DDM DEBT AB (publ)

Corporate Identity Number 559053-6230

ANNUAL REPORT

2023

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

The DDM Debt AB (publ)
2023 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, 2022.

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, email: investor@ddm-group.ch

Production: DDM Debt.

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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 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. 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 also engages in businesses that are related, complimentary, incidental, ancillary or similar to any of the foregoing.

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. This servicing platform 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.

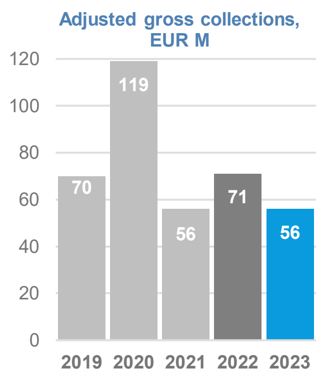
For sellers, management of portfolios of distressed assets is a sensitive issue as it concerns the relationship with their customers. For sellers of portfolios it is therefore critical that the acquirer handles the underlying individual debtors professionally, ethically and with respect. The DDM Debt 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 expertize 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.

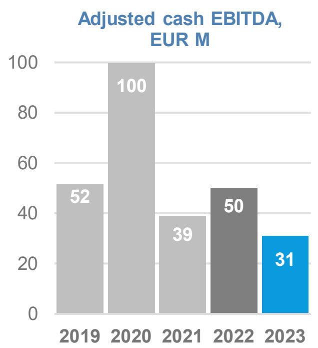
The industry's competitive landscape is continuing to adjust following interest rate rises and the volatile global context. The active primary and secondary markets in 2023 are expected to continue into 2024. The current opportunity set includes asset pools as well as non-core platforms. Overall a positive investment outlook is expected over the next 12-18 months. We will continue to be disciplined in the sourcing of new business, keep actively managing our portfolio and monitoring investment cases across our region on both a strategic and opportunistic basis.

Change in executive leadership and solid cash position

Erik Fällström,
CEO of DDM Debt

"The DDM Debt Group is well-positioned with approximately EUR 21m of cash available at 31 December"





I am very excited to have been appointed as CEO of DDM Debt in February 2024, and look forward to contributing my experience and track record as an entrepreneur and builder of businesses to the successful execution of the group strategy to build a broader, scalable, and more valuable diversified investment firm. I'm very happy to lead the company together with Alexander Fällström as CFO, and we are confident that this diversified strategy will benefit all stakeholders, opening access to a broader investor community and diversifying the group's assets and competences.

Non-performing loans
In the second half of 2023 the group acquired a sizeable NPL portfolio containing unsecured consumer receivables located in Romania. The servicing of the portfolio is performed by AxFina, part of the DDM Debt group. The gross collection value (face value) of the portfolio is over EUR 1 billion. The net purchase price was about EUR 10m, financed by cash on hand and a portion of deferred consideration.

In November, DDM Debt AB's 75.2% owned subsidiary AxFina also acquired 100% of the share capital of E-Kancelaria, a Polish loan servicing and debt collection company headquartered in Wrocław. E-Kancelaria provides leading solutions in the field of debt collection, portfolio investments and legal advisory. The acquisition of E-Kancelaria is a strategic milestone in AxFina's ambition to become the leading technology powered asset and loan servicer in Central and Eastern Europe. By acquiring E-Kancelaria, AxFina will further strengthen its market reach and operational scale in the Polish market.

During 2023 the DDM Debt group also sold its 5% stake in Borgosesia S.p.A as well as its associated NPL portfolio as part of its continuous active asset management.

Strategic acquisition of stake in AxFina
Following the acquisition of a 50.2% stake in the debt servicing and business outsourcing company AxFina in July 2022, we acquired a further 25% stake in April 2023, bringing our total holding to about 75%. 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 has more than EUR 3bn notional amount under management, over 200 employees and operates in six countries.

Financing
In February 2023 DDM Debt AB 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 going forward. During 2023 the DDM Debt Group repurchased EUR 20.2m of the DDM Debt AB senior secured bonds at a discount, resulting in a a EUR 6.4m gain within financial income.

Earnings 2023
Adjusted gross collections amounted to EUR 55.9m for the full year 2023, lower than the corresponding period last year which benefitted from the strong incremental gross distribution from associate and joint venture. After deducting commission and collection fees to third parties this resulted in EUR 48.7m of adjusted net collections being received for the full year 2023. Operating expenses were EUR 18.3m for the full year 2023, increasing from 2022 due to the acquisition of 50% of AxFina in July 2022 and a further 25% in April 2023, and as a result, adjusted cash EBITDA totalled EUR 31.5m for the full year 2023.

The net result for the year benefitted from a EUR 1.3m fair value gain recognized in financial income in the income statement relating to the investment in Addiko Bank due to an increase in the share price in the year, in addition to EUR 2.2m dividends recorded in dividend income from invested assets in the income statement. The full year 2023 also benefitted from a EUR 6.4m gain within financial income due to the repurchase of EUR 20.2m of the DDM Debt AB senior secured bonds at a discount.

Share of net profits of associate and joint venture

The results for the full year 2023 include EUR 7.3m share of net profits of joint venture under the equity method of accounting, following a strong performance of the Solaris joint venture. This was partly offset by a EUR 3.5m share of net losses of associates under the equity method of accounting.

Estimated Remaining Collections

ERC in relation to invested assets at 31 December 2023 stands at EUR 280m, corresponding to a decrease of 1% compared to 31 December 2022, as investments acquired largely offset the collections that have been received during 2023. About 74% of the collections are expected to be received within the next three years.

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 2023 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 Chronos Investments S.à r.l., Luxembourg since 1 November 2023. Prior to 1 November 2023 DDM Finance AB was a wholly owned subsidiary of DDM Group AG, Zug, Switzerland and the indirect ultimate parent company was DDM Group Finance S.A, a Luxembourg registered company.

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.

Subsidiaries
In July 2022 DDM Debt acquired 50.16% of AxFina Holding S.A and its subsidiaries (together "AxFina") and in April 2023 another 25.05% taking the total to 75.2%. The seller of the stake in AxFina was DDM Group Finance S.A. The transactions were done at an implied valuation for 100% of AxFina of EUR 28M. DDM Debt acquired a further 25% stake in AxFina from DDM Group Finance S.A. in April 2023 for EUR 7m.

The DDM Debt Group acquired 100% of the shares in Finalp Zrt. from DDM Group AG on 1 July 2023 for the Finalp net book value of EUR 0.5m on the date thereof.

DDM Debt AB's 75.2% owned subsidiary AxFina acquired 100% of the share capital of E-Kancelaria Grupa Prawno-Finansowa sp. z o.o and its subsidiaries (together "E-Kancelaria"), a Polish loan servicing and debt collection company headquartered in Wrocław, Poland, in November 2023.

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"). It 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 2023
Consolidated revenue on invested assets during the year amounted to EUR 19,290k (2022: EUR 20,533k). Net collections during the year were EUR 33,420k (2022: EUR 39,195k). Operating profit amounted to EUR 3,678k (2022: EUR 17,448k).

The net loss before tax for the year amounted to EUR 6,774k (2022: net loss before tax of EUR 4,133k) and the net loss for the year was EUR 7,572k (2022: net loss of EUR 3,890k).

Significant events during the financial year
In February 2023 DDM Debt entered into a super senior lending facility of EUR 4.5m with a Swedish bank, which further strengthened our liquidity profile.

Throughout 2023 we continued to work on further improvements of the DDM Debt Group platform and set-up. A further 25% stake in the debt servicing and business outsourcing company AxFina was acquired in April 2023, following the earlier acquisition of a 50.2% stake in July 2022. 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 2023 DDM Debt was informed by Nordiska Kreditmarknadsaktiebolaget (publ) ("Nordiska") that Nordiska was 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 Debt was also aborted.

As part of our continuous active asset management in 2023 the DDM Debt Group also sold its 5% stake in Borgosesia S.p.A, as well as the associated NPL portfolio.

Razvan Munteanu was appointed as CEO of DDM Debt AB effective 1 August 2023. Razvan has extensive experience in banking, finance and credit, having worked in various senior management roles within leading European and global financial institutions, including Raiffeisen, Citi and Mastercard, as well as being CEO for the listed Addiko Bank AG.

In November DDM Debt AB's 75.2% owned subsidiary AxFina acquired 100% of the share capital of E-Kancelaria, a Polish loan servicing and debt collection company headquartered in Wrocław. E-Kancelaria provides leading solutions in the field of debt collection, portfolio investments and legal advisory. The acquisition of E-Kancelaria is a strategic milestone in AxFina's ambition to become the leading technology powered asset and loan servicer in Central and Eastern Europe. By acquiring E-Kancelaria, AxFina will further strengthen its market reach and operational scale in the Polish market.

In December 2023, following receipt of clearances from the Romanian authorities, the DDM Debt Group acquired a sizeable NPL portfolio containing unsecured consumer receivables located in Romania. The servicing of the portfolio is performed by AxFina, part of the DDM Debt group. The gross collection value (face value) of the portfolio amounts to over EUR 1 billion with the acquisition financed by cash on hand. The net purchase price was about EUR 10m, financed by cash on hand and a portion of deferred consideration.

Erik Fällström was appointed as CEO in February 2024, replacing Razvan Munteanu who has decided to continue his executive career outside the group.

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

Geographical regions
The operational and investment activities of the DDM Debt 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 7.3m (2022: EUR 8.3m), 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 9.7m (2022: EUR 19.6m) that has been received as a cash distribution during the full year 2023.

Investment in associate
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 33.3m of convertible bonds and existing investments were converted into shares of Omnione S.A in Q1 2023, resulting in a reclassification of EUR 33.3m from financial assets at fair value to investment in associates.

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 dividend income from invested assets.

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, which resulted in a fair value gain of EUR 0.2m being recognized through financial income in the consolidated income statement during FY 2022. At the end of Q2 2023 the DDM Debt Group sold its 5% stake in Borgosesia S.p.A, with regulatory approval received in Q4 2023, as well as its associated NPL portfolio as part of its continuous active asset management.

The investment in Addiko Bank AG was reclassified from investment in associates in 2021 and measured at a closing share price of EUR 13.35/share at 31 December 2023 (31 December 2022: EUR 12.65/share), which resulted in a fair value gain of EUR 1.2m being recognized through financial income in the consolidated income statement during FY 2023 (FY 2022 fair value loss of EUR 1.9m). During 2023 DDM sold 146,087 shares in Addiko Bank AG for an average price of EUR 13.32/share, resulting in realized gain of EUR 98k in 2023 within financial income. Addiko also paid a dividend totaling EUR 2,245k (EUR 1.21/share) on 4 May 2023, which is recorded in the line “dividend income from invested assets” in the income statement.

In Q1 2023 in total EUR 33.3m of convertible bonds and existing investments were converted into shares of Omnione S.A, resulting in a EUR 33.3m reclassification from financial assets at fair value to investment in associates, resulting in a remaining balance of EUR 6.8m in financial assets at fair value relating to Omnione. In 2023 a further EUR 11.5m was invested in Omnio, resulting in an outstanding balance of EUR 18.3m at 31 December 2023 relating to the investment in Omnio.

During 2022, the DDM Debt Group also invested EUR 4.5m into a special purpose acquisition company that is located in Sweden, with a further EUR 4.5m investment in 2023.

In Q4 2023 the DDM Debt Group acquired 409,000 shares in Single Technology AB for SEK 32.70 each for a total consideration of SEK 13.4m (EUR 1.2m) and 23,900 shares of Encare AB for SEK 251 each, totaling SEK 6.0m (EUR 0.5m). The DDM Debt Group also made an investment in Anoto AB of EUR 0.3m and an investment in Knowledge AI Pte. Ltd of EUR 0.4m.

Expenses

Operating expenses consisted primarily of costs relating to management fees to DDM Group AG until 30 June 2023, audit, legal and consultancy fees and personnel costs.

Net financial expenses

In 2023 net financial expenses were EUR 10,452k (2022: EUR 21,581k). The reduction in net financial expenses compared to 2022 mainly relates to a EUR 6.4m gain on bonds repurchased and EUR 1.5m of unrealized gains on financial assets at fair value compared to a fair value loss of EUR 1.9m in 2022.

Cash flow and investments

Cash flow from operating activities before working capital changes for the full year amounted to EUR 9,161k (2022 EUR 30,861k).

In 2023, 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 34,032k (2022: EUR 35,100k).

Research and Development

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

Financing

At 31 December 2023 net debt, consisting of the EUR 200M senior secured bonds (net of own bonds), bonds, borrowings, the revolving credit facility and interest-bearing intercompany loans (excluding subordinated debt), less cash and cash equivalents, amounted to EUR 157,037k. Shareholders’ equity according to the terms and conditions of the senior secured bonds amounted to EUR 42,772k.

At 31 December 2022 net debt, consisting of the EUR 200M senior secured bonds (net of own bonds), 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.

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 13 for further details.

Market outlook

The industry's competitive landscape is continuing to adjust following interest rate rises and the volatile global context. The active primary and secondary markets in 2023 are expected to continue into 2024. The current opportunity set includes asset pools as well as non-core platforms. Overall a positive investment outlook is expected over the next 12-18 months. We will continue to be disciplined in the sourcing of new business, keep actively managing our portfolio and monitoring investment cases across our region on both a strategic and opportunistic basis.

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 2023 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., Finalp Zrt., AxFina Holding S.A, AxFina Romania S.R.L, AxFina Austria GmbH, AxFina Croatia d.o.o., AxFina d.o.o., AxFina Hungary Zrt., Lombard Ingatlan Zrt, AxFina Servicing Kft, AxFina Polska S.A. (previously Raport S.A), E-Kancelaria Grupa Prawno-Finansowa sp. z o.o., Dial Tone sp. z o.o. and E-Kancelaria Rosiński i Wspólnicy Kancelaria Prawna sp. k., 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 (2022: EUR 0k) and a loss before tax of EUR (7,691)k (2022: profit of EUR 907k). The Parent Company had no employees at 31 December 2023 (31 December 2022: no employees).

Events after the balance sheet date

Erik Fällström was appointed as CEO in February 2024, replacing Razvan Munteanu who has decided to continue his executive career outside the group.

