



Solid cash position

Highlights first quarter 2024

- **Gross ERC** at the end of March 2024 was EUR 295m (280 at December 2023)
- **Cash** at the end of March 2024 was EUR 20.3m (20.7 at December 2023)
- **Gross collections** amounted to EUR 11.4m (10.0)*
- **Net collections** amounted to EUR 9.5m (8.0)*
- **Cash EBITDA** amounted to EUR 5.3m (4.4)*
- **Erik Fällström** appointed as CEO, replacing Razvan Munteanu

* Key financial highlights above include non-IFRS alternative performance measures that represent underlying business performance. Further details including a reconciliation to IFRS can be found on page 25.

IFRS Consolidated Amounts in EUR '000s (unless specified otherwise)	1 Jan – 31 Mar 2024**	1 Jan – 31 Mar 2023**	Full Year 2023
Gross collections	9,259	8,147	38,713
Collection and commission expenses	(1,391)	(1,273)	(5,293)
Net collections	7,868	6,874	33,420
Revenue from mgt fees & other services	673	147	1,071
Operating expenses	(4,845)	(3,721)	(18,301)
Cash EBITDA	3,696	3,300	16,190
Interest income	880	671	2,323
Dividend income from invested assets	–	–	2,302
Amortization, revaluation and impairment of invested assets	(2,311)	(2,829)	(18,755)
Share of net profits of associate and joint venture	(605)	(794)	3,833
Operating profit	1,392	201	3,678
Net loss for the period	(2,534)	(724)	(7,572)
Selected key figures			
Total assets	262,106	261,012	236,187
Net debt	157,867	135,032	157,037
Equity ratio***	15.8%	21.3%	18.1%
Cash flow from operating activities before working capital changes	4,864	3,717	9,161
Gross ERC 120 months (EUR M)	295	271	280
Investments book value	198,514	171,440	179,622

** Unaudited

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

The information in this report requires DDM Debt AB (publ) to publish the information in accordance with the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication on 30 May 2024 at 08:00 CEST.

Comment by the CEO

I am very happy 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 pleased to lead the company 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.

The DDM Debt group ended the first quarter with a continued solid cash position of EUR 20.3m.

Outlook

The impact of higher interest rates and the increased cost of living is expected to continue to adversely affect credit quality in 2024, increasing pressure on banks to dispose of underperforming assets and likely resulting in an increase in loan portfolio sale activity from the second half of 2024. We will continue to actively manage our portfolio and be disciplined in the sourcing of new business, monitoring investment cases on both a strategic and opportunistic basis.

Stockholm, 30 May 2024

DDM Debt AB (publ),

Erik Fällström, CEO

Financial calendar

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

Q2 report for January – June 2024:	29 August 2024
Q3 report for January – September 2024:	28 November 2024
Q4 report for January – December 2024:	27 February 2025

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

Publication of the report

The report is available at www.ddm-group.ch on 30 May 2024, at 08:00 CEST.

The executive leadership of DDM are continuing to focus on the day-to-day management of the group, as well as carrying out a customary operational and strategic review. A communication process with investors will therefore be carried out in due course.

Financial results

Adjusted gross collections (which include the incremental gross distribution from associates and joint ventures) amounted to EUR 11.4m in the first quarter of 2024, EUR 1.4m above the corresponding period last year. After deducting commission and collection fees to third parties this resulted in EUR 9.5m of adjusted net collections being received for the first quarter of 2024.

Operating expenses were EUR 4.8m in Q1 2024, EUR 1.1m higher than in Q1 2023 following the acquisition of a further 25% of AxFina at the beginning of Q2 2023. Management and servicing fees of EUR 0.7m were received in the quarter, and as a result, adjusted cash EBITDA totaled EUR 5.3m in the first quarter of 2024, compared to EUR 4.4m for the same quarter in the prior year.

The operating profit for the quarter includes EUR 0.6m share of net losses of associate and joint venture under the equity method of accounting.

