

Q1

First quarter 2024 Report

15 May 2024



Key figures Q1 2024

Cash collections

1 273

1 248

Unsecured
performance

105%

105%

Portfolio
investments

290

767

Cash EBITDA

905

900

Adj. Net profit

96

112

Leverage ratio

1.9x

2.5x

CEO comment

In the first quarter we delivered strong collection performance and solid cash flow. Pipeline visibility has been improving and we see increasing activity going into the second quarter. We have remained disciplined in our approach to investments and expect a favourable competitive environment going forward. Entering Q2 we have invested and committed volumes of over NOK 1bn which allows for a selective approach for the year where we aim to take advantage of an expected increase in NPL volumes and capital restrictions for the industry as a whole.

During the quarter, we strengthened our capital structure through the bond and tap issue, raising EUR 150m at a significantly improved margin compared with our previous two issues, while at the same repaying the EUR 200m bond that matured in May. As a consequence of this we have notably reduced our cost of debt compared with the end of 2023. In February, due to our low leveraging and strong financial position we received a credit rating upgrade from S&P from B+ to BB- with stable outlook. Our leverage ratio of 1.9x is currently the lowest in the industry and we are well positioned to take advantage of an attractive NPL market going forward. We will continue to focus our investments in countries where we have scale and to reduce our footprint by exiting our smaller markets. Finally, our Board has proposed a dividend of NOK 0.7 for approval at our Annual General Meeting on 23 May.

Erik Just Johnsen
CEO of B2 Impact ASA.



Quarterly highlights

- **Strong collection performance:** Unsecured at 105 % and secured at 164 % compared with latest forecasts
- **Lower underlying Opex:** Personnel expenses trending down. Increase in legal collection costs driven by unsecured collection growth and positioning for tax refunds in Q2
- **Solid financial performance:** Cash EBITDA ahead of last year
- **Strong financial position & positive trend in interest costs:** Bond issue of EUR 100m and tap of EUR 50m completed at improved margins. Further improved credit rating.
- **Investments on track:** Portfolio investments in line with normal seasonality. Increasing market activity with NOK 290m invested in Q1 and an additional NOK 700m already committed for the remainder of the year
- **Positioned for growth:** Leverage ratio at 1.9x provides significant headroom for investments

Key financials¹

	2024	2023	%	Comparable
<i>NOK million</i>	Q1	Q1	Δ	% Δ ³
Cash collections	1 273	1 248	2%	3%
Revenues	882	914	-4%	-5%
Opex	-500	-484	3%	3%
EBIT	360	402	-10%	-12%
EBIT %	41%	44%	-3 pp	-3 pp
Net profit	96	112	-14%	-6%
Cash revenue	1 405	1 384	2%	2%
Cash EBITDA	905	900	1%	1%
Cash margin	64%	65%	-1 pp	-0 pp
Collections ²	1 272	1 296	-2%	-1%
Amortisation of own portfolios	-520	-490	6%	9%
Portfolio investments ²	290	767	-62%	-62%
EPS	0.26	0.29		N/A
ROE (LTM)	8.0 %	10.0 %	-1.9 pp	N/A

1. Key Financials exclude non-recurring items

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

3. Comparable numbers are adjusted for FX and Bulgaria

Investments

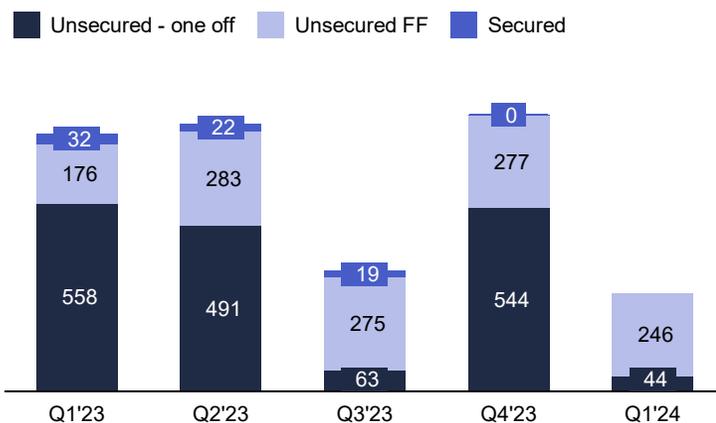
Portfolio investments in the first quarter were NOK 290m. The Group has committed further volume for the remainder of 2024 with total invested and committed capital at the end of the first quarter of NOK 1 bn. All portfolios acquired so far this year are retail unsecured of which a large majority are consumer finance portfolios.

Pipeline and trading so far this year supports the Group's investment targets for 2024 both in terms of expected volumes and returns on portfolios acquired. The Group observes a diverse competitive environment with varying degrees of competition as markets adapt to new equilibriums. The Group will continue to be selective and disciplined in its investment approach and expects favourable market conditions going forward.

Estimated Remaining Collections (ERC) have developed in line with the announced strategy to invest in core unsecured markets. ERC in unsecured have grown in the last 12 months despite strong unsecured collection performance. Secured ERC have declined both in absolute and relative numbers due to limited investments and successful collection of several large claims.

