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DDM FINANCE AB

Corporate Identity Number 559053-6214

ANNUAL REPORT 2023

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



CONTENTS

The DDM Finance AB 2023 Annual Report

DDM Finance AB ("DDM Finance" or the "Company") is a Swedish Company headquartered in Stockholm. Corporate registration number 559053-6214. DDM Finance and its subsidiaries are together referred to as ("the DDM Finance 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's own estimates, unless another source is specified. This report may contain forward-looking statements that are based on the current expectations of DDM'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.

Any questions regarding financial data published by DDM Finance may be submitted to DDM's Investor Relations, email: investor@ddm-group.ch

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2023 Highlights

Financial calendar

Annual General Meeting
2024:
28 June 2024

This is DDM Finance

DDM Finance AB (“DDM Finance” or the “Company”) was founded in 2016.

The DDM Finance 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 Finance Group invests in corporate and consumer secured portfolios, but also in unsecured portfolios in Southern, Central and Eastern Europe. The DDM Finance Group works in close and longstanding relations with banks and financial institutions and provide solutions to recover outstanding distressed assets. The DDM Finance Group also engages in businesses that are related, complimentary, incidental, ancillary or similar to any of the foregoing.

The DDM Finance 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 Finance Group to be closer to the market. Consequently, the DDM Finance 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 Financeors professionally, ethically and with respect. The DDM Finance Group has longstanding relations with sellers of distressed assets, based on trust and the Group’s status as a credible acquirer. The DDM Finance Group’s expertise is key to assess the portfolios, as well as to decide how to open up a dialogue with the Financeors. The goal is to establish an instalment plan and in the end achieve an amicable settlement where the Financeor has repaid the outstanding amount. The DDM Finance 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.

Administration Report

The Board of Directors of DDM Finance AB hereby submit the annual report and consolidated financial statements for the 2023 financial year.

Information regarding the operations

DDM Finance AB (“DDM Finance” or “the Company”), corporate identity number 559053-6214, 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.

Since 1 November 2023 DDM Finance is a wholly-owned subsidiary of Chronos Investments S.à r.l., a Luxembourg registered company. 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 AB (publ), Sweden, (“DDM Debt”) is a wholly owned subsidiary of DDM Finance.

DDM Finance 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 the DDM Finance Group 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. The DDM Finance Group acquired a further 25% stake in AxFina from DDM Group Finance S.A. in April 2023 for EUR 7m.

The DDM Finance 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 Finance AB's 75.2% indirectly-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 Finance 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 Finance 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 – DDM Finance Group 2023

The operations of DDM Finance encompass ownership of its subsidiary, DDM Debt AB (“DDM Debt”) and providing credit support for financing in its subsidiaries and thereto related business activities.

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 3,563k (2022: EUR 17,283k).

The net loss before tax for the year amounted to EUR 7,282k (2022: net loss before tax of EUR 4,840k) and the net loss for the year was EUR 8,080k (2022: net loss of EUR 4,597k).

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 the DDM Finance Group's liquidity profile.

Throughout 2023 we continued to work on further improvements of the DDM Finance 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 Finance 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 Finance Group.

On 12 April 2023 a further partial repayment of EUR 6.5m of accrued interest and principal was made against the EUR 8.8m senior secured notes issued by DDM Finance, and the maturity of the remaining outstanding loan was extended until 31 March 2024.

In April 2023 the DDM Finance Group 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 the DDM Finance Group was put on hold.

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

Razvan Munteanu was appointed as CEO of DDM Debt AB effective 1 August 2023.

In November DDM Finance AB's 75.2% Indirectly-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 Finance 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 Finance 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.

Basis of preparation

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

Geographical regions

The operational and investment activities of the DDM Finance 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 Finance 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 Finance 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 Finance 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 Finance Group's 50% share of the change in the net assets of the Joint Venture since the acquisition date. The DDM Finance 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 Finance Group received the conversion notice from OmniOne S.A. in respect of the conversion of the DDM Finance 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 Finance 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 Finance 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 and interest income on invested assets respectively.

During 2021, the DDM Finance 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 Finance 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 the DDM Finance Group 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 Finance 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 Finance 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 Finance 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 10,845k (2022: net financial expenses EUR 22,123k). The reduction in net financial expenses compared to 2022 mainly relates to a EUR 6.4m gain on the DDM Debt AB senior secured 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 8,024k (2022 EUR 27,382k).

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 Finance is not engaged in any research and development activities.

Financing

At 31 December 2023 net debt, consisting of the senior secured notes, the borrowings from Chronos Investments S.à r.l., the EUR 200M senior secured bonds (net of own bonds), bonds, the revolving credit facility and interest-bearing intercompany loans (excluding subordinated debt), less cash and cash equivalents, amounted to EUR 178,012k.

At 31 December 2022 net debt, consisting of the senior secured notes, the borrowings from DDM Group Finance S.A., 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 155,815k.

Non-financial earnings indicators

DDM Finance's role in society

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

Business ethics

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

Working conditions

The DDM Finance Group's 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, the DDM Finance Group generally has limited possibilities to affect the environment, although it seeks to act in an environmentally responsible manner where possible.

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 the Articles of Association of DDM Finance, the Board of Directors shall consist of at least one and no more than ten members with no more than ten deputies. All members are elected at the annual general meeting.

Parent Company

The operations of DDM Finance encompass ownership of its subsidiary, DDM Debt AB and providing credit support for financing in its subsidiaries and thereto related business activities. The funding is provided through intercompany loans.

The Parent Company reported revenue of EUR 0k for the year (2022: EUR 0k) and a loss before tax of EUR 507k (2022: loss of EUR 709k). 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 of DDM Debt AB in February 2024, replacing Razvan Munteanu who has decided to continue his executive career outside the group.

The senior secured notes of EUR 3,357k at 31 December 2023 were forgiven and contributed by Chronos Investments S.à r.l to the equity of DDM Finance on 31 March 2024.

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	3,563	17,293
Cash flow from operating activities before working capital changes	8,024	27,382

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 Finance Group identifies, evaluates and mitigates financial risks relating to the operating activities of the group.

The DDM Finance 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 Finance 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 Finance Group's future development but is by no means comprehensive. For further details regarding potential risk factors impacting the DDM Finance 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 Finance 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 Finance 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 Finance 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 Finance Group's business.

Market risks

The DDM Finance Group's financing and financial risks are managed by the Board of Directors.

As part of cash management, the DDM Finance 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 risk relates primarily to the DDM Finance Group's interest-bearing debt, which during 2023 consisted of the fixed rate senior secured notes, fixed rate senior secured bonds and a floating rate revolving credit facility, and in 2022 consisted of fixed rate senior secured notes and fixed rate senior secured bonds. Borrowings issued using the floating reference rate Euribor expose the DDM Finance Group to interest rate risk and borrowings issued at fixed rates expose the DDM Finance Group to fair value interest rate risk.

Liquidity risk

The DDM Finance Group has deposited its liquid assets with established financial institutions where the risk of loss is considered remote. The DDM Finance Group's cash and cash equivalents consist solely of bank balances. The DDM Finance 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 Finance 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 Finance 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 Finance 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 Finance 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 Finance Group invests in assets and companies previously held by financial institutions, including performing and non-performing loans and special situations with an investment value of EUR 5–50m. Sellers are primarily financial institutions, typically international banks with presence in several countries in Southern, Central and Eastern Europe. The DDM Finance Group has established relationships with sellers throughout the industry and as the DDM Finance 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 Finance 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 Finance 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 Finance Group retains the entire amount it collects, including interest and fees, after deducting costs directly relating to the collection of the debt. The DDM Finance 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 Finance 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 Finance AB's subsidiary, 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. The DDM Finance Group'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 18.1%, 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 Finance 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 Finance Group, see note 4.

