DDM DEBT AB (publ)

Corporate Registration Number: 559053-6230

Q1 interim report | **1 January – 31 March 2023**

ddm

Strong cash position providing optionality

Highlights first quarter 2023

- Gross collections amounted to EUR 10.0m (15.7)*
- Net collections amounted to EUR 8.0m (12.7)*
- Cash EBITDA amounted to EUR 4.4m (11.8)*
- Net loss for the period of EUR 0.7m (loss of 1.0)
- Gross ERC at the end of March 2023 was EUR 271m (283 at December 2022)
- Cash at the end of March 2023 was EUR 57.5m (52.3 at December 2022)

Significant events after the end of the quarter

- Acquisition of a further 25% of AxFina Holding S.A, a pan European debt servicing provider and business outsourcing company, taking DDM Debt's total holding to about 75%
- Nordiska terminated the planned acquisition of Swiss Bankers and the combination with Omnio

** Key financial highlights above include non-IFRS alternative performance measures that represent underlying business performance. Further details including a reconciliation to IFRS can be found on page 28.*

IFRS Consolidated Amounts in EUR '000s (unless specified otherwise)	**1 Jan – 31 Mar 2023****	**1 Jan – 31 Mar 2022****	**Full Year 2022**
Gross collections	8,147	11,728	44,571
Collection and commission expenses	(1,273)	(1,778)	(5,376)
Net collections	6,874	9,950	39,195
Revenue from management fees & other services	147	–	605
Operating expenses	(3,721)	(977)	(11,703)
Cash EBITDA	3,300	8,973	28,097
Interest income	671	611	3,393
Amortization, revaluation and impairment of invested assets	(2,829)	(4,248)	(22,055)
Share of net (losses) / profits of associate and joint venture	(794)	2,545	8,321
Operating profit	201	7,880	17,448
Net loss for the period	(724)	(1,047)	(3,890)
Selected key figures			
Total assets	261,012	249,454	253,283
Net debt	135,032	123,289	135,961
Equity ratio***	21.3%	21.5%	22.0%
Cash flow from operating activities before working capital changes	3,717	10,791	30,861
Gross ERC 120 months (EUR M)	271	296	283
Investments book value	171,440	166,031	162,018

** Unaudited

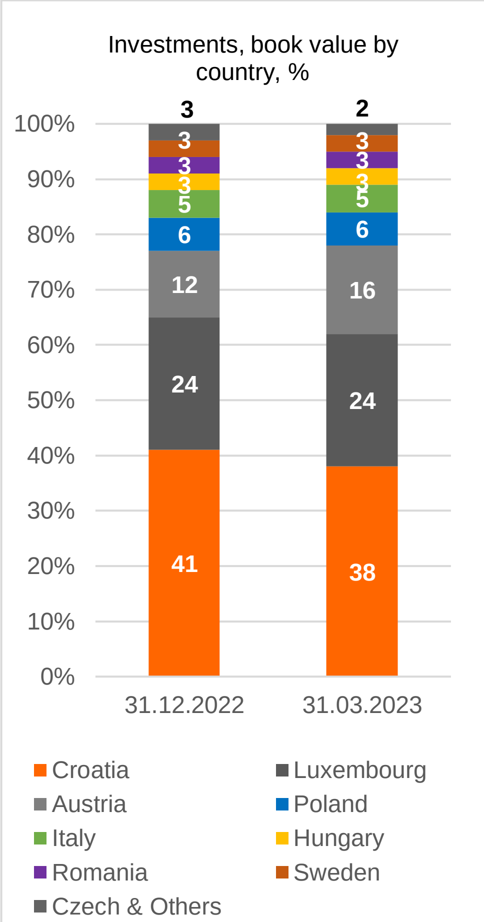
*** Equity ratio calculated according to the terms and conditions of the senior secured bonds

The information in this report requires DDM Debt AB (publ) to publish the information in accordance with the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication on 30 May 2023 at 08:00 CEST.

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

Comment by the CEO

We ended the quarter with a strong cash position of EUR 57.5m which provides flexibility in a market where we see an increasing amount of interesting investment opportunities in assets, loans and financial services businesses. This provides optionality, particularly in combination with adjusted gross collections ahead of expectations in the first quarter of 2023 despite the challenging macroeconomic environment and geopolitical uncertainties, which shows the resilience of our underlying NPL portfolio, especially in Croatia and Slovenia. However, if the NPL markets continue to remain challenging (from supply and pricing levels) in our core markets, it will allow us to focus on our other investments in financial services.



In January and February 2023, as part of a wider fund raising of Omnione S.A., the DDM Debt Group converted a total amount of EUR 33m of convertible bonds and existing investments into shares of Omnione S.A. "Omnio", a global BaaS technology partner for companies looking to offer its customers financial services.

In February 2023 we entered into a super senior lending facility of EUR 4.5m with a Swedish bank, which further strengthened our liquidity profile. Further optimizing our financing structure will be a key focus area for the DDM Debt Group in 2023.

We have continued to work on further improvements to the DDM Debt Group platform and set-up in 2023. At the beginning of April we acquired an additional 25% of the debt servicing and business outsourcing company AxFina, bringing our total holding to about 75%. The DDM Debt Group 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 the DDM Debt Group.