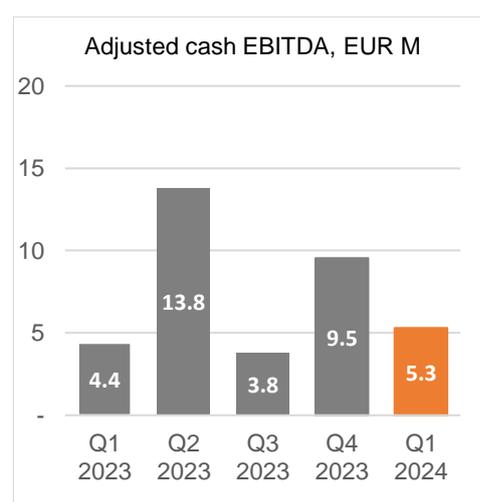
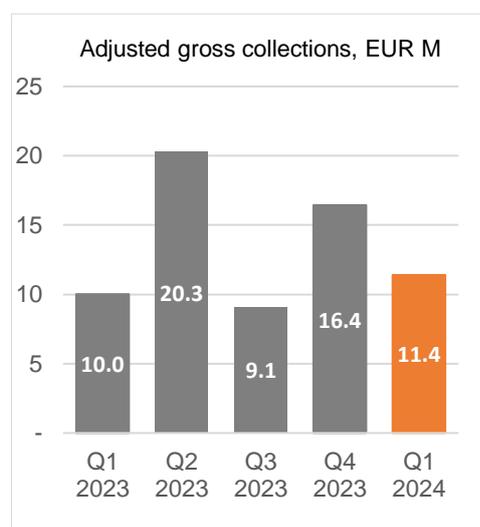
The net result for the quarter was a loss before tax of EUR 2.1m, compared to a loss before tax of EUR 0.6m for Q1 2023.

Cash flow and financing

For the first quarter of 2024, cash flow from operating activities before working capital changes was EUR 4.9m compared to EUR 3.7m in Q1 2023 and EUR (1.8)m in Q4 2023. We continue to have a solid cash position of EUR 20.3m at 31 March 2024.

Estimated Remaining Collections

ERC in relation to invested assets at 31 March stands at EUR 295m, EUR 15m above 31 December 2023, due to additions in the quarter. About 79% of the collections are expected to be received within the next three years.



Consolidated Income Statement

Amounts in EUR '000s	Notes	1 Jan – 31 Mar 2024*	1 Jan – 31 Mar 2023*	Full Year 2023
Interest income on invested assets	5	5,939	4,876	16,057
Dividend income from invested assets		–	–	2,302
Revaluation and impairment of invested assets		498	(160)	931
Revenue on invested assets	5	6,437	4,716	19,290
Share of net (losses) / profits of associate and joint venture	5,9,10	(605)	(794)	3,833
Revenue from mgt fees and other services		673	147	1,071
Impairment of goodwill		–	–	(1,486)
Personnel expenses		(2,444)	(1,136)	(5,964)
Consulting expenses		(1,319)	(2,071)	(9,983)
Other operating expenses		(1,082)	(514)	(2,354)
Depreciation of tangible assets		(268)	(147)	(729)
Operating profit		1,392	201	3,678
Financial income		2,747	4,048	9,950
Financial expenses		(6,274)	(5,277)	(20,973)
Unrealized exchange profit / (loss)		40	(19)	180
Realized exchange (loss) / profit		(19)	446	391
Net financial expenses		(3,506)	(802)	(10,452)
Loss before income tax		(2,114)	(601)	(6,774)
Tax expense		(420)	(123)	(798)
Net loss for the period		(2,534)	(724)	(7,572)
Net loss for the period attributable to:				
Owners of the Parent Company		(2,456)	(730)	(7,494)
Non-controlling interest		(78)	6	(78)

* Unaudited

Consolidated Statement of Comprehensive Income

Amounts in EUR '000s	1 Jan – 31 Mar 2024*	1 Jan – 31 Mar 2023*	Full Year 2023
Net loss for the period	(2,534)	(724)	(7,572)
Other comprehensive income / (loss) for the period			
Currency translation differences	(36)	145	381
Actuarial loss on post-employment benefit commitments	–	–	(1,418)
Deferred tax on post-employment benefit commitments	–	–	169
Assets transferred	–	–	246
Other items	702	–	–
Other comprehensive income / (loss) for the period, net of tax	666	145	(622)
Total comprehensive loss for the period	(1,868)	(579)	(8,194)
Total comprehensive loss for the period attributable to:			
Owners of the Parent Company	(2,125)	(649)	(8,270)
Non-controlling interest	257	70	76

