

# Q1 report January – March 2020

Press release issued by DDM Debt AB (publ)

7 May 2020

## Highlights first quarter 2020

- **Net collections** amounted to EUR 19.3M (18.1)\*
- **Cash EBITDA** amounted to EUR 16.9M (16.4)\*
- **Unrealized FX losses** of EUR 2.1M driven by unfavorable movements of Croatian Kuna and Hungarian Forint on the back of COVID-19
- **Net profit for the period** of EUR 0.5M (loss of 0.5)\*
- **Strategic investment** acquired 9.9% stake in Addiko Bank AG, totaling approximately EUR 30M, and exercised a call option to acquire a further 10.1% that is subject to regulatory approval
- **Buy-out** of majority share co-investor in Hungary
- **Written procedure** completed with certain amendments to the terms and conditions of the DDM Debt AB up to EUR 150M senior secured bonds
- **COVID-19 pandemic** has had an adverse impact on global business and economic activity, with decreased visibility over future collections which are expected to be impacted

## Comment by the CEO

Our first quarter performance of 2020 was strong prior to the COVID-19 pandemic with total adjusted net collections of EUR 19.3M, 6% higher than the first quarter of 2019. We experienced limited impact from the pandemic in the first quarter in terms of collections but were negatively impacted by unrealized exchange rate movements. However, we must expect the coming quarters to be challenging with increased volatility and to experience delays of some collections.

Furthermore, we have made a strategic investment acquiring a total 20% stake in Addiko Bank AG, an Austrian bank with operations in the DDM Debt Group's core markets in the Balkans. We are a highly experienced investor in Addiko's core markets and we are looking to support Addiko in its transformation process.

## Strong net collections despite challenging market environment

During the first quarter we achieved strong adjusted net collections totaling EUR 19.3M, an increase of 6% compared to net collections for the first quarter of 2019. The majority of the net collections were received from Greece as a result of a bulk sale transaction that completed during the first quarter and the buy-out of the co-investor in July 2019. A further EUR 3.1M of net collections were received from Croatia following the significant acquisitions that closed during 2019, including EUR 1.8M from the joint venture together with B2Holding. This has resulted in adjusted cash EBITDA of EUR 16.9M in the first quarter, an increase of 3% compared to the first quarter of 2019. We expect collections to continue to be received, however the timing may be affected as a result of the challenging market environment due to the COVID-19 pandemic.

## Strategic investment in Addiko Bank AG

We made a strategic investment in March by acquiring a 9.9% stake in Addiko Bank AG, an Austrian bank with operations in the DDM Debt Group's core markets in the Balkans. The initial investment amounted to approximately EUR 30M. The investment also included a call option that was exercised at the end of March to acquire an additional 10.1% stake in Addiko Bank AG, which is subject to regulatory approval. The commercial terms of the call option were adjusted since the initial investment.

## Buy-out of co-investor in Hungary

We bought out the majority share co-investor in a leasing company located in Hungary at the end of February. The total investment amounted to approximately EUR 3M. This strategic acquisition means that we have control over the portfolio and platform in Hungary that we have been managing since 2016, in which we see great future value.

### Continued progress on debt structure

In March we successfully completed the written procedure that was initiated in February in relation to DDM Debt's up to EUR 150M senior secured bonds regarding certain amendments to the terms and conditions of the Bonds. We will continue to focus on refinancing our debt structure during 2020 to support our future growth, improving flexibility and extending the maturity of our existing financing.

### COVID-19 pandemic

The COVID-19 pandemic continues to have a significant adverse impact on global economic activity and is expected to have a negative impact on our financial performance for the remainder of 2020. However, the full extent of the economic impact on the DDM Debt Group's operations and the duration of the pandemic is unknown. We are closely monitoring developments across our core markets, including lockdowns, loan moratoriums across a number of core markets in the SCEE region, courts being closed or with limited operations resulting in delays of case settlements. In addition, the pandemic will impact tourism and thereby the economies of our markets in Croatia and Greece. We have limited visibility over future collections which are expected to be negatively impacted, however it is not possible at this stage to quantify the impact on the DDM Debt Group's portfolio consisting to a large extent of secured debt.

### Market outlook

The DDM Debt Group is exploring new opportunities and diversifying its business model to be better positioned to work through the challenges faced by the COVID-19 pandemic. During Q1 2020 the DDM Debt Group has made a strategic investment to acquire a 20% stake in Addiko Bank AG. The DDM Debt Group is highly experienced investor in Addiko's core markets and is looking to support Addiko in its transformation process. The supply of new NPLs are also expected to increase more than investor demand in the foreseeable future and thereby resulting in improved market returns for us.

### Financial calendar

DDM Debt AB (publ) intends to publish financial information on the following dates:

Interim report for January – June 2020:	30 July 2020
Interim report for January – September 2020:	5 November 2020
Q4 and full year report 2020:	18 February 2021

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

This report has not been reviewed by the Company's auditors.

### Presentation of the report

The report and presentation material are available at [www.ddm-group.ch](http://www.ddm-group.ch) on 7 May 2020, at 08:00 CEST.

CEO Henrik Wennerholm and CFO Fredrik Olsson will comment on the DDM Group's results during a conference call on 7 May 2020, 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 9274, AT: +43 192 822 09.

The information in this interim report requires DDM Debt AB (publ) to publish the information in accordance with the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication on 7 May 2020 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 Debt AB (publ)** (Nasdaq Stockholm: DDM2) is a wholly owned subsidiary of **DDM Holding AG**. DDM Holding AG (First North Growth Market: DDM) is a multinational investor in and manager of distressed assets. Since 2007, the DDM Group has built a successful platform in Southern, Central and Eastern Europe, and has acquired 2.3 million receivables with a nominal value of over EUR 4 billion.