ERC ¹ (NOKm)	Q1'24	Q1'23	% Δ	FY 2023
Reported	22 759	22 847	-0.4 %	22 504
FX effect	-	893		826
Bulgaria	-	-934		-
Comparable	22 759	22 807	-0.2 %	23 330

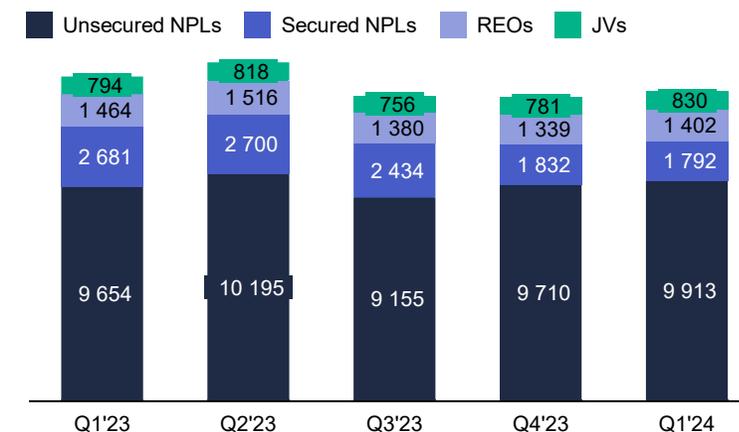
Portfolio investments (NOKm)



ERC¹ (NOKm)



Book value NPLs, REOs, JVs (NOKm)



1. Includes the Group's share of ERC for portfolios in joint ventures (NOK 365m in secured and NOK 1 081m in unsecured at end Q1 2024).

Collection performance and revenues

Unsecured collection performance

Unsecured collections continue to have a positive trend compared to the latest forecast and ended at 105 % in the first quarter. Collections were up 5 % compared to the same quarter last year which shows the strength and resilience in our unsecured business. Collections from JVs were also strong in the quarter, however with the cash effect from these delayed to Q2 2024.

Secured collection performance

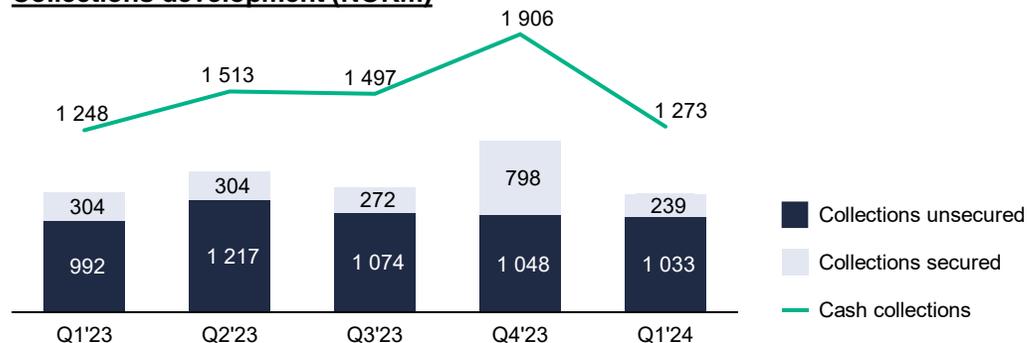
Secured collections showed overall solid performance during the quarter. Despite no new investments, cash collections were at the same level as the first quarter last year. The decrease compared with Q4 2023 reflects the successful collection of the Group's largest secured claim.

REO sales were NOK 96m in the quarter with a gain over book value of 51 %, demonstrating the Group's successful efforts in extracting value through repossessions.

Other revenues

Other revenues of NOK 132m included NOK 73m of revenues from third party collections, NOK 18m of revenues from servicing of JVs and NOK 25m from the Group's discontinued loan receivables businesses.

Collections development (NOKm)



Cash collections unsecured (NOKm)	Q1'24	Q1'23	% Δ	FY 2023
Collections	1 008	964	4.6%	4 213
Cash from JVs	-	22	-100.0%	81
Cash collections unsecured	1 008	986	2.2%	4 294
FX effect	-	53		39
Bulgaria	-	- 66		- 197
Comparable	1 008	974	3.5%	4 136

Cash collections secured (NOKm)	Q1'24	Q1'23	% Δ	FY 2023
Collections	222	289	-23.0%	1 525
Repossessions	- 69	- 107	-35.2%	- 276
REO sales	96	75	27.6%	499
Cash from JVs	16	4	271.0%	121
Cash collections secured	265	262	1.3%	1 870
FX effect	-	11		1
Bulgaria	-	- 9		- 53
Comparable	265	264	0.3%	1 818

Cash revenues (NOKm)	Q1'24	Q1'23	% Δ	FY 2023
Cash collections	1 273	1 248	2.0%	6 164
Other revenues	132	136	-3.1%	568
Cash revenues	1 405	1 384	1.5%	6 733
FX effect	-	73		45
Bulgaria	-	- 74		- 250
Comparable	1 405	1 382	1.6%	6 528

Operating efficiency

Operating expenses (opex)

Total opex in the quarter was up by just under 3 % compared with the same quarter last year. The increase is driven by actions within legal collection processes with related external expenses increasing by close to 19 % compared with last year. As a result of this, the Group achieved growth in its unsecured collections and is well positioned for tax refunds in Q2 which are expected to further improve the positive trend in collection performance.

Personnel expenses were down by over 4 % compared with the same quarter last year. As previously communicated, we expect positive cost effects from the many initiatives already implemented as well as from continued focus on cost going forward.

Other expenses were up by less than 2 % compared with the same quarter last year.

