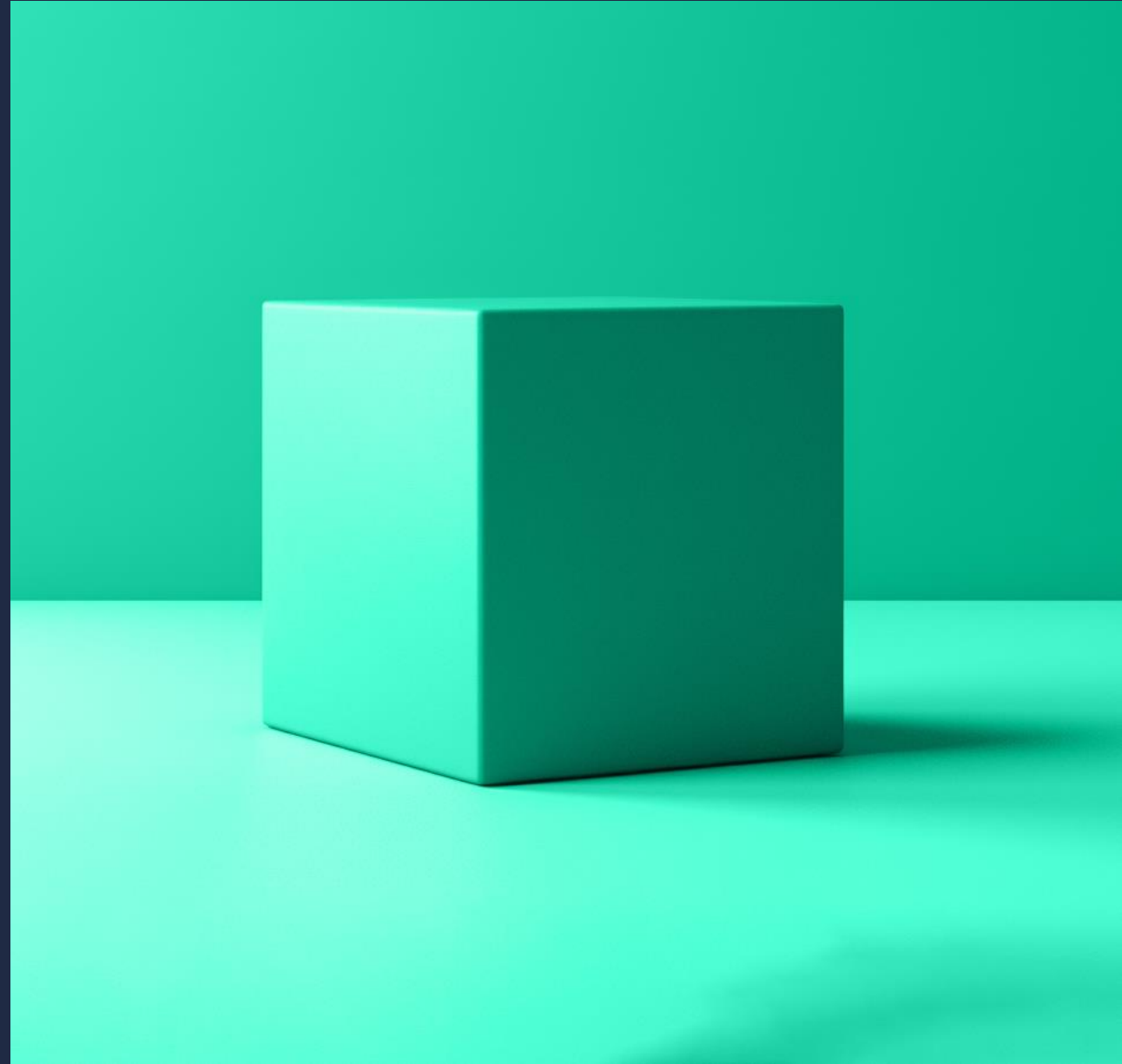


Q2

Second quarter & half year 2024 Report

22 August 2024



Key figures Q2 2024

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

CEO comment

In the second quarter we once again delivered strong collection performance and solid cash flow, with an improvement in collection performance compared to previous periods.

We have remained disciplined in our investment approach in the first half of 2024. We have invested and committed around NOK 1.2bn at the end of the second quarter. In august we have extended our Revolving Credit Facility (RCF) with improved terms which will reduce cost of debt going forward. With our strong financial position in combination with capital restrictions in the industry, we target to invest significantly more in the second half of 2024. As we have seen in previous years, we expect an improved pipeline in the second half of this year.

During the quarter, we continued our strategy of reducing our footprint and selling non-core assets. We sold our portfolios in Hungary around book value, and we also sold our portfolio related to the discontinued loan-receivables business in Poland with a significant gain to book value.

We are on track to deliver a strong net profit for the year and our ambition is to deliver an improved dividend to our shareholders.

Erik Just Johnsen
CEO of B2 Impact ASA



Quarterly highlights

- **Improved collection performance:** Unsecured at 111 % and secured at 155 % compared with latest forecasts
- **Stable underlying Opex:** Personnel expenses trending down
- **Sold discontinued loan-receivable portfolio in Poland:** Gain of NOK 167m
- **Strong financial position:** Renegotiated and extended RCF reducing cost of debt by 60 bps going forward. No maturities until 2026
- **Positioned for growth:** Leverage ratio at 1.7x provides significant headroom for investments
- **Expected growth in investments rest of year:** Improved pipeline expected in the second half of this year and an attractive cost of funding will allow for increased investment volumes
- **Dividend:** dividend of NOK 0.7 per share paid on 3 June representing a dividend yield of 8 % based on share price on 23 May (ex. date 24 May)

Key financials¹

	2024	2023	%	Comparable ⁴
<i>NOK million</i>	Q2	Q2	Δ	% Δ
Cash collections	1 386	1 513	-8%	-4%
Revenues ²	1 090	1 031	6%	9%
Opex	- 494	- 514	-4%	1%
EBIT ²	573	496	16%	17%
EBIT %	53%	48%	4pp	4pp
Net profit ²	252	182	38%	43%
Cash revenue ²	1 819	1 666	9%	14%
Cash EBITDA ²	1 325	1 152	15%	20%
Cash margin	73%	69%	4pp	4pp
Collections ³	1 384	1 521	-9%	-5%
Amortisation of own portfolios	- 580	- 633	-8%	-3%
Portfolio investments ³	337	795	-58%	-56%
EPS	0.68	0.48		N/A
ROE (LTM)	9%	10%	-1 pp	N/A

1. Key Financials exclude non-recurring items

2. Sale of loan receivables in Q2'24 impacts Revenues and EBIT by NOK +167m, Cash revenue and Cash EBITDA by NOK +296m, Net profit by NOK +130m

3. Includes the Group's share of portfolios held in SPVs and joint ventures

4. Comparable numbers are adjusted for FX and Bulgaria

Investments

Portfolio investments in the second quarter were NOK 337m. The Group has committed further volume for the remainder of 2024 with total invested and committed capital at the end of the second quarter of NOK 1.2bn. Investments so far this year are concentrated in unsecured consumer finance and banking portfolios.

