

# Q1 interim report January – March 2022

Press release issued by DDM Holding AG

19 May 2022

## Collections in line with last year whilst earnings were affected by market volatility

### Highlights first quarter 2022

- **Gross ERC** at the end of March 2022 was EUR 298m (299 at December 2021)
- **Cash** at the end of March 2022 was EUR 62.7m (65.5 at December 2021)
- **Gross collections** amounted to EUR 16.1m (15.7)\*
- **Net collections** amounted to EUR 13.1m (13.9)\*
- **Cash EBITDA** amounted to EUR 11.6m (11.2)\*
- **Net loss for the period** of EUR 1.7m (profit of 0.3)\* including EUR 3.4m mark-to-market loss on the investment in Addiko Bank driven by the proposed CHF law in Slovenia and market volatility
- **Investment** in a bolt-on portfolio in Croatia with a gross collection value (face value) of over EUR 20m
- **Strategic partnership in Italy** with Borgosesia S.p.A completed the structuring of a co-investment in a portfolio with a gross collection (face value) of over EUR 10m as part of the target investment volume that amounts to up to EUR 100m over a three-year horizon

### Comment by the CEO

Collections during the first quarter were largely in line with last year, whilst our earnings were affected by a EUR 3.4m mark-to-market loss on the investment in Addiko Bank driven by the proposed CHF law in Slovenia and market volatility. However I am confident that we can achieve growth by investing in both new and existing markets, with approximately EUR 298m of ERC at the end of the March, which is expected to increase further during the year.

DDM is in the final stages of completion to acquire Swiss Bankers Prepaid Services AG ("Swiss Bankers"), an attractive opportunity to acquire a market-leading Swiss payments company that is pending regulatory approval and is expected to close during the second quarter. This is part of DDM's growth strategy to invest into opportunities arising out of the transformation of the European Banking sector.

### Further investments and progress to strategic partnership

During February we acquired an NPL portfolio containing secured corporate receivables located in Croatia with a gross collection value (face value) of the portfolio that amounts to over EUR 20m that was financed by cash on hand. This bolt-on acquisition enables us to fully control the insolvency process and the underlying collateral assets of an existing large, secured receivable located in Croatia where we expect to receive a higher net realizable value on resolution. Further progress has been made to the strategic partnership with Borgosesia that was entered into in December 2021 following the completion of the structuring of the co-investment alongside Borgosesia in an NPL portfolio containing secured residential receivables with a gross collection (face value) of over EUR 10m financed by cash on hand. DDM now has access to an exciting pipeline of Italian mid-market real estate-backed special situation investment opportunities, with an expert and knowledgeable partner and co-investor. The target investment volume amounts to up to EUR 100m over a three-year horizon.

### Strategic acquisition in Switzerland nears completion

The agreement that was entered into in December 2021 to acquire 100% of the share capital of Swiss Bankers is in the final stages of completion, with closing subject to regulatory approval, which is expected to be received during the second quarter and financed by cash on hand. Swiss Bankers is the Swiss market leader in prepaid cards and provides innovative, credit-based payment products and offers solutions in cashless, globally secure payment transactions. This transaction follows DDM's growth strategy to invest into special situation opportunities arising out of the transformation of the European Banking sector. The acquisition of Swiss Bankers is an attractive opportunity to access a highly scalable platform for payments with an e-money banking licence that is eligible for passporting

into the EU. DDM will support Swiss Bankers in its strategic direction and the associated implementation of its digitization and international expansion strategy by extending the product offering into alternative banking and embedded finance solutions. As of 31 December 2021, Swiss Bankers, had total assets of approximately CHF 402m.

### Market outlook

During the first quarter of 2022 most restrictions imposed in response to the COVID-19 pandemic were released, and therefore economic growth is expected to remain strong across the SCEE region despite the ongoing Ukraine crisis that borders some of our invested markets. Neighboring countries including Poland, Hungary and Romania have partially offset some of the negative effects on growth as a result of the war in Ukraine through continued disbursement of EU recovery funds following the pandemic.

The composition of our portfolios that are secured is approximately 80% of ERC over the next three years at 31 March 2022, mitigating the effect of inflation that is expected to remain high across the SCEE region. The conflict in Ukraine has also caused volatility particularly across the foreign exchange market where DDM is exposed to movements relative to the Euro.

DDM has positioned itself well for growth by actively working both in existing markets across the SCEE region and by entering new markets by teaming up with strategic partners and co-investors to invest into opportunities arising out of the transformation of the European Banking sector.

### Financial calendar

DDM intends to publish financial information on the following dates:

Annual General Meeting 2022:	23 June 2022
Interim report for January – June 2022:	25 August 2022
Interim report for January – September 2022:	3 November 2022
Q4 and full year report for January – December 2022:	16 February 2023

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 19 May 2022, at 08:00 CEST.

CEO Florian Nowotny and CFO Fredrik Olsson will comment on the DDM Group's results during a conference call on 19 May 2022, 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 8 566 427 06, CH: +41 225 805 976, UK: +44 333 300 9269.

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 19 May 2022 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 in situations arising out of the general strategic challenges in the European banking markets. This includes investments into assets and companies previously held by financial institutions, including performing and non-performing loans and special situations. DDM strives to create value for its stakeholders by combining significant expertise in financial services, credit underwriting and technology with a focus on operational excellence. DDM Holding AG is domiciled in Switzerland and was founded in 2007. **DDM Debt AB (publ)** (Nasdaq Stockholm: DDM DEBT 2026) 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.