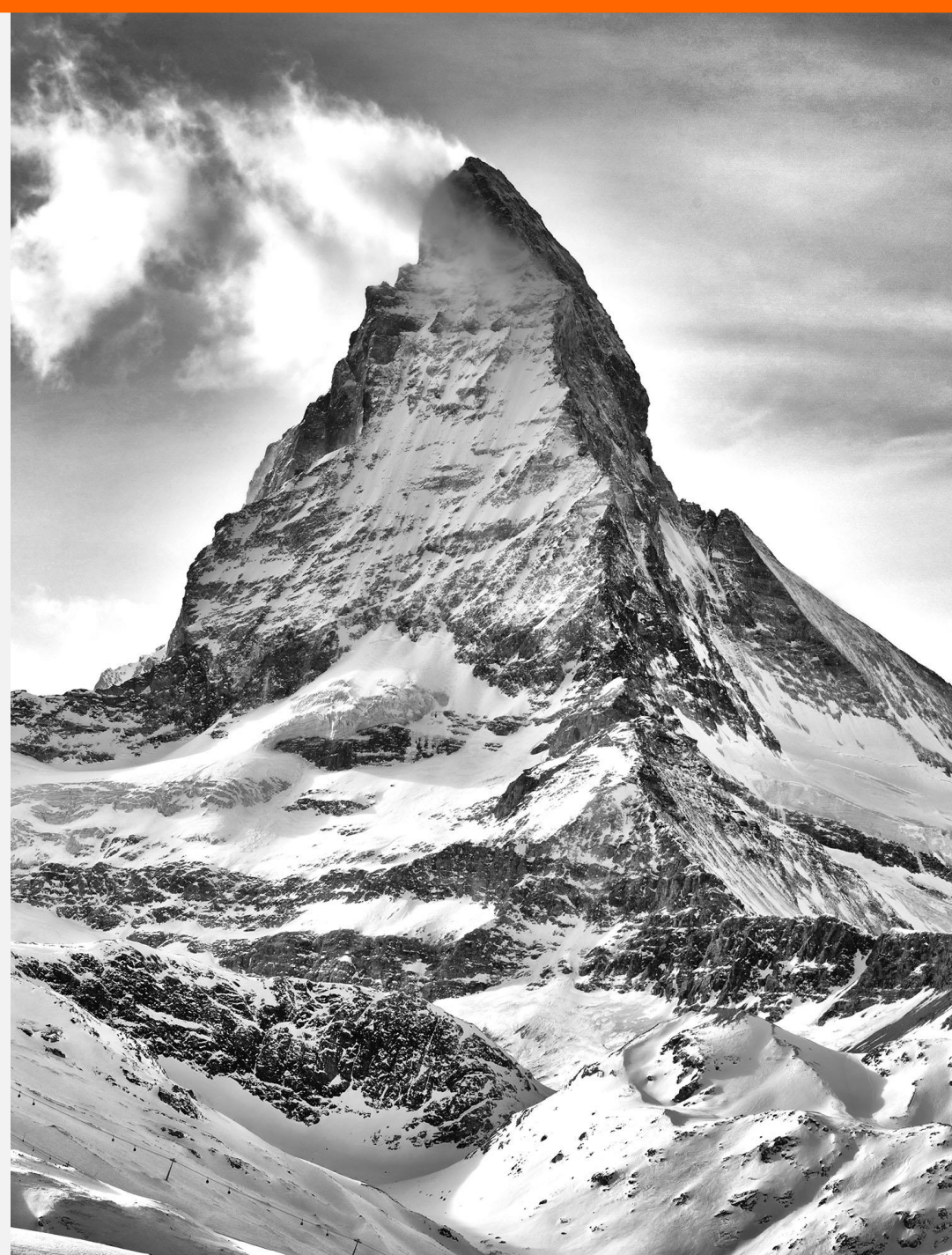




## Q3 and nine months 2022 report

30 November 2022

Presenters: Florian Nowotny, CEO, and  
Fredrik Olsson, CFO



# AGENDA

1. Key Developments

2. Financials January - September 2022

3. Summary



# A Pan-European Investment Company with Four Business Lines

A specialized multinational investor in situations arising out of the general strategic challenges in the European banking markets

## Well diversified platform across assets / services

1

### Financial Institutions



- DDM to become largest shareholder in Nordiska by combining Swiss Bankers and Omnio with Nordiska to create a pan-European financial solutions group
- Nordiska is offering flexible and tailored debt and financing arrangements to private individuals and companies through a sophisticated and digital driven model giving partners the opportunity to provide their customers with in-house financial services.
- Swiss Bankers is the market leader in prepaid cards in Switzerland, providing innovative, deposit-based payment products, and solutions in global payment transactions.
- Omnio is an embedded finance business that integrates retail financial services and loyalty and rewards within other ecosystems for non-banks and banks active in the UK, Ireland and Italy.
- DDM is also the largest shareholder in Addiko (with a 9.9% stake), a consumer and SME specialist bank serving 800,000 customers in CSEE