Employees

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

Proposed appropriation of earnings

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

EUR	2023
Retained earnings	27,201,379
Net loss for the year	(507,398)
Total	26,693,981

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

EUR	2023
Balance carried forward	26,693,981
Total	26,693,981

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

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	(10,093)	(8,330)
Other operating expenses	9	(2,359)	(1,089)
Depreciation expense	13, 14	(729)	(308)
Operating profit		3,563	17,283
Financial income		9,950	569
Financial expenses		(21,365)	(22,948)
Unrealized exchange profit		179	816
Realized exchange profit / (loss)		391	(560)
Net financial expenses	10	(10,845)	(22,123)
Loss before income tax		(7,282)	(4,840)
Tax (expense) / income	11	(798)	243
Net loss for the year		(8,080)	(4,597)
Net loss for the year attributable to:			
Owners of the Parent Company		(8,002)	(4,676)
Non-controlling interest		(78)	79
Earnings per share (before and after dilution), EUR	12	(16,004)	(9,352)

GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December			
Amounts in EUR '000s	Notes	2023	2022
Net loss for the year		(8,080)	(4,597)
Other comprehensive (loss) / income for the year			
<i>Items that may subsequently be reclassified to profit or loss:</i>			
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		(8,702)	(4,311)
Total comprehensive loss for the year attributable to:			
Owners of the Parent Company		(8,778)	(4,473)
Non-controlling interest		76	162

GROUP CONSOLIDATED BALANCE SHEET

Amounts in EUR '000s	Notes	31 December 2023	31 December 2022	1 January 2022
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	24	20,717	52,310	64,426
Accounts receivable	23	1,271	513	1,711
Prepaid expenses and accrued income	23	2,046	3,527	1,506
Other receivables	23	3,597	4,265	4,215
Tax assets	23	98	197	82
Total current assets		27,729	60,812	71,940
<i>Non-current assets</i>				
Financial assets at fair value	18	53,198	68,743	51,547
Other long-term receivables from investments	20	509	6,338	–
Distressed asset portfolios	19	77,898	70,451	80,578
Investment in joint venture	17	18,183	21,546	31,819
Interest in associates	16	29,834	–	–
Receivable from other group companies	33	5,936	5,936	5,936
Loans to other group companies	33	2,000	2,000	4,000
Deferred tax assets	21	3,531	3,034	1,900
Accrued interest from other group companies	33	1,475	1,291	1,649
Other non-current assets	22	2,333	351	313
Tangible assets	13	185	212	12
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	177,754
TOTAL ASSETS		236,054	253,179	249,694
SHAREHOLDERS' EQUITY AND LIABILITIES				
<i>Shareholders' equity</i>				
Share capital	25	6	6	6
Other reserves		(5,762)	170	(33)
Other contributed capital		23,196	23,196	23,196
Retained earnings including net loss for the year		(760)	7,476	12,152
Total shareholders' equity attributable to Parent Company's shareholders		16,680	30,848	35,321
Non-controlling interest		1,613	3,160	–
Total shareholders' equity		18,293	34,008	35,321
<i>Current liabilities</i>				
Accounts payable	30	3,662	607	323
Accrued expenses and deferred income	30	3,801	2,320	2,467
Tax liabilities	30	900	229	414
Accrued interest	30	3,387	4,621	5,548
Current lease liabilities	27	269	207	–
Current loans	30	5,010	9,174	17,842
Total current liabilities		17,029	17,158	26,594
<i>Non-current liabilities</i>				
Deferred tax liabilities	21	515	1,232	629
Payables to other group companies	33	583	1,500	3,698
Loans and borrowings	28	193,719	198,951	183,452
Accrued interest	33	2,551	–	–
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		200,732	202,013	187,779
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		236,054	253,179	249,694

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		(8,080)	(4,597)
Cash distribution from associate and joint venture	17	9,734	19,666
<i>Adjustments for non-cash items:</i>			
<i>Non-cash collections</i>		(2,515)	–
<i>Amortization of invested assets</i>	19, 20	19,686	24,126
<i>Revaluation and impairment of invested assets</i>	19	(931)	(2,071)
<i>Interest income</i>		(2,323)	(3,341)
<i>Dividend income</i>		(2,302)	(52)
<i>Share of net profits of joint ventures and associates</i>	16, 17	(3,833)	(8,321)
<i>Impairment of goodwill</i>	26	1,486	–
<i>Depreciation expense</i>		729	308
<i>Financial income</i>	10	(9,950)	(569)
<i>Financial expenses</i>	10	21,365	22,948
<i>Unrealized exchange profit</i>		(179)	(816)
<i>Tax expense / (income)</i>		798	(243)
<i>Other items not affecting cash</i>		53	187
Interest paid		(17,335)	(20,364)
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		8,024	27 382
Working capital adjustments			
(Increase) / decrease in accounts receivable		190	602
(Increase) / decrease in other receivables		(2,124)	(2,997)
Increase / (decrease) in accounts payable		837	(3,619)
Increase / (decrease) in other current liabilities		501	(3,039)
Net cash flow from operating activities		7,428	18,329
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 loans from other group companies		6,550	13,070
Repayment of loans		(19,729)	(9,191)
Principal elements of lease payments		(229)	(23)
Net cash flow received / (used) in financing activities		(8,956)	3,856
Cash flow for the year		(31,737)	(13,182)
Cash and cash equivalents at beginning of the year			
		52,310	64,426
Foreign exchange gains / (losses) on cash and cash equivalents		144	1,066
Cash and cash equivalents at end of the year	24	20,717	52,310

GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in EUR '000s	Share capital	Other reserves	Other contributed capital	Retained earnings incl. net loss for the year	Total Equity	Non-controlling interests	Total equity
Balance at 1 January 2022	6	(33)	23,196	12,152	35,321	–	35,321
Net loss for the period	–	–	–	(4,676)	(4,676)	79	(4,597)
Other comprehensive loss							
Currency translation differences	–	203	–	–	203	83	286
Total comprehensive loss	–	203	–	(4,676)	(4,473)	162	(4,311)
<i>Transactions with owners</i>							
Non-controlling interests on acquisition of subsidiary	–	–	–	–	–	2,998	2,998
Total transactions with owners	–	–	–	–	–	2,998	2,998
Balance at 31 December 2022	6	170	23,196	7,476	30,848	3,160	34,008
Balance at 1 January 2023	6	170	23,196	7,476	30,848	3,160	34,008
Net loss for the period	–	–	–	(8,002)	(8,002)	(78)	(8,080)
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)	–	(8,236)	(8,778)	76	(8,702)
<i>Transactions with owners</i>							
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	6	(5,762)	23,196	(760)	16,680	1,613	18,293

PARENT COMPANY – INCOME STATEMENT

For the year ended 31 December			
Amounts in EUR '000s	Notes	2023	2022
Revenue		–	–
Personnel expenses		–	–
Consulting expenses	8	(110)	(130)
Other operating expenses	9	(5)	(36)
Operating loss		(115)	(166)
Financial income		2,295	2,044
Financial expenses		(2,687)	(2,587)
Net financial expenses	10	(392)	(543)
Loss before income tax		(507)	(709)
Tax expense	11	–	–
Loss for the period		(507)	(709)