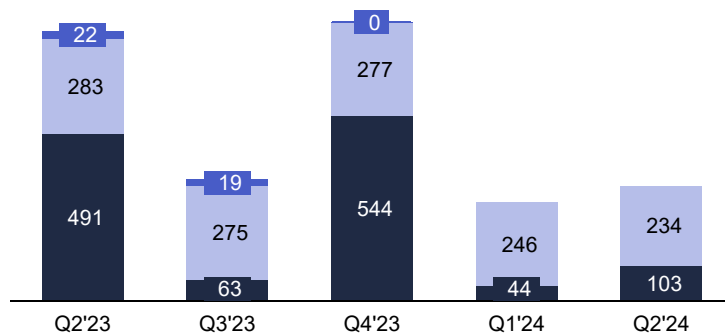
Forward flow agreements represent the majority of volumes in the first half this year. Pipeline into the second half has a larger share of one-off transactions. This is in line with seasonal trading patterns and is expected to drive increased volumes with an increased share of one-off transactions in the second half of the year.

Estimated Remaining Collections (ERC) have developed in line with the announced strategy to invest in core unsecured markets. ERC in unsecured have decreased slightly in the last 12 months driven by reduction of footprint, but we expect growth in ERC for the remainder of this year. Secured ERC have declined both in absolute and relative numbers due to limited investments and successful collection of several large claims.

ERC ¹ (NOKm)	Q2'24	Q2'23	% Δ	FY 2023
Reported	21 971	23 901	-8 %	22 504
FX effect	-	-405		278
Bulgaria	-	-888		-
Comparable	21 971	22 608	-3 %	22 782

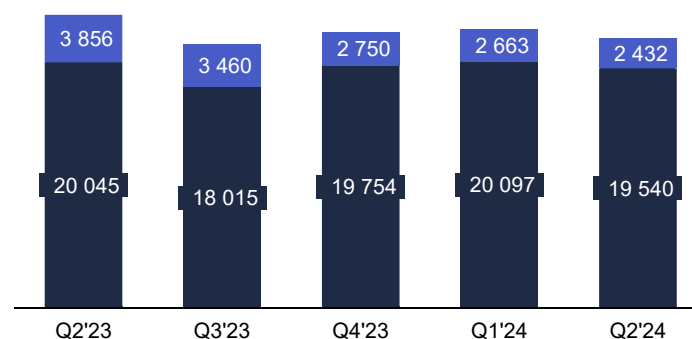
Portfolio investments (NOKm)

■ Unsecured - one off ■ Unsecured FF ■ Secured



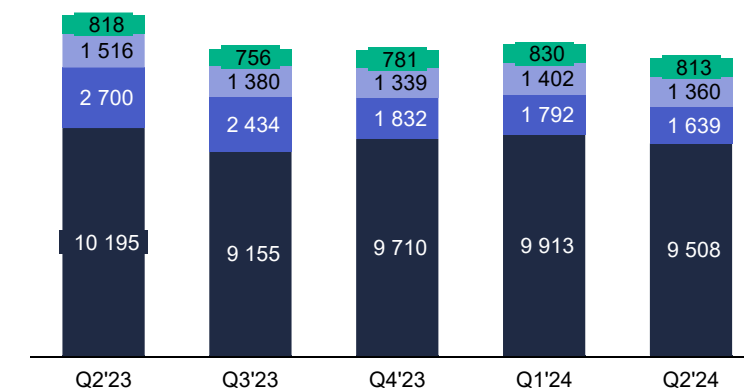
ERC¹ (NOKm)

■ ERC - Unsecured ■ ERC - Secured



Book value NPLs, REOs, JVs (NOKm)

■ Unsecured NPLs ■ Secured NPLs ■ REOs ■ JVs



1. Includes the Group's share of ERC for portfolios in joint ventures (NOK 367m in secured and NOK 1 024m in unsecured at end Q2 2024).

Collection performance and revenues

Unsecured collection performance

Unsecured collections continued to demonstrate a positive trend compared with the latest forecast and ended at 111 % in the second quarter. Comparable Cash collections were up 1 % compared with the same quarter last year which shows the strength and resilience in our unsecured business.

Secured collection performance

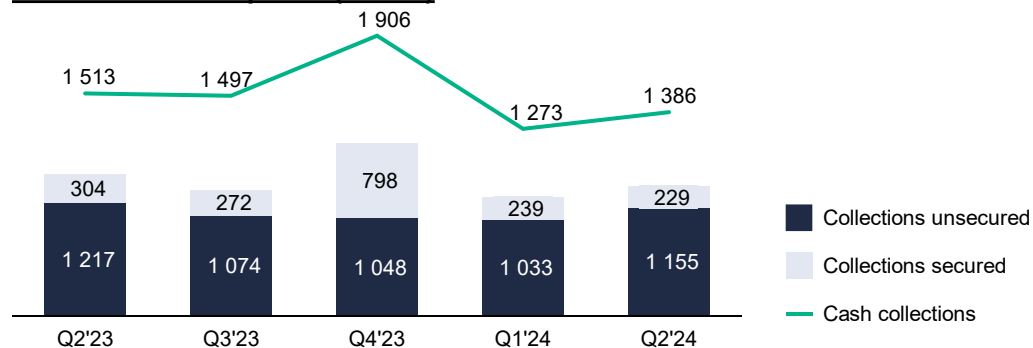
Secured collections performed well above latest forecast and ended at 155 % in the second quarter. The decrease in secured collections compared with last year is as expected due to limited new investments in secured portfolios.

REO sales were NOK 80m in the quarter with a gain over book value of 41 %, demonstrating the Group's successful efforts in extracting value through repossessions.

Other cash revenues

Other cash revenues of NOK 433m included NOK 78m of revenues from third party collections, NOK 23m of revenues from servicing of JVs and NOK 332m resulting mainly from the sale of the Group's portfolio of the discontinued loan receivables business in Poland.

Collections development (NOKm)



Cash collections unsecured (NOKm)	Q2'24	Q2'23	% Δ	H1'24	H1'23	% Δ	FY 2023
Collections	1 129	1 184	-5%	2 136	2 148	-1%	4 213
Cash from JVs	4	3	17%	4	26	-85%	81
Cash collections unsecured	1 133	1 187	-5%	2 140	2 173	-2%	4 294
FX effect	- 6	- 2		-	58		65
Bulgaria	-	- 65		-	- 131		- 198
Comparable	1 126	1 120	1%	2 140	2 100	2%	4 162

Cash collections secured (NOKm)	Q2'24	Q2'23	% Δ	H1'24	H1'23	% Δ	FY 2023
Collections	207	255	-19%	430	543	-21%	1 525
Repossessions	- 52	- 60	-13%	- 121	- 166	-27%	- 276
REO sales	80	104	-23%	176	179	-2%	499
Cash from JVs	17	27	-35%	33	31	6%	121
Cash collections secured	253	326	-22%	518	588	-12%	1 870
FX effect	- 2	- 3		-	10		14
Bulgaria	-	- 9		-	- 18		- 54
Comparable	252	314	-20%	518	580	-11%	1 830

Cash revenues (NOKm)	Q2'24	Q2'23	% Δ	H1'24	H1'23	% Δ	FY 2023
Cash collections	1 386	1 513	-8%	2 659	2 761	-4%	6 164
Other cash revenues	433	153	184%	566	299	89%	579
Cash revenues	1 819	1 666	9%	3 224	3 060	5%	6 743
FX effect	- 9	- 6		-	78		89
Bulgaria	-	- 74		-	- 149		- 252
Comparable	1 810	1 586	14%	3 224	2 989	8%	6 581

Operating efficiency

Operating expenses (opex)

Total operating expenses in the quarter were up by 1 % compared with the same quarter last year. The increase was driven by higher legal collection activities compared with last year with related external expenses increasing by 6.2 %.