Range of Services  
Consumer & SME  
Lending and Payment  
Services  
White Label Banking  
and Payment Solutions



Income Source  
Interest Income and  
Commission Income  
Subscription Fees  
and Transaction  
Fees

2

### NPL Investments



#### European Debt Purchaser

- Acquisition of under performing, non-core and non-performing loan portfolios in SEE/CEE markets of around EUR 5bn in nominal value
- Around EUR 500m capital deployed
- Long experience across different asset classes and jurisdictions
- Expertise also in complex and non-standard transactions
- Track record of high accuracy of underwriting demonstrate skills and value of the franchise – all transactions done during the last years are making money, no impairments



#### Range of Services

Acquisition of Non-core and Distressed Assets



#### Income Source

ERCs – Cash Returns on Investments

3

### Servicing & Digitalization



#### Loan & Asset Servicing

- AxFinia offers captive and 3<sup>rd</sup> party portfolio servicing, business process outsourcing (“BPO”), and digital banking solutions to financial institutions and sponsors
- Currently, AxFinia has more than EUR 1.5bn assets under management, over 100 employees and operates in seven countries
- Digital First collection approach bringing value add to its customers
- Opportunity to bring enhanced product offering (including lending) to the large number of collection clients



#### Range of Services

Asset & Loan Servicing (incl. 3<sup>rd</sup> party)  
and BPO; Digital Banking



#### Income Source

Servicing Fees and Subscription Fees

4

### Special Opportunities



#### REO-Platform / Other Investment

- Well-established Southern European loan-to-built investment platform
- Investments in distressed banking loans secured on failed/broken property developments
- Proven local management team
- Access to proprietary deal flow



#### Range of Services

Opportunistic  
Investments



#### Income Source

Successful Exits

# Key highlights: Q3 2022

## Key highlights

- Gross collections of EUR 23.4m Significantly higher than prior year (Q3 2021: EUR 12.7m)
- Good performance of the investment in joint venture contributing €4m to the operating profit
- Agreement reached to combine acquisition of Swiss Bankers and investment in Omnio with leading Nordic credit institution Nordiska Kreditmarknadsaktiebolaget
- Acquired 50.2% of the share capital of AxFina Holding S.A, a pan European debt servicing provider and business outsourcing company on 6 July
- Well-positioned with c. EUR 58m of cash to invest

Gross collections Q3 2022 LTM<sup>1)</sup>

**EUR 74m**

Cash EBITDA Q3 2022 LTM<sup>2)</sup>

**EUR 52m**

Cash Q3 2022

**EUR 58m**

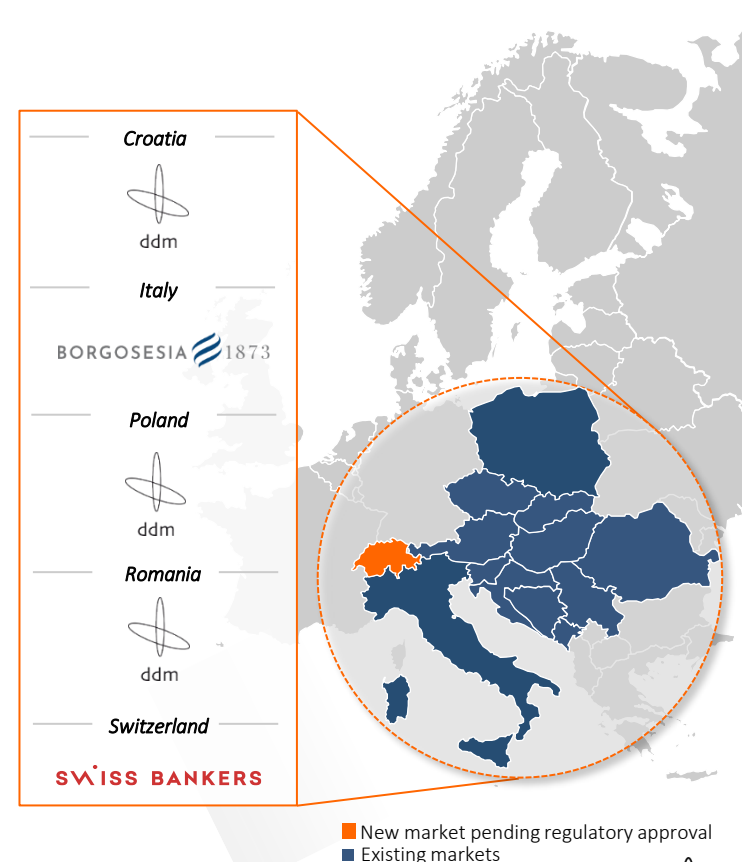
120-month ERC Q3 2022

**EUR 295m**

1) Includes incremental gross distribution from associate and joint venture and distributions from financial assets at fair value

