DDM DEBT AB (publ)

Corporate Registration Number: 559053-6230

Q3 interim report | 1 January – 30 September 2022

Strong Q3 with positive net income following increasing collections

Highlights third quarter 2022

- Gross collections amounted to EUR 23.2m (11.5)*
- Net collections amounted to EUR 20.8m (8.7)*
- Cash EBITDA amounted to EUR 17.3m (6.9)*
- Net profit for the period of EUR 1.0 m (loss 2.3)*
- Gross ERC at the end of September 2022 was EUR 294m (297 at December 2021)
- Cash at the end of September 2022 was EUR 57.4m (64.4 at December 2021)
- Acquisition of 50.2% of AxFina Holding S.A, a pan European debt servicing provider and business outsourcing company

Highlights nine months 2022

- Gross collections amounted to EUR 54.4m (39.4)*
- Net collections amounted to EUR 47.0m (32.6)*
- Cash EBITDA amounted to EUR 39.9m (26.2)*
- Net loss for the period of EUR 3.6 (2.8)* including EUR 6.0m mark-to-market loss on the investment in Addiko Bank driven by the proposed CHF law in Slovenia and market volatility
- Investment in a bolt-on portfolio in Croatia with a gross collection value (face value) of over EUR 20m
- Strategic partnership in Italy with co-investment in a portfolio with a gross collection (face value) of over EUR 10m

Significant events after the end of the quarter

- Agreement reached to combine acquisition of Swiss Bankers and investment in Omnio with leading Nordic credit institution Nordiska Kreditmarknadsaktiebolaget (publ) ("Nordiska")

** Key financial highlights above include non-IFRS alternative performance measures that represent underlying business performance. Further details including a reconciliation to IFRS can be found on page 29.*

IFRS Consolidated Amounts in EUR '000s (unless specified otherwise)	**1 Jul–30 Sep 2022****	**1 Jul–30 Sep 2021****	**1 Jan–30 Sep 2022****	**1 Jan–30 Sep 2021****	**Full Year 2021**
Gross collections	10,384	8,630	34,262	30,747	40,344
Collection and commission expenses	(957)	(991)	(4,077)	(2,923)	(3,952)
Net collections	9,427	7,639	30,185	27,824	36,392
Revenue from mgmt fees & other services	123	100	123	100	100
Operating expenses	(3,605)	(1,912)	(7,194)	(6,422)	(8,718)
Cash EBITDA	5,945	5,827	23,114	21,502	27,774
Interest income	936	–	2,328	–	998
Amortization, revaluation and impairment of invested assets	(5,007)	(4,303)	(15,626)	(16,100)	(18,242)
Share of net profits of associate and joint venture	3,949	330	6,769	2,159	3,631
Operating profit	5,704	1,841	16,463	7,515	14,116
Net profit for the period***	1,047	(2,342)	(3,647)	(6,667)	(5,662)
Selected key figures					
Total assets	256,691	259,274	256,691	259,274	248,152
Net debt	130,414	86,534	130,414	86,534	120,702
Equity ratio****	21.3%	23.0%	21.3%	23.0%	21.9%
Cash flow from operating activities before working capital changes	17,794	7,374	30,505	18,302	20,463
Gross ERC 120 months (EUR M)	294	234	294	234	297
Investments book value	165,727	124,918	165,727	124,918	163,944

** Unaudited

*** The bond refinancing in Q2 2021 resulted in total negative non-recurring items of approximately EUR 3.9m in 2021 due to the call premium of EUR 2.4m that was paid in relation to the EUR 100m and EUR 33.5m bonds, and the non-cash write off of about EUR 1.5m for the remaining capitalized transaction costs

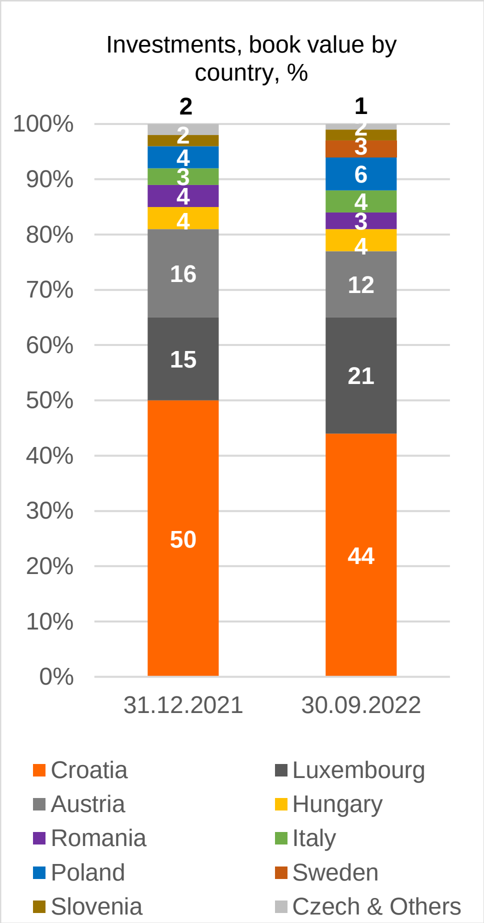
**** Equity ratio calculated according to the terms and conditions of the senior secured bonds

The information in this report requires DDM Debt AB (publ) to publish the information in accordance with the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication on 30 November at 08:00 CET.

DDM Debt AB is part of the DDM Group, a specialized multinational investor in situations arising out of the general strategic challenges in the European banking markets

Comment by the CEO

Collections picked up in the third quarter and amounted to EUR 23.2m in line with expectations on the back of strong contribution by our JV. Gross collections increased 102% compared to the same period in 2021 despite the general market volatility. This reflects the resilience of the markets DDM operates in. The key Croatian real estate market continued to be supportive with collections on our secured NPL portfolios and repossessed real estate collaterals.



Agreement reached to combine acquisition of Swiss Bankers and investment in Omnio with Nordiska
An agreement has been reached with the leading Nordic credit institution Nordiska to combine Swiss Bankers and DDM`s investment in the cloud-based banking platform Omnio under the newly formed Nordiska Financial Solutions Group.

As part of this transaction, DDM will invest approximately SEK 450m to SEK 550m into Nordiska to become the largest (but not controlling) shareholder. In turn, Nordiska will step into the agreement to acquire 100% of the share capital of Swiss Bankers Prepaid Services AG ("Swiss Bankers") which was initially signed by DDM in December 2021.

The transaction follows DDM's strategy to act as an investor and partner for financial institutions in Europe and to acquire assets and participations in companies previously held by banks, assisting them in digitalisation and the distribution of low-cost financial consumer products.

DDM will support Nordiska's transition to a Pan-European cloud-based, fully digitalized financial solutions group focussing on European bank consumers. The closing of the transaction is subject to certain conditions including the granting of all necessary regulatory approvals.

The intention of the main shareholders of the newly combined group is to work towards a listing of Nordiska in the coming 12-18 months subject to market conditions.

Continued market volatility expected to increase NPL volumes
We expect the market volatility observed during the year to continue in 2023. Given the uncertainties in the macroeconomic environment and the impact of inflation on businesses and the cost of living for consumers, we expect continued market volatility and investment opportunities. Given this background, we continue to monitor opportunities both in existing markets and new markets by teaming up with strategic partners and co-investors.

Acquisition of majority stake in debt servicing and business outsourcing company AxFina
At the beginning of Q3,DDM Debt AB ("DDM Debt"), acquired 50.2% of the share capital of AxFina Holding SA ("AxFina"). AxFina is a pan European debt servicing provider and a key partner for DDM's loan portfolios. In addition to its core debt servicing solutions, AxFina is also providing business outsourcing services and digital debt management solutions ("Finastic") to multiple industries. AxFina is active in 7 countries and has c. 180 employees. DDM expects to profit from the intended growth of the service revenues of AxFina, both in (third party) debt servicing as well as in digital solutions, which complement the asset intensive business of DDM. AxFina will also facilitate new market entries for DDM. The seller of the stake in AxFina was DDM Group Finance S.A, with the transaction carried out at an implied valuation for 100% of AxFina of EUR 28m. AxFina will remain an independently run company. The acquisition strengthens DDM's equity story to accelerate into a pan-European investment company around NPLs, Servicing, Consumer Finance and FinTech.

Equity base
We continue to evaluate our options to access equity or equity linked capital markets. We have therefore intensified our work to be prepared to capture the opportunities we expect to come up in the coming quarters.

Andreas Tuczka new Chairman of DDM

The Chairman of DDM, Jorgen Durban, has stepped down from his roles at DDM and will concentrate on his role as Chairman of Nordiska. Andreas Tuczka, board member of DDM since 2017, has taken over the position as Chairman of DDM.

Stockholm, 30 November 2022
DDM Debt AB (publ)
Florian Nowotny, CEO

Financial calendar

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

Q4 and full year report for January – December 2022:	16 March 2023
Annual report 2022:	28 April 2023

Other financial information from DDM is available on DDM's website, www.ddm-group.ch.

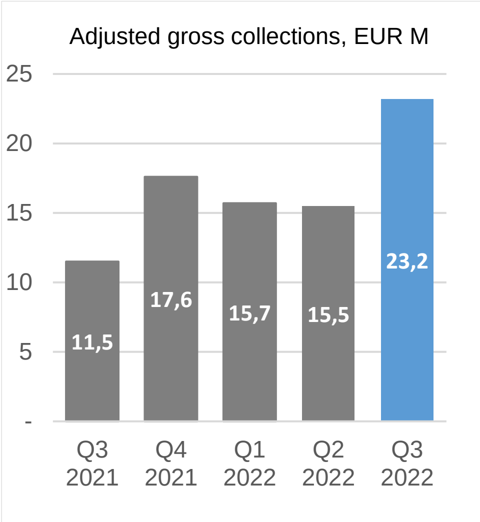
Presentation of the report

The report and presentation material are available at www.ddm-group.ch on 30 November 2022, at 08:00 CET.