Personnel expenses were down by 3 % compared with the same quarter last year. As previously communicated, we expect positive cost effects from the many initiatives already implemented as well as from continued focus on cost going forward.

Other expenses were up by 3 % compared with the same quarter last year.

Cost efficiency and initiatives

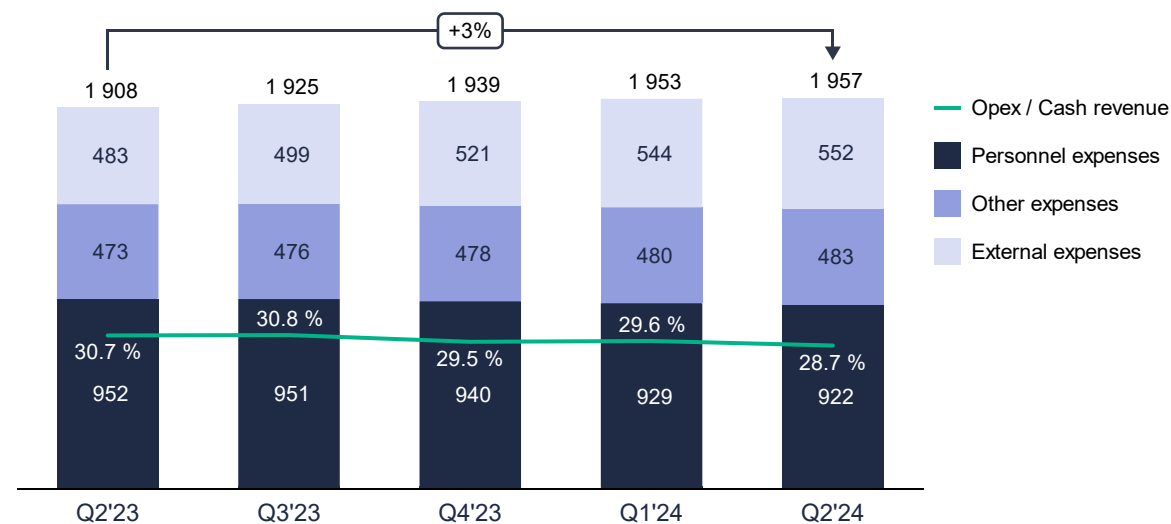
The Group continuously focuses on initiatives to improve cost efficiency. Automation and digitalization are an integral part of these initiatives.

In the first half of this year the Group has achieved a substantial increase in collections through self-service portals targeting conversion to a digital collection environment. The Group also improved legal collection processes by streamlining legal activities and via better use of scoring tools.

The Group continuously focuses on improvements to achieve increased scalability. In addition to the increased use of self-service portals, chat bots, multi-channel customer communication, scoring models and AI powered automation are all essential elements in the Group's digitalization strategy going forward.

Total operating expenses (NOKm)	Q2'24	Q2'23	% Δ	H1'24	H1'23	% Δ	FY 2023
Reported	511	532	-4%	1 017	1 042	-2%	2 092
NRIs	- 17	- 18	-6%	- 22	- 45	-50%	- 111
Operating expenses ex NRIs	494	514	-4%	994	998	-0%	1 981
FX effect	- 3	- 5		-	21		22
Bulgaria	- 0	- 23		- 1	- 44		- 65
Comparable	491	486	1%	994	975	2%	1 939

Operating margin LTM¹



1. Numbers in NOK million in constant FX, ex. Bulgaria, ex. NRIs

Cash EBITDA

Cash revenues were up compared with Q2 2023 driven by the sale of the Group's remaining assets in the loan receivables business in Poland reflected in Other cash revenues of NOK 433m. Unsecured cash collections were up compared with the same period last year, while secured cash collections were down as expected due to limited new investments in secured portfolios.

Cash EBITDA for the second quarter of this year shows an increase of 20 % compared with last year.

Cash EBITDA (NOKm)	Q2'24	Q2'23	% Δ	H1'24	H1'23	% Δ	FY 2023
Cash revenues	1 819	1 666	9%	3 224	3 060	5%	6 743
Operating expenses	- 494	- 514	-4%	- 994	- 998	-0%	- 1 981
Cash EBITDA	1 325	1 152	15%	2 230	2 062	8%	4 762
FX effect	- 6	- 1		-	57		67
Bulgaria	0	- 52		1	- 106		- 187
Comparable	1 319	1 099	20%	2 230	2 014	11%	4 642
Comparable Cash margin	72.9%	69.3%	3.6pp	69.2%	67.4%	1.8pp	70.5%

Reported revenues and EBIT

Revenues

Comparable Revenues were NOK 92m higher than Q2 2023 mainly due to increase in other revenues resulting from the sale of the loan receivables portfolios in Poland.

The NOK 21m negative reported revaluation in Q2 includes a positive revaluation of NOK 30m on unsecured portfolios. Overperformance and early collection on secured portfolios in Q2 of NOK 74m resulted in a revaluation of NOK -51m on secured curves. Although reported as a revaluation in accounting terms, this is effectively an amortisation due to claims collected earlier than expected and consequently removed from future ERC.

Revenues (NOKm)	Q2'24	Q2'23	% Δ	H1'24	H1'23	% Δ	FY 2023
<i>Collections ex JVs</i>	1 336	1 439	-7%	2 566	2 691	-5%	5 738
<i>Amortisation</i>	- 580	- 633	-8%	- 1 101	- 1 122	-2%	- 2 209
<i>Revaluation</i>	- 21	- 3	699%	- 43	- 52	-17%	- 690
Revenues from NPLs	735	803	-9%	1 422	1 517	-6%	2 839
Profit from JVs	27	43	-36%	57	79	-27%	222
Gain on sale of REOs	23	32	-28%	55	61	-10%	146
Other revenues	305	152	100%	437	289	51%	568
Revenues	1 090	1 031	6%	1 972	1 945	1%	3 775
FX	- 6	- 4		-	51		56
Bulgaria	-	- 34		-	- 70		- 112
Comparable	1 084	993	9%	1 972	1 926	2%	3 720

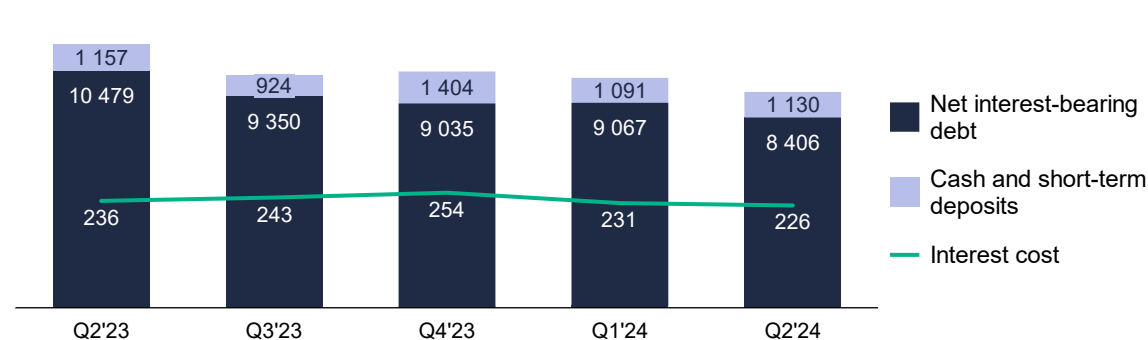
EBIT

Reported EBIT was up in Q2 2024 compared with Q2 2023 driven by higher revenues and stable opex.

