

Q4 and full year report January – December 2020

Press release issued by DDM Holding AG

18 February 2021

Record collections and cash EBITDA of over EUR 100m in 2020 confirms credit quality of portfolios

Highlights fourth quarter 2020

- **Net collections** increased by 19% to EUR 18.7m (15.7)*
- **Cash EBITDA** increased by 29% to EUR 15.3m (11.9)*
- **Net profit for the period** of EUR 4.8m (1.5)*
- **Cash** on hand at the end of December 2020 was EUR 31.4m (12.3 at December 2019)

Highlights full year 2020

- **Net collections** increased by 75% to EUR 114.7m (65.4)*
- **Cash EBITDA** increased by 94% to EUR 102.2m (52.7)*
- **Greek restructuring** resulted in accelerated collections of approximately EUR 60m
- **Unrealized FX losses** of EUR 1.8m driven by unfavorable movements of Croatian Kuna and Hungarian Forint due to COVID-19
- **Net profit for the year** of EUR 9.1m (loss of 1.5)*
- **Gross ERC** at the end of December 2020 was EUR 258m (328 at December 2019)
- **Strategic investment** made, acquiring 9.9% stake in Addiko Bank AG with intention to increase its shareholding further
- **Net debt** decreased by 30% to EUR 107m deleveraging the balance sheet following EUR 36m of bond buybacks and repurchases

Significant events after the end of the year

- **Revolving credit facility** of EUR 27m renewed for a further two years until March 2023

Comment by the CEO

I am delighted to announce that we have achieved record net collections of EUR 115m and cash EBITDA of EUR 102m for the full year 2020. This is a remarkable achievement especially given the challenging market conditions as a result of the COVID-19 pandemic, in which we managed to successfully restructure our investment in Greece resulting in accelerated collections of approximately EUR 60m.

We have also continued to focus on deleveraging our balance sheet following bond buybacks and repurchases exceeding EUR 36m in 2020. Following the end of the year we renewed our revolving credit facility (RCF) for a further two years and in combination with a strong liquidity and capital position will support us ahead of refinancing the existing senior secured bonds to extend the maturity and support future growth.

Successful restructuring of Greek transaction

We successfully restructured the Greek transaction we first entered into in August 2017. The restructuring resulted in accelerated collections of approximately EUR 60m during the year. The transaction was the first larger NPL transaction in Greece and was a landmark transaction for us. We have achieved a net multiple of over 1.8x and an IRR of above 30% on this investment. This not only proves the underlying credit quality of our portfolios, but also demonstrates our underwriting, portfolio management and transaction expertise in complex situations.

Record collections and cash EBITDA confirms our credit quality

During the full year 2020 we have achieved record adjusted net collections of EUR 114.7m, 75% higher than 2019 mainly due to the EUR 59.8m of accelerated collections received following the restructuring in Greece. This has resulted in record adjusted cash EBITDA of EUR 102.2m for the full year 2020, an increase of 94% compared to 2019. The net result for the full year 2020 is a profit of EUR 9.1m, despite being negatively impacted by EUR 1.8m of unrealized exchange losses principally due to unfavorable exchange rate movements of the Croatian Kuna and the Hungarian Forint to the Euro.

These results confirm the credit quality of our portfolios which have continued to show resilience with downward revaluations and impairments for the full year 2020 being less than 1% of the carrying value of the opening book at the start of the year despite the adverse global impact from the COVID-19 pandemic.

Continued progress on debt structure

During the year we extended the maturity of DDM Debt AB's EUR 50m senior secured bonds by 12 months to 11 December 2021. We have also deleveraged the balance sheet by repurchasing and repaying EUR 36m of bonds. After the end of year we renewed our RCF of EUR 27m with an international bank for a further two years until March 2023, with the terms of the new RCF materially in line with the previous RCF which was due to mature on 15 March 2021. This in combination with a strong liquidity and capital position will support us ahead of refinancing the existing senior secured bonds to extend the maturity and support future growth.

Strategic investment in Addiko Bank AG

We made a strategic investment by acquiring a 9.9% stake in Addiko Bank AG ("Addiko Bank") and intend to increase our shareholding further. We strongly believe that the region in which Addiko Bank operates, and which is well known to DDM, continues to offer attractive opportunities for SME and retail banking. DDM plans to support Addiko Bank in its accelerated transformation from being a full-scale bank to focusing on the consumer and SME segments with a strong focus on digitalization, including the disposal of non-core assets.

Market outlook

DDM is exploring new opportunities and diversifying its business model to be better positioned to work through the challenges faced due to the COVID-19 pandemic. During the full year 2020 DDM has made a strategic investment in Addiko Bank. DDM is a highly experienced investor in Addiko Bank's core markets and is looking to support Addiko Bank in its transformation process.

The supply of new NPLs is also expected to increase more than investor demand in the foreseeable future as a result of adverse economic conditions due to the COVID-19 pandemic and European banks continuing to deleverage their balance sheets, thereby resulting in improved market returns. DDM is well-positioned to capitalize on rising NPL volumes expected in the future at attractive prices following the slowdown in 2020 as a result of the COVID-19 pandemic.

Financial calendar

DDM intends to publish financial information on the following dates:

Annual report 2020:	26 March 2021
Interim report for January – March 2021:	6 May 2021

Other financial information from DDM is available on DDM's website: www.ddm-group.ch.

Presentation of the report

The report and presentation material are available at www.ddm-group.ch on 18 February 2021, at 08:00 CET.

CEO Henrik Wennerholm and CFO Fredrik Olsson will comment on the DDM Group's results during a conference call on 18 February 2021, starting at 10:00 CET. The presentation can be followed live at www.ddm-group.ch and/or by telephone with dial-in numbers: SE: +46 8 566 427 03, CH: +41 225 805 976, UK: +44 333 300 9268.

The information in this report requires DDM Holding AG to publish the information in accordance with the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication on 18 February 2021 at 08:00 CET.



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DDM Holding AG (Nasdaq First North, Stockholm: DDM) is a multinational investor in and manager of non-performing loans and special situations. Since 2007, the DDM Group has built a successful platform in Southern, Central and Eastern Europe, having acquired 2.3 million receivables with a nominal value of over EUR 4.0 billion. **DDM Debt AB** (publ) (Nasdaq Stockholm: DDM2) is a wholly owned subsidiary of DDM Holding AG. Arctic Securities is DDM Holding AG's Certified Adviser (email: certifiedadviser@arctic.com, tel: +46 8 44686100).

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