

Q3

Third quarter 2023

10 November 2023



Today's presenters

Erik J. Johnsen
Chief Executive Officer



André Adolfsen
Chief Financial Officer

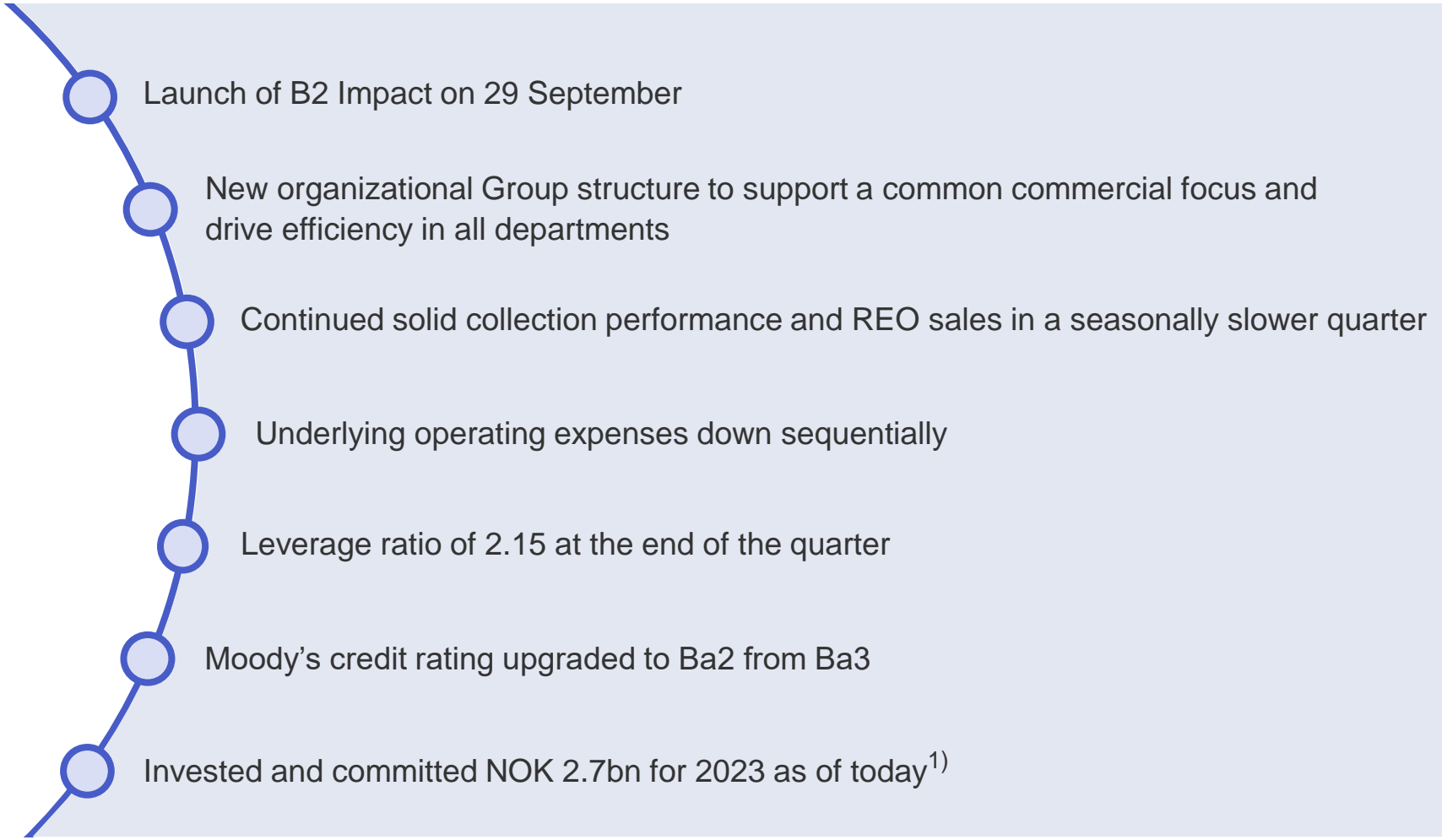


Rasmus Hansson
Head of Investor Relations and M&A



Q&A moderator

Q3 Highlights

- 
- Launch of B2 Impact on 29 September
 - New organizational Group structure to support a common commercial focus and drive efficiency in all departments
 - Continued solid collection performance and REO sales in a seasonally slower quarter
 - Underlying operating expenses down sequentially
 - Leverage ratio of 2.15 at the end of the quarter
 - Moody's credit rating upgraded to Ba2 from Ba3
 - Invested and committed NOK 2.7bn for 2023 as of today¹⁾

Key figures Q3 2023 (NOKm)

Cash collections

1 497

1 244

REO sales

169

169

Net revenues

884

797

Cash EBITDA

1 160

973

Adj. Net profit

84

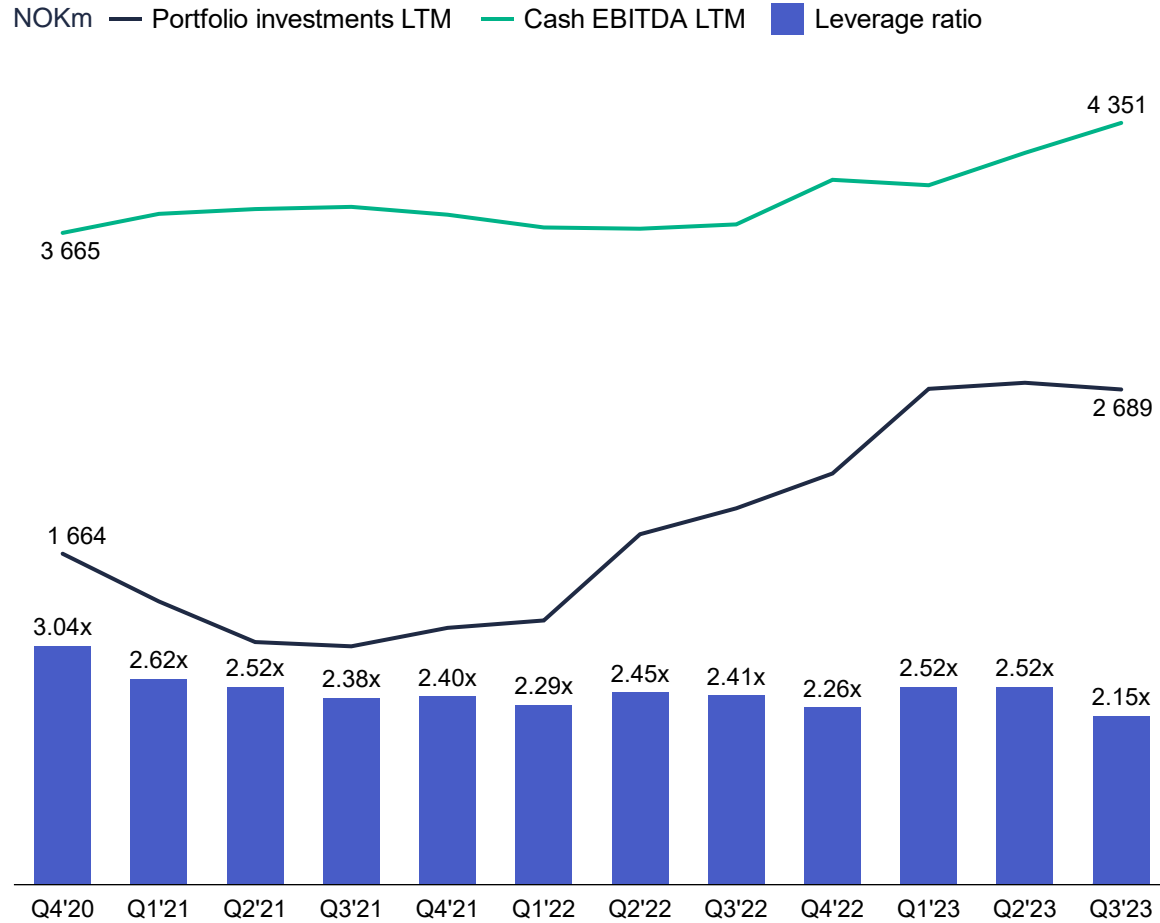
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Portfolio investments

