ddm

Fixed income roadshow presentation

DDM Holding AG

September 2021

Strictly private & confidential

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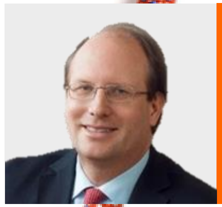


FLORIAN NOWOTNY

Chief Executive Officer

Past experience:

- CEO since 8/2021, involved with DDM in various capacities since 2017 and board member of DDM since 2019
- CFO of CA Immo
- Investment Banker in both Vienna (UniCredit) and in London (Citigroup)
- Currently a non-executive member of the board of directors of Malta Int’l Airport

FREDRIK OLSSON

Chief Financial Officer

Past experience:

- With DDM since 2014
- Executive position at LyondellBasell Industries NV
- Head of Investor Relations and other management positions at Petroplus Marketing AG

Agenda

I Introduction to DDM

II Key credit highlights

III Historical financials

IV Appendix

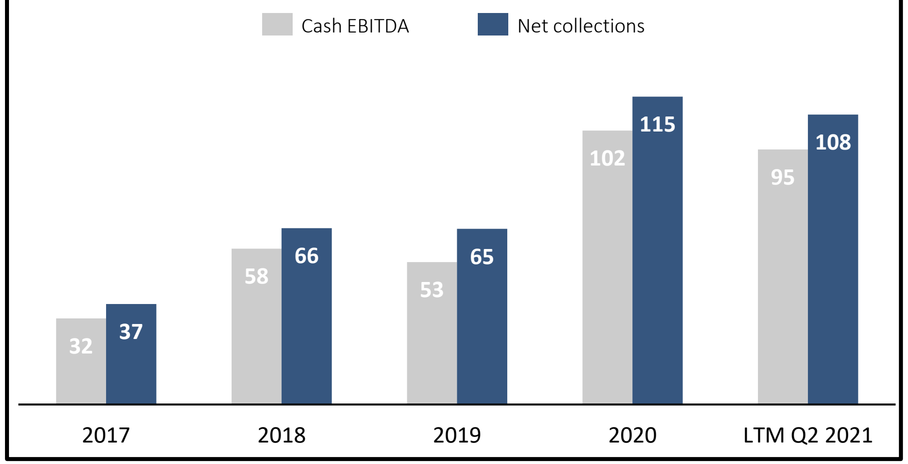
DDM Group at a glance

A seasoned and agile investor and manager of NPL's and special situations with a focus on the SCEE region

DDM Group overview

- Founded in 2007, with headquarters in Switzerland. Currently has more than 14 years experience of investing, servicing and debt collection in Southern, Central and Eastern Europe (SCEE) region
- Proven deal execution with about 100 portfolios acquired in 11 markets
- Access to captive servicer AxFina launched in 2018 for corporate & SME secured work out that complements debt collection agencies (DCAs)
- DDM Holding AG shares listed on Nasdaq First North Growth Market (DDM) in Stockholm, Sweden
  - — Majority shareholder DDM Group Finance SA with 95% ownership in DDM

Net collections and cash EBITDA



Background

Founded in 2007 with HQ in Switzerland

Present in more than 10 European countries

Operations

Equity and bonds listed at Nasdaq Stockholm

Investment pipeline exceeding EUR 300m

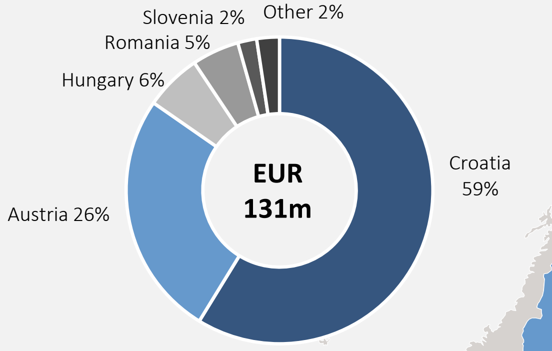
Financials

Cash EBITDA LTM Q2 2021[1] amounting to €95 million

Net Collections LTM Q2 2021[1] of €108 million

Geographical presence

Invested assets - book value by country
Q2 2021

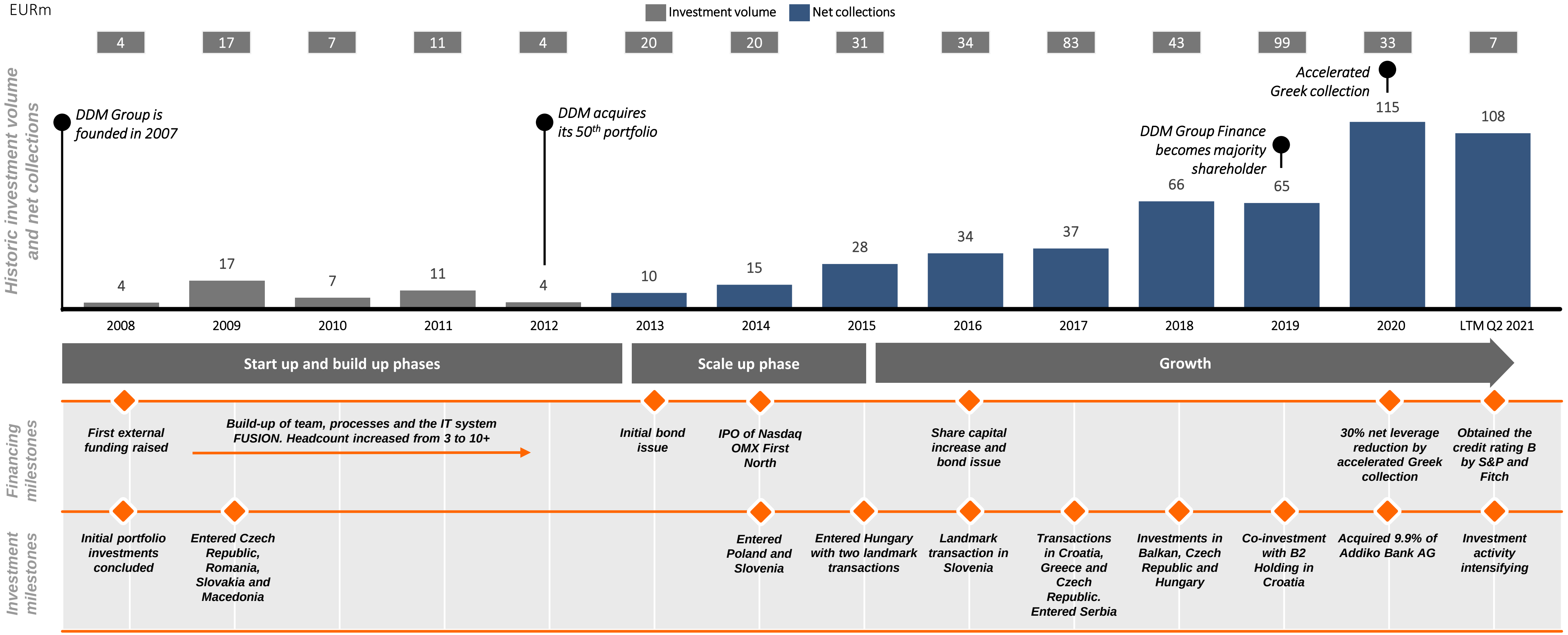


1) Includes incremental net distribution from joint venture

DDM history

Proven ability to monetise on a vast number of portfolio acquisitions with selective geographical exposure

Development since 2007



DDM in the value chain

DDM is located in the debt purchasing value chain sweet-spot

Consumer and corporate assets	Distressed assets Performing & Non-performing	Acquisition and collection of distressed assets		
		Acquisition of distressed assets	Portfolio management	Debt collection

Market opportunities:

- There is a significant market for distressed assets in DDM's target market
- DDM offers to remove distressed assets from financial institutions' balance sheets to allow them to recover capital much faster, meet their regulatory requirements and hence focus on their core activities
- Banks reduce their reputational risk by selling distressed assets to DDM, a respected debt purchaser, thanks to a proven track-record and long-lasting experience

Favoured partner:

- DDM is the expert providing know-how and best practice, with a proven track record of more than EUR 4.0bn acquired claims (nominal value)
- Advanced underwriting and structuring capabilities and expertise
- Proven ability to acquire sizable portfolios by teaming up with co-investors

Managing the process:

- Strong controls via processes for performance and compliance
- Constantly challenging and monitoring work out
  - Weekly resolution and credit committees
  - Quarterly rebalancing and thorough annual business plan review
- FUSION system ensures optimal control over the claims in the portfolios

Outsourced collection & in-house work-outs:

- Established debt collection network throughout SCEE
- DDM is carefully selecting partner collection agencies making sure they apply professional, respectful and ethical methods
- Access to the AxFina platform launched in 2018, a captive servicer for corporate secured portfolios across SCEE

Knowledge	Deal sourcing	Relations	Processes	Scalability	Flexibility
Extensive local sector experience across the internal organisation with a strong track record	Structured yet opportunistic approach the key value driver, both for profitability and growth	Strong relationships with reputable sellers of debt portfolios across the region and a credible buyer	DDM manages the collection process through its proprietary IT system and primarily outsources collections to the optimal partner	Cross regional relationships for quick market entry and flexibility	No legacy operations to support DDM's flexible operating model ensures agility to invest where there are returns

Core Add Value of DDM

The investment process

DDM has a refined and well-tested investment process for both secured and unsecured NPL portfolios

Investment process

Acquisition dynamics

Secured portfolios	Line-by-line valuation of underlying security, site visits etc. required
Unsecured portfolios	Statistical and mathematical approach in due diligence process

Investment process main steps

New loan issues

Loan defaults

Deal flow

Distressed assets emerge when a debtor fails to service their debt

Indicative process timeline

	Secured	*Unsecured*
Pipeline Analysis / underwriting/ DD	1-3 months	~2 weeks
Pricing	2 weeks	2 weeks
Bid	2 weeks	2 weeks
Acceptance & closing	1 week	1 week
Handover		

Total process:

2-4 months — 4-5 weeks

Experienced debt collection organisation

Dynamic organisation with significant secured work-out expertise and unsecured underwriting experience

Secured claims

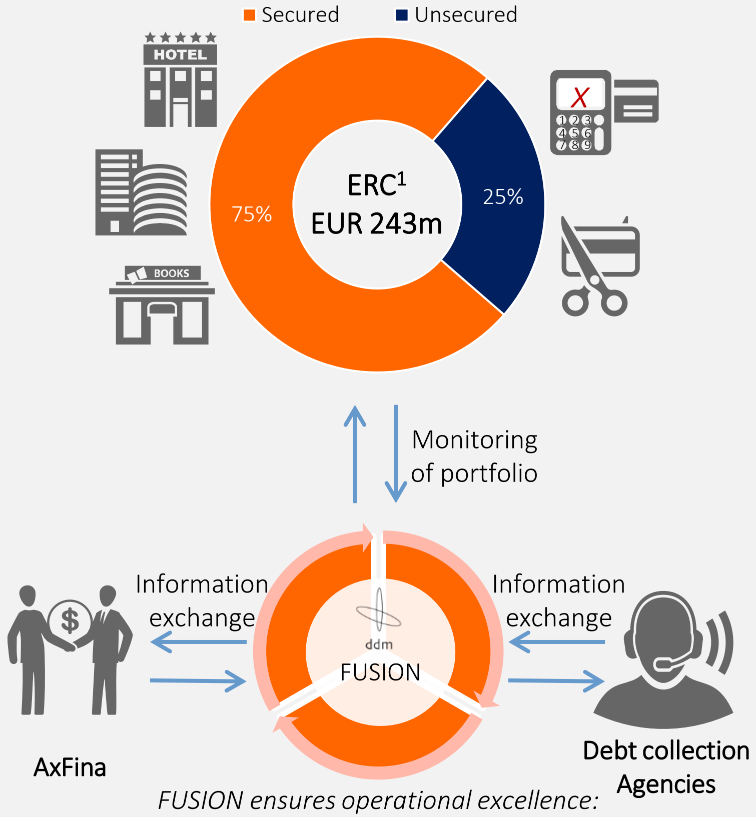
Asset description

- Claims in the secured portfolios are typically secured in real estate
  - Non real estate (NRE) claims are usually assigned low valuations in the underwriting process – e.g. inventory etc.
- Average recoveries much higher from secured claims
- Secured claims are typically more complicated and require work-out, local real estate- and legal expertise
- Line-by-line valuation in the underwriting process

Portfolio management

- Secured work-outs are primarily done via the related party AxFina on an arms length distance
- DDM's portfolio management team oversees the work out via:
  - SLAs
  - Weekly approval process
  - Quarterly, annual and ad hoc business planning
- Separating asset owning and asset work out ensures no conflict of interest and best in class performance
  - AxFina is controlled by related parties and the European Bank for Reconstruction and Development

Portfolio distribution



FUSION ensures operational excellence:

- Case management
- Investment analysis & pricing
- Statistical analysis

Unsecured claims

Asset description

- Unsecured claims are typically credit card debt, private leasing and consumer loans
- Unsecured claims typically consists of portfolios of smaller loans with limited face values
- Unsecured portfolios are underwritten through advanced analytical modelling, making use of scoring and historic data

Outsourced collections

- DDM is outsourcing collection of unsecured claims to third party debt collection agencies (DCAs)
- Through more than a decade of collaborating with external agents DDM has established a wide network of trusted DCAs across SCEE
- The outsourcing of collections enables DDM to have a lean and highly scalable business with a flexible cost base and access to a diverse base of skills in collecting various categories of non-performing loans

1) Q2 2021 Gross ERC

European bank partnerships

Successful track record as partner to European banks

Selected DDM investments in various parts of the credit cycle

	Greek Bank	Solaris	Lombard	Finalp
Country				
Investment date	Aug 2017	Jun 2019	Dec 2015	Feb 2015
Expected exit multiple	> 1.8x	Not disclosed	>2.1x	>2.9x
Reason	Recapitalization and long-term work-out strategy	Exit for state owned bad bank	German bank exit from Hungarian leasing market	Japanese bank exit from Hungarian leasing market
Underlying collateral	Secured SME loans	Secured corporate and SME loans	Car leasing and SME leasing assets	Car leasing
Servicing	DDM set up a fully licensed servicer in Athens with over 25 employees	DDM and B2H joint-servicing approach	200 employees in a regulated leasing business and rationalized by DDM	15 employees in a regulated leasing business, rationalized by DDM managed via Lombard (to create synergies)
Co-investor	Large US PE Fund and UAE state funds (bought-out 2019)	B2 Holding	Large US private equity fund (bought-out 2020)	US investment manager (bought-out 2018)
Status	Completed ✓	In collection ✓	In collection ✓	In collection ✓
IRR	34%	Not disclosed	>100%	>100%

Addiko Bank

Strategic investment in Addiko Bank

A specialist consumer lender in SCEE area with 800,000 customers and 170 branches

Addiko Bank in brief

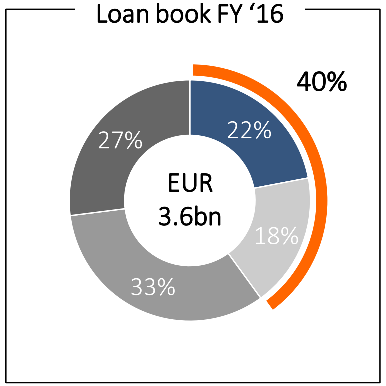
- Addiko Bank has positioned itself as a leading consumer finance institution in SCEE with around 800,000 customers throughout the region and a total of 170 branches
- The parent bank, Addiko Bank AG, is listed on the Vienna Stock Exchange and has banking operations in 5 CSEE countries through its subsidiaries
- The bank is undergoing a transformation from being a full scale bank (all asset classes, large number of physical branch offices etc) to focus on the consumer and SMEs segments with a strong focus on digitalisation
- Addiko Bank is well capitalized, with one of the highest tier one capital ratios in the region

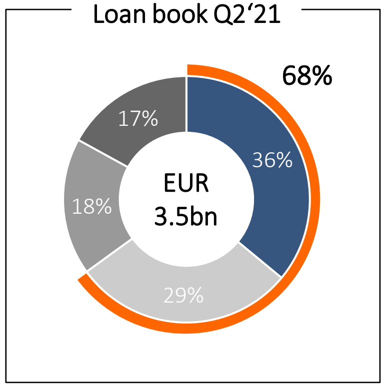
Key highlights

NPE ratio[1] 6.0%	Net loan book EUR 3.5bn
CET1-ratio 19.8%	NPL portfolio EUR 238m

Supporting Addiko through its shift towards consumer and SME lending

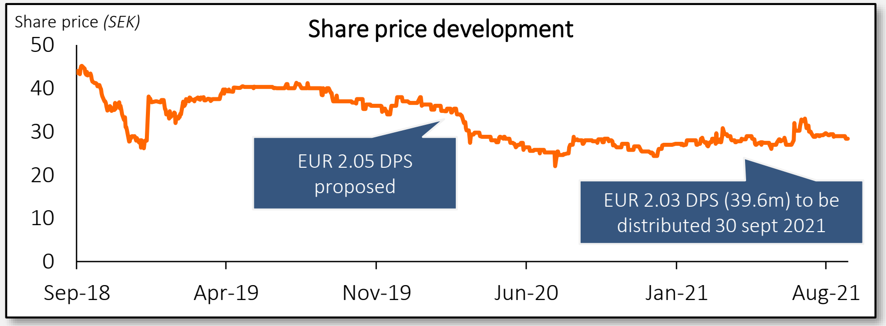
Consumer | SME | Mortgages | Public & large corporates
Focus segments