* Unaudited

Consolidated Balance Sheet

Amounts in EUR '000s	Notes	31 March 2024*	31 December 2023
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents		20,284	20,715
Accounts receivable		1,744	1,271
Receivables from other group companies		161	161
Prepaid expenses and accrued income		1,132	2,046
Other receivables		10,883	3,571
Tax assets		82	98
Total current assets		34,286	27,862
<i>Non-current assets</i>			
Financial assets at fair value	11	75,864	53,198
Other long-term receivables from investments		530	509
Distressed asset portfolios	8	75,473	77,898
Investment in joint venture	9	17,763	18,183
Interest in associate	10	28,884	29,834
Receivables from other group companies		5,936	5,936
Loans to other group companies		2,000	2,000
Deferred tax assets	4	3,007	3,531
Accrued interest from other group companies		1,566	1,475
Other non-current assets		1,675	2,333
Right-of-use assets		1,180	791
Tangible assets	6	172	185
Intangible assets		2,748	1,430
Goodwill	7	11,022	11,022
Total non-current assets		227,820	208,325
TOTAL ASSETS		262,106	236,187
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		54	54
Other reserves		(5,786)	(5,762)
Retained earnings including net loss for the period		(372)	1,729
Total shareholders' equity to Parent Company's shareholders		(6,104)	(3,979)
Non-controlling interest		1,870	1,613
Total shareholders' equity		(4,234)	(2,366)
LIABILITIES			
<i>Current liabilities</i>			
Accounts payable		6,178	3,658
Accrued expenses and deferred income		4,140	3,788
Tax liabilities		948	900
Lease liabilities		193	269
Accrued interest		14,927	10,577
Other current liabilities		19,701	–
Current loans	12	2,191	1,653
Total current liabilities		48,278	20,845
<i>Non-current liabilities</i>			
Deferred tax liabilities	4	476	515
Lease liabilities		1,048	571
Payables to other group companies		8	144
Other long-term liabilities		1,511	1,365
Loans and borrowings	12	175,960	176,099
Post-employment benefit commitments		1,473	1,428
Loans from other group companies, subordinated		37,586	37,586
Total non-current liabilities		218,062	217,708
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		262,106	236,187

* Unaudited

Consolidated Cash Flow Statement

Amounts in EUR '000s	1 Jan – 31 Mar 2024*	1 Jan – 31 Mar 2023*	Full Year 2023
Cash flow from operating activities			
Net loss for the period	(2,534)	(724)	(7,572)
Cash distribution from associate and joint venture	1,196	50	9,734
<i>Adjustments for non-cash items:</i>			
<i>Non-cash collections</i>	–	–	(2,515)
<i>Amortization of invested assets</i>	2,809	2,669	19,686
<i>Revaluation and impairment of invested assets</i>	(498)	160	(931)
<i>Interest income</i>	(880)	(671)	(4,625)
<i>Share of net losses / (profits) of associate and joint venture</i>	605	794	(3,833)
<i>Impairment of goodwill</i>	–	–	1,486
<i>Depreciation and amortization of tangible and intangible assets</i>	268	147	729
<i>Financial income</i>	(2,747)	(4,048)	(9,950)
<i>Financial expenses</i>	6,274	5,277	20,973
<i>Unrealized exchange (profit) / loss</i>	(40)	19	(180)
<i>Tax expense</i>	420	123	798
<i>Other items not affecting cash</i>	72	(41)	28
Interest paid	(89)	–	(16,288)
Interest received	41	–	269
Dividends received	–	–	1,804
Tax paid	(33)	–	(480)
Tax received	–	(38)	28
Cash flow from operating activities before working capital changes	4,864	3,717	9,161
Working capital adjustments			
(Increase) / decrease in accounts receivable	(904)	(707)	190
(Increase) / decrease in other receivables	(945)	272	(2,126)
Increase / (decrease) in accounts payable	(421)	271	830
Increase / (decrease) in other current liabilities	19,917	(340)	492
Net cash flow from operating activities	22,511	3,213	8,547
Cash flow from investing activities			
Purchases of distressed asset portfolios and other long-term receivables from investments	–	(860)	(9,241)
Purchases of financial assets at fair value	(22,837)	(1,770)	(17,727)
Proceeds from divestment of financial assets at fair value	325	–	4,195
Acquisition of subsidiary, net of cash acquired	–	–	(7,064)
Purchases of tangible assets	–	–	(372)
Net cash flow received / (used) in investing activities	(22,512)	(2,630)	(30,209)
Cash flow from financing activities			
Proceeds from issuance of loans	–	4,452	4,452
Repayment of loans	(206)	–	(14,276)
Principal element of lease payments	(186)	(63)	(229)
Net cash flow received / (used) in financing activities	(392)	4,389	(10,053)
Cash flow for the period	(393)	4,972	(31,715)
Cash and cash equivalents less bank overdrafts at beginning of the period	20,715	52,285	52,285
Foreign exchange gains / (losses) on cash and cash equivalents	(38)	267	145
Cash and cash equivalents less bank overdrafts at end of the period	20,284	57,524	20,715

* Unaudited

Consolidated Statement of Changes in Equity

Amounts in EUR '000s	Share capital	Other reserves	Retained earnings incl. net loss for the period	Total equity	Non-controlling interest	Total equity
Balance at 1 January 2023	54	170	9,457	9,681	3,160	12,841
Net loss for the period	–	–	(730)	(730)	6	(724)
Other comprehensive loss						
Currency translation differences	–	81	–	81	64	145
Total comprehensive loss	–	81	(730)	(649)	70	(579)
<i>Transactions with owners</i>						
Total transactions with owners	–	–	–	–	–	–
Balance at 31 March 2023*	54	251	8,727	9,032	3,230	12,262
Balance at 1 January 2024	54	(5,762)	1,729	(3,979)	1,613	(2,366)
Net loss for the period	–	–	(2,629)	(2,629)	95	(2,534)
Other comprehensive income						
Currency translation differences	–	(24)	–	(24)	(12)	(36)
Other items	–	–	528	528	174	702
Total comprehensive income	–	(24)	(2,101)	(2,125)	257	(1,868)
<i>Transactions with owners</i>						
Total transactions with owners	–	–	–	–	–	–
Balance at 31 March 2024*	54	(5,786)	(372)	(6,104)	1,870	(4,234)

