets (Veraltis Asset Management)



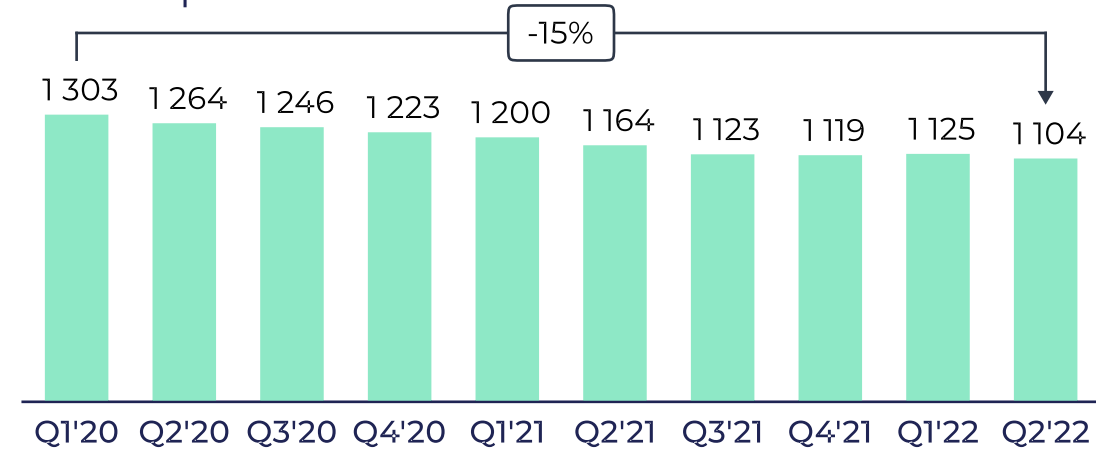
Unsecured markets



FTE development¹⁾



FTE development



¹⁾ FTEs for Veraltis Asset Management includes 172 FTEs from Bulgaria as Q2'22

Financial performance



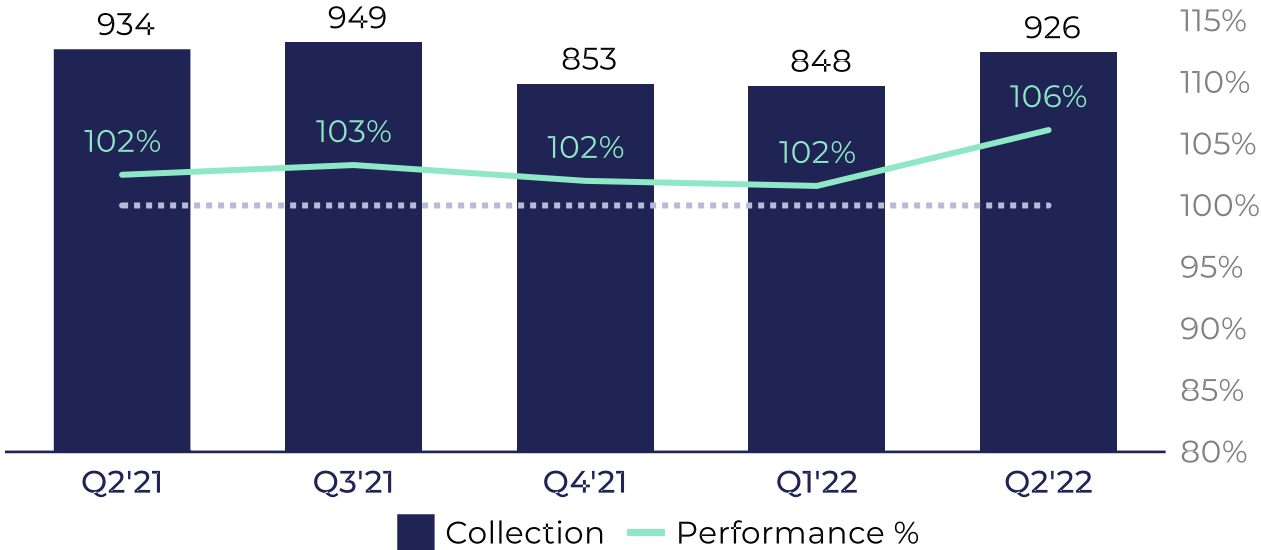
Second quarter 2022 summary

<i>NOK million</i>	2022 Q2	2021 Q2	% Δ	2022 H1	2021 H1
Cash collections	1 246	1 229	1%	2 459	2 530
Net revenues	748	756	-1%	1 464	1 518
Adj. EBIT	330	321	3%	619	651
Adj. EBIT %	42%	43%	0 pp	41%	43%
EBIT	139	341	-59%	388	671
Adj. Net profit	173	147	17%	300	277
Cash revenue	1 379	1 369	1%	2 720	2 793
Cash EBITDA	949	957	-1%	1 884	1 971
Cash margin	69%	70%	-1 pp	69%	71%
Gross collections ¹⁾	1 245	1 407	-12%	2 397	2 901
Amortisation of own portfolios	-458	-647	-29%	-923	-1 508
Portfolio investments ¹⁾	758	220	245%	996	412
Cost to collect %	22%	20%	2 pp	21%	19%
EPS	0.06	0.39		0.30	0.71
Return on equity (LTM)	8.1 %	11.4 %	-3.2 pp	8.1 %	11.4 %

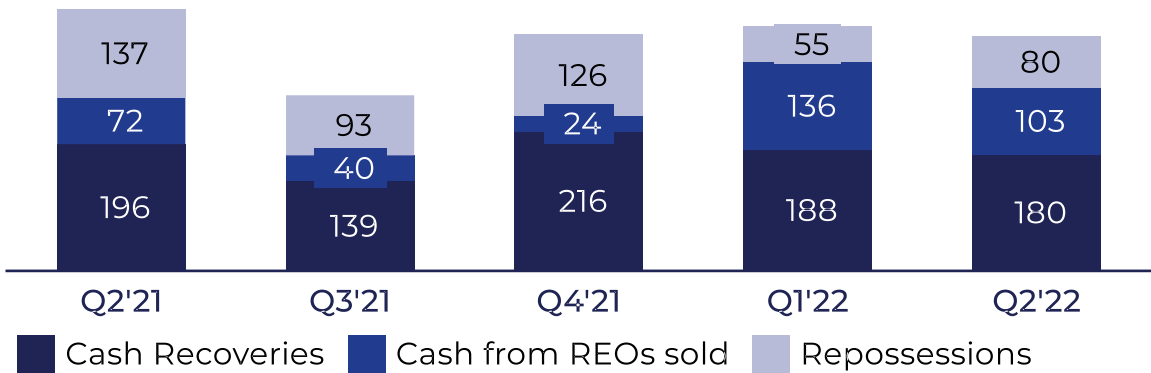
- Strong underlying collection performance
 - Unsecured collections at 106%
 - Secured collection at 231%
 - REO sales of NOK 103m at a 34% margin
- Net revenue adj. up 3% YoY
- One-off effect from sale of Bulgaria
 - Net revenue NOK -32m
 - EBIT NOK -135m and NOK -105m after tax
- Other NRIs of NOK 56m related to restructuring and senior financing
- Invested and committed capital in 2022 of more than NOK 1.35bn at the end of Q2
- Interest rate hedging ratio of 83%
- Underlying EPS of 0.43 and ROE of 12.5%

Collection Performance

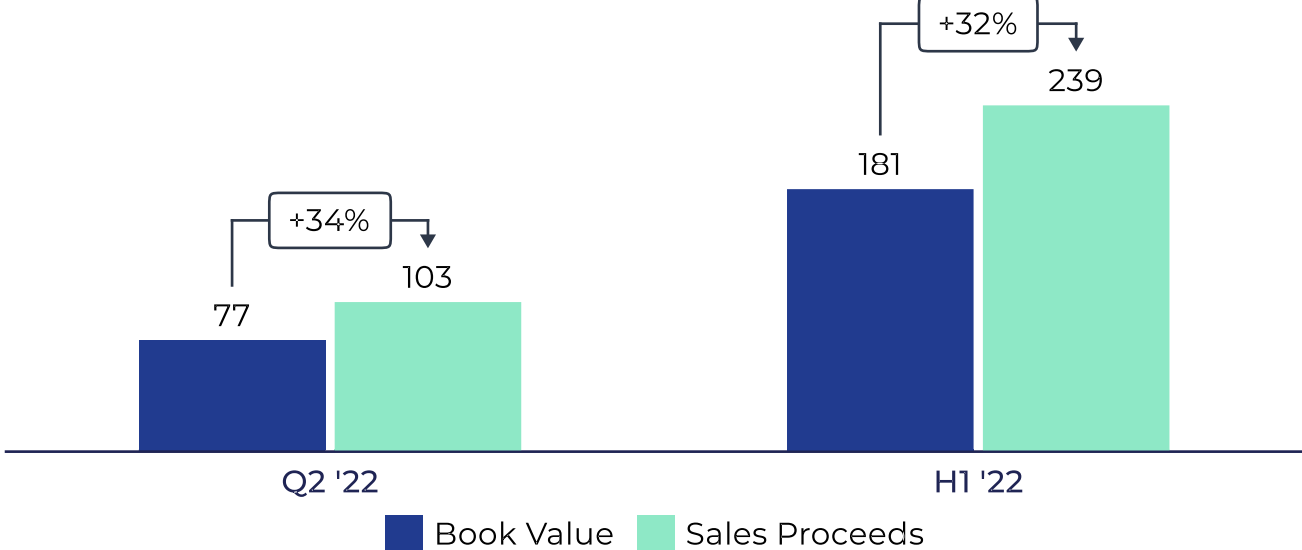
Unsecured collection performance



Secured recoveries



REOs sold



- Continued strong trend in Unsecured collection performance
- Secured cash collections up 7% YoY
- REO sales YTD at 80% of communicated FY target of NOK 300m