Financial summary

Key figures, EUR '000s (unless otherwise indicated)	**2023**	**2022**
Revenue on invested assets	19,290	20,533
Revenue from management fees and other services	1,071	605
Share of net profits of associate and joint venture	3,833	8,321
Operating profit	3,678	17,448
Cash flow from operating activities before working capital changes	9,161	30,861
Equity ratio (including subordinated debt), %	18.1	22.0

Risk management and financial risks
Risk management is handled by employees and management who report to the Board on the basis of the policy adopted by the Board. The DDM Debt Group identifies, evaluates and mitigates financial risks relating to the operating activities of the group.

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 DDM Debt Group's risk management is conducted by employees and management, 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 prospectus, which is available on our website.

The management is actively managing the liquidity, taking decisive actions in alignment with the group's strategic plan to address and resolve the issue of negative equity.

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 Board of Directors.

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 risk
Interest rate risks relate primarily to DDM Debt's interest-bearing debt, which during 2023 consisted of fixed rate senior secured bonds and a floating rate revolving credit facility, and in 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. 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. The financial covenants according to the terms and conditions of the revolving credit facility are: an equity ratio of at least 12.5% and net interest-bearing debt to ERC below 75.00%, and must be complied with at each quarter end date. 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 of the senior secured bonds are available in their entirety on our website.

At 31 December 2023 the equity ratio was 18.6%, and therefore the incurrence test covenant under the senior secured bonds was not met. Therefore, whilst the incurrence test covenant is not met the DDM Debt Group cannot incur new Financial Indebtedness, make Restricted Payments or make any Financial Institution Investments other than in Existing Financial Institution Investments, according to the terms and conditions, however it can operate its business as usual without any other restrictions.

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.

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. In 2023 the Board performed the tasks of the audit committee.

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 13.

Employees

DDM Debt AB had no employees as of 31 December 2023 (2022: no employees), while the DDM Debt Group had 271 employees (2022: 163 employees).

Proposed appropriation of earnings

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

EUR	2023
Retained earnings	11,868,827
Net loss for the year	(7,691,100)
Total	**4,177,727**

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

EUR	2023
Balance carried forward	4,177,727
Total	**4,177,727**

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

Sustainability Report

Jörgen Durban,
Chairman of DDM Debt

"ESG will continue to be important for DDM going forward."

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.

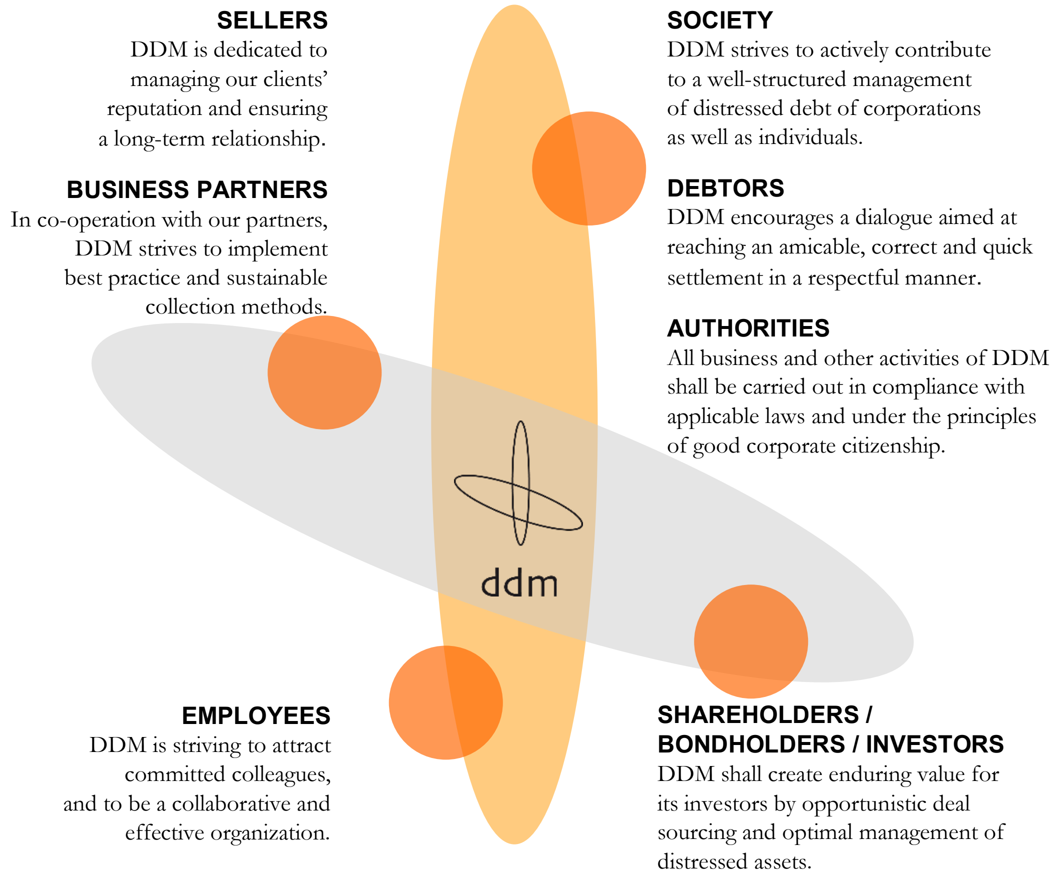
Sustainable approach

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, with its own servicing platform that was launched externally in 2019 and acquired internally with the acquisition of a 75.2% stake in AxFina in 2022 and 2023, 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
A number of policies and instructions containing rules have been adopted and therefore apply to the DDM Debt Group, 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.

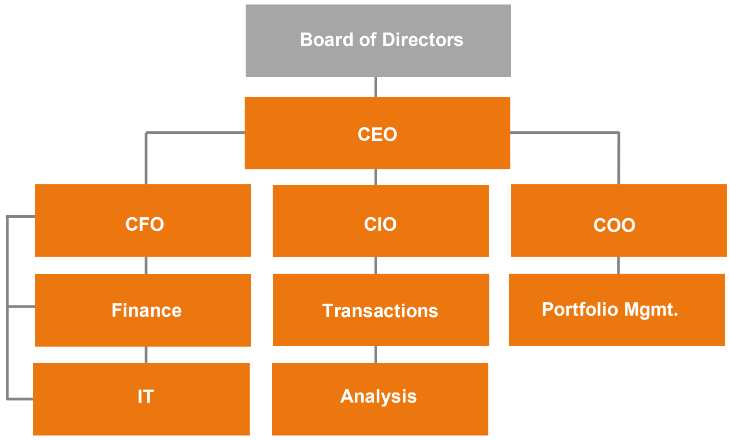
The outsourcing policy applies to all outsourcing arrangements and means that all employees, consultants, board members and service providers who are involved in DDM Debt Group's business activities with third parties comply with the DDM Debt Group's guidelines for outsourcing activities to ensure that the services are of the highest quality and create long-term and wise relationships.

Retaining key management

The DDM Debt Group's future development depends largely on the skills, experience and commitment of its employees. Therefore, it is important for the DDM Debt Group's future business activities and development that it can retain and, where necessary, also recruit suitable employees. It is also of importance that the DDM Debt Group ensures that adequate notice periods are included in employment and service contracts to try to avoid possible disruptions in the ongoing operations. Should the DDM Debt Group become unable to retain or recruit suitable employees, this could have a material adverse effect on the Group's business, results of operations or financial position.

DDM DEBT GROUP FUNCTIONS

DDM Debt 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 2023:

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") and promotes its implementation through the effective communication of its contents to its employees. A DDM 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 2023.
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 DDM'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 2023, 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 2023.

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

Implementation of fundamental conventions of the International Labour Organization

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.

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 in 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 2023, the DDM Debt Group employed 271 people (109 male and 162 female). The average age of DDM employees is 38 years old.

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 2023 through the application of video conferencing, further reducing our impact on the environment.
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	2023	2022
Interest income on invested assets		16,057	18,410
Dividend income from invested assets		2,302	52
Revaluation and impairment of invested assets		931	2,071
Revenue on invested assets	6	**19,290**	**20,533**
Share of net profits of associate and joint venture	6, 16, 17	3,833	8,321
Revenue from management fees and other services	6	1,071	605
Impairment of goodwill	3	(1,486)	–
Personnel expenses	7	(5,964)	(2,449)
Consulting expenses	8	(9,983)	(8,200)
Other operating expenses	9	(2,354)	(1,054)
Depreciation expense	13, 14	(729)	(308)
Operating profit		**3,678**	**17,448**
Financial income		9,950	569
Financial expenses		(20,973)	(22,444)
Unrealized exchange profit		180	816
Realized exchange profit / (loss)		391	(522)
Net financial expenses	10	**(10,452)**	**(21,581)**
Loss before income tax		**(6,774)**	**(4,133)**
Tax (expense) / income	11	(798)	243
Net loss for the year		**(7,572)**	**(3,890)**
Net loss for the year attributable to:			
Owners of the Parent Company		(7,494)	(3,969)
Non-controlling interest		(78)	79
Earnings per share (before and after dilution), EUR	12	(138.78)	(73.50)

GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December Amounts in EUR '000s	Notes	2023	2022
Net loss for the year		**(7,572)**	**(3,890)**
Other comprehensive (loss) / income for the year			
Items that may subsequently be reclassified to profit or loss:			
Currency translation differences		381	286
Actuarial loss on post-employment benefit commitments		(1,418)	–
Deferred tax on post-employment benefit commitments		169	–
Assets transferred		246	–
Other comprehensive (loss) / income for the year, net of tax		**(622)**	**286**
Total comprehensive loss for the year		**(8,194)**	**(3,604)**
Total comprehensive loss for the year attributable to:			
Owners of the Parent Company		(8,270)	(3,766)
Non-controlling interest		76	162

GROUP CONSOLIDATED BALANCE SHEET

As at 31 December Amounts in EUR '000s	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	24	20,715	52,285
Accounts receivable	23	1,271	513
Receivables from other group companies	23, 33	161	157
Prepaid expenses and accrued income	23	2,046	3,527
Other receivables	23	3,571	4,237
Tax assets	23	98	197
Total current assets		**27,862**	**60,916**
Non-current assets			
Financial assets at fair value	18	53,198	68,743
Other long-term receivables from investments	20	509	6,338
Distressed asset portfolios	19	77,898	70,451
Investment in joint venture	17	18,183	21,546
Interest in associates	16	29,834	–
Receivable from other group companies	33	5,936	5,936
Loans to other group companies	33	2,000	2,000
Deferred tax assets	21	3,531	3,034
Accrued interest from other group companies	33	1,475	1,291
Other non-current assets	22	2,333	351
Tangible assets	13	185	212
Intangible assets	14	1,430	919
Right-of-use assets	15	791	524
Goodwill	26	11,022	11,022
Total non-current assets		**208,325**	**192,367**
TOTAL ASSETS		**236,187**	**253,283**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	25	54	54
Other reserves		(5,762)	170
Retained earnings including net loss for the year		1,729	9,457
Total shareholders' equity attributable to Parent Company's shareholders		**(3,979)**	**9,681**
Non-controlling interest		1,613	3,160
Total shareholders' equity		**(2,366)**	**12,841**
Current liabilities			
Accounts payable	30	3,658	610
Accrued expenses and deferred income	30	3,788	2,316
Tax liabilities	30	900	229
Accrued interest	30	10,577	8,602
Current lease liabilities	27, 30	269	207
Current loans	28, 30	1,653	365
Total current liabilities		**20,845**	**12,329**
Non-current liabilities			
Deferred tax liabilities	21	515	1,232
Payables to other group companies	33	144	1,085
Loans and borrowings	28	176,099	187,880
Loans from other group companies, subordinated	33	37,586	37,586
Non-current lease liabilities	27	571	330
Other long-term liabilities	31	1,365	–
Post-employment benefit commitments	32	1,428	–
Total non-current liabilities		**217,708**	**228,113**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**236,187**	**253,283**

GROUP CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December Amounts in EUR '000s	Notes	2023	2022
Cash flow from operating activities			
Loss for the period		(7,572)	(3,890)
Cash distribution from associate and joint venture	17	9,734	19,666
Adjustments for non-cash items:			
Non-cash collections		*(2,515)*	*–*
Amortization of invested assets	19, 20	*19,686*	*24,126*
Revaluation and impairment of invested assets	19	*(931)*	*(2,071)*
Interest income		*(4,625)*	*(3,393)*
Share of net profits of joint ventures and associates	16, 17	*(3,833)*	*(8,321)*
Impairment of goodwill	26	*1,486*	*–*
Depreciation expense		*729*	*308*
Financial income	10	*(9,950)*	*(569)*
Financial expenses	10	*20,973*	*22,444*
Unrealized exchange profit		*(180)*	*(816)*
Tax expense / (income)		*798*	*(243)*
Other items not affecting cash		*28*	*55*
Interest paid		(16,288)	(16,956)
Interest received		269	1,004
Dividends received		1,804	–
Tax paid		(480)	(483)
Tax received		28	–
Cash flow from operating activities before working capital changes		**9,161**	**30,861**
Working capital adjustments			
(Increase) / decrease in accounts receivable		190	602
(Increase) / decrease in other receivables		(2,126)	(2,992)
Increase / (decrease) in accounts payable		830	(3,616)
Increase / (decrease) in other current liabilities		492	(3,034)
Net cash flow from operating activities		**8,547**	**21,821**
Cash flow from investing activities			
Purchases of distressed asset portfolios	19	(9,241)	(11,364)
Purchases of financial assets at fair value	18	(17,727)	(17,757)
Proceeds from divestment of financial assets at fair value	18	4,195	–
Acquisition of subsidiary, net of cash acquired	3	(7,064)	(5,979)
Purchases of tangible and intangible assets		(372)	(267)
Net cash flow received / (used) in investing activities		**(30,209)**	**(35,367)**
Cash flow from financing activities			
Proceeds from issuance of loans		4,452	–
Proceeds from loan to other group companies		–	2,000
Repayment of loans		(14,276)	–
Principal elements of lease payments		(229)	(23)
Net cash flow received / (used) in financing activities		**(10,053)**	**1,977**
Cash flow for the year		**(31,715)**	**(11,569)**
Cash and cash equivalents at beginning of the year		**52,285**	**62,750**
Foreign exchange gains / (losses) on cash and cash equivalents		145	1,104
Cash and cash equivalents at end of the year	24	**20,715**	**52,285**

