# Annual report 2023

impact

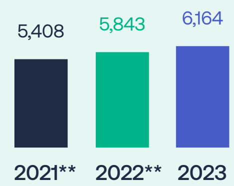
# Contents

# About B2 Impact

1

# Key figures

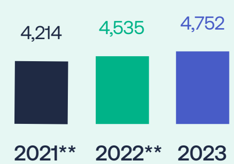
### Cash collections (NOKm)




### Estimated Remaining Collections* (ERC)

| | |
|---|---|
| 2021** | 22,388 NOKm |
| 2022** | 22,010 NOKm |
| 2023 | 22,504 NOKm |

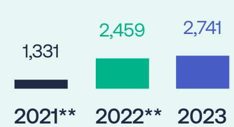
### Cash EBITDA (NOKm)




### Key financial figures

| NOKm | 2023 | 2022 |
|---|---|---|
| Net revenues | 3,755 | 3,085 |
| Adj. EBIT | 1,696 | 1,334 |
| EBIT | 1,578 | 1,029 |
| Adj. Net profit | 483 | 564 |
| Net profit | 363 | 326 |
| Gross collections | 6,008 | 4,936 |
| Cash revenue | 6,733 | 5,695 |
| Leverage ratio | 1.90x | 2.26x |
| Equity ratio | 33 % | 32 % |
| Adj. Basic earnings per share (EPS) | 1.27 | 1.41 |
| FTEs | 1,607 | 1,885 |

### Portfolio investments




*Including the Group's share of portfolios purchased and held in joint ventures.
**In constant FX

# Sustainability higlights

## Fair treatment and satisfaction of customers

**8 of 10**

surveyed customers said that they were satisfied with our services in 2023.

## Quality standards

**91 %**

of all audited calls and quality controls fulfilled collection standards.

## Employee wellbeing

**80/100**

engagement score in annual employee engagement survey.

## Work life balance

**80 %**

of our locations have measures in place supporting work life balance.

## Anti-corruption and anti-bribery

**91 %**

of employees received training on anti-corruption.

## Anti-corruption

**0**

Zero confirmed incidents of corruption.

# This is B2 Impact

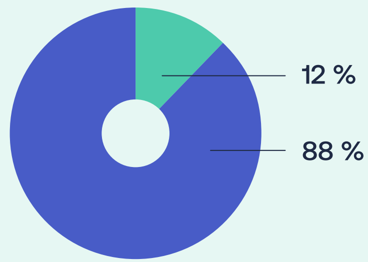
## A professional and reliable debt management specialist

B2 Impact ASA is one of the leading pan-European debt management companies. We offer solutions to the challenges created by defaulted loans, and provide liquidity to financial institutions, contributing to a healthier financial system. B2 Impact promotes lasting financial improvement through transparent and ethical debt management. Our business is about people and creating shared value for business and society. Being a socially responsible creditor and a trusted solution provider for our partners are fundamental in our way of doing business.

Our approach to sustainability focuses on four core pillars:
1. Customer knowledge
2. Sustainable value chain
3. Attractive work environment
4. Transparent ESG management

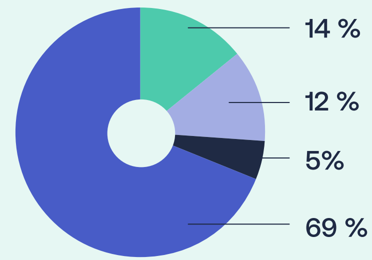
To support this approach, the Group's Sustainability Policy sets out how B2 Impact delivers on sustainability objectives and its expectations for employees and representatives. B2 Impact actively develops sustainability competence as the Group works to establish an internal sustainability culture.

### Estimated Remaining Collections (ERC)



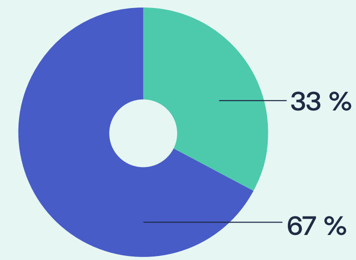

- Unsecured 88 %
- Secured 12 %

### Revenue split




- NPL portfolio income, total 69 %
- Profit from shares and participation loan/notes in associated companies and joint ventures 5%
- Revenue from sale of collateral assets 12 %
- Other operating revenues 14 %

### Gender distribution




- Male 33 %
- Female 67 %

As a signatory of the United Nations Global Compact (UNGC), B2 Impact supports the UN's 10 Principles and the Sustainable Development Goals (SDGs). Since 2021, we have pledged to continually improve their integration into our business strategy, culture, and operations. We report on our journey in our annual Communication on Progress (CoP). Furthermore, our Sustainalytics risk rating of 8.7 indicates that we are a negligible risk and a top performer in our sector.

## Business lines

The Group's main business lines are Investments and Servicing. The Group focuses on granular consumer NPLs, and retail and corporate secured NPLs, owned and serviced for JV partners.

**Unsecured markets:**

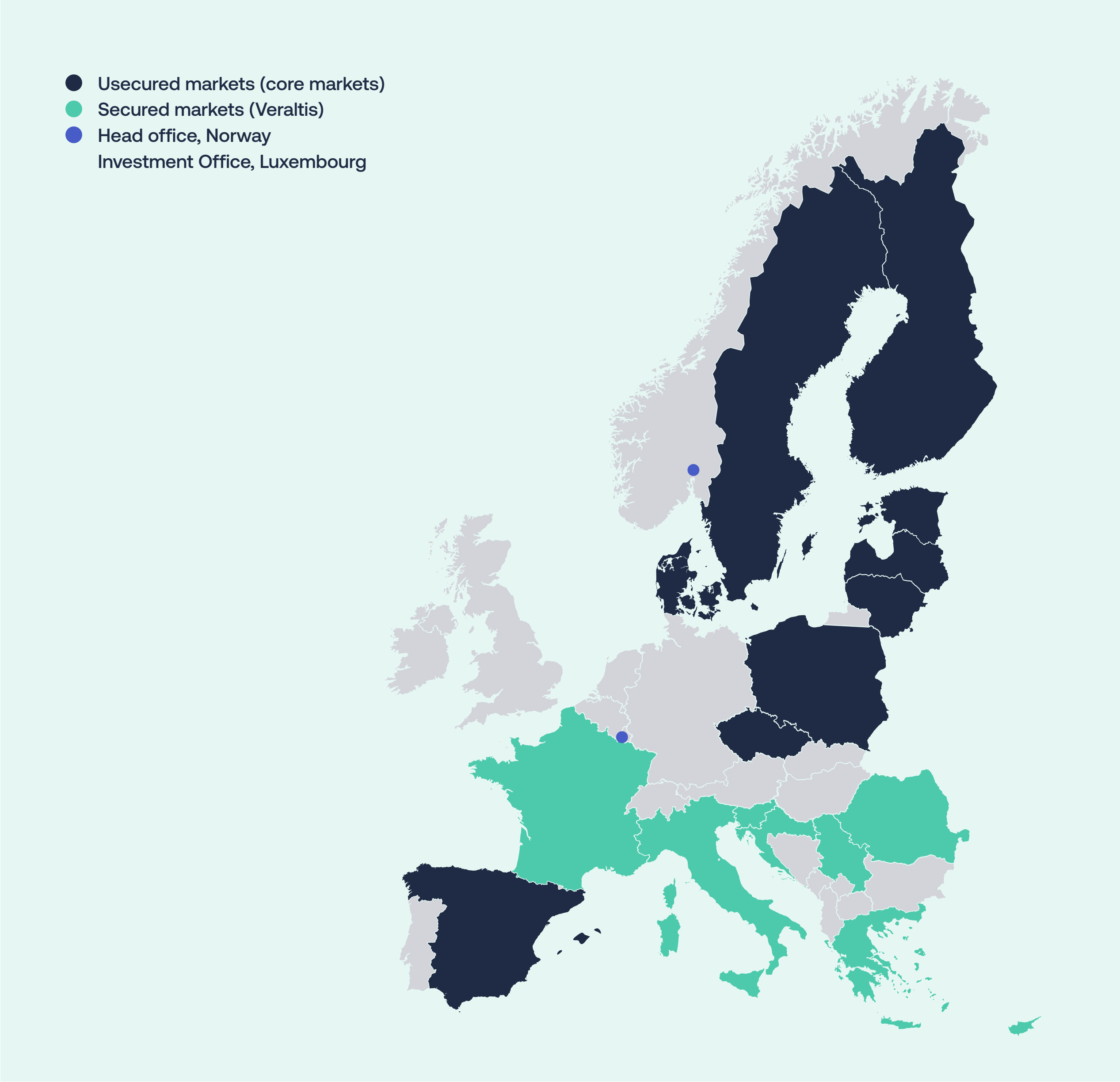
Sweden, Denmark, Finland, Estonia, Latvia, Lithuania, Poland, Spain, Czech Republic

**Secured markets (Veraltis Asset Management):**

Italy, France, Romania, Greece, Cyprus, Slovenia, Croatia, Serbia

## Offices

Norway, Head office
Luxembourg, Investment office



# A strong financial position in a market with improving returns

2023 can be summarised as a year with many challenges but also many positives. The main challenges for the industry have been continued inflationary pressure and increasing interest rates translating into higher cost of financing. Compared with 2022 our cost of financing almost doubled, but we countered this by delivering stable results and a dividend capacity around the same level as the previous year. Strong cash flow, low leverage and improved efficiency, positions B2 Impact to be able to take advantage of a more favourable competitive environment and a market with improving returns.

During 2023, our operational focus has been on cost reducing efforts through organisational changes and investments in technology that increase our efficiency and scalability in the future. We have also focused on reducing our footprint, exiting Bulgaria as announced in the third quarter and signing an agreement for the sale of our assets in Montenegro late in the fourth quarter. Our focus to reduce footprint and concentrate capital in fewer markets will continue in 2024.

Performance through the year has been strong, with overperformance in collections in all quarters. Unsecured collections ended at 105 % versus latest forecast for the full year. Secured collections were also strong, and we collected close to NOK 500 million on our largest secured claim in the fourth quarter which contributed to a very strong cash flow for the full year. Real estate owned (REO) sales were also solid, with sales proceeds of NOK 499 million for REOs in 2023 which was 41 % over book value.

Our deleveraging efforts continued in 2023, and our leverage ratio decreased from 2.26x to 1.90x at the end of year. Coupled with strong cash flow, we were able to increase our investments from the previous year. In January this year, we issued a new EUR 100 million bond at favourable terms, and followed on with a tap issue of EUR 50 million at even better terms in the first quarter of 2024. Our blended cost of debt has consequently been reduced, and our aim is to reduce it even further during 2024 via an active hedging policy and better financing terms.

We observed a shift in many of our markets during 2023. Following a period of lower returns due to price pressure following increased competition with a significant inflow of capital to the industry, we now see a more favourable competitive environment and improved returns. We currently observe capital constraints in the industry, whilst B2 Impact has reduced its debt by around EUR 400 million over the last four years. During the year we invested more than NOK 2.7 billion which was well within our guided full year target of NOK 2.5 to 3 billion. Furthermore, we entered 2024 with committed investments of over NOK 700 million, which is around twice the volume that was committed at the end of the previous year.

On September 29 we announced our new company name and brand, B2 Impact. “Operate as One” is one of the key elements of our strategy to increase operational, commercial, financial and cultural alignment across the Group. The new brand will be rolled out in all core markets during 2024 to increase recognition across our markets and strengthen both our internal culture and our commercial activities.

Fair treatment and high customer satisfaction is our main priority and where our sustainability impact is most material. Our objective is to find amicable solutions that lead to beneficial outcomes for all parties, which is achieved by providing necessary training to our employees and by keeping a close dialogue with customers, for example through the customer survey. We are proud that 78 % of respondents in our customer survey are saying that they are satisfied with our services and that many of our customers have managed to become debt-free in 2023. We are also proud that our employee satisfaction is high (mapped through the annual employee engagement), as we believe that a friendly and inclusive working environment is crucial for providing high-quality services.

We recognise that our business activities can also entail actual and potential negative impacts, both across our organisation’s own activities and in our value chain, and it is important that such impacts are properly addressed. According to our materiality assessment, negative impacts are mainly linked to cyber security and ethical misconduct. To mitigate such risks, we have established high ethical standards that clearly communicate our expectations and aim to promote a responsible corporate culture. We have also strengthened our work on human rights and decent working conditions in our supply chain, as demonstrated in the 2023 Transparency Act report.

Going forward we will put more efforts into mapping sustainability and governance initiatives across the different companies in the Group, with the aim to provide a transparent presentation of our results to date, and to set Group-wide goals and targets for the future.

The approved share buy-back program has been carried out according to plan. By the end of the year 18.9 million shares were acquired with a weighted average price per share of NOK 6.79 and representing 5 % of outstanding shares. As stated previously, our continued focus is to deliver shareholder value through solid performance, low leverage and shareholder distributions. The Board has proposed a dividend of NOK 0.70 per share for the financial year of 2023.

## Outlook

Going into 2024, we anticipate an improved market for portfolio investments. We will continue to remain disciplined in our approach. We invested in portfolios with improved returns throughout 2023 and we believe further improvements can be made. We also see a potential to further improve efficiency and economies of scale, and a higher degree of automation and increased use of AI powered tools will contribute to this. We will also have a continued focus on concentration of footprint.

After a period of declining NPL volumes we now observe an increase in reported NPL levels in European banks. Stage 2 loans have increased in many of our markets, and we also expect additional NPL volumes from secondary trades by industry players and financial investors. As such, we could see the beginning of a new cycle in the NPL industry where returns are improving after a period of price pressure. B2 Impact is in a strong financial position and well placed to take advantage of an improving market for NPL investments.

Finally, I would like to express my gratitude to all of our employees for contributing to our strong results. I would also like to thank our shareholders, bondholders, and other stakeholders for their continued trust in us. We look to the future with optimism and our focus remains on maintaining our solid performance and delivering strong cash flow.

Oslo, 25 April 2024

Erik J. Johnsen
*Chief Executive Officer*

# The share

B2 Impact's objective is to create long-term sustainable value for its owners, through stable performance and results and with competitive returns through dividend and share buy-back programs.

## Share data

Based on the last trade on 29 December 2023, which was at NOK 7.35, B2 Impact's market capitalisation was NOK 2,845 million as of the same date. The highest closing price quoted during the year was NOK 7.91 on 2 January 2023, and the lowest closing price was NOK 6.38 on 28 June 2023. During 255 trading days in 2023, a total of 99,001,335 B2 Impact ASA shares were traded. The average daily trading volume of the B2 Impact ASA shares on the Euronext Oslo Stock Exchange in 2023 was 388,240, equivalent to 0.10 % of the total number shares.

## Share capital

At year-end 2023, B2 Impact's share capital amounted to NOK 38.7 million, divided among 387,180,824 shares and corresponding to a nominal value of NOK 0.10 per share. There is one class of shares, and all shares are treated equally. The shares are freely negotiable and with equal rights to vote and equal entitlement to B2 Impact's profit and dividend.

## Ownership structure

The number of shareholders was 4,435 per year-end 2023, a 9.2 % decrease from 4,884 at year-end 2022. According to the shareholder register maintained by the Norwegian Central Securities Depository (VPS), 95.36 % of B2 Impact's shares are owned by Nordic investors.

## Dividend and share buy-back

The dividend policy aims for shareholder returns of up to 50 % of the company's adjusted net profit (both in cash and in distribution in kind as share buy-back programs of own shares). The Board of Directors considers applicable legal restrictions, capital expenditure requirements, the financial conditions, general business conditions and contractual obligations when assessing the company's ability to pay dividends.

Under the share buy-back program that was initiated on 25 May 2023 and concluded on 12 January 2024, 19,348,672 shares were bought back at an average price of NOK 6.81 per share, corresponding to 5.00 % of the outstanding shares and decreasing the equity attributable to parent company shareholders by NOK 132 million. After the use of 700,000 treasury shares to honour obligations in connection with employee incentive arrangements, B2 Impact ASA owns a total of 18,648,672 own shares, corresponding to 4.82 % of B2 Impact ASA's share capital. As in previous years, it will be proposed to the Annual General Meeting 2024 to decrease the parent company's share capital and other paid in capital by cancellation of its 18,648,672 treasury shares acquired under the share buy-back program.

For the financial year 2023, the Board proposed to the Annual General Meeting a cash dividend of NOK 228 million equivalent to NOK 0.62 per share. In addition, the Board proposed that the unused capacity of the latest share buy-back program is paid out as additional cash dividend. The unused capacity amounts to NOK 31 million equivalent to NOK 0.08 per share. Total proposed dividend is NOK 0.70. Based on the last price paid on 29 December 2023 (NOK 7.35), the proposed cash dividend represents a dividend yield of 9.5 %.


B2I Share price rebased
OSEBX rebased
120,0
100,0
80,0
60,0
40,0
20,0
0,0
Jan-23
Mar-23
May-23
Jul-23
Sep-23
Nov-23


Volume '000
Share price
9,00
8,00
7,00
6,00
5,00
4,00
3,00
2,00
1,00
0,00
12 000
10 000
8 000
6 000
4 000
2 000
0
Jan-23
Mar-23
May-23
Jul-23
Sep-23
Nov-23

## 20 largest shareholders per 31.12.2023

| % of total share | Investor |
|---|---|
| 13.67 | PRIORITET GROUP AB |
| 13.27 | RASMUSSENGRUPPEN AS[1] |
| 8.26 | VALSET INVEST AS |
| 7.88 | STENSHAGEN INVEST AS |
| 4.65 | B2 IMPACT ASA |
| 4.23 | DNB MARKETS AKSJEHANDEL/-ANALYSE |
| 3.46 | SKANDINAVISKA ENSKILDA BANKEN AB |
| 2.58 | GULEN INVEST AS |
| 2.12 | DUNKER AS |
| 2.12 | RUNE BENTSEN AS |
| 2.11 | VERDIPAPIRFONDET STOREBRAND NORGE |
| 1.50 | GREENWAY AS |
| 1.05 | VPF DNB AM NORSKE AKSJER |
| 1.03 | STIFTELSEN KISTEFOS |
| 0.90 | LIN AS |
| 0.77 | F2KAPITAL AS |
| 0.74 | JPMORGAN CHASE BANK, N.A., LONDON |
| 0.74 | RANASTONGJI AS |
| 0.62 | DIRECTMARKETING INVEST AS |
| 0.59 | ARTEL AS |
| 27.71 | OTHER |
| **100.00** | **Total** |

## Ownership structure per 31.12.2023

| Size class | No of shares | Capital/votes % | No of owners | Owners % |
|---|---|---|---|---|
| 1 - 1,000 | 727,800 | 0.2 | 1,951 | 44.0 |
| 1,001 – 10,000 | 6,547,635 | 1.7 | 1,629 | 36.7 |
| 10,001 – 100,000 | 22,172,005 | 5.7 | 652 | 14.7 |
| 100,001 – 1,000,000 | 47,696,264 | 12.3 | 161 | 3.6 |
| 1,000,001 – 5,000,000 | 63,435,193 | 16.4 | 30 | 0.7 |
| 5,000,001 – 10,000,000 | 30,357,050 | 7.8 | 4 | 0.1 |
| 10,000,001 – 53,000,000 | 216,244,877 | 55.9 | 8 | 0.2 |
| **Total** | **387,180,824** | **100.0** | **4,435** | **100.0** |

## Geographical distribution of shareholders per 31.12.2023

| | % |
|---|---|
| Norway | 79.65 |
| Sweden | 15.00 |
| United States | 1.37 |
| United Kingdom | 1.25 |
| Ireland | 1.12 |
| Finland | 0.49 |
| Luxembourg | 0.27 |
| Switzerland | 0.20 |
| Denmark | 0.23 |
| Others | 0.42 |
| **Total** | **100.00** |

1. *Total shareholdings of Rasmussengruppen AS includes shareholdings of its wholly owned subsidiaries Portia AS, Cressida AS and Viola AS*

# Governance

2

# Corporate governance

Transparent and efficient corporate governance drives healthy and sustainable business practices. Good governance ensures reliable financial reporting, adherence to legislation and regulations across the Group, alignment of our stake-holders' interests, and, ultimately, long-term value.

## Governance

B2 Impact is subject to the corporate governance reporting requirements set out in Section 3-3b of the Norwegian Accounting Act, the Norwegian Public Limited Liability Companies Act ("PLCA"), the Oslo Stock Exchange Rulebook II – Issuer Rules, and to the Norwegian Code of Practice for Corporate Governance issued by NUES ("Code"), each freely available at lovdata.no, oslobors.no and nues.no.

This report constitutes an integral part of the Directors' report and follows the "comply or explain" methodology used in the Code.

## 1. Implementing and reporting of corporate governance

The Board of Directors of B2 Impact ASA ("the Board") promotes sustainable business practices and believes that good governance is a driver for long-term shareholder value. The Board actively adheres to corporate governance standards and ensures B2 Impact complies with the requirements of section 3-3b of the Norwegian Accounting Act and the Code. Our Corporate Governance Principles are subject to annual review and discussion by the Board and can be found on the Company's webpage.

B2 Impact is committed to sound business practices, open and transparent communication, and adherence to all applicable laws and regulations across the board. To this effect, B2 Impact has implemented and continuously updates policies setting out the principles on how its business should be conducted. These policies and principles reflect our core vision (be a trusted partner that actively re-shapes the credit management industry), our core values (*Agility, Integrity, Diversity, Excellence and Responsibility (AIDER)*), and apply throughout the entire Group. B2 Impact complies with the Code unless explicitly stated below.

## 2. Business

B2 Impact is one of the leading European debt management companies active in debt purchase, debt collection and third-party debt collection. It has as corporate objective "... to engage in investments, participation in and the administration of other companies engaged in acquisitions, and the management and collection of receivables and other activities in connection with the above."

B2 Impact endeavours to build financial health through transparent and ethical debt management, by providing liquidity to financial institutions, contributing to a healthier financial system, and impacting the financial situation of our customers by offering sustainable solutions to handle their debt. The Group has approximately 1,700 employees across the markets it operates in and is headquartered in Oslo.

B2 Impact's objectives, strategies, risk profiles and goals are assessed and evaluated annually with a view to generating financial results for its stakeholders but also to yield positive social effects for broader society.

B2 Impact believes that its business should create value for its shareholders in a sustainable manner. Sustainability starts with corporate culture, values and our approach to doing business.

In pursuing its objectives, B2 Impact, in line with our values of integrity and responsibility, acknowledges its responsibility regarding climate and environment, social issues, and proper corporate governance. Whether it is commitment to human rights and labour rights, tackling corruption, preventing environmental harm, or other unethical behaviour. For further information, see the sustainability sections which constitutes an integral part of the Directors' report.

B2 Impact furthermore commits to: openness and transparency in communication with its stakeholders; independence in the relationship between its Board, the Management, and its shareholders to ensure decisions are made on an unbiased and neutral basis; practices equal treatment and equal rights for all shareholders, and; maintains adequate routines and systems for internal controls, and risk management.

B2 Impact believes that maintaining sound corporate governance mechanisms secures continuity and predictability, secures adherence to our fundamental values and ethical guidelines, and reduces the level of risk for all our stakeholders.

## 3. Equity and dividends

B2 Impact endeavours to pursue a clear and consistent dividend policy, which aims for shareholder returns of 50 % of the Company's adjusted net profit after tax (both in cash and in distribution in kind, as share buy-back programs of treasury shares).

This policy forms the basis for the Board's proposals to the Annual General Meeting on dividend payments and is available on the Company's webpage. The Board's dividend proposals are always subject to the applicable legal restrictions, and to an assessment of the Company's capital structure. This assessment includes liquidity and solidity risk, market opportunities, timing effect from portfolio recoveries, financial covenants, general business conditions and any capital restrictions at the time of the dividend to be assessed and paid.

All distributions, whether in cash or in kind, initiated by the Board always take place within the limits set out in the authorisation from the General Meeting.

The Board continuously assesses the Company's and overall Group's capital structure and will take adequate steps should the Company's equity or funding structure no longer be appropriate to its objective and risk profile. All mandates granted by the General Meeting to the Board to increase the Company's share capital or to purchase treasury shares are restricted to their defined purposes and are limited in time, maximum up to the date of the next relevant Annual General Meeting.

## 4. Equal treatment of shareholders

B2 Impact commits to treating all shareholders on an equal basis. Reasonable differentiation is only appropriate if there are justified factual grounds, and these are approved by the general meeting.

In the event of an increase in share capital through the issuance of new shares, a decision to waive existing shareholders' pre-emptive rights to subscribe to shares could be justified. If the Board resolves to have existing shareholders' pre-emptive rights waived, a justified proposal will be submitted to the general meeting. Both the approval and justification will be disclosed in a stock exchange announcement in connection with the share capital increase.

Any transactions carried out by B2 Impact involving own shares is carried out through the stock exchange at the prevailing rates and subject to ongoing disclosure. B2 Impact may acquire own shares with a total nominal value of up to 10 % of its share capital, organised through external bank mandate under the "safe harbour" exemption.

Subject to the PLCA and IFRS, specific approval mechanisms apply to "related party transactions", and B2 Impact discloses all "related party transactions".

## 5. Shares & negotiability

B2 Impacts shares are freely negotiable, in one class, and each share carries one vote. There are no restrictions on ownership, transferability or voting rights linked to the shares.

Members of the Board and the executive management are encouraged to own shares in the company. These shareholdings are disclosed on the Company's webpage. All transactions by these persons (and their close associates) in the shares, and other financial instruments of B2 Impact, are disclosed to the market in accordance with the Market Abuse Regulation.

## 6. General meetings

In accordance with the PLCA and the Company's articles of association, the Board convenes the general meeting(s). Notice to all shareholders (or their depository institution) is given no less than three weeks prior to the general meeting, and the registration deadline is set as close as possible to the date of the general meeting. The notice includes information on registration, participation, voting, advance voting, and the use of proxies.

The Board has the option to hold the general meeting(s) as a physical or an electronic meeting. Shareholders who are unable to attend are given the opportunity to vote by proxy or cast their votes by electronic means in advance. A proxy form will be made available and is set up so that it is possible to vote on each of the agenda items and for candidates that are nominated for election, individually.

All shareholders listed in the shareholders' register on the record date are entitled to attend the general meeting, either in person or by proxy, to ask questions and to vote relative to their respective shareholdings. Shareholders can vote on each individual matter, including on each individual candidate nominated for election.
B2 Impact adheres to the principle of distributing sufficiently detailed and comprehensive information in advance, allowing shareholders to form a good view on all relevant matters.

The Chair of the Board, the CEO and the Chair of the Nomination Committee are present at the general meeting. The Board will ensure that the general meeting is able to elect an independent chair to the meeting. Board members are encouraged to attend the general meetings.

The minutes of the general meetings are distributed through Oslo Stock Exchange and published on the Company's website.

## 7. Nomination committee

B2 Impact has, in accordance with its articles of association, established a Nomination Committee consisting of three members. The members as well as the Chair of the Nomination Committee are elected by the annual general assembly for a period of two years.

The majority of the Nomination Committee members are independent from Board and Management. Neither the CEO nor other members of Management are members of the Nomination Committee.

The objectives, responsibilities and functions of the Nomination Committee are described in "Instructions for the Nomination Committee", as disclosed on the Company's webpage. These instructions are adopted by the annual general assembly.

The Nomination Committee submits recommendations to the general meeting for candidates for the election of (a) members to the Board, (b) the Chair of the Board, (c) members and chair of the Nomination Committee, (d) other sub-committees of the Board, (e) and recommendations as to the remuneration for the Board and Nomination Committee.

The Nomination Committee's recommendations take into account the guidelines of the Code regarding the composition and independence of the Board. Recommendations include motivated grounds, justification and particularly include information on each candidate's competence, experience, capacity, and independence. They consider ownership interests in the company, assignments carried out for the company, and assignment for other companies and organisations.

Recommendations of candidates to the Nomination Committee shall ensure a broad cross-section of the shareholders as well as a balance regarding independence.

To carry out its monitoring as effectively as possible, the Nomination Committee has individual discussions with the members of the Board and the CEO.

## 8. Board: composition and independence

Conform the Code and our corporate governance principles the majority of the Board members are independent of the Company's Management, the Company's majority shareholders (a shareholder who owns 10 % or more of the Company's shares), and material business contracts or material business connections. Board members do not have specific engagements towards the Company other than their duties as Board members. No members of Management are member of the Board.

The Board aims to maintain a balanced gender composition, practicing the 40 % men, 40 % women, and 20 % any gender for composition of the board.

The Chair of the Board is elected by the Annual General Meeting. Board members are elected for up to two years at a time and may be re-elected. The Company's annual report provides information regarding the expertise of the members of the Board, as well as their attendance in board meetings. The annual report distinguishes which Board members are independent.

## 9. Work of the board

Conform the PLCA the ultimate responsibility for the Company's activities in general, its management, and supervision of its day-to-day management, rests with the Board. The Board furthermore ensures that the activities of the Management are organised in a sound manner, keeps itself informed of the Company's financial position, plans the (long term) activities of the company, and ensures that the Company's accounts and assets (and the management thereof) are subject to adequate control.

The Board has issued "Board of Directors Rules of Procedure" which reflect the above responsibilities and regulate the activities of the Board. In addition, the Board has issued a separate instruction to the CEO which particularly focuses on a clear internal allocation of responsibilities and duties, as well as on providing the Board with sufficient, accurate, relevant, and timely information to carry out its duties.

These rules and instructions govern how the Board and Management must handle agreements with related parties, including amongst others whether independent valuations must be obtained. Board members must make the Company aware if they have a material interest in items considered by the Board, and the Board shall also disclose agreements related to any such interest to the annual general meeting and present them in the Directors' Report. Board members may not participate in Board discussions or decisions in matters where they or a close associate of them have a particular interest. If the Chair of the Board is personally involved, the Board's consideration of such matter is chaired by another member of the Board.

In the event of material transactions between the Company and its shareholders, a shareholder's parent company, members of the Board, executive personnel of the Group or close associates to any such party, the Board must arrange for an independent third-party valuation. Independent valuations are also procured for transactions between Group companies when any of those involved companies have minority shareholders.

The Board has introduced a Group Related Party Transactions Policy applicable for all Group entities, employees and for the Board itself which is available on the Company's webpage.

The objectives, responsibilities and functions of the Board and the CEO are revised annually and remain in compliance with the rules and standards applicable to the Group.

The Board has established an Audit Committee and a Remuneration Committee. Both the Audit Committee and the Remuneration Committee act as a working and preparatory committee for the Board, preparing matters and acting in an advisory capacity.

### Audit Committee

The duties and composition of the Audit Committee follow the PLCA and Section 3.1.3.6. of the Rulebook. Its objectives and responsibilities are revised annually and there are separate Instructions for the Audit Committee, available on the Company's webpage.

The members of the Audit Committee are elected by and from the members of the Board for a two-year term. The Audit Committee members must have the overall competence required by legislation, with at least one member of the Audit Committee competent in the field of finance and audit.

### Remuneration Committee

The Remuneration Committee follows the outline of the PLCA and ensures thorough and independent preparation of matters relating to the performance and remuneration of the CEO and the executive management. It reviews and prepares guidelines and reports on matters of remuneration or Group KPIs that are presented or recommened to the Board. Its objectives and responsibilities are revised annually.

The members of the Remuneration Committee are elected by and from the members of the Board for a two-year term, and the Board provides the details for the appointment of Board committees in the annual report. Separate Instructions for the Remuneration Committee are available on the Company's webpage.

### Annual evaluation

The Board evaluates its own performance and expertise annually. At the end of each Board meeting the Board furthermore has a separate agenda item where the Board, without the Management present, discusses matters and assessments that complement this annual evaluation.

## 10. Risk management & internal control

Integral to B2 Impact's risk management, the Audit Committee and the Board conduct regular evaluations of the Company's most important areas of exposure to risk. This also extends to the domains of compliance and sustainability. The Board furthermore evaluates risk on a continuous basis in relation to specific projects. The Board has defined the overall risk profile and appetite of the Company across its activities, and this is further set out and adopted in the Company's governing documents, policies and guidelines.

B2 Impact has established policies in respect of internal control and risk management in the following areas:

- Ethics, Code of Conduct
- Environmental, Social and Governance
- Risk management
- Compliance, including Group policies covering anti-corruption and anti-bribery, anti-money laundering, counter terrorist financing, sanctions and whistleblowing
- Financial management, including guidelines for quality assurance of financial reporting
- People and organisation
- Communication and investor relations
- Related party transactions

The Company reports and follows up on risk and compliance exposures in all business areas in a controlled and consistent manner, managed by the Chief Risk, Compliance & ESG Officer.

Across the Group, the investment process when acquiring non-performing loans is led centrally by the Chief Investment Officer. An Investment Committee is headed by the CEO and follows investment thresholds and the authorisations delegated by the Board.

To further support the risk management and control architecture, B2 Impact has a Group Internal Auditor reporting to the Board through the Audit Committee. The Group Internal Auditor is responsible for administering the Group's control function in relation to risk, compliance, and internal control. The function has no direct operational responsibility over the activities it evaluates, and has unrestricted access throughout the Company.

The Company and its Management frequently report to the Board on both operational, financial, and non-financial matters with the purpose of ensuring that the Board has sufficient and relevant information, can take informed decisions, and is able to respond rapidly to changing conditions.

The Board evaluates and provides an account of the main features of the Company's internal control and risk management systems, relating both to the Company's financial and non-financial reporting, in order to provide the shareholders of the Company with sufficient information to understand how the Company's internal control system is organised.

The Group's Internal Audit function is an independent review function that reports directly to the Board via the Audit Committee ("Group Internal Audit"). The role of Group Internal Audit is to provide independent reasonable assurance to the Board and the CEO of the effectiveness of internal control, risk management and the Group's governing processes. Group Internal Audit also provides advice to executive management and the Board on how the risk management and internal control environment can be managed and improved. Group Internal Audit receives its instructions from the Board via the Audit Committee, which also approves Group Internal Audit's annual plans, budgets and quarterly written reports

## 11. Remuneration of the board

The remuneration of the Board is proposed by the Nomination Committee and approved at the annual general meeting. The Nomination Committee may at its discretion, submit proposals to annual general meeting.

The Board's remuneration is not linked to the Company's performance, and share options are not granted to members of the Board. The level of remuneration reflects the Board's responsibility, expertise, the complexity of the company, as well as the level of involvement in both the Board and Board committees. There is no additional remuneration paid to members of the Board, other than the remuneration approved by the annual general meeting.

Board members, or companies associated with Board members, do not engage in specific assignments for the Company outside of their appointments as members of the Board. In cases where there are special grounds, such assignments are disclosed to the full Board. Consideration may be presented to the Nomination Committee upon recommendation from the Board.

The remuneration for the Chair of the Board is determined separately from that of the other Board members.

Details of all elements of the remuneration and benefits for each member of the Board are disclosed in the Remuneration Report. This report is available on the Company's webpage and is attached to the notice for the annual general meeting.

## 12. Remuneration of executive personnel

B2 Impact's remuneration practice aims to ensure that its executive personnel and its shareholders have convergent interests. As a principle, remuneration practices should be kept simple and performance-related remuneration should be subject to a limit. The Remuneration Policy caps performance-related short-term incentives to 70 % of fixed remuneration. Any deviations from the policy are subject to Board consideration.

The Company's Remuneration Policy and any guidelines on fixed or other types of remuneration for executive personnel aims to support the Group's values and strategy. They are submitted to the annual general meeting, attached to the notice for the annual general meeting, and are also accessible on the Company's webpage.

Total remuneration for the CEO and other executive personnel consists of fixed remuneration, a variable remuneration, a long-term incentive program, as well as by fringe benefits and pension arrangements.

The performance-related remuneration for executive personnel consists of a short-term incentive program portion and a long-term incentive program. The performance-related remuneration package is based on quantifiable factors related to both Group and individual targets, designed to enhance value creation for our shareholders or the Company's interest over time. The key performance indicators for 2023 included financial targets.

The long-term incentive program consists of a share option program. Share options are granted on an annual basis, with one-third on each of the first, second and third anniversary of the grant.

The Board has considered it inappropriate to practice a general right to demand the repayment of performance-related remuneration unless required under applicable laws and regulations.

## 13. Information & communications

All B2 Impact communication follows the principles of transparency and equal treatment of all shareholders. The company provides timely, comprehensive and accurate information to our shareholders and to the financial markets in general, with the aim to provide an accurate and transparent view of our share. This mainly happens via annual and quarterly reports, investor presentations, press- and stock exchange releases, and through the Company's website. The communication is is done by the Chair of the Board, the CEO, the CFO, the Head of Investor Relations, or a person appointed and authorised by them.