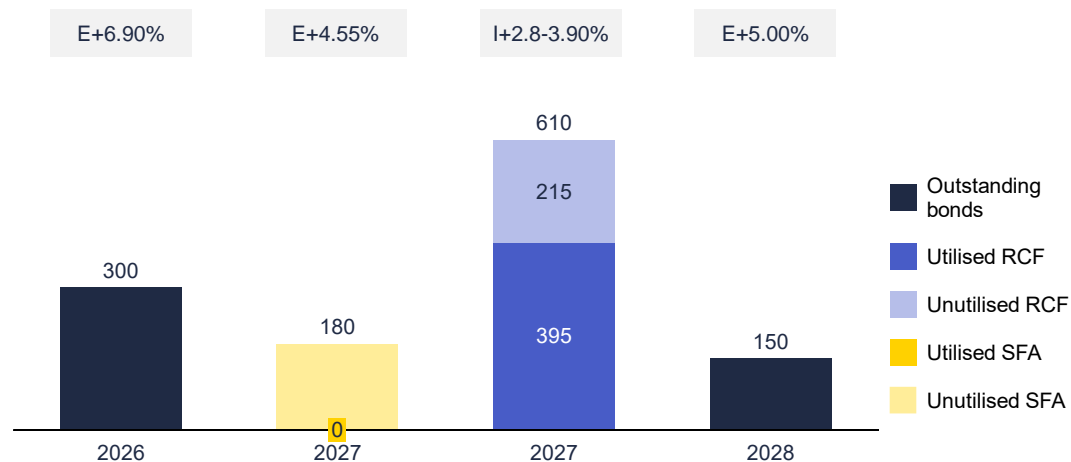
Adj. EBIT (NOKm)	Q2'24	Q2'23	% Δ	H1'24	H1'23	% Δ	FY 2023
Revenues	1 090	1 031	6%	1 972	1 945	1%	3 775
Operating expenses	- 511	- 532	-4%	- 1 017	- 1 042	-2%	- 2 092
Depreciation & Amortisation	- 23	- 28	-19%	- 45	- 57	-22%	- 106
EBIT	557	471	18%	911	846	8%	1 578
NRIs	17	25	-34%	22	52	-57%	118
Adj. EBIT	573	496	16%	933	898	4%	1 696
FX	- 3	2		-	28		32
Bulgaria	0	- 10		1	- 25		- 44
Comparable	571	488	17%	934	901	4%	1 684

Debt, Capital Structure and Financing Costs

Debt and interest cost (NOKm)



Capital Structure (EURm)



Net financial items (NOKm)

	Q2'24	Q1'24	%Δ	Q2'23	%Δ
Financial income	1	17	-92%	6	-79%
Interest cost and commitment fees	-226	-231	-2%	-236	-4%
Arrangement fees	-19	-21	-10%	-21	-12%
Other financial expenses	-7	-4	95%	-6	26%
Financial expenses	-252	-255	-1%	-263	-4%
Net exchange gain/(loss)	2	5	-57%	-4	-156%
Net financial items	-248	-233	6%	-261	-5%

Further improvement in funding costs driven by renegotiation of RCF and termination of SFA

Interest costs and commitment fees decreased to NOK 226m from NOK 231m in the previous quarter following refinancing of bonds at more favourable terms and a lower average debt balance. Arrangement fees decreased to NOK 19m from NOK 21m in the previous quarter with previous RCF refinancing fully expensed by the end of 2023. Other financial expenses of NOK 7m mainly consists of interest expense on leases.

The RCF has been renegotiated taking advantage of our strong financial position and lower risk. A more favorable margin grid reflecting lower financial risk will result in a lower cost of almost 60 bps and flexibility to repay bonds. The RCF maturity was extended from June 2025 to June 2027.

The SFA reinvestment facility matured on 30 April 2024 and is expected to be terminated in Q3. Once the SFA is terminated the Group can optimize liquidity management and expects cash and short-term deposits in the range of NOK 300-400m which will save yearly interest cost with approximately NOK 35m.

Corporate matters

B2 Impact has a solid funding base to support future growth. The Group's healthy funding structure and leveraging ensures liquidity and financial flexibility to deliver on the strategy. The combination of equity, bank financing, project financing and bonds provides access to capital when larger opportunities arise, while steady collections across the Group provide a strong operating cash flow.

The Group holds an EUR 610m senior secured revolving credit facility (RCF) with DNB Bank ASA, Nordea Bank AB and Swedbank AB. In addition to the RCF and SFA, the Group holds two senior unsecured bond loans for a total of EUR 450m.

The Group's credit ratings are unchanged at Ba2 (stable outlook) from Moody's and BB- (stable outlook) from S&P.

The amended RCF agreement was signed in August 2024.

Disclaimer

This report contains forward-looking statements that reflect management's current view with respect to future events. All such statements are subject to inherent risks and uncertainties, and many factors can lead to developments deviating from what has been expressed or implied in such statements.

Board of Directors, B2 Impact ASA
21 August 2024

Responsibility Statement pursuant to Section 5-6 of the Securities Trading Act

We hereby confirm that the half-yearly condensed interim consolidated financial information for the period 1 January through 30 June 2024 to the best of our knowledge has been prepared in accordance with IAS 34 Interim Financial Reporting and gives a true and fair view of the Group's assets, liabilities, financial position and profit or loss taken as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a true and fair review of important events that arose during the first half year of the financial year 2024, and their impact on the condensed interim consolidated financial information, and further accounts properly for the principal risks and uncertainties for the remaining half year of the financial year 2024, as well as major transactions with related parties.

Oslo, 21 August 2024

Harald L. Thorstein
Chair

Adel Bugge Norman Pran
Board Member

Trond Kristian Andreassen
Board Member

Jessica Sparrfeldt
Board Member

Henrik Wennerholm
Board Member

Anders Engdahl
Board Member

Ellen Hanetho
Board Member

Erik J. Johnsen
Chief Executive Officer

Interim condensed consolidated financial statements

- [Consolidated income statement](#)
- [Consolidated statement of comprehensive income](#)
- [Condensed consolidated statement of financial position](#)
- [Condensed consolidated statement of changes in equity](#)
- [Condensed consolidated statement of cash flows](#)
- [Notes to the interim condensed consolidated financial statements](#)