In April Nordiska Kreditmarknadsaktiebolaget (publ) ("Nordiska") informed us that they were aborting the process regarding a combination of Nordiska with Swiss Bankers and Omnio. We worked on these transactions jointly with Nordiska for eight months and, after having obtained legal advice, the board of the DDM Debt Group considers Nordiska's unilateral decision to abandon the transactions and related actions by Nordiska as a violation of Nordiska's obligations under the agreements between the parties. The DDM Debt Group therefore reserves all contractual, legal, and other rights, including its right to claim damages that may result from Nordiska's actions.

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.

Stockholm, 30 May 2023
DDM Debt AB (publ)
Andreas Tuczka, Chairman of the Board of Directors and acting CEO

Financial calendar

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

Q2 report for January – June 2023:	29 August 2023
Q3 report for January – September 2023:	29 November 2023
Q4 report for January – December 2023:	29 February 2024

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

Presentation of the report

The report and presentation material are available at www.ddm-group.ch on 30 May 2023, at 08:00 CEST.

Acting CEO and Chairman of the Board of Directors Andreas Tuczka and CFO Fredrik Olsson will comment on the DDM Group's results during a conference call on 30 May 2023, starting at 10:00 CEST.
The presentation can be followed live via the webcast at www.ddm-group.ch, or via teleconference with prior registration at https://conference.financialhearings.com/teleconference/?id=2001223.

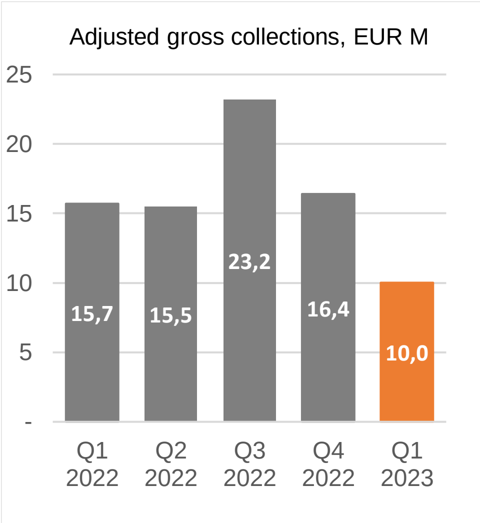
Financial results

Adjusted gross collections (which include the incremental gross distribution from associates and joint ventures) amounted to EUR 10.0m in the first quarter of 2023, EUR 5.7m below the corresponding period last year. After deducting commission and collection fees to third parties this resulted in EUR 8.0m of adjusted net collections being received for the first quarter of 2023.

Operating expenses were EUR 3.7m in Q1 2023, increasing from EUR 1.0m in Q1 2022 following the acquisition of AxFina at the beginning of Q3 2022. As a result, adjusted cash EBITDA totaled EUR 4.4m in the first quarter of 2023.

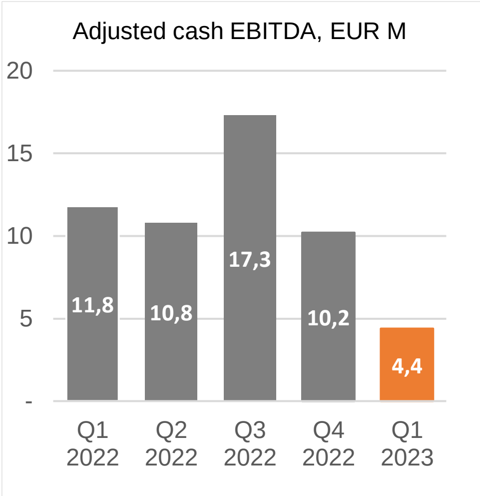
The operating result includes EUR 0.8m share of net losses of associate and joint venture under the equity method of accounting.

The net result for the quarter benefitted from a EUR 3.6m fair value gain recognized within financial income in the income statement relating to the investment in Addiko Bank, due to an increase in the share price during the first quarter.



Cash flow and financing

For the first quarter of 2023, cash flow from operating activities before working capital changes was EUR 3.7m, compared to EUR 10.8m in Q1 2022, driven by the lower operating result. We continue to have a strong cash position of EUR 57.5m at 31 March that is available to fund investments and acquisitions.



Estimated Remaining Collections

ERC in relation to invested assets at 31 March stands at EUR 271m, EUR 12m below 31 December 2022, as a result of collections that have been received during the first quarter of 2023. About 69% of the collections are expected to be received within the next three years.

Consolidated Income Statement

Amounts in EUR '000s	Notes	1 Jan – 31 Mar 2023*	1 Jan – 31 Mar 2022*	Full Year 2022
Interest income on invested assets	6	4,876	4,605	18,462
Revaluation and impairment of invested assets		(160)	1,708	2,071
Revenue on invested assets	6	**4,716**	**6,313**	**20,533**
Share of net (losses) / profits of associate and joint venture	6,10,11	(794)	2,545	8,321
Revenue from management fees and other services		147	–	605
Personnel expenses		(1,136)	(25)	(2,449)
Consulting expenses		(2,071)	(871)	(8,200)
Other operating expenses		(514)	(81)	(1,054)
Depreciation of tangible assets		(147)	(1)	(308)
Operating profit		**201**	**7,880**	**17,448**
Financial income		4,048	571	569
Financial expenses		(5,277)	(8,621)	(22,444)
Unrealized exchange (loss) / profit		(19)	109	816
Realized exchange profit / (loss)		446	(901)	(522)
Net financial expenses		**(802)**	**(8,842)**	**(21,581)**
Loss before income tax		**(601)**	**(962)**	**(4,133)**
Tax (expense) / income		(123)	(85)	243
Net loss for the period		**(724)**	**(1,047)**	**(3,890)**
Net loss for the period attributable to:				
Owners of the Parent Company		(730)	(1,047)	(3,969)
Non-controlling interest		6	–	79

