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DDM DEBT AB (publ)

Corporate Identity Number 559053-6230

ANNUAL REPORT 2022

SPECIALIZED MULTINATIONAL INVESTOR IN SITUATIONS
ARISING OUT OF THE GENERAL STRATEGIC CHALLENGES
IN THE EUROPEAN BANKING MARKETS



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The DDM Debt AB (publ) 2022 Annual Report	
DDM Debt AB (publ) ("DDM Debt" or the "Company") is a Swedish Company headquartered in Stockholm. Corporate registration number 559053-6230. DDM Debt and its subsidiaries are together referred to as ("the DDM Debt Group" or "the Group").	
Values are expressed in euro (EUR), thousands of euros as EUR k and millions of euros as EUR M. Unless otherwise stated, figures in parentheses relate to the preceding financial year, 2021.	
Data on markets and competitors are DDM Debt's own estimates, unless another source is specified. This report may contain forward-looking statements that are based on the current expectations of DDM Debt's management. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of factors including changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors.	
DDM Debt's annual and interim reports are available in English from the Company's website >> .	
Any questions regarding financial data published by DDM Debt may be submitted to DDM's Investor Relations, tel. +41 41 766 1420 or email: investor@ddm-group.ch	
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Financial calendar

Interim report January–March 2023:

30 May 2023

Annual General Meeting 2023:

28 June 2023

Interim report January–June 2023:

31 August 2023

Interim report January–September 2023:

30 November 2023

Q4 and full-year report 2023:

28 February 2024

Annual report 2023:

30 April 2024

This is DDM Debt

DDM Debt AB (publ) (“DDM” or the “Company”) was founded in 2016 to fund the DDM Debt Group’s growth. The DDM Debt Group is based in Zug, Switzerland.

The DDM Debt Group 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, usually with an investment value of EUR 5–50M. Primarily the DDM Debt Group invests in corporate and consumer secured portfolios, but also in unsecured portfolios in Southern, Central and Eastern Europe. The DDM Debt Group works in close and longstanding relations with banks and financial institutions and provide solutions to recover outstanding distressed assets.

The DDM Debt Group has developed state-of-the-art processes for analysis, pricing and management of the acquired portfolios through its deep industry experience. In 2019 we launched a servicing platform for secured portfolios to increase the focus on portfolio management and business development services. Access to this servicing platform for secured portfolios complements our partnerships with leading local collection agencies to optimize collections from each portfolio, ensuring increased control and enabling the DDM Debt Group to be closer to the market. Consequently, the DDM Debt Group has developed a successful business model allowing for flexibility, automated processes and speed in decision-making.

For sellers, management of portfolios of distressed assets is a sensitive issue as it concerns the relationship with their customers. For sellers of portfolios it is therefore critical that the acquirer handles the underlying individual debtors professionally, ethically and with respect. The DDM Debt Group has longstanding relations with sellers of distressed assets, based on trust and the Group’s status as a credible acquirer. The DDM Debt Group’s expertise is key to assess the portfolios, as well as to decide how to open up a dialogue with the debtors. The goal is to establish an instalment plan and in the end achieve an amicable settlement where the debtor has repaid the outstanding amount. The DDM Debt Group evaluates a significant number of investment opportunities every year, resulting in a deep understanding of the market and the ability to identify the best investment opportunities.

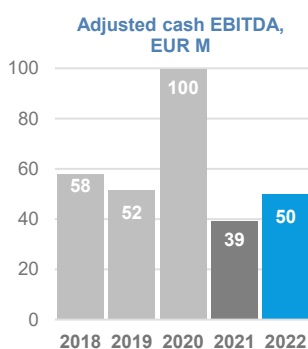
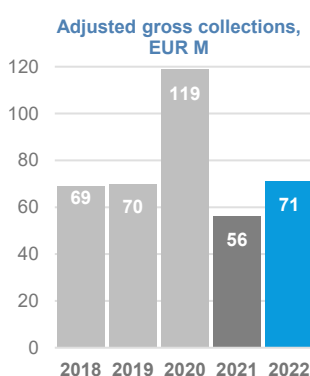
The past year has been marked by challenges with borrowers across Europe being faced with rising interest rates and an increasingly uncertain macroeconomic and geopolitical environments. The rising interest rates are assumed to result in increasing amounts of NPLs going forward and banks and other holders of credit exposures are therefore expected to take a more pro-active approach in managing their NPL portfolios. We therefore expect the NPL investment market to become more attractive in the course of 2023. We will continue to be disciplined in the sourcing of new business and monitor investment opportunities across our region on an opportunistic basis.

The DDM Debt Group has positioned itself well for growth by actively working both in existing and new markets. We have also entered new markets by teaming up with strategic partners and co-investors where we see significant investment opportunities at attractive prices.



Andreas Tuczka,
CEO of DDM Debt

“The DDM Debt Group is well-positioned with approximately EUR 52m of cash available to invest at 31 December”



STATEMENT BY THE CEO

A well-diversified platform across financial assets and services

I am pleased to have been appointed interim CEO of DDM Debt in April 2023 and thereby be able to contribute to the continued success of the group. I have contributed to the group in various capacities for the past couple of years and I have a strong interest in continued success of the group being one of the UBOs. I have extensive experience from banking and NPL markets, as well as capital markets and investment banking.

A well-diversified platform across financial assets and services

During the year we have continued to broaden our investments and build up a pan-European investment company around Consumer Finance, NPLs, Servicing, and FinTech with four key investment lines, 1. Consumer Finance & Embedded Finance, 2. Assets & Loans Investments, 3. Servicing & Digitalization and 4. Special Situations. The Consumer Finance & Embedded Finance investment lines include our investments into Addiko Bank where we hold about 9.9% and our investment in Omnio. The Assets & Loans Investments making acquisitions of under performing, non-core and non-performing loan portfolios in SEE/CEE markets where the company has a long and successful track record across different asset classes and jurisdictions with an expertise in complex and non-standard transactions. Servicing & Digitalization with captive and 3rd party loan portfolio servicing, business process outsourcing (“BPO”), and digital banking solutions to financial institutions and sponsors. Special situations include opportunistic investment opportunities where our stake in Borgosesia gives access to Italian distressed (single) banking loans secured by real estate (real estate-backed special situation investment opportunities), with a knowledgeable partner and co-investor with expertise within the area and access to proprietary deal flow.

Acquisition in Switzerland and Sweden

In December 2021 DDM entered into an agreement to acquire 100% of the share capital of Swiss Bankers Prepaid Services AG (“Swiss Bankers”), with closing subject to regulatory approval. In October 2022 DDM reached an agreement to combine the acquisition of Swiss Bankers and its investment in Omnio with Nordiska Kreditmarknadsaktiebolaget (publ) (“Nordiska”). As part of this transaction, DDM would acquire a minority stake in Nordiska. DDM also extended its agreement to acquire 100% of the share capital of Swiss Bankers which would be assumed by Nordiska. However, Nordiska informed DDM on 7 April 2023 that it aborts the process after the parties had been working on the transaction jointly for the previous eight months. DDM was surprised and disappointed about Nordiska’s unilateral decision to abandon the transaction. DDM is therefore currently evaluating its options on how to proceed.

Strategic acquisition of stake in AxFina

During the year we acquired about a 50% stake in the debt servicing and business outsourcing company AxFina. The company 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. It is active in 7 countries and has c. 160 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 (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. 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.

Earnings 2022

Adjusted gross collections amounted to EUR 70.8m for the full year 2022, higher than the corresponding period last year mainly due to stronger incremental gross distribution from associate and joint venture. After deducting commission and collection fees to third parties this resulted in EUR 61.2m of adjusted net collections being received for the full year 2022. Operating expenses were EUR 11.7m for the full year 2022, and as a result, adjusted cash EBITDA totalled EUR 50.1m for the full year 2022, equating to a high cash conversion ratio of above 80% for FY 2022 as a percentage of adjusted net collections. Operating profit includes EUR 2.4m of upwards revaluation, primarily relating to portfolios located in Slovenia and the Czech Republic.

Share of net profits of joint venture and financial assets at fair value

The results for the full year 2022 include EUR 8.3m share of net profits of joint venture under the equity method of accounting, following a strong performance of the Solaris joint venture. The incremental net distribution from the joint venture was EUR 19.6M that has been received as a cash distribution during the full year 2022.

Estimated Remaining Collections

ERC in relation to invested assets at 31 December 2022 stands at EUR 283m, corresponding to a decrease of 5% compared to 31 December 2021, as a result of investments acquired partially offset by the collections that have been received during 2022 but is expected to increase during 2023 as available funds are being invested. About 70% of the collections are expected to be received within the next three years and the composition of the portfolios that are secured is approximately 67% of the ERC over the next three years at 31 December 2022.

Administration Report

The Board of Directors and the CEO of DDM Debt AB (publ) hereby submit the annual report and consolidated financial statements for the 2022 financial year.

Information regarding the operations

DDM Debt AB (publ) (corporate identity number 559053-6230) is domiciled in Stockholm, Sweden and is a limited liability company that conducts operations in accordance with the Swedish Companies Act. 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.

DDM Debt is a wholly owned subsidiary of DDM Finance AB, Stockholm, Sweden, being a wholly owned subsidiary of DDM Group AG, Zug, Switzerland. DDM Group AG is a wholly-owned subsidiary of DDM Holding AG. DDM Holding AG has been listed on Nasdaq First North Growth Market exchange in Stockholm, Sweden, since August 2014. 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 31 December 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.

Andreas Tuczka was appointed interim CEO for DDM Debt AB April 1, 2023 and thereby replaces Florian Nowotny. Andreas Tuczka has had different roles within the DDM Debt Group since 2017 and has been board member since 2017.

Subsidiaries

On 31 March 2021 DDM Debt and its directly held subsidiary DDM Invest III AG entered into an agreement with the following group companies; DDM Finance AB, DDM Group AG and DDM Holding AG where the subordinated loans from other group companies of EUR 20,861k and the subordinated payables to other group companies of EUR 1,775k were transferred to the parent company DDM Finance AB and recognized within subordinated loans from other group companies in the DDM Debt AB balance sheet.

On 25 November 2021, DDM Invest III AG acquired 100% of the share capital of DDM Mergeco AG from DDM Group Finance S.A.

In July 2022 DDM Debt acquired 50.2% of AxFina Holding S.A and its subsidiaries (together "AxFina") and in April 2023 another 24.8% taking the total to 75%. 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.

Joint ventures

The DDM Debt Group's joint arrangement with B2Holding closed on 31 May 2019 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.

Facts and figures – The DDM Debt Group 2022

Consolidated revenue on invested assets during the year amounted to EUR 20,533k (2021: EUR 19,148k). Net collections during the year were EUR 61,183k (2021: EUR 47,599k). Operating profit amounted to EUR 17,448k (2021: EUR 14,116k).

The net loss before tax for the year amounted to EUR 4,133k (2021: net loss before tax of EUR 6,287k) and the net loss for the year was EUR 3,890k (2021: net loss of EUR 5,662k).

Significant events during the financial year

Performance improved in 2022 with net collections increasing 29% and operating profit increasing 24% compared to 2021 despite the challenging European economy and the geopolitical uncertainties. This improvement underlines the resilience of our underlying NPL portfolios despite the challenging macroeconomic environment. One example of this was the Croatian real estate market that continued to be supportive and strengthened the values of the collaterals in our secured portfolio which enabled us in many instances to exceed our case level collection targets.

Throughout 2022 we continued to work on further improvements of the DDM platform and set-up. As part of this process, a majority stake in the debt servicing and business outsourcing company AxFina was acquired. 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.

In October 2022 DDM reached an agreement to combine the acquisition of Swiss Bankers Prepaid Services AG ("Swiss Bankers") and its investment in Omnio with Nordiska Kreditmarknadsaktiebolaget (publ) ("Nordiska"). As part of this transaction, DDM will acquire a minority stake in Nordiska. DDM also extended its agreement to acquire 100% of the share capital of Swiss Bankers which was initially signed in December 2021 and will be assumed by Nordiska. This 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.

Geographical regions

The operational and investment activities of the DDM Debt Group and the DDM Group are not divided into geographical regions for reporting purposes. Potential investments and existing investments are always measured on their own merits and according to assumptions and forecasts made at the time of investing.

Distressed asset portfolios

Distressed assets are acquired for significantly less than their nominal value after which the DDM Debt Group collects the receivables in cooperation with local debt collection agencies or AxFina. As such, revenue on invested assets represents the majority of the consolidated income.

Investment in joint venture

The DDM Debt Group's joint arrangement with B2Holding that closed on 31 May 2019 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") which 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 recognised 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 DDM Debt Group's share of earnings for the year amounted to EUR 8.3m (2021: EUR 2.3m), and this is reported under Share of net profits of associate and joint venture in the consolidated income statement. The distributions received from the Joint Venture reduce the carrying value of the investment and includes EUR 19.6m (2021: EUR 5.6m) that has been received as a cash distribution during the full year 2022, of which EUR 18.5m relates to 2022 and EUR 1.1m relates to 2021.

Investment in associate

On 9 March 2020 the DDM Debt Group acquired a 9.9% shareholding in Addiko Bank AG for a cash consideration totaling approximately EUR 30m. Following the acquisition of a 9.9% stake in Addiko Bank that closed during March 2020, the results for the 2021 year 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. DDM 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.

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.

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 financial 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 0.708/share at 31 December 2022 (31 December 2021: EUR 0.62/share), which resulted in a fair value gain of EUR 0.2m being recognized through financial income in the consolidated income statement during FY 2022.

The investment in Addiko Bank AG was reclassified from investment in associates in 2021 and measured at a closing share price of EUR 12.65/share at 31 December 2022 (31 December 2021: EUR 13.65/share), which resulted in a fair value loss of EUR 1.9m being recognized through financial expenses in the consolidated income statement during FY 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 13.3m during 2022. During H1 2022, the DDM Debt Group also invested EUR 4.5m into a special purpose acquisition company that is located in Sweden.

Expenses

Operating expenses consisted primarily of costs relating to management fees to DDM Group AG, audit, legal and accounting services, salary costs and office rent expense.

Net financial expenses

In 2022 net financial expenses were EUR 21,581k (2021: EUR 20,403k). Net financial expenses for 2021 include non-recurring items of EUR 3,911k following the bond refinancing in Q2 2021, comprised of the call premium of EUR 2,408k that was paid in relation to the EUR 100m and EUR 33.5m bonds, and the non-cash write off of EUR 1,503k for the remaining capitalized transaction costs.

Cash flow and investments

Cash flow from operating activities before working capital changes for the full year amounted to EUR 30,861k (2021 EUR 20,463k).

In 2022, the cash purchase price of invested assets (distressed asset portfolios, investments in joint ventures and associates and financial assets at fair value) amounted to EUR 35,367k (2021: EUR 39,464k).

Research and Development

DDM Debt is not engaged in any research and development activities.

Financing

At 31 December 2022 net debt, consisting of the EUR 200M senior secured bonds (net of own bonds) and interest-bearing intercompany loans (excluding subordinated debt), less cash and cash equivalents, amounted to EUR 135,961k. Shareholders' equity according to the terms and conditions of the senior secured bonds amounted to EUR 55,685k.

At 31 December 2021 net debt, consisting of the EUR 200M senior secured bonds (net of own bonds) and interest-bearing intercompany loans (excluding subordinated debt), less cash and cash equivalents, amounted to EUR 120,702k. Shareholders' equity according to the terms and conditions of the senior secured bonds amounted to EUR 54,247k.

Non-financial earnings indicators

DDM Debt's role in society

The Company offers a platform for economic growth by giving companies and banks the opportunity to manage their credit exposure. DDM Debt systems and understanding of creditor's requirements are optimized and are paired with respect for debtors and their integrity.

Business ethics

DDM Debt's values act as a guide on how business with the Company's clients and customers is managed. The ethical rules deal primarily with a respectful attitude towards clients and customers.

Working conditions

Employees have the right to secure and healthy workplaces, as well as fair terms of employment in line with market levels. Men and women are given equal opportunities. A sustainable and commercially successful business relies on skilled and motivated employees.

Environment

As a service company, DDM Debt generally has limited possibilities to affect the environment, although it seeks to act in an environmentally responsible manner where possible.

Please refer to the DDM Debt Sustainability report at page 16 for further details.

Market outlook

As borrowers across Europe are faced with the challenges from rising interest rates and an increasingly uncertain macroeconomic environment, banks and other holders of credit exposures will again take a more pro-active approach to managing their NPL portfolios. We therefore expect the NPL investment market to become more attractive again in the course of 2023. We will continue to be disciplined in the sourcing of new business and monitor investment opportunities across our region on an opportunistic basis.

The DDM Debt Group has positioned itself well for growth by actively working both in existing and new markets. We have also entered new markets by teaming up with strategic partners and co-investors where we see significant investment opportunities at attractive prices.

Board work

According to DDM Debt's Articles of Association, the Board of Directors shall consist of no less than three and no more than ten members with no more than five deputies. All members are elected at the annual general meeting or under special circumstances at an extraordinary general meeting.

Parent Company

The operations of the Parent Company at 31 December 2022 encompass ownership of the subsidiaries: DDM Invest III AG, DDM Mergeco AG, DDM Invest V d.o.o., DDM Invest VII d.o.o., DDM Debt Management d.o.o Beograd, DDM Debt Romania S.R.L., DDM REO Adria d.o.o., AxFina Holding S.A, AxFina Romania S.R.L, AxFina Austria GmbH, AxFina Croatia d.o.o. and AxFina d.o.o. and AxFina Hungary Zrt. and Raport S.A. and ownership of 50% of CE Partner S.à r.l. and CE Holding Invest S.C.S (the "Joint Venture"). In addition, the Parent Company provides funding for the subsidiaries' investments into distressed asset portfolios, financial assets at fair value, joint ventures and associates. The funding is provided to subsidiaries through intercompany loans.

The Parent Company reported revenue of EUR 0k for the year (2020: EUR 0k) and a profit before tax of EUR 907k (2021: profit of EUR 3,102k). The Parent Company had no employees at 31 December 2022 (31 December 2021: no employees).

Events after the balance sheet date

On 8 February, DDM agreed a revolving credit facility for general corporate purposes at a variable interest rate equal to EURIBOR Plus a 3.5% margin with repayment date no later than 30 June 2025. The full amount was drawdown on the same date.

On 13 February, DDM received from OmniOne S.A. the conversion notice in respect of the conversion of DDM's outstanding bonds in OmniOne, equal to EUR 17,334,464.00, in exchange of 685,426 shares in OmniOne. New shares were issued and regularly registered on 26 January

On 24 February OmniOne successfully concluded a capital increase of EUR 9m at a pre-money valuation of EUR60m. DDM contributed EUR 4m in exchange of 151,573 new shares. On the same date, as a further contribution to the stabilization and success of OmniOne S.A., DDM subscribed 473,949 new shares converting the majority of its existing loan towards Omnione S.A. into equity.

On 3 April, Florian Nowotny informed the Board that he has decided to step down from his position as CEO. From the same date, Dr. Andreas Tuczka (Chairman of the Board of Directors) assumed the role of Executive Chairman on an interim basis until a permanent CEO-successor is announced. Florian Nowotny has agreed to ensure a smooth hand over of his role and will remain as an advisor during a transition period.

On 6 April, DDM acquired an additional 25% of the share capital of AxFina Holding SA ("AxFina") EUR 7m.

On 7 April, DDM have been informed by Nordiska that it is aborting the process regarding a combination of Nordiska with Swiss Bankers and Omnio.

The DDM Debt Group considers all of the subsequent events above as non-adjusting events after the end of the reporting period.

Financial summary

Key figures, EUR '000s (unless otherwise indicated)	2022	2021
Revenue on invested assets	20,533	19,148
Revenue from management fees	605	100
Share of net profits of associate and joint venture	8,321	3,631
Operating profit	17,448	14,116
Operating margin, %	59.2	61.7
Cash flow from operating activities before working capital changes	30,861	20,463
Equity ratio (including subordinated debt), %	22.0	21.9

Risk management and financial risks

Risk management is handled by employees and management of the DDM Group who report to the Board on the basis of the policy adopted by the Board. The DDM Group identifies, evaluates and mitigates financial risks relating to the operating activities of the DDM Debt Group. The Board determines and adopts an overall internal policy for risk management.