CEO Florian Nowotny and CFO Fredrik Olsson will comment on the DDM Group's results during a conference call on 30 November 2022, starting at 10:00 CEST. The presentation can be followed live at www.ddm-group.ch and/or by telephone with dial-in numbers: CH: +41 22 567 56 32, SE: +46 8 505 583 66, UK: +44 333 300 9270.

Financial results

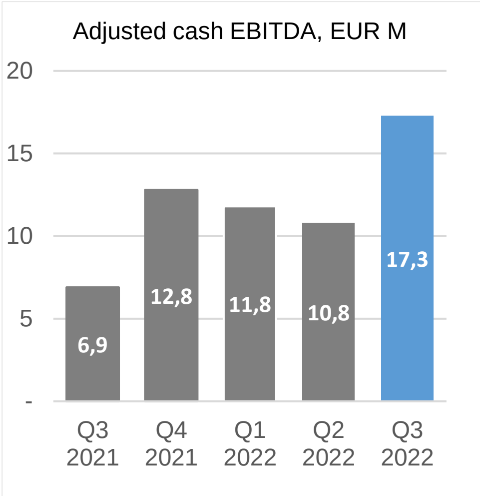
Adjusted gross collections (which include the incremental gross distribution from joint ventures) amounted to EUR 23.2m in the third quarter of 2022, EUR 11.7m or 102% above the corresponding period last year. After deducting commission and collection fees to third parties this resulted in EUR 20.8m of adjusted net collections being received for the third quarter of 2022. The main driver for this was the successful sale of a real estate asset in Croatia by a joint venture company of DDM.



Operating expenses were EUR 3.6m in the third quarter of 2022, increasing from EUR 1.9m in Q3 2021 following the acquisition of AxFina at the beginning of Q3. As a result, adjusted cash EBITDA totaled EUR 17.3m in the third quarter of 2022, equating to a high cash conversion ratio of 83% for the quarter as a percentage of adjusted net collections.

The operating profit of EUR 5.7m in the third quarter of 2022 includes EUR 3.9m share of net profits of joint venture under the equity method of accounting. EUR 1.0m of downwards revaluation has been recognized during the third quarter mainly on portfolios in the Czech Republic.

The net profit for the third quarter of 2022 turned to a positive EUR 1.0m compared to a loss of EUR 3.6m for the corresponding period in the prior year. The net result for the quarter benefitted from EUR 0.9m of exchange gains principally due to favorable exchange rate movements of the Swiss Franc to the Euro, partially offsetting the exchanges losses in the first quarter which resulted from the market volatility caused by the conflict in Ukraine.



Cash flow and financing

For the third quarter of 2022, cash flow from operating activities before working capital changes was EUR 17.8m, significantly increasing compared with Q3 2021. We continue to have a strong cash position of EUR 57.4m at 30 September that is available to fund investments and acquisitions (including the planned investment into Nordiska to fund the Swiss Bankers acquisition).

Estimated Remaining Collections

ERC in relation to invested assets at 30 September stands at EUR 294m, in line with 31 December 2021, as a result of collections that have been received during the first nine months of 2022 partially offset by investments acquired. About 69% of the collections are expected to be received within the next three years.

Consolidated Income Statement

Amounts in EUR '000s	Notes	1 Jul–30 Sep 2022*	1 Jul–30 Sep 2021*	1 Jan–30 Sep 2022*	1 Jan–30 Sep 2021*	Full Year 2021
Interest income on invested assets	6	936	2,655	2,328	9,704	14,986
Revaluation and impairment of invested assets		(1,012)	681	1,817	2,020	4,162
Revenue on invested assets	6	**5,356**	**3,336**	**16,887**	**11,724**	**19,148**
Share of net profits of associate and joint venture	6,10,11	3,949	330	6,769	2,159	3,631
Revenue from mngt. fees and other services		123	100	123	100	100
Personnel expenses		(999)	(262)	(1,050)	(665)	(646)
Consulting expenses		(2,062)	(1,614)	(5,471)	(5,568)	(7,720)
Other operating expenses		(544)	(36)	(673)	(189)	(352)
Depreciation of tangible assets		(119)	(13)	(122)	(46)	(45)
Operating profit		**5,704**	**1,841**	**16,463**	**7,515**	**14,116**
Financial income		56	176	711	439	498
Financial expenses**		(5,260)	(4,104)	(21,799)	(15,424)	(21,253)
- of which fair value losses on financial assets at fair value		*(284)*	–	*(6,257)*	–	*(688)*
Unrealized exchange profit / (loss)		454	(196)	1,546	702	392
Realized exchange profit / (loss)		396	(20)	(492)	(14)	(40)
Net financial expenses		**(4,354)**	**(4,144)**	**(20,034)**	**(14,297)**	**(20,403)**
Profit / (loss) before income tax		**1,350**	**(2,303)**	**(3,571)**	**(6,782)**	**(6,287)**
Tax (expense) / income		(303)	(39)	(76)	115	625
Net profit for the period		**1,047**	**(2,342)**	**(3,647)**	**(6,667)**	**(5,662)**
Net profit / (loss) for the period attributable to:						
Owners of the Parent Company		926	(2,342)	(3,768)	(6,667)	(5,662)
Non-controlling interest		121	–	121	–	–

* Unaudited

** The bond refinancing in Q2 2021 resulted in total negative non-recurring items of approximately EUR 3.9m in 2021 due to the call premium of EUR 2.4m that was paid in relation to the EUR 100m and EUR 33.5m bonds, and the non-cash write off of about EUR 1.5m for the remaining capitalized transaction costs

Consolidated Statement of Comprehensive Income

Amounts in EUR '000s	1 Jul–30 Sep 2022*	1 Jul–30 Sep 2021*	1 Jan–30 Sep 2022*	1 Jan–30 Sep 2021*	Full Year 2021
Net profit / (loss) for the period	**1,047**	**(2,342)**	**(3,647)**	**(6,667)**	**(5,662)**
Other comprehensive income / (loss) for the period					
Currency translation differences	(346)	(1)	(347)	(1)	(32)
Share of other comprehensive income of associates accounted for using the equity method	–	440	–	313	313
Recycling of share of other comprehensive income of associates to the income statement	–	–	–	–	(3,011)
Other comprehensive (loss) / income for the period, net of tax	**(346)**	**439**	**(347)**	**312**	**(2,730)**
Total comprehensive income / (loss) for the period	**701**	**(1,903)**	**(3,994)**	**(6,355)**	**(8,392)**
Total comprehensive loss for the period attributable to:					
Owners of the Parent Company	757	(1,903)	(3,938)	(6,355)	(8,392)
Non-controlling interest	(56)	–	(56)	–	–

* Unaudited

Consolidated Balance Sheet

Amounts in EUR '000s	Notes	30 September 2022*	31 December 2021
ASSETS			
Current assets			
Cash and cash equivalents		57,446	62,750
Accounts receivable		2,176	1,711
Receivables from other group companies		157	157
Prepaid expenses and accrued income		2,234	1,506
Other receivables		4,095	4,192
Tax assets		144	82
Total current assets		**66,252**	**70,398**
Non-current assets			
Financial assets at fair value	12	60,524	51,547
Distressed asset portfolios	9	76,124	80,578
Investment in joint venture	10	24,106	31,819
Receivables from other group companies		5,936	5,936
Loans to other group companies		2,000	4,000
Deferred tax assets	5	2,773	1,900
Accrued interest from other group companies		1,236	1,649
Other non-current assets		101	313
Right-of-use assets		552	–
Tangible assets	7	167	12
Intangible assets		925	–
Goodwill	4,8	11,022	–
Total non-current assets		**190,439**	**177,754**
TOTAL ASSETS		**256,691**	**248,152**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		54	54
Other reserves		(203)	(33)
Retained earnings including net loss for the period		9,658	13,426
Total shareholders' equity to Parent Company's shareholders		**9,509**	**13,447**
Non-controlling interest		2,942	**–**
Total shareholders' equity		**12,451**	**13,447**
LIABILITIES			
Current liabilities			
Accounts payable		646	323
Accrued expenses and deferred income		2,742	2,458
Tax liabilities		265	414
Lease liabilities		138	–
Accrued interest		12,315	6,559
Total current liabilities		**16,106**	**9,754**
Non-current liabilities			
Deferred tax liabilities	5	1,332	629
Lease liabilities		371	–
Payables to other group companies		985	3,284
Loans and borrowings	13	187,860	183,452
Loans from other group companies, subordinated		37,586	37,586
Total non-current liabilities		**228,134**	**224,951**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**256,691**	**248,152**