* Unaudited

Consolidated Statement of Comprehensive Income

Amounts in EUR '000s	1 Jan – 31 Mar 2023*	1 Jan – 31 Mar 2022*	Full Year 2022
Net loss for the period	**(724)**	**(1,047)**	**(3,890)**
Other comprehensive income / (loss) for the period			
Currency translation differences	145	(70)	286
Share of other comprehensive income of associates accounted for using the equity method	–	–	–
Other comprehensive income / (loss) for the period, net of tax	**145**	**(70)**	**286**
Total comprehensive loss for the period	**(579)**	**(1,117)**	**(3,604)**
Total comprehensive loss for the period attributable to:			
Owners of the Parent Company	(649)	(1,117)	(3,766)
Non-controlling interest	70	–	162

* Unaudited

Consolidated Balance Sheet

Amounts in EUR '000s	Notes	31 March 2023*	31 December 2022
ASSETS			
Current assets			
Cash and cash equivalents		57,524	52,285
Accounts receivable		1,220	513
Receivables from other group companies		252	157
Prepaid expenses and accrued income		1,098	3,527
Other receivables		4,408	4,237
Tax assets		27	197
Total current assets		**64,529**	**60,916**
Non-current assets			
Financial assets at fair value	12	43,051	68,743
Other long-term receivables from investments	5	5,940	6,338
Distressed asset portfolios	9	68,797	70,451
Investment in joint venture	10	21,284	21,546
Interest in associate	11	32,368	–
Receivables from other group companies		5,936	5,936
Loans to other group companies		2,000	2,000
Deferred tax assets	5	3,077	3,034
Accrued interest from other group companies		1,346	1,291
Other non-current assets		230	351
Right-of-use assets		461	524
Tangible assets	7	216	212
Intangible assets		916	919
Goodwill	4,8	11,022	11,022
Total non-current assets		**196,644**	**192,367**
TOTAL ASSETS		**261,173**	**253,283**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		54	54
Other reserves		251	170
Retained earnings including net loss for the period		8,727	9,457
Total shareholders' equity to Parent Company's shareholders		**9,032**	**9,681**
Non-controlling interest		3,230	3,160
Total shareholders' equity		**12,262**	**12,841**
LIABILITIES			
Current liabilities			
Accounts payable		881	610
Accrued expenses and deferred income		2,956	2,316
Tax liabilities		107	229
Lease liabilities		201	207
Accrued interest		13,434	8,602
Current loans		361	365
Total current liabilities		**17,940**	**12,329**
Non-current liabilities			
Deferred tax liabilities	5	716	1,232
Lease liabilities		273	330
Payables to other group companies		201	1,085
Loans and borrowings	13	192,195	187,880
Loans from other group companies, subordinated		37,586	37,586
Total non-current liabilities		**230,971**	**228,113**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**261,173**	**253,283**

* Unaudited

Consolidated Cash Flow Statement

Amounts in EUR ‘000s	1 Jan – 31 Mar 2023*	1 Jan – 31 Mar 2022*	Full Year 2022
Cash flow from operating activities			
Net loss for the period	(724)	(1,047)	(3,890)
Cash distribution from associate and joint venture	50	1,939	19,666
Adjustments for non-cash items:			
Amortization of invested assets	*2,669*	*5,956*	*24,126*
Revaluation and impairment of invested assets	*160*	*(1,708)*	*(2,071)*
Interest income	*(671)*	*(611)*	*(3,393)*
Share of net losses / (profits) of associate and joint venture	*794*	*(2,545)*	*(8,321)*
Depreciation of tangible assets	*147*	*1*	*308*
Financial income	*(4,048)*	*(571)*	*(569)*
Financial expenses	*5,277*	*8,621*	*22,444*
Unrealized exchange (profit) / loss	*19*	*(109)*	*(816)*
Tax expense / (income)	*123*	*85*	*(243)*
Other items not affecting cash	*(41)*	*780*	*55*
Interest paid	–	–	(16,956)
Interest received	–	–	1,004
Tax paid	(38)	–	(483)
Cash flow from operating activities before working capital changes	**3,717**	**10,791**	**30,861**
Working capital adjustments			
(Increase) / decrease in accounts receivable	(707)	(1,739)	602
(Increase) / decrease in other receivables	272	218	(2,992)
Increase / (decrease) in accounts payable	271	(144)	(3,616)
Increase / (decrease) in other current liabilities	(340)	(1,999)	(3,034)
Net cash flow from operating activities	**3,213**	**7,127**	**21,821**
Cash flow from investing activities			
Purchases of distressed asset portfolios and other long-term receivables from investments	(860)	(4,570)	(11,364)
Purchases of financial assets at fair value	(1,770)	(4,507)	(17,757)
Acquisition of subsidiary, net of cash acquired	–	–	(5,979)
Purchases of tangible assets	–	–	(267)
Net cash flow received / (used) in investing activities	**(2,630)**	**(9,077)**	**(35,367)**
Cash flow from financing activities			
Proceeds from issuance of loans	4,452	–	2,000
Repayment of loans	–	–	–
Repayment of loans from other group companies	–	–	–
Principal element of lease payments	(63)	–	(23)
Net cash flow received / (used) in financing activities	**4,389**	**–**	**1,977**
Cash flow for the period	**4,972**	**(1,950)**	**(11,569)**
Cash and cash equivalents less bank overdrafts at beginning of the period	**52,285**	**62,750**	**62,750**
Foreign exchange gains / (losses) on cash and cash equivalents	267	(399)	1,104
Cash and cash equivalents less bank overdrafts at end of the period	**57,524**	**60,401**	**52,285**