Cash earnings positive despite higher investment

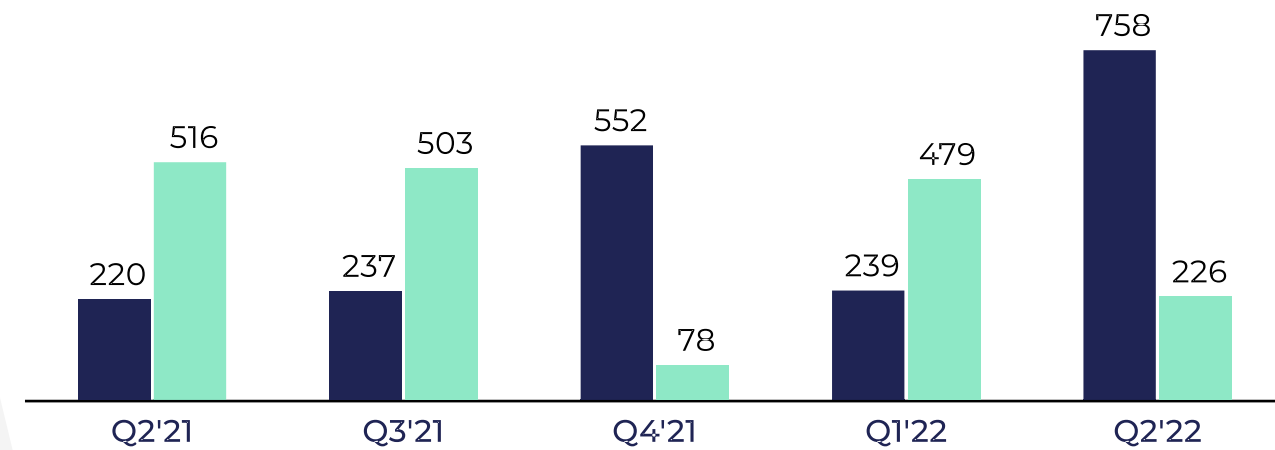
Cash flow Q2 2022

NOKm Increase Decrease Total



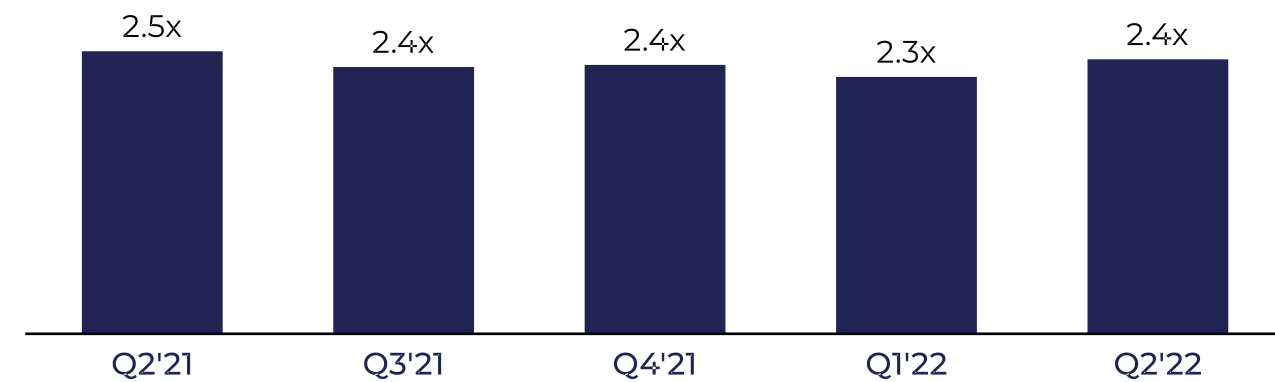
Additional investment capacity

NOKm Portfolio investments Cash Earnings



Deleveraging

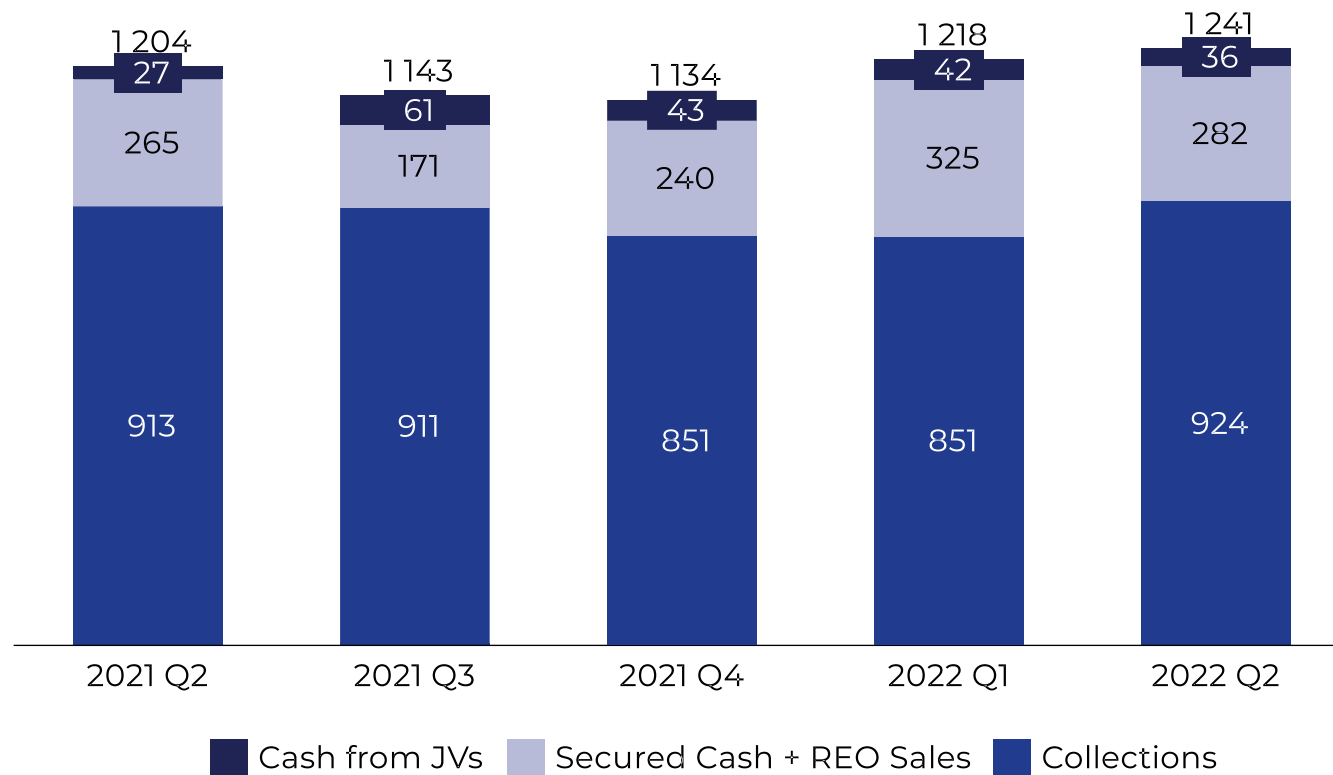
Lev.ratio



Strong cash collections and stable underlying cost base

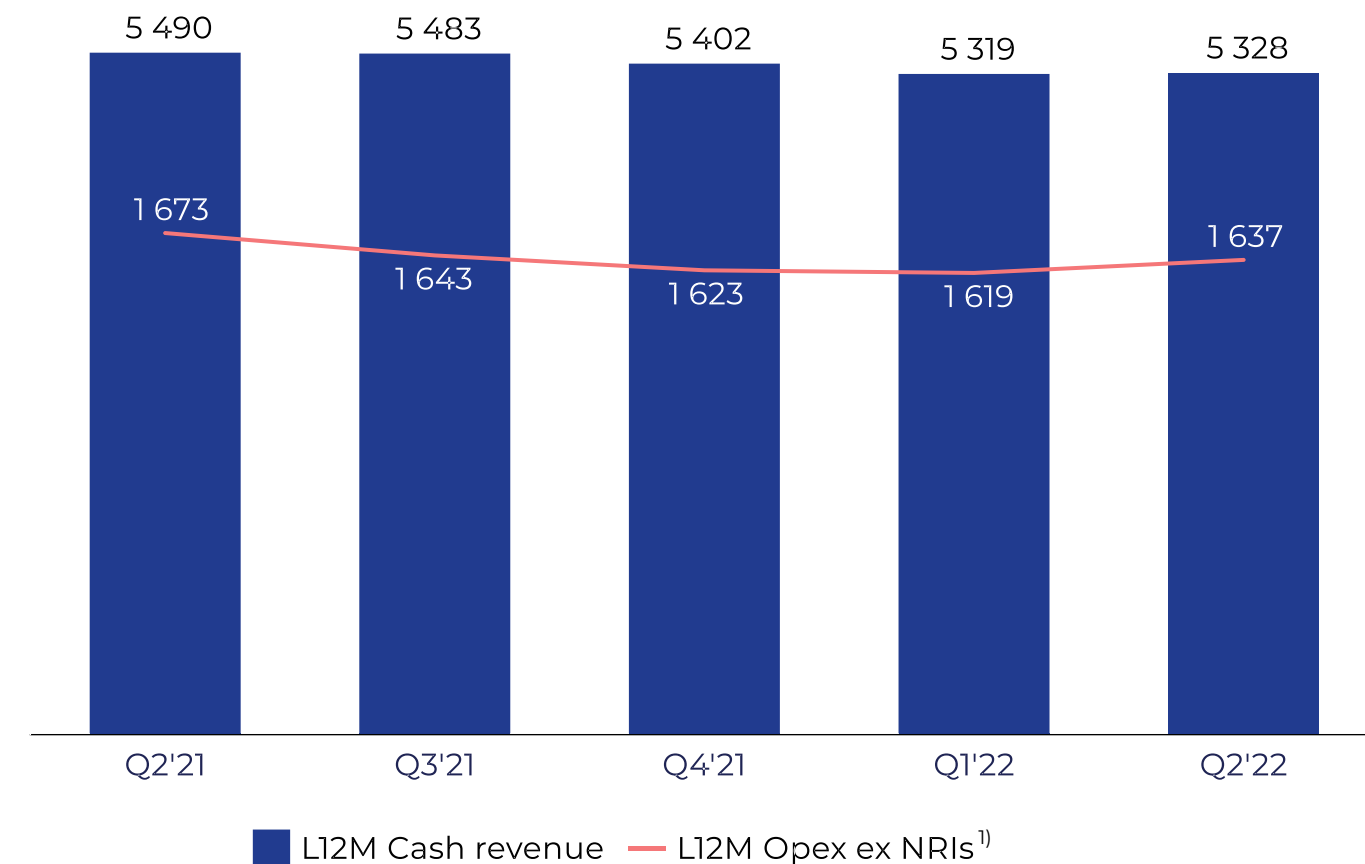
Cash collections (constant FX)