* Unaudited

Consolidated Cash Flow Statement

Amounts in EUR '000s	1 Jul–30 Sep 2022*	1 Jul–30 Sep 2021*	1 Jan–30 Sep 2022*	1 Jan–30 Sep 2021*	Full Year 2021*
Cash flow from operating activities					
Net profit / (loss) for the period	1,047	(2,342)	(3,647)	(6,667)	(5,662)
Cash distribution from associate and joint venture	10,928	1,750	14,166	4,482	10,214
Adjustments for non-cash items:					
Amortization of invested assets	*3,995*	*4,984*	*17,443*	*18,120*	*22,404*
Revaluation and impairment of invested assets	*1,012*	*(681)*	*(1,817)*	*(2,020)*	*(4,162)*
Share of net profits of associate and joint venture	*(3,949)*	*(330)*	*(6,769)*	*(2,159)*	*(3,631)*
Depreciation of tangible assets	*119*	*13*	*122*	*46*	*45*
Financial income	*(56)*	*(176)*	*(711)*	*(439)*	*(498)*
Financial expenses	*5,260*	*4,104*	*21,799*	*15,424*	*21,253*
Unrealized exchange (profit) / loss	*(454)*	*196*	*(1,546)*	*(702)*	*(392)*
Tax expense / (income)	*303*	*39*	*76*	*(115)*	*(625)*
Other items not affecting cash	*(374)*	*(171)*	*(346)*	*(113)*	*(600)*
Call premium paid	–	–	–	(2,408)	(2,408)
Interest paid	-	–	(8,478)	(5,072)	(15,400)
Interest received	-	–	658	–	–
Tax paid	(37)	(12)	(445)	(75)	(75)
Cash flow from operating activities before working capital changes	**17,794**	**7,374**	**30,505**	**18,302**	**20,463**
Working capital adjustments					
(Increase) / decrease in accounts receivable	4,304	904	(1,405)	(2,898)	(5,035)
(Increase) / decrease in other receivables	(1,834)	(1,410)	(2,310)	(2,703)	(1,784)
Increase / (decrease) in accounts payable	(1,727)	(362)	(5,223)	(23)	(35)
Increase / (decrease) in other current liabilities	853	1,021	(538)	489	(2,150)
Net cash flow from operating activities	**19,390**	**7,527**	**21,029**	**13,167**	**11,459**
Cash flow from investing activities					
Purchases of distressed asset portfolios	(5,294)	–	(9,864)	(4,280)	(17,527)
Purchases of financial assets at fair value	(3,900)	–	(13,807)	(3,000)	(13,416)
Acquisition of subsidiary, net of cash acquired	(5,979)		(5,979)		
Purchases of associates and joint ventures	–	–	–	–	(8,521)
Purchases of tangible assets	(104)	–	(104)	–	–
Net cash flow received / (used) in investing activities	**(15,277)**	**–**	**(29,754)**	**(7,280)**	**(39,464)**
Cash flow from financing activities					
Proceeds from issuance of loans	–	49,506		182,781	182,756
Repayment of loans	–	–		(122,590)	(122,590)
Repayment of loans from other group companies	–	–	2,000	–	–
Principal element of lease payments	(49)	(6)	(49)	(24)	(24)
Net cash flow received / (used) in financing activities	**(49)**	**49,500**	**1,951**	**60,167**	**60,142**
Cash flow for the period	**4,064**	**57,027**	**(6,774)**	**66,054**	**32,137**
Cash and cash equivalents less bank overdrafts at beginning of the period	**52,770**	**39,719**	**62,750**	**30,672**	**30,672**
Foreign exchange gains / (losses) on cash and cash equivalents	612	(43)	1,470	(23)	(59)
Cash and cash equivalents less bank overdrafts at end of the period	**57,446**	**96,703**	**57,446**	**96,703**	**62,750**

* Unaudited

Consolidated Statement of Changes in Equity

Amounts in EUR '000s	Share capital	Other reserves	Retained earnings incl. net loss for the period	Total equity	Non-controlling interest	Total equity
Balance at 1 January 2021	**54**	**2,697**	**19,088**	**21,839**		**21,839**
Net loss for the period	–		(6,667)	**(6,667)**	–	**(6,667)**
Other comprehensive income / (loss)						
Currency translation differences	–	(1)	–	**(1)**	–	**(1)**
Share of other comprehensive income of associates accounted for using the equity method	–	313	–	**313**	–	**313**
Total comprehensive income / (loss)	**–**	**312**	**(6,667)**	**(6,355)**	**–**	**(6,355)**
Transactions with owners						
Total transactions with owners	**–**	**–**	**–**	**–**	–	**–**
Balance at 30 September 2021*	**54**	**3,009**	**6,485**	**15,484**	**–**	**15,484**
Balance at 1 January 2022	**54**	**(33)**	**13,426**	**13,447**	**–**	**13,447**
Net loss for the period	–	–	(3,768)	**(3,768)**	121	**(3,647)**
Other comprehensive loss						
Currency translation differences	–	(170)	–	**(170)**	(177)	**(347)**
Total comprehensive loss	**–**	**(170)**	**(3,768)**	**(3,938)**	**(56)**	**(3,994)**
Transactions with owners						
Non-controlling interest on acquisition of subsidiary	–	–	–	**–**	2,998	**2,998**
Total transactions with owners	**–**	**–**	**–**	**–**	**2,998**	**2,998**
Balance at 30 September 2022*	**54**	**(203)**	**9,658**	**9,509**	**2,942**	**12,451**

* Unaudited

Parent Company – Income Statement

Amounts in EUR '000s	1 Jul–30 Sep 2022*	1 Jul–30 Sep 2021*	1 Jan–30 Sep 2022*	1 Jan–30 Sep 2021*	Full Year 2021
Revenue	–	–	–	–	–
Personnel expenses	–	(239)	–	(577)	(534)
Consulting expenses	(33)	(8)	(70)	(206)	(273)
Other operating expenses	(25)	(13)	(52)	(143)	(176)
Depreciation of tangible assets	–	–	(1)	(1)	(1)
Operating loss	**(58)**	**(260)**	**(123)**	**(927)**	**(984)**
Financial income	5,263	4,191	16,228	10,855	16,329
Financial expenses	(4,788)	(4,041)	(15,172)	(13,437)	(18,431)
Unrealized exchange (loss) / profit	(1)	1	(7)	(6)	(11)
Realized exchange loss	(1)	(5)	(28)	(5)	(5)
Net financial income / (expense)	**473**	**146**	**1,021**	**(2,593)**	**(2,118)**
Profit / (loss) before income tax	**415**	**(114)**	**898**	**(3,520)**	**(3,102)**
Tax expense	–	–	–	–	–
Profit / (loss) for the period	**415**	**(114)**	**898**	**(3,520)**	**(3,102)**

* Unaudited

Parent Company – Statement of Comprehensive Income

Amounts in EUR '000s	1 Jul–30 Sep 2022*	1 Jul–30 Sep 2021*	1 Jan–30 Sep 2022*	1 Jan–30 Sep 2021*	Full Year 2021
Net profit / (loss) for the period	**415**	**(114)**	**898**	**(3,520)**	**(3,102)**
Other comprehensive income for the period, net of tax					
Items that will not be reclassified to profit or loss	–	–	–	–	–
Items that may subsequently be reclassified to profit or loss	–	–	–	–	–
Total other comprehensive income for the period, net of tax	**–**	**–**	**–**	**–**	**–**
Total comprehensive income / (loss) for the period	**415**	**(114)**	**898**	**(3,520)**	**(3,102)**

* Unaudited

Parent Company – Balance Sheet

Amounts in EUR '000s	Notes	30 September 2022*	31 December 2021
ASSETS			
Current assets			
Cash and cash equivalents		167	3,453
Prepaid expenses		11	12
Other receivables		29	1,402
Accrued interest from other group companies		12,303	5,779
Total current assets		**12,510**	**10,646**
Non-current assets			
Receivables from other group companies		5,936	5,936
Loans to other group companies		203,891	212,825
Accrued interest from other group companies		1,266	1,071
Participations in other group companies	14	23,518	9,478
Other non-current assets		–	303
Tangible assets	7	–	2
Total non-current assets		**234,611**	**229,615**
TOTAL ASSETS		**247,121**	**240,261**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		54	54
Retained earnings including net profit / (loss) for the period		11,860	10,962
Total shareholders' equity		**11,914**	**11,016**
Current liabilities			
Accounts payable		20	54
Accrued expenses and deferred income		140	167
Tax liabilities		73	103
Accrued interest		12,315	6,559
Total current liabilities			**6,883**
Non-current liabilities			
Payables to other group companies		885	1,324
Loans and borrowings	13	184,188	183,452
Loans from other group companies, subordinated		37,586	37,586
Total non-current liabilities		**222,659**	**222,362**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**247,121**	**240,261**

* Unaudited

Parent Company – Cash Flow Statement

Amounts in EUR '000s	1 Jul–30 Sep 2022*	1 Jul–30 Sep 2021*	1 Jan–30 Sep 2022*	1 Jan–30 Sep 2021*	Full Year 2021*
Cash flow from operating activities					
Profit / (loss) for the period	415	(114)	898	(3,520)	(3,102)
Adjustments for non-cash items:					
Depreciation of tangible assets	*–*	*–*	*1*	*1*	*1*
Financial income	*(5,263)*	*(4,191)*	*(16,228)*	*(10,855)*	*(16,329)*
Financial expenses	*4,788*	*4,041*	*15,172*	*13,437*	*18,431*
Unrealized exchange (profit) / loss	*1*	*(1)*	*7*	*6*	*11*
Other items not affecting cash	*(12)*	*2*	*(7)*	*93*	*111*
Call premium paid	–	–	–	(2,408)	(2,408)
Interest paid	–	–	(8,478)	(5,072)	(15,400)
Interest received	–	–	9,500	7,400	20,132
Cash flow from operating activities before working capital changes	**(71)**	**(263)**	**865**	**(918)**	**1,447**
Working capital adjustments					
Increase / (decrease) in other receivables	3	–	8	(7)	(12)
Increase / (decrease) in accounts payable	3	(417)	(1,284)	(171)	(135)
Increase / (decrease) in other current liabilities	–	1,837	(27)	2,009	(105)
Net cash flow from operating activities	**(65)**	**1,157**	**(438)**	**913**	**1,195**
Cash flow from investing activities					
Loans to group companies	–	(50,000)	(3,000)	(205,000)	(205,000)
Purchase of shares in group companies	(13,515)	–	(13,515)		
Repayment of loans to group companies	–	–	–	146,586	146,586
Net cash flow received / (used) in investing activities	**(13,515)**	**(50,000)**	**(16,515)**	**(58,414)**	**(58,414)**
Cash flow from financing activities					
Proceeds from issuance of loans	–	49,506	–	182,781	182,756
Proceeds from loans from group companies	13,700		13,700		
Repayment of loans	–	–	–	(122,590)	(122,590)
Net cash flow received / (used) in financing activities	**13,700**	**49,506**	**13,700**	**60,191**	**60,166**
Cash flow for the period	**120**	**663**	**(3,253)**	**2,690**	**2,947**
Cash and cash equivalents less bank overdrafts at beginning of the period	**48**	**2,540**	**3,453**	**521**	**521**
Foreign exchange (losses) on cash and cash equivalents	(1)	(4)	(33)	(12)	(15)
Cash and cash equivalents less bank overdrafts at end of the period	**167**	**3,199**	**167**	**3,199**	**3,453**

* Unaudited

Parent Company – Statement of Changes in Equity

Amounts in EUR '000s	Share capital	Retained earnings incl. net profit / (loss) for the period	Total equity
Balance at 1 January 2021	**54**	**14,064**	**14,118**
Net loss for the period	–	(3,520)	**(3,520)**
Other comprehensive income	–	–	–
Total comprehensive loss	**–**	**(3,520)**	**(3,520)**
Transactions with owners			
Total transactions with owners	**–**	**–**	**–**
Balance at 30 September 2021*	**54**	**10,544**	**10,598**
Balance at 1 January 2022	**54**	**10,962**	**11,016**
Net profit for the period	–	898	**898**
Other comprehensive income	–	**–**	**–**
Total comprehensive income	**–**	**898**	**898**
Transactions with owners			
Total transactions with owners	**–**	**–**	**–**
Balance at 30 September 2022*	**54**	**11,860**	**11,914**

* Unaudited

Notes

Note 1. General information

DDM Debt AB (publ) ("DDM Debt" or "the Company") and its subsidiaries (together "the DDM Debt Group" or "the Group") are wholly owned subsidiaries of DDM Holding AG ("DDM"), which is a specialized multinational investor in situations arising out of the general strategic challenges in the European banking markets. This includes investments into assets and companies previously held by financial institutions, including performing and non-performing loans and special situations. DDM strives to create value for its stakeholders by combining significant expertise in financial services, credit underwriting and technology with a focus on operational excellence.