357

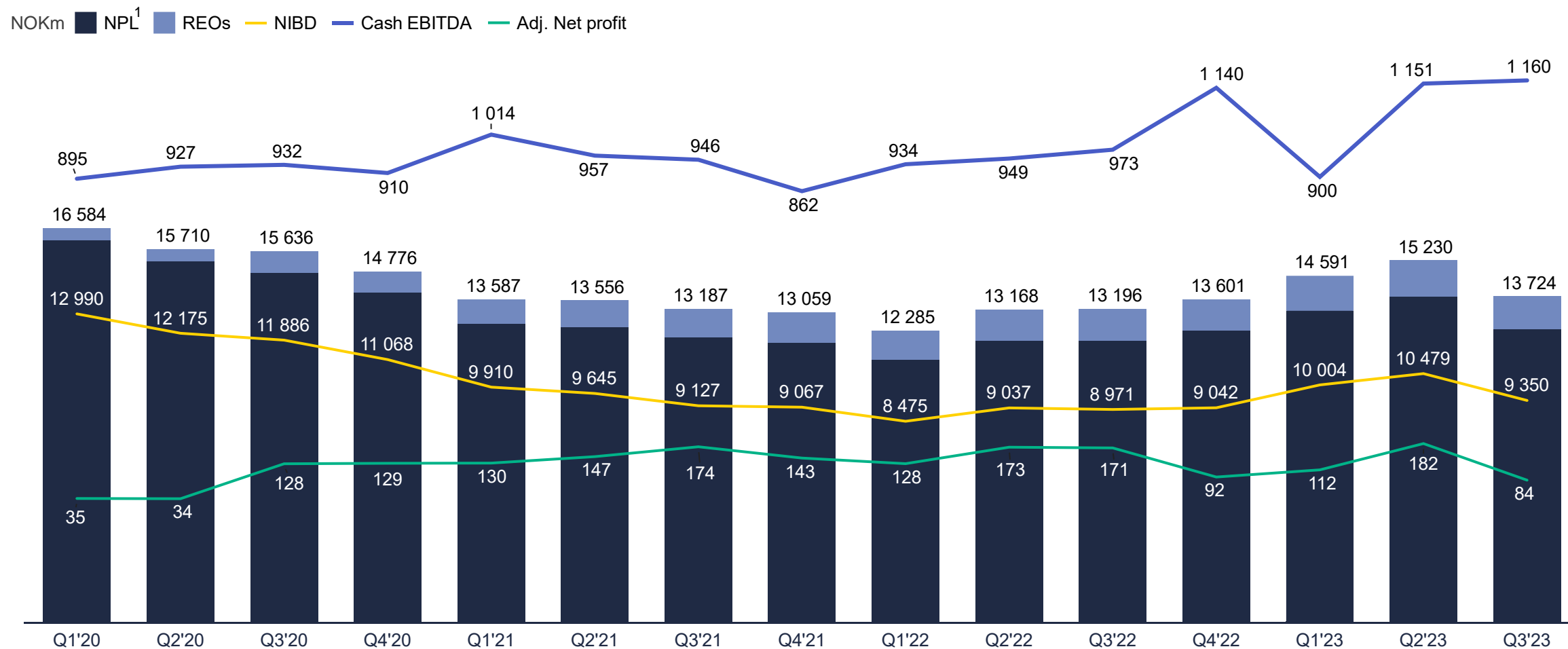
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Capital discipline in combination with strong cash flow and growth in investments



- B2 Impact has carried out a substantial deleveraging since 2020. In the same period:
 - Cash EBITDA (LTM) up 19%
 - Leverage ratio down 29%
 - Investments (LTM) up 62%
- B2 Impact currently boasts attractive credit metrics that are among the strongest in the industry
- Room for growth going forward in combination with continued prudent leverage
- B2 Impact's stable performance and strong cash flow in combination with reduced debt has been recognized by Moody's with a credit rating upgrade to Ba2

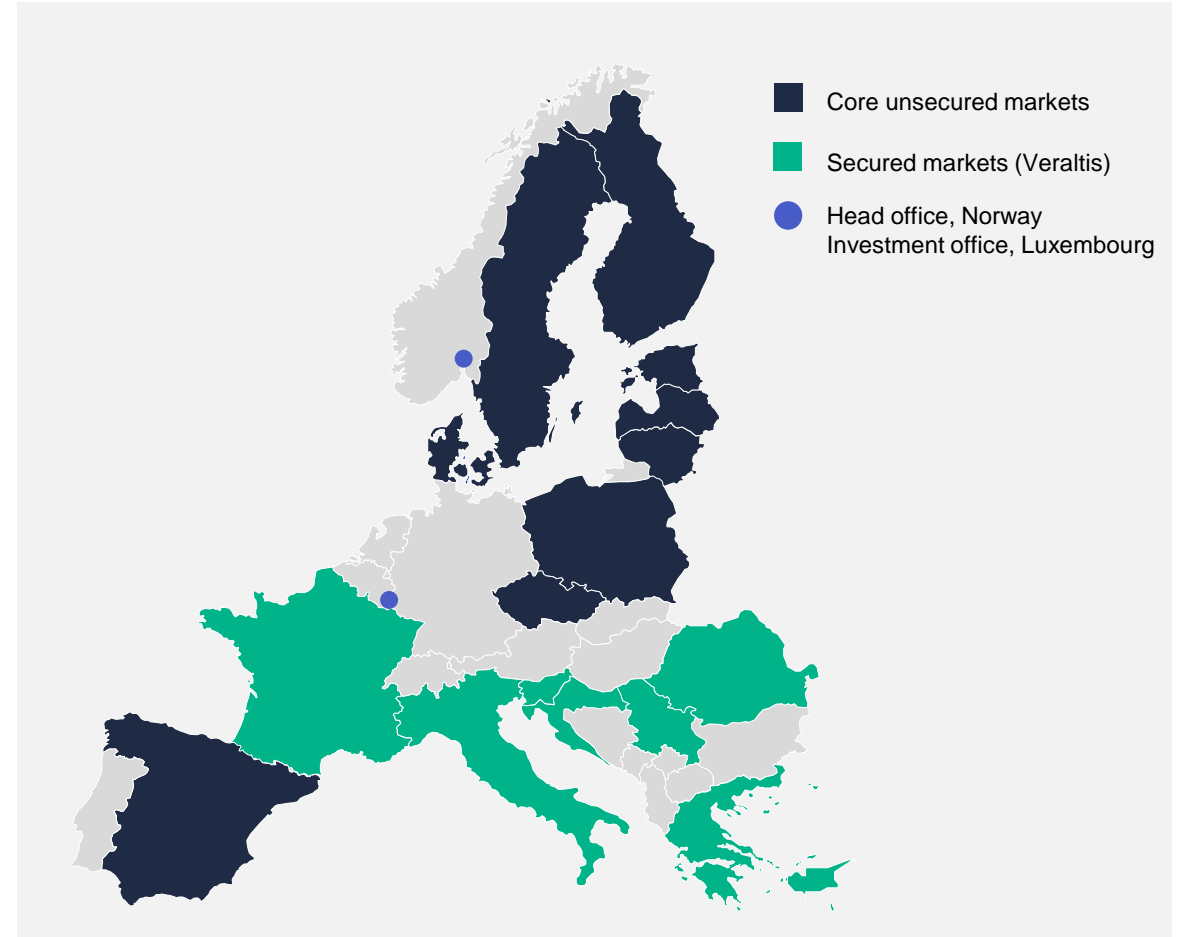
Significant deleveraging and improved performance over last 4 years