Unless exceptional circumstances apply, B2 Impact promptly discloses all information in accordance with the Market Abuse Regulation and the Norwegian Securities Trading Act. B2 Impact has strict guidelines for handling inside information, these are available on the Company's webpage.

B2 Impact is subject to the rules applicable to companies listed on Oslo Børs, and provides information about all mandatory disclosable actions, such as certain decisions by the Board of the General Meeting, and about events (such as acquisitions, significant contracts, or joint ventures the company enters into, etc) of major importance to the company.

## 14. Take-overs

In the event of a take-over bid, the Board will seek to comply the recommendations of the Code, obtaining a valuation from an independent expert and on this basis make a recommendation to the shareholders whether to accept the bid. The Board acknowledges its responsibility to ensure that shareholders have sufficient information and time to assess a take-over offer.

The Board will not seek to hinder or obstruct a takeover bid, and refrain from undertaking any actions intended to give certain shareholders or others an advantage at the expense of other shareholders or the company, nor will it seek to institute measures aiming to protect the personal interests of its members at the expense of the interests of the shareholders.

Deviations from the Code:
There are no other written procedures regarding take-over bids. B2 Impact has not found it appropriate to instate further procedures of conduct in the event of a take-over bid, other than the principles described above and what follows from the relevant law.

## 15. Auditor

The auditor is invited to meeting(s) of the Board and the Audit Committee where any of the following topics are on the agenda: the annual accounts, the quarterly reports, accounting principles, assessment of accounting estimates and matters of importance on which there has been disagreement between the auditor and the Management and/or the Audit Committee.

The Board holds a meeting with the auditor at least once a year, at which no representative of the Management is present. At least once a year the auditor and the Board discuss weaknesses identified by the auditor and proposals for improvement. The Board furthermore ensures that the auditor presents the main features of the audit plan.

The Auditor submits an annual report to the Audit Committee attesting its independence and explaining the results of carried out statutory audits.

The Audit Committee has on behalf of the Board specified the Management's routines for using the auditor for non-audit services for the purpose of maintaining the independency of the auditor.

The auditor communicates in writing with the Board on all matters brought to light by the audit of which the Board should be informed to be able to fulfil its responsibilities and function. The auditor indicates the nature of such matters and what consequences it may have if the matters are not acted upon.

The Board reports the auditor's remuneration to the annual general meeting.

# Risk management

B2 Impact's approach to risk management is to proactively manage risks in order to ensure sustainable profits and value generation for the Group's stakeholders.

B2 Impact continued to strengthen its risk management throughout 2023, and as part of the internal reorganisation, the Risk and Compliance functions are now organised in one department to better align risk analysis, monitoring, and mitigation activities across the group.

## B2 Impact risk management framework

B2 Impact is implementing risk management principles based on the COSO Enterprise Risk Management (ERM) framework with the objective to improve governance, drive operational excellence and create value for all stakeholders. Internal risk management framework facilitates analysis and monitoring of significant risks and enables management functions at operational and Group levels to identify and quantify risk factors that may negatively affect the Group's profitability and sustainability.

At B2 Impact, the risk framework is underpinned by key principles and policies, which define internal expectations on risk management with all employees expected to apply these principles in their daily work, promoting risk ownership and management where it arises. Risk management principles are grouped into categories as follows:

| Dimension | Definition | Principle and Objectives |
|---|---|---|
| 1. Strategic | Risks linked with the overall business plan, organisational structure, culture, investments, and macro and political environment. | Build a strong vision, strategy and product offering that enables the Group to grow profitably aligned with its strategic objectives. Lead by example, create a culture that promotes loyal and ethical behaviour aligned with company values and stakeholders' expectations. |
| 2. Financial | Risks linked to financial losses, impacting the overall financial results, including liquidity, currency and interest rates, credit, and tax. | Build a strong, transparent, and auditable financial position that enables the Group to plan and optimise its financial resources, meet financial obligations, and grow profitably. |
| 3. Operations | Risks linked with failed internal processes and procedures, people's actions, systems or from external events including legal and compliance. | Deliver exceptional service that meets and exceeds targeted operational expectations. Create operational efficiencies, build company resiliency, auditability, transparency, and processes optimisation. |

The risk governance structure is overseen by the Board of Directors ("the Board") through the Audit Committee, owned by the CEO and headed by the Chief Risk Compliance & ESG Officer with appointed risk managers from operating entities.

The Group Risk function works with local risk managers and central functions to correctly identify and assess risks, challenge risk assessments and act as a consultant to support a clear and transparent risk mapping process.

## Functional description of effective risk management and control

The business operations as risk owners, the Risk and Compliance functions and the Internal Auditor are the key actors of the risk control framework of the Group.

1. The business operations own the risk and are responsible to manage the risks they take in their course of business. This entails responsibility for daily risk management and compliance with the Group's internal policies and external regulations.
2. The Risk and Compliance function is independent from business operations, and is responsible for risk monitoring, control, and supporting the management in identifying and understanding risk. Risk and Compliance actively participate in defining and implementing relevant policies and controls through out the organisation and provide continuous training to all employees.
3. The Internal Auditor ensures proper functioning of the risk management framework by performing continuous analysis, providing advice and conducting audits.

## Risk strategy and appetite

The Group's core business is to generate profitable returns through controlled exposure to credit risks in the form of acquiring and managing non-performing loans. Therefore, the Group actively pursues this type of risk which inherently carries the highest potential impact on the income statement and balance sheet.

Risks such as liquidity, operational and market risk should be minimised but balanced, as far as it is economically justifiable, following internal policies and guidelines. Other types of risk such as management, regulatory and reputational risk are addressed through the Group's governance and compliance policies and external regulatory requirements.

## Principal risks

Principal risks are identified through the Group-wide risk framework or through incidents raised through available reporting channels, including a protected, anonymous whistleblowing channel. Material risks are discussed at executive management level with mitigating actions defined and implemented, and with improvements actively monitored by the Group Risk function.

The risks are grouped into three broad categories: strategic, financial, and operational. The tables below summarise the key risks and mitigants B2 Impact is exposed to. The measurement and tracking of sustainability risks is integrated into the risk management framework.

## Strategic Risks

Risks linked with the overall business plan, organisational structure, culture, investments, and macro and political environment.

### Management risk

**Description:**
B2 Impact operates in multiple countries with different competitive and regulatory landscapes and historically operated a decentralised model. This may give rise to different types of risks as local entities have different operating models and different levels of maturity.

**Mitigation:**
Continued progress towards a more integrated and more efficient operating model, with well aligned Group level and local functions and central oversight.

In 2023, the Group has executed, as part of its newly adopted strategy plan, a significant internal reorganisation at the top management level, resulting in increased accountability, faster decision making and improved communication. The reorganisation has created stronger internal governance oversight and enabled the company to benefit from internal synergies across its footprint.

### Investment risk

**Description:**
B2 Impact invests in NPL portfolios and subsequently makes a profit or loss from these investments by assuming all rights and risks arising from these transactions.

The Group needs access to a pipeline of NPL opportunities that enables it to invest in at rates of return that are attractive and profitable.

Losses may be incurred by over-estimating collections or the timing of them, or by under-estimating the costs to collect.

**Mitigation:**
B2 Impact buys NPL portfolios at discounted prices, utilising proprietary data, tools and methods, and therefore the risk is partially mitigated through pricing and expected returns.

The company actively manages a well diversified pipeline to identify transactions opportunities that are aligned to the operating capabilities and the investment appetite of the group and where the company has a reasonable chance of securing the transactions at attractive terms.

All acquisitions are subjected to Group transaction oversight and careful evaluation of portfolio characteristics. The Group actively works to improve the quality of investment underwriting and portfolio management through continuous improvements in processes, tools, methods, and competences.

### Macroeconomic and political risk

**Description:**
B2 Impact operates in multiple countries and is therefore implicitly exposed to different economic and political regimes.

Changes in the economic and political environment may negatively impact our business, both in our ability to buy portfolios and our ability to collect on portfolios acquired.

**Mitigation:**
The Group is well diversified across multiple countries and therefore risks associated with individual countries have limited impact.

The Group maintains an on-going dialogue with the local management teams and uses external market research and data to actively monitor the macroeconomic trends in each country. The market and macroeconomic analyses and insights are incorporated into Group's strategic considerations.

### Climate risk

**Description:**

Climate risk has become a major factor in global geo-politics and economy, owing to potential weather-related disruptions, forced migrations, and negative impact on the biosphere.

Assessing and combating climate risk is an important topic for B2 Impact, with the Management and the Board committed to minimise the Group's footprint and to address relevant risks and actively support transitioning to net-zero.

**Mitigation:**

B2 Impact reports on the sustainability of its operations with reference to GRI standards and EU Taxonomy. Through a climate risk review undertaken in 2022, Climate risk was classified internally as low.

The Board regularly reviews climate-related risks and opportunities as part of its overall responsibility for risk governance. Management regularly reviews climate -related risks and opportunities as part of its responsibility for enterprise risk management. Climate risks are included in the enterprise risk management system and will continue to be updated.

B2 Impact has introduced operational initiatives such as – among others – recycling, reduced paper consumption, and energy-efficient offices, to reduce the company's carbon footprint.

Going forward, the Group will continue implementing activities to support the transition to net-zero.

The Group is preparing to provide sustainability reporting under newly introduced ESRS standards (starting from 2025, for the year 2024).

## Financial Risks

Risks linked to financial losses that may impact the overall financial results including liquidity, currency, interest rates, credit and tax.

### Liquidity risk

**Description:**

B2 Impact is dependent on access to financing from banks, financial institutions and from the capital markets through, loan agreements, project financing, and the issuance of bonds and share capital in order to have sufficient liquidity available to meet its contractual obligations.

**Mitigation:**

The Group's capacity to assume risk is determined by the Board of Directors.

B2 Impact's policy is to always have liquidity available to cover the contractual financial obligations, financial portfolio forward flows and outstanding binding portfolio investment offers, operating within bank and financing covenants restrictions.

The capital threshold for equity in the loan agreements is set at a minimum consolidated book adjusted equity ratio of 25 %.

Liquidity risk is monitored by the Group's Treasury function.

B2 Impact works actively to maintain good relationships with the financing banks, financial institutions, bond investors and credit rating agencies.

| | | |
|---|---|---|
| Currency and interest rate risk | **Description:**<br>B2 Impact is exposed to fluctuations in exchange and interest rates. These risks can affect the earnings and financing costs as B2 Impact's accounts are denominated in NOK, whilst a large part of the Group's business is carried out in Euros and other local currencies. | **Mitigation:**<br>To mitigate the currency risk the Group uses a multicurrency revolving credit facility (borrowing in EUR, DKK, NOK, SEK, PLN), project financing in EURO and bond loans denominated in Euros to effectively establish natural hedging. For most countries (legal entities), investments, revenues, and operating expenses are denominated in local (and mostly functional) currencies.<br><br>Therefore, currency fluctuations have a relatively minor effect on operating earnings within the relevant country which limits transactional FX exposure.<br><br>B2 Impact is exposed to changes in interest rates since the Group's debt has an element of floating interest rate. The Group employs hedging strategies that enable B2 Impact to, within certain limits, hedge its interest exposure and hence monitor and reduce overall interest rate risk exposure.<br><br>Currency and interest rates exposure are regularly monitored with hedging arrangements assessed and modified in accordance with the Group's hedging policy to continuously minimise these risks.<br><br>Currency and interest rate risk is monitored by the Group's Treasury function. |
| Credit risk | **Description:**<br>The risk of losses arising from customers not repaying principals or interest accrued or counterparties not meeting their contractual obligations.<br><br>For B2 Impact, this refers mainly to receivables arising from acquired NPL portfolios, cash and cash equivalents, and outlays on behalf of clients. | **Mitigation:**<br>NPL portfolio risks are addressed under investments risk.<br><br>For cash and cash equivalents, these are deposited with established banks where the risk of loss is remote. For counterparty risks, the Group deals primarily with known counterparties with good creditworthiness.<br><br>Credit risk is analysed, monitored, and controlled by the local entities management and strengthened by additional oversight from the Group controlling units. |
| Tax risk | **Description:**<br>Changes in domestic and international direct and indirect tax laws may result in financial losses or increased expenses for the Group, related to investments and on the operational level. | **Mitigation:**<br>B2 Impact's policy is to always engage the services of external tax advisors for large and complex transactions in order to ensure these are properly assessed and managed. |

## Operational Risks

Risks linked with failed internal processes and procedures, people's actions, systems or from external sources which includes legal and compliance.

### Data Protection Risk

**Description:**
The operations are dependent on a large amount of information containing personal data.

Risk arises from human error, non-compliance with the internal policies or external regulations, or inappropriate processes and procedures implemented including internal control.

**Mitigation:**
B2 Impact has implemented and enforces the General Data Protection Regulation (GDPR) requirements, including local legislation requirements in all countries where the Group has business operations. Appropriate and suitable safeguards, including technical and organisational measures, have been implemented to protect personal data and to safeguard the rights and freedoms of the data subjects.

B2 Impact only processes personal data for which it has legal grounds to do so and are necessary for its operations. The Group and local entities have appointed Data Protection Officers who regularly monitor and enforce GDPR compliance. All employees are expected to follow internal established policies and processes, including the reporting of any data breaches to their respective Data Protection Officer.

All employees are provided with regular GDPR training and digitalised annual refresher courses which is mandatory for all employees.

GDPR indicators such as security incidents, data breaches, data protection complaints, and data subject rights demands are monitored (Group and locally), followed up and executed in accordance with the requirements and deadlines set out in the GDPR.

### Regulatory risk

**Description:**
The Group depends on authorisations and licenses from different authorities in order to operate. Risk arises from non-compliance or breaches to existing processes and procedures implemented.

Regulatory changes can also influence the markets and local operations, either in a positive or in a negative way.

**Mitigation:**
The Group actively monitors and where appropriate participates in regulatory changes and developments relevant to its industry, in the countries we operate, both at EU and national levels.

All local entities have implemented a compliance function, which works with Group compliance to ensure regulatory risks are identified, assessed, mitigated and managed as appropriate.

Group compliance-related policies have been translated into local languages and are accessible to everyone in the organisation. Group-wide compliance training is conducted on regular basis through the internal training platform.

| Risk | Description | Mitigation |
|---|---|---|
| Reputation risk | **Description:**<br>A good reputation is crucial to B2 Impact's long-term sustainability, allowing it to operate as a viable company, in particular since the Group deals with debt collection activities and its customers need to trust B2 Impact in order to positively engage with the company. It is therefore crucial to B2 Impact that its customers are always fairly treated.<br><br>The Group places great emphasis on reputation and relationships with all stakeholders: clients, customers, employees, board members, investors, authorities and vendors. | **Mitigation:**<br>B2 Impact Code of Conduct is an integral part of the operations and describes our principles and values, our role in society, our relationship with stakeholders and B2 Impact position in sustainability issues. We promote and uphold high ethical behaviour and compliance across our business.<br><br>Our Code of Conduct applies to all employees and all external parties representing the company, including suppliers and business partners. This is supplemented with detailed Group policies and procedures in various disciplines.<br><br>A digital training program deployed annually on our Code of Conduct is mandatory for all employees, supplemented with additional training for relevant employees.<br><br>The Group has also implemented an online customer survey across all unsecured footprint entities to assess and improve the internal collection practices and ensure customer satisfaction.<br><br>Suspected irregularities are reported through internal channels or through our Whistleblowing externally run reporting channel accessible 24/7, offering confidentiality and anonymity.<br><br>The Group monitors and follows up compliance with internal policies, whilst raising awareness on the importance of creating and maintaining a culture of compliance and ethics across the Group. |
| Financial crime risk | **Description:**<br>The Group's employees may face corruption, bribery, and money laundering attempts.<br><br>Therefore, there is a risk that employees might use their position of power to benefit themselves, or to influence decision makers.<br><br>B2 Impact might also face being exploited by money laundering from criminal activities through insufficient knowledge of clients or through the payment of transactions undertaken. | **Mitigation:**<br>B2 Impact applies a zero-tolerance policy to corruption and bribery, which is reflected in the Code of Conduct, and supplemented with detailed policies and procedures implemented across the organisation.<br><br>Group entities collect information about clients and their shareholders, as well as customers based on Know Your Counterparty (KYC) policies.<br><br>Group Compliance identifies, evaluates and manages risks in this area, and provides relevant training across the organisation.<br><br>All employees and external parties are expected to report suspected cases of fraud, corruption, bribery, money laundering or any other illegal activities or violations of B2 Impact's Code of Conduct through B2 Impact Whistleblowing channel.<br><br>This channel is externally run, available in local languages and accessible 24/7 ensuring confidentiality. It is also possible to report concerns anonymously and/or verbally. |

| | | |
|---|---|---|
| IT functionality and security risk | **Description:**<br>The Group depends on accessible and well- functioning IT systems. Interruptions and errors in business-critical systems can pose risks to the operations and company reputation.<br><br>Although strict protocols are implemented there is always a risk of illegal infringement and access to the systems, giving unauthorised access to information, loss of data through malicious software or illegal exploitation on the company's behalf through phishing. | **Mitigation:**<br>IT functionality and security risks are managed through a combination of technical and administrative controls, security training and regular checks and monitoring of systems. This is carried out at both local and Group level. For Group functions, centralised logging and prevention of intrusion is in place.<br><br>In 2023, B2 Impact has been running a program on the Group IT Architecture, Governance and Security to modernise technology and IT processes, providing higher elasticity and resilience to IT platforms.<br><br>This modernisation programme will continue into 2024. |
| Employee risk | **Description:**<br>The employees are crucial to B2 Impact's success.<br><br>The Group is committed to attracting and retaining competent and motivated employees and managers to avoid the risk that strategic goals cannot be achieved. Key individual dependency also represents a risk for business continuity. | **Mitigation:**<br>B2 Impact puts a strong emphasis on common values, engagement and continuous development and growth. As part of our commitment to positive work environment, the Group conducts an annual measurement and monitoring of employee engagement. This survey provides insights that guide our efforts dedicated to improving employee loyalty and retention.<br><br>The Group has successfully implemented leadership e-academy, which equips managers with practical tools, allowing them to better engage with their teams and enhance their leadership capabilities. In addition, the Group offers all employees a selection of courses related to professional and personal development.<br><br>All Group entities have Employment and Training policies which are compliant with local laws and regulations, and all entities monitor and manage their employee turnover ratios. |

## External risks: global and macroeconomic developments

The ongoing military conflicts in the Ukraine and the Middle East have increased geopolitical risks in Europe, with elevated macroeconomic uncertainty expected to continue.

The main impacts of the global situation on B2 Impact are higher interest rates and increased cost of living, which put pressure on debt repayments. However, continued low unemployment rates, salary increases, relatively high savings rates and government support programs have partly offset these challenges. The majority of B2 Impact's cash flows come from legal collection streams, which partly mitigates the collections risk. During 2023 the Group has not seen significant negative impact of the macroeconomic situation on debt collection.

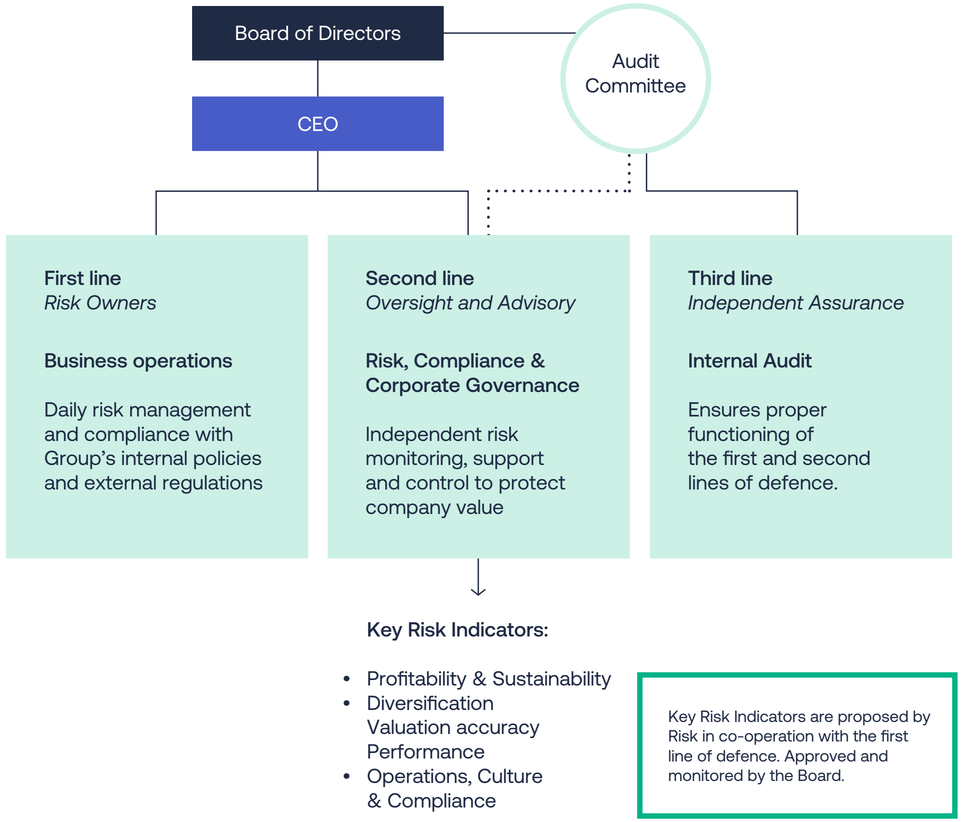
Higher interest rates have resulted in higher funding costs for B2 Impact, mitigated by improved credit rating, low leverage, and ability to fund the business at competitive rates. The market partially neutralises the negative effects of higher funding costs, with NPL portfolios currently trading at lower prices.

Internally, operational costs have increased in 2023 due to higher wage requirements and increase in prices of services. This is being mitigated through adjustments to strategy and cost optimisation programs.
B2 Impact is geographically well diversified.

B2 Impact has an adequate liquidity position to meet its investment plans in 2024. The Group plans to continue to invest in a prudent and disciplined manner across its markets and within the desired risk-return profile.

B2 Impact continues to actively monitor the macroeconomic developments. At this stage the baseline scenarios indicate limited risk for B2 Impact, however the risk may change in the event of significant prolongation or escalation of geo-political uncertainties.

## Illustration of the functional organisation of effective risk management and control:



# Stakeholder dialogue and materiality assessment

A stakeholder assessment has identified customers, investors, vendors, lenders and employees as B2 Impact's key stakeholder groups. The company maintains an ongoing dialogue with all these groups, for example through regular meetings, e-mail correspondence as well as the employee and customer surveys.

In 2021, we undertook systematic stakeholder dialogue, where we conducted interviews, arranged workshops, and sent out surveys to representatives from each stakeholder group, about our company's sustainability efforts, important topics, and where they think we can improve.

The findings from the systematic stakeholder dialogue were structured for discussion with B2 Impact's top management (Group), including CEOs from each company, who together defined our material topics with assistance from PWC.

In 2022, the materiality assessment was updated again (based on desktop review and internal discussions) and resulted in the following material topics:

- Fair treatment and satisfaction of customers
- Cybersecurity and data privacy
- Ethical behaviour and anti-corruption
- Training and development
- Responsible acquisition of portfolio and partnerships
- Human rights
- Diversity and inclusion
- Employee health and wellbeing
- Climate change

In 2023, we have again assessed these topics and made some adjustments. First; although we have always included information about **Anti-bribery** when talking about ethical behaviour, this has now been specified as a material topic. Second; the topic that was previously referred to as Employee health and wellbeing has been renamed to **Employee wellbeing**, as we operate in an environment that involves limited physical health risks to employees. Third; **Human rights** has been removed as a material topic and we are from 2023 onwards reporting on this topic as part of our mandatory Transparency Act reporting (Appendix 2). The same includes **Diversity and inclusion,** which is now part of our voluntary Activity Duty reporting (Appendix 1). Finally, **Climate change** has been removed as a material topic, as our impact on this topic can be considered limited. However, we have included information about climate risk in the risk management report, which can be accessed on page 20.

To improve readability, the material topics have been placed into three overarching focus areas. These are: **Our customers, Our employees and Our company.**

| Focus area | Material topics |
|---|---|
| Our customers | Fair treatment and satisfaction of customers |
| | Cybersecurity and data privacy |
| Our employees | Employee wellbeing |
| | Training and development |
| Our company | Anti-bribery and anti-corruption |
| | Responsible acquisition of portfolioand partnerships |

We will continue to report on our progress on these topics to our stakeholders, for example through the annual integrated report.

# Fair treatment and satisfaction of customers

Fair treatment and satisfaction of customers lies at the heart of our business. As a debt solutions provider, we recognise the actual and potential impacts that our business activities can have. Our primary objective is to find amicable solutions that lead to beneficial outcomes for all parties.

We engage with customers in vulnerable situations and therefore have a duty to approach them with empathy, respect, and dignity, and to ensure that the debt collection process does not result in unfair outcomes. This commitment is explicitly stated in both our Code of Conduct and our company values.

While customers retain responsibility for the debt they have incurred and any delays in payment, the consequences that they face should be proportionate and reasonable with respect to the size of the debt.

Our services are designed to help customers address their indebtedness by developing a repayment plan that fits their financial situation. This approach enables the customer to regain full participation in the financial system within a reasonable time frame without any hindrances.

In 2023, 5.9 % of total customer claims were entirely repaid (debt-free) and the customers regained access to the standard financial system. Additionally, 9.5 % of customers had a partial payment of their claims, demonstrating that they are repaying their defaulted debts in monthly instalments with solutions tailored to their financial needs.

We conduct monthly internal quality and auditing controls in 56 % of our entities (10 out of 18 entities[1]). During these controls, calls and other interactions with customers are reviewed to assess how the debt collection processes are performed and identify areas of improvement. In 2023, 91 % of the audited calls and actions complied with our standards. In 2023, 50 % of our operations carried out customer surveys (100 % of targeted unsecured entities), with 78 % of the respondents saying that they are satisfied with our services.

Out of the 8.5 million debt collection cases in 2023, we received a total of 488 complaints from customers (down from 1,049 in 2022). Complaints need to be substantiated and can vary from privacy questions to debt disagreements. They are addressed daily by following the guidelines in the respective entity, and the case is always followed up until fully resolved. Feedback is used to train collection agents. Only 0.006 % of the total number of collection cases during the reporting period concerned rights, disagreements, or non-conformance to internal standards.

## Our Customers

| KPI | 2023 | 2022 | 2021 |
|---|---|---|---|
| No. of debt collection cases | 8.5 mill | | |
| % of claims fully solved (debt-free) | 5.9 % | 5.6% | 5.7 % |
| % of claims with partial payments | 9.5 % | 9.1 %[2] | N/A |
| No. of complaints received | 488 | 1,049 | N/A |
| % of entities with internal quality and auditing controls implemented | 56 % | 41 % | |
| Quality and auditing controls score[3] | 91 % | 85 % | 89 % |
| % of operations that carries out customer surveys[4] | 50 % | 50 % | 22 % |
| Customer satisfaction score | 78 % | 80 % | 83 % |

1. *Not all collection platforms in the Group have established internal quality and auditing controls, due to their small size.*
2. *2022 figure has been reviewed and adjusted.*
3. *56 % of all local entities have established a quality department or team to ensure collection activities are performed in line with internal collection standards.*
4. *50 % of our collection platforms conduct customer surveys. It covers all entities with intensive call center activities.*

## Cybersecurity and data privacy

Online services and digitalisation are core to our business model. We often collect personal data when acquiring a customer's debt and we also process personal data on behalf of clients[1] and data relating to our business partners. This means that we can have an actual or potential impact on the topic of data privacy and cybersecurity.

We are committed to protecting personal data and respecting privacy. We make every reasonable effort to ensure that customer data is accurate, adequate, relevant, and limited to the purpose of its use. We always inform about personal data processing in a concise and transparent manner, and records of personal data are only kept for as long as it is reasonably necessary.

We operate in accordance with the General Data Protection Regulation (GDPR) requirements, in addition to local legislation in all countries where we are present. Data privacy and cybersecurity are governed through the following policy documents, which have been implemented across the different companies in the Group:

- GDPR Policy
- Personal Data Breach Management Policy
- Cookie Files Policy
- Risk Analysis Policy
- Information Security Policy

We have also established appropriate and suitable safeguards, including technical measures, to protect personal data and to safeguard the rights and freedoms of the data subjects. The Group and local entities have appointed Data Protection Officers who regularly monitor and ensure GDPR compliance (security incidents, data breaches, data protection complaints, and data subject rights demands). We have also implemented prevention plans and an Information Security Management System (ISMS) in our Cloud Center of Excellence (CCoE). The ISMS has restricted and controls access to personally identifiable information, and focus on protecting three key aspects of information:

- *Confidentiality:* Ensuring that information is not available or disclosed to unauthorised people, entities, or processes
- *Integrity:* Ensuring that information is complete and accurate, and protected from corruption
- *Availability:* Ensuring that information is accessible and usable by authorised users

Our policies, plans and systems are regularly reviewed and updated to appropriately address data privacy and cyber security risks. Employees undergo mandatory GDPR and privacy trainings at least annually, with an 87 % completion rate in 2023.

Any breaches (actual or suspected) shall be reported by the employee to their respective Data Protection Officer. In 2023, the Group received with six substantiated complaints concerning breaches of customer privacy, including complaints from regulatory bodies and other outside parties. All complaints were handled in accordance with the requirements and deadlines set out in the GDPR. Additionally, we identified four incidents of leaks, thefts, or losses of customer data in the reporting period.

In May 2023, B2 Kapital d.o.o., our subsidiary in Croatia, was imposed an administrative fine by the Croatian Data Protection Agency (AZOP) on grounds of alleged breaches with GDPR regulations. B2 Kapital d. o. o has appealed the decision from AZOP and is now asserting its rights before the Administrative Court of Zagreb. The basis for the appeal is that no data leakage by B2 Kapital d.o.o. has been substantiated and that there has been no leak of confidential information relating to clients or debtors from the company's IT systems.

| KPI (GRI 418) | 2023 | 2022 | 2021 |
|---|---|---|---|
| No. of leaks, thefts, or losses of customer data (IT security breaches) | 4 | 0 | 0 |
| No. of substantiated complaints concerning data privacy | 6 | 3 | 0 |

1. *Clients refers to those we provide with collection services as a third party.*

# Employee wellbeing

High employee satisfaction is crucial for providing high-quality services. We believe that work environment where employees can thrive and succeed can also help attract and retain talent .

To monitor and enhance employee wellbeing, we regularly conduct performance and career development reviews with employees. In 2023, 801 employees[1] (46.3 %) took part in such discussions. Additionally, an annual engagement survey is carried out across the organisation. The survey measures engagement levels and allows employees to anonymously express their opinions. Managers use the results to identify improvement areas and to develop action plans together with their team members. The 2023 survey recorded an engagement score of 80/100.

The work carried out by call centre employees can be demanding. Contacting indebted customers, engaging with them, and negotiating a payment plan require perseverance, empathy, and excellent listening skills. Our Health and Safety Statement underscores our commitment to prioritising the wellbeing and health of employees. This includes promoting a culture of health and safety among all employees, providing a safe working environment for employees and visitors, encouraging training on health and safety issues, and conducting systematic reviews to ensure that health and safety policies are appropriately implemented. Work-life balance initiatives, flexible working hours, and work-from-home policies are some of the measures employed to improve wellbeing in the workplace. Employee benefits, for example life or health care insurance, disability and invalidity coverage, parental leave, retirement provision, or stock ownership, is offered to a majority (at least 70 %) of employees.

A high sick leave or turnover ratio can often indicate an unfulfilling working environment and low employee satisfaction. In 2023, professional sick leave was 0.008, and the turnover rate was 19 % (down from 22 % in 2022). The turnover rate is on par with the industry average and can in part be explained with the nature of the call centres and the number of part time employees. Our aim is to reduce the turnover rate going forward.

| KPI (GRI 2-8) | 2023 | 2022 |
|---|---|---|
| Workers who are not employees[2] | 43 | 88 |

| KPI (GRI 2-30) | 2023 | 2022 |
|---|---|---|
| Employees covered by collective bargaining agreements | 57 %[3] | 57 % |

| KPI (GRI 401-1) | 2023 | 2022 | 2021 |
|---|---|---|---|
| Turnover rate during the reporting period[4] | 19 % | 22 % | 23 % |

| Own/other KPIs | 2023 | 2022 | 2021 |
|---|---|---|---|
| Share of entities with work-life balance measures in place | 80 % | 81 % | 43 % |
| Employee survey participation rate | 85 % | 92 % | 89 % |
| Employee engagement score | 80/100 | 80/100 | 80/100 |
| Professional sick leave[5] | 0.008 | 0.006 | 0.03 |

1. *Headcount at the end of the reporting period. Workers who are not employees are typically phone agents employed for short campaigns and lawyers for collection activities.*
2. *For employees not covered by collective bargaining agreements, working conditions and terms of employment are based on rules set out by local labour organisations.*
3. *Voluntary turnover was 11 % in the reporting period.*
4. *Work-related sickness and accidents in the workplace, measured as number of days lost/number of annual working hours*1000.*
5. *Excluding workers who are not employees.*

## Training and development

We invest significantly in employee competence through training and development initiatives. Enabling professional growth is important for providing development pathways for employees and retaining talent within the organisation. In 2023, 100 % of employees participated in various training programs related to business operations and collection management, as well as topic-specific trainings in different departments of the company. Trainings are conducted using internal or external e-learning platforms, with each employee receiving an average of 12 hours of training in 2023. No transition assistance programmes were offered to employees who retired or whose employment was terminated during the reporting period.

| KPI (GRI 404-1 & 404-3) | 2023 | 2022 | 2021 |
|---|---|---|---|
| Average hours of training that employees have undertaken during the reporting period[1] | 12 hrs | 15 hrs | 10 hrs |
| % of employees who received a regular performance and career development review during the reporting period[2] | 801 (46.3 %) | 925 (46 %) | N/A |

| Own/other KPIs | 2023 | 2022 | 2021 |
|---|---|---|---|
| Business units with talent programmes in place | 25 % | 26 % | 19 % |
| Business units with e-learning platform in place | 100 % | 100 % | 100 % |
| Employees receiving e-learning training | 100 % | 98 % | 100 % |
| Percentage of employees who undertook voluntary ESG Basic training | 28 % | | |

1. *Total number of training hours over the year divided by employees at the end of the reporting period.*
2. *Performance and career development reviews are performed to on employees.*

# Anti-corruption and anti-bribery

Bribery and corruption represents a tangible risk to our operations due to the high number of financial transactions handled every day. We have a zero-tolerance for bribery and corruption. Employees can neither offer any benefits (of any nature or form, including gifts and hospitality), which are in violation of applicable laws or ethical standards, nor accept any benefits that could compromise their judgment, decisions, or actions.

We have established high ethical standards to promote an ethical and responsible corporate culture. Our Code of Conduct as well as the Anti-Bribery and Corruption Policy apply to all employees across the Group, and defines risks, responsibilities, and consequences. Throughout 2023, our employees undertook mandatory training on whistleblowing, Code of Conduct and GDPR. Additionally, many of our Group employees underwent ESG and ethics training.

We are a Nordic-based company that seeks to conduct our business according to the highest ethical standards and adhere to strict laws and regulations. However, we also operate in certain countries and markets[1] with increased exposure to financial crime. The Business Partners Code of Conduct outlines the ethical standards, principles and behaviours B2 Impact expects from our business partners when conducting business with or on behalf of us. The Business Partner code of Conduct is made available to all business partners, who can report identified or suspected irregularities using B2 Impact's Whistleblowing channel.

We also conduct due diligence of business partners, following the steps in the Group wide Business Partner Due Diligence Policy. In case of non-compliance or demonstrated corrupt, illegal or unethical conduct, B2 Impact reserves the right to seek corrective actions. These actions could include investigating the matter more closely, suspending or terminating agreements, or reporting the case to competent authorities.

We have established a whistleblowing channel in line with the EU Whistleblowing Directive, which allows employees and external parties to raise concerns such as confirmed or suspected misconduct, violations, illegal activities, or other unethical behaviours which may be deemed to be a protected disclosure. The channel is serviced by an external provider, ensuring confidentiality, and allowing anonymous reporting. We prohibit any form of retaliation against anyone filing a report in good faith. Please refer to the 2023 Transparency Act report for more information regarding our reporting procedures regarding human rights and decent working conditions.

In 2023, there were seven incidents reported as whistleblowing cases. All cases have been handled. Amongst these seven reports, four were transferred to and processed by HR as they were assessed to be personal grievances rather than protected disclosures. One resulted unjustified after an internal investigation, and one was closed as the information provided did not allow for proper investigation. One case was still being investigated at the end of 2023.