* Unaudited

Parent Company – Income Statement

Amounts in EUR '000s	1 Jan – 31 Mar 2024*	1 Jan – 31 Mar 2023*	Full Year 2023
Revenue	–	–	–
Personnel expenses	(91)	–	(57)
Consulting expenses	(67)	(99)	(479)
Other operating expenses	(54)	(47)	(261)
Operating loss	(212)	(146)	(797)
Financial income	4,398	5,171	13,464
Financial expenses	(5,547)	(5,102)	(19,693)
Unrealized exchange profit / (loss)	65	(1)	(111)
Realized exchange profit	–	–	–
Net financial (expense) / income	(1,084)	68	(6,340)
Loss before income tax	(1,296)	(78)	(7,137)
Tax expense	–	–	(554)
Loss for the period	(1,296)	(78)	(7,691)

* Unaudited

Parent Company – Statement of Comprehensive Income

Amounts in EUR '000s	1 Jan – 31 Mar 2024*	1 Jan – 31 Mar 2023*	Full Year 2023
Net loss for the period	(1,296)	(78)	(7,691)
Other comprehensive income for the period, net of tax			
<i>Items that will not be reclassified to profit or loss</i>	–	–	–
<i>Items that may subsequently be reclassified to profit or loss</i>	–	–	–
Total other comprehensive income for the period, net of tax	–	–	–
Total comprehensive loss for the period	(1,296)	(78)	(7,691)

* Unaudited

Parent Company – Balance Sheet

Amounts in EUR '000s	Notes	31 March 2024*	31 December 2023
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents		534	319
Prepaid expenses		33	34
Other receivables		22	43
Accrued interest from other group companies		5,528	1,766
Total current assets		6,117	2,162
<i>Non-current assets</i>			
Financial assets at fair value	12	40,765	16,510
Receivables from other group companies		5,936	5,936
Loans to other group companies		143,701	165,801
Accrued interest from other group companies		1,566	1,475
Participations in other group companies	14	30,531	30,531
Other non-current assets		717	703
Total non-current assets		223,216	220,956
TOTAL ASSETS		229,333	223,118
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Shareholders' equity</i>			
Share capital		54	54
Retained earnings including net loss for the period		2,882	4,178
Total shareholders' equity		2,936	4,232
<i>Current liabilities</i>			
Accounts payable		2,985	124
Accrued expenses and deferred income		198	188
Tax liabilities		642	642
Accrued interest		14,920	10,577
Total current liabilities		18,745	11,531
<i>Non-current liabilities</i>			
Loans and borrowings	13	170,066	169,769
Loans from other group companies, subordinated		37,586	37,586
Total non-current liabilities		207,652	207,355
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		229,333	223,118

* Unaudited

Parent Company – Cash Flow Statement

Amounts in EUR '000s	1 Jan – 31 Mar 2024*	1 Jan – 31 Mar 2023*	Full Year 2023
Cash flow from operating activities			
Loss for the period	(1,296)	(78)	(7,691)
<i>Adjustments for non-cash items:</i>			
<i>Financial income</i>	(4,398)	(5,171)	(13,464)
<i>Financial expenses</i>	5,547	5,102	19,693
<i>Unrealized exchange (profit) / loss</i>	(65)	1	111
<i>Tax expense</i>	–	–	554
<i>Other items not affecting cash</i>	(67)	(17)	162
Interest paid	(89)	–	(16,288)
Interest received	27	3,000	11,144
Cash flow from operating activities before working capital changes	(341)	2,837	(5,779)
Working capital adjustments			
Increase / (decrease) in other receivables	22	8	48
Increase / (decrease) in accounts payable	(80)	25	95
Increase / (decrease) in other current liabilities	10	(10)	19
Net cash flow from operating activities	(389)	2,860	(5,617)
Cash flow from investing activities			
Purchase of shares in group companies	–	–	(7,013)
Purchases of financial assets at fair value	(21,447)	–	(15,957)
Net cash flow received / (used) in investing activities	(21,447)	–	(22,970)
Cash flow from financing activities			
Proceeds from issuance of loans	–	4,452	4,452
Loans to group companies	–	–	(600)
Repayment of loans to group companies	22,100	7,000	36,450
Repayment of loans	–	–	(14,096)
Net cash flow received / (used) in financing activities	22,100	11,452	26,206
Cash flow for the period	264	14,312	(2,381)
Cash and cash equivalents less bank overdrafts at beginning of the period	319	2,778	2,778
Foreign exchange gains / (losses) on cash and cash equivalents	(49)	(1)	(78)
Cash and cash equivalents less bank overdrafts at end of the period	534	17,089	319