* Unaudited

Consolidated Statement of Changes in Equity

Amounts in EUR '000s	Share capital	Other reserves	Retained earnings incl. net loss for the period	Total equity	Non-controlling interest	Total equity
Balance at 1 January 2022	**54**	**(33)**	**13,426**	**13,447**	–	**13,447**
Net loss for the period	–		(1,047)	**(1,047)**	–	**(1,047)**
Other comprehensive loss						
Currency translation differences	–	(70)	–	**(70)**	–	**(70)**
Total comprehensive loss	**–**	**(70)**	**(1,047)**	**(1,117)**	**–**	**(1,117)**
Transactions with owners						
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**
Balance at 31 March 2022*	**54**	**(103)**	**12,379**	**12,330**	**–**	**12,330**
Balance at 1 January 2023	**54**	**170**	**9,457**	**9,681**	**3,160**	**12,841**
Net loss for the period	–	–	(730)	**(730)**	6	**(724)**
Other comprehensive income						
Currency translation differences	–	81	–	**81**	64	**145**
Total comprehensive loss	**–**	**81**	**(730)**	**(649)**	**70**	**(579)**
Transactions with owners						
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**–**
Balance at 31 March 2023*	**54**	**251**	**8,727**	**9,032**	**3,230**	**12,262**

* Unaudited

Parent Company – Income Statement

Amounts in EUR '000s	1 Jan – 31 Mar 2023*	1 Jan – 31 Mar 2022*	Full Year 2022
Revenue	–	–	–
Personnel expenses	–	–	–
Consulting expenses	(99)	(25)	(163)
Other operating expenses	(47)	(14)	(113)
Depreciation of tangible assets	–	–	(1)
Operating loss	**(146)**	**(39)**	**(277)**
Financial income	5,171	5,459	21,411
Financial expenses	(5,102)	(5,169)	(20,196)
Unrealized exchange loss	(1)	–	(4)
Realized exchange loss	–	–	(27)
Net financial income	**68**	**290**	**1,184**
(Loss) / profit before income tax	**(78)**	**251**	**907**
Tax expense	–	–	-
(Loss) / profit for the period	**(78)**	**251**	**907**

* Unaudited

Parent Company – Statement of Comprehensive Income

Amounts in EUR '000s	1 Jan – 31 Mar 2023*	1 Jan – 31 Mar 2022*	Full Year 2022
Net (loss) / profit for the period	**(78)**	**251**	**907**
Other comprehensive income for the period, net of tax			
Items that will not be reclassified to profit or loss	–	–	–
Items that may subsequently be reclassified to profit or loss	–	–	–
Total other comprehensive income for the period, net of tax	**–**	**–**	**–**
Total comprehensive (loss) / income for the period	**(78)**	**251**	**907**

* Unaudited

Parent Company – Balance Sheet

Amounts in EUR '000s	Notes	31 March 2023*	31 December 2022
ASSETS			
Current assets			
Cash and cash equivalents		17,089	2,778
Prepaid expenses		11	11
Other receivables		11	19
Accrued interest from other group companies		9,561	7,467
Receivables from other group companies		95	–
Total current assets		**26,767**	**10,275**
Non-current assets			
Receivables from other group companies		5,936	5,936
Loans to other group companies		194,651	202,631
Accrued interest from other group companies		1,368	1,291
Participations in other group companies	14	23,518	23,518
Other non-current assets		60	60
Total non-current assets		**225,533**	**233,436**
TOTAL ASSETS		**252,300**	**243,711**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		54	54
Retained earnings including net (loss) / profit for the period		11,791	11,869
Total shareholders' equity		**11,845**	**11,923**
Current liabilities			
Accounts payable		106	29
Accrued expenses and deferred income		159	169
Tax liabilities		62	68
Accrued interest		13,434	8,602
Total current liabilities		**13,761**	**8,868**
Non-current liabilities			
Payables to other group companies		–	885
Loans and borrowings	13	189,108	184,449
Loans from other group companies, subordinated		37,586	37,586
Total non-current liabilities		**226,694**	**222,920**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**252,300**	**243,711**