2) Includes incremental net distribution from associate and joint venture and distributions from financial assets at fair value

## Geographies





# The investment in Nordiska

The new group will deliver financial solutions and products to around 2 million European consumers in lending, pre-paid cards, digital payments and Banking-as-a-Service

## Transaction Overview

- Acquisition of a minority stake in **Nordiska** for a consideration of about CHF 40m, closing subject to regulatory approval.
  - **Nordiska** to acquire **Swiss Bankers** utilizing the funds received from DDM, closing subject to regulatory approval.
  - DDM to contribute its investment in **Omnio** into **Nordiska**, closing subject to Nordiska and DDM receiving regulatory approval on the steps above.
- 
- **Nordiska**: Empowering non-banking lenders to originate consumer loans by providing funding, risk assessment and a lending platform.
  - **Swiss Bankers**: White labelled or branded payment products for consumers and corporate clients providing pre-paid/FX accounts facilitating cross border transactions and cards payments.
  - **Omnio**: Enabling non-bank enterprises and financial services companies to sell financial products to their customers by offering a banking platform, operations and a regulatory status.



# Nordiska at a glance

A fully regulated deposit taking institution providing banking-as-a-service

## Highlights



Nordiska is a pioneer providing banking-as-a-service – allowing fintech partners to use its balance sheet to lend to customers (both retail customers and SMEs)



Demand for Nordiska's offering is strong and accelerating, with 18 current partners and an additional 13 in the pipeline<sup>(1)</sup>, driving ~89% revenue growth in 2021



Nordiska has grown from Sweden to Finland, Norway, Denmark, and The Netherlands, and is now prepared for further European expansion along with an extended product offering



Nordiska is a fully regulated deposit taking institution under surveillance of the Swedish FSA. The business is funded through retail deposits in SEK and EUR under the European deposit insurance scheme