The strategic rationale for investing in Addiko Bank

- A highly attractive valuation. The bank has a strong capitalisation, with a 20.3% CET1-ratio, enabling a platform for further growth. Coupled with an attractive P/B (from an acquisition perspective) of ~0.3x and EUR 244m in NPLs
- Addiko offers a complementary route to gaining exposure to the credit cycle in DDMs core geographies at an attractive risk-adjusted return proposition.
- Addiko Bank is in undergoing a transformation process comprising of four main steps:
  - I Focusing on consumer lending and SMEs
  - II Performing a thorough digitalisation process of the banks operations to facilitate for further development
  - III Disposing non-core assets to ensure focus on strategic goals
  - IV Cost/Income ratio improvement potential
- After having interacted with Addiko on NPL portfolios in the past, DDM has intentions of supporting Addiko throughout the transformation
- The rationale for the investment is further strengthened by Addiko’s geographical exposure as Addiko and DDM operate in highly overlapping geographies



1) Calculated as Group on–balance non-performing loans divided by credit risk exposure
Note: DPS = dividend per share

Agenda

Key credit highlights

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1. Attractive market fundamentals returning for the European NPL sector
2. Significant investment pipeline at attractive valuations
3. A trusted partner with a strong competitive position in the SCEE region
4. Strong track record of investing in high quality credit portfolios
5. Management team and shareholders with significant expertise and knowledge

Market dynamics and backdrop

Reduced demand and strong supply leading to attractive investment opportunities going forward

Key market drivers

Reduced investment capacity from established players

- Investment capacity amongst the NPL players has been significantly reduced over the past 12 months, following a challenging 2020 on the back of covid-19, leading to an attractive market for players with strong balance sheets and capital to deploy

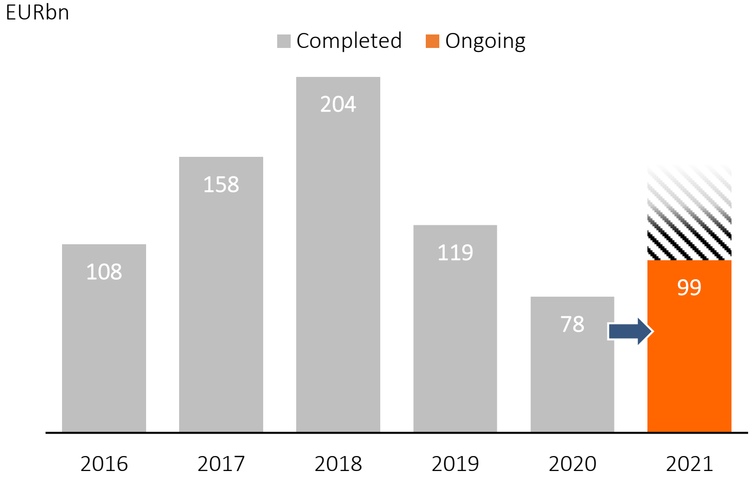
Increasing NPL volumes

- On the back of the global covid-19 pandemic, the NPL volumes are likely to increase in key markets for the next period, driven by transactions not being concluded during 2020 and new portfolios coming to the market

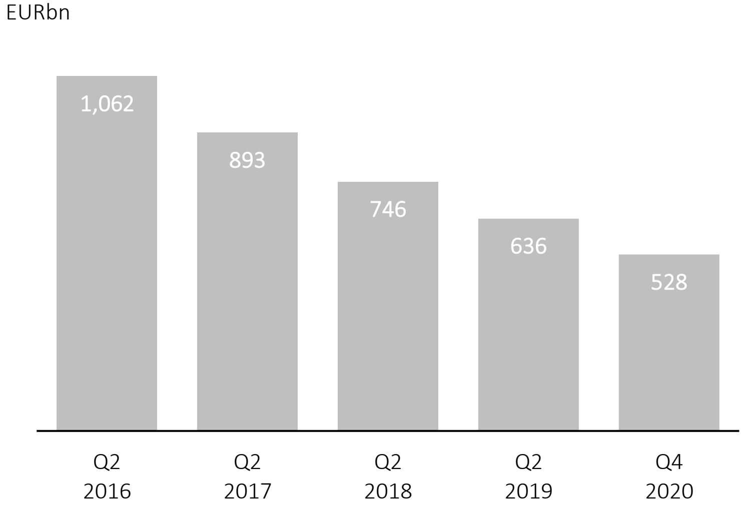
Regulatory factors

- As a consequence of the European Commission's amended regulations in 2018 the market conditions for debt collectors are likely to improve, driven by an increasing focus among banks to reduce NPLs on their balance sheets
- Core DDM markets are quickly adapting to more advanced legal systems

European loan sales by year



Total volume of NPLs in EU/EEA countries



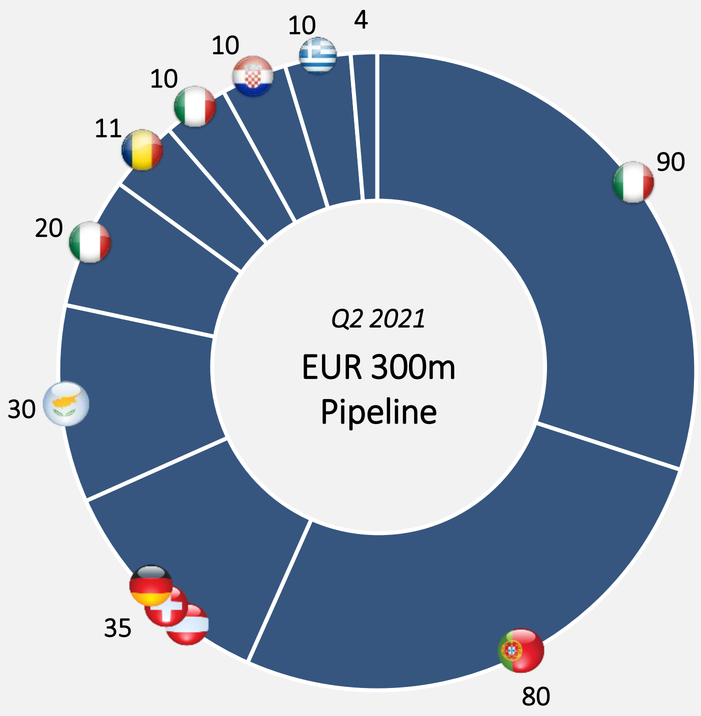
- Total volume of NPLs in the EU/EEA countries has halved from over EUR 1 trillion since 2016 standing at EUR 511bn at Q3 2020
- Banks have been setting aside record numbers of NPLs during the last 12 months as a response to the covid-19 pandemic
- Loan moratorium measures implemented across Europe have limited banks' ability to dispose of non-core NPLs
- DDM is well-positioned to capitalise on rising NPL volumes expected in the future at attractive prices

Source: Debtwire NPL Database

Investment pipeline

Selected investment pipeline expected to meet DDM's return requirements currently in due diligence phase

Current pipeline



DDM sees a strong investment pipeline with a bid value of more than EUR 300m

Pipeline details

Project #	Type	Country	GCV (EURm)	Investment (EURm)	Security type	Underlying claim
#1	Platform	Italy	177	90	Secured	Mix
#2	NPL portfolio	Portugal	650	80	Secured	Corporate
#3	Platform	DACH	60	35	Special Situation	
#4	NPL portfolio	Cyprus	1,500	30	Secured	Retail
#5	NPL portfolio	Italy	20	20	Secured	Retail
#6	NPL portfolio	Romania	45	11	Secured	Corporate
#7	NPL portfolio	Italy	20	10	Secured	Retail
#8	NPL portfolio	Croatia	53	10	Mix	Retail
#9	NPL portfolio	Greece	10	10	Secured	SME
#10	NPL portfolio	Croatia	19	4	Secured	SME
Total			**2,554**	**300**		

FIG/Platform typically means a NPL portfolio with a run-off platform attached to it.

GCV typically means the face value of a NPL portfolio

Note: GCV and investment size are based on management's estimates and are subject to change given changes in the market environment

Market and competitive dynamics

DDM is a favoured partner in the SCEE region, outperforming peers on collection capabilities

DDM's key differentiators

Differentiator	Key DDM value-add
1 Origination	Long-standing trusted relationships with banks and bilateral contacts lead to repeated and constant opportunities
2 Funding Access	Highly regarded as a strong and experienced sponsor which ensures good standing with lenders
3 Intellectual Capital	Highly skilled investment team, extensive market knowledge & experience to execute complex deals
4 Structuring	Unique ability to design & execute complex transactions fulfilling specific seller needs & constraints
5 Pricing Certainty	Well-informed pricing and great pricing certainty thanks to market information overlaid with DDM's proprietary database and existing portfolio assets
6 Captive Servicing Operator	AxFina provides DDM with full-service asset management and servicing platform
7 Focused Strategy	No competing strategies

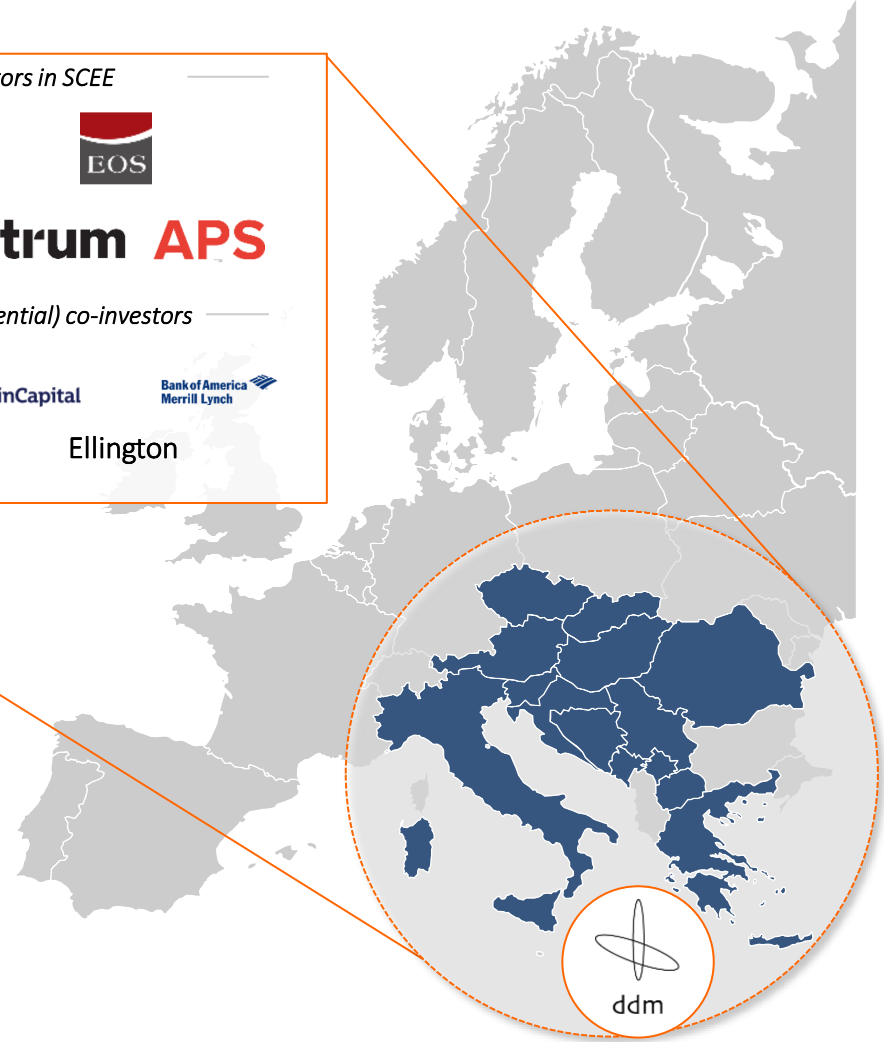
Competitors and players present in the same geographical markets

Competitors in SCEE

B2HOLDING, EOS, HoistFinance, intrum, APS

Global PE – (potential) co-investors

Blackstone, BainCapital, Bank of America Merrill Lynch, CARVAL INVESTORS, Ellington



Distribution partners and relationships

Differentiated origination capabilities with strong & trusted long-term relationships with debt-sellers

DDM is a trusted partner

- DDM's track record in the SCEE region has resulted in a strong brand recognition as a trusted and reliable buyer
- DDM has established relationships with a large number of renowned banks in the SCEE region – a strong platform to build upon with repetitive deals if deemed attractive
- Wide network of DCAs and local partners facilitates deal origination granting access to sellers in both auction processes and bilateral deals
- Business development and sales are managed by a central team covering existing and potential new markets

Selected partners

The Big 4

pwc, KPMG, EY, Deloitte.

Specialist advisors

Colliers, M7 Real Estate

Legal

ROSCHIER, CMS Law.Tax, schonherr ATTORNEYS AT LAW

Investment partners

Bank of America Merrill Lynch, CARVAL INVESTORS, Ellington

Auditors

pwc Sweden

pwc Switzerland

Selected banks by geography

Austria

Addiko Bank

Czech Republic

GE, CRÉDIT AGRICOLE

Romania

RBS, cetelem, UniCredit, ERSTE Group

Slovenia / Slovakia

NLB, Slovenská sporiteľňa

Hungary

SUMITOMO BANK, DZ BANK

Croatia

Raiffeisen BANK, Zagrebačka banka, HYPO ALPE ADRIA

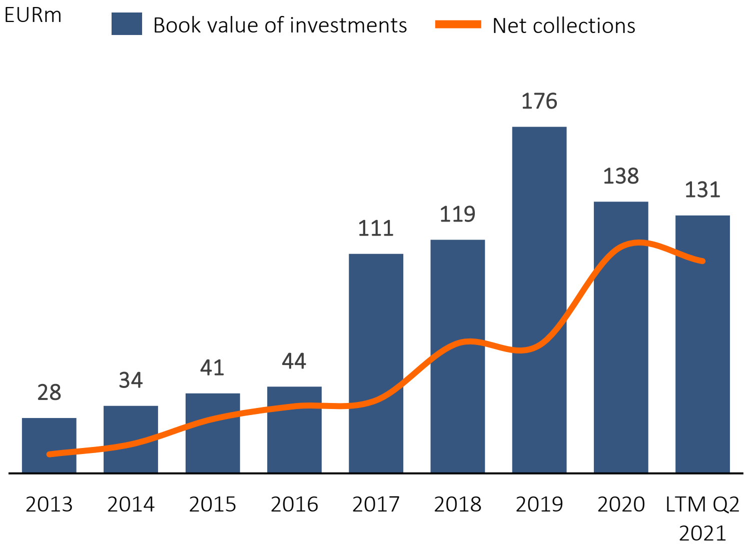
Greece

attica bank

Portfolio overview

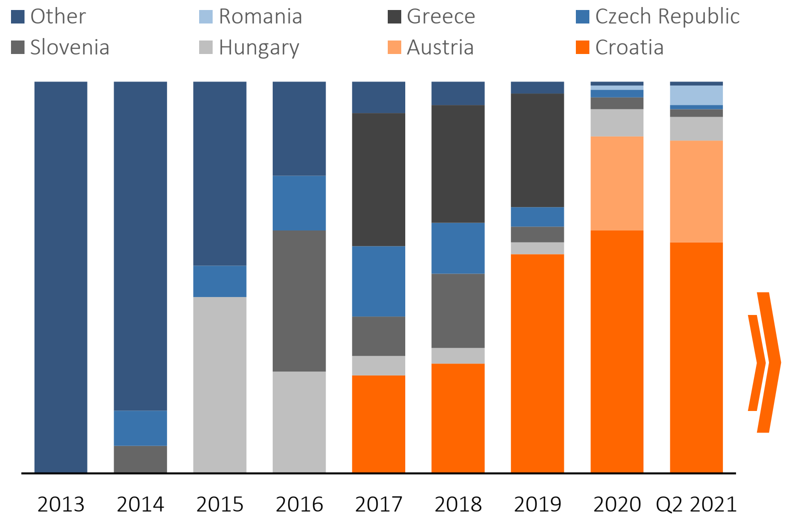
Agile portfolio approach and business model enables DDM to deliver excessive returns

Book value of investments and net collections



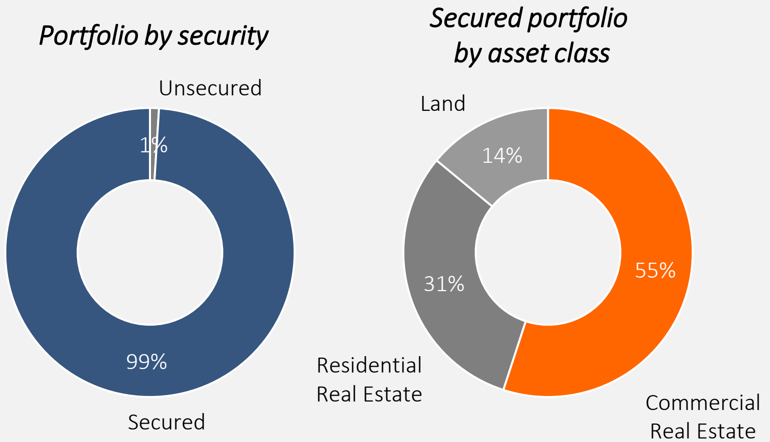
- Since 2016 approx. EUR 275m of collections have been received demonstrating the credit quality of DDM's portfolios
- In the next 3 years approx. EUR 170m of estimated remaining collections
- Strong covenant and liquidity positions ahead of tap issue

Investments by geography[1]



- DDM has a highly versatile approach enabling focus on acquiring high-quality assets in strong markets
- Over the last years, DDM has swiftly shifted their focus towards the strong Croatian market – an opportunity enabled by the banking sector deleveraging process and underlying strong macro sentiment
- DDM has no geographic legacy operations which may trigger irrational investment decisions

