

# Q2 and half year report January – June 2021

Press release issued by DDM Holding AG

29 July 2021

## Investment activity intensifies following bond refinancing

### Highlights second quarter 2021

- **Gross collections** amounted to EUR 14.7m (14.7)\*
- **Net collections** amounted to EUR 11.9m (13.3)\*
- **Cash EBITDA** amounted to EUR 9.4m (10.4)\*
- **Net loss for the period** of EUR 0.1m (0.7)\*
- **Investment** in a distressed asset portfolio located in Romania with a GCV (face value) of approximately EUR 90m
- **Cash** at the end of June 2021 was EUR 41.2m (31.4 at December 2020)
- **Gross ERC** at the end of June 2021 was EUR 243m (258 at December 2020)

### Highlights six months 2021

- **Gross collections** amounted to EUR 30.4m (37.1)\*
- **Net collections** amounted to EUR 25.7m (32.9)\*
- **Cash EBITDA** amounted to EUR 20.6m (27.6)\*
- **Net profit for the period** of EUR 0.2m (loss of 0.8)\*
- **Assigned a 'B' Rating** with stable outlook to DDM Debt AB by both S&P Global Ratings and Fitch Ratings
- **Successfully issued** EUR 150m of fixed rate senior secured bonds with a five-year tenor under a framework of up to EUR 300m, enabling DDM Debt to refinance its existing bonds and capitalize on market opportunities to expand its investment portfolio

### Significant events after the end of the quarter

- **Florian Nowotny** appointed Chief Executive Officer with effect as of 1 August 2021 replacing Henrik Wennerholm

### Comment by the CEO

Our investment activity has intensified during the second quarter of 2021 following the issuance of EUR 150m of bonds in April, which successfully extended our debt maturity by five years to 2026.

The number of market opportunities in the SCEE region is expected to rise further in the second half of 2021 following the end of loan moratoria imposed in response to the COVID-19 pandemic. We are very well-positioned to capitalize on our investment pipeline and expand our investment portfolio.

### Investment activity intensifies

During the quarter we acquired a distressed asset portfolio in Romania containing consumer receivables. The gross collection value (face value) of the portfolio amounted to approximately EUR 90m. At 30 June 2021 we have access to over EUR 50m of available funds, including approximately EUR 41m of cash and about EUR 12m of owned bonds following the bond refinancing, enabling us to be both selective and responsive to opportunistic investments that drive growth and profitability.

### DDM reaffirmed final 'B' Rating with stable outlook

I am very pleased that both S&P Global Ratings ("S&P") and Fitch Ratings ("Fitch") reaffirmed DDM Debt AB's ("DDM Debt") 'B' rating with stable outlook in June. The final 'B' rating reflects our strong liquidity and capital position, with a significantly extended debt maturity profile to 2026. The ratings are also supported by a capital deployment framework that is both robust and well-structured with a strong track record, ahead of further investments expected in the second half of 2021.

### **Listed EUR 150m of bonds on Nasdaq Stockholm with a five-year tenor**

DDM Debt successfully issued senior secured fixed rate bonds of EUR 150m on 19 April, within a total framework amount of EUR 300m. The bonds have a five-year tenor and carry a fixed rate coupon of 9%. The bonds were admitted to trading on the Corporate Bond list at Nasdaq Stockholm on 9 June and were recently trading above par at a price per bond of 103.625. We are very pleased to have secured this long-term, fixed rate financing providing stability and the opportunity for DDM to focus fully on its investments and growth strategy.

### **Redeemed EUR 133.5m of previously existing bonds**

On 9 April DDM Debt called its previously existing DDM2 02 EUR 33.5m bonds and DDM2 03 EUR 100m bonds at redemption amounts of 103.00% and 101.85% respectively. The bonds were de-listed from the corporate bond list of Nasdaq Stockholm on 23 April and were redeemed on 6 May. Following the bond refinancing, the net loss for the first six months of 2021 of EUR 3.7m includes non-recurring items of approximately EUR 3.9m of financial expenses. This is due to the call premium of EUR 2.4m that was paid to redeem the previously existing bonds and the non-cash write off of about EUR 1.5m for the remaining capitalized transaction costs.