The DDM Group defines risk as all factors which could have a negative impact on the ability of the Group to achieve its business objectives. All business activity is associated with risk. In order to manage risk in a balanced way, it must first be identified and assessed. The DDM Debt Group's risk management is conducted by employees and management of the DDM Group, where risks are evaluated in a systematic manner.

The following summary offers examples of risk factors which are considered to be especially important for the DDM Debt Group's future development but is by no means comprehensive. For further details regarding potential risk factors impacting the DDM Debt Group, please refer to the senior secured bonds prospectuses, which are available on our website.

Economic fluctuations

The debt collection industry is negatively affected by a weakened economy. However, the DDM Debt Group's assessment is that, historically, it has been less affected by economic fluctuations than many other sectors. Risks associated with changes in economic conditions are managed through ongoing monitoring of each country's economic situation and development.

Changes in regulations

With regard to risks associated with changes in regulations in its markets, the DDM Debt Group continuously monitors the regulatory efforts to be able to indicate potentially negative effects and to work for favorable regulatory changes. Changes to the regulatory or political environments in which the DDM Debt Group operates, a failure to comply with applicable laws, regulations, licenses and codes of practice or failure of any employees to comply with internal policies and procedures may negatively affect the DDM Debt Group's business.

Market risks

DDM Debt's financing and financial risks are managed by the DDM Group in accordance with the policy established by the Board of Directors. The policy contains rules for managing activities, delegating responsibility, measuring, identifying and reporting risks and limiting these risks. Operations are concentrated in the DDM Group in Switzerland, ensuring economies of scale when pricing financial transactions.

As part of cash management, the DDM Debt Group is striving to maintain cash in the different currencies they are exposed to. For further information regarding currency exposure, see notes 19, 22 and 23.

Interest rate risks relate primarily to DDM Debt's interest-bearing debt, which during 2022 consisted of fixed rate senior secured bonds. Borrowings issued using the floating reference rate Euribor expose DDM Debt to interest rate risk and borrowings issued at fixed rates expose DDM Debt to fair value interest rate risk.

Liquidity risk

The DDM Debt Group has deposited its liquid assets with established financial institutions where the risk of loss is considered remote. The DDM Debt Group's cash and cash equivalents consist solely of bank balances. The DDM Debt Group prepares regular liquidity forecasts with the purpose of optimizing liquid funds so that the net interest expense and currency exchanges are minimized without incurring difficulties in meeting external commitments.

Credit risk

Credit risk is the risk that the counterparty in a financial transaction will not fulfil its obligations on the maturity date. Credit risk is managed by the DDM Debt Group and arises from cash and cash equivalents, and deposits with banks and financial institutions.

A second source of credit risk arises in connection to funds collected during the ordinary course of business. Funds are mainly collected directly on the DDM Debt Group's bank accounts, however in certain cases they are paid into client fund accounts held by the respective debt collection agencies to separate the DDM Debt Group's funds from the general funds of the agency. In the second instance every month there is a reconciliation-process, and based on this received and allocated funds are transferred from the client fund accounts. Should a debt collection agency become insolvent between such reconciliation events monies collected and not yet reconciled could be frozen on the account pending the outcome of the insolvency. In selecting debt collection partners, the DDM Debt Group makes efforts to control and monitor the financial standing of its partners and also to maintain a balance of the work allocated between agencies to minimize the potential risk of such a situation. Amounts expected to be recovered from a solvent counterparty are recognized as accounts receivable in the balance sheet.

Risks inherent of distressed assets

To minimize the risks in this business, caution is exercised in investment decisions. The DDM Debt Group invests in assets and companies previously held by financial institutions, including performing and non-performing loans and special situations with an investment value of EUR 5–50m. Sellers are primarily financial institutions, typically international banks with presence in several countries in Southern, Central and Eastern Europe. The DDM Debt Group has established relationships with sellers throughout the industry and as the DDM Debt Group is able to take on a leading position, we get repeat business as well as access to financial co-investors. Since 2015 significant portfolio acquisitions have been made containing secured assets in addition to corporate receivables. These acquisitions have accelerated the collection profile with the majority of collections expected to be received in the first three years of investment. Co-investment structures with third parties are opportunities for the DDM Debt Group to grow and gain access to invest in larger NPL portfolios across the SCEE market, whilst sharing the risks and returns with the co-investment partner. The DDM Debt Group depends upon reputable and trustworthy co-investment partners.

Invested assets are usually purchased at prices significantly below the nominal value of the receivables, and the DDM Debt Group retains the entire amount it collects, including interest and fees, after deducting costs directly relating to the collection of the debt. The DDM Debt Group places return requirements on acquired invested assets. Before every acquisition, a careful assessment is made based on a projection of future cash flows (collected amounts) from the invested asset.

To facilitate the purchase of larger portfolios at attractive risk levels, the DDM Debt Group works in cooperation with other institutions and shares the equity investment and profits. Risks are further diversified by acquiring distressed assets from various sellers in different countries.

Financing risk

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%, and must be complied with on an incurrence test basis. DDM Debt'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. The terms and conditions are available in their entirety on our website.

Equity price risk

Equity price risk is the risk that arises from security price volatility, the risk of a decline in the value of an equity security. Equity price risk can be either systematic that is uncontrollable as affects multiple asset class in a global economic crisis or unsystematic which is specific to a company or industry.

The carrying amount of financial assets held at fair value represents the Directors' assessment of the maximum credit risk exposure of the Group and Company at the balance sheet date. For further information, refer to note 18 "Financial assets at fair value".

For further information regarding the financial risk management of the DDM Debt Group, see note 4.

The Board's committees

The overall responsibility of the Board of Directors cannot be delegated, however the Board may, within itself, set up committees which prepare, follow up on and evaluate issues within their respective spheres ahead of decisions by the Board.

Audit Committee

The audit committee prepares a number of issues for consideration by the Board and thereby supports the Board in its endeavors to fulfil its responsibilities within the areas of auditing and internal control and with assuring the quality of DDM Debt's financial reporting. The audit committee meets on a regular basis. The audit committee was comprised of Jörgen Durban (chair) and Joachim Cato until Jörgen Durban stepped down from the board. The board then decided to perform the tasks of the committee. The committee's meetings are also attended by Fredrik Olsson (CFO). The committee held two meetings in 2022 (2021: two meetings). Special attention was paid in 2022 and 2021 to the auditors' reviews, internal controls, financing and the acquisitions in the year.

The audit committee works on the basis of a set of "Instructions for the audit committee" adopted every year by the Board of Directors and reports back to the Board on the results of its work.

Corporate Governance Report

DDM Debt AB has established a corporate governance report in accordance with the Swedish Annual Accounts Act 6 chapter 8§. The report is available at the company, and will be distributed upon request. In addition, DDM Debt has also prepared a Sustainability report at page 15.

Employees

DDM Debt had no employees as of 31 December 2022 (2021: no employees), while the DDM Debt Group had 163 employees (2021: 2 employees). All other staff involved in the activities of DDM Debt are employed by DDM Group AG and are based in Zug, Switzerland. DDM Group AG charges the DDM Debt Group a management fee for this work.

Proposed appropriation of earnings

The Parent Company's distributable funds are at the disposal of the Board of Directors as follows:

EUR	2022
Retained earnings	10,962,292
Net earnings for the year	906,535
Total	11,868,827

The Board of Directors propose that the earnings be distributed as follows:

EUR	2022
Balance carried forward	11,868,827
Total	11,868,827

For other information we refer to the following financial statements and notes.



Andreas Tuczka,
Chairman of DDM Debt

*“ESG will continue to
be an important part
for DDM going
forward.”*

Sustainability Report

Statement by the Chairman

On behalf of the Board of Directors and their responsibility for Environmental, Social and Governance (“ESG”), DDM Debt AB (publ), its business units and subsidiaries (“the **DDM Debt Group**”) has issued its Sustainability Report in line with the Company’s corporate responsibility to carry out its business with its stakeholders ethically and sustainability. Our commitment to ESG throughout our business, from diligent investment decisions to the ethical treatment for the work-out of our debtors is a core part to ensuring sustainability and the Group’s success in the future.

Role in society

The DDM Debt Group offers a platform for economic growth by allowing banks and other financial institutions the opportunity to manage their credit exposure. The DDM Debt Group accepts its responsibility in society by helping businesses and consumers to restructure and optimize their lending and borrowing. The DDM Debt Group strives to maintain the highest legal and ethical standards in all its business practices.

The DDM Debt Group plays a key role within society by providing liquidity to lenders in certain markets by acquiring distressed corporate and consumer debt, enabling the lenders to continue providing loans to companies and individuals. The DDM Debt Group then assists the debtors to restructure their overdue debt professionally, ethically and with the utmost respect by carefully selecting and closely monitoring our debt collection partners.

We seek to be part of a solution in the credit market whereby we initiate opportunities for banks and financial institutions to divest their portfolios of distressed assets to better meet new and future regulations regarding capital adequacy. This, in turn, bolsters the stability of the banking sector by helping avoid artificially inflated balance sheets. By doing this, we not only help banks “cut their losses” vis-à-vis distressed assets, we also alleviate them of the burden of managing and collecting on those assets.

Sustainable approach

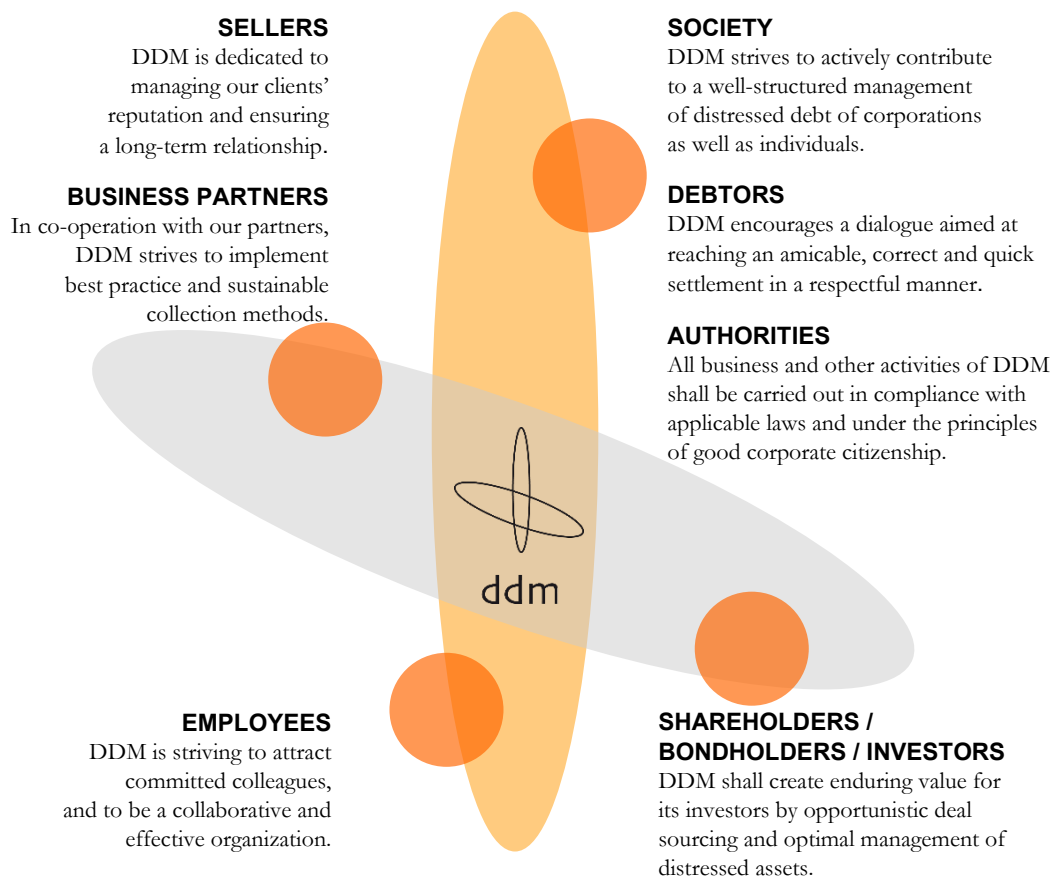
We select partner collection agencies carefully, making sure they apply professional, respectful and ethical methods. We work closely with them to determine which agencies are appropriate for collection on certain assets and what measures are appropriate.

Respectful and ethical treatment of debtors is central to our efforts and the banks who sell their portfolios to us pay considerable attention to correct treatment of their customers. Over the years, we have demonstrated an ability to actively control the measures and processes implemented by the collection agencies.

Effective from 1 January 2020, the DDM Debt Group is obliged to report its progress on sustainability in accordance with the Annual Accounts Act in Sweden on the Disclosure of Non-Financial and Diversity Information.

ESG priorities

The DDM Debt Group has undertaken a materiality assessment to identify the topics of highest importance for stakeholders’ concerns and the company’s risk and opportunities including: the fair and ethical treatment of debtor collection, anti-corruption and bribery matters, retaining key management and environmental protection.



Our business model is supporting sellers and debtors

The DDM Debt Group’s business model is based on our extensive experience and expertise from the non-performing loan (“NPL”) industry and proprietary data in combination with debt collection agencies providing the services according to the DDM Debt Group’s specifications.

In general, the market players can be divided into two strategic groups by the business models prevalent, namely: debt collection through in-house or external collection agencies. The DDM Debt Group is different from most of its peers due to our unique business model, which is based on access to a servicing platform for the work-out of secured receivables that was launched in 2019, our in-house technology platform and partially outsourcing debt collection to external collection agencies.

Fair and ethical treatment of debtor collection

The acquiring and managing of debt and the subsequent collection on debts, together the distressed assets industry, is an integral part of the finance and credit systems. As an experienced investor and manager the DDM Debt Group understands the sellers’ demands and expectations. In combination with a strict ethical approach throughout the process, the DDM Debt Group has gained a strong reputation within this growing industry and enjoys strong business relationships with sellers, mainly major banks and other financial institutions in the countries in which we are operating.

Our ethical corporate culture, embraced by the Board of Directors and Executive Management Committee down to all levels in the Group, is essential and ensures that all employees perform good judgement and have the integrity necessary to handle difficult situations that may arise. Along with policies and procedures, our Code of Conduct sets the overall standard on what is and what is not acceptable behaviour, ensuring that the DDM Debt Group conducts its business in compliance with applicable laws, and under the principles of good corporate citizenship in each country where activities take place.

Anti-corruption and bribery matters

The Board of Directors of DDM Group Finance SA, the largest shareholder at 31 December 2022 with a holding representing 95.2% of the votes and share capital in DDM Holding AG, the ultimate parent company of DDM Debt AB (publ), has adopted a number of policies and instructions containing rules, including but not limited to: Code of Conduct, Insider Policy and Guidelines, Prevention of Money Laundering and Terrorist Financing Policy, Outsourcing Policy and IT Policy for the entire Company's operations.

The DDM Debt Group currently holds portfolios and pursues debt collection mainly in Croatia, Hungary, Romania, Poland, Italy, Slovenia, Serbia and the Czech Republic. The DDM Debt 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, anti-trust regulations, an inability to enforce remedies in certain jurisdictions and geopolitical and social conditions in certain sectors of relevant markets.

No DDM Debt Group company or any of its employees may, directly or indirectly, promise, offer, pay, solicit, or accept bribes or kickbacks of any kind, including money, benefits, services or anything of value. Such payments and favours may be considered bribery, which violates local legislation and internationally recognized principles for combating corruption and bribery. Each employee is expected to act responsibly and with integrity and honesty, and to comply with the Group's Code of Conduct and its underlying policies and instructions.

The Prevention of Money Laundering and Terrorist Financing Policy provides the procedural rules on the performance of activities and measures to detect and prevent money laundering and terrorist financing throughout the DDM Debt Group, including risk assessment of customers, due diligence and ongoing monitoring of customers, restrictive measures, "Know Your Customer" ("KYC") procedures, reporting obligations, implementation of internal controls and the appointment of the persons responsible to perform the task related to the prevention of money laundering and terrorism financing.

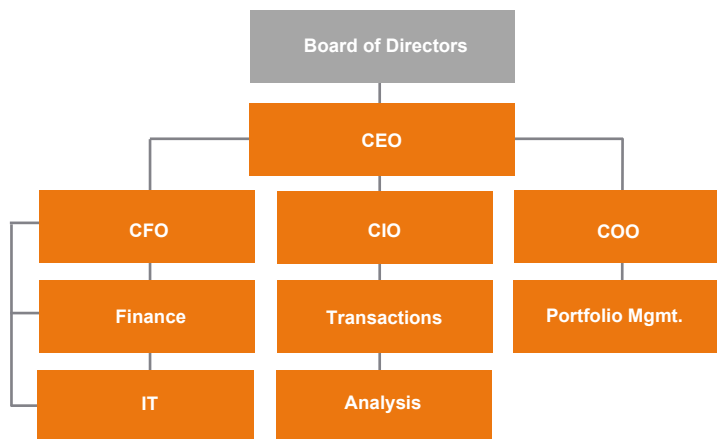
The Outsourcing Policy includes all employees, consultants, directors and service providers involved in DDM Debt Group's business activities, which gives overall guidelines for assessment and risk handling within the Group's outsourcing activities in order to ensure the highest quality of services and create long-term and prudent relationships.

Retaining key management

The DDM Debt Group has a management agreement with DDM Group AG regarding services required in the DDM Debt Group’s business (the “management agreement”). The DDM Debt 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 DDM Debt Group’s future business activities and development that DDM Group AG can retain and, where necessary, also recruit suitable consultants for the purpose of managing the DDM Debt Group’s business. It is also of importance that DDM Group AG ensures that adequate notice periods are included in employment and service contracts to try to avoid possible disruptions in the ongoing operations. Should DDM Group AG become unable to retain or recruit suitable consultants for managing the Group’s business, this could have a material adverse effect on the DDM Debt Group’s business, results of operations or financial position.

DDM GROUP FUNCTIONS

DDM Group functions, which support both the Executive Management Committee and operations, strategically and in day-to-day operations, are divided into the following teams; Transactions, Analysis, Portfolio Management, Finance and IT. The teams work independently with defined goals and coordinate their work in dialogue with each other.



The DDM Debt Group is committed to taking account of environmental impacts when conducting its business. The Company combines its economic goals with environmental and social requirements, and addresses sustainability issues when managing risks. The DDM Debt Group is continuously striving to implement new measures to improve its environmental performance and limit the contribution of our activities on greenhouse gas emissions and the consumption of natural resources in accordance with the Code of Conduct. This includes aiming to become a fully paperless operation wherever possible both internally and with external communications with various stakeholders, incentivising our employees to use public transportation and reducing corporate travel through the increased usage of digital meetings. The Board of Directors continuously monitors and strives to reduce the DDM Debt Group’s impact on the environment by annually reviewing the performance and policies included in the Code of Conduct. Due to the nature of business activities, the DDM Debt Group’s most significant impact on the environment is through corporate travel and the production of material.

Activities and progress during the year

The DDM Debt Group has identified the following policies and detailed our progress in relation to ESG during 2022:

Fair and ethical treatment of debtor collection

All employees abide by the Code of conduct

The DDM Debt Group takes an active approach to the application of the Code of Conduct ("Code") adopted by DDM Group Finance S.A. and the companies under the control of DDM Group Finance S.A. ("DDM Group") and promotes its implementation through the effective communication of its contents to its employees. The Code is subject to annual approval by the DDM Group Board of Directors. A DDM Group Compliance Officer was appointed and is responsible to monitor the application of this Code and can be contacted at ddm_corporate.gov@ddm-group.ch. No violations of the Code were reported in 2022.

Effective monitoring of suppliers and business partners

Suppliers and business partners are an important and integral part of the total value chain of the services of the DDM Debt Group. They are expected and encouraged to conduct their businesses in compliance with the same high legal and ethical standards and business practices as adopted by the DDM Debt Group. The DDM Debt Group co-operates and conducts business with the suppliers and business partners in accordance with the provisions of the DDM Group Outsourcing Policy.