* Unaudited

Parent Company – Cash Flow Statement

Amounts in EUR '000s	1 Jan – 31 Mar 2023*	1 Jan – 31 Mar 2022*	Full Year 2022
Cash flow from operating activities			
(Loss) / profit for the period	(78)	251	907
Adjustments for non-cash items:			
Depreciation of tangible assets	*–*	*–*	*1*
Financial income	*(5,171)*	*(5,459)*	*(21,411)*
Financial expenses	*5,102*	*5,169*	*20,196*
Unrealized exchange (profit) / loss	*1*	*–*	*4*
Other items not affecting cash	*(17)*	*(18)*	*(5)*
Interest paid	–	–	(16,956)
Interest received	3,000	–	19,433
Cash flow from operating activities before working capital changes	**2,837**	**(57)**	**2,169**
Working capital adjustments			
Increase / (decrease) in other receivables	8	3	18
Increase / (decrease) in accounts payable	25	(28)	(1,275)
Increase / (decrease) in other current liabilities	(10)	(12)	2
Net cash flow from operating activities	**2,860**	**(94)**	**914**
Cash flow from investing activities			
Loans to group companies	–	–	(3,000)
Purchase of shares in group companies	–	–	(13,515)
Repayment of loans to group companies	–	–	1,260
Net cash flow received / (used) in investing activities	**–**	**–**	**(15,255)**
Cash flow from financing activities			
Proceeds from issuance of loans	4,452	–	13,700
Proceeds from loans from group companies	7,000	–	–
Repayment of loans	–	–	–
Net cash flow received / (used) in financing activities	**11,452**	**–**	**13,700**
Cash flow for the period	**14,312**	**(94)**	**(641)**
Cash and cash equivalents less bank overdrafts at beginning of the period	**2,778**	**3,453**	**3,453**
Foreign exchange gains / (losses) on cash and cash equivalents	(1)	–	(34)
Cash and cash equivalents less bank overdrafts at end of the period	**17,089**	**3,359**	**2,778**

* Unaudited

Parent Company – Statement of Changes in Equity

Amounts in EUR '000s	Share capital	Retained earnings incl. net (loss) / profit for the period	Total equity
Balance at 1 January 2022	**54**	**10,962**	**11,016**
Net profit for the period	–	251	**251**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income	**–**	**251**	**251**
Transactions with owners			
Total transactions with owners	**–**	**–**	**–**
Balance at 31 March 2022*	**54**	**11,213**	**11,267**
Balance at 1 January 2023	**54**	**11,869**	**11,923**
Net loss for the period	–	(78)	**(78)**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive loss	**–**	**(78)**	**(78)**
Transactions with owners			
Total transactions with owners	**–**	**–**	**–**
Balance at 31 March 2023*	**54**	**11,791**	**11,845**

* Unaudited

Notes

Note 1. General information

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

The Company was registered on 3 March 2016, and changed from a private limited liability company to a public limited liability company on 26 May 2016. The Company has registered offices in Stockholm, Sweden and its Swedish Corporate ID No. is 559053-6230. The address of the main office and postal address is Strandvägen 7A, 114 56 Stockholm, Sweden. DDM Debt is a wholly owned subsidiary of DDM Finance AB ("DDM Finance"), Stockholm, Sweden, being a wholly owned subsidiary of DDM Group AG, Zug, Switzerland. The indirect ultimate parent company is DDM Group Finance S.A, a Luxembourg registered company owning 95.2% of the shares in DDM Holding AG at 31 March 2023.

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

Note 2. Basis of preparation

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

The accounting policies that are most critical to the Group and Parent Company are stated in DDM Debt AB's Annual Report for 2022, which also contains a description of the material risks and uncertainties facing the Parent Company and the Group.

In addition to the financial measures defined in IFRS, certain key figures, which qualify as alternative performance measures (APMs) are presented to reflect the underlying business performance and enhance comparability from period to period. These APMs should not be considered as a substitute for measures defined under IFRS. Please refer to page 28 for a reconciliation of alternative performance measures including adjusted gross collections, adjusted net collections and adjusted cash EBITDA for the period.

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

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

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

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

Subsidiaries	Consolidation method	Domicile	31 March 2023	31 December 2022
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%	50.2%
AxFina Hungary Zrt.	Fully consolidated	Hungary	50.7%	50.7%
AxFina Servicing Kft.	Fully consolidated	Hungary	50.7%	50.7%
Lombard Ingatlan Zrt.	Fully consolidated	Hungary	50.7%	50.7%
AxFina Romania S.R.L	Fully consolidated	Romania	50.2%	50.2%
AxFina Austria GmbH	Fully consolidated	Austria	50.2%	50.2%
AxFina Croatia d.o.o.	Fully consolidated	Croatia	50.2%	50.2%
AxFina d.o.o.	Fully consolidated	Slovenia	50.2%	50.2%
Raport S.A.	Fully consolidated	Poland	50.2%	50.2%

DDM Debt acquired 50.2% of AxFina Holding S.A and its subsidiaries (together "AxFina") in July 2022. The seller of the stake in AxFina was DDM Group Finance S.A. The transaction was done at an implied valuation for 100% of AxFina of EUR 28M.

