

Q2 and half year report January – June 2023

Press release issued by DDM Holding AG

29 August 2023

Strengthening of management & acquisition in Romania

Highlights second quarter 2023

- **Cash** at the end of June 2023 was EUR 32.6m (52.6 at December 2022)
- **Gross ERC** at the end of June 2023 was EUR 256m (284 at December 2022)
- **Sale of 5% stake in Borgosesia S.p.A** (pending regulatory approval) and associated NPL portfolio due to continuous active asset management
- **Gross collections** amounted to EUR 20.5m (15.8)*
- **Net collections** amounted to EUR 18.6m (13.8)*
- **Cash EBITDA** amounted to EUR 11.7m (10.9)*
- **Net loss for the period** of EUR 1.7m (loss of 4.2)

Highlights six months 2023

- **Gross collections** amounted to EUR 30.7m (31.9)*
- **Net collections** amounted to EUR 26.8m (26.9)*
- **Cash EBITDA** amounted to EUR 15.5m (22.5)*
- **Net loss for the period** of EUR 3.2m (loss of 5.9)
- **Acquisition** of a further 25% of AxFin Holding S.A, a pan European debt servicing provider and business outsourcing company, taking DDM's total holding to about 75%
- **Nordiska** terminated the planned acquisition of Swiss Bankers and the combination with Omnio

Significant events after the end of the quarter

- **Agreement signed** for acquisition of NPL portfolio in Romania with a gross collection value of over EUR 1 billion
- **Razvan Munteanu** appointed as Chief Executive Officer effective 1 August
- **Delisting application submitted** to delist the shares of DDM Holding AG from Nasdaq First North Growth Market, with 15 September confirmed as the last day of trading

Comment by the CEO

I am thrilled to have been appointed as CEO of DDM from 1 August, and look forward to contributing my experience from banking, consumer lending and payments to DDM and its portfolio companies. Having worked in various senior management roles within leading European and global financial institutions, including Raiffeisen, Citi and Mastercard, as well as being CEO for the listed Addiko Bank AG, I am confident I will contribute to DDM's success going forward, and to maximising the value in our portfolio companies in addition to growing our NPL portfolios.

DDM ended the quarter with a strong cash position of EUR 32.6m which provides flexibility in a market where turbulence is creating interesting investment opportunities in assets, loans and financial services businesses. The team selectively capitalized on this by signing an agreement to acquire a sizeable NPL portfolio containing unsecured consumer receivables located in Romania which was announced at the beginning of July. The servicing of the portfolio will be performed by AxFin, part of the DDM group. The gross collection value (face value) of the portfolio amounts to over EUR 1 billion with the acquisition financed by cash on hand. The closing of the transaction is expected in late Q3 2023 following clearance by the competition authority.

As part of our continuous active asset management approach, we sold our 5% stake in Borgosesia S.p.A and the associated NPL portfolio at the end of the second quarter. The transaction is pending regulatory approval expected in Q3.

The strong cash balance and active asset management provides optionality, particularly as adjusted gross collections remained ahead of expectations in the first half of 2023. This was achieved despite the challenging macroeconomic environment and geopolitical uncertainties, illustrating the resilience of our underlying NPL portfolio.

At the end of July we announced that the Board of DDM Holding AG had resolved to apply for the delisting of DDM Holding's shares from Nasdaq First North Growth Market ("First North"). The decision simplifies the operational set-up and was triggered by DDM Holding not meeting the listing requirements. The majority shareholder, DDM Group Finance S.A, has an ownership level of over 95 per cent of the shares, while the liquidity in the shares remained limited despite DDM engaging a liquidity provider since 2019. The delisting application was made to Nasdaq Stockholm AB, who confirmed the application, and the last day of trading in DDM Holding's shares on First North will be 15 September 2023.

During the first half of the year we continued the work to strengthen the key servicing capabilities of the group. At the beginning of April we acquired an additional 25% of the debt servicing and business outsourcing company AxFina, bringing our total holding to about 75%.

In April Nordiska Kreditmarknadsaktiebolaget (publ) ("Nordiska") informed us that they were aborting the process regarding a combination of Nordiska with Swiss Bankers and Omnio. We worked on these transactions jointly with Nordiska for eight months and, after having obtained legal advice, the board of DDM considers Nordiska's unilateral decision to abandon the transactions and related actions by Nordiska as a violation of Nordiska's obligations under the agreements between the parties. DDM therefore reserves all contractual, legal, and other rights, including its right to claim damages that may result from Nordiska's actions.

Outlook

Rising bankruptcies and the cost-of-living crisis squeezing households is expected to result in increased volumes of NPLs. Coupled with borrowers across Europe being faced with the challenges from continued rising interest rates and an uncertain macroeconomic environment, banks and other holders of credit exposures are expected to take a more pro-active approach to managing their NPL portfolios. We therefore anticipate that the NPL investment market will become more attractive again in late 2023 and the first half of 2024. We will remain disciplined in the sourcing of new business, continue to actively manage our portfolio and monitor investment cases across our region on both a strategic and opportunistic basis.

Annual General Meeting 2023

DDM Holding AG held its Annual General Meeting ("AGM") on 29 June 2023. All resolutions were approved. The AGM resolved to re-elect Erik Fällström, Joachim Cato and Dr. Andreas Tuczka as members of the Board of Directors. The AGM also resolved to elect Jörgen Durban as new member of the Board of Directors and as Chairman of the Board of Directors. Please see our website <https://www.ddm-group.ch>, for further information about the resolutions passed at the AGM.

Financial calendar

DDM intends to publish financial information on the following dates:

Q3 report for January – September 2023:	30 November 2023
Q4 report for January – December 2023:	29 February 2024
Annual report 2023:	30 April 2024

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 29 August 2023, at 08:00 CEST.

CEO Razvan Munteanu and CFO Fredrik Olsson will comment on the DDM Group's results during a conference call on 29 August 2023, starting at 10:00 CEST.

The presentation can be followed live via the webcast at www.ddm-group.ch, or via teleconference with prior registration at <https://conference.financialhearings.com/teleconference/?id=2001426>.

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 August 2023 at 08:00 CEST.



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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, tel: +46 8 44686100.

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