DDM's Croatian portfolio



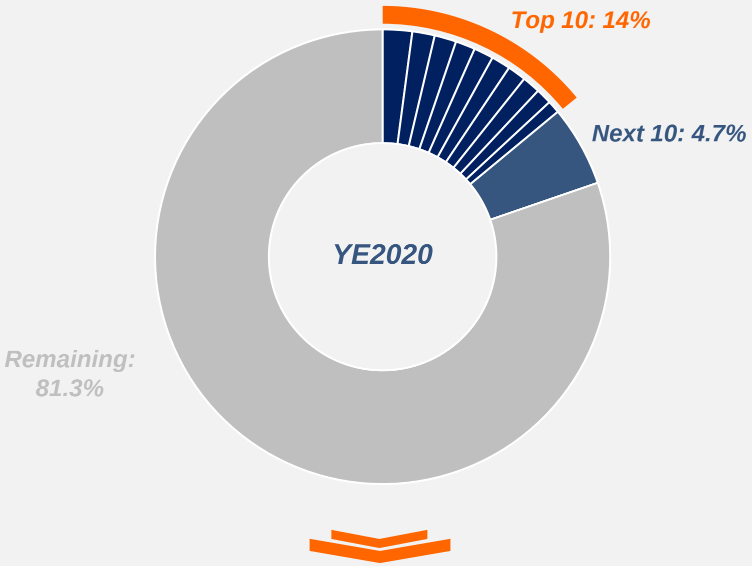
- 99% of DDM's ERC located in Croatia is secured by real estate
- House prices in Croatia are continuing to rise supporting the credit quality of DDM's secured assets
- The majority of DDM's exposure by value in Croatia is located in Zagreb (32%) and on the Adriatic coast (23%)
- Double-digit growth of more than 16% in GDP during Q2 2021 and tourist visits almost exceeding pre COVID-19 record levels

Note: All figures are in EURm. Net collections are adjusted to include incremental net distributions from associate and joint venture and net collections on sale of invested assets
1) Carrying value

ERC overview

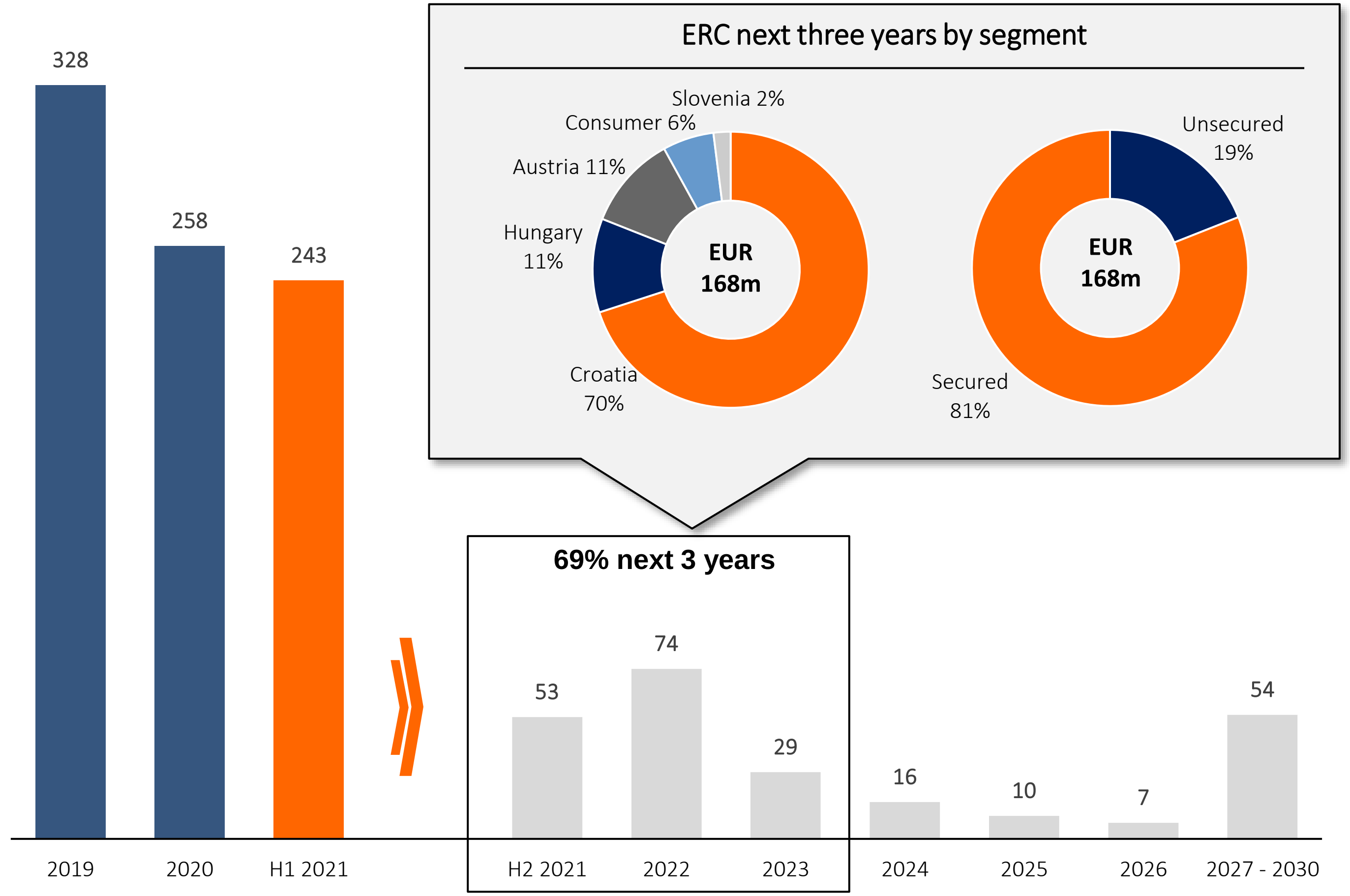
Diversified portfolio – majority of ERC is secured and expected to be received within the next 3 years

Current ERC by portfolio size



- DDM's exposure has a solid diversification – gross ERC has no specific tilt towards any single portfolio. Currently DDM's most significant exposure is a single REO asset in one of the portfolios with 2.1% of total gross ERC
- Further, the top 10 portfolios only comprise of 14% of the total ERC, with the 20 largest comprising of 18.7%. The vast majority of DDM's exposure comes from the significant amount of smaller portfolios spread out throughout Europe

Historic 120-months gross ERC and projected future collections on existing portfolios[1]



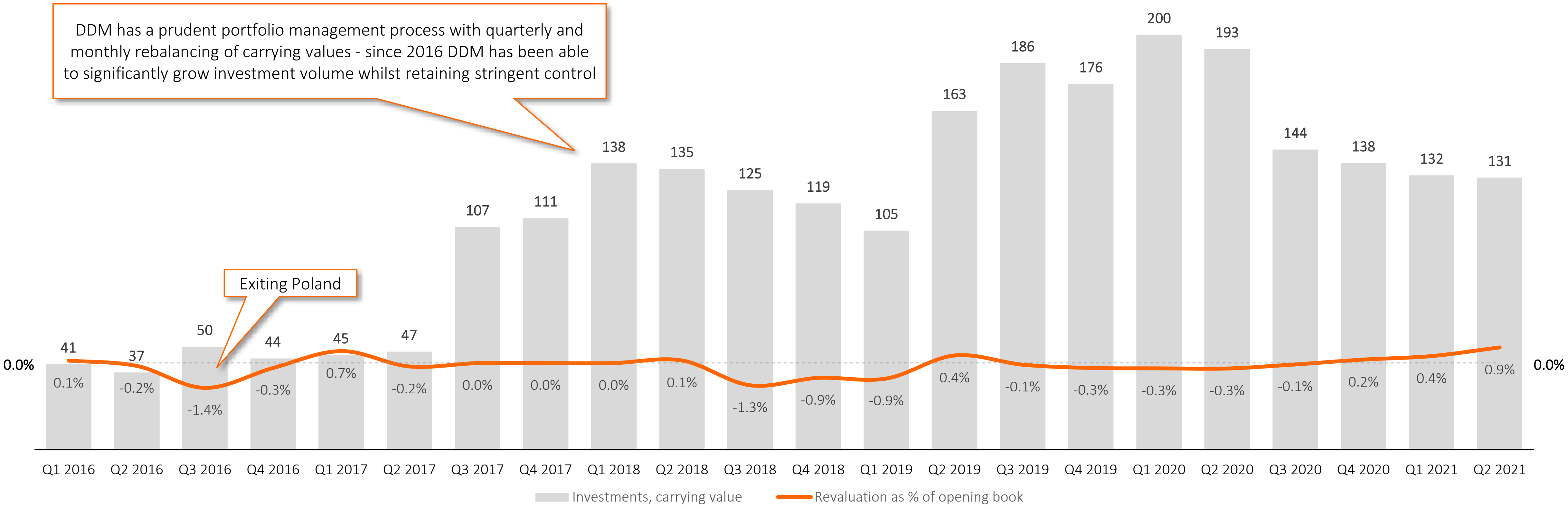
1) ERC from 2020 onwards includes the investment in Addiko Bank AG at DDM's 9.9% share of equity attributable to shareholders (as of 30 September 2020 for 2020 and 31 March 2021 for H1 2021)

Investments and carrying value

Investments resilient with limited adjustments to the carrying value

Investments and carrying value over time

EURm



Top 5 & Bottom 5 investments by net CRM

DDM returning the capital with positive net CRM for all investments

Top 5 investments by net CRM

Country EURm	Sector	Year of acquisition	Loan Type	Purchase Price	Book Value	IRR	Net CRM	Net collections to date
Hungary	B2C	2015	Unsecured	30.6	6.9	>100%	2.1x	57.3
Croatia	B2C	2017	Secured	7.4	10.1	22%	2.0x	3.8
Greece	Mixed	2017	Mixed	56.5	0.0	34%	1.8x	102.6
Slovenia	B2C	2016	Mixed	17.7	1.0	47%	1.7x	29.0
Czech Republic	B2C	2017	Unsecured	12.0	1.2	31%	1.6x	17.8

Bottom 5 investments by net CRM

Country EURm	Sector	Year of acquisition	Loan Type	Purchase Price	Book Value	IRR	Net CRM	Net collections to date
Croatia	B2B	2019	Secured	46.6	33.3	13%	1.3x	22.2
Slovenia	B2B	2016	Secured	6.9	1.2	15%	1.2x	6.6
Czech Republic	B2C	2017	Unsecured	4.4	0.0	21%	1.2x	5.5
Slovenia / Croatia	B2B	2018	Secured	32.4	2.6	11%	1.1x	31.2
Serbia	B2B	2017	Secured	2.4	0.5	4%	1.1x	2.3

DDM Management and Board of Directors

Management with more than 100 years combined experience in the NPL industry

Management

Florian Nowotny

CEO
DDM since 2021, board member since 2019

Previous experience:
Citigroup, UniCredit, Invester United Benefits GmbH, most recently CA Immo, where he was Chief Financial Officer

Fredrik Olsson

CFO
DDM since 2014

Previous experience:
LyondellBasell Industries, Petroplus

Alessandro Pappalardo

CIO
DDM since 2018

Previous experience:
Goldman Sachs, European Resolution Capital Partners and most recently Intrum AB, where he was Chief Investment Officer

Henrik Wennerholm

Advisor
DDM since 2018

Previous experience:
Hoist, Aktiv Kapital (PRA Group), Sileo Kapital, B2Holding ASA, and most recently CEO of DDM Group AG

Frank Breitling

Head of Portfolio and Asset Management
DDM since 2018

Previous experience:
Lone Star Fund/Hudson Advisors, Apollo Capital Management/Lapithus

Bernhard Engel

CEO, AxFina
Since 2019

Previous experience:
PwC Austria's Financial Services and Deals Leader, Unicredit

Board of Directors

Jörgen Durban

Chairman – BoD member since 2019

Other assignments:
Chairman of the board of directors of Haldex AB, CoB of Anoto Group AB (Nasdaq Stockholm: ANOT), CoB of Nordiska Kreditmarknadsaktiebolaget (publ) and Partner at Bdp Partners

Erik Fällström

Board member – BoD member since 2017

Previous experience:
Co-founder and former 40% owner of Hoist Finance (EUR 600M market cap at time of listing), co-founder of arkwright Capital which evolved into European Digital Capital, Executive Chairman EDC Advisor LTD

Joachim Cato

Board member– BoD member since 2019

Previous experience:
Regional Head of Private Banking in Stockholm and Northern Sweden Danske Bank A/S, Head of International Clients in Luxembourg Danske Bank A/S

Dr. Andreas Tuczka

Board member – BoD member since 2021

Previous experience:
Erste Bank, SBC Warburg, ABN AMRO Bank, Citigroup, Lone Star Europe , currently co-founder of AEDC Capital

Ownership

DDM is supported by highly experienced and successful owners

Background

- AEDC Capital (AEDC) was established by a highly experienced team of successful financial services entrepreneurs and investors who have a strong track record in securing investment and business opportunities associated with European banks and their non-core and non- performing assets and financial institutions
- In April 2017, DDM Group Finance S.A. (an affiliate of AEDC) first became a significant shareholder in DDM Holding AG when it acquired approximately 49% of the shares. Since then, DDM Group Finance S.A. has increased its stake through a public cash offer during 2019 to approximately 89% of the shares currently held in DDM Holding AG. In June 2021 it was announced that the ownership stake was increased to more than 95%

Portfolio companies

omnio
ddm
rezolve instant salesware
Thea Artemis
axfina
SIVERSIMA
I-CASH
FACEOFF

Owners

Erik Fällström
Chairman, Managing Director and Founder

Experience and background:
Co-founder and former 40% owner of Hoist Finance (EUR 600M market cap at time of listing)
Co-founder of Arkwright Capital which evolved into European Digital Capital
Executive Chairman of EDC Advisors Ltd
Board member of DDM Holding AG
Education:
Stockholm School of Economics

Dr. Andreas Tuczka
Managing Director and Co-Founder

Experience and background:
AxFina Holding S.A.: Director (non-executive) & Chairman
IKB AG: Member of the Executive Committee
Lone Star: Head of European Financial Institutions
Citigroup: MD, European Financial Institutions Group
Education:
University of Vienna

DDM Financial Services Group overview

Four asset-driven businesses: Investments, Asset Management, Loan & Asset Servicing and Consumer Lending

DDM Financial Services Group
(DDM Group Finance SA - ultimate group parent)

% Ownership percentage

DDM Holding AG (95%)		DDM SideCar (100%)	AxFina[2] (74%)	OMNIO[4] (78%)
Bond Group: DDM Core [1)] European Debt Purchaser	Bond Group: Addiko Group[3] International Banking	ddm	axfina	omnio
Debt & NPL Investment	**Consumer Lending**	**Debt & Special Sits Investments**	**Loan & Asset Servicing Consumer Lending**	**Cloud-based Banking Platform**
▪ Acquisition of under performing, non-core and nonperforming loan portfolios in SEE/CEE markets ▪ Since inception DDM has acquired 2.6 million receivables with a nominal value of over EUR 4 billion ▪ Investment ticket size up to EUR 75 million	▪ Addiko Group is a consumer and SME specialist banking group, serving 0.8m customers in CEE & SEE countries ▪ Approx. total assets EUR 6 billion with loan book EUR 4 billion, mainly in consumer lending and SME ▪ Specialist in mobile payments and payment solutions in the region	▪ Tactical Opps invests in assets, debt and equity from the financial services sector ▪ Teamed-up with a leading global alternative asset manager ▪ EUR 1bn earmarked for acquisitions ▪ Investment ticket size above EUR 75 million	▪ AxFina offers captive and 3rd party portfolio servicing, business process outsourcing ("BPO"), and digital banking solutions to financial institutions and sponsors ▪ Currently, AxFina has more than EUR 2.5 billion assets under management, 120 employees and operates in 7 countries	▪ Global BAAS technology partner for institutions, banks, building societies, credit unions & organisations with existing customer bases which are looking to offer financial services ▪ Secure/scalable Omnicore platform, allied to payment & white label app solutions that allow clients to rapidly deploy to market
Range of Services: Acquisition of Non-core and Distressed Assets	Range of Services: Consumer & SME lending Payment Services	Range of Services: Investment in Tactical Opportunities & Special Situations	Range of Services: Asset & Loan Servicing (incl 3rd party) & BPO Digital Banking	Range of Services: White label banking & payment solutions
Income Source: ERCs – Cash Returns on Investments	Income Source: Interest Income Commission Income	Income Source: Management Fees and Performance Fees	Income Source: Servicing Fees and Subscription Fees	Income Source: Subscription Fees, Licensing Fees, Platform Management Fees, Cashback Revenue

1) All transaction-related investments to be concluded within DDM Group Finance S.A. or DDM Holding AG and the respective affiliates; 2) Majority owned by DDM Group Finance S.A. alongside European Bank for Reconstruction and Development (EBRD) with 24% ownership of AxFina; 3) DDM Core / DDM Holding AG acquired 9.9% of shares in Addiko Bank AG 4) 78% shareholding controlled by trusts attributable to Erik Fällström

Key credit highlights

1. Attractive market fundamentals returning for the European NPL sector
2. Significant investment pipeline at attractive valuations
3. A trusted partner with a strong competitive position in the SCEE region
4. Strong track record of investing in high quality credit portfolios
5. Management team and shareholders with significant expertise and knowledge