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

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

Joint Ventures	Consolidation method	Domicile	31 March 2023	31 December 2022
CE Partner S.à .r.l.	Equity method	Luxembourg	50%	50%
CE Holding Invest S.C.S	Equity method	Luxembourg	50%	50%

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

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

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

Note 3. Currency translation

All entities prepare their financial statements in their functional currency. At 31 March 2023 all fully consolidated group entities have EUR as their functional currency, except for DDM Debt Management d.o.o Beograd, which has Serbian Dinar (RSD) as its functional currency, DDM Debt Romania S.R.L and AxFina Romania S.R.L which have Romanian leu (RON) as their functional currency, Raport S.A. which has Polish Zloty (PLN) as its functional currency and AxFina Hungary Zrt., AxFina Servicing kft. and Lombard Ingatlan Zrt. which have Hungarian Forint (HUF) as their functional currency. In 2022 DDM REO Adria d.o.o. and AxFina Croatia d.o.o. had Croatia Kuna (HRK) as their functional currency. On 1 January 2023 Croatia adopted the EUR as its national currency at a determined conversion rate of 7.53450 HRK for 1 EUR.

Note 4. Business combination

Summary of acquisition of AxFina Holding S.A.

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

Details of the goodwill are as follows:

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

The goodwill of EUR 11,022k is therefore attributable to the access to new markets, the 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 '000s
Fixed assets	1,036
Distressed asset portfolios	5,606
Cash and cash equivalents	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. Considering that the date of the transaction was 6 July 2022, the reference date used for the PPA was the financial position as at 30 June 2022.

Acquired net assets

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

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

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

Purchase consideration – cash outflow

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

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

Net collections and revenue contribution
The acquired business contributed net collections of EUR 1.2m and service fees of EUR 0.1m to the DDM Debt Group for the period from 1 January to 31 March 2023.

Note 5. **Deferred taxes**

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

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

Note 6. **Revenue on invested assets**

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

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

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

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

EUR'000s	1 Jan – 31 Mar 2023	1 Jan – 31 Mar 2022	Full Year 2022
Gross collections	**8,147**	**11,728**	**44,571**
Collection and commission expenses	(1,273)	(1,778)	(5,376)
Net collections	**6,874**	**9,950**	**39,195**
Interest income	671	611	3,393
Amortization of invested assets	(2,669)	(5,956)	(24,126)
Interest income on invested assets before revaluation and impairment	**4,876**	**4,605**	**18,462**
Revaluation of invested assets	(160)	1,708	2,071
Impairment of invested assets	–	–	–
Revenue on invested assets	**4,716**	**6,313**	**20,533**
Share of net (losses) / profits of associate and joint venture	(794)	2,545	8,321
Revenue from management fees and other services	147	–	605

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

Interest income
During 2021, the DDM Debt Group invested into a total of EUR 15.8m of pre-IPO convertible bonds in Omnione S.A ("Omnio"), a leading innovator in Banking-as-a-Service measured at cost within financial assets at fair value level 3, 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. In January and February 2023, as part of a wider fund raising of Omnione S.A., DDM converted a total amount of EUR 33m of convertible bonds and existing investments into shares of Omnione S.A.

Interest income from Omnio to DDM for the first quarter 2023 amounted to EUR 0.7m (Q1 2022: EUR 0.6m), which has been recognized in interest income.

Share of net profits / (losses) of associate and joint venture
The results for Q1 2023 include EUR 0.2m (Q1 2022: EUR 2.5m) from share of net profits of joint venture accounted for using the equity method in accordance with IFRS.

The results for Q1 2023 include EUR 1.0m (Q1 2022: EUR nil) from share of net losses of associates accounted for using the equity method in accordance with IFRS.

Revenue from management fees and other services
Revenue from management fees and other services relate to revenue received from co-investors where the DDM Debt Group managed the operations of the assets but did not own 100% of the portfolio and service revenues from third parties.

Note 7. **Tangible assets**

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

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

Furniture	5 years
Computer hardware	5 years

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

Note 8. **Intangible assets**

(i) Identifiable intangible assets

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

(ii) Goodwill

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

Note 9. **Distressed asset portfolios**

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

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

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

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

Note 9. Distressed asset portfolios… continued

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

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

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

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

EUR '000s	31 March 2023	31 December 2022
EUR	47,915	3,737
PLN	9,732	10,070
HUF	5,453	5,445
RON	3,980	4,347
RSD	1,540	1,508
CZK	177	184
HRK	–	45,160
Total	**68,797**	**70,451**

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

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.

Note 10. Investment in joint venture

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

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

Investment in joint venture EUR '000s	31 March 2023	31 December 2022
Balance at beginning of the period	21,546	31,819
Additions	–	–
Share of net profits of joint venture	158	8,321
Incremental net distribution from the joint venture	(420)	(18,595)
Balance at end of the period	**21,284**	**21,546**

Cash distributions of EUR 0.1m (FY 2022: EUR 19.7m) have been received from the joint venture during Q1 2023.

Note 11. Investment in associates

On 13 February 2023, the DDM Debt Group received the conversion notice from OmniOne S.A. in respect of the conversion of the DDM Debt Group's outstanding bond in OmniOne, equal to EUR 17,334,464, in exchange for 685,426 shares in OmniOne. New shares were issued and registered on 26 January 2023. On 24 February 2023 OmniOne successfully concluded a capital increase of EUR 9m at a pre-money valuation of EUR 60m. The DDM Debt Group contributed EUR 4m in exchange for 151,573 new shares. On the same date, as a further contribution to the stabilization and success of OmniOne S.A., the DDM Debt Group subscribed for 473,949 new shares, converting the majority of its existing investment in Omnione S.A. into equity. In total EUR 33m of convertible bonds and existing investments were converted into shares of Omnione S.A in Q1 2023.