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 2022	**54**	**(33)**	**13,426**	**13,447**	**–**	**13,447**
Net loss for the year	–	–	(3,969)	**(3,969)**	79	**(3,890)**
Other comprehensive income / (loss)						
Currency translation differences	–	203	–	**203**	83	**286**
Total comprehensive income / (loss)	**–**	**203**	**(3,969)**	**(3,766)**	**162**	**(3,604)**
Transactions with owners						
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**
Balance at 1 January 2023	**54**	**170**	**9,457**	**9,681**	**3,160**	**12,841**
Net loss for the year	–	–	(7,494)	**(7,494)**	(78)	**(7,572)**
Other comprehensive loss						
Currency translation differences	–	227	–	**227**	154	**381**
Actuarial loss on post-employment benefit commitment	–	(1,120)	(298)	**(1,418)**	–	**(1,418)**
Deferred tax on post-employment benefit commitment	–	105	64	**169**	–	**169**
Assets transferred	–	246	–	**246**	–	**246**
Total comprehensive loss	**–**	**(542)**	**(7,728)**	**(8,270)**	**76**	**(8,194)**
Transactions with owners						
Acquisition of non-controlling interest	–	(5,390)	–	**(5,390)**	(1,623)	**(7,013)**
Total transactions with owners	**–**	**(5,390)**	**–**	**(5,390)**	**(1,623)**	**(7,013)**
Balance at 31 December 2023	**54**	**(5,762)**	**1,729**	**(3,979)**	**1,613**	**(2,366)**

PARENT COMPANY – INCOME STATEMENT

For the year ended 31 December Amounts in EUR '000s	Notes	2023	2022
Revenue		–	–
Personnel expenses	7	(57)	–
Consulting expenses	8	(479)	(163)
Other operating expenses	9	(261)	(113)
Depreciation of tangible assets		–	(1)
Operating loss		**(797)**	**(277)**
Financial income		13,464	21,411
Financial expenses		(19,693)	(20,196)
Unrealized exchange loss		(111)	(4)
Realized exchange loss		–	(27)
Net financial (expenses) / income	10	**(6,340)**	**1,184**
(Loss) / profit before income tax		**(7,137)**	**907**
Tax expense	11	(554)	–
(Loss) / profit for the year		**(7,691)**	**907**

PARENT COMPANY – STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December Amounts in EUR '000s	Notes	2023	2022
Net (loss) / profit for the year		**(7,691)**	**907**
Other comprehensive income for the year			
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 year, net of tax		–	–
Total comprehensive (loss) / income for the year		**(7,691)**	**907**

The net loss for the 2023 year of EUR 7.7m is due to the forgiveness of EUR 13m of interest on intercompany loans to subsidiaries in 2023.

PARENT COMPANY – BALANCE SHEET

As at 31 December Amounts in EUR '000s	Notes	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	24	319	2,778
Prepaid expenses and accrued interest income		34	11
Other receivables		43	19
Accrued interest from other group companies	23	1,766	7,467
Total current assets		**2,162**	**10,275**
Non-current assets			
Financial assets at fair value	18	16,510	–
Receivables from other group companies	33	5,936	5,936
Loans to other group companies	33	165,801	202,631
Accrued interest from other group companies	33	1,475	1,291
Participations in other group companies	34	30,531	23,518
Other non-current assets	22	703	60
Total non-current assets		**220,956**	**233,436**
TOTAL ASSETS		**223,118**	**243,711**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	25	54	54
Retained earnings including net (loss) / profit for the year		4,178	11,869
Total shareholders' equity		**4,232**	**11,923**
Current liabilities			
Accounts payable	30	124	29
Accrued expenses and deferred income	30	188	169
Tax liabilities	30	642	68
Accrued interest	30	10,577	8,602
Total current liabilities		**11,531**	**8,868**
Non-current liabilities			
Payables to other group companies	33	–	885
Bond loans and borrowings	28	169,769	184,449
Loans from other group companies, subordinated	33	37,586	37,586
Total non-current liabilities		**207,355**	**222,920**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**223,118**	**243,711**

PARENT COMPANY – CASH FLOW STATEMENT

For the year ended 31 December **Amounts in EUR '000s**	**Notes**	**2023**	**2022**
Cash flow from operating activities			
(Loss) / profit for the period		(7,691)	907
Adjustments for non-cash items:			
Depreciation of tangible assets		*–*	*1*
Financial income		*(13,464)*	*(21,411)*
Financial expenses		*19,693*	*20,196*
Unrealized exchange loss		*111*	*4*
Tax expense		*554*	*–*
Other items not affecting cash		*162*	*(5)*
Interest paid		(16,288)	(16,956)
Interest received		11,144	19,433
Cash flow from operating activities before working capital changes		**(5,779)**	**2,169**
Working capital adjustments			
(Increase) / decrease in other receivables		48	18
Increase / (decrease) in accounts payable		95	(1,275)
Increase / (decrease) in other current liabilities		19	2
Net cash flow from operating activities		**(5,617)**	**914**
Cash flow from investing activities			
Loans to group companies		–	(3,000)
Purchase of shares in group companies		(7,013)	(13,515)
Purchases of financial assets at fair value		(15,957)	–
Repayment of loans to group companies		–	1,260
Net cash flow received / (used) in investing activities		**(22,970)**	**(15,255)**
Cash flow from financing activities			
Proceeds from issuance of loans		4,452	13,700
Loans to group companies		(600)	–
Repayment of loans to group companies		36,450	–
Repayment of loans		(14,096)	–
Net cash flow received / (used) in financing activities		**26,206**	**13,700**
Cash flow for the year		**(2,381)**	**(641)**
Cash and cash equivalents less bank overdrafts at beginning of the year		**2,778**	**3,453**
Foreign exchange gains / (losses) on cash and cash equivalents		(78)	(34)
Cash and cash equivalents less bank overdrafts at end of the year		**319**	**2,778**

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 2022	**54**	**10,962**	**11,016**
Comprehensive income			
Net profit for the year	–	907	**907**
Other comprehensive income	**–**	**907**	**907**
Total comprehensive income	**–**	**907**	**907**
Transactions with owners			
Total transactions with owners	**–**	**–**	**–**
Balance at 31 December 2022	**54**	**11,869**	**11,923**
Balance at 1 January 2023	**54**	**11,869**	**11,923**
Comprehensive income			
Net loss for the year	–	(7,691)	**(7,691)**
Other comprehensive income	**–**	–	**–**
Total comprehensive income	**–**	**(7,691)**	**(7,691)**
Transactions with owners			
Total transactions with owners	**–**	**–**	**–**
Balance at 31 December 2023	**54**	**4,178**	**4,232**

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 30 April 2024, 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 Chronos Investments S.à r.l., Luxembourg since 1 November 2023. Prior to 1 November 2023 DDM Finance AB was a wholly owned subsidiary of DDM Group AG, Zug, Switzerland and the indirect ultimate parent company was DDM Group Finance S.A, a Luxembourg registered company.

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 Debt AB's parent company DDM Finance AB prepares consolidated financial statements under IFRS. The indirect ultimate parent company is Chronos Investments S.à r.l., a Luxembourg registered company owning 100% of the shares in DDM Finance AB at 31 December 2023.

Subsidiaries
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 transactions were done at an implied valuation for 100% of AxFina of EUR 28M.

The DDM Debt Group acquired 100% of the shares in Finalp Zrt. from DDM Group AG on 1 July 2023 for the Finalp net book value of EUR 0.5m on the date thereof.

DDM Debt AB's 75.2% owned subsidiary AxFina acquired 100% of the share capital of E-Kancelaria Grupa Prawno-Finansowa sp. z o.o and its subsidiaries (together "E-Kancelaria"), a Polish loan servicing and debt collection company headquartered in Wrocław, Poland, in November 2023.

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 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 33.3m of convertible bonds and existing investments were converted into shares of Omnione S.A in Q1 2023, resulting in a reclassification of EUR 33.3m from financial assets at fair value to investment in associates, following the shareholding of 49.9%.

Financial assets at fair value
In Q1 2023 in total EUR 33.3m of convertible bonds and existing investments were converted into shares of Omnione S.A, resulting in a EUR 33.3m reclassification from financial assets at fair value to investment in associates, resulting in a remaining balance of EUR 6.8m in financial assets at fair value relating to Omnione. In 2023 a further EUR 11.5m was invested in Omnio, resulting in an outstanding balance of EUR 18.3m at 31 December 2023 relating to the investment in Omnio. In 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. A further EUR 4.5m investment was made in 2023, through facilities provided. In 2023 the DDM Debt Group sold its 5% stake in Borgosesia S.p.A, as well as its associated NPL portfolio as part of its continuous active asset management. In Q4 2023 the DDM Debt Group acquired 409,000 shares in Single Technology AB for SEK 32.70 each for a total consideration of SEK 13.4m (EUR 1.2m) and 23,900 shares of Encare AB for SEK 251 each,

totaling SEK 6.0m (EUR 0.5m). The DDM Debt Group also made an investment in Anoto AB of EUR 0.3m and an investment in Knowledge AI Pte. Ltd of EUR 0.4m. Please also see 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.

NOTE 3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

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 December 2023	31 December 2022
DDM Invest III AG	Fully consolidated	Switzerland	100%	100%
DDM Mergeco AG in liquidation	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%
Finalp Zrt.	Fully consolidated	Hungary	100%	–
AxFina Holding S.A	Fully consolidated	Luxembourg	75.2%	50.2%
AxFina Romania S.R.L	Fully consolidated	Romania	75.2%	50.2%
AxFina Austria GmbH	Fully consolidated	Austria	75.2%	50.2%
AxFina Croatia d.o.o.	Fully consolidated	Croatia	75.2%	50.2%
AxFina d.o.o.	Fully consolidated	Slovenia	75.2%	50.2%
AxFina Hungary Zrt.	Fully consolidated	Hungary	75.5%	50.7%
AxFina Servicing Kft.	Fully consolidated	Hungary	75.5%	50.7%
Lombard Ingatlan Zrt.	Fully consolidated	Hungary	75.5%	50.7%
AxFina Polska S.A. (previously Raport S.A)	Fully consolidated	Poland	75.2%	50.2%
E-Kancelaria Grupa Prawno-Finansowa sp. z o.o.	Fully consolidated	Poland	75.2%	–
Dial Tone sp. z o.o.	Fully consolidated	Poland	75.2%	–
E-Kancelaria Rosiński i Wspólnicy Kancelaria Prawna sp. k.	Fully consolidated	Poland	75.1%	–

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 December 2023	31 December 2022
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.

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

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.

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 33.3m of convertible bonds and existing investments into shares of Omnione S.A., with the investment reclassified to investment in associates, resulting in a remaining balance of EUR 6.8m in financial assets at fair value relating to Omnione. In 2023 a further EUR 11.5m was invested in Omnio, resulting in an outstanding balance of EUR 18.3m at 31 December 2023 relating to the investment in Omnio.

The DDM Debt Group invested EUR 4.5m during 2022 and EUR 4.5m during 2023 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 in accordance with IFRS 10.

At the end of Q2 2023 the DDM Debt Group sold its 5% stake in Borgosesia S.p.A, with the sale completing in Q4 2023 following regulatory approval. sold 146,087 shares in Addiko Bank AG for an average price of EUR 13.32/share, resulting in realized gain of EUR 98k in Q2 within financial income. Addiko also paid a dividend totaling EUR 2,245k (EUR 1.21/share) on 4 May 2023, which is recorded in "dividend income from invested assets" in the income statement.

In Q4 2023 the DDM Debt Group acquired 409,000 shares in Single Technology AB for SEK 32.70 each for a total consideration of SEK 13.4m (EUR 1.2m) and 23,900 shares of Encare AB for SEK 251 each, totaling SEK 6.0m (EUR 0.5m). The DDM Debt Group also made an investment in Anoto AB of EUR 0.3m and an investment in Knowledge AI Pte. Ltd of EUR 0.4m.

Financial assets at fair value	Measurement	Domicile	31 December 2023	31 December 2022
Addiko Bank AG	FVTPL	Austria	9.05%	9.90%
Borgosesia S.p.A.	FVTPL	Italy	–	5.00%
Water by Nordic AB	FVTPL	Sweden	46.86%	46.86%
Omnio Group	FVTPL	Luxembourg	N/A	N/A
Single Technology AB	FVTPL	Sweden	5.31%	–
Encare AB	FVTPL	Sweden	3.90%	–
Anoto AB	FVTPL	Sweden	N/A	–
Knowledge AI Pte. Ltd	FVTPL	Singapore	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 the DDM Debt 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 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, AxFina Polska S.A. (previously Raport S.A.), E-Kancelaria Grupa Prawno-Finansowa sp. z o.o., Dial Tone sp. z o.o. and E-Kancelaria Rosiński i Wspólnicy Kancelaria Prawna sp. k. which have Polish Zloty (PLN) as their functional currency and Finalp Zrt., 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.

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 December 2023	31 December 2022
Balance sheet	EUR/CHF	0.9260	0.9847
Income statement	EUR/CHF	0.9751	1.0086
Balance sheet	EUR/CZK	24.7237	24.1161
Income statement	EUR/CZK	23.9779	24.6395
Balance sheet	EUR/HRK	n/a	7.5345
Income statement	EUR/HRK	n/a	7.533
Balance sheet	EUR/HUF	382.85	400.80
Income statement	EUR/HUF	383.74	386.54
Balance sheet	EUR/PLN	4.3395	4.6808
Income statement	EUR/PLN	4.5691	4.677
Balance sheet	EUR/RON	4.9756	4.9495
Income statement	EUR/RON	4.9427	4.9337
Balance sheet	EUR/RSD	117.1646	117.3158
Income statement	EUR/RSD	117.2838	117.4812
Balance sheet	EUR/SEK	11.0959	11.1217
Income statement	EUR/SEK	11.4493	10.5616

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. However, when there has been a significant increase in credit risk since origination or the Company acquires a 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 cash flows only consist of 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
Other long-term receivables from investments	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 at amortized cost
Financial assets are classified as at amortized cost only if the asset is held within in a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest. 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 there has been a change in credit risk determined by the following factors:

a) level of financial difficulty of the obligor;
b) delinquencies in interest or principal payments; and
c) 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 2023 (31 December 2022: 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.