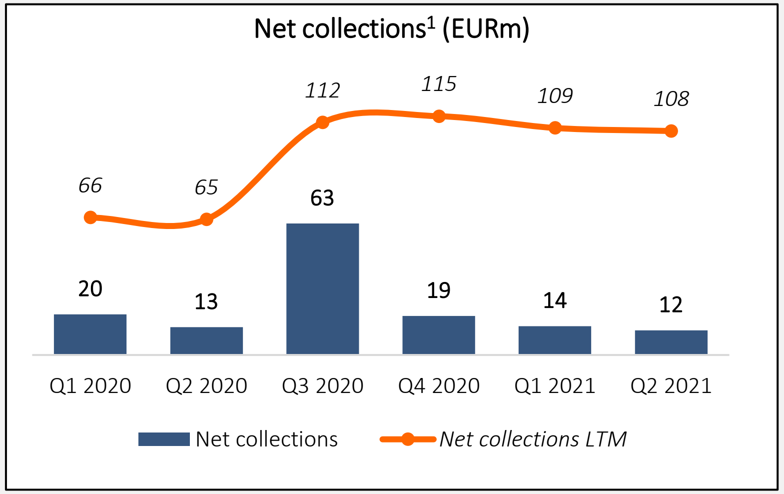
Agenda

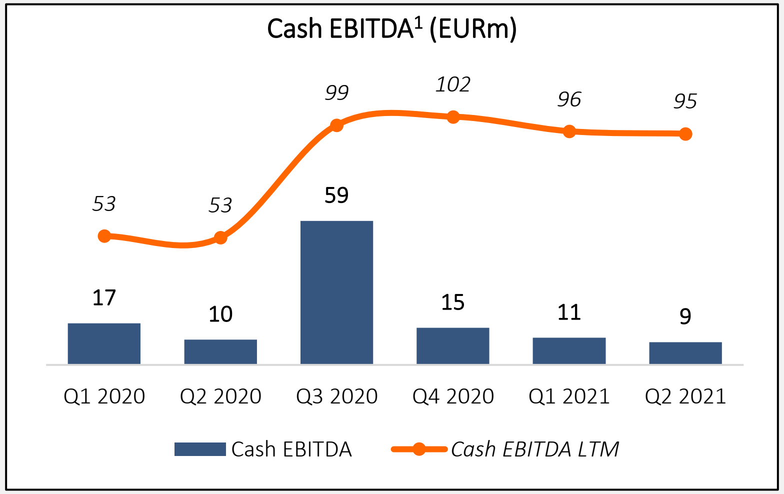
Key highlights FY2020 and H1 2021

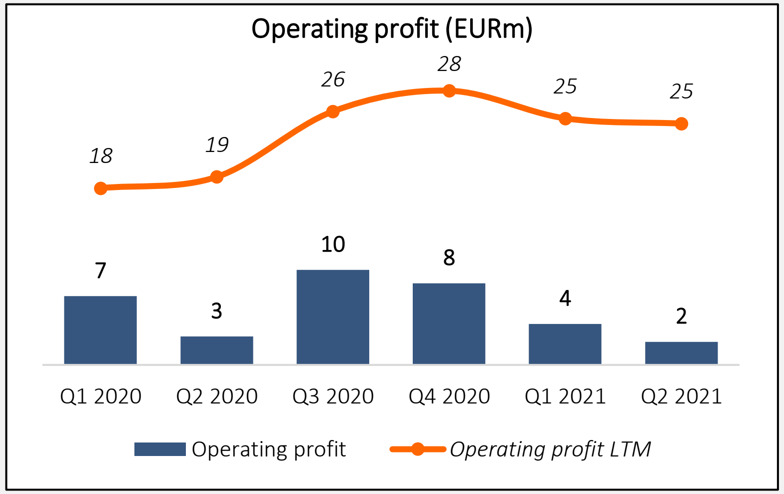
Amidst challenging market conditions, a strong period with significant growth in net collections and strong cash EBITDA development

Key developments

Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Strategic investments	**Initial covid-19 response**	**Further restructurings**	**Deleveraging the firm**	**Bond refinancing**	**Investment activity intensifies**
▪ Strategic investment made, acquiring 9.9% stake in Addiko Bank AG for approximately EUR 30m ▪ Buy-out of majority share co-investor in Hungary	▪ Focus on collections, liquidity management and cost saving initiatives in response to the COVID-19 pandemic	▪ Greek restructuring resulted in accelerated collections of approximately EUR 60m in H2 2020 ▪ Extended its EUR 50m bond by 12 months and repaid EUR 7.5m	▪ Deleveraging balance sheet following bond buybacks and repayments totalling EUR 37m during H1 2020 ▪ Revolving credit facility of EUR 27m renewed for further two year after year end	▪ Successfully issued EUR 150m of fixed rate senior secured bonds with a five-year tenor under a framework of up to EUR 300m	▪ Investment activity intensifying with several ongoing due diligence processes in place ▪ Florian Nowotny appointed as CEO of the company, in effect as of 1 August 2021





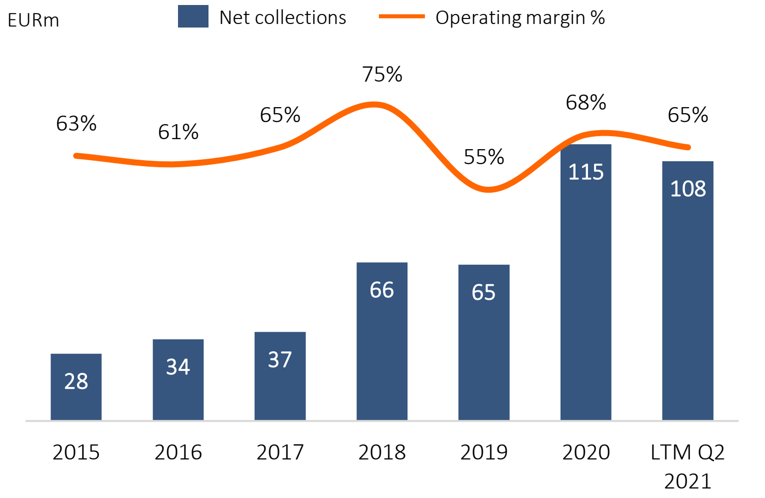


1) Net collections and cash EBITDA are adjusted to include incremental net distributions from joint venture of EUR 3.8M and EUR 5.3M EUR for FY2019 and FY 2020 and EUR 2.0M, 0.9M and 2.7M for Q4 2020, Q1 2021 and Q2 2021 respectively and include net collections on sale of invested assets of EUR 2.5M and EUR 4.5M in Q4 2019 and FY 2019 respectively

Net collection and cash EBITDA

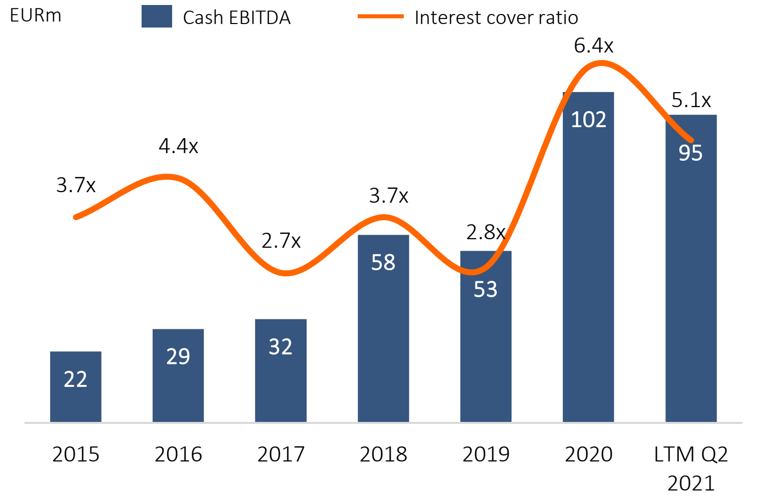
Collections and cash EBITDA at record levels, despite challenging markets

Net collections and operating margin



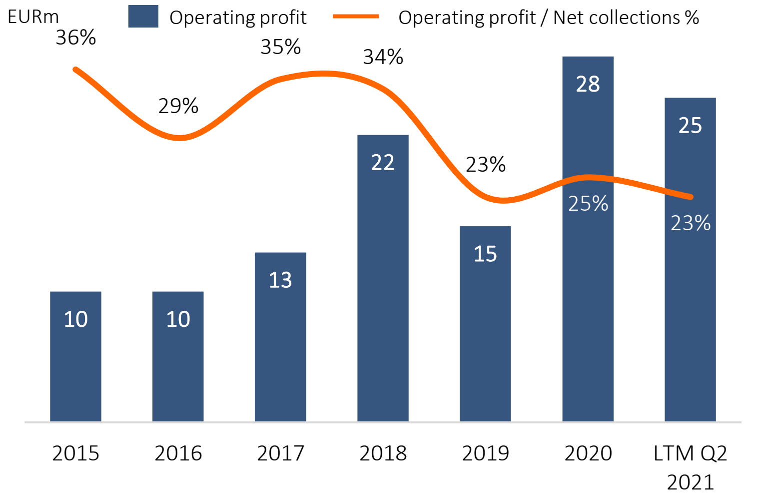
- Record net collections of EUR 115m in 2020 following Greek restructuring resulting in accelerated collections of approximately EUR 60m. LTM collection remains strong at more than 100m
- Since the beginning of 2019 more than EUR 200m of net collections have been received demonstrating the credit quality of DDM's portfolios
- In the next 3 years EUR >170m of gross collections forecasted

Cash EBITDA and interest cover ratio[1,2]



- Record cash EBITDA of over EUR 100m in 2020
- Strong cash conversion and debt service capabilities – interest cover ratio of over 5x[2]
- No material fixed costs and single IT system that accumulates all data on a granular level ensures low opex
- DDM operates a scalable platform with the capacity to increase volumes on current opex levels

Operating profit and operating profit-margin[3]



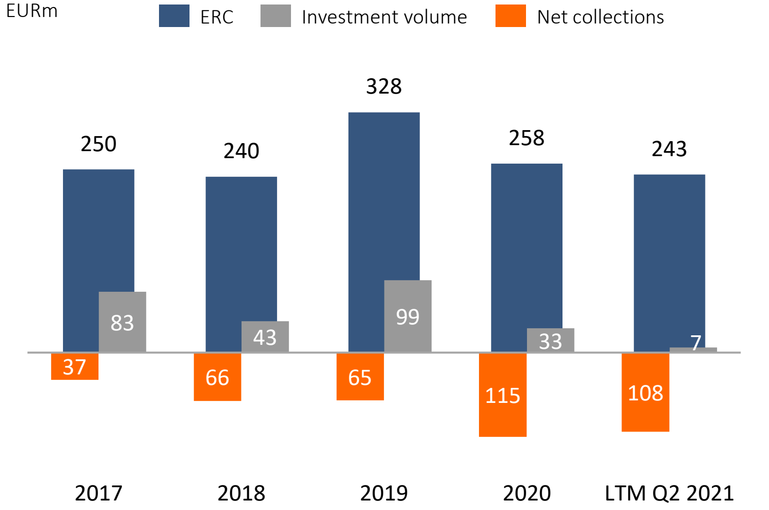
- Operating profit has increased from EUR 10m to EUR 25m since 2016
- Operating profit increased in 2020 as a result of strong collections and lower amortisation
- 1% positive revaluation of the opening book in 2020 shows the resilience and credit quality of the portfolios following the release of credit provisions as a result of the adverse global impact from the Covid-19 pandemic in the prior year

1) Interest cover ratio calculated adjusted cash EBITDA / net financial expense; 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 and EUR 6.2m in LTM Q2 2021 and include net collections on sale of invested assets of EUR 4.5M in FY 2019; 3)) Operating profit as a percentage of net collections

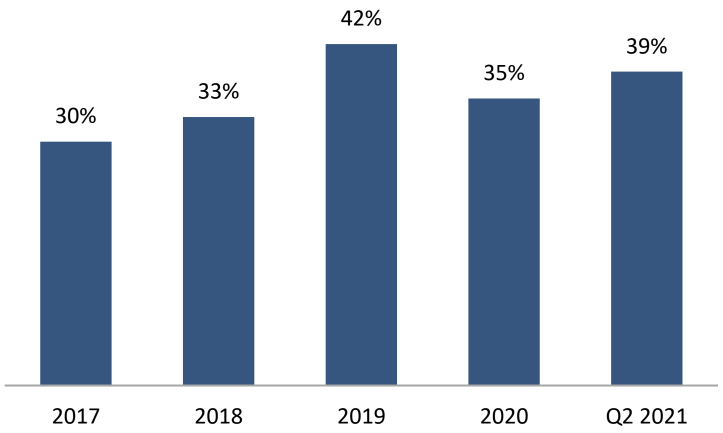
Key metrics

Strong metrics on the back of operational excellence

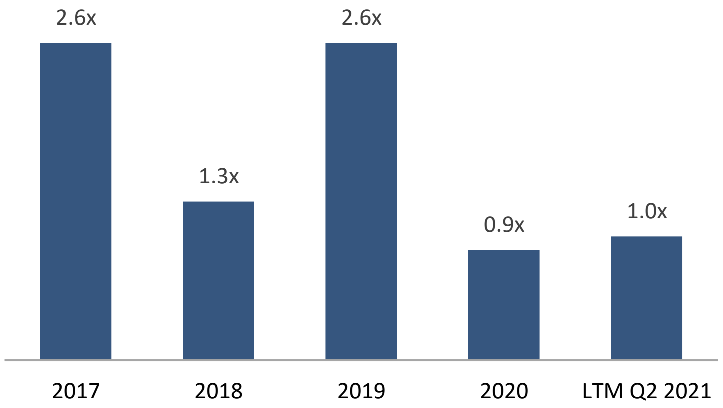
Gross ERC (120 months)



Net LTV[1]



Leverage ratio[1]



- ERC in relation to invested assets at 30 June 2021 stands at EUR 243m, with 69% expected to be collected in the next three years and 75% secured by real estate
- DDM currently sees a strong investment pipeline and expects the ERC to increase following new investments

- Net LTV(Net debt/ERC) of approximately 35% as of year end 2020 which has slightly increased to 39% after Q2 2021 due to lower ERC

- Net leverage of 0.9x at year end 2020 following a focus on deleveraging the balance sheet through 2020
- Historically the variation in leverage has been dependent on the asset utilisation - at the end of 2019 DDM was close to being fully invested

Note: All figures are in EURm
1) Issuer Group

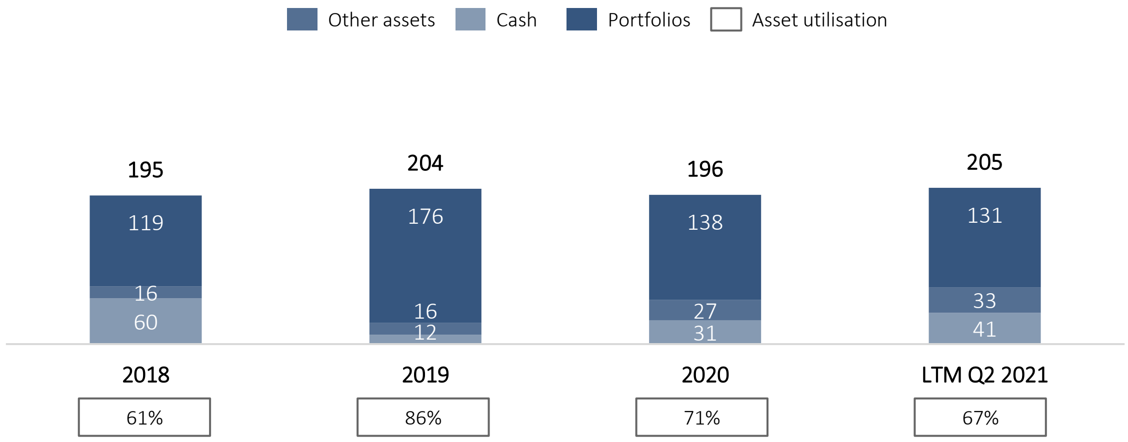
Capital structure of DDM Holding and DDM Debt