- Strong collection performance in unsecured despite increased investment volume
- Total secured cash collection up 7% from last year



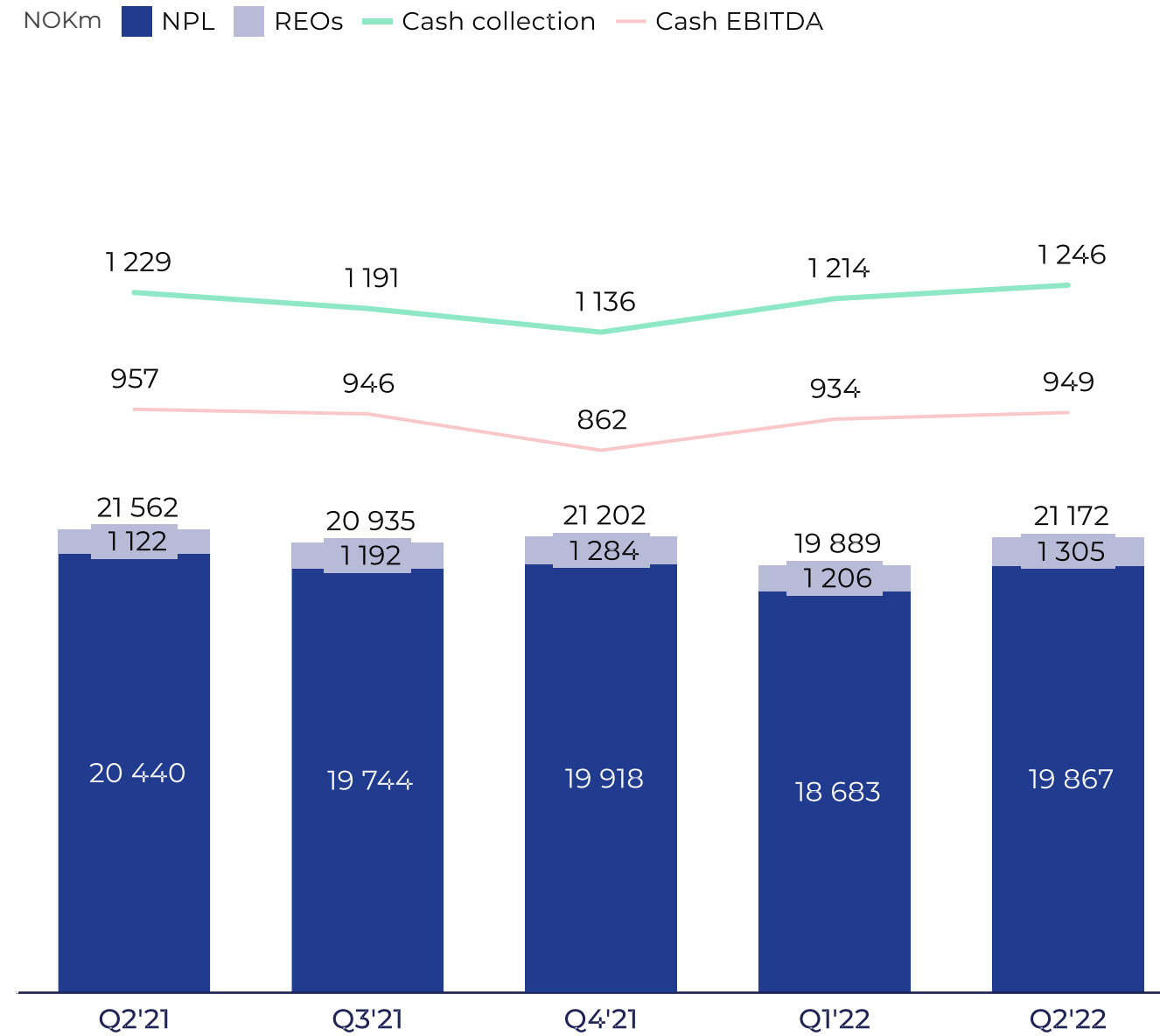
Stable development in cost to cash revenue

- Q2 Opex excluding NRIs up 4.3% mainly due to higher activity; personnel costs 1.8% lower than Q2 2021
- Stable cash revenues and cost base



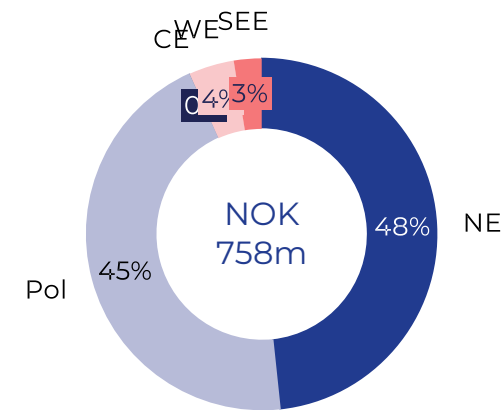
Portfolio investments and Estimated Remaining Collections (ERC)