* Unaudited

Parent Company – Statement of Changes in Equity

Amounts in EUR '000s	Share capital	Retained earnings incl. net loss for the period	Total equity
Balance at 1 January 2023	54	11,869	11,923
Net profit for the period	–	(78)	(78)
Other comprehensive income	–	–	–
Total comprehensive income	–	(78)	(78)
<i>Transactions with owners</i>			
Total transactions with owners	–	–	–
Balance at 31 March 2023*	54	11,791	11,845
Balance at 1 January 2024	54	4,178	4,232
Net loss for the period	–	(1,296)	(1,296)
Other comprehensive income	–	–	–
Total comprehensive income	–	(1,296)	(1,296)
<i>Transactions with owners</i>			
Total transactions with owners	–	–	–
Balance at 31 March 2024*	54	2,882	2,936

* Unaudited

Notes

Note 1. General information

DDM Debt AB (publ) (“DDM Debt” or “the Company”) and its subsidiaries (together “the DDM Debt Group” or “the Group”) 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. 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 strives to create value for its stakeholders by combining significant expertise in financial services, credit underwriting and technology with a focus on operational excellence.

The Company was registered on 3 March 2016, and changed from a private limited liability company to a public limited liability company on 26 May 2016. The Company has registered offices in Stockholm, Sweden and its Swedish Corporate ID No. is 559053-6230. The address of the main office and postal address is Strandvägen 7A, 114 56 Stockholm, Sweden. DDM Debt is a wholly owned subsidiary of DDM Finance AB (“DDM Finance”), Stockholm, Sweden. The indirect parent company is Chronos Investments S.à r.l., a Luxembourg registered company owning 100% of the shares in DDM Finance AB 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.

Note 2. Basis of preparation

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

The accounting policies that are most critical to the Group and Parent Company are stated in DDM Debt AB’s Annual Report for 2023, which also contains a description of the material risks and uncertainties facing the Parent Company and the Group.

In addition to the financial measures defined in IFRS, certain key figures, which qualify as alternative performance measures (APMs) are presented to reflect the underlying business performance and enhance comparability from period to period. These APMs should not be considered as a substitute for measures defined under IFRS. Please refer to page 25 for a reconciliation of alternative performance measures including adjusted gross collections, adjusted net collections and adjusted cash EBITDA for the period.

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

Subsidiaries

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

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

Subsidiaries	Consolidation method	Domicile	31 March 2024	31 December 2023
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%	100%
AxFina Holding S.A	Fully consolidated	Luxembourg	75.2%	75.2%
AxFina Hungary Zrt.	Fully consolidated	Hungary	75.5%	75.5%
AxFina Servicing Kft.	Fully consolidated	Hungary	75.5%	75.5%
Lombard Ingtatlan Zrt.	Fully consolidated	Hungary	75.5%	75.5%
AxFina Romania S.R.L	Fully consolidated	Romania	75.2%	75.2%
AxFina Austria GmbH	Fully consolidated	Austria	75.2%	75.2%
AxFina Croatia d.o.o.	Fully consolidated	Croatia	75.2%	75.2%
AxFina d.o.o.	Fully consolidated	Slovenia	75.2%	75.2%
AxFina Polska S.A. (previously Raport S.A.)	Fully consolidated	Poland	75.2%	75.2%
E-Kancelaria Grupa Prawno-Finansowa sp. z o.o.	Fully consolidated	Poland	75.2%	75.2%
Dial Tone sp. z o.o.	Fully consolidated	Poland	75.2%	75.2%
E-Kancelaria Rosiński i Wspólnicy Kancelaria Prawna sp. k.	Fully consolidated	Poland	75.1%	75.1%

Joint ventures

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

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

Joint Ventures	Consolidation method	Domicile	31 March 2024	31 December 2023
CE Partner S.à r.l.	Equity method	Luxembourg	50%	50%
CE Holding Invest S.C.S	Equity method	Luxembourg	50%	50%

Associates

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

Financial assets at fair value

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

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

Post-employment benefit commitment

The post-employment benefit commitment is calculated on an annual basis. This relates to the employees that were transferred to DDM Invest III AG in November 2023. From 2024 one quarter of the estimated annual post-employment benefit commitment is recorded in the consolidated interim financial statements of DDM Debt AB per quarter, with an adjustment in the fourth quarter for the final actuarial valuation.

Note 3. Currency translation

All entities prepare their financial statements in their functional currency. At 31 March 2024 all fully consolidated group entities have EUR as their functional currency, except for DDM Debt Management d.o.o Beograd, which has Serbian Dinar (RSD) as its functional currency, DDM Debt Romania S.R.L and AxFina Romania S.R.L which have Romanian leu (RON) as their functional currency, 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.