PARENT COMPANY – STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December			
Amounts in EUR '000s	Notes	2023	2022
Net loss for the year		(507)	(709)
Other comprehensive income for the year			
<i>Items that will not be reclassified to profit or loss</i>		–	–
<i>Items that may subsequently be reclassified to profit or loss</i>		–	–
Total other comprehensive income for the year, net of tax		–	–
Total comprehensive loss for the year		(507)	(709)

PARENT COMPANY – BALANCE SHEET

As at 31 December			
Amounts in EUR '000s	Notes	2023	2022
ASSETS			
<i>Non-current assets</i>			
Participations in other group companies	34	6,035	6,035
Loan to subsidiary	33	37,586	37,586
Receivables from other group companies	33	7,552	5,258
Total non-current assets		51,173	48,879
<i>Current assets</i>			
Other receivables		26	26
Cash and cash equivalents	24	2	25
Total current assets		28	51
TOTAL ASSETS		51,201	48,930
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Shareholders' equity</i>			
Share capital	25	6	6
Other contributed capital	25	23,196	23,196
Retained earnings including net loss for the year		3,499	4,006
Total shareholders' equity		26,701	27,208
<i>Non-current liabilities</i>			
Loans and borrowings	28	17,620	11,070
Accrued interest	28	2,551	643
Payables to other group companies	33	444	–
Total non-current liabilities		20,615	11,713
<i>Current liabilities</i>			
Loans and borrowings	28, 30	3,357	8,809
Accounts payable	30	3	1
Payables to other group companies	30, 33	150	564
Accrued interest	30	362	635
Accrued expenses	30	13	–
Total current liabilities		3,885	10,009
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		51,201	48,930

PARENT COMPANY – CASH FLOW STATEMENT

For the year ended 31 December			
Amounts in EUR '000s	Notes	2023	2022
Cash flow from operating activities			
Net loss for the year		(507)	(709)
<i>Adjustments for non-cash items:</i>			
<i>Financial income</i>		(2,295)	(2,044)
<i>Financial expenses</i>		2,687	2,587
Interest paid		(1,047)	(3,309)
Interest received		–	–
Cash flow from operating activities before working capital changes		(1,162)	(3,475)
Working capital adjustments			
(Increase) / decrease in other receivables		–	(4)
Increase / (decrease) in accounts payable		2	(3)
Increase / (decrease) in other current liabilities		40	(4)
Net cash flow from operating activities		(1,120)	(3,486)
Cash flow from investing activities			
Net cash flow received / (used) in investing activities		–	–
Cash flow from financing activities			
Proceeds from issuance of loans		6,550	11,070
Repayment of loans		(5,452)	(9,191)
Net cash flow received / (used) in financing activities		1,098	1,879
Cash flow for the year		(22)	(1,607)
Cash and cash equivalents less bank overdrafts at beginning of the year			
		25	1,677
Foreign exchange losses on cash and cash equivalents		(1)	(45)
Cash and cash equivalents less bank overdrafts at end of the year		2	25

PARENT COMPANY – STATEMENT OF CHANGES IN EQUITY

Amounts in EUR '000s	Share capital	Other contributed capital	Retained earnings incl. net loss for the year	Total equity
Balance at 1 January 2022	6	23,196	4,715	27,917
<i>Comprehensive income / (loss)</i>				
Net loss for the year	–	–	(709)	(709)
<i>Other comprehensive income / (loss)</i>	–	–	–	–
Total comprehensive loss	–	–	(709)	(709)
<i>Transactions with owners</i>				
Total transactions with owners	–	–	–	–
Balance at 31 December 2022	6	23,196	4,006	27,208
Balance at 1 January 2023	6	23,196	4,006	27,208
<i>Comprehensive income / (loss)</i>				
Net loss for the year	–	–	(507)	(507)
<i>Other comprehensive income / (loss)</i>	–	–	–	–
Total comprehensive loss	–	–	(507)	(507)
<i>Transactions with owners</i>				
Total transactions with owners	–	–	–	–
Balance at 31 December 2023	6	23,196	3,499	26,701

NOTE 1. GENERAL INFORMATION

The Parent Company, DDM Finance AB is a limited liability company with registered offices in Stockholm, Sweden and its Swedish Corporate ID No. is 559053-6214. 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 27 June 2024, the Board of Directors approved the financial statements.

DDM Finance AB (“DDM Finance” or “the Company”) and its subsidiaries (together the “DDM Finance 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, and the DDM Finance Group then assists the debtors to restructure their overdue debt.

The Company was registered on 3 March 2016. Since 1 November 2023 DDM Finance is a wholly-owned subsidiary of Chronos Investments S.à r.l., a Luxembourg registered company. 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 AB (publ), Sweden, (“DDM Debt”) is a wholly owned subsidiary of DDM Finance.

DDM Finance 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

The DDM Finance Group 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 Finance 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 Finance’s 75.2% indirectly-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 Finance 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 Finance 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 Finance Group received the conversion notice from OmniOne S.A. in respect of the conversion of the DDM Finance 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 Finance 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 Finance 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 Finance 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 Finance 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 Finance 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 Finance 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 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. Prior to 2023, DDM Finance AB did not need to prepare consolidated accounts as its previous parent entity DDM Holding AG fulfilled this statutory requirement. Due to the recent change in group structure as described in the Administration Report section, DDM Finance AB is required to prepare consolidated financial statements and therefore the consolidation has been prepared for the first time for the year ended 31 December 2023.

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 Finance 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 Finance AB and its subsidiaries.

Subsidiaries

Subsidiaries are all entities over which DDM Finance AB has control. DDM Finance AB controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and are de-consolidated from the date on which control ceases. Intercompany transactions, balances, and unrealized gains on transactions between group companies are eliminated. The following entities are included in the scope of consolidation:

Entities included in the scope of consolidation	Consolidation method	Domicile	31 Dec 2023	31 Dec 2022	1 Jan 2022
DDM Debt AB	Fully consolidated	Sweden	100%	100%	100%
DDM Invest III AG	Fully consolidated	Switzerland	100%	100%	100%
DDM Mergeco AG in liquidation	Fully consolidated	Switzerland	100%	100%	100%
DDM Invest V d.o.o.	Fully consolidated	Slovenia	100%	100%	100%
DDM Invest VII d.o.o.	Fully consolidated	Slovenia	100%	100%	100%
DDM Debt Management d.o.o Beograd	Fully consolidated	Serbia	100%	100%	100%
DDM Debt Romania S.R.L	Fully consolidated	Romania	100%	100%	100%
DDM REO Adria d.o.o.	Fully consolidated	Croatia	100%	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%	1%
AxFina Servicing Kft.	Fully consolidated	Hungary	75.5%	50.7%	1%
Lombard Ingatlan Zrt.	Fully consolidated	Hungary	75.5%	50.7%	1%
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 Finance Group, together with one or several parties have joint control over an arrangement in accordance with a shareholder agreement. The DDM Finance 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 Finance 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 Finance 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 Finance 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 Finance 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 Finance Group.