Effective data protection of personal data

Effectively managing and protecting confidential information is critical to the nature of our business involved with dealing with large quantities of personal data. These processes are built into the DDM Group's proprietary IT system FUSION, which integrates investment data, case data, payment data and activity data into one effective and comprehensive IT system. As a result of the DDM Debt Group partially outsourcing the collection process both employees and business partners abide by strictly formulated policies to protect confidential information. Data protection of personal data is stated as a responsibility within the DDM Group Data Protection Policy, which applies to all employees and service providers whose activities are connected to debt collection.

Compliance with GDPR

General Data Protection Regulation (GDPR) has been effective since 25 May 2018. The DDM Debt Group has worked vigorously in cooperation with its business partners to enhance and ensure compliance with GDPR. A Privacy Notice accessible on our website <http://www.ddm-group.ch/data-privacy> and applicable since 25 May 2018 details how the DDM Debt Group collects, uses, processes and stores personal data, and data holder rights regarding personal data. A Data Protection Officer was appointed as responsible for managing compliance with GDPR and can be contacted at dpo@ddm-group.ch.

Anti-corruption and bribery matters

Adherence to anti-money laundering standards and policies

The DDM Debt Group exercises due diligence when executing financial transactions. The DDM Debt Group is committed to the "Know your customer/know your intermediary" principles. The DDM Debt Group does not conduct business with persons or groups of persons, or with clients and partners from countries, against which Switzerland or the EU has imposed sanctions. The DDM Debt Group undertakes ongoing due diligence and monitoring to assist in the identification of suspicious activities. The DDM Debt Group maintains the highest standards to ensure that money laundering is prevented or detected. Suspicion of money laundering is reported to the competent authorities. Each employee and consultant is expected to comply with the requirements of those standards and policies. If suspicious activities are discovered, this must be promptly escalated to the DDM Group Anti-Money Laundering Compliance Officer.

Conflicts of interest

The DDM Debt Group expects full loyalty from its employees and consultants. Employees and consultants must avoid situations where their personal interests may conflict with those of the DDM Debt Group. This means, for instance, that employees and consultants are not allowed to accept gifts or entertainment from a stakeholder, except for a gift or entertainment of a minor value given on an occasional basis, providing it does not create a conflict of interest situation. During 2022, no instances of intended bribery or uncertainty were reported by an employee to his or her line manager and the DDM Compliance Officer. There were no instances of employees of the DDM Debt Group accepting gifts or entertainment from a stakeholder, except for a gift or entertainment of a minor value (< 30 EUR or equivalent in local currency).

Anti-fraud	The DDM Debt Group does not tolerate fraudulent behaviour or activities, such as embezzlement, fraud or theft. Such violations will lead to immediate termination of employment and are subject to criminal sanctions. Suppliers and business partners are an important and integral part of the total value chain of the services of the DDM Debt Group. They are expected and encouraged to conduct their businesses in compliance with the same high legal and ethical standards and business practices as the DDM Debt Group. The DDM Debt Group co-operates and conducts business with its suppliers and business partners in accordance with the applicable laws and provisions of the DDM Group Prevention of Money Laundering and Terrorist Financing Policy, and other applicable policies and guidelines. There were no instances of employees accepting such payments and favours that may be considered bribery or fraud, and there were no violations under local legislation and internationally recognised principles for combating corruption and bribery are reported for the year ended 31 December 2022.
Insider trading	The EU's Market Abuse Regulation ("MAR") has been applicable to the DDM Debt Group since 3 July 2016. MAR is supplemented by a series of delegated regulations and implementing regulations issued by the EU Commission and by guidelines issued by the European Securities and Markets Authority (ESMA). MAR aims to enhance market integrity and investor protection and applies in respect of e.g. issuers and financial instruments admitted to trading on regulated markets, multilateral trading facilities and organized trading facilities. MAR contains, among other things, rules regarding a prohibition on insider dealing, unlawful disclosure and market manipulation; rules prescribing the manner in which issuers are to handle and publicly disclose inside information; rules imposing an obligation on issuers to maintain an insider list (logbook); and rules regarding reporting obligations in respect of transactions performed by persons discharging managerial responsibilities at an issuer or persons closely associated with them. The Board of Directors of the Company has adopted internal policies to facilitate and safeguard the DDM Debt Group's compliance with MAR and related rules and regulations.
Retaining key management	The DDM Debt Group supports core labour rights as defined by the International Labour Organisation included in the DDM Group Code. In this respect, the DDM Group Code upholds the freedom of association and the effective recognition of the right to collective bargaining. In the case that these rights are restricted by local law, the DDM Group Code endeavours to offer its employees alternative means to present their views. The DDM Group Code does not accept any form of forced or compulsory labour, or the use of child labour.
Implementation of fundamental conventions of the International Labour Organization	
Education and notice periods	The DDM Group continuously invests in its employees through training and education which can provide the DDM Debt Group with a competitive advantage, as the NPL industry is known to have a high employee turnover rate. Key persons including members of the Board and Executive Management Committee of the DDM Group have a notice period of up to 6 months.
Health and safety at work	The DDM Debt Group endeavours to create hazard-free workplaces for its employees, consultants, contractors and others working in various locations by applying high standards of occupational health and safety. Each individual is responsible for complying with any safety instructions, for using personal protection equipment when required and for reporting on any shortcomings regarding safety instructions or protection measures.
Social dialogue	The DDM Debt Group promotes openness and transparency, as well as continuous dialogue with its stakeholders, including clients, customers and other business partners, shareholders, personnel, authorities, local communities and the media. The DDM Debt Group strives to be honest and accurate in all communications with its stakeholders.
Equality and non-discrimination	The composition of the DDM Debt Group team reflects the Group's European outreach. The policy is to hire the best possible talent and at the same time embracing diversity in all levels in the Group, including the Executive Management Committee, as well as the Board of Directors. At 31 December 2022, the DDM Debt Group employed 163 people (75 male and 88 female). The average age of DDM employees is 39 years.

Respect for human and labour rights The DDM Debt Group supports and respects the protection of human rights as defined in the United Nations' Universal Declaration on Human Rights. No employee is allowed to take any action that violates these human rights principles, either directly or indirectly. The DDM Debt Group supports core labour rights as defined by the International Labour Organisation. In this respect, the DDM Debt Group upholds the freedom of association and the effective recognition of the right to collective bargaining. In the case that these rights are restricted by local law, the DDM Debt Group endeavours to offer its employees alternative means to present their views. The DDM Debt Group does not accept any form of forced or compulsory labour, or the use of child labour.

Environmental protection

Corporate travel and the production of material Corporate travel continued to be limited during 2022 following the travel restrictions imposed by the COVID-19 pandemic. We have also reduced the impact further on the environment through the application of video conferencing thereby reducing the need for corporate travel.

Energy efficiency The DDM Debt Group has only limited office presence in the various jurisdictions where it operates. Therefore, the DDM Debt Group does not consider that the office premises will have a material impact on the environment in the future.

GROUP CONSOLIDATED INCOME STATEMENT

For the year ended 31 December			
Amounts in EUR '000s	Notes	2022	2021*
Interest income on invested assets		18,462	14,986
Revaluation and impairment of invested assets		2,071	4,162
Revenue on invested assets	6	20,533	19,148
Share of net profits of associate and joint venture	6, 17	8,321	3,631
Revenue from management fees	6	605	100
Personnel expenses	7	(2,449)	(646)
Consulting expenses	8	(8,200)	(7,720)
Other operating expenses	9	(1,054)	(352)
Depreciation expense	13, 14	(308)	(45)
Operating profit		17,448	14,116
Financial income		569	498
Financial expenses		(22,444)	(21,253)
Unrealized exchange profit / (loss)		816	392
Realized exchange (loss)/ profit		(522)	(40)
Net financial expenses	10	(21,581)	(20,403)
(Loss) / profit before income tax		(4,133)	(6,287)
Tax income / (expense)	11	243	625
Net (loss) / profit for the year		(3,890)	(5,662)
Net (loss) / profit for the year attributable to:			
Owners of the Parent Company		(3,969)	(5,662)
Non-controlling interest		79	–
Earnings per share (before and after dilution), EUR	12	(73.50)	(104.85)

* The amount of EUR 998k has been reclassified from Financial income to Interest income on invested assets as relating to interest income towards Omnio on investment under the financial assets held at fair value (see note 18)

GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December			
Amounts in EUR '000s	Notes	2022	2021
Net (loss) / profit for the year		(3,890)	(5,662)
Other comprehensive (loss) / income for the year			
<i>Items that may subsequently be reclassified to profit or loss:</i>			
Currency translation differences		286	(32)
Share of other comprehensive income of associates accounted for using the equity method		–	313
Recycling of share of other comprehensive income of associates to the income statement	16	–	(3,011)
Other comprehensive (loss) / income for the year, net of tax		286	(2,730)
Total comprehensive (loss) / income for the year		(3,604)	(8,392)
Total comprehensive (loss) / income for the year attributable to:			
Owners of the Parent Company		(3,766)	(8,392)
Non-controlling interest		162	–

GROUP CONSOLIDATED BALANCE SHEET

As at 31 December Amounts in EUR '000s	Notes	2022	2021
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	24	52,285	62,750
Accounts receivable	23	513	1,711
Receivables from other group companies	23, 31	157	157
Prepaid expenses and accrued income	23	3,527	1,506
Other receivables	23	4,237	4,192
Tax assets	23	197	82
Total current assets		60,916	70,398
<i>Non-current assets</i>			
Financial assets at fair value	18	68,743	51,547
Other long-term receivables from investments	20	6,338	–
Distressed asset portfolios	19	70,451	80,578
Investment in joint venture	6, 17	21,546	31,819
Receivable from other group companies	31	5,936	5,936
Loans to other group companies	31	2,000	4,000
Deferred tax assets	21	3,034	1,900
Accrued interest from other group companies	31	1,291	1,649
Other non-current assets	22	351	313
Tangible assets	13	212	12
Intangible assets	14	919	–
Right-of-use assets	15	524	–
Goodwill	26	11,022	–
Total non-current assets		192,367	177,754
TOTAL ASSETS		253,283	248,152
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Shareholders' equity</i>			
Share capital	25	54	54
Other reserves		170	(33)
Retained earnings including net earnings for the year		9,457	13,426
Total shareholders' equity attributable to Parent Company's shareholders		9,681	13,447
Non-controlling interest		3,160	–
Total shareholders' equity		12,841	13,447
<i>Current liabilities</i>			
Accounts payable	30	610	323
Accrued expenses and deferred income	30	2,316	2,458
Tax liabilities	30	229	414
Accrued interest	30	8,602	6,559
Current lease liabilities	27	207	–
Current loans	30	365	–
Total current liabilities		12,329	9,754
<i>Non-current liabilities</i>			
Deferred tax liabilities	21	1,232	629
Payables to other group companies	31	1,085	3,284
Bond loans and borrowings	28	187,880	183,452
Loans from other group companies, subordinated	28	37,586	37,586
Non-current lease liabilities	27	330	–
Total non-current liabilities		228,113	224,951
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		253,283	248,152

GROUP CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December			
Amounts in EUR '000s	Notes	2022	2021*
Cash flow from operating activities			
Profit / (loss) for the period		(3,890)	(5,662)
Cash distribution from associate and joint venture	17	19,666	10,214
<i>Adjustments for non-cash items:</i>			
Amortization of invested assets	19	24,126	22,404
Revaluation and impairment of invested assets	19	(2,071)	(4,162)
Interest income		(3,393)	(998)
Share of net profits of joint ventures and associates	17	(8,321)	(3,631)
Depreciation expense		308	45
Financial income		(569)	(498)
Financial expenses	10	22,444	21,253
Unrealized exchange (profit) / loss		(816)	(392)
Tax expense / (income)		(243)	(625)
Other items not affecting cash		55	398
Call premium paid		–	(2,408)
Interest paid		(16,956)	(15,400)
Interest received		1,004	–
Tax paid		(483)	(75)
Cash flow from operating activities before working capital changes		30,861	20,463
Working capital adjustments			
(Increase) / decrease in accounts receivable		602	(5,035)
(Increase) / decrease in other receivables		(2,992)	(1,784)
Increase / (decrease) in accounts payable		(3,616)	(35)
Increase / (decrease) in other current liabilities		(3,034)	(2,150)
Net cash flow from operating activities		21,821	11,459
Cash flow from investing activities			
Purchases of distressed asset portfolios	19	(11,364)	(17,527)
Purchases of associates and joint ventures		–	(8,521)
Purchases of financial assets at fair value	18	(17,757)	(13,416)
Acquisition of subsidiary, net of cash acquired	3	(5,979)	–
Purchases of tangible and intangible assets		(267)	–
Net cash flow received / (used) in investing activities		(35,367)	(39,464)
Cash flow from financing activities			
Proceeds from issuance of loans		–	182,756
Proceeds from loan to other group companies		2,000	–
Repayment of loans		–	(122,590)
Principal elements of lease payments		(23)	(24)
Net cash flow received / (used) in financing activities		1,977	60,142
Cash flow for the year		(11,569)	32,137
Cash and cash equivalents less bank overdrafts at beginning of the year			
		62,750	30,672
Foreign exchange gains / (losses) on cash and cash equivalents		1,104	(59)
Cash and cash equivalents less bank overdrafts at end of the year	24	52,285	62,750

* The amount of EUR 998k has been reclassified from Financial income to Interest income on invested assets as relating to interest income towards Omnio on investment under the financial assets held at fair value (see note 18)

GROUP 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	–		(5,662)	(5,662)	–	(5,662)
Other comprehensive income / (loss)						
Currency translation differences	–	(32)	–	(32)	–	(32)
Share of other comprehensive income of associates accounted for using the equity method	–	313	–	313	–	313
Recycling of share of other comprehensive income of associates to the income statement	–	(3,011)	–	(3,011)	–	(3,011)
Total comprehensive income / (loss)	–	(2,730)	(5,662)	(8,392)	–	(8,392)
<i>Transactions with owners</i>						
Total transactions with owners	–	–	–	–	–	–
Balance at 31 December 2021*	54	(33)	13,426	13,447	–	13,447
Balance at 1 January 2022	54	(33)	13,426	13,447	–	13,447
Net loss for the period	–	–	(3,969)	(3,969)	79	(3,890)
Other comprehensive loss						
Currency translation differences	–	203	–	203	83	286
Total comprehensive loss	–	203	(3,969)	(3,766)	162	(3,604)
<i>Transactions with owners</i>						
Non-controlling interest on acquisition of subsidiary	–	–	–	–	2,998	2,998
Total transactions with owners	–	–	–	–	2,998	2,998
Balance at 31 December 2022	54	170	9,457	9,681	3,160	12,841

PARENT COMPANY – INCOME STATEMENT

For the year ended 31 December			
Amounts in EUR '000s	Notes	2022	2021
Revenue		–	–
Personnel expenses		–	(534)
Consulting expenses	7	(163)	(273)
Other operating expenses	8	(113)	(176)
Depreciation of tangible assets	9	(1)	(1)
Operating loss		(277)	(984)
Financial income		21,411	16,329
Financial expenses		(20,196)	(18,431)
Unrealized exchange (loss) / profit		(4)	(11)
Realized exchange loss		(27)	(5)
Net financial (expenses) / income	10	1,184	(2,118)
Profit / (loss) before income tax		907	(3,102)
Tax expense	11	–	–
Profit / (loss) for the period		907	(3,102)

PARENT COMPANY – STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December			
Amounts in EUR '000s	Notes	2022	2021
Net (loss) / profit for the year		907	(3,102)
Other comprehensive income for the year			
<i>Items that will not be reclassified to profit or loss</i>		–	–
<i>Items that may subsequently be reclassified to profit or loss</i>		–	–
Total other comprehensive income for the year, net of tax		–	–
Total comprehensive (loss) / income for the year		907	(3,102)

PARENT COMPANY – BALANCE SHEET

As at 31 December			
Amounts in EUR '000s	Notes	2022	2021
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	24	2,778	3,453
Prepaid expenses and accrued interest income	23	11	12
Other receivables	23	19	1,402
Accrued interest from other group companies	23	7,467	5,779
Total current assets		10,275	10,646
<i>Non-current assets</i>			
Receivables from other group companies	31	5,936	5,936
Loans to other group companies	31	202,631	212,825
Accrued interest from other group companies	31	1,291	1,071
Participations in other group companies	32	23,518	9,478
Other non-current assets	22	60	303
Tangible assets	13	–	2
Total non-current assets		233,436	229,615
TOTAL ASSETS		243,711	240,261
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Shareholders' equity</i>			
Share capital	25	54	54
Retained earnings including net (loss) / profit for the year		11,869	10,962
Total shareholders' equity		11,923	11,016
<i>Current liabilities</i>			
Accounts payable	30	29	54
Accrued expenses and deferred income	30	169	167
Tax liabilities	30	68	103
Accrued interest	30	8,602	6,559
Total current liabilities		8,868	6,883
<i>Non-current liabilities</i>			
Payables to other group companies	31	885	1,324
Bond loans and borrowings	28	184,449	183,452
Loans from other group companies, subordinated	31	37,586	37,586
Total non-current liabilities		222,920	222,362
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		243,711	240,261

PARENT COMPANY – CASH FLOW STATEMENT

For the year ended 31 December			
Amounts in EUR '000s	Notes	2022	2021
Cash flow from operating activities			
Profit / (loss) for the period		907	(3,102)
<i>Adjustments for non-cash items:</i>			
<i>Depreciation of tangible assets</i>		1	1
<i>Financial income</i>		(21,411)	(16,329)
<i>Financial expenses</i>		20,196	18,431
<i>Unrealized exchange (loss)/profit</i>		4	11
<i>Other items not affecting cash</i>		(5)	111
Call premium paid		–	(2,408)
Interest paid		(16,956)	(15,400)
Interest received		19,433	20,132
Cash flow from operating activities before working capital changes		2,169	1,447
Working capital adjustments			
(Increase) / decrease in other receivables		18	(12)
Increase / (decrease) in accounts payable		(1,275)	(135)
Increase / (decrease) in other current liabilities		2	(105)
Net cash flow from operating activities		914	1,195
Cash flow from investing activities			
Loans to group companies		(3,000)	(205,000)
Purchase of shares in group companies		(13,515)	–
Repayment of loans to group companies		1,260	146,586
Net cash flow received / (used) in investing activities		(15,255)	(58,414)
Cash flow from financing activities			
Proceeds from issuance of loans		13,700	182,756
Repayment of loans		–	(122,590)
Net cash flow received / (used) in financing activities		13,700	60,166
Cash flow for the year		(641)	2,947
Cash and cash equivalents less bank overdrafts at beginning of the year		3,453	521
Foreign exchange (losses) on cash and cash equivalents		(34)	(15)
Cash and cash equivalents less bank overdrafts at end of the year		2,778	3,453

PARENT COMPANY – STATEMENT OF CHANGES IN EQUITY

Amounts in EUR '000s	Share capital	Retained earnings incl. net (loss) / profit for the year	Total equity
Balance at 1 January 2021	54	14,064	14,118
<i>Comprehensive income</i>			
Net loss for the year	–	(3,102)	(3,102)
Other comprehensive income	–	–	–
Total comprehensive loss	–	(3,102)	(3,102)
<i>Transactions with owners</i>			
Total transactions with owners	–	–	–
Balance at 31 December 2021	54	10,962	11,016
Balance at 1 January 2022	54	10,962	11,016
<i>Comprehensive income</i>			
Net profit for the year	–	907	907
Other comprehensive income	–	907	907
Total comprehensive income	–	907	907
<i>Transactions with owners</i>			
Total transactions with owners	–	–	–
Balance at 31 December 2022	54	11,869	11,923

NOTE 1. GENERAL INFORMATION

The Parent Company, DDM Debt AB (publ) is a limited liability company with 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.

All amounts are reported in thousands of Euros (EUR k) unless stated otherwise. Rounding differences might occur.