1) Q4'22 includes NOK 435m signed late December, closed in January

B2 Impact well positioned in a market with changing dynamics

- Continued repricing of portfolios observed
 - Improved IRRs on portfolio investments
- Sufficient volume for B2 Impact to meet its investment targets and adjusted return requirements
- Ongoing repricing creates some pipeline volatility
- Increase in secondary transactions coming to market
- B2 Impact still focused on reducing footprint and improving scale in core markets
 - Sale of DCA in Bulgaria closed in Q3



Financial performance



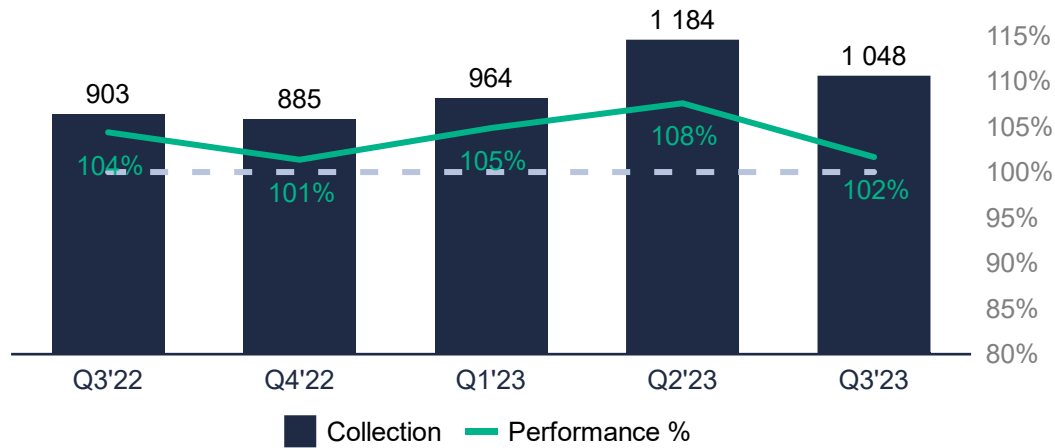
Strong cash quarter with some non-cash items impacting P&L

	2023	2022	%	Constant FX % ³⁾
<i>NOK million</i>	Q3	Q3	Δ	Δ
Cash collections	1 497	1 244	20%	6%
Net revenues	884	797	11%	-3%
Adj. EBIT	389	373	4%	-12%
Adj. EBIT %	44%	47%	-3 pp	-4 pp
EBIT	370	337	10%	-8%
Adj. Net profit	84	171	-51%	-68%
Cash revenue	1 631	1 377	18%	5%
Cash EBITDA	1 160	973	19%	5%
Cash margin	71%	71%	0 pp	0 pp
Gross collections ¹⁾	1 346	1 278	5%	-9%
Amortisation of own portfolios	-548	-455	20%	6%
Portfolio investments ²⁾	357	399	-10%	-21%
Adj. EPS	0.22	0.43		N/A
Adj. ROE (LTM)	8.7 %	12.0 %	-3.3 pp	N/A

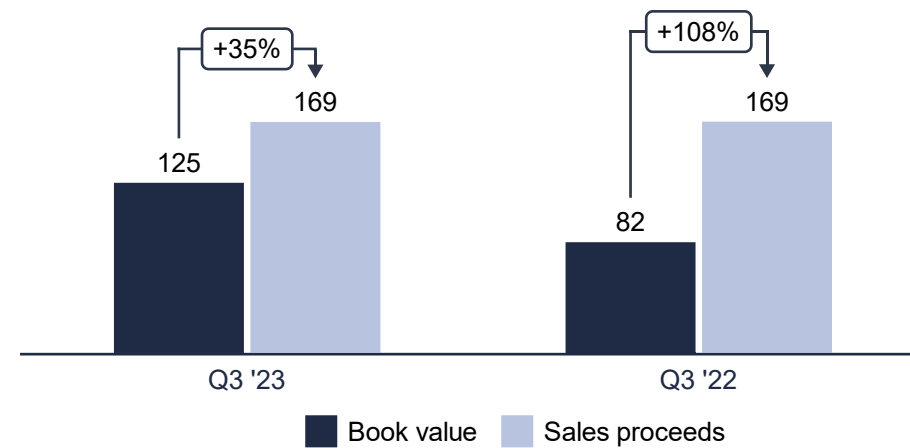
- Cash collection above expectation across all asset classes
 - Unsecured collection performance of 101.6%
 - Secured cash collections of NOK 407m
 - Total cash from JVs of NOK 92m
- Operating expenses down 6% sequentially (constant FX)
- Reduction in gross debt of NOK 1.36bn compared to Q2 2023
- Leverage ratio of 2.15 and rating upgraded to Ba2 from Ba3
- New interest rate swaps – above 50% hedging ratio from Q4
- Sale of Bulgaria closed with proceeds of NOK 460m in the quarter and a non-cash impact on net financials of NOK -32m
- Committed portfolio investments of NOK 2.7bn for 2023