There were no confirmed incidents of corruption in 2023.

| KPI (GRI 205-2 b & e) | 2023 | 2023 |
|---|---|---|
| Number and percentage of employees who have been informed of the organisation's anti-corruption policies and procedures | 1,773 (100 %) | 1,099 (100 %) |
| Number and percentage of employees have received training on anti-corruption | 1,613 (91 %) | 1,931 (92 %) |

| KPI (GRI 205-3 a) | 2023 | 2022[2] | 2021 |
|---|---|---|---|
| Confirmed incidents of corruption | 0 | 0 | 0 |

1. *According to Transparency International's Corruption Perception Index 2023.*
2. *The figures from 2020 to 2022 were obtained based on different sources and parameters, since we introduced the whistleblowing channel in the end of 2021 and improved the reporting system used across the Group in 2022. The figures for 2020 have been reviewed and adjusted.*

## Responsible acquisition of portfolios and partnerships

We have integrated sustainability considerations into our responsible acquisition processes and partnerships. We work with vendors or co-investors to acquire non-performing loans, where the aim is to establish a mutual trust agreement without incurring unwanted risk. Our acquisition of non-performing loans and third-party debt collection services have important sustainability implications, including corruption, treatment of debtors, commercial strategies, certain reputational activities, anti-competitive practices, and legal sanctions.

Our Responsible Marketing and Sales Statement provide guidelines to manage marketing and sales activities in an ethical and responsible manner, ensuring that we do not partner with non-compliant partners. We have also developed a set of defined characteristics to screen out potential acquisitions that present high sustainability risks.

| KPI | 2023 | 2022 | 2021 |
|---|---|---|---|
| Portfolio acquisitions where sustainability requirements have been applied | 92 % | 84 % | 74 % |

# Directors' report

3

# Directors' report

The Company has delivered stable results and strong cash flow throughout the year, and ended the year with a solid balance sheet and the lowest leverage ratio in the industry.

2023 highlights:

- Disciplined investment approach
- Strong collection with overperformance in all quarters
- B2 Impact launched as new brand
- Cash EBITDA of NOK 4.7 billion, with cash margin of 71 %
- Adjusted net profit of NOK 483 million
- Proposed dividend of NOK 0.70

2023 was a year of transition for B2 Impact. In a challenging macro environment with inflationary pressure, the Group focused on cost control and economies of scale in its core markets. Investments were carried out in a disciplined manner, with higher returns expected on the portfolios acquired to offset increased funding costs. The Group has delivered solid results throughout the year, with continued strong performance within all segments.

In 2023, the Board of Directors ("the Board") and the Company have focused on reorganising the Group to centralise and simplify the group structure. On 1 October a new organisational structure for the Group was implemented. The new organisation is built around the Group's main business lines, Investments, and Servicing, and is structured to support a common commercial focus and drive efficiency in all departments.

As part of the reorganisation, the Group implemented a rebranding project as part of its strategy to "Operate as One" to underpin strategic, operational, commercial, financial, and cultural alignment across the Group. B2 Impact was launched as the Group's new brand on 29 September, and the new brand will be rolled out in all core markets during 2024 to support our strategic goals to increase recognition across our markets and strengthen our internal culture and our commercial activities.

On the same day as the launch of the new brand, Moody's upgraded its credit rating (corporate family rating) for B2 Impact to Ba2 from previously Ba3. According to Moody's the upgrade is a reflection of the Group's more balanced and moderate growth strategy since 2019, The amended strategy has resulted in solid and continuous profitability, leverage below the sector's average, strong equity buffers and diminishing liquidity pressures. B2 Impact's executive management ("Management") has also ensured timely refinancings and adequate backup

B2 Impact ASA ("the Company") is a Nordic-based debt management company active in purchasing of non-performing loans, debt collection and third-party debt collection. The Company is the parent of the B2 Impact consolidated group of companies (together "the Group" or "B2 Impact"), a pan-European debt solutions provider.

B2 Impact offers solutions to the challenges created by defaulted loans, and provides liquidity to financial institutions, contributing to a healthier financial system. B2 Impact promotes lasting financial improvement through transparent and ethical debt management. The Company was founded in 2011 and is headquartered in Oslo, Norway.

The Directors' Report is prepared in accordance with the Norwegian Accounting Act and the Norwegian Securities Trading Act. The Corporate Governance Report, the Risk Management Report and the Sustainability Report are integral parts of the Directors' report.

The annual accounts for 2023 have been prepared on a going concern basis and in the opinion of the Board, the accounts provide a true and fair representation of the Company's business and financial results.

The Group's consolidated financial statements are presented in compliance with International Financial Reporting Standards (IFRS).

The Board and Management of B2 Impact review the company's corporate governance annually and report on the company's corporate governance in accordance with the Norwegian Accounting Act § 3-3b and the Norwegian Code of Practice for Corporate Governance. Both are freely available at respectively lovdata.no and nues.no. The Board's Corporate Governance Report is included in this integrated annual report and forms an integral part of this directors' report.

facilities in order to mitigate refinancing risks during periods of potentially constrained capital market access. Moody's also takes into consideration that given a low current leverage level and headroom under its financial covenants, B2 Impact is well positioned to continue its moderate but profitable growth path.

The Group has had continued focus on reducing its geographical footprint and freeing up capital to redeploy in core markets. During the year, the Group sold its third-party collection business in Norway and its subsidiaries in Bulgaria and Montenegro.

Increased funding costs have been counteracted by solid performance and strong cash flow. The Group ended the year with the lowest leverage ratio in the industry.

The Board will propose to the General Meeting on 23 May a dividend of NOK 0.70 for the financial year 2023.

The Board wishes to thank all employees for their support and efforts in an eventful and challenging year. The Board would also like to express its gratitude for the support from the banks, bond investors and the shareholders.

## Disciplined investment approach

The Board together with Management has had a continued focus on capital discipline to preserve capital and to strengthen the Group's ability to refinance outstanding debt at better terms. The credit rating upgrade from Moody's is a testament to the Group's ability to deliver moderate growth but at the same time keep leverage at an industry low. The Group guided investments in the range of NOK 2.5 to 3 billion for 2023 and ended the year with investments of NOK 2.75 billion - an increase of 27 % from 2022.

In line with the Group's strategy, the Board has focused on investments in core markets to utilise economies of scale. 97 % of portfolio investments were in unsecured portfolios, of which 67 % were in the Group's core markets in Poland and the Nordics.

During 2023, the NPL industry was characterized by a market with changing market dynamics. In line with increased funding costs, the Group observed lower prices and increasing returns on portfolios acquired. Capital discipline was observed across the industry as a whole, with several industry players focusing on deleveraging rather than new investments.

As at the end of 2023, the Group's ERC including share of JVs was NOK 22.5 billion compared with NOK 20.2 billion at the end of 2022.

## Collections

The Group has delivered solid continuous collection performance throughout 2023, with over-performance in all quarters.

Increasing interest rates and inflationary pressure has had little impact on the Group's collections. Continued low unemployment rates, salary increases, relatively high savings rates and government support programs have partly offset the challenges of higher interest rates.

Gross collections for the Group including share of JVs were NOK 6,008 million in 2023 compared with NOK 4,936 million in 2022, an increase of 22 % year on year. Adjusted for FX, the increase was 7.5 %.

Cash collections were NOK 6,164 million in 2023 compared with NOK 5,161 million in 2022, an increase of 19.4 %. In the fourth quarter, B2 Impact collected around NOK 500 million from its largest single secured claim. The collection of the secured claim in question was backed by collateral in Croatia. Adjusted for FX, the increase was 5.5 %.

Real estate owned (REO) sales in 2023 amounted to NOK 499 million compared with NOK 581 million in 2022 and the gain on sale of REOs of NOK 146 million in 2023 compared with NOK 189 million in 2021. In 2023 the REOs were sold at 41 % above book values which represents another strong year, with the Group's expectation being in the region of 15-20 % gain on book values over time.

## Financial results

The Group recorded a full year operating profit of NOK 1,578 million for 2023, compared with NOK 1,029 million in 2022. The net profit adjusted for non-recurring items was NOK 483 million compared with NOK 564 million in 2022. With financial expenses of NOK 1,124 million in 2023 compared with NOK 588 in 2022, the increase in cost of funding has to a large degree been offset by higher revenues and strong collections as evidenced by the modest decrease in adjusted net profit from 2022 to 2023.

Revenues from purchased loan portfolios amounted to NOK 2,839 million including net credit gain compared with NOK 2,262 million in 2022. Total revenues for the year amounted to NOK 4,129 million compared with NOK 3,477 million in 2022.

Operating expenses, excluding depreciation and amortisation and impairment losses and cost of collateral assets sold amounted to NOK 2,092 million for 2023 and increased by NOK 219 million (12 %) compared with 2022. However, these costs included non-recurring items of NOK 111 million in 2023 and NOK 174 million in 2022. The comparable figures excluding non-recurring items and adjusted for FX showed an increase of 4 % mainly related to higher collection activity.

Personnel expenses for 2023 amounted to NOK 959 million adjusted for non-recurring items compared with NOK 869 million for 2022. Adjusted for FX, personnel expenses were down with 1 % in 2023.

The Cash EBITDA for 2023 was NOK 4,752 million compared with NOK 3,996 million, an increase of 19 %. The cash margin in 2023 was 71 %, slightly up from 70 % in 2022. Adjusted for FX, the increase in Cash EBITDA was 6 %.

## Balance sheet & liquidity

Total assets at 31 December 2023 amounted to NOK 17,328 million compared to NOK 16,500 million in 2022.

The equity amounted to NOK 5,588 million and the book equity ratio was 32.2 % compared to equity of NOK 5,217 million and book equity ratio of 31.6 % on 31 December 2022.

Total book value of purchased loan portfolios ended at NOK 11,542 million end of December 2023 compared with NOK 11,181 million end of December 2022. Net interest-bearing debt as of 31 December 2023 was NOK 9,035 million compared with NOK 9,042 million last year.

Cash and cash equivalents and liquidity reserve amounted to NOK 1,404 million and NOK 4,721 million respectively at the end of 2023 compared with NOK 1,176 million and NOK 3,606 million at the end of 2022. The Group has a solid balance sheet entering 2024 and is well funded to finance future investments.

## Financing

Throughout 2023, the Group maintained a solid liquidity reserve, increased headroom under its financial covenants, and refinanced part of its debt. The Group's funding structure and gearing ensures liquidity and flexibility to deliver on its strategy.

A combination of equity, bank financing, and bonds provides access to capital when opportunities arise, while stable collections across the Group provide a strong operating cash flow.

During 2023, B2 Impact raised EUR 150 million in a tap issue in the first quarter with proceeds used to repay Bond 4 (B2H04) that matured in May.
B2 Impact had a solid funding base to support future growth with NOK 4,721 million in liquidity reserves at the end of 2023.

At the end of December 2023, the Group had two listed senior unsecured bond loans, Bond 5 (B2H05) and Bond 6 (B2H06), for a total of EUR 500 million in addition to the bank financing. The RCF was amended in the third quarter to give the company full flexibility and optionality to take out B2H05 (Bond 5) with the RCF.

B2H05 of EUR 200 million was called, just after the B2I06 bond issue of EUR 100 million, and fully repaid on 6 February 2024 of which EUR 55 million was drawn on the RCF for that specific purpose.

Additionally, there is a senior secured facility agreement with PIMCO as original noteholder which matures in 2027, under which EUR 16 million was drawn at year end. The project financing was completed in 2022 and ensured that all major secured portfolios and REOs in Central and Southeast Europe were funded under a non-recourse basis.

The strategy of the Group is to manage and limit both currency and interest rate risk. The Group uses interest rate swaps and interest rate caps to reduce its interest rate exposure and at year end the hedging ratio was 53 % with a duration of almost 2 years. To achieve a suitable currency ratio between assets and liabilities, the Group's debt is borrowed in currencies reflecting the underlying expected future cash flows from acquired portfolios.

Moody's upgraded its credit rating (corporate family rating) for B2 Impact ASA to Ba2 from previously Ba3 in September. In February 2024, S&P upgraded B2 Impact's credit rating to BB- from B+ with Stable outlook.

The Board deems the Company's liquidity situation, its ability to meet current and future obligations, and its solidity as adequate and satisfactory.

## Deleveraging

The Group maintained a low leverage throughout the year and ended the year with a leverage ratio of 1.90x. Despite the low leverage, B2 Impact still managed to maintain a robust investment level and ended the year with growth in ERC (Estimated Remaining Collections).

## FTEs

The number of Full-Time Equivalents (FTEs) in the Group was 1,607 at the end of 2023, a net decrease of 278 during the year from 1,885 at the end of 2022. The divestment of the Group's subsidiary in Bulgaria and the discontinuation of Takto in Poland has contributed to the majority of the decrease, in addition to further reduction of FTEs in Poland and Veraltis.

## Risk

B2 Impact's approach to risk management is to proactively manage risks in order to ensure sustainable profits and value generation for Group's stakeholders.

B2 Impact continued to strengthen its risk management throughout 2023, and as part of the internal reorganisation, the Risk and Compliance functions are now organised as one group function to better align risk analysis, monitoring, and mitigation activities across the group.

The Group's core business is to generate profitable returns through controlled exposure to credit risks in the form of acquiring and managing non-performing loans. Therefore, the Group actively pursues this type of risk which inherently carries the highest potential impact on the income statement and balance sheet.

The risk governance structure is overseen by the Board through the Audit Committee, owned by the CEO and headed by the Chief Risk, Compliance & ESG Officer with appointed risk managers from operating entities. The Group Risk function works with local risk managers and central functions to correctly identify and assess risks, challenge risk assessments and act as a consultant to support a clear and transparent risk mapping process. The Group has established the Group Internal Audit as an internal independent audit function that reports directly to the Board via the Audit Committee. Group Internal Audit provides independent reasonable assurance to the Board, its Audit Committee, and the CEO of the effectiveness of internal control, risk management and the Group's governing processes.

Group Internal Audit also provides advice to Management and the Board regarding how the control environment can be improved and how risks in internal control can be limited. Group Internal Audit receives its instructions from the Board via the Audit Committee, which also approves Internal Audit's annual plans, budgets, and quarterly written reports.

B2 Impact is implementing risk management principles based on the COSO Enterprise Risk Management (ERM) framework with the objective to improve governance, drive operational excellence and create value for all stakeholders. The internal risk management framework facilitates analysis and monitoring of significant risks and enables management functions at operational and Group levels to identify and quantify risk factors that may negatively affect the Group's profitability and sustainability.

At B2 Impact, the risk framework is underpinned by key principles and policies, which define internal expectations on risk management with all employees expected to apply these principles in their daily work, promoting risk ownership and management where it arises.

The business operations as Risk owners, the Risk and Compliance functions and the Internal Auditor are the key actors of the risk control framework of the Group.

The Board reviews the Group's most important risk areas and the approach to address the identified risks on an annual basis. Additionally, the Audit Committee reviews risks together with the Group Risk function on a quarterly basis.

For more details of the risk elements and actions to mitigate risks, please see the Risk Management report which constitutes an integral part of this Directors' report.

## Sustainability

B2 Impact reports in accordance with section 3-3c of the Norwegian Accounting Act on corporate responsibility, as well as the Norwegian Transparency Act om human rights and decent working conditions. Additionally, the company has identified six material topics (sorted under three different focus areas: Our Customers, Our People, and Our Company) which it reports on annually. Reporting on the above topics has as of 2023 been included throughout the annual integrated report, but nevertheless forms an integral part of this Directors' Report. The reporting is made with reference to the Global Reporting Initiative Standards (GRI) and the Euronext Guidelines for listed companies. The annual integrated report is also our Communication on Progress, which we are required to submit as a signatory to the UN Global Compact. A statement in accordance with section 5 of the Norwegian Transparency Act can also be found in the annual integrated report. From 2023, we are furthermore reporting according to the activity and reporting obligation under the Norwegian Equality and Anti-Discrimination Act, on a voluntary basis.

The Chief Risk, Compliance & ESG Officer is responsible for the follow-up of sustainability activities across the Group, and reports back to management and the Board who evaluate the results. Going forward, B2 Impact is in the process of adapting its reporting to the Corporate Sustainability Reporting Directive (CSRD) and the associated European Sustainability Reporting Standard (ESRS). The EU Taxonomy Report is posted on B2 Impact's webpage.

## People

At the end of 2023, the Company had 26 employees at year end, including 7 women and 19 men. The Board comprised of seven members at the end of 2023, with three women and four men. The Group employed 1,773 employees (headcount including workers who are not employees) at year-end, consisting of 1,193 women and 580 men. The total number of full-time equivalents (FTEs) at year-end was 1,607 of which 1,073 women and 534 men.

The Group believes in fostering an inclusive environment and has a zero-tolerance policy against discrimination. This is furthermore aligned with the Norwegian Equality and Anti-Discrimination Act, which aims to promote equality and prevent discrimination.

The Company saw a significant decrease in reported sick days, with 65 (0.58 %) reported days compared to 179 (2.2 %) the previous year. Throughout 2023, there were no incidents causing serious injury or damage, and efforts to improve the workplace are made on a continuous basis.

Our ethical guidelines are outlined in the Code of Conduct and other Group policies. The Group works actively, purposefully and systematically to promote a responsible corporate culture. B2 Impact has introduced a Group-wide Whistleblowing Policy and Whistleblowing channel, enabling employees and other stakeholders to report concerns anonymously.

We have a limited impact on the natural environment through emissions to sea/air, and our operations entail little risks of pollution. This topic has therefore not been highlighted as material in the 2023 report, but we have nevertheless included a summary of the climate risk assessment in this report.

## Governance principles

The Board and Management review the Company's corporate governance annually and report on the company's corporate governance in accordance with the Norwegian Accounting Act § 3-3b and the Norwegian Code of Practice for Corporate Governance (v. 14 October 2021) and is freely available at respectively lovdata.no and nues.no.

The Board's Corporate Governance Report is included in the integrated annual report and forms an integral part of this Directors' Report.

## Board of Directors

At the Company's Annual General Meeting in 2023, Adele Bugge Norman Pran and Jessica Sparrfeldt were elected for a period until the Annual General Meeting in 2025. Board members Harald L. Thorstein (Chair), Kjetil Andreas Garstad, Trygve Lauvdal, Grethe Wittenberg Meier and Trond Kristian Andreassen were not up for election.

On 27 December 2023, the Company held an Extraordinary General Meeting where Anders Engdahl, Henrik Wennerholm and Ellen Hanetho were elected as new members to the Board until the Annual General Meeting in 2024. Trygve Lauvdal, Kjetil Andreas Garstad and Grethe Wittenberg Meier stepped down from the board.

The Board established sub-committees, whereby in the Audit Committee Adele Bugge Norman Pran chairs as committee leader, while Jessica Sparrfeldt and Henrik Wennerholm participate as committee members.

The external auditor, EY, participates in meetings with the Audit Committee when matters that fall within the scope of the external auditor's responsibilities are considered.

The Remuneration Committee consists of Harald L. Thorstein as committee chair and Anders Engdahl as committee member.

The Board ensures that B2 Impact complies with its corporate governance framework, annually reviews the strategic plan, and reviews the Group risk exposures.

Members of the Board and the CEO's possible liability to the company and third parties are individually covered under a Nordic Directors & Officers Liability Insurance up to 30 June 2024, which will be renewed.

## Equity

At the end of the year, the Company had 387,180,824 outstanding shares, corresponding to a share capital of NOK 38.7 million.
The total book value of equity amounted to NOK 2,686 million. Total book value of equity for the entire Group amounted to NOK 5,588 million at the end of the year, which corresponds to a book equity ratio of 32.2 %.

Considering the nature and scope of B2 Impact 's business, the Board considers the Company to be adequately capitalised.

## Looking forward

The Group ended the year with a fourth quarter with strong cash flow and enters 2024 with a very solid balance sheet, and the lowest leverage ratio in the industry. Consequently, B2 Impact is well positioned to take advantage of a market with changing dynamics and a more favourable competitive environment.

In 2023, increasing interest rates and inflationary pressure were the main challenges for the Credit Management Services (CMS) industry. Cost of funding, and more notably cost of debt, will be a key topic for the Board in 2024. In January 2024, B2 Impact issued a new bond of EUR 100 million at favourable terms compared to the industry. A tap issue of EUR 50 million was issued in February 2024 at even better terms. The focus going forward will be to further reduce cost of financing and extend the Group's maturity profile. An active hedging policy will also be a crucial part of managing cost of financing.

B2 Impact will maintain capital discipline and will continue to have a selective investment approach going forward. The Board believes that the Group will be able to grow in a market with expected lower pricing of portfolios representing attractive investment opportunities for B2 Impact. The Board will also focus on third party servicing opportunities where relevant, with the ambition to grow assets under management.

The Board will continue to focus on further cost reductions through streamlining operations. The Board expects that further efficiency can be achieved through increased use of tools such AI powered automation, self-service platforms and multi-channel customer communication.

Further reduction of footprint remains a priority for the Board going forward. Three subsidiaries were divested in 2023, and further divestments are expected in 2024. Entering the year, B2 Impact has continued operations in 17 countries, with investments to be concentrated in 10 to 12 markets.

The new brand, B2 Impact, was launched for the parent company in 2023 as an important step to deliver on the strategic goal to "operate as one". During 2024, the new brand will be rolled out in all core markets, to support our strategic goals to increase recognition across our markets and strengthen our internal culture and our commercial activities. The Board aims to create a Group environment that is driven by operational alignment, a shared identity and culture, aligned policies and governance and a unified commercial platform.

The Group's strategy and goals were assessed during 2023 with an aim to transform the Group towards a more cost-efficient model, and throughout the past year, the Group has maintained discipline when it comes to both cost and capital and pricing. Going forward into 2024 this remains high on the Board's agenda.

## Dividends and allocations

The Board proposed to the Annual General Meeting a cash dividend of NOK 259.5 million equivalent to NOK 0.70 per share for the financial year 2023.

The Board proposed to decrease the parent company's share capital and other paid in capital by cancellation of its 18,648,672 treasury shares acquired under the share buy-back program. A creditor deadline of six weeks will apply before implementation.

The Board is of the opinion that, after the dividend payment for 2023 and the cancellation of the acquired treasury shares, the Group will have adequate liquidity, financial strength, and flexibility to provide sufficient support to its operations within its strategy and market requirements.

The Board of Directors of B2 Impact ASA,
Oslo, 25 April 2024

/sign/
Harald L. Thorstein
*Chair*

/sign/
Adele B. Norman Pran
*Board Member*

/sign/
Trond Kristian Andreassen
*Board Member*

/sign/
Jessica Sparrfeldt
*Board Member*

/sign/
Henrik Wennerholm
*Board Member*

/sign/
Anders Engdahl
*Board Member*

/sign/
Ellen Hanetho
*Board Member*

/sign/
Erik J. Johnsen
*Chief Executive Officer*

# Board of Directors

## Harald L. Thorstein

- Independent
- Chair of the Board since May 2020
- Leader of the Remuneration Committee

Founder and Managing Partner of the London based advisory company Arkwright London Partners LLP. He has previously held positions in Seatankers Management and DnB Markets.

Chair of the Board of Jacktel AS, and board member of Yara International ASA, Dof Group ASA and Odfjell Drilling Ltd. Extensive board experience includes Aktiv Kapital, Axactor, SFL Corp and Seadrill.

MSc in Industrial Economics and Technology Management with specialisation within Finance and Optimisation.

| | |
|---|---|
| Number of board meetings in 2023: | 14/14 |
| Number of shares: | 360,000 |
| Nationality: | Norwegian |
| Born: | 1979 |

## Adele Bugge Norman Pran

- Independent
- Board member since May 2018
- Leader of the Audit Committee

Management consultant, board professional and investor. Professional experience from private equity and M&A consulting. Partner and CFO in Herkules Capital for 12 years.

Chair of the board of Zalaris ASA. Board member of ABG Sundal Collier ASA, Agentum Asset Management AS, Hitecvision AS, Motor Gruppen AS, Løvenskiold-Fossum ANS and Bane Nor SF.

Cand. jur degree from University of Oslo, Master of Accounting from NHH Norwegian School of Economics.

| | |
|---|---|
| Number of board meetings in 2023: | 14/14 |
| Number of shares: | 90,000 |
| Nationality: | Norwegian |
| Born: | 1970 |

## Trond Kristian Andreassen

- Independent
- Board member since May 2020

Managing owner of Vimar AS. Previous positions include CEO and member of the board of Avida Finans, CEO at Gothia Financial Group and CEO (Nordic, Spain and Holland and CEO Group Factoring Europe) at Arvato Financial Solutions.

Chair of the board in Åråsen Eiendom AS and Åråsen Stadion AS. Member of the board in Lillestrøm Sports-klubb and Skytech Control AS.

Bachelor of Business Administration from BI Norwegian Business School.

| | |
|---|---|
| Number of board meetings in 2023: | 13/14 |
| Number of shares: | 300,000 |
| Nationality: | Norwegian |
| Born: | 1963 |

## Jessica Sparrfeldt

- Independent
- Board member since May 2023

Holds the position of Chief Line of Business Ledger & Financing at PayEX. Previous positions include Head of Strategy Execution in PayEx Group, Head of Business Finance and Deputy CEO at Avida, Head of Corporate at Collector Bank and Företagsbanken at Marginalen Bank

Board member of Alfakraft Fonder AB and SHE Invest.

DIHM degree from IHM Business School (Market Economist), project management certificate from ESI International George Washington University, UC Business School.

| | |
|---|---|
| Number of board meetings in 2023: | 8/14 |
| Number of shares: | 0 |
| Nationality: | Swedish |
| Born: | 1978 |

## Henrik Wennerholm

- Independent
- Board member since December 2023

25 years of investing and operating experience in financial services from both the private and public sectors. Until August 2021 he was the CEO of DDM Holding AG. Founder of Sileo Kapital AB which was later acquired by B2 Impact ASA. Previous experience further includes various roles with Aktiv Kapital ASA (PRA Group), Öhman (Pareto Securities) and Hoist Finance AB.

M.Sc. in Economics and Managerial Finance from the Stockholm School of Economics.

| | |
|---|---|
| Number of board meetings in 2023: | 1/14 |
| Number of shares: | 1,960,000 |
| Nationality: | Swedish |
| Born: | 1975 |

## Anders Engdahl

- Independent
- Board member since December 2023

NPL investment and servicing executive with over 25 years of financial services experience. Previously held positions in Intrum AB including CEO, CFO and CIO. He has previous experience as Managing Director at Morgan Stanley's Financial Institutions Group and from Goldman Sachs.

Chair of the Board in Waya Finance & Technology AB.

M.Sc. in Economics and Managerial Finance from the Stockholm School of Economics.

| | |
|---|---|
| Number of board meetings in 2023: | 1/14 |
| Number of shares: | 0 |
| Nationality: | Swedish |
| Born: | 1974 |

## Ellen Hanetho

- Independent
- Board member since December 2023

Professional experience from investment banking and private equity as a finance and business development executive in corporations such as Frigaard Invest, Credo Partners, Goldman Sachs Investment Banking Division in London and the Brussels Stock Exchange and Citibank in Brussels.

Founder of Cercis AS. Chair of the board of Mer AS; member of the board of, among others, MPC Container ASA, EQVA ASA, Stokke Industri AS and Kristian Gerhard Jebsen Group Ltd.

BSBA from Boston University, MBA from Solvay University, executive training at INSEAD and Harvard Business School.

| | |
|---|---|
| Number of board meetings in 2023: | 1/14 |
| Number of shares: | 33,354 |
| Nationality: | Norwegian |
| Born: | 1964 |

# Financials

4

# Financial contents

# Consolidated income statement

*All figures in NOK million unless otherwise stated*

| Year ended 31 December | Notes | 2023 | 2022 |
|---|---|---|---|
| Interest revenue from purchased loan portfolios | 4.3 | 2 473 | 2 133 |
| Net credit gain/(loss) from purchased loan portfolios | 4.3 | 366 | 129 |
| Profit from investments in associated parties/joint ventures | 17 | 222 | 100 |
| Revenue from sale of collateral assets | 20 | 499 | 581 |
| Other revenues | 7 | 568 | 534 |
| **Total revenues** | **6** | **4 129** | **3 477** |
| External expenses of services provided | 8 | - 533 | - 422 |
| Personnel expenses | 9 | -1 027 | - 900 |
| Other operating expenses | 10 | - 532 | - 551 |
| Cost of collateral assets sold, including impairment | 20 | - 353 | - 392 |
| Depreciation and amortisation | 15 | - 95 | - 83 |
| Impairment losses | 14, 15 | - 11 | - 100 |
| **Operating profit/(loss)** | | **1 578** | **1 029** |
| Financial income | | 26 | 6 |
| Financial expenses | | -1 124 | - 588 |
| Net exchange gain/(loss) | | - 12 | - 25 |
| **Net financial items** | **11** | **-1 110** | **- 607** |
| | | | |
| **Profit/(loss) before tax** | | **468** | **421** |
| Income tax expense | 12 | - 105 | - 95 |
| **Profit/(loss) after tax** | | **363** | **326** |
| | | | |
| **Profit/(loss) attributable to:** | | | |
| Parent company shareholders | | 363 | 326 |
| Non-controlling interests | | 0 | 0 |
| | | | |
| **Earnings per share (in NOK):** | | | |
| Basic | 13 | 0.94 | 0.82 |
| Diluted | 13 | 0.94 | 0.82 |

# Consolidated statement of comprehensive income

*All figures in NOK million unless otherwise stated*

| Year ended 31 December | Notes | 2023 | 2022 |
|---|---|---|---|
| **Profit/(loss) after tax** | | **363** | **326** |
| | | | |
| **Other comprehensive income** | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of foreign operations | | 428 | 226 |
| Hedging of currency risk in foreign operations | 4.2 | - 150 | 9 |
| Hedging of interest rate risk | 4.2 | - 146 | |
| Tax attributable to items that may be reclassified to profit or loss | | 74 | |
| **Other comprehensive income** | | **206** | **234** |
| | | | |
| **Total comprehensive income** | | **569** | **561** |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Parent company shareholders | | 569 | 561 |
| Non-controlling interests | | 0 | 0 |

# Consolidated statement of financial position

*All figures in NOK million unless otherwise stated*

| As at 31 December | Notes | 2023 | 2022 |
|---|---|---|---|
| Deferred tax asset | 12 | 389 | 303 |
| Goodwill | 14 | 769 | 731 |
| Tangible and intangible assets | 15, 16 | 365 | 320 |
| Investments in associated companies and joint ventures | 17 | 781 | 690 |
| Purchased loan portfolios | 4.3 | 11 542 | 11 181 |
| Other non-current financial assets | 18 | 372 | 414 |
| **Total non-current assets** | | **14 218** | **13 638** |
| | | | |
| Income tax receivable | | 50 | 51 |
| Other current assets | 19 | 317 | 340 |
| Collateral assets | 20 | 1 339 | 1 294 |
| Cash and cash equivalents | 21 | 1 404 | 1 176 |
| **Total current assets** | | **3 111** | **2 861** |
| | | | |
| **Total assets** | | **17 328** | **16 500** |
| | | | |
| Share capital | 22 | 39 | 40 |
| Other paid in capital | 22 | 2 844 | 2 844 |
| Other capital reserves | 23 | 43 | 40 |
| Foreign currency translation reserve | | 743 | 465 |
| Other equity, including net profit for the year | | 1 918 | 1 828 |
| **Equity attributable to parent company's shareholders** | | **5 587** | **5 216** |
| Equity attributable to non-controlling interests | | 1 | 1 |
| **Total equity** | | **5 588** | **5 217** |

| As at 31 December | Notes | 2023 | 2022 |
|---|---|---|---|
| Deferred tax liabilities | 12 | 430 | 275 |
| Non-current interest bearing loans and borrowings | 24 | 7 970 | 8 885 |
| Other non-current liabilities | 16, 25 | 256 | 133 |
| **Total non-current liabilities** | | **8 655** | **9 294** |
| | | | |
| Current interest bearing loans and borrowings | 24 | 2 245 | 1 201 |
| Bank overdraft | 24 | 225 | 131 |
| Accounts and other payables | 26 | 174 | 209 |
| Income taxes payable | | 29 | 51 |
| Other current liabilities | 16, 27 | 411 | 396 |
| **Total current liabilities** | | **3 085** | **1 989** |
| | | | |
| **Total equity & liabilities** | | **17 328** | **16 500** |

Oslo, 25 April 2024

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

/sign/
Adele Bugge Norman Pran
*Board Member*

/sign/
Trond Kristian Andreassen
*Board Member*

/sign/
Jessica Sparrfeldt
*Board Member*

/sign/
Henrik Wennerholm
Board Member

/sign/
Anders Engdahl
*Board Member*

/sign/
Ellen Hanetho
Board Member

*/sign/*
*Erik J. Johnsen*
*Chief Executive Officer*

# Consolidated statement of changes in equity

*All figures in NOK million unless otherwise stated*

| | Notes | Share capital | Other paid-in capital | Treasury shares | Other capital reserves | Interest hedge reserve[1] | Foreign currency hedge reserve[2] | Foreign currency translation reserve | Other equity | Total | Non - controlling interests[3] | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Attributable to parent company shareholders | | | | | | | | | | |
| **At 1 January 2022** | | **41** | **2 843** | **0** | **59** | | **22** | **209** | **1 818** | **4 992** | **1** | **4 993** |
| Profit/(loss) for the year after tax | | | | | | | | | 326 | 326 | 0 | 326 |
| Other comprehensive income | | | | | | | 9 | 226 | | 234 | | 234 |
| **Total comprehensive income** | | | | | | | **9** | **226** | **326** | **561** | **0** | **561** |
| Issue of share capital | 22 | 0 | 1 | | | | | | | 1 | | 1 |
| Capital reduction | 22 | -1 | | 1 | | | | | | 0 | | 0 |
| Share buy-back programme | 22 | | | -2 | | | | | -172 | -175 | | -175 |
| Share based payments | 23 | | | | 6 | | | | | 6 | | 6 |
| Other restricted capital | | | | | -25 | | | | 25 | 0 | | 0 |
| Dividend paid to parent company shareholders | 22 | | | | | | | | -168 | -168 | | -168 |
| Dividends to non-controlling interests | | | | | | | | | | 0 | 0 | 0 |
| **At 31 December 2022** | | **40** | **2 844** | **-1** | **40** | | **31** | **434** | **1 829** | **5 216** | **1** | **5 217** |
| Profit/(loss) for the year after tax | | | | | | | | | 363 | 363 | 0 | 363 |
| Other comprehensive income | | | | | | - 146 | - 150 | 428 | 74 | 206 | | 206 |
| **Total comprehensive income** | | | | | | **- 146** | **- 150** | **428** | **437** | **569** | **0** | **569** |
| Capital reduction | 22 | -1 | | 1 | | | | | | 0 | | 0 |
| Share buy-back programme | 22 | | | -2 | | | | | -121 | -123 | | -123 |
| Share based payments | 23 | | | | 4 | | | | | 4 | | 4 |
| Exercise of options | 23 | | | | | | | | -2 | -2 | | -2 |
| Dividend paid to parent company's shareholders | 22 | | | | | | | | -77 | -77 | | -77 |
| Dividends to non-controlling interests | | | | | | | | | | 0 | 0 | 0 |
| **At 31 December 2023** | | **39** | **2 844** | **-2** | **43** | **-146** | **-119** | **862** | **2 066** | **5 587** | **1** | **5 588** |

1. *Hedge accounting of interest derivatives, please refer to note 4.2.*
2. *Hedge accounting of net investment in foreign operations, please refer to note 4.2.*
3. *Minority interest in Latvia and Poland, please refer to note 29.*

# Consolidated statement of cash flows

*All figures in NOK million unless otherwise stated*

| Year ended 31 December | Notes | 2023 | 2022 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit/(loss) before tax | | 468 | 421 |
| Adjustment for non-cash items: | | | |
| Amortisation and revaluation of purchased loan portfolios | | 2 899 | 2 322 |
| Repossession of collateral assets | | -276 | -299 |
| Cost of collateral assets sold, including impairment | 20 | 353 | 392 |
| Profit from investments in associated parties/joint ventures | 17 | -222 | -100 |
| Finance income | 11 | -26 | -6 |
| Finance costs | 11 | 1 124 | 588 |
| Unrealised foreign exchange differences | | -299 | -148 |
| Other items | | 213 | 245 |
| Operating cash flows: | | | |
| Income tax paid during the year | | -144 | -144 |
| Interest received | | 23 | 5 |
| Decrease/(increase) in current assets | | -15 | -119 |
| Decrease/(increase) in other non-current financial assets | | -66 | -211 |
| Increase/(decrease) in current liabilities | | -3 | 50 |
| Increase/(decrease) in non-current liabilities | | 260 | 145 |
| **Net cash flow from operating activities** | | **4 290** | **3 142** |
| **Cash flow from investing activities** | | | |
| Payment of purchased loan portfolios | 4.3 | -2 584 | -2 157 |
| Investment/divestments in subsidiaries, joint ventures and associated companies | | 310 | 1 |
| Cash received from investments in associated parties/joint ventures | | 202 | 294 |
| Payment of contingent consideration | | | -11 |
| Purchase of tangible and intangible assets | 15 | -67 | -27 |
| **Net cash flow from investing activities** | | **-2 139** | **-1 900** |

| Year ended 31 December | Notes | 2023 | 2022 |
|---|---|---|---|
| **Cash flow from financing activities** | | | |
| Proceeds from the issue of new shares | 22 | 0 | 1 |
| Payment share buy-back programme | | -122 | -175 |
| Proceeds from new external loans during the year | 24 | 20 119 | 23 462 |
| Repayment of external loans during the year | 24 | -20 942 | -22 892 |
| Repayment of principal amount on lease liabilities | 16 | -50 | -43 |
| Interest and commitment fee paid on borrowings | | -932 | -418 |
| Borrowing cost paid | | -69 | -159 |
| Excercised share options | 23 | -2 | |
| Dividend paid to parent company's shareholders | | -77 | -168 |
| Dividends paid to non-controlling interest | | 0 | 0 |
| **Net cash flow from financing activities** | | **-2 077** | **-392** |
| | | | |
| **Net cash flow during the year** | | **74** | **850** |
| | | | |
| Net cash at 1 January | | 1 045 | 157 |
| Exchange rate difference on cash and cash equivalents | | 60 | 38 |
| **Net cash at 31 December** | | **1 179** | **1 045** |
| | | | |
| Net cash comprised of: | | | |
| Cash and cash equivalents | 21 | 1 404 | 1 176 |
| Bank overdraft | 24 | -225 | -131 |

# Notes to the consolidated financial statements

## Note 1: General information, basis of preparation, consolidation principles, new and amended standards adopted by the Group and new and amended standards issued but not yet effective.