Consolidated income statement

All figures in NOK million unless otherwise stated

	Notes	2024 Quarter 2	2023 Quarter 2	2024 6 months	2023 6 months	2023 Full Year
Interest revenue from purchased loan portfolios		569	636	1 145	1 228	2 473
Net credit gain/(loss) from purchased loan portfolios	4	166	167	277	288	366
Profit from investments in associated parties/joint ventures		27	43	57	79	222
Gain on sale of repossessed collateral assets (REOs) ¹		23	32	55	61	146
Other revenue ²		305	152	437	289	568
Revenue	3	1 090	1 031	1 972	1 945	3 775
External expenses of services provided		- 143	- 142	-285	- 262	- 533
Personnel expenses		- 248	- 262	-489	- 519	-1 027
Other operating expenses		- 120	- 128	-242	- 262	- 532
Depreciation and amortisation		- 23	- 24	-45	- 47	- 95
Impairment losses		0	- 4		- 10	- 11
EBIT	3	557	471	911	846	1 578
Financial income		1	6	18	13	26
Financial expenses		- 252	- 263	-507	- 527	-1 124
Net exchange gain/(loss)		2	- 4	7	- 4	- 12
Net financial items	5	- 248	- 261	-481	- 518	-1 110
Profit/(loss) before tax		309	210	430	328	468
Income tax expense		- 69	- 47	-97	- 74	- 105
Profit/(loss) after tax		239	163	333	254	363

1. Previously presented gross revenue with cost of collateral sold under operating expenses.

2. Other revenues includes interest revenue and net credit gain/(loss) from loan receivables

	Notes	2024 Quarter 2	2023 Quarter 2	2024 6 months	2023 6 months	2023 Full Year
Profit/(loss) attributable to:						
Parent company shareholders		239	163	333	254	363
Non-controlling interests		0	0	0	0	0
Earnings per share (in NOK):						
Basic		0.65	0.42	0.90	0.66	0.94
Diluted		0.65	0.42	0.90	0.66	0.94

Consolidated statement of comprehensive income

All figures in NOK million unless otherwise stated

	2024	2023	2024	2023	2023
	Quarter 2	Quarter 2	6 months	6 months	Full Year
Profit/(loss) after tax	239	163	333	254	363
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	-164	164	80	705	428
Hedging of currency risk in foreign operations	22	-97	-17	-176	-150
Hedging of interest rate risk	7	-26	15	-48	-146
Tax attributable to items that may be reclassified to profit or loss	-2	31	-7	56	74
Other comprehensive income	-137	72	71	536	206
Total comprehensive income for the period	102	235	404	790	569
Total comprehensive income attributable to:					
Parent company shareholders	102	235	404	790	569
Non-controlling interests	0	0	0	-0	-0

Condensed consolidated statement of financial position

All figures in NOK million unless otherwise stated

	Notes	2024 30 Jun	2023 30 Jun	2023 31 Dec
Deferred tax asset		376	342	389
Goodwill		780	802	769
Tangible and intangible assets		352	377	365
Investments in associated companies and joint ventures		813	818	781
Purchased loan portfolios	3,4,5	11 146	12 896	11 542
Other non-current financial assets ¹		114	338	372
Total non-current assets		13 581	15 572	14 218
Income taxes receivable		56	22	50
Other current assets		463	491	317
Collateral assets		1 360	1 516	1 339
Cash and short-term deposits		1 130	1 157	1 404
Total current assets		3 008	3 186	3 111
Total assets		16 589	18 759	17 328

1. Other non-current financial assets includes loan receivables.

	Notes	2024 30 Jun	2023 30 Jun	2023 31 Dec
Equity attributable to parent company's shareholders	7	5 729	5 858	5 587
Equity attributable to non-controlling interests		1	1	1
Total equity		5 729	5 859	5 588
Deferred tax liabilities		442	385	430
Non-current interest bearing loans and borrowings	6	9 196	8 869	7 970
Other non-current liabilities		167	169	256
Total non-current liabilities		9 805	9 423	8 655
Current interest bearing loans and borrowings	6		2 334	2 245
Bank overdraft	6	339	433	225
Accounts and other payables		220	238	174
Income taxes payable		52	7	29
Other current liabilities		443	465	411
Total current liabilities		1 055	3 477	3 085
Total equity and liabilities		16 589	18 759	17 328

Condensed consolidated statement of changes in equity

All figures in NOK million unless otherwise stated

Notes	2024			2023		
	Attributable to parent company's shareholders	Non-controlling interests	Total equity	Attributable to parent company's shareholders	Non-controlling interests	Total equity
At 1 January	5 587	1	5 588	5 216	1	5 217
Profit/(loss) after tax	333	- 0	333	254	0	254
Other comprehensive income	71	0	71	536	- 0	536
Total comprehensive income	404	0	404	790	- 0	790
Share buy-back programme	- 5		- 5	- 74		- 74
Share based payments	1		1	3		3
Dividend paid to parent company's shareholder	- 258		- 258	- 77		- 77
Dividends to non-controlling interests		- 0	- 0		0	0
At 30 June	5 729	1	5 729	5 858	1	5 859

Condensed consolidated statement of cash flows

All figures in NOK million unless otherwise stated

		2024	2023	2024	2023	2023
	Notes	Quarter 2	Quarter 2	6 month	6 month	Full Year
Cash flows from operating activities						
Profit/(loss) for the period before tax		309	210	430	328	468
<u>Adjustment for non-cash items:</u>						
Amortisation/revaluation of purchased loan portfolios		601	635	1 144	1 174	2 899
Repossession of collateral assets		- 52	- 60	- 121	- 166	- 276
Cost of assets sold, including impairment		186	72	249	128	364
Profit from investments in associated parties/joint ventures	3	- 27	- 43	- 57	- 79	- 222
Financial expenses	5	252	263	507	527	1 124
Net foreign exchange differences		38	- 43	- 8	68	- 299
Other non-cash items		- 296	52	- 300	95	199
<u>Operating cash flows:</u>						
Cash received from investments in associated parties / joint ventures		21	30	37	57	202
Income tax paid		- 30	- 46	- 53	- 75	- 144
Change in working capital		- 49	- 4	- 21	- 56	- 18
Change in non-current financial assets/liabilities		42	27	102	24	194
Net cash flow from operating activities		994	1 095	1 908	2 025	4 493
Cash flows from investing activities						
Payment of purchased loan portfolios	3,4	- 342	- 795	- 635	- 1 426	- 2 584
Proceeds from sold performing and non-performing loan portfolios		319		319		
Investments/divestments in subsidiaries, joint ventures and associated companies			- 1		- 165	310
Net investments in intangible and tangible assets		- 11	- 16	- 26	- 39	- 67
Net cash flow from investing activities		- 34	- 813	- 342	- 1 630	- 2 341

		2024	2023	2024	2023	2023
	Notes	Quarter 2	Quarter 2	6 month	6 month	Full Year
Payment share buy-back programme	7		- 74	- 5	- 74	- 122
Exercised share options						- 2
Net proceeds/(repayments) on interest bearing loans and borrowings		- 396	- 126	- 1 218	- 128	- 824
Interest expenses and commitment fees paid on borrowings		- 231	- 233	- 465	- 450	- 932
Borrowing cost paid			- 2	- 15	- 47	- 69
Repayment of principal amount on lease liabilities		- 14	- 14	- 16	- 26	- 50
Dividends paid to parent company's shareholders		- 258	- 77	- 258	- 77	- 77
Dividends paid to non-controlling interests		- 0	- 0	- 0	- 0	- 0
Net cash flow from financing activities		- 899	- 526	- 1 976	- 803	- 2 077
Net cash flow during the period		61	- 243	- 411	- 408	74
Net cash at the beginning of the period		743	941	1 179	1 045	1 045
Exchange rate difference on cash and cash equivalents		- 13	26	22	87	60
Net cash at the end of the period		790	724	790	724	1 179
<u>Net cash at end of period comprised of:</u>						
Cash and cash equivalents		1 130	1 157	1 130	1 157	1 404
Bank overdraft		- 339	- 433	- 339	- 433	- 225

1. Previously reported under "Net cash flow from investing activities"

Notes to the interim condensed consolidated financial statements

Note 1 – General information and basis for preparation

B2 Impact ASA (the Company or Parent) and its subsidiaries (together the Group) is a debt solutions provider specialized in investing in, and the collection of, non-performing debt portfolios in addition to providing third-party debt collection services. B2 Impact ASA is a public limited liability company, incorporated and domiciled in Norway. The Company's registered office is at Cort Adelers gate 30, 0254 Oslo, Norway. The interim condensed consolidated financial statements consist of the Group and the Group's interests in associated companies and joint ventures.