Note 11. Investment in associates… continued

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

Investment in associates **EUR '000s**	**31 March 2023**	**31 December 2022**
Balance at beginning of the period	–	–
Additions	–	–
Reclassification from financial assets at fair value	33,320	–
Share of net profits / (losses) in the income statement	(952)	–
Share of other comprehensive income of associates accounted for using the equity method	–	–
Dividends received & other	–	–
Balance at end of the period	**32,368**	**–**

Note 12. Financial assets at fair value

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

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

During 2022, the DDM Debt Group invested EUR 13.3m in Omnione S.A ("Omnio"), a leading innovator in Banking-as-a-Service. A further EUR 1.8m was invested in Q1 2023. In January and February 2023, as part of a wider fund raising of Omnione S.A., the DDM Debt Group converted a total amount of EUR 33m of convertible bonds and existing investments into shares of Omnione S.A., with the invest reclassified to investment in associates.

During 2022, the DDM Debt Group also invested EUR 4.5m into a special purpose acquisition company that is located in Sweden.

Financial assets at fair value **EUR '000s**	**31 March 2023**	**31 December 2022**
Balance at beginning of the period	68,743	51,547
Additions	1,770	17,757
Fair value gains / (losses)	3,805	(1,725)
Capitalized interest	2,059	1,119
Reclassification to investment in associates	(33,320)	–
Foreign exchange differences	(6)	45
Balance at end of the period	**43,051**	**68,743**

Note 13. Loans and borrowings

The Group had the following borrowings outstanding during the periods ending 31 March 2023 and/or 31 December 2022:

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

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

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

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

Bond loan EUR 6m
The bond loan of EUR 3,448k 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 the restructuring agreement does not have an interest component a reference interest rate was applied.

RCF EUR 4.5m
On 8 February 2023, DDM Debt agreed a super senior revolving credit facility of EUR 4.5M with a Swedish bank. The revolving credit facility is available to finance investments and for general corporate purposes. The facility is available until 30 June 2025 and priced at Euribor plus a margin of 375 basis points.

Maturity profile and carrying value of borrowings:

Group EUR '000s	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Beyond 5 years	Total
at 31 March 2023							
Bond loan, 9%	–	–	–	184,709	–	–	**184,709**
Bonds	361	560	507	458	466	1,096	**3,448**
RCF	–	–	4,399	–	–	–	**4,399**
Total	**361**	**560**	**4,906**	**185,167**	**466**	**1,096**	**192,556**
at 31 December 2022							
Bond loan, 9%	–	–	–	184,449	–	–	**184,449**
Bonds	348	559	505	457	465	1,463	**3,797**
Total	**348**	**559**	**505**	**184,906**	**465**	**1,463**	**188,246**

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

Fair value of borrowings:

Group EUR '000s	IFRS 9 category	Fair value category	Fair value	Carrying value
at 31 March 2023				
Bond loan, 9%	Financial liabilities at amortized cost	Level 2	113,276	184,709
Bonds	Financial liabilities at amortized cost	Level 3	5,884	3,448
RCF	Financial liabilities at amortized cost	Level 2	4,500	4,399
Total			**123,660**	**192,556**
at 31 December 2022				
Bond loan, 9%	Financial liabilities at amortized cost	Level 2	114,990	184,449
Bonds	Financial liabilities at amortized cost	Level 3	5,896	3,797
Total			**120,886**	**188,246**

Note 13.* Loans and borrowings … *continued

The levels in the hierarchy are:

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

Note 14. Participations in Group companies

Parent Company EUR '000s	31 March 2023	31 December 2022
Investment	23,518	23,518
Total	**23,518**	**23,518**

Parent Company EUR '000s	Investment
At 31 December 2022	**23,518**
Acquisitions	–
At 31 March 2023	**23,518**

The Parent Company holds shares in the following subsidiaries:

EUR '000s Company	Corporate identity number	Domicile	Proportion of equity 31 March 2023	Proportion of equity 31 December 2022	Net book value 31 March 2023	Net book value 31 December 2022
DDM Invest III AG	CHE 115.238.947	Switzerland	100%	100%	9,364	9,364
DDM Mergeco AG*	CHE 353.292.452	Switzerland	100%	100%	–	–
DDM Invest V d.o.o*	8297355000	Slovenia	100%	100%	–	–
DDM Invest VII d.o.o.	7109806000	Slovenia	100%	100%	8	8
DDM Debt Management d.o.o Beograd**	21313963	Serbia	100%	100%	–	–
DDM Debt Romania S.R.L	39689815	Romania	99%	99%	106	106
DDM REO Adria d.o.o.* **	05288215	Croatia	100%	100%	–	–
AxFina Holding S.A	B239375	Luxembourg	50.2%	50.2%	14,040	14,040
AxFina Romania S.R.L***	44897030	Romania	50.2%	50.2%	–	–
AxFina Austria GmbH***	FN513105t	Austria	50.2%	50.2%	–	–
AxFina Croatia d.o.o.***	81136498	Croatia	50.2%	50.2%	–	–
AxFina Hungary Zrt***	06-10-000062	Hungary	50.7%	50.7%	–	–
Lombard Ingatlan Zrt***	06-10-000319	Hungary	50.7%	50.7%	–	–
AxFina Servicing Kft	06-09-004809	Hungary	50.7%	50.7%	–	–
AxFina d.o.o.***	8458367000	Slovenia	50.2%	50.2%	–	–
Raport S.A.***	7292330184	Poland	50.2%	50.2%	–	–
Total					**23,518**	**23,518**

* 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 March 2023.