### 1.1 General information

B2 Impact ASA (the Company or Parent) and its subsidiaries (together the Group) is a pan-European debt investor and servicer. The business consists of purchase, management and collection of unsecured and secured non-performing loans.

B2 Impact ASA is a Norwegian public limited company listed on the Oslo Stock Exchange (Oslo Børs) with ticker B2I. The Company's registered office is at Cort Adelers gate 30, 0254 Oslo, Norway.

The consolidated financial statements of the Group for the year ending 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 25 April 2024.

### 1.2 Basis of preparation

The consolidated financial statements of B2 Impact ASA and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS® Accounting Standards) as adopted by the European Union (EU) and Norwegian Authorities, effective as of 31 December 2023.

The consolidated financial statements have been prepared on a historical cost basis except for the following assets and liabilities that are measured at fair value:

- derivatives,
- contingent considerations arising from business combinations,
- participation loan/notes, and
- structured bond and investment funds

Preparation of the financial statements, including note disclosures, requires management to make estimates and assumptions that affect amounts reported. Actual results may differ. See note 3 "Critical accounting judgments and key sources of estimation uncertainty".

The functional currency of B2 Impact ASA is the Norwegian krone (NOK). The B2 Impact Group consolidated financial statements are presented in NOK and all values are rounded to the nearest million (NOK'000 000) except when otherwise indicated. B2 Impact ASA has been granted permission from the Norwegian authorities to publish the Group accounts in English only.

### 1.3 Consolidation principles

The consolidated financial statements include B2 Impact ASA and its subsidiaries. Subsidiaries are entities in which B2 Impact ASA has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. As of 31 December 2023, B2 Impact ASA has more than 50 % of the voting power in all subsidiaries.

All intercompany transactions and balances including profit and loss resulting from these transactions are eliminated in full upon consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

### 1.4 New and amended standards adopted by the Group

B2 Impact Group has implemented the amendment to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2 to disclose material accounting policy information. Besides that, B2 Impact Group has not implemented any new accounting standards during 2023.

### 1.5 New and amended standards issued but not yet effective

The Group has not early adopted new and revised IFRS standards which are not yet mandatory or effective.

The Group does not expect that the adoption of these accounting standards in future periods will have a material impact on the financial statements.

## Note 2: Accounting principles

### 2.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. According to this method, acquisitions of subsidiaries are viewed as transactions by which the Group indirectly acquires the subsidiary's assets and assumes its liabilities and contingent liabilities and values those assets and liabilities meeting the conditions for recognition under IFRS 3 Business Combinations, at their fair value on the acquisition date.

The purchase price consists of the fair value of the consideration given on the transfer date, including any conditional purchase consideration which is recognised as a liability at fair value at the acquisition that date.

Non-controlling interests arise in cases where the Group acquires less than 100 % of the shares in the subsidiary.

If purchase price exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the difference will be recognised as goodwill.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU), or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, by comparing the carrying amount of the CGU, including goodwill, with the recoverable amount of the CGU. The Group calculates the recoverable amount of the CGU by determining the higher of the fair value less cost to sell and its value in use. The key assumption for the value in use calculation is the forecasted cash flows during the forecast period, WACC and growth rate. If the recoverable amount of the CGU is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro-rate to the other assets of the unit on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is recognised immediately in the consolidated income statement and is not reversed in a subsequent period.

On disposal of an operating unit within a CGU to which goodwill has been allocated, the goodwill associated with that operation is included in the carrying amount of the operation when determining the gain or loss on disposal.

### 2.2 Investments in associated companies and joint ventures

An associated company is an entity over which the Group has the ability to exercise significant influence and that is not a subsidiary or a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without the ability to have control over those policies. Significant influence normally exists when the Group has 20 % to 50 % voting power through ownership or agreements.

Investments in associated companies are accounted for using the equity method.

A joint arrangement is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control. That is when the strategic financial and operating policy decisions relating to the activities of the joint arrangement require the unanimous consent of the parties sharing control. Joint arrangements which represent a residual interest in the arrangement are joint ventures. The Group's participation in joint arrangements is classified as joint ventures. For further details about investments in associated companies and joint ventures see note 17.

Under the equity method the investment is recognised at cost and subsequently adjusted to the Group's share of the change in the investment's net assets since acquisition date. The equity method is applied from the date a significant influence arises until the time it ceases, or the associated company or joint venture becomes a subsidiary. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

The financial statements of the associates and joint ventures are prepared for the same reporting period as the Group, except for the Joint Venture EOS Credit Funding BL DAC, which prepares financial statements for the period 1 March to 28 February. Adjustments are made for the effects of transactions or events that occur between the date of the Group's consolidated financial statements and that date.

The Group's investments in associates and joint ventures are tested for impairment when there are indications that these investments may be impaired.

### 2.3 Foreign currencies

The consolidated financial statements are presented in NOK, which is B2 Impact ASA's functional currency. Transactions in foreign currencies are initially recognised in the functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the exchange rate at the reporting date. All exchange differences are recognised in the income statement with the exception of exchange differences on foreign currency borrowings that provide an effective hedge against a net investment in a foreign entity, or monetary items that are regarded as a part of the net investments. These exchange differences are recognised as a separate component of other comprehensive income until the disposal of the net investment or settlement of the monetary item, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in other comprehensive income. Non-monetary items measured at historical cost in foreign currency are translated using the exchange rates at the dates of the initial recognition. The date of initial recognition for non-monetary assets on which the Group has paid an advance consideration is the date of the payment of the advanced consideration.

The Group has foreign entities with functional currency other than NOK. At the reporting date, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange at the reporting date and their income statements are translated at the average exchange rates for the year. The translation differences arising from the translation are recognised in other comprehensive income until the disposal of the net investment, at which time they are recognised in the income statement.

### 2.4 Purchased loan portfolios

Investment in loan portfolios consist of portfolios of non-performing loans and debt, purchased at prices significantly below the nominal receivable. They are recognised at amortised cost according to the credit-adjusted effective interest method in accordance with the rules for credit-impaired receivables set out in IFRS 9 Financial instruments. Purchased loan portfolios are classified as non-current assets in the statement of financial position.

The credit-adjusted effective interest method is a method of calculating the amortised cost of a credit-impaired financial asset and of allocating the interest income to the income statement over the relevant period. The credit-adjusted effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or when appropriate a shorter period, to the net carrying amount of the financial asset.

In connection with purchased loan portfolios, the effective interest rate is calculated based on the acquisition cost including all transaction costs and estimated future cash flows which includes the nominal amount, reminder fees, collection fees and late interest that, based on a probability assessment, are expected to be received from debtors.

Each portfolio is initially recorded in the statement of financial position at cost and including all transaction costs. Subsequent price adjustments for portfolios acquired are recorded as an adjustment to the statement of financial position. Interest income on purchased loan portfolios is accrued monthly in the income statement based on each portfolios credit adjusted effective interest rate. Monthly cash flows greater than the cash flow forecast for the same period are recorded as part of the Net credit gain/(loss) on purchased loan portfolios" in the period. Likewise, monthly cash flows that are less than the monthly cash flow forecast for the same period are also classified as part of the "Net credit gain/(loss) on purchased loan portfolios" in the period.

Portfolios are defined to be the lowest reliable level for aggregating accounts with similar attributes, such as accounts in the same jurisdiction or similar types or classes of debt. Typically, each portfolio consists of an individual acquisition of receivables. The portfolio is accounted for as a single unit for the recognition of income, principal payments and adjustments due to the recalculation of the estimated future cash flows.

The Group also acquires portfolios on a forward flow basis. This means that a contract is established for purchases of loan portfolio at an agreed price as a percentage of a nominal receivable, but where the volumes of debts are not fully known at the time of agreement. The acquisition (delivery) of forward flow debts can be done on a monthly basis. For reporting and IFRS evaluation purposes, the Group combines these acquisitions into portfolio pools by vendor and sets future collections expectations based on these combined pools. The internal rate of return can therefore vary from each pool based on content of the pool.

Unidentified receipts and excess payments

The Group receives large volumes of payments from debtors. There are instances where the sender's reference information is missing or incorrect making it difficult to allocate the payment to the right case. There are also situations where payments are received on closed cases. In such instances, a liability is recognised in the statement of financial position for unidentified or incorrectly received payments. A reasonable search and attempt to contact the payment sender is made, but failing this the payment is recognised as income at intervals that are permitted according to the rules and business practices of the local jurisdiction.

Collateral assets

In connection with the acquisition and recovery of purchased loan portfolios, the Group may become owner of assets such as land, buildings or other physical goods. These assets are only acquired as part of the recovery strategy for the purpose of being divested within the Group's ongoing operations to maximize the value of recoveries. Such assets are classified as inventories and recognized in the balance sheet at the lower of cost and net realisable value in accordance with IAS 2 Inventories.

### 2.5 Segments

Segment reporting was changed from 1 January 2023. The operative segments for the Group are now Investments and Servicing, while these were previously defined based on the geographical markets.

An operating segment is a part of the Group that generates income and incurs expenses and for which separate financial information is available that is evaluated regularly by the chief operating decision maker, the Chief Executive Officer, in deciding how to assess performance and allocate resources to the operating segment.

### 2.6 Revenue from contracts with customer

The Group applies IFRS 15 Revenue from Contracts with Customers five-step model whereby revenue is recognised at an amount which reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes and duties. Revenue from contracts with customers are mainly revenue from external collection, telemarketing, fraud prevention and credit information services. Revenue from contracts with customers is presented in one-line item in the consolidated income statement as part of "Other revenues" and specified in note 7 Other revenues.

### 2.7 Taxes

Current income tax

Income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date in the countries where the Group operates. When there is uncertainty regarding whether particular tax treatments made in tax filings will be accepted by the tax authorities, but acceptability is probable, accounting tax positions are determined consistently with the treament in the tax filings. If acceptability is not probable, the uncertainty is reflected when determining the accounting tax positions.

Income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in the income statement.

### Deferred tax

Deferred income tax is computed using the liability method on temporary differences between the tax basis of assets and liabilities and their carrying amounts in the statement of financial position at the reporting date.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or in respect of temporary differences associated with investments in subsidiaries, associates or joint ventures where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised in the statement of financial position to the extent it is more likely than not that the tax assets will be utilised. The enacted tax rates at the end of the reporting period and undiscounted amounts are used.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### 2.8 Tangible assets

Tangible assets, such as improvements to rented offices, equipment, fixtures and fittings are recognised at cost less accumulated depreciation and accumulated impairment, if any. Cost includes the purchase price and costs directly attributable to installing the asset in the way intended. Repair and maintenance costs are expensed as incurred.

Depreciation is calculated on a straight-line basis over the useful life of these assets and over the remaining expected term of the property lease for improvements to rented offices, if this is less than the useful life. For practical reasons, the residual value of the asset is set to zero.

### 2.9 Leases

The Group leases various office buildings, vehicles, and smaller equipment. Rental contracts are typically made for fixed periods of six months to ten years but may have extension or termination options.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the contractual lease payments.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. For the classification in the statement of cash flow the interest payments on the lease liabilities follow the same principles as other interests.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs
- restoration costs

Right-of-use assets are generally depreciated on a straight-line basis over the shorter of the asset’s useful life and the lease term.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

### 2.10 Intangible assets

Intangible assets include purchase of software and intangible assets acquired separately or as a part of a business combination. Internal expenses for IT development and internal and external maintenance expenses are expensed as incurred.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The intangible assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date. The amortization expense on intangible assets with finite lives is presented in the income statement as part of "Depreciation and amortisation".

The Group assesses at each reporting date whether there is an indication that an intangible asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. If it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash generating unit to which the asset belongs.

See also section 2.1 Business combinations and goodwill.

### 2.11 Financial assets and liabilities: classification, measurement and impairment

The Group's main financial assets and liabilities are described below. See section 2.12 for a description of the Group's use of derivative financial instruments for the purpose of risk management.

Investment in loan portfolios

Investments in loan portfolios are the primary business activity of the Group and consist of portfolios of non-performing loans and debt, purchased at prices significantly below the nominal value of the receivable. Management performs a detailed analysis when a portfolio is acquired and determines classification at initial recognition. It is management's conclusion that the criteria for a business model of Hold to collect and the SPPI criteria are satisfied for the acquired portfolios, hence these loan portfolios will be measured at amortised cost using the effective interest method in accordance with the rules for credit-impaired at acquisition financial assets as set out in IFRS 9 Financial Instruments.

Purchased loan portfolios are measured at amortised cost. Their accounting treatment is described in more detail in section 2.4 and note 3.

Other non-current financial assets

Other non-current financial assets are primarily derivatives measured at FVTPL. See note 4.5 for additional information about fair value financial assets.

Other current assets

Accounts and other receivables are recognised when the Group has performed and there is a contractual obligation on the counterparty to pay, even if an invoice has not yet been received. Accounts receivables are recognised when an invoice has been sent. Accounts and other receivables are recognized at the transaction price, nominal amount unless containing a significant financing component and subsequently measured at amortised cost less any loss allowance. The loss allowance is based on a lifetime credit loss. The anticipated maturity of these receivables is short, so their carrying values are not discounted.

Customer cash accounts, included in Other, represent cash received on collection of a specific debt on behalf of a client and payable to the client within a specific period of time. The same amount is reported within other payables.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term deposits as well as immediately available balances with banks and similar institutions. Short-term deposits are easily and readily convertible to a known amount of cash and have a maturity of not more than three months.

Interest-bearing loans and borrowings including overdrafts

Bonds are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method and included in net financial items. The upfront fees and discounts are a part of the borrowing cost and are recognised as part of the interest expense in accordance with the effective interest method. Due to their short-term nature, other loans and borrowings are recognised at nominal value and are subsequently measured at amortised cost.

Impairment of financial assets:

IFRS 9 Financial Instruments requires recognition of expected credit losses (ECL) for the Group's investments in debt instruments measured at amortised cost. The Group applies the practical expedient of the lifetime ECL model for accounts receivable. For loan receivables at amortised cost, the ECL 3-stage model is applied. In stage 1, ECL from default events that are possible within the next 12 months are recognised. In stage 2 and 3 (credit risk has increased significantly since initial recognition), lifetime ECL is recognised.

The purchased loan portfolios are credit impaired at acquisition and are out of scope for the general ECL impairment model. Full lifetime ECL is included in the estimated cash flows when calculating the effective interest rate and only cumulative changes in lifetime ECL since initial recognition are recognized as a loss allowance for purchased loan portfolios.

### 2.12 Derivatives

The Group uses the following derivative financial instruments to hedge its risks associated with interest rates and foreign exchange rates: interest rate swaps (with or without cap), interest rate caps, foreign exchange swaps and cross currency rate swaps (with or without cap).

The derivative financial instruments are measured at fair value. Any gains or losses arising from changes in fair value on derivatives that are not cash flow hedges or hedges of net investments are recognized in the income statement as financial income or expense.

Derivatives are recognised without any offsetting; as assets when the value is positive and as liabilities when the value is negative, unless the Group has the intention and legally enforceable right to settle the contracts net.

### 2.13 Derecognition of financial assets and liabilities

The Group derecognizes a financial asset when the contractual rights to the cash flow from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires.

### 2.14 Offsetting of financial instruments

Financial assets and financial liabilities are offset with the net amount reported in the statement of financial position only if there is a current enforceable legal right to offset the recognised amounts and an intent to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 2.15 Fair value of financial instruments

The fair value of financial instruments that are traded on active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments that are not traded on an active market, the fair value is determined using appropriate valuation techniques which include:

- using recent market transactions
- reference to the current fair value of another instrument that is substantially the same and
- a discounted cash flow analysis or other valuation model.

An analysis of the fair values of financial instruments and further details as to how they are measured are provided in note 4 Financial risk management.

### 2.16 Provisions

Provisions such as workforce reductions, onerous contracts and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value. Where the Group expects full or partial reimbursement of the expense related to the provision, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

### 2.17 Pensions and other post-employment liabilities

Defined contribution pension plans:

The Group has a series of defined contribution pension plans which are pension plans under which the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual, or voluntary basis. The contributions are recognised as employee benefit expense when they are due.
The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods and therefore does not record a pension liability in the statement of financial position.

Other post-employment liabilities:

The Group's employees in certain jurisdictions are entitled to one month's severance pay in the event of old-age or disability retirement, in accordance with national labour regulations. This post-employment liability is based on a valuation carried out by a professional actuarial firm. Provisions for other termination benefits are created once employment is terminated.

### 2.18 Share based payments

Members of the executive management and some key employees may receive remuneration in the form of share-based payments that are considered as equity-settled share-based payments.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made, see further details in note 23 Share based payments. The fair value reflects market performance conditions, while service and non-market performance conditions are not considered. The cost is recognised as personnel costs, with a corresponding increase in other capital reserves, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The Group is obliged to withhold and pay an amount and report the full amount, to local tax authorities for the employee's tax obligations associated with redemption of vested share options. In addition, the Group may be obliged to report and pay social security tax.

No expense is recognised for awards that do not ultimately vest because of non-market performance and/or service conditions not being met. Where an award is cancelled by the entity, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. For further details, see note 13 Earnings per share.

### 2.19 Equity and net investment hedge

Share capital is stated at the nominal value of the shares that have been issued. Other paid-in capital consists of any premiums received in connection with the initial issue of share capital. Any transaction costs associated with the issuing of shares are deducted from other paid-in capital, net of any related income tax benefits.

Other capital reserves represent the cumulative cost of share-based payments as described in note 2.18 above.

The effects of exchange differences on translation of foreign currency are included as a separate component of equity.

The Group hedges net investments in foreign operations when feasible. The hedged risk is the foreign currency translation risk caused by the consolidation of an investment in a foreign subsidiary with a different functional currency than the Parent. With hedge accounting, the change in carrying amount due to exchange rate fluctuations to the degree considered an effective hedge, will be reported as "Hedging of currency risk in foreign operations" in Other comprehensive income. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as Other comprehensive income, while any gains or losses relating to the ineffective portion are recognised in the income statement. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss. For further details, see note 4 Financial risk management.

Other equity includes current and prior period results as disclosed in the consolidated statement of profit or loss and other comprehensive income.

### 2.20 Dividends

The Group recognises a liability to pay a dividend to owners of equity once it has been approved by the shareholders at the Annual General Meeting. A corresponding amount is recognised directly in equity.

Dividend revenue is recognised when the Group's right to receive the payment is established, which is generally when the shareholders have approved the dividend.

### 2.21 Classification in the statement of financial position

Current assets and liabilities include items due less than one year from the reporting date and, if longer, items tied to the operating cycle. Other assets are classified as non-current assets. The current portion of long-term debt is included as current liabilities.

### 2.22 Related parties

Parties are defined as related parties if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. All transactions between the related parties are based on the principle of 'arm's length' (estimated market value).

### 2.23 Consolidated statement of cash flows

The indirect method is used for the consolidated statement of cash flows which reconciles the change in cash and cash equivalents to the profit/(loss) for the year before tax. For the purpose of the consolidated statement of cash flows, cash and cash equivalents, defined in section 2.11 Financial assets and liabilities, are shown net of any outstanding bank overdrafts.

Foreign subsidiary transactions are translated in the cash flow statement at the average exchange rate for the period. Acquired and divested subsidiaries are recognised as cash flow from investing activities on a net basis after deducting cash and cash equivalents in the acquired or divested company.

## Note 3: Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements requires management to make judgements and assumptions that can significantly affect the amounts recognised in the financial statements. Additionally, major sources of estimation uncertainty at the end of the reporting period can have a significant risk of resulting in a material adjustment to the carrying amounts of assets or liabilities in future periods.

Key sources of estimation uncertainty and critical judgements are continually evaluated and updated based on expectations about future events that are believed by management to be reasonable under the circumstances.

When applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

### Investment in loan portfolios

The Group uses a credit-adjusted effective interest rate method to account for the loan receivables in the purchased loan portfolios. The use of the credit-adjusted effective interest rate method requires the Group to estimate future cash flows at each balance sheet reporting date. The underlying estimates that form the basis for interest income recognition and impairment losses on the portfolios depends on variables such as the ability to contact the customer and reach an agreement, estimated timing of cash flows, the general economic environment and statutory regulations. 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 in the consolidated income statement.

Events or changes in actual versus estimated collections and management's assessment of future cash flows will impact the net present value of future cash flows and therefore the amortised cost book value of the purchased loan portfolios. The cash flow estimates are prepared by management over a forecast period of time. Significant professional judgment is required when future cash flows are estimated. Many factors can potentially impact this assessment: macroeconomic conditions, portfolio characteristics, historical cash flows, collateral, experience from similar portfolios and country specific regulation. All of these are considered when estimating future cash flows but the impact they have will vary over time and differently from one portfolio to the next. Assessment of potential non-linear relationships or correlation between macroeconomic factors and estimated future cash flows are often difficult to find and to quantify, hence we have not identified macrofactors that we can model with enough certainty to use in our cash flow forecasting. However, Management carefully assesses the economic climate in the regions and countries where we make investments and make necessary and expected changes to cash flow forecasts.

If the cash flow estimates are revised, the carrying amount is recalculated by computing the present value of estimated future cash flows using the original credit-adjusted effective interest rate. This adjustment, due to changes in the actual and estimated cash flows, is recognised in the consolidated income statement as "Net credit gain/(loss) from purchased loan portfolios".

Actual cash flows may differ from the estimates, making it reasonably possible that a change in estimates could occur and impact the carrying value of the related purchased loan portfolio. On a quarterly basis management reviews the estimates of future cash flows and whether it is reasonably possible that its assessment of collectability may change based on actual results and other factors that may have an impact on the estimates. Where management is made aware of special circumstances relating to a purchased loan portfolio that may affect the reliability of previous assumptions, they will review and, if necessary, change the future cash flow estimates.

There is higher estimation uncertainty related to future cash flows arising from acquired portfolios in Denmark due to an ongoing assessment of whether these portfolios are subject to errors in portfolio data which could make some of the claims defective and/or delay collections. B2 Impact has assessed different scenarios. The current assessment is that we will be able to recover carrying value of these portfolios.

For further details, please refer to note 2.4 Purchased loan portfolios and note 4 Financial risk management.

### Goodwill impairment testing

In accordance with IAS 36, goodwill is tested at least on an annual basis for impairment. If a loss in value is indicated, the recoverable amount is the cash-generating unit's (CGU's) fair value less the cost of disposal or its value in use. When testing goodwill for impairment, management defines the recoverable amount as the estimated value in use. The value in use is the net present value of the estimated cash flows before tax. The discount rate used is the weighted average cost of capital (WACC) before tax calculated for each CGU. Estimating the financial assets' recoverable amount is based on management's judgements related to estimates of future performance and cash flows, the interest income generating capacity of the assets and assumptions related to future market conditions. A possible impairment of goodwill is determined by assessing the recoverable amount of the lowest identifiable CGU (or group of CGUs) to which the goodwill relates. For specific details related to the testing of goodwill, see note 14 Goodwill.

### Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that will be recognised, based upon the reliable evidence as to the estimated timing and amount of the future taxable profits. Further details are included in note 2.7 and note 12 Income tax.

## Note 4: Financial risk management

### 4.1 Financial risk

The Group's activities are exposed to financial risks: market risk, currency and interest rate risk, credit risk, liquidity risk and cash flow risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### Market and regulatory environment

The primary market risk for the Group is related to general economic conditions and statutory regulations in various geographical markets which have an impact on the debtors' ability to pay and vendors' criteria for selling portfolios of loans and receivables. The services and products offered in the respective geographical markets are subject to strict local laws and regulations, including requirements for lending, ownership and debt collection licenses, as well as legislation concerning personal data protection. Any legislative changes concerning consumer credit could affect the Group's earnings, market position and range of products and services.

#### Currency and interest rate 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.

#### Currency risk

Net debt adjusted for derivatives are made in relevant currencies reflecting the underlying expected future cash flows from loans and receivables. The exceptions are Romanian Leu (RON), Bulgarian Lev (BGN), Hungarian Forint (HUF), Bosnian Convertible Mark (BAM), Czech Koruna (CZK) and Serbian Dinar (RSD) where all borrowings are done in EUR.

The Group's bond loans and senior secured facility agreement is denominated in EUR and borrowings under the multi-currency revolving credit facility are drawn in PLN, SEK, DKK and EUR. At 31 December 2023, Net debt amounted to NOK 9 177 million. Net debt represented a currency basket comprising EUR: 63 %, PLN: 22 %, SEK: 11 % and DKK: 4 %. The Group has not entered into any currency derivatives as at 31 December 2023.

#### Interest rate risk

The Group uses interest rate swaps and interest rate caps to reduce its interest rate exposure. The Group's strategy is to hedge between 60 % and 120 % of Net debt up to a maximum period of 5 years. The hedging ratio at 31 December 2023 was 53 % with a duration of almost 2 years.

Under the arrangements in effect at 31 December 2023, a percentage point increase in market interest rates is estimated to have a net negative effect on net financial items of NOK 42 million with an estimated increased interest cost of NOK 90 million partly offset by an increase in cash payments from derivatives of NOK 48 million. In addition, the fair value of the derivatives is estimated to have a positive impact of NOK 42 million which would be registered in the OCI due to the application of hedge accounting. A percentage point decrease in market interest rates is estimated to have a net positive effect on net financial items of NOK 42 million, driven by a decrease in the estimated interest expenses of NOK 90 million and a decrease in the cash payments from derivatives of NOK 48 million. In addition, the fair value of the derivatives is estimated to have a negative impact of NOK 42 million which would be registered in the OCI due to the application of hedge accounting.

In general, changes in macroeconomic factors such as interest rates may impact the debtors' ability to repay their debt and thereby influence the future cash flow received from the portfolios.

The currency sensitivity analysis shown below is based on book value of loans and receivables at 31 December 2023, net of Net debt and the effect of currency derivatives.

*All figures in NOK million unless otherwise stated*

| Currency | Closing rate at 31 December 2023 against NOK | NOK strengthens by 20 % | NOK strengthens by 10 % | NOK weakens by 10 % | NOK weakens by 20 % |
|---|---|---|---|---|---|
| DKK | 1.5082 | -43 | -22 | 22 | 43 |
| EUR | 11.2405 | -373 | -186 | 186 | 373 |
| SEK | 1.0130 | -103 | -51 | 51 | 103 |
| HUF | 0.0294 | -7 | -4 | 4 | 7 |
| BAM | 5.7473 | -8 | -4 | 4 | 8 |
| RSD | 0.0959 | -17 | -9 | 9 | 17 |
| PLN | 2.5903 | -223 | -112 | 112 | 223 |
| RON | 2.2591 | -84 | -42 | 42 | 84 |
| BGN | 5.7473 | -4 | -2 | 2 | 4 |
| CZK | 0.4546 | -78 | -39 | 39 | 78 |
| GBP | 12.9342 | 0 | 0 | 0 | 0 |
| **Total impact on book values** | | **-940** | **-470** | **470** | **940** |

### Credit risk

Most of the loans and receivables are unsecured. As long as there is uncertainty about the ability of debtors to fulfil their obligations, there will also be considerable risk linked to cash collected from the Group's loans and receivables. Management's view is that the real credit risk exposure is reduced through the price discount paid on acquisition of the portfolios.

In order to minimise the credit risk exposure, the Group continues to invest in staff with broad experience in credit management and focus on increased analytical approaches to portfolio assessments. In addition, the Group's investment in effective IT systems and a more uniform cross-border business model will result in better control of the Group's business, which in turn will also help reduce the risk of credit losses.

| Maximum exposure to credit risk | 2023 | 2022 |
|---|---|---|
| Purchased loan portfolios | 11 542 | 11 181 |
| Loan receivables | 200 | 280 |
| Investments in associated companies and joint ventures | 781 | 690 |
| Other non-current financial assets | 372 | 133 |
| Accounts receivable | 41 | 34 |
| Other current assets | 326 | 357 |
| Cash and cash equivalents | 1 404 | 1 176 |
| **Total at 31 December** | **14 666** | **13 852** |

*All figures in NOK million unless otherwise stated*

### Liquidity risk

The Group's multi-currency revolving credit facility of EUR 610 million, the EUR 180 million Senior Facility Agreement (SFA) and the two senior unsecured bond loans of in total EUR 500 million, as well as the cash and cash equivalents, totalling NOK 15,904 million at 31 December 2023, ensure necessary funding to meet future payment obligations. At 31 December 2023, the Group had an unutilised part of the revolving credit facility totalling EUR 204 million or NOK 2,293 million, an unutilised part of the SFA of EUR 180 million or NOK 2,023 million and an unutilised part of the multi-currency overdraft totalling EUR 20 million or NOK 225 million as well as cash and cash equivalents of NOK 1,404 million.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Refer to note 32 for subsequent events impact on liquidity risk.

| | 12 months or less | 1-2 years | 2-5 years | More than 5 years |
|---|---|---|---|---|
| Interest bearing loans & borrowings (current and non-current) | 3 164 | 7 473 | 5 188 | |
| Other non-current liabilities | | 43 | 90 | 44 |
| Bank overdraft | 225 | | | |
| Accounts and other payables | 174 | | | |
| Other current liabilities | 411 | | | |
| **Total at 31 December 2023** | **3 974** | **7 516** | **5 277** | **44** |
| Interest bearing loans & borrowings (current and non-current) | 2 056 | 2 741 | 10 547 | |
| Other non-current liabilities | | 32 | 64 | 55 |
| Bank overdraft | 131 | | | |
| Accounts and other payables | 209 | | | |
| Other current liabilities | 405 | | | |
| **Total at 31 December 2022** | **2 801** | **2 773** | **10 611** | **55** |

*All figures in NOK million unless otherwise stated*

### Capital structure

The Group's Net interest-bearing debt was NOK 9,035 million at 31 December 2023. Total equity, net of intangible assets (incl. goodwill), was NOK 4,698 million and total assets, net of intangible assets (incl. goodwill), were NOK 16,438 million.

The Group monitors its capital structure by calculating a total loan to value ratio, defined as Net debt, adjusted for vendor financing, earn out, financial lease, fair value of hedging instruments, less cash and deposits divided by the carrying value of purchased loan portfolios, loan receivables, joint venture investments, collateral assets and goodwill. The total loan to value ratio at 31 December 2023 was 66 % which is lower than the maximum allowed loan to value covenant requirement under the multi-currency revolving credit facility of 75 %.

Refer to note 24 for more information about the Group's financial covenants.

### 4.2 Derivative financial instruments and hedge accounting

At 31 December 2023, the Group had the following derivative financial instruments:

| Instrument | Currency | Notional amount in Currency | Notional amount in NOK | Fixed rate | Strike | Floating 3M IBOR | Fair value NOK | Start | Due |
|---|---|---|---|---|---|---|---|---|---|
| **Interest rate derivatives:** | | | | | | | | | |
| Interest rate cap | EUR | 75 | 843 | | 1.00 % | 3.91 % | 6 | 21/12/2018 | 14/02/2024 |
| Interest rate cap | EUR | 75 | 843 | | 1.00 % | 3.91 % | 3 | 21/12/2018 | 14/02/2024 |
| Interest rate cap | SEK | 300 | 304 | | 1.00 % | 4.05 % | 2 | 21/12/2018 | 14/03/2024 |
| Interest rate swap | PLN | 75 | 194 | 0.6850 % | | 5.88 % | 12 | 14/07/2020 | 14/07/2025 |
| Interest rate swap | PLN | 75 | 194 | 0.6670 % | | 5.88 % | 12 | 15/06/2020 | 16/06/2025 |
| Interest rate swap | PLN | 75 | 194 | 0.6650 % | | 5.88 % | 11 | 14/05/2020 | 14/05/2025 |
| Interest rate swap | EUR | 75 | 843 | 3.3440 % | | 3.91 % | -19 | 22/12/2023 | 22/09/2026 |
| Interest rate swap | EUR | 75 | 843 | 3.3340 % | | 3.91 % | -19 | 22/12/2023 | 22/09/2026 |
| Interest rate swap | SEK | 300 | 304 | 3.7000 % | | 4.05 % | -10 | 14/11/2023 | 16/11/2026 |
| Interest rate swap | DKK | 150 | 226 | 2.6757 % | | 3.87 % | -1 | 15/01/2024 | 14/01/2027 |
| | | | | | | | **-1** | | |

*All figures in NOK million unless otherwise stated*

In addition to changes in fair value, net financial items are also affected by the interest paid and received under the interest rate derivatives and foreign exchange forwards. The net interest revenue from the interest rate swaps and caps was NOK 106 million and the net interest revenue from the currency derivatives was NOK 3 million in 2023.

### Hedge accounting

The Group applies hedge accounting in accordance with IFRS 9 in order to reduce risk related to effect of interest rate changes and currency risk. Currently, the Group only has qualifying cash flow and net investment hedges. At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking these hedge transactions. Amounts recognised in other comprehensive income and accumulated in hedging reserve within equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. These amounts are presented in the same line in the income statement as the recognised hedged item.

#### Net investment hedging

The Group applies hedge accounting to hedges of net investments in foreign subsidiaries. The hedged risk is the foreign currency translation risk caused by the consolidation of an investment in a foreign subsidiary with a different functional currency than the Parent. Foreign currency borrowings are used as hedging instruments. These instruments are presented as non-current interest bearing debt in the consolidated statement of financial position. Instruments in EUR, PLN and SEK are used to hedge the investments in the Group's subsidiaries with functional currencies EUR, PLN and SEK. The hedge ratio of the relationship is defined as the principal of the hedging instrument to the designated part of the hedged item, resulting in a 100% hedge ratio. Hedge ineffectiveness may arise when the amount of the investment in the foreign subsidiary becomes lower than the amount of the debt and derivatives designated as hedging instruments. There was no hedge ineffectiveness recorded in the years ending 31 December 2023 and 31 December 2022, since the foreign currency gains and losses on the hedged items are offset by the foreign currency gains and losses on the hedging instruments. Any reclassifications from net investment hedge reserve to the income statement, due to for instance sales of subsidiaries, can be seen in the consolidated statement of comprehensive income and the consolidated statement of changes in equity.

| Net investment hedging relationships | 2023 | 2022 |
|---|---|---|
| Change in carrying amount of net investment hedge instruments as a result of foreign currency movements since 1 January, recognised in OCI | **-150** | 9 |
| Change in value of hedged item used to determine hedge effectiveness | **150** | -9 |

*All figures in NOK million unless otherwise stated*

Interest-bearing debt designated as hedging instruments in net investment hedges (only designated part of instruments is included):

| As at 31 December | 2023 | 2022 |
|---|---|---|
| Nominal amounts net investment hedge instruments | 3 613 | 2 118 |

Debt designated as hedging instruments in net investment hedges are recognised on the line item Non-current interest bearing loans and borrowings in the Consoldiated statement of financial position.