Sound capitalisation with a strong asset utilisation

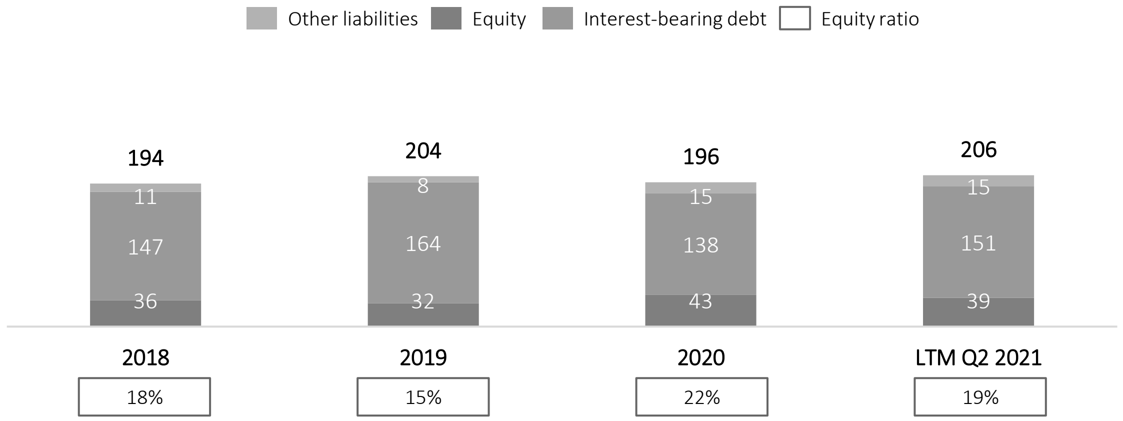
DDM Holding AG capital structure

EURm

Assets



Equity and liabilities

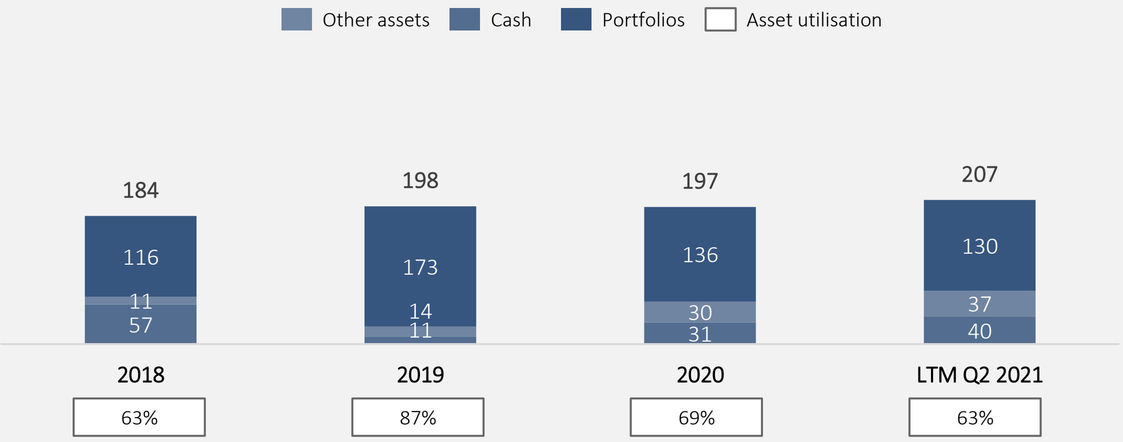


Issuer group

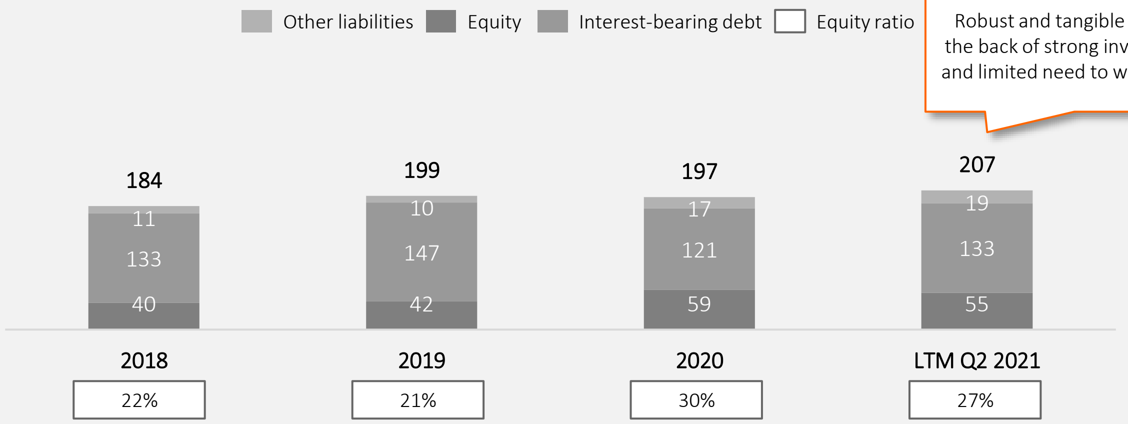
DDM Debt AB capital structure

EURm

Assets



Equity and liabilities



Robust and tangible equity ratio on the back of strong investment history and limited need to write down assets

Note: Asset utilisation = Portfolios / assets

Agenda

ddm

DDM Holding AG | Financials (I/III)

Income statement

For the year ended 31 December						
Amounts in EUR '000	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Revenue on invested assets	15,926	14,920	18,475	28,244	25,823	39,896
Reconciliation of revenue on invested assets:						
Net collections[1]	27,508	34,225	37,434	65,669	57,063	109,369
Amortization of invested assets	-7,427	-18,623	-19,164	-34,828	-34,498	-68,433
Revaluation and impairment of invested assets	-4,155	-682	205	-2,597	-1,218	-1,040
Net collections on sale of invested assets	-	-	-	-	4,476	-
Share of net profits of joint ventures and associates	-	-	-	-	916	1,257
Other operating income	-	-	-	1,967	1,142	-
Revenue from management fees	-	1,207	1,876	1,233	570	74
Personnel expenses	-3,827	-3,949	-3,422	-4,816	-5,398	-5,234
Consulting expenses	-1,207	-1,247	-2,381	-2,443	-5,497	-5,153
Other operating expenses	-779	-952	-1,236	-1,987	-2,324	-2,217
Amortization and depreciation of tangible and intangible assets	-147	-134	-143	-130	-222	-408
Operating profit	**9,967**	**9,843**	**13,169**	**22,068**	**15,010**	**28,215**
Financial income	30	32	-	-	178	2,172
Financial expenses[2]	-5,961	-6,663	-12,016	-15,476	-19,147	-18,134
Unrealized exchange profit / (loss)	-1,707	2,111	594	-402	-336	-1,824
Realized exchange loss	-427	-257	-526	-261	-217	-60
Net financial expenses	-8,064	-4,777	-11,948	-16,139	-19,522	-17,846
Profit before income tax	**1,903**	**5,066**	**1,221**	**5,929**	**-4,512**	**10,369**
Tax income / (expense)	-54	275	-557	-1,112	392	-1,229
Profit for the year	**1,848**	**5,341**	**664**	**4,817**	**-4,120**	**9,140**

1) Includes revenue from management fees in 2015; 2) Includes EUR 3.1M of non-recurring items related to the refinancing in H1 2017 and EUR 2.6m of non-recurring items related to the refinancing in H1 2019

DDM Holding AG | Financials (II/III)

Balance sheet

Assets

For the year ended 31 December *Amounts in EUR '000*	2015	2016	2017	2018	2019	2020
ASSETS						
Goodwill	4,160	4,160	4,160	4,160	4,160	4,160
Intangible assets	1,748	1,637	1,526	1,414	1,303	1,043
Tangible assets	70	63	54	57	54	88
Rights-of-use assets	-	-	-	-	104	254
Interests in associates	600	600	600	13	-	32,986
Distressed asset portfolios	22,254	32,472	105,547	116,143	143,027	79,252
Other long-term receivables from investments	18,307	11,447	5,865	2,422	3,023	-
Investments in joint ventures	-	-	-	-	29,952	25,691
Deferred tax assets	108	1,289	1,403	1,041	1,600	870
Other non-current assets	-	1,332	116	107	995	1,251
Total non-current assets	47,247	53,001	119,271	125,357	184,218	145,595
Accounts receivable	4,131	1,660	4,994	7,280	3,330	14,158
Tax assets	-	-	-	-	1,401	93
Other receivables	300	910	603	761	1,820	1,698
Prepaid expenses and accrued income	142	205	591	1,274	1,402	2,565
Cash and cash equivalents	3,392	10,599	58,118	59,862	12,285	31,416
Total current assets	7,964	13,374	64,306	69,177	20,238	49,930
TOTAL ASSETS	55,211	66,375	183,577	194,534	204,456	195,525

DDM Holding AG | Financials (III/III)

Balance sheet

Equity and liabilities

For the year ended 31 December *Amounts in EUR '000*	2015	2016	2017	2018	2019	2020
SHAREHOLDER'S EQUITY AND LIABILITIES						
Share capital	5,786	7,540	11,780	11,780	11,780	11,780
Share premium	10,778	15,512	21,030	21,030	21,030	21,030
Other reserves	-547	-584	-540	-488	-451	2,163
Retained earnings incl. net profit for the year	-7,735	-1,893	-1,356	3,528	-669	8,342
Total shareholders' equity attributable to Parent	**8,281**	**20,575**	**30,914**	**35,850**	**31,690**	**43,315**
Loans	30,145	31,192	134,166	133,225	114,913	92,840
Lease liabilities	-	-	-	-	61	166
Accrued interest	-	-	-	-	-	2,203
Provisions	-	-	-	-	-	704
Post-employment benefit commitments	812	474	913	966	1,156	1,459
Deferred tax liabilities	60	231	490	307	220	308
Total long-term liabilities	**31,017**	**31,897**	**135,569**	**134,498**	**116,350**	**97,680**
Accounts payable	5,758	1,568	858	1,400	1,308	1,379
Tax liabilities	-	-	814	2,370	240	428
Accrued interest	2,519	2,418	3,822	3,789	2,667	1,834
Accrued expenses and deferred income	1,011	1,733	1,600	2,627	2,648	5,404
Lease liabilities	-	-	-	-	49	123
Loans	6,625	8,184	10,000	14,000	49,504	45,362
Total current liabilities	**15,914**	**13,903**	**17,094**	**24,186**	**56,416**	**54,530**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**55,211**	**66,375**	**183,577**	**194,534**	**204,456**	**195,525**

DDM Debt AB (publ) | Financials (I/III)

Income statement

For the year ended 31 December *Amounts in EUR '000*	2016	2017	2018	2019	2020
INCOME STATEMENT					
Revenue on invested assets	6,881	17,610	27,757	22,446	36,248
Share of net profits of joint ventures and associates	-	-	-	916	1,257
Other operating income	-	-	-	1,142	-
Personnel expenses	-3	-122	-304	-1,187	-695
Consulting expenses	-907	-5,843	-6,304	-9,563	-9,607
Other operating expenses	-6	-234	-201	-347	-216
Amortization and depreciation of tangible and intangible assets	-	-	-2	-81	-67
Operating profit	**5,965**	**11,411**	**20,946**	**13,326**	**26,920**
Financial income	-	191	220	536	2,597
Financial expenses[1]	-1,265	-9,914	-17,634	-21,620	-17,938
Unrealized exchange profit / (loss)	-	1,023	-328	-264	-1,643
Realized exchange loss	-	-384	-123	-130	27
Net financial expenses	**-1,265**	**-9,084**	**-17,865**	**-21,478**	**-16,957**
Profit before income tax	**4,699**	**2,327**	**3,081**	**-8,152**	**9,963**
Tax income / (expense)	-483	-954	-937	865	-1,094
Profit for the year	**4,216**	**1,373**	**2,144**	**-7,287**	**8,869**
- Profit attributable to owners of Parent	4,216	1,373	2,144	-7,170	8,869
- Profit attributable to non-controlling interest	-	-	-	-117	-

1) EUR 2.6m of non-recurring items related to the refinancing in H1 2019

DDM Debt AB (publ) | Financials (II/III)

Balance sheet

Assets

For the year ended 31 December *Amounts in EUR ‘000*	2016	2017	2018	2019	2020
ASSETS					
Tangible assets	-	7	9	29	17
Rights-of-use assets	-	-	-	98	41
Interest in associates	-	600	13	-	32,986
Distressed asset portfolios	15,600	105,547	113,943	140,276	77,194
Other long-term receivables from investments	1	4,963	2,422	3,023	-
Investments in joint ventures	-	-	-	29,952	25,691
Loans to other group companies	-	2,000	2,000	4,000	4,000
Receivables from other group companies	-	-	-	-	5,936
Accrued interest from other group companies	-	191	411	768	1,209
Deferred tax assets	-	837	436	1,375	637
Other non-current assets	-	116	107	270	290
Total non-current assets	15,601	114,261	119,341	179,791	148,001
Accounts receivables	200	4,994	7,279	3,330	14,152
Tax assets	-	-	-	1,397	86
Receivables from other group companies	-	-	422	103	138
Other receivables	842	18	374	1,449	1,636
Prepaid expenses and accrued income	5	197	37	1,171	2,278
Cash and cash equivalents	3,739	57,697	57,266	11,464	30,672
Total current assets	4,787	62,906	65,378	18,914	48,962
TOTAL ASSETS	20,388	117,167	184,719	198,705	196,963

DDM Debt AB (publ) | Financials (III/III)

Balance sheet

Equity and liabilities

For the year ended 31 December *Amounts in EUR '000*	2016	2017	2018	2019	2020
SHAREHOLDERS' EQUITY AND LIABILITIES					
Share capital	54	54	54	54	54
Other reserves	-	-	-4	5	-1
Retained earnings incl. net profit for the year	4,216	6,667	8,811	4,283	21,786
Total shareholders' equity attributable to Parent Company's shareholders	4,270	6,721	8,861	4,342	21,839
Bond loan	-	132,166	133,225	97,626	75,303
Lease liabilities	-	-	-	57	22
Payables to other group companies	1,006	2,075	1,433	1,389	3,077
Loans from other group companies	7,518	-	1,775	1,775	1,775
Loans from other group companies, subordinated	-	18,128	19,400	35,811	35,811
Accrued interest	-	-	-	-	4,800
Deferred tax liabilities	-	490	250	220	308
Total non-current liabilities	8,524	152,859	156,083	136,878	121,096
Loans and borrowings	-	-	-	49,504	45,362
Accounts payable	65	298	448	578	358
Bond loan	6,184	-	-	-	-
Tax liabilities	-	745	2,190	102	231
Accrued interest	413	3,992	5,165	5,178	1,834
Accrued expenses and deferred income	932	2,552	1,972	2,077	6,196
Lease liabilities	-	-	-	47	47
Loans from other group companies, subordinated	-	10,000	10,000	-	-
Total current liabilities	7,594	17,587	19,775	57,486	54,028
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	20,388	177,167	184,719	198,706	196,963

Environmental, social and governmental responsibility

An organisation focused on its responsibilities towards the society

ESG is at the heart of DDM

DDM is one of the market's most renowned investors and managers of debt portfolios, fully adhering the sellers' demands and expectations regarding a fair and ethical debt collection process

A strongly embraced Code of Conduct setting standards for what is acceptable and unacceptable behaviour, and compliance with all applicable laws

Only working with the most trusted parties to ensure full control of counterparty risk

Ethical corporate culture is embraced by the BoD and Executive Management Committee ensuring that all employees perform good judgment with strong integrity throughout the organisation

Substantial assessment to identify all relevant topics of importance to ensure stakeholder confidence within debt collection, anti-corruption and bribery matters, and retention of a healthy environment

Core ESG principles

I. **Sellers**
DDM is dedicated to managing our client's reputation and ensuring a long-term relationship

II. **Business partners**
In co-operation with our partners, DDM strives to implement best-practice and sustainable collection methods

III. **Employees**
DDM is striving to attract committed colleagues, and to be a collaborative and effective organisation

IV. **Society**
DDM strives to actively contribute to a well-structured management of distressed debt of corporations as well as individuals

V. **Debtors**
DDM encourages a dialogue aimed at reaching an amicable, correct and quick settlement in a respectful manner

VI. **Authorities**
All business and other activities of DDM shall be carried out in compliance with a applicable laws and under the principle of good corporate citizenship

VII. **Shareholders/bondholders/investors**
All business and other activities of DDM shall be carried out in compliance with a applicable laws and under the principle of good corporate citizenship

Introduction to FUSION

Advanced proprietary IT system

FUSION system overview with main data flows

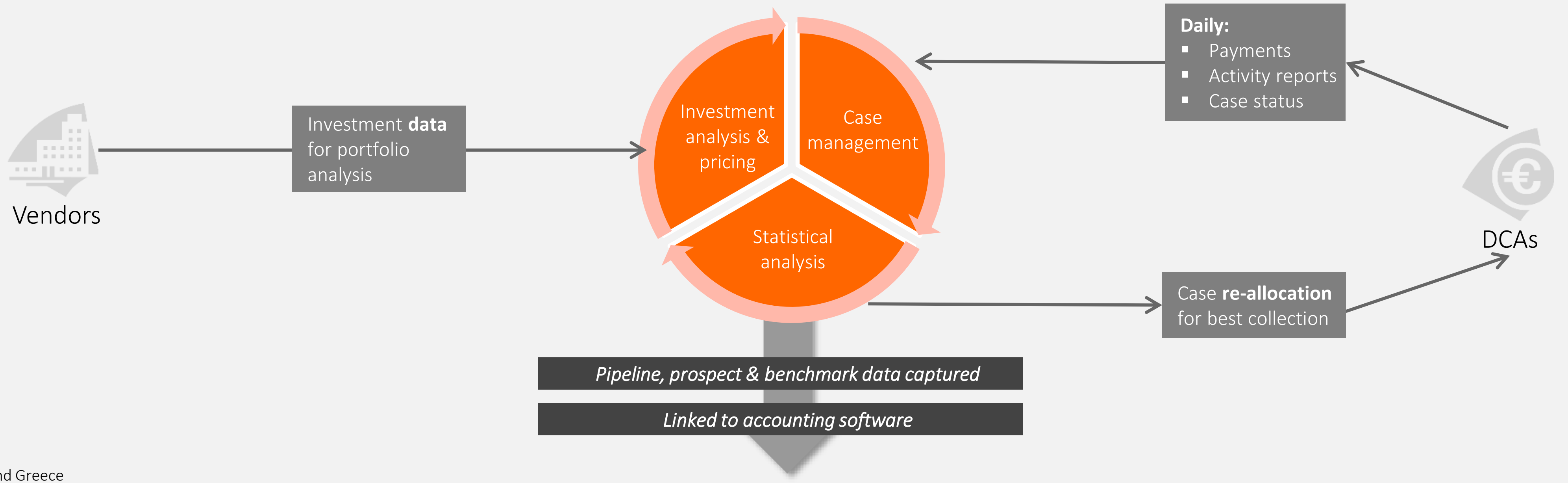
- "FUSION" is DDM's proprietary IT system, which integrates investment-, case-, payment- and activity-data into one comprehensive IT solution
- The system provides DDM with a significant competitive advantage to analyse and bid for new investments and manage current portfolios
- Captures data over the life of an asset

FUSION system in numbers

1. Based on years of industry experience **50+ years**
2. Gross collection value of total cases in database[1] **EUR 4.0bn+**
3. Total cases in database **2.3m**

Why FUSION is important

- Higher accuracy in pricing and evaluation of asset portfolios: Increased accuracy when evaluating and bidding for asset portfolios, using both internal and external data for benchmarking
- Lowered credit risk: Via aggregation of collection data the ability to predict future payment patterns increases, which reduces the risks of forecasting
- Management of outsourced collections: Ability to outsource and control collection agents efficiently
- Improved collection efficiency: Improved collections using case status and activities composed from collection partners, constantly evaluating the best-suited agency for each portfolio
- Compatible with a large majority of locally used collection platforms, enabling fast and efficient market entries