Note 4. Deferred taxes

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

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

Note 5. Revenue on invested assets

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

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

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

EUR'000s	1 Jan – 31 Mar 2024	1 Jan – 31 Mar 2023	Full Year 2023
Gross collections	9,259	8,147	38,713
Collection and commission expenses	(1,391)	(1,273)	(5,293)
Net collections	7,868	6,874	33,420
Interest income	880	671	2,323
Amortization of invested assets	(2,809)	(2,669)	(19,686)
Interest income on invested assets before revaluation and impairment	5,939	4,876	16,057
Dividend income from invested assets	–	–	2,302
Revaluation of invested assets	498	(160)	931
Impairment of invested assets	–	–	–
Revenue on invested assets	6,437	4,716	19,290
Share of net (losses) / profits of associate and joint venture	(605)	(794)	3,833
Revenue from mgt fees and other services	673	147	1,071

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

Interest income

Interest income from Omnio to the DDM Debt Group for the first quarter of 2024 amounted to EUR 0.9m (Q1 2023: EUR 0.7m), which has been recognized in interest income.

Share of net profits / (losses) of associate and joint venture

The results for Q1 2024 include EUR 0.3m (Q1 2023: EUR 0.2m) from share of net profits of joint venture accounted for using the equity method in accordance with IFRS.

The results for Q1 2024 include EUR 0.9m (Q1 2023: EUR 1.0m) from share of net losses of associates accounted for using the equity method in accordance with IFRS.

Revenue from management fees and other services

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

Acquisition of AxFina

The DDM Debt Group acquired 50.16% of AxFina in July 2022, and 25.05% of AxFina in April 2023. The acquired business contributed net collections of EUR 1.9m and service fees of EUR 0.7m to the DDM Debt group for the period from 1 January to 31 March 2024, compared to net collections of EUR 1.2m and service fees of EUR 0.1m for Q1 2023.

Note 6. Tangible assets

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

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

Furniture	5 years
Computer hardware	5 years

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

Note 7. Intangible assets

(i) Identifiable intangible assets

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

(ii) Goodwill

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

(iii) Customer-related servicing contracts

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

Note 8. Distressed asset portfolios

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

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

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

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

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

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

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

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

EUR '000s	31 March 2024	31 December 2023
EUR	43,796	44,173
RON	13,110	14,171
PLN	13,546	13,546
HUF	3,494	4,448
RSD	1,403	1,419
CZK	124	141
Total	75,473	77,898

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

Note 9. Investment in joint venture

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

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

Investment in joint venture EUR '000s	31 March 2024	31 December 2023
Balance at beginning of the period	18,183	21,546
Additions	–	–
Share of net profits of joint venture	345	7,319
Incremental net distribution from the joint venture	(765)	(10,682)
Balance at end of the period	17,763	18,183

Cash distributions of EUR 1.2m (Q1 2023: EUR 0.1m) have been received from the joint venture during Q1 2024 (FY 2023: EUR 9.7m).

Note 10. Investment in associates

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

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

Investment in associates EUR '000s	31 March 2024	31 December 2023
Balance at beginning of the period	29,834	–
Additions	–	–
Reclassification from financial assets at fair value	–	33,320
Share of net losses in the income statement	(950)	(3,486)
Share of other comprehensive income of associates accounted for using the equity method	–	–
Dividends received & other	–	–
Balance at end of the period	28,884	29,834

Note 11. Financial assets at fair value

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

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

In Q1 2024 EUR 3.1m was invested in Omnio and interest of EUR 1.8m was capitalised, resulting in an outstanding balance of EUR 23.3m at 31 March 2024 in financial assets at fair value relating to the investment in Omnio.

In Q1 2024 the DDM Debt Group also made investments of approximately EUR 23m in businesses primarily located in Sweden. These investments are classified as financial assets at fair value.

Financial assets at fair value EUR '000s	31 March 2024	31 December 2023
Balance at beginning of the period	53,198	68,743
Additions	25,778	18,465
Disposals	–	(4,080)
Fair value gains / (losses)	1,307	1,521
Capitalized interest	1,755	2,059
Reclassification to investment in associates	–	(33,320)
Reclassification to other receivables	(6,020)	–
Foreign exchange differences	(154)	(190)
Balance at end of the period	75,864	53,198

Note 12. Loans and borrowings

The Group had the following borrowings outstanding during the periods ending 31 March 2024 and/or 31 December 2023:

Bond loan EUR 200m

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

On 21 September 2021, DDM Debt successfully completed a EUR 50M tap issue under the EUR 300M senior secured bond framework. The bond tap issue was placed at a price of 102.0%. Following the tap issue the total outstanding nominal amount of the company's bond loan is EUR 200 million. 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. At 31 March 2024 and at 31 December 2023 the equity ratio was 15.8% and 18.1% respectively, 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.