**6.4**SEKbn

LOAN  
BOOK

**278**SEKmn

TOTAL REVENUE

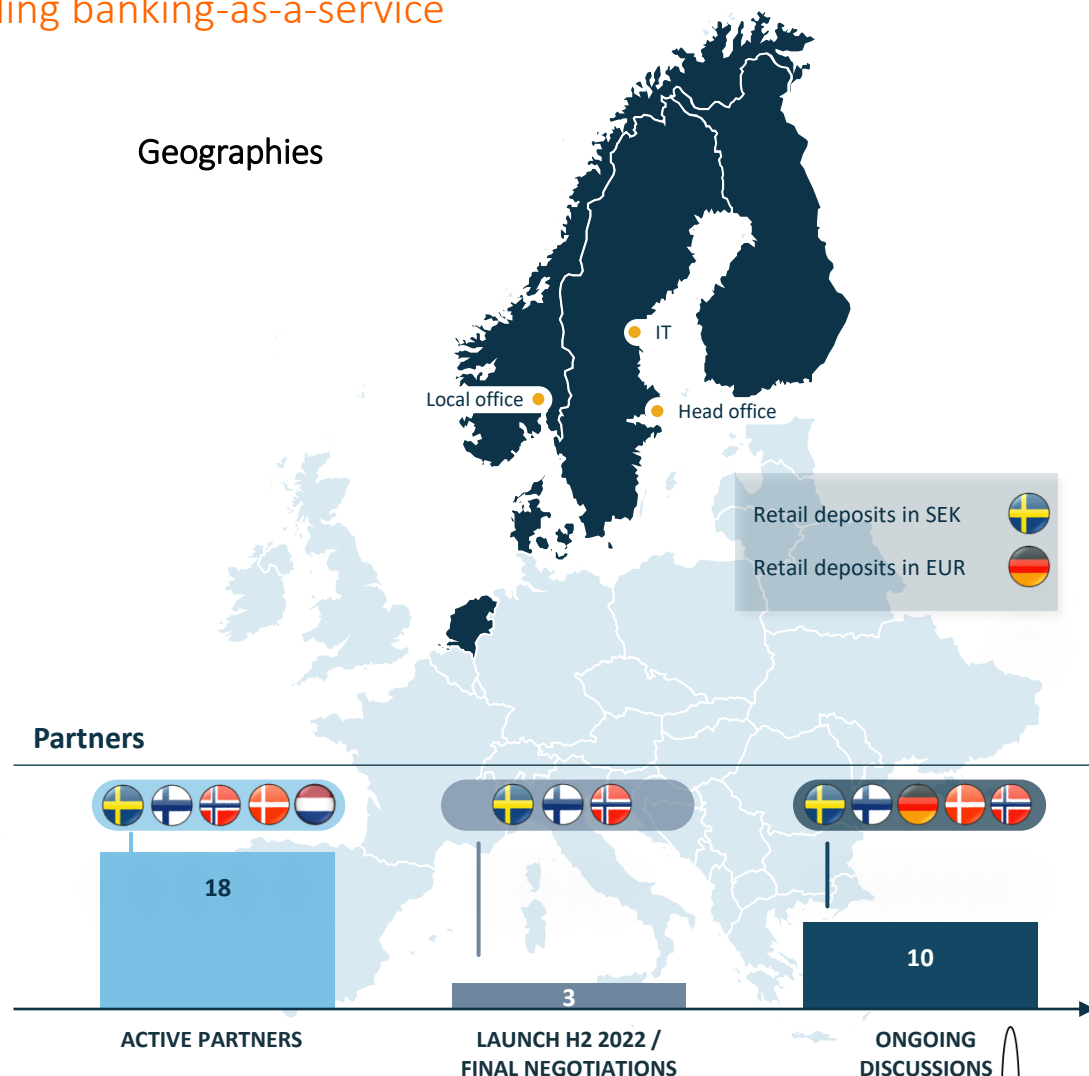
**~89%**

REVENUE GROWTH  
Y-O-Y

**44%**

EBT  
MARGIN<sup>(2)</sup>

## Geographies



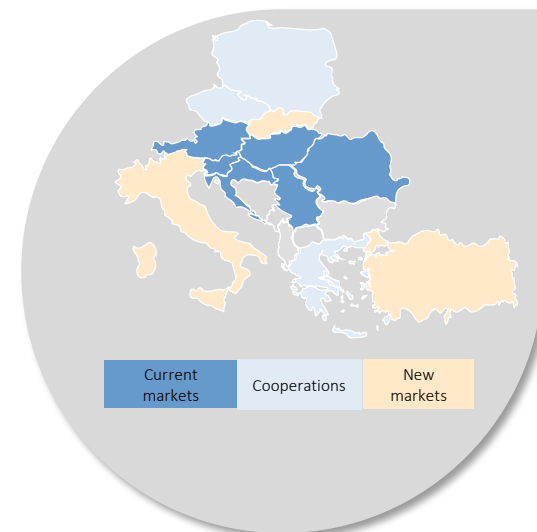
# Special Servicing & Collections Business

EBRD has supported the build up of AxFina as a 24% shareholder

AxFina is a Vienna based fully-fledged financial solutions platform, delivering first-class servicing solutions for non-core, non-performing and distressed debt, spreading innovation and digitalization across 6 countries in SEE & CEE with 100+ FTEs.

AxFina is backed by one of the best-known and most credible and committed European banks - the European Bank for Reconstruction and Development “EBRD”.

EBRD is a 24% shareholder of AxFina and fully supports AxFina’s strategy and vision in the SEE & CEE region.



AxFina’s 3 business lines

Revenue model per  
business line

## Servicing Solutions

Multi Asset Class

### Asset & Loan Servicing

*AxFina delivers higher pay-backs from distressed debt at a faster rate.*

*AxFina operates at highest standards*

*AxFina brings in innovation and technology in loan servicing*

Master & Special Servicing Fees

## Efficiency Solutions

Nearshoring and Professional Services

### Business Process Outsourcing

*AxFina enables the re-alignment of operating models and our clients focus on strategic activities*

*The BPO HUB in Szeged/Hungary operates at ultra low-cost*

BPO fees

## Digital Enrichment

Technology

### Digital Banking & Solutions

*Helping its business partners to make more with their unprofitable customers via enabling those to overcome financial distress*

*AxFina provides an integrated digital credit management, banking and lending offering*