The Company was registered on 3 March 2016, and changed from a private limited liability company to a public limited liability company on 26 May 2016. The Company has registered offices in Stockholm, Sweden and its Swedish Corporate ID No. is 559053-6230. The address of the main office and postal address is Strandvägen 7A, 114 56 Stockholm, Sweden. DDM Debt is a wholly owned subsidiary of DDM Finance AB ("DDM Finance"), Stockholm, Sweden, being a wholly owned subsidiary of DDM Group AG, Zug, Switzerland. The indirect ultimate parent company is DDM Group Finance S.A, a Luxembourg registered company owning 95.2% of the shares in DDM Holding AG at 30 September 2022.

DDM Debt acts to directly or indirectly manage, acquire or invest in credits and/or loan portfolios, to on-lend or invest funds in group companies who directly or indirectly manage, acquire or invest in credits and/or loan portfolios and conduct related activities, to incur financing for its business and to conduct related activities. DDM Group AG acts as the investment manager and makes all decisions regarding investments and allocation of resources.

Note 2. Basis of preparation

This interim report has been prepared in compliance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as endorsed by the EU, the Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups issued by RFR, the Swedish Financial Reporting Board. The Parent Company's financial statements have been prepared in compliance with the Annual Accounts Act (ÅRL 1995:1554) and RFR 2 Accounting for Legal Entities and applicable statements. The instances in which the Parent Company applies accounting principles differing from those of the Group are provided separately at the end of this section on accounting principles.

The accounting policies that are most critical to the Group and Parent Company are stated in DDM Debt AB's Annual Report for 2021, which also contains a description of the material risks and uncertainties facing the Parent Company and the Group.

In addition to the financial measures defined in IFRS, certain key figures, which qualify as alternative performance measures (APMs) are presented to reflect the underlying business performance and enhance comparability from period to period. These APMs should not be considered as a substitute for measures defined under IFRS. Please refer to page 29 for a reconciliation of alternative performance measures including adjusted gross collections, adjusted net collections, adjusted cash EBITDA and adjusted net profit for the period.

All amounts are reported in thousands of Euros (EUR k), unless stated otherwise. Rounding differences may occur. Figures in tables and comments may be rounded.

Subsidiaries
Subsidiaries are all entities (including special purpose entities) over which DDM Debt has control. DDM Debt controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group and are de-consolidated from the date on which control ceases. Intercompany transactions, balances, and unrealized gains on transactions between group companies are eliminated.

Note 2. ***Basis of preparation…*** *continued*

Subsidiaries	Consolidation method	Domicile	30 September 2022	31 December 2021
DDM Invest III AG	Fully consolidated	Switzerland	100%	100%
DDM Mergeco AG	Fully consolidated	Switzerland	100%	100%
DDM Invest V d.o.o.	Fully consolidated	Slovenia	100%	100%
DDM Invest VII d.o.o.	Fully consolidated	Slovenia	100%	100%
DDM Debt Management d.o.o Beograd	Fully consolidated	Serbia	100%	100%
DDM Debt Romania S.R.L	Fully consolidated	Romania	100%	100%
DDM REO Adria d.o.o.	Fully consolidated	Croatia	100%	100%
AxFina Holding S.A	Fully consolidated	Luxembourg	50.2%	–
AxFina Hungary Zrt.	Fully consolidated	Hungary	50.7%	–
AxFina Servicing Kft.	Fully consolidated	Hungary	50.7%	–
Lombard Ingatlan Zrt.	Fully consolidated	Hungary	50.7%	–
AxFina Romania S.R.L	Fully consolidated	Romania	50.2%	–
AxFina Austria GmbH	Fully consolidated	Austria	50.2%	–
AxFina Croatia d.o.o.	Fully consolidated	Croatia	50.2%	–
AxFina d.o.o.	Fully consolidated	Slovenia	50.2%	–
Raport S.A.	Fully consolidated	Poland	50.2%	–

DDM Debt acquired 50.2% of AxFina Holding S.A and its subsidiaries (together "AxFina") in July 2022. The seller of the stake in AxFina was DDM Group Finance S.A. The transaction was done at an implied valuation for 100% of AxFina of EUR 28M. In addition to the acquired stake in AxFina, DDM Debt entered into a call option agreement giving it the right to acquire the remaining shares in AxFina held by DDM Group Finance S.A. at the same terms until 31 December 2022.

Joint ventures
The Company applies IFRS 11 Joint Arrangements, where the DDM Debt Group, together with one or several parties have joint control over an arrangement in accordance with a shareholder agreement. The DDM Debt Group's joint arrangement with B2Holding where each party holds 50% of the share capital and voting rights of CE Partner S.à r.l. and CE Holding Invest S.C.S (the "Joint Venture") is classified as a joint venture, as the DDM Debt Group is entitled to 50% of the net assets of the Joint Venture rather than having a direct entitlement to assets and responsibility for liabilities. The equity method is applied when accounting for the joint venture. Under the equity method of accounting the investment is recognized at cost and subsequently adjusted to the DDM Debt Group's 50% share of the change in the net assets of the Joint Venture since the acquisition date.

The consolidated income statement includes the DDM Debt Group's share of earnings, and this is reported under Share of net profits / (losses) of joint venture. Dividends received from the joint venture are not recognized in the income statement and instead reduce the carrying value of the investment. The equity method is applied from the date joint control arises until the time it ceases, or if the joint venture becomes a subsidiary. Upon loss of joint control over the joint venture, and as such the equity method ceases, the Company measures and recognizes any difference between the carrying amount of the investment in the joint venture with the fair value of the remaining investment and/or proceeds from disposal which is recognized as gain or loss directly in the income statement. The financial statements of the Joint Venture are prepared for the same reporting period as the Company.

Joint Ventures	Consolidation method	Domicile	30 September 2022	31 December 2021
CE Partner S.à .r.l.	Equity method	Luxembourg	50%	50%
CE Holding Invest S.C.S	Equity method	Luxembourg	50%	50%

Associates
Associates are all entities over which DDM Debt has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Interests in associates are accounted for using the equity method. The carrying amount (including goodwill) of equity accounted investments is tested annually for impairment.

Financial assets at fair value
Equity-traded instruments and other investments that do not meet the criteria under IFRS 9 of cash flows consisting solely of payments of principle and interest (SPPI) and Hold to collect for being measured at amortised cost nor elected at FVTOCI are measured at fair value through profit or loss (FVTPL).

Financial assets held at FVTPL are initially recognised and subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses recognised through financial income or expenses respectively in the consolidated income statement. Dividends or any interest earned on the financial assets are included within interest income.

Note 3. Currency translation

All entities prepare their financial statements in their functional currency. At 30 September 2022 all fully consolidated group entities have EUR as their functional currency, except for DDM Debt Management d.o.o Beograd, which has Serbian Dinar (RSD) as its functional currency, DDM Debt Romania S.R.L and AxFina Romania S.R.L which has Romanian leu (RON) as its functional currency, DDM REO Adria d.o.o. and AxFina Croatia d.o.o. which has Croatia Kuna (HRK) as its functional currency, Raport S.A. which has Polish Zloty (HRK) as its functional currency and AxFina Hungary Zrt., AxFina Servicing kft. and Lombard Ingatlan Zrt. which has Hungarian Forint (HUF) as its functional currency.

Note 4. Business combination

Summary of acquisition of AxFina Holding S.A.

On 6 July 2022, DDM Debt AB (publ) acquired 50.16% of the issued share capital of AxFina Holding S.A. ("AxFina"), a pan European debt servicing provider. AxFina is a key partner for DDM's loan portfolios. In addition to its core debt servicing solutions, AxFina is also providing business outsourcing services and digital debt management solutions to multiple industries. The acquisition of AxFina allows DDM to profit from the intended growth of the service revenues of AxFina, both in (third party) debt servicing as well as in digital solutions, which complement the asset intensive business of DDM. AxFina will also facilitate new market entries for DDM (e.g. in Poland, where AxFina has recently established a presence). By taking a direct stake in its key debt servicing partner, DDM is following a well-established industry practice and expects its core NPL business to benefit from a closer collaboration between DDM and AxFina.

Details of the goodwill are as follows:

Goodwill	EUR'000
Purchase consideration	14,040
Fair value of net assets	3,018
Goodwill	11,022

The goodwill of EUR 11,022 thousand is therefore attributable to the access to new markets, workforce and the expected future profitability of the acquired business.