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 "Interest income on invested assets").

Business combinations

<u>AxFina</u>
On 6 July 2022 the DDM Debt Group 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 the DDM Debt Group'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 the DDM Debt Group 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. AxFina will also facilitate new market entries for the DDM Debt Group (e.g. in Poland, where AxFina has recently established a presence). By taking a direct stake in its key debt servicing partner, the DDM Debt Group is following a well-established industry practice and expects its core NPL business to benefit from a closer collaboration between the DDM Debt Group and AxFina. On 6 April 2023 the DDM Debt Group acquired an additional 25.05% of the share capital of AxFina Holding SA ("AxFina"), taking its total holding in AxFina to 75.21%.

The acquisition of 50.16% of AxFina in 2022 generated EUR 11,022k of goodwill, whilst the acquisition of 25.05% of AxFina in 2023 was accounted for in equity (see below for further details).

Details of the goodwill are as follows:

Goodwill	**EUR'000s**
Purchase consideration	14,040
Less 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, 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 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 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'000s**
Cash paid	13,515
Less cash & cash equivalents acquired	(7,536)
Net outflow of cash – investing activities	**(5,979)**

On 6 April 2023, the DDM Debt group acquired an additional 25.05% of the share capital of AxFina for EUR 7,013k, taking its total holding in AxFina to 75.21%. Immediately prior to the purchase, the carrying amount of the existing 49.84% non-controlling interest in AxFina was EUR 3,230k. The group recognised a decrease in non-controlling interests of EUR 1,623k and a decrease in equity attributable to owners of the parent of EUR 5,390k.

The effect on the equity attributable to the owners of the DDM Debt group during the year is summarised as follows:

	EUR'000s
Carrying amount of non-controlling interests acquired	1,623
Consideration paid to non-controlling interests	(7,013)
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	**(5,390)**

<u>E-Kancelaria</u>
In 2023 DDM Debt's 75.2% owned subsidiary AxFina acquired 100% of the share capital of E-Kancelaria, a Polish loan servicing and debt collection company headquartered in Wrocław. The acquisition generated EUR 1,486k of goodwill, which was then impaired at 31 December 2023.

Details of the goodwill are as follows:

Goodwill	**EUR'000s**
Purchase consideration	2,250
Fair value of net assets	764
Goodwill	**1,486**

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

Acquired net assets	**EUR'000s**
Distressed asset portfolios	3,031
Cash and cash equivalents	2,199
Other assets	1,669
Fair value of total assets	**6,899**
Financial liabilities	(4,318)
Trade payables	(824)
Other liabilities	(993)
Fair value of total liabilities	**(6,135)**
Fair value of total net assets	**764**
Fair value of acquired net assets (100%)	**764**
Goodwill on acquisition	**1,486**
Total purchase consideration	**2,250**

The goodwill on acquisition was consolidated using 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 combinations 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 21 November 2023, the reference date used for the PPA is the financial position as at 30 November 2023, with an adjustment made for a significant transaction that took place between 21 and 30 November 2023.

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 Poland; and iii) other assets which mainly relate to accounts receivables, assets in leasing and other short-term receivables.

The fair value of the liabilities assumed at acquisition includes loans for an amount of EUR 4,318k. The fair value of the other liabilities assumed at acquisition principally relates to trade payables of EUR 824k and other liabilities of EUR 993k.

The cash consideration at the date of acquisition amounted to EUR 2,250k. 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'000s**
Cash paid	2,250
Less cash & cash equivalents acquired	(2,199)
Net outflow of cash – investing activities	**(51)**

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 amortised cost. Borrowings are recognized initially at fair value, net of transaction costs incurred and subsequently measured at amortized cost using the effective interest method.

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.

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.

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.

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 2024 annual general meeting regarding the operations for 2023.

Earnings per share
Basic earnings per share are computed by dividing the profit / (loss) 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 2023
There were no new accounting standards and interpretations or amendments to existing standards adopted in 2023 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 2023 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 other services and share of net profits / (losses) 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 Debt Group in accordance with policies established by the Board of Directors. The DDM Debt Group identifies, evaluates and mitigates financial risks.

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.

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 issued at fixed interest rates and a revolving credit facility issued at a floating interest rate. 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. Management monitors the liquidity forecast on a regular basis to mitigate the risk associated with floating interest rates, and no material impact is expected.

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	31 December 2023	31 December 2022
Cash and cash equivalents	20,715	52,285
Accounts receivable	1,271	513
Distressed asset portfolios	77,898	70,451
Total	**99,884**	**123,249**

At 31 December 2023 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 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. 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 2023 (31 December 2022: EUR nil).

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, deposits with banks and financial institutions and loans / receivables from counterparties.

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 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.

Liquidity risk / Financing risk
The DDM Debt Group is funded by bonds and a revolving credit facility. There is a risk that there will be no correlation in time between collecting on sufficient assets under the Group's investments and the maturity of the Group's funding. Therefore the Group is dependent on the ability to refinance borrowings upon their maturity. 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 2023				
Borrowings	17,757	22,013	174,726	3,166
Loans from other group companies, subordinated	–	–	–	37,586
Payables to other group companies	–	–	–	144
Lease liabilities	344	202	140	126
Accounts payable	3,658	–	–	–
Accrued expenses	3,788	–	–	–
Total	**25,547**	**22,215**	**174,866**	**41,022**

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 2023				
Borrowings	15,482	19,810	172,783	–
Loans from other group companies, subordinated	–	–	–	37,586
Accounts payable	124	–	–	–
Accrued expenses	188	–	–	–
Total	**15,794**	**19,810**	**172,783**	**37,586**

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	–	–	–
Accrued expenses	2,316	–	–	–
Total	**20,479**	**56,437**	**17,701**	**197,719**

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	–	–	–
Accrued expenses	169	–	–	–
Total	**17,154**	**55,427**	**16,956**	**193,534**

Financial instruments by category

Group EUR '000s	31 December 2023	31 December 2022
Assets as per balance sheet		
Distressed asset portfolios	77,898	70,451
Financial assets at fair value	53,198	68,743
Loans to and accrued interest from other group companies	3,475	3,291
Other non-current assets	2,333	351
Trade and other receivables	4,842	4,750
Receivables from other group companies	161	157
Prepaid expenses and accrued income	2,046	3,527
Cash and cash equivalents	20,715	52,285
Total	**164,668**	**203,555**

Group EUR '000s	31 December 2023	31 December 2022
Liabilities as per balance sheet		
Bond loans	177,752	188,245
Payables to other group companies	144	1,085
Loans from other group companies, subordinated	37,586	37,586
Accounts payable	3,658	610
Accrued interest	10,577	8,602
Accrued expenses and deferred income	3,788	2,316
Total	**233,505**	**238,444**

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 tables below show 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 2023
Assets	**Fair value and carrying value of financial instruments**		
Accounts receivable	Financial assets held at amortized cost	Level 2	1,271
Other receivables	Financial assets held at amortized cost	Level 2	3,571
Distressed asset portfolios	Financial assets held at amortized cost	Level 3	77,898
Financial assets at fair value	Financial assets held at fair value	Level 1	23,552
Financial assets at fair value	Financial assets held at fair value	Level 3	29,646
Liabilities	**Fair value and carrying value of financial instruments**		
Accounts payable	Financial liabilities held at amortized cost	Level 2	3,658
Bonds, E-Kancelaria	Financial liabilities at amortized cost	Level 3	3,226
Borrowings, E-Kancelaria	Financial liabilities held at amortized cost	Level 3	1,101

Parent EUR '000s	IFRS 9 category	Fair value category	31 Dec 2023	31 Dec 2022
Assets	**Fair value and carrying value of financial instruments**			
Other receivables	Financial assets held at amortized cost	Level 2	43	19
Financial assets at fair value	Financial assets held at fair value	Level 3	16,510	–
Liabilities	**Fair value and carrying value of financial instruments**			
Accounts payable	Financial liabilities held at amortized cost	Level 2	124	29

The tables below show the financial liabilities where the carrying values are not considered to be materially in line with their fair values:

Group EUR '000s	IFRS 9 category	Fair value category	Fair value	Carrying value
At 31 December 2023				
Bond loan, 9%	Financial liabilities at amortized cost	Level 2	116,899	165,339
Bonds, AxFina Polska	Financial liabilities at amortized cost	Level 2	5,945	3,656
RCF	Financial liabilities at amortized cost	Level 2	4,500	4,430
At 31 December 2022				
Bond loan, 9%	Financial liabilities at amortized cost	Level 2	114,990	184,449
Bonds, AxFina Polska	Financial liabilities at amortized cost	Level 3	5,896	3,797

Parent EUR '000s	IFRS 9 category	Fair value category	Fair value	Carrying value
At 31 December 2023				
Bond loan, 9%	Financial liabilities at amortized cost	Level 2	116,899	165,339
RCF	Financial liabilities at amortized cost	Level 2	4,500	4,430
At 31 December 2022				
Bond loan, 9%	Financial liabilities at amortized cost	Level 2	114,990	184,449

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. In 2023 the DDM Debt Group sold its 5% stake in Borgosesia.

On 17 December 2021, the investment in Addiko Bank was reclassified from investment in associates to financial assets at fair value. It was measured at a closing share price of EUR 13.35/share on 31 December 2023 and EUR 12.65/share on 31 December 2022. During 2023 146,087 shares in Addiko Bank were sold at fair market value.

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 13.3m during 2022. This was recognized and measured at cost within Financial assets at fair value level 3. The fair value of unquoted level 3 financial assets was estimated using valuation techniques based on assumptions that are not supported by observable market prices. At 31 December 2022 this was 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 was also supported by the appraisal of an independent expert. In total EUR 33.3m of convertible bonds and existing investments were converted into shares of Omnione S.A in Q1 2023 and reclassified to investments in associates, resulting in a EUR 6.8m remaining balance in financial assets at fair value relating to Omnione. A further EUR 11.5m was invested in Omnione during 2023, resulting in an outstanding balance of EUR 18.3m at 31 December 2023 relating to the investment in Omnio.

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 2023	31 December 2022
Total assets	**236,187**	**253,283**
Shareholder's equity	(2,366)	12,841
Shareholder debt (subordinated)	37,586	37,586
Accrued interest on shareholder debt	7,552	5,258
Adjusted equity	**42,772**	**55,685**
Adjusted equity / total assets ratio	**18.1%**	**22.0%**

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. The shares in Borgosesia were sold in 2023. On 17 December 2021, the investment in Addiko Bank was reclassified from investment in associates to financial assets at fair value. It was measured at a closing share price of EUR 13.35/share on 31 December 2023 and EUR 12.65/share on 31 December 2022. During 2023 146,087 shares in Addiko Bank were sold at fair market value.

Sensitivity
The table below summarises the impact of increases/decreases of the STOXX Europe 600 Index on the DDM Debt Group's net loss after tax and shareholders equity for the full year 2023. The analysis is based on the performance of the STOXX Europe 600 Index that increased by 12% during the full year 2023 (FY 2022: decrease of 13%), with all other variables held constant, and assumes that all of the group's equity instruments moved in line with the indexes.

Impact on net loss after tax & shareholders' equity **EUR '000s**	31 December 2023	31 December 2022
STOXX Europe 600 Index – increase 12% (2022: 13% increase)	2,936	3,410
STOXX Europe 600 Index – decrease 12% (2021: 13% decrease)	(2,936)	(3,410)

Loss after tax for the year would decrease / increase 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.

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 a non-cash adjustment 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 75 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. The joint venture agreements require unanimous consent from both parties for all relevant activities. The two owners have direct rights to the assets of the joint venture and are jointly and severally liable for the liabilities incurred by the joint venture. 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 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 segments.

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	**2023**	**2022**
Management fees and other services	1,071	605

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

EUR ‘000s	**2023**	**2022**
Gross collections	**38,713**	**44,571**
Collection and commission expenses	(5,293)	(5,376)
Net collections by country:		
Croatia	8,644	23,319
Italy	6,645	–
Romania	6,893	3,602
Hungary	4,683	4,333
Poland	4,034	2,749
Slovenia	1,892	3,233
Czech Republic	300	906
Serbia	165	316
Bosnia	161	242
Slovakia	3	19
Greece	–	476
Net collections	**33,420**	**39,195**
Interest income	2,323	3,341
Amortization of invested assets	(19,686)	(24,126)
Interest income on invested assets before revaluation and impairment	**16,057**	**18,410**
Dividend income from invested assets	2,302	52
Revaluation of invested assets	931	2,071
Revenue on invested assets	**19,290**	**20,533**

Share of net profits of joint venture		
EUR ‘000s	**2023**	**2022**
Croatia	7,319	8,321

Share of net losses of associate		
EUR ‘000s	**2023**	**2022**
Luxembourg	(3,486)	–

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 2023 or 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 2023	31 December 2022
Croatia	58,850	66,803
Luxembourg	48,151	38,080
Austria	23,552	24,421
Romania	14,443	5,011
Poland	13,546	10,070
Sweden	11,329	4,553
Hungary	4,448	5,445
Slovenia	2,698	2,251
Italy	509	8,027
Others (Czech Republic, Serbia, Slovakia, Bosnia)	2,096	2,417
Total	**179,622**	**167,078**

NOTE 7. PERSONNEL EXPENSES

The Parent Company and its subsidiaries had 271 employees at 31 December 2023 (2022: 163 employees). The increase in employees since 2022 mainly relates to the acquisition of E-Kancelaria by AxFina in November 2023. Personnel expenses for the Group were EUR 5,964k (2022: EUR 2,449k) and for the Parent Company were EUR 57k (2022: EUR nil). The gender distribution at 31 December 2023 for the Group was 40% male and 60% female (2022: 46% male and 54% female).

Gender distribution of board members and other senior executives
The Board of Directors consists of three members (male) (2022: three (male)). DDM Debt AB has one managing director (male) (2022: one (male)).