Cost efficiency and initiatives

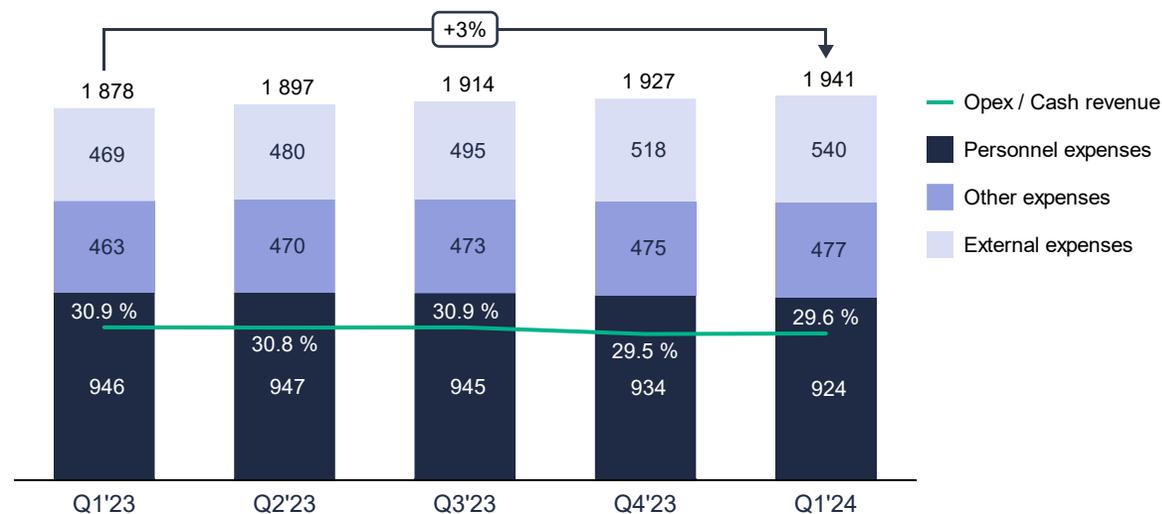
Following efficiency initiatives completed throughout 2023 we have achieved a reduction in the underlying operating expenses in the quarter. These initiatives include reduction of central costs, closure of the loan receivables business in Poland, as well as numerous other actions undertaken across the Group.

In Q1 2024 we have continued to focus on extracting efficiencies with further reductions in central costs and reduction of the Group's footprint in non-core markets. Non-recurring items (NRIs) in Q1 were personnel related costs in connection with these actions and will lead to reduced costs going forwards.

The Group continuously focuses on improvements to increase scalability. We see increased use of our self-service platforms, chat bots, multi-channel customer communication, scoring models and AI powered automation as essential elements in our digitalization strategy today and going forward.

Total operating expenses (NOKm)	Q1'24	Q1'23	% Δ	FY 2023
Reported	506	511	-1.0%	2 092
NRIs	- 6	- 27	-78.9%	- 111
Operating expenses ex NRIs	500	484	3.4%	1 981
FX effect	-	22		10
Bulgaria	- 0	- 21		- 64
Comparable	500	486	2.9%	1 927

Operating margin LTM¹



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

Cash EBITDA

Cash revenues were up compared with Q1 2023 following higher cash collections from unsecured and with cash collections from secured and other revenues in line with Q1 2023.

Cash EBITDA was ahead of Q1 2023 as a result of strong collections and actions taken to reduce operating expenses. Higher operating expenses in the quarter were mainly legal expenses which resulted from actions taken in Q1 which are expected to drive higher collections in subsequent periods.

Cash from JVs in unsecured was slightly delayed in Q1 and the distributions will come through in Q2. Cash EBITDA would have been close to NOK 920m for the quarter had these delays not occurred.

Cash EBITDA (NOKm)	Q1'24	Q1'23	% Δ	FY 2023
Cash revenues	1 405	1 384	1.5%	6 733
Operating expenses	- 500	- 484	3.4%	- 1 981
Cash EBITDA	905	900	0.5%	4 752
FX effect	-	50		35
Bulgaria	0	- 54		- 186
Comparable	905	897	0.9%	4 601
Comparable Cash margin	64.4%	64.9%	-0.4 pp	70.5%

Reported revenues and EBIT

Revenues

Revenues were NOK 32m lower than Q1 2023 due to lower collections related to repossessions on secured portfolios. Repossessions are non-cash items but are reported as collections and were NOK 38m higher in Q1 2023.

Overperformance and early collection on secured portfolios in Q1 2024 of NOK 87m resulted in a revaluation of NOK -58m on secured curves. Although reported as a revaluation in accounting terms, this is effectively an amortisation due to claims collected earlier than expected and consequently removed from future ERC.

Unsecured portfolios were revised upwards with a revaluation of NOK +36m following a sustained period of strong overperformance.

Revenues (NOKm)	Q1'24	Q1'23	% Δ	FY 2023
<i>Collections ex JVs</i>	1 230	1 253	-1.8%	5 738
<i>Amortisation</i>	- 520	- 490	6.2%	- 2 209
<i>Revaluation</i>	- 22	- 50	-55.3%	- 690
Revenues from NPLs	688	713	-3.6%	2 839
Profit from JVs	30	36	-17.3%	222
Gain on sale of REOs	32	29	11.3%	146
Other revenues	132	136	-2.8%	568
Revenues	882	914	-3.5%	3 775
FX	-	49		30
Bulgaria	-	- 36		- 111
Comparable	882	927	-4.8%	3 695

EBIT

Reported EBIT was down in Q1 2024 compared to Q1 2023 driven by lower non-cash collections being repossessions. Repossessions were NOK 69m in Q1 2024 compared with NOK 107 in Q1 2023 and are reported as collections.

Underlying operating expenses were down compared with Q1 2023 with the exception of external expenses which will drive higher collections in the coming quarters,.

