

# Investor presentation

Senior Unsecured Bond Issue

2 September 2024



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# Summary of risk factors (1/2)

*Investing in bonds and other securities issued by the Company involves inherent risks, and a number of risk factors may adversely affect the Company. Potential investors should consider, among other things, the Risk Factors set out in this Presentation before making an investment decision. An investment in the Bonds is only suitable for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment.*

*The risk factors below are a non-exhaustive summary of the risk factors included in slides 36 to 45 of this Presentation. Prospective investors should carefully consider these risk factors in full before making an investment decision and should consult their own expert advisors as to the suitability of an investment in the Bonds. By investing in the Bonds, each prospective investor confirms its understanding that should any of these risks materialise, individually or together with other circumstances, this could have a material adverse effect on the Issuer and the Group's business, results of operation, cash flow, financial conditions and prospects, which in turn could result in a decline in the value of the Bonds and the loss of all or part of its investment in the Bonds.*

## **RISKS RELATED TO THE BUSINESS IN WHICH WE OPERATE**

- We may not be able to collect the expected amounts on our portfolios.
- Our purchasing patterns and the seasonality of our business may lead to volatility in our cash flow.
- Acquisitions that we have entered or may enter into in the future may prove unsuccessful or strain or divert our resources and we may not be able to manage our growth effectively.
- The statistical models and analytical tools we use may prove to be inaccurate.
- Our operations are highly dependent upon access to, and the functioning and integrity of, our core IT applications, systems and infrastructure.
- Improper disclosure of our clients' sensitive data, customer data or a breach of data protection laws could negatively affect our business or reputation.
- Market developments and the development of the economy in general and in the markets in which we operate may negatively affect our operations and financial performance.
- We are exposed to significant reputational risk and are subject to voluntary codes of conduct.
- The value of our existing portfolios may deteriorate, or we may not be able to collect sufficient amounts on our portfolios to take advantage of opportunities for portfolio purchases as they arise in the market.
- We are exposed to risk relating to assumption of ownership of collateral provided under our secured debt portfolios.
- We may not be able to purchase portfolios at appropriate prices or of sufficient quality.
- Failure to successfully manage our forward flow agreements or replace terminated forward flow agreements may adversely affect our revenue.
- We rely on third parties to collect amounts under our credit portfolios.
- Our risk management procedures may fail to identify or anticipate future risks.
- Our decentralized organization exposes us to compliance risks and lack of quality control at the Group level.
- Our senior management team members and key employees are important to our continued success and the loss of one or more members of our senior management team or one or more of our key employees could have a material adverse effect on our business.
- We may not be able to obtain or maintain adequate insurance cover.

# Summary of risk factors (2/2)

## **RISKS RELATED TO THE BUSINESS IN WHICH WE OPERATE (CONTINUATION)**

- We may not be able to hire and retain enough sufficiently trained personnel to support our operations.
- Increases in labour costs, potential labour disputes and work stoppages could negatively affect our business.
- A material failure in banking systems could negatively affect our business.
- As we move into new business areas, our operations will become increasingly complex.
- Our operations in multiple jurisdictions expose us to local risks in a number of European jurisdictions.
- Our collections may decrease and/or the timing on when we collect may be delayed if the number of consumers becoming subject to personal insolvency procedures increases.
- We may purchase portfolios that contain accounts which are not eligible to be collected, and it may not be possible for us to bring successful claims pursuant to purchase contracts or otherwise.
- A portion of the collections from debt portfolios depends on successful legal proceedings and such proceedings may not always be successful.
- We are subject to prevailing tax laws in every jurisdiction we operate and there can be no assurance that our understanding of applicable tax laws is correct, and any misapprehension of such may adversely affect its profitability.

## **RISKS RELATED TO OUR FINANCIAL PROFILE**

- Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Bonds.
- Any inability to comply with the terms of our existing debt and to refinance any existing debt as it comes due and payable or an increase in interest rate levels may have a negative effect on our financial condition.
- We will require a significant amount of cash to meet our obligations under our indebtedness, a substantial amount of which will mature prior to the Bonds, and to sustain our operations, which we may not be able to generate or raise.
- We are subject to covenants under our financing arrangements that limit our operating and financial flexibility.
- We are exposed to the risk of currency fluctuations.
- We are exposed to interest rate risk.
- Our hedging agreements may expose us to credit default risks and potential losses if our hedging counterparties fall into bankruptcy.

## **RISKS RELATED TO THE OFFERING AND THE BONDS**

- The Company is a holding company and is dependent upon cash flow from its subsidiaries to meet its obligations, in general and under the Bonds.
- Risk of being unable to pay interest and principal on its indebtedness, including the Bonds.
- Your right to receive payments under the Bonds will be effectively subordinated to claims of our existing and future secured creditors.
- The Bonds will be structurally subordinated to the liabilities and preference shares (if any) of our subsidiaries that do not guarantee the Bonds.
- We may not be able to finance a put option redemption.
- An active trading market may not develop for the Bonds, in which case you may not be able to resell the Bonds.
- Transfer of the Bonds will be restricted, which may adversely affect the value of the Bonds.
- The Bonds may be subject to optional redemption by the Company, which may have a material adverse effect on the value of the Bonds.
- Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.
- The terms and conditions of the Bond Agreement will allow for modification of the Bonds or waivers or authorizations of breaches and substitution of the Company which, in certain circumstances, may be affected without the consent of bondholders.

# Agenda

1. Transaction overview
2. Company overview
3. Financial performance
4. Risk factors
5. Appendix

# Transaction overview



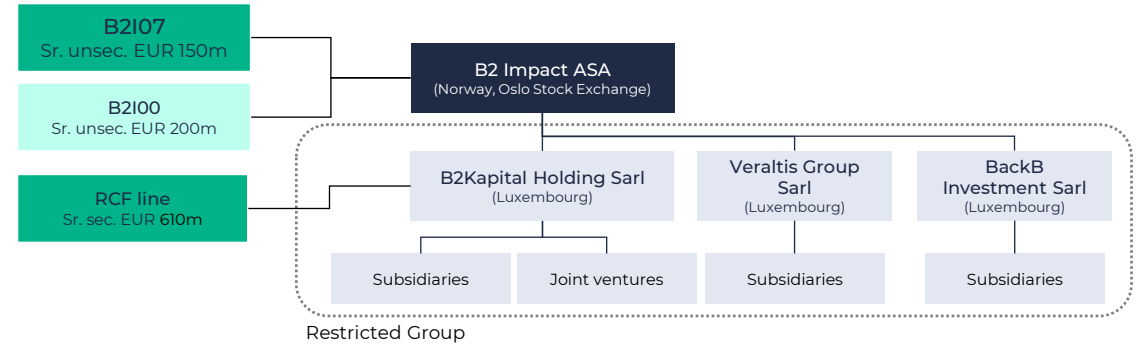


# Transaction summary

## Background and sources & uses

- B2 Impact ASA (the “Issuer” or the “Company”) is a debt solutions provider specialized in investing in, and the recovery of, non-performing unsecured and secured debt portfolios in addition to providing third-party debt collection services
- The Company is listed on Oslo Stock Exchange (OSE: B2I) with a market capitalization of approx. NOK 3.1bn<sup>1</sup>. The main shareholders are Prioritet Group AB and Rasmussengruppen AS<sup>2</sup> holding 14.36% and 13.94% of the outstanding shares, respectively<sup>1</sup>
- The Issuer is contemplating to issue a new senior unsecured 4.5-year floating rate bond of EUR 200m with proceeds to be applied towards refinancing of outstanding debt and general corporate purposes
- The Company is rated Ba2 with stable outlook by Moody’s and is rated BB- with stable outlook by S&P. The Bond Issue is expected to be rated BB- by S&P

## Group structure and pro forma capital structure



EURm	Q2'24	Adjustments	Pro forma
B2H06 (2026)	300	(300)	0
B2I07 (2028)	150	-	150
B2I08 (2029)	-	200	200
Drawn RCF	395	36	431
<b>Gross debt</b>	<b>845</b>	<b>(64)</b>	<b>781</b>
Cash and cash equivalents	114	(76) <sup>3</sup>	38

<b>Lev Ratio as of Q2'24</b>			
<b>NIBD</b>	<b>731</b>		<b>743</b>
<b>L12M cash EBITDA</b>	<b>429</b>		<b>429</b>
<b>NIBD / L12M cash EBITDA</b>	<b>1.7x</b>		<b>1.7x</b>

1) As of 30 August 2024

2) Including shares held through Portia AS, Cressida AS and Viola AS

3) Adjusted for EUR 11.9m call premium at 103.96

# Key terms and conditions

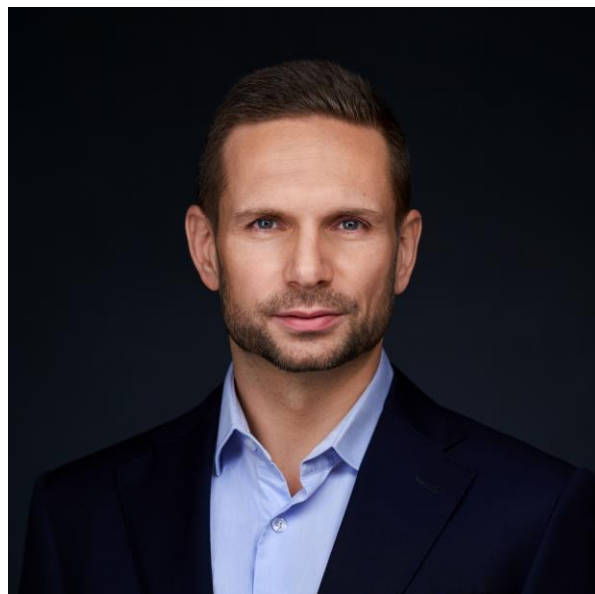
<b>Issuer:</b>	B2 Impact ASA
<b>Status of the bonds:</b>	Senior unsecured
<b>CFR (Moody's / S&amp;P):</b>	Ba2 / BB-
<b>Bond rating (S&amp;P):</b>	BB- (expected)
<b>Initial issue amount:</b>	EUR [200] million
<b>Maximum issue amount:</b>	EUR [350] million
<b>Purpose of the bond issue:</b>	Refinancing and general corporate purposes
<b>Issue price:</b>	100% of par value
<b>Interest rate:</b>	3 months Euribor + [●]% p.a., quarterly interest payments in arrears. If EURIBOR is less than zero, EURIBOR shall be deemed to be zero.
<b>Tenor:</b>	4.5 years
<b>Amortization:</b>	Bullet
<b>Call options:</b>	Make Whole 30 months, thereafter callable at par + 50/25% of the interest rate <sup>1</sup> after 36/42 months, respectively, callable at 100.25% of the Nominal amount last twelve months
<b>Financial covenants:</b>	Interest coverage ratio: >4.0x (cash EBITDA to net interest expenses) Leverage ratio: <4.0x (NIBD to cash EBITDA) Secured loan to value: <65% (Secured NIBD plus any Vendor Loan to total book value)
<b>Permitted distribution:</b>	50% of the Adjusted Net Profit if Leverage Ratio is 3.0x or higher 75% of the Adjusted Net Profit if Leverage Ratio is between 2.5x and 3.0x 100% of the Adjusted Net Profit if Leverage Ratio is lower than 2.5x
<b>Special covenants:</b>	Financial indebtedness restrictions, negative pledge, subsidiaries' distribution, financial support restrictions
<b>General covenants:</b>	Reporting, mergers/de-mergers, continuation of business, disposal of business, arm's length transactions
<b>Change of control:</b>	Investor put at 101%
<b>Issuer insight:</b>	The issuer will have insights into the orderbook and allocation process
<b>Listing:</b>	Oslo Stock Exchange within 6 months
<b>Governing law:</b>	Norwegian
<b>Trustee:</b>	Nordic Trustee
<b>Global Coordinators:</b>	DNB Markets & Nordea
<b>Joint Bookrunners:</b>	DNB Markets, Nordea and SpareBank 1 Markets

## Today's presenters

**Erik J. Johnsen**  
Chief Executive Officer



**André Adolfsen**  
Chief Financial Officer



**Rasmus Hansson**  
Head of Investor Relations and M&A



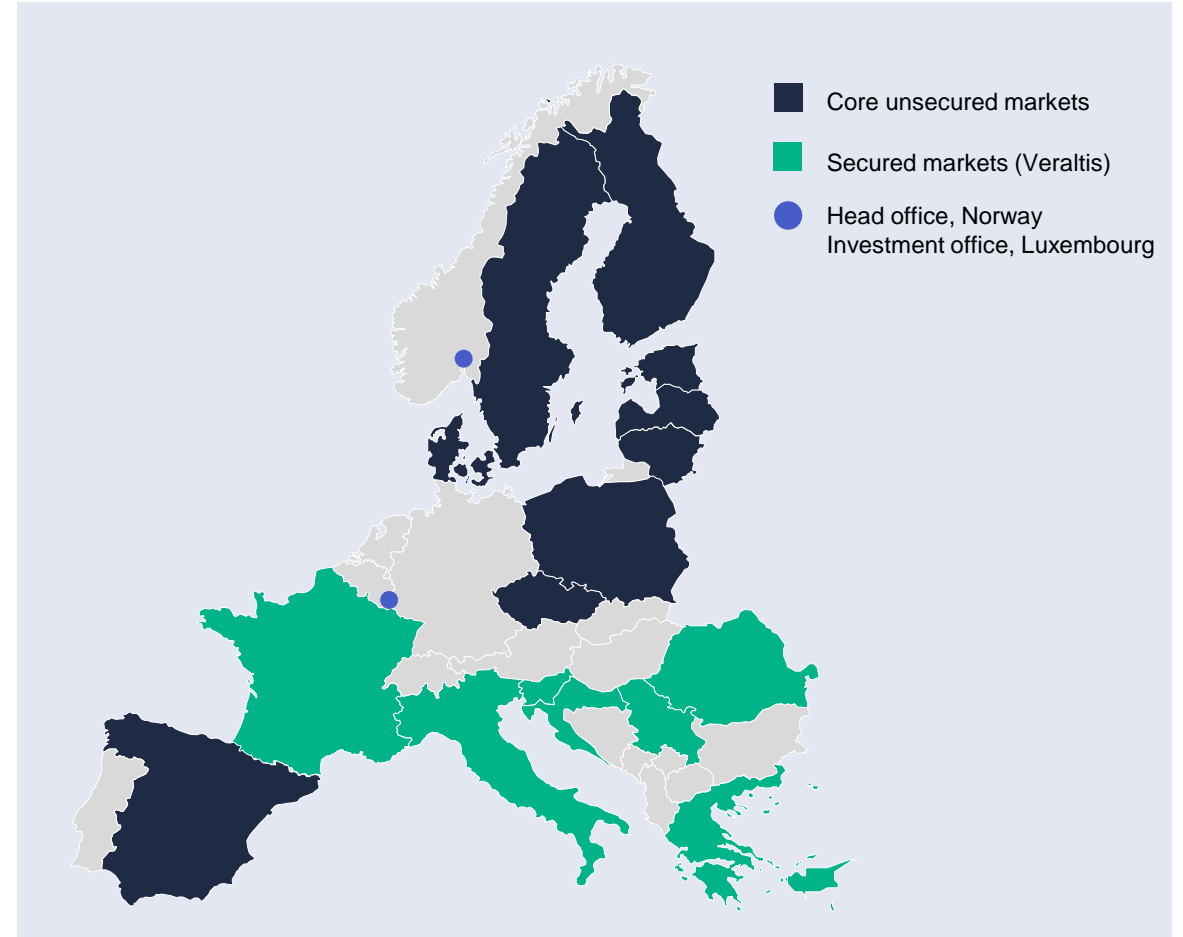
# Company overview



# This is B2 Impact

NOKm (excluding NRIs)	L12M Q2'24	L12M Q2'23	Δ
Cash collections	6 062	5 463	11.0%
Revenues	3 802	3 567	6.6%
Opex	- 1 978	- 1 861	6.3%
EBIT	1 732	1 613	7.3%
EBIT %	46%	45%	0pp
Net profit	537	558	-3.8%
Cash revenue	6 907	6 041	14.4%
Cash EBITDA	4 930	4 180	17.9%
Cash margin	71%	69%	2pp
Leverage	1.7x	2.5x	

- One of the leading pan-European debt management companies
- Headquartered in Oslo and listed on the Oslo Stock Exchange under the ticker "B2I"
- Focus: Granular consumer NPLs, and retail and corporate secured NPLs, owned and serviced for JV partners