Digital banking revenues

# AGENDA

1. Key Developments

2. Financials January - September 2022

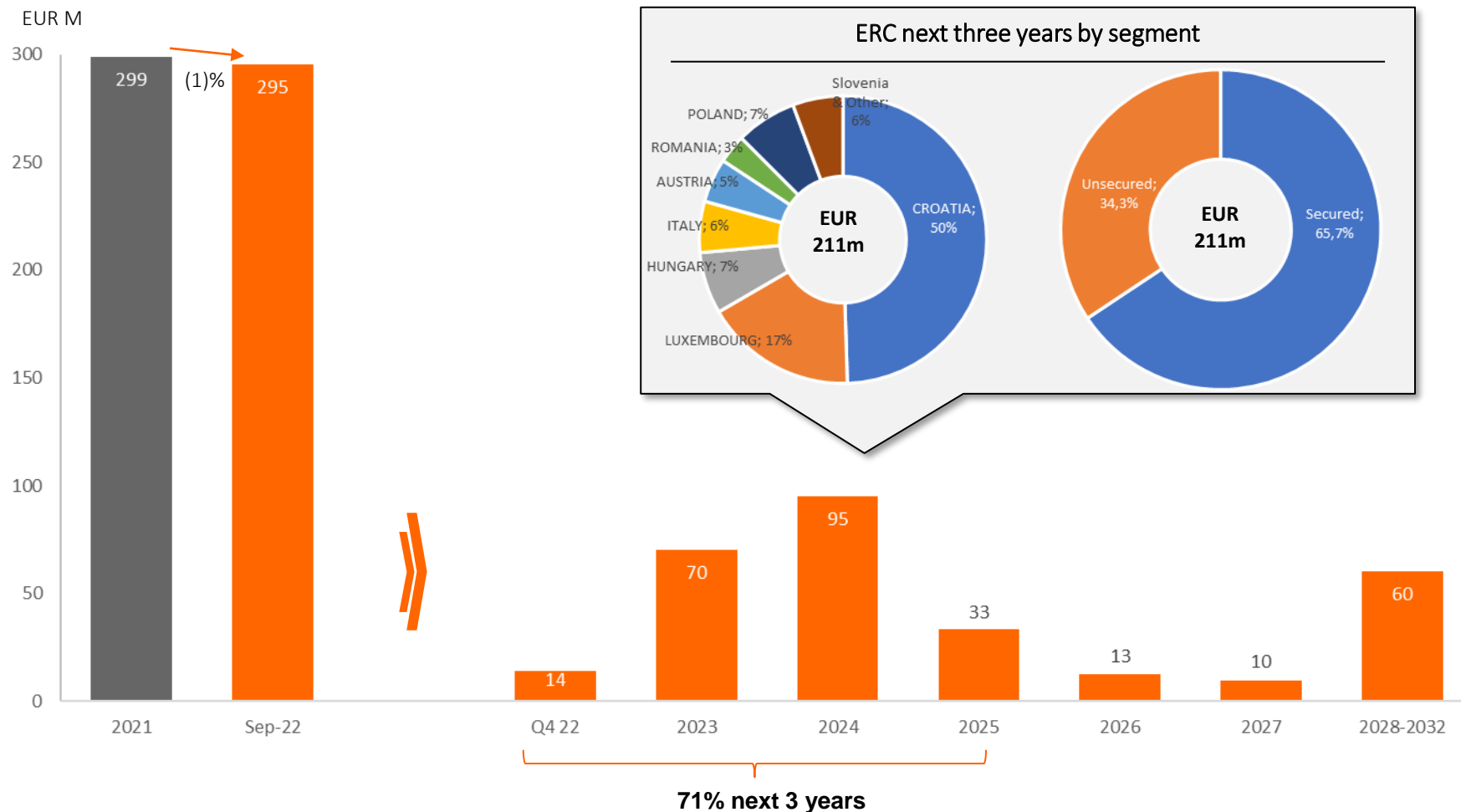
3. Summary





# Majority of ERC is secured and expected to be received in the next 3 years

Historic 120-months gross ERC and projected future collections on existing portfolios, 30 September 2022\*

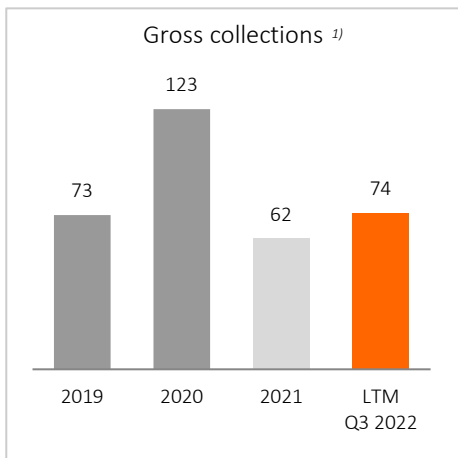


\* ERC at 30 September includes the investment in Addiko Bank AG at DDM's 9.9% share of equity attributable to shareholders as of 30 September 2022.