Collection Performance excl. JVs

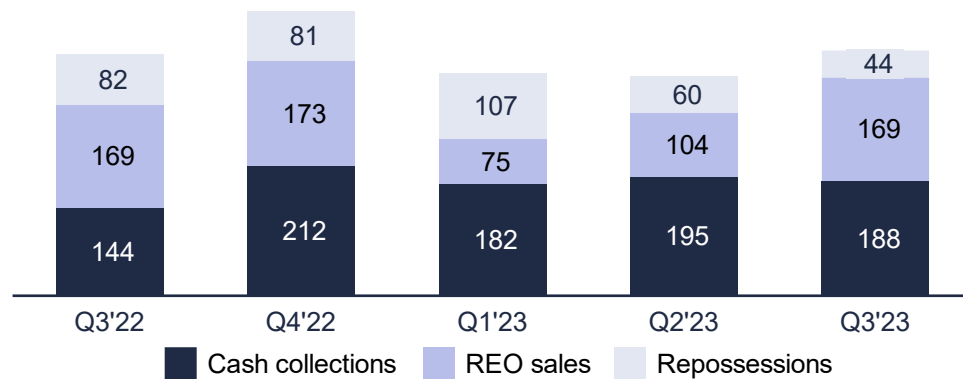
Unsecured collection performance



REO sales



Secured collections

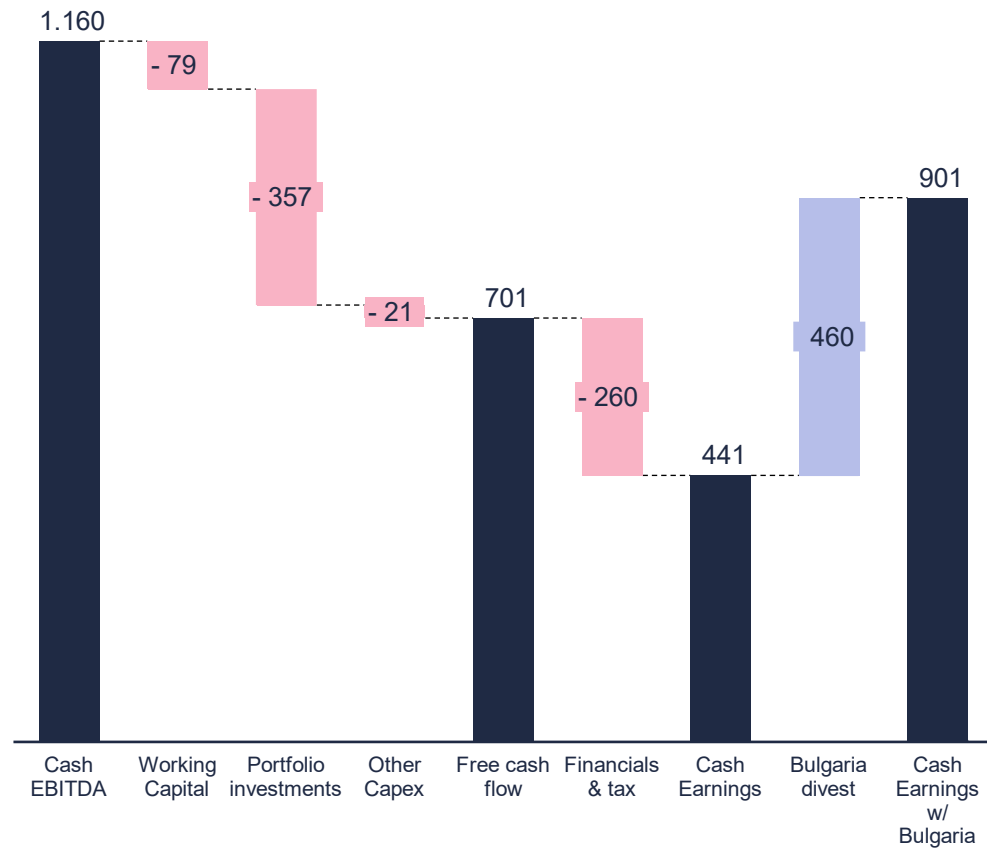


- Continued Unsecured overperformance
 - 102% of latest forecast
- Strong secured cash collections at NOK 407m
 - REO sales at 35% above book value
 - Cash from secured JVs of NOK 50m

Favourable low leverage and strong cash flow in the quarter

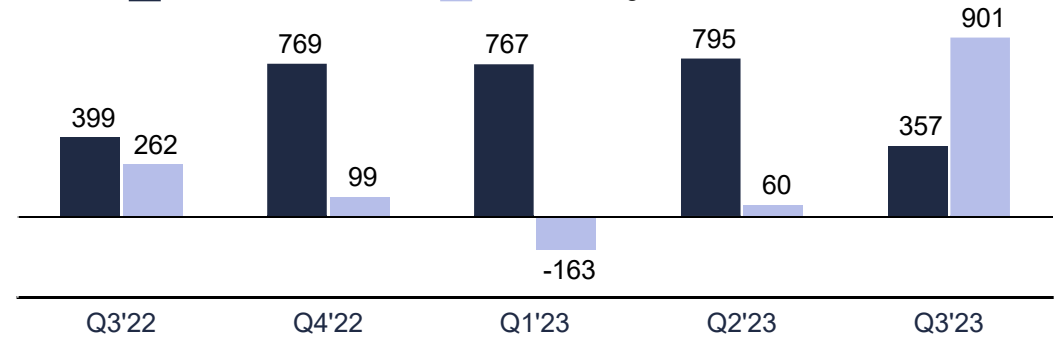
Cash flow Q3 2023

NOKm Increase Decrease Total



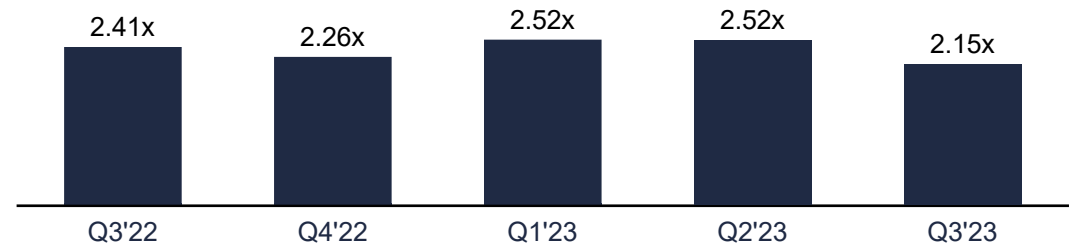
Additional investment capacity

NOKm Portfolio investments Cash Earnings



Stable underlying leverage ratio

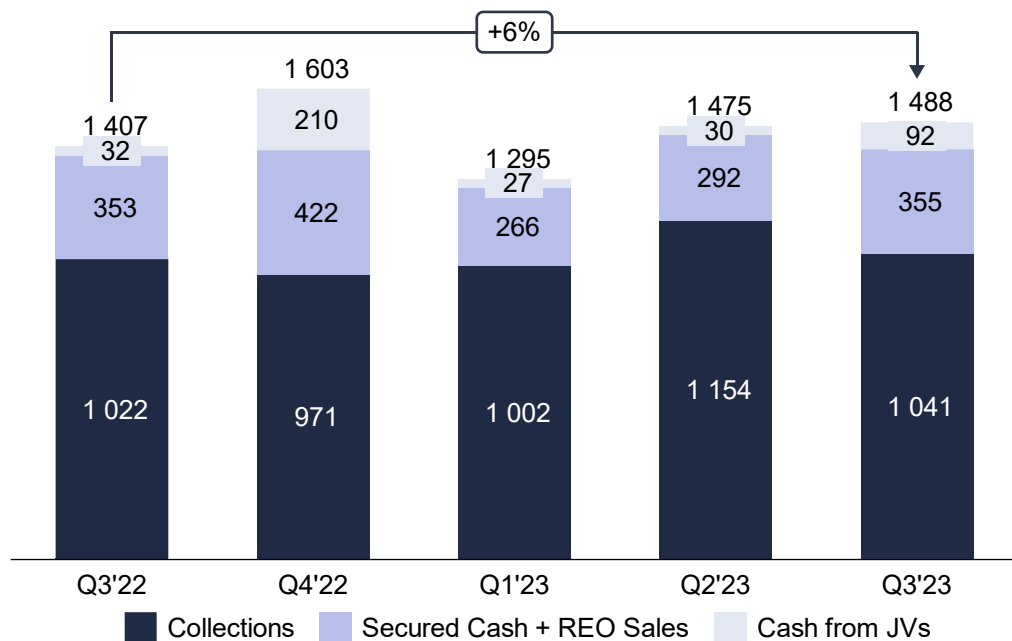
Lev.ratio



Stable OPEX despite growth in collection and inflationary pressure

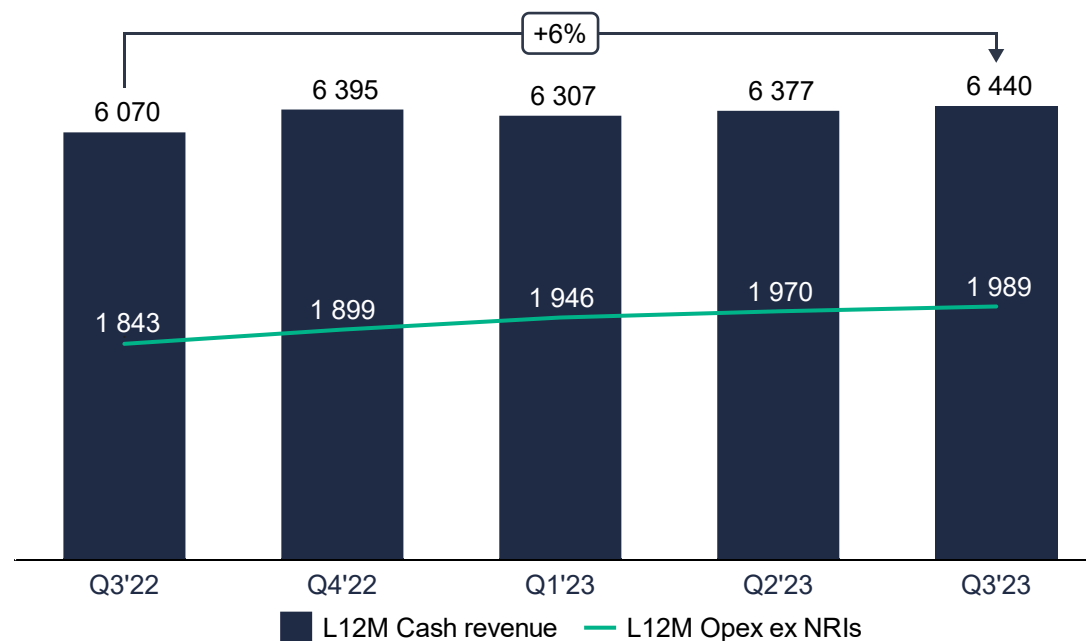
Cash collections (constant FX)