On 28 April 2023, the Board of Directors approved the financial statements for publication.

DDM Debt AB (publ) ("DDM Debt" or "the Company") and its subsidiaries (together the "DDM Debt Group" or "the Group") provide liquidity to lenders in certain markets by acquiring non-performing loans and special situations from financial institutions and international banks with lending operations in Southern, Central and Eastern Europe. This enables the lenders to continue providing loans to companies and individuals, the DDM Debt Group then assists the debtors to restructure their overdue debt.

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. DDM Debt is a wholly owned subsidiary of DDM Finance AB, Stockholm, Sweden, being a wholly owned subsidiary of DDM Group AG, Zug, Switzerland.

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.

DDM Group AG's parent company DDM Holding AG prepares consolidated financial statements under IFRS and is listed on Nasdaq First North Growth Market, Stockholm since September 2014, under the ticker DDM. 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 31 December 2022.

Subsidiaries

On 31 March 2021 DDM Debt and its directly held subsidiary DDM Invest III AG entered into an agreement with the following group companies; DDM Finance AB, DDM Group AG and DDM Holding AG where the subordinated loans from other group companies of EUR 20,861k and the subordinated payables to other group companies of EUR 1,775k were transferred to the parent company DDM Finance AB and recognized within subordinated loans from other group companies in the DDM Debt AB balance sheet.

On 25 November 2021, DDM Invest III AG acquired 100% of the share capital of DDM Mergeco AG from DDM Group Finance S.A.

DDM Debt acquired 50.2% of AxFina Holding S.A and its subsidiaries (together "AxFina") in July 2022 and an additional 25% in April 2023. 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.

Joint venture

The DDM Debt Group's joint arrangement with B2Holding closed on 31 May 2019 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.

Associates

On 9 March 2020 the DDM Debt Group acquired a 9.9% shareholding in Addiko Bank AG for a cash consideration totaling approximately EUR 30M. On 17 December 2021, the investment in Addiko Bank was reclassified to a financial asset at fair value, which 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. The share price on 31 December 2022 was EUR 12.65/share, leading to a financial expense in the income statement in 2022 of EUR 1.9m.

Financial assets at fair value

On 3 December 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, for approximately EUR 1.4m financed by cash on hand. 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. In addition, EUR 7.9m was invested in Omnio in 2021 and EUR 13.3m during 2022. The DDM Debt Group also invested EUR 4.5m into a Swedish special purpose acquisition company (participating at 46.86%), which is investing in a listed SPAC; the Company has qualified the investment as financial assets at fair value, with no control, over the investee. Please see further note 3

NOTE 2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as in accordance with RFR 1 *Supplementary Accounting Principles for Groups* and the Annual Accounts Act. The DDM Debt Group has evaluated the differences between the IFRS as adopted by the EU and the IFRS approved by the IASB with influence on the DDM Debt Group's financial statements and concluded that there are no material differences.

The consolidated financial statements have been prepared on the basis of historical cost modified with the revaluation of financial assets and financial liabilities at fair value through profit or loss. Distressed asset portfolios and borrowings are measured at amortized cost using the effective interest rate method, adjusted for revaluation and impairment. The investments in joint ventures and associates are accounted for under the equity method.

The financial statements have been prepared on a going concern basis.

The significant accounting policies applied in these consolidated financial statements are presented as follows:

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conjunction with IFRS requires the application of certain important estimates for accounting purposes. Furthermore, it is required that management undertakes a number of assessments as regards to the application of the Group's accounting policies. Areas involving a high degree of assessment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are referred to in note 5.

The accounts of DDM Debt AB have been prepared in accordance 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.

Consolidation

The financial statements consolidate the accounts of DDM Debt AB and its subsidiaries.

Subsidiaries

Subsidiaries are all entities over which DDM Debt AB has control. DDM Debt AB 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. The following entities are included in the scope of consolidation:

Entities included in the scope of consolidation	Consolidation method	Domicile	31 Dec 2022	31 Dec 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 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%	–
AxFina Hungary Zrt.	Fully consolidated	Hungary	50.7%	1%
Raport S.A.	Fully consolidated	Poland	50.2%	–

Joint venture

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 of joint venture.

Distributions received from the Joint Venture are not recognised 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 DDM Debt Group measures and recognises 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 recognised 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 DDM Debt Group.

Entities not included in the scope of consolidation	Consolidation method	Domicile	31 Dec 2022	31 Dec 2021
CE Partner S.a.r.l.	Equity accounted	Luxembourg	50%	50%
CE Holding Invest S.C.S	Equity accounted	Luxembourg	50%	50%

Associates

Associates are all entities over which the DDM Debt Group 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 for impairment in accordance with the policy described in note 3.

On 9 March 2020 the DDM Debt Group acquired a 9.9% shareholding in Addiko Bank AG. On 17 December 2021, the investment in Addiko Bank was reclassified to a financial asset at fair value, which 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. The share price on 31 December 2022 was EUR 12.65/share, leading to a financial expense in the income statement in 2022 of EUR 1.9m.

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 are included within financial income and interest income from financial assets held at FVTPL is included within Interest income on invested assets.

NOTE 3. SUMMARY OF SIGNIFICANT... continued

Financial assets held at FVTPL include investments in other entities in which the Company has a significant influence (but not control or joint control), providing that:

- its value is (or will be) a marketable value
- the investee aims to generate growth in a medium term, following an exit strategy of the Company, and
- the object of the investment is not related to the Company core business.

On 3 December 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, for approximately EUR 1.4m. 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. In addition, EUR 7.9m was invested in Omnio in 2021 and EUR 13.3m during 2022.

The DDM Debt Group invested during 2022 EUR 4.5m into a special purpose acquisition company, Water by Nordic AB, which is investing in a listed SPAC.

The Company has qualified the investment as financial assets at fair value, assessed the substance of a "pass through vehicle", with no control, over the investee.

Financial assets at fair value	Measurement	Domicile	31 Dec 2022	31 Dec 2021
Addiko Bank AG	FVTPL	Austria	9.90%	9.90%
Borgosesia S.p.A.	FVTPL	Italy	5.00%	5.00%
Water by Nordic AB	FVTPL	Sweden	46.86%	-
Omnio Group	FVTPL	Luxembourg	N/A	N/A

Segment reporting

The one operating segment in the DDM Debt Group is reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, is identified as the Chief Executive Officer of DDM Group that makes strategic decisions. The DDM Debt Group reports one segment, consistent with the DDM Group policy.

Foreign currency translation*(i) Functional and presentation currency*

Items included in the financial statements of each of the DDM Debt Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of DDM Debt AB is Euro ("EUR"). The consolidated financial statements are presented in thousands of Euros, ("EUR k"), unless stated otherwise, which is the Group's presentation currency. Rounding differences may occur. The financial statements of entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows: assets and liabilities at the closing rate on the balance sheet date, equity at historical rates and income and expenses at the average rate for the period (as this is considered a reasonable approximation of the actual rates prevailing on the dates of the individual transactions). All resulting consolidation adjustments are recognized in other comprehensive income as cumulative translation adjustments. All of the entities in the DDM Debt Group have EUR as their functional currency except for DDM Debt Management doo Beograd which has Serbian Dinar (RSD) as its functional currency, DDM Debt Romania S.R.L, which has Romanian leu (RON) as its functional currency and DDM REO Adria d.o.o., AxFina d.o.o which have Croatia Kuna (HRK) as its functional currency and Raport S.A. which as Polish zloty (PLN) as its functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction dates. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than an entities' functional currency will give rise to realised and unrealised exchange rates differences that are recognized in the income statement in "net financial expenses".

The following exchange rates were applied at the balance sheet dates (spot rates) and for the income statement (average rates):

Exchange rates		31 Dec 2022	31 Dec 2021
Balance sheet	EUR/CHF	0.9847	1.0331
Income statement	EUR/CHF	1.0086	1.0847
Balance sheet	EUR/CZK	24.1161	24.858
Income statement	EUR/CZK	24.6395	25.734
Balance sheet	EUR/HRK	7.5345	7.5156
Income statement	EUR/HRK	7.533	7.5309
Balance sheet	EUR/HUF	400.80	369.14
Income statement	EUR/HUF	386.54	357.79
Balance sheet	EUR/PLN	4.6808	4.5969
Income statement	EUR/PLN	4.677	4.5530
Balance sheet	EUR/RON	4.9495	4.9490
Income statement	EUR/RON	4.9337	4.9139
Balance sheet	EUR/RSD	117.3158	117.578
Income statement	EUR/RSD	117.4812	117.586
Balance sheet	EUR/SEK	11.1217	10.2503
Income statement	EUR/SEK	10.5616	10.1363

Cash and cash equivalents

Cash and cash equivalents include cash deposits held with banks and other short-term highly liquid investments with original maturities of three months or less. Overdrafts are disclosed separately under liabilities and presented as "Liabilities to credit institutions". Please see note 24.

Financial instruments

IFRS 9 "Financial Instruments" addresses the classification, measurement and derecognition of financial assets and financial liabilities and impairment model for financial assets. Distressed asset portfolios and accounts receivables are financial instruments that are accounted for under IFRS 9 and are measured at amortized cost using the EIR method.

The DDM Debt Group's investments consist of portfolios of non-performing loans and debt, under IFRS 9 these portfolios are defined as purchase or originated credit-impaired (POCI), as these portfolios are purchased at prices significantly below the nominal amount of the receivables and therefore impairments are already included at the point of initial recognition.

The IFRS 9 impairment model is based on a forward-looking 'expected credit loss' ("ECL") model. The impairment model applies to financial assets classified at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk and involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes.

Under IFRS 9 with regard to financial assets held at amortised cost that are considered to have low credit risk, the relevant impairment provision that has been applied is to recognize a 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTE 3. SUMMARY OF SIGNIFICANT... continued

However, when there has been a significant increase in credit risk since origination or the Company acquires POCI portfolio the allowance will be based on the lifetime ECL.

Loans, accounts payable, other payables and lease liabilities are financial liabilities that are accounted for under IFRS 9 and are measured at amortized cost using the EIR method.

The DDM Debt Group's business model is to invest in distressed assets and collect the contractual cash flows. The invested assets only consist of cash flows payments of principal and interest (solely payments of principal and interest, "SPPI"). In exceptional cases, portfolios might be sold.

The table below shows the measurement of the DDM Debt Group's financial instruments according to IFRS 9:

	Valuation under IFRS 9
Assets	
Account receivables	Amortised cost
Other receivables	Amortised cost
Distressed asset portfolios	Amortised cost
Financial investments	FVTPL
Liabilities	
Accounts payable	Amortised cost
Other payables	Amortised cost
Short-term loans	Amortised cost
Long-term loans	Amortised cost

In line with IFRS 9 "Financial Instruments" financial assets and liabilities are recognized when the DDM Debt Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the DDM Debt Group has, for all intents and purposes, transferred all of the risks and rewards of ownership. Financial liabilities are derecognized when the contractual commitment is discharged, cancelled or expires.

Classification, recognition and measurement

The DDM Debt Group classifies its financial instruments as follows and depends on the purpose for which the financial assets or liabilities were acquired:

Financial assets carried at amortized cost

Financial assets carried at amortized cost are non-derivative financial assets, with fixed or determinable payments that are not quoted in an active market. The DDM Debt Group's financial assets carried at amortized cost comprise distressed asset portfolios, receivables and cash and cash equivalents. Financial assets carried at amortized cost are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the DDM Debt Group or the counterparty.

All financial assets and liabilities are presented as gross amounts in the DDM Debt Group and the Parent Company's financials, and therefore offsetting of financial assets and liabilities has not been disclosed.

Impairment of financial assets

The impairment regulations contained in IFRS 9, are based on the expected credit loss model (ECL model). Distressed asset portfolios are considered credit-impaired under IFRS 9. As such lifetime expected credit losses are included in the estimated cash flows when calculating the effective interest rate on initial recognition of such assets. The DDM Debt Group applies the simplified method to apply lifetime expected credit losses to receivables and cash and cash equivalents.

On each reporting date the DDM Debt Group assesses on a forward-looking basis the expected credit losses associated with its collection estimates for financial assets held at amortized cost. A change in the estimated cashflow would result in a revaluation and/or impairment of the invested asset. The assessment applied depends on whether has been a change in credit risk determined by the following factors:

- level of financial difficulty of the obligor;
- delinquencies in interest or principal payments; and
- it is likely that the borrower will enter bankruptcy or other financial reorganization.

Accounts receivable

Accounts receivable are reported initially at fair value and are subsequently measured at amortized cost using the effective interest method, less provision for impairment. For accounts receivables, the Company applies the simplified approach permitted under IFRS 9, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables. No provision was made for impairment of accounts receivables as of 31 December 2022 (31 December 2021: EUR 2k), under the simplified approach permitted under IFRS 9.

Distressed asset portfolios and other long-term receivables from investments

The recognition of the acquisition of distressed asset portfolios is based on the DDM Debt Group's forecast of future cash flows from acquired portfolios. Distressed asset portfolios are 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 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, as well as changes to the estimated projected future cash flows, and are recognized in the income statement under "Revenue on invested assets".

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). Please see note 6 for further information.

NOTE 3. SUMMARY OF SIGNIFICANT... *continued*

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.

Cash flow projections are made at the portfolio level. Assumptions must be made at each reporting date as to the expected timing and amount of future cash flows. Cash flows include the nominal amount, reminder fees, collection fees and late interest that are expected to be received from debtors less forecasted collection costs. These projections are updated at each reporting date based on actual collection information, planned collection actions as well as macroeconomic scenarios and the specific features of the assets concerned. 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 a significant change in the credit risk estimated in relation to the amount of future cash flows of the portfolio and can be estimated reliably. This is recorded within the line "Impairment of 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".

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 income statement (within the line "Net collections on sale of invested assets").

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 for a replaced component is derecognized when replaced. The residual value method of depreciation and the useful lives of the assets are reviewed annually and adjusted if appropriate. Impairment and gains and losses recognized in connection with disposals of tangible assets are included among administration expenses (within the line "other operating expenses").

Tangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units or "CGUs"). Impairment and gains and losses recognized in connection with disposals of tangible assets are included among administration expenses (within the line "other operating expenses").

The recoverable amount is an asset's fair value less costs to sell or its value in use (being the present value of the expected future cash flows of the relevant asset or CGU as determined by management), whichever is higher.

Intangible assets

Intangible assets include purchase of software and intangible assets acquired separately or in a business combination. Internal expenses internal and external maintenance expenses are expensed as incurred.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straight-line basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The intangible assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The amortisation expense on intangible assets with finite lives is presented in the income statement as part of "Depreciation and amortisation".

Intangible assets also include customers-related servicing contracts which the Company may directly acquire or with the acquisition of servicing entities. These are accounted in line with IFRS 3 and IAS 38. Contracts that satisfy the contractual-legal criterion are valued by applying the Comparative Income Differential Method (CIDM). The FV of these intangible assets is assessed based on i) profit margin, ii) remaining duration of the contracts and iii) possibility of renewal, amendment, cancellation of contracts. The intangible asset is amortized based on the assumed cash flow profile of the servicing contract

NOTE 3. SUMMARY OF SIGNIFICANT... continued**Business combination**

On 6 July 2022, DDM Debt AB (publ) ("DDM"), a 100% subsidiary of DDM Holding AG, 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.

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.

The fair value of the liabilities assumed at acquisition includes amounts payable to banks leasing companies and 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.

The cash consideration at the date of acquisition amounted to EUR 13,515k. 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.

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)

Non-controlling interest

Non-controlling interest arises in cases where the DDM Debt Group acquires less than 100% of the shares in the subsidiary that the DDM Debt Group controls. For each business combination, the DDM Debt Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Other financial liabilities

The borrowings of the DDM Debt Group (including borrowings from credit institutions and other borrowings) and accounts payable are classified as other financial liabilities. Accounts payable are reported at fair value. Borrowings are recognized initially at fair value, net of transaction costs incurred and subsequently measured at amortized cost using the effective interest method.

Accounts payable

Accounts payable are reported at fair value. The book value of an accounts payable is expected to correspond with the fair value of the account payable, as this item is of a short-term nature.

Borrowings

Borrowings from credit institutions and other long-term payables are initially reported at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is reported in the income statement over the period of the borrowings, using the effective interest method for long-term borrowings and the straight-line method for borrowings with a total contract length of less than 12 months.

NOTE 3. SUMMARY OF SIGNIFICANT... continued

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Costs to secure financing are amortized across the term of the loan as financial expenses in the consolidated income statement. The amount is recognized in the balance sheet as a deduction to the loan liability. All other borrowing costs (interest expenses and transaction costs) are reported in the income statement in the period to which they refer.

IFRS 16 Leases

IFRS 16 requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

Lease liabilities

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. Lease payments are allocated between principal and finance expense. The finance expense is recognised as an expense in the consolidated income statement (within the line "Financial expenses") over the lease period under the amortised cost method.

Right-of-use assets

Right-of-use assets are measured at cost with an initial measurement amount equal to the lease liability adjusted by the amount of any previously recognized prepaid or accrued lease payments less accumulated depreciation and accumulated impairment. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognised as an expense in the consolidated income statement (within the line "Other operating expenses"). Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Pursuant to the Annual Accounts Act (ÅRL 1995:1554) the Parent Company applies the accounting for a financial leasing agreement as an operational lease agreement.

Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issuance of new shares are reported in equity as a deduction, net of tax, from the proceeds.

Current tax and deferred income tax

Income tax comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity in which case the income tax is also recognized directly in other comprehensive income or equity respectively.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted as per the balance sheet date and are expected to apply when the deferred tax asset is realized or the liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets and liabilities are presented as non-current.

Revenue on invested assets and revenue from management fees and other services

IFRS 15 "Revenue from Contracts with Customers" establishes a comprehensive framework for determining whether, how much and when revenue is recognised. IFRS 15 establishes a five-step model to identify and account for revenue streams arising from contracts with customers.

Revenue on invested assets is the result of the application of the amortized cost method (please see note 6). Revenue from management fees relates to revenue received from co-investors where the DDM Debt Group manages the operations of the invested assets on the co-investors' behalf. In accordance with IFRS 15, revenue is recognized only when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably. The revenues recognized from management fees are based on the service obligations specified in the contracts that are delivered over a period, since the benefit to the client is continually transferred with the provision of the service. Accordingly, the revenues obtained from management fees are recognised over the period the service is provided and it is ensured there is no uncertainty, and no significant cancellation of the revenues will occur. The revenues are to be allocated based on the individual service obligations, fees are calculated based on the time spent on portfolio management and are received on a quarterly basis in arrears.

Provisions

Provisions are reported when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when the amount can be reliably estimated. No provisions have been recognized for the period. Provisions are not reported for future operating losses.

Provisions are valued at the present value of the expenditures expected to settle the obligation using a pre-tax discount rate reflecting current market assessments of the time value of money and the risks specific to the provision. The successive increase in the total amount of the provision incurred, due to the provision continuing to be reported over a long period of time, is reported as an interest expense.

NOTE 3. SUMMARY OF SIGNIFICANT... continued**Revenue recognition**

Interest income on financial instruments such as distressed asset portfolios is recognized over the course of maturity according to the effective interest method. The DDM Debt Group reduces the value of a distressed asset to the recoverable amount, which consists of the future expected cash flow discounted with the initially calculated effective interest rate for the financial instrument if an instrument has depreciated in value and continues to dissolve the discounting effect as an interest income. Interest income on impaired instruments is recognized at the initially calculated effective interest rate.

Dividend distribution

Dividend distribution to the Company's shareholders is reported as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

No dividends will be proposed to the 2023 annual general meeting regarding the operations for 2022.

Earnings per share

Basic earnings per share are computed by dividing the profit attributable to the equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period.

New standards and interpretations not yet adopted in 2022

There were no new accounting standards and interpretations adopted in 2022 that had a material impact on DDM's financial statements. Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the DDM Debt Group. These standards are not expected to have a material impact on the DDM Debt Group in the current or future reporting periods.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Parent Company accounting principles

The accounting principles of the Parent Company are, in all material aspects, consistent with the accounting principles of the Group.