As a result of rounding differences, numbers or percentages may not add up to the total.

These interim condensed consolidated financial statements (interim report) for the first quarter ending 30 June 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statement for 2023. The annual consolidated financial statements for 2023 are available at the company's website (www.b2-impact.com).

The accounting policies applied in the preparation of the interim report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

The interim condensed consolidated financial statements for the first quarters ending 30 June 2024 and 30 June 2023 are unaudited. The 2023 audited financial statements are proposed for approval at the Annual General Meeting of the Company to be held on 23 May 2024.

Note 2 – Estimates and critical accounting judgements

The preparation of the interim condensed consolidated financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognized as assets, liabilities, income, and expenses. A description of the accounting policies, significant estimates, and areas where judgement is applied by the Group can be found in note 3 of the consolidated financial statement for 2023. In this quarterly interim condensed consolidated financial statement, the accounting policies, significant estimates, and areas where judgement is applied by the Group are in conformity with those described in the annual report.

Note 3 – Segment reporting

The Group applies IFRS 8 Operating Segments. An operating segment is a part of the Group from which it can generate income and incur expenses, for which separate financial information is available, and whose results are regularly reviewed by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated. The Group CEO has been identified as CODM.

Investments consist of the purchase and management of unsecured and secured loan portfolios directly or through investments in joint ventures. Collaterals and repossessed assets acquired as part of the recovery strategy are included in Investments.

Servicing is the collections of payments on behalf of the Investment segment, joint ventures and clients. The Servicing segment generates revenues from commissions and debtor fees.

No operating segments have been aggregated to form the above reportable operating segments.

Internal transactions between Investments and Servicing segment are priced on commercial terms. The commission is recognised as inter segment revenue in Servicing and as direct operating expense in Investments. Inter segment revenues and costs are eliminated upon consolidation and reflected as Unallocated items & eliminations in the segment reporting.

Revenues from issued consumer loans (loan receivable), credit information and other services on behalf of clients are assessed to be not reportable operating segments and included in Other in the segment reporting.

The performance of the operative segments is measured at Segment earnings level which includes revenue and direct operative expenses.

IT and SG&A are considered supporting segments, where SG&A includes sales, general and administrative expenses, e.g., Human Resources, Finance, Communication and Marketing, Legal and Compliance and other staff functions. Other items included in Unallocated items & eliminations include non-recurring items.

Segment overview

All figures in NOK million unless otherwise stated

Quarter 2, 2024

	Investments	Servicing	Other	Unallocated items & eliminations	Total
External revenue	788	101	201	0	1 090
Inter segment revenue	0	218	0	-218	0
Revenue	788	319	201	-218	1 090
Direct opex	-321	-186	-11	205	-312
Segment earnings	467	133	190	-12	778
IT					-41
SG&A					-89
Central costs					-69
EBITDA					579
Depreciation, amortisation and impairment losses					-23
EBIT					557

Quarter 2, 2023

	Investments	Servicing	Other	Unallocated items & eliminations	Total
External revenue	885	98	47	-0	1 031
Inter segment revenue	0	239	0	-239	0
Revenue	885	337	47	-239	1 031
Direct opex	-358	-211	-12	239	-342
Segment earnings	527	126	35	0	689
IT					-44
SG&A					-74
Central costs					-72
EBITDA					499
Depreciation, amortisation and impairment losses					-28
EBIT					471

Segment overview

All figures in NOK million unless otherwise stated

6 months, 2024

	Investments	Servicing	Other	Unallocated items & eliminations	Total
External revenue	1 541	194	236	2	1 972
Inter segment revenue	0	411	0	- 411	0
Revenue	1 541	605	236	- 409	1 972
Direct opex	- 621	- 369	- 20	393	- 618
Segment earnings	919	236	216	- 16	1 355
IT					- 85
SG&A					- 177
Central costs					- 136
EBITDA					956
Depreciation, amortisation and impairment losses					- 45
EBIT					911

6 months, 2023

	Investments	Servicing	Other	Unallocated items & eliminations	Total
External revenue	1 668	183	94	0	1 945
Inter segment revenue	0	439	0	- 439	0
Revenue	1 669	622	94	- 439	1 945
Direct opex	- 634	- 399	- 23	406	- 650
Segment earnings	1 035	223	70	- 33	1 295
IT					- 84
SG&A					- 173
Central costs					- 135
EBITDA					903
Depreciation, amortisation and impairment losses					- 57
EBIT					846

Segment overview continued

All figures in NOK million unless otherwise stated

Full year, 2023

	Investments	Servicing	Other	Unallocated items & eliminations	Total
External revenue	3 228	373	174	0	3 775
Inter segment revenue	- 0	876	0	- 876	0
Revenue	3 228	1 250	174	- 876	3 775
Direct opex	-1 359	- 743	- 43	824	-1 322
Segment earnings	1 869	506	130	- 52	2 453
IT					- 171
SG&A					- 338
Central costs					- 261
EBITDA					1 684
Depreciation, amortisation and impairment losses					- 106
EBIT					1 578

Segment details

All figures in NOK million unless otherwise stated

Investments	2024	2023	2024	2023	2023
	Quarter 2	Quarter 2	6 months	6 months	Full Year
Secured collections	207	255	430	543	1 525
Unsecured collections	1 129	1 184	2 136	2 148	4 213
Total collections	1 336	1 439	2 566	2 691	5 738
Secured amortisation	- 56	- 54	- 111	- 107	- 210
Unsecured amortisation	- 524	- 579	- 989	- 1 015	- 1 999
Total amortisation	- 580	- 633	- 1 101	- 1 122	- 2 209
Secured revaluations	- 51	- 30	- 109	- 83	- 741
Unsecured revaluations	30	28	66	31	51
Total revaluations	- 21	- 3	- 43	- 52	- 690
Total purchased loan portfolios (NPLs) revenue	735	803	1 422	1 517	2 839
Profit from investments in joint ventures	27	43	57	79	222
Gain on sale of repossessed collateral assets (REOs)	23	32	55	61	146
Other revenue	3	7	5	12	21
Revenue	788	885	1 541	1 669	3 228
Direct opex	- 321	- 358	- 621	- 634	- 1 359
Segment earnings	467	527	919	1 035	1 869
Segment earnings in %	59%	60%	60%	62%	58%