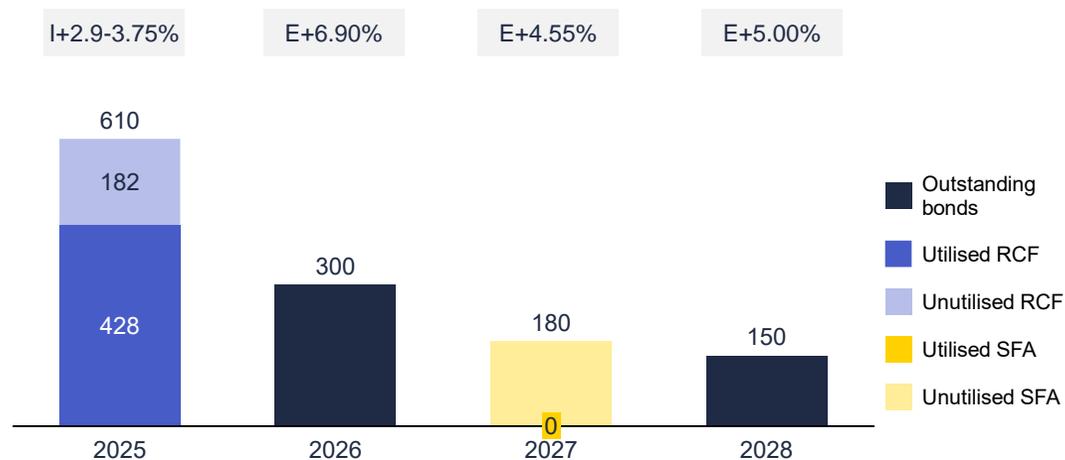
Adj. EBIT (NOKm)	Q1'24	Q1'23	% Δ	FY 2023
Revenues	882	914	-3.5%	3 775
Operating expenses	- 506	- 511	-1.0%	- 2 092
Depreciation & Amortisation	- 22	- 29	-23.7%	- 106
EBIT	354	375	-5.6%	1 578
NRIs	6	27	-78.9%	118
Adj. EBIT	360	402	-10.5%	1 696
FX	-	24		20
Bulgaria	0	- 15		- 44
Comparable	360	411	-12.3%	1 672

Debt, Capital Structure and Financing Costs

Debt and interest cost (NOKm)



Capital Structure (EURm)



Net financial items (NOKm)

	Q1'24	Q4'23	%Δ	Q1'23	%Δ
Financial income	17	12	42%	7	155%
Interest cost and commitment fees	-231	-254	-9%	-223	4%
Arrangement fees	-21	-24	-13%	-22	-7%
Other financial expenses	-4	-14	-75%	-19	-81%
Financial expenses	-255	-292	-13%	-264	-3%
Net exchange gain/(loss)	5	2	207%	-0	-1 804%
Net financial items	-233	-279	-16%	-258	-9%

Positive trend in interest costs

Interest cost and commitment fees decreased to NOK 231m from NOK 254m in the previous quarter mainly due to refinancing of bonds at more favourable terms and a lower average debt balance. Arrangement fees decreased to NOK 21m from NOK 24m in the previous quarter as part of previous RCF refinancing was fully expensed by the end of 2023. Other financial expenses of NOK 4m mainly consists of interest expense on leases. This is down from previous quarters where expenses from sale of Bulgaria, amendment fee on one of our bonds and changes in fair value of derivatives has been recorded.

The refinancing of bonds in the quarter and the expiry of the reinvestment facility within the SFA on 30 April 2024 will further decrease interest costs going forward. Additionally, we are in dialogue with the RCF banks to extend the facility during this year.

Corporate matters

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

The Group holds an EUR 610m senior secured revolving credit facility (RCF) with DNB Bank ASA, Nordea Bank AB and Swedbank AB which matures in June 2025. The project financing from PIMCO, the Senior Facility Agreement (SFA), of EUR 180m was fully repaid in January 2024.

A new senior unsecured bond (B2I07) of EUR 100m was issued on 23 January 2024 at an interest rate of 3M EURIBOR + 500 basis points in margin. The proceed was used to fully repay B2H05 on 6 February 2024 based on a call option exercise. On 27 February 2024 B2 Impact completed a tap issue of EUR 50m in B2I07 at a price of 101.25 % to par which indicate a spread (margin) of 4.61 %. The new bond (B2I07) was assigned with a Ba3 rating from Moody's and will be listed on the Oslo Stock Exchange in Q2 2024.

In addition to above-mentioned financing, the Group holds a senior unsecured bond loan of EUR 300m which matures in 2026.

On 27 February 2024 S&P upgraded its credit rating (corporate family rating) for B2 Impact ASA to BB- (stable outlook) from previously B+ (positive outlook). The rated Senior Unsecured Bond was also upgraded to BB- from B+ given a better Corporate Family Rating and unchanged recovery rating. According to S&P the upgrade is a reflection of B2 Impact's steady competitive position, solid investment performance, and reduced refinancing risk improving B2 Impact's credit quality. The solid performance that B2 Impact had both in its secured and unsecured portfolio through 2023 resulted in higher-than-expected revenue. The latter leaves the company in a better financial position to increase its investment volumes with higher internal rates of return (IRR) compared with many of its peers with higher leverage.

Subsequent events

B2 Impact continues to focus on its core markets and in May 2024 an agreement was signed in connection with the sale of the Group's portfolios in Hungary at a price around book value.