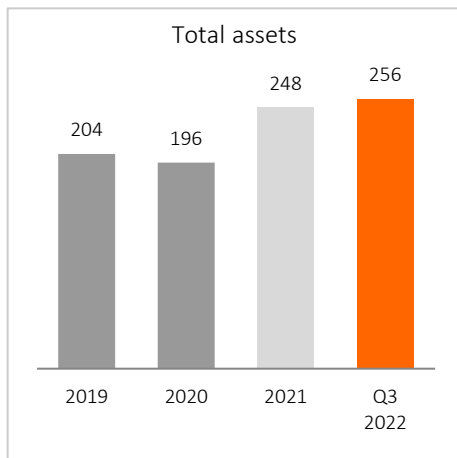
Secured ERC includes DDM's share of underlying assets

# Our Financial KPIs

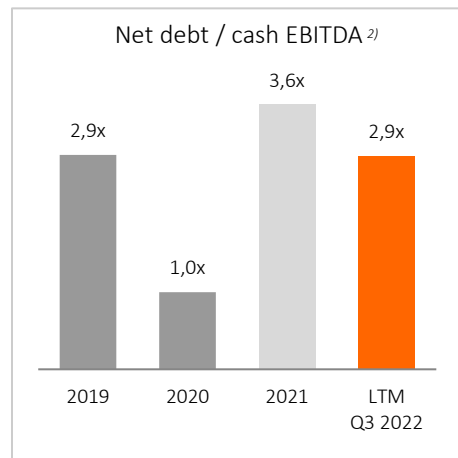
## Income statement



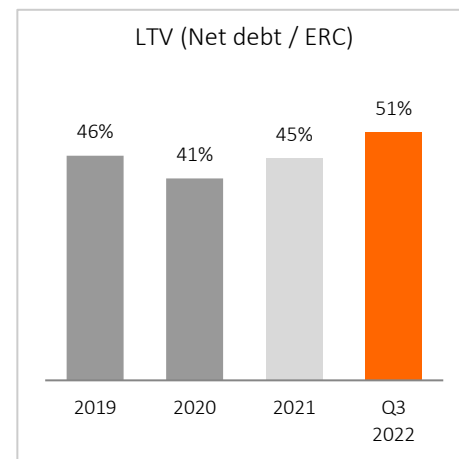
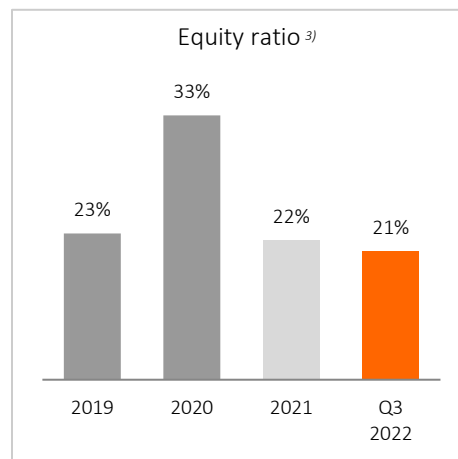
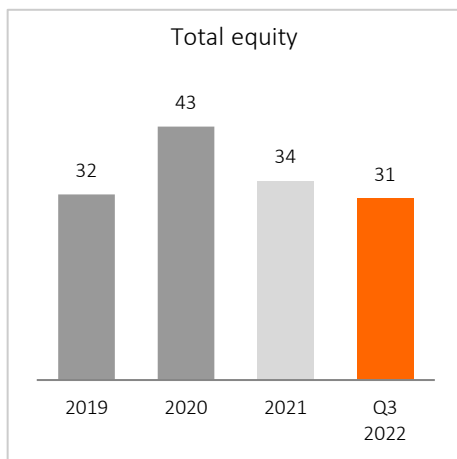
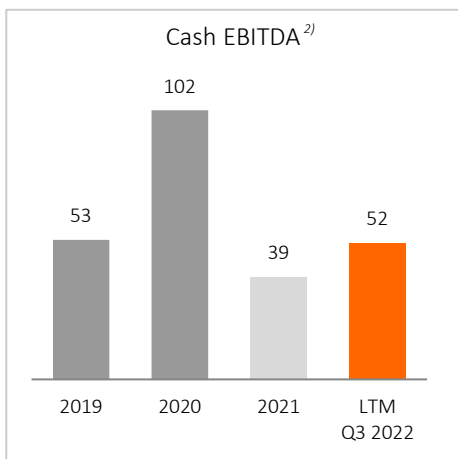
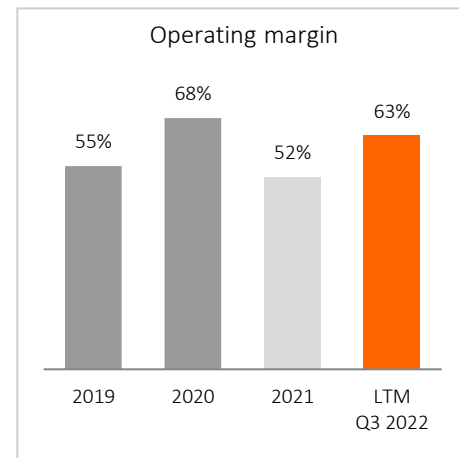
## Balance sheet



## Leverage



## Efficiency



Note: All figures are in EURm.

