

Q3 and YTD report January – September 2020

Press release issued by DDM Debt AB (publ)

6 November 2020

Restructuring of Greek transaction resulted in accelerated collections and confirms credit quality in challenging market

Highlights third quarter 2020

- **Net collections** increased by 292% to EUR 62.1M (15.8)
- **Cash EBITDA** increased by 330% to EUR 58.6M (13.6)
- **Net profit for the period** of EUR 5.1M (loss of 1.2)
- **Cash on hand** at the end of September 2020 was EUR 51M (11 at December 2019)
- **Greek restructuring** resulted in accelerated collections of approximately EUR 55M
- **Written procedure** completed with certain amendments to the terms and conditions of the up to EUR 160M senior secured bonds, including a 12 month extension to the final redemption date and EUR 7.5M partial repayment in September

Highlights nine months 2020

- **Net collections** increased by 97% to EUR 93.5M (47.5)
- **Cash EBITDA** increased by 110% to EUR 85.2M (40.6)
- **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 period** of EUR 4.4M (loss of 3.9)
- **Strategic investment** made, acquiring 9.9% stake in Addiko Bank AG
- **Buy-out** of majority share co-investor in Hungary
- **Written procedure** completed with certain amendments to the terms and conditions of the up to EUR 150M senior secured bonds
- **COVID-19 pandemic** has had an adverse impact on global business and economic activity, and uncertainty remains over future collections

Significant events after the end of the quarter

- **The call option** exercised on 30 March to acquire an additional 10.1% stake in Addiko Bank AG lapsed. The DDM Debt Group continues to be committed to its investment in Addiko and confirms its intention to increase its shareholding

Comment by the CEO

I am delighted to announce that following the successful restructuring of our investment in Greece, we have achieved significant net collections of EUR 62.1M and a substantial profit of EUR 5.1M in the third quarter of 2020. This is a particularly impressive achievement given the current challenging market conditions as a result of the COVID-19 pandemic. In the first nine months of 2020 adjusted net collections were EUR 93.5M, 97% higher than corresponding period in 2019 mainly due to the accelerated collections from Greece.

We have also focused on restructuring our existing debt structure having successfully completed written procedures in the first nine months of 2020 to amend certain terms and conditions of DDM Debt's senior secured bonds following the volatility and uncertainty in the capital markets. This included a 12 month extension to the final redemption of the up to EUR 160M senior secured bonds and a EUR 7.5M partial repayment in September.

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 55M in the third quarter. 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 1.7x 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.

Accelerated collections and return to profit confirms our credit quality

In the first nine months of 2020 adjusted net collections were EUR 93.5M, 97% higher than corresponding period in 2019 mainly due to the accelerated collections received following the restructuring in Greece. This has resulted in adjusted cash EBITDA of EUR 85.2M in the first nine months of 2020, an increase of 110% compared to the first nine months of 2019. The net result for the third quarter is a profit of EUR 5.1M and for the first nine months of 2020 a profit of EUR 4.4M, 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 in the first nine months of 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

We successfully completed a written procedure in August to amend certain terms and conditions of DDM Debt's up to EUR 160M senior secured bonds, including extending the final redemption date by 12 months to 11 December 2021, following the recent volatility and uncertainty in the capital markets. The request included a mandatory partial redemption structure, call structure and consent fee. We will continue to focus on our debt structure to support our future growth and improve flexibility.

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. The bank is well capitalized, with one of the highest tier one capital ratios in the region, which in our view provides a strong platform for further growth and allows Addiko Bank to selectively grow the business at a time where other competitors are limited due to capital constraints. We strongly believe that the region in which Addiko Bank operates, and which is well known to the DDM Debt Group, continues to offer attractive opportunities for SME and retail banking. The DDM Debt Group plans to support Addiko Bank in its 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

The DDM Debt Group 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 first nine months of 2020 the DDM Debt Group has made a strategic investment in Addiko Bank AG. The DDM Debt Group is a highly experienced investor in Addiko's core markets and is looking to support Addiko 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. We are closely monitoring developments across our core markets. The recent resurgence in cases of infections across the SCEE region may result in further restrictions and therefore we expect the coming quarters to continue to be challenging with increased volatility and limited visibility over future collections.

Financial calendar

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

Q4 and full year report 2020:	18 February 2021
Annual report 2020:	26 March 2021

Other financial information from DDM is available on DDM's website, 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 on 6 November 2020, at 08:00 CET.

CEO Henrik Wennerholm and CFO Fredrik Olsson will comment on the DDM Group's results during a conference call on 6 November 2020, 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 8 505 583 68, CH: +41 225 675 632, UK: +44 333 300 9274.

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 6 November 2020 at 08:00 CET.

For more information, please visit DDM's website at www.ddm-group.ch or contact:

Henrik Wennerholm, Chief Executive Officer
Tel: +41 79 539 88 59

Fredrik Olsson, Chief Financial Officer
Tel: +41 79 331 30 17

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 non-performing loans and special situations. 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.

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