Entities not included in the scope of consolidation	Consolidation method	Domicile	31 Dec 2023	31 Dec 2022	1 Jan 2022
CE Partner S.a.r.l.	Equity accounted	Luxembourg	50%	50%	50%
CE Holding Invest S.C.S	Equity accounted	Luxembourg	50%	50%	50%

Associates

Associates are all entities over which the DDM Finance 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 Finance 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 Finance 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 Finance 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 Finance 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 Finance 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 Finance 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	1 January 2022
Addiko Bank AG	FVTPL	Austria	9.05%	9.90%	9.90%
Borgosesia S.p.A.	FVTPL	Italy	–	5.00%	5.00%
Water by Nordic AB	FVTPL	Sweden	46.86%	46.86%	–
Omnio Group	FVTPL	Luxembourg	N/A	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 Finance 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 Finance Group that makes strategic decisions. The DDM Finance 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 Finance 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 Finance 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 Finance 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	1 January 2022
Balance sheet	EUR/CHF	0.9260	0.9847	1.0331
Income statement	EUR/CHF	0.9751	1.0086	N/A
Balance sheet	EUR/CZK	24.7237	24.1161	24.858
Income statement	EUR/CZK	23.9779	24.6395	N/A
Balance sheet	EUR/HRK	n/a	7.5345	7.5156
Income statement	EUR/HRK	n/a	7.533	N/A
Balance sheet	EUR/HUF	382.85	400.80	369.14
Income statement	EUR/HUF	383.74	386.54	N/A
Balance sheet	EUR/PLN	4.3395	4.6808	4.5969
Income statement	EUR/PLN	4.5691	4.677	N/A
Balance sheet	EUR/RON	4.9756	4.9495	4.9490
Income statement	EUR/RON	4.9427	4.9337	N/A
Balance sheet	EUR/RSD	117.1646	117.3158	117.578
Income statement	EUR/RSD	117.2838	117.4812	N/A
Balance sheet	EUR/SEK	11.0959	11.1217	10.2503
Income statement	EUR/SEK	11.4493	10.5616	N/A

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 Finance 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 Finance 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 Finance 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 Finance 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 Finance 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 Finance 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 Finance 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 Finance Group or the counterparty.

All financial assets and liabilities are presented as gross amounts in the DDM Finance 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 Finance Group applies the simplified method to apply lifetime expected credit losses to receivables and cash and cash equivalents.

On each reporting date the DDM Finance 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 Finance 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 Finance 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

AxFina

On 6 July 2022 the DDM Finance 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 Finance 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 Finance 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 Finance Group. AxFina will also facilitate new market entries for the DDM Finance 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 Finance Group is following a well-established industry practice and expects its core NPL business to benefit from a closer collaboration between the DDM Finance Group and AxFina. On 6 April 2023 the DDM Finance 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 the 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 Finance 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 Finance 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)

E-Kancelaria

In 2023 the DDM Finance Group's 75.2% owned indirect 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 Finance Group acquires less than 100% of the shares in the subsidiary that the DDM Finance Group controls. For each business combination, the DDM Finance 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 Finance 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 Finance 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 Finance 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 Finance Group. These standards are not expected to have a material impact on the DDM Finance 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.

NOTE 4. FINANCIAL RISK MANAGEMENT

The DDM Finance 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 Finance Group in accordance with policies established by the Board of Directors. The DDM Finance Group identifies, evaluates and mitigates financial risks.

Risk factors

The DDM Finance 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 Finance 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 Finance 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 Finance 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 Finance Group's business.

Market risk

Foreign exchange risk

The DDM Finance Group is an international group with operations in several countries. DDM Finance's reporting currency is Euros (EUR). This exposes the DDM Finance Group to foreign exchange risk due to fluctuations in foreign exchange rates that may impact the DDM Finance 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 Finance 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 Finance Group's operations are characterized by collections and collection costs mainly performed in local currency in the respective countries. The DDM Finance Group does not use any hedging instruments. As part of cash management the DDM Finance 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

The DDM Finance Group's interest rate risk primarily arises from borrowings, which consists of the senior secured notes and 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 Finance to interest rate risk and borrowings issued at fixed rates expose DDM Finance 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 Finance 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 table:

Group EUR '000s	31 December 2023	31 December 2022	1 January 2022
Cash and cash equivalents	20,717	52,310	64,426
Accounts receivable	1,271	513	1,711
Distressed asset portfolios	77,898	70,451	80,578
Total	99,886	123,274	146,715

At 31 December 2023 the majority of the DDM Finance 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 and at 1 January 2022 the majority of the DDM Finance 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 Finance Group.

The DDM Finance Group had no bank guarantees at 31 December 2023 (31 December 2022: EUR nil, 1 January 2021: EUR 5k).

Other credit risk

Credit risk is the risk that the counterparty in a financial transaction will not fulfil its obligations on the maturity date. Credit risk is managed by the DDM Finance 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 Finance 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 Finance 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 Finance 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 Finance Group is funded by notes, 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 Finance 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 Finance 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	23,716	24,128	195,531	3,166
Payables to other group companies	–	–	–	583
Lease liabilities	344	202	140	126
Accounts payable	3,662	–	–	–
Accrued expenses	3,801	–	–	–
Total	31,523	24,330	195,671	3,875

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	5,959	2,114	20,805	–
Payables to other group companies	150	–	–	444
Accounts payable	3	–	–	–
Accrued expenses	13	–	–	–
Total	6,125	2,114	20,805	444

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	27,116	32,009	17,640	197,679
Payables to other group companies	–	1,085	–	414
Lease liabilities	212	126	61	40
Accounts payable	607	–	–	–
Accrued expenses	2,320	–	–	–
Total	30,255	33,220	17,701	198,134

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	9,775	10,369	–	–
Payables to other group companies	564	–	–	–
Accounts payable	1	–	–	–
Total	10,340	10,369	–	–

Group EUR '000s	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years
At 1 January 2022				
Borrowings	38,203	16,956	16,956	210,490
Payables to other group companies	–	3,284	–	414
Lease liabilities	–	–	–	–
Accounts payable	323	–	–	–
Accrued expenses	2,467	–	–	–
Total	40,993	20,240	16,956	210,904

Parent Company EUR '000s	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years
At 1 January 2022				
Borrowings	21,247	–	–	–
Payables to other group companies	564	–	–	–
Accounts payable	4	–	–	–
Accrued expenses	4	–	–	–
Total	21,819	–	–	–

Financial instruments by category

Group EUR '000s	31 December 2023	31 December 2022	1 January 2022
Assets as per balance sheet			
Distressed asset portfolios	77,898	70,451	80,578
Financial assets at fair value	53,198	68,743	51,547
Loans to and accrued interest from other group companies	3,475	3,291	5,649
Other non-current assets	2,333	351	313
Trade and other receivables	4,868	4,778	5,926
Receivables from other group companies	5,936	5,936	5,936
Prepaid expenses and accrued income	2,046	3,527	1,506
Cash and cash equivalents	20,717	52,310	64,426
Total	170,471	209,387	215,881

Group EUR '000s	31 December 2023	31 December 2022	1 January 2022
Liabilities as per balance sheet			
Loans and borrowings	198,729	208,125	201,294
Payables to other group companies	583	1,500	3,698
Accounts payable	3,662	607	323
Accrued interest	5,938	4,621	5,548
Accrued expenses and deferred income	3,801	2,320	2,467
Total	212,713	217,173	213,330