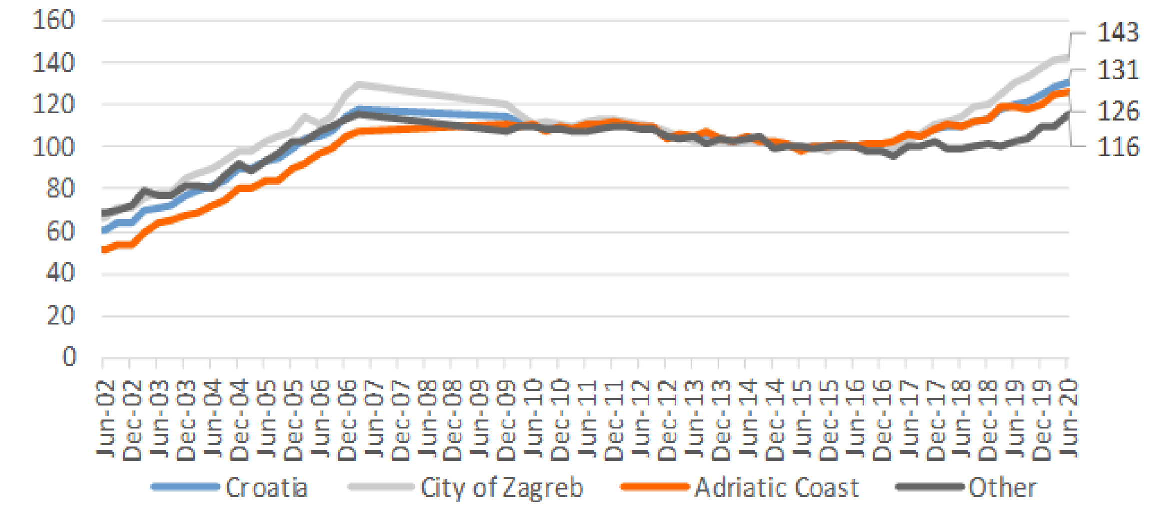
1) Including Croatia and Greece

Croatia real estate market backdrop

Real estate prices in Croatia have continued to rise

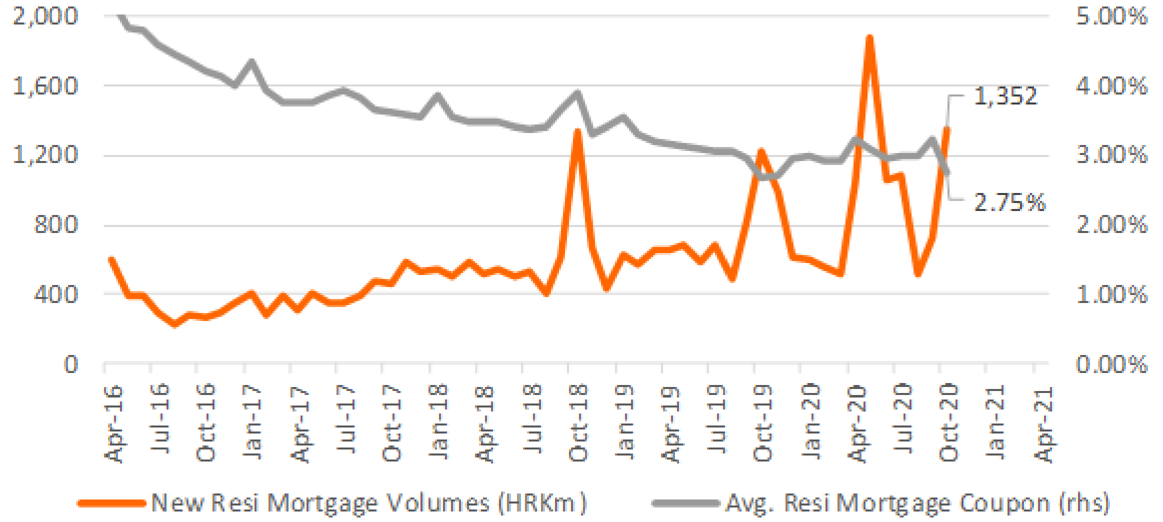
Croatia real estate prices

House Price Index Croatia (YE 2005 = 100)



y-o-y Growth	Croatia	City of Zagreb	Adriatic Coast	Other
Jun-16	1.2%	0.1%	1.9%	0.0%
Jun-17	4.3%	2.8%	6.2%	0.4%
Jun-18	4.5%	11.5%	2.6%	(2.0%)
Jun-19	10.4%	14.5%	9.1%	3.3%
Jun-20	8.3%	8.7%	5.9%	13.4%

New mortgage lending – volumes and coupon in Croatia



- Average coupon rates on mortgage lending has been falling and converging toward the 2.5% base interest rate
- Refinancing conditions has remaining broadly intact with lending volumes rising despite the impact of the COVID-19 pandemic
- Leading to house prices in Croatia continuing to rise

Source: Croatian Bureau of Statistics

Risk Factors (I/XI)

RISK FACTORS

Risk factors deemed to be of importance for the Group's business, future development and ability to meet its obligations under the terms and conditions of the Bonds (the "Terms and Conditions") and risks relating to the Bonds are described below. The risk factors presented below are categorised as "RISKS RELATING TO THE GROUP" and "RISKS RELATING TO THE BONDS" on the basis of whether they pertain to the Group or to the Bonds. The risk factors categorised as "RISKS RELATING TO THE GROUP", are categorised as risk factors pertaining to the Group and not as risk factors pertaining to the Issuer, as the major part of the business operations in the Group are conducted by the Issuer's subsidiaries. The materiality of the risk factors are disclosed by the use of a qualitative ordinal scale of low, medium or high. The assessment of the materiality of the risk factors have been based on the probability of their occurrence and the expected magnitude of their negative impact.

RISKS RELATING TO THE GROUP

RISKS RELATED TO THE GROUP'S BUSINESS ACTIVITIES AND INDUSTRY

Coronavirus disease (COVID-19) risks

The coronavirus ("COVID-19") outbreak is currently having an indeterminable adverse impact on the world economy. COVID-19 was reportedly first discovered in Wuhan, Hubei Province, China, in 2019, and the World Health Organization declared COVID-19 a pandemic on 11 March 2020. The COVID-19 outbreak has become a widespread health crisis, which may in turn result in protracted volatility in international markets and/or result in a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains. In particular, from February to April 2020 the COVID-19 outbreak caused capital markets worldwide to lose significant value and impacted economic activity worldwide. As a result, increased volatility has occurred with respect to, inter alia, securities and currencies. The Group is to a large extent dependent on bank financing and bond financing, and due to the increased uncertainties in the global financial markets the Group's access to available financing may be limited, see *"Economic conditions in the markets in which the Group operates affect the business"*. The uncertainties could affect the Group's cash flow, ability to make additional investments and acquisitions and/or refinance its existing debt.

Mandatory and voluntary lockdowns and quarantines decrease economic growth and can further lead to an increased unemployment rate and/or other impacts on the economy as described above, and this could affect the Group's ability to collect payments due to the inability or unwillingness of debtors to make such payments. Furthermore, mandatory and voluntary lockdowns have in some jurisdictions in which the Group operates in resulted in lockdowns of courts, local debt collection agencies and enforcement authorities, which has resulted in, and may continue to result in, delayed debt collecting processes, which could affect the Group´s cash flow, financial condition and results of operations. Finally, a substantial part of the Group's investments are made against secured asset portfolios, where certain delays have been experienced and could be experienced in the future. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations. Finally, the trading price of the Bonds may also be adversely affected by the economic uncertainty caused by COVID-19.

High level risk

Economic conditions in the markets in which the Group operates affect the business

The Group's main business is to acquire distressed loan portfolios. The Group has currently invested in assets located in countries such as Croatia, Austria, Hungary, Slovenia, Czech Republic, Romania, Serbia, Bosnia and Herzegovina, Slovakia and Greece. The Group is hence exposed to risks related to the economic, market and fiscal conditions in the markets in which the Group operates and any negative developments regarding these conditions. If the economy suffers a material and adverse downturn for a prolonged period of time that, in turn, increases the unemployment rate and/or impacts interest rates and the availability of credit, the Group may not be able to perform debt collection at levels consistent with historic levels due to the inability of debtors to make payments, at the same levels or at all, which could have an adverse effect on the Group’s financial results. In addition, should the level of inflation increase, the real term carrying value of Group’s distressed asset portfolios may decrease which may result in a negative return rate on the Group´s investments.

A significant proportion of the distressed loan portfolios in which the Group has invested in consist of underlying assets secured by real estate mortgages. Such portfolios are hereinafter referred to as "secured portfolio". As at 30 June 2021 secured portfolios constituted 75% of the Group's estimated value of remaining debt collections, and therefore the Group is exposed to the risk of volatility in the real estate markets in the countries in which the underlying assets of the secured portfolios are located, being Croatia, Hungary, Slovenia, Serbia, Bosnia and Herzegovina and Greece. The real estate markets across the countries in which the Group operates business is to a large extent affected by macroeconomic factors such as, inter alia, general economic development and growth, employment trends, level of production of new premises and residential properties, changes in infrastructure, population growth, inflation and interest rate levels. If one or more of these factors would have a negative development, this could have a material negative impact on the value of the security interest and the underlying assets of the secured portfolios.

Accordingly, if any of the risks mentioned above materialise it could have a material adverse effect on the Group’s business, results of operations or financial condition.

High level risk

The asset acquisition industry is competitive

The Group operates in a fragmented and highly competitive industry and is exposed to both domestic and international competition. The Group may face bidding competition in the acquisition of distressed asset portfolios and believes that successful bids are awarded based on price and a range of other factors including, but not limited to, service, compliance, reputation and relationships with the sellers of distressed asset portfolios. There is a risk that the Group is outbid by competitors which have substantially greater financial resources, less expensive funding or lower return requirements than the Group currently has. Some of the Group’s current competitors, and potential new competitors, can also have more effective pricing and collection models, greater adaptability to changing market needs and more established relationships in the industry and geographic markets where the Group operates. If the Group is continuously outbid by dominant competitors, there is a risk that the Group will not be able to develop and expand its business.

High level risk

Risk Factors (II/XI)

The Group is exposed to regulatory and compliance related risks

The Group operates in a variety of jurisdictions and must comply with complex regulations in the jurisdictions in which the Group operates, including, but not limited to, laws and regulations regarding data protection, debt collection, insolvency, consumer protection, debt purchasing and anti-money laundering, sanctions, anti-corruption and terrorist financing at the national and supranational level. The Group is also exposed to risk related to changes to the regulatory or political environments in which the Group operates. Furthermore, the Group has invested in Addiko Bank AG ("**Addiko**") which is a regulated entity requiring regulatory approvals in multiple jurisdictions. Where required, regulatory approvals for the current shareholding have been granted. Further regulatory approvals would be required if the company should want to increase its shareholding. The Group's influence over the entity is a key variable in terms of the accounting treatment of the investment and a change could lead to an impairment of the investment in Addiko.

Compliance with the extensive regulatory framework is expensive and labour intensive. There is a risk that the Group's policies and procedures will not prevent breaches of applicable laws and regulations or that any investigations will not identify such breaches in a timely manner or at all. Failure to comply with applicable laws, regulations and rules, new or amended legislations and regulations, or failure to comply with a contractual compliance obligation, could result in investigations and enforcement actions, licenses that the Group needs to do business not being renewed, being revoked or being made subject to more onerous or disadvantageous conditions, fines or the suspension or termination of its ability to conduct collections. The Group currently has licenses in Hungary for granting credit or leasing financing and for receivable purchasing, and a license in Slovenia for consumer loans. In addition, failure to comply or revocation of a license, or other actions by the Group, may damage the Group's reputation and there is a risk that the Group might have to cease part or all of its business in the relevant country. Furthermore, a failure to comply with applicable laws, regulations or rules, or revocation of a license or any other regulatory action or failure to comply with a contractual compliance obligation could result in fines, penalties and other sanctions and/or the Group being exposed to civil or criminal liability and it could also damage the Group's reputation and affect the Group's relationship with third parties, see "The Group is dependent on key business relationships and third parties".

If any of the above-mentioned risks should materialise it could have a material adverse effect on the Group's business and results of operations.

High level risk

The Group is dependent on employees and consultants and is exposed to risks associated with their activities

The Group is dependent on the knowledge, experience and commitment of its employees and is dependent on its ability to recruit employees with a high level of competence within the loan portfolios acquisition industry, for continued development and current ongoing projects. The Group is also dependent on key individuals at management level. There is a risk that the Group loses key individuals, or is unable to retain and attract competent employees and the loss of certain of its key employees or a failure by the Group to recruit, motivate, develop and retain highly skilled employees could lead to higher labour costs, weaker results or other disruptions in the Group's operations, development and the successful growth of its business, which in turn could adversely affect the Group's business and future prospects.

The Group has a management agreement with DDM Group AG regarding services required in the Group's business (the "**Management Agreement**"). The Group's future development depends largely on the skills, experience and commitment of the consultants which are made available to the Group under the Management Agreement. Therefore, it is important for the Group's future business activities and development that DDM Group AG is able to retain and, where necessary, also recruit suitable consultants for the purpose of managing the Group's business. It is also of importance that DDM Group AG ensures that adequate notice periods are included in employment contracts to avoid disruptions in the ongoing operations. Should DDM Group AG become unable to retain or recruit suitable consultants for managing the Group's business, there is a risk that the Group's operations are disrupted which can ultimately have a negative effect on the Group's financial conditions and results.

Further, individual employees and consultants may act against the Group's and/or DDM Group AG's instructions or internal policies and either inadvertently or deliberately violate applicable law, including, but not limited to, competition laws and regulations by engaging in prohibited activities such as price fixing or colluding with competitors regarding markets or clients. Any such actions could have a material adverse effect on the Group's business.

Medium level risk

Risk Factors (III/XI)

The Group needs to be compliant with the General Data Protection Regulation ("GDPR")

In May 2018 the EU legislation GDPR entered into force. In accordance with the legislation the Group needs to ensure that the personal data processing and other related actions are in compliance with GDPR. The Group processes a large volume of personal data in a number of different jurisdictions in relation to debtors under the loan portfolios, but also in connection with the processing of employee and consultant information, such as for example payroll routines and other matters involving the Group's employees or consultants. The maintenance of systems for personal data processing and actions needed to ensure compliance with GDPR involves costs and can be time consuming for the Group. Since the Group is active in several jurisdictions, the Group must also adapt its operations and keep itself informed of potentially different interpretations of GDPR by the relevant competent data protection authority. The Group further shares personal data with debt collection agencies in connection with the debt collection services commissioned by the Group. There is a risk that third party debt collection agencies fail to comply with GDPR, regardless of their contractual obligations towards the Group, and such failures may result in the Group's reputation being damaged due to its affiliation with the relevant non-compliant debt collection agency. Further, the investigation of a non-compliant debt collection agency may also lead to additional scrutiny from the relevant authorities of the Group's contractual arrangements with the relevant debt collection agency. Sharing personal data with third parties may only be undertaken in accordance with GDPR and there is a risk that additional scrutiny may result in the Group being found to have been non-compliant with GDPR in sharing personal data with debt collection agencies. Compliance with GDPR and related rules and regulations is important as data processing in breach of GDPR could result in fines amounting to a maximum of EUR 20,000,000 or 4 per cent of Group's global turnover. If the Group fails to comply with GDPR this would have a negative impact on the Group's reputation, business and financial conditions.

Low level risk

The Group is dependent on key business relationships and third parties

The Group's future development depends largely on the key business relationships which include, but are not limited to, sellers of distressed asset portfolios, financing partners, debt collection agencies, advisors, co-investors and other third parties. It is therefore important for the Group's future business activities and development that it is able to maintain existing relationships and to develop further relationships with such parties if necessary. Should the Group become unable to maintain or develop further key business relationships it could have a material adverse effect on the Group's business, results of operations or financial condition. Further, the third parties that the Group engages to carry out debt collection services are subject to limited supervision, which may expose the Group to additional risks in relation to these services, such as potential non-compliance and business integrity issues or if there were to be any breach in the data protection of any of these third party providers, all of which could significantly harm the Group's reputation. Additionally, the Group or its partners may utilise bailiffs to assist with seizure of property and other court ordered solutions and to enforce certain successfully resolved legal claims. There is a risk that a third party does not meet the agreed service levels or may act outside of the applicable frameworks or the Group's own policies and procedures. Any such actions could have a material adverse effect on the Group's business, results of operations or financial position.

Medium level risk

Majority owner

The Issuer is a wholly owned indirect subsidiary of DDM Holding AG. DDM Group Finance S.A. owns 95.2% of DDM Holding AG's issued share capital. As a result, DDM Group Finance S.A. and DDM Holding AG (the "shareholders") have and will continue to have, directly or indirectly, the power to affect the Issuer's legal and capital structure as well as the ability to elect and change the Issuer's board of directors and to approve other changes to the Issuer's operations and to influence the outcome of matters requiring action by the shareholders. The shareholders' interests in certain circumstances may conflict with your interests as bondholders, particularly if the Issuer encounters financial difficulties or is unable to pay its debts when due. Furthermore, a majority shareholder may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to the bondholders. The shareholders may also pursue acquisition opportunities that are complementary to the Issuer's business and, as a result, those acquisition opportunities may not be available to the Issuer. The shareholders and their affiliates could also have an interest in pursuing acquisitions, divestitures (including one or more divestitures of all or part of the Issuer's shares which would result in changes to the Issuer's shareholding structure), financings, dividend distributions or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to bondholders. There is nothing that prevents a shareholder or any of its affiliates from acquiring businesses that directly compete with the Group. If such an event were to arise, it could have a material negative impact on the Group's operations, earnings and financial conditions.