Disclaimer

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

Board of Directors, B2 Impact ASA
14 May 2024

Interim condensed consolidated financial statements

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



Consolidated income statement

All figures in NOK million unless otherwise stated

	Notes	2024 Quarter 1	2023 Quarter 1	2023 Full Year
Interest revenue from purchased loan portfolios		576	591	2 473
Net credit gain/(loss) from purchased loan portfolios	4	112	121	366
Profit from investments in associated parties/joint ventures		30	36	222
Gain on sale of repossessed collateral assets (REOs) ¹		32	29	146
Other revenue ²		132	136	568
Revenue	3	882	914	3 775
External expenses of services provided		- 142	- 120	- 533
Personnel expenses		- 242	- 257	-1 027
Other operating expenses		- 122	- 134	- 532
Depreciation and amortisation		- 22	- 23	- 95
Impairment losses		0	- 6	- 11
EBIT	3	354	375	1 578
Financial income		17	7	26
Financial expenses		- 255	- 264	-1 124
Net exchange gain/(loss)		5	- 0	- 12
Net financial items	5	- 233	- 258	-1 110
Profit/(loss) before tax		121	117	468
Income tax expense		- 27	- 26	- 105
Profit/(loss) after tax		94	91	363

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

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

	Notes	2024 Quarter 1	2023 Quarter 1	2023 Full Year
Profit/(loss) attributable to:				
Parent company shareholders		94	91	363
Non-controlling interests		0	0	0
Earnings per share (in NOK):				
Basic		0.25	0.23	0.94
Diluted		0.25	0.23	0.94

Consolidated statement of comprehensive income

All figures in NOK million unless otherwise stated

	2024	2023	2023
	Quarter 1	Quarter 1	Full Year
Profit/(loss) after tax	94	91	363
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	244	540	428
Hedging of currency risk in foreign operations	-38	-79	-150
Hedging of interest rate risk	8	-22	-146
Tax attributable to items that may be reclassified to profit or loss	-5		74
Other comprehensive income	208	439	206
Total comprehensive income for the period	302	530	569
Total comprehensive income attributable to:			
Parent company shareholders	302	530	569
Non-controlling interests	0	0	0

Condensed consolidated statement of financial position

All figures in NOK million unless otherwise stated

	Notes	2024 31 Mar	2023 31 Mar	2023 31 Dec
Deferred tax asset		409	339	389
Goodwill		800	780	769
Tangible and intangible assets		371	367	365
Investments in associated companies and joint ventures		830	794	781
Purchased loan portfolios	3,4,5	11 705	12 333	11 542
Other non-current financial assets ¹		354	368	372
Total non-current assets		14 468	14 981	14 218
Income taxes receivable		60	25	50
Other non-current assets		389	455	317
Collateral assets		1 402	1 464	1 339
Cash and short-term deposits		1 091	1 111	1 404
Total current assets		2 942	3 055	3 111
Total assets		17 410	18 036	17 328

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

	Notes	2024 31 Mar	2023 31 Mar	2023 31 Dec
Equity attributable to parent company's shareholders	7	5 884	5 748	5 587
Equity attributable to non-controlling interests		1	1	1
Total equity		5 885	5 748	5 588
Deferred tax liabilities		443	313	430
Non-current interest bearing loans and borrowings	6	9 810	10 944	7 970
Other non-current liabilities		188	165	256
Total non-current liabilities		10 441	11 422	8 655
Current interest bearing loans and borrowings	6	0	0	2 245
Bank overdraft	6	348	170	225
Accounts and other payables		218	227	174
Income taxes payable		52	21	29
Other current liabilities		465	448	411
Total current liabilities		1 084	866	3 085
Total equity and liabilities		17 410	18 036	17 328

Condensed consolidated statement of changes in equity

All figures in NOK million unless otherwise stated

Notes	2024			2023		
	Attributable to parent company's shareholders	Non-controlling interests	Total equity	Attributable to parent company's shareholders	Non-controlling interests	Total equity
At 1 January	5 587	1	5 588	5 216	1	5 217
Profit/(loss) after tax	94	- 0	94	91	- 0	91
Other comprehensive income	208	0	208	439	0	439
Total comprehensive income	302		302	530	- 0	530
Share buy-back programme	- 5		- 5			
Share based payments	0		0	1		1
Dividends to non-controlling interests		0	0			
At 31 March	5 884	1	5 885	5 748	1	5 748

Condensed consolidated statement of cash flows

All figures in NOK million unless otherwise stated

	Notes	2024 Quarter 1	2023 Quarter 1	2023 Full Year
Cash flows from operating activities				
Profit/(loss) for the period before tax		121	117	468
<u>Adjustment for non-cash items:</u>				
Amortisation/revaluation of purchased loan portfolios		543	540	2 899
Repossession of collateral assets		- 69	- 107	- 276
Cost of collateral assets sold, including impairment		64	46	353
Profit from investments in associated parties/joint ventures	3	- 30	- 36	- 222
Financial expenses	5	255	264	1 124
Net foreign exchange differences		- 46	111	- 299
Other non-cash items		- 4	53	210
<u>Operating cash flows:</u>				
Income tax paid		- 23	- 29	- 144
Change in working capital		28	- 52	- 18
Change in non-current financial assets/liabilities		60	- 3	194
Net cash flow from operating activities		898	904	4 290
Cash flows from investing activities				
Payment of purchased loan portfolios	3, 4	- 293	- 630	-2 584
Investments/divestments in subsidiaries, joint ventures and associated companies			- 164	310
Cash received from investments in associated parties / joint ventures		16	27	202
Net investments in intangible and tangible assets		- 15	- 23	- 67
Net cash flow from investing activities		- 293	- 790	-2 139

	Notes	2024 Quarter 1	2023 Quarter 1	2023 Full Year
Cash flows from financing activities				
Payment share buy-back programme	7	- 5		- 122
Exercised share options				- 2
Net proceeds/(repayments) on interest bearing loans and borrowings		- 822	- 2	- 824
Interest cost and commitment fees paid on borrowings		- 233	- 217	- 932
Borrowing cost paid		- 15	- 45	- 69
Repayment of principal amount on lease liabilities		- 2	- 12	- 50
Dividends paid to parent company's shareholders				- 77
Dividends paid to non-controlling interests				- 0
Net cash flow from financing activities		-1 077	- 277	-2 077
Net cash flow during the period				
		- 472	- 164	74
Net cash at the beginning of the period				
		1 179	1 045	1 045
Exchange rate difference on cash and cash equivalents				
		35	59	60
Net cash at the end of the period		743	941	1 179
<u>Net cash at end of period comprised of:</u>				
Cash and cash equivalents		1 091	1 111	1 404
Bank overdraft		- 348	- 170	- 225

Notes to the interim condensed consolidated financial statements

Note 1 – General information and basis for preparation

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

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

These interim condensed consolidated financial statements (interim report) for the first quarter ending 31 March 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statement for 2023. The annual consolidated financial statements for 2023 are available at the company's website (www.b2-impact.com).