# Positioned for growth after a period of capital discipline and strong cash flow

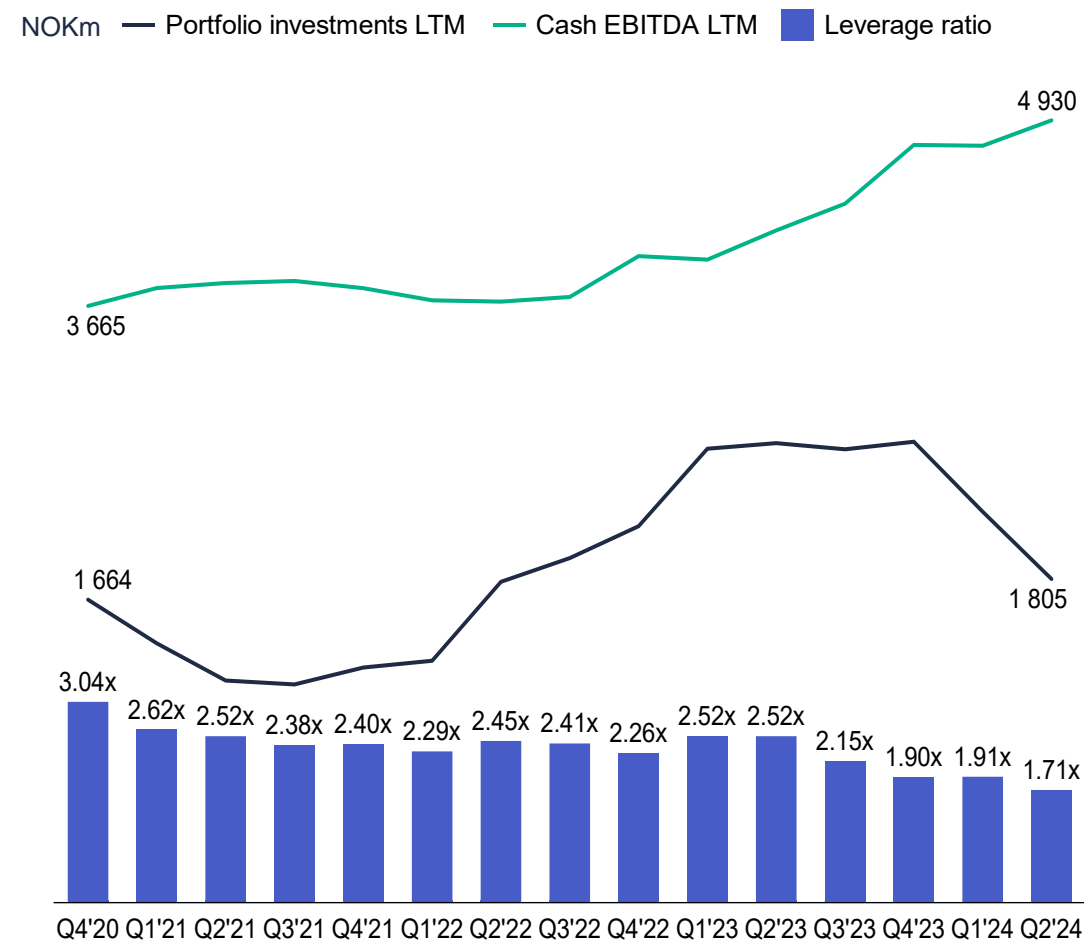
## Strategic direction

- Extension of debt maturity profile at more attractive terms
- Reduced leverage
- Operational improvements
- Focus on core unsecured business
- Invest in technology
- Discontinuation of non-core geographical areas

## Achievements

- ✓ Refinancing
  - Bond refinancing in Q1'2024
  - RCF extension in Q2'2024
  - Bond refinancing in Q3'2024 (current)
- ✓ Net debt reduced since 2019 by EUR 408m to EUR 746m Q2'2024
- ✓ Improved collection performance and maintaining cost level
- ✓ Investments concentrated in 10-12 markets
  - Investment 2020 to end Q2'2024 of NOK 8.4b
  - 96% in unsecured portfolios of which 81% in Poland and Northern Europe
- ✓ Invest in technology
  - Increased use of Data and Analytics and Data Warehouse build-up
  - Increased use of Self-service platforms, chat bots, multi-channel customer communication, scoring models, AI powered automation
- ✓ Reducing footprint
  - Numbers of countries with continued operation reduced from 23 to 17
  - FTEs decreased by 970 since end of 2019 to 1 550 at end of Q2 2024
  - Sold non-core businesses

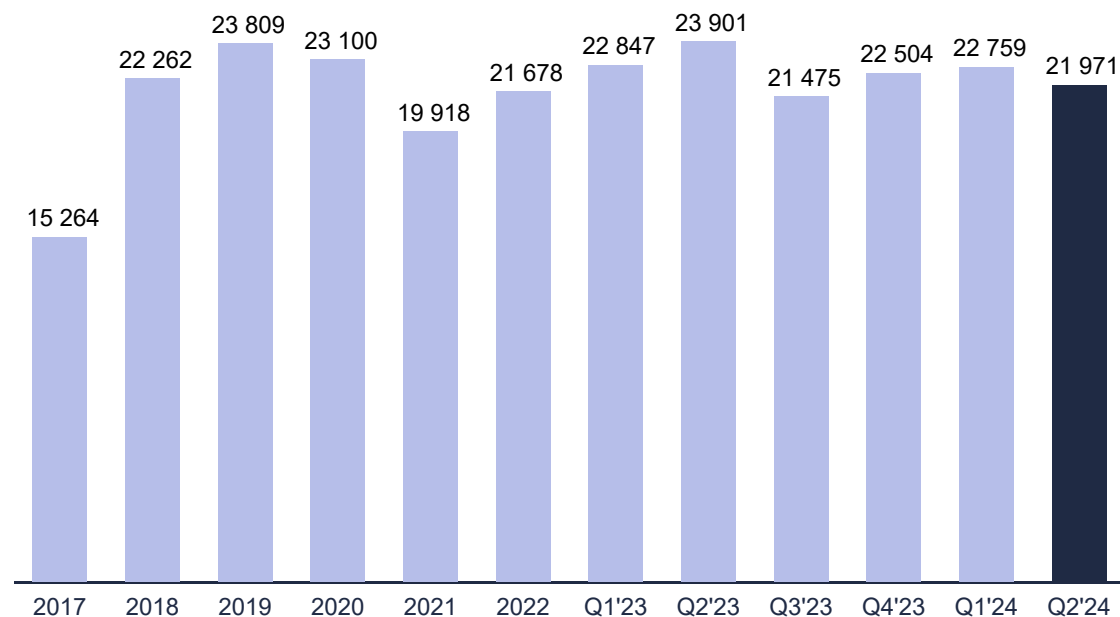
## Stable performance, room for growth and maintain moderate leverage



# Frontloaded collection curves creating high near-term cash generation, enabling B2 to utilize favourable market dynamics

## Development in total gross ERC<sup>1,2</sup>

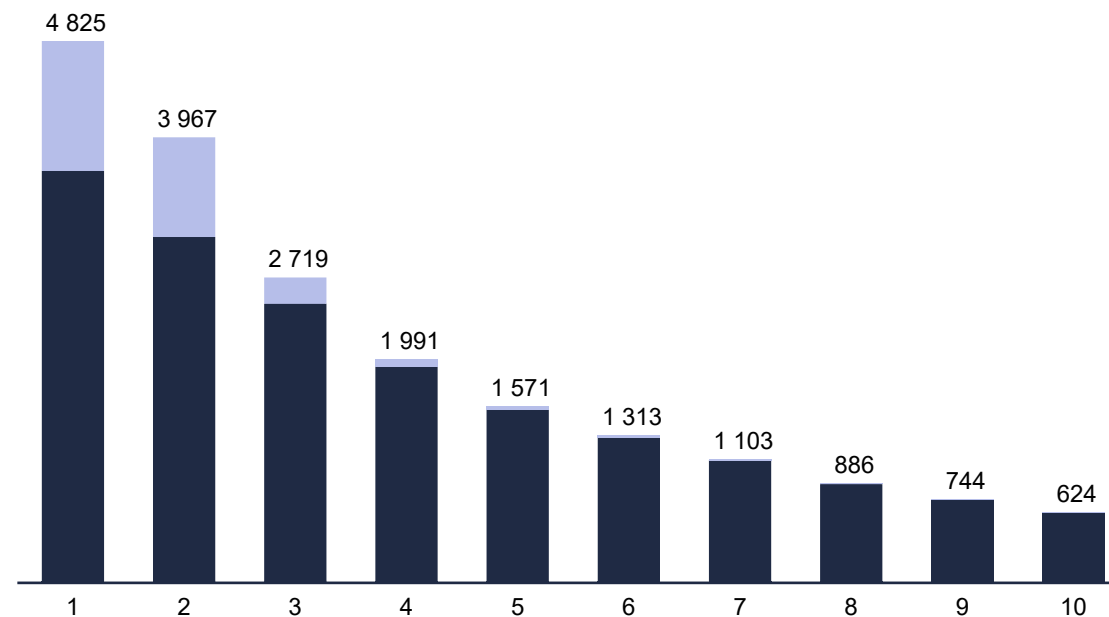
NOKm



- NOK 21 971m in portfolios (incl. JV of NOK 1 391m)
  - NOK 19 540m in unsecured
  - NOK 2 432m in secured
- NOK 1 360m in REO not included in this ERC

## Forward 120m ERC profile by year

NOKm ■ Secured ■ Unsecured

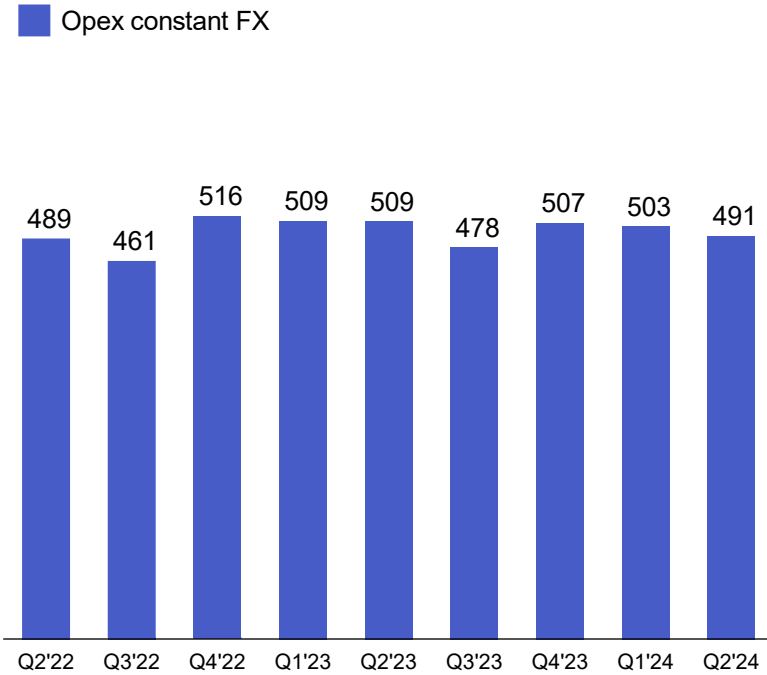


- ERC Aggregated:
  - NOK 8 792m after 2 years + REO sales
  - NOK 13 503m after 4 years + REO sales
- Geography:
  - 68% in Northern Europe + Poland
  - 10% in Western Europe

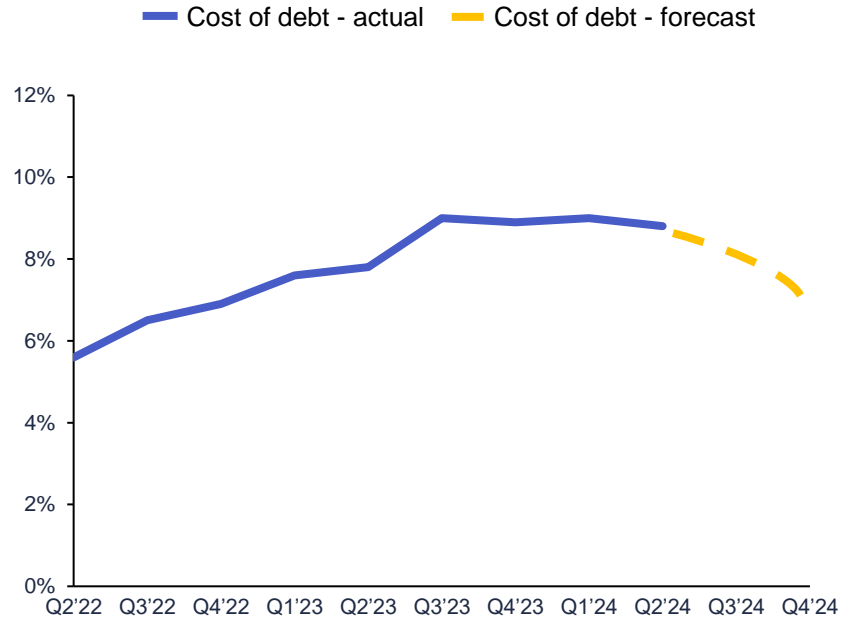
1) Including the Group's share of portfolios acquired and held in SPVs and joint ventures  
 2) 2022 includes ERC in connection with NOK 435m of Portfolio investments signed late December 2022 but closed in January 2023 and reported in Q1 2023 Portfolio investments.

# Competitive cost level for new investments

## Stable opex in a high inflation environment



## Improved cost of debt

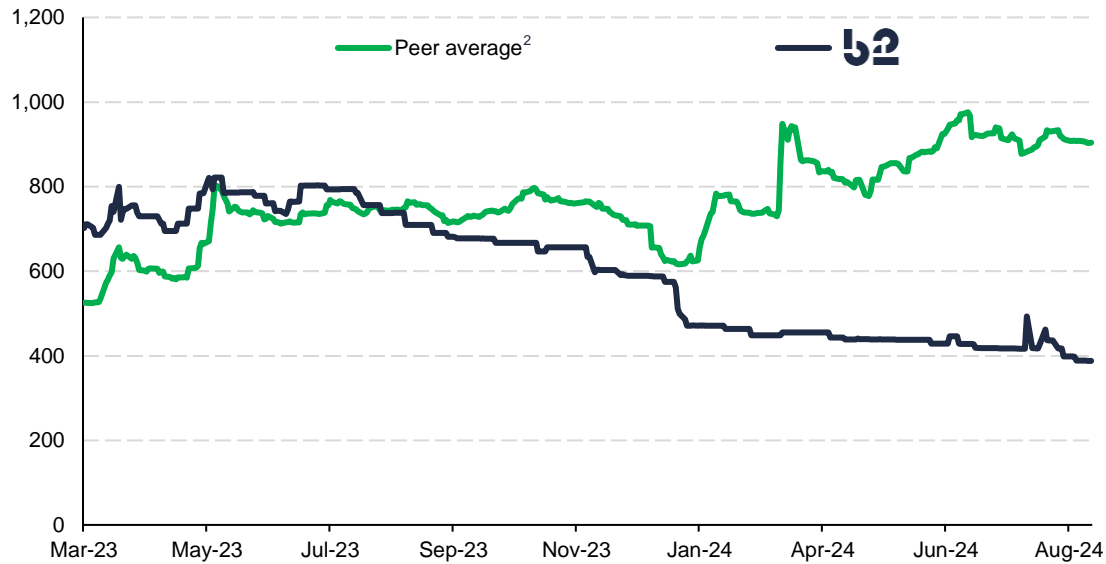


- Ability to increase investments while maintaining cost level
- Target significant increase in investments rest of year
- On the back of strengthening credit metrics, cost of debt has become more competitive