Strong cash collection and growth in Unsecured ERC

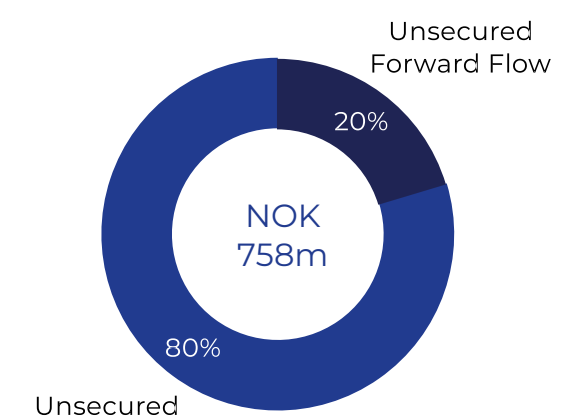


Portfolio investments in Q2

Geographical distribution

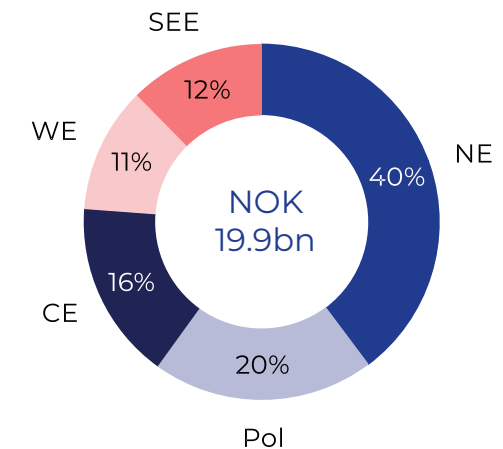


Asset class distribution

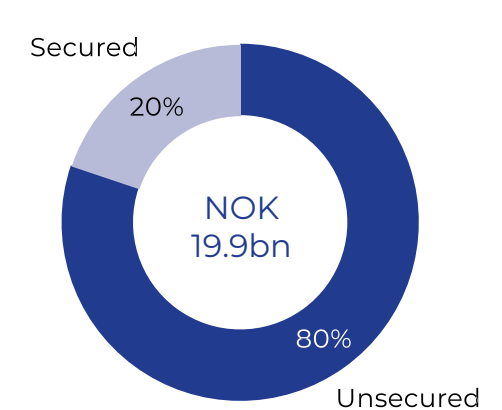


Total ERC as of Q2

Geographical distribution

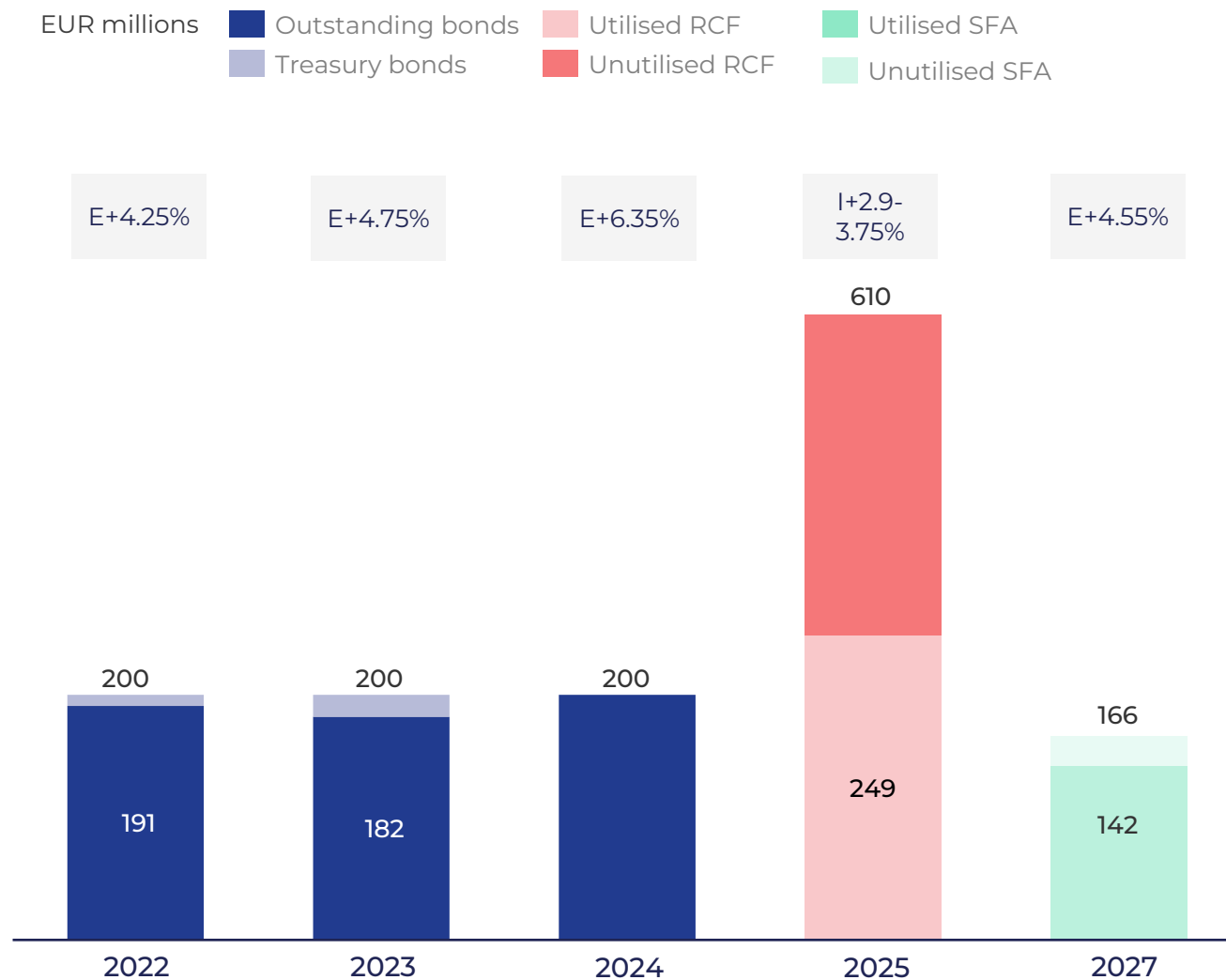


Asset class distribution



New capital structure post funding

Debt maturity profile



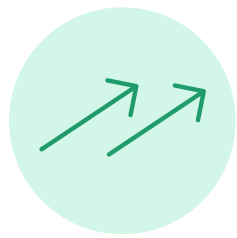
Improved flexibility and liquidity

- Refinancing of the RCF was completed in Q2
- Senior Financing Agreement closed
 - EUR 166m in Facility Line of which EUR 142m is currently drawn
- Bulgaria impact on capital structure
 - EUR 48.4m cash (expected October) will be used to repay RCF
- Available liquidity of around EUR 500m including Bulgaria
- Interest rate hedging ratio of 83%