The following table shows the maturity profile (in nominal values) of the Group's net investment hedge instruments (only designated part of instruments are included):

| | <1 year | 2 years | 3 years | 4 years | Total |
|---|---|---|---|---|---|
| As at 31 December 2023 | | 1 702 | 1 911 | | 3 613 |
| As at 31 December 2022 | 620 | | 1 498 | | 2 118 |

## Cash flow hedging

The Group partially hedges its cash flow exposure related to its interest-bearing debt with floating interest rate. In order to hedge this exposure the Group uses hedging instruments like interest rate swaps and/or interest rate caps. The hedge ratio of the relationship is defined as the principal of the hedging instrument to the designated part of the hedged item, resulting in a 100% hedge ratio.

| Cash flow hedging relationships | 2023 | 2022 |
|---|---|---|
| Gain/(loss) recognised in OCI | -146 | |

Interest-bearing debt designated as hedging items in cash flow hedges (only designated part of instruments is included):

| As at 31 December | 2023 | 2022 |
|---|---|---|
| Nominal amounts of cash flow hedge items | 4 789 | |

*All figures in NOK million unless otherwise stated*

Debt designated as hedging items in cash flow hedges is recognised on the line items Current and Non-current interest bearing loans and borrowings in the Consoldiated statement of financial position.

The following table shows the maturity profile (in nominal values) of the Group's cash flow hedge items (only designated part of items are included):

| | <1 year | 2 years | 3 years | 4 years | Total |
|---|---|---|---|---|---|
| As at 31 December 2023 | 1 686 | 1 417 | 1 686 | - | 4 789 |

Impact of hedging on equity

Set out below is the reconciliation of the components of equity and the analysis of the other comprehensive income:

| | Interest hedge reserve | Foreign currency translation reserve |
|---|---|---|
| **As at 1 January 2022** | | **22** |
| Foreign currency revaluation of the PLN borrowing | | 23 |
| Foreign currency revaluation of the SEK borrowing | | 17 |
| Foreign currency revaluation of the EUR borrowing | | -31 |
| **As at 1 January 2023** | | **31** |
| Foreign currency revaluation of the PLN borrowing | | -117 |
| Foreign currency revaluation of the SEK borrowing | | 6 |
| Foreign currency revaluation of the EUR borrowing | | -39 |
| Cash flow revaluation of the interest derivatives | -146 | |
| Tax effect | 36 | 37 |
| **As at 31 December 2023** | **-109** | **-82** |

*All figures in NOK million unless otherwise stated*

### 4.3 Purchased loan portfolios

Purchased loan portfolios at 31 December 2023

| | 2023 | 2022 |
|---|---|---|
| **At 1 January** | **11 181** | **10 921** |
| Portfolio investments in the period | 2 570 | 2 165 |
| Reclassification from investment in joint ventures[1] | 157 | |
| Gross collection from purchased loan portfolios | -5 738 | -4 584 |
| Interest revenue from purchased loan portfolios | 2 473 | 2 133 |
| Net credit gain/(loss) from purchased loan portfolios | 366 | 129 |
| *Whereof collection above/(below) estimates* | *1 056* | *553* |
| *Whereof changes in future collection estimates* | *-690* | *-424* |
| Book value of sold loan portfolios | -452 | |
| Exchange rate differences | 985 | 417 |
| **At 31 December** | **11 542** | **11 181** |

Gross collections from purchased loan portfolios:

Gross collections are the actual cash collected and assets recovered from purchased portfolios before costs related to the collection of the cash received.

Net credit gain/(loss) from purchased portfolios:

The Group purchases materially impaired loan portfolios at significant discounts and 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 gross collections deviating from collection estimates and from changes in future cash collections 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 estimates 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 consolidated income statement in the line item "Net credit gain/(loss) from purchased loan portfolios". The portfolios are evaluated quarterly. Gross collections above collection estimates and upwards adjustment of future collection estimates increase revenue. Gross collections below collection estimates and downwards adjustment of future collection estimates decrease revenue.

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

*All figures in NOK million unless otherwise stated*

Net credit gain/(loss) from purchased loan portfolios is specified in the table below:

| At 31 December | 2023 | 2022 |
|---|---|---|
| **Secured portfolios:** | | |
| Gross collection from purchased loan portfolios | 1 525 | 1 022 |
| Collection above/(below) estimates | 873 | 437 |
| Changes in future collection estimates | -741 | -410 |
| **Net credit gain/(loss) from secured portfolios** | **132** | **27** |
| | | |
| **Unsecured portfolios:** | | |
| Gross collection from purchased loan portfolios | 4 213 | 3 562 |
| Collection above/(below) estimates | 183 | 116 |
| Changes in future collection estimates | 51 | -14 |
| **Net credit gain/(loss) from unsecured portfolios** | **234** | **102** |
| **Net credit gain/(loss) from purchased loan portfolios** | **366** | **129** |

Net purchase of purchased loan portfolios, cash flow statement:

| | 2023 | 2022 |
|---|---|---|
| Purchase of loan portfolios | -2 570 | -2 165 |
| Change in prepaid/amounts due on purchase of purchased loan portfolios | -14 | 8 |
| **Net purchase of purchased loan portfolios, cash flow statement** | **-2 584** | **-2 157** |

### 4.4 Fair value estimation purchased loan portfolios

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques such as net present value of estimated cash flows. For purchased loan portfolios, the discount rate used is the weighted average cost of capital, which is the weighted value of the cost of debt and the cost of equity in each particular country. The cost of equity is estimated by applying the capital asset pricing model.

*All figures in NOK million unless otherwise stated*

As described in note 3, the preparation of cash flow estimates requires significant estimates to be made by management regarding future cash flows from purchased loan portfolios. The fair value of the purchased loan portfolios is estimated to be approximately NOK 12 billion and is based on net future estimated cash flows after tax, discounted with the estimated WACC for the countries in question. The corresponding carrying amount is NOK 11.5 billion which is based on IFRS 9 using the estimated gross future cash flows, where the discount factor is the individual IRR for each portfolio. The future gross cash flow forecasts used to estimate the fair value are the same as the cash flow forecasts used in the accounting for purchased loan portfolios at 31 December 2023.

The fair value estimation is based on estimated monthly net cash flows from the purchased loan portfolios per subsidiary and type of portfolio (unsecured/secured). The estimated monthly net cash flows from purchased loan portfolios are the assumed monthly future gross collection less assumed monthly cost to collect. Cost to collect is a percentage of the gross collection and varies depending on the type of portfolio, stage of development of the subsidiary in its local market and country specific environment. In addition, the country specific marginal tax rate is applied. This individual cost to collect and tax rate are applied to each estimated future cash flow, adding up to an estimated total net cash flow (CF3) for the Group, presented in the table below.

| | 2024 | 2025 | -----> | 2044 | Total |
|---|---|---|---|---|---|
| Gross collection (CF1) | 4 368 | 3 915 | 12 783 | | 21 065 |
| **Cost to collect** | **-826** | **-715** | **-2 608** | | **-4 148** |
| Gross collection less cost to collect (CF2) | 3 542 | 3 200 | 10 174 | 0 | 16 917 |
| Tax | -281 | -198 | -776 | | -1 254 |
| **Net cash flow from purchased loan portfolios (CF3)** | **3 262** | **3 002** | **9 399** | **0** | **15 663** |

The weighted average cost of capital after tax is estimated for each country where the cash flows are generated. Based on this rate, the discounted value of the estimated net cash flows for the forecast period indicates that the fair value of the purchased loan portfolios is NOK 12 billion.

To evaluate this calculation, a sensitivity analysis is presented in the table below in order to see the effect of deviations in the cash flow estimates and effects of variations in the cost of capital used as discount rate.

*All figures in NOK million unless otherwise stated*

| Fair value of purchased loan portfolios at 31 December 2023 assuming different % forecast collection levels and discount rates | | % forecast collection | | |
|---|---|---|---|---|
| | | 90% | 100% | 110% |
| Discount rate | WACC -2.0 % | 11 317 | 12 770 | 14 222 |
| | WACC -1.5 % | 11 137 | 12 567 | 13 996 |
| | WACC -1.0 % | 10 965 | 12 372 | 13 779 |
| | WACC -0.5 % | 10 798 | 12 184 | 13 570 |
| | **WACC used** | 10 637 | **12 003** | 13 367 |
| | WACC +0,5 % | 10 482 | 11 827 | 13 172 |
| | WACC +1.0 % | 10 332 | 11 658 | 12 983 |
| | WACC +1.5 % | 10 187 | 11 494 | 12 801 |
| | WACC +2.0 % | 10 046 | 11 336 | 12 625 |

### Cost of capital

The cost of equity ($R_S$) was assessed by applying the Capital Asset Pricing Model (CAPM), which assumes that the shareholders demand a risk premium in addition to the return on a risk-free ($R_F$) investment. The risk premium was estimated based on a general market risk (MRP), which was adjusted up or down depending on the industry's risk profile through multiplying by the β-risk. The first adjustment to the basic CAPM is a country risk premium (CRP). An additional adjustment to the CAPM equation is a legal risk premium (LRP). This expands our specification of the CAPM to:

$$R_S = R_F + MRP * \beta + CRP + LRP$$

The weighted average cost of capital is estimated as:

$$WACC = \frac{Equity}{Equity + Debt} * R_S + \frac{Debt}{Equity + Debt} \quad R_B * (1 - \text{corporate tax rate})$$

Where $R_B$ is the cost of debt. The cost of debt is estimated as the observed weighted marginal cost of the company's outstanding debt.

Risk free rate:

The applied risk-free rate is based on a 10-year AAA-rated Euro area central government bond. The applied rate is calculated as an average of observed rates in a 30-day period before the calculation date.

*All figures in NOK million unless otherwise stated*

Market risk premium:

The market risk premium is defined as:

MRP = ( $R_M$ - $R_F$ )
where $R_M$ = Market return and $R_F$ = Risk free rate

A market risk premium of 5 % was applied.

Equity beta:

The beta coefficient is a measure of systematic risk. The value expresses the combination of the stock's risk and to what extent the stock correlates with the market. Beta was determined based on stock price statistics for comparable quoted companies. Monthly observations over a five-year period were used to estimate beta. The Morgan Stanley World ACWI index was used as reference index. Bayesian adjusted betas were applied. The effect of debt on β was eliminated through the Harris and Pringle formula.

Country Risk Premium (CRP)

A country risk premium is often added when the target company is located in or operating in a geographical area that is subject to additional political and economic risks compared to a similar company based in, for instance, Western Europe. There are several sources and methodologies available for estimating CRP. CRP for the Group was estimated using the Damodaran model, which is an extension of the sovereign spread model (Goldman model) where credit default risk for sovereign bonds is estimated based on sovereign bond credit ratings. The Damodaran model adjusts the bond default risk with a factor for assumed equity markets standard deviation divided by bond markets standard deviation (usually assumed to be 1.5).

Legal Risk Premium (LRP)

LRP is added to account for the risk related to a country's regulatory and legal environment. The LRP is calculated as a factor derived from a corruption perception index multiplied by a premium assumed on basis of the country's credit rating.

Future cash flow estimates

The future cash flow estimates are based on the forecast for the portfolio base as of 31 December 2023.

| Cost of capital calculation | 2023 |
|---|---|
| Risk free rate (long term government bond yields) | 2.1 % |
| Equity Beta | 1.7 - 1.92 |
| Country risk premium | 0 % - 9.5 % |
| Market risk premium | 5 % |
| Tax rates | 9 % - 25 % |
| Cost of equity | 11% - 27 % |
| Cost of debt | 6.7 % |
| Equity weight | 32 % |
| Debt weight | 68 % |
| **WACC (after tax)** | **7 % - 12.8 %** |

*All figures in NOK million unless otherwise stated*

### 4.5 Fair value of financial instruments

The Group classifies fair value measurements by using a fair value hierarchy that reflects the significance of the input that is used in preparing the measurements. The fair value hierarchy has the following levels:

Level 1: the input is quoted prices (unadjusted) in an active market for identical assets or liabilities.
Level 2: the input is prices, other than quoted prices included in level 1, that are observable for the asset or liability either directly (as prices) or indirectly (calculated from prices).
Level 3: the input to the asset or liability is not based on observable market data (non-observable input).

The fair value of unquoted financial assets has been estimated using valuation techniques based on assumptions that are not supported by observable market prices. The fair value of purchased loan portfolios (level 3) has been calculated by discounting the expected net future cash flows from Gross collection less cost to collect and tax with the estimated weighted average cost of capital for the countries where the purchased loan portfolios originated.

The fair value of interest bearing loans and borrowings is equal to book value for the Multi-currency revolving credit facility (level 2) since the loans are based on one to six month floating interest. The fair value for the bond loans (level 1) was determined by obtaining quoted market prices for the bond loans from the Norwegian Stock Exchange. The fair value of derivatives is set by calculating the present value of future cash flow using market rates for interest and currencies. In the case of the derivatives, the fair value is confirmed by the financial institution that is the counterparty.

*All figures in NOK million unless otherwise stated*

| | As at 31 December 2023 | | | | | | | As at 31 December 2022 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Carrying amount | | | Fair value | | | | Carrying amount | | | Fair value | | | |
| | Fair value through profit or loss | Amortised cost | **Total** | Level 1 | Level 2 | Level 3 | **Total** | Fair value through profit or loss | Amortised cost | **Total** | Level 1 | Level 2 | Level 3 | **Total** |
| **Financial assets** | | | | | | | | | | | | | | |
| Purchased loan portfolios (note 4.4) | | 11 542 | **11 542** | | | 12 003 | **12 003** | | 11 181 | **11 181** | | | 11 484 | **11 484** |
| Derivatives (note 4.2) | 48 | | **48** | | 48 | | **48** | 146 | | **146** | | 146 | | **146** |
| Other assets where carrying amount is a reasonable approximation of fair value and for which fair values are disclosed: | | | | | | | | | | | | | | |
| Loan receivables (note 18) | | 200 | **200** | | | | | | 280 | **280** | | | | |
| Accounts receivables (note 19) | 41 | | **41** | | | | | 34 | | **34** | | | | |
| Collateral assets (note 20) | 1 339 | | **1 339** | | | | | 1 294 | | **1 294** | | | | |
| Cash and cash equivalents (note 21) | 1 404 | | **1 404** | | | | | 1 176 | | **1 176** | | | | |
| **Financial liabilities** | | | | | | | | | | | | | | |
| Interest bearing loans and borrowings (note 24) | 225 | 10 215 | **10 440** | 5 620 | 4 866 | | **10 486** | 131 | 10 087 | **10 218** | 4 813 | 5 363 | | **10 176** |
| Derivatives (note 4.2) | 49 | | **49** | | 49 | | **49** | 0 | | **0** | | 0 | | **0** |

*All figures in NOK million unless otherwise stated*

## Note 5: Business combinations and acquisition of non-controlling interests

### 5.1 Acquisitions in 2023

The Group made no business acquisitions in 2023 or 2022.

## Note 6: Segments

### 6.1 Operating segments

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.

A key priority for the Group is to improve alignment in operations. From 1 January 2023 the operative segments for the Group are Investments and Servicing, while these were previously defined based on the geographical markets. The comparative numbers are restated based on estimates and allocation keys to give a high-level basis for comparison.

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 of claims on behalf of the Investment segment, joint ventures and third-party 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 the Investments and Servicing segment are priced on commercial terms. The commission is recognized 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 receivables), credit information and other services on behalf of clients are included in Other, assessed to be not reportable operating segments.

*All figures in NOK million unless otherwise stated*

Net revenue is Total revenues reported in the income statement less the Cost of collateral assets sold, including impairment.

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.

| Year ended 31 December 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 |
| **Net 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** |

*All figures in NOK million unless otherwise stated*

| Year ended 31 December 2022 | Investments | Servicing | Other | Unallocated items & eliminations | Total |
|---|---|---|---|---|---|
| External revenue | 2 606 | 347 | 164 | - 32 | 3 085 |
| Inter segment revenue | 0 | 704 | - 1 | -703 | 0 |
| **Net revenue** | **2 606** | **1 051** | **163** | **- 734** | **3 085** |
| Direct opex | - 896 | - 668 | - 70 | 639 | - 995 |
| **Segment earnings** | **1 710** | **383** | **93** | **- 95** | **2 091** |
| IT | | | | | - 156 |
| SG&A | | | | | - 431 |
| Central costs | | | | | - 292 |
| **EBITDA** | | | | | **1 212** |
| Depreciation, amortisation and impairment losses | | | | | - 184 |
| **EBIT** | | | | | **1 029** |

| Total revenues per region | 2023 | 2022 |
|---|---|---|
| Northern Europe | 839 | 842 |
| Poland | 1 018 | 903 |
| Central Europe | 1 073 | 1 103 |
| Western Europe | 440 | 187 |
| South Eastern Europe | 758 | 442 |
| **Total** | **4 129** | **3 477** |

*All figures in NOK million unless otherwise stated*

## 6.2 Segment details

| Investments | 2023 | 2022 |
|---|---|---|
| Secured collections | 1 525 | 1 022 |
| Unsecured collections | 4 213 | 3 562 |
| **Total collections** | **5 738** | **4 584** |
| Secured amortisation | - 210 | - 140 |
| Unsecured amortisation | -1 999 | -1 759 |
| **Total amortisation** | **-2 209** | **-1 898** |
| Secured revaluations | - 741 | - 410 |
| Unsecured revaluations | 51 | 18 |
| **Total revaluations** | **- 690** | **- 392** |
| **Total NPL revenue** | **2 839** | **2 294** |
| Profit from Investments in joint ventures | 222 | 100 |
| Net REO gains | 146 | 189 |
| Other revenue | 21 | 22 |
| **Net revenue** | **3 228** | **2 606** |
| Direct opex | -1 359 | - 896 |
| **Segment earnings** | **1 869** | **1 710** |
| Segment earnings in % | 58% | 66% |
| Cash collections[1] | 6 164 | 5 161 |
| Secured collection performance % | 234% | 175% |
| Unsecured collection perfomance % | 105% | 103% |
| Total collection perfomance % | 123% | 114% |
| Net gain on sale of collateral assets % | 41% | 48% |
| Portfolio investments [1] | 2 741 | 2 165 |
| Book value secured NPLs | 1 832 | 2 544 |
| Book value unsecured NPLs | 9 710 | 8 637 |
| Book value Investments in joint ventures | 781 | 690 |
| Book value Collateral assets (REOs) | 1 339 | 1 294 |

1. *Includes the Group's share of portfolios held in SPVs and joint ventures and in addition the reclassification from Profit Participating notes spesified in* *note 4.3.*

*All figures in NOK million unless otherwise stated*

| Servicing | 2023 | 2022 |
|---|---|---|
| Internal servicing revenue | 876 | 704 |
| Servicing revenues from Joint ventures | 89 | 101 |
| Revenue from external clients (3PC) | 285 | 246 |
| **Net revenue** | **1 250** | **1 051** |
| Direct opex | - 743 | - 668 |
| **Segment earnings** | **506** | **383** |
| Segment earnings in % | 41% | 36% |

## Note 7: Other revenues

| | 2023 | 2022 |
|---|---|---|
| Collection fees, commissions and debtor fees from external collection | 372 | 349 |
| Other revenues from contracts with customers | 47 | 48 |
| **Total revenue from contracts with customers** | **419** | **397** |
| | | |
| Revenues from loan receivables | 128 | 118 |
| Rental income from collateral assets | 14 | 13 |
| Other revenues | 8 | 6 |
| **Total Other revenues** | **568** | **534** |

Other revenues from contracts with customers consists mainly of telemarketing, fraud prevention and credit information services.

*All figures in NOK million unless otherwise stated*

## Note 8: External expenses of services provided

| | 2023 | 2022 |
|---|---|---|
| Fees to court and bailiffs | -392 | -323 |
| External cost portfolio acquisition & search | -6 | 0 |
| Other fees for external services, including fees to lawyers for collection services | -135 | -99 |
| **Total External expenses of services provided** | **-533** | **-422** |

## Note 9: Personnel expenses

| | 2023 | 2022 |
|---|---|---|
| Wages, salaries and other benefits paid | -771 | -683 |
| Social security costs & payroll taxes | -147 | -128 |
| Defined contribution pension costs | -41 | -34 |
| Cost of external temporary staff | -18 | -25 |
| Other personnel costs, including training and recruitment costs | -50 | -30 |
| **Total Personnel expenses** | **-1 027** | **-900** |
| | | |
| Number of full time equivalents (FTEs) at 31 December | 1 607 | 1 885 |

The pension schemes of the Norwegian companies in the Group follow the requirements under the mandatory pensions act (Norwegian "Lov om obligatorisk tjenestepensjon (OTP)")

*All figures in NOK million unless otherwise stated*

## Note 10: Other operating expenses

| | 2023 | 2022 |
|---|---|---|
| Printing, postage | -57 | -51 |
| IT, telecommunications | -124 | -102 |
| Cost of office premises | -32 | -30 |
| Travel, vehicles, accomodation | -24 | -22 |
| Marketing, business entertaining, meetings, arrangements | -14 | -18 |
| Consultancy fees - non collection services | -128 | -216 |
| Statutory and other corporate costs, including business insurance and trade licences | -23 | -19 |
| Office equipment and supplies | -14 | -11 |
| Impairment of receivables | -2 | -2 |
| Bank charges | -9 | -8 |
| Other expenses | -105 | -71 |
| **Total Other operating expenses** | **-532** | **-551** |

## Note 11: Net financial items

| | 2023 | 2022 |
|---|---|---|
| Interest revenue | 25 | 5 |
| Gain on other financial instruments (excluding derivatives) | 0 | 0 |
| Other financial income | 1 | 1 |
| **Financial income** | **26** | **6** |
| | | |
| Interest expenses | -1 044 | -665 |
| *Interest cost and commitment fees* | *-956* | *-598* |
| *Amortisation of borrowing costs* | *-87* | *-67* |
| Change in fair value of interest rate derivatives | -15 | 92 |
| Interest expense on leases | -12 | -8 |
| Loss on purchase of bonds in own bond loans (note 24) | | -7 |
| Loss on other financial instruments (excluding derivatives)[1] | -39 | 0 |
| Other financial expenses | -14 | -1 |
| **Financial expenses** | **-1 124** | **-588** |
| | | |
| Realised exchange gain/(loss) | -311 | -174 |
| Unrealised exchange gain/(loss) | 298 | 168 |
| Change in fair value of currency derivatives | 0 | -19 |
| **Net exchange gain/(loss)** | **-12** | **-25** |
| | | |
| **Net financial items** | **-1 110** | **-607** |

*1. Including NOK -32 million impact on sale of DCA Bulgaria in 2023.*

*All figures in NOK million unless otherwise stated*

## Note 12: Income tax

The major components of income tax reported in the income statement for the years ended 31 December 2023 and 31 December 2022 are set out below.

| | 2023 | 2022 |
|---|---|---|
| **Income tax expense:** | | |
| Current year income tax payable | 109 | 133 |
| Change in deferred tax | -9 | -38 |
| Withholding tax | 6 | 0 |
| **Total tax expense reported in the income statement** | **105** | **95** |

Reconciliation between the expected tax expense and the actual tax expense

| | 2023 | 2022 |
|---|---|---|
| Profit before tax | 468 | 421 |
| **Expected tax expense at Norwegian nominal tax rate of 22%** | **103** | **93** |
| | | |
| Difference between local tax rates and the Norwegian nominal tax rate | -85 | -58 |
| Tax effect of permanent differences | 80 | -340 |
| Tax effect of the change in unrecognised deferred taxes | 46 | 456 |
| Other differences | -39 | -56 |
| **Actual tax expense** | **105** | **95** |
| **Effective tax rate** | **23 %** | **23 %** |

The nominal tax rate in Norway was 22 % in 2023. Subsidiaries outside Norway are subject to local tax rates in their country of operation. The effective taxation of operations outside Norway depends on both local tax rules and on whether it is possible to avoid double taxation. The tax expense is also dependent on whether or not to recognise a deferred tax asset from carry forward losses in the individual entity.

*All figures in NOK million unless otherwise stated*

Analysis of deferred tax assets and liabilities

| Tax effect of temporary differences: | 2023 | 2022 |
|---|---|---|
| **Taxable temporary differences - non-current items** | | |
| Tangible and intangible assets | 48 | 45 |
| Purchased loan portfolios | 345 | 280 |
| Loans to group companies and other non-current assets | 383 | 305 |
| Non-current interest bearing loans and borrowings | 0 | 11 |
| Loans from group companies and other non-current liabilities | 29 | 10 |
| | **805** | **651** |
| **Taxable temporary differences - current items** | | |
| Other current assets | 123 | 18 |
| Other current liabilities | 0 | 0 |
| | **123** | **18** |
| **Deductible temporary differences - non-current items** | | |
| Tangible and intangible assets | 0 | -0 |
| Purchased loan portfolios | -146 | -191 |
| Loans to group companies and other non-current assets | -1 | -1 |
| Non-current interest bearing loans and borrowings | -39 | -62 |
| Loans from group companies and other non-current liabilities | -29 | -1 |
| | **-215** | **-256** |
| **Deductible temporary differences - current items** | | |
| Other current assets | -2 | -2 |
| Other current liabilities | -107 | -30 |
| | **-109** | **-32** |
| Tax losses carried forward | -1 221 | -1 033 |
| **Gross deferred tax liabilities/(assets)** | **-617** | **-652** |
| Deferred taxes not recognised | 656 | 624 |
| **Net deferred tax liabilities/(assets)** | **40** | **-27** |

*All figures in NOK million unless otherwise stated*

Due to the right to offset deferred tax assets and liabilities within the same tax jurisdiction, the presentation of net deferred tax in the consolidated statement of financial position for each year end was as follows:

| | 2023 | 2022 |
|---|---|---|
| Deferred tax assets | -389 | -303 |
| Deferred tax liabilities | 430 | 275 |
| | 40 | -27 |

**Analysis of deferred tax assets and liabilities (continued)**

| | | |
|---|---|---|
| Deferred tax liabilities/(assets) at 1 January | -27 | 12 |
| Deferred tax expense recognised in the income statement | -9 | -38 |
| Deferred tax recognised in other comprehensive income | 74 | |
| Exchange differences | 3 | -1 |
| **Deferred tax liabilites/(assets) at 31 December** | **40** | **-27** |

**Analysis of tax losses available for offset against future taxable income, by year of expiration:**

| | 2023 | 2022 |
|---|---|---|
| Within 5 years | 287 | 2 727 |
| After 5 years | 2 680 | 2 |
| No time limit | 2 412 | 1 607 |
| **Total tax losses available for offset** | **5 379** | **4 336** |
| **Tax effect of tax losses, before consideration of whether the losses are recognisable or not** | **1 261** | **1 033** |

Tax losses carried forward at 31 December 2023 relate mainly to the Group's subsidiary companies in Luxembourg NOK 3,252 million (NOK 3,178 million) and the Parent company in Norway, NOK 1,402 million (NOK 789 million). The tax losses in the Group's subsidiary companies in Luxembourg are partly recognised as deferred tax asset, based on the Group's expectation of taxable profit in the coming five years.

*All figures in NOK million unless otherwise stated*

## Note 13: Earnings per share

Basic earnings per share amounts are calculated by dividing the profit after tax for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year, excluding the Company's holding of own shares.

Diluted earnings per share amounts are calculated by dividing the profit after tax for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year, excluding the Company's holding of own shares, plus the weighted average number of ordinary shares that would be issued on conversion of all the potentially dilutive ordinary shares into ordinary shares.

The following reflects the profit and share data used in the basic and diluted earnings per share computations:

| | 2023 | 2022 |
|---|---|---|
| **Profit after tax attributable to parent company shareholders** | **363** | **326** |
| | | |
| Number of shares outstanding at 1 January | 401 364 824 | 409 932 598 |
| **Number of shares outstanding at 31 December** | **387 180 824** | **401 364 824** |
| | | |
| Treasury shares (note 22) | -18 174 843 | -14 184 000 |
| **Weighted average number of shares during the year** | **385 708 531** | **396 339 977** |
| | | |
| Effect of dilution: | | |
| Option programmes (note 23) | 847 288 | 1 380 824 |
| **Weighted average number of shares during the year adjusted for the effect of dilution** | **386 555 819** | **397 829 196** |
| | | |
| **Earnings per share (in NOK):** | | |
| - Basic | 0.94 | 0.82 |
| - Diluted | 0.94 | 0.82 |

Options granted to employees are considered to be potential ordinary shares. Accordingly, they have not been included in the determination of basic earnings per share, but have been included in the determination of diluted earnings per share to the extent that they are dilutive. 9,119,379 options granted in the period 2019 - 2022 are not included in the calculation of diluted earnings per share because exercise price is higher than average stock price 2023 of 7.1763 and therefore they are not considered dilutive for the year ended 31 December 2023. These options could potentially dilute basic earnings per share in the future.

*All figures in NOK million unless otherwise stated*

## Note 14: Goodwill

| | Goodwill |
|---|---|
| **Acquisition/purchase cost** | |
| At 1 January 2022 | 796 |
| Exchange differences | 42 |
| **At 31 December 2022** | **837** |
| Exchange differences | 50 |
| **At 31 December 2023** | **887** |
| | |
| **Impairment** | |
| At 1 January 2022 | 9 |
| Impairment | 92 |
| Exchange differences | 5 |
| **At 31 December 2022** | **106** |
| Disposal | 11 |
| Impairment | 1 |
| Exchange differences | 1 |
| **At 31 December 2023** | **118** |
| | |
| Net book value | |
| **At 31 December 2022** | **731** |
| **At 31 December 2023** | **769** |

The value of goodwill allocated to the CGUs is tested using a detailed cash flow forecast for a period of ten years. The cash flows from each individual CGU are discounted using a country specific pre-tax WACC ranging from 9.0 % to 10.6 % in 2023 (8.6 % to 10.6 % in 2022). A constant growth rate of 1 % is included after the forecast period to determine the terminal value of the CGUs. Reference to note 4.4 for further details on cost of capital and WACC calculation.

The cash flows in the forecast period are based on the management's best estimate reflecting the B2 Impact business plan for the upcoming period. The impact of changes to key assumptions are considered and assessed for each individual CGU and there have not been any instances identified that would cause carrying amount to exceed the recoverable amount. Other than NOK 1 million impairment of goodwill in France related to the subsidiary in Tahiti there is not recognized any impairment of goodwill in 2023 (NOK 92 million in 2022).

The following cash generating units represents 79 % of the carrying value of goodwill at the end of December 2023:

Poland Group

At 31 December 2023, the carrying value of goodwill allocated to Poland Group amounts to NOK 323 million (NOK 302 million in 2022). Management have considered and assessed reasonably possible changes in key assumptions related to this significant CGU and have not identified any instances that would lead to an impairment scenario. The pre-tax WACC used to test this CGU is 9.5 %.

SAS Veraltis Asset Management (former Négociation et Achat de Créances Contentieuses - NACC), France, and its subsidiary Tahiti Encaissements Services, Tahiti

At 31 December 2023, the carrying value of goodwill allocated to SAS Veraltis Management, France, and its subsidiary amounts to NOK 285 million (NOK 268 million in 2022). Management have considered and assessed reasonably possible changes in key assumptions related to this significant CGU and have not identified any instances that would lead to an impairment scenario. The pre-tax WACC used to test this CGU is 9.5 %.

In addition, the following cash generating units have been tested for impairment:

| Company name | Allocated goodwill | |
|---|---|---|
| At 31 December | 2023 | 2022 |
| B2 Kapital Portofolio Management S.R.L., Romania[1] | 20 | 19 |
| Confirmaciónde Solicitudes de Crédito Verifica S.A. (Verifica), Spain | 93 | 87 |
| Creditreform Latvia SIA, Latvia, and its subsidiaries | 33 | 31 |
| Interkreditt AS, Norway | | 11 |
| OK Perinta OY, Finland, and its subsidiaries | 6 | 5 |
| Nordic Debt Collection A/S, Denmark | 2 | 2 |
| B2Kapital UAB, Lithuania | 7 | 7 |
| **Total** | **161** | **162** |

1. *Originally from purchase of DCA Group in Bulgaria with a Romanian subsidiary later merged into B2Kapital Portfolio Managment S.R.L.*

*All figures in NOK million unless otherwise stated*

## Note 15: Tangible and intangible assets

| | Improvements to rented offices | Equipment, fixtures & fittings | RoU asset office premises | RoU asset vehicles & equipment | Intangible assets | Total |
|---|---|---|---|---|---|---|
| **Acquisition/purchase cost** | | | | | | |
| At 1 January 2022 | **34** | **141** | **204** | **9** | **389** | **778** |
| Additions | 10 | 20 | 65 | 2 | 28 | 125 |
| Disposals | -4 | -28 | -10 | -6 | -19 | -67 |
| Exchange differences | 2 | 5 | 9 | 0 | 15 | 32 |
| **At 31 December 2022** | **42** | **139** | **268** | **5** | **414** | **867** |
| Additions | 9 | 37 | 62 | 1 | 22 | 131 |
| Disposals | -10 | -29 | -15 | -1 | -66 | -122 |
| Exchange differences | 4 | 15 | 18 | 0 | 32 | 69 |
| **At 31 December 2023** | **45** | **161** | **333** | **6** | **401** | **945** |

*All figures in NOK million unless otherwise stated*

| | Improvements to rented offices | Equipment, fixtures & fittings | RoU asset office premises | RoU asset vehicles & equipment | Intangible assets | Total |
|---|---|---|---|---|---|---|
| **Depreciation / amortisation and impairment** | | | | | | |
| At 1 January 2022 | **25** | **103** | **101** | **5** | **249** | **483** |
| Depreciation / amortisation charge for the year | 3 | 15 | 34 | 2 | 29 | 83 |
| Impairment losses for the year | 1 | 2 | | | 4 | 8 |
| Disposals | -4 | -22 | -6 | -4 | -12 | -47 |
| Exchange differences | 1 | 4 | 5 | 0 | 11 | 21 |
| **At 31 December 2022** | **27** | **103** | **134** | **3** | **281** | **547** |
| Depreciation / amortisation charge for the year | 4 | 17 | 41 | 1 | 33 | 95 |
| Impairment losses for the year | 0 | 0 | | | 10 | 11 |
| Disposals | -11 | -26 | -15 | -1 | -66 | -118 |
| Exchange differences | 2 | 11 | 10 | 0 | 22 | 46 |
| **At 31 December 2023** | **22** | **104** | **170** | **4** | **280** | **580** |
| | | | | | | |
| Net book value | | | | | | |
| **At 31 December 2022** | **14** | **36** | **134** | **3** | **133** | **320** |
| **At 31 December 2023** | **22** | **56** | **163** | **2** | **121** | **365** |
| | | | | | | |
| Depreciation method | Straight line | Straight line | Straight line | Straight line | Straight line | |
| Economic useful lives | 2-10 years | 2-10 years | 2-10 years | 2-10 years | 2-12 years | |

Intangible assets are the capitalised costs related to the software systems used throughout the Group, client relationships and licenses. The Group has also invested in development of a group data warehouse.

*All figures in NOK million unless otherwise stated*

## Note 16: Leases

The Group's lease agreements mainly relate to the lease of office premises.

| Lease liabilities | 2023 | 2022 |
|---|---|---|
| Current lease liabilities | 34 | 32 |
| Non-current lease liabilities | 148 | 119 |
| | 182 | 151 |

| Maturity analysis contractual undiscounted cash flows | 2023 | 2022 |
|---|---|---|
| Amounts due within one year | 47 | 40 |
| Amounts due between one and five years | 132 | 93 |
| Amounts due later than five years | 44 | 55 |
| | 224 | 188 |

| Effects on income statement | 2023 | 2022 |
|---|---|---|
| Depreciation of right-of-use assets | -42 | -36 |
| Interest expense on lease liabilities | -12 | -8 |
| Expense relating to short-term leases | -5 | -6 |
| Expense relating to leases of low value assets | -11 | -9 |
| | -71 | -58 |

| Cash outflows for leases | 2023 | 2022 |
|---|---|---|
| Interest paid on lease liabilities | -12 | -8 |
| Principle paid on lease liabilities | -32 | -26 |
| Expense relating to short-term leases | -5 | -6 |
| Expense relating to leases of low value assets | -11 | -9 |
| | -61 | -48 |

Please refer to note 15 for information about RoU assets.

*All figures in NOK million unless otherwise stated*

## Note 17: Investments in associated companies and joint ventures

The Group has together with co-investors purchased loan portfolios through SPVs, fully financed through equity or participation loan/notes from the investors. The contractual arrangement of the participation is directly linked to the performance of the portfolios purchased in the SPVs. All gross collections in the SPVs from the portfolios are paid to the investors pro rata after deduction of cost to collect and overhead costs in the SPVs. The joint ventures are regulated by investor agreements securing that the righ to vote and decide on key decisions is not the same as the ownership interests. The investments are accounted for under the equity method in accordance with IFRS 11 Joint Arrangements.