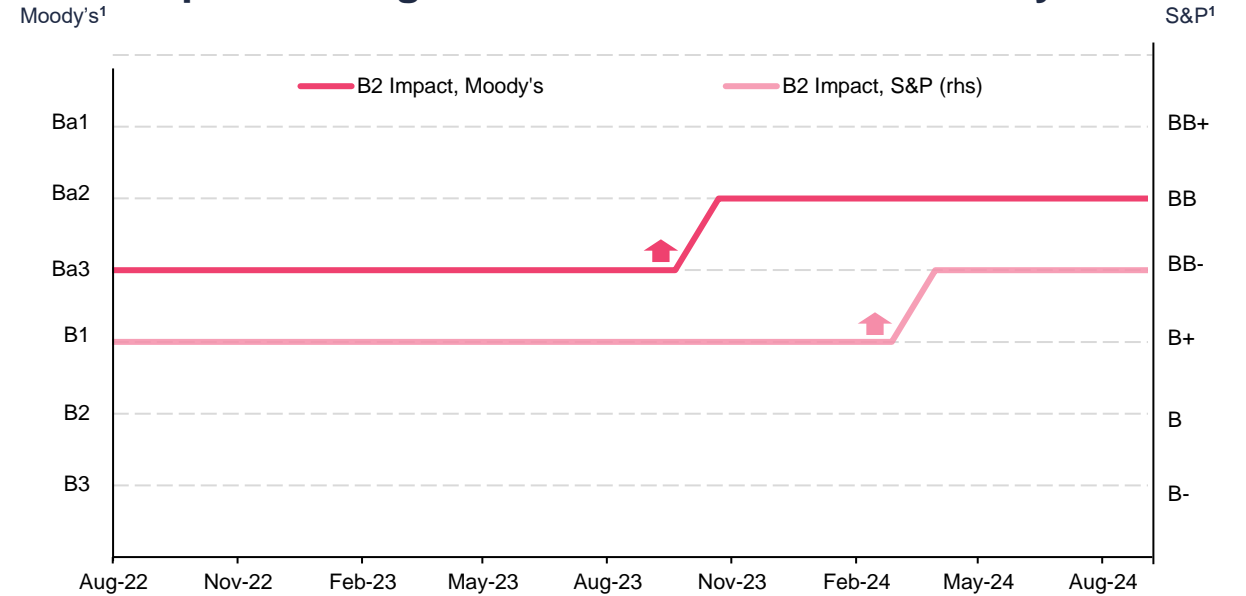
# Positive rating trajectory on the back of credit profile momentum

## Positive credit spread development compared to peers



A steady competitive position, solid investment performance, and reduced refinancing risk have improved B2's credit quality.  
- S&P (27 Feb 2024)

## B2 Impact amongst the best rated in the industry

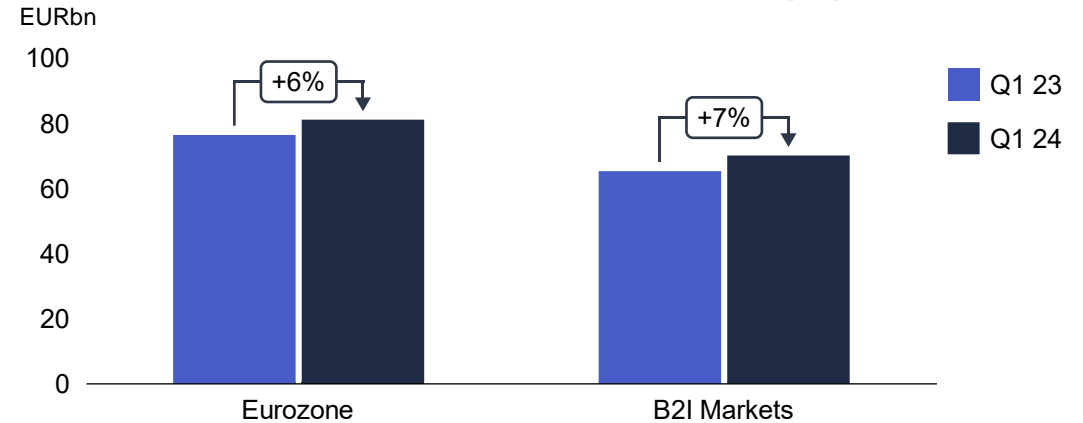


B2 Impact's management has also ensured timely refinancings and adequate back-up facilities in order to mitigate refinancing risks during periods of potentially constrained capital market access.  
- Moody's (10 Oct 2023)

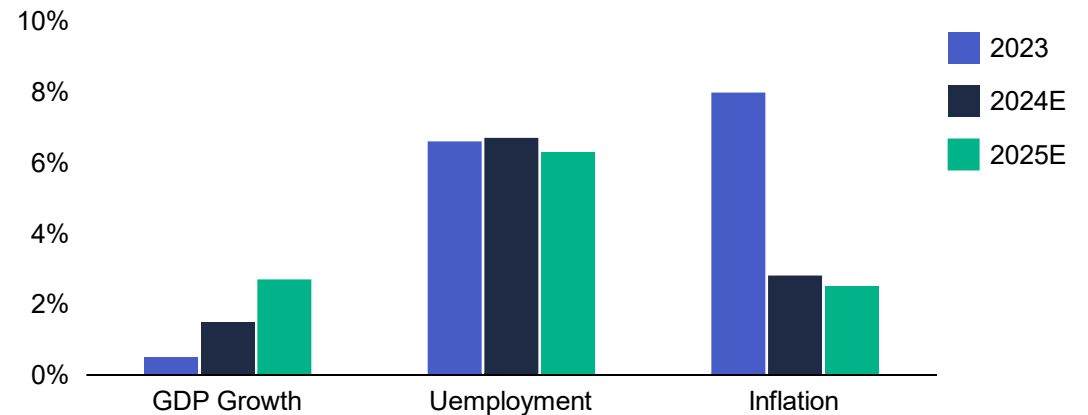
# Increasing NPL volumes supporting long term growth

- Following a period of high interest rates, the NPL volumes are trending up
  - NPLs growing across the board, including our core unsecured markets
  - Higher than average NPL ratios in Poland, Spain and Romania
- Improving macroeconomic environment with lower inflation, stable employment and return to GDP growth underpins solid collections
- Growing NPL supply and positive macro environment support appetite for higher investments going forward

**Total NPL Volumes - Households excl. mortgages<sup>1</sup>**



**Macroeconomic outlook Eurozone<sup>2</sup>**

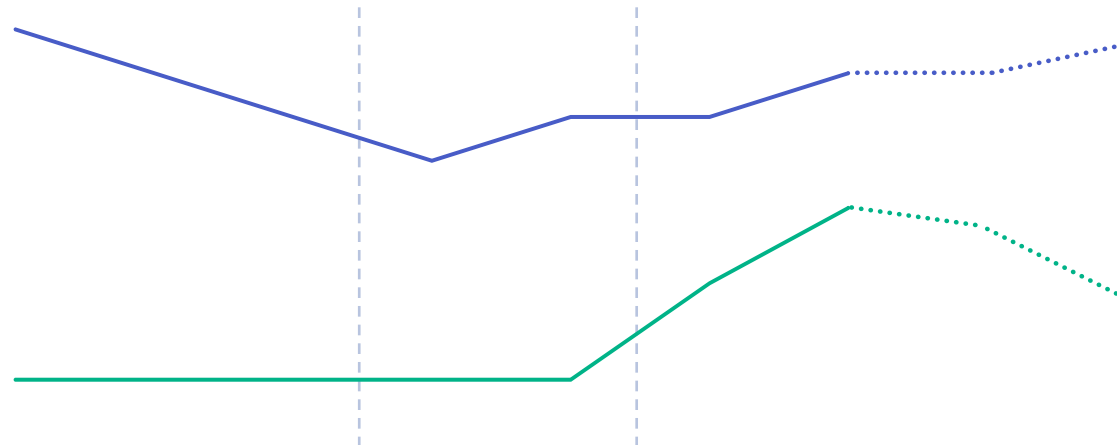


1) Source: EBA Data as of Q1 2024. Unsecured consumer loans.

2) Oxford Economics

# B2 Impact is uniquely positioned to capitalize on the opportunities

— Indicative returns on portfolio investments — Floating euro rates (EURIBOR)



2017	2018	2019	2020	2021	2022	2023	2024E	2025E
<ul style="list-style-type: none"> <li>• Period of easy access to capital and high M&amp;A activity in the CMS industry</li> <li>• Competitive markets with pressure on portfolio returns</li> </ul>			<ul style="list-style-type: none"> <li>• A period with lower volume through the pandemic</li> <li>• Lower supply led to price pressure</li> </ul>		<ul style="list-style-type: none"> <li>• Increase in cost of funding in line with increased interest rates</li> <li>• Gradually softening competitive environment</li> <li>• Improved returns on portfolios</li> <li>• Cost of capital expected to decrease going forward</li> </ul>			

- B2 Impact has room for profitable growth going forward in combination with continued prudent leverage and good headroom to covenants
- Improved competitive dynamics in some markets as less capital available for acquisition of NPL portfolios due to capital constraints in the industry
- Cost of funding will retain momentum as B2 Impact completes refinancing efforts due to improved margins and market expectations for a decrease in long term interest rates
- B2 Impact will retain a selective investment approach

# ESG Risk Rating maintained

## Solid ESG Risk rating from Sustainalytics, ranking B2 Impact within the top 1% of rated companies globally

- Current ESG Risk Rating of 7.0
- B2 Impact 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
- B2 Impact has reinforced its focus on sustainable development and mission to bridge the gap that defaulted debt represents in the credit chain between lenders and customers
  - European bank’s ability to deal with NPLs is a priority for the ECB’s Banking Supervision as it is vital for a functioning bank sector and hence the growth of the economy

ESG Risk rating<sup>1)</sup>

7.0

Negligible Risk



Universe	RANK (1 <sup>st</sup> = lowest risk)	PERCENTILE (1 <sup>st</sup> = lowest risk)
<b>Global Universe</b>	75 / 16,009	1 <sup>st</sup>
<b>Diversified Financials</b> INDUSTRY	5 / 906	1 <sup>st</sup>
<b>Consumer Finance</b> SUBINDUSTRY	1 / 222	1 <sup>st</sup>

<sup>1)</sup>Last update: May 23, 2024 - [www.sustainalytics.com/esg-rating/b2-impact-asa/1030878791](https://www.sustainalytics.com/esg-rating/b2-impact-asa/1030878791)

# Financial performance



## Key figures Q2 2024 (NOKm)

Cash collections

**1 386**

1 513

Unsecured performance

**111%**

108%

Portfolio investments

**337**

795

Cash EBITDA

**1 325**

1 152

Adj. Net profit

**252**

182

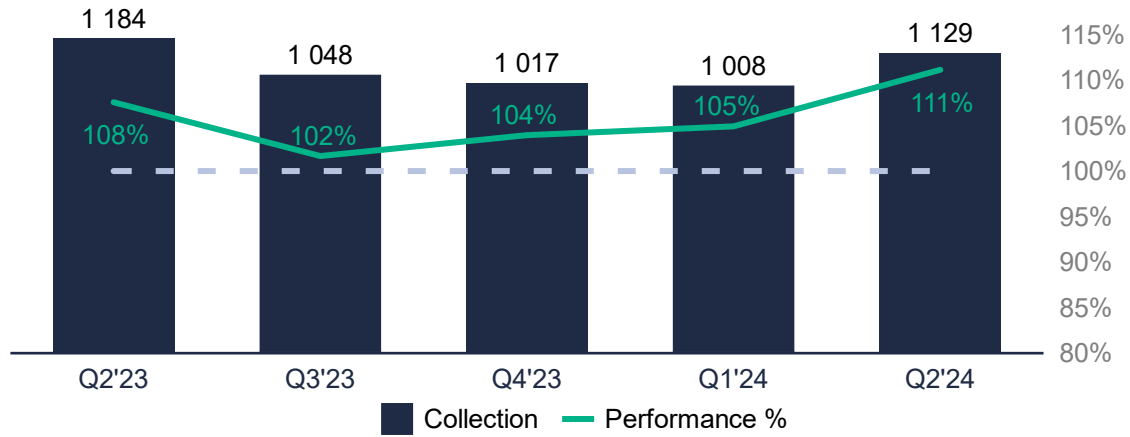
Leverage ratio

**1.7x**

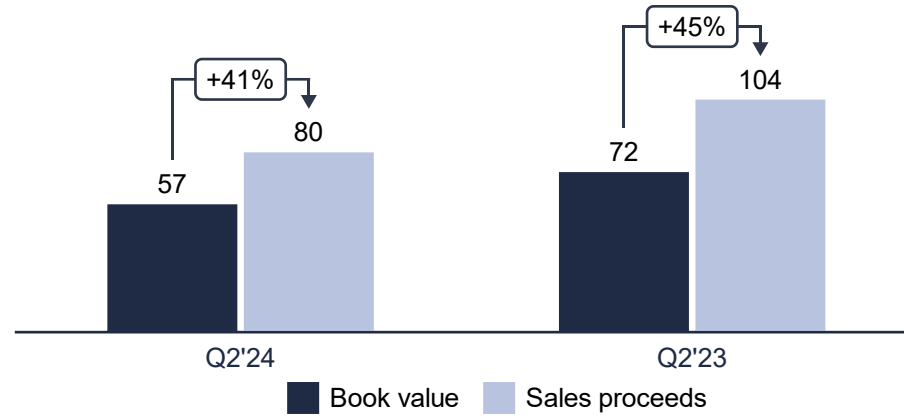
2.5x

# Collection Performance excl. JVs

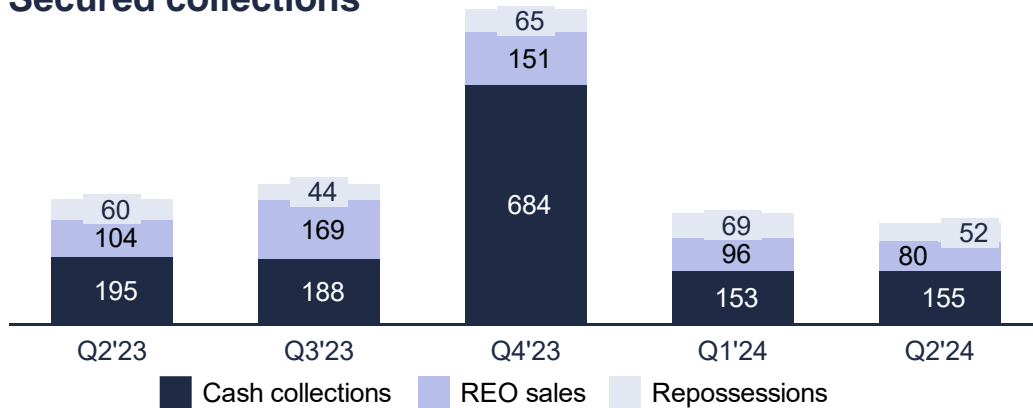
## Unsecured collection performance



## REO sales



## Secured collections

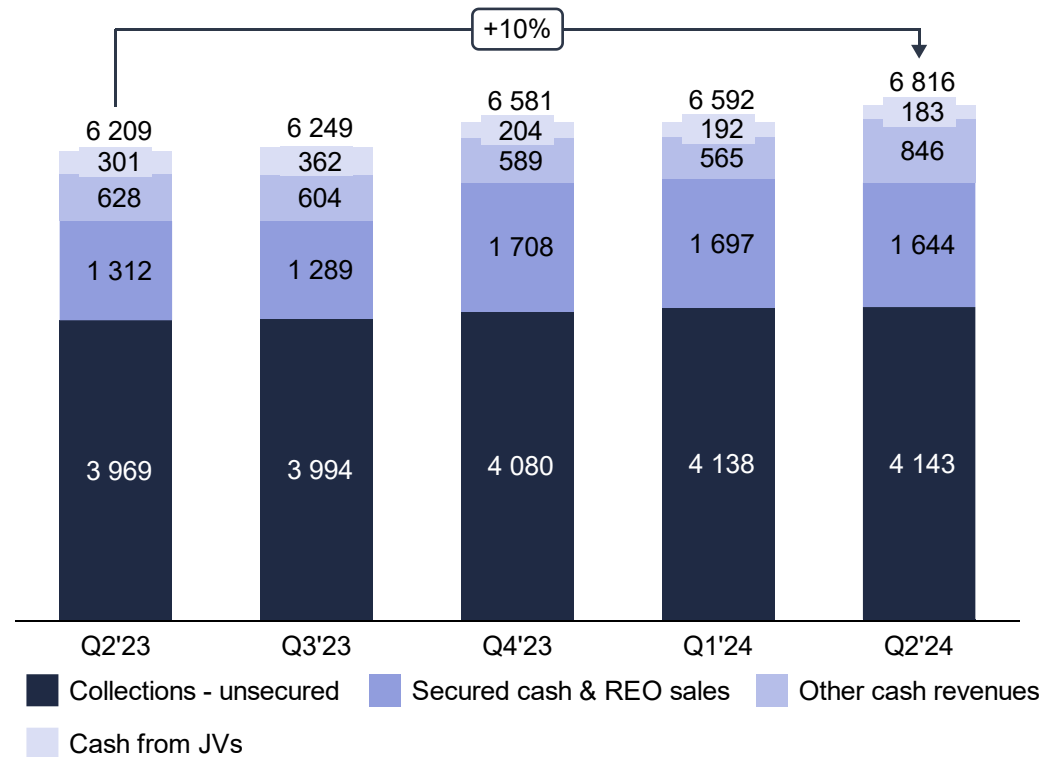


- Improving collection performance in unsecured
  - Strong performance so far Q3
- Stable secured cash collection in line with previous quarter