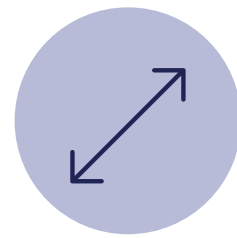
Summary



Key takeaways



Collections and recoveries continue on a positive trend



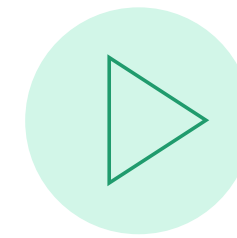
Improved scalability across markets



Restructuring in the final stages



Closed senior financing agreement and extended RCF



Increased market activity and volumes

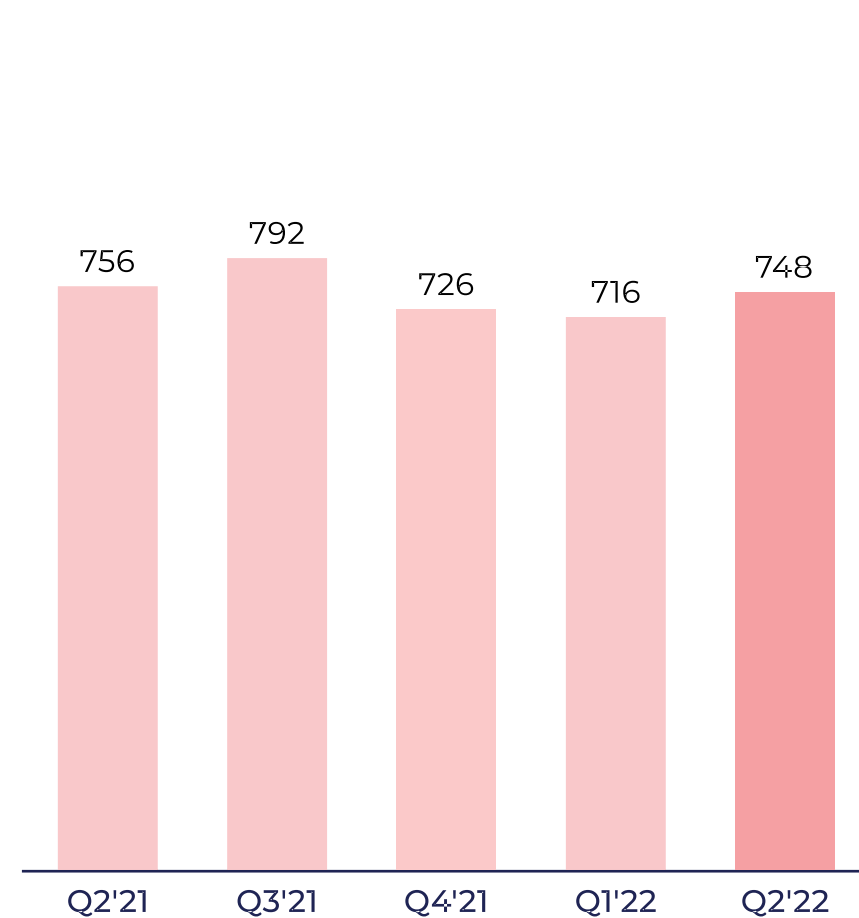
Q&A



Quarterly financial performance

Net revenues

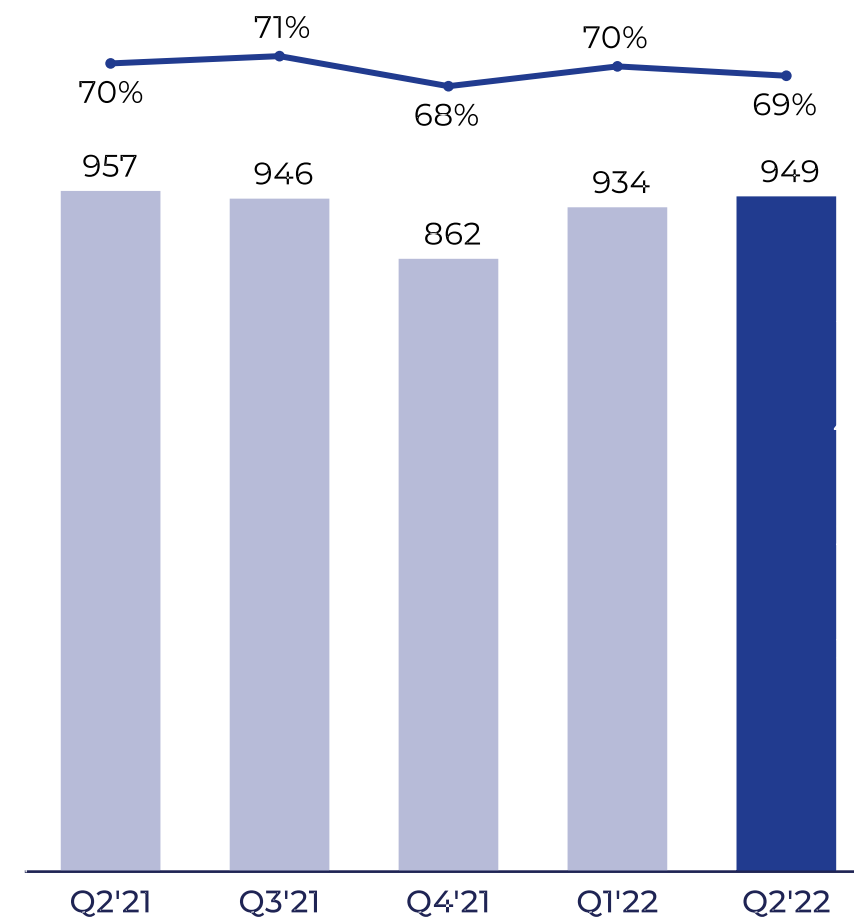
NOKm



Cash EBITDA

NOKm

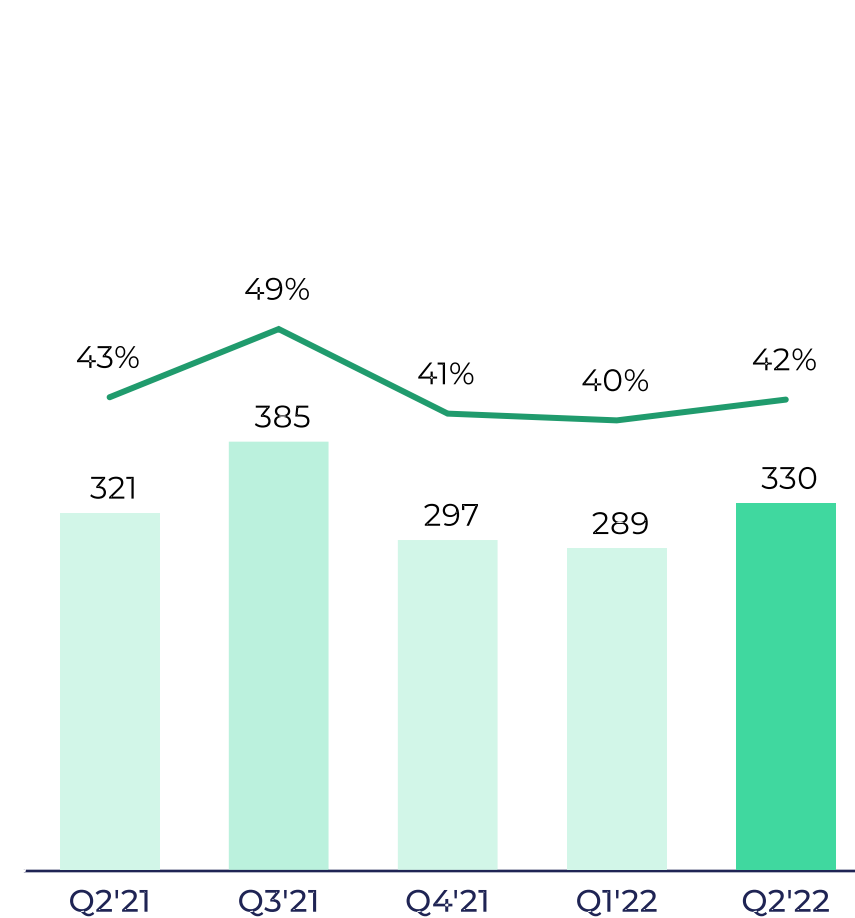
■ Cash EBITDA — Cash margin



Adjusted EBIT

NOKm

■ Adj. EBIT — Adj. EBIT margin

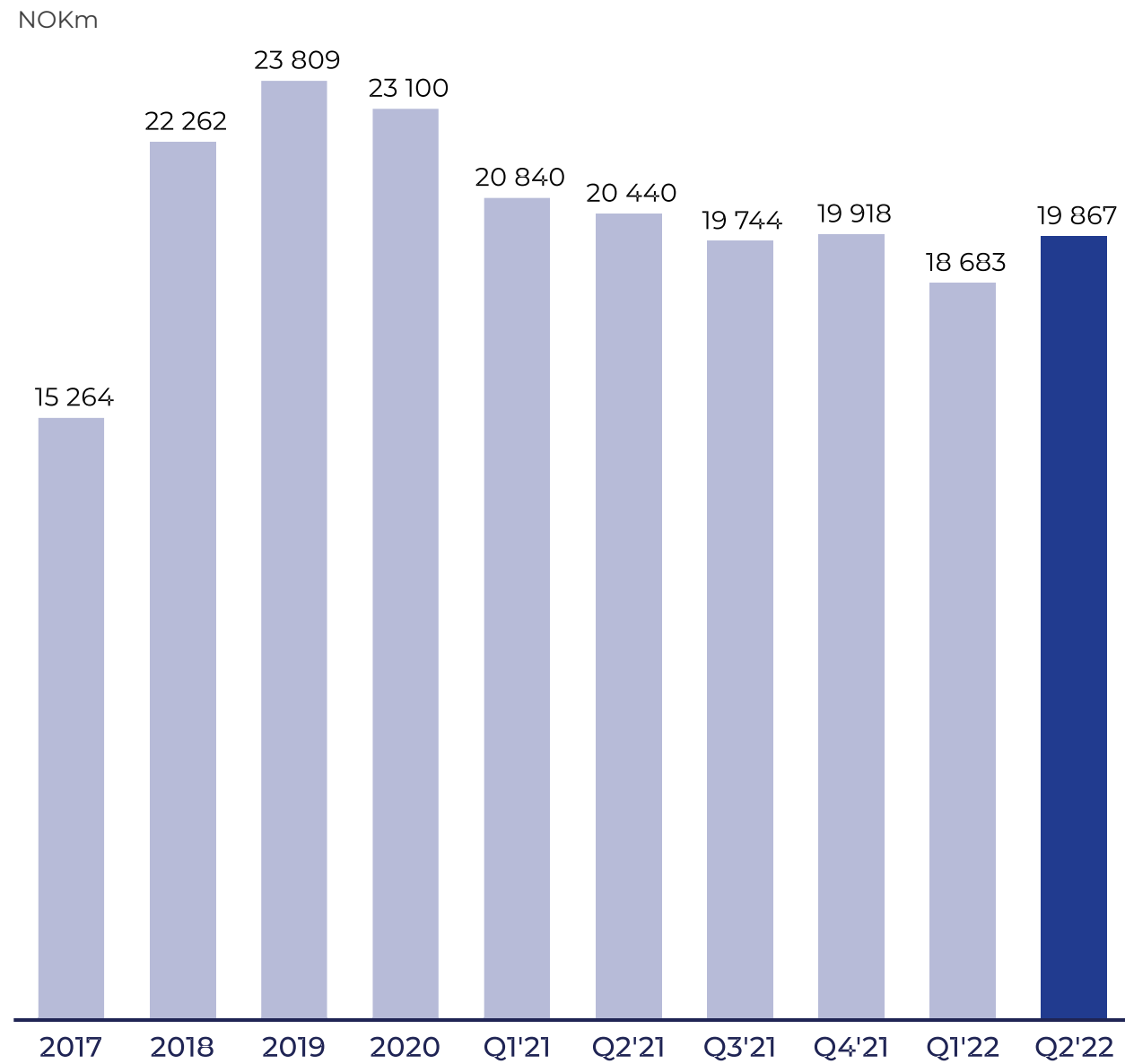


Quarterly trends

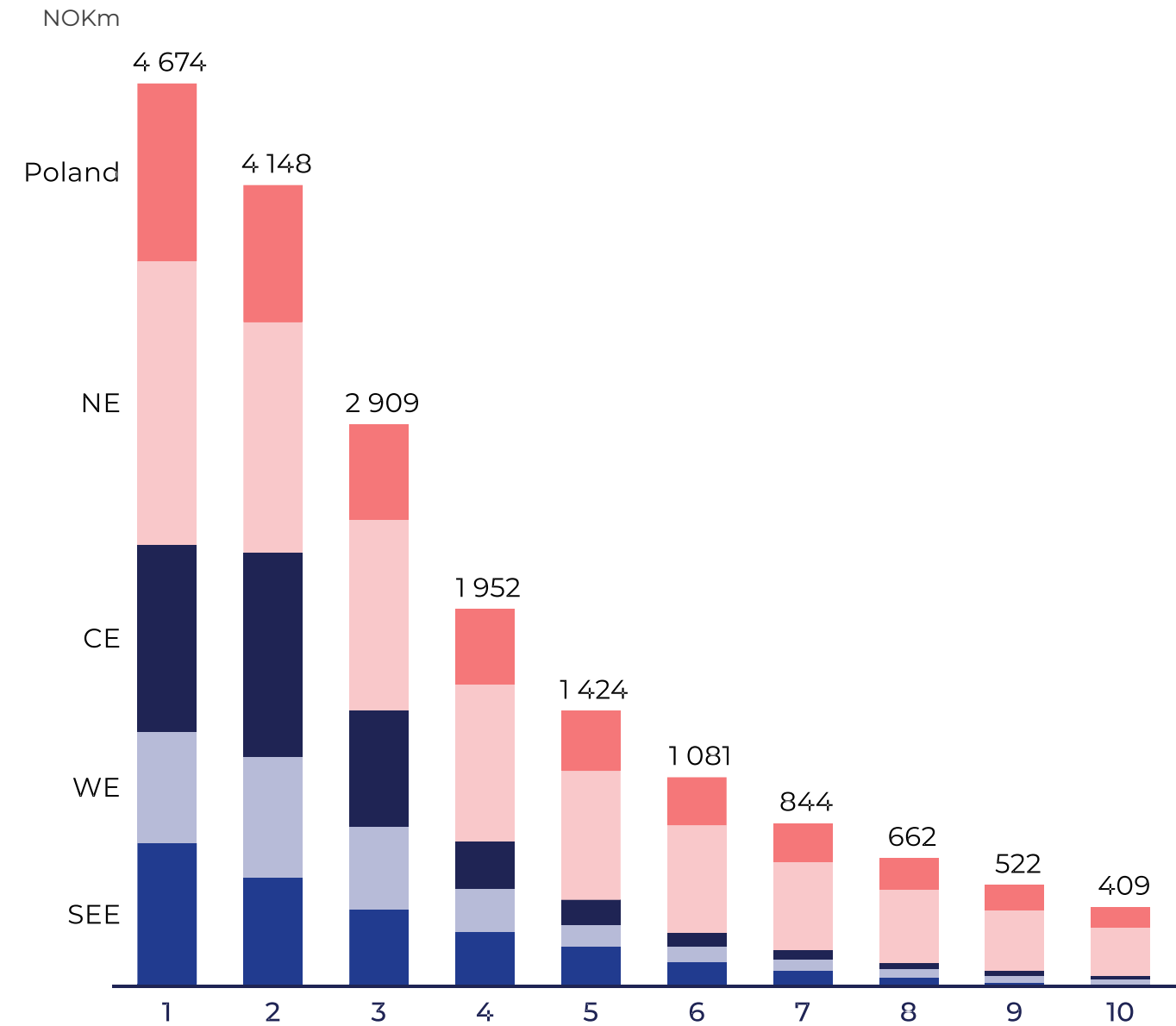
<i>NOK million</i>	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2
Cash collections	1 234	1 222	1 206	1 219	1 301	1 229	1 191	1 136	1 214	1 246
Net revenues	764	687	813	831	762	756	792	726	716	748
Adj. EBIT	268	245	369	363	330	321	385	297	289	330
Adj. EBIT %	35%	36%	45%	44%	43%	43%	49%	41%	40%	42%
EBIT	255	245	369	355	330	341	370	267	249	139
Adj. Net profit	35	34	128	129	130	147	174	143	128	173
Cash revenue	1 364	1 342	1 348	1 349	1 424	1 369	1 341	1 268	1 341	1 379
Cash EBITDA	895	927	932	910	1 014	957	946	862	934	949
Cash margin	66%	69%	69%	67%	71%	70%	71%	68%	70%	68.9 %
Gross collections ¹⁾	1 433	1 277	1 636	1 315	1 494	1 407	1 269	1 266	1 152	1 245
Amortisation of own portfolios	-492	-410	-371	-454	-862	-647	-537	-564	-465	-458
Portfolio purchases ²⁾	491	473	264	437	192	220	237	552	239	758
Cost to collect %	22.9 %	21.7 %	16.9 %	23.2 %	18.3 %	20.0 %	18.2 %	21.0 %	20.5 %	22.3 %