The Parent Company's financial reports have been prepared in accordance with RFR 2 *Reporting for Legal Entities* and the Annual Accounts Act. RFR 2 stipulates exceptions from and supplements to the standards issued by IASB and interpretations thereof issued by IFRIC. The exceptions and supplements are to be applied from the date on which the legal entity applies the standard or statement in question in its consolidated financial statements.

For its financial reporting, the Parent Company applies the design stated in the Annual Accounts Act, implying, among other things, that a different presentation form is applied for equity.

Pursuant to the Annual Accounts Act (ÅRL 1995:1554) the Parent Company applies the accounting for a financial leasing agreement as an operational lease agreement. Participations in subsidiaries are reported at accrued acquisition value less any impairment. If there is an indication that shares and participations in subsidiaries

have decreased in value, the recoverable amount is calculated. If this amount is lower than the book value, impairment is carried out. Impairment is reported in the item profit/loss from participation in Group companies.

Definitions of key ratios**Applied in the "Financial summary" in the administration report**

Operating margin, %: Operating profit as a percentage of revenue on invested assets, revenue from management fees and share of net profits of associate and joint venture.

Equity ratio, %: Equity (including subordinated debt according to the senior secured bond terms and conditions) as a percentage of total assets.

NOTE 4. FINANCIAL RISK MANAGEMENT

The DDM Debt Group's activities expose it to a variety of financial and non-financial risks: market risks (currency risk and interest rate risk), credit risk, liquidity risk/financing risk and risk relating to the purchase of invested assets (distressed asset portfolios, investments in joint ventures and associates and financial assets at fair value).

Risk management is carried out by the DDM Group in accordance with policies established by the Board of Directors. The DDM Group identifies, evaluates and mitigates financial risks, which have been adopted by the DDM Debt Group in close co-operation with DDM Debt's CEO and Board of Directors. The Board provides a comprehensive financial policy for risk management, specified into separate sections for the various areas, such as foreign exchange risk, interest rate risk, credit risk, liquidity risk, financing risk and equity price risk.

Risk factors

The DDM Debt Group defines risk as all factors which could have a negative impact on the ability of the Group to achieve its business objectives. All business activity is associated with risk. In order to manage risk in a balanced way it must first be identified and assessed.

The following summary offers examples of risk factors which are considered to be especially important for the DDM Debt Group's future development but is by no means comprehensive.

NOTE 4. FINANCIAL RISK... *continued***Economic fluctuations**

The debt collection industry is negatively affected by a weakened economy. However, the DDM Debt Group's assessment is that, historically, it has been less affected by economic fluctuations than many other sectors. Risks associated with changes in economic conditions are managed through ongoing monitoring of each country's economic situation and development.

Changes in regulations

With regard to risks associated with changes in regulations in its markets, the Company continuously monitors the regulatory efforts to be able to indicate potentially negative effects and to work for favorable regulatory changes. Changes to the regulatory or political environments in which the DDM Debt Group operates, a failure to comply with applicable laws, regulations, licenses and codes of practice or failure of any employees to comply with internal policies and procedures may negatively affect the DDM Debt Group's business.

Market risk***Foreign exchange risk***

The DDM Debt Group is an international group with operations in several countries. DDM Debt's reporting currency is Euros (EUR). This exposes the DDM Debt Group to foreign exchange risk due to fluctuations in foreign exchange rates that may impact the DDM Debt Group's results and equity. Exposure to currency fluctuations is usually specified according to two main categories: transaction exposure and translation exposure.

Translation exposure

When the balance sheet positions denominated in foreign currencies are recalculated to the DDM Debt Group's functional currency, a translation exposure arises that affects investor value.

Transaction exposure

Transaction exposure refers both to the exposure attributable to commercial flows, that is, sales and purchases across international borders, and the exposure from financial flows.

In terms of currency risk, the DDM Debt Group's operations are characterized by collections and collection costs mainly performed in local currency in the respective countries. The DDM Debt Group does not use any hedging instruments. As part of cash management the DDM Debt Group is striving to maintain cash in the different currencies they are exposed to. See also notes 19, 22 and 23 regarding currencies and foreign exchange risks.

Cash flow and fair value interest rate risks

DDM Debt's interest rate risk primarily arises from borrowings, which consists of the senior secured bonds. Borrowings issued using the floating reference rate EURIBOR expose DDM Debt to interest rate risk and borrowings issued at fixed rates expose DDM Debt to fair value interest rate risk. A sudden and permanent interest rate shock could have a material adverse effect on DDM's business, results of operations or financial condition and its ability to make payments under the bond terms.

NOTE 4. FINANCIAL RISK... continued**Credit risks inherent of distressed assets**

The credit risk is considered upon the acquisition of a financial asset by assessing the expected return. The DDM Debt Group manages this risk by monitoring the performance of the financial asset throughout its economic life. Cash collections are continually monitored, and the carrying value of the asset is impaired where it is deemed that, based on collections profiles, the asset is underperforming compared to the initial expected return determined at the acquisition date. The financial assets subjected to credit risk are cash and cash equivalents, accounts receivable and distressed asset portfolios. Depending on the distressed asset portfolio, the loans in the portfolio may contain underlying assets such as cars and houses as collateral for the loans. This collateral is considered when determining the recoverability and carrying amount of the portfolio. Any collateral received during the life of the portfolio is disposed on an on-going basis to limit the amount of collateral held. The maximum credit exposure for each class of financial assets therefore corresponds to the carrying amount, which is shown in the following tables:

Group EUR '000s	At 31 December 2022
Cash and cash equivalents	52,285
Accounts receivable	513
Distressed asset portfolios	70,451
Total	123,249

Group EUR '000s	At 31 December 2021
Cash and cash equivalents	62,750
Accounts receivable	1,711
Distressed asset portfolios	80,578
Total	145,039

At 31 December 2022 the majority of the DDM Debt Group bank accounts were held with banks with credit ratings ranging from A+ to BB- as rated by Standard and Poor's. At 31 December 2021 the majority of the DDM Debt Group bank accounts were held with banks with credit ratings ranging from A+ to BB- as rated by Standard and Poor's. No credit ratings are available for the other financial assets held by the DDM Debt Group.

DDM Debt AB had no bank guarantees at 31 December 2022 (31 December 2021: EUR 5k).

Other credit risk

Credit risk is the risk that the counterparty in a financial transaction will not fulfil its obligations on the maturity date. Credit risk is managed by the DDM Debt Group and arises from cash and cash equivalents, and deposits with banks and financial institutions.

Another source of credit risk arises in connection to funds collected during the ordinary course of business. Funds are mainly collected directly on the DDM Debt Group's bank accounts, however in certain cases they are paid in to client fund accounts held by the respective debt collection agencies to separate the DDM Debt Group's funds from the general funds of the agency. In the second instance every month there is a reconciliation-process, and based on this received and allocated funds are transferred from the client fund accounts. Should a debt collection agency become insolvent between such reconciliation events monies collected and not yet reconciled could be frozen on the account pending the outcome of the insolvency. In selecting debt collection partners the DDM Debt Group makes efforts to control and monitor the financial standing of its partners and also to maintain a balance of the work allocated between agencies to minimize the potential risk of such a situation. Amounts expected to be recovered from a solvent counterparty are recognized as accounts receivable in the balance sheet.

Liquidity risk / Financing risk

The aim of the capital structure is to secure the DDM Debt Group's ability to continue its operations, in order to continue generating returns to its shareholders and to provide benefit for other stakeholders, and to maintain an optimal capital structure, minimizing the cost of capital.

The tables below specify the undiscounted cash flows arising from the DDM Debt Group's liabilities in the form of financial instruments, based on the remaining period to the earliest contractual maturity date as at the balance sheet date. Amounts in foreign currencies and amounts that are to be paid based on floating interest rates are estimated using the exchange and interest rates applicable on the balance sheet date.

Group EUR '000s	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years
At 31 December 2022				
Borrowings	17,341	17,640	17,640	197,679
Loans from other group companies, subordinated	–	37,586	–	–
Payables to other group companies	–	1,085	–	–
Lease liabilities	212	126	61	40
Accounts payable	610	–	–	–
Tax liabilities	229	–	–	–
Accrued expenses	2,316	–	–	–
Total	20,708	56,437	17,701	197,719

NOTE 4. FINANCIAL RISK... continued

Parent Company EUR '000s	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years
At 31 December 2022				
Borrowings	16,956	16,956	16,956	193,534
Loans from other group companies, subordinated	–	37,586	–	–
Payables to other group companies	–	885	–	–
Accounts payable	29	–	–	–
Tax liabilities	68	–	–	–
Accrued expenses	169	–	–	–
Total	17,222	55,427	16,956	193,534

Group EUR '000s	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years
At 31 December 2021				
Borrowings	16,956	16,956	16,956	210,490
Loans from other group companies, subordinated	–	37,586	–	–
Payables to other group companies	–	3,284	–	–
Accounts payable	323	–	–	–
Tax liabilities	414	–	–	–
Accrued expenses	2,458	–	–	–
Total	20,151	57,826	16,956	210,490

Parent Company EUR '000s	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years
At 31 December 2021				
Borrowings	16,956	16,956	16,956	210,490
Loans from other group companies, subordinated	–	37,586	–	–
Payables to other group companies	–	1,324	–	–
Accounts payable	54	–	–	–
Tax liabilities	103	–	–	–
Accrued expenses	167	–	–	–
Total	17,280	55,866	16,956	210,490

Financial instruments by category

Group EUR '000s	Assets as per balance sheet
At 31 December 2022	
Assets as per balance sheet	
Distressed asset portfolios	70,451
Financial assets at fair value	68,743
Loans to and accrued interest from other group companies	3,291
Other non-current assets	351
Trade and other receivables	4,750
Receivables from other group companies	157
Prepaid expenses and accrued income	3,527
Cash and cash equivalents	52,285
Total	203,555

Group EUR '000s	Other financial liabilities
At 31 December 2022	
Liabilities as per balance sheet	
Bond loans	188,245
Payables to other group companies	1,085
Loans from other group companies, subordinated	37,586
Accounts payable	610
Accrued interest	8,602
Accrued expenses and deferred income	2,316
Total	238,444

Group EUR '000s	Assets as per balance sheet
At 31 December 2021	
Assets as per balance sheet	
Distressed asset portfolios	80,578
Financial assets at fair value	51,547
Loans to and accrued interest from other group companies	5,649
Other non-current assets	313
Trade and other receivables	5,903
Receivables from other group companies	157
Prepaid expenses and accrued income	1,506
Cash and cash equivalents	62,750
Total	208,403

NOTE 4. FINANCIAL RISK... continued

Group EUR '000s	Other financial liabilities
At 31 December 2021	
Liabilities as per balance sheet	
Bond loans	183,452
Payables to other group companies	3,284
Loans from other group companies, subordinated	37,586
Accounts payable	323
Accrued interest	6,559
Accrued expenses and deferred income	2,458
Total	233,662

Fair values

The DDM Debt Group considers there to be no material differences between the financial asset values in the consolidated balance sheet and their fair value. Invested assets are classified as financial assets held at amortized cost and recognized at amortized cost according to the effective interest rate method. The DDM Debt Group determines the carrying value by calculating the present value of estimated future cash flows at the invested assets' original effective interest rate. Adjustments are recognized in the income statement.

In the DDM Debt Group's opinion, the market's yield requirements in the form of effective interest rates on new invested assets have remained fairly constant, despite turbulence in global financial markets in recent years. With this valuation method, the carrying value is the best estimate of the fair value of invested assets. Please note that the table below is only intended to illustrate how the use of fair value could be presented. The DDM Debt Group reports their loans at amortized cost and the table below should only be considered from an illustrative perspective.

The table below shows the financial assets and financial liabilities where the carrying values are considered to be materially in line with their fair values:

Group EUR '000s	IFRS 9 category	Fair value category	31 Dec 2022
Assets			
Fair value and carrying value of financial instruments			
Accounts receivable	Financial assets held at amortized cost	Level 2	513
Other receivables	Financial assets held at amortized cost	Level 2	4,237
Distressed asset portfolios	Financial assets held at amortized cost	Level 3	70,451
Financial assets at fair value	Financial assets held at fair value	Level 1	26,110
Financial assets at fair value	Financial assets held at fair value	Level 3	42,633
Liabilities			
Fair value and carrying value of financial instruments			
Accounts payable	Financial liabilities held at amortized cost	Level 2	610
Other payables	Financial liabilities held at amortized cost	Level 2	–

Group EUR '000s	IFRS 9 category	Fair value category	31 Dec 2021	
Assets				
Fair value and carrying value of financial instruments				
Accounts receivable	Financial assets held at amortized cost	Level 2	1,711	
Other receivables	Financial assets held at amortized cost	Level 2	4,192	
Distressed asset portfolios	Financial assets held at amortized cost	Level 3	80,578	
Financial assets at fair value	Financial assets held at fair value	Level 1	27,835	
Financial assets at fair value	Financial assets held at fair value	Level 3	23,712	
Liabilities				
Fair value and carrying value of financial instruments				
Accounts payable	Financial liabilities held at amortized cost	Level 2	323	
Accounts receivable	Financial assets held at amortized cost	Level 2	1,711	
Group				
EUR '000s		Fair value category	Fair value	Carrying value
At 31 December 2022				
Bond loan, 9%	Financial liabilities at amortized cost	Level 2	114,990	184,449
Bond loan	Financial liabilities at amortized cost	Level 2	5,896	3,797
At 31 December 2021				
Bond loan, 9%	Financial liabilities at amortized cost	Level 2	189,304	183,452

Level 1 financial assets at fair value

On 3 December 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 for approximately EUR 1.4m financed by cash on hand measured at a closing share price of EUR 0.708/share on 31 December 2022 and EUR 0.62/share on 31 December 2021. On 17 December 2021, the investment in Addiko Bank was reclassified from investment in associates and measured at a closing share price of EUR 12.65/share on 31 December 2022 and EUR 13.65/share on 31 December 2021.

NOTE 4. FINANCIAL RISK... continued**Level 3 financial assets at fair value**

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. This was recognized and measured at cost within financial assets at fair value level 3.

In addition, EUR 7.9m was invested in Omnio in 2021 and EUR 13.3 during 2022. This was recognized and measured at cost within Financial assets at fair value level 3.

Management has reviewed during the year the valuation methodology for all financial assets at fair value that have been classified as level 3 as at 31 December 2022 and 31 December 2021. The fair value of unquoted level 3 financial assets has been estimated using valuation techniques based on assumptions that are not supported by observable market prices. This has been calculated by discounting to present value the projected net cash flow collections to maturity that are expected to be received including the convertibility rights into ordinary shares of Omnio.

In early 2023, Omnione SA finalized a funding round in the form of a capital increase of EUR 9m, which involved for the largest part third party investors, In parallel with this funding round the capital setup of Omnione was restructured by converting the outstanding Convertible Bonds as well as most of the outstanding loan into shares of Omnione S.A.

The EUR 9m fundraising was priced at EUR 26.39 per share, which is equivalent to a pre-capital increase (but post debt conversion) equity value of Omnione of EUR 60m: The valuation has been also supported by the appraisal of an independent expert.

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 senior secured bonds 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). The appropriate level is determined based on the lowest level of input that is essential for valuation at fair value. The valuation technique for invested assets, as well as valuation sensitivity for changes in material data are described in the accounting principles and in note 5.

Management of capital risk

Similar to other companies in the industry, DDM Debt Group assesses its capital requirements on the basis of its equity / total assets ratio. For the purpose of calculating compliance with the incurrence covenant of the senior secured bonds, this ratio is calculated as adjusted equity divided by total assets. Adjusted equity includes subordinated debt (defined in IFRS 9 as an instrument without a contractual obligation to deliver cash or other assets) and retained earnings.

EUR '000s	31 December 2022	31 December 2021
Total assets	253,283	248,152
Shareholder's equity	12,841	13,447
Shareholder debt (subordinated)	37,586	37,586
Accrued interest on shareholder debt	5,258	3,214
Adjusted equity	55,685	54,247
Adjusted equity / total assets ratio	22.0%	21.9%

Equity price risk*Exposure*

The DDM Debt Group's exposure to equity securities price risk arises from investments held by DDM classified in the balance sheet at fair value through profit or loss (FVPL). For further information, refer to note 18 “Financial assets at fair value”.

The DDM Debt Group's equity investments are publicly traded on various European stock exchanges and therefore the STOXX Europe 600 Index is a benchmark for the overall performance of European equity prices. On 3 December 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 for approximately EUR 1.4m financed by cash on hand measured at a closing share price of EUR 0.708/share on 31 December 2022 and EUR 0.62/share on 31 December 2021. On 17 December 2021, the investment in Addiko Bank was reclassified from investment in associates and measured at a closing share price of EUR 12.65/share on 31 December 2022 and EUR 13.65/share on 31 December 2021.

Sensitivity

The table on the next page summarises the impact of increases/decreases of STOXX Europe 600 Index on the DDM Debt Group's net (loss) / profit after tax and shareholders equity for the full year 2021. The analysis is based on the performance of the STOXX Europe 600 Index that decreased by 13% during the full year 2022 (FY 2021: 21%), with all other variables held constant, and assumes that all of the group's equity instruments moved in line with the indexes.

NOTE 4. FINANCIAL RISK... continued

Impact on net (loss) / profit after tax & shareholders' equity EUR '000s	31 December 2022	31 December 2021
STOXX Europe 600 Index – increase 13% (2021: 21% increase)	3,410	6,030
STOXX Europe 600 Index – decrease 13% (2021: 21% decrease)	(3,410)	(6,030)

(Loss) / profit after tax for the year would increase / decrease as a result of gains / losses on equity securities classified as at FVTPL. The amounts recognised in profit or loss in relation to the equity investments held by the DDM Debt Group are disclosed further in note 10 “Net financial expenses”.

NOTE 5. CRITICAL ESTIMATES AND ASSUMPTIONS IN APPLYING THE GROUP'S ACCOUNTING PRINCIPLES

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events deemed to be reasonable under the circumstances.

Furthermore, the decision to amend a cash flow projection is preceded by a discussion between operations and Company management. All changes in cash flow projections are ultimately decided on by the CEO and Board of Directors. Please also refer to our website for additional information on risk factors affecting the DDM Debt Group.

Critical accounting estimates and judgements

The DDM Debt Group undertakes estimates and assumptions concerning future developments. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions entailing a significant risk of a material adjustment to the book values of assets and liabilities within the next financial year are outlined as follows:

Revenue recognition and measurement of acquired portfolios and other long term receivables from investments

Distressed asset portfolios are financial instruments that are accounted for under IFRS 9 and are measured at amortized cost using the effective interest method (“EIR”). The effective interest rate method is a method of calculating the amortized cost of a distressed asset portfolio and of allocating interest income over the expressed life of the portfolio; the allocated interest income is recorded within revenue on invested assets in the financial statements. The EIR is the rate that exactly discounts estimated future purchased portfolio cash receipts through the expected life of the purchased portfolio. The EIR is determined at the time of purchase of the portfolio. The estimation of cash flow forecasts is a key estimation uncertainty fundamental within this critical accounting policy.

If the fair value of the investment at the acquisition date exceeds the purchase price, as in some cases DDM Debt Group owns the economic benefit of net collections from the cut-off date, 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). If the acquisition is settled on a net basis this results in an impact to the “other items not affecting cash” line in the cash flow statement, as the economic benefit is offset against the cash purchase price.

Upward revaluations are recognized as revenue. Subsequent reversals of such upward revaluations are recorded in the revenue line.

The portfolios are assessed on a forward-looking basis for the expected credit losses associated with its collection estimates for financial assets held at amortised cost in accordance with IFRS 9. An expected credit loss for a portfolio is recognised if there is a significant change in the credit risk estimated in relation to the amount of future cash flows of the portfolio and can be estimated reliably, an adjustment is recorded to the carrying value.