# Stable OPEX ratio and lower underlying cost base

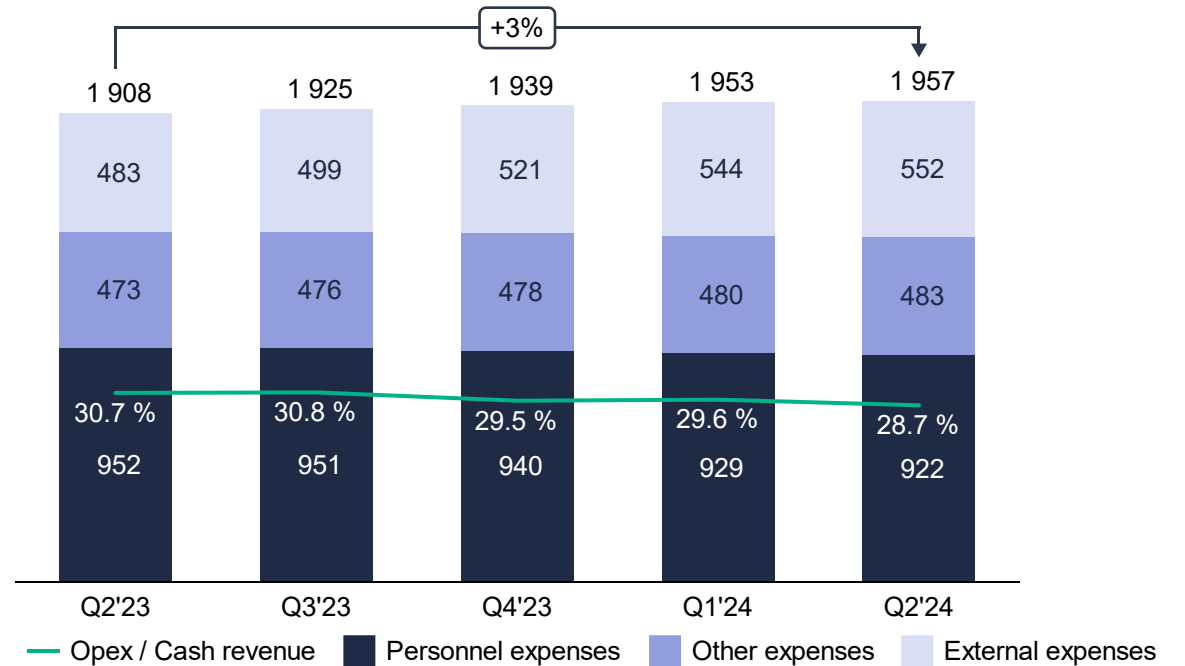
## Cash revenue LTM<sup>1</sup>

- Continued growth in unsecured collections
- Secured collections and REO sales solid in the quarter



## Operating expenses LTM<sup>1,2</sup>

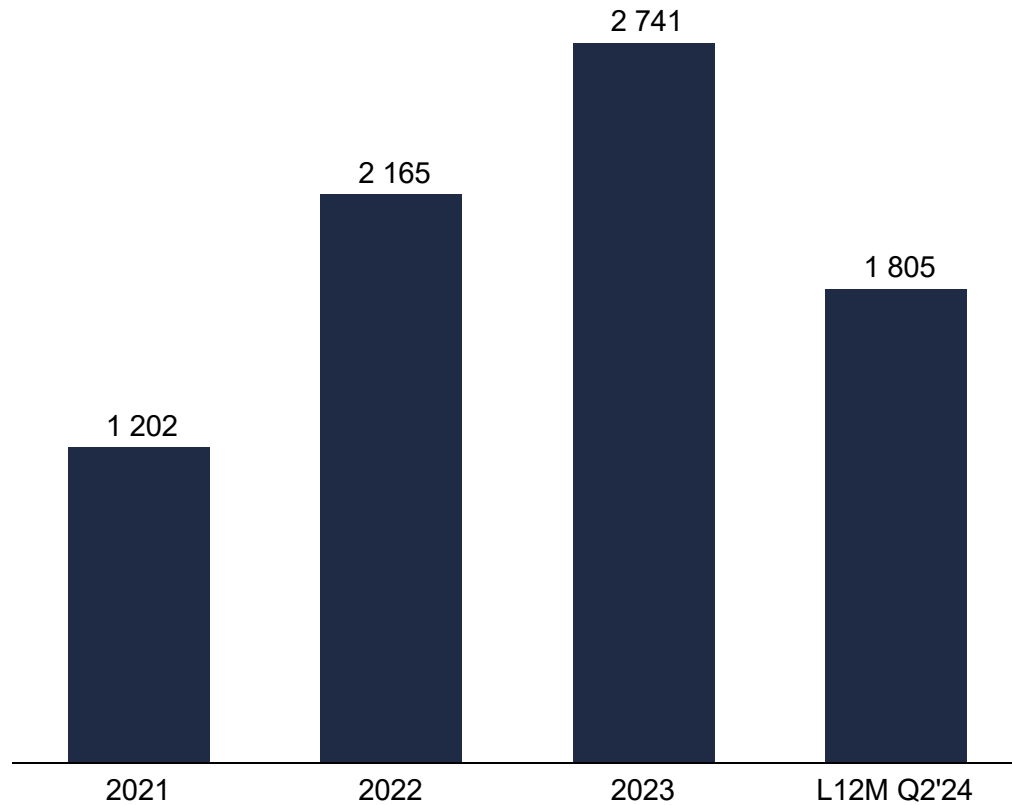
- Personnel costs continue to trend down
- External expenses expected to trend downwards in H2



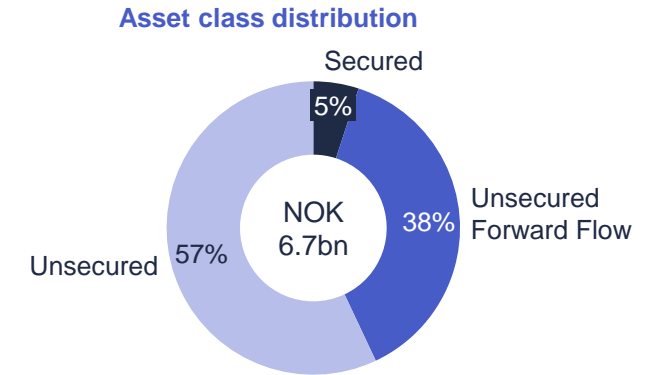
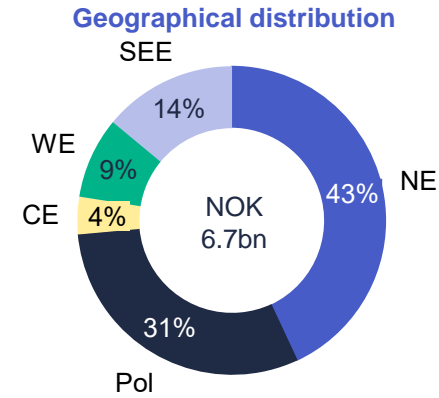


# Portfolio investments and Estimated Remaining Collections (ERC)

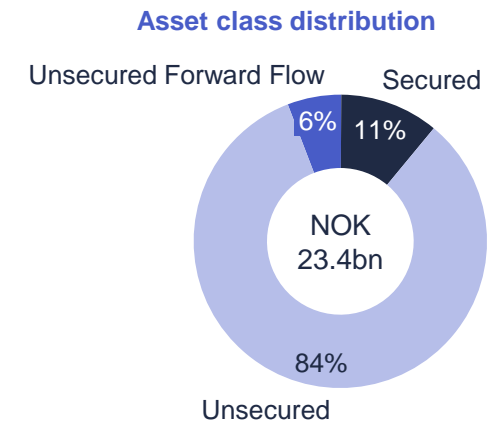
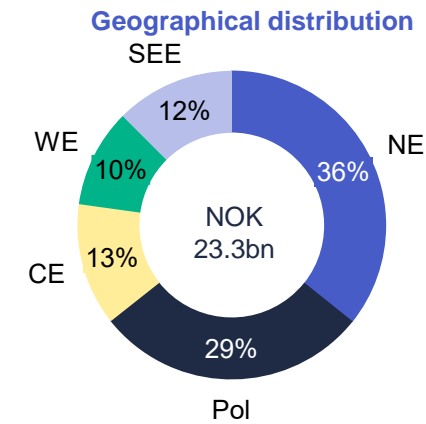
## Investments 2021 to end Q2 2024 of NOK 6.7bn



## Portfolio investments



## Total ERC<sup>1)</sup> as of Q2

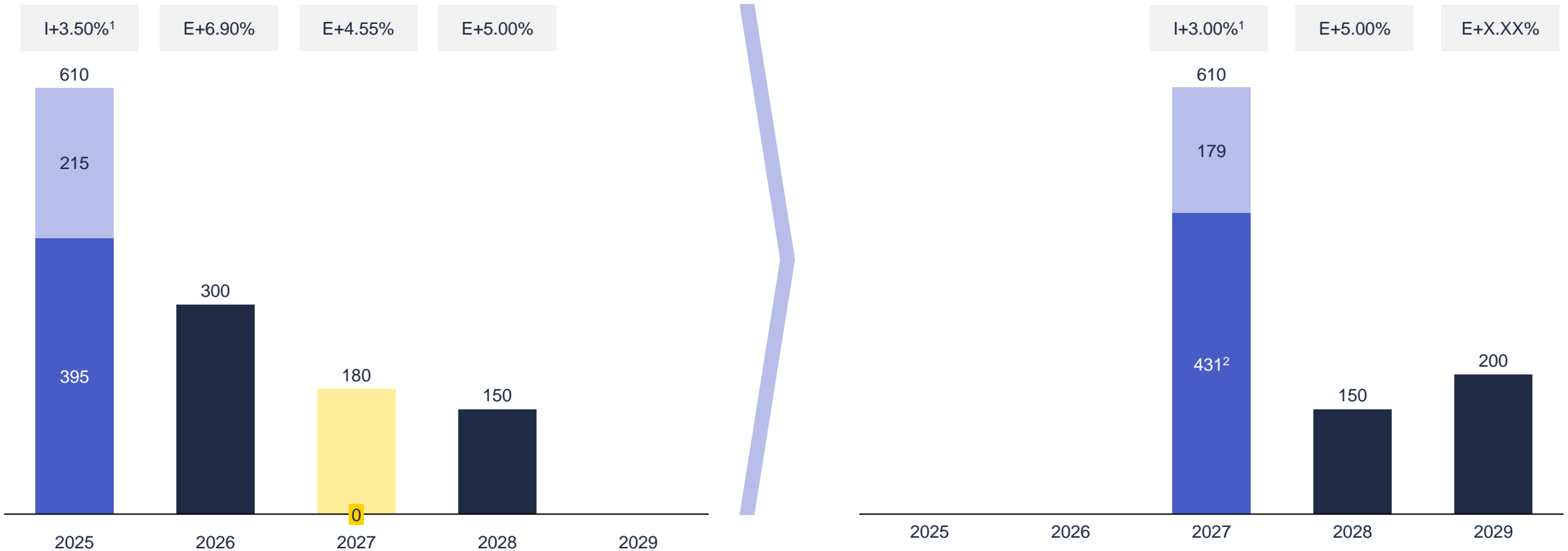


# Strong financial position and interest costs trending down (EURm)

## Debt maturity profile per Q2'2024

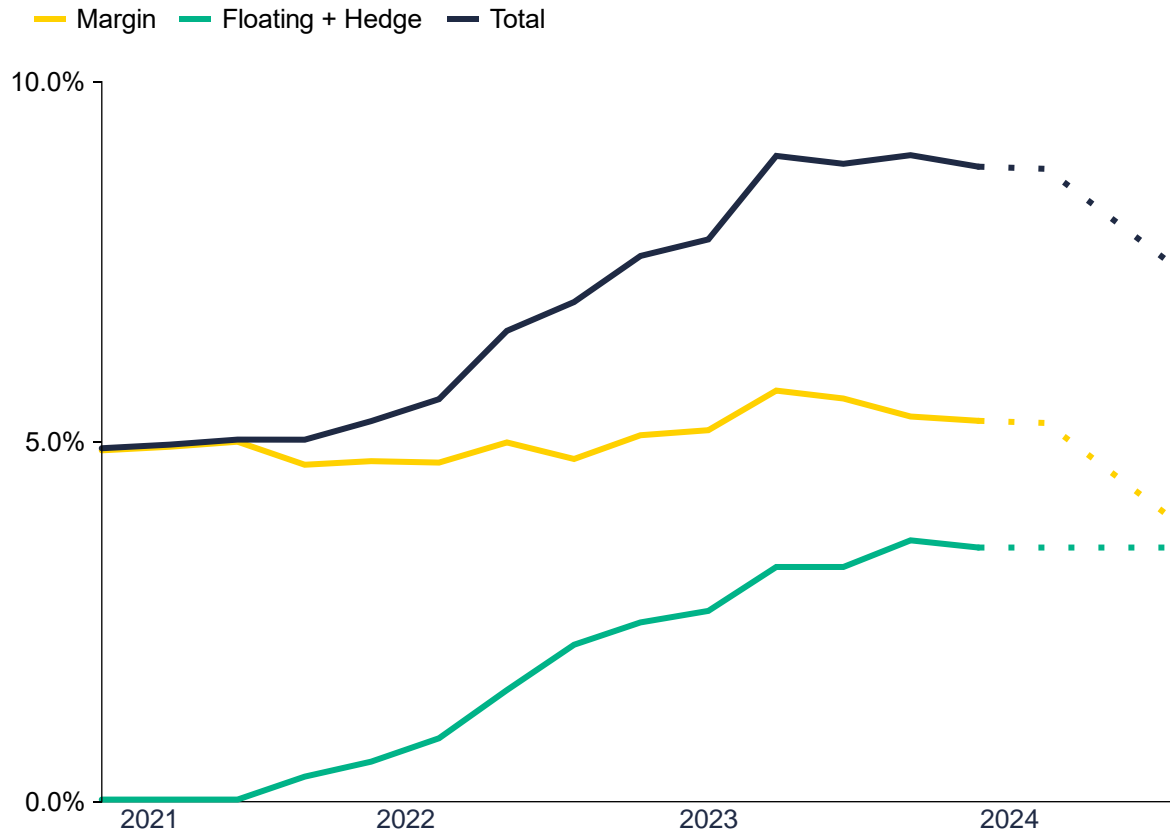
## Debt maturity profile after refinancing

■ Outstanding bonds 
 ■ Utilised RCF 
 ■ Unutilised RCF 
 ■ Utilised SFA 
 ■ Unutilised SFA



1) RCF grid changed from I+2.9-3.75% to I+2.8-3.90%  
 2) RCF: EUR 395m per Q2 – EUR 64m Cash repayment + EUR 100m repayment of bond 6 = EUR 431m

# On track for more than NOK 200m lower run-rate cost of debt by year end



- Close to 60% of target achieved
- Blended cost of debt expected around 7%
  - Hedging ratio maintained above 50%
- Actions to reduce company specific margin
  - Extension of RCF completed
    - Maturity in June 2027 with additional 2-year option
    - 60bps lower interest cost
    - Flexibility to take out bond maturities with RCF
  - Terminate SFA and improve cash management
  - Take advantage of improved credit curve

# Summary and key credit highlights



# Risk factors



# Risk factors (1/8)

*An investment in the Bonds involves risks. If any of the events described below actually occurs, our business, results of operations, financial condition or prospects could be materially adversely affected and, accordingly, the value and the trading price of the Bonds may decline, resulting in a loss of all or part of any investment in the Bonds. Furthermore, the risks and uncertainties described herein may not be the only ones that we face. Additional risks and uncertainties not presently known to us or that we currently consider to be immaterial may also have a material adverse effect on our business, results of operation or financial condition.*

*The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on our business, financial condition, results of operations, cash flows and/or prospects. The risks mentioned herein could materialize individually or cumulatively.*

## **RISKS RELATED TO OUR BUSINESS AND THE INDUSTRY IN WHICH WE OPERATE**

***We may not be able to collect the expected amounts on our portfolios.***

A large part of our assets consists of portfolios made up of purchased consumer receivables (mainly unsecured claims, but also includes secured claims) which were non-performing at the time when they were acquired by us, i.e., previous creditors have already attempted and failed to collect amounts due following an initial or numerous non-payments. Amounts recovered on our credit portfolios may be less than expected and may even be less than the total amount paid for such portfolios for various reasons. Any condition or event that causes our purchased portfolios to lose value, such as a decrease in expected collections or regulatory changes, will have a material adverse effect on our business, results of operation and financial condition.