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

Bond loan AxFina Polska

The bond loan of EUR 3,805k 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 called 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 3,252k 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 1,028k were taken over when AxFina acquired its Polish subsidiary, E-Kancelaria in November 2023. The borrowings have an average interest rate of 9%.

RCF EUR 4.5m

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

Maturity profile and carrying value of borrowings:

Group EUR '000s	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Beyond 5 years	Total
at 31 March 2024							
Bond loan, 9%	–	–	165,624	–	–	–	165,624
Bonds, AxFina Polska	698	614	541	536	471	945	3,805
Bonds, E-Kancelaria	465	929	929	929	–	–	3,252
Borrowings, E-Kancelaria	1,028	–	–	–	–	–	1,028
RCF	–	4,442	–	–	–	–	4,442
Total	2,191	5,985	167,094	1,465	471	945	178,151
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

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

Fair value of borrowings:

Group EUR '000s	IFRS 9 category	Fair value category	Fair value	Carrying value
at 31 March 2024				
Bond loan, 9%	Financial liabilities at amortized cost	Level 2	116,058	165,624
Bonds, AxFina Polska	Financial liabilities at amortized cost	Level 3	5,994	3,805
Bonds, E-Kancelaria	Financial liabilities at amortized cost	Level 3	3,252	3,252
Borrowings, E-Kancelaria	Financial liabilities at amortized cost	Level 3	1,028	1,028
RCF	Financial liabilities at amortized cost	Level 2	4,500	4,442
Total			130,832	178,151
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 3	5,945	3,656
Bonds, E-Kancelaria	Financial liabilities at amortized cost	Level 3	3,226	3,226
Borrowings, E-Kancelaria	Financial liabilities at amortized cost	Level 3	1,101	1,101
RCF	Financial liabilities at amortized cost	Level 2	4,500	4,430
Total			131,671	177,752

The levels in the hierarchy are:

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

Note 13. Participations in Group companies

Parent Company EUR '000s	31 March 2024	31 December 2023
Investment	30,531	30,531
Total	30,531	30,531

Parent Company EUR '000s	Investment
At 31 December 2023	30,531
Acquisitions	–
At 31 March 2024	30,531

The Parent Company holds shares in the following subsidiaries:

EUR '000s Company	Corporate identity number	Domicile	Proportion of equity 31 March 2024	Proportion of equity 31 December 2023	Net book value 31 March 2024	Net book value 31 December 2023
DDM Invest III AG	CHE 115.238.947	Switzerland	100%	100%	9,364	9,364
DDM Mergeco AG in liquidation*	CHE 353.292.452	Switzerland	100%	100%	–	–
DDM Invest V d.o.o.*	8297355000	Slovenia	100%	100%	–	–
DDM Invest VII d.o.o.	7109806000	Slovenia	100%	100%	8	8
DDM Debt Management d.o.o Beograd**	21313963	Serbia	100%	100%	–	–
DDM Debt Romania S.R.L	39689815	Romania	100%	100%	106	106
DDM REO Adria d.o.o.* **	05288215	Croatia	100%	100%	–	–
Finalp Zrt.*	06-10-000554	Hungary	100%	100%	–	–
AxFina Holding S.A	B239375	Luxembourg	75.2%	75.2%	21,053	21,053
AxFina Romania S.R.L***	44897030	Romania	75.2%	75.2%	–	–
AxFina Austria GmbH***	FN513105t	Austria	75.2%	75.2%	–	–
AxFina Croatia d.o.o.***	81136498	Croatia	75.2%	75.2%	–	–
AxFina Hungary Zrt***	06-10-000062	Hungary	75.5%	75.5%	–	–
Lombard Ingtatlan Zrt***	06-10-000319	Hungary	75.5%	75.5%	–	–
AxFina Servicing Kft***	06-09-004809	Hungary	75.5%	75.5%	–	–
AxFina d.o.o.***	8458367000	Slovenia	75.2%	75.2%	–	–
AxFina Polska S.A.*** (previously Raport S.A.)	192029	Poland	75.2%	75.2%	–	–
E-Kancelaria Grupa Prawno- Finansowa sp. z o.o.	646101	Poland	75.2%	75.2%	–	–
Dial Tone sp. z o.o.	397334	Poland	75.2%	75.2%	–	–
E-Kancelaria Rosiński i Wspólnicy Kancelaria Prawna sp. k.	1007519	Poland	75.1%	75.1%	–	–
Total					30,531	30,531

* DDM Mergeco AG in liquidation, 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 March 2024 and 31 December 2023.