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

Note 15. Related parties

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

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

EUR ‘000s		1 Jan - 31 March 2023	Full Year 2022
Income Statement	Net collections	–	476
Income Statement, Total		**–**	**476**

EUR ‘000s		31 March 2023	31 December 2022
Balance sheet	Accrued expenses and deferred income	–	–
Balance sheet, Total		**–**	**–**

During 2022 the DDM Debt Group invested a total of EUR 13.3m into Omnione S.A., which lead to a total exposure to Omnio as of 31 December 2022 of EUR 41.0m. In early 2023, Omnione SA finalized a funding round in the form of a capital increase of EUR 9m, of which the largest part involved 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 existing investment 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. Interest income from Omnio to the DDM Debt Group amounted to EUR 0.7m (Q1 2022: EUR 0.6m) which has been recognized in interest income during Q1 2023.

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

In December 2022 the DDM Debt Group 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 at an interest rate of 15% on the EUR equivalent value of the shares at the closing price on 6 December 2022 of EUR 11.45. Interest income from Zalent to the DDM Debt Group amounted to EUR 0.2m (Q1 2022: EUR nil) which has been recognized in financial income during Q1 2023.

Note 16. Subsequent events

On 3 April, Florian Nowotny informed the Board that he has decided to step down from his position as CEO of the DDM Group. 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 leads the Group 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 handover of his role and will remain as an advisor during a transition period.

On 6 April, the DDM Debt Group 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.

On 7 April, the DDM Debt Group was 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 the DDM Debt Group is on hold.

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

Signatures

The Board of Directors and Chief Executive Officer declare that the interim report 1 January – 31 March 2023 provides a fair overview of the Parent Company's and the Group's operations, their financial positions and result. The material risks and uncertainties facing the Parent Company and the Group are described in the 2022 Annual report.

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

Stockholm, 30 May 2023

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

Definitions

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

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

Cash EBITDA
Net collections less operating expenses.

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

Estimated Remaining Collections / ERC
ERC means the sum of future, undiscounted projected cash collections before commission and fees from acquired portfolios and future reasonably expected dividends, distributions or other payments from investments, in each case for the next following 120 months, either directly or as a result of any rights to collect or any rights to participate in amounts generated from portfolios or investments.

This includes the Group's share of proceeds on all portfolios purchased or other investments made, however adjusted for any profit-sharing arrangements entered into by any member of the Group and where available the market value of any portfolio acquired or investment made.

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

Equity
Shareholders' equity at the end of the period.

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

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

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

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

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

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

Operating expenses
Personnel, consulting and other operating expenses.

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

Reconciliation tables, non-IFRS measures

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

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

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

Net collections:

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

Amortization, revaluation and impairment of invested assets:

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

Operating expenses and Cash EBITDA:

Amounts in EUR '000s (unless specified otherwise)	**1 Jan – 31 Mar 2023**	**1 Jan – 31 Mar 2022**	**Full Year 2022**
Net collections *	7,965	12,731	61,183
Revenue from management fees and other services	147	–	605
Personnel expenses	(1,136)	(25)	(2,449)
Consulting expenses	(2,071)	(871)	(8,200)
Other operating expenses	(514)	(81)	(1,054)
Operating expenses	(3,721)	(977)	(11,703)
Cash EBITDA	4,391	11,754	50,085

* Net collections includes the incremental net distribution from associate and joint venture and distributions from financial assets at fair value. Please refer to page 28 for a reconciliation of alternative performance measures ("APMs") to IFRS

Net debt:

Bond loan, 9%	184,709	183,690	184,449
Bonds	3,448	–	3,797
RCF	4,399	–	–
Less: Cash and cash equivalents	(57,524)	(60,401)	(52,285)
Net debt	135,032	123,289	135,961

Equity ratio:

Shareholder's equity	12,262	12,330	12,841
Shareholder debt (subordinated)	37,586	37,586	37,586
Accrued interest on shareholder debt	5,814	3,706	5,258
Total equity according to the senior secured bond terms	55,662	53,622	55,685
Total assets	261,173	249,454	253,283
Equity ratio	21.3%	21.5%	22.0%

Alternative performance measures – reconciliation to IFRS:

EUR '000s	1 Jan – 31 Mar 2023	1 Jan – 31 Mar 2022	Full Year 2022
Gross collections	**8,147**	**11,728**	**44,571**
Incremental gross distribution from associate and joint venture	1,197	3,343	22,788
Distributions from financial assets at fair value	671	611	3,393
Adjusted gross collections	**10,015**	**15,682**	**70,752**
Net collections	**6,874**	**9,950**	**39,195**
Incremental net distribution from associate and joint venture	420	2,170	18,595
Distributions from financial assets at fair value	671	611	3,393
Adjusted net collections	**7,965**	**12,731**	**61,183**
Cash EBITDA	**3,300**	**8,973**	**28,097**
Incremental net distribution from associate and joint venture	420	2,170	18,595
Distributions from financial assets at fair value	671	611	3,393
Adjusted cash EBITDA	**4,391**	**11,754**	**50,085**

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

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

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

About DDM

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

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

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