	2023		2022	
EUR '000s	Salaries and other remuneration	Social costs	Salaries and other remuneration	Social costs
Parent Company	52	5	–	–
Subsidiaries	4,915	992	2,030	419
Group	**4,967**	**997**	**2,030**	**419**

Some internal expenses for collections are included in Personnel expenses and are amounting to EUR 1,752k (2022: EUR 1,355k).

NOTE 8. CONSULTING EXPENSES

Group EUR '000s	2023	2022
Consultancy fees	2,676	1,806
Legal fees	800	–
PwC		
Audit assignments	468	268
Tax assignments	33	26
Other audit related assignments	6	–
DDM Group management fees	6,000	6,100
Total	**9,983**	**8,200**

Parent Company **EUR '000s**	**2023**	**2022**
Consultancy fees	238	92
Legal fees	139	–
Öhrlings PwC		
Audit assignments	102	71
Total	**479**	**163**

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 **EUR '000s**	**2023**	**2022**
IT costs	994	497
Other operating expenses	674	231
Non-deductible VAT	273	113
Other office costs	152	126
Rental expenses	144	53
Business travel expenses	116	34
Total	**2,354**	**1,054**

Parent Company **EUR '000s**	**2023**	**2022**
Non-deductible VAT	157	43
Other operating expenses	95	60
Rental expenses	10	10
Total	**261**	**113**

Some internal expenses for collections are included in other operating expense and are amounting to EUR 1,492k (2022: EUR 1,468k).

NOTE 10. NET FINANCIAL EXPENSES

Group EUR '000s	2023	2022
Financial income		
Gain on bonds repurchased	6,399	–
Unrealised gains on financial assets at fair value	1,521	–
Interest income	1,175	569
Other financial income	738	–
Realized exchange gains	391	–
Unrealized exchange gains	180	816
Realized gains on financial assets at fair value	117	–
Total financial income	**10,521**	**1,385**
Financial expenses		
Interest expense	(19,144)	(19,191)
Amortization of transaction costs	(1,129)	(996)
Loss on financial assets at fair value	–	(1,931)
Bank charges	(96)	(263)
Other financial expenses	(604)	(63)
Realized exchange losses	–	(522)
Total financial expenses	**(20,973)**	**(22,966)**
Net financial expenses	**(10,452)**	**(21,581)**

The decrease in interest expense in 2023 was mostly due to the gain on bonds repurchased (see note 28) and the gain on financial investments at fair value (see notes 3 and 4).

Parent EUR '000s	2023	2022
Financial income		
Gain on bonds repurchased	6,399	–
Interest income	6,327	21,411
Other financial income	738	–
Total financial income	**13,464**	**21,411**
Financial expenses		
Interest expense	(18,564)	(19,195)
Amortization of transaction costs	(1,129)	(996)
Bank charges	–	(5)
Unrealized exchange losses	(111)	(4)
Realized exchange losses	–	(27)
Total financial expenses	**(19,804)**	**(20,227)**
Net financial (expenses) / income	**(6,340)**	**1,184**

NOTE 11. INCOME TAX

Group EUR '000s	2023	2022
Current tax expense for the year	(1,073)	(218)
Deferred tax assets	169	424
Deferred tax liabilities	106	37
Total tax (expense) / income	**(798)**	**243**

Parent Company EUR '000s	2023	2022
Current tax expense for the year	(554)	–
Total tax expense	**(554)**	–

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

Group EUR '000s	2023	2022
Loss before tax	(5,288)	(4,133)
Tax calculated at 11.80% (Swiss) tax rate (prior year 11.85%)	624	490
Movement in deferred tax assets	497	(63)
Movement in deferred tax liabilities	(717)	37
Effects of foreign tax rates	(906)	86
Adjustments for previous years and other	(296)	(307)
Total tax (expense) / income	**(798)**	**243**

Parent Company EUR '000s	2023	2022
(Loss) / profit before tax	(7,137)	907
Tax calculated at 20.6% (Swedish) tax rate (prior year 20.6%)	1,470	(187)
Adjustment for previous years and other	(2,024)	187
Total tax expense	**(554)**	**–**

The Group's effective tax rate was 15.1% at 31 December 2023 (5.9% at 31 December 2022).

NOTE 12. EARNINGS PER SHARE

Earnings per share are calculated by dividing the net loss 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	2023	2022
Net loss from continuing operations attributable to owners of the Parent Company	(7,494)	(3,969)
Total	**(7,494)**	**(3,969)**
Weighted average number of ordinary shares	54,000	54,000
Earnings per share before dilution (EUR)	(138.78)	(73.50)
Total potential dilutive shares	–	–
Weighted average number of shares outstanding – fully diluted	54,000	54,000
Diluted earnings per share (EUR)	(138.78)	(73.50)

NOTE 13. TANGIBLE ASSETS

Group EUR '000s	Furniture	Computer hardware	Total
Year ended 31 December 2023			
At 1 January 2023	**1**	**211**	**212**
Additions	–	–	**–**
Acquired through acquisition of assets - Cost	83	208	**291**
Acquired through acquisition of assets - Accum Depr.	(76)	(181)	**(257)**
Depreciation	(3)	(63)	**(66)**
Other movements and f/x differences	–	5	**5**
At 31 December 2023	**5**	**180**	**185**
At cost	89	513	**602**
Accumulated depreciation	(84)	(333)	**(417)**
Net book value at 31 December 2023	**5**	**180**	**185**
Year ended 31 December 2022			
At 1 January 2022	**2**	**10**	**12**
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	**1**	**211**	**212**
At cost	6	300	**306**
Accumulated depreciation	(5)	(89)	**(94)**
Net book value at 31 December 2022	**1**	**211**	**212**

The additions from the acquisition through business combinations relate to the business combination with AxFina during 2022. The additions from the acquisition of assets relate to the assets acquired from DDM Group AG.

NOTE 14. INTANGIBLE ASSETS

Group EUR '000s	IT software	Others	Total
At 1 January 2023	**644**	**275**	**919**
Additions	475	–	**475**
Acquired through Business Combinations - Cost	–	165	**165**
Acquired through Business Combinations - Accum Depr.	–	–	**–**
Acquired through acquisition of assets - Cost	2,228	–	**2,228**
Acquired through acquisition of assets - Accum Depr.	(1,918)	–	**(1,918)**
Amortization	(299)	(134)	**(433)**
Other movements and f/x differences	(7)	1	**(6)**
At 31 December 2023	**1,123**	**307**	**1,430**
At cost	3,490	528	**4,018**
Accumulated amortization	(2,367)	(221)	**(2,588)**
Net book value at 31 December 2023	**1,123**	**307**	**1,430**

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 customer-related servicing contracts (see note 3). The additions from the acquisition through business combinations relate to the business combination with AxFina during 2022 and AxFina's business combination with E-Kancelaria in 2023. The additions from the acquisition of assets relate to the assets acquired from DDM Group AG.

NOTE 15. RIGHT-OF-USE ASSETS

Group EUR '000s	Office premises	Motor vehicles	Total
Year ended 31 December 2023			
At 1 January 2023	**490**	**34**	**524**
Additions	26	104	**130**
Acquired through Business Combinations - Cost	392	–	**392**
Acquired through Business Combinations - Accum Depr.	(75)	–	**(75)**
Acquired through acquisition of assets - Cost	267	–	**267**
Acquired through acquisition of assets - Accum Depr.	(245)	–	**(245)**
Depreciation	(186)	(44)	**(230)**
Other movements and f/x differences	28	–	**28**
At 31 December 2023	**697**	**94**	**791**
At cost	1,516	209	**1,725**
Accumulated depreciation	(819)	(115)	**(934)**
Net book value at 31 December 2023	**697**	**94**	**791**

Group EUR '000s	Office premises	Motor vehicles	Total
Year ended 31 December 2022			
At 1 January 2022	**–**	**–**	**–**
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	**490**	**34**	**524**
At cost	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 2022 and AxFina's business combination with E-Kancelaria in 2023. The additions from the acquisition of assets relate to the assets acquired from DDM Group AG.

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.

NOTE 16. INTERESTS 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 33.3m of convertible bonds and existing investments were converted into shares of Omnione S.A in Q1 2023, resulting in a reclassification of EUR 33.3m from financial assets at fair value to interests in associates.

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

EUR '000s	31 December 2023	31 December 2022
Opening net book value	**–**	**–**
Additions	–	–
Reclassification from financial assets at fair value	33,320	–
Share of net profits / (losses) in the income statement	(3,486)	–
Share of other comprehensive income of associates accounted for using the equity method	–	–
Dividends received & other	–	–
Closing net book value	**29,834**	**–**

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.

			% of ownership interest		
Name of entity	**Corporate identity number**	**Domicile**	**2023**	**2022**	**Nature of relationship**
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 December 2023	31 December 2022
Opening net book value	**21,546**	**31,819**
Additions	–	–
Share of net profits of joint venture	7,319	8,321
Incremental net distribution from joint venture	(10,682)	(18,595)
Closing net book value	**18,183**	**21,546**

Cash distributions of EUR 9.7M (2022: EUR 19.7M) have been received during the full year 2023.

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 December 2023	31 December 2022
Summarized balance sheet		
Non-current assets		
Portfolio investments	53,447	58,635
Current assets		
Cash and cash equivalents	667	172
Other current assets	172	732
Total assets	**54,286**	**59,540**
Current liabilities		
Other current liabilities	541	407
Total liabilities	**541**	**407**
Equity	**53,745**	**59,133**
Total liabilities and equity	**54,286**	**59,540**

EUR '000s	31 December 2023	31 December 2022
Summarised income statement		
Interest income	14,256	33,759
Operating expenses	(176)	(62)
Operating profit	**14,080**	**33,697**
Financial expenses	–	–
Profit before tax	**14,080**	**33,697**
Taxation	–	–
Profit for the year	**14,080**	**33,697**

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 dividend income from invested assets 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. In 2023 the DDM Debt Group sold its 5% stake in Borgosesia S.p.A, as well as its associated NPL portfolio as part of its continuous active asset management.

In Q1 2023 in total EUR 33.3m of convertible bonds and existing investments were converted into shares of Omnione S.A, resulting in a EUR 33.3m reclassification from financial assets at fair value to investment in associates, with a remaining value of EUR 6.8m in financial assets at fair value. EUR 11.5m was further invested in Omnio in 2023, resulting in an outstanding balance of EUR 18.3m in financial assets at fair value at 31 December 2023.

The DDM Debt Group also invested EUR 4.5m in Water By Nordic AB on 14 January 2022, which is a special purpose vehicle (SPV) located in Sweden, and a further EUR 4.5m in 2023. 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. The investment in Water By Nordic AB is classified as Level 3 financial, as it has unobservable inputs. It is further valued at fair value 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).

In 2023 the DDM Debt Group sold its 5% stake in Borgosesia S.p.A, as well as its associated NPL portfolio as part of its continuous active asset management. In Q4 2023 the DDM Debt Group acquired 409,000 shares in Single Technology AB for SEK 32.70 each for a total consideration of SEK 13.4m (EUR 1.2m) and 23,900 shares of Encare AB for SEK 251 each, totaling SEK 6.0m (EUR 0.5m). The DDM Debt Group also made an investment in Anoto AB of EUR 0.3m and an investment in Knowledge AI Pte. Ltd of EUR 0.4m.

The amount of net fair value gains in 2023 mainly relates to the shares held in Addiko Bank AG, as the share price increased from EUR 12.65/share to EUR 13.35/share during the 2023 year. The amount of net fair value losses in 2022 relates to EUR 1.9m of fair value losses on the shares held in Addiko Bank AG, partly offset by EUR 0.2m fair value gain relating to the shares held in Borgosesia S.p.A.

Of the investments made in 2023, EUR 16.5m were made by the parent company, DDM Debt AB and the remainder by subsidiaries of DDM Debt AB.

Group **EUR '000s**	**31 December 2023**	**31 December 2022**
Balance at beginning of the year	**68,743**	**51,547**
Additions	18,465	17,757
Disposals	(4,080)	–
Fair value gains / (losses)	1,521	(1,725)
Capitalized interests	2,059	1,119
Reclassification to investment in associates at fair value	(33,320)	–
Foreign exchange differences	(190)	45
Balance at end of the year	**53,198**	**68,743**

NOTE 19. DISTRESSED ASSET PORTFOLIOS

EUR '000s	**31 December 2023**	**31 December 2022**
Opening accumulated acquisition cost	**329,593**	**316,034**
Acquisitions	15,940	10,944
Acquisitions through business combinations	3,031	5,517
Reclassification to other long-term receivables from investments	–	(4,973)
Revaluation, including forex differences	2,410	2,071
Closing accumulated acquisition cost	**350,974**	**329,593**
Opening accumulated amortization, revaluation and impairment	**(259,142)**	**(235,456)**
Amortization, including forex differences	(13,934)	(23,686)
Impairment	–	–
Closing accumulated amortization, revaluation and impairment	**(273,076)**	**(259,142)**
Closing net book value	**77,898**	**70,451**

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 2023**	**31 December 2022**
EUR	44,173	3,737
RON	14,171	4,347
PLN	13,546	10,070
HUF	4,448	5,445
RSD	1,419	1,508
CZK	141	184
HRK	–	45,160
Total	**77,898**	**70,451**

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 2023 against the Romanian Lei would have resulted in an additional unrealized foreign exchange loss of EUR 1.4M (31 December 2022: loss of EUR 0.4M) and against the Polish Zloty a loss of EUR 1.4M (31 December 2022: loss of EUR 1.0M). Consequently, a depreciation of the euro of 10% at 31 December 2023 and 31 December 2022 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 December 2023	31 December 2022
Opening accumulated acquisition cost	**6,473**	**–**
Reclassification from distressed asset portfolios	–	4,973
Acquisitions	–	1,500
Disposals	–	–
Revaluation (including forex differences)	–	–
Closing accumulated acquisition cost	**6,473**	**6,473**
Opening accumulated amortization and impairment	**(135)**	**–**
Amortization for the year (including forex differences)	(5,829)	(135)
Closing accumulated amortization and impairment	**(5,964)**	**(135)**
Closing net book value	**509**	**6,338**

During 2022 the Group reclassified its investment in the Italian portfolio from distressed asset portfolios to other long-term receivables from investments (see note 19), in line with previously adopted policies for qualification of other long-term receivables from investments, and as the investment was represented by asset-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 comprehensive income (charge) / credit	Other movements and FX	Closing balance
2023						
Tax losses carried forward	**3,034**	169	112	–	47	**3,362**
Post-employment benefits	**–**	–	–	169	–	**169**
Total	**3,034**	**169**	**112**	**169**	**47**	**3,531**
2022						
Tax losses carried forward	**1,900**	430	550	–	154	**3,034**
Post-employment benefits	**–**	–	–	–	–	**–**
Total	**1,900**	**430**	**550**	**–**	**154**	**3,034**

DTL - Group EUR '000s	Opening Balance	Income statement (charge) / credit	Acq. through business combination	Other movements and FX	Closing balance
2023					
Invested assets	**(1,232)**	106	–	611	**(515)**
Total	**(1,232)**	**106**	**–**	**611**	**(515)**
2022					
Invested assets	**(629)**	38	(661)	20	**(1,232)**
Total	**(629)**	38	(661)	20	**(1,232)**

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 2023	31 December 2022
EUR	1,967	22
GBP	366	–
PLN	–	329
Total	**2,333**	**351**

Parent EUR '000s	31 December 2023	31 December 2022
GBP	366	–
EUR	338	60
Total	**704**	**60**

NOTE 23. CURRENT RECEIVABLES

Group EUR '000s	31 December 2023	31 December 2022
Accounts receivable	1,271	513
Receivables from other group companies	161	157
Tax assets	98	197
Other receivables	3,571	4,237
Prepaid expenses and accrued income	2,046	3,527
Total	**7,147**	**8,631**

Group EUR '000s	31 December 2023	31 December 2022
Accounts receivable < 30 days	1,271	503
Accounts receivable 31-60 days	–	10
Accounts receivable 61-90 days	–	–
Accounts receivable > 91 days	–	–
Total	**1,271**	**513**

No provision (31 December 2022: EUR 2k) was made for impairment of accounts receivables as of 31 December 2023, under the simplified approach permitted under IFRS 9.