Fair values

The DDM Finance 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 Finance 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 Finance 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 Finance 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	31 Dec 2022	1 Jan 2022
Assets					
Fair value and carrying value of financial instruments					
Accounts receivable	Financial assets held at amortized cost	Level 2	1,271	513	1,711
Other receivables	Financial assets held at amortized cost	Level 2	3,597	4,263	4,215
Distressed asset portfolios	Financial assets held at amortized cost	Level 3	77,898	70,451	80,578
Financial assets at fair value	Financial assets held at fair value	Level 1	23,552	26,110	27,835
Financial assets at fair value	Financial assets held at fair value	Level 3	29,646	42,633	23,712
Liabilities					
Fair value and carrying value of financial instruments					
Accounts payable	Financial liabilities held at amortized cost	Level 2	3,662	607	323
Senior secured notes	Financial liabilities held at amortized cost	Level 2	3,357	8,809	17,842
Borrowings, Chronos Investment S.à r.l.	Financial liabilities held at amortized cost	Level 3	17,620	11,070	–
Bonds, E-Kancelaria	Financial liabilities held 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	1 Jan 2022
Assets	Fair value and carrying value of financial instruments				
Other receivables	Financial assets held at amortized cost	Level 2	26	26	22
Liabilities	Fair value and carrying value of financial instruments				
Accounts payable	Financial liabilities held at amortized cost	Level 2	3	1	4
Senior secured notes	Financial liabilities held at amortized cost	Level 2	3,357	8,809	17,842
Borrowings, Chronos Investment S.à r.l.	Financial liabilities held at amortized cost	Level 3	17,620	11,070	–

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
At 1 January 2022				
Bond loan, 9%	Financial liabilities at amortized cost	Level 2	189,304	183,452

For the parent company, DDM Finance AB, there are no financial liabilities where the carrying values are not considered to be materially in line with their fair values.

Level 1 financial assets at fair value

On 3 December 2021, the DDM Finance 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 Finance 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 Finance 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 Finance Group assesses the capital requirements of its sub-group the DDM Debt Group 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.

The table below refers to figures for the DDM Debt Group:

EUR '000s	31 December 2023	31 December 2022	1 January 2022
Total assets	236,187	253,283	248,152
Shareholder's equity	(2,366)	12,841	13,447
Shareholder debt (subordinated)	37,586	37,586	37,586
Accrued interest on shareholder debt	7,552	5,258	3,214
Adjusted equity	42,772	55,685	54,247
Adjusted equity / total assets ratio	18.1%	22.0%	21.9%

Equity price risk

Exposure

The DDM Finance 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.

The DDM Finance 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 Finance 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 Finance Group's net loss after tax and shareholder's 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% (2022: 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 Finance 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 DDM Debt Group CEO and Board of Directors. Please also refer to our website for additional information on risk factors affecting the DDM Debt Group, which are relevant to the DDM Finance Group.

Critical accounting estimates and judgements

The DDM Finance 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 Finance 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 67 for the financial definition of ERC.

The DDM Finance 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 Finance 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 Finance 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 Finance 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 Finance Group discloses the alternative performance measure "Net collections" in the notes separately, as it is an important measurement for the DDM Finance Group to monitor the performance of the portfolios and measure the cash available for operating expenses and to service its debt. The DDM Finance Group believes that disclosing net collections as a separate performance measure in the notes improves the transparency and understanding of the DDM Finance 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 Finance 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 Finance Group reports segment on an entity basis, i.e. one operating segment.

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

No individual debtor generates more than 10% of the DDM Finance 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	1 January 2022
Croatia	58,850	66,803	83,096
Luxembourg	48,151	38,080	23,711
Austria	23,552	24,421	26,351
Romania	14,443	5,011	6,926
Poland	13,546	10,070	5,781
Sweden	11,329	4,553	–
Hungary	4,448	5,445	7,309
Slovenia	2,698	2,251	2,657
Italy	509	8,027	5,534
Others (Czech Republic, Serbia, Slovakia, Bosnia)	2,096	2,417	2,579
Total	179,622	167,078	163,944

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 nil (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 two members and one deputy member (male) (2022: two members (male)).

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

Some internal expenses for collections are included in personnel expenses, amounting to EUR 1,752k in 2023 (2022: EUR 1,355k).

NOTE 8. CONSULTING EXPENSES

Group EUR '000s	2023	2022
Consultancy fees	2,700	1,931
Legal fees	866	–
PwC		
Audit assignments	488	273
Tax assignments	33	26
Other audit related assignments	6	–
DDM Group management fees	6,000	6,100
Total	10,093	8,330

Parent Company EUR '000s	2023	2022
Consultancy fees	24	125
Legal fees	66	–
Öhrlings PwC		
Audit assignments	20	5
Total	110	130

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	676	262
Non-deductible VAT	277	117
Other office costs	152	126
Rental expenses	144	53
Business travel expenses	116	34
Total	2,359	1,089

Parent Company EUR '000s	2023	2022
Non-deductible VAT	4	4
Other operating expenses	1	32
Total	5	36

Some internal expenses for collections are included in other operating expenses, amounting to EUR 1,492k in 2023 (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	179	816
Realized gains on financial assets at fair value	117	–
Total financial income	10,520	1,385
Financial expenses		
Interest expense	(19,533)	(19,537)
Amortization of transaction costs	(1,129)	(1,154)
Loss on financial assets at fair value	–	(1,931)
Bank charges	(99)	(263)
Other financial expenses	(604)	(63)
Realized exchange losses	–	(560)
Total financial expenses	(21,365)	(23,508)
Net financial expenses	(10,845)	(22,123)

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		
Interest income	2,295	2,044
Total financial income	2,295	2,044
Financial expenses		
Interest expense	(2,684)	(2,428)
Bank charges	(3)	–
Amortization of transaction costs	–	(158)
Realized / unrealized exchange losses	–	(1)
Total financial expenses	(2,687)	(2,587)
Net financial (expenses) / income	(392)	(543)

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	–	–
Total tax expense	–	–

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	(7,282)	(4,840)
Tax calculated at 11.80% (Swiss) tax rate (prior year 11.85%)	859	574
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	(531)	(391)
Total tax (expense) / income	(798)	243

Parent Company		
EUR '000s	2023	2022
(Loss) / profit before tax	(507)	(709)
Tax calculated at 20.6% (Swedish) tax rate (prior year 20.6%)	104	146
Adjustment for previous years and other	(104)	(146)
Total tax expense	–	–

The Group's effective tax rate was 11.0% for 2023 (5.0% for 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	(8,002)	(4,676)
Total	(8,002)	(4,676)
Weighted average number of ordinary shares	500	500
Earnings per share before dilution (EUR)	(16,004)	(9,352)
Total potential dilutive shares	–	–
Weighted average number of shares outstanding – fully diluted	500	500
Diluted earnings per share (EUR)	(16,004)	(9,352)

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

Name of entity	Corporate identity number	Domicile	% of ownership interest			Nature of relationship
			31 Dec 2023	31 Dec 2022	1 Jan 2022	
CE Partner S.a.r.l.	B230176	Luxembourg	50%	50%	50%	Joint Venture
CE Holding Invest S.C.S	B230358	Luxembourg	50%	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 Finance 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	1 January 2022
Summarized balance sheet			
Non-current assets			
Portfolio investments	53,447	58,635	63,541
Current assets			
Cash and cash equivalents	667	172	3,371
Other current assets	172	732	–
Total assets	54,286	59,540	66,912
Current liabilities			
Other current liabilities	541	407	2,145
Total liabilities	541	407	2,145
Equity	53,745	59,133	64,767
Total liabilities and equity	54,286	59,540	66,912

EUR '000s	2023	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 Finance 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 Finance 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 Finance 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 Finance 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 Finance 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 Finance 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.