The Group's investments in Joint Ventures are presented in the table below:

| Name of entity | Country of incorporation | Place of business | %-right to cash flow | | Relationship | Measurement method | Carrying amount | |
|---|---|---|---|---|---|---|---|---|
| | | | 2023 | 2022 | | | 2023 | 2022 |
| Hellas 2P Investment Designated Activity Company | Ireland | Greece | 0 % | 30 % | Joint Venture | Equity method | | 144 |
| Hellas 3P Investment Designated Activity Company | Ireland | Greece | 70 % | 35 % | Joint Venture | Equity method | 446 | 242 |
| Glencar ICAV, Sub-Fund 3 | Ireland | Sweden | 30 % | 30 % | Joint Venture | Equity method | 35 | 56 |
| CE Holding Invest S.C.S (Group) | Luxembourg | Croatia | 50 % | 50 % | Joint Venture | Equity method | 294 | 240 |
| EOS Credit Funding BL Designated Activity Company / ENB Property Solutions SRL | Ireland/Romania | Romania | 50 % | 50 % | Joint Venture | Equity method | 6 | 8 |
| | | | | | | | **781** | **690** |

Hellas 2P Investment DAC and Hellas 3P Investment DAC

In 2018, the Group entered into two agreements for co-investments in NPL portfolios in Greece through SPVs. The Group's share of the participation notes in the SPVs was initially 30 % for the H2P portfolio purchase and 35 % for the H3P porfolio purchase. In January 2023 the Group aquired an additional 70 % ownership of the participation notes in H2P and therefore derecognised the ownership as a joint venture and fully consolidated the investment as a subsidiary as of 16 January 2023. Further the Group aquired an additional 35 % of the participation notes in H3P, owning a total of 70 % of the investment as of January 2023 which is still recognised as joint venture. The Group is servicing both H2P and H3P.

*All figures in NOK million unless otherwise stated*

Glencar ICAV

The Group invested in December 2019 in 30 % of a portfolio in Sweden through subscribing to 30 % of the shares in Glencar 3, a sub-fund of Glencar ICAV. Glencar ICAV with offices in Dublin, Ireland. The portfolio is serviced by the Group.

CE Holding Invest S.C.S (Group)

31 May 2019 the Group acquired NPL portfolios containing secured corporate receivables in Croatia though a 50/50 joint venture with DDM Debt Group (DDM). As part of the coinvestment structure with DDM, the Group became owner of 50 % of the share capital and voting rights in CE Partner S.à r.l. and CE Holding Invest S.C.S. (the "Joint Venture") registered in Luxembourg. The Joint Venture is subject, by agreement, to joint controlled shared equally between DDM and the Group. The Group is master servicer for the joint venture.

EOS Credit Funding BL DAC / ENB Property Solutions S.R.L

In 2018 the Group became owner of  50 % of the share capital and voting rights in the SPV, EOS Credit Funding BL DAC with offices in Dublin, Ireland (portfolio owner), and ENB Properties Solutions srl with offices in Bucharest, Romania, and has joint control in these two companies.

The movements in in the investments in joint ventures are specified in the table below:

| | 2023 | 2022 |
|---|---|---|
| Opening balance 1 January | **690** | **854** |
| Investments in Joint venture | 175 | |
| Derecognision of Joint venture | -158 | |
| Profit from investments in associated parties/joint ventures | 222 | 100 |
| Cash flow/dividend from joint ventures | -202 | -295 |
| Translation differences | 54 | 31 |
| **Closing balance at 31 December** | **781** | **690** |

*All figures in NOK million unless otherwise stated*

The summarised financial information for the joint ventures is shown below:

| | H2P | | H3P | | Glencar | | CE Holding Invest | | EOS/ENB [3] | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| **Summarised Balance Sheet** | | | | | | | | | | |
| Purchased loan portfolios | | 478 | 645 | 702 | 116 | 184 | 582 | 462 | 9 | 18 |
| Other assets | | | | | 2 | 2 | 47 | 23 | 4 | 4 |
| Cash & cash equivalents | | 17 | 18 | 51 | 10 | 11 | 11 | 28 | 5 | 5 |
| **Total Assets** | | **496** | **663** | **753** | **128** | **198** | **640** | **513** | **18** | **27** |
| | | | | | | | | | | |
| Liabilities[1] | | 17 | 10 | 43 | 3 | 3 | 47 | 34 | 3 | 10 |
| | | | | | | | | | | |
| **Net Assets/Equity** | | **479** | **653** | **710** | **125** | **195** | **593** | **478** | **15** | **17** |
| | | | | | | | | | | |
| **Summarised Profit and Loss** | | | | | | | | | | |
| Revenue | 6 | 99 | 187 | 76 | -39 | 31 | 333 | 233 | 57 | 53 |
| Expenses | -1 | -41 | -73 | -48 | -9 | -6 | -43 | -70 | -15 | -15 |
| Interest [2] | | | | | | | | | -24 | -29 |
| **Net income/loss** | **5** | **59** | **114** | **28** | **-48** | **25** | **290** | **163** | **18** | **9** |

The table above show the full financial information of the joint ventures and not the Groups share of the joint ventures. All financial information is adjusted to reflect the Groups accounting principles and assessments.

1. *Excluding Profit Participating Notes*
2. *Excluding interest to Noteholders*
3. *Calendar year from March to February*

*All figures in NOK million unless otherwise stated*

## Note 18: Other non-current financial assets

| Financial assets at fair value through profit or loss: | 2023 | 2022 |
|---|---|---|
| Derivatives (note 4.2) | 36 | 128 |
| | **36** | **128** |
| **Financial assets at amortised cost:** | | |
| Loan receivables | 200 | 280 |
| Other | 135 | 5 |
| | **336** | **285** |
| **At 31 December** | **372** | **414** |

## Note 19: Other current assets

### 19.1: Accounts receivable

| As at 31 December | 2023 | 2022 |
|---|---|---|
| Accounts receivable from contract revenues - gross | 38 | 32 |
| Accounts receivable from single transactions - gross | 8 | 5 |
| Loss allowance | -5 | -3 |
| | **41** | **34** |

There is no single customer who represents a large share of the accounts receivable and therefore pose a material credit risk.

*All figures in NOK million unless otherwise stated*

Accounts receivable are non-interest bearing and are generally on terms of 30-90 days. At 31 December, the maturity of accounts receivables was as follows:

| | Total | Not due | 0-30 days | 31-60 days | 61-90 days | >90 days |
|---|---|---|---|---|---|---|
| Accounts receivable - gross, 31 December 2023 | 46 | 23 | 3 | 2 | 3 | 16 |
| Loss allowance | -5 | -0 | -0 | -0 | -0 | -5 |
| **Accounts receivable - net, 31 December 2023** | **41** | **23** | **3** | **2** | **3** | **11** |
| | | | | | | |
| Accounts receivable - gross, 31 December 2022 | 37 | 20 | 5 | 2 | 1 | 8 |
| Loss allowance | -3 | -0 | -0 | -0 | -0 | -3 |
| **Accounts receivable - net, 31 December 2022** | **34** | **20** | **5** | **2** | **1** | **6** |

### 19.2: Other current assets

| As at 31 December | 2023 | 2022 |
|---|---|---|
| Value added, sales or other taxes receivable | 41 | 41 |
| Amounts due from previous owners of purchased loan portfolios | 1 | 8 |
| Advances & security deposits paid to suppliers | 42 | 102 |
| Prepayments | 45 | 34 |
| Amounts due from employees | 0 | 0 |
| Derivatives (note 4.2) | 12 | 18 |
| Amounts due from joint ventures (note 17) | 4 | 4 |
| Accrued income not yet invoiced | 21 | 19 |
| Other | 110 | 79 |
| **Total Other current assets** | **276** | **306** |

*All figures in NOK million unless otherwise stated*

## Note 20: Collateral assets

Collateral assets are assets, mainly real estate, repossessed as part of the management of secured non-performing loan portfolios. Collateral assets are acquired with the purpose of subsequent resale in the near future, however there may be improvements or actions needed in order to optimize prices.

| | 2023 | 2022 |
|---|---|---|
| Opening balance 1 January | 1 294 | 1 284 |
| Additions | 309 | 340 |
| Disposals | -351 | -391 |
| Write-down | -2 | -1 |
| Exchange differences | 90 | 63 |
| **Closing book value at 31 December** | **1 339** | **1 294** |

| **Which consists of:** | 2023 | 2022 |
|---|---|---|
| Retail Properties | 499 | 484 |
| Non-retail properties | 793 | 749 |
| Other | 48 | 62 |
| **Total** | **1 339** | **1 294** |

| **Retail properties is related to private housing and non-retail properties to commercial buildings** | 2023 | 2022 |
|---|---|---|
| Rental income | 14 | 13 |
| Revenue from sale of collateral assets | 499 | 581 |
| Cost of collateral assets sold, including impairment | -353 | -392 |
| Direct operating expenses | -25 | -16 |
| **Operating profit/(loss) from collateral assets** | **135** | **187** |

Rental income is presented in the line "Other revenues" in the consolidated income statement. Direct operating expenses are directly related to the collateral assets and include repairs and maintanance costs, insurance, valuation costs and other similar types of running costs. Direct operating expenses are included in either "Expenses of external services provided" or "Other operating expenses" depending upon the nature of the expense.

*All figures in NOK million unless otherwise stated*

## Note 21: Cash and cash equivalents

| | 2023 | 2022 |
|---|---|---|
| Cash at banks | | |
| - unrestricted balances | 1 356 | 1 141 |
| - tax deductions from employee payroll | 0 | 0 |
| - other restricted balances | 9 | 10 |
| | **1 366** | **1 151** |
| Short term deposits | 39 | 25 |
| | **1 404** | **1 176** |

Cash at banks earns interest at floating rates which are based on bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Other restricted balances represent deposits paid into a short term escrow account in connection with, for example, the acquisition of loan portfolios or guarantees provided by third parties.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the cash and current deposits balances in the table above.

*All figures in NOK million unless otherwise stated*

## Note 22: 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:

### Ordinary shares

| | Share capital Number of shares [1] | Share capital NOK mill | Other paid-in capital [2] NOK mill |
|---|---|---|---|
| **At 1 January 2022** | **409 932 598** | **41** | **2 843** |
| Capital reduction registered 28 July 2022 related to the share buy-back programme endend 31 March 2022 | -8 767 774 | -1 | |
| Capital increase registered 20 October 2022 related to issuance of ordinary shares | 200 000 | 0 | 1 |
| **At 31 December 2022** | **401 364 824** | **40** | **2 844** |
| Capital reduction registered 27 July 2023 related to the share buy-back programme ended December 2022 | -14 184 000 | -1 | |
| **At 31 December 2023** | **387 180 824** | **39** | **2 844** |
| **At 25 April 2024 (the date of completion of these financial statements)** | **387 180 824** | **39** | **2 844** |

### Treasury shares

| | 2023 | 2022 |
|---|---|---|
| **At 1 January** | **14 184 000** | **3 043 082** |
| Share buy-back | 18 874 843 | 19 908 692 |
| Capital reduction | -14 184 000 | -8 767 774 |
| Excersised share options | -700 000 | |
| **At 31 December** | **18 174 843** | **14 184 000** |

1. *Including 18,648,672 treasury shares puchased in the 2023 Share buy-back program.*
2. *Net proceeds after transaction costs.*

*All figures in NOK million unless otherwise stated*

The Company's second share buy-back program started 27 May 2022 was completed in December 2022. The purpose of the program was to reduce the capital of the Company. In total 14,184,000 shares were bought back at an average price of NOK 8.31 per share and the share capital reduction of NOK 1.4 million was effective as of 27 July 2023.

The Company announced a third share buy-back program 25 May 2023 with duration from 26 May 2023 until the Annual General Meeting 2024 at the latest. The purpose of the program is to reduce the capital of the Company and will be for a maximum of 25 million shares and comprise acquisitions of own shares for an aggregated amount of up to NOK 162.6 million. 12 January 2024 the Board decided to pause the acquisition of own shares with remaining authority for share buy-back of 5.65 million shares or NOK 31 million granted by the Annual General Meeting in May 2023.

At 31 December 2023 18,874,843 shares were bought back at an average price of NOK 6.79 per share, whereof 18,001,500 shares were settled transactions as of 31 December 2023. During fourth quarter the Company used 700,000 of its own shares (treasury shares) to honour obligations in connection with employee incentive arrangements. As at 31 December 2023 the Company owned a total of 18,174,843 own shares corresponding to 4.69 % of the Company's share capital, decreasing the equity attributable to the Company's shareholders by NOK 121 millions.

At 25 April 2024, the date of completion of these financial statements, a total of 19,348,672 shares were bought back at an average price of NOK 6.81, decreasing the equity attributable to the Company's shareholders by NOK 128 million. The Company owns a total of 18,648,672 own shares corresponding to 4.82 % of the Company's share capital. The Board will propose to the Annual General Meeting 2024 that approximately NOK 31 million of the remaining capacity under the share buy-back program initiated in May 2023 will be distributed to the Company's shareholders together with a cash dividend for 2023 of NOK 0.62 per share.

With the distribution the share bay-back program for 2023 is complete and the Board will propose to the Annual General Meeting 2024 to decrease the parent Company's share capital by cancellation of its 18,648,672 treasury shares acquired under the share buy-back program. A creditor deadline of six weeks will apply before implementation.

Dividend paid to parent company's shareholders in 2023, for 2022, amounted to NOK 0.20 per share. Proposed total dividend and distribution for 2023 is NOK 0.70 per share.

Mandates granted to the Board of Directors:

On 25 May 2023 the General Meeting of the shareholders of B2 Impact ASA granted the Board a right to increase the share capital (i) in connection with acquisitions and raising of equity by up to NOK 3,871,808, equivalent to 10 % (rounded) of the Company's share capital, and (ii) to honor options granted by the Company by up to NOK 1,364,635.

*All figures in NOK million unless otherwise stated*

The General Meeting on 25 May 2023 also granted the Board a right to acquire own shares (treasury shares) in B2 Impact ASA from the shareholders in the company up to a total nominal value of NOK 3,871,808, equaling 10 % (rounded) of the share capital. The maximum amount to be paid per share is the volume weighted average price as quoted on the Oslo Stock Exchange for the five business days prior to the time of the acquisition plus 5 %, and the minimum amount is NOK 0.10. Treasury shares acquired may be utilized to either fulfil the Company's obligations in connection with acquisitions, employee incentive arrangements, fulfilment of earn-out arrangements, be sold to strengthen the Company's equity or be cancelled.

Each of the said authorisations provided to the Board are valid until the Company's Annual General Meeting in 2024, but no longer than to and including 30 June 2024.

### Shares owned by executive management and Board of Directors

The number of shares owned directly or indirectly by the Board of Directors and executive management at 31 December 2023 were as set out below. For details of options granted to the Board of Directors and executive management, please refer to note 23.

| Name | Position | Number of shares |
|---|---|---|
| Erik Just Johnsen [1] | Chief Executive Officer | 2 460 680 |
| Endre Solvin-Witzø | Chief Investment Officer | 125 000 |
| Adam Parfiniewicz [2] | Head of Unsecured Asset Management | 6 000 |
| Harald L. Thorstein | Chair of the Board of Directors | 360 000 |
| Karl Henrik Wennerholm [3, 5] | Board member | 1 960 000 |
| Trond Kristian Andreassen [4] | Board member | 300 000 |
| Adele Bugge Norman Pran | Board member | 90 000 |
| Ellen M. Hanetho [5] | Board member | 33 354 |

For further information regarding shares and shareholders, please refer to note 11 to the parent company financial statements.

1. *Erling Johnsen AS, an entity controlled by Erik J. Johnsen holds 2,080,000 shares. In addition, Erik J. Johnsen holds 235,000 shares and persons related to him holds 145,680 shares.*
2. *Adam Parfiniewicz holds 6,000 shares through a nominee account.*
3. *Femwen AS, an entity controlled by Karl Henrik Wennerholm holds 1,860,000 shares. In addition, Karl Henrik Wennerholm holds 100,000 shares through a nominee account.*
4. *Vimar AS, an entity controlled by Trond Kristian Andreassen, holds 300,000 shares.*
5. *Board members since December 2023.*

*All figures in NOK million unless otherwise stated*

## Note 23: Share based payments

### 23.1 Option program

The Group has granted share options to management and selected key employees according to the Group's remuneration policy. As of the date of completion of these financial statements, there were 9,756,667 options outstanding.

All of the Company's option agreements include a clause regarding accelerated vesting meaning that if 50.1 % of the shares in the Company are sold to an acquirer, all outstanding options are vested. In case of a merger, the grantee shall if possible be granted an equal share option in the merged company. If this is not possible, the grantee will have the right to exercise all the options prior to the merger.

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

| | 2023 Number | 2023 WAEP | 2022 Number | 2022 WAEP |
|---|---|---|---|---|
| Outstanding 1 January | 10 930 000 | 7.820 | 10 610 000 | 9.345 |
| Granted during the year | | | 2 110 000 | 8.050 |
| Exercised during the year | -700 000 | 3.798 | -200 000 | 4.000 |
| Forfeited during the year | -263 333 | 8.277 | -240 000 | 7.720 |
| Expired during the year | | | -1 350 000 | 9.345 |
| **Outstanding at 31 December** | **9 966 667** | **7.952** | **10 930 000** | **7.820** |
| **Exercisable at 31 December** | **8 076 668** | **7.841** | **5 793 328** | **7.820** |

Due to changes in the executive management in 2023, 263,333 not vested share options were terminated in line with the standards in the Long Term Intensive Plan. Further 700,000 share options were exercised by former members of the executive management, decreasing the equity attributable to parent company shareholders by NOK 2 million.

No new share options were granted or expired in 2023.

*All figures in NOK million unless otherwise stated*

At 31 December 2023, the range of exercise prices and weighted average remaining contractual life of the options were as follows:

| | Outstanding options | | | Vested options | | |
|---|---|---|---|---|---|---|
| Exercise price | Outstanding options as of 31 December 2023 | Weighted average remaining contractual life | Weighted average exercise price | Outstanding options as of 31 December 2023 | Weighted average remaining contractual life | Weighted average exercise price |
| 0.00 - 8.00 | 3 716 667 | 2.5 | 5.887 | 2 503 335 | 2.5 | 4.936 |
| 8.01 - 9.00 | 1 400 000 | 0.5 | 8.430 | 1 400 000 | 0.5 | 8.430 |
| 9.01 - 9.99 | 4 850 000 | 1.4 | 9.396 | 4 173 333 | 1.4 | 9.386 |
| **Total** | **9 966 667** | **1.7** | **7.952** | **8 076 668** | **1.6** | **7.841** |

At 31 December 2022, the range of exercise prices and weighted average remaining contractual life of the options were as follows:

| | Outstanding options | | | Vested options | | |
|---|---|---|---|---|---|---|
| Exercise price | Outstanding options as of 31 December 2022 | Weighted average remaining contractual life | Weighted average exercise price | Outstanding options as of 31 December 2022 | Weighted average remaining contractual life | Weighted average exercise price |
| 0.00 - 8.00 | 2 500 000 | 2.5 | 4.000 | 1 666 662 | 2.5 | 4.000 |
| 8.01 - 9.00 | 3 510 000 | 3.3 | 8.222 | 700 000 | 3.3 | 8.452 |
| 9.01 - 9.99 | 4 920 000 | 2.4 | 9.426 | 3 426 666 | 2.4 | 9.480 |
| **Total** | **10 930 000** | **2.7** | **7.824** | **5 793 328** | **2.6** | **7.778** |

*All figures in NOK million unless otherwise stated*

## Note 24: Interest bearing loans and borrowings

| | 2023 | 2022 |
|---|---|---|
| **Non-current** | | |
| Multi-currency revolving credit facility | 4 489 | 4 025 |
| Senior Facility Agreement | 152 | 1 208 |
| Bond loan | 3 329 | 3 653 |
| | **7 970** | **8 885** |

| | 2023 | 2022 |
|---|---|---|
| **Current** | | |
| Bond loan | 2 245 | 1 201 |
| Bank overdraft | 225 | 131 |
| | **2 470** | **1 332** |

### Interest bearing loans

The Group is financed by the following loans; (i) a EUR 610 million senior secured multi-currency revolving credit facility agreement (RCF), including a multi-currency cash pool with a EUR 40 million overdraft, which matures in June 2025. (ii) a EUR 200 million senior unsecured bond with maturity in May 2024, (iii) a EUR 300 million senior unsecured bond with maturity in September 2026 and (iv) EUR 180 million senior secured facility agreement (SFA) with PIF Barbican S.à r.l. (Pimco as original noteholder) with maturity in 2027.

The RCF, SFA and the bond loans carry a variable interest rate based on the interbank rate in each currency plus a margin supplement. In addition, there is a commitment fee on the facility agreements, which is calculated as a percentage of the loan margin on the undrawn part of the credit facilities. The overdraft carries a facility line fee. The loan agreements have a number of operational and financial covenants, including limits on certain key indicators, which have all been complied with as of 31 December 2023. There are no instalments to be paid before maturity.

At 31 December 2023, PLN 815 million, SEK 975 million, DKK 260 million and EUR 95 million, in total EUR 406 million, was utilised from the EUR 570 million RCF, leaving an available, undrawn amount of EUR 164 million. The multi-currency overdraft facility of EUR 40 million was utilised with EUR 20 million, leaving an available, undrawn amount of EUR 20 million. The SFA facility of EUR 180 million was utilised with EUR 16 million, leaving an available, undrawn amount of EUR 164 million.

*All figures in NOK million unless otherwise stated*

The EUR 610 million RCF is secured by guarantees issued by B2 Impact ASA, a share pledge over B2 Impact ASA's 100 % directly owned subsidiaries, an account charge over a number of pre-defined B2 Impact ASA bank accounts and a pledge over the intra-group loan receivables from B2 Impact ASA to its subsidiaries. The SFA is fully securitised, but with no recourse to B2 Impact. The bond loans are unsecured.

Details of the interest rates, maturity and outstanding nominal values by currency at 31 December 2023 and 31 December 2022 are summarised below:

| At 31 December 2023 | Currency | Interest rate % | Maturity | Outstanding nominal value in NOK |
|---|---|---|---|---|
| Multi-currency revolving credit facility | PLN | 3.5 % + WIBOR | 2025 | 2 111 |
| | SEK | 3.5 % + STIBOR | 2025 | 988 |
| | EUR | 3.5% + EURIBOR | 2025 | 1 068 |
| | DKK | 3.5 % + CIBOR | 2025 | 392 |
| Bond loans | EUR | 6.35 % + 3M EURIBOR | 2024 | 2 248 |
| | EUR | 6.90 % + 3M EURIBOR | 2026 | 3 372 |
| Senior Facility Agreement | EUR | 4.55 % + 3M EURIBOR | 2027 | 178 |
| | | | | **10 357** |

| At 31 December 2022 | Currency | Interest rate % | Maturity | Outstanding nominal value in NOK |
|---|---|---|---|---|
| Multi-currency revolving credit facility | PLN | 3.25 % + WIBOR | 2025 | 1 572 |
| | SEK | 3.25 % + STIBOR | 2025 | 922 |
| | EUR | 3.25 % + EURIBOR | 2025 | 1 262 |
| | DKK | 3.25 % + CIBOR | 2025 | 368 |
| Bond loans[1] | EUR | 4.75 % + 3M EURIBOR | 2023 | 2 103 |
| | EUR | 6.35 % + 3M EURIBOR | 2024 | 2 103 |
| | EUR | 6.90 % + 3M EURIBOR | 2026 | 1 577 |
| Senior Facility Agreement | EUR | 4.55 % + 3M EURIBOR | 2027 | 1 241 |
| | | | | **11 147** |

1. *Includes NOK 903 million treasury bonds.*

*All figures in NOK million unless otherwise stated*

The repayment schedule by currency at 31 December 2023 and 31 December 2022 is shown in the table below:

| At 31 December 2023 | Multi-currency revolving credit facility All CCY's | SFA Facility EUR | Bond loan EUR | Total NOK |
|---|---|---|---|---|
| 2024 | | | 2 248 | 2 248 |
| 2025 | 4 559 | | | 4 559 |
| 2026 | | | 3 372 | 3 372 |
| After 2026 | | 178 | | 178 |
| | **4 559** | **178** | **5 620** | **10 357** |

| At 31 December 2022 | Multi-currency revolving credit facility All CCY's | SFA Facility EUR | Bond loan EUR | Total NOK |
|---|---|---|---|---|
| 2023 | | | 2 103 | 2 103 |
| 2024 | | | 2 103 | 2 103 |
| 2025 | 4 123 | | | 4 123 |
| After 2025 | | 1 241 | 1 577 | 2 818 |
| | **4 123** | **1 241** | **5 783** | **11 147** |

## Financial covenants

The financial covenants at 31 December 2023 for the bond loans are summarised below. All covenants have been met at 31 December 2023 and 31 December 2022.

### The financial covenants for the bond loan are as follows:

| | Requirement | 2023 | 2022 |
|---|---|---|---|
| Secured loan to value | Maximum 65 % | 24 % | 30 % |
| Leverage ratio | Maximum 4.0 | 1.9 | 2.3 |
| Net interest cover ratio | Minimum 4.0 | 5.1 | 6.9 |

*All figures in NOK million unless otherwise stated*

The financial covenants for the RCF are as follows:

Borrowing base ratio, Equity ratio, Actual collection vs. IFRS forecast, Total loan to value ratio and Interest cover ratio. The Borrowing base ratio is measured on "restricted group" (excluding SFA).

The financial covenants for the SFA are as follows:

Loan to value ratio, Loan to CREV ratio (Principal amount outstanding under the SFA divided by certain type of property valuations stated in the SFA), Cashflow cover ratio and Loan to CREV consentration ratio. All covenants are measured on the no recourse structure.

If the group fails to comply with the financial covenants, all loan agreements have a grace period after notice thereof is given to the counterparties before default is declared.

| Bank borrowings secured by pledged assets | 2023 | 2022 |
|---|---|---|
| RCF | 4 489 | 4 025 |
| SFA | 152 | 1 208 |
| | **4 641** | **5 232** |

| Balance sheet value of pledged assets | 2023 | 2022 |
|---|---|---|
| RCF: Share Pledge | 3 746 | 3 733 |
| RCF: Intra Group Loan receivable | 2 980 | 5 093 |
| | **6 726** | **8 826** |

At 31 December 2023, the RCF is secured by a share pledge over B2 Impact ASA's shares in B2Kapital Holding S.à r.l., an account charge over a number of pre-defined B2 Impact ASA bank accounts and a pledge over the intra-group loan receivables from B2 Impact ASA to B2Kapital Holding S.à r.l.. The SFA is fully securitized (pledge in assets, bank accounts, portfolios, intercompany loans/notes and servicing agreements), but with no recourse to B2 Impact.

The bond loans are unsecured.

Changes in liabilities arising from financing activities

The table below shows reconciliation of cash flows from financing activities to interest bearing liabilities in the statement of financial position.

*All figures in NOK million unless otherwise stated*

| 2022 | At 1 January | Cash flow | Foreign exchange movement | Changes in fair values derivatives | New leases | Interest expense and amortization of arrangement fees | Other | At 31 December |
|---|---|---|---|---|---|---|---|---|
| Non-current interest bearing loans and borrowings | 6 825 | 3 537 | 282 | | | 53 | -1 811 | 8 885 |
| Other non-current liabilities | 93 | | | -3 | 67 | | -24 | 133 |
| Current interest bearing loans and borrowings | 2 400 | -2 966 | -57 | | | 14 | 1 811 | 1 201 |
| Other current liabilities | 309 | -620 | 2 | -1 | | 598 | 108 | 396 |
| **Total liabilities from financing activities** | **9 626** | **-50** | **227** | **-4** | **67** | **665** | **85** | **10 616** |
| 2023 | | | | | | | | |
| Non-current interest bearing loans and borrowings | 8 885 | 383 | 725 | | | 80 | -2 103 | 7 970 |
| Other non-current liabilities | 133 | | | 49 | 63 | | 11 | 256 |
| Current interest bearing loans and borrowings | 1 201 | -1 265 | 198 | | | 8 | 2 103 | 2 245 |
| Other current liabilities | 396 | -1 051 | 4 | 0 | | 956 | 2 103 | 411 |
| **Total liabilities from financing activities** | **10 616** | **-1 933** | **926** | **48** | **63** | **1 044** | **118** | **10 882** |

Other non-current liabilities and Other current liabilites in the Consolidated statement of financial positions includes both financial activites, such as accrued interest on interest bearing loans, lease liabilites and derivatives, and non-financial activites. The non-financial activities are classified as Other in table above.

| Hereof interest bearing liabilities | 2023 | 2022 |
|---|---|---|
| Interest bearing loans and borrowings [1] | 10 215 | 10 087 |
| Accrued interest on interest bearing loans and borrowings (see note 27) | 87 | 82 |
| Lease liabilities (see note 16) | 182 | 151 |
| | **10 484** | **10 320** |

1. *Including EUR 86 million treasury bonds in 2022.*

*All figures in NOK million unless otherwise stated*

## Note 25: Other non-current liabilities

| Financial liabilities at fair value through profit or loss | 2023 | 2022 |
|---|---|---|
| Derivatives (note 4.2) | 49 | |
| Other | 55 | 7 |
| | **104** | **7** |
| **Financial liabilities** | | |
| Lease liabilities (note 16) | 148 | 119 |
| | **148** | **119** |
| **Other non-financial liabilities** | | |
| Post-employment liabilities | 4 | 7 |
| | 4 | 7 |
| | **256** | **133** |

## Note 26: Accounts and other payables

| | 2023 | 2022 |
|---|---|---|
| Accounts payable | 64 | 78 |
| Vendor financing | 26 | 47 |
| Amounts owed to third party collection customers | 10 | 16 |
| Amounts prepaid by loan debtors | 59 | 41 |
| Other payables | 16 | 27 |
| | **174** | **209** |

Accounts payable, amounts prepaid by loan debtors and amounts owed to third party collection customers are non-interest bearing and are normally settled within 30 days. Vendor financing is non-interest bearing and relates to portfolio purchases not yet fully paid but normally due within 6 months.

*All figures in NOK million unless otherwise stated*

## NOTE 27: Other current liabilities

| Other liabilities | 2023 | 2022 |
|---|---|---|
| Amounts due to employees | 142 | 131 |
| Accrued interest on external loans | 87 | 82 |
| Accrued costs of external collection services and other expenses | 48 | 76 |
| Lease liabilities (note 16) | 34 | 32 |
| Other | 33 | 28 |
| | **344** | **351** |
| | | |
| Indirect taxes payable | | |
| Value added taxes / sales taxes payable | 28 | 9 |
| Payroll taxes payable | 13 | 12 |
| Social security payable | 25 | 22 |
| Other indirect taxes payable | 1 | 1 |
| | **67** | **45** |
| | **411** | **396** |

Amounts due to employees are accruals for fixed and variable salaries and includes accruals for holiday entitlements according to local regulations and practices.

Interest payable on loans and borrowings is normally paid quarterly throughout the financial year.

Indirect taxes are non-interest bearing and are payable on a regular basis to the relevant national tax authority.

Social security payable at 31 December 2023 and 31 December 2022 includes the accrued social security costs of the share option programmes described in note 23.

*All figures in NOK million unless otherwise stated*

## Note 28: Commitments

### 28.1 Lease commitments - Group as lessee

The Group has entered into leases for office premises, motor vehicles and office equipment. The lease payments for the majority of the office premises lease contracts are adjusted according to the consumer price index, have an extension option and have an average life of between 12 months and 9 years. There are no restrictions placed upon the lessee under the lease contracts to use the office premises in the normal course of business. The commitments related to future payments on lease agreements are presented in note 16.

### 28.2 Forward flow commitments

The Group has committed to buy non-performing debt portfolios for delivery in future periods (forward flow contracts) in the following segments. The estimated face value and purchase price of contracts are based on the maximum face value in the purchase agreement or best estimate if there are not any maximum amounts in the purchase agreements. The Group is entitled to terminate the agreements with less than 12 months notice.

At 31 December, the non-cancellable part of these commitments were as follows:

| 2023 | | 2022 | |
|---|---|---|---|
| Face value | Purchase price | Face value | Purchase price |
| 666 | 211 | 240 | 99 |

*All figures in NOK million unless otherwise stated*

## Note 29: Related party disclosure

The Group's related parties include the executive management team, Board of Directors of the parent company, associated companies and joint ventures (note 17).

No loans or guarantees have been given to members of the management, the Board of Directors or other elected corporate bodies.

| Compensation of key management of the Group | 2023 | 2022 |
|---|---|---|
| Base salary | 26 | 27 |
| Benefits | 1 | 1 |
| Short term incentive | 8 | 11 |
| Share-options | 2 | 6 |
| Pension | 2 | 3 |
| **Total compensation to key management personnel** | **39** | **48** |

CEO and the executive management have received bonus according to the bonus program described in the Remuneration report. No additional remuneration are paid for special services outside the normal functions within the given manager positions.

Short term incentive includes yearly bonus awarded for the reporting period while the other amounts disclosed in the table are the amounts recognised as an expense during the reporting period.

The Board of Directors compensation was NOK 3.3 million in 2023 (NOK 3.3 million in 2022) including any additional fees to members of Audit Committee and Remuneration Committee.

Transactions with associated companies and joint ventures:

See note 17 for transactions with associated companies and joint ventures.

*All figures in NOK million unless otherwise stated*

## Group companies

Companies in the Group are also related parties. Intra-group related party transactions and outstanding balances are eliminated in the preparation of the consolidated financial statements of the Group. Sales to and purchases from intra-group related parties are made at normal market prices as the transactions are performed on the same terms as unrelated parties.

Outstanding intra-group balances at the year end are unsecured and interest free, other than for interest-bearing loans.