Accounts receivable by currency:

Group EUR '000s	31 December 2023	31 December 2022
EUR	818	347
RON	448	–
PLN	5	53
HRK	–	113
Total	**1,271**	**513**

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

Parent EUR '000s	31 December 2023	31 December 2022
Other receivables	43	19
Prepaid expenses	34	11
Accrued interest from other group companies	1,766	7,467
Total	**1,843**	**7,497**

NOTE 24. CASH AND CASH EQUIVALENTS

Group EUR '000s	31 December 2023	31 December 2022
Cash and cash equivalents	20,715	52,285
Total	**20,715**	**52,285**

Parent Company EUR '000s	31 December 2023	31 December 2022
Cash and cash equivalents	319	2,778
Total	**319**	**2,778**

At 31 December 2023 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 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.

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 2023	
at 1 January 2023	**11,022**
Additions	1,486
Impairment	(1,486)
at 31 December 2023	**11,022**
At cost (from acquisition)	12,508
Accumulated impairment	(1,486)
Net book value at 31 December 2023	**11,022**
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**

The additions during 2023 relate to the acquisition by DDM Debt's 75.2% owned subsidiary AxFina of 100% of the share capital of E-Kancelaria, a Polish loan servicing and debt collection company headquartered in Wrocław, which was impaired at 31 December 2023 due to the audit of the portfolio not being completed in time. The additions in 2022 refer to the acquisition of AxFina during the year (see note 3).

NOTE 27. LEASE LIABILITIES

Group EUR '000s	Current	Non-current	Total
Year ended 31 December 2023			
At 1 January 2023	**207**	**330**	**537**
Additions	–	130	**130**
Acquired through business combinations	53	270	**323**
Acquired through acquisition of assets	62	–	**62**
Rental payments	–	(229)	**(229)**
Interest expense	–	17	**17**
Reclassifications	(53)	53	**–**
At 31 December 2023	**269**	**571**	**840**

Group EUR '000s	Current	Non-current	Total
Year ended 31 December 2022			
At 1 January 2022	**–**	**–**	**–**
Additions	–	–	**–**
Acq. though 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**

The additions from the acquisition through business combinations relate to the business combination with AxFina during 2022 and AxFina's business combination with E-Kancelaria in 2023. The additions from the acquisition of assets relate to the assets acquired from DDM Group AG.

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 2023 and 31 December 2022. See note 4 for a description of contractual undiscounted cash flows.

<u>Bond loan EUR 200m</u>
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. EUR 31.8m of own bonds are held in total, following the repurchase of EUR 20.2m of senior secured bonds at a discount in 2023.

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.

Bonds AxFina Polska
The bond loan of EUR 3,656k 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, AxFina Polska S.A. (previously 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.

Bond loan E-Kancelaria
The bond loan of EUR 3,226k is an interest-bearing loan which AxFina took over when acquiring its Polish subsidiary, E-Kancelaria in November 2023. The bond loan is priced at three-month WIBOR plus a margin of 950 basis points.

Borrowings E-Kancelaria
The short-term borrowings of EUR 1,101k were taken over when AxFina acquired its Polish subsidiary, E-Kancelaria in November 2023. The borrowings have an average interest rate of 13%.

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 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 December 2023							
Bond loan, 9%	–	–	165,339	–	–	–	**165,339**
Bonds, AxFina Polska	671	602	545	555	502	781	**3,656**
Bonds, E-Kancelaria	–	922	922	1,382	–	–	**3,226**
Borrowings, E-Kancelaria	982	119	–	–	–	–	**1,101**
RCF	–	4,430	–	–	–	–	**4,430**
Total	**1,653**	**6,073**	**166,806**	**1,937**	**502**	**781**	**177,752**
at 31 December 2022							
Bond loan, 9%	–	–	–	184,449	–	–	**184,449**
Bonds, AxFina Polska	348	559	505	457	465	1,463	**3,797**
Total	**348**	**559**	**505**	**184,906**	**465**	**1,463**	**188,246**

Parent 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 December 2023							
Bond loan, 9%	–	–	165,339	–	–	–	**165,339**
RCF	–	4,430	–	–	–	–	**4,430**
Total	**–**	**4,430**	**165,339**	**–**	**–**	**–**	**169,769**
at 31 December 2022							
Bond loan, 9%	–	–	–	184,449	–	–	**184,449**
Total	**–**	**–**	**–**	**184,449**	**–**	**–**	**184,449**

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 2023	**52,285**	**(365)**	**(187,880)**	**(135,960)**
Cash flow	(33,914)	411	9,350	**(24,154)**
Items acquired from purchase of subsidiary	2,199	(982)	(3,345)	**(2,128)**
Amortization of transaction costs (non-cash)	–	–	(1,129)	**(1,129)**
Reallocation from non-current borrowings to current borrowings	–	(671)	671	**–**
Repurchase of bonds at a discount	–	–	6,399	**6,399**
Exchange movements	145	(46)	(164)	**(65)**
At 31 December 2023	**20,715**	**(1,653)**	**(176,099)**	**(157,037)**

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)**

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

Amounts in EUR '000s	2023	2022
Increase / (decrease) in cash and cash equivalents	(33,914)	(19,106)
Cash acquired from purchase of subsidiary	2,199	7,537
Borrowing acquired from purchase of subsidiary	(4,327)	(3,700)
Increase in external borrowings	(4,452)	2,000
Repayment of external borrowings	14,212	174
Change in net debt resulting from cash flows	(26,282)	(15,095)
Amortization of transaction costs (non-cash)	(1,129)	(996)
Other non-cash movements	6,399	(195)
Exchange movements	(65)	1,028
Movement in net debt during the year	(21,077)	(15,258)
Opening net debt	**(135,960)**	**(120,702)**
Closing net debt	**(157,037)**	**(135,960)**

NOTE 30. CURRENT LIABILITIES

Group EUR '000s	Less than 3 months	3 – 12 months	Total
At 31 December 2023			
Accounts payable	2,070	1,588	**3,658**
Tax liabilities	–	900	**900**
Accrued interest	45	10,532	**10,577**
Accrued expenses and deferred income	1,657	2,131	**3,788**
Current lease liabilities	67	202	**269**
Current loans	518	1,135	**1,653**
Total current liabilities	**4,357**	**16,488**	**20,845**
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**

Parent Company EUR '000s	Less than 3 months	3 – 12 months	Total
At 31 December 2023			
Accounts payable	124	–	**124**
Tax liabilities	–	642	**642**
Accrued interest	45	10,532	**10,577**
Accrued expenses and deferred income	–	188	**188**
Total current liabilities	**169**	**11,362**	**11,531**
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**
Total current liabilities	**29**	**8,839**	**8,868**

NOTE 31. OTHER LONG-TERM LIABILITIES

The other long-term liabilities balance of EUR 1,365k at 31 December 2023 relates to the long-term portion of the deferred consideration payable on the acquisition of a NPL portfolio containing unsecured consumer receivables located in Romania which completed in December 2023.

NOTE 32. POST EMPLOYMENT BENEFIT COMMITMENTS

On 2 November 2023 the employees of DDM Group AG were transferred to DDM Debt AB's subsidiary, DDM Invest III AG. Therefore, the Group now sponsors a pension plan according to the national regulations in Switzerland. The Swiss plan is outsourced to and operated through a collective foundation with an insurance company which is legally independent. The pension plan is funded by employees' and employers' contributions. Swiss pension schemes have certain characteristics of defined benefit plans and the pension plan is therefore regarded as a defined benefit plan in line with IAS 19. The post-employment benefit commitment is measured based on the projected unit credit method.

In 2023, 9 employees participated in the defined benefit plans. Employees are insured for death, disability and for retirement benefits. The table below provides where the Company's post-employment benefit amounts and activity are included in the financial statements.

EUR '000s	31 December 2023	31 December 2022
Balance sheet commitments for:		
– Post-employment benefit commitments	(1,428)	–
Income statement charge for:		
– Post-employment benefit commitments	(10)	–

The amounts recognized in the balance sheet are determined as follows:

EUR '000s	31 December 2023	31 December 2022
Defined benefit obligation	(3,801)	–
Fair value of plan assets	2,373	–
Deficit of funded plans	**(1,428)**	**–**
Post-employment benefit commitments	**(1,428)**	**–**

The movement in the post-employment benefit commitments during the year is as follows:

EUR '000s	Defined benefit obligation	Fair value of plan assets	Total
at 1 January 2023	**–**	**–**	**–**
Transferred from DDM Group AG	(3,311)	2,190	**(1,121)**
at 2 November 2023	**(3,311)**	**2,190**	**(1,121)**
Current service cost	(32)	–	**(32)**
Past service cost - plan amendments	–	–	**–**
Interest (expense) / income	(10)	7	**(3)**
	(42)	**7**	**(35)**
Re-measurements:			
– Return on plan assets greater / (less) than the discount rate	–	47	**47**
– Gain / (loss) from change in demographic assumptions	–	–	**–**
– Gain / (loss) from change in financial assumptions	(247)	–	**(247)**
– Experience gains / (losses)	(56)	–	**(56)**
	(303)	**47**	**(256)**
Contributions:			
– Employer	–	25	**25**
– Plan participants	(25)	25	**–**
Payments from plans:			
– Benefit payments	7	(7)	**–**
Translation differences	(127)	86	**(41)**
at 31 December 2023	**(3,801)**	**2,373**	**(1,428)**

Methods and Assumptions Used in Sensitivity Analysis
The discount rate sensitivity includes a corresponding change in the interest crediting rate as well as the BVG minimum interest crediting rate assumptions.

The following significant actuarial assumptions were used at 31 December 2023:

		Sensitivity analysis	Effect on DBO, EUR '000s 31 December 2023	Effect on DBO, EUR '000s 31 December 2022
Discount rate	1.50%	0.25% increase	(112)	N/A
Discount rate	1.50%	0.25% decrease	162	N/A
Mortality	BVG 2020 Generational tables with CMI 2018	Increase of 1 year in expected lifetime of plan participants at age 65	31	N/A
Mortality	BVG 2020 Generational tables with CMI 2018	Decrease of 1 year in expected lifetime of plan participants at age 65	(29)	N/A

Mortality
The mortality tables are the Swiss BVG 2020 generational mortality tables for males and females.
The expected lifetime of a participant who is aged 65 and the expected lifetime (from age 65) of a participant who will be age 65 in 15 years are shown in years below based on the above mortality tables.

Age	**Males**	**Females**
65	21.86	23.61
65 in 15 years	23.13	24.83

Retirement
100% of males retire at age 65. 100% of females retire at age 64.

The significant actuarial assumptions were as follows:

	2023	**2022**
Discount rate	1.30%	N/A
Price inflation	1.25%	N/A
Salary increases	3.25%	N/A
Future increases in social security	1.50%	N/A
Assumed pension increases	0.00%	N/A

Description of pension plan characteristics and associated risks
DDM INVEST III AG meets its commitments under Switzerland's mandatory company-provided second pillar pension system to provide contribution-based cash balance retirement and risk benefits to employees via a contract with a collective foundation. The Company retains overall responsibility for deciding on such fundamental aspects as the level and structure of plan benefits at each contract renewal and remains responsible for providing the benefits to members if the collective foundation contract is cancelled or the collective foundation is unable to meet its commitments.

Companies within the Swiss regulatory environment have substantial freedom to define their pension plan design (e.g. with regards to the salary covered, level of retirement credits, or even overall plan design) provided the benefits are always at least equal to the minimum requirements as defined by the law (second pillar mandatory minimum benefits). Most employers provide higher benefits than those required by law. The minimum level of retirement benefit is expressed by a cash balance formula with age-related contribution rates (or "retirement credits") on an insured salary defined by law and a required interest crediting rate, which is set by the government (2.20% in 2023). There are a number of guarantees provided within the plan which potentially expose the Company to risks which may require them to provide additional financing (if the collective foundation fails or the Company chooses to discontinue the insurance arrangements). The main risks that they are exposed to include:

- Investment risk: there is a guaranteed return on account balances of at least 0% per annum on the total account balance as well as the rate set by the government (1.00% in 2023) on the mandatory minimum benefits.
- Pensioner longevity and investment risk: the pension plan offers a lifelong pension in lieu of the cash balance lump sum upon retirement. The plan has defined rates for converting the lump sum to a pension and there is the risk that the members live longer than implied by these conversion rates and that the pension assets fail to achieve the investment return implied by these conversion rates.

