

# Q4 and full year report January – December 2021

Press release issued by DDM Debt AB (publ)

17 February 2022

## Significant investment activity in new and existing markets

### Highlights fourth quarter 2021

- **Agreement for acquisition in Switzerland** to acquire 100% of the share capital of Swiss Bankers Prepaid Services AG, a market-leading Swiss payments company pending regulatory approval, in line with DDM's growth strategy
- **Entered into a strategic partnership in Italy** with Borgosesia S.p.A. to invest in Italian mid-market real estate-backed special situation opportunities of up to EUR 100m over the next three years and executed first co-investment in December
- **Investment in Poland** in a consumer NPL portfolio with a GCV of approximately EUR 25m
- **Investments in Croatia** in secured corporate NPL portfolios with a total GCV of over EUR 30m
- **Gross ERC** at the end of December 2021 was EUR 297m (256 at December 2020)
- **Cash** at the end of December 2021 was EUR 62.7m (30.7 at December 2020)
- **Gross collections** amounted to EUR 16.6m (18.9)\*
- **Net collections** amounted to EUR 14.0m (16.7)\*
- **Cash EBITDA** amounted to EUR 11.7m (14.5)\*
- **Net profit for the period** of EUR 1.0m (profit of 4.5)\*

### Highlights full year 2021

- **Assigned a 'B' Rating** with stable outlook by both S&P Global Ratings and Fitch Ratings
- **EUR 200m of senior secured bonds** were issued with a five-year tenor under a framework of up to EUR 300m, enabling DDM Debt AB to refinance its existing bonds and to fund acquisitions of portfolios
- **Investment in Romania** in a consumer NPL portfolio with a GCV of approximately EUR 90m
- **Investments in Luxembourg** in the Omnio Group of approximately EUR 25m
- **Florian Nowotny** appointed Chief Executive Officer with effect as of 1 August 2021 replacing Henrik Wennerholm
- **Gross collections** amounted to EUR 55.9m (118.8)\*
- **Net collections** amounted to EUR 46.6m (110.2)\*
- **Cash EBITDA** amounted to EUR 38.0m (99.7)\*
- **Net loss for the year** of EUR 1.8m (profit of 8.9)\*

### Comment by the CEO

The DDM Debt Group's growth strategy has transformed from its core as an investor and manager of NPLs to a specialized multinational investor in situations arising out of the general strategic challenges in the European banking markets, including performing and non-performing loans and special situations.

We act as an investor and partner for financial institutions in Europe, and just before the end of the year we signed an agreement to acquire Swiss Bankers Prepaid Services AG ("Swiss Bankers"), an attractive opportunity to acquire a market-leading Swiss payments company. We also entered into a strategic partnership with Borgosesia S.p.A ("Borgosesia") to invest in Italian mid-market real estate-backed special situation opportunities.

Our investment activity intensified during the fourth quarter by investing in both new and existing markets, which has increased the DDM Debt Group's ERC to almost EUR 300m at the end of the 2021 and it is expected to increase further during 2022.

### **Agreement for acquisition in Switzerland**

During December we entered into an agreement to acquire 100% of the share capital of Swiss Bankers, with closing subject to regulatory approval. 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 the DDM Debt Group'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. The DDM Debt Group 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 30 June 2021, Swiss Bankers, had total assets of approximately CHF 440m.

### **Entered into a strategic partnership in Italy**

During December we also acquired a 5% stake and entered into a strategic partnership with Borgosesia, an Italian investment platform specialized in secured non-performing loans and special situations. Borgosesia is a niche investment platform with a proven track record of successfully originating, structuring and executing complex investments at attractive returns. This strategic partnership with Borgosesia will provide the DDM Debt Group with 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. The DDM Debt Group acquired a 5% stake in Borgosesia for approximately EUR 1.4m financed by cash on hand and executed its first co-investment alongside Borgosesia before the end of the year in an NPL portfolio containing secured residential receivables with a gross collection (face value) of over EUR 10m.

### **NPL investments in new and existing markets**

We have further successfully capitalized on our investment pipeline of attractive opportunities during the fourth quarter by investing in NPL portfolios located in both existing markets and new markets across the SCEE region. In Poland, a large market where we see interesting future opportunities, we acquired an NPL portfolio containing consumer receivables with a gross collection value (face value) of the portfolio that amounts to over EUR 25m, with the acquisition financed by cash on hand. We also acquired a NPL portfolio containing secured corporate receivables located in Croatia with a gross collection value (face value) of the portfolio that amounts to over EUR 10m with the acquisition financed by cash on hand and a follow-on investment with a gross collection value (face value) of the portfolio that amounts to over EUR 20m that was pending regulatory approval at the end of the year and closed on 9 February 2022.

### **Market outlook**

Investment activity has intensified across the SCEE region, both in existing markets and newly entered markets during 2021. This is largely as a result of increased portfolio sales from European Banks reducing the level of NPLs held in the banking sector mainly through securitizations, in order to improve their asset quality metrics following government-guaranteed securitization schemes in response to the COVID-19 pandemic and the end of loan-payment moratoriums across most countries.

The long-term extent of the COVID-19 pandemic on asset quality remains uncertain, however the volumes of NPL sales and special situation opportunities are expected to increase significantly during 2022 and beyond.

The DDM Debt Group has positioned itself well for growth by actively working both in existing markets across the SCEE region, having further invested in NPL portfolios located in Croatia and Romania where we have previously transacted, and by entering new markets by teaming up with strategic partners and co-investors in neighbouring countries including Italy, Poland and Switzerland, where we see significant investment opportunities at attractive prices.

### **Financial calendar**

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

Annual report 2021:	25 March 2022
Interim report for January - March 2022:	5 May 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 17 February 2022, at 08:00 CET.

CEO Florian Nowotny and CFO Fredrik Olsson will comment on the DDM Group's results during a conference call on 17 February 2022, 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 8 566 427 07, CH: +41 225 675 632, UK: +44 333 300 9273.



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 17 February 2022 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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