B2 Impact ASA, with its registered office in Oslo is the Parent Company of the Group. The list of Group subsidiaries is provided below. All subsidiaries are included in the B2 Impact Group consolidated financial statements.

| Company name | Country of incorporation | Segment | Directly owned by B2 Impact ASA | % equity interest 2023 | % equity interest 2022 |
|---|---|---|---|---|---|
| B2 Impact ASA (Parent company of the Group) | Norway | | | | |
| Interkreditt AS[1] | Norway | Servicing | | | 100 % |
| Interkreditt Kapital AS | Norway | Investments | | 100 % | 100 % |
| Veraltis Group S.à r.l. | Luxembourg | | ✓ | 100 % | 100% |
| BackB Investments S.à r.l. | Luxembourg | | ✓ | 100 % | 100 % |
| B-Squared Investments S.à r.l. | Luxembourg | Investments | | 100 % | 100% |
| B2Kapital Holding S.à r.l. | Luxembourg | | ✓ | 100 % | 100 % |
| ULTIMO Portfolio Investment SA | Luxembourg | Investments | | 100 % | 100 % |
| ULTIMO SA | Poland | Investments/servicing | | 100 % | 100 % |
| ULTIMO Securitisation Fund | Poland | Investments | | 100 % | 100 % |
| ULTIMO Legal Office | Poland | Servicing | | 99 % | 99 % |
| ULTIMO TFI SA | Poland | Investments | | 100 % | 100 % |
| TAKTO Securitisation Fund & Invest TAKTO SKA | Poland | Other | | 100 % | 100% |
| Sileo Holding AB | Sweden | Other | | 100 % | 100 % |
| Sileo Kapital AB | Sweden | Investments/servicing | | 100 % | 100 % |

*All figures in NOK million unless otherwise stated*

| | | | | |
|---|---|---|---|---|
| OK Perintä OY | Finland | Investments/servicing | 100 % | 100 % |
| Nordic Debt Collection A/S | Denmark | Investments/servicing | 100 % | 100% |
| OK Incure OÜ | Estonia | Investments/servicing | 100 % | 100 % |
| TCM Estonia OÜ | Estonia | Investments/servicing | 100 % | 100 % |
| B2Kapital SIA | Latvia | Investments/servicing | 100 % | 100 % |
| Creditreform Latvija SIA | Latvia | Investments/servicing | 99.5 % | 99.5 % |
| Crefo Rating SIA | Latvia | Other | 100 % | 100 % |
| AS Crefo Birojs | Latvia | Other | 100 % | 100 % |
| UAB B2Kapital | Lithuania | Investments/servicing | 100 % | 100 % |
| B2 Kapital d.o.o | Croatia | Investments | 100 % | 100 % |
| B2 Real Estate d.o.o | Croatia | Investments | 100 % | 100 % |
| B2 Portfolio d.o.o. | Croatia | Investments | 100 % | 100 % |
| Veraltis Asset Management d.o.o. (former BSP Consulting d.o.o.) | Croatia | Servicing | 100 % | 100 % |
| Veraltis Asset Management Ogranak d.o.o. (Branch) | Serbia | Servicing | | |
| Veraltis Asset Management Podruznica d.o.o. (Branch) | Slovenia | Servicing | | |
| B2Kapital d.o.o | Slovenia | Investments | 100 % | 100 % |
| B2 Holding Kapital d.o.o | Serbia | Investments | 100 % | 100 % |
| B2Kapital d.o.o | Bosnia and Herzegovina | Investments/servicing | 100 % | 100 % |
| B2Kapital d.o.o[2] | Montenegro | Investments | 100 % | 100 % |
| B2Kapital GmbH[3] | Austria | Other | 100 % | 100 % |
| B2Kapital Czech Republic s.r.o | Czech Republic | Investments | 100 % | 100 % |
| B2Kapital Hungary Zrt | Hungary | Investments/servicing | 100 % | 100 % |
| B2Kapital Portfolio Management S.R.L | Romania | Investments/servicing | 100 % | 100 % |
| Veraltis Asset Management SRL (former B2 Real Estate Management S.R.L.) | Romania | Servicing | 100 % | 100 % |
| B2 Kapital Finance I.F.N. S.A. | Romania | Other | 100 % | 100 % |
| Freyja Development S.R.L | Romania | Investments | 100 % | 100 % |

*All figures in NOK million unless otherwise stated*

| | | | | |
|---|---|---|---|---|
| Actaoen Development S.R.L | Romania | Investments | 100 % | 100 % |
| Joro Assets S.R.L. | Romania | Investments | 100 % | 100 % |
| Advanced Holding Three S.R.L | Romania | Investments | 100 % | 100 % |
| Debt Collection Agency EAD[4] | Bulgaria | Investments/servicing | 100 % | 100 % |
| Smart Collect EOOD[4] | Bulgaria | Investments/servicing | 100 % | 100 % |
| B2 Real Estate Holding EOOD | Bulgaria | Investments | 100 % | 100 % |
| Veraltis Asset Management SA (former B2Kapital AE) | Greece | Servicing | 100 % | 100 % |
| B2Kapital Cyprus LTD | Cyprus | Investments/servicing | 100 % | 100 % |
| Gabuyd Ltd[5] | Cyprus | Investments | 100 % | 100 % |
| Veraltis Asset Management Ltd | Cyprus | Servicing | 100 % | 100 % |
| B2 Kapital S.r.l.[3] | Italy | Servicing | 100 % | 100 % |
| B2 Kapital Investment S.r.l. | Italy | Investments | 100 % | 100 % |
| B2 Kapital RE S.r.l. | Italy | Investments | 100 % | 100 % |
| B2Kapital 7.1 S.r.l | Italy | Investments | 100 % | 100 % |
| Confirmación de Solicitudes de Crédito Verifica S.A.U | Spain | Servicing | 100 % | 100 % |
| SAS Veraltis Asset Management (former Négociation et Achat de Créances Contentieuses) | France | Investments/servicing | 100 % | 100 % |
| SAS BackB REO France | France | Investments | 100 % | 100 % |
| FCT B-Squared | France | Investments | 100 % | 100 % |
| Tahiti Encaissements Services | French Polynesia | Servicing | 100 % | 100 % |

1. *Interkreditt AS was sold in March 2023.*
2. *B2 Kapital d.o.o. (Montenegro) was sold in December 2023 and the transaction is expected to be closed in 2024.*
3. *In process of liquidation.*
4. *The sale transaction of Debt Collection Agency EAD and its fully owned subsidiary Smart Collect EOOD was closed in September 2023.*
5. *Gabuyd Ltd was sold in February 2024.*

*All figures in NOK million unless otherwise stated*

## Note 30: Fees to auditors

| EY | 2023 | 2022 |
|---|---|---|
| Audit fees | 13 | 11 |
| Fees for further assurance services | 0 | 0 |
| Fees for tax advise | 1 | 0 |
| **Total** | **14** | **12** |

VAT is both included and not included in the fees specified above, depending on if the receiving company can deduct VAT.

## Note 31: Guarantees

B2 Impact ASA has issued a guarantee limited to EUR 900 million with the addition of any and all interests, default interests, costs and expenses to DNB Bank ASA as Agent on behalf of itself, Nordea Bank ABP, Branch of Norway and Swedbank AB in connection with the provision of the Group's senior secured multi-currency revolving credit facility of EUR 610 million. The guarantee was issued on behalf of the borrower under the multi-currency revolving credit facility, B2 Impact ASA's 100 % directly owned subsidiary, B2Kapital Holding S.à r.l. The total utilised nominal amount under the facilities at 31 December 2023 was EUR 426 million.

B2 Impact ASA has granted a soft guarantee to Senior Noteholders in the SFA which cover all reporting obligations in the related financing documents.

B2 Impact ASA has issued two office rental guarantees:
(i) With effect from 10 October 2017 in favour of the lessor of the Group's offices in Gothenburg, Sweden. In 2021 the rental agreement was extended 3 years if not cancelled within a specified date.  Although the guarantee is unlimited, the Group estimates that its exposure for the remaining rental period is limited to the yearly rental cost for the period, which amounts to SEK 2.7 million.

(ii) With effect from 19 December 2017 in favour of the lessor of the Group's offices in Wroclaw, Poland. The guarantee agreement is limited to the aggregated amount of EUR 402,000, which are ment to cover 3 months office rental cost, and are valid until 90 days following the rental agreement maturing in June 2031.

*All figures in NOK million unless otherwise stated*

## Note 32: Subsequent events

The Board of Director's has proposed for the Annual General Meeting 2024 to pay a cash dividend of NOK 0.62 per share for 2023 and a share buyback program of NOK 0.08 per share for the financial year 2023.

In January 2024 B2 Impact placed a new EUR 100 million senior unsecured bond with maturity in January 2028 at a coupon of 3 month EURIBOR +5.00 % p.a. Further a tap issue of EUR 50 million to this bond was completed in February 2024 at a price of 101.25 % of par. The bond with the total outstanding amount of EUR 150 million will be registered at Oslo Stock Exchange. The net proceeds were used to repurchase and redeem all outstanding bonds in B2H05.

## Note 33: Contingencies and other matters

Out of prudency, B2 Impact has made a provision for a smaller portion of the potential fine in connection with alleged breaches of GDPR regulations in Croatia. The decision from the Croatian Data Protection Agency has been appealed.

# Parent company income statement

*All figures in NOK million unless otherwise stated*

| Year ended 31 December | Notes | 2023 | 2022 |
|---|---|---|---|
| Operating revenue from group companies | | 133 | 100 |
| **Total revenues** | | **133** | **100** |
| | | | |
| Personnel expenses | 3 | -89 | -77 |
| Depreciation and amortisation | 7 | -6 | -4 |
| Operating expenses from group companies | | -88 | -85 |
| Other operating expenses | 4 | -55 | -66 |
| **Operating expenses** | | **-238** | **-232** |
| | | | |
| **Operating profit** | | **-105** | **-132** |
| | | | |
| Dividend and contribution from group companies | 5 | 1 142 | 2 |
| Profit from shares in associated parties/joint ventures | | | 28 |
| Interest income from group companies | | 425 | 390 |
| Interest expense to group companies | | -4 | -16 |
| Net exchange gain/(loss) | 5 | -58 | -20 |
| Other interest expenses | 5 | -579 | -322 |
| Other financial items | 5 | -26 | 35 |
| **Net financial items** | | **901** | **96** |
| | | | |
| **Profit/(loss) before tax** | | **796** | **-36** |
| | | | |
| Change in deferred taxes | 6 | 0 | 0 |
| **Profit/(loss) after tax** | | **796** | **-36** |
| | | | |
| Attributable to: | | | |
| Ordinary dividend | | -258 | -77 |
| **Other equity** | | **538** | **-113** |

# Parent company balance sheet

*All figures in NOK million unless otherwise stated*

| As at 31 December | Notes | 2023 | 2022 |
|---|---|---|---|
| Tangible and intangible assets | 7 | 33 | 29 |
| Investment in subsidiaries | 8 | 4 582 | 4 317 |
| Non-current loans to group companies | 8.1 | 4 230 | 6 039 |
| Other non-current financial assets | | 28 | 14 |
| **Total non-current assets** | | **8 872** | **10 398** |
| | | | |
| Receivables from group companies | 9 | 1 209 | 104 |
| Other current assets | | 25 | 34 |
| Cash and cash equivalents | 9 | 4 | 1 |
| **Total current assets** | | **1 237** | **139** |
| **Total assets** | | **10 109** | **10 537** |
| | | | |
| Share capital | 10, 11 | 39 | 40 |
| Other paid in capital | 10, 11 | 2 844 | 2 844 |
| Other capital reserves | 10 | 29 | 26 |
| Other equity | 10 | 641 | 226 |
| **Total equity** | | **3 552** | **3 136** |

| As at 31 December | Notes | 2023 | 2022 |
|---|---|---|---|
| Non-current interest bearing loans and borrowings | 12 | 3 372 | 3 680 |
| **Total non-current liabilities** | | **3 372** | **3 680** |
| | | | |
| Current interest bearing loans and borrowings | 12 | 2 248 | 1 203 |
| Payables to group companies | 9 | 609 | 2 387 |
| Accounts and other payables | | 3 | 0 |
| VAT, payroll and other public duties payables | | 8 | 6 |
| Other current liabilities | 13 | 315 | 126 |
| **Total current liabilities** | | **3 184** | **3 722** |
| **Total liabilities** | | **6 556** | **7 401** |
| **Total equity & liabilities** | | **10 109** | **10 537** |

Oslo, 25 April 2024

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

/sign/
Adele Bugge Norman Pran
*Board Member*

/sign/
Trond Kristian Andreassen
*Board Member*

/sign/
Jessica Sparrfeldt
*Board Member*

/sign/
Henrik Wennerholm
Board Member

/sign/
Anders Engdahl
*Board Member*

/sign/
Ellen Hanetho
Board Member

*/sign/*
*Erik J. Johnsen*
*Chief Executive Officer*

# Parent company cash flow statement

*All figures in NOK million unless otherwise stated*

| Year ended 31 December | Notes | 2023 | 2022 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit/(loss) for the year before tax | | 796 | -36 |
| Adjustment for non-cash items: | | | |
| Depreciation, amortisation and impairment of assets | 7 | 6 | 4 |
| Interest expense on interest bearing loans | 5 | 573 | 321 |
| Amortisation of loan financing costs | 5 | 20 | 17 |
| Cost share option programme | | 3 | 5 |
| Unrealised foreign exchange differences | | -117 | -175 |
| Operating cashflows: | | | |
| Interest paid on interest bearing loans & borrowings | | -573 | -325 |
| Operating capital adjustments: | | | |
| Decrease/(increase) in current balances with group companies | | -2 883 | 2 103 |
| Decrease/(increase) in accounts receivable and other current assets | | 9 | -12 |
| Decrease/(increase) in other non-current financial assets | | -34 | -25 |
| Increase/(decrease) in accounts payable and other current liabilities | | 190 | -19 |
| **Net cash flow from operating activities** | | **-2 010** | **1 858** |

| Year ended 31 December | Notes | 2023 | 2022 |
|---|---|---|---|
| **Cash flow from investing activities** | | | |
| Purchase of tangible and intangible fixed assets | 7 | -10 | -9 |
| Purchase of shares in subsidiaries | 8 | -264 | -692 |
| Sale of shares in joint ventures | | | 306 |
| Decrease/(increase) in long term loans to group companies | | 2 136 | -179 |
| **Net cash flow from investing activities** | | **1 861** | **-574** |
| | | | |
| **Cash flow from financing activities** | | | |
| Share issuance | | | 1 |
| Buy-back share programme | 11 | -122 | -175 |
| Exercised share options | 11 | -2 | |
| New interest bearing loans and receivables during the year | | 1 616 | 1 535 |
| Repayment of interest bearing loans and borrowings during the year | | -1 265 | -2 476 |
| Dividend paid to shareholders | 10 | -76 | -168 |
| **Net cash flow from financing activities** | | **152** | **-1 283** |
| | | | |
| **Net cash flow during the year** | | **3** | **1** |
| **Cash and cash equivalents at 1 January** | | **1** | **0** |
| **Cash and cash equivalents at 31 December** | | **4** | **1** |

# Notes to the parent company financial statements

*All figures in NOK million unless otherwise stated*

## Note 1: Summary of significant accounting policies

The financial statements, which have been presented in compliance with the Norwegian Companies Act, the Norwegian Accounting Act and Norwegian generally accepted accounting principles in effect at 31 December 2023, consist of the income statement, balance sheet, cash flow statement and notes to the accounts. The financial statements are presented in Norwegian kroner (NOK) and all values are rounded to the nearest million except where otherwise is indicated.

### Investments

Investment in subsidiaries are accounted for using the cost method. The investments are recorded at the acquisition price of the shares and will be written down or impaired to fair value when a fall in value is due to reasons that cannot be assumed to be temporary and are necessary according to generally accepted accounting principles. Write-downs are reversed when there is no longer a basis for impairment. Group contributions and dividends received are recognised as financial income, provided that it does not represent a repayment of capital invested.

### Interest bearing loans and borrowings

Borrowings are recognised at nominal value. Directly associated costs are amortised straightline over the term of the loan.

### Foreign currency

Transactions in a currency other than Norwegian kroner are recognised at the exchange rate applicable on the transaction date. When such transactions are settled, any difference in the exchange rate will give rise to a realised exchange rate gain or loss. Both monetary and non-monetary assets or liabilities in a currency other than Norwegian kroner are translated at the exchange rate applicable on the balance sheet date and will give rise to an unrealised exchange rate gain or loss. Realised and unrealised exchange rate differences are recognised as net financial items in the income statement as they occure during the accounting period.

### Balance sheet classification

Current assets and short liabilities consist of receivables and payables due within one year. Other balance sheet items are classified as non-current assets/liabilities.

Current assets are valued at the lower of cost and fair value. Current liabilities are recognized at nominal value.

Fixed assets are valued at cost, less depreciation and impairment losses.

### Tangible fixed assets

Tangible fixed assets are recorded in the balance sheet at historical cost less depreciation based on an assessment of useful economic life. If the recoverable amount is less than the balance sheet value, then the amount is impaired to the recoverable amount which is the highest of net sales value or value in use. Value in use is the current value of the future cash flows that the asset will generate.

### Intangible assets

Intangible assets include purchase of software. Internal expenditures for IT development and external maintenance are expensed as incurred.

Intangible assets acquired separately are measured on initial recognition at cost.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The intangible assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The amortisation expense on intangible assets with finite lives is classified in the income statement as 'Amortisation of intangible assets'.

Any gain or loss arising on derecognition of an intangible asset (calculated as the difference between the net disposal proceeds and the carrying amount of the intangible asset) is included in the income statement in the year the intangible asset is derecognised.

### Accounts receivables and other receivables

Accounts receivable and other current receivables are recorded in the balance sheet at nominal value less provisions for doubtful accounts. Provisions for doubtful accounts are based on an individual assessment of the different receivables. For the remaining receivables, a general provision is estimated based on expected loss.

### Income tax

The tax expense consists of the tax payable and changes to deferred tax.

Deferred tax/tax assets are calculated on all differences between the book value and tax value of non-current assets and liabilities. Deferred tax is calculated as 22 percent of temporary differences and the tax effect of tax losses carried forward.

Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilized. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

### Defined contribution pension plans

The Company operates a defined contribution pension plan under which the company pays contributions to privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods, and therefore does not record a pension liability in the balance sheet.

### Share based payments

Members of the management team and selected key employees receive remuneration in the form of share-based payments, whereby they render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, please refer to B2 Impact Group financial statement note 23 for further details. The cost is recognised in personnel expenses, together with a corresponding increase in other capital reserves within equity, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or income in the income statement for a period represents the movement in the cumulative expense recognised at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured at the date of modification is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the income statement.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. For further details, see note 13 in B2 Impact Group financial statement.

### Cash flow statement

The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other current, highly liquid investments with maturities of three months or less.

*All figures in NOK million unless otherwise stated*

## Note 2: Financial risk management

Financial risk management for the Company is fully integrated into the B2 Impact Group's overall financial risk management.

The B2 Impact Group's activites are exposed to financial risks: market risk, currency and interest rate risk, credit risk, liquidity risk and cash flow risk. The Company focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse effects of the market fluctuations on the Group's financial performance.

For further details, please refer to note 4.1 in B2 Impact Group financial statment.

## Note 3: Personnel expenses

| | 2023 | 2022 |
|---|---|---|
| Wages, salaries and other benefits paid | 56 | 52 |
| Social security costs | 12 | 9 |
| Defined contribution pension costs | 5 | 5 |
| Other personnel costs | 15 | 7 |
| Cost share option programme | 1 | 5 |
| Social security cost share option programme | -1 | -1 |
| | **89** | **77** |
| | | |
| Number of full time equivalents (FTEs) at 31 December | 26.0 | 27.0 |

All employees are covered by a defined contribution pension plan which fulfill the Company's obligations under the Norwegian occupational pension legislation.

*All figures in NOK million unless otherwise stated*

## Note 4.1: Other operating expenses

| | 2023 | 2022 |
|---|---|---|
| Audit and tax services | 5 | 3 |
| External accounting services & temporary consultants | 0 | 0 |
| Tax and legal services | 2 | 2 |
| Other professional services | 7 | 28 |
| Cost of office premises | 12 | 9 |
| IT, telecommunications | 7 | 6 |
| Marketing, business entertaining | 2 | 3 |
| Travel, accommodation, meetings, arrangements | 2 | 2 |
| Statutory and other corporate costs | 19 | 13 |
| | **55** | **66** |

## Note 4.2: Fees to auditors

| | 2023 | 2022 |
|---|---|---|
| Audit fees | 5 | 3 |
| | **5** | **3** |

All figures including VAT.

*All figures in NOK million unless otherwise stated*

## Note 5: Financial items

| | 2023 | 2022 |
|---|---|---|
| Group contribution from Interkreditt AS | | 2 |
| Dividend from B2Kapital Holding S.à r.l. | 1 142 | |
| **Dividend and contribution from group companies** | **1 142** | **2** |
| Realised exchange gains/(losses) | -175 | -196 |
| Unrealised exchange gains/(losses) | 118 | 176 |
| **Net realised and unrealised exchange gains/(losses)** | **-58** | **-20** |
| Interest expense on interest bearing loans | -573 | -321 |
| Other interest expense | -6 | -1 |
| **Other interest expenses** | **-579** | **-322** |
| Interest income on cash & short-term deposits | 6 | 1 |
| Net gain/(loss) on financial instruments | | 51 |
| Costs of financing | -20 | -17 |
| Other financial expenses | -12 | |
| **Other financial items** | **-26** | **35** |

*All figures in NOK million unless otherwise stated*

## Note 6: Taxes

The major components of income tax reported in the income statement were:

| | 2023 | 2022 |
|---|---|---|
| Current year income tax payable | 0 | 0 |
| Deferred tax expense/(income) | 0 | 0 |
| **Total tax expense reported in the income statement** | **0** | **0** |
| | | |
| **Calculation of the income tax base** | | |
| Profit/(loss) before tax | 796 | -36 |
| Permanent differences | -1 157 | -83 |
| Change in temporary differences | -308 | -117 |
| Transfer to/(from) tax losses carried forward | 669 | 236 |
| **Current year income tax base** | **0** | **0** |
| **Current year income tax payable at 22%** | **0** | **0** |

*All figures in NOK million unless otherwise stated*

| | Deferred taxes | | Change in deferred taxes |
|---|---|---|---|
| **Calculation of the deferred tax base** | 2023 | 2022 | 2023 |
| Non-current loans to group companies | 743 | 416 | |
| Fixed assets | 5 | 6 | |
| **Taxable temporary differences** | **747** | **422** | |
| Other receivables & liabilities | -1 | -3 | |
| Non-current interest bearing loans | -221 | -201 | |
| Tax losses carried forward - no time limit on expiry | -1 402 | -733 | |
| Reversal of basis for deferred tax asset not recognised | 877 | 515 | |
| **Deductible temporary differences** | **-747** | **-422** | |
| **Net basis for deferred tax / tax asset** | **0** | **0** | |
| Basis for deferred tax at 22 % | -193 | -113 | -80 |
| Deferred tax asset not recognised | 193 | 113 | 80 |
| **Net deferred tax / change in deferred taxes** | **0** | **0** | **0** |
| Comprising: | | | |
| 22 % deferred tax liability | 164 | 93 | |
| 22 % deferred tax asset | -164 | -93 | |
| | **0** | **0** | |

Significant judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies.

*All figures in NOK million unless otherwise stated*

| Reconciliation of the Norwegian nominal tax rate to the effective tax rate | 2023 | 2022 |
|---|---|---|
| Profit/(loss) before tax | 796 | -36 |
| **Expected tax expense at the Norwegian nominal tax rate of 22 %** | **175** | **-8** |
| Tax effect of permanent differences | -255 | -18 |
| Tax effect of the change in unrecognised deferred taxes | 80 | 44 |
| Tax effect on estimate change | | -18 |
| **Total income and deferred tax expense** | **0** | **0** |

## Note 7: Tangible and intangible assets

| | Equipment, fixtures & fittings | Intangibles | Total |
|---|---|---|---|
| Acquisition / purchase cost | | | |
| At 1 January 2023 | 6 | 26 | 32 |
| Additions | 0 | 10 | 11 |
| Disposals | | -1 | -1 |
| **At 31 December 2023** | **6** | **36** | **42** |
| Depreciation and amortisation | | | |
| At 1 January 2023 | 1 | 3 | 4 |
| Depreciation and amortisation for the year | 1 | 5 | 6 |
| Accumulated depreciation on disposals | | 0 | 0 |
| **At 31 December 2023** | **2** | **7** | **9** |
| Net book value | | | |
| **At 31 December 2023** | **4** | **29** | **33** |
| **At 1 January 2023** | **5** | **23** | **29** |
| Depreciation method | Straight line | Straight line | |
| Economic useful lives | 0-5 years | 5 years | |

*All figures in NOK million unless otherwise stated*

## Note 8: Investment in subsidiaries

| | | | % equity interest[1] | | | | |
|---|---|---|---|---|---|---|---|
| Name of subsidiary | Country of incorporation | Established/ acquired | 2023 | 2022 | Equity 2023 | Profit 2023 | Book value 2023 |
| B2Kapital Holding S.à r.l.[2] | Luxembourg | 2014 | 100 % | 100 % | 5 204 | 331 | 3 733 |
| BackB Investments S.à r.l.[2] | Luxembourg | 2021 | 100 % | 100 % | 634 | -162 | 812 |
| Veraltis Group S.à r.l.[2] | Luxembourg | 2022 | 100 % | 100 % | 22 | -12 | 36 |
| **Total carrying value** | | | | | | | **4 582** |

B2 Impact ASA is the ultimate parent company in the B2 Impact Group and consolidates the accounts for the Group. A copy of the B2 Impact Group financial statements is available at B2 Impact ASA' website at www.b2-impact.com.

## Note 8.1: Non-current loans to group companies

| | 2023 | 2022 |
|---|---|---|
| B2Kapital Holding S.à r.l. | 2 793 | 4 990 |
| BackB Investments S.à r.l. | 1 249 | 946 |
| Veraltis Group S.à r.l. | 187 | 102 |
| **Non-current loans to group companies** | **4 230** | **6 039** |

1. *Voting rights in the subsidiary is equivalent to % equity interest*
2. *Equity and profit are based on preliminary, unaudited reports for consolidation purposes 2023.*

*All figures in NOK million unless otherwise stated*

## Note 9: Cash and cash equivalents

| | 2023 | 2022 |
|---|---|---|
| **Cash at banks:** | | |
| Unrestricted balances | 4 | 1 |
| | **4** | **1** |

Cash at banks earns interest at floating rates which is based on bank deposit rates. Other restricted balances represent deposits paid into an escrow account in connection with lease of office premises.

For the purpose of the statement of cash flow, cash and cash equivalents comprised the cash balances in the table above.

In addition the Company holds bank accounts in the group's multi-currency cashpool, with a net current debt amounted to NOK 607 million (2,331 million in 2022). Reported in gross amounts as respectively "Receivables from group companies" and "Payables to group companies" in the balance sheet.

Receivables from group companies includes NOK 1,124 million in unpaid cash dividend from B2Kapital Holding S.à r.l.

## Note 10: Changes in shareholders' equity

| Name of subsidiary | Share capital | Treasury shares | Other paid-in capital | Other capital reserves | Other equity | Total equity |
|---|---|---|---|---|---|---|
| **At 1 January 2023** | **40** | | **2 844** | **26** | **226** | **3 136** |
| Profit for the year after tax | | | | | 796 | 796 |
| Capital reduction | -1 | 1 | | | 0 | 0 |
| Share buy-back programme 2023 | | - 2 | | | - 121 | - 122 |
| Share based payment | | | | 3 | | 3 |
| Exercised share options | | | | | - 2 | - 2 |
| Dividend | | | | | - 258 | - 258 |
| **At 31 December 2023** | **39** | **- 0** | **2 844** | **29** | **641** | **3 552** |

The Board of Directors has decided to propose for the Annual General Meeting in 2024 a dividend of NOK 0.62 and a share buyback program of NOK 0.08 per share for the financial year 2023.

*All figures in NOK million unless otherwise stated*

## Note 11: Share capital and other paid-in capital

Ordinary shares have a nominal value of NOK 0.10 each and all provide the same rights in the Company. 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:

| | Share capital<br>Number of shares [1] | Share capital<br>NOK mill | Other paid-in capital [2]<br>NOK mill |
|---|---|---|---|
| **At 1 January 2022** | **409 932 598** | **41** | **2 843** |
| Capital reduction registered 28 July 2022 related to the share buy-back programme ended 31 Mar 2022 | -8 767 774 | - 1 | |
| Capital increase registered 20 October 2022 related to issuance of ordinary shares | 200 000 | 0 | 1 |
| **At 31 December 2022** | **401 364 824** | **40** | **2 844** |
| Capital reduction registered 27 July 2023 related to the share buy-back programme ended December 2022 | -14 184 000 | - 1 | |
| **At 31 December 2023** | **387 180 824** | **39** | **2 844** |
| **At 25 April 2024 (the date of completion of these financial statements)** | **387 180 824** | **39** | **2 844** |

### Treasury shares

| | 2023 | 2022 |
|---|---|---|
| At 1 January | 14 184 000 | 3 043 082 |
| Share buy-back | 18 874 843 | 19 908 692 |
| Capital reduction | -14 184 000 | -8 767 774 |
| Excersised share options | -700 000 | |
| **At 31 December** | **18 174 843** | **14 184 000** |

1. *Including 18,648,672 treasury shares purchased in the 2023 share buy-back program, and at 31 December 2022 including 14,184,000 treasury shares purchased in the 2022 share buy-back programme.*
2. *Net proceeds after transaction costs.*

*All figures in NOK million unless otherwise stated*

The Company's second share buy-back program started 27 May 2022 was completed in December 2022. The purpose of the program was to reduce the capital of the Company. In total 14,184,000 shares were bought back at an average price of NOK 8.31 per share and the share capital reduction of NOK 1.4 million was effective as of 27 July 2023.

The Company announced a third share buy-back program 25 May 2023 with duration from 26 May 2023 until the Annual General Meeting 2024 at the latest. The purpose of the program is to reduce the capital of the Company and will be for a maximum of 25 million shares and comprise acquisitions of own shares for an aggregated amount of up to NOK 162.6 million. 12 January 2024 the Board decided to pause the acquisition of own shares with remaining authority for share buy-back of 5,65 million shares or NOK 31 million granted by the Annaul General meeting in May 2023.

At 31 December 2023 18,874,843 shares were bought back at an average price of NOK 6.79 per share, whereof 18,001,500 shares were settled transactions as of 31 December 2023. During fourth quarter the Company used 700,000 of its own shares (treasury shares) to honour obligations in connection with employee incentive arrangements. As at 31 December 2023 the Company owned a total of 18,174,843 own shares corresponding to 4.69 % of the Company's share capital, decreasing the equity attributable to the Company's shareholders by NOK 121 million.

At 25 April 2024, the date of completion of these financial statements, a total of 19,348,672 shares were bought back at an average price of NOK 6.81, decreasing the equity attributable to the Company's shareholders by NOK 128 million. The Company owns a total of 18,648,672 own shares corresponding to 4.82 % of the Company's share capital. The Board will propose to the Annual General Meeting 2024 that approximately NOK 31 million of the remaining capacity under the share buy-back program initiated in May 2023 will be distributed to the Company's shareholders together with a cash dividend for 2023 of NOK 0.62 per share.

With the distribution the share bay-back program for 2023 is complete and the Board will propose to the Annual General Meeting 2024 to decrease the parent Company's share capital by cancellation of its 18,648,672 treasury shares acquired under the share buy-back program. A creditor deadline of six weeks will apply before implementation.

Dividend paid to parent company's shareholders in 2023, for 2022, amounted to NOK 0.20 per share. Proposed total dividend and distribution for 2023 is NOK 0.70 per share.

For further information about mandates granted to the Board of Directors to incrase the share capital, please refer to note 22 in B2 Impact Group financial statement.

*All figures in NOK million unless otherwise stated*

The largest shareholders at 31 December 2023 were as follows:

| | Number of shares | % total |
|---|---|---|
| Prioritet Group AB | 52 913 000 | 13.67 % |
| Rasmussengruppen AS [1] | 51 373 266 | 13.27 % |
| Valset Invest AS | 32 000 000 | 8.26 % |
| Stenshagen Invest AS | 30 500 143 | 7.88 % |
| B2 Impact ASA [2] | 18 001 500 | 4.65 % |
| DNB Markets Aksjehandel/-analyse | 16 366 503 | 4.23 % |
| Skandinaviska Enskilda Banken AB | 13 389 968 | 3.46 % |
| Gulen Invest AS | 10 000 527 | 2.58 % |
| Dunker AS | 8 207 124 | 2.12 % |
| Rune Bentsen AS | 8 191 680 | 2.12 % |
| Verdipapirfondet Storebrand Norge | 8 155 878 | 2.11 % |
| Greenway AS | 5 802 368 | 1.50 % |
| VPF DNB AM Norske Aksjer | 4 072 336 | 1.05 % |
| Stiftelsen Kistefos | 4 000 000 | 1.03 % |
| Remaining shareholders (less than 1 %) | 124 206 531 | 32.08 % |
| | **387 180 824** | **100.00 %** |

For further information about shares owned directly or indirectly by Board of Directors and executive management at 31 December 2023, please refer to note 22 in B2 Impact Group financial statement.

For details about Long-Term Incentive Plans (share option programs) granted to the executive management and selected key employees at 31 December 2023, please refer to note 23 in B2 Impact Group financial statement.

1. *Total shareholdings of Rasmussengruppen AS includes shareholdings of its fully owned subsidiaires Portia AS, Cressida AS and Viola AS.*
2. *B2 Impacts own shares which will be used to reduce the capital of the company.*

*All figures in NOK million unless otherwise stated*

## Note 12: Interest bearing loans and borrowings

### Non-current

The Company holds one non-current unsecured bond loans as of 31 December 2023.

| | Currency | Interest rate | Debt in local currency | Debt in NOK | Maturity |
|---|---|---|---|---|---|
| Senior Unsecured Bond Issue 2022 | EUR | 6.90 % + 3M EURIBOR | 300 | 3 372 | Sept 2026 |

### Current

The Company holds one current senior unsecured bond of EUR 200 million as of 31 December 2023.

| | Currency | Interest rate | Debt in local currency | Debt in NOK | Maturity |
|---|---|---|---|---|---|
| Senior Unsecured Bond Issue 2019 | EUR | 6.35 % + 3M EURIBOR | 200 | 2 248 | May 2024 |

| Repayment schedule at 31 December 2023 | EUR | NOK |
|---|---|---|
| In 2024 | 200 | 2 248 |
| In 2026 | 300 | 3 372 |
| | **500** | **5 620** |

### Financial covenants

All financial covenants have been met at 31 December 2023 and 31 December 2022. For further details, please refer to note 24 in B2 Impact Group financial statement.

*All figures in NOK million unless otherwise stated*

## Note 13: Other current liabilities

| | 2023 | 2022 |
|---|---|---|
| Provision for social security on share options | 1 | 2 |
| Accrued interest bond loans | 30 | 24 |
| Proposed dividend | 258 | 77 |
| Other | 26 | 22 |
| | **315** | **126** |

## Note 14: Commitments

The company has entered into two commercial leases for office premises. The lease contract for the current office premises was signed in 2021 for a 10 year rental period starting from September 2022. The lease contract for office premises in Stortingsgaten 22 expires in June 2024 and are subleased until maturity.

All leases for office premises are annually adjusted according to the consumer price index. The lease contracts states that the lessee can only use the office premises as an office space within the existing line of business unless they have written consent from the lessor agreeing to something else.

The operating lease costs for the following types of lease were as follows:

| | 2023 | 2022 |
|---|---|---|
| Office premises | 9 | 5 |
| | **9** | **5** |

The future minimum rentals payable under the non-cancellable operating lease at 31 December were as follows:

| | 2023 | 2022 |
|---|---|---|
| Rentals payable within one year | 7 | 9 |
| Rentals payable from one to five years | 22 | 46 |
| After five years | 14 | |
| | **43** | **55** |

The future minimum rentals payable does not include the future minimum rentals receivables from sublease of Stortingsgaten 22 amounting to NOK 2.2 million

## Note 15: Related party disclosure

The Company's related parties include the Group management team, Board of Directors, and group companies. For details, please refer to note 29 in B2 Impact Group financial statment.

### Group companies

Companies in the B2 Impact Group are also related parties. Sales to and purchases from intra-group related parties are made at normal market prices as the transactions are performed on the same terms as unrelated parties.

Outstanding intra-group balances at the year end are unsecured, and other than for interest-bearing loans, interest free. At 31 December 2023 and at 31 December 2022, the Company has not made any provision of doubtful debts relating to intra-group related party balances. This assessment has been undertaken for each period end based on an examination of the financial position of the related party and the market in which the related party operates.

For further details of the Group's transactions with related parties, please refer to note 29 in B2 Impact Group financial statement.

## Note 16: Guarantees

The Company has issued a guarantee limited to EUR 900 million with the addition of any and all interests, default interests, costs and expenses to DNB Bank ASA as Agent on behalf of itself, Nordea Bank ABP, Branch of Norway and Swedbank AB in connection with the provision of the Group's senior secured multi-currency revolving credit facility of EUR 610 million. The guarantee was issued on behalf of the borrower under the multi-currency revolving credit facility, B2 Impact ASA's 100 % directly owned subsidiary, B2Kapital Holding S.à r.l. The total utilised amount under the facilities at 31 December 2023 was EUR 426 million.

The Company has granted a soft guarantee to Senior Noteholders in the SFA which cover all reporting obligations in the related financing documents.

The Company has issued two office rental guarantees: With effect from 10 October 2017 in favour of the lessor of the Group's offices in Gothenburg, Sweden. In 2021 was the rental agreement extendend 3 years if not cancelled within a specified date. Although the guarantee is unlimited, the Group estimates that its exposure for the remaining rental period is limited to the yearly rental cost for the period, which amounts to SEK 2.7 million.

With effect from 19 December 2017 in favour of the lessor of the Group's offices in Wroclaw, Poland. The guarantee agreement is limited to the aggregated amount of EUR 402,000, which are ment to cover 3 months office rental cost, and are valid until 90 days following the rental agreement maturing in June 2031.

## Note 17: Subsequent events

The Board of Director's has proposed for the Annual General Meeting 2024 to pay a cash dividend of NOK 0.62 per share for 2023 and a share buyback program of NOK 0.08 per share for the financial year 2023.

In January 2024 B2 Impact placed a new EUR 100 million senior unsecured bond with maturity in January 2028 at a coupon of 3 month EURIBOR +5.00 % p.a. Further a tap issue of EUR 50 million to this bond was completed in February 2024 at a price of 101.25 % of par. The bond with the total outstanding amount of EUR 150 million will be registered at Oslo Stock Exchange. The net proceeds were used to repurchase and redeem all outstanding bonds in B2H05 which matures in May 2024.

# Alternative performance measures

The consolidated financial statements of the Group have 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 consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB) and approved by the EU. In addition, the Group presents alternative performance measures (APMs). These measures 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 our 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 our ability to incur and service debt.