***Our purchasing patterns and the seasonality of our business may lead to volatility in our cash flow.***

Our business depends on the ability to collect on our debt portfolios and purchase portfolios of debt. Debt collection is affected by seasonal factors, including the number of workdays in a given month, the propensity of customers to take holidays at particular times of the year and annual cycles in disposable income. The combination of seasonal collections and costs and uneven purchases may result in low cash flow at a time when attractive debt portfolios become available. There can be no assurances that in the future we will be able to obtain interim funding by making other borrowings. A lack of cash flow could

prevent us from purchasing otherwise desirable debt portfolios or prevent us from meeting our obligations under any forward flow agreements we may enter into, either of which could have a material adverse effect on our business, results of operation and financial condition.

***Acquisitions that we have entered or may enter into in the future may prove unsuccessful or strain or divert our resources and we may not be able to manage our growth effectively.***

The success of acquisitions is dependent upon, inter alia, appropriate due diligence having been conducted, such transactions having been negotiated on favourable terms and successful integration of the acquired businesses. There can be no assurances that we will be able to manage our growth effectively and that our infrastructure, facilities and personnel will be adequate to support our future operations or to effectively adapt to future growth. Any of these developments could lead to operational risks or have a material adverse effect on our business, results of operation and financial condition.

***The statistical models and analytical tools we use may prove to be inaccurate.***

We have developed and use models to project the remaining cash flow generation from our credit portfolios and assess alternative strategies for improving the collectability of the credit portfolios. At the time of purchase, however, we have imperfect information about the precise age of the receivables, the ability of the customer to pay, the time at which the customer will pay, and the cost required to service and collect such debt. In addition, our statistical models and analytical tools assess information which to some extent is provided to us by third parties, such as credit agencies and other mainstream or public sources, or generated by software products, which may be inaccurate or become unavailable in the future. Consequently, there can be no assurance that we will be able to achieve the recoveries forecasted by the models used to value the portfolios. If we are unable to achieve the forecasted levels of collections, valuation impairments may be recognized, and revenue and returns on portfolio purchases may be reduced.

## Risk factors (2/8)

***Our operations are highly dependent upon access to, and the functioning and integrity of, our core IT applications, systems and infrastructure.***

Our success depends in large part on our ability to record and process significant amounts of data quickly and accurately to access, maintain and expand the databases we use for pricing and collection activities. We also use our systems to identify large numbers of customers, store personal data of our customers, analyse and segment accounts and monitor the results of collection efforts. These and other systems could be interrupted by events, including telecommunications and network failures, power losses, physical or electronic security breaches, fraud, identity theft, process failures, deficiencies or errors in internal processes and control routines, human errors, IT systems failure, computer viruses, computer hacking attacks, malicious employee acts, terrorist attacks, natural disasters or similar events. Any material disruption to, or failure of, our systems, the systems of our third-party providers or the systems of the banking and other sectors that are integral to our business, especially if it also impacts our backup or disaster recovery systems, would disrupt our operations materially and adversely affect our business. Any security or privacy breach of our systems could expose us to liability and regulatory scrutiny, increase expenses relating to the resolution of these breaches and harm our reputation.

Deficiencies or errors in internal processes and control routines, human errors, IT systems failure or external events that affect operations may occur. This could result in a material adverse effect on our business, results of operations or financial condition and the Company's ability to make payments due under the Bonds.

Furthermore, we may be unsuccessful in anticipating, managing or adopting technological changes within the debt purchase and collection industry on a timely basis, which could reduce profitability or disrupt operations and harm our business.

***Improper disclosure of our clients' sensitive data, customer data or a breach of data protection laws could negatively affect our business or reputation.***

We collect, handle, process and retain large amounts of potentially sensitive or confidential information, such as personal information of customers, including names and account numbers, locations, contact information and other account specific data. Failure to comply with data protection and privacy obligations may result in financial penalties, regulatory oversight, significant brand and reputational damage, legal action (class action or breach of contract) and shareholder divestment. Consequently, a significant

violation of data protection laws could have a material adverse effect on our business, results of operation and financial condition.

***Market developments and the development of the economy in general and in the markets in which we operate may negatively affect our operations and financial performance.***

We are exposed to the economic, market, fiscal, regulatory, legislative, political and social conditions in all the markets in which we operate. Changes in basic market conditions may affect us and lead to increased losses and reduced profitability. As a result, total collections may decline and the timing of receipt of payments may lengthen, which may have a material adverse effect on our business, results of operation and financial condition.

***We are exposed to significant reputational risk and are subject to voluntary codes of conduct.***

Negative attention and news regarding the debt purchase and collection industry and individual debt purchasers or collectors, including us, may have a negative impact on a debtor's willingness to pay a debt owed to us and may diminish our attractiveness as a counterparty for debt sellers and other third parties. We are exposed to the risk that negative publicity may arise from the activities of legislators, pressure groups and the media, on the basis of real or perceived abusive collection practices for example, which may tarnish our reputation in the market. Additionally, we are increasingly becoming subject to voluntary codes of conduct, which require us to adhere to "good business" practices, such as in Finland, Norway and Sweden. There can be no assurances that our business model or collection strategy will continue to adhere to these codes of conduct, which may result in the loss of opportunity for us.

## Risk factors (3/8)

***The value of our existing portfolios may deteriorate, or we may not be able to collect sufficient amounts on our portfolios to take advantage of opportunities for portfolio purchases as they arise in the market.***

As the length of time involved in collecting on our existing portfolios may be extensive and the factors affecting debt collection rates may be volatile and outside of our control, we may be unable to identify economic trends or make changes in our purchasing strategies in a timely manner.

There can be no assurances that any of the claims in our portfolio of purchased loans and receivables will eventually be collected. If the cash flows from our existing portfolios (and the debt portfolios we purchase in the future) are less than anticipated, we may be unable to purchase all of the new portfolios that we would like to purchase, we may have to pay a higher interest rate to finance the purchase of new portfolios or we may have to accept lower returns, which could in turn have a material adverse effect on our business, results of operation and financial condition.

***We are exposed to risk relating to assumption of ownership of collateral provided under our secured debt portfolios.***

We may, in order to secure our claim, assume ownership of collateral provided under any secured debt. There can be no assurance that we will be able to divest such collateral in a manner and price that will result in collection of the underlying debt. Further, we may incur costs, i.e., maintenance and insurance costs, and we may be exposed to liability (such as insurance obligations and claims for damages) relating to collateral for which we have assumed ownership.

***We may not be able to purchase portfolios at appropriate prices or of sufficient quality.***

If we are unable to identify sufficient levels of attractive portfolios and generate an appropriate return on purchased loans and receivables, we may experience difficulties covering the expenses of our business operations and may, as a consequence, have to reduce the number of our collection personnel or take other measures to reduce costs. These developments could lead to disruptions in our operations, loss of efficiency, low employee loyalty, fewer experienced employees and excess costs associated with unused space in our facilities. Any of these developments may have a material adverse effect on our business, results of operation and financial condition.

***Failure to successfully manage our forward flow agreements or replace terminated forward flow agreements may adversely affect our revenue.***

A forward flow agreement is an arrangement in which we agree to purchase claims based on specific parameters from a third-party supplier on a periodic basis at a set price over a specified time period. If we fail to successfully manage our forward flow agreements or replace terminated forward flow agreement, this may adversely affect our business, results of operation and financial condition, as fluctuations may exceed our expectations and debt purchased under forward flow agreements may have been priced incorrectly.

***We rely on third parties to collect amounts under our credit portfolios.***

We outsource certain collection and litigation activities on accounts in our credit portfolios to debt collection agencies, law firms and other external agents. Any failure by third parties to adequately perform services for us could materially reduce our cash flow, income and profitability or affect our reputation. Any deterioration in or loss of any key relationships may have a material adverse effect on our business, results of operation and financial condition.

***Our risk management procedures may fail to identify or anticipate future risks.***

We continually review our risk management policies and procedures. Failure, or the perception that we have failed, to develop, implement, monitor and when necessary, pre-emptively upgrade our risk management policies and procedures could give rise to reputational issues for us and may result in breaches of our contractual obligations, for which we may incur substantial losses. Risks that we fail to anticipate and/or adequately address could have a material adverse effect on our business, results of operation and financial condition.

***Our senior management team members and key employees are important to our continued success and the loss of one or more members of our senior management team or one or more of our key employees could have a material adverse effect on our business.***

Our performance is to a large extent dependent on highly qualified personnel and management, and our continued ability to compete effectively and implement our strategy depends on our ability to attract new and well qualified employees and retain and motivate existing employees. Any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel could have a material adverse effect on our business, results of operation and financial condition.



## Risk factors (4/8)

***We may not be able to obtain or maintain adequate insurance cover.***

No assurances can be given that we will continue to maintain current levels of insurance coverage. A successful claim of sufficient magnitude that is not covered by insurance, could have a material adverse effect on our business, results of operation and financial condition.

***We may not be able to hire and retain enough sufficiently trained personnel to support our operations.***

The debt collection industry is labour intensive, and we compete for qualified personnel with companies in our industry and in other industries. There can be no assurances that we will be able to continue to hire, train and retain a sufficient number of qualified personnel or be flexible enough to react to changing market environments. A lack of qualified personnel could have a material adverse effect on our business, results of operation and financial condition.

***Increases in labour costs, potential labour disputes and work stoppages could negatively affect our business.***

Labour disputes could disrupt our operations, and an increased demand for our employees from competitors could increase costs associated with employee compensation. Such developments could have a material adverse effect on our business, results of operation and financial condition.

***A material failure in banking systems could negatively affect our business.***

A systematic shutdown of the banking industry would impede our ability to process funds on behalf of clients and to collect on claims and could have a material adverse effect on our business, results of operation and financial condition.

***The consequences of the outbreak of COVID-19 (and possibly other contagious diseases) have had, and may continue to have, an adverse impact on our business.***

Measures implemented by governmental authorities in the jurisdictions we operate to contain the outbreak of COVID-19, such as school and university closings, business closings, travel and commuting restrictions, border closings and controls and quarantines, bans on public gatherings, social distancing and other measures to discourage or prohibit the movement and gathering of people, have had in 2020 and 2021, and are expected to continue to have, a material and adverse impact on the level of economic activity in

the countries we operate and on our business. At present, it is difficult to ascertain how long the outbreak of COVID-19 may last or how severe it may become. There is a risk that the COVID-19 pandemic will continue for a long time, and that the measures being taken throughout the world to limit the spread of the pandemic, and the negative impact that the pandemic has on the general economic conditions, may have a material adverse effect on our business, results of operation and financial condition.

***Our operations in multiple jurisdictions expose us to local risks in a number of European jurisdictions.***

We currently have local platforms, offices and/or portfolios in several European jurisdictions. We are subject to applicable laws, regulations and licensing requirements of those jurisdictions, which differ between jurisdictions. Any failure to comply with applicable legislation or regulation of the debt purchase and collections sector and the broader consumer credit industry could result in the suspension, termination or impairment of our ability to conduct business. This could in turn have a material adverse effect on our business, results of operation and financial condition.

***Our collections may decrease and/or the timing on when we collect may be delayed if the number of consumers becoming subject to personal insolvency procedures increases.***

We recover on claims that may become subject to insolvency procedures under applicable laws and we also purchase portfolios containing claims that are currently subject to insolvency proceedings. We are generally unable to collect on portfolios under insolvency procedures involving the sale of a person's assets. As a result, our ability to successfully collect on portfolios may decline or the timing on when we collect on portfolios may be delayed with an increase in personal insolvency procedures, which could have a material adverse effect on our business, results of operation and financial condition.

## Risk factors (5/8)

***We may purchase portfolios that contain accounts which are not eligible to be collected, and it may not be possible for us to bring successful claims pursuant to purchase contracts or otherwise.***

Some of the portfolios that we purchase may include some individual accounts which are not eligible to be collected, often due to the inadequate quality and completeness, or total lack, of historical customer documentation needed for servicers to collect on those accounts. If we purchase portfolios containing too many accounts that are not eligible for collection and/or that are unenforceable and if we are unable to return those accounts to, or have recourse against, the relevant debt sellers, servicers may not recover anticipated returns or anything at all from such accounts, which could make such purchases unprofitable and consequently have a material adverse effect on our business, results of operation and financial condition.

***A portion of the collections from debt portfolios depends on successful legal proceedings and such proceedings may not always be successful.***

Our future revenues will depend on the success of such legal proceedings and should any such proceedings or a higher proportion of such proceedings in comparison to past experience fail to succeed, we may not obtain the expected returns on our investments, which may have a material adverse effect on our business, results of operation and financial condition.

***We are subject to prevailing tax laws in every jurisdiction we operate and there can be no assurance that our understanding of applicable tax laws is correct, and any misapprehension of such may adversely affect its profitability***

We conduct our operations through companies in a number of countries in Europe, and will be subject to changes in tax laws, treaties or regulations or the interpretation or enforcement thereof in various jurisdictions, possibly with retrospective effect. If applicable laws, treaties or regulations change or other tax authorities do not agree with our and/or any of our subsidiaries' assessment of the effects of such laws, treaties and regulations, this could have a material adverse effect on our business, results of operation and financial condition.

### **RISKS RELATED TO OUR FINANCIAL PROFILE**

***Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Bonds.***

We have a significant amount of outstanding debt with substantial debt service requirements. In addition, we may incur substantial additional debt in the future. We may not be able to generate sufficient cash flow from operations or obtain enough capital to service our debt or to fund our future acquisitions or other working capital expenditures.

***Any inability to comply with the terms of our existing debt and to refinance any existing debt as it comes due and payable or an increase in interest rate levels may have a negative effect on our financial condition.***

We are subject to certain restrictive covenants under our debt arrangements, which may limit our ability to engage in other transactions or otherwise place us at a competitive disadvantage to our competitors that have less debt. In addition, non-compliance with the terms of our debt arrangements could have a negative effect on our business. Further, certain of our debt arrangements are subject to floating interest rates and our finance cost will accordingly be affected by an increase in interest rate levels. Any of these developments could have a material adverse effect on our business, financial condition and results of operation.

***We will require a significant amount of cash to meet our obligations under our indebtedness, a substantial amount of which will mature prior to the Bonds, and to sustain our operations, which we may not be able to generate or raise.***

Our ability to make principal or interest payments when due on our indebtedness, a substantial amount of which will mature prior to the Bonds, and to fund our ongoing operations, will depend on our future performance and our ability to generate cash, which is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors discussed in these "Risk Factors," many of which are beyond our control.

## Risk factors (6/8)

***We are subject to covenants under our financing arrangements that limit our operating and financial flexibility.***

Our financing agreements contain or will contain certain covenants which, subject to certain exceptions and qualifications, impose significant restrictions on the way we can operate. In addition, we will be subject to the affirmative and negative covenants contained in the respective agreements. Such arrangements require us to maintain specified financial ratios under certain circumstances. Our ability to meet these financial ratios can be affected by events beyond our control, and we cannot assure you that we will meet them. A breach of any of those covenants, ratios or restrictions could result in an event of default under any of such agreements. Any default under any of such agreements could lead to an event of default and acceleration under other debt instruments that contain cross default or cross-acceleration provisions. Even if we carefully monitor the key financial indicators and ratios, there is no assurance that we will be able to comply with financial covenants in the future. Failure to do so may have a material adverse effect on our business, results of operation and financial condition.

***We are exposed to the risk of currency fluctuations.***

We are exposed to both translation and transaction risk. Furthermore, in each of the jurisdictions in which we are present, all revenues and the majority of the expenses are in local currency. To the extent that foreign exchange rate exposures are not hedged, any significant movements in the relevant exchange rates may have a material adverse effect on our business, results of operation and financial condition.