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

The interim condensed consolidated financial statements for the first quarters ending 31 March 2024 and 31 March 2023 are unaudited. The 2023 audited financial statements are proposed for approval at the Annual General Meeting of the Company to be held on 23 May 2024.

Note 2 – Estimates and critical accounting judgements

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

Note 3 – Segment reporting

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

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

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

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

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

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

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

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

Segment overview

All figures in NOK million unless otherwise stated

Quarter 1, 2024

	Investments	Servicing	Other	Unallocated items & eliminations	Total
External revenue	752	92	35	2	882
Inter segment revenue	0	193	0	-193	0
Revenue	752	286	35	-191	882
Direct opex	-300	-183	-10	187	-306
Segment earnings	452	103	26	-4	576
IT					-44
SG&A					-88
Central costs					-67
EBITDA					376
Depreciation, amortisation and impairment losses					-22
EBIT					354

Quarter 1, 2023

	Investments	Servicing	Other	Unallocated items & eliminations	Total
External revenue	783	85	46	0	914
Inter segment revenue	-0	201	0	-201	-0
Revenue	783	285	46	-201	914
Direct opex	-275	-189	-11	167	-308
Segment earnings	508	97	35	-34	606
IT					-40
SG&A					-100
Central costs					-63
EBITDA					404
Depreciation, amortisation and impairment losses					-29
EBIT					375

Segment overview continued

All figures in NOK million unless otherwise stated

Full year, 2023

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

Segment details

All figures in NOK million unless otherwise stated

Investments	2024	2023	2023
	Quarter 1	Quarter 1	Full Year
Secured collections	222	289	1 525
Unsecured collections	1 008	964	4 213
Total collections	1 230	1 253	5 738
Secured amortisation	- 55	- 54	- 210
Unsecured amortisation	- 465	- 436	-1 999
Total amortisation	- 520	- 490	-2 209
Secured revaluations	- 58	- 53	- 741
Unsecured revaluations	36	3	51
Total revaluations	- 22	- 50	- 690
Total purchased loan portfolios (NPLs) revenue	688	713	2 839
Profit from investments in joint ventures	30	36	222
Gain on sale of repossessed collateral assets (REOs)	32	29	146
Other revenue	2	5	21
Revenue	752	783	3 228
Direct opex	- 300	- 275	-1 359
Segment earnings	452	508	1 869
Segment earnings in %	60%	65%	58%

	2024	2023	2023
	Quarter 1	Quarter 1	Full Year
Cash collections ¹	1 273	1 248	6 164
Secured collection performance %	164%	178%	234%
Unsecured collection performance %	105%	105%	105%
Total collection performance %	112%	116%	123%
Portfolio investments ¹	290	767	2 741
Book value secured NPLs	1 792	2 679	1 832
Book value unsecured NPLs	9 913	9 654	9 710
Book value investments in joint ventures	830	794	781
Book value collateral assets (REOs)	1 402	1 464	1 339
Revenue from sale of collateral assets	96	75	499
Cost of collateral asset sold	- 64	- 46	- 351
Write-down of collateral asset	0	0	- 2
Gain on sale of repossessed collateral assets (REOs)	32	29	146
Gain on sale of repossessed collateral assets (REOs) %	51%	63%	41%

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

Segment details continued

All figures in NOK million unless otherwise stated

Servicing	2024	2023	2023
	Quarter 1	Quarter 1	Full Year
Internal servicing revenue	193	201	876
Servicing revenues from associated parties/joint ventures	18	18	89
Revenue from external clients (3PC)	74	67	285
Revenue	286	285	1 250
Direct opex	-183	- 189	- 743
Segment earnings	103	97	506
Segment earnings in %	36%	34%	41%

Note 4 - Purchased loan portfolios

All figures in NOK million unless otherwise stated

	2024	2023	2023
	Quarter 1	Quarter 1	Full year
Opening balance	11 542	11 181	11 181
Portfolio investments in the period	290	602	2 570
Reclassification from investment in joint ventures ¹		152	157
Collection from purchased loan portfolios	-1 230	-1 253	-5 738
Interest revenue from purchased loan portfolios	576	591	2 473
Net credit gain/(loss) from purchased loan portfolios	112	121	366
<i>Whereof collection above/(below) estimates</i>	134	171	1 056
<i>Whereof changes in future collection estimates</i>	- 22	- 50	- 690
Book value of sold loan portfolios			- 452
Exchange rate differences	415	938	985
Closing balance	11 705	12 333	11 542

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

Net credit gain/loss from purchased portfolios

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

Payment of loan portfolios, cash flow statement

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

	2024	2023	2023
	Quarter 1	Quarter 1	Full year
Portfolio investments in the period	- 290	- 602	- 2 570
Change in prepaid amounts and amounts due on portfolio purchases	- 3	- 29	- 14
Payment of loan portfolios, cash flow statement	- 293	- 630	- 2 584

Note 5 – Financial instruments

All figures in NOK million unless otherwise stated

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

Fair value of financial instruments

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

Financial risk

The strategy of the Group is to manage and limit both currency and interest rate risk. The Group holds various derivative financial instruments with the purpose of reducing its interest rate exposure and achieving a suitable currency ratio between its assets and liabilities. At quarter end the fair value of the currency derivatives was NOK 0 million and the fair value of the interest rate hedging derivatives was positive with NOK 7 million. The interest rate hedging ratio was 54 %.