Further, any potential change of control in DDM Holding AG and indirectly the Issuer or a change of control in the Issuer, may result in the Issuer being controlled by a majority shareholder whose interest may conflict with those of the bondholders, particularly if the Group encounters difficulties or is unable to pay its debts as they fall due. Any new shareholder may also pose the risks referred to above in relation to the current majority shareholder.

Medium level risk

Risk Factors (IV/XI)

ddm

The Group's models and analytical tools to value and price portfolios may prove to be inaccurate

The Group acquires or invests in loan portfolios and uses internally developed models and input from advisors such as real estate valuation experts to value and price portfolios that the Group considers for purchase and to project the remaining cash flow generation from distressed asset portfolios. There is a risk that the Group will not be able to achieve the recoveries forecasted by the models used to value the portfolios, that the models are not transferable to other types of assets or that the models are flawed. There is a risk that the models will not appropriately identify or assess all material factors and yield correct or accurate forecasts as historical collections may not reflect current or future realities. Further, misjudgements or mistakes could be made when utilising the Group's statistical models and analytical tools. In addition, the Group's statistical models and analytical tools assess information which to some extent is provided by third parties, such as credit agencies, consultants performing asset valuation services, consultants performing audits of for example loan documentation, and other mainstream or public sources, or generated by software products. The Group only has limited control over the accuracy of such information received from third parties. If such information is not accurate, portfolios may be incorrectly priced at the time of purchase, the recovery value for portfolios may be calculated inaccurately, the wrong collection strategy may be adopted and lower collection rates or higher operating expenses may be experienced. Further, historical information about portfolios may not be indicative of the characteristics of subsequent portfolios purchased from the same debt originator or within the same industry due to changes in business practices or economic development. Any of these events would have a material adverse effect on the Group's earnings, cash flow and financial position.

Medium level risk

The Group may make new investments or pursue co-investments that prove unsuccessful and certain investment strategies, including co-investments and joint ventures, may limit the Group's control over particular investments

The Group has historically invested in consumer and corporate debt portfolios through different types of transaction structures including joint ventures and entire companies. On the date hereof the Group has ownership in two joint ventures companies, being CE Partner S.à .r.l. and CE Holding Invest S.C.S, which constituted 11 per cent of the Group's total assets at 30 June 2021. The Group has further as of the date hereof acquired a 9.9% stake in Addiko Bank AG, which constituted 16 per cent of the Group's total assets at 30 June 2021. If the Group makes co-investments together with third parties or enters into joint ventures with third parties or invests in entities through debt securities, the ability of the Group to exercise control over these investments may be limited. Further, the interests of the Group's co-investment partners, any persons with which it pursues joint ventures or other shareholders in entities where the Group has invested may conflict with the interests of the Group.

In the future the Group may consider acquiring distressed assets portfolios with other types of underlying assets and/or apply new transaction structures including, but not limited to, acquiring minority interest, other debt securities (including secured loans) or businesses or make investments in certain special purpose vehicles as permitted under the Terms and Conditions ("**SPV**"), in the Group's current geographical markets or in new markets in which the Group operates. Such investments are exposed to a number of risks and uncertainties including, but not limited to, with respect to collections, ownership, rights, assets, liabilities, taxation, accounting treatment, licenses and permits, legal proceedings, financial resources and other aspects. These risks may be greater, more difficult or more extensive to analyse if the Group acquires new asset types and/or enters into unfamiliar countries or regions. Further, such investments involve risks due to difficulties in integrating operations, models, technology, information technology and hiring competent personnel. Furthermore, an investment in a SPV entails, in addition to the risks involved in an investment in a loan portfolio, risks relating to the capital structure and contractual arrangement of such SPV, including but not limited to, layering of instruments, intercreditor arrangements, lack of perfection actions and valid underlying security, lack of control and ability to influence, exposure to regulatory requirements and applicable insolvency regimes. Any difficulties relating to new investments, to new asset types, entering other markets or applying new transaction structures could require the Group to divert attention or funds from the Group's current core operations, which may affect the ability to generate a return on capital, service financing obligations, purchase portfolios and pursue portfolio acquisitions or other strategic opportunities and may impact the Group's future growth potential. Furthermore, changes in applicable accounting principles, circumstances affecting applicable accounting principles and prevailing interpretation of applicable accounting principles could have an adverse effect on the valuation of the Group's investments and co-investments, which in turn could have an adverse negative affect on the Group's balance sheet and overall financial position. If any of the aforementioned acquisition and investment related risks realise, it could have a material adverse effect on the Group's business, results of operations or financial condition.

Medium level risk

There may not be a sufficient supply of distressed asset portfolios, or appropriately priced assets, to acquire

The Group's core business is to collect debt from acquired asset portfolios and the Group is highly dependent on continuing to find new prospective investments and acquisitions of distressed asset portfolios in order to continue and expand its business in the future, and the availability of distressed asset portfolios to acquire at prices that generate profits depends on a number of factors, see "The asset acquisition industry is competitive". If originators choose to rely more heavily on collection agencies, there would be a reduction in the availability of assets that are early in the financial difficulty cycle and have had little or no exposure to collection activity. These "fresher" assets typically have higher collection expectations. If originators were to perform more of their own collections, or were to further outsource collections to collection agencies, the volume of assets for sale or the quality of assets sold could decrease and, consequently, the Group may not be able to acquire the type and quantity of assets at attractive prices or at prices consistent with its historic return targets. If the Group does not continually replace serviced portfolios with additional portfolios, this could have a material adverse effect on the Group's operations, earnings and financial position.

Low level risk

Risk Factors (V/XI)

The Group may be unable to collect debts or it could take several years to realise cash returns on investments in acquired portfolios

Due to the length of time involved in collecting non-performing debt on acquired distressed asset portfolios, which can vary greatly depending on the type of portfolio and underlying assets involved (as of 30 June 2021 69% of the Group's estimated remaining collections are expected to be received within the next three years), the Group may not be able to identify economic trends or make changes in acquiring strategies in a timely manner. This could result in a loss of value in a portfolio after acquisition. Analytical models may not identify changes that originators make in the quality of the distressed asset portfolios that they sell. If the Group overpays for distressed asset portfolios, and thus the value of acquired assets and cash flows from operations are less than anticipated, the Group would have difficulty servicing debt obligations and acquiring new portfolios. Further, if purchased portfolios do not generate expected cash flows over specified time horizons it may be necessary to make downward revaluations and impairments of the portfolios, all of which could have a material adverse effect on the Group's cash flow, earnings or financial condition.

The Group may not be able to collect debts contained in its acquired portfolios. The Group acquires distressed asset portfolios at a discount to face value and collects the outstanding debt. There is a risk that assets contained in the Group's portfolios cannot eventually be collected by the Group or its partners. The risk in this business is that the Group upon acquisition of invested assets would overestimate its ability to collect amounts, underestimate the costs of collection or misjudge whether the acquired assets are valid, existing and enforceable. If the Group were to become unable to collect the expected amounts contained in its portfolios it could have a material adverse effect on the Group's business, results of operations or financial condition. Further, after taking into consideration direct and indirect operating costs, financing costs, taxes and other factors, it may take several years for the Group to recoup the original acquisition price of investment in distressed asset portfolios. During this period, significant changes may occur in the economy, the regulatory environment or the Group's business or markets, which could lead to a substantial reduction in expected returns or reduce the value of the distressed asset portfolios that have been acquired which could have a material adverse effect on the Group's business, results of operations or financial condition.

Debt collection for consumer portfolios is highly affected by seasonal factors including, but not limited to, the number of work days in a given month, the propensity of debtors to take holidays at particular times of the year and annual cycles in disposable income. Accordingly, collections within portfolios tend to have high seasonal variances, resulting in high variances of margins and profitability between quarters. Furthermore, the Group's debt portfolio purchases are likely to be uneven during the year due to fluctuating supply and demand within the market. In addition, the Group has increased its investments in secured loan portfolios which increases the Group's dependency on fewer, but larger, payments which thereby increases the volatility of the Group's cash flow. As stated in the Group's unaudited report for the fourth quarter of the financial year 2020, the net collections of the Group were EUR 19,269,000 for the period between January - March, EUR 12,121,000 for the period between April - June, EUR 62,106,000 for the period between July - September and EUR 16,703,000 for the period between October – December. As stated in the Group's unaudited report for the first quarter and second quarter of the financial year 2021, the net collections of the Group were EUR 12,598,000 for the period between January – March and EUR 11,255,000 for the period between April – June.

The combination of seasonal collections, uneven purchases and investments in secured loan portfolios may result in low cash flow at a time when attractive distressed asset portfolios become available. There is a risk that in the future the Group will not be able to obtain interim funding. A lack of cash flow could prevent the Group from purchasing otherwise desirable distressed asset portfolios or prevent the Group from meeting its obligations, e.g. to pay interest under the Bonds, either of which could have a material adverse effect on the Group's business and cash flow or financial condition.

Medium level risk

The international scope of the Group's operations and its corporate and financing structure may expose it to potentially adverse tax consequences

Changes in tax laws or their interpretation could lead to an increase in the tax liabilities of the Issuer or its subsidiaries and may affect the intended tax treatment of investments. Tax laws may change or be subject to differing interpretations, possibly with retroactive effect, or the relevant tax authority may take a different view, so that the tax consequences of a particular investment or transaction structure may change after the investment has been made and may become subject to withholding taxes or legal entities themselves may become liable to tax, in each case resulting in the Group's after-tax returns being reduced.

Following various initiatives by the OECD (BEPS project), the Issuer and its subsidiaries are subject to increased uncertainty as to any potential tax risk in the jurisdictions in which they are incorporated or resident for tax purposes and in each jurisdiction where their assets are located. If the Issuer or any subsidiary were denied treaty benefits by a relevant jurisdiction, this may have a material and adverse effect on the Group's financial condition, financial returns and results of operations.

The Issuer and its subsidiaries are subject to taxation in, and to the tax laws and regulations of, multiple jurisdictions (including Swedish and Swiss tax laws) as a result of the international scope of their operations and corporate and financing structure. The Issuer and its subsidiaries are regularly subject to the examination of their corporate income tax arrangements by the competent tax authorities (particularly with respect to their financing and deductibility of interest at the level of subsidiaries). The Issuer and its subsidiaries are also subject to intercompany pricing laws, including those relating to the flow of funds among companies pursuant to, for example, purchase and service agreements or other arrangements. Adverse developments in these laws or regulations, or any change in position by the relevant authority regarding the application, administration or interpretation of these laws or regulations in any applicable jurisdiction, could have a material adverse effect on the Group's business, costs and earnings.

Risk Factors (VI/XI)

The Issuer and its subsidiaries could also fail, whether inadvertently or through reasons beyond their control, to comply with tax laws and regulations relating to the tax treatment of their financing arrangements, which could result in unfavourable tax treatment for such arrangements. If any applicable tax authorities were to successfully challenge the tax treatment or characterization of any such intercompany loans or external financing transactions, it could result in the disallowance of deductions, limit the ability to deduct interest expenses, the imposition of withholding taxes, the application of significant penalties and accrued interest on intercompany loans or internal deemed transfers, the application of significant penalties and accrued interest or other consequences that could have a material adverse effect on the Group's business, costs and earnings.

Medium level risk

The Group is exposed to the risk of currency fluctuations

The Group's revenue on invested assets is primarily denominated, inter alia, in EUR, Croatian kuna, Hungarian forint, Czech koruna, Romanian leu and Serbian dinar while the Group reports its financial results in EUR. Further, the Group acquires portfolios with accounts denominated mainly in Croatian kuna, EUR, Hungarian forint, Czech koruna, Romanian leu and Serbian dinar and will service these accounts through the placement and collections process. The Group may further be exposed to additional currencies as a consequence of geographically expanding its business operations.

Since the headquarters of the Group is located in Sweden part of the Group's operating expenses are incurred in SEK. However, the headquarters of DDM Holding AG is located in Switzerland and a significant share of the operating expenses are thereby incurred in CHF. Furthermore, the Group has operations in Hungary, and part of the Group's operating expenses are thereby incurred in Hungarian forint. This makes the Group exposed to currency fluctuations in SEK, CHF and HUF.

Historically the exchange rates between some of these currencies and EUR have fluctuated significantly and the Group's local currencies may in the future fluctuate significantly. Consequently, to the extent that foreign exchange rate exposures are not hedged, fluctuations in currencies may adversely affect the Group's financial results in ways unrelated to the operations and could affect the Group's financial statements when the results of its portfolios are translated into EUR for reporting purposes. An appreciation of the euro of 10% in 2020 against the Croatian kuna would have resulted in a decrease in net collections of EUR 1,446,000. Consequently, a depreciation of the euro of 10% in 2020 would have resulted in an increase in net collections of the same amount. Any of these developments could have a material adverse effect on the Group's earnings, costs of operation and financial position.

Medium level risk

The Group is exposed to errors in the collection process and other operational issues or negative attention and news regarding the debt collection industry, individual debt collectors or sellers of portfolios

Debtors may become more reluctant to pay their debts in full or at all or become more willing to pursue legal actions against the Group. Print, television or online media may, from time to time, publish stories about the debt collection or asset acquisition industry that may cite specific examples of real or perceived abusive collection practices. These stories can be published on websites or other media platforms which can lead to the rapid dissemination of the story and increase the exposure to negative publicity about the Group or the industry. In addition, there are websites where debtors may list their concerns about the activities of debt collectors and financial institutions and seek guidance from other users on how to handle the situation. These websites are increasingly providing debtors with legal forms and other strategies to protest collection efforts and to try to avoid their obligations. To the extent that these forms and strategies are based upon erroneous legal information, there is a risk that the cost of collections is increased. Debtor blogs and claims management companies are becoming more common and add to the negative attention given to the industry. Certain of these organisations may also enable debtors to negotiate a larger discount on their payments than the Group would otherwise agree to. As a result of this publicity, debtors may be more reluctant to pay their debts or could pursue legal action against the Group regardless of whether those actions are warranted. These actions could impact the Group's ability to collect on the assets acquired and could have a material adverse effect on the Group's business, costs and earnings.

Low level risk

The Group may acquire portfolios that contain accounts that are not eligible to be collected or could be the subject of fraud when acquiring distressed asset portfolios

In the normal course of portfolio acquisitions, there is a risk that assets may be included in the portfolios that fail to conform to the terms of the acquisition agreements and the Group may seek to return these assets to the seller for refund or replacement of new cases. However, there is a risk that the provisions of the relevant acquisition agreement will not allow for such returns, that the seller will not be able to meet its obligations or that the Group will not identify non-conforming accounts soon enough to qualify for recourse. Accounts that would be eligible for recourse if discovered in a timely fashion but that the Group is unable to return to sellers are likely to yield no return. If the Group acquires portfolios containing a large amount of non-conforming accounts or containing accounts that are otherwise uncollectible, the Group may be unable to recover a sufficient amount for the portfolio acquisition to be profitable, which could have a material adverse effect on the Group's business, results of operations or financial condition.

Risk Factors (VII/XI)

In addition, due to fraud by a seller, a consultant or an employee, the Group could acquire so-called "phantom portfolios" that have been sold to more than one person or where the assets are not valid, existing and enforceable or the debtor is not an existing person. The Group would not be able to collect on a portfolio to which it has no legal ownership, or would need to spend time and resources establishing its legal ownership of the portfolio if such ownership is uncertain. The internal controls the Group has in place to detect such types of fraud may fail. If the Group is the victim of fraud, it could have an impact on the Group's cash flow or reduce its collections from invested assets, in either case potentially adversely impacting the Group's business, results of operations and prospects.

Low level risk

The Group's collections may decrease if the number of debtors becoming subject to insolvency procedures increases

The Group recovers on assets that become subject to insolvency procedures under applicable laws, and acquires accounts that are, at the time of the acquisition, subject to insolvency proceedings. Various economic trends and potential changes to existing legislation may contribute to an increase in the number of debtors subject to insolvency procedures. Under some insolvency procedures assets may be sold to repay creditors, but since the non-performing assets may be unsecured, the Group may not be able to collect on those assets and as at 30 June 2021 unsecured portfolios constituted 25% of the Group's estimated remaining collection. The Group's ability to successfully collect on its distressed asset portfolios could decline following an increase in insolvency procedures or a change in insolvency laws, regulations, practices or procedures, see "The Group is exposed to regulatory and compliance related risks". If actual collections with respect to a distressed asset portfolio are significantly lower than projected when the Group acquired the portfolio, this would have a material adverse effect on the Group’s business, earnings or financial condition.

Low level risk

The IT and data analysis system used by the Group may not be successfully developed and maintained

The Group uses the IT System FUSION which is owned by the Issuer's indirect parent company DDM Group AG, but the Group has a right to use the IT system pursuant to the Management Agreement. FUSION provides functionality to analyse and bid for new investments and manage current assets, and is important for the Group to carry out its business. IT and telecommunications technologies are evolving rapidly. DDM Group AG may not be successful in anticipating, managing or adopting technological changes on a timely basis and may not be successful in implementing improvements to its IT or data analysis systems. Potential problems with the IT system could result in management not being able to devote sufficient attention to other areas of the Group's business. Also, any security breach in the IT system used by the Group, or any temporary or permanent failure in the system or loss of data, could disrupt operations and have a material adverse effect on the Group’s business, results of operations or financial condition.

Low level risk

The Group is exposed to refinancing risk

The Group’s business is as of the date hereof to a large extent funded by bonds and as at 30 June 2021 the Group had EUR 138,400,000 in outstanding debt. The outstanding bond loan and/or an outstanding working capital facility may under certain circumstances set out in their respective terms and conditions, be redeemed or prepaid by the Issuer or accelerated by the bondholders prior to such final maturity date. There is a risk that there will be no correlation in time between collecting on sufficient assets under the Group’s portfolios and the maturity of the Group’s funding. There is also a risk that financing will not continue to be available to the Group on acceptable terms or at all. The Group may need financing to expand and make new acquisitions or other investments. Therefore, the Group is dependent on the ability to refinance borrowings upon their maturity and there is a risk that the Group will not be able to successfully refinance the bond loan and/or an outstanding working capital facility upon their maturity or only succeeds in securing funding at substantially increased costs, which could have a material adverse effect on the Group’s business, results of operations or financial condition.