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 Finance 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 Finance Group.

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

EUR '000s	31 December 2023	31 December 2022	1 January 2022
EUR	44,173	3,737	9,155
RON	14,171	4,347	5,279
PLN	13,546	10,070	5,781
HUF	4,448	5,445	7,309
RSD	1,419	1,508	1,591
CZK	141	184	284
HRK	–	45,160	51,179
Total	77,898	70,451	80,578

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

An appreciation of the euro of 10% as at 31 December 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, 1 January 2022: loss of EUR 0.5M)

and against the Polish Zloty a loss of EUR 1.4M (31 December 2022: loss of EUR 1.0M, 1 January 2022: loss of EUR 0.6M). Consequently, a depreciation of the euro of 10% at 31 December 2023, 31 December 2022 and 1 January 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	1 January 2022
EUR	1,967	22	313
GBP	366	–	–
PLN	–	329	–
Total	2,333	351	313

NOTE 23. CURRENT RECEIVABLES

Group EUR '000s	31 December 2023	31 December 2022	1 January 2022
Accounts receivable	1,271	513	1,711
Tax assets	98	197	82
Other receivables	3,597	4,265	4,215
Prepaid expenses and accrued income	2,046	3,527	1,506
Total	7,012	8,502	7,514

Group EUR '000s	31 December 2023	31 December 2022	1 January 2022
Accounts receivable < 30 days	1,271	503	1,650
Accounts receivable 31-60 days	–	10	1
Accounts receivable 61-90 days	–	–	45
Accounts receivable > 91 days	–	–	15
Total	1,271	513	1,711

No provision (31 December 2022: EUR 2k, 1 January 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	1 January 2022
EUR	818	347	1,161
RON	448	–	56
PLN	5	53	–
HRK	–	113	18
HUF	–	–	474
Other	–	–	2
Total	1,271	513	1,711

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

Parent EUR '000s	31 December 2023	31 December 2022	1 January 2022
Other receivables	26	26	22
Total	26	26	22

NOTE 24. CASH AND CASH EQUIVALENTS

Group EUR '000s	31 December 2023	31 December 2022	1 January 2022
Cash and cash equivalents	20,717	52,310	64,426
Total	20,717	52,310	64,426

Parent Company EUR '000s	31 December 2023	31 December 2022	1 January 2022
Cash and cash equivalents	2	25	1,677
Total	2	25	1,677

At 31 December 2023, 31 December 2022 and 1 January 2022 the majority of the DDM Finance 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 500 shares have a quota of 11.258 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 Finance's 75.2% indirectly-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
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 Finance Group's leases are leases of office buildings

NOTE 28. BOND LOANS AND BORROWINGS

The DDM Finance Group had the following borrowings at the balance sheet dates of 31 December 2023, 31 December 2022 and 1 January 2022. See note 4 for a description of contractual undiscounted cash flows.

Bond loan EUR 200m

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

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

Senior secured notes

In 2017-2019 DDM Finance issued EUR 18m in total of senior secured notes. DDM Finance used the majority of the net proceeds to provide a shareholder loan to DDM Finance's wholly owned subsidiary DDM Debt, which thereby qualifies as equity under the current DDM Debt senior secured bond terms. Under the terms and conditions investors receive a share pledge over the shares of DDM Finance, and any downstream loans to DDM Finance's direct subsidiary are pledged to investors as intercompany loans. The maturity date of the senior secured notes was originally 30 June 2022, but was extended to 31 March 2023, with a partial repayment of EUR 12.5m of accrued interest and principal made on 7 July 2022. On 12 April 2023 a further partial repayment of EUR 6.5m of accrued interest and principal was made relating to the EUR 18m senior secured notes, and the maturity of the remaining outstanding notes was extended until 31 March 2024.

The accrued interest expense on the EUR 3.4M of senior secured notes at 31 December 2023 was EUR 362k, and was classified under current liabilities in accordance with the terms and conditions of the notes (31 December 2022: EUR 635k, 1 January 2022: EUR 2,203k).

Borrowings, EUR 17.6m

During 2022 DDM Finance AB entered into a loan agreement with DDM Group Finance S.A. for an amount of EUR 11,070k, at an annual interest rate of 12%. In Q2 2023 an additional loan of EUR 6,550k was entered into between DDM Finance AB and DDM Group Finance S.A. The total loan from DDM Group Finance S.A. was transferred in Q2 2023 to DDM Group AG and in Q4 2023 to Chronos Investments S.à r.l.

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
Senior secured notes	3,357	–	–	–	–	–	3,357
Borrowings, Chronos Investments S.à r.l.	–	–	17,620	–	–	–	17,620
Total	5,010	6,073	184,426	1,937	502	781	198,729
at 31 December 2022							
Bond loan, 9%	–	–	–	184,449	–	–	184,449
Bonds, AxFina Polska	348	559	505	457	465	1,463	3,797
Senior secured notes	8,809	–	–	–	–	–	8,809
Borrowings, DDM Group Finance S.A.	–	11,070	–	–	–	–	11,070
Total	9,157	11,629	505	184,906	465	1,463	208,125
at 1 January 2022							
Bond loan, 9%	–	–	–	–	183,452	–	183,452
Senior secured notes	17,842	–	–	–	–	–	17,842
Total	17,842	–	–	–	183,452	–	201,294
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							
Senior secured notes	3,357	–	–	–	–	–	3,357
Borrowing, Chronos Investments S.à r.l.	–	–	17,620	–	–	–	17,620
Total	3,357	–	17,620	–	–	–	20,977
at 31 December 2022							
Senior secured notes	8,809	–	–	–	–	–	8,809
Borrowing, DDM Group Finance S.A.	–	11,070	–	–	–	–	11,070
Total	8,809	11,070	–	–	–	–	19,879
at 1 January 2022							
Senior secured notes	17,842	–	–	–	–	–	17,842
Total	17,842	–	–	–	–	–	17,842

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	52,310	(9,174)	(198,951)	(155,815)
Cash flow	(33,936)	5,863	2,800	(25,273)
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	144	(46)	(164)	(66)
At 31 December 2023	20,717	(5,010)	(193,719)	(178,012)

Amounts in EUR '000s	Cash and cash equivalents	Current borrowings	Non-current borrowings	Total
At 1 January 2022	64,426	(17,842)	(183,452)	(136,868)
Cash flow	(20,719)	9,191	(11,070)	(22,598)
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	–	16	(196)	(180)
Exchange movements	1,066	1	(77)	990
At 31 December 2022	52,310	(9,174)	(198,951)	(155,815)

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	(33,936)	(20,719)
Cash acquired from purchase of subsidiary	2,199	7,537
Borrowing acquired from purchase of subsidiary	(4,327)	(3,700)
Increase in external borrowings	(11,002)	(11,070)
Repayment of external borrowings	19,665	9,191
Change in net debt resulting from cash flows	(27,401)	(18,761)
Amortization of transaction costs (non-cash)	(1,129)	(996)
Other non-cash movements	6,399	(180)
Exchange movements	(66)	990
Movement in net debt during the year	(22,197)	(18,947)
Opening net debt	(155,815)	(136,868)
Closing net debt	(178,012)	(155,815)