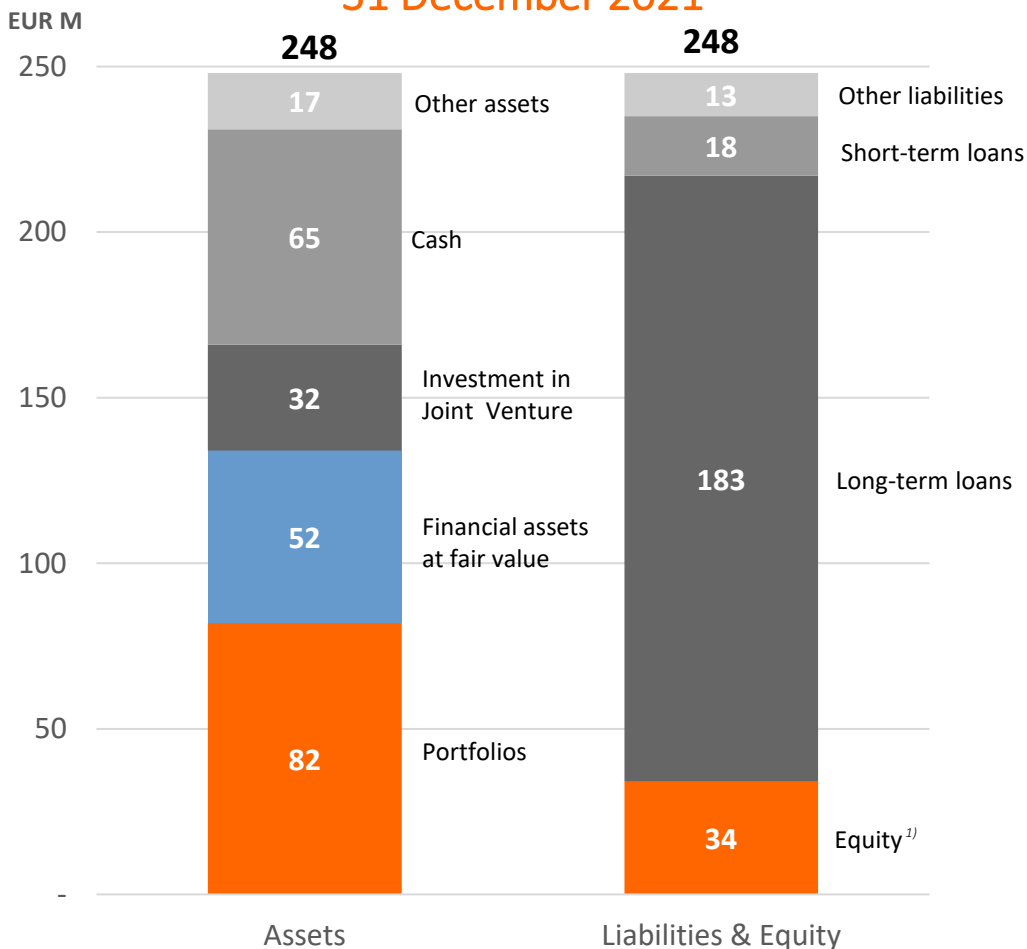
1) Gross collections are adjusted to include incremental gross distributions from associate and joint venture of EUR 7.2m in FY 2019, EUR 10.1m in FY 2020, EUR 15.6m in FY 2021 and EUR 24.7m in LTM Q3 2022 and include gross collections on sale of invested assets of EUR 4.5m in FY 2019 and distributions from financial assets at fair value of EUR 1.0m in FY 2021 and EUR 3.3m in LTM Q3 2022.

2) Cash EBITDA is adjusted to include incremental net distributions from associate and joint venture of EUR 3.8m in FY 2019, EUR 5.3m in FY 2020, EUR 10.2m in FY 2021 and EUR 20.0m in LTM Q3 2022 and includes net collections on sale of invested assets of EUR 4.5m in FY 2019 and distributions from financial assets at fair value of EUR 1.0m in FY 2021 and EUR 3.3m in LTM Q3 2022.