***We are exposed to interest rate risk.***

Fluctuations in market interest rates may affect our financial performance. A substantial portion of our indebtedness will bear interest at per annum rates equal to applicable EURIBOR, adjusted periodically, plus a spread. These interest rates could rise significantly in the future, thereby increasing our interest expenses associated with these obligations, reducing cash flow available for capital expenditures and hindering the Company's ability to make payments on the Bonds.

We employ hedging strategies such as interest rate swaps and interest rate caps which enable us to monitor or reduce our interest rate risk exposure. There is no guarantee that we will be able to successfully hedge all of our interest rate risk or be able to maintain our current hedging policy in the future on commercially acceptable terms.

***Our hedging agreements may expose us to credit default risks and potential losses if our hedging counterparties fall into bankruptcy.***

We are party to interest rate swaps, interest rate caps and other derivative financial instruments and we may enter into additional hedging agreements to hedge our exposure to fluctuations in currency or interest rates. Under any such agreements, we are exposed to credit risks of our counterparties. If one or more of our counterparties falls into bankruptcy, claims we have under the swap agreements or other hedging arrangements may become worthless. In addition, in the event that we refinance our debt or otherwise terminate hedging agreements, we may be required to make termination payments, which would result in a loss.

**RISKS RELATED TO THE OFFERING AND THE BONDS**

***The Company is a holding company and is dependent upon cash flow from its subsidiaries to meet its obligations, in general and under the Bonds.***

The Company currently conducts its operations through, and most of its assets are owned by, its subsidiaries. As such, the cash that the Company obtains from its subsidiaries is the principal source of funds necessary to meet its obligations. Contractual provisions or laws, including laws or regulations related to the repatriation of foreign earnings, corporate benefit and financial assistance, as well as its subsidiaries' financial condition, operating requirements, restrictive covenants in their debt arrangements and debt requirements, may limit the Company's ability to obtain cash from its subsidiaries that they require to pay their expenses or meet their current or future debt service obligations.

The inability of the Company's subsidiaries to transfer cash to the Company may mean that, even though the Company may have sufficient resources on a consolidated basis to meet its obligations under its debt agreements, it may not be able to meet such obligations. A payment default by the Company, or any of its subsidiaries, on any debt instrument may have a material adverse effect on our business, results of operation and financial condition.

## Risk factors (7/8)

### ***Risk of being unable to pay interest and principal on its indebtedness, including the Bonds***

During the lifetime of the Bonds, the Company is required to make scheduled interest payments on the Bonds. The Company's ability to generate cash flow from operations and to make scheduled payments on and to repay its indebtedness, including the Bonds, will depend on the future financial performance of the Group. If the Group is unable to service its indebtedness, it will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing indebtedness or seeking equity capital. The Group cannot assure investors that any of these alternative strategies could be achieved on satisfactory terms, if at all, or that they would yield sufficient funds to make required payments on or to repay the Bonds and the Group's other indebtedness.

### ***Your right to receive payments under the Bonds will be effectively subordinated to claims of our existing and future secured creditors.***

Initially, the Bonds will not be secured by any of our assets. As a result, the indebtedness represented by the Bonds will be effectively subordinated to any existing and future secured indebtedness we may incur and certain hedging obligations to the extent of the value of the assets securing such indebtedness. Accordingly, in the event of a bankruptcy, insolvency, liquidation, dissolution, reorganization or similar proceeding affecting the Company, your rights to receive payment will be effectively subordinated to those of secured creditors up to the value of the collateral securing such indebtedness. Holders of the Bonds will participate ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as the Bonds, and potentially with all of our other general creditors, based on the respective amounts owed to each holder or creditor, in our remaining assets. In addition, if the secured lenders were to declare a default with respect to their loans and enforce their rights with respect to their collateral, there can be no assurance that our remaining assets would be sufficient to satisfy our other obligations, including our obligations with respect to the Bonds. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the Bonds. As a result, holders of the Bonds may receive less, ratably, than holders of secured indebtedness.

### ***The Bonds will be structurally subordinated to the liabilities and preference shares (if any) of our subsidiaries that do not guarantee the Bonds.***

Initially, none of our subsidiaries will guarantee or have any obligations to pay amounts due under the Bonds or to make funds available for that purpose. Generally, claims of creditors of a subsidiary, certain

hedge providers, trade creditors, and claims of preference shareholders (if any) of the subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of its parent entity, including by holders of the Bonds. In the event of any foreclosure, dissolution, winding-up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of any of our subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to its parent entity. Our creditors (including the holders of the Bonds) will have no right to proceed against the assets of such subsidiary. As such, the Bonds will be structurally subordinated to the creditors (including trade creditors) and preference shareholders (if any) of our subsidiaries.

The Bond Terms will provide that the Bond Trustee may accept any guarantee and/or security offered to the bondholders in accordance with the exception from the applicable financial support restrictions, on substantially the same terms as any guarantee granted as security for financial indebtedness with maturity date after the final maturity date of the Bonds.

However, there is no obligation on the Company to grant or procure any guarantees as security for the obligations under the Bonds, and as a result, you should not rely on such potential guarantees as a basis of your investment decision.

### ***We may not be able to finance a put option redemption.***

The Bond Agreement will require us to make an offer to repurchase the Bonds at 101% of their aggregate principal amount if we experience certain change of control events or a de-listing event (a bondholder put option). Our failure to effect a put option when required would constitute an event of default under the Bond Agreement. In addition, our ability to repurchase the Bonds as may be required by the Bond Agreement will depend on our access to funds at such time, and we may not be able to secure access to enough cash to finance the repurchase. Upon a change of control event or a de-listing event, we may be required to mandatorily prepay the outstanding loans under the Revolving Credit Facility Agreement. It cannot be assured that there will be sufficient funds available upon a change of control or a de-listing event to make these repayments and repurchases of tendered Bonds.

## Risk factors (8/8)

***An active trading market may not develop for the Bonds, in which case you may not be able to resell the Bonds.***

There is no existing trading market for the Bonds and we cannot assure you that an active or liquid trading market will develop for the Bonds. No market-making agreement has been made for the Bonds. We will apply for listing of the Bonds on Oslo Børs or another reputable stock exchange. Future liquidity will depend, among other things, on the number of holders of the Bonds, our financial performance, the market for similar securities and the interest of securities dealers in making a market in the Bonds. In addition, changes in the overall market for high yield securities and changes in our financial performance or in the markets where we operate may adversely affect the liquidity of the trading market in the Bonds and the market price quoted for the Bonds. As a result, we cannot assure you that an active trading market will actually develop for the Bonds. Historically, the markets for non-investment grade debt such as the Bonds have been subject to disruptions that have caused substantial volatility in their prices. The market, if any, for the Bonds may be subject to similar disruptions. Any disruptions may have an adverse effect on the holders of the Bonds.

***Transfer of the Bonds will be restricted, which may adversely affect the value of the Bonds.***

Because the Bonds have not been, and are not required to be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, they may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and all other applicable laws. These restrictions may limit your ability to resell the Bonds. It is your obligation to ensure that your offers and sales of the Bonds within the United States and other countries comply with applicable securities laws.

***The Bonds may be subject to optional redemption by the Company, which may have a material adverse effect on the value of the Bonds.***

The terms and conditions of the Bond Agreement will provide that the Bonds shall be subject to optional redemption by the Company at their outstanding principal amount, plus accrued and unpaid interest to the date of redemption, plus a premium calculated in accordance with the terms and conditions of the Bond Agreement. This is likely to limit the market value of the Bonds. It may not be possible for bondholders to reinvest proceeds at an effective interest rate as high as the interest rate on the Bonds.

***Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.***

One or more independent credit rating agencies may assign credit ratings to the Bonds. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Bonds by one or more of the credit rating agencies may adversely affect our access to capital, the cost and terms and conditions of our financings and the value and trading of the Bonds, which could have a material adverse effect on our business, financial condition and results of operations.

***The terms and conditions of the Bond Agreement will allow for modification of the Bonds or waivers or authorizations of breaches and substitution of the Company which, in certain circumstances, may be affected without the consent of bondholders.***

The Bond Agreement will contain provisions for calling meetings of bondholders. These provisions permit defined majorities to make decisions affecting and binding all bondholders. The Bond Trustee may, without the consent of the bondholders, agree to certain modifications of the Bond Agreement and other finance documents which, in the opinion of the Bond Trustee, are proper to make.

# Appendix



# Experienced management team and streamlined organization



**CEO**  
Erik J. Johnsen

10 yrs



**CFO**  
André Adolfsen

9 yrs



**Investments**  
Endre Solvin-Witzø

11 yrs



**COO**  
Adam Parfiniewicz

6 yrs



**Risk, Compliance, ESG**  
Jeremi Bobowski

9 yrs



**Master & Special Servicing**  
George Christoforou

9 yrs

## New board members with strong industry experience elected on 27 December 2023



**Harald L. Thorstein**  
*Chair of the Board*



**Adele Bugge Norman Pran**



**Trond Kristian Andreassen**



**Jessica Sparrfeldt**



**Ellen Hanetho**



**Anders Engdahl**

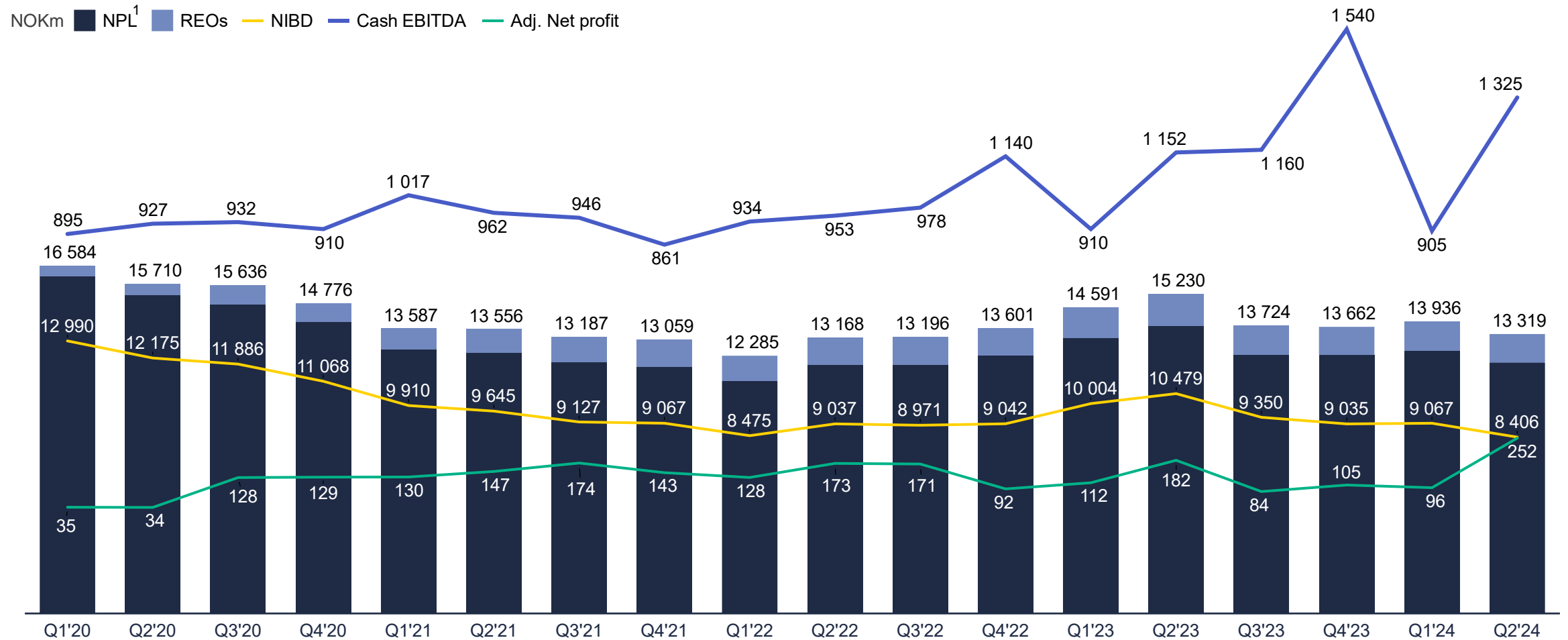


**Henrik Wennerholm**

*New board members  
from 27 Dec 2023*



# Significant deleveraging and improved performance over last 4 years



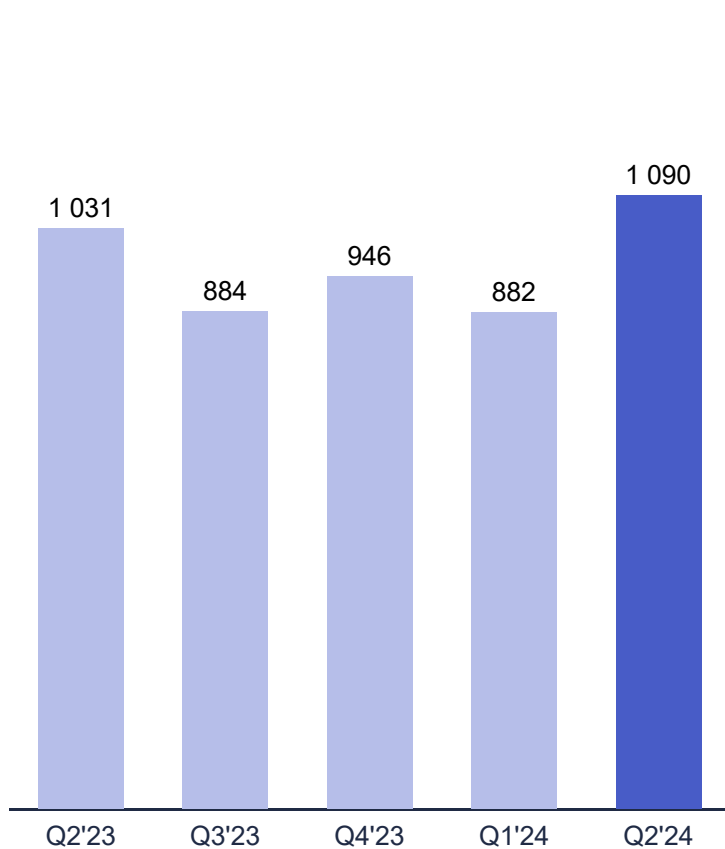
## Quarterly trends

<b>NOK million</b>	<b>2022 Q1</b>	<b>2022 Q2</b>	<b>2022 Q3</b>	<b>2022 Q4</b>	<b>2023 Q1</b>	<b>2023 Q2</b>	<b>2023 Q3</b>	<b>2023 Q4</b>	<b>2024 Q1</b>	<b>2024 Q2</b>
Cash collections	1 214	1 246	1 244	1 458	1 248	1 513	1 497	1 906	1 273	1 386
Revenues	716	748	797	824	914	1 031	884	946	882	1 090
Adj. EBIT	289	330	373	343	402	496	389	410	360	573
Adj. EBIT %	40%	42%	47%	42%	44%	48%	44%	43%	41%	53%
EBIT	249	139	337	303	375	471	370	362	354	557
Adj. Net profit	128	173	171	92	112	182	84	105	96	252
Cash revenue	1 341	1 382	1 381	1 599	1 394	1 666	1 631	2 052	1 405	1 819
Cash EBITDA	934	953	978	1 140	910	1 152	1 160	1 540	905	1 325
Cash margin	70%	69%	71%	71%	65%	69%	71%	75%	64%	73%
Collections <sup>1</sup>	1 152	1 245	1 278	1 261	1 296	1 521	1 346	1 845	1 272	1 384
Amortisation of own portfolios	-465	-458	-455	-520	-490	-633	-548	-539	-520	-580
Portfolio investments <sup>2</sup>	239	758	399	769	767	795	357	821	290	337
Adj. EPS	0.32	0.43	0.43	0.23	0.29	0.48	0.22	0.28	0.26	0.68
Adj. ROE (LTM)	12.5 %	12.5 %	12.0 %	10.7 %	10.3 %	10.2 %	8.7 %	8.9 %	8.0 %	9.3 %