NOTE 30. CURRENT LIABILITIES

Group EUR '000s	Less than 3 months	3 – 12 months	Total
At 31 December 2023			
Accounts payable	2,074	1,588	3,662
Tax liabilities	–	900	900
Accrued interest	407	2,980	3,387
Accrued expenses and deferred income	1,670	2,131	3,801
Current lease liabilities	67	202	269
Current loans	3,875	1,135	5,010
Total current liabilities	8,093	8,936	17,029
At 31 December 2022			
Accounts payable	607	–	607
Tax liabilities	–	229	229
Accrued interest	635	3,986	4,621
Accrued expenses and deferred income	1,018	1,302	2,320
Current lease liabilities	20	187	207
Current loans	8,809	365	9,174
Total current liabilities	11,089	6,069	17,158
At 1 January 2022			
Accounts payable	323	–	323
Tax liabilities	153	261	414
Accrued interest	–	5,548	5,548
Accrued expenses and deferred income	275	2,192	2,467
Current loans	–	17,842	17,842
Total current liabilities	751	25,843	26,594

Parent Company EUR '000s	Less than 3 months	3 – 12 months	Total
At 31 December 2023			
Borrowings	3,357	–	3,357
Accounts payable	3	–	3
Payables to other group companies	150	–	150
Accrued interest	362	–	362
Accrued expenses and deferred income	13	–	13
Total current liabilities	3,885	–	3,885
At 31 December 2022			
Borrowings	8,809	–	8,809
Accounts payable	1	–	1
Payables to other group companies	–	564	564
Accrued interest	635	–	635
Total current liabilities	9,445	564	10,009
At 1 January 2022			
Borrowings	–	17,842	17,842
Accounts payable	4	–	4
Payables to other group companies	–	564	564
Accrued interest	–	2,203	2,203
Accrued expenses and deferred income	4	–	4
Total current liabilities	8	20,609	20,617

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 Finance AB's indirect subsidiary, DDM Invest III AG. Therefore, the DDM Finance 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	1 January 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	1 January 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 2022	–	–	–
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:

			Effect on DBO, EUR '000s 31 Dec 2023	Effect on DBO, EUR '000s 31 Dec 2022	Effect on DBO, EUR '000s 1 Jan 2022
Sensitivity analysis					
Discount rate	1.50%	0.25% increase	(112)	N/A	N/A
Discount rate	1.50%	0.25% decrease	162	N/A	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	N/A
	BVG 2020 Generational tables with CMI 2018	Decrease of 1 year in expected lifetime of plan participants at age 65	(29)	N/A	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	Allocation percentage 1 January 2022
Equity securities	31.95%	N/A	N/A
Debt securities	28.71%	N/A	N/A
Real estate/property	17.88%	N/A	N/A
Cash and cash equivalents	0.96%	N/A	N/A
Other	20.50%	N/A	N/A
Total	100.00%	N/A	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 Group Finance S.A	-	(423)	-	(423)
Omnione S.A.	-	-	907	907
Omnione Group Limited	-	-	1,413	1,413
Zalent Co. Limited	-	-	687	687
Chronos Investments S.à r.l	-	(364)	738	374
Total	(6,000)	(787)	3,928	(2,859)

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 from Chronos Investments S.à r.l.	–	(17,620)	(17,620)
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)
Payables to Chronos Investments S.à r.l.	–	(444)	(444)
Accrued interest to Chronos Investments S.à r.l.	–	(2,551)	(2,551)
Total	734	9,207	9,941

Compensation (to) / from related parties

Parent Company EUR '000s	Interest expense	Interest income	Total
2023			
DDM Debt AB	–	2,295	2,295
DDM Group Finance S.A.	(423)	–	(423)
DDM Group AG	(1,122)	–	(1,122)
Chronos Investments S.à r.l.	(364)	–	(364)
Total	(1,909)	2,295	386

Receivables, payables and debts – related parties

Parent Company EUR '000s	Current	Non-current	Total
at 31 December 2023			
Receivables from DDM Debt AB	–	7,552	7,552
Loan to DDM Debt AB	–	37,586	37,586
Borrowings, Chronos Investments S.à r.l.	–	(17,620)	(17,620)
Accrued interest on borrowings from Chronos Investments S.à r.l.	–	(2,551)	(2,551)
Payables to Chronos Investments S.à r.l.	–	(444)	(444)
Payables to DDM Debt AB	(150)	–	(150)
Total	(150)	24,523	24,373

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 Group Finance S.A	–	–	(642)	–	(642)
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)	(642)	3,625	(4,388)

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)
Loan from DDM Group Finance S.A.	–	(11,070)	(11,070)
Accrued interest cost DDM Group Finance SA	(642)	–	(642)
Total	2,328	35,312	37,640

Compensation (to) / from related parties

Parent Company EUR '000s	Interest expense	Interest income	Total
2022			
DDM Debt AB	–	2,044	2,044
DDM Group Finance S.A.	(642)	–	(642)
Total	(642)	2,044	1,402

Receivables, payables and debts – related parties

Parent Company EUR '000s	Current	Non-current	Total
at 31 December 2022			
Receivables from DDM Debt AB	–	5,258	5,258
Loan to DDM Debt AB	–	37,586	37,586
Borrowings, DDM Group Finance S.A.	–	(11,070)	(11,070)
Accrued interest on borrowings from DDM Group Finance S.A.	–	(642)	(642)
Payables to DDM Group AG	(414)	–	(414)
Payables to DDM Debt AB	(150)	–	(150)
Total	(564)	31,132	30,568

Receivables, payables and debts – related parties

Group EUR '000s	Current	Non-current	Total
at 1 January 2022			
Loan to AxFina Holding S.A.	–	250	250
Loan to DDM Group AG	–	4,000	4,000
Receivables from DDM Group AG	–	5,936	5,936
Interest receivable from DDM Group AG	–	1,649	1,649
Payables to DDM Group AG	–	(3,689)	(3,689)
Payables to DDM Holding AG	–	(9)	(9)
Receivables from AxFina Holding S.A.	1,367	–	1,367
Accrued interest income AxFina Austria GmbH	–	53	53
Payables to AxFina, poslovne storitve d.o.o.	(2)	–	(2)
Payables to AxFina Croatia d.o.o.	(3)	–	(3)
Total	1,362	8,190	9,552

Parent Company EUR '000s	Current	Non-current	Total
at 1 January 2022			
Receivables from DDM Debt AB	–	3,214	3,214
Loan to DDM Debt AB	–	37,586	37,586
Payables to DDM Group AG	(414)	–	(414)
Payables to DDM Debt AB	(150)	–	(150)
Total	(564)	40,800	40,236

The Company has defined the Company's management, the Board of Directors in the Parent Company, DDM Finance AB, the owners of DDM Finance AB 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		Name	2023	2022
For the year ended 31 December				
EUR '000s	Type of transaction			
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 Finance 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 Finance 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 Finance 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 Finance 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 Finance AB's subsidiary, 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 the DDM Finance 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 Finance Group. AxFina will also facilitate new market entries for the DDM Finance Group (e.g. in Poland, where AxFina has recently established a presence). By taking a direct stake in its key debt servicing partner, DDM Finance is following a well-established industry practice and expects its core NPL business to benefit from a closer collaboration between the DDM Finance Group 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 Finance 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 Finance 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 Finance Group amounted to EUR 2.3m (2022: EUR 3.4m) which has been recognized in interest income during 2023.