- Growth in unsecured collections
- Solid underlying cash contribution from Secured



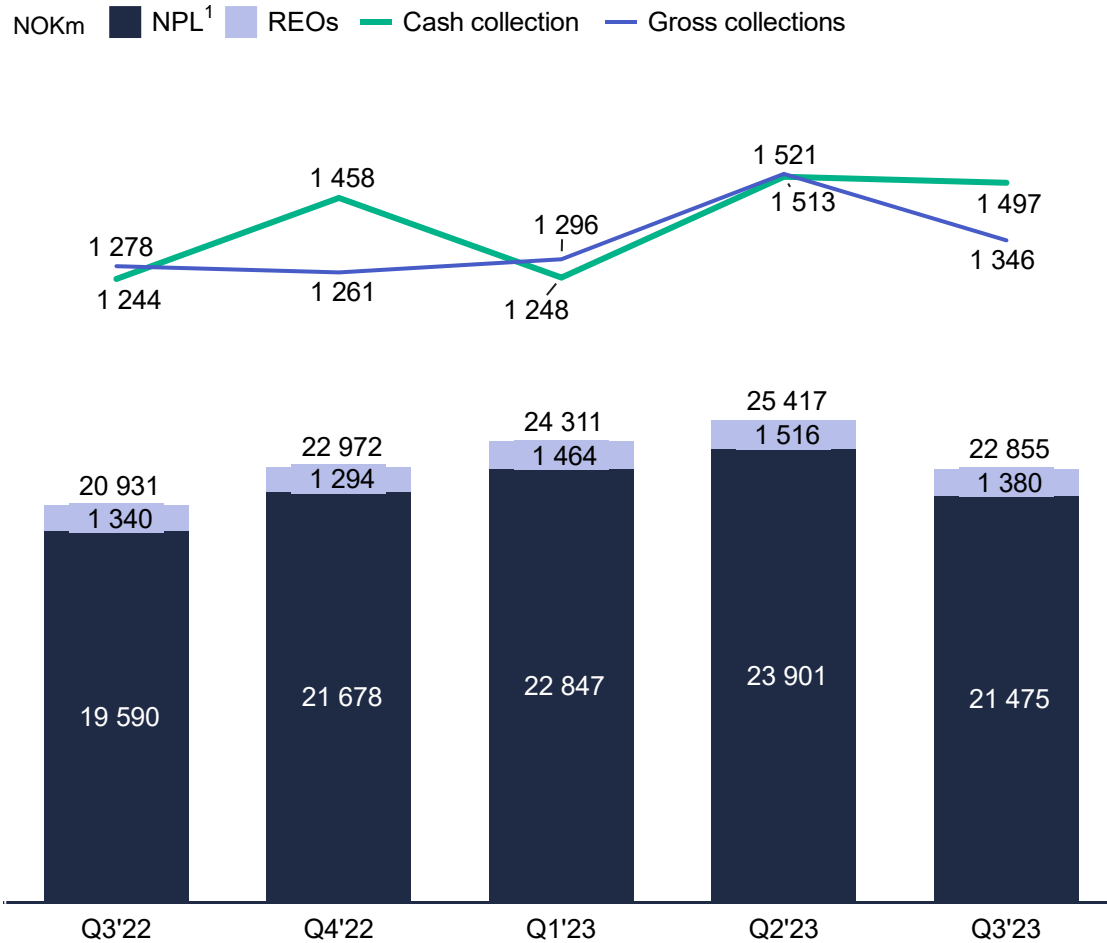
Operating expenses (constant FX)

- Opex up 4% compared with Q3 2022 but down 6% sequentially
- Opex curve stabilised following cost reductions

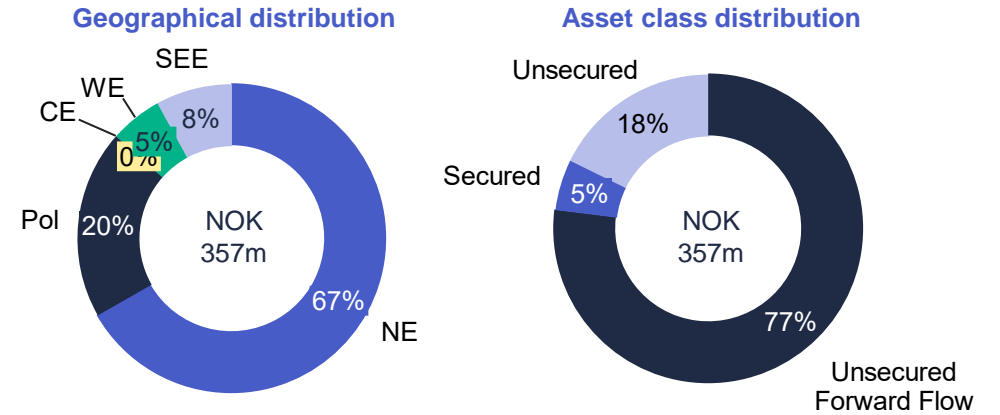


Portfolio investments and Estimated Remaining Collections (ERC)

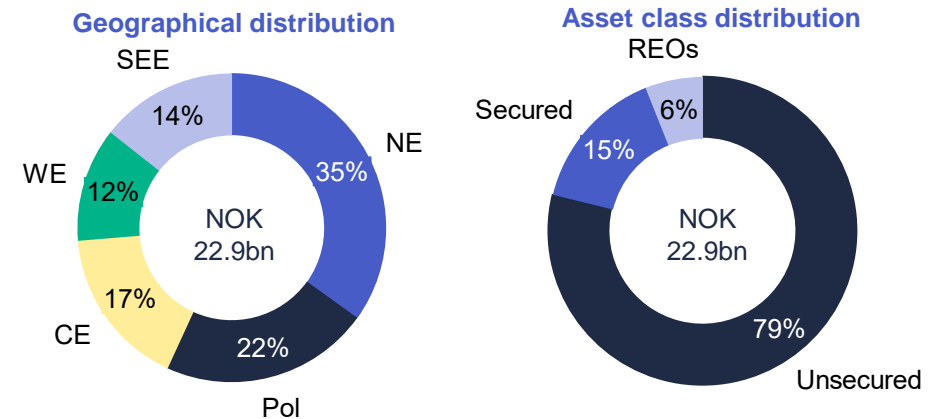
Growing cash collections and growth in ERC