	2024	2023	2024	2023	2023
	Quarter 2	Quarter 2	6 months	6 months	Full Year
Cash collections ¹	1 386	1 513	2 659	2 761	6 164
Secured collection performance %	155%	152%	159%	164%	234%
Unsecured collection performance %	111%	108%	108%	106%	105%
Total collection performance %	116%	113%	114%	114%	123%
Portfolio investments ¹	337	795	627	1 562	2 741
Book value secured NPLs	1 639	2 700	1 639	2 700	1 832
Book value unsecured NPLs	9 508	10 195	9 508	10 195	9 710
Book value investments in joint ventures	813	818	813	818	781
Book value collateral assets (REOs)	1 360	1 516	1 360	1 516	1 339
Revenue from sale of collateral assets	80	104	176	179	499
Cost of collateral asset sold	- 57	- 68	- 121	- 114	- 351
Write-down of collateral asset	0	- 4	0	- 4	- 2
Gain on sale of repossessed collateral assets (REOs)	23	32	55	61	146
Gain on sale of repossessed collateral assets (REOs) %	41%	45%	46%	52%	41%

1. Includes the Group's share of portfolios held in SPVs and joint ventures.

Segment details continued

All figures in NOK million unless otherwise stated

Servicing	2024	2023	2024	2023	2023
	Quarter 2	Quarter 2	6 months	6 months	Full Year
Internal servicing revenue	218	239	411	439	876
Servicing revenues from associated parties/joint ventures	23	27	41	45	89
Revenue from external clients	79	71	153	138	285
Revenue	319	337	605	622	1 250
Direct opex	-186	- 211	- 369	- 399	- 743
Segment earnings	133	126	236	223	506
Segment earnings in %	42%	37%	39%	36%	41%

Note 4 - Purchased loan portfolios

All figures in NOK million unless otherwise stated

	2024	2023	2024	2023	2023
	Quarter 2	Quarter 2	6 months	6 months	Full year
Opening balance	11 705	12 333	11 542	11 181	11 181
Portfolio investments in the period	337	790	627	1 393	2 570
Reclassification from investment in joint ventures ¹		5		156	157
Collection from purchased loan portfolios	-1 336	-1 439	-2 566	-2 691	-5 738
Interest revenue from purchased loan portfolios	569	636	1 145	1 228	2 473
Net credit gain/(loss) from purchased loan portfolios	166	167	277	288	366
<i>Whereof collection above/(below) estimates</i>	<i>187</i>	<i>170</i>	<i>320</i>	<i>341</i>	<i>1 056</i>
<i>Whereof changes in future collection estimates</i>	<i>- 21</i>	<i>- 3</i>	<i>- 43</i>	<i>- 52</i>	<i>- 690</i>
Book value of sold purchased loan portfolios	-24		- 24		- 452
Exchange rate differences	- 271	402	145	1 340	985
Closing balance	11 146	12 896	11 146	12 896	11 542

1. Amount reclassified from investment in joint ventures due to increased ownership from 30% to 100% of Profit Participating notes in portfolio owning SPV as of 16 January 2023

Net credit gain/loss from purchased portfolios

The Group purchases materially impaired loan portfolios at significant discounts and as such impairments are already included at purchase. The expected credit loss for the purchased loan portfolios is not explicitly recognized as a loss provision since these financial assets are credit impaired by definition and the estimated loss is already part of the amortized cost. The Group's exposure to credit risk from the purchased loan portfolios is related to actual collections deviating from collection estimates, as well as from changes in future collection estimates. The Group regularly evaluates the current collection estimates on single portfolios and the estimate is adjusted if collections are determined to deviate from current estimate over time. The adjusted collection estimate is discounted by the initial rate of return at acquisition of the portfolio. Changes from current estimate adjust the book value of the portfolio and are included in the income statement in the line item "Net credit gain/(loss) from purchased loan portfolios". The portfolios are evaluated quarterly. Collections above collection estimates and upward adjustments of future collections estimates increase revenue. Collections below collection estimates and downward adjustments of future collection estimates decrease revenue.

Payment of loan portfolios, cash flow statement

The following table reconciles the difference between "Purchase of loan portfolios" in cash flow statement and other statements:

	2024	2023	2024	2023	2023
	Quarter 2	Quarter 2	6 months	6 months	Full year
Portfolio investments in the period	- 337	- 790	- 627	-1 393	- 2 570
Change in prepaid amounts and amounts due on portfolio purchases	- 5	- 5	- 8	- 33	- 14
Payment of loan portfolios, cash flow statement	- 342	- 795	- 635	-1 426	- 2 584

Note 5 – Financial instruments

All figures in NOK million unless otherwise stated

Please refer to note 4 for specific disclosures regarding purchased loan portfolios.

Fair value of financial instruments

Almost all of B2 Impact's financial assets and liabilities are initially recognised at fair value and subsequently measured at amortised cost. For these instruments amortised cost is assessed to be a representative or close estimate to fair value.

Financial risk

The strategy of the Group is to manage and limit both currency and interest rate risk. The Group holds various derivative financial instruments with the purpose of reducing its interest rate exposure and achieving a suitable currency ratio between its assets and liabilities. At quarter end the fair value of the currency derivatives was NOK 0m and the fair value of the interest rate hedging derivatives was NOK 13m. The interest rate hedging ratio was 57%

The changes in fair value of the designated hedging instruments (interest swaps and interest caps) of NOK 7m are reported in Other Comprehensive Income. Changes in carrying amount of net investment hedge instruments as a result of foreign currency movements of NOK -22m are also reported in Other Comprehensive Income.

Please refer to the Risk Management section in the Group's 2023 Annual Report and Group financial statement note 4.2 for further information.

Net financial items

All figures in NOK million

	2024	2023	2024	2023	2023
	Quarter 2	Quarter 2	6 months	6 months	Full Year
Interest revenue	1	6	14	12	25
Other financial income	1	0	4	1	1
Financial income	1	6	18	13	26
Interest expenses	- 245	- 257	- 496	- 502	-1 044
<i>Interest cost and commitment fees</i>	- 226	- 236	- 457	- 459	- 956
<i>Amortisation of borrowing costs</i>	- 19	- 21	- 39	- 43	- 87
Change in fair value of interest rate derivatives	- 1	- 4	- 1	- 6	- 15
Interest expense on leases	- 3	- 3	- 6	- 6	- 12
Other financial expenses ¹	- 3	1	- 4	- 13	- 53
Financial expenses	- 252	- 263	- 507	- 527	-1 124
Realised exchange gain/(loss)	8	- 80	- 356	- 237	- 311
Unrealised exchange gain/(loss)	- 6	76	363	233	298
Change in fair value of currency derivatives	0	0	0	0	0
Net exchange gain/(loss)	2	- 4	7	- 4	- 12
Net financial items	- 248	- 261	- 481	- 518	-1 110

1. Includes NOK 32m Impact in Full year 2023 in connection with the divestment of the Bulgarian business.

Note 6 - Interest bearing loans and borrowings

All figures in NOK million unless otherwise stated

	30 June 2024		31 December 2023	
	Current	Non-current	Current	Non-current
Multi-currency revolving credit facility		4 118		4 489
Bond loans		5 078	2 245	3 329
Senior Facility Agreement				152
Bank overdraft	339		225	
Total	339	9 196	2 470	7 970

The Group is financed by a combination of multi-currency Revolving Credit Facility (RCF), Senior Facility Agreement (SFA) and Bond loans. At quarter end EUR 395m was utilised from the EUR 610m RCF leaving total available undrawn facility lines of EUR 215.

The Group's loan agreements have several operational and financial covenants, including limits on certain key indicators, which have all been complied with at quarter end.