EPS	0.06	0.08	0.31	0.30	0.32	0.39	0.40	0.29	0.24	0.06
Return on equity	0.6 %	7.7 %	6.2 %	6.9 %	8.8 %	11.4 %	11.7 %	11.8 %	11.4 %	8.1 %

ERC development

Development in total gross ERC¹⁾



Forward 120m ERC profile by year¹⁾



Portfolio diversification

Unsecured ERC	Year 1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Poland	825	618	483	389	308	247	199	162	132	105	3 469	3 810
NE	1 464	1 187	982	809	666	554	458	377	311	251	7 058	7 869
CE	267	221	169	135	101	70	44	32	23	16	1 079	1 098
WE	196	165	121	98	82	63	48	39	34	32	878	938
SEE	612	505	373	272	186	120	80	44	17	2	2 210	2 210
Total	3 363	2 695	2 128	1 703	1 343	1 055	828	654	518	405	14 693	15 925

Secured ERC	Year 1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Poland	96	92	10	2	1	1	1	1	0	0	202	203
NE	6	5	4	3	2	2	2	2	1	1	28	32
CE	701	837	436	111	29	3	1	3	0	0	2 122	2 123
WE	380	461	307	123	30	15	12	3	3	2	1 336	1 340
SEE	128	58	24	11	18	5	0	0	0	0	245	245
Total	1 311	1 453	780	249	81	26	16	8	5	4	3 933	3 942

Total	4 674	4 148	2 909	1 952	1 424	1 081	844	662	522	409	18 626	19 867
--------------	--------------	--------------	--------------	--------------	--------------	--------------	------------	------------	------------	------------	---------------	---------------



Northern Europe (NE)

NOKm	2022 Q2	2021 Q2	Change %
Net revenues	233	255	-8%
Adj. EBIT	126	155	-18%
Adj. EBIT margin (%)	54%	61%	-7pp
ERC	7 901	8 441	-6%

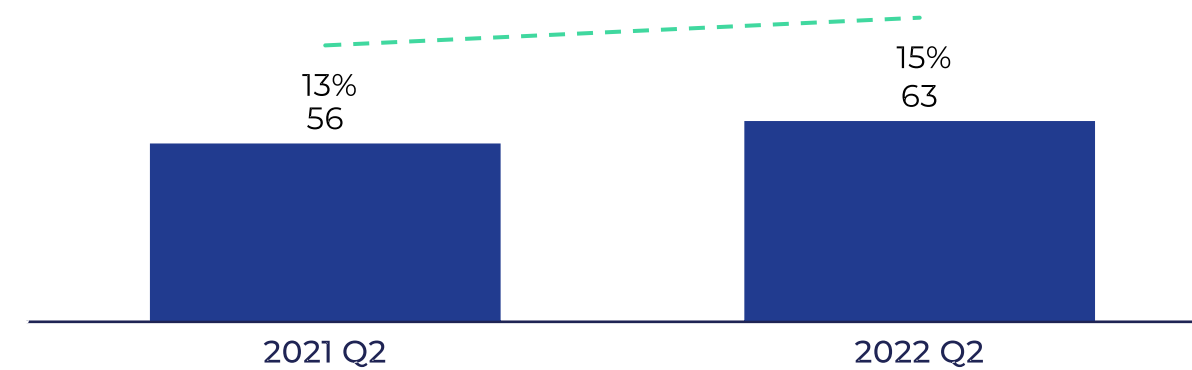
Highlights & KPIs

- Portfolio purchase volume of NOK 366m in the quarter
- Gross collection of NOK 423m