Portfolio investments in Q3

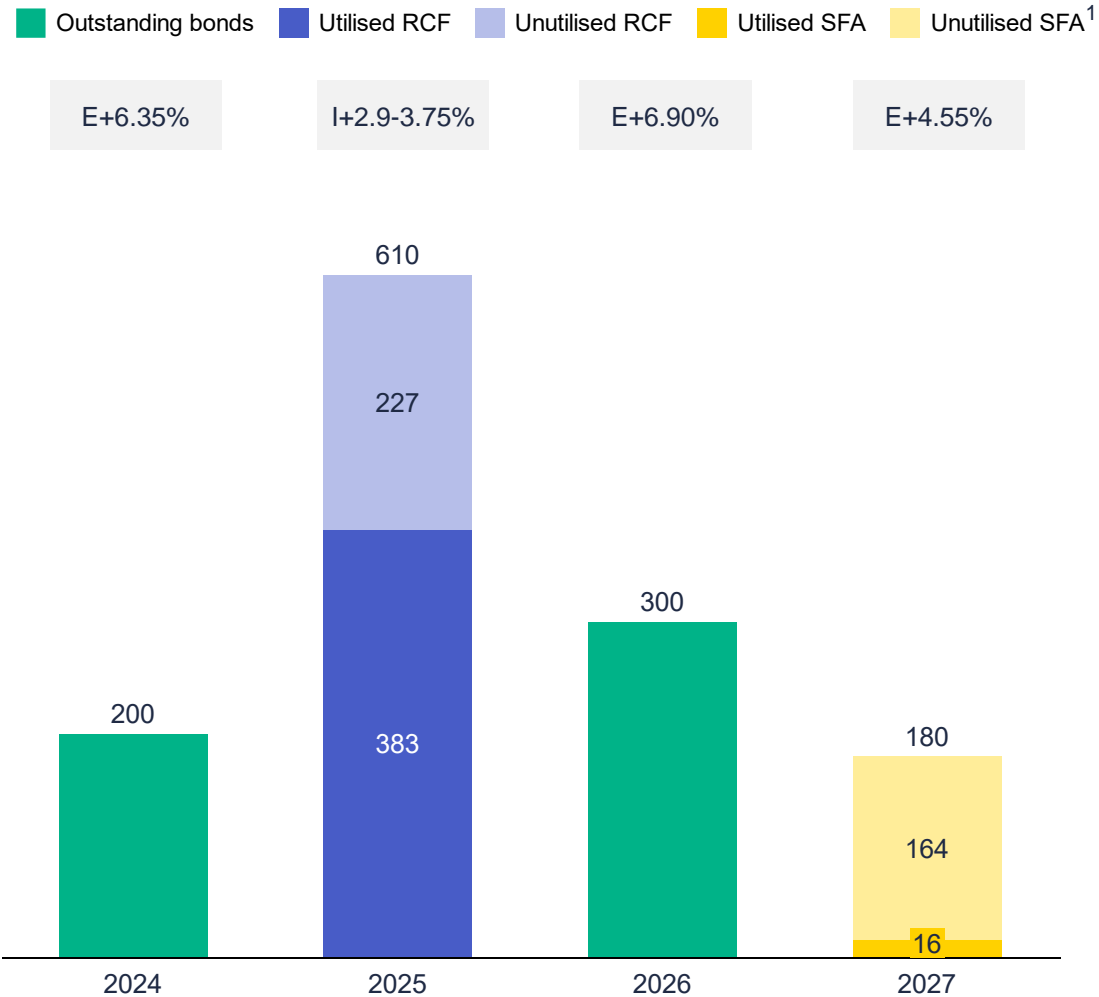


Total ERC as of Q3



1) Q4'22 includes ERC in connection with NOK 435m of Portfolio investments signed late December but closed in January and reported in Q1 Portfolio investments.

Debt maturity profile, EURm



- Leverage ratio of 2.15x
- Gross debt reduced by NOK 1.36bn sequentially
- No short-term refinancing needs
 - Full flex to refinance 2024 maturity with the RCF
- SFA almost repaid
- Blended interest rate 8.88% including hedging
 - Hedging ratio above 50% following new interest rate swaps
- Rating upgrade by Moody's from Ba3 to Ba2
- Liquidity reserve of EUR ~400m in addition to operational cash flow

1) Adjusted for repayment of SFA in October of EUR 27m

Summary



Key takeaways



Launch of B2
Impact on 29
September



Continued solid
collection
performance
and REO sales



New
organizational
Group structure
strengthening
commercial focus
and efficiency



Sufficient volume
for B2 Impact to
meet its investment
targets and
adjusted return
requirements



Moody's credit
rating upgraded to
Ba2 from Ba3

Q&A



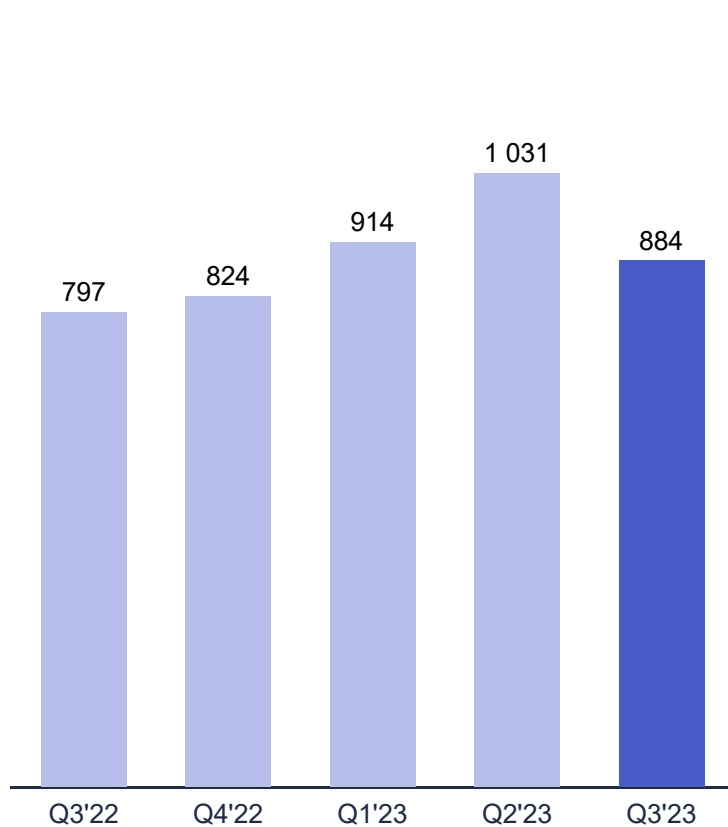
Quarterly trends

NOK million	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	2023 Q3
Cash collections	1 301	1 229	1 191	1 136	1 214	1 246	1 244	1 458	1 248	1 513	1 497
Net revenues	762	756	792	726	716	748	797	824	914	1 031	884
Adj. EBIT	330	321	385	297	289	330	373	343	402	496	389
Adj. EBIT %	43%	43%	49%	41%	40%	42%	47%	42%	44%	48%	44%
EBIT	330	341	370	267	249	139	337	303	375	471	370
Adj. Net profit	130	147	174	143	128	173	171	92	112	182	84
Cash revenue	1 424	1 369	1 341	1 268	1 341	1 379	1 377	1 599	1 384	1 665	1 631
Cash EBITDA	1 014	957	946	862	934	949	973	1 140	900	1 151	1 160
Cash margin	71%	70%	71%	68%	70%	69%	71%	71%	65%	69%	71%
Gross collections ¹⁾	1 494	1 407	1 269	1 266	1 152	1 245	1 278	1 261	1 296	1 521	1 346
Amortisation of own portfolios	-862	-647	-537	-564	-465	-458	-455	-520	-490	-633	-548
Portfolio purchases ²⁾	192	220	237	552	239	758	399	769	767	795	357
Adj. EPS	0.32	0.36	0.42	0.35	0.32	0.43	0.43	0.23	0.29	0.48	0.22
Adj. ROE (LTM)	9.0 %	11.2 %	11.8 %	12.2 %	12.5 %	12.5 %	12.0 %	11.0 %	10.3 %	10.2 %	8.7 %