The fair value of acquired assets and assumed liabilities recognized as a result of the acquisition are as follows:

Acquired net assets	EUR'000
Fixed assets	1,036
Distressed asset portfolios	5,606
Cash and cash equivalent	7,537
Other assets	2,556
Fair value of total assets	**16,735**
Financial liabilities	(6,415)
Trade payables	(511)
Other liabilities	(3,792)
Fair value of total liabilities	**(10,718)**
Fair value of total net assets	**6,017**
Fair value of acquired net assets (50,16%)	**3,018**
Goodwill on acquisition	**11,022**
Total purchase consideration	**14,040**

The goodwill on acquisition was consolidated using provisional values allocated by management to their respective identifiable assets and liabilities based on currently available data as at the date of acquisition. The final accounting for business combination is pending the final valuations to be completed under the Purchase Price Allocation ("PPA") at fair value for those assets and liabilities after the end of the reporting period. Considering that the date of the transaction is 6 July 2022, the reference date used for the PPA is the financial position as at 30 June 2022.

Acquired net assets

The fair value of the assets acquired mainly includes: i) the cash and cash equivalents held at bank at acquisition; ii) distressed asset portfolios relating to unsecured portfolios acquired in Hungary, Poland and Romania; and iii) fixed assets which mainly relate to customer list acquired by AxFina in Poland.

Note 4. **Business combination…** ***continued***

The fair value of the liabilities assumed at acquisition includes amounts payable to banks leasing companies and intercompany loans for an amount of EUR 6,415k. The fair value of the other liabilities assumed at acquisition principally relates to accrued expenses & deferred income of EUR 3,792k and trade payables of EUR 511k.

Purchase consideration – cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired	EUR'000
Cash paid	13,515
Less cash & cash equivalents acquired	(7,536)
Net outflow of cash – investing activities	**(5,979)**

The cash consideration at the date of acquisition amounted to EUR 13,515. An amount of EUR 525k was settled on a non-cash basis. Acquisition-related costs were not material and were recognized directly in the income statement under consulting expenses and in operating cash flows in the statement of cash flows.

Net collections and revenue contribution

The acquired business contributed net collections of EUR 608k and service fees of EUR 123k to the DDM group for the period from 1 July to 30 September 2022.

Note 5. Deferred taxes

Income tax expense reported for the business year includes the income tax expense of consolidated subsidiaries (calculated from their taxable income with the tax rate applicable in the relevant country). Income tax expense also includes deferred taxes, which have been recognized on the temporary differences arising from the invested assets (difference between the reported book values for tax and accounting purposes). Deferred income tax assets on temporary differences and tax losses carried forward are reported to the extent that it is probable that future profit will be available, against which the temporary differences can be utilized.

The amount of deferred tax assets is reduced when they are utilized or when it is no longer deemed likely that they will be utilized. The Company does not have group taxation, hence each legal entity is taxed separately. Under Swiss law, net operating losses can be carried forward for a period of up to seven years.

Note 6. Revenue on invested assets by region

Revenue on invested assets is the net amount of the cash collections (net of direct collection costs), amortization, revaluation and impairment of invested assets. Revenue from management fees related to revenue received from third parties where the DDM Debt Group managed the operations of these assets but did not own 100% of the portfolio.

Gross collections are comprised of cash collections from the distressed asset portfolios held by the DDM Debt Group, before commission and fees to third parties. The gross amount of cash collected is recorded as “Gross collections” within the line “Interest income on invested assets” in the consolidated income statement. The DDM Debt Group discloses the alternative performance measure “Gross collections” in the notes separately, as it is a common measure to monitor the performance of portfolios in the debt purchasing industry.

Net collections is comprised of gross collections from the distressed asset portfolios held by the DDM Debt Group, minus commission and fees to third parties. The net amount of cash collected is recorded as “Net collections” within the line “Interest income on invested assets” in the consolidated income statement. The DDM Debt Group discloses the alternative performance measure “Net collections” in the notes separately, as it is an important measurement for the DDM Debt Group to monitor the performance of the portfolios and measure the cash available for operating expenses and to service its debt. The DDM Debt Group believes that disclosing net collections as a separate performance measure in the notes improves the transparency and understanding of the DDM Debt Group's financial statements and performance, meeting the expectations of its investors.

Note 6.* Revenue on invested assets by region… *continued

EUR'000s	1 Jul–30 Sep 2022	1 Jul–30 Sep 2021	1 Jan–30 Sep 2022	1 Jan–30 Sep 2021	Full Year 2021
Gross collections	**10,384**	**8,630**	**34,262**	**30,747**	**40,344**
Collection and commission expenses	(957)	(991)	(4,077)	(2,923)	(3,952)
Net collections by country:					
Croatia	5,544	3,425	17,725	14,430	18,104
Slovenia	492	756	2,827	2,867	3,837
Hungary	1,200	1,320	3,033	2,876	3,802
Romania	899	1,541	2,699	4,224	5,068
Poland	871	–	2,097	–	481
Czech Republic	151	839	797	2,791	3,430
Serbia	46	(324)	270	250	330
Bosnia	223	80	242	354	354
Slovakia	1	2	19	32	34
Greece	–	–	476	–	952
Net collections	**9,427**	**7,639**	**30,185**	**27,824**	**36,392**
Interest income	936	–	2,328	–	998
Amortization of invested assets	(3,995)	(4,984)	(17,443)	(18,120)	(22,404)
Interest income on invested assets before revaluation and impairment	**6,368**	**2,655**	**15,070**	**9,704**	**14,986**
Revaluation of invested assets	(1,012)	681	1,817	2,020	4,162
Impairment of invested assets	–	–	–	–	–
Revenue on invested assets	**5,356**	**3,336**	**16,887**	**11,724**	**19,148**
Share of net profits of associate and joint venture	3,949	330	6,769	2,159	3,631
Revenue from mngt. fees and other services	123	100	123	100	100

The chief operating decision maker of DDM reviews the financial outcome as a whole. Analysis is performed on a portfolio-by-portfolio basis, but the chief operating decision maker reviews the outcome of the group as a whole. Each portfolio is not considered to be an identifiable segment and the Group reports segment on an entity basis, i.e. one operating segment. The Group discloses information regarding net collections based on its key geographic areas.

Interest income

During 2021, the DDM Debt Group invested into a total of EUR 15.8m of pre-IPO convertible bonds in Omnione S.A ("Omnio"), a leading innovator in Banking-as-a-Service measured at cost within financial assets at fair value level 3, which are due to mature in accordance with the terms of the pre-IPO convertible bonds on 31 December 2024 accruing at an annual rate of 2% cash interest and 6% Payment-in-Kind ("PIK"), including convertibility rights into ordinary shares of Omnio. In addition, EUR 7.9m was invested in Omnio during 2021 and EUR 9.3m during the nine months 2022 which is expected to be received by 31 December 2024 in line with the maturity of the pre-IPO convertible bonds accruing at an annual rate of 15% PIK. Interest income from Omnio to DDM amounted to EUR 0.9m (Q3 2021: EUR nil, 9M 2021: EUR nil, FY 2021: 1.0m) which has been recognized in interest income during Q3 2022 (9M 2022: EUR 1.4m).

Share of net profits of associate and joint venture

The results for the period up to 17 December 2021 include EUR 1.4m of share of net profits of the associate in the income statement and EUR 0.3m of share of other comprehensive income of associates accounted for using the equity method in other comprehensive income. On 17 December 2021, the investment in Addiko Bank was reclassified from investment in associates to financial assets at fair value and measured at a closing share price of EUR 13.65 on 31 December 2021.

The results for Q3 and 9M 2022 include EUR 3.9m and EUR 6.8m (Q3 2021: EUR 0.2m, 9M 2021: EUR 0.8m and FY 2021: EUR 2.3m) from share of net profits of joint venture accounted for using the equity method in accordance with IFRS.

Note 7. Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow to the DDM Debt Group and the cost can be measured reliably. Repairs and maintenance costs are charged to the income statement during the period in which they are incurred.

The major categories of tangible assets are depreciated on a straight-line basis as follows:

Furniture	5 years
Computer hardware	5 years

The DDM Debt Group distributes the amount initially recognized for a tangible asset between its significant components and depreciates each component separately. The carrying amount of a replaced component is derecognized when replaced. The residual value method of amortization and the useful lives of the assets are reviewed annually and adjusted if appropriate. Impairment and gains and losses on disposals of tangible assets are included in other operating expenses.

Note 8. Intangible assets

(i) Identifiable intangible assets

The Company's identifiable intangible assets are stated at cost less accumulated amortization and include computer software that have a finite useful lifes and customer relationships. The assets are capitalized and amortized on a straight-line basis in the income statement over its expected useful life of 5 years.

(ii) Goodwill

On the date of acquisition the assets and liabilities of acquired subsidiaries or businesses are valued at fair value and in accordance with uniform group policies. The excess of the acquisition price over the revalued net assets of the acquired company or the acquired parts of the business is recognized as goodwill in the balance sheet. Goodwill is tested annually for impairment or at any time if an indication of impairment exists.

Note 9. Distressed asset portfolios

The DDM Debt Group invests in distressed asset portfolios, where the receivables are directly against the debtor. The recognition of the acquisition of distressed asset portfolios is based on the DDM Debt Group's own forecast of future cash flows from acquired portfolios. Distressed asset portfolios consist mainly of portfolios of non-performing debts purchased at prices significantly below their principal value. Such assets are classified as non-current assets. Reporting follows the effective interest method, where the carrying value of each portfolio corresponds to the present value of all projected future cash flows discounted by an initial effective interest rate determined on the date the portfolio was acquired, based on the relation between purchase price and the projected future cash flows on the acquisition date. Changes in the carrying value of the portfolios are reported as amortization, revaluation and impairment for the period.

If the fair value of the investment at the acquisition date exceeds the purchase price, the difference results in a "gain on bargain purchase" in the income statement within the line "interest income on invested assets". The gain on bargain purchase relates to the fair value measurement of the investment (purchase price allocation).

The acquisition method of accounting is used to account for all business combinations, the excess of the consideration transferred for the acquisition over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase within the line "other operating income".