If the forecasted collections exceed initial estimates, an adjustment is recorded as an increase to the carrying value and is included in revenue on invested assets. The estimation of cash flow forecasts is a key estimation uncertainty fundamental within this critical accounting policy. Estimates of cash flows that determine the EIR are established for each purchased portfolio and are based on actual collection information, planned collection actions as well as macroeconomic scenarios and the specific features of the assets concerned. Revaluations of portfolios are based on the rolling 120-month ERC (“Estimated remaining collections”) at the revaluation date. The ERC is updated quarterly using a proprietary model, see page 67 for the financial definition of ERC.

The DDM Debt Group estimates that a continuous decrease of net collections by 10% would result in a 10% decrease of the net present value, or book value, assuming that the forecasted collection curves remain unchanged. If collections consistently would exceed the originally forecasted amounts by 10%, the net present value, or book value, would be expected to increase by 10%. In addition, if collections would start later than originally forecasted, the net present value, and book value, are expected to be negatively impacted while be positively impacted should collections start earlier than originally forecasted.

See note 19 for the carrying value of distressed asset portfolios.

Joint venture

As stated in note 17, on 31 May 2019, 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. Under IFRS 11, the joint arrangement is determined for reporting purposes to be a joint venture and therefore the equity method is applied when accounting for the joint venture. Under the equity method of accounting the investment is recognised 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 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 recognises any difference between the carrying amount of the investment in the joint venture with the fair value of the remaining investment

NOTE 5. CRITICAL ESTIMATES... continued

and/or proceeds from disposal which is recognised as gain or loss directly in the income statement.

Goodwill

Goodwill is reviewed for impairment annually or at any time if an indication of impairment exists. Management monitors goodwill for internal purposes based on its Cash Generating Units ("CGU") which are its operating segment.

The Company evaluates impairment losses other than goodwill impairment for potential reversals when events or circumstances warrant such consideration. Accordingly, goodwill is assessed for impairment together with the assets and liabilities of the related segment. The Company has only one CGU, which corresponds to the activities of the entire Group.

NOTE 6. RECONCILIATION OF REVENUE ON INVESTED ASSETS

Revenue on invested assets is the net amount of the cash collections (net of third-party commission and collection costs), amortization, revaluation and impairment of invested assets.

Net collections is comprised of gross collections from the invested assets held by the DDM Debt Group, less 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. Collection costs are comprised of all third-party expenses directly attributable to the collection of distressed asset portfolios, such as collection fees, commission, transaction costs, non-recoverable VAT on amounts collected and Swiss VAT where applicable. The collection costs differ from portfolio to portfolio depending on the country/jurisdiction and the specific features of the assets concerned.

Revenue from management fees and other services		
EUR '000s	2022	2021
Management fees and other services	605	100

Revenue for Management fees and other services mainly relate to the business process outsourcing fees, one of the revenue streams of AxFina.

EUR '000s	1 Jan – 31 Dec 2022
Gross collections	44,571
Collection and commission expenses	(5,376)
Net collections by country:	
Croatia	23,319
Romania	3,602
Slovenia	3,233
Hungary	4,333
Czech Republic	906
Greece	476
Poland	2,749
Bosnia	242
Serbia	316
Slovakia	19
Net collections	39,195
Interest income	3,393
Amortization of invested assets	(24,126)
Interest income on invested assets before revaluation and impairment	18,462
Revaluation of invested assets	2,071
Revenue on invested assets	20,533

EUR '000s	1 Jan – 31 Dec 2021	
Gross collections	40,344	
Collection and commission expenses	(3,952)	
Net collections by country:		
Croatia	18,104	
Romania	5,068	
Slovenia	3,837	
Hungary	3,802	
Czech Republic	3,430	
Greece	952	
Poland	481	
Bosnia	354	
Serbia	330	
Slovakia	34	
Net collections	36,392	
Interest income	998	
Amortization of invested assets	(22,404)	
Interest income on invested assets before revaluation and impairment	14,986	
Revaluation of invested assets	4,162	
Impairment of invested assets	–	
Revenue on invested assets	19,148	
Share of net profits of joint venture		
EUR '000s	2022	2021
Croatia	8,321	2,258
Share of net profits of associate		
EUR '000s	2022	2021
Austria		1,373

NOTE 6. RECONCILIATION OF ... continued

The chief operating decision maker of the DDM Debt Group 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 DDM Debt Group reports segment on an entity basis, i.e. one operating segment.

The DDM Debt Group discloses information regarding revenue on invested assets based on its key geographic areas.

No individual debtor generates more than 10% of the DDM Debt Group's total revenues.

There were no impairments for the full year 2022.

The table below presents an overview of the carrying value of invested assets (distressed asset portfolios, financial assets at fair value and investments in joint ventures and associates) by country:

EUR '000s	31 December 2022	31 December 2021
Croatia	66,803	83,096
Austria	24,421	26,351
Luxembourg	38,080	23,711
Poland	10,070	5,781
Italy	8,027	5,534
Hungary	5,445	7,309
Romania	5,011	6,926
Sweden	4,553	–
Slovenia	2,251	2,657
Others (Czech Republic, Serbia, Slovakia, Bosnia)	2,417	2,579
Total	167,078	163,944

NOTE 7. PERSONNEL EXPENSES

The Parent Company and its subsidiaries had 163 employees at 31 December 2022 (2021: two employees). Personnel expenses for the Group were EUR 2,449k (2021: EUR 646k) and for the Parent Company were EUR nil (2021: EUR 534k). The gender distribution at 31 December 2022 for the Group was 46% male and 54% female (2021: 100% male).

Gender distribution of board members and other senior executives

The Board of Directors consists of three members (male) (2021: four (male)). DDM Debt AB has one managing director (male) (2021: one (male)). The Board of Directors and managing director are also board members and executives of DDM Debt AB's ultimate parent company, DDM Holding AG.

Their remuneration for their services provided to the DDM Holding Group is paid by entities outside of the DDM Debt Group. The DDM Debt Group is charged a management fee for these services, in line with the terms and conditions of DDM Debt AB's senior secured bonds.

EUR '000s	2022		2021	
	Salaries and other remuneration	Social costs	Salaries and other remuneration	Social costs
Parent Company	–	–	365	169
Subsidiary	2,030	419	94	18
Group	2,030	419	459	187

EUR '000s	2022		2021	
	Salaries and other remuneration (variable)	Pension expenses	Salaries and other remuneration (variable)	Pension expenses
Board members and CEO	–	–	421	58
Other employees	–	–	157	10
Group	–	–	578	68

NOTE 8. CONSULTING EXPENSES

Group	2022	2021
EUR '000s	2022	2021
Consultancy fees	1,806	1,813
PwC		
Audit assignments	268	155
Tax assignments	26	2
Other audit related assignments	–	–
DDM Group management fees	6,100	5,750
Total	8,200	7,720
Parent Company		
EUR '000s	2022	2021
Consultancy fees	92	204
Öhrlings PwC		
Audit assignments	71	70
Total	163	274

Audit assignment refers to the examination of the annual financial statements and accounting records, as well as the administration of the Board of Directors and the Managing Director. Other audit related assignments include tasks whose execution is the responsibility of the Company's auditors, as well as the provision of advisory services or other assistance resulting from observations made during such assignments.

NOTE 9. OTHER OPERATING EXPENSES

Group	2022	2021
EUR '000s	2022	2021
IT costs	497	–
Other operating expenses	231	28
Other office costs	126	91
Non-deductible VAT	113	210
Rental expenses	53	12
Business travel expenses	34	11
Total	1,054	352
Parent Company		
EUR '000s	2022	2021
Non-deductible VAT	43	78
Training and other external services	–	55
Other operating expenses	60	33
Business travel expenses	–	8
Rental expenses	10	2
Total	113	176

NOTE 10. NET FINANCIAL EXPENSES

Group EUR '000s	2022	2021
Financial income		
Interest income on convertible bonds	–	–
Interest income	569	670
Unrealized exchange gains	816	392
Realized exchange gains/(loss)	–	–
Total financial income	1,385	1,062
Financial expenses		
Interest expense	(19,191)	(15,299)
Amortization of transaction costs	(996)	(2,621)
Call premium EUR 100M & EUR 33.5M senior secured bonds	–	(2,408)
Loss on financial assets at fair value	(1,931)	(687)
Bank charges	(263)	(219)
Other financial expenses	(63)	(19)
Unrealized exchange losses	–	(132)
Realized exchange losses	(522)	(80)
Total financial expenses	(22,966)	(21,465)
Net financial expenses	(21,581)	(20,403)

The increase in interest expense in 2022 was mostly due to the loss on financial investments at fair value (see notes 3 and 4).

Parent EUR '000s	2021	2020
Financial income		
Interest income	21,411	16,239
Realized exchange gains	–	–
Total financial income	21,411	16,329
Financial expenses		
Interest expense	(19,195)	(15,297)
Amortization of transaction costs	(996)	(726)
Consent fees relating to the written procedures	–	(2,408)
Bank charges	(5)	–
Unrealized exchange losses	(4)	(11)
Realized exchange losses	(27)	(5)
Total financial expenses	(20,227)	(18,447)
Net financial (expenses) / income	1,184	(2,118)

NOTE 11. INCOME TAX

Group EUR '000s	2022	2021
Current tax expense for the year	218	317
Movement in deferred tax assets	(424)	(1,263)
Movement in deferred tax liabilities	(37)	321
Total tax (income) / expense	(243)	(625)

Parent Company EUR	2022	2021
Current tax expense for the year	–	–
Total tax expense	–	–

The differences between tax (income) / expense and an estimated tax (income) / expense based on current tax rates are as follows:

Group EUR '000s	2022	2021
(Loss) / profit before tax	(4,133)	(6,287)
Tax calculated at 11.85% (Swiss) tax rate (prior year 11.85%)	(490)	(745)
Movement in deferred tax assets	63	(518)
Movement in deferred tax liabilities	(37)	321
Effects of foreign tax rates	(86)	1
Adjustments for previous years and other	307	316
Total tax (income) / expense	(243)	(625)

Parent Company EUR '000s	2022	2021
Profit / (loss) / before tax	907	(3,102)
Tax calculated at 20.6% (Swedish) tax rate (prior year 20.6%)	187	(639)
Adjustment for previous years and other	(187)	639
Total tax (income) / expense	–	–

The Group's effective tax rate was 5.9% at 31 December 2022 (9.9% at 31 December 2021).

There was no tax related to items of other comprehensive income.

NOTE 12. EARNINGS PER SHARE

Earnings per share are calculated by dividing the net (loss) / profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The Company has no ordinary shares purchased by the Company and held as treasury shares.

For the year ended 31 December EUR '000s	2022	2021
Net (loss) / profit from continuing operations attributable to owners of the Parent Company	(3,969)	(5,662)
Total	(3,969)	(5,662)
Weighted average number of ordinary shares	54,000	54,000
Earnings per share before dilution (EUR)	(73.50)	(104.85)
Total potential dilutive shares	–	–
Weighted average number of shares outstanding – fully diluted	54,000	54,000
Diluted earnings per share (EUR)	(73.50)	(104.85)

NOTE 13. TANGIBLE ASSETS

Group EUR '000s	Furniture	Computer hardware	Total
Year ended 31 December 2022			
At 1 January 2022			
	3	14	17
Additions		115	115
Acquired through Business Combinations - Cost	–	136	136
Acquired through Business Combinations - Accum Depr.	–	(21)	(21)
Depreciation	(1)	(29)	(30)
At 31 December 2022	3	215	217
At cost	6	300	306
Accumulated depreciation	(5)	(89)	(94)
Net book value at 31 December 2022	1	211	212
Year ended 31 December 2021			
At 1 January 2021			
	3	14	17
Depreciation	(1)	(4)	(5)
At 31 December 2021	2	10	12
At cost	6	49	55
Accumulated depreciation	(4)	(39)	(43)
Net book value at 31 December 2021	2	10	12

The additions from the acquisition through business combinations relate to the business combination with AxFina during the year.

NOTE 14. INTANGIBLE ASSETS

Group EUR '000s	IT software	Others	Total
At 1 January 2022	–	–	–
Additions	151	–	151
Acquired through Business Combinations - Cost	643	362	1,005
Acquired through Business Combinations - Accum Depr.	(85)	–	(85)
Amortization	(65)	(87)	(152)
At 31 December 2022	644	275	919
At cost	794	362	1,156
Accumulated amortization	(150)	(87)	(237)
Net book value at 31 December 2022	644	275	919

The item "Others" refers to customers related servicing contracts (see note 3).

NOTE 15. RIGHT-OF-USE ASSETS

Group EUR '000s	Office premises	Motor vehicles	Total
Year ended 31 December 2022			
At 1 January 2022	93	57	150
Additions		48	48
Acquired through Business Combinations - Cost	710	–	710
Acquired through Business Combinations - Accum Depr.	(109)	–	(109)
Depreciation	(111)	(14)	(125)
At 31 December 2022	583	91	73
Year ended 31 December 2021			
At 1 January 2021			
	803	105	908
Accumulated depreciation	(313)	(71)	(384)
Net book value at 31 December 2022	490	34	524

The additions from the acquisition through business combinations relate to the business combination with AxFina during the year.

The majority of the underlying right-of-use assets in DDM Debt Group's operating leases are office buildings. Right-of-use assets are measured at cost with an initial measurement amount equal to the lease liability. See note 27.

Group EUR '000s	Office premises	Motor vehicles	Total
Year ended 31 December 2021			
At 1 January 2021	29	12	41
Disposals	(6)	–	(6)
Depreciation	(23)	(12)	(35)
At 31 December 2021	–	–	–
At cost	93	57	150
Accumulated depreciation	(93)	(57)	(150)
Net book value at 31 December 2021	–	–	–

NOTE 16. INTERESTS IN ASSOCIATES

On 9 March 2020 the DDM Debt Group acquired a 9.9% shareholding in Addiko Bank AG for a cash consideration totaling approximately EUR 30M.

Following the acquisition of a 9.9% stake in Addiko Bank that closed during March 2020, the results for the 2021 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. DDM 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.

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

EUR '000s	31 Dec 2022	31 Dec 2021
Opening net book value	–	32,986
Share of other comprehensive income of associates accounted for using the equity method	–	313
Share of net profits in the income statement	–	1,373
Reclassification to financial assets at fair value	–	(26,351)
Dividends received & other	–	(4,622)
Fair value loss recognized in the income statement	–	(3,699)
Closing net book value	–	–

NOTE 17. 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, DDM 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.

Name of entity	Corporate identity number	Domicile	% of ownership interest		Nature of relationship
			2022	2021	
CE Partner S.a.r.l.	B230176	Luxembourg	50%	50%	Joint Venture
CE Holding Invest S.C.S.	B230358	Luxembourg	50%	50%	Joint Venture

The investment is accounted for under the equity method in accordance with IFRS 11 Joint Arrangements and has changed as set out below during the year:

EUR '000s	31 Dec 2022	31 Dec 2021
Opening net book value	31,819	25,691
Additions		8,521
Share of net profits of joint venture	8,321	2,258
Incremental net distribution from joint venture	(18,595)	(4,651)
Closing net book value	21,546	31,819

The incremental net distribution from the joint venture was EUR 19.6M (2021: EUR 4.7M) that has been received as a cash distribution during the full year 2022, of which EUR 18.5M relates to 2022 and EUR 1.1M relates to 2021.

The Joint Venture is subject, by agreement, to joint control shared equally by the DDM Debt Group and B2Holding. The Joint Venture has invested in a non-performing secured portfolio acquired from HETA Asset Resolution in Croatia.

The summarized financial information shown below represents amounts from the Joint Venture's financial statements that were prepared in accordance with IFRS:

EUR '000s	31 Dec 2022	31 Dec 2021
Summarized balance sheet		
Non-current assets		
Portfolio investments	58,635	63,541
Current assets		
Cash and cash equivalents	172	3,371
Other current assets	732	–
Total assets	59,540	66,912
Current liabilities		
Other current liabilities	407	2,145
Total liabilities	407	2,145
Equity	59,133	64,767
Total liabilities and equity	59,540	66,912

EUR '000s	31 Dec 2022	31 Dec 2021
Summarised income statement		
Interest income	33,759	4,570
Operating expenses	(62)	(54)
Operating profit	33,697	4,516
Financial expenses	–	–
Profit before tax	33,697	4,516
Taxation	–	–
Profit for the year	33,697	4,516

NOTE 18. 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 are included within financial income and interest income from financial assets held at FVTPL is included within Interest income on invested assets.

On 3 December 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, for approximately EUR 1.4m financed by cash on hand. 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.

In addition, EUR 7.9m was invested in Omnio in 2021 and EUR 13.3m during 2022.

NOTE 18. FINANCIAL ASSETS... continued

EUR '000s	31 Dec 2022	31 Dec 2021
Balance at beginning of the year	51,547	–
Reclassification from investment in associates at fair value	–	26,351
Additions	17,757	13,416
Capitalized interests	1,119	–
Fair value gains / (losses)	(1,725)	–
Foreign exchange gains / (losses)	45	–
Reclassification from accounts receivable	–	11,780
Balance at end of the year	68,743	51,547

During 2022, DDM made the following investments in Financial assets: i) On 14 January 2022, DDM invested EUR 4.5m in Water By Nordic AB, which is a special purpose vehicle (SPV) located in Sweden. The purpose of this SPV is to invest in a listed Special Purpose Acquisition Company (SPAC). The Company has classified this investment as a financial asset at fair value, as DDM determined that they do not have control over the investee consistent with IFRS 10. ii) DDM further invested a total EUR 13.3m in the Omnio investment, these increases were in line with the investment strategy adopted in 2021, which is to further support Omnio's growth plans.

Both Water By Nordic AB and the Omnio investments are classified as Level 3 financial, since they have unobservable inputs. They are further valued at fair value also because the underlying invested assets do not meet the criteria under IFRS 9 of cash flows consisting solely of payments of principle and interest (SPPI).

The amount of net fair value losses is connected for EUR 1.9m to the fair value losses of the shares held in Addiko Bank AG and for EUR 0.2m to the fair value gain of the shares held in Borgosesia S.p.A.

NOTE 19. DISTRESSED ASSET PORTFOLIOS

EUR '000s	31 Dec 2021	31 Dec 2020
Opening accumulated acquisition cost	316,034	288,823
Acquisitions	10,944	20,198
Acquisitions through business combinations	5,517	–
Reclassification to other long-term receivables from Investments	(4,973)	–
Revaluation, including forex differences	2,071	7,013
Closing accumulated acquisition cost	329,593	316,034
Opening accumulated amortization, revaluation and impairment	(235,456)	(211,629)
Amortization, including forex differences	(23,686)	(23,827)
Impairment	–	–
Closing accumulated amortization, revaluation and impairment	(259,142)	(235,456)
Closing net book value	70,451	80,578

The DDM Debt Group invests in portfolios that are denominated in local currencies as well as portfolios/receivables denominated in EUR. Therefore, fluctuations in the EUR exchange rate against these currencies affects collections from invested assets and the operating earnings of the DDM Debt Group.

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

EUR '000s	31 December 2022	31 December 2021
HRK	45,160	51,179
PLN	10,070	5,781
HUF	5,445	7,309
EUR	3,737	9,155
RON	4,347	5,279
RSD	1,508	1,591
CZK	184	284
Total	70,451	80,578

As at 1 January 2023 Croatia adopted the EUR as national currency at a determined conversion rate of 7.53450 HRK for 1 EUR.

An appreciation of the euro of 10% as at 31 December 2022 against the Polish Zloty would have resulted in an additional unrealized foreign exchange loss of EUR 1.1M (31 December 2021: loss of EUR 5.8M) and against the Hungarian Forint a loss of EUR 5.5M (31 December 2021: loss of EUR 0.7M). Consequently, a depreciation of the euro of 10% at 31 December 2022 and 31 December 2021 would have resulted in an additional unrealized foreign exchange gain of the same amount.