The changes in fair value of the designated hedging instruments (interest swaps and interest caps) of NOK 8 million are reported in Other comprehensive income. Further, changes in carrying amount of net investment hedge instruments due to foreign currency movements of NOK 38 million, are also reported in Other comprehensive income.

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

Net financial items

All figures in NOK million

	2024 Quarter 1	2023 Quarter 1	2023 Full Year
Interest revenue	13	6	25
Other financial income	4	0	1
Financial income	17	7	26
Interest expenses	- 252	- 245	-1 044
<i>Interest cost and commitment fees</i>	- 231	- 223	- 956
<i>Amortisation of borrowing costs</i>	- 21	- 22	- 87
Change in fair value of interest rate derivatives	0	- 2	- 15
Interest expense on leases	- 3	- 3	- 12
Other financial expenses ¹	- 1	- 14	- 53
Financial expenses	- 255	- 264	-1 124
Realised exchange gain/(loss)	- 364	- 157	- 311
Unrealised exchange gain/(loss)	369	156	298
Change in fair value of currency derivatives	0	0	0
Net exchange gain/(loss)	5	- 0	- 12
Net financial items	- 233	- 258	-1 110

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

Note 6 - Interest bearing loans and borrowings

All figures in NOK million unless otherwise stated

	31 March 2024		31 December 2023	
	Current	Non-current	Current	Non-current
Multi-currency revolving credit facility		4 601		4 489
Bond loans		5 208	2 245	3 329
Senior Facility Agreement				152
Bank overdraft	348		225	
Total	348	9 810	2 470	7 970

The Group is financed by a combination of multi-currency Revolving Credit Facility (RCF), Senior Facility Agreement (SFA) and bond loans. At the end of first quarter EUR 428 million was utilised from the EUR 610 million RCF and EUR 0 million was utilised from the EUR 180 million SFA, leaving total available, undrawn facility lines of EUR 362 million.

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

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

Note 7 – Share Capital and other paid-in capital

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

	Number of shares ¹	Share capital NOK million	Other paid-in capital ² NOK million
At 31 December 2023	387 180 824	39	2 844
At 31 March 2024	387 180 824	39	2 844
At 14 May 2024 (date of completion of these interim condensed consolidated financial statements)	387 180 824	39	2 844

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

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 31million granted by the General meeting in May 2023.

On 14 May 2024, the date of completion of these interim 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. After sale of 700,000 of its own shares in fourth quarter 2023 to honour obligations in connection with employee incentive arrangement, the Company holds at total of 18,648,672 own shares (treasury 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 buy-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.

Proposed total dividend and distribution for 2023 is NOK 0.70 per share.

Note 8 – Share based payments

No share options were granted or expired during the first quarter 2024. Due to previous changes in the executive group management team, 210,000 share options were forfeited.

At the date of these interim financial statements there are 9,966,667 share options outstanding

Note 9 – Other matters

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 10 – Subsequent events

in May 2024 an agreement was signed in connection with the sale of the Group's portfolios in Hungary at a price around book value.

Alternative performance measures

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

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

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

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

Alternative performance measures - reconciliation

All figures in NOK million unless otherwise stated

	2024	2023	2023
	Quarter 1	Quarter 1	Full Year
Revenue	882	914	3 775
Add back Amortisation of purchased loan portfolios	520	490	2 209
Add back Revaluation of purchased loan portfolios	22	50	690
Adjust for Repossession of collateral assets	- 69	- 107	- 276
Add back cost of collateral asset sold including impairment	64	46	353
Adjust for Profit from investments in associated parties/joint ventures	- 30	- 36	- 222
Add Cash received from investments in associated parties/joint ventures	16	27	202
Adjust for Non-recurring items			
Cash revenue	1 405	1 384	6 733
Adjust for Other revenues	- 132	- 136	- 568
Cash collections	1 273	1 248	6 164

	2024	2023	2023
	Quarter 1	Quarter 1	Full Year
EBIT	354	375	1 578
Add back Depreciation, amortisation and impairment losses	22	29	106
EBITDA	376	404	1 684
Add back Amortisation of purchased loan portfolios	520	490	2 209
Add back Revaluation of purchased loan portfolios	22	50	690
Adjust for Repossession of collateral assets	- 69	- 107	- 276
Add back Cost of collateral assets sold, including impairment	64	46	353
Adjust for Profit from investments in associated parties/joint ventures	- 30	- 36	- 222
Add Cash received from investments in associated parties/joint ventures	16	27	202
Adjust for Non-recurring items	6	27	111
Cash EBITDA	905	900	4 752

Alternative performance measures - reconciliation

All figures in NOK million unless otherwise stated

	2024	2023	2023
	Quarter 1	Quarter 1	Full Year
EBIT	354	375	1 578
Non-recurring items, of which:			
Personnel expenses	6	12	67
Other operating expenses	- 0	15	43
Impairment			8
Non-recurring items impacting EBIT	6	27	118
Adjusted EBIT	360	402	1 696
External expenses of services provided	- 142	- 120	- 533
Personnel expenses	- 242	- 257	-1 027
Other operating expenses	- 122	- 134	- 532
Adjust for non-recurring items	6	27	118
Opex	- 500	- 484	-1 973
Non-recurring items impacting EBIT	6	27	118
Other non-recurring items	- 3		36
Total non-recurring items	3	27	154