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

*All figures in NOK million unless otherwise stated*

## Alternative performance measures - reconciliation

| | 2023 | 2022 |
|---|---|---|
| Total revenues | 4 129 | 3 477 |
| Adjust for Cost of collateral assets sold, including impairment | - 353 | - 392 |
| **Net revenues** | **3 775** | **3 085** |
| Operating profit/(loss) | 1 578 | 1 029 |
| Non-recurring items, of which | | |
| Changes in future collection estimates | | 32 |
| Other revenues | | 0 |
| External expenses of services provided | | - 4 |
| Personnel expenses | 67 | 31 |
| Other operating expenses | 43 | 147 |
| Depreciation and amortisation | | 1 |
| Impairment | 8 | 99 |
| Non-recurring items impacting EBIT | 118 | 306 |
| **Adjusted EBIT** | **1 696** | **1 334** |
| Non-recurring items impacting EBIT | 118 | 306 |
| Other non-recurring items | 36 | |
| **Total non-recurring items** | **154** | |
| Operating profit/(loss) | 1 578 | 1 029 |
| Add back Depreciation, amortisation and impairment losses | 106 | 184 |
| **EBITDA** | **1 684** | **1 212** |

*All figures in NOK million unless otherwise stated*

| | 2023 | 2022 |
|---|---|---|
| Total revenues | 4 129 | 3 477 |
| Add back Amortisation of purchased loan portfolios | 2 209 | 1 898 |
| Add back Revaluation of purchased loan portfolios | 690 | 424 |
| Adjust for Repossession of collateral assets | - 276 | - 299 |
| Adjust for Profit from investments in associated parties/joint ventures | - 222 | - 100 |
| Add Cash received from investments in associated parties/joint ventures | 202 | 295 |
| Adjust for Non-recurring items | | 0 |
| **Cash revenue** | **6 733** | **5 695** |
| Adjust for Other revenues | -568 | -534 |
| **Cash collections** | **6 164** | **5 161** |
| **Operating profit/(loss)** | **1 578** | **1 029** |
| Add back Amortisation of purchased loan portfolios | 2 209 | 1 898 |
| Add back Revaluation of purchased loan portfolios | 690 | 424 |
| Add back Depreciation, amortisation and impairment losses | 106 | 184 |
| Adjust for Repossession of collateral assets | - 276 | - 299 |
| Add back Cost of collateral assets sold, including impairment | 353 | 392 |
| Adjust for Profit from investments in associated parties/joint ventures | - 222 | - 100 |
| Add Cash received from investments in associated parties/joint ventures | 202 | 295 |
| Adjust for Non-recurring items | 111 | 174 |
| **Cash EBITDA** | **4 752** | **3 996** |

*All figures in NOK million unless otherwise stated*

The following APMs are financial covenants in the RCF agreement and are calculated acccordingly.

| | 2023<br>31 Dec | 2023<br>30 Sep | 2023<br>30 Jun | 2023<br>31 mar |
|---|---|---|---|---|
| **Total assets** | 17 328 | 17 023 | 18 759 | 18 036 |
| **Total equity** | 5 588 | 5 577 | 5 859 | 5 748 |
| **Equity ratio** | **32 %** | **33 %** | **31 %** | **32 %** |
| **Total assets** | 17 328 | 17 023 | 18 759 | 18 036 |
| Excluding IFRS 16 right-of-use asset | - 165 | - 166 | - 173 | - 167 |
| **Total assets excl IFRS 16 right-of-use asset** | 17 163 | 16 858 | 18 585 | 17 869 |
| **Equity ratio** | **33 %** | **33 %** | **32 %** | **32 %** |

## Total Loan to Value

| | 2023<br>31 Dec | 2023<br>30 Sep | 2023<br>30 Jun | 2023<br>31 mar |
|---|---|---|---|---|
| Bond loan (nominal value)[1] | 5 620 | 5 627 | 5 852 | 5 697 |
| Revolving Credit Facility (nominal value)[1] | 4 533 | 4 234 | 4 568 | 4 430 |
| Senior Facility Agreement (nominal value)[1] | 178 | 485 | 935 | 997 |
| Bridge Facility (nominal value)[1] | 0 | 0 | | |
| Contingent consideration (earn out) | | | | |
| Vendor loan | 26 | 12 | 21 | 15 |
| FX Derivatives (MTM) | 0 | 0 | 0 | 0 |
| Net cash balance including overdraft | -1 180 | - 849 | - 715 | - 941 |
| **Total loan** | **9 177** | **9 508** | **10 662** | **10 198** |
| | | | | |
| Purchased loan portfolios | 11 542 | 11 588 | 12 896 | 12 333 |
| Investment in associated companies and joint ventures | 781 | 756 | 818 | 794 |
| Other assets[2] | 1 523 | 1 548 | 1 698 | 1 988 |
| **Book value** | **13 846** | **13 891** | **15 412** | **15 115** |
| **Total Loan to Value % (TLTV)** | **66 %** | **68 %** | **69 %** | **68 %** |

1. *Bond loans, Revolving Credit Facility (RCF) and Senior Facility Agreement (SFA) are measured at nominal value according to the definitions of financial covenants. In the Consolidated statement of financial position this is included in "Long-term interest bearing loans and borrowings" and "Short-term 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 Consolidated statement of financial position.*

## Definitions of APMs applied in the tables above

### Actualisation

Actualisation is the difference between actual and forecasted collections for purchased loan portfolios for the reporting period.

### Adjusted EBIT (Adj. EBIT)

Adjusted EBIT consists of Operating profit/(loss) (EBIT) adjusted for non-recurring items.

### Adjusted EBIT % (Adj. EBIT %)

Adjusted EBIT % is Adjusted EBIT expressed as a percentage of Net revenues excluding Non-recurring items.

### Adjusted EPS (Adj. EPS)

Adjusted earnings per share is calculated based on Adjusted Net profit (Adj. Net profit) for the period divided by the weighted average number of outstanding shares during the respective period.

### Adjusted return on equity (Adj. ROE)

Adjusted return on equity is calculated based on rolling 12-months Adjusted Net profit (Adj. Net profit) for the Group divided by the average equity attributable to parent company shareholders, with average equity calculated as a simple average based on opening and closing balances for the respective 12-month period.

### Adjusted Net profit (Adj. Net profit)

Adjusted Net profit consists of Profit/(loss) after tax adjusted for Non-recurring items reduced by the tax rate for the period.

### Central costs

Administration and management cost related to Head Office and other Group costs such as Investment Office.

### Amortisation

Amortisation is the amount of the gross collections that are used to reduce the book value of the purchased portfolios.

### Cash collections

Cash collections include unsecured collections, secured cash collections, cash received from SPVs and joint ventures, and REO sales proceeds.

### Cash EBITDA

Cash EBITDA consists of EBIT added back Amortisation and Revaluation of purchased loan portfolios, Depreciation and amortisation and Impairment of tangible and intangible assets and Cost of collateral assets sold, adjusted for Repossession of collateral assets and the difference between cash received and recognised Profit from shares in associated parties/joint ventures and participation loan/notes. Cash EBITDA is a measure of actual performance from the collection business (cash business) and other business areas. Cash EBITDA is adjusted for Non-recurring items.

### Cash margin

Cash margin consists of Cash EBITDA expressed as a percentage of cash revenue.

### Cash revenue

Cash revenue consists of Total revenues added back Amortisation and Revaluation of purchased loan portfolios and adjusted for Repossession of collateral asset and the difference between cash received and recognised Profit from shares in associated parties/joint ventures and participation loan/notes. Cash revenue is a measure of actual revenues (cash business) from the collection business and other business areas. Cash revenue is adjusted for Non-recurring items.

### Collateral asset

In connection with the acquisition and collection of purchased loan portfolios, the Group may become owner of assets such as land, buildings, or other physical goods. These assets are only acquired as part of the collection strategy for the purpose of being divested within the Group's ongoing operations to maximize the value of collections. Such assets are classified as inventories and recognised in the balance sheet at the lower of cost and net realisable value in accordance with IAS 2 Inventories.

### Cost to collect

Cost to collect is all external and internal operating costs related to the collections of B2 Impact's purchased loan portfolios.

### EBITDA

Operating profit before depreciation and amortisation (EBITDA) consists of operating profit (EBIT) adding back depreciation, amortisation and impairment of tangible and intangible assets.

### Estimated Remaining Collections (ERC)

Estimated Remaining Collections (ERC) expresses the gross collections in nominal values expected to be collected in the future from the purchased loan portfolios owned at the reporting date and the Group's share of gross collections on portfolios purchased and held in joint ventures.

### Forward flow agreements

Forward flow agreements are agreements where the Group agrees with the portfolio provider that it will, over some period in fixed intervals, transfer its non-performing loans of a certain characteristics to the Group.

### Gross collections

Gross collections are the actual cash collected and assets recovered from purchased portfolios.

### Interest income from loan receivables

Interest income from loan receivables is the calculated amortised cost interest revenue from the loan receivable using the original effective interest rate.

### Interest income from purchased portfolios

Interest income from purchased loan portfolios is the calculated amortised cost interest revenue from the purchased loan portfolios using the credit-adjusted effective interest rates set at initial acquisition.

### Leverage ratio

Net interest-bearing debt over Cash EBITDA calculated for the last 12 months.

### Liquidity reserve

Cash and short-term deposits (less NOK 200 million to cover working capital) plus unutilised credit facility lines, plus fair value of treasury bonds and less short-term vendor loans. Cash flow from future operations is not included in the number.

### Net debt

Net debt consists of nominal value of interest-bearing loans and borrowings plus utilised bank overdraft less cash and short-term deposits.

### Net interest-bearing debt

Net interesting-bearing debt consist of carrying value of interest-bearing loans and borrowings plus utilised bank overdraft less cash and short-term deposits.

### Net credit gain/(loss) from purchased loan portfolios

The Group's exposure to credit risk from the purchased loan portfolios is related to actual gross collections deviating from collections estimates and from changes in future collections estimates. The Group regularly evaluates the current collections estimates at the individual portfolio level and the estimate is adjusted if collections are determined to deviate from current estimate over time. The adjusted collections estimate is discounted by the initial rate of return at acquisition of the portfolio. Changes from current estimate adjust the book value of the portfolio and are included in the profit and loss statement in the line item "Net credit gain/(loss) from purchased loan portfolios". Collections above collections estimates and upward adjustments of future collections estimates increase revenue. Collections below collections estimates and downward adjustments of future collections estimates decrease revenue. Net credit gain/(loss) equals net actualisation/revaluation.

### Net credit gain/(loss) from loan receivables

The Group's exposure to credit risk from loan receivables is related to actual instalments deviating from loan schedules. The Group measures the impairment loss on loan receivables using a 3-stage model for expected credit loss (ECL) according to IFRS 9. Changes from current estimate adjust the book value of the loan receivables and are included in the profit and loss statement in the line item "Net credit gain/(loss) from loan receivables".

### Non-recurring items

Significant profit and loss items that are not included in the Group's normal recurring operations, which are difficult to predict and are considered to have low forecast value for the future earnings trend. Non-recurring items may include but are not limited to restructuring costs, acquisition and divestment costs, advisory costs for discontinued acquisition projects, integration costs, termination costs for Group Management and country managers, non-portfolio related write offs, unusual legal expenses, extraordinary projects, and material income or expenses relating to prior years.

### Net revenues

Net revenues are the Total revenues reported less the Cost of collateral assets sold, including impairment.

### Operating cash flow per share

Operating cash flow per share is operating cash flow from consolidated statement of cash flows divided on the weighted average number of shares outstanding in the reporting period. Operating cash flow per share is a measure on actual cash earned from operating business per share.

### Other revenues

Other revenues include revenue from external collections, as well as subscription income for credit information, telemarketing and other services which is recognised proportionately over the term of the underlying service contract which is usually one year. Other revenues include Interest income from loan receivables and Net credit gain/(loss) from loan receivables.

### Participation loan/notes

Participation loan/notes consist of investment agreements with co-investors for the purchase of loan portfolios through SPVs. The contractual arrangement of the participation loan/notes are directly related to the performance of the portfolios purchased in the SPVs.

### Portfolio investments

The investments for the period in unsecured (without collateral) and in secured (with collateral) loan portfolios.

### Profit margin

Profit margin consists of operating profit (EBIT) expressed as a percentage of total operating revenues.

### Revaluation

Revaluation is the period’s increase or decrease in the carrying value of the purchased loan portfolios attributable to changes in forecasts of future collections.

### Total Loan to Value (TLTV)

Total loan to value is net debt adjusted for vendor loan, earn out and FX hedge MTM over assets (portfolio, JV, loan receivables, real estate owned and goodwill).

# Responsibility statement

We confirm, to the best of our knowledge, that the financial statements for the period 1 January to 31 December 2023 have been prepared in accordance with current applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the Group taken as a whole.

We also confirm that the Directors' report includes a true and fair review of the development and performance of the business and the position of the entity and the group, together with a description of the principles risks and uncertainties facing the entity and the group.

Oslo, 25 April 2024

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

/sign/
Adele Bugge Norman Pran
*Board Member*

/sign/
Trond Kristian Andreassen
*Board Member*

/sign/
Jessica Sparrfeldt
*Board Member*

/sign/
Henrik Wennerholm
Board Member

/sign/
Anders Engdahl
*Board Member*

/sign/
Ellen Hanetho
Board Member

*/sign/*
*Erik J. Johnsen*
*Chief Executive Officer*

# Auditors' report

Statsautoriserte revisorer
Ernst & Young AS

Stortorvet 7, 0155 Oslo
Postboks 1156 Sentrum, 0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

**INDEPENDENT AUDITOR'S REPORT**

To the Annual Shareholders' Meeting of B2 Impact ASA

## Report on the audit of the financial statements

### Opinion

We have audited the financial statements of B2 Impact ASA (the Company), which comprise financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the balance sheet as at 31 December 2023, the income statement and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2023, the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023 and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 10 years from the election by the general meeting of the shareholders on 3 December 2014 for the accounting year 2014.

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate

EY Building a better working world

opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

**Estimated future cash collections from purchased loan portfolios**

| Basis for the key audit matter | Our audit response |
|---|---|
| Purchased loan portfolios account for 67% of total assets of the Group. Estimated future cash collections from purchased loan portfolios is the basis for the book value of purchased loan portfolios and is also input into the disclosure of fair value of purchased loan portfolios in the notes to the consolidated financial statement. Estimation of future cash collections from purchased loan portfolios is complex and require significant judgement from management about the value, probability, and timing of expected future cash flows. Furthermore, the estimates of future cash flows depend on management's approach to managing the portfolios (e.g., changes in collection policies and strategies) and local regulations. The estimation of future cash collections from purchased loan portfolios was considered a key audit matter based on the significant judgments involved. | We tested the consideration price upon acquisition of loan portfolios to the purchase agreement. We tested the approval by Group management of the initial cash collection forecast of the purchased loan portfolio prepared by local management and compared the initial cash collection forecast to historical cash collection on similar loan portfolios. We also compared the calculated effective interest rate on the purchased loan portfolio to the effective interest rate on loan portfolios purchased in previous years. Furthermore, we tested changes in future cash collection estimates by comparing actual cash collection to forecasted cash collection and by testing the historical accuracy of prior year forecasts. As part of our procedures, we discussed the assumptions used including amounts, probability, and timing of expected future cash flows, changes in policies and strategies, seasonality and local regulations with management and controllers. We also assessed the Company's disclosure in note 3 Critical accounting judgments and key sources of estimation uncertainty, note 2.4 and note 4.3 Purchased Loan Portfolios. |

**Other information**

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information









EY Building a better working world

required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

**Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirement

### Report on compliance with requirement on European Single Electronic Format (ESEF)

*Opinion*

As part of the audit of the financial statements of B2 Impact ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name B2ImpactASA-2023-12-31-en.zip have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

*Management's responsibilities*

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

*Auditor's responsibilities*

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.








As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 29 April 2024
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Kjetil Rimstad
State Authorised Public Accountant (Norway)

# Appendix

# Activity duty of employers

## About the Activity duty

According to the Norwegian Equality and Anti-Discrimination Act §26, Norwegian employers shall make active, targeted and systematic efforts to promote equality and prevent discrimination in the workplace. Such efforts shall encompass the areas of recruitment, pay and working conditions, promotion, development opportunities, accommodation, and the opportunity to combine work with family life[1].

Under the Act, all public and private companies that ordinarily employ more than 50 persons are required to investigate and analyse risks of discrimination or other barriers to equality, and implement and evaluate measures suited to counteract discrimination and promote greater equality and diversity in the workplace. The employer shall issue a statement on the actual status of gender equality and what the company is doing to comply with the activity duty.

As of 31 December 2023, B2 Impact had a total of 1,773[2] employees around the world, with 26 employees located in Norway. Although we are not required to issue a public statement, equality and non-discrimination in the workplace is an important focus area for us and we are therefore reporting with reference to the recommendations from The Norwegian Directorate for Children, Youth and Family Affairs (Bufdir).

## Our policy commitment

B2 Impact is committed to provide a fair, professional and safe working environment. We aim to be a workplace where all employees thrive and are given equal opportunities for professional development. We are committed to equality, diversity and to a culture that is free from discrimination including all unequal treatment, exclusion or preference based on race, gender, age, disability, sexual orientation, religion, political views, national or ethnic origin or any other characteristic that results in compromising the principle of equality.

We do not tolerate any verbal or physical conduct that harasses others', disrupts others work performance or creates a hostile work environment. We want everybody, at all times, to feel respected and welcome.

Our principles for equality and against discrimination are outlined in the company Code of Conduct, which is available on our website and communicated to all employees as part of the onboarding process.

1. *lovdata.no/dokument/NLE/lov/2017-06-16-51*
2. *Including workers who are not employee*

| Status on gender equality[1] | Female | | | Male | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| Country | 2023 | 2022 | 2021 | 2023 | 2022 | 2021 | 2023 | 2022 | 2021 |
| B2 Impact ASA | 7 | 11 | 10 | 19 | 16 | 17 | 26 | 27 | 27 |
| Bosnia & Herzegovina | 3 | 3 | 4 | 1 | 2 | 2 | 4 | 5 | 6 |
| Bulgaria | - | 133 | 139 | - | 59 | 66 | 0 | 192 | 205 |
| Croatia | 88 | 96 | 111 | 41 | 40 | 54 | 129 | 136 | 165 |
| Cyprus | 22 | 20 | 19 | 10 | 10 | 11 | 32 | 30 | 30 |
| Czech Republic | 5 | 5 | 1 | 1 | 1 | 1 | 6 | 6 | 2 |
| Denmark | 18 | 22 | 28 | 13 | 12 | 7 | 31 | 34 | 35 |
| Estonia | 19 | 15 | 18 | 7 | 5 | 5 | 26 | 20 | 23 |
| Finland | 112 | 110 | 109 | 43 | 45 | 38 | 155 | 155 | 147 |
| France | 86 | 72 | 62 | 34 | 32 | 26 | 120 | 104 | 88 |
| Greece | 66 | 72 | 76 | 57 | 54 | 62 | 123 | 126 | 138 |
| Hungary | 13 | 15 | 13 | 2 | 3 | 3 | 15 | 18 | 16 |
| Italy | - | 4 | 8 | - | 3 | 13 | 0 | 7 | 21 |
| Latvia | 65 | 58 | 67 | 32 | 32 | 34 | 97 | 90 | 101 |
| Lithuania | 29 | 31 | 35 | 6 | 6 | 4 | 35 | 37 | 39 |
| Luxembourg | 9 | 9 | 9 | 9 | 10 | 7 | 18 | 19 | 16 |
| Montenegro | 1 | 1 | 1 | - | 0 | 0 | 1 | 1 | 1 |
| Norway | - | 4 | 3 | - | 4 | 4 | 0 | 8 | 7 |
| Poland | 293 | 348 | 334 | 134 | 175 | 181 | 427 | 523 | 515 |
| Portugal | - | - | - | 1 | - | - | 1 | - | - |
| Romania | 100 | 130 | 155 | 41 | 64 | 66 | 141 | 194 | 221 |
| Serbia | 3 | 5 | 5 | 4 | 4 | 4 | 7 | 9 | 9 |
| Slovenia | 7 | 6 | 15 | 3 | 3 | 3 | 10 | 9 | 18 |
| Spain | 209 | 196 | 240 | 88 | 86 | 89 | 297 | 282 | 329 |
| Sweden | 38 | 35 | 31 | 34 | 32 | 40 | 72 | 67 | 71 |
| **Total** | **1193** | **1401** | **1493** | **580** | **698** | **737** | **1773** | **2099** | **2230** |

| KPI (GRI 405-1) | 2023 | 2022 | 2021 |
|---|---|---|---|
| Share of women in management (C-0 and C level) | 46 % | 51 % | 46 % |
| Share of women in the workforce | 67 % | 67 % | 67 % |
| Number of nationalities in the workforce | 47 | 41 | 45 |
| Share of Business Units with diversity and inclusion policy in place | 35 % | 35 %[2] | 38 % |

## Going forward

In 2024, we will set up a task force group that will investigate risks of discrimination and obstacles to equality for the entire Group. We will also establish a Group wide approach to measure and report equality and discrimination in the workplace. Based on these findings, we will look at relevant measures to implement and report on the results of such measures.

1. *Information included in head count at the end of the reporting period. There has been a reduction in FTEs of approximately 15 % in 2023, mainly due to the exit of two of our platforms (Bulgaria and Norway).*
2. *In 2022 typo error included a 53 %.*

# Transparency Act Report 2023

## About the Transparency Act

The purpose of the Norwegian Transparency Act is to promote enterprises' respect for human rights and decent working conditions in connection with the production of goods and the provision of services. The Act ensures the general public access to information concerning how enterprises address potential and actual impacts on fundamental human rights and decent working conditions and require companies to respond to incoming information requests[1].

## Questions or concerns

For questions regarding this report or its content, please use the following email: humanrights@b2-impact.com. Inquiries will be handled on an ongoing basis, and within three weeks.

1. lovdata.no/dokument/NLE/lov/2021-06-18-99/%C2%A71#%C2%A71

## About B2 Impact

B2 Impact is a leading pan-European debt investor and servicer. Through our business solutions, we contribute to handling society's debt problems, bridging gaps that defaulted debt represents in the credit chain. We aim to be a trusted partner and our vision is to become the debt investor that actively re-shapes the credit management industry. Our main business lines are Unsecured and Secured Asset Management. We are headquartered in Oslo, Norway, with an investment office in Luxembourg and operate in the following markets:

- Unsecured markets: Norway, Sweden, Denmark, Finland, Estonia, Latvia, Lithuania, Poland, Spain, Czech Republic, Hungary
- Secured markets: Italy, France, Romania, Greece, Cyprus, Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Montenegro

## Guidelines and routines

We are committed to act responsibly and ethically throughout our business operations. Our governing documents set out principles for how business should be conducted and the documents applies to all B2 Impact subsidiaries and units. Business partners and suppliers are in this document referred to as Business Partners.

### Code of Conduct

The Code of Conduct contains our main ethical guidelines and applies to everyone working in B2 Impact. The Code of Conduct was approved by the Board of Directors in June 2020 and was last updated in December 2022.

The Code of Conduct includes information about how to act in the workplace, towards our "Business Partners" and towards any third party impacted by B2 Impact's business activities. The Code of Conduct also includes information about our approach to the environment and climate. In addition to outlining the principles for business conduct, the ethical guidelines also contain information regarding how we handle potential misconduct.

The Code of Conduct is communicated to all employees as part of the onboarding process and can be found on the company's website: b2-impact.com/about-us/governance/code-of-conduct/

### Business Partner Code of Conduct

We expect everyone affiliated with our business (vendors, clients, suppliers, investors and any other third party) to behave in an ethical manner and act with integrity, as outlined in our Business Partner Code of Conduct.

The Chief Risk, Compliance & ESG Officer is the owner of the Business Partner Code of Conduct and is responsible for reviewing, updating and/or revising the document, as appropriate.

The Business Partner Code of Conduct was approved by the Board of Directors in September 2021 and was last updated in September 2022. The document can be found on the company's website: b2-impact.com/about-us/governance/code-of-conduct/business-partner-code-of-conduct/

### Labour and Human Rights Statement

We respect fundamental human rights, including workers' rights and decent working conditions. We have a zero tolerance for any form of discrimination, whether this is based on race, gender, language, ethnicity, religion, political opinion, nationality or social origin, age, disability, or any other characteristic. We also oppose harassment or violence of any kind.

In addition to the Code of Conduct and the Business Partner Code of Conduct, B2 Impact has established a Labour and Human Rights Statement which applies to employees and Business Partners, irrespective of their role and the country in which they work.

The Labor and Human Rights Statement builds on the UN Guiding Principles on Business and Human Rights (UNGPs), as well as the OECD Guidelines for Multinational Enterprises. The document is available on B2 Impact's website: b2-impact.com/sustainability/human-rights

### Whistleblowing Policy

Everyone that becomes aware of illegal, unethical, or unwanted behaviour that is considered a breach of law or non-compliance with our Code of Conduct, Business Partner Code of Conduct or Labour and Human Rights Statement has a duty to report this.

Reporting can be made internally or through one of our external whistleblowing channels: report.whistleb.com/en/b2-impact

The person reporting does not need to provide evidence to support the concern, but reports must be made in good faith and in the public interest. Within seven calendar days, the person reporting will receive a response or follow-up questions. Individuals that report shall not and will not be subject to retaliations.

## Due diligence of Business Partners and results

Following our internal Group Business Partner Integrity Due Diligence Policy (internal document), all business units in B2 Impact shall perform a background compliance investigation of business partners (including suppliers) to identify, assess and mitigate potential risks before entering into a contract.

Risks are defined as a breach of regulatory requirements, B2 Impact's Code of Conduct or the Labour and Human Rights Statement. We will not enter into a contract with Business Partners if the cooperation involves a high integrity risk, if the Business Partner or any of its representatives are included on a sanctions list, are guilty of a criminal offense or if the Business Partner lacks the licences/authorisations to perform the service. Additionally, the following examples will entail a red flag meaning that there are actual or potential unacceptable risks associated with the Business Partner:

- If the Business Partner objects to the due diligence process
- Denies disclosing reasonable requested information
- Engages in or has been accused of engaging in improper business practices
- Has incurred criminal or civil penalties for illegal or unethical conduct

An enhanced due diligence assessment will take place if there is a perceived risk associated with the Business Partner in question. In this process, the Business Partner has to complete a questionnaire about general compliance, including specific questions about human rights and decent working conditions.

Questions include whether the Business Partner has a policy in place regarding human rights and decent working conditions, what kind of measures the Business Partner takes to address adverse effects, prevent risks or remedy negative consequences, about wages, benefits and work conditions for its employees and measures implemented to ensure that they neither cause nor contribute to child labour, forced labour or discrimination.

No contracts with Business Partners were discontinued or terminated in 2023 due to human rights breaches or suspicion of human rights breaches. We did not receive any reports about human rights breaches through our whistleblowing channel in 2023. There were no confirmed incidents of discrimination or harassment in 2023.

In 2023, there were seven incidents reported as whistle-blowing cases. All cases have been handled. Amongst these seven reports, four were transferred to and processed by HR departments as they were assessed to be personal grievances rather than protected disclosures. One resulted unjustified after an internal investigation, and one was closed as the information provided did not allow for proper investigation. One case was still being investigated at the end of 2023.

| KPI (GRI 406-1) | 2023 | 2022 | 2021 |
|---|---|---|---|
| Incidents reported as whistleblowing cases | 7 | 2 | 10 |
| Confirmed incidents of discrimination or harassment | 0 | 0 | 1 |

## Going forward

Going forward we will consider implementing a system for keeping track of the number of Business Partners assessed in the reporting period and the outcome of such evaluations. We will also consider a fixed interval for conducting due diligence assessments of existing suppliers, with at least one assessment per year. In 2024 we will communicate the updated Business Partner Code of Conduct to all existing suppliers.

# ESG Policies

B2 Impact has a number of policies that govern how the Group handles ESG issues. These policy commitments apply not only to all employees of the Group but to all business partners, including vendors, clients, suppliers, investors, and any other third party with whom B2 Impact conducts business, where applicable.

- Sustainability Policy
- Environmental and Sustainable Procurement Statement
- Labour and Human Rights Statement: Human rights at B2 Impact
- Responsible marketing and sales Statement
- Supplier Diversity Statement
- Group Political and Religious involvement Statement
- Group Business Partner Code of Conduct: Business Partner Code of Conduct overview
- Group Business Partner Integrity Due Diligence Policy
- Group Related Party Transaction Policy: Related Party Transactions Policy
- Occupational Health and Safety Statement
- Recruitment privacy policy: Recruitment privacy policy
- Customer Fair Treatment Policy
- Code of Conduct: B2 Impact Code of Conduct
- Group Compliance Policy
- Group Whistleblowing Policy
- Group Conflict of Interest Policy
- Group Anti-Corruption and Bribery Policy
- Group Anti-Money Laundering, Counter Terrorist Financing and Sanction Policy
- Group GDPR Policy
- Personal Data Breach Policy
- Instructions for Handling Inside Information and rules for Primary Insiders: Inside information and rules for primary insiders
- Investment Approval Policy
- Tax Policy
- Transfer Pricing Policy
- Information Security Policy
- Remuneration policy: B2 Impact Remuneration Policy

## GRI content index

B2 Impact has reported with reference to GRI 2021 for the reporting period 01.01.2023 to 31.12.2023

| Standard | General disclosures | Reference | Omission/comment |
|---|---|---|---|
| GRI 2: General Disclosures 2021 | 2-1 Organisational details | This is B2 Impact | |
| | 2-2 Entities included in the organisation's sustainability reporting | This is B2 Impact | |
| | 2-3 Reporting period, frequency and contact point | | Applies to the reporting period 1. january to 31. december 2023 |
| | 2-4 Restatements of information | | No restatements of information |
| | 2-5 External assurance | | No assurance of GRI disclosures |
| | 2-6 Activities, value chain and other business relationships | This is B2 Impact | information incomplete |
| | 2-7 Employees | Activity Duty Report | |
| | 2-8 Workers who are not employees | Employee wellbeing | |
| | 2-9 Governance structure and composition | CG report | |
| | 2-10 Nomination and selection of the highest governance body | CG report | |
| | 2-11 Chair of the highest governance body | CG report | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | BoD report / CG report | |
| | 2-13 Delegation of responsibility for managing impacts | BoD report / CG report | |
| | 2-14 Role of the highest governance body in sustainability reporting | BoD report / CG report | |

| Standard | General disclosures | Reference | Omission/comment |
|---|---|---|---|
| | 2-15 Conflicts of interest | Anti-corruption and anti-bribery | |
| | 2-16 Communication of critical concerns | Anti-corruption and anti-bribery | |
| GRI 2: General Disclosures 2021 | 2-17 Collective knowledge of the highest governance body | BoD report / CG report | Information incomplete |
| | 2-18 Evaluation of the performance of the highest governance body | BoD report / CG report | Information incomplete |
| | 2-19 Remuneration policies | Remuneration report | |
| | 2-20 Process to determine remuneration | Remuneration report | |
| | 2-21 Annual total compensation ratio | Remuneration report | |
| | 2-22 Statement on sustainable development strategy | CEO letter | |
| | 2-23 Policy commitments | Transparency Act report | Information incomplete |
| | 2-24 Embedding policy commitments | Transparency Act report | Information incomplete |
| | 2-25 Processes to remediate negative impacts | Transparency Act report | |
| | 2-26 Mechanisms for seeking advice and raising concerns | Transparency Act report | |
| | 2-27 Compliance with laws and regulations | Anti-corruption and anti-bribery | |
| | 2-28 Membership associations | This is B2 Impact | |
| | 2-29 Approach to stakeholder engagement | Stakeholder engagement / Materiality assessment | |
| | 2-30 Collective bargaining agreements | Employee wellbeing | |

| Standard | General disclosures | Reference | Omission/comment |
|---|---|---|---|
| MATERIAL TOPICS: GRI 3: Material topcis 2021 | | | |
| GRI 3-1 | Process to determine material topcis | Stakeholder engagement / Materiality assessment | |
| GRI 3-2 | List of material topics | Stakeholder engagement / Materiality assessment | |
| OUR CUSTOMERS: Fair treatment and satisfaction of customers | | | |
| GRI 3-3 | Management of material topics | Fair treatment and satisfaction of customers | Information incomplete |
| Own KPI | No. of debt collection cases | Fair treatment and satisfaction of customers | |
| | % of claims fully solved (debt-free) | Fair treatment and satisfaction of customers | |
| | % of claims with partial payments | Fair treatment and satisfaction of customers | |
| | No. of complaints received | Fair treatment and satisfaction of customers | |
| | % of entities with internal quality and auditing controls implemented | Fair treatment and satisfaction of customers | |
| | Quality and auditing controls conducted | Fair treatment and satisfaction of customers | |
| | % of operations that carry out customer surveys | Fair treatment and satisfaction of customers | |
| | Customer satisfaction score | Fair treatment and satisfaction of customers | |
| Cybersecurity and customer privacy | | | |
| GRI 3-3 | Management of material topics | Cyber security and data privacy | Information incomplete |
| GRI 418 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | Cyber security and data privacy | |

| Standard | General disclosures | Reference | Omission/comment |
| --- | --- | --- | --- |
| **OUR EMPLOYEES: Employee wellbeing** | | | |
| GRI 3-3 | Management of material topics | Employee wellbeing | |
| GRI 401 | 401-1 New employee hires and employee turnover | Employee wellbeing | Information incomplete |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | Employee wellbeing | Information incomplete |
| Own KPI | Share of entities with work-life balance measures in place | Employee wellbeing | |
| | Employee survey participation rate | Employee wellbeing | |
| | Employee engagement score | Employee wellbeing | |
| | Professional sick leave | Employee wellbeing | |
| **Training and development** | | | |
| GRI 3-3 | Management of material topics | Training and development | |
| GRI 404 Training and development | 404-1 Average hours of training per employee | Training and development | Information incomplete |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | Training and development | Information incomplete |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | Training and development | |

| Standard | General disclosures | Reference | Omission/comment |
|---|---|---|---|
| Own KPI | Business units with talent programmes in place | Training and development | |
| | Employees receiving e-learning training | Training and development | |
| | Percentage of employees who undertook ESG Basic training | Training and development | |
| **OUR COMPANY: Anti-corruption and anti-bribery** | | | |
| GRI 3-3 | Management of material topics | Anti-corruption and anti-bribery | |
| GRI 205 Anti-corruption | Disclosure 205-1 Operations assessed for risks related to corruption | Anti-corruption and anti-bribery | |
| | Disclosure 205-2 Communication and training about anti-corruption policies and procedures | Anti-corruption and anti-bribery | |
| | Disclosure 205-3 Confirmed incidents of corruption and actions taken | Anti-corruption and anti-bribery | |
| **Responsible acquisition of portfolios and partnerships** | | | |
| GRI 3-3 | Management of material topics | Responsible acquistion of portfolio and partnerships | |
| Own KPI | Portfolio acquisitions where sustainability requirements have been applied | Responsible acquistion of portfolio and partnerships | |

# Membership organisations

| Organization | Country |
|---|---|
| Asset Management and Collection Association of BiH | Bosnia & Herzegovina |
| Association of credit Acquiring Companies | Cyprus |
| Czech Republic Association of collection agencies | Czech Republic |
| Danish Business Association | Denmark |
| Danish Debt Collection Industry Association | Denmark |
| Service industry employers' association Palta | Finland |
| Finnish Association of Collection Agencies | Finland |
| FIGEC | France |
| MEDEF Mouvement des entreprises de France) | France |
| National collective agreement | Greece |
| Hungarian association of debt managaers and business information providers | Hungary |
| The association of credit and collection professionals (ACA International) | Latvia |
| Debt collectors' association of Latvia | Latvia |
| Latvian Chamber of Commerce and Industry (LCCI) | Latvia |
| Creditreform International | Latvia |
| German-Baltic Chamber of Commerce | Latvia |
| Norwegian Chamber of Commerce in Latvia | Latvia |
| Association of Lithuanian Credit Management Companies | Lithuania |
| The Lewiatan Confederation | Poland |
| The Association of Financial Enterprises in Poland (ZPF) | Poland |
| Asociación Española de Compliance | Spain |
| Asociación Española de Empresas contra el Fraude | Spain |
| Asociación Nacional Entidades Gestión Cobro | Spain |
| Asociación Nacional Establecimientos Financieros de Crédito | Spain |
| Club de Gestión de Riesgos de España | Spain |
| Nova användarförening | Sweden |
| Svenska kreditföreningen (The Swedish Credit Management Association) | Sweden |
| Svensk Inkasso Medlemsservice (Swedish Debt Collection Association) | Sweden |

Annual report 2023

B2 Impact
Cort Adelers gate 30
0254 Oslo, Norway
b2-impact.com

IR contact
Rasmus Hansson
Head of Investor Relations and M&A
+47 952 55 842
rasmus.hansson@b2-impact.com