# Quarterly financial performance

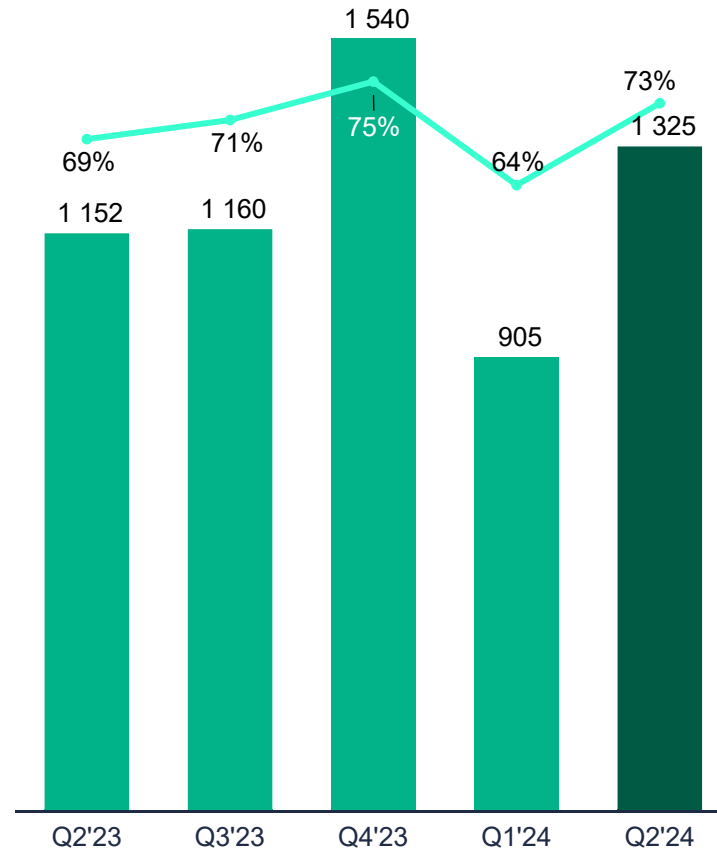
## Revenues

NOKm Revenues



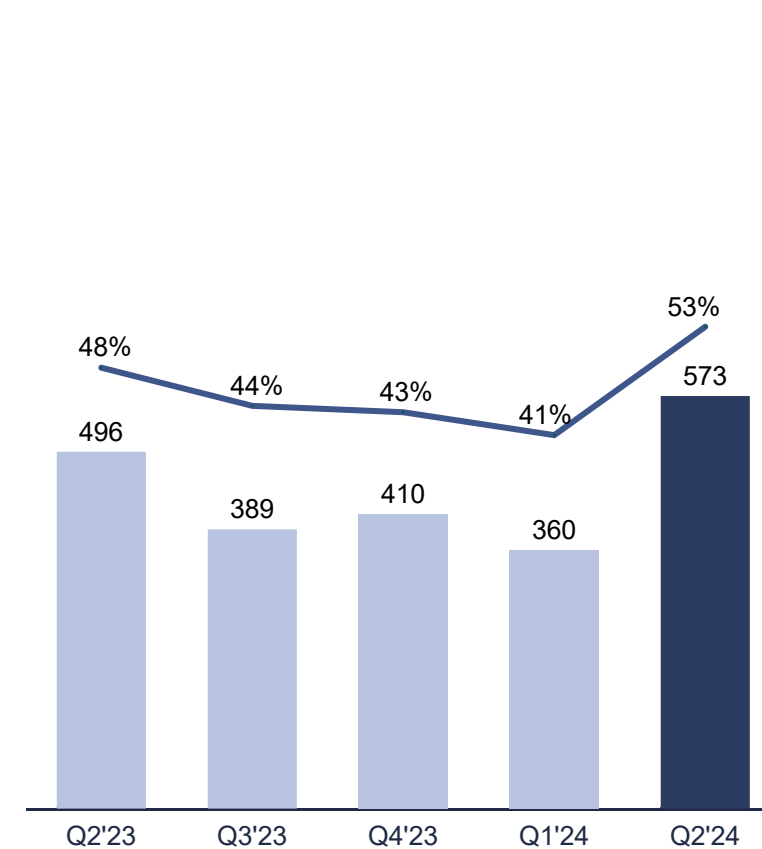
## Cash EBITDA

NOKm Cash EBITDA Cash margin



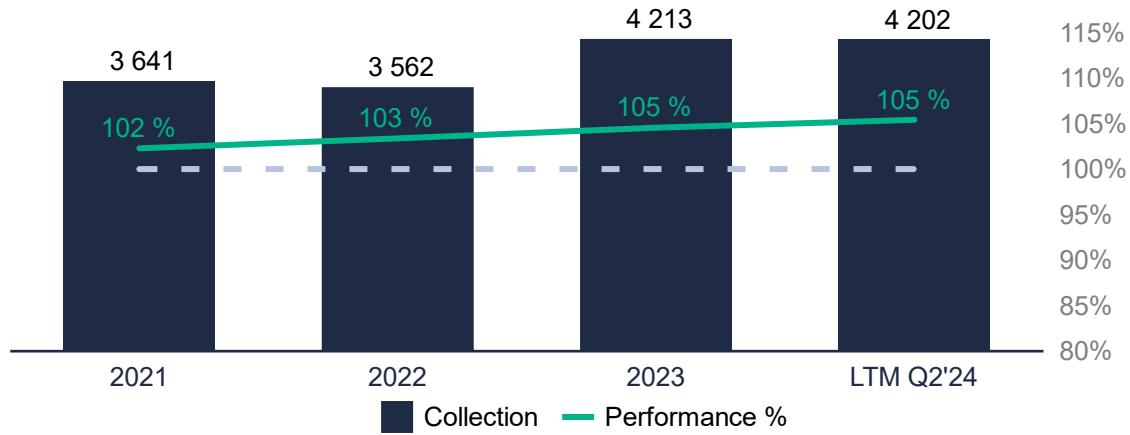
## Adjusted EBIT

NOKm Adj. EBIT Adj. EBIT margin

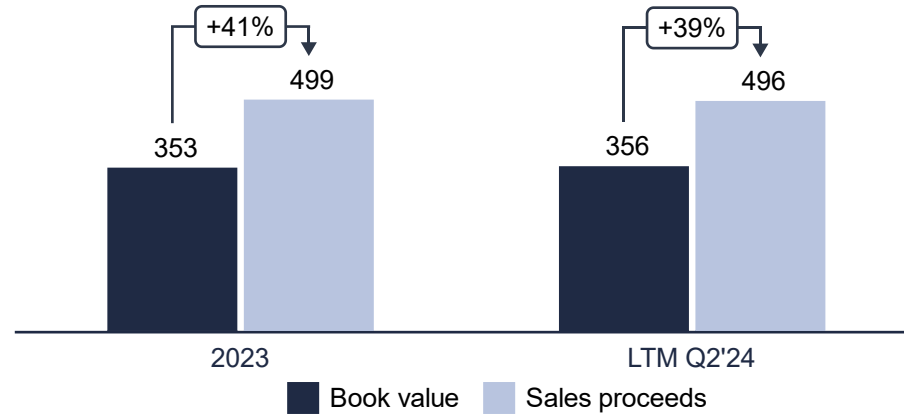


# Collection Performance excl. JVs

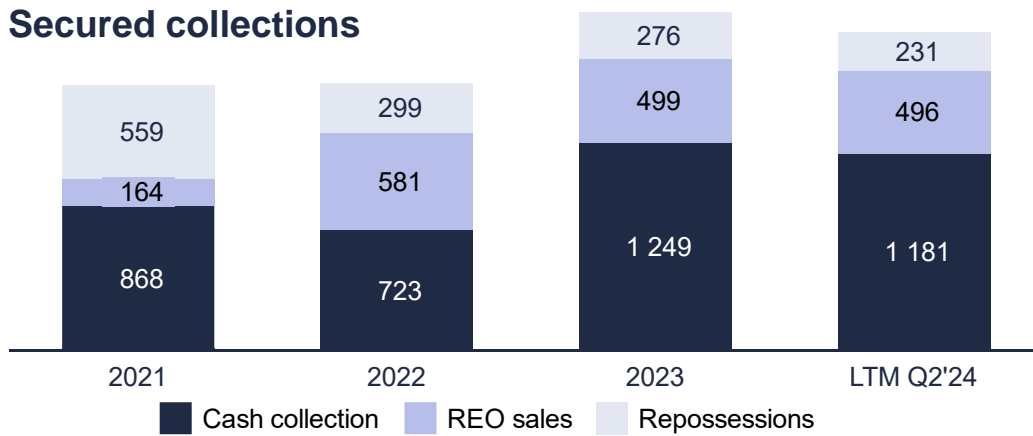
## Unsecured collection performance



## REO sales



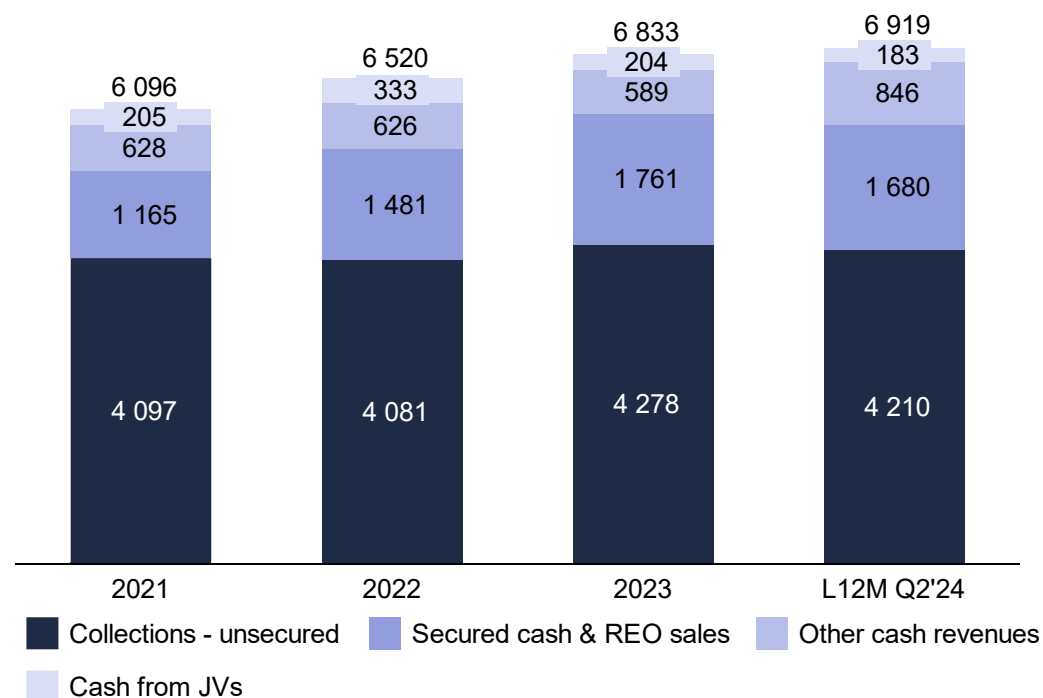
## Secured collections



# Stable OPEX ratio and lower underlying cost base

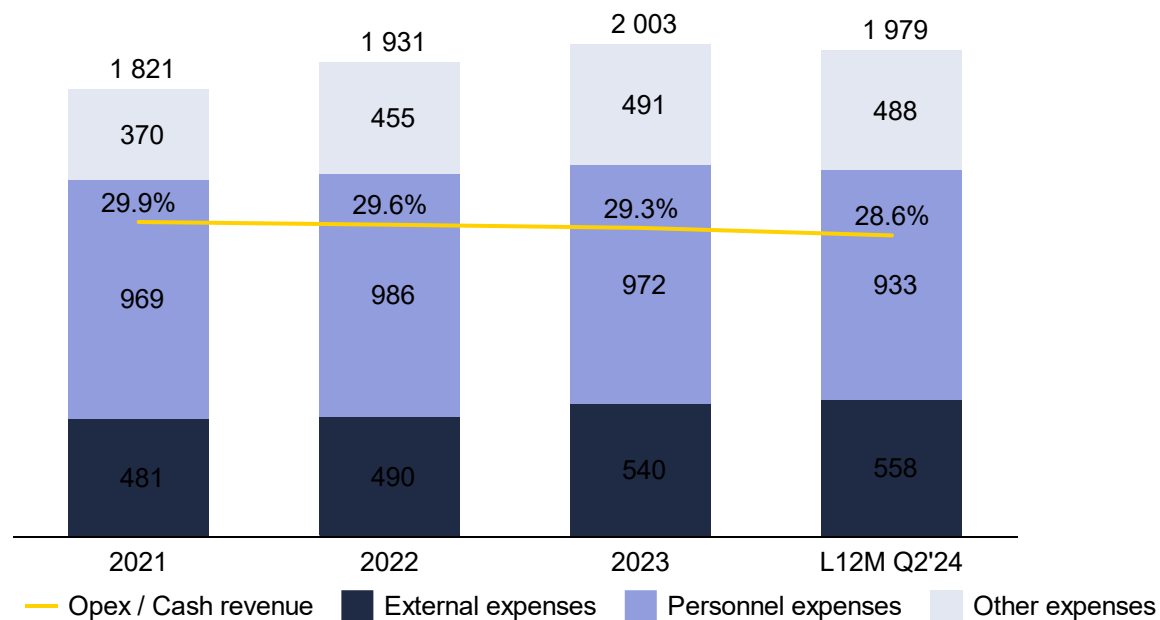
## Cash revenue LTM<sup>1</sup>

- Continued growth in unsecured collections
- Secured collections and REO sales solid in the quarter



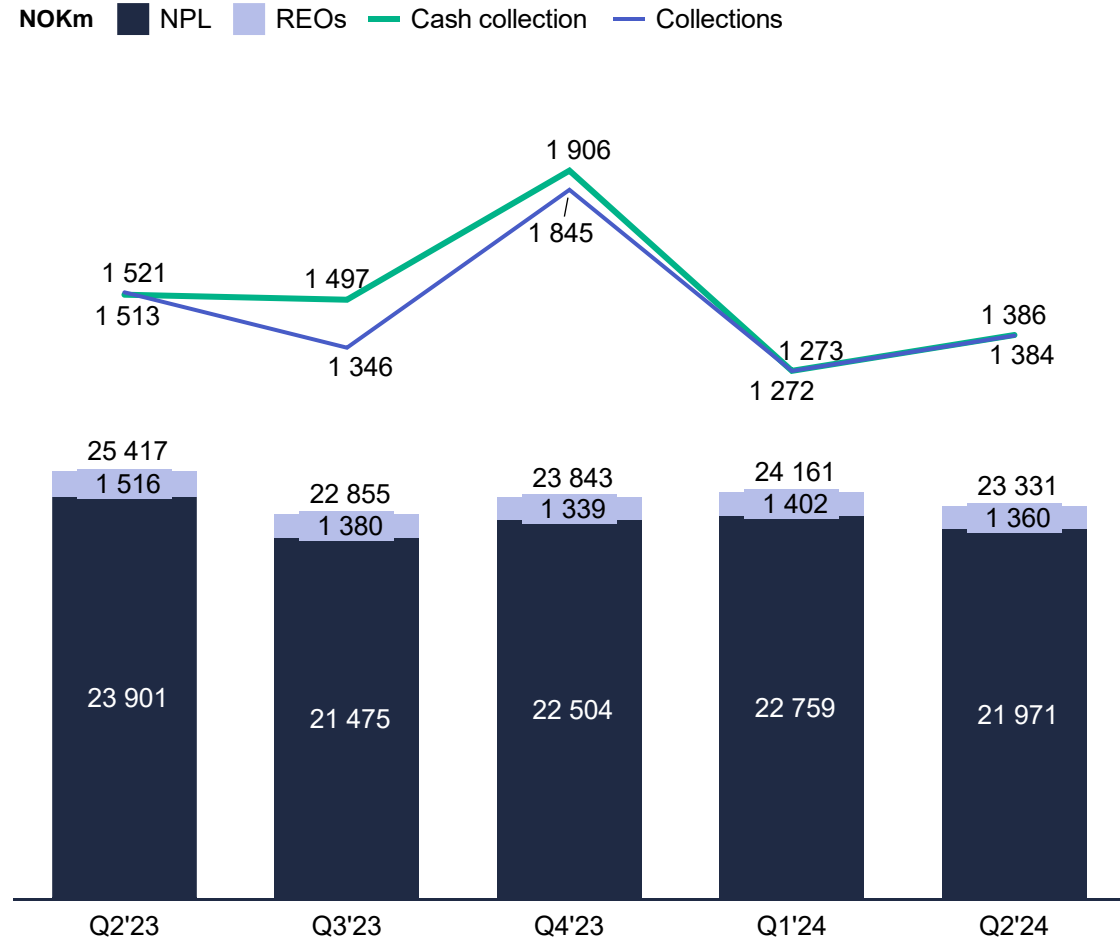
## Operating expenses LTM<sup>1,2</sup>

- Personnel costs continue to trend down
- External expenses expected to trend downwards in H2