Further, there is a risk that it will become harder for the group to attract creditors who are willing to provide working capital facilities on favourable and/or acceptable terms for the Group if such facilities are not entered into prior to, or in conjunction with, the bonds issue as creditors may then be required to accede to an intercreditor agreement which they have not negotiated themselves and may hence include provisions which are not satisfactory to their interests. The Issuer’s existing revolving credit facility availability period has expired and the Issuer is in negotiation with several potential revolving credit facility providers and has an agreed term sheet, but there is no legal commitment for a renewed revolving credit facility as of the date hereof and the foregoing risk may hence materialize.

High level risk

Risk Factors (VIII/XI)

The Group is dependent on future financing on attractive terms and access to capital

The Group's business model and strategy entails that the Group regularly acquires additional distressed asset portfolios and loan portfolios in existing or new markets. The Group may require additional debt or equity funding to fund growth, respond to competitive pressure or to make acquisitions or other investments. The access to and the terms of such additional financing are affected by a number of factors including, but not limited to, successful collection on current distressed asset portfolios, terms and conditions of the Group's financing arrangements and related security arrangements, the general availability of capital and the Group's credit worthiness and credit capacity. Disruptions and uncertainty in the credit and capital markets may also limit access to additional capital. A limited availability of credit and limitations in access to financial and capital markets, combined with rising credit costs, may slow down, deteriorate, or even prevent the growth and further expansion of the Group entirely. Should the Group become unable to secure additional funding, or only succeeds in securing additional funding on unfavorable terms, it could have a material adverse effect on the Group's business, competitiveness and prospects.

High level risk

Litigation may negatively affect the Group's business

The Group may be adversely affected by judgments, settlements, unanticipated costs or other effects of legal and administrative proceedings that may be instituted, especially in relation to consumer credit disputes which are considered normal in the course of the Group's operations when debt collecting. If legal proceedings are adversely decided on the Group or prolonged over time, the Group risks that debt collection returns need to be written down, which may have a material adverse effect on the Group's cash flow and financial condition. In some proceedings, the claimant may seek damages as well as other remedies, which, if granted, would require expenditures and may ultimately incur costs relating to these proceedings that could exceed the Group's present or future financial accruals or insurance coverage.

Medium level risk

The Group's geographic presence and expansion exposes the Group to local risks in several European markets

The Group currently has investments mainly in Croatia, Austria, Hungary, Slovenia, the Czech Republic, Romania, Serbia, Bosnia and Herzegovina and Greece and the percentage of book value of investments by country as at 30 June 2021 is 60% in Croatia, 26% in Austria, 5% in Hungary, 5% in Romania, 2% in Slovenia and 2% in Czech Republic and other. The Group's business is subject to local risks due to the operations in multiple Southern, Central and Eastern European markets including, but not limited to, multiple national and local regulatory and compliance requirements relating to labour, licensing requirements, consumer credit, data protection, anti-corruption, anti-money laundering and other regulatory regimes, potential adverse tax consequences, antitrust regulations, an inability to enforce remedies in certain jurisdictions and geopolitical and social conditions in certain sectors of relevant markets. Consequently, there could be unforeseen risks and there may be unanticipated obstacles negatively effecting the Group. Hence, there is a risk that the Group invests time and financial resources in expansion strategies which turn out not to be successful, which could have an adverse effect on the Group's business, results of operations and financial conditions.

Furthermore, when entering new markets the Group could face additional risks including, but not limited to, incurring start-up losses for several years due to lower levels of business, ramp up and training costs, the lack of expertise in such markets, the lack of adequate and available management teams to monitor these operations, unfavourable commercial terms and difficulties in maintaining uniform standards, control procedures and policies. The Group may experience significant strains on its managerial, operational and financial resources associated with the hiring and training of new employees, and the development and management of business functions and relationships with clients. Any negative impact caused by the foregoing risks could have a material adverse effect on the Group's business, results of operations or financial condition. In addition, if the Group expands into new jurisdictions, the business will be subject to applicable laws, regulations and any licensing requirements in such new jurisdictions, which may be different or more stringent than the jurisdictions in which the Group currently operates.

Medium level risk

RISKS RELATING TO THE BONDS

RISK RELATED TO THE NATURE OF THE BONDS

Credit risks relating to the Bonds and ability to service debt under the Bonds

Investors in the Bonds assume a credit risk towards the Company and indirectly the Group. An investor's prospects of receiving payment under the Bonds is therefore dependent upon the Company's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position. The credit risk and the Group's financial position is affected by several factors of which some have been mentioned in the above category "Risks relating to the Group". One such aspect of credit risk is that there is a risk that a deteriorating financial position of the Group will force the Group to refinance the Bonds instead of redeeming them with cash generated by the Group, as described under Section "Refinancing risks" above. The Company's ability to service its debt under the Bonds will depend upon, among other things, the Group's future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take actions such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. There is a risk that the Group will not be able to access any of these sources of capital on satisfactory terms, or at all. In case of a deteriorating financial position of the Group, this will reduce the Group's ability to receive debt financing at the time of the maturity of the Bonds. Should any of the above risks materialise, this would have a significant negative effect on the Group's operations, earnings, results and financial position.

Risk Factors (IX/IX)

Furthermore, there is a risk that an increased credit risk will cause the market to charge the Bonds a higher risk premium, which will affect the Bonds' market value negatively. If the Company were to be unable to make repayment under the Bonds, there is a risk that the bondholders would find it difficult or impossible to recover the amounts owed to them under the Bonds.

Medium level risk

Risks related to early redemption

Under the Terms and Conditions for the Bonds, the Issuer reserves the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date, the holders of the Bonds have the right to receive an early redemption amount which exceeds the nominal amount in accordance with the Terms and Conditions for the Bonds. However, there is a risk that the market value of the Bonds is higher than the early redemption amount and that it may not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate. It is further possible that the Issuer will not have sufficient funds at the time of the mandatory prepayment to carry out the required redemption of Bonds.

Medium level risk

Put option

According to the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put option) if any person or group of persons, other than (i) DDM Group Finance S.A, reg. no. B214693, or any affiliate of DDM Group Finance S.A to whom the entire (direct or indirect) shareholding in the Issuer of DDM Group Finance S.A is transferred, or (ii) a special purpose acquisition company, provided that following the listing of the shares in the special purpose acquisition company no person or group of persons acting in concert acquires control over the Issuer, acting in concert acquires control over the Issuer, in each case where "control" means (A) controlling, directly or indirectly, more than 50 per cent. of the voting shares of the Issuer, or (B) the right to directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer.

There is, however, a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds which could adversely affect the Issuer, e.g. by causing insolvency or an event of default under the Terms and Conditions, and thus adversely affect all bondholders and not only those that choose to exercise the option.

Medium level risk

RISKS RELATING TO SECURITY AND ENFORCEMENT OF SECURITY

Risks relating to the transaction security

Although the obligations under the Bonds are secured by first priority pledges over the shares in the Issuer and in the Issuer's material direct Swiss subsidiary DDM Invest III AG (reg. no. CHE-115.238.947), it is not certain that the proceeds of any enforcement of the relevant security would be sufficient to satisfy all amounts then owed to the bondholders. There is further a risk that the transaction security granted will be insufficient in respect of any of the Issuer's obligations under the Bonds due to provisions regarding financial assistance, corporate benefit or other limitations of pledge pursuant to the applicable laws of the relevant security provider, being Swedish law and Swiss law at the date hereof.

According to the Terms and Conditions, the Issuer may issue subsequent Bonds and the holders of such Bonds will be entitled to share the security that have been granted to the existing bondholders. There is a risk that the issue of subsequent Bonds has an adverse effect on the value of the security that have been granted to the bondholders.

The bondholders are represented by Nordic Trustee & Agency AB (publ) as security agent (the **"Security Agent"**) in all matters relating to the transaction security. There is a risk that the Security Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the transaction security. Further, the transaction security might be subject to certain hardening periods during which times the bondholders do not fully, or at all, benefit from the transaction security.

The Security Agent is entitled to enter into agreements with members of the Group or third parties or to take any other action necessary for the purpose of maintaining, releasing or enforcing the transaction security or for the purpose of settling, among other things, the bondholders' rights to the security.

Medium level risk

Risk Factors (X/XI)

Risks relating to enforcement of the transaction security

If a subsidiary, whose shares have been pledged in favour of the bondholders, is subject to any foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceedings, the shares that are subject to such pledge may then have limited value because all of the subsidiary's obligations must first be satisfied, potentially leaving little or no remaining assets in the subsidiary for the bondholders. As a result, there is a risk that the bondholders will not recover the full value (or any value in the case of an enforcement sale) of the shares. In addition, the value of the shares subject to pledges may decline over time.

If the proceeds of an enforcement are not sufficient to repay all amounts due under or in respect of the Bonds, then the bondholders will only have an unsecured claim against the Issuer and its remaining assets (if any) for the amounts which remain outstanding under or in respect of the Bonds.

Medium level risk

Risks related to intercreditor arrangements

The Issuer has the ability to incur super senior debt which, in accordance with the terms of the Intercreditor Agreement (as defined below), ranks senior to the Bonds. The Issuer also has the possibility under the Terms and Conditions to incur additional super senior debt or refinance such super senior debt. Further, the Issuer may incur additional financial indebtedness which will also rank pari passu with the Bonds. The relation between certain of the Issuer's creditors and the security agent is governed by an intercreditor agreement (the "Intercreditor Agreement"). A facility agent appointed by a super senior lender may act as super senior representative under the Intercreditor Agreement. The security agent will in accordance with the Intercreditor Agreement in some cases take instructions from a super senior representative. There is a risk that the security agent and/or a super senior representative will act in a manner or give instructions not preferable to the bondholders. In addition, the security agent will in some cases take instructions from a senior representative, being those senior creditors whose senior debt at that time aggregates to more than 50 per cent of the total senior debt. If the outstanding senior debt towards other senior creditors than the bondholders exceeds the obligations under the Bonds, the bondholders will therefore not be in a position to control the enforcement procedure.

If the outstanding obligations of the Group towards other secured creditors than the bondholders increase, there is a risk that the security position of the bondholders is impaired. Furthermore, there is a risk that the security will not at all times cover the outstanding claims of the bondholders and the other secured creditors.

The proceeds from an enforcement of the transaction security will be applied in accordance with the terms of the Intercreditor Agreement pursuant to which certain fees to, inter alios, the Security Agent as well as certain costs and indemnifications will be paid by the Security Agent before applying proceeds to the Bondholders and the other secured parties. The proceeds of an enforcement of transaction security will be applied in accordance with the terms of the Intercreditor Agreement pursuant to which the super senior creditors (if any) will be paid by the Security Agent before applying proceeds to the Bondholders which will be shared pro rata with the creditors of any new debt incurred by the Issuer in accordance with the Intercreditor Agreement. There is a risk that the enforcement proceeds will not be sufficient in order for the Issuer to satisfy the holders of the Bonds and the rights of the holders of the Bonds to receive payments of the enforcement proceeds from the transaction security as there are certain other creditors that will be paid of the enforcement proceeds before applying the proceeds to the bondholders and repay any outstanding amount and accrued interest under the Bonds in accordance with the provisions of the Intercreditor Agreement.

Medium level risk

Structural subordination and insolvency of subsidiaries

All revenues of the Group are generated in the subsidiaries or the associated companies of the Issuer. The subsidiaries and the associated companies are legally distinct from the Issuer and have no obligation to make payments to the Issuer of any profits generated from their business. The ability of the subsidiaries and the associated companies to make payments to the Issuer is restricted by, among other things, the availability of funds, corporate restrictions and legal restrictions (e.g. limitations on value transfers). Should the Issuer not receive sufficient income from its subsidiaries, the investor's ability to receive payment under the Terms and Conditions may be adversely affected.

The Group or its assets may not be protected from any actions by the creditors of any subsidiary or associated company of the Group, whether under bankruptcy law, by contract or otherwise. In addition, defaults by, or the insolvency of, certain subsidiaries or associated companies of the Group could result in the obligation of the Group to make payments under parent company financial or performance guarantees in respect of such subsidiaries' or associated companies' obligations or the occurrence of cross defaults on certain borrowings of the Group.

Medium level risk

Risk Factors (XI/XI)

Security over assets granted to third parties

Subject to certain limitations from time to time, the Issuer may incur additional financial indebtedness and provide additional security for such indebtedness. If security is granted in favour of a third party debt provider, the bondholders will, in the event of bankruptcy, re-organisation or winding-up of the Issuer, be subordinated in right of payment out of the assets being subject to security provided to such third party debt provider. In addition, if any such third party debt provider holding security provided by the Group were to enforce such security due to a default by any company within the Group under the relevant finance documents, there is a risk that such enforcement materially and adversely effects the Group's assets, operations and, ultimately, the financial position of the bondholders.

Low level risk

RISK RELATING TO THE BONDHOLDERS' RIGHTS AND REPRESENTATION

The rights of bondholders depend on the Agent's actions and financial standing

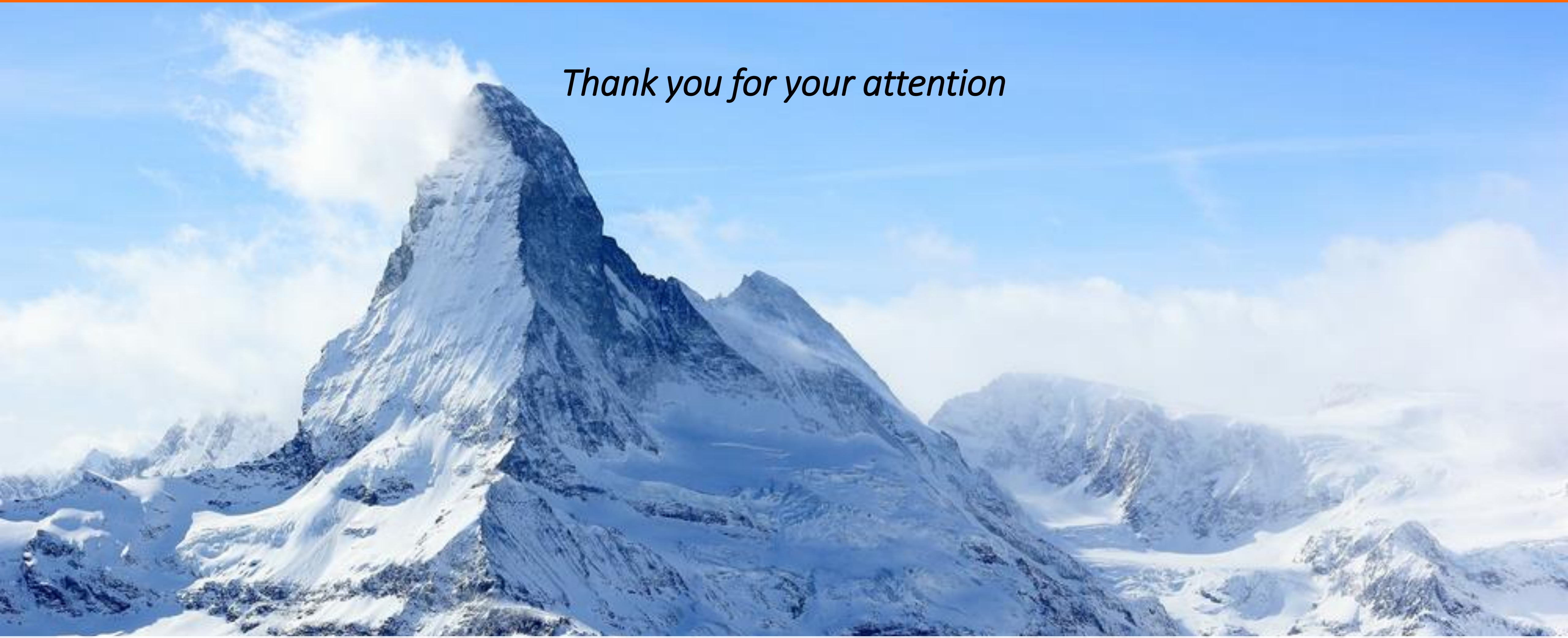
By subscribing for, or accepting the assignment of, any Bond, each holder of a Bond has accepted the appointment of the Agent (being on the first issue date Nordic Trustee & Agency AB (publ)) to act on its behalf and to perform administrative functions relating to the Bonds. The Agent has, among other things, the right to represent the bondholders in all court and administrative proceedings in respect of the Bonds. However, the rights, duties and obligations of the Agent as the representative of the holders of the Bonds are subject to the provisions of the Terms and Conditions, and there is no specific legislation or market practice in Sweden (under which laws the Terms and Conditions are governed) which would govern the Agent's performance of its duties and obligations relating to the Bonds. There is a risk that a failure by the Agent to perform its duties and obligations properly or at all will adversely affect the enforcement of the rights of the bondholders.

The Agent may be replaced by a successor Agent in accordance with the Terms and Conditions. Generally, the successor Agent has the same rights and obligations as the retired Agent. It may be difficult to find a successor Agent with commercially acceptable terms or at all. Further, there is a risk that that the successor Agent would breach its obligations under the above documents or that insolvency proceedings would be initiated against it.

There is a risk that materialisation of any of the above risks will have a material adverse effect on the enforcement of the rights of the holders of the Bonds and the rights of the holders of the Bonds to receive payments under the Bonds.

Low level risk

Thank you for your attention



DDM Holding AG

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