Portfolio purchases



Cost to Collect



Poland

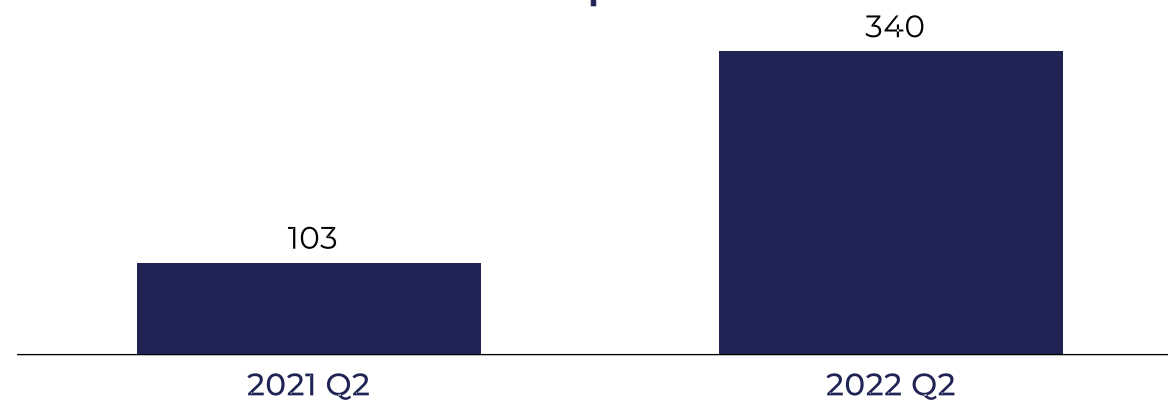


NOKm	2022 Q2	2021 Q2	Change %
Net revenues	205	180	14%
Adj. EBIT	118	100	18%
Adj. EBIT margin (%)	57%	55%	2pp
ERC	4 013	3 394	18%

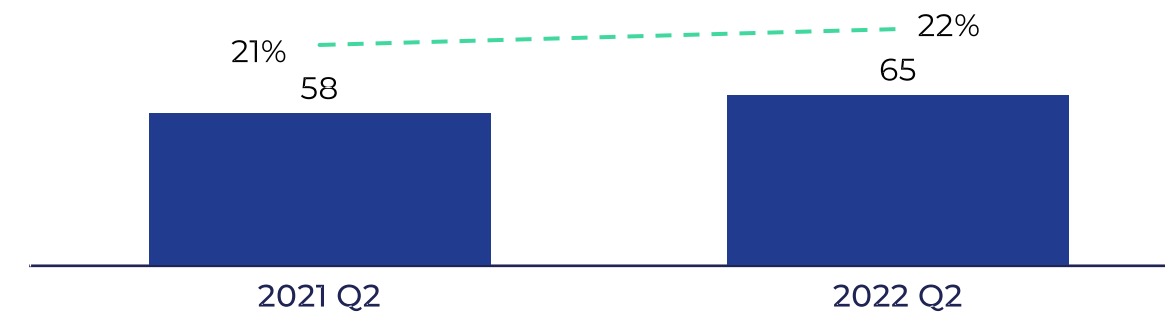
Highlights & KPIs

- Portfolio purchases of NOK 340m in the quarter
- Gross collection of NOK 289m

Portfolio purchases

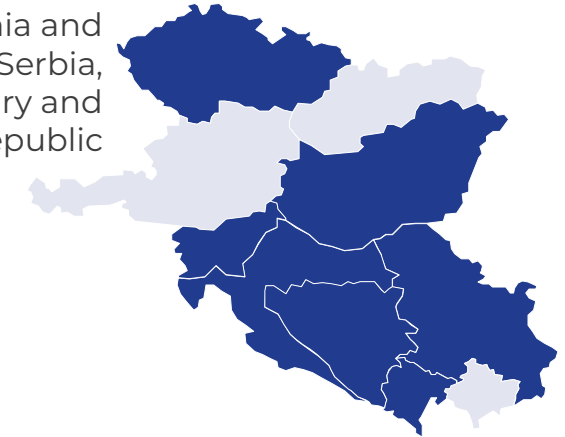


Cost to Collect



Central Europe (CE)

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



NOKm	2022 Q2	2021 Q2	Change %
Net revenues	143	122	17%
Adj. EBIT	87	63	38%
Adj. EBIT margin (%)	61%	52%	9pp
ERC	3 221	3 490	-8%

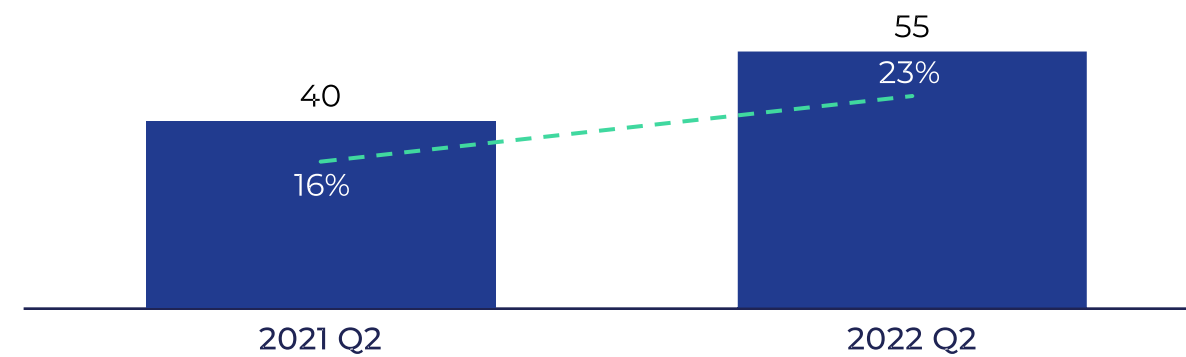
Highlights & KPIs

- No portfolio purchases in the quarter
- Gross collection of NOK 242m

Portfolio purchases



Cost to Collect



Western Europe (WE)

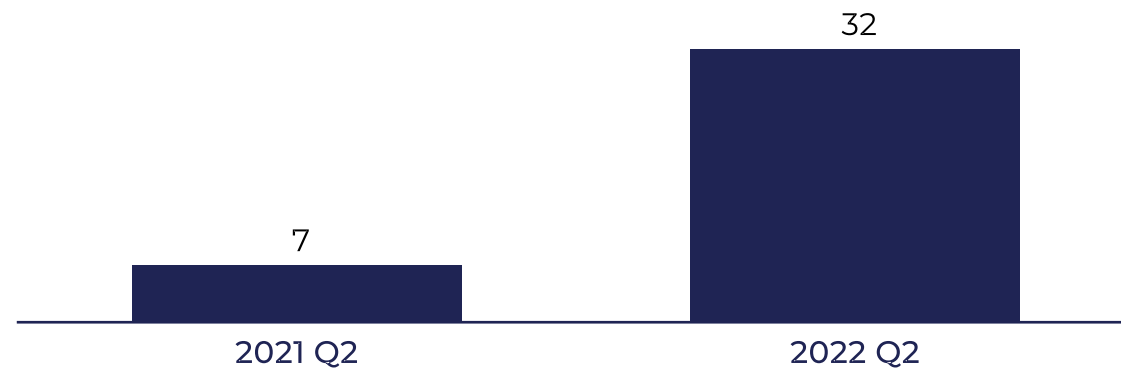


NOKm	2022 Q2	2021 Q2	Change %
Net revenues	98	89	11%
Adj. EBIT	19	6	214%
Adj. EBIT margin (%)	20%	7%	13pp
ERC	2 278	2 395	-5%