*** AxFina Romania S.R.L, AxFina Austria GmbH, AxFina Croatia d.o.o., AxFina d.o.o., AxFina Polska S.A. (previously called 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 Ingtatlan Zrt and AxFina Servicing Kft are subsidiaries indirectly held through AxFina Holding S.A.

Note 14. Related parties

In Q1 2024 EUR 3.1m was invested in Omnio and interest of EUR 1.8m was capitalised, resulting in an outstanding balance of EUR 23.3m at 31 March 2024 in financial assets at fair value relating to the investment in Omnio. Interest income from Omnio to DDM amounted to EUR 0.9m (Q1 2023: EUR 0.7m) which has been recognized in interest income during Q1 2024.

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 0.1m (Q1 2023: EUR 0.2m) which has been recognized in financial income in Q1 2024.

In Q1 2024 DDM Debt entered into a share transfer agreement with Rothesay (Jersey) Limited, where DDM Debt acquired 18,000,000 shares in Siverts Semiconductors AB for SEK 6.00 per share, for a total consideration of SEK 108,000,000 (EUR 9.6m). EUR 2.9m was recognized in accounts payable at 31 March 2024 in relation to the total consideration.

Note 15. Subsequent events

There were no significant events that have arisen subsequent to the end of the reporting period.

Signatures

The Board of Directors and Chief Executive Officer declare that the interim report 1 January – 31 March 2024 provides a fair overview of the Parent Company's and the Group's operations, their financial positions and result. The material risks and uncertainties facing the Parent Company and the Group are described in the 2023 Annual report.

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

Stockholm, 30 May 2024

Jörgen Durban
Chairman of the board

Erik Fällström
Board member and CEO

Keith Halsey
Board member

Definitions

DDM

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

Amortization of invested assets

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

Cash EBITDA

Net collections less operating expenses.

EBITDA

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

Estimated Remaining Collections / ERC

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

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

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

Equity

Shareholders' equity at the end of the period.

GCV

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

Impairment of invested assets

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

Invested assets

DDM's invested assets consist of purchases of distressed asset portfolios, other long-term receivables from investments, investments in joint ventures and associates and financial assets at fair value.

Net collections

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

Net debt

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

Non-recurring items

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

Operating expenses

Personnel, consulting and other operating expenses.

Revaluation of invested assets

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

Reconciliation tables, non-IFRS measures

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

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

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

Net collections:

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

Amortization, revaluation and impairment of invested assets:

The recognition of the acquisition of invested assets is based on the DDM 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 (unless specified otherwise)	1 Jan – 31 Mar 2024	1 Jan – 31 Mar 2023	Full Year 2023
Net collections *	9,513	7,965	48,723
Revenue from mgt fees and other services	673	147	1,071
Personnel expenses	(2,444)	(1,136)	(5,964)
Consulting expenses	(1,319)	(2,071)	(9,983)
Other operating expenses	(1,082)	(514)	(2,354)
Operating expenses	(4,845)	(3,721)	(18,301)
Cash EBITDA	5,341	4,391	31,493

* Net collections includes the incremental net distribution from associate and joint venture and distributions/interest from financial assets at fair value. Please refer to page 25 for a reconciliation of alternative performance measures ("APMs") to IFRS

Net debt:

Bond loan, 9%	165,624	184,709	165,339
Bonds, AxFina Polska	3,805	3,448	3,656
Bonds, E-Kancelaria	3,252	–	3,226
Borrowings, E-Kancelaria	1,028	–	1,101
RCF	4,442	4,399	4,430
Less: Cash and cash equivalents	(20,284)	(57,524)	(20,715)
Net debt	157,867	135,032	157,037

Equity ratio:

Shareholder's equity	(4,234)	12,262	(2,366)
Shareholder debt (subordinated)	37,586	37,586	37,586
Accrued interest on shareholder debt	8,161	5,814	7,552
Total equity according to the senior secured bond terms	41,513	55,662	42,772
Total assets	262,106	261,173	236,187
Equity ratio	15.8%	21.3%	18.1%

Alternative performance measures – reconciliation to IFRS:

	1 Jan – 31 Mar 2024	1 Jan – 31 Mar 2023	Full Year 2023
EUR '000s			
Gross collections	9,259	8,147	38,713
Incremental gross distribution from associate and joint venture	1,282	1,197	12,524
Distributions/interest from financial assets at fair value	880	671	4,621
Adjusted gross collections	11,421	10,015	55,858
Net collections	7,868	6,874	33,420
Incremental net distribution from associate and joint venture	765	420	10,682
Distributions/interest from financial assets at fair value	880	671	4,621
Adjusted net collections	9,513	7,965	48,723
Cash EBITDA	3,696	3,300	16,190
Incremental net distribution from associate and joint venture	765	420	10,682
Distributions/interest from financial assets at fair value	880	671	4,621
Adjusted cash EBITDA	5,341	4,391	31,493

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

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

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

About DDM

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



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