Alternative performance measures - reconciliation

All figures in NOK million unless otherwise stated

Total Loan to Value

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

	2024	2023	2023	2023
	31 Mar	31 Dec	30 Sep	30 Jun
Bond loan (nominal value) ¹	5 265	5 620	5 627	5 852
Revolving Credit Facility (nominal value) ¹	4 662	4 533	4 234	4 568
Senior Facility Agreement (nominal value) ¹		178	485	935
Vendor loan	29	26	12	21
Net cash balance including overdraft	- 743	-1 180	- 849	- 715
Total loan	9 212	9 177	9 508	10 662
Purchased loan portfolios	11 705	11 542	11 588	12 896
Investment in associated companies and joint ventures	830	781	756	818
Other assets ²	1 540	1 523	1 548	1 698
Book value	14 074	13 846	13 891	15 412
Total Loan to Value % (TLTV)³	65%	66%	68%	69%

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

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

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

Definitions

Actualisation

Actualisation is the difference between actual and forecasted collections for purchased loan portfolios for the reporting period.

Adjusted EBIT (Adj. EBIT)

Adjusted EBIT consists of Operating profit/(loss) (EBIT) adjusted for non-recurring items.

Adjusted EBIT % (Adj. EBIT %)

Adjusted EBIT % is Adjusted EBIT expressed as a percentage of revenue excluding Non-recurring items.

Adjusted EPS (Adj. EPS)

Adjusted earnings per share is calculated based on Adjusted Net profit (Adj. Net profit) for the period divided by the weighted average number of outstanding shares during the respective period.

Adjusted return on equity (Adj. ROE)

Adjusted return on equity is calculated based on rolling 12-months Adjusted Net profit (Adj. Net profit) for the Group divided by the average equity attributable to parent company shareholders, with average equity calculated as a simple average based on opening and closing balances for the respective 12-month period.

Adjusted Net profit (Adj. Net profit)

Adjusted Net profit consists of Profit/(loss) after tax adjusted for Non-recurring items reduced by the tax rate for the period.

Central costs

Administration and management cost related to Head Office and other Group costs such as Investment Office.

Amortisation

Amortisation is the amount of the collections that are used to reduce the book value of the purchased portfolios.

Cash collections

Cash collections include unsecured collections, secured cash collections, cash received from SPVs and joint ventures, and REO sales proceeds.

Cash EBITDA

Cash EBITDA consists of EBIT added back Amortisation and Revaluation of purchased loan portfolios, Depreciation and amortisation and Impairment of tangible and intangible assets and Cost of 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.

Repossessed collateral asset (REOs)

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

Collections

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

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 collections in nominal values expected to be collected in the future from the purchased loan portfolios owned at the reporting date and the Group's share of collections on portfolios purchased and held in joint ventures.

Definitions continued

Forward flow agreements

Forward flow agreements are agreements where the Group agrees with the portfolio provider that it will, over some period in fixed intervals, transfer its non-performing loans of a certain characteristics to the Group.

Interest income from loan receivables

Interest income from loan receivables is the calculated amortised cost interest revenue from the loan receivable using the original effective interest rate.

Interest income from purchased portfolios

Interest income from purchased loan portfolios is the calculated amortised cost interest revenue from the purchased loan portfolios using the credit-adjusted effective interest rates set at initial acquisition.

Leverage ratio

Net interest-bearing debt at Balance Sheet date divided by last 12 months Cash EBITDA.

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.

Operating expenses (Opex)

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

Net debt

Net debt consists of nominal value of interest-bearing loans and borrowings plus utilised bank overdraft less cash and short-term deposits.

Net interest-bearing debt

Net 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 collections deviating from collections estimates and from changes in future collections estimates. The Group regularly evaluates the current collections estimates at the individual portfolio level and the estimate is adjusted if collections are determined to deviate from current estimate over time. The adjusted collections estimate is discounted by the initial rate of return at acquisition of the portfolio. Changes from current estimate adjust the book value of the portfolio and are included in the profit and loss statement in the line item "Net credit gain/(loss) from purchased loan portfolios". Collections above collections

estimates and upward adjustments of future collections estimates increase revenue. Collections below collections estimates and downward adjustments of future collections estimates decrease revenue. Net credit gain/(loss) equals net actualisation/revaluation.

Non-recurring items

Significant profit and loss items that are not included in the Group's normal recurring operations, which are difficult to predict and are considered to have low forecast value for the future earnings trend. Non-recurring items may include but are not limited to restructuring costs, acquisition and divestment costs, advisory costs for discontinued acquisition projects, integration costs, termination costs for Group Management and country managers, non-portfolio related write offs, unusual legal expenses, extraordinary projects, and material income or expenses relating to prior years.

Operating cash flow per share

Operating cash flow per share is operating cash flow from consolidated statement of cash flows divided on the weighted average number of shares outstanding in the reporting period. Operating cash flow per share is a measure on actual cash earned from operating business per share.

Other revenues

Other revenues include revenue from external collections, as well as subscription income for credit information, telemarketing and other services which is recognised proportionately over the term of the underlying service contract which is usually one year. Other revenues include Interest income from loan receivables and Net credit gain/(loss) from loan receivables.

Portfolio investments

The investments for the period in unsecured (without collateral) and in secured (with collateral) loan portfolios.

Profit margin

Profit margin consists of operating profit (EBIT) expressed as a percentage of total operating revenues.

Revaluation

Revaluation is the period's increase or decrease in the carrying value of the purchased loan portfolios attributable to changes in forecasts of future collections.

Total Loan to Value (TLTV)

Total loan to value is net debt adjusted for vendor loan, earn out and FX hedge MTM over assets (portfolio, JV, loan receivables, real estate owned and goodwill).

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