Determination of economic benefit available
No determination of the economic benefit available has been made since the plan has a funded status deficit.

Description of asset-liability matching strategies
DDM INVEST III AG invests in a collective foundation in which assets are selected to match pension plan liabilities.
DDM INVEST III AG does not have flexibility in the choice of investment.
The expected contributions for the year ending 31 December 2023 are:
1) Employer EUR 158k
2) Plan participants EUR 158k

The weighted average duration of post-employment benefit commitments is 18.8 years.

Maturity profile of post-employment benefit commitments:

Expected benefit payments during the fiscal year ending:	**EUR '000s**
31 December 2024	156
31 December 2025	161
31 December 2026	163
31 December 2027	165
31 December 2028	169
31 December 2029 through 31 December 2033	833

Analysis of post-employment benefit commitments by participant category:
1) Active participants: EUR 3,801k
2) Deferred participants: EUR -
3) Pensioners: EUR –

Plan asset information:

	Allocation percentage 31 December 2023	Allocation percentage 31 December 2022
Equity securities	31.95%	N/A
Debt securities	28.71%	N/A
Real estate/property	17.88%	N/A
Cash and cash equivalents	0.96%	N/A
Other	20.50%	N/A
Total	**100.00%**	**N/A**

The majority of the plan assets are fair valued at 31 December 2023 based on quoted prices in active markets.

NOTE 33. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Compensation (to) / from related parties

Group EUR '000s	Management fee	Interest expense	Interest income	Total
2023				
DDM Group AG	(6,000)	–	183	**(5,817)**
DDM Finance AB	–	(2,295)	–	**(2,295)**
Omnione S.A.	–	–	907	**907**
Omnione Group Limited	–	–	1,413	**1,413**
Zalent Co. Limited	–	–	687	**687**
Chronos Investments Sarl	–	–	738	**738**
Total	**(6,000)**	**(2,295)**	**3,928**	**(4,367)**

Receivables, payables and debts – related parties

Group EUR '000s	Current	Non-current	Total
at 31 December 2023			
Loan to Omnione SA	–	6,979	**6,979**
Loan to Omnione Group Limited	–	11,338	**11,338**
Interest receivable on Convertible bonds Omnione SA	–	283	**283**
Interest receivable on Loan to Omnione SA	–	544	**544**
Interest receivable on Loan to Omnione Group Limited	–	1,411	**1,411**
Interest receivable from DDM Group AG	–	1,475	**1,475**
Interest receivable from Zalent Co. Limited	734	–	**734**
Loan to DDM Finance AB	161	–	**161**
Loan to DDM Group AG	–	2,000	**2,000**
Receivables from DDM Group AG	–	5,936	**5,936**
Payables to DDM Holding AG	–	(136)	**(136)**
Payables to DDM Group AG	–	(8)	**(8)**
Intercompany loan subordinated DDM Finance AB	–	(37,586)	**(37,586)**
Accrued interest cost DDM Finance AB	(7,552)	–	**(7,552)**
Total	**(6,657)**	**(7,764)**	**(14,421)**

Compensation (to) / from related parties

Parent Company EUR '000s	Interest expense	Interest income	Total
2023			
DDM Group AG	–	183	**183**
DDM Invest III AG	–	5,367	**5,367**
DDM Finance AB	(2,295)	–	**(2,295)**
Axfina Holding SA	–	95	**95**
Omnione S.A.	–	311	**311**
Omnione Group Limited	–	368	**368**
Chronos Investments Sarl	–	738	**738**
Total	**(2,295)**	**7,062**	**4,767**

Receivables, payables and debts – related parties

Parent Company EUR '000s	Current	Non-current	Total
at 31 December 2023			
Loan to Axfina Holding SA	–	2,566	**2,566**
Loan to DDM Group AG	–	2,000	**2,000**
Loan to DDM Invest III AG	–	157,850	**157,850**
Receivables from DDM Group AG	–	5,936	**5,936**
Receivables from DDM Invest IIII AG	–	3,235	**3,235**
Receivables from DDM Finance AB	–	150	**150**
Accrued interest income DDM Group AG	–	1,475	**1,475**
Loans from DDM Finance AB, subordinated	–	(37,586)	**(37,586)**
Accrued interest on loan to DDM Invest III AG	1,735	–	**1,735**
Accrued interest on loan to Axfina Holding SA	28	–	**28**
Accrued interest cost DDM Finance AB	(7,552)	–	**(7,552)**
Loan to Omnione SA	–	5,361	**5,361**
Loan to Omnio Group Ltd	–	4,372	**4,372**
Accrued interest on loan to Omnione SA	–	338	**338**
Accrued interest on loan to Omnio Group Ltd	–	365	**365**
Total	**(5,789)**	**146,062**	**140,273**

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**

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 IIII 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**

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.

The following transactions were carried out with management and board member related parties (excluding board member fees):

Group For the year ended 31 December EUR '000s	Type of transaction	Name	2023	2022
Income Statement	Consulting expenses	Erik Fällström (and owned companies)	(250)	–
		Joachim Cato (and owned companies)	(66)	–
	Office rental expenses	Joachim Cato (and owned companies)	(11)	–
Income Statement, Total			**(327)**	**–**

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 of accrued expenses and deferred income recognized during 2020 following the restructured investment in the Greek NPL transaction, which was recognized to net collections.

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 2023	1 Jan – 31 Dec 2022
Income Statement	Net collections	–	476
Income Statement, Total		**–**	**476**

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 Debt 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 Debt. AxFina will also facilitate new market entries for DDM Debt (e.g. in Poland, where AxFina has recently established a presence). By taking a direct stake in its key debt servicing partner, DDM Debt is following a well-established industry practice and expects its core NPL business to benefit from a closer collaboration between DDM Debt 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. The DDM Debt Group acquired a further 25.05% stake in AxFina from DDM Group Finance S.A. in April 2023 for EUR 7m.

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 also been supported by the appraisal of an independent expert. In total EUR 33.3m of convertible bonds and existing investments were converted into shares of Omnione S.A in Q1 2023, resulting in a EUR 33.3m reclassification from financial assets at fair value to investment in associates and a remaining balance of EUR 6.8m in financial assets at fair value. EUR 11.5m was further invested in Omnio in 2023, resulting in an outstanding balance of EUR 18.3m at 31 December 2023 in financial assets at fair value relating to the investment in Omnio, and a balance of EUR 29.8m in investment in associates at 31 December 2023. Interest income from Omnio to the DDM Debt Group amounted to EUR 2.3m (2022: EUR 3.4m) which has been recognized in interest income during 2023.

In December 2022 the DDM Debt Group entered into an agreement with Zalent Co. Limited in connection with a 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 0.7m (2022: EUR 47k) which has been recognized in financial income during 2023.

The DDM Debt Group acquired 100% of the shares in Finalp Zrt. from DDM Group AG on 1 July 2023 for the Finalp net book value of EUR 0.5m on the date thereof.

In December 2023 the DDM Debt Group acquired 409,000 shares in Single Technology AB for SEK 32.70 each for a total consideration of SEK 13.4m (EUR 1.2m). The DDM Debt Group also acquired 23,900 shares of Encare AB for SEK 251 each, totaling SEK 6.0m (EUR 0.5m).

NOTE 34. PARTICIPATIONS IN GROUP COMPANIES

Parent Company EUR '000s	31 December 2023	31 December 2022
Investment	30,531	23,518
Total	**30,531**	**23,518**

Parent Company EUR '000s	Investment
At 1 January 2022	**9,478**
Acquisitions	14,040
At 31 December 2022	**23,518**
At 1 January 2023	**23,518**
Acquisitions	7,013
At 31 December 2023	**30,531**

The Parent Company holds shares in the following subsidiaries:

EUR '000s Company	Corporate identity number	Domicile	Proportion of equity 31 Dec 2023	Proportion of equity 31 Dec 2022	Net book value 31 Dec 2023	Net book value 31 Dec 2022
DDM Invest III AG	CHE115.238.947	Switzerland	100%	100%	9,364	9,364
DDM Mergeco AG in liquidation*	CHE353.292.452	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	100%	100%	106	106
DDM REO Adria d.o.o.* **	05288215	Croatia	100%	100%	–	–
Finalp Zrt.*	06-10-000554	Hungary	100%	–	–	–
AxFina Holding S.A	B239375	Luxembourg	75.2%	50.2%	21,053	14,040
AxFina Romania S.R.L***	44897030	Romania	75.2%	50.2%	–	–
AxFina Austria GmbH***	FN513105t	Austria	75.2%	50.2%	–	–
AxFina Croatia d.o.o.***	81136498	Croatia	75.2%	50.2%	–	–
AxFina Hungary Zrt***	06-10-000062	Hungary	75.5%	50.7%	–	–
Lombard Ingatlan Zrt***	06-10-000319	Hungary	75.5%	50.7%	–	–
AxFina Servicing Kft***	06-09-004809	Hungary	75.5%	50.7%	–	–
AxFina d.o.o.***	8458367000	Slovenia	75.2%	50.2%	–	–
AxFina Polska S.A. (previously Raport S.A.) ***	7292330184	Poland	75.2%	50.2%	–	–
E-Kancelaria Grupa Prawno-Finansowa sp. z o.o.	646101	Poland	75.2%	–	–	–
Dial Tone sp. z o.o.	397334	Poland	75.2%	–	–	–
E-Kancelaria Rosiński i Wspólnicy Kancelaria Prawna sp. k.	1007519	Poland	75.1%	–	–	–
Total					**30,531**	**23,518**

* DDM Mergeco AG, DDM Invest V d.o.o., DDM REO Adria d.o.o. and Finalp Zrt. 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 2023 and 31 December 2022.

*** AxFina Romania S.R.L, AxFina Austria GmbH, AxFina Croatia d.o.o., AxFina d.o.o., AxFina Polska S.A. (previously Raport S.A.), E-Kancelaria Grupa Prawno-Finansowa sp. z o.o.., Dial Tone sp. z o.o., E-Kancelaria Rosiński i Wspólnicy Kancelaria Prawna sp. k., AxFina Hungary Zrt, Lombard Ingatlan Zrt and AxFina Servicing Kft are subsidiaries indirectly held through AxFina Holding 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. The DDM Debt Group acquired a further 25.05% stake in AxFina from DDM Group Finance S.A. in April 2023 for EUR 7m.

The DDM Debt Group acquired 100% of the shares in Finalp Zrt. from DDM Group AG on 1 July 2023 for the Finalp net book value of EUR 0.5m on the date thereof.

DDM Debt AB's 75.2% owned subsidiary AxFina acquired 100% of the share capital of E-Kancelaria Grupa Prawno-Finansowa sp. z o.o and its subsidiaries (together "E-Kancelaria"), a Polish loan servicing and debt collection company headquartered in Wrocław, Poland, in November 2023.

NOTE 35. PROPOSED APPROPRIATION OF EARNINGS

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

EUR	2023
Retained earnings	11,868,827
Net loss for the year	(7,691,100)
Total	**4,177,727**

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

EUR	2023
Balance carried forward	4,177,727
Total	**4,177,727**

NOTE 36. 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 170k at 31 December 2023 (EUR 150k at 31 December 2022). The Parent Company had no bank guarantees at 31 December 2023 (31 December 2022 EUR nil). 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 Switzerland, Sweden, Austria, Hungary, Croatia, Poland and Romania. 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 2023	360	482	37	**879**
At 31 December 2022	237	289	61	**587**

NOTE 37. SHARE-BASED COMPENSATION

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 the number of shares outstanding of DDM Group Finance S.A of 13,560,447 at the date of the establishment of the ESOP 2021, the maximum number of shares that could have been delivered under the ESOP 2021 was 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 would vest for the option term exercisable until 30 April 2024 depended on the 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 were granted under the plan for no consideration and carried no dividend or voting rights. The exercise price of options in DDM Group Finance S.A was EUR 3.98 per share equivalent to an equity value of EUR 54.0M for 100% of the DDM Group Finance Group. Options were 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 could not be lower than the fair market value of a share on the grant date, but it could 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 Chronos Investments Sarl acquired the shares in DDM Finance AB from DDM Group AG on 1 November 2023.

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 2023 (FY 2022: 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 value of the DDM Holding AG shares, which were delisted from Nasdaq First North Growth Market on 15 September 2023.

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

	1 January – 31 December 2023		1 January – 31 December 2022	
	Average exercise price per share option (EUR)	Number of options	Average exercise price per share option (EUR)	Number of options
As at 1 January	3.98	411,904	–	–
Granted during the period	–	–	–	–
Added from consolidation of AxFina	–	–	**3.98**	**411,904**
Added from transfer of employees to DDM Invest III AG	**3.98**	**373,953**	–	–
Forfeited during the period	3.98	(366,653)	–	–
Exercised during the period	–	–	–	–
Expired during the period	–	–	–	–
As at 31 December	3.98	419,204	3.98	411,904
Exercisable at 31 December	**3.98**	**–**	**3.98**	**–**

On 1 August 2021, 411,904 share options (at the maximum reachable level) were granted to employees of AxFina, and 373,953 were granted to employees originally employed by other entities outside the DDM Debt Group but whose employment contracts were transferred to the DDM Debt Group on 2 November 2023, under the ESOP 2021 out of the maximum available 2,207,515 shares that could 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. During 2023 366,653 share options were forfeited as employees were no longer employed by the DDM Debt group. As at 31 December 2023, all 419,204 share options have vested. As at 31 December 2023, the weighted average share price of DDM Group Finance S.A until the

maximum exercise date (30 April 2024) was assessed to be below the performance hurdle of EUR 7.37 per share and therefore at 31 December 2023 nil share options could be exercised.

No compensation expense was recorded in the DDM Debt Group consolidated financial statements for the year 2023 (2022: nil).

NOTE 38. EVENTS AFTER THE BALANCE SHEET DATE

Erik Fällström was appointed as CEO in February 2024, replacing Razvan Munteanu who has decided to continue his executive career outside the group.