Distressed asset portfolios are reported at amortized cost using the effective interest method. The initial effective interest rate is calculated for each portfolio based on its purchase price including transaction costs and estimated cash flows that, based on a probability assessment, are expected to be received from the debtors of the corresponding portfolio net of collection costs. Current cash flow projections are monitored over the course of the year and updated based on, among other things, achieved collection results and macroeconomic information. These scenarios are probability weighted according to their likely occurrence. The scenarios include a central scenario, based on the current economic environment, and upside and downside scenarios. The estimation and application of this forward- looking information requires significant judgement and is subject to appropriate internal governance and scrutiny. If the cash flow projections are revised, the carrying amount is adjusted to reflect actual and revised estimated cash flows. The DDM Debt Group recalculates the carrying amount by computing the present value of estimated future cash flows using the original effective interest rate. Changes in cash flow forecasts are treated symmetrically i.e. both increases and decreases in forecast cash flows affect the portfolios' book value and as a result "Revenue on invested assets". If there is objective evidence that one or more events have taken place that will have a positive impact on the timing or amount of future cash flows, or a negative impact on the timing of future cash flows then this is recorded within the line "Revaluation of invested assets".

Note 9. ***Distressed asset portfolios…*** *continued*

The DDM Debt Group assesses at each reporting date whether there is objective evidence that a portfolio is impaired. A portfolio is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the portfolio that can be reliably estimated. This is recorded within the line "Impairment of invested assets".

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated income statement (within the line "Impairment of invested assets").

If the DDM Debt Group sells a portfolio for a higher or lower amount than its carrying value, the resulting gain or loss on disposal is recognized in the consolidated income statement within the line "Interest income on invested assets".

The carrying values of distressed asset portfolios owned by the DDM Debt Group are distributed by currency as follows:

EUR '000s	30 September 2022	31 December 2021
HRK	49,527	51,179
EUR	4,472	9,155
HUF	5,897	7,309
PLN	9,641	5,781
RON	4,861	5,279
RSD	1,525	1,591
CZK	201	284
Total	**76,124**	**80,578**

DDM considers there to be no material differences between the financial asset values in the consolidated balance sheet and their fair value.

Note 10. Investment in joint venture

On 31 May 2019, the DDM Debt Group acquired a distressed asset portfolio containing secured corporate receivables in Croatia through a 50/50 joint venture with B2Holding. As part of the co-investment structure with B2Holding, the DDM Debt Group became 50% owner of the share capital and voting rights of CE Partner S.à r.l. and CE Holding Invest S.C.S. (the "Joint Venture") registered in Luxembourg.

The investment is accounted for using the equity method in accordance with IFRS 11 Joint Arrangements and has changed as follows during the period:

Investment in joint venture EUR '000s	30 September 2022	31 December 2021
Balance at beginning of the period	31,819	25,691
Additions	–	8,521
Share of net profits of joint venture	6,769	2,258
Incremental net distribution from the joint venture	(14,482)	(4,651)
Balance at end of the period	**24,106**	**31,819**

Cash distributions of EUR 14.2m (FY 2021: EUR 5.6m) have been received from the joint venture during the first nine months of 2022, of which EUR 1.1m relates to 2021 and EUR 13.1m relates to 2022. A further EUR 1.4m (31 December 2021: EUR 1.1m) has been reclassified to accounts receivable at the end of the period.

Note 11. Investment in associates

On 9 March 2020, the DDM Debt Group acquired a 9.9% shareholding in Addiko Bank for a cash consideration totalling approximately EUR 30m.

Following the acquisition of a 9.9% stake in Addiko Bank that closed during March 2020, the results for the period up to 17 December 2021 include EUR 1.4m of share of net profits of the associate in the income statement and EUR 0.3m of share of other comprehensive income of associates accounted for using the equity method in other comprehensive income. The DDM Debt Group received a capital dividend amounting to EUR 0.7m on 4 May 2021 and a further EUR 3.9m capital dividend on 11 November 2021 from Addiko Bank.

Note 11. Investment in associates … continued

The investment was previously accounted for using the equity method in accordance with IAS 28 Associates and has changed as follows during the period:

Investment in associates EUR '000s	**30 September 2022**	**31 December 2021**
Balance at beginning of the period	–	32,986
Additions	–	–
Share of net profits in the income statement	–	1,373
Share of other comprehensive income of associates accounted for using the equity method	–	313
Dividends received & other	–	(4,622)
Fair value loss recognized in the income statement	–	(3,699)
Reclassification to financial assets at fair value	–	(26,351)
Balance at end of the period	**–**	**–**

In January 2021, a non-binding agreement and commitment to acquire a further 10.1% shareholding in Addiko Bank was signed, however this was not pursued and DDM did not increase its shareholding above the existing 9.9% held. DDM is no longer pursuing the plan to increase its shareholding in Addiko Bank following the agreement that was announced on 17 December 2021 to acquire 100% of the share capital of Swiss Bankers. At 31 December 2021, the DDM Debt Group had an effective influence below the required 20% and therefore DDM reached the conclusion that it was no longer presumed to be able to exert

significant influence over Addiko Bank and therefore the investment in Addiko Bank was reclassified to a financial asset at fair value. This resulted in a EUR 3.7m fair value loss recognized within financial expenses in the income statement measured at a closing share price of EUR 13.65/share on 31 December 2021, partially offset by EUR 3.0m of other comprehensive income being recycled to the income statement.

Note 12. Financial assets at fair value

Equity-traded instruments and other investments that do not meet the criteria under IFRS 9 of cash flows consisting solely of payments of principle and interest (SPPI) and Hold to collect for being measured at amortised cost nor elected at FVTOCI are measured at fair value through profit or loss (FVTPL).

Financial assets held at FVTPL are initially recognised and subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses recognised through financial income or expenses respectively in the consolidated income statement. Dividends or any interest earned on the financial assets are included within interest income.

During 2021, the DDM Debt Group acquired a 5% stake in Borgosesia S.p.A. ("Borgosesia"), an Italian investment platform specialized in secured non-performing loans and special situations measured at a closing share price of EUR 0.618 at 30 September 2022 (30 June 2022: EUR 0.66, 31 December 2021: EUR 0.62), which resulted in a fair value loss of EUR 0.09m being recognized through financial income in the consolidated income statement during Q3 2022 and a fair value loss of EUR 0.01m in the first nine months of 2022. The investment in Addiko Bank AG was reclassified from investment in associates in the prior year and measured at a closing share price of EUR 10.55 at 30 September 2022 (30 June 2022: EUR 10.65, 31 December 2021: EUR 13.65), which resulted in a fair value loss of EUR 0.2m being recognized through financial expenses in the consolidated income statement during Q3 2022 and a fair value loss of EUR 6.0m in the first nine months of 2022. During 2021, the DDM Debt Group also invested into a total of EUR 15.8m of pre-IPO convertible bonds in Omnione S.A ("Omnio"), a leading innovator in Banking-as-a-Service measured at cost within financial assets at fair value level 3, which are due to mature in accordance with the terms of the pre-IPO convertible bonds on 31 December 2024 accruing at an annual rate of 2% cash interest and 6% Payment-in-Kind ("PIK"), including convertibility rights into ordinary shares of Omnio. In addition, EUR 7.9m was invested in Omnio during 2021 and EUR 9.3m during the first nine months of 2022 which is expected to be received by 31 December 2024 in line with the maturity of the pre-IPO convertible bonds accruing at an annual rate of 15% PIK. During H1 2022, the DDM Debt Group also invested EUR 4.5m into a special purpose acquisition company that is located in Sweden.

Financial assets at fair value EUR '000s	**30 September 2022**	**31 December 2021**
Balance at beginning of the period	51,547	–
Additions	13,807	13,416
Accrued PIK interest	1,119	–
Exchange movements	45	–
Reclassification from investment in associates at fair value	–	26,351
Reclassification from accounts receivable	–	11,780
Net fair value loss recognized in the income statement	(5,994)	–
Balance at end of the period	**60,524**	**51,547**

Note 13. Loans and borrowings

The Group had the following borrowings outstanding during the periods ending 30 September 2022 and/or 31 December 2021:

Bond loan EUR 200m
On 19 April 2021, DDM Debt issued EUR 150m of senior secured fixed rate bonds at 9% within a total framework amount of EUR 300m. The bonds with ISIN number SE0015797683 have a final maturity date of 19 April 2026 and are listed on the Corporate Bond list at Nasdaq Stockholm. The proceeds from the new bond issue were mainly employed towards refinancing the existing EUR 100m and EUR 33.5m bonds (of which EUR 23m of the EUR 100m bonds were already held by DDM Debt) and for investments and acquisitions.

On 21 September 2021, DDM Debt successfully completed a EUR 50M tap issue under the EUR 300M senior secured bond framework. The bond tap issue was placed at a price of 102.0%. Following the tap issue the total outstanding nominal amount of the company's bond loan is EUR 200 million.

DDM Debt's financial instruments contain a number of financial covenants, including limits on certain financial indicators. The financial covenants according to the terms and conditions of the senior secured bonds are: an equity ratio of at least 20.00% and net interest bearing debt to ERC below 75.00%. The financial covenants must be complied with on an incurrence test basis. DDM's management carefully monitors these key financial indicators, so that it can quickly take measures if there is a risk that one or more limits may be exceeded.

DDM Debt has pledged the shares in its material wholly-owned subsidiaries as security under the terms and conditions. DDM Finance AB is a guarantor of the bonds. In addition, the investors receive a first ranking share pledge over the shares of DDM Debt. The terms and conditions of DDM Debt's senior secured bonds contain a number of restrictions, including relating to distributions, the nature of the business, financial indebtedness, disposals of assets, dealings with related parties, negative pledges, new market loans, mergers and demergers and local credits. The terms and conditions of the senior secured bonds are available in their entirety on our website.

Bond loan EUR 6m
The bond loan of EUR 5,858k is a non-interest bearing loan which was taken on as part of the acquisition of AxFina, which in its turn took over the financial liability when acquiring its Polish subsidiary, Raport S.A. The bond loan is measured at amortized cost using the effective interest method. Since the bond as per restructuring agreement does not have an interest component a reference interest rate was applied.