Quarterly financial performance

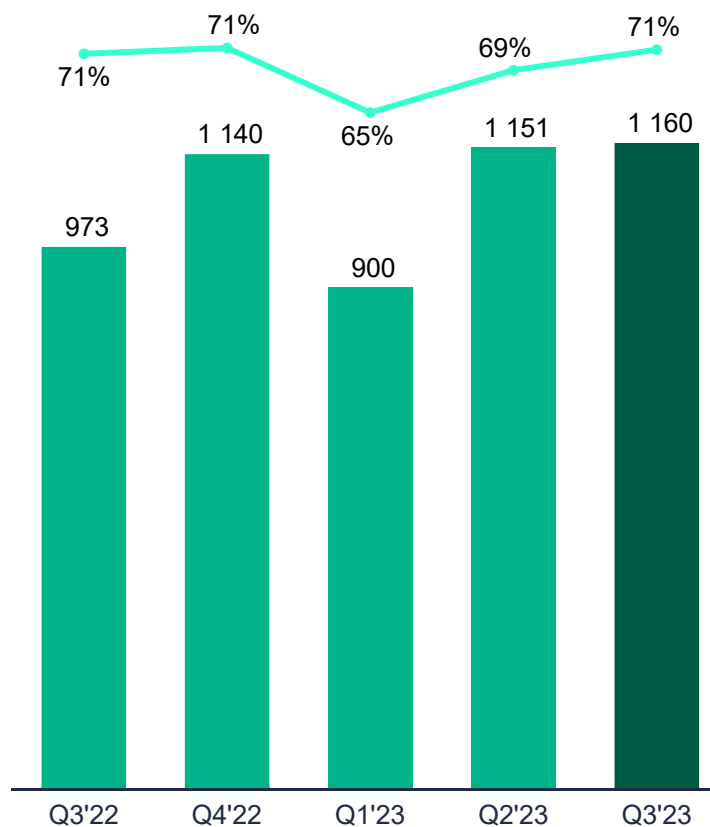
Net revenues

NOKm Net revenues



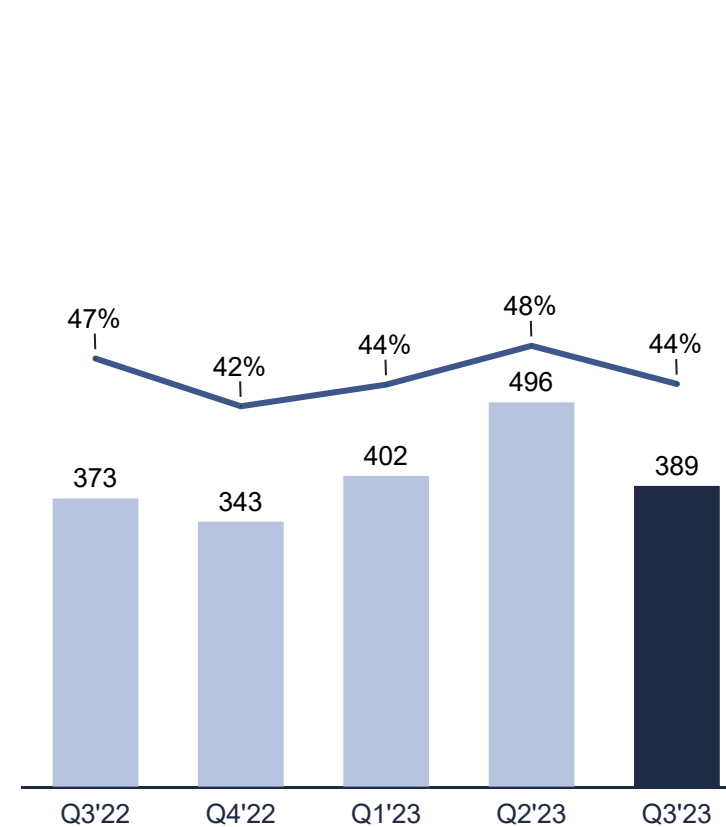
Cash EBITDA

NOKm Cash EBITDA Cash margin



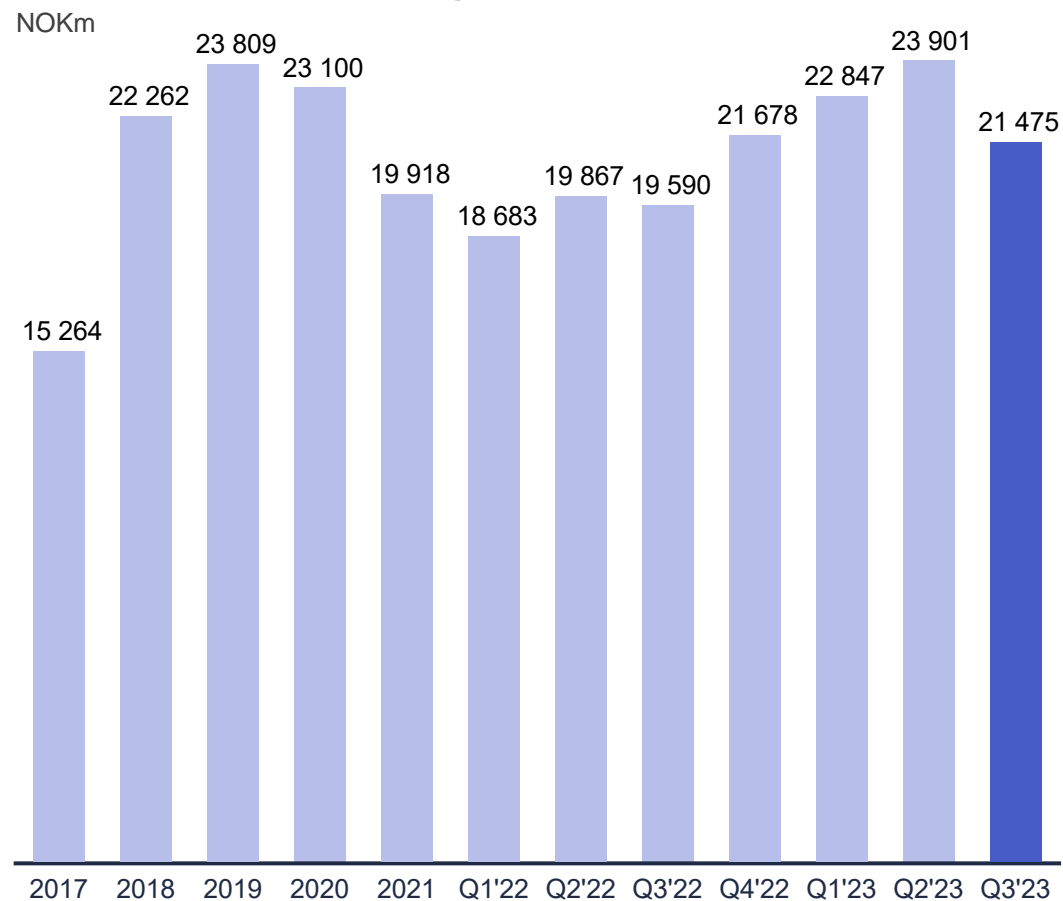
Adjusted EBIT

NOKm Adj. EBIT Adj. EBIT margin

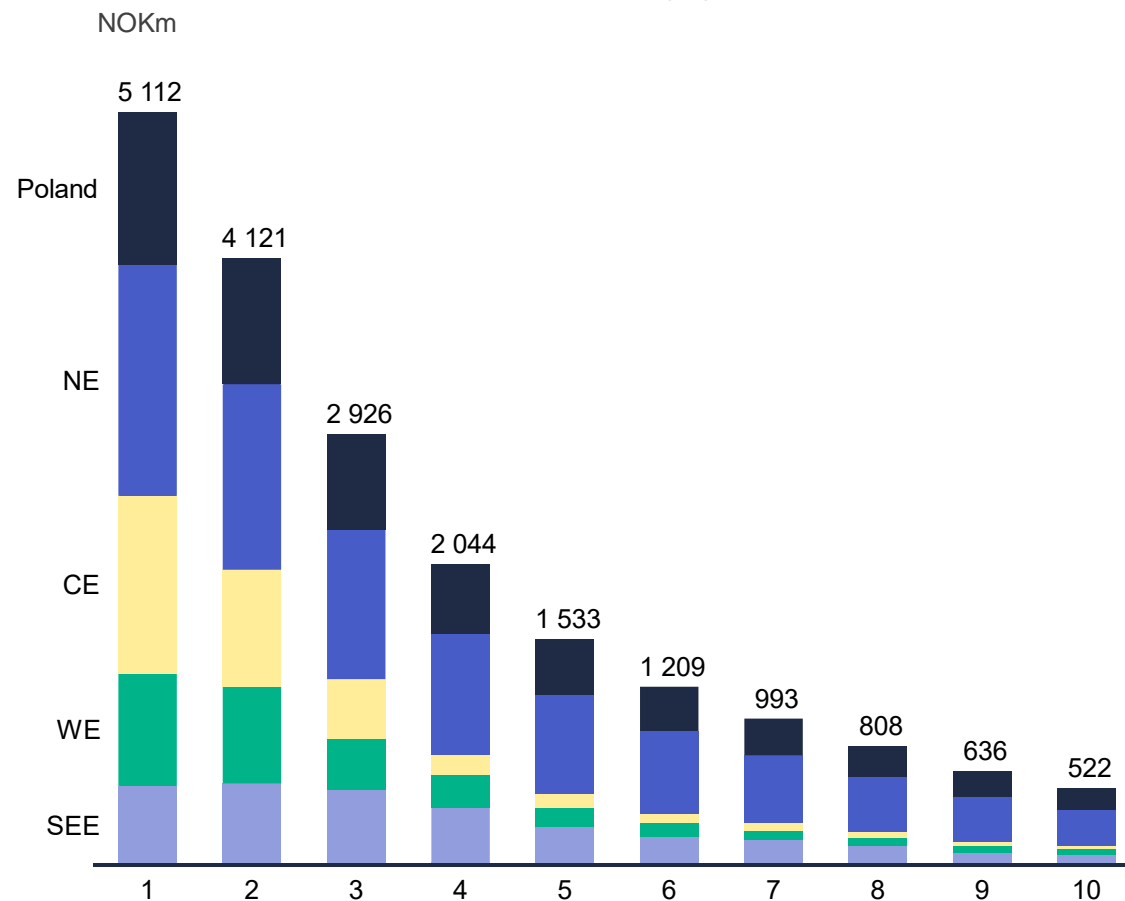


ERC development

Development in total gross ERC^{1) 2)}



Forward 120m ERC profile by year



1) Including the Group's share of portfolios acquired and held in SPVs and joint ventures
 2) Q4'22 includes ERC in connection with NOK 435m of Portfolio investments signed late December but closed in January and reported in Q1 Portfolio investments.

Portfolio diversification¹⁾

Unsecured ERC	Year 1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Poland	976	785	595	469	374	300	249	208	176	149	4 281	4 813
NE	1 565	1 256	1 015	823	677	557	457	376	302	241	7 270	7 961
CE	250	195	155	118	86	65	52	39	30	24	1 014	1 061
WE	248	210	170	136	95	71	55	46	41	35	1 108	1 157
SEE	500	520	501	381	254	190	165	130	82	69	2 791	3 023
Total	3 538	2 966	2 436	1 927	1 487	1 183	977	799	630	518	16 463	18 015

Secured ERC	Year 1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Poland	60	71	52	4	1	1	1	0	0	0	189	189
NE	5	4	3	2	2	2	1	1	1	1	23	26
CE	958	601	248	16	3	1	2	0	0	0	1 829	1 830
WE	515	446	178	91	40	22	12	7	5	3	1 318	1 334
SEE	36	32	9	4	0	0	0	-	-	-	81	81
Total	1 574	1 154	490	117	46	26	15	9	6	4	3 441	3 460

Total	5 112	4 121	2 926	2 044	1 533	1 209	993	808	636	522	19 904	21 475
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Segment overview Q3 2023

Investments

	2023	2022	
NOK million	Quarter 3	Quarter 3	Var. %
Total collections	1 281	1 128	14%
Total NPL revenue	645	575	12%
Net revenue	754	671	12%
Direct opex	-321	-208	54%
Segment earnings	433	463	-7%
Segment earnings in %	57%	69%	-12 pp

- Unsecured collection performance of 101.6%
- Secured collection performance of 154.1%

Servicing

	2023	2022	
NOK million	Quarter 3	Quarter 3	Var. %
Net revenue	325	256	27%
Direct opex	-194	-164	18%
Segment earnings	131	92	41%
Segment earnings in %	40%	36%	4 pp

- Higher servicing revenue mainly driven by growth in unsecured collections
- 3PC in line with last year in constant FX

20 largest shareholders

#	Shareholder	No. of shares	Percentage
1	PRIORITET GROUP AS	52 913 000	13.67 %
2	RASMUSSENGRUPPEN AS ¹⁾	51 373 266	13.27 %
3	STENSHAGEN INVEST AS	30 500 143	7.88 %
4	VALSET INVEST AS	26 000 000	6.72 %
5	DNB MARKETS AKSJEHANDEL/-ANALYSE	22 301 566	5.76 %
6	B2 IMPACT ASA	15 863 775	4.10 %
7	SKANDINAVISKA ENSKILDA BANKEN AB	13 389 968	3.46 %
8	DUNKER AS	8 207 124	2.12 %
9	RUNE BENTSEN AS	8 191 680	2.12 %
10	VERDIPAPIRFONDET STOREBRAND NORGE	8 178 872	2.11 %