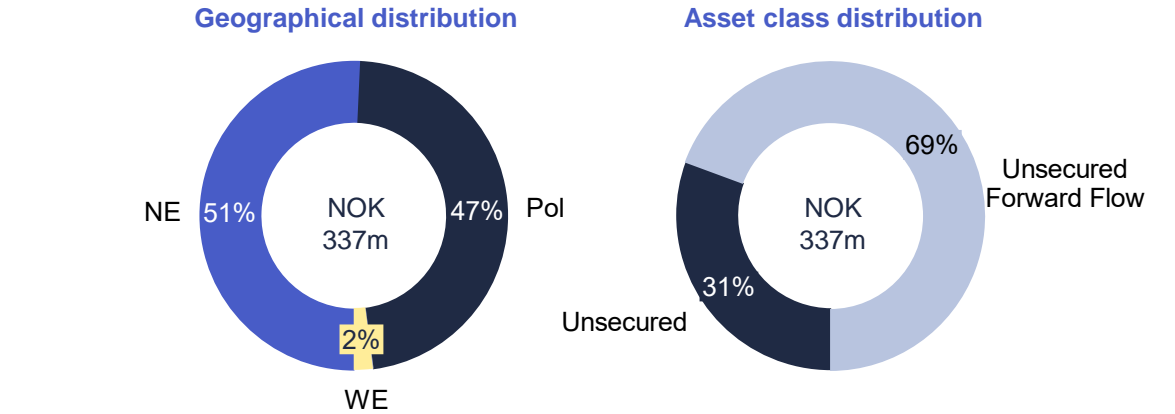


# Portfolio investments and Estimated Remaining Collections (ERC)

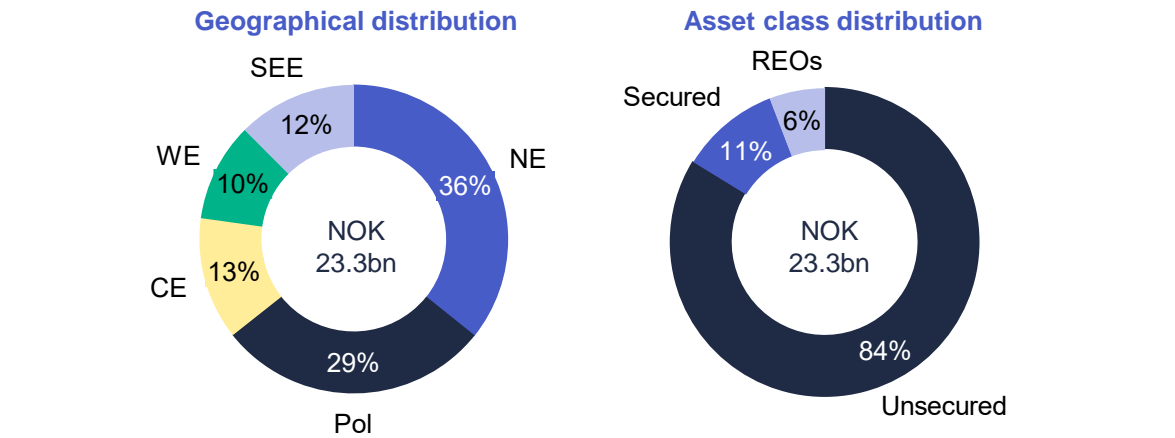
## Secured ERC trending down



## Portfolio investments in Q2'24



## Total ERC as of Q2'24



# Portfolio diversification<sup>1</sup>

Unsecured ERC	Year 1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Poland	1 083	855	681	569	484	418	359	311	270	234	5 262	6 496
NE	1 614	1 289	1 041	854	708	588	492	404	331	272	7 594	8 318
CE	254	218	158	102	69	53	42	32	25	19	972	1 006
WE	222	188	153	111	81	63	52	45	39	33	987	1 016
SEE	496	530	454	291	201	172	149	85	73	63	2 515	2 703
<b>Total</b>	<b>3 668</b>	<b>3 080</b>	<b>2 486</b>	<b>1 927</b>	<b>1 543</b>	<b>1 295</b>	<b>1 093</b>	<b>879</b>	<b>739</b>	<b>620</b>	<b>17 330</b>	<b>19 540</b>

Secured ERC	Year 1	2	3	4	5	6	7	8	9	10	120m ERC	Total ERC
Poland	70	64	29	5	1	1	1	0	0	0	171	171
NE	5	4	2	2	2	2	1	1	1	1	21	23
CE	540	450	84	4	1	1	0	0	0	0	1 082	1 082
WE	496	349	114	51	24	14	8	6	4	3	1 069	1 084
SEE	46	20	4	1	0	0	-	-	-	-	71	71
<b>Total</b>	<b>1 157</b>	<b>888</b>	<b>233</b>	<b>64</b>	<b>28</b>	<b>18</b>	<b>10</b>	<b>8</b>	<b>5</b>	<b>4</b>	<b>2 414</b>	<b>2 432</b>

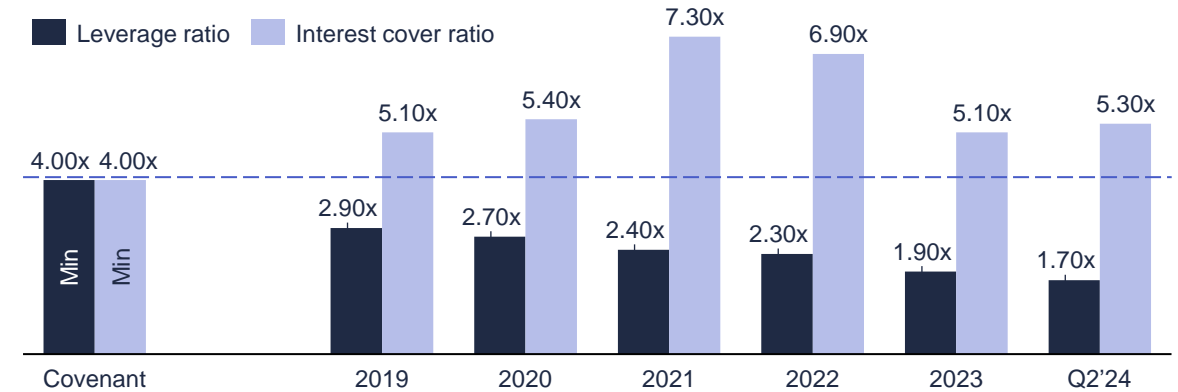
<b>Total</b>	<b>4 825</b>	<b>3 967</b>	<b>2 719</b>	<b>1 991</b>	<b>1 571</b>	<b>1 313</b>	<b>1 103</b>	<b>886</b>	<b>744</b>	<b>624</b>	<b>19 744</b>	<b>21 971</b>
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# Favourable development in headroom to covenants

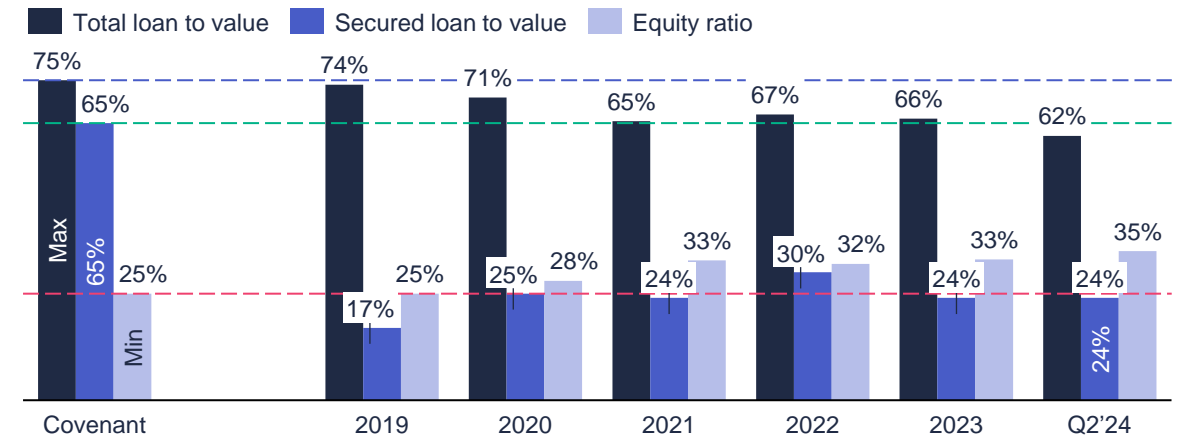
## Comments

- B2 Impact will continue to uphold a solid headroom to both earnings- and value-based covenants and headroom has increase significantly over the latest years
- Bond maintenance covenants:
  - Leverage ratio <4x (NIBD to cash EBITDA)
  - Interest coverage ratio >4x (cash EBITDA to net interest expenses)
  - Secured loan to value <65% (secured NIBD plus any Vendor Loan to total book value)

## Leverage ratio and ICR covenants



## Loan-to-value covenants





# Financial risk management per Q2'24

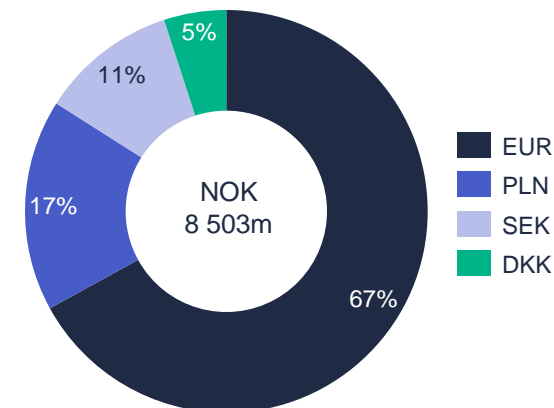
## Currency risk

- Translational balance sheet exposure to main currencies hedged by Currency derivatives
- Currency derivatives are used to:
  - Obtain a balanced currency basket
  - Designed to utilize zero interest cap in RCF
- Cashflow hedging not performed due to high uncertainty in timing of cash flows

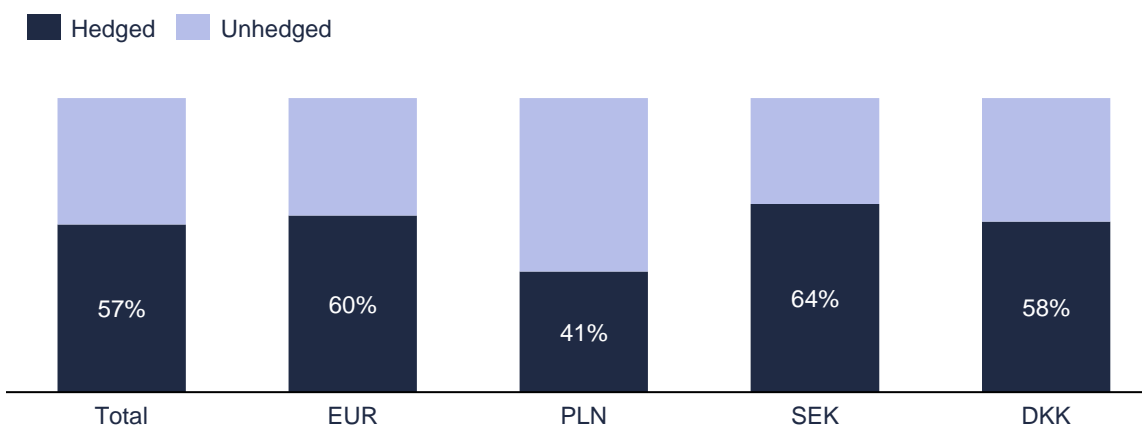
## Interest rate risk

- Interest rate swaps and caps are used to reduce interest rate exposure
  - Interest Rate Swap is Back-to-back
  - Cap: Strike is set 1 % above floating rate (IBOR floor 0%)
- The strategy is to hedge between 60% and 120% of Net debt (split as basket) up to a maximum period of 5 years
  - The hedging ratio at Q2 2024 was 57% with a duration close to 2.4 years

## Net debt basket



## Interest rate hedging



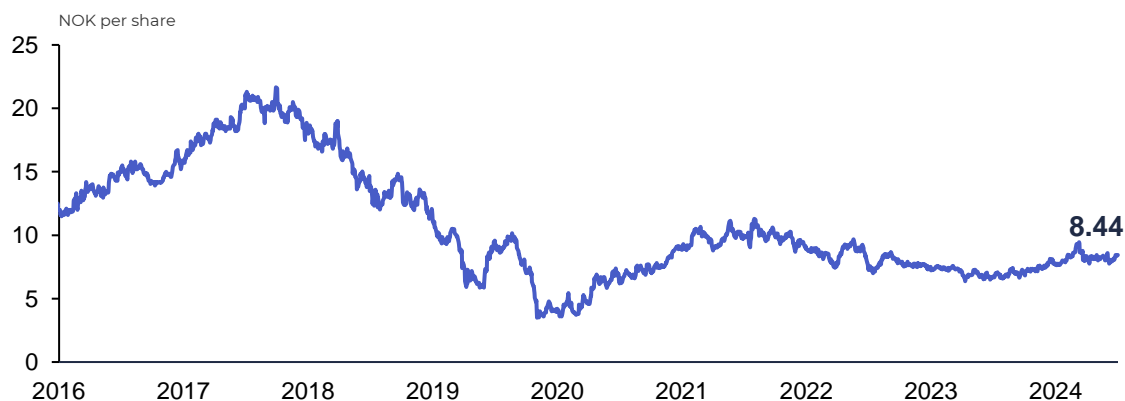
# Share price development

## Public listing

- The shares were listed on NOTC, the Norwegian Over-The-Counter Market in December 2014
- In June 2016, the company listed on the Oslo Børs at a price of NOK 12.0 per share with a market cap of ca. NOK 4,400m
- In December 2016 B2 Impact was included in the Oslo Stock Exchange Benchmark Index (OSEBX)

Current market cap of NOK 3.1bn<sup>1)</sup>

## Share price performance since listing<sup>1)</sup>



## Top shareholders<sup>2)</sup>

#	Shareholder	Percentage
1	PRIORITET GROUP AB	14.36%
2	RASMUSSENGRUPPEN AS <sup>3)</sup>	13.94%
3	VALSET INVEST AS	8.68%
4	STENSHAGEN INVEST AS	8.28%
5	DNB MARKETS AKSJEHANDEL/-ANALYSE	4.34%
6	SKANDINAVISKA ENSKILDA BANKEN AB	3.63%
7	GULEN INVEST AS	2.71%
8	VERDIPAPIRFONDET STOREBRAND NORGE	2.24%
9	DUNKER AS	2.23%
10	RUNE BENTSEN AS	2.22%
11	GREENWAY AS	1.57%
12	VPF DNB AM NORSKE AKSJER	1.11%
13	STIFTELSEN KISTEFOS	1.09%
14	LIN AS	0.95%
15	F2KAPITAL AS	0.81%
16	RANASTONGJI AS	0.77%
17	DIRECTMARKETING INVEST AS	0.65%
18	JPMORGAN CHASE BANK, N.A., LONDON	0.64%
19	ARTEL AS	0.62%
20	INTERTRADE SHIPPING AS	0.61%
	OTHER	28.54%
	<b>TOTAL</b>	<b>100.00%</b>

1) As of 30 August 2024

2) As of 29 August 2024

3) Rasmussengruppen AS holds a total of 13.94% of outstanding shares including shareholdings of its fully owned subsidiaries Portia AS, Cressida AS and Viola AS

# 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 revenue 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 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 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 revenue added back Amortisation and Revaluation of purchased loan portfolios and Cost of assets sold 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.

## **Collections**

Collections are the actual cash collected and assets recovered from purchased 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 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 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.

## **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.

# Definitions (cont'd)

## **Operating expenses (Opex)**

Opex consists of external expenses of services provided, personnel expenses and other operating expenses.

## **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 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.

## **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.

## **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 cash revenues**

Other cash revenues consist of Other revenues added back Cost of assets sold

## **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 include Interest income from loan receivables and Net credit gain/(loss) from loan receivables.

## **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.

## **Reposessed collateral asset (REOs)**

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.

## **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).

# b2-impact.com

## **IR contact**

Rasmus Hansson

Head of Investor Relations and M&A

+47 952 55 842

rasmus.hansson@b2-impact.com

## **B2 Impact**

Cort Adelers gate 30, 7th floor

0254 Oslo, Norway

+47 22 83 39 50

post@b2-impact.com