### **Collections and cash EBITDA**

During the first half of 2021 we have achieved adjusted gross collections of EUR 30.4m, 18% lower than the corresponding period in the prior year mainly due to collections that were received from Greece during the first half of 2020. DDM discloses gross collections comprised of cash collections from the acquired portfolios held by DDM, before commission and fees to third parties, as it is a common measure to monitor the performance of portfolios in the debt purchasing industry. Adjusted net collections in the first half of 2021 were 41% above the corresponding period in the prior year when excluding Greece in H1 2020. This has resulted in adjusted cash EBITDA being approximately 80% as a percentage of net collections for the first half of 2021, demonstrating the high cash conversion and scalability of our operations. The release of credit provisions implemented in the prior year in response to the COVID-19 pandemic resulted in positive revaluations of more than 1% of the carrying value of the opening book at the start of the year.

### **Market outlook**

As COVID-19 vaccination programs continue across the SCEE region and travel restrictions imposed in response to the COVID-19 pandemic are being eased, economies across the region are recovering significantly during 2021, particularly in the tourism industry that was severely affected last year. The long-term extent of the COVID-19 pandemic on asset quality remains uncertain, as European banks are still in the process of assessing which borrowers will default on their loans and which will recover when the economies fully resume.

European banks are expected to come under renewed pressure from regulators to deleverage their balance sheet as loan moratoria, employment protection schemes and monetary expansion policies by central banks in response to the COVID-19 pandemic come to an end. The volumes of NPL sales are expected to increase significantly during the second half of 2021 and during 2022, as European banks actively divest their non-core NPL assets to improve capital and leverage ratios, following higher loan provisioning as a result of the COVID-19 pandemic.

DDM has successfully extended its bond program and is very well-positioned to capitalize on market opportunities due to its extensive local sector experience and active engagement with reputable sellers of debt portfolios across the SCEE region. We have a very well-structured and opportunistic investment strategy that will continue to seek out investments by also seeking out opportunities in new geographies and teaming up with co-investors for larger, more complex acquisitions.

### **Florian Nowotny appointed Chief Executive Officer**

The Board has appointed Florian Nowotny as Chief Executive Officer of DDM with effect as of 1 August 2021 replacing Henrik Wennerholm. "Florian has been closely involved with DDM as a board member during the last years and has extensive experience from leading listed entities in growth phases and from the real estate business which is closely linked to our secured portfolios. The board and I believe that Florian has the right background to lead DDM in its next phase. On behalf of the Board of Directors we would like to thank Henrik Wennerholm for his significant contributions to DDM over the last three years. Henrik will remain as an advisor to the Company and focus on business development to increase the sourcing efforts of the company" comments Jörgen Durban, Chairman of the Board of DDM Holding AG.

**Financial calendar**

DDM intends to publish financial information on the following dates:

Interim report for January – September 2021:	4 November 2021
Q4 and full year report for January – December 2021:	17 February 2022
Annual report 2021:	25 March 2022

Other financial information from DDM is available on DDM's website: [www.ddm-group.ch](http://www.ddm-group.ch).

**Presentation of the report**

The report and presentation material are available at [www.ddm-group.ch](http://www.ddm-group.ch) on 29 July 2021, at 08:00 CEST.

CEO Henrik Wennerholm and CFO Fredrik Olsson will comment on the DDM Group's results during a conference call on 29 July 2021, starting at 10:00 CEST. The presentation can be followed live at [www.ddm-group.ch](http://www.ddm-group.ch) and/or by telephone with dial-in numbers: SE: +46 8 505 583 50, CH: +41 225 675 632, UK: +44 333 300 9262.

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 29 July 2021 at 08:00 CEST.

**For more information, please visit DDM's website at [www.ddm-group.ch](http://www.ddm-group.ch) or contact:**

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**DDM Holding AG** (Nasdaq First North Growth Market, Stockholm: DDM) is a specialized multinational investor 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 2.4 million receivables with a nominal value of over EUR 4 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, address: Regeringsgatan 38, 111 56, Stockholm, Sweden, e-mail: [certifiedadviser@arctic.com](mailto:certifiedadviser@arctic.com), tel: +46 8 44686100.