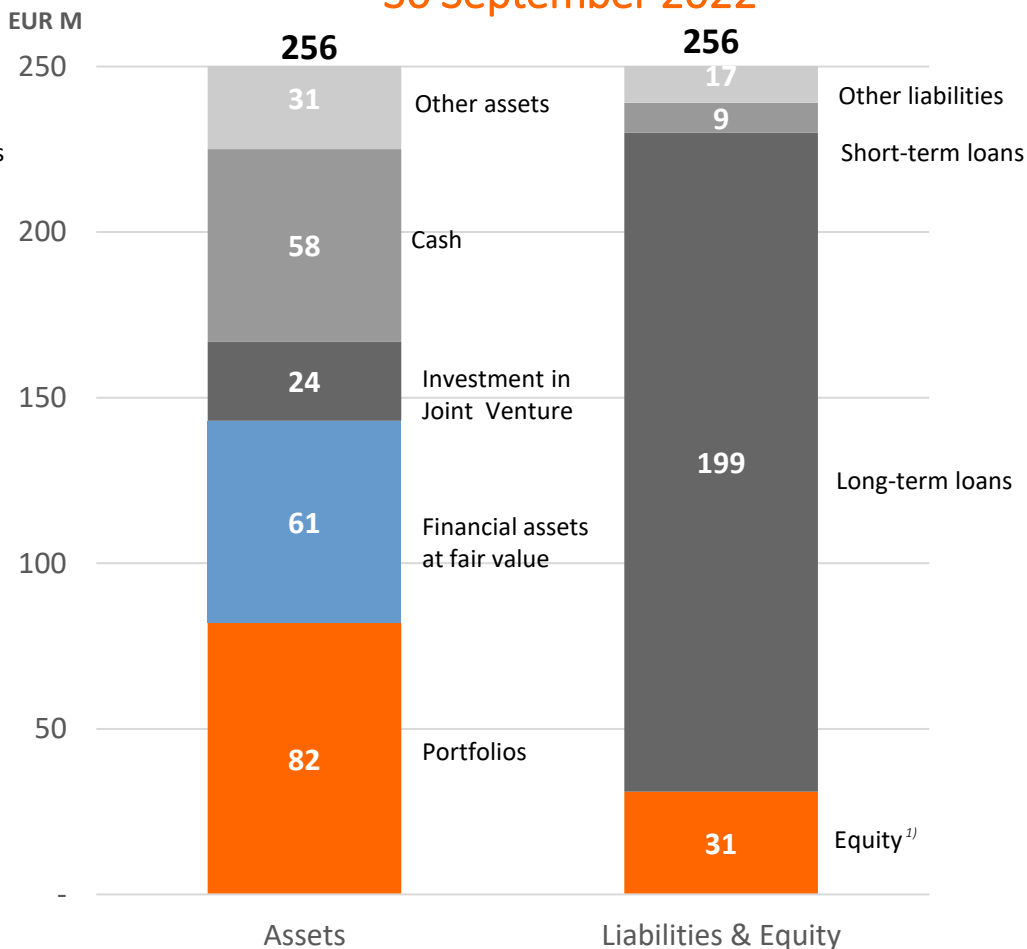
3) The equity ratio of the DDM Debt Group according to the senior secured bond terms

# Strong liquidity position and extended debt maturity to fund investments

31 December 2021



30 September 2022



Cash on balance sheet: EUR 58m

Note: All figures are in EURm.

1) The equity ratio of the DDM Debt Group according to the senior secured bond terms was 21.9% at 31 December 2021 and 21.3% at 30 September 2022

# AGENDA

1. Key Developments

2. Financials H1 2022

3. Summary



# Key takeaways

1 Strong collections with positive net income in Q3

2 Positive net income year to date if excluding non-cash negative mark-to-market impact from the investment in Addiko Bank (*EUR 6m*)

3 Acquisition of Swiss Bankers pending regulatory approval

4 Well-positioned with approximately EUR 58m of cash available to invest at 30 September

5 Agreement reached to combine acquisition of Swiss Bankers and investment in Omnio with leading Nordic credit institution Nordiska Kreditmarknadsaktiebolaget



# Key events ahead in 2023

1

Swiss Bankers/Nordiska will give DDM a strong position in the European consumer finance market and will be a significant source for further value creation.

2

Macroeconomic climate and the turning of the business cycle is a good environment to further invest into our core NPL business.

3

AxFina roll out of an enhanced product offering (including lending). New digitally focused product offering to boost growth



# Q&A

## Upcoming IR events

Q4 and full year report 2022:

16 March 2023

Annual report 2022:

28 April 2023

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