

# Q3 and nine months report January – September 2021

Press release issued by DDM Debt AB (publ)

4 November 2021

## Well-positioned to invest following successful EUR 50m tap issue

### Highlights third quarter 2021

- Gross collections amounted to EUR 11.5m (64.2)\*
- Net collections amounted to EUR 8.7m (62.1)\*
- Cash EBITDA amounted to EUR 6.9m (58.6)\*
- Net loss for the period of EUR 2.3m (profit of 5.1)\*
- Cash at the end of September 2021 was EUR 96.7m (30.7 at December 2020)
- EUR 50m of senior secured bonds were issued in September in a tap issue under the EUR 300m bond framework at a price of 102% of the nominal amount, to fund future acquisitions of portfolios

### Highlights nine months 2021

- Gross collections amounted to EUR 39.4m (99.9)\*
- Net collections amounted to EUR 32.6m (93.5)\*
- Cash EBITDA amounted to EUR 26.2m (85.2)\*
- Net loss for the period of EUR 2.8m (profit of 4.4)\*
- Investment in a distressed asset portfolio located in Romania with a GCV (face value) of approximately EUR 90m
- Assigned a 'B' Rating with stable outlook by both S&P Global Ratings and Fitch Ratings
- EUR 150m of senior secured bonds were issued with a five-year tenor under a framework of up to EUR 300m, enabling DDM Debt to refinance its existing bonds and to fund future acquisitions of portfolios
- Florian Nowotny appointed Chief Executive Officer with effect as of 1 August 2021 replacing Henrik Wennerholm

### Comment by the CEO

I am delighted to have been appointed as CEO of the DDM Debt Group in August after having contributed to the continued success of the company in various capacities since 2017 and as a Board member since 2019. I have extensive capital markets experience as well as in investment banking which will enable me to drive forward the DDM Debt Group's growth strategy in NPL and special situation investment opportunities.

Having successfully issued a further EUR 50m of bonds during September in an oversubscribed tap issue that was priced at a 2% premium to par value, we are now very well-positioned to capitalize on our investment pipeline and expand our investment portfolio, with approximately EUR 100m of available funds to invest at 30 September.

### Successful EUR 50m tap issue

DDM Debt AB ("DDM Debt") successfully issued EUR 50m of additional bonds under the existing EUR 300m senior secured bond framework rated B/B by S&P/Fitch in September. We were very pleased that the bond issue was so well received amongst existing and new institutional investors, demonstrated by a tap issue that was oversubscribed and priced at 102.00 per cent of the nominal amount. The tap issue bonds were admitted to trading on the Corporate Bond list at Nasdaq Stockholm on 13 October. Following the tap issue the total outstanding amount of the company's bond loan is EUR 200m, including approximately EUR 12m of owned bonds held.

### Well-positioned to invest

At 30 September 2021 we are in a very strong liquidity position with access to approximately EUR 100m of available funds to invest following the tap issue, enabling us to be both selective and responsive to opportunistic investments that will drive growth and profitability.

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

S&P Global Ratings and Fitch Ratings reaffirmed DDM Debt's 'B' rating with stable outlook in June and July respectively. 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.

### **Bond refinancing extends debt maturity to 2026**

DDM Debt successfully issued senior secured fixed rate bonds in an initial amount of EUR 150m on 19 April, within a total framework amount of EUR 300m. EUR 50m of subsequent bonds were issued in a tap issue in September. The bonds mature in April 2026, significantly extending the debt maturity profile and carry a fixed rate coupon of 9%, providing stability and the opportunity for the DDM Debt Group to focus fully on its investments and growth strategy. The EUR 200m bonds are listed on the Corporate Bond list at Nasdaq Stockholm. Following the bond refinancing in April, the net loss for the first nine months of 2021 of EUR 6.7m 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 EUR 100m and EUR 33.5m bonds and the non-cash write off of about EUR 1.5m for the remaining capitalized transaction costs.

### **Market outlook**

Investment activity across our core markets is intensifying in line with the significant recovery of economic activity across the SCEE region during 2021. This has been driven largely through the use of government-guaranteed securitisation schemes and mass deployment of vaccination programs enabling travel restrictions imposed in response to the COVID-19 pandemic to be eased, which has resulted in a strong recovery in tourism to the region during the summer season compared to the prior year.

The long-term extent of the COVID-19 pandemic on asset quality remains uncertain with emerging new variants of the virus that may undermine the effectiveness of the vaccine rollout. However, volumes of NPL sales are expected to increase significantly during the remainder of 2021 and into 2022 following the ending of loan moratorium periods across most countries, as European banks actively divest their non-core NPL assets to improve capital and leverage ratios.

We are actively working both in existing jurisdictions across the SCEE region including Croatia and Romania where we have previously transacted, as well as neighbouring countries where we see significant investment opportunities at attractive prices. We have a very well-structured and opportunistic investment strategy that is flexible and enables us to seek out opportunities in new geographies and by teaming up with co-investors for larger, more complex acquisitions.

### **Financial calendar**

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

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 4 November 2021, at 08:00 CET.

CEO Florian Nowotny and CFO Fredrik Olsson will comment on the DDM Group's results during a conference call on 4 November 2021, starting at 10:00 CET. 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 57, CH: +41 225 805 976, UK: +44 333 300 9271

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 4 November 2021 at 08:00 CET.



**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 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 2.4 million receivables with a nominal value of over EUR 4 billion.

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