Bond loan EUR 100m and Bond loan EUR 50m (EUR 33.5m at redemption date)
On 6 May 2021, DDM Debt redeemed in advance its EUR 100m senior secured bonds with ISIN SE0012454940 and its EUR 33.5m senior secured bonds with ISIN number SE0010636746, in accordance with the terms and conditions of the bonds. The bonds were redeemed each at the applicable call option (being 101.85 per cent. and 103.0 per cent. of the outstanding nominal amount for the EUR 100m bonds and EUR 33.5m bonds respectively) totaling EUR 3.0m paid, of which EUR 2.4m was expensed to the income statement and EUR 0.6m capitalized as part of the new bond issuance, plus accrued but unpaid interest. In addition, the remaining capitalized transaction costs of approximately EUR 1.5m were expensed to the income statement as a non-cash write off in relation to the existing bonds. At the redemption date DDM Debt held EUR 23m of the EUR 100m senior secured bonds following bond buybacks.

Maturity profile and carrying value of borrowings:

Group EUR '000s	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Beyond 5 years	Total
at 30 September 2022							
Bond loan, 9%	–	–	–	184,188	–	–	**184,188**
Bonds	314	459	513	464	445	1,477	**3,672**
Total	**314**	**459**	**513**	**184,652**	**445**	**1,477**	**187,860**
at 31 December 2021							
Bond loan, 9%	–	–	–	–	183,452	–	**183,452**
Total	**–**	**–**	**–**	**–**	**183,452**	–	**183,452**

Note: Bond loans are initially reported at fair value net of transaction costs incurred and subsequently stated at amortized cost using the effective interest method.

Fair value of borrowings:

Group EUR '000s	IFRS 9 category	Fair value category	Fair value	Carrying value
at 30 September 2022				
Bond loan, 9%	Financial liabilities at amortized cost	Level 2	131,880	184,188
Bonds	Financial liabilities at amortized cost	Level 3	5,858	3,672
Total			**144,581**	**187,860**
at 31 December 2021				
Bond loan, 9%	Financial liabilities at amortized cost	Level 2	189,304	183,452
Total			**189,304**	**183,452**

Note 13. ***Loans and borrowings … continued***

The levels in the hierarchy are:
- Level 1 – Quoted prices on active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (such as prices) or indirectly (such as derived from prices). The fair value of the bond loans is calculated based on the bid price for a trade occurring close to the balance sheet date.
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

Note 14. Participations in Group companies

Parent Company EUR '000s	30 September 2022	31 December 2021
Investment	23,518	9,478
Total	**23,518**	**9,478**

Parent Company EUR '000s	Investment
At 31 December 2021	**9,478**
Acquisitions	14,040
At 30 September 2022	**23,518**

The Parent Company holds shares in the following subsidiaries:

EUR '000s Company	Corporate identity number	Domicile	Proportion of equity 30 September 2022	Proportion of equity 31 December 2021	Net book value 30 September 2022	Net book value 31 December 2021
DDM Invest III AG	CHE 115.238.947	Switzerland	100%	100%	9,364	9,364
DDM Mergeco AG*	CHE 353.292.452	Switzerland	100%	100%	–	–
DDM Invest V d.o.o*	8297355000	Slovenia	100%	100%	–	–
DDM Invest VII d.o.o.	7109806000	Slovenia	100%	100%	8	8
DDM Debt Management d.o.o Beograd**	21313963	Serbia	100%	100%	–	–
DDM Debt Romania S.R.L	39689815	Romania	99%	99%	106	106
DDM REO Adria d.o.o.* **	05288215	Croatia	100%	100%	–	–
AxFina Holding S.A	B239375	Luxembourg	50.2%	–	14,040	–
AxFina Romania S.R.L***	44897030	Romania	50.2%	–	–	–
AxFina Austria GmbH***	FN513105t	Austria	50.2%	–	–	–
AxFina Croatia d.o.o.***	81136498	Croatia	50.2%	–	–	–
AxFina Hungary Zrt	06-10-000062	Hungary	50.7%	–	–	–
Lombard Ingatlan Zrt	06-10-000319	Hungary	50.7%	–	–	–
AxFina Servicing Kft	06-09-004809	Hungary	50.7%	–	–	–
AxFina d.o.o.***	8458367000	Slovenia	50.2%	–	–	–
Raport S.A. .***	7292330184	Poland	50.2%	–	–	–
Total					**23,518**	**9,478**

* DDM Mergeco AG, DDM Invest V d.o.o. and DDM REO Adria d.o.o. are subsidiaries 100% indirectly held through DDM Invest III AG.

** The net book value of the investments in DDM Debt Management d.o.o Beograd and DDM REO Adria d.o.o. amount to EUR 1 each as of 30 September 2022 and 31 December 2021.

*** AxFina Romania S.R.L, AxFina Austria GmbH, AxFina Croatia d.o.o., AxFina d.o.o., Raport S.A., AxFina Hungary Zrt, Lombard Ingatlan Zrt, AxFina d.o. are subsidiaries indirectly held through AxFina Holding S.A.

Note 15. Related parties

In 2019 DDM Group Finance S.A. entered into an agreement with the DDM Debt Group where DDM Group Finance S.A. provides services under a brokerage contract. In relation to this agreement an amount of EUR 1.2m (9M 2021: EUR 3.2m) of brokerage fees were charged during the first nine months of 2022, of which EUR 0.9m (FY 2021: EUR 3.8m) was paid during the period and a further EUR 0.3m (31 December 2021: EUR 0.4m) was accrued as at 30 September 2022.

During 2020 the DDM Debt Group restructured its investment in the Greek NPL transaction which resulted in accelerated collections of EUR 59.8m being received in H2 2020 and the entire carrying value remaining of EUR 43.8m prior to the restructuring was recognized as amortization. The DDM Debt Group assessed the transaction and concluded that it retains the same contractual rights to future cashflows in the distressed asset portfolio as prior to the restructuring and therefore has not derecognized the asset under IFRS 9 amortized cost. In Q1 2022 the DDM Debt Group released EUR 0.5m (31 December 2021: EUR 1.6m) of accrued expenses and deferred income recognized during 2020 following the restructured investment in the Greek NPL transaction, of which EUR 0.5m (Q3 2021: nil, FY 2021: 1.0m) was recognized to net collections, EUR nil (Q3 2021: nil, FY 2021: 0.4m) netted against prepaid expenses and accrued income and EUR nil (Q3 2021: nil, FY 2021: EUR 0.2m) was paid during the period.

Transactions between the DDM Debt Group companies (fully consolidated) and Artemis Finance Holding (and its subsidiaries) were as follows:

EUR '000s		1 Jul–30 Sep 2022	1 Jul–30 Sep 2021	1 Jan–30 Sep 2022	1 Jan–30 Sep 2021	Full Year 2021
Income Statement	Net collections	–	–	476	–	952
Income Statement, Total		**–**	**–**	**476**	**–**	**952**

EUR '000s		30 June 2022	31 December 2021
Balance sheet	Accrued expenses and deferred income	–	(476)
Balance sheet, Total		**–**	**(476)**

During 2021, the DDM Debt Group invested into a total of EUR 15.8m of pre-IPO convertible bonds in Omnione S.A ("Omnio"), a leading innovator in Banking-as-a-Service measured at cost within financial assets at fair value level 3, which are due to mature in accordance with the terms of the pre-IPO convertible bonds on 31 December 2024 accruing at an annual rate of 2% cash interest and 6% Payment-in-Kind ("PIK"), including convertibility rights into ordinary shares of Omnio. In addition, EUR 7.9m was invested in Omnio during 2021 and EUR 9.3m during the first nine months of 2022 which is expected to be received by 31 December 2024 in line with the maturity of the pre-IPO convertible bonds accruing at an annual rate of 15% PIK. Interest income from Omnio to DDM amounted to EUR 0.9m and EUR 2.3m (Q3 2021: EUR nil, 9M 2021: EUR nil, FY 2021: 1.0m) which has been recognized in interest income during Q3 and the first nine months of 2022 respectively.

On 6 July 2022, DDM Debt AB (publ), acquired 50.16% of the issued share capital of AxFina Holding Sarl ("AxFina"), a pan European debt servicing provider. AxFina is a key partner for DDM's loan portfolios. In addition to its core debt servicing solutions, AxFina is also providing business outsourcing services and digital debt management solutions to multiple industries. The acquisition of AxFina allows DDM to profit from the intended growth of the service revenues of AxFina, both in (third party) debt servicing as well as in digital solutions, which complement the asset intensive business of DDM. AxFina will also facilitate new market entries for DDM (e.g. in Poland, where AxFina has recently established a presence). By taking a direct stake in its key debt servicing partner, DDM is following a well-established industry practice and expects its core NPL business to benefit from a closer collaboration between DDM and AxFina. The seller of the stake in AxFina is DDM Group Finance S.A. The transaction was done at an implied valuation for 100% of AxFina of EUR 28mn. In addition to the now acquired stake in AxFina, DDM Debt AB entered into a call option agreement giving it the right to acquire the remaining shares in AxFina held by DDM Group Finance S.A. at the same terms until 31 December 2022.

Note 16. Subsequent events

DDM Debt AB announced on October 4, 2022 that it had reached an agreement to combine the acquisition of Swiss Bankers and its investment in Omnio with Nordiska Kreditmarknadsaktiebolaget (publ), a leading Nordic credit institution with total assets of approximately SEK 8bn, under the newly formed Nordiska Financial Solutions Group.

As part of this transaction, DDM has also extended its agreement to acquire 100% of the share capital of Swiss Bankers Prepaid Services AG ("Swiss Bankers") which was initially signed in December 2021 and which will be assumed by Nordiska. The intention of the main shareholders of the newly combined group is to work towards a listing in the coming 12-18 months subject to market conditions.

DDM will become the largest shareholder in Nordiska with a minority stake and will support its transition to a Pan-European cloud-based, fully digitalized financial solutions group focussing on European bank consumers. The closing of the transaction is subject to certain conditions including the granting of all necessary regulatory approvals.