For more information about the Group's financing, please refer to note 24 in the Group's consolidated financial statement 2023

Note 7 – Share Capital and other paid-in capital

Ordinary shares have a nominal value of NOK 0.10 each. The number and value of authorised and registered shares, and the amount of other paid-in capital, being the premium on shares issued less any transaction costs of new shares issued, was as follows:

	Number of shares ¹	Share capital NOK million	Other paid-in capital ² NOK million
At 31 December 2023	387 180 824	39	2 844
At 30 Jun 2024	387 180 824	39	2 844
At 22 August 2024 (date of completion of these interim condensed financial statements)	387 180 824	39	2 844

1. Including treasury shares purchased in share buy-back program commenced 26 May 2023
2. Net proceeds after transaction costs

On 23 May 2024, the date of Annual General Meeting 2024, a total of 19,348,672 shares were bought back in the Company's third share buy-back program commenced 26 May 2023. The average price were NOK 6.81, decreasing the equity attributable to the Company's shareholders by NOK 128 million. After sale of 700,000 of its own shares in fourth quarter 2023 to honour obligations in connection with employee incentive arrangement, the Company held a total of 18,648,672 own shares (treasury shares).

The cancellation of the Company's 18,648,672 treasury shares were approved by the Annual General Meeting 2024 and is expected to be effectuated in third quarter 2024.

The Annual General Meeting 2024 approved that approximately NOK 31 million of the remaining capacity under the share buy-back program initiated in May 2023 were distributed to the Company's shareholders together with a cash dividend for 2023 of NOK 0.62 per share. A total dividend and distribution for 2023 of NOK 0.70 per share were distributed to 3 June 2024.

Note 8 – Share based payments

Originally 4,010,000 share options expired 25 June 2024. For 3,370,000 of these share options the expiry date were prolonged to 25 June 2025 giving effective expire of 640,000 share options in second quarter 2024.

No share options were granted or forfeited in the second quarter.

At the date of these interim financial statements there are 9,116,667 share options outstanding.

Alternative performance measures

The interim financial information of the Group has been prepared in accordance with International Financial Reporting Standards (IFRS® Accounting Standards) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The Group presents alternative performance measures (APMs) which do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies.

The APMs are regularly reviewed by Management and their aim is to enhance stakeholders' understanding of the Group's performance and to enhance comparability between financial periods. The APMs are reported in addition to but are not substitutes for the financial statements prepared in accordance with IFRS.

The APMs provide a basis to evaluate operating profitability and performance trends, excluding the impact of items which in the opinion of Management, distort the evaluation of the performance of the operations. The APMs also provide measures commonly reported and widely used by investors as an indicator of the Group's operating performance and as a valuation metric of debt purchasing companies. Furthermore, APMs are also relevant when assessing the ability to incur and service debt.

APMs are defined consistently over time and are based on the financial data presented in accordance with IFRS.

Alternative performance measures - reconciliation

All figures in NOK million unless otherwise stated

	2024	2023	2024	2023	2023
	Quarter 2	Quarter 2	6 months	6 months	Full Year
Revenue	1 090	1 031	1 972	1 945	3 775
Add back Amortisation of purchased loan portfolios	580	633	1 101	1 122	2 209
Add back Revaluation of purchased loan portfolios	21	3	43	52	690
Adjust for Repossession of collateral assets	- 52	- 60	- 121	- 166	- 276
Add back cost of asset sold	186	72	249	128	364
Adjust for Profit from investments in associated parties/joint ventures	- 27	- 43	- 57	- 79	- 222
Add Cash received from investments in associated parties/joint ventures	21	30	37	57	202
Adjust for Non-recurring items					
Cash revenue	1 819	1 666	3 224	3 060	6 743
Adjust for Other cash revenues	- 433	- 153	- 566	- 299	- 579
Cash collections	1 386	1 513	2 659	2 761	6 164

	2024	2023	2024	2023	2023
	Quarter 2	Quarter 2	6 months	6 months	Full Year
EBIT	557	471	911	846	1 578
Add back Depreciation, amortisation and impairment losses	23	28	45	57	106
EBITDA	579	499	956	903	1 684
Add back Amortisation of purchased loan portfolios	580	633	1 101	1 122	2 209
Add back Revaluation of purchased loan portfolios	21	3	43	52	690
Adjust for Repossession of collateral assets	- 52	- 60	- 121	- 166	- 276
Add back Cost of assets sold	186	72	249	128	364
Adjust for Profit from investments in associated parties/joint ventures	- 27	- 43	- 57	- 79	- 222
Add Cash received from investments in associated parties/joint ventures	21	30	37	57	202
Adjust for Non-recurring items	17	18	22	45	111
Cash EBITDA	1 325	1 152	2 230	2 062	4 762

Alternative performance measures - reconciliation

All figures in NOK million unless otherwise stated

	2024	2023	2024	2023	2023
	Quarter 2	Quarter 2	6 months	6 months	Full Year
EBIT	557	471	911	846	1 578
Non-recurring items, of which:					
Personnel expenses	14	10	20	22	67
Other operating expenses	2	8	2	22	43
Impairment		8		8	8
Non-recurring items impacting EBIT	17	25	22	52	118
Adjusted EBIT	573	496	933	898	1 696
External expenses of services provided	- 143	-142	- 285	- 262	- 533
Personnel expenses	- 248	- 262	- 489	- 519	-1 027
Other operating expenses	- 120	- 128	- 242	- 262	- 532
Adjust for non-recurring items	17	18	22	45	111
Opex	- 494	- 514	- 994	- 998	-1 981
Non-recurring items impacting EBIT	17	25	22	52	118
Other non-recurring items	0		- 3		36
Total non-recurring items	17	25	20	52	154

Alternative performance measures - reconciliation

All figures in NOK million unless otherwise stated

Total Loan to Value

Total Loan to Value is a financial covenant in the RCF agreement and is calculated accordingly.

	2024	2024	2023	2023
	30 Jun	31 Mar	31 Dec	30 Sep
Bond loan (nominal value) ¹	5 128	5 265	5 620	5 627
Revolving Credit Facility (nominal value) ¹	4 165	4 662	4 533	4 234
Senior Facility Agreement (nominal value) ¹			178	485
Vendor loan	24	29	26	12
Net cash balance including overdraft	- 790	- 743	-1 180	- 849
Total loan	8 527	9 212	9 177	9 508
Purchased loan portfolios	11 146	11 705	11 542	11 588
Investment in associated companies and joint ventures	813	830	781	756
Other assets ²	1 120	1 540	1 523	1 548
Book value	13 079	14 074	13 846	13 891
Total Loan to Value % (TLTV)³	65%	65%	66%	68%

1. Bond loans, Revolving Credit Facility (RCF) and Senior Facility Agreement (SFA) are measured at nominal value according to the definitions of the financial covenants. In the condensed consolidated statement of financial position this is included in "Non-current interest bearing loans and borrowings" and "Current interest bearing loans and borrowings", with bonds measured at amortised cost and RCF and SFA at linear cost.

2. Included in "Goodwill", "Loan receivables" and "Collateral assets" in the condensed consolidated statement of financial position.

3. Senior Facility Agreement and Total loan per end of 31 December 2023 are restated in quarterly interim reports 2024. Previously reported as respectively NOK 171 million and NOK 9,171 million, giving a minimal changes of TLTV from 66.2 % to 66.3 %.

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 continued

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).

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