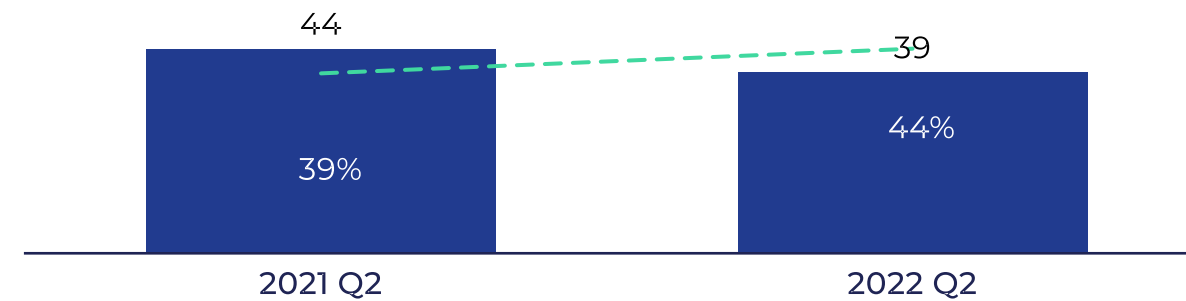
Highlights & KPIs

- Portfolio purchases of NOK 32m in the quarter
- Gross collection of NOK 88m

Portfolio purchases



Cost to Collect



South Eastern Europe (SEE)

Romania, Bulgaria, Greece and Cyprus



NOKm	2022 Q2	2021 Q2	Change %
Net revenues	69	111	-37%
Adj. EBIT	24	32	-27%
Adj. EBIT margin (%)	23%	29%	-6pp
ERC	2 455	2 720	-10%

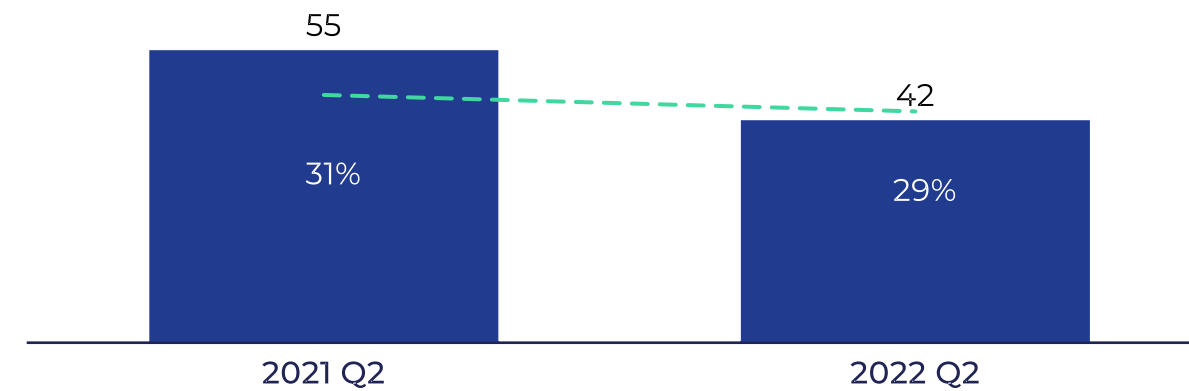
Highlights & KPIs

- Portfolio purchases of NOK 19m in the quarter
- Gross collection of NOK 144m

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	21 024 918	5.13 %
6	B2HOLDING ASA	14 914 235	3.64 %
7	SKANDINAVISKA ENSKILDA BANKEN AB	12 089 968	2.95 %
8	VERDIPAPIRFONDET ALFRED BERG GAMBAK	11 036 048	2.69 %
9	DUNKER AS	8 207 124	2.00 %
10	RUNE BENTSEN AS	8 191 680	2.00 %
11	VERDIPAPIRFONDET STOREBRAND NORGE	6 571 238	1.60 %
12	VERDIPAPIRFONDET DNB NORGE	6 269 879	1.53 %
13	GREENWAY AS	5 802 368	1.42 %
14	VPF DNB AM NORSKE AKSJER	5 687 325	1.39 %
15	VERDIPAPIRFONDET ALFRED BERG NORGE	5 035 186	1.23 %
16	VERDIPAPIRFONDET ALFRED BERG AKTIV	4 544 554	1.11 %
17	LIN AS	3 500 000	0.85 %
18	VERDIPAPIRFONDET ALFRED BERG NORGE	3 372 000	0.82 %
19	F2KAPITAL AS	3 000 000	0.73 %
20	RANASTONGJI AS	2 847 048	0.69 %
	OTHER	132 952 618	32.43 %
	TOTAL	409 932 598	100.00 %

Definitions

- **Actualisation:** Actualisation is the difference between actual and forecasted collections for purchased loan portfolios for the reporting period.
- **Adjusted EBIT (Adj. EBIT):** Adjusted EBIT consists of Operating profit/(loss) (EBIT) adjusted for Non-recurring items.
- **Adjusted EBIT % (Adj. EBIT %):** Adjusted EBIT % is Adjusted EBIT expressed as a percentage of Net revenues excluding Non-recurring items.
- **Adjusted Net profit (Adj. Net profit):** Adjusted Net profit consists of Profit/(loss) after tax adjusted for Non-recurring items impacting EBIT reduced by the tax rate for the period.
- **Administration & management costs:** Administration and management cost include Head Office and other Group costs such as Investment Office.
- **Amortisation:** Amortisation is the amount of the gross collections that are used to reduce the book value of the purchased portfolios.
- **Available investment capacity/Liquidity reserve:** Cash and short-term deposits (less NOK 200 million to cover working capital) plus unutilised credit facility lines, plus fair value of treasury bonds and less short-term vendor loans. Cash flow from future operations is not included in the number.
- **Cash collections:** Cash collections include unsecured collections, secured cash recoveries, cash received from SPVs and joint ventures, and REO sales proceeds.
- **Cash EBITDA:** Cash EBITDA consists of EBIT added back amortisation and revaluation of purchased loan portfolios, depreciation, amortisation and impairment of tangible and intangible assets and cost of collateral assets sold, adjusted for repossession of collateral assets and the difference between cash received and recognised profit from shares in associated parties/joint ventures and participation loan/notes. Cash EBITDA is a measure of actual performance from the collection business (cash business) and other business areas. Cash EBITDA is adjusted for Non-recurring items.
- **Cash margin:** Cash margin consists of cash EBITDA expressed as a percentage of cash revenue.
- **Cash revenue:** Cash revenue consists of Total revenues added back amortisation and revaluation of purchased loan portfolios and adjusted for repossession of collateral asset and the difference between cash received and recognised profit from shares in associated parties/joint ventures and participation loan/notes. Cash revenue is a measure of actual revenues (cash business) from the collection business and other business areas. Cash Revenue is adjusted for Non-recurring items.
- **Collateral asset:** In connection with the acquisition and recovery of purchased loan portfolios, the Group may become owner of assets such as land, buildings or other physical goods. These assets are only acquired as part of the recovery strategy for the purpose of being divested within the Group's ongoing operations to maximize the value of recoveries. Such assets are classified as inventories and recognised in the balance sheet at the lower of cost and net realisable value in accordance with IAS 2 Inventories.
- **Cost other revenues:** Cost other revenues is all external and internal operating costs excluding Administration and management costs and not related to the collections of B2Holding's purchased loan portfolios.
- **Cost to collect:** Cost to collect is all external and internal operating costs related to the collections of B2Holding's purchased loan portfolios.
- **EBITDA:** Operating profit before depreciation and amortisation (EBITDA) consists of operating profit (EBIT) adding back depreciation, amortisation and impairment of tangible and intangible assets.
- **Estimated Remaining Collections (ERC):** Estimated remaining collections (ERC) expresses the gross collections 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 collections on portfolios purchased and held in joint ventures. ERC includes ERR.
- **Estimated Remaining Recoveries (ERR):** Estimated remaining recoveries (ERR) expresses the gross collections 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 collections 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 collections:** Gross collections are the actual cash collected and assets recovered from purchased portfolios.
- **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.
- **Leverage ratio:** Net interest-bearing debt over Cash EBITDA calculated for the last 12 months.
- **Liquidity reserve:** Cash and short-term deposits (less NOK 200 million to cover working capital) plus unutilised credit facility lines, plus fair value of treasury bonds and less short-term vendor loans. Cash flow from future operations is not included in the number.
- **Net debt:** Net debt consists of nominal value of interest-bearing loans and borrowings plus utilised bank overdraft less cash and short-term deposits.
- **Net interest-bearing debt:** Net interest-bearing debt consist of carrying 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 collections deviating from collections estimates and from changes in future collections estimates. The Group regularly evaluates the current collections estimates at the individual portfolio level and the estimate is adjusted if collections is determined to deviate from current estimate over time. The adjusted collections 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". Collections above collections estimates and upward adjustments of future collections estimates increase revenue. Collections below collections estimates and downward adjustments of future collections 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".
- **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 include revenue from external collections, 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 carrying value of the purchased loan portfolios attributable to changes in forecasts of future collections.
- **Total Loan to Value (TLTV):** Total loan to value is net debt adjusted for vendor loan, earn out and FX hedge MTM over assets (portfolio, JV, loan receivables, real estate owned and goodwill).



b2holding.no

IR contact

Rasmus Hansson

Head of Commercial Strategy
and Investor Relations

+47 952 55 842

rh@b2holding.no



B2HOLDING