11	GREENWAY AS	5 802 368	1.50 %
12	VERDIPAPIRFONDET DNB NORGE	5 136 116	1.33 %
13	GULEN INVEST AS	4 570 527	1.18 %
14	VPF DNB AM NORSKE AKSJER	4 072 336	1.05 %
15	STIFTELSEN KISTEFOS	4 000 000	1.03 %
16	LIN AS	3 500 000	0.90 %
17	F2KAPITAL AS	3 000 000	0.77 %
18	JPMORGAN CHASE BANK, N.A., LONDON	2 849 230	0.74 %
19	RANASTONGJI AS	2 847 048	0.74 %
20	DIRECTMARKETING INVEST AS	2 405 100	0.62 %
	OTHER	112 078 705	28.95 %
	TOTAL	387 180 824	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 EPS (Adj. EPS):** Adjusted earnings per share is calculated based on Adjusted Net profit (Adj. Net profit) for the period divided by the weighted average number of outstanding shares during the respective period.
- **Adjusted return on equity (Adj. ROE):** Adjusted return on equity is calculated based on rolling 12-months Adjusted Net profit (Adj. Net profit) for the Group 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.
- **Adjusted Net profit (Adj. Net profit):** Adjusted Net profit consists of Profit/(loss) after tax adjusted for Non-recurring items reduced by the tax rate for the period.
- **Central costs:** Administration and management cost related to 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.
- **Cash collections:** Cash collections include unsecured collections, secured cash collections, 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 and 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 collection 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 collection strategy for the purpose of being divested within the Group's ongoing operations to maximize the value of collections. 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 to collect:** Cost to collect is all external and internal operating costs related to the collections of B2 Impact'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.
- **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.
- **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.

Definitions (cont'd)

- **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 are 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. Other revenues includes Interest income from loan receivables and Net credit gain/(loss) from loan receivables.
- **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 investments:** The investments for the period in unsecured (without collateral) and in secured (with collateral) loan portfolios.
- **Profit margin:** Profit margin consists of operating profit (EBIT) expressed as a percentage of total operating revenues.
- **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).

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