NOTE 20. OTHER LONG-TERM RECEIVABLES FROM INVESTMENTS

EUR '000s	31 Dec 2022	31 Dec 2021
Opening accumulated acquisition cost	–	–
Reclassification from distressed asset portfolios	4,973	–
Acquisitions	1,500	–
Revaluation (including forex differences)	–	–
Closing accumulated acquisition cost	6,473	–
Opening accumulated amortization and impairment	–	–
Amortization for the year (including forex differences)	(135)	–
Closing accumulated amortization and impairment	(135)	–
Closing net book value	6,338	–

During 2022 the Group has reclassified its investment in the Italian portfolio from distressed asset portfolio to other long-term receivable from investments (see note 18), in line with previously adopted policies for qualification of Other long term receivable from investment, and being the investment in argument represented by assets-backed notes (ABS) issued by an Italian securitization vehicle,

NOTE 21. DEFERRED TAX

DTA - Group EUR '000s	Opening balance	Income statement (charge) / credit	Acq. through business combination	Other movements and FX	Closing balance
2022					
Tax losses carried forward	1,900	430	550	154	3,034
Total	1,900	430	550	154	3,034
2021					
Tax losses carried forward	637	1,263	–	–	1,900
Total	637	1,263	–	–	1,900
DTL - Group EUR '000s	Opening Balance	Income statement (charge) / credit	Acq. through business combination	Other movements and FX	Closing balance
2022					
Invested assets	(629)	38	(661)	20	(1,232)
Total	(629)	38	(661)	20	(1,232)
2021					
Invested assets	(308)	(321)	–	–	(629)
Total	(308)	(321)	–	–	(629)

The Group's deferred tax assets have been recognized in accordance with IAS 12 as, based on historical performance and future budgets, the Board of Directors believe that it is probable that there will be sufficient taxable profits against which the assets will be reversed.

NOTE 22. OTHER NON-CURRENT ASSETS

Other non-current assets by currency:

Group EUR '000s	31 December 2022	31 December 2021
EUR	22	313
PLN	329	–
Total	351	313

Parent EUR '000s	31 December 2022	31 December 2021
EUR	60	303
Total	60	303

NOTE 23. CURRENT RECEIVABLES

Group EUR '000s	31 Dec 2022	31 Dec 2021
Accounts receivable	513	1,711
Receivables from other group companies	157	157
Tax assets	197	82
Other receivables	4,237	4,192
Prepaid expenses and accrued income	3,527	1,506
Total	8,631	7,648

Group EUR '000s	31 Dec 2022	31 Dec 2021
Accounts receivable < 30 days	503	1,650
Accounts receivable 31-60 days	10	1
Accounts receivable 61-90 days	–	45
Accounts receivable > 91 days	–	15
Total	513	1,711

A provision of EUR 2k (31 December 2021: EUR 2k) was made for impairment of accounts receivables as of 31 December 2022, under the simplified approach permitted under IFRS 9.

Accounts receivable by currency:

Group EUR '000s	31 Dec 2022	31 Dec 2021
EUR	347	1,161
HUF	–	474
RON	–	56
HRK	113	18
PLN	53	–
Other (RUB, USD)	–	2
Total	513	1,711

The fair values of the Group's current receivables correspond to the book values.

Parent EUR '000s	31 Dec 2022	31 Dec 2021
Other receivables	19	1,402
Prepaid expenses and accrued income	7,478	5,791
Total	7,497	7,193

Prepaid expenses and accrued income as of 31 December 2022 includes EUR 7,467k (31 December 2021: EUR 5,779k) of accrued interest income on loans to group companies see note 28 for further details.

NOTE 24. CASH AND CASH EQUIVALENTS

Group EUR '000s	31 Dec 2022	31 Dec 2021
Cash and cash equivalents	52,285	62,750
Total	52,285	62,750
Parent Company EUR '000s	31 Dec 2022	31 Dec 2021
Cash and cash equivalents	2,778	3,453
Total	2,778	3,453

At 31 December 2022 the majority of the DDM Debt Group's bank accounts were held with banks with credit ratings ranging from A+ to BB- as rated by Standard & Poor's. At 31 December 2021 the majority of the DDM Debt Group's bank accounts were held with banks with credit ratings ranging from A+ to BB- as rated by Standard & Poor's.

NOTE 25. SHARE CAPITAL

The 54,000 shares have a quota of 1 per share. Each share entitles the holder to one vote. All registered shares as per the reporting date are fully paid.

NOTE 26. GOODWILL

EUR '000s	Goodwill
Year ended 31 December 2022	
at 1 January 2022	-
Additions	11,022
at 31 December 2022	11,022
At cost	11,022
Accumulated impairment	-
Net book value at 31 December 2022	11,022
Year ended 31 December 2021	
at 1 January 2021	-
Additions	-
at 31 December 2021	-
At cost	-
Accumulated impairment	-
Net book value at 31 December 2021	-

The additions during 2022 refer to the acquisition of AxFina during the year (please see note 3).

NOTE 27. LEASE LIABILITIES

Group EUR '000s	Current	Non- current	Total
Year ended 31 December 2022			
At 1 January 2022	-	-	-
Additions	-	-	-
Acq. through business combinations	140	420	560
Rental payments	(4)	(29)	(33)
Interest expense	1	9	10
Reclassifications	70	(70)	-
At 31 December 2022	207	330	537
Year ended 31 December 2021			
At 1 January 2021	69	-	69
Additions	-	-	-
Disposals	(45)	-	(45)
Cash flow	(32)	-	(32)
Interest expense	8	-	8
Reclassifications	-	-	-
At 31 December 2021	-	-	-

The additions from the acquisition through business combinations relate to the business combination with AxFina Group during the year.

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

The majority of the DDM Debt Group's leases are leases of office buildings.

NOTE 28. BOND LOANS AND BORROWINGS

The DDM Debt Group had the following borrowings at the balance sheet dates of 31 December 2022 and 31 December 2021. See note 4 for a description of contractual undiscounted cash flows.

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 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 3,797k 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.

NOTE 28. BOND LOANS... continued

Maturity profile of borrowings:

Group & Parent EUR '000s	Less than 1 year	Between and 2 years	1 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Total
at 31 December 2022						
Bond loan, 9%	–	–	–	184,449	–	184,449
Bond loan	348	559	505	457	1,928	3,797
Total	348	559	505	184,906	1,928	188,246
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.

Please refer to note 4 “Financial Risk Management” for disclosures regarding the fair value of the Group’s loans and borrowings.

NOTE 29. CASH FLOW AND NET DEBT

The movements in cash and cash equivalents and borrowings during the year were as follows:

Amounts in EUR '000s	Cash and cash equivalents	Current borrowings	Non-current borrowings	Total
At 1 January 2022	62,750	–	(183,452)	(120,702)
Cash flow	(19,106)	174	–	(18,932)
Items acquired from purchase of subsidiary	7,537	(162)	(3,538)	3,837
Amortization of transaction costs (non-cash)	–	–	(996)	(996)
Reallocation from non-current borrowings to current borrowings	–	(378)	378	–
Other non-cash movements	–	–	(195)	(195)
Exchange movements	1,104	1	(77)	1,028
At 31 December 2022	52,285	(365)	(187,880)	(135,960)

Amounts in EUR '000s	Cash and cash equivalents	Current borrowings	Non-current borrowings	Total
At 1 January 2021	30,672	(45,362)	(75,303)	(89,993)
Cash flow	32,137	45,890	(106,056)	(28,029)
Amortization of transaction costs (non-cash)	–	(528)	(2,093)	(2,621)
Exchange movements	(59)	–	–	(59)
At 31 December 2021	62,750	–	(183,452)	(120,702)

NOTE 29. CASH FLOW... continued

A reconciliation of cash flow to movement in net debt is shown below:

Amounts in EUR '000s	2022	2021
Increase / (decrease) in cash and cash equivalents	(19,106)	32,137
Cash acquired from purchase of subsidiary	7,537	–
Borrowing acquired from purchase of subsidiary	(3,700)	–
Increase in external borrowings	2,000	(182,756)
Repayment of external borrowings	174	122,590
Change in net debt resulting from cash flows	(15,095)	(28,029)
Amortization of transaction costs (non-cash)	(996)	(2,621)
Other non-cash movements	(195)	–
Exchange movements	1,028	(59)
Movement in net debt during the year	(15,258)	(30,709)
Opening net debt	(120,702)	(89,993)
Closing net debt	(135,960)	(120,702)

NOTE 30. CURRENT LIABILITIES

Group EUR '000s	Less than 3 months	3 – 12 months	Total
At 31 December 2022			
Accounts payable	610	–	610
Tax liabilities	–	229	229
Accrued interest	–	8,602	8,602
Accrued expenses and deferred income	1,014	1,302	2,316
Current lease liabilities	20	187	207
Current loans	–	365	365
Total current liabilities	1,644	10,685	12,329
At 31 December 2021			
Accounts payable	323	–	323
Tax liabilities	153	261	414
Accrued interest	–	6,559	6,559
Accrued expenses and deferred income	266	2,192	2,458
Total current liabilities	742	9,012	9,754
Parent Company			
EUR '000s			
At 31 December 2022			
Accounts payable	29	–	29
Tax liabilities	–	68	68
Accrued interest	–	8,602	8,602
Accrued expenses and deferred income	–	169	169
Current lease liabilities	–	–	–
Current loans	–	–	–
Total current liabilities	29	8,839	8,868
At 31 December 2021			
Accounts payable	54	–	54
Tax liabilities	–	103	103
Accrued interest	–	6,559	6,559
Accrued expenses and deferred income	167	–	167
Total current liabilities	221	6,662	6,883

NOTE 31. BALANCES AND TRANSACTIONS WITH RELATED PARTIES**Compensation (to) / from related parties**

Group EUR '000s	Management fee	Commission and consultancy costs	Interest expense	Interest income	Total
2022					
DDM Group AG	(6,100)	–	–	220	(5,880)
DDM Finance AB	–	–	(2,043)	–	(2,043)
AxFina Austria GmbH	–	–	–	10	10
AxFina Holding S.A.	–	(398)	–	7	(391)
AxFina Croatia d.o.o.	–	(421)	–	–	(421)
AxFina, poslovne storitve d.o.o.	–	(55)	–	–	(55)
AxFina Romania Srl	–	(377)	–	–	(377)
Axfina Servicing Kft	–	(20)	–	–	(20)
Omnione S.A.	–	–	–	2,516	2,516
Omnione Group Limited	–	–	–	825	825
Zalent Co. Limited	–	–	–	47	47
Total	(6,100)	(1,271)	(2,043)	3,625	(5,789)

Receivables, payables and debts – related parties

Group EUR '000s	Current	Non-current	Total
at 31 December 2022			
Convertible bonds Omnione SA	–	16,727	16,727
Loan to Omnione SA	–	15,213	15,213
Loan to Omnione Group Limited	–	6,140	6,140
Interest receivable on Convertible bonds Omnione SA	913	–	913
Interest receivable on Loan to Omnione SA	1,232	–	1,232
Interest receivable on Loan to Omnione Group Limited	825	–	825
Loan to DDM Group AG	–	2,000	2,000
Receivables from DDM Group AG	–	5,936	5,936
Interest receivable from DDM Group AG	–	1,291	1,291
Payables to DDM Holding AG	–	(9)	(9)
Payables to DDM Group AG	–	(916)	(916)
Intercompany loan subordinated DDM Finance AB	–	(37,586)	(37,586)
Accrued interest cost DDM Finance AB	–	(5,258)	(5,258)
IC Loan DDM Finance AB	157	–	157
Total	8,187	(1,522)	6,665

NOTE 31. BALANCES AND TRANSACTIONS WITH RELATED PARTIES... continued**Compensation (to) / from related parties**

Parent Company EUR '000s	Interest expense	Interest income	Total
2022			
DDM Group AG	–	220	220
DDM Invest III AG	–	21,056	21,056
DDM Invest VII d.o.o.	–	57	57
AXFina Austria GmbH	–	10	10
DDM Debt Management d.o.o. Beograd	–	15	15
DDM Finance AB	(2,043)	–	(2,043)
Axfina Holding SA	–	53	53
Total	(2,043)	21,411	19,368

Receivables, payables and debts – related parties

Parent Company EUR '000s	Current	Non-current	Total
at 31 December 2022			
Loan to Axfina Holding SA	–	1,966	1,966
Loan to DDM Group AG	–	2,000	2,000
Receivables from DDM Group AG	–	5,936	5,936
Receivables from DDM Invest III AG	–	4,215	4,215
Loan to DDM Invest III AG	–	194,300	194,300
IC receivable from DDM Finance AB	–	150	150
Accrued interest income DDM Group AG	–	1,291	1,291
Loans from DDM Group AG	–	(885)	(885)
Loans from DDM Finance AB , subordinated	–	(37,586)	(37,586)
Accrued interest on loan to DDM Invest III AG	7,467	–	7,467
Accrued interest cost DDM Finance AB	(5,258)	–	(5,258)
Total	2,209	171,387	173,596

NOTE 31. BALANCES AND TRANSACTIONS WITH RELATED PARTIES... *continued***Compensation (to) / from related parties**

Group EUR '000s	Management fee	Commission and consultancy costs	Interest expense	Interest income	Total
2021					
DDM Group AG	(5,750)	–	–	438	(5,312)
DDM Finance AB	–	–	(2,164)	–	(2,164)
AxFina Austria GmbH	–	–	–	24	24
AxFina Holding S.A.	–	(765)	–	–	(765)
AxFina Croatia d.o.o.	–	(1,017)	–	–	(1,017)
AxFina, poslovne storitve d.o.o.	–	(2)	–	–	(2)
AxFina Romania Srl	–	(248)	–	–	(248)
Omnione S.A.	–	–	–	958	958
Omnione Group Limited	–	–	–	40	40
Total	(5,750)	(2,052)	(2,164)	1,460	(8,506)

Receivables, payables and debts – related parties

Group EUR '000s	Current	Non-current	Total
at 31 December 2021			
Loan to AxFina Holding S.A.	–	250	250
Loan to DDM Group AG	–	4,000	4,000
Receivables from DDM Group AG	–	5,936	5,936
Interest receivable from DDM Group AG	–	1,649	1,649
Payables to DDM Group AG	–	(3,275)	(3,275)
Payables to DDM Holding AG	–	(9)	(9)
Loan payable to DDM Finance AB, subordinated	–	(37,586)	(37,586)
Accrued interest cost DDM Finance AB	(3,214)	–	(3,214)
Receivables from DDM Finance AB	157	–	157
Receivables from AxFina Holding S.A.	1,367	–	1,367
Accrued interest income AxFina Austria GmbH	–	53	53
Payables to AxFina, poslovne storitve d.o.o.	(2)	–	(2)
Payables to AxFina Croatia d.o.o.	(3)	–	(3)
Total	1,695	(28,982)	(30,677)

NOTE 31. BALANCES AND TRANSACTIONS WITH RELATED PARTIES... *continued***Compensation (to) / from related parties**

Parent Company EUR '000s	Interest expense	Interest income	Total
2021			
DDM Group AG	–	220	220
DDM Invest III AG	–	15,956	15,956
DDM Invest VII d.o.o.	–	76	76
AXFina Austria GmbH	–	24	24
DDM Debt Management d.o.o. Beograd	–	53	53
DDM Finance AB	(2,164)	–	(2,164)
Total	(2,164)	16,329	14,165

Receivables, payables and debts – related parties

Parent Company EUR '000s	Current	Non-current	Total
at 31 December 2021			
Loan to AxFina Austria GmbH	–	250	250
Loan to DDM Group AG	–	2,000	2,000
Receivables from DDM Group AG	–	5,936	5,936
Loan to DDM Invest III AG	–	4,215	4,215
Loan to DDM Invest III AG	–	205,000	205,000
Loan to DDM Invest VII d.o.o.	–	760	760
Loan to DDM Debt Management d.o.o. Beograd	–	700	700
Loan to DDM Finance AB	–	150	150
Accrued interest income DDM Group AG	–	1,071	1,071
Accrued interest income from AxFina Austria GmbH	–	53	53
Receivables from AxFina Holding S.A.	1,367	–	1,367
Accrued interest on loan to DDM Invest III AG	5,410	–	5,410
Accrued interest on loan to DDM Invest VII d.o.o.	343	–	343
Accrued interest on loan to DDM Debt Management d.o.o. Beograd	26	–	26
Loan from DDM Group AG	–	(1,324)	(1,324)
Loan payable to DDM Finance AB	–	(37,586)	(37,586)
Accrued interest payable to DDM Finance AB	(3,214)	–	(3,214)
Total	3,932	181,225	185,157

The Company has defined the Company's management, the Board of Directors in the Parent Company, DDM Debt AB (publ), the owners of DDM Debt AB (publ) and all subsidiaries included in the Group as related parties. Omnione S.A and Omnione Group Limited are also defined as related parties.

NOTE 31. BALANCES AND TRANSACTIONS WITH RELATED PARTIES... *continued*

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 second half of 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 2022 the DDM Debt Group released EUR 0.5m (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 (2021: 1.0m) was recognized to net collections, EUR nil (2021: 0.4m) netted against prepaid expenses and accrued income.

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

Group EUR '000s		1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Income Statement	Net collections	476	952
Income Statement, Total		476	952
Group EUR '000s		31 December 2022	31 December 2021
Balance sheet	Accrued expensed and deferred income	–	(476)
Balance sheet, Total		–	(476)

During 2022 the DDM Debt Group invested into a total of EUR 13.3m (2021: 7.9m) in Omnione S.A., which lead to a total exposure to Omnio to EUR 41.0m (2021: 24.8m).

In early 2023, Omnione SA finalized a funding round in the form of a capital increase of EUR 9m, whin involved for the largest part third party investors,

In parallel with this funding round the capital setup of Omnione was restructured by converting the outstanding Convertible Bonds as well as most of the outstanding loan into shares of Omnione S.A.

The EUR 9m fundraising was priced at EUR 26.39 per share, which is equivalent to a pre-capital increase (but post debt conversion) equity value of Omnione of EUR 60m: The valuation has been also supported by the appraisal of an independent expert. Please see also note 34.

In December 2022 the Company entered into an agreement with Zalent Co. Limited in connection with a short-term secured shares loan agreement of 400,000 ordinary shares of Addiko Bank AG; the shares were lent to an interest rate on 15% on the EUR equivalent value of the shares on the closing price on 6 December 2022 of EUR 11.45).

NOTE 32. PARTICIPATIONS IN GROUP COMPANIES

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

Parent Company EUR '000s	Investment
At 1 January 2021	9,478
Acquisitions	–
At 31 December 2021	9,478

At 1 January 2022	9,478
Acquisitions	14,040
At 31 December 2022	23,518

The Parent Company holds shares in the following subsidiaries:

EUR '000s Company	Corporate identity number	Domicile	Proportion of equity 31 Dec 2022	Proportion of equity 31 Dec 2021	Net book value 31 Dec 2022	Net book value 31 Dec 2021
DDM Invest III AG	CHE 115.238.947	Switzerland	100%	100%	9,364	9,364
DDM Mergeco AG*	CHF-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 d.o.o.***	8458367000	Slovenia	50.2%	–	–	–
AxFina Hungary Zrt. ***	06 10 000062	Hungary	50.7%	–	–	–
Raport S.A.***	0000192029	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 31 December 2022 and 31 December 2021.

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

On 25 November 2021, DDM Invest III AG acquired 100% of the share capital of DDM Mergeco AG from DDM Group Finance S.A.

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.

NOTE 33. PROPOSED APPROPRIATION OF EARNINGS

The Parent Company's distributable funds are at the disposal of the Board of Directors as follows:

EUR	2022
Retained earnings	10,962,292
Net earnings for the year	906,535
Total	11,868,827

The Board of Directors propose that the earnings be distributed as follows:

EUR	2022
Balance carried forward	11,868,827
Total	11,868,827

NOTE 34. PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

The Parent Company has pledged the shares in its material wholly-owned subsidiaries as security under the terms and conditions of the senior secured bonds. In addition, the investors receive a first ranking share pledge over the shares of DDM Debt AB.

The Parent Company's pledged collateral in the form of shares held in the material wholly-owned subsidiaries amounted to EUR 150k at 31 December 2022 (EUR 150k at 31 December 2021). The Parent Company had no bank guarantees at 31 December 2022 (EUR 5k at 31 December 2021). Neither the DDM Debt Group nor the Parent Company has any other pledged assets, contingent liabilities or other items to report.