It was also announced that The Chairman of DDM, Jorgen Durban, has stepped down from his roles at DDM and will concentrate on his role as Chairman of Nordiska. Andreas Tuczka, board member of DDM since 2017, will become Chairman of DDM and upon closing join the board of Nordiska.

Signatures

The Board of Directors and Chief Executive Officer declare that the interim report 1 January – 30 September 2022 provides a fair overview of the Parent Company's and the Group's operations, their financial positions and result. The material risks and uncertainties facing the Parent Company and the Group are described in the 2021 Annual report.

This report has not been reviewed by the Company's auditors.

Stockholm, 30 November 2022

Dr. Andreas Tuczka Chairman of the board	Joachim Cato Board member
Erik Fällström Board member	Florian Nowotny CEO

Definitions

DDM
DDM Holding AG and its subsidiaries, including DDM Debt AB (publ) and its subsidiaries.

Amortization of invested assets
The carrying value of invested assets are amortized over time according to the effective interest rate method.

Cash EBITDA
Net collections less operating expenses.

EBITDA
Earnings before interest, taxes, depreciation of fixed assets and amortization of intangible assets as well as amortization, revaluation and impairment of invested assets.

Estimated Remaining Collections / ERC
ERC means the sum of future, undiscounted projected cash collections before commission and fees from acquired portfolios and future reasonably expected dividends, distributions or other payments from investments, in each case for the next following 120 months, either directly or as a result of any rights to collect or any rights to participate in amounts generated from portfolios or investments. This includes the Group's share of proceeds on all portfolios purchased or other investments made, however adjusted for any profit-sharing arrangements entered into by any member of the Group and where available the market value of any portfolio acquired or investment made.

ERC is not a balance sheet item, however it is provided for informational purposes as a common measure in the debt purchasing industry. ERC may be calculated differently by other companies and may not be comparable.

Equity
Shareholders' equity at the end of the period.

GCV
Gross collection value is the face (nominal) value of the portfolio.

Impairment of invested assets
Invested assets are reviewed at each reporting date and impaired if there is objective evidence that one or more events have taken place that will have a negative impact on the amount of future cash flows.

Invested assets
DDM's invested assets consist of purchases of distressed asset portfolios, investments in joint ventures and associates and financial assets at fair value.

Net collections
Gross collections from Portfolios held by the Group less commission and collection fees to third parties (but if such Portfolios are partly owned, only taking into consideration such Group Company's pro rata share of the gross collections and commission and fees).

Net debt
Long-term and short-term interest-bearing third party loans, interest-bearing intercompany loans (excluding subordinated debt) and liabilities to credit institutions (bank overdrafts) less cash and cash equivalents.

Non-recurring items
One-time costs not affecting the Company's run rate cost level.

Operating expenses
Personnel, consulting and other operating expenses.

Revaluation of invested assets
Invested assets are reviewed at each reporting date and revalued if there is objective evidence that one or more events have taken place that will have a positive impact on the timing or amount of future cash flows, or a negative impact on the timing of future cash flows.

Reconciliation tables, non-IFRS measures

This section includes a reconciliation of certain non-IFRS financial measures to the most directly reconcilable line items in the financial statements. The presentation of non-IFRS financial measures has limitations as analytical tools and should not be considered in isolation or as a substitute for our related financial measures prepared in accordance with IFRS.

Non-IFRS financial measures are presented to enhance an investor's evaluation of ongoing operating results, to aid in forecasting future periods and to facilitate meaningful comparison of results between periods. Management uses these non-IFRS financial measures to, among other things, evaluate ongoing operations in relation to historical results and for internal planning and forecasting purposes.

The non-IFRS financial measures presented in this report may differ from similarly-titled measures used by other companies.

Net collections:

Net collections is comprised of gross collections from the invested assets held and/or sold by the DDM Debt Group, minus commission and fees to third parties. The net amount of cash collected is recorded as "Net collections" within the line "Interest income on invested assets" in the consolidated income statement. The DDM Debt Group discloses the alternative performance measure "Net collections" in the notes separately, as it is an important measurement for the DDM Debt Group to monitor the performance of the portfolios and measure the cash available for operating expenses and to service its debt. The DDM Debt Group believes that disclosing net collections as a separate performance measure in the notes improves the transparency and understanding of the DDM Debt Group's financial statements and performance, meeting the expectations of its investors.

Amortization, revaluation and impairment of invested assets:

The recognition of the acquisition of invested assets is based on the DDM Group's own forecast of future cash flows from acquired portfolios. Reporting follows the effective interest method, where the carrying value of each portfolio corresponds to the present value of all projected future cash flows discounted by an initial effective interest rate determined at the time the portfolio was purchased, based on the relation between cost and the projected future cash flows on the acquisition date. Changes in the carrying value of the portfolios are reported as amortization, revaluation and impairment for the period.

Operating expenses and Cash EBITDA:

Amounts in EUR '000s (unless specified otherwise)	**1 Jul–30 Sep 2022**	**1 Jul–30 Sep 2021**	**1 Jan–30 Sep 2022**	**1 Jan–30 Sep 2021**	**Full Year 2021**
Net collections *	20,829	8,732	46,995	32,559	47,599
Revenue from mngt. fees and other services	123	100	123	100	100
Personnel expenses	(999)	(262)	(1,050)	(665)	(646)
Consulting expenses	(2,062)	(1,614)	(5,471)	(5,568)	(7,720)
Other operating expenses	(544)	(36)	(673)	(189)	(352)
Operating expenses	(3,605)	(1,912)	(7,194)	(6,422)	(8,718)
Cash EBITDA	17,347	6,920	39,924	26,237	38,981

* Net collections includes the incremental net distribution from associate and joint venture and distributions from financial assets at fair value. Please refer to page 29 for a reconciliation of alternative performance measures ("APMs") to IFRS

Net debt:					
Bond loan, 9%	184,188	183,237	184,188	183,237	183,452
Bonds	3,672	–	3,672	–	–
Less: Cash and cash equivalents	(57,446)	(96,703)	(57,446)	(96,703)	(62,750)
Net debt	130,414	86,534	130,414	86,534	120,702

Equity ratio:					
Shareholder's equity	12,451	15,484	12,451	15,484	13,447
Shareholder debt (subordinated)	37,586	37,586	37,586	37,586	37,586
Accrued interest on shareholder debt	4,732	6,450	4,732	6,450	3,214
Total equity according to the senior secured bond terms	54'769	59,520	54'769	59,520	54,247
Total assets	256,691	259,274	256,691	259,274	248,152
Equity ratio	21.3%	23.0%	21.3%	23.0%	21.9%

Alternative performance measures – reconciliation to IFRS:

EUR '000s	1 Jul–30 Sep 2022	1 Jul–30 Sep 2021	1 Jan–30 Sep 2022	1 Jan–30 Sep 2021	Full Year 2021
Gross collections	**10,384**	**8,630**	**34,262**	**30,747**	**40,344**
Incremental gross distribution from associate and joint venture	11,910	2,902	17,787	8,604	15,563
Distributions from financial assets at fair value	936	–	2,328	–	998
Adjusted gross collections	**23,230**	**11,532**	**54,377**	**39,351**	**56,905**
Net collections	**9,427**	**7,639**	**30,185**	**27,824**	**36,392**
Incremental net distribution from associate and joint venture	10,466	1,093	14,482	4,735	10,209
Distributions from financial assets at fair value	936	–	2,328	–	998
Adjusted net collections	**20,829**	**8,732**	**46,995**	**32,559**	**47,599**
Cash EBITDA	**5,945**	**5,827**	**23,114**	**21,502**	**27,774**
Incremental net distribution from associate and joint venture	10,466	1,093	14,482	4,735	10,209
Distributions from financial assets at fair value	936	–	2,328	–	998
Adjusted cash EBITDA	**17,347**	**6,920**	**39,924**	**26,237**	**38,981**
Net profit / (loss) for the period	**1,047**	**(2,342)**	**(3,647)**	**(6,667)**	**(5,662)**
Non-recurring items bond refinancing	–	–	–	3,911	3,911
Adjusted net profit / (loss) for the period	**1,047**	**(2,342)**	**(3,647)**	**(2,756)**	**(1,751)**

The financial statements of the Group have been prepared in accordance with IAS 34 Interim Financial Reporting. In addition, the Group presents alternative performance measures ("APMs"). Adjusted key figures for gross collections, net collections, cash EBITDA and net profit for the period provide a better understanding of the underlying business performance and enhance comparability from period to period, when the effect of items affecting comparability are adjusted for. Items affecting comparability can include one-time costs not affecting the Group's run rate cost level, significant earnings effects from acquisitions and disposals of invested assets, incremental distributions from associates and joint ventures and distributions from financial assets at fair value.

These measures do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies. The APMs are regularly reviewed by Management and their aim is to enhance stakeholders' understanding of the Group's performance and to enhance comparability between financial periods. The APMs are reported in addition to but are not substitutes for the financial statements prepared in accordance with IFRS. The APMs provide a basis to evaluate operating profitability and performance trends, excluding the impact of items which in the opinion of Management distort the evaluation of the performance of our operations.

The APMs also provide measures commonly reported and widely used by investors as an indicator of the Group's operating performance and as a valuation metric of debt purchasing companies. Furthermore, APMs are also relevant when assessing our ability to incur and service debt. APMs are defined consistently over time and are based on the financial data presented in accordance with IFRS.

About DDM

DDM Debt AB (Nasdaq Stockholm: DDM Debt 2026) is a subsidiary of **DDM Holding AG** (First North Growth Market: DDM), a specialized multinational investor in situations arising out of the general strategic challenges in the European banking markets. This includes investments into assets and companies previously held by financial institutions, including performing and non-performing loans and special situations. DDM strives to create value for its stakeholders by combining significant expertise in financial services, credit underwriting and technology with a focus on operational excellence.

DDM Holding AG is a company incorporated and domiciled in Zug, Switzerland and listed on Nasdaq First North Growth Market in Stockholm, Sweden, since August 2014.

ddm

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