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 2023**	**1 Jan – 31 Dec 2022**
Net collections*	48,723	61,183
Revenue from management fees	1,071	605
Personnel expenses	(5,964)	(2,449)
Consulting expenses	(9,983)	(8,200)
Other operating expenses	(2,354)	(1,054)
Operating expenses	(18,301)	(11,703)
Cash EBITDA	31,493	50,085

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

Please refer to page 74 for a reconciliation of alternative performance measures ("APMs") to IFRS

Net debt:

Bond loan, 9%	165,339	184,449
Bonds, AxFina Polska	3,656	3,797
Bonds, E-Kancelaria	3,226	–
Borrowings, E-Kancelaria	1,101	–
RCF	4,430	–
Less: Cash and cash equivalents	(20,715)	(52,285)
Net debt	157,037	135,961

Reconciliation tables, non-IFRS measures, continued

Equity ratio:

Amounts in EUR '000s	**31 December 2023**	**31 December 2022**
Shareholder's equity	(2,366)	12,841
Shareholder debt (subordinated)	37,586	37,586
Accrued interest on shareholder debt	7,552	5,258
Total equity according to the senior secured bond terms	42,772	55,685
Total assets	236,187	253,283
Equity ratio	18.1%	22.0%

Alternative performance measures

Alternative performance measures – reconciliation to IFRS:

Amounts in EUR '000s	1 Jan – 31 Dec 2023	1 Jan – 31 Dec 2022
Gross collections	**38,713**	**44,571**
Incremental gross distribution from associate and joint venture	12,524	22,788
Distributions/interest from financial assets at fair value	4,621	3,393
Adjusted gross collections	**55,858**	**70,752**
Net collections	**33,420**	**39,195**
Incremental net distribution from associate and joint venture	10,682	18,595
Distributions/interest from financial assets at fair value	4,621	3,393
Adjusted net collections	**48,723**	**61,183**
Cash EBITDA	**16,190**	**28,097**
Incremental net distribution from associate and joint venture	10,682	18,595
Distributions/interest from financial assets at fair value	4,621	3,393
Adjusted cash EBITDA	**31,493**	**50,085**

The financial statements of the DDM Debt Group have been prepared in accordance with 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 and cash EBITDA 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

BN
Billion

CHF
Swiss franc, the currency of Switzerland

CZK
Czech koruna, the currency of the Czech Republic

DCA
Debt collection agency

DDM Debt Group, the Company or the Group
DDM Debt AB (publ), Swedish Corporate ID No. 559053- 6230, and its subsidiaries

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

HRK
Croatian kuna, the currency of Croatia

HUF
Hungarian forint, the currency of Hungary

M
Million

NPL
Non-performing loans

Parent Company
DDM Debt AB (publ), Swedish Corporate ID No. 559053- 6230

PLN
Polish Zloty, the currency of Poland

RON
Romanian leu, the currency of Romania

RSD
Serbian Dinar, the currency of Serbia

SEK
Swedish krona, the currency of Sweden

Southern, Central and Eastern Europe ("SCEE")
The countries in EuroVoc's definition of CEE plus Greece, Italy and the Baltic states

USD
U.S. dollar, the currency of the United States

FINANCIAL DEFINITIONS

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

EBIT
Earnings before interest and taxes

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

EBIT margin
EBIT as a percentage of revenue on invested assets and share of net profits / (losses) from joint ventures and associates

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 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.

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
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

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 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 DDM Debt Group'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

SIGNATURES

The Group's income statement and balance sheet will be presented for adoption at the Annual General Meeting on 28 June 2024.

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 30 April 2024.

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, 30 April 2024

Jörgen Durban
Chairman of the board

Erik Fällström
Board member and CEO

Keith Halsey
Board member

Our Audit Report was presented on 30 April 2024

Öhrlings PricewaterhouseCoopers AB

Sussanne Sundvall
Authorized Public Accountant

Auditor’s report (Translation)

To the general meeting of the shareholders of DDM Debt AB (publ), reg. no. 559053-6230

Report on the annual accounts and consolidated accounts

Opinion

We audited the annual accounts and consolidated accounts for DDM Debt AB (publ) for the year 2023. The company's annual report and consolidated accounts are included on pages 6-71 of this document.

In our opinion, the annual report has been prepared in accordance with the Annual Accounts Act and gives a true and fair view in all material respects of the parent company's financial position as of 31 December 2023 and of 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 give a true and fair view in all material respects of the group's financial position as of 31 December 2023 and of its financial results and cash flow for the year according to International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The management report is compatible with the other parts of the annual report and consolidated accounts.

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

Our opinion in this report on the annual report and the consolidated accounts are consistent with the content of the supplementary report that has been submitted to the parent company's board in accordance with Article 11 of the auditors' regulation (537/2014).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and good auditing practice in Sweden. Our responsibilities under these standards are described in more detail in the Auditor's Responsibilities section. We are independent in relation to the parent company and the group in accordance with good accounting practice in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements. This includes that, based on our best knowledge and belief, no prohibited services referred to in Article 5.1 of the Auditor Regulation (537/2014) have been provided to the audited company or, where applicable, its parent company or its controlled company within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

Our audit approach

Focus and scope of the audit

We designed our audit by determining the level of materiality and assessing the risk of material misstatement of the financial statements. We particularly considered the areas where the CEO and the board made subjective judgments, for example important accounting estimates that have been made based on assumptions and forecasts about future events, which are inherently uncertain. As with all audits, we have also taken into account the risk of the board and the CEO overriding the internal control, and considered, among other things, whether there is evidence of systematic deviations that have given rise to the risk of material inaccuracies as a result of irregularities.

We tailored the scope of our audit to perform sufficient work to enable us to express an opinion on the financial statements as a whole, taking into account the company's and the group's structure, accounting processes and controls as well as the industry in which the group operates.

Materiality

The scope and focus of the audit was influenced by our assessment of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements contain any material misstatements. Errors may occur as a result of irregularities or mistakes. They are considered material if, individually or together, they can reasonably be expected to influence the financial decisions that users make based on the financial statements.

Based on professional judgment, we determined certain quantitative materiality figures, including for the financial reporting as a whole. Using these and qualitative considerations, we determined the focus and scope of the audit and the nature, timing and scope of our review procedures, as well as assessing the effect of individual and aggregate misstatements on the financial statements as a whole.

Key audit matters

Key audit matters for the audit are the areas that, according to our professional judgment, were the most significant for the audit of the annual accounts and consolidated accounts for the period in question. These areas were addressed in the context of the audit of, and in our opinion on, the annual accounts and the consolidated accounts as a whole, but we do not make separate statements on these matters.

Key audit matter	*How our audit addressed the key audit matter*
Valuation of purchase portfolios with overdue receivables As DDM is a specialist investor and manager of bad debts, they are bought the credit portfolios with overdue receivables the most material items in the financial statements. The credit portfolios are managed by subsidiaries of DDM Debt AB. The credit portfolios represent the company's ability to generate cash flows and additional profits during those the coming periods. The purchased portfolios with due receivables are considered an important audit matter because of the size of the balance (EUR 77.9 million, which corresponds to 32.98% of total assets) and that they are covered by significant judgments of assumptions about future cash flow forecasts. DDM invests in portfolios with overdue receivables where the receivables are directly with the debtor. The valuation of these dues receivables are based on expected future cash flows (ERC, ' Estimated Rest Collections'). The assessments to determining the ERC is set out in Note 5 Key Estimates and assessments in the application of the group's accounting principles.	Our audit includes, among other things, an assessment of the group's assumptions for the valuation of portfolios with overdue receivables and mainly includes the following elements: • We have reviewed the initial accounting of receivables by reviewing contractual terms. For this, we have obtained data from the group's own audits and we have challenged management's assumptions regarding future cash flows. • We have assessed the appropriateness of assumptions and assessments made by management in the valuation models. This includes reviewing the estimated future cash flows and the internal rate of return used in the original models. We have also challenged the appropriateness of the assumptions made by management against available market data. • We have evaluated and validated the precision of the company's own historical forecasts regarding cash flows and compared deviations regarding forecasted and actual outcomes. We found the book values of the credit portfolios to be within the range shown by our independent valuation and our testing of the group's processes and methods.
Income from credit portfolios The income from the credit portfolios represents the economic profit for the overdue receivables for the period based on payments received, change in amortized cost and revaluation of future cash flows. Interest income on invested assets amounts to EUR 16.1 million. Accounting of income from the credit portfolios is reported in note 3 Summary of material accounting policies and note 6 Reconciliation of revenue on invested assets.	With a focus on the results of debt collection operations, which is an important variable in the assessment of future cash flows and thus the results from the portfolios, we have, among other things, carried out the following audit procedures: • We have tested the accuracy of the accounting regarding the timing of accounting for credit portfolios described in note 3 Summary of material accounting policies and note 6 Reconciliation of revenue on invested assets. • We have tested controls that ensure debt collection reports from the debt collection agency

	are confirmed by DDM and payment is received according to the report • We have randomly reviewed a selection of actual cash flows and validated that these cash flows are correctly reported and that they were in accordance with the report from the debt collection company. • We have carried out a review of parts of the group's IT environment where we focused on general IT controls, with a focus on ITGC and application controls. Based on our audit procedures, we agree with management's assessment that the revenue on invested assets is in line with applied accounting principles.
Valuation of goodwill According to IFRS, the value of goodwill must be tested annually to assess the need for impairment. This annual impairment test is material to our audit because the value of goodwill amounts to EUR 11 million as of 31 December 2023 and is therefore material to the financial statements. The group provides information on goodwill in note 3 Summary of material accounting policies and note 26 Goodwill.	Our audit has included, among other things, an assessment of management's assumptions for the valuation of the initial goodwill generated by business combinations and the assumptions used in the goodwill impairment test. This mainly includes the following audit procedures: • We challenged management's assumptions that form the basis of the valuation. • We have reviewed and challenged valuations made by management and conducted our own independent market-based approach to assess any indication of impairment. Based on our audit procedures performed, we agree with management's assessment and judgment applied to the valuation of Goodwill.

Other information than the annual report and consolidated accounts

This document also contains other information than the annual report and consolidated accounts and can be found on pages 1-5, 13-19 and 72-75. The board and the CEO are responsible for this other information.

Our opinion regarding the annual report and the consolidated accounts does not include this information and we do not make any assurance statement regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, it is our responsibility to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. During this review, we also take into account the knowledge we have otherwise acquired during the audit and assess whether the information otherwise appears to contain material inaccuracies.

Responsibilities of the Board of Directors and the CEO

It is the board of directors and the managing director who are responsible for the preparation of the annual accounts and the consolidated accounts and that they give a true and fair view in accordance with the Annual Accounts Act and, as far as the consolidated accounts are concerned, in accordance with IFRS, as adopted by the EU, and the Annual Accounts Act. The board and the managing director are also responsible for the internal control they deem necessary to prepare an annual report and consolidated accounts that do not contain any material errors, whether these are due to irregularities or mistakes.

When preparing the annual report and the consolidated accounts, the board and the managing director are responsible for the assessment of the company's and the group's ability to continue operations. They disclose, when applicable, conditions that may affect the ability to continue operations and to use the going concern assumption. However, the assumption of continued operation is not applied if the board and the managing director intend to liquidate the company, cease operations or have no realistic alternative to doing any of this.

Auditor's responsibilities

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 degree of assurance, but is no guarantee that an audit performed in accordance with ISA and good auditing practice in Sweden will always detect a material misstatement if one exists. Misstatements may arise due to irregularities or mistakes and are considered material if individually or collectively they can reasonably be expected to influence the financial decisions that users make based on the annual accounts and consolidated accounts.

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

Report on other requirements according to laws and other constitutions

Opinion

In addition to our audit of the annual report and the consolidated accounts, we have also carried out an audit of the management of the board and the managing director for DDM Debt AB for the year 2023 as well as of the proposal for dispositions regarding the company's profit or loss.

We recommend that the general meeting dispose of the profit according to the proposal in the management report and grant the members of the board and the managing director discharge from liability for the financial year.

Basis for opinion

We have performed the audit in accordance with good auditing practice in Sweden. Our responsibility according to this is described in more detail in the Auditor's responsibility section. We are independent in relation to the parent company and the group in accordance with good accounting practice in Sweden and have otherwise fulfilled our professional ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

Responsibilities of the Board of Directors and the CEO

It is the board that is responsible for the proposal for dispositions regarding the company's profit or loss. In the case of a proposal for a dividend, this includes, among other things, an assessment of whether the dividend is justifiable taking into account the requirements that the company's and the group's nature of operations , scope and risks place on the size of the parent company's and the group's own capital, consolidation needs, liquidity and position in general.

The board is responsible for the company's organization and the management of the company's affairs. This includes, among other things, continuously assessing the company's and the group's financial situation, and ensuring that the company's organization is designed so that the accounting, fund management and the company's financial affairs in general are controlled in a reassuring manner. The managing director must manage the day-to-day management in accordance with the board's guidelines and instructions and, among other things, take the measures necessary for the company's accounting to be completed in accordance with the law and for the fund management to be managed in a reassuring manner.

Auditor's responsibilities

Our goal regarding the audit of the administration, and thus our statement on freedom from liability, is to obtain audit evidence in order to be able to assess with a reasonable degree of certainty whether any board member or the managing director in any material respect:

- has taken any action or been guilty of any negligence that may give rise to liability for compensation against the company
- acted in any other way in violation of the Companies Act, the Annual Accounts Act or the articles of association.

Our goal regarding the audit of the proposal for dispositions of the company's profit or loss, and thus our statement on this, is to assess with a reasonable degree of certainty whether the proposal is compatible with the Swedish Companies Act.

Reasonable assurance is a high degree of assurance, but no guarantee that an audit carried out in accordance with good auditing practice in Sweden will always discover measures or omissions that may give rise to liability for compensation against the company, or that a proposal for dispositions of the company's profit or loss is not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration can be found on the Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. 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 13-19 and for it being prepared in accordance with the Annual Accounts Act.

Our review has taken place in accordance with FAR's statement RevR 12 The 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 to the focus and scope of an audit according to 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, Torsgatan 21, Stockholm, was appointed DDM Debt AB's (publ) auditor by the general meeting on June 28, 2023 and has been the company's auditor since 2016.

Stockholm, 30 April 2024

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

ddm

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