The DDM Debt Group has office rental lease contracts in Slovenia and Sweden. From 1 January 2019, the group has recognised right-of-use assets and lease liabilities for these leases, except for short term and low-value leases, see note 27 for further information.

The undiscounted cash flows arising from the contractually bound leasing commitments, based on the remaining period to the earliest contractual maturity date as at the balance sheet date, are specified in the table below:

EUR '000s	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
At 31 December 2022	237	289	61	587
At 31 December 2021	–	–	–	–

NOTE 35. SHARE-BASED COMPENSATION

Employee Stock Option Plan ("ESOP 2021")

In July 2021, DDM Group Finance S.A., the ultimate parent company of DDM Debt AB, established an Employee Stock Option Plan ("ESOP 2021"). The ESOP 2021 is a share-based compensation plan where employees and certain members of the Executive Management of the wider DDM Group receive additional compensation in the form of share-based payments, whereby they render services as consideration for DDM Group Finance S.A.'s equity instruments (equity-settled transactions). The ESOP is designed to provide long-term incentives for employees and members of the Executive Management to deliver long-term shareholder returns.

Based on a current number of shares outstanding of DDM Group Finance S.A 13,560,447, the maximum number of shares that can be delivered under the ESOP 2021 shall not exceed 2,207,515 Shares (corresponding to 14% of the total number of shares outstanding following the exercise of the options). The amount of options that will vest for the option term exercisable until 30 April 2024 depends on fair market value of DDM Group Finance S.A's share price with a performance hurdle of EUR 7.37 per share equivalent to a minimum equity value of EUR 100M for 100% of the DDM Group Finance Group:

- < EUR 7.37: 0% of the total Shares are available
- ≥ EUR 7.37: 8.0% of the total Shares are available
- > EUR 7.37 and < EUR 36.87: Linear Interpolation
- ≥ EUR 36.87: 14.0% of the total Shares are available

Once vested, the options remain exercisable until 30 April 2024. Options are granted under the plan for no consideration and carry no dividend or voting rights. The exercise price of options in DDM Group Finance S.A is EUR 3.98 per share equivalent to an equity value of EUR 54.0M for 100% of the DDM Group Finance Group. Options are exercisable if the shares are listed, in case of an exit event, which is a change of control or Initial Public Offering ("IPO") and otherwise determined by the Remuneration Committee. According to the terms of the plan, the exercise price may not be lower than the fair market value of a share on the grant date, but it may be equal to or higher than such fair market value.

Fair value of options at initial grant date

The assessed fair value at the grant date of options granted on 1 August 2021 was EUR 1.99 per option equivalent to an equity value of EUR 27.0M for 100% of the DDM Group Finance Group. The fair market value of DDM Group Finance Group at the initial grant date was independently determined by a third-party valuer.

Fair value of options at vesting date

The assessed fair value at the vesting date of options on 30 April 2024 is below the minimum valuation threshold needed for the exercise of the option. The Management assessed 0% probability of the market condition to be reached in all reasonable scenarios, as described below.

Expenses arising from share-based payment transactions

Nil employee benefit expenses have been recognised arising from share-based payment transactions recognised during the financial year ended 31 December 2022 (FY 2021: nil), given that the fair market value of DDM Group Finance S.A is expected to remain significantly below the performance hurdle for the valuation of the DDM Group Finance Group throughout the remaining vesting period.

Sensitivity

The key assumptions to the fair market value of DDM Group Finance Group are those regarding the expected price volatility of the DDM Holding AG shares, future cashflows of AxFina and the pre-tax rate used to discount the forecast cash flows of 15% and a growth rate for the forecast cash flows of 2%. The fair market value assessment is highly sensitive to changes in estimates.

Set out below are summaries of options outstanding under the plan for the AxFina employees participating in the plan:

	<u>1 January – 31 December 2022</u>	
	Average exercise price per share option (EUR)	Number of options
As at 1 January	–	–
Granted during the period	–	–
Added from consolidation of AxFina	3.98	411,904
Forfeited during the period	–	–
Exercised during the period	–	–
Expired during the period	–	–
As at 31 December	3.98	411,904
Exercisable at 31 December	3.98	–

On 1 August 2021, 411,904 share options (at the maximum reachable level) were granted to employees of AxFina under the ESOP 2021 out of the maximum available 2,207,515 shares that can be exercised at price of EUR 3.98 per share. The weighted average share price of DDM Group Finance S.A at the initial grant date was assessed at EUR 1.99 per share. As at 31 December 2022, a total of 318.130 share options have vested and 93.774 share options will vest for the remaining vesting period to 30 April 2023. As at 31 December 2022, the weighted average share price of DDM Group Finance S.A until the maximum exercise date (31 March 2024) was assessed to be below the performance hurdle of EUR 7.37 per share and therefore at 31 December 2022 nil share options could be exercised.

No compensation expense was recorded in DDM Debt AB consolidated financial statements for the year 2022 (2021: nil).

NOTE 36. EVENTS AFTER THE BALANCE SHEET DATE

On 8 February, DDM agreed with Nordiska Kreditmarknadsaktiebolaget (publ) ("Nordiska") a revolving credit facility for general corporate purposes at a variable interest rate equal to EURIBOR Plus a 3.5% margin with repayment date no later than 30 June 2025. The full amount was drawdown on the same date.

On 13 February, DDM received from OmniOne S.A. the conversion notice in respect of the conversion of DDM's outstanding bond in OmniOne, equal to EUR 17,334,464.00, in exchange of 685,426 shares in OmniOne. New Shares were issued and regularly registered on 26 January

On 24 February OmniOne successfully concluded a capital increase of EUR 9m at a pre-money valuation of EUR60m. DDM contributed EUR 4m in exchange of 151,573 new shares. On the same date, as a further contribution to the stabilization and success of OmniOne S.A., DDM subscribed 473,949 new shares converting the majority of its existing loan towards Omnione S.A. into equity.

On 3 April, Florian Nowotny informed the Board that he has decided to step down from his position as CEO. The Board of Directors thanks Mr. Nowotny for his commitment and his valuable contribution to the Company. From the same date, Dr. Andreas Tuczka (Chairman of the Board of Directors) assumed the role of Executive Chairman on an interim basis and lead the company together with Fredrik Olsson, Chief Financial Officer, and Alessandro Pappalardo, Chief Investment Officer, until a permanent CEO-successor is announced. Florian Nowotny has agreed to ensure a smooth hand over of his role and will remain as an advisor during a transition period.

On 6 April, DDM acquired an additional 25% of the share capital of AxFina Holding SA ("AxFina"), taking its total holding in AxFina to 75%. The seller of the stake in AxFina is DDM Group Finance S.A. The transaction value for the 25% stake is EUR 7mn at the same implied valuation used for the acquisition of a 50.2% stake in July 2022.

On 7 April, DDM have been informed by Nordiska that it is aborting the process regarding a combination of Nordiska with Swiss Bankers and Omnio. As a result also the intended acquisition of a minority stake in Nordiska by DDM is on hold.

DDM has been working on these transactions jointly with Nordiska for the last eight months and is surprised and disappointed about Nordiska's unilateral decision to abandon them.

The DDM Debt Group considers all of the subsequent events above as non-adjusting events after the end of the reporting period.

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 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 "Revenue 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 Debt 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	1 Jan – 31 Dec	1 Jan – 31 Dec
	2022	2021
Net collections*	61,183	47,599
Revenue from management fees	605	100
Personnel expenses	(2,449)	(646)
Consulting expenses	(8,200)	(7,720)
Other operating expenses	(1,054)	(352)
Operating expenses	(11,703)	(8,718)
Cash EBITDA	50,085	38,981

* Net collections include the incremental net distribution from associate and joint venture and distributions from financial assets at fair value.

Please refer to page 66 for a reconciliation of alternative performance measures ("APMs") to IFRS

Net debt:

Bond loan, 9%	184,449	183,452
Bonds	3,797	-
Less: Cash and cash equivalents	(52,285)	(62,750)
Net debt	135,961	120,702

Reconciliation tables, non-IFRS measures, continued

Equity ratio:

Amounts in EUR '000s	31 December 2022	31 December 2021
Shareholder's equity	12,841	13,447
Shareholder debt (subordinated)	37,586	37,586
Accrued interest on shareholder debt	5,258	3,214
Total equity according to the senior secured bond terms	55,685	54,247
Total assets	253,283	248,152
Equity ratio	22,0%	21,9%

Alternative performance measures

Alternative performance measures – reconciliation to IFRS:

Amounts in EUR '000s	1 Jan – 31 Dec 2022	1 Jan – 31 Dec 2021
Gross collections	44,571	40,344
Incremental gross distribution from associate and joint venture	22,788	15,563
Distributions from financial assets at fair value	3,393	998
Adjusted gross collections	70,752	56,905
Net collections	39,195	36,392
Incremental net distribution from associate and joint venture	18,595	10,209
Distributions from financial assets at fair value	3,393	998
Adjusted net collections	61,183	47,599
Cash EBITDA	28,097	27,774
Incremental net distribution from associate and joint venture	18,595	10,209
Distributions from financial assets at fair value	3,393	998
Adjusted cash EBITDA	50,085	38,981
Net (loss) / profit for the year	(3,890)	(5,662)
Non-recurring items bond refinancing	–	3,911
Adjusted net (loss) / profit for the year	(3,890)	(1,751)

The financial statements of the DDM Debt Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as adopted by the EU. In addition, the Company presents alternative performance measures (“APMs”).

Adjusted key figures for gross collections, net collections, cash EBITDA and net (loss) / profit for the year provide a better understanding of the underlying business performance and enhance comparability from year to year, when the effect of items affecting comparability are adjusted for. Items affecting comparability can include one-time costs not affecting the DDM Debt Group’s run rate cost level, significant earnings effects from acquisitions and disposals and incremental distributions from associates and joint ventures.

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 Company’s performance and to enhance comparability between financial years. 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 Company’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.

GLOSSARY

AGM Annual General Meeting	EUR Refer to the single currency of the participating member states in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time	PLN Polish Zloty, the currency of Poland
BN Billion	HRK Croatian kuna, the currency of Croatia	RON Romanian leu, the currency of Romania
CHF Swiss franc, the currency of Switzerland	HUF Hungarian forint, the currency of Hungary	RSD Serbian Dinar, the currency of Serbia
CZK Czech koruna, the currency of the Czech Republic	M Million	SEK Swedish krona, the currency of Sweden
DCA Debt collection agency	NPL Non-performing loans	Southern, Central and Eastern Europe ("SCEE") The countries in EuroVoc's definition of CEE plus Greece, Italy and the Baltic states
DDM Group DDM Holding AG and its subsidiaries, including DDM Debt AB (publ) and its subsidiaries.	Parent Company DDM Debt AB (publ), Swedish Corporate ID No. 559053- 6230	USD U.S. dollar, the currency of the United States
DDM Debt Group, the Company or the Group DDM Debt AB (publ), Swedish Corporate ID No. 559053- 6230, and its subsidiaries		

FINANCIAL DEFINITIONS

Amortization of invested assets The carrying value of invested assets are amortized over time according to the effective interest rate method	expected dividends, distributions or other payments from investments (not double counting), 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.	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)
Cash EBITDA Net collections, less operating expenses		Net debt Long-term and short-term third-party loans, interest-bearing intercompany loans (excluding subordinated debt) and liabilities to credit institutions (bank overdrafts) less cash and cash equivalents
EBIT Earnings before interest and taxes		Non-recurring items One-time costs not affecting the DDM Debt Group's run rate cost level
EBITDA Earnings before interest, taxes, depreciation of fixed assets as well as amortization, revaluation and impairment of invested assets	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	Operating expenses Personnel, consulting and other operating expenses.
EBIT margin EBIT as a percentage of revenue on invested assets and share of net profits / (losses) from joint ventures and associates	Invested assets The DDM Debt Group's invested assets consist of purchases of distressed asset portfolios, investments in joint ventures and associates and financial assets at fair value	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
Equity Shareholders' equity at the end of the period		
Estimated Remaining Collections / ERC Estimated Remaining Collections refers to the sum of future, undiscounted projected cash collections before commission & fees from acquired portfolios and future reasonably		

SIGNATURES

The Group's income statement and balance sheet will be presented for adoption at the Annual General Meeting on 28 June 2023.

The information in this Annual Report is mandatory for DDM Debt AB (publ) to publish in accordance with the EU Market Abuse Regulation and the Securities Markets Act.

This information was submitted to the market for publication on 28 April 2023.

The Board of Directors and Chief Executive Officer certify that the Annual Report gives a true and fair view of the Parent Company's and Group's operations, financial position and results of operations and describes the material risks and uncertainty factors facing the Parent Company and the companies included in the Group.

Stockholm, 28 April 2023



Andreas Tuczka
Chairman of the board



Joachim Cato
Board member



Erik Fällström
Board member



Florian Nowotny
Managing Director

Our Audit Report was presented on 28 April 2023

Öhrlings PricewaterhouseCoopers AB

Susanne Sundvall
Authorized Public Accountant



Auditor's report (Translation)

To the general meeting of the shareholders of DDM Debt AB, corporate identity number 559053-6230

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of DDM Debt AB for the year 2022, excluding the sustainability report page 15-21. The annual accounts and consolidated accounts of the company are included on pages 7-74 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The opinion not include the sustainability report page 15-21. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our statements in this opinion on the annual accounts and the consolidated accounts are consistent with the content of the supplementary report that has been submitted to the company and the Company's and the Group's Board of Directors in accordance with Article 11 of the Auditors' Ordinance (537/2014).

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This means that, based on our best knowledge and belief, no prohibited services referred to in Article 5 (1) of the Auditors' Regulation (537/2014) have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

The focus and scope of the audit DDM Debt AB's ("DDM") purpose is to finance the DDM Group's subsidiaries through issuing bonds in the Swedish market. The DDM Group is an international corporate group investing in and managing matured receivables in the Eastern-, Central- and Southern European markets. We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

We designed our audit by determining the materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective assumptions and considered future events that are inherently uncertain. The area that is inherently uncertain as such is as critical accounting estimates in the valuation of distressed asset portfolios, which have been made based on assumptions and projections about future events. Such forecasts are by nature always uncertain. As in all of our audits, we also



addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates. All of the subsidiaries have been included in our audit.

Audit scope

The focus and scope of the audit

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We designed our audit by determining the materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective assumptions and considered future events that are inherently uncertain. The area that is inherently uncertain as such is as critical accounting estimates in the valuation of distressed asset portfolios, which have been made based on assumptions and projections about future events. Such forecasts are by nature always uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates. All of the subsidiaries have been included in our audit.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of distressed assets and recognition of revenue on invested assets

Key audit matter	How our audit addressed the key audit matter
As DDM is a specialized multinational investor in investments into assets and companies previously held by financial institutions, including performing and non-performing loans and special situations, the distressed assets are the most significant position in the financial statements.	Our audit approach included, among others, an assessment of the Group's assumptions for the valuation of the distressed assets. This includes mainly the following procedures: <ul style="list-style-type: none">• We checked the initial recognition by reviewing the contractual basis for the initial measurement. We obtained supporting documents from the due diligence process and



The distressed assets also represent the ability of the Group to generate cash flows and further profits in the coming periods. The distressed assets are considered as a key audit matter due to the size of the balance (EUR 71 million, representing 28% of the total assets) as well as considerable judgement with respect to the assumptions about the future cash flow forecasts.

DDM invests in distressed asset portfolios, where the receivables are directly from the debtor. The valuation of these distressed assets is based on the expected future cash flows (ERC, 'Estimated Remaining Collections'). The procedures of the Group to determine the ERC is set out in note 5 Critical estimates and assumptions in applying the company's accounting principles.

The revenue on invested assets represents the economical profit of the distressed assets for the period, applying the amortized cost method, including also the reassessment of future cash flows. The interest income on invested assets and the revenue on invested assets amount to EUR 19 million and EUR 21 million respectively. The recognition of revenue on invested assets is disclosed in note 3 Summary of significant accounting policies and note 6 Reconciliation of revenue on invested assets and revenue from management fees.

challenged the management assumptions of the expected future cash flows.

- We verified the calculations of the internal rates of return related to the expected future cash flows and the initial purchase price (underwriting). We also challenged the appropriateness and reasonableness of the assumptions made by the management with market data.
- We performed back-testing analysis to validate that the cause of observed deviations of actual collections from previous forecasts are understood by management, and that forecasts have been appropriately revised in consideration of new knowledge.

Based on our testing of the process and the method as well as the range of valuation we independently performed, we found management's assessment of the accounting of distressed assets appears acceptable.

The collection process is outsourced to local collection agencies, selected by DDM and suitable for the collection of a particular class of asset or performed by own DDM group companies. With a focus on collection, which is a key driver for reassessment of future cash flows and therefore revenue on invested assets, we performed the following procedures:

- We tested the correct accounting treatment regarding recognition of revenue on the invested assets based on the methodology as set out in the notes 3 Summary of significant accounting policies and 6 Reconciliation of revenue on invested assets and revenue from management fees.
 - We performed testing on the control which ensures that the collection reports issued by the collection agencies were agreed between the collection agencies and DDM's collection managers.
 - We tested a sample of collections received to validate that collections are correctly recognized.
 - We tested on a sample basis that cash settlements were in accordance with collection reports.
 - We performed testing of the IT environment. We focused on IT general controls, especially for the asset management system (ITGC and application controls).
-



Based on our audit procedures, we agree with management's assessment the revenue on invested assets is in line with the Group's accounting policy.

Valuation of Goodwill

Key audit matter

Our focus for testing the Goodwill was due to the significant increase in the year as a result of the acquisition of 51% of AxFina Holding S.A. by DDM Debt AB, generating an additional EUR 11 million in Goodwill, leading to a total consolidated Goodwill balance of EUR 15 million.

The Group discloses relevant Goodwill disclosures in note 3 Summary of significant accounting policies and note 26 Goodwill.

How our audit addressed the key audit matter

Our audit approach included, among others, an assessment of the Management's assumptions for the valuation of the initial goodwill generated by the business combination and the assumptions used in the impairment test of the goodwill. This includes mainly the following procedures:

- We reviewed the initial recognition of the transaction by inspecting the acquisition documents, and reviewed the valuation support for the acquired shares.
- We challenged management through substantive review of the business plan, including budget and liquidity plan, as the valuation of the invested assets is highly dependent on the business plan and the investing activities of the DDM group.
- We reviewed and challenged the valuation assessment prepared by management and performed our own independent a market-based approach to assess for any indications of impairment.

Based on our audit procedures performed, we agree with management's assessment and judgement applied for the valuation of the Goodwill.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and can be found on pages 1-6 and 15-21. The Board of Directors and the Managing Director are responsible for the other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information. In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of DDM Debt AB for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing



administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website www.revisorsinspektionen.se/revisormsansvar. This description is part of the auditor's report.

The auditor's opinion regarding the statutory sustainability report

The Board is responsible for the sustainability report on pages 15–21 and for having prepared it in accordance with the Annual Accounts Act.

Our review has been performed in accordance with FAR's statement RevR 12 Auditor's opinion on the statutory sustainability report. This means that our review of the sustainability report has a different focus and a significantly smaller scope compared with the focus and scope of an audit in accordance with International Standards on Auditing and good auditing practice in Sweden. We believe that this review provides us with a sufficient basis for our statement.

A sustainability report has been prepared.

Öhrlings PricewaterhouseCoopers AB, was appointed DDM Debt AB's (publ) auditor by the 2016 Annual General Meeting and Sussanne Sundvall has been the company's key auditor since 11 September 2019.

Stockholm on the day shown by our electronic signature

Öhrlings PricewaterhouseCoopers AB

Sussanne Sundvall
Authorized Public Accountant

DDM DEBT AB (publ)

A SPECIALIZED MULTINATIONAL INVESTOR
IN SITUATIONS ARISING OUT OF THE
GENERAL STRATEGIC CHALLENGES IN
THE EUROPEAN BANKING MARKETS



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