In December 2022 the DDM Finance 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 Finance Group amounted to EUR 0.7m (2022: EUR 47k) which has been recognized in financial income during 2023.

The DDM Finance 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 Finance 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 Finance 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	1 January 2022
Investment	6,035	6,035	6,035
Total	6,035	6,035	6,035

Parent Company	
EUR '000s	Investment
At 1 January 2022	6,035
Acquisitions	–
At 31 December 2022	6,035
At 1 January 2023	6,035
Acquisitions	–
At 31 December 2023	6,035

The Parent Company holds shares in the following subsidiaries:

EUR '000s	Corporate identity number	Domicile	Proportion of equity 31 Dec 2023	Proportion of equity 31 Dec 2022	Proportion of equity 1 Jan 2022	Net book value 31 Dec 2023	Net book value 31 Dec 2022	Net book value 1 Jan 2022
DDM Debt AB (publ)	559053-6230	Sweden	100%	100%	100%	6,035	6,035	6,035
DDM Invest III AG*	CHE115.238.947	Switzerland	100%	100%	100%	–	–	–
DDM Mergeco AG in liquidation**	CHE353.292.452	Switzerland	100%	100%	100%	–	–	–
DDM Invest V d.o.o.**	8297355000	Slovenia	100%	100%	100%	–	–	–
DDM Invest VII d.o.o.*	7109806000	Slovenia	100%	100%	100%	–	–	–
DDM Debt Management d.o.o Beograd*	21313963	Serbia	100%	100%	100%	–	–	–
DDM Debt Romania S.R.L*	39689815	Romania	100%	100%	100%	–	–	–
DDM REO Adria d.o.o.**	05288215	Croatia	100%	100%	100%	–	–	–
Finalp Zrt.**	06-10-000554	Hungary	100%	–	–	–	–	–
AxFina Holding S.A*	B239375	Luxembourg	75.2%	50.2%	–	–	–	–
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 Ingtatlan 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						6,035	6,035	6,035

* DDM Invest III AG, DDM Invest VII d.o.o, DDM Debt Romania S.R.L, DDM Debt Management d.o.o Beograd and AxFina Holding SA are subsidiaries indirectly held through DDM Debt AB (publ).

** 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.

*** 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 Ingtatlan Zrt and AxFina Servicing Kft are subsidiaries indirectly held through AxFina Holding S.A.

The DDM Finance Group 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 Finance Group acquired a further 25.05% stake in AxFina from DDM Group Finance S.A. in April 2023 for EUR 7m.

The DDM Finance 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.

The DDM Finance Group'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	27,201,379
Net loss for the year	(507,398)
Total	26,693,981

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

EUR	2023
Balance carried forward	26,693,981
Total	26,693,981

NOTE 36. PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

The Parent Company has pledged its shares as security under the terms and conditions of the senior secured notes. The shares of DDM Debt AB and the shares of DDM Debt AB's material wholly-owned subsidiaries have been pledged as security under the terms and conditions of the senior secured bonds.

The Parent Company's pledged collateral in the form of shares held in DDM Debt AB and the material wholly-owned subsidiaries amounted to EUR 224k at 31 December 2023 (EUR 204k at 31 December 2022). The DDM Finance Group had no bank guarantees at 31 December 2023 (31 December 2022: EUR nil, 1 January 2022: EUR 5k). Neither the DDM Finance Group nor the Parent Company has any other pledged assets, contingent liabilities or other items to report.

The DDM Finance 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
At 1 January 2022	–	–	–	–

NOTE 37. SHARE-BASED COMPENSATION

In July 2021, DDM Group Finance S.A., the ultimate parent company of DDM Finance AB until 1 November 2023, 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 S.à r.l 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 Finance Group but whose employment contracts were transferred to the DDM Finance 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 Finance 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 Finance Group consolidated financial statements for the year 2023 (2022: nil).

NOTE 38. EVENTS AFTER THE BALANCE SHEET DATE

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

The senior secured notes of EUR 3,357k at 31 December 2023 were forgiven and contributed by Chronos Investments S.à r.l to the equity of DDM Finance on 31 March 2024.

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 Finance 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 Finance Group discloses the alternative performance measure "Net collections" in the notes separately, as it is an important measurement for the DDM Finance Group to monitor the performance of the portfolios and measure the cash available for operating expenses and to service its debt. The DDM Finance Group believes that disclosing net collections as a separate performance measure in the notes improves the transparency and understanding of the DDM Finance 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 Finance Group's own forecast of future cash flows from acquired portfolios. Reporting follows the effective interest method, where the carrying value of each portfolio corresponds to the present value of all projected future cash flows discounted by an initial effective interest rate determined at the time the portfolio was purchased, based on the relation between cost and the projected future cash flows on the acquisition date. Changes in the carrying value of the portfolios are reported as amortization, revaluation and impairment for the period.

Operating expenses and Cash EBITDA:

Amounts in EUR '000s	1 Jan – 31 Dec	1 Jan – 31 Dec
	2023	2022
Net collections*	48,723	61,183
Revenue from management fees	1,071	605
Personnel expenses	(5,964)	(2,449)
Consulting expenses	(10,093)	(8,330)
Other operating expenses	(2,359)	(1,089)
Operating expenses	(18,416)	(11,868)
Cash EBITDA	31,378	49,920

* 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 66 for a reconciliation of alternative performance measures ("APMs") to IFRS

Net debt:

Amounts in EUR '000s	31 December 2023	31 December 2022	1 January 2022
Bond loan, 9%	165,339	184,449	183,452
Bonds, AxFina Polska	3,656	3,797	–
Bonds, E-Kancelaria	3,226	–	–
Borrowings, E-Kancelaria	1,101	–	–
RCF	4,430	–	–
Senior secured notes	3,357	8,809	17,842
Borrowings, Chronos Investments S.à r.l.	17,620	11,070	–
Less: Cash and cash equivalents	(20,717)	(52,310)	(64,426)
Net debt	178,012	155,815	136,868

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	16,075	27,932
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	31,378	49,920

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

Adjusted key figures for gross collections, net collections 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 Finance Group’s run rate cost level, significant earnings effects from acquisitions and disposals and incremental distributions from associates and joint ventures.

These measures do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to the calculation of similar measures used by other companies. The APMs are regularly reviewed by Management and their aim is to enhance stakeholders’ understanding of the Company’s performance and to enhance comparability between financial years. The APMs are reported in addition to but are not substitutes for the financial statements prepared in accordance with IFRS. The APMs provide a basis to evaluate operating profitability and performance trends, excluding the impact of items which in the opinion of Management, distort the evaluation of the performance of our operations. The APMs also provide measures commonly reported and widely used by investors as an indicator of the Company’s operating performance and as a valuation metric of debt purchasing companies. Furthermore, APMs are also relevant when assessing our ability to incur and service debt. APMs are defined consistently over time and are based on the financial data presented in accordance with IFRS.

GLOSSARY

AGM Annual General Meeting	EUR Refer to the single currency of the participating member states in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time	PLN Polish Zloty, the currency of Poland
BN Billion	HRK Croatian kuna, the currency of Croatia	RON Romanian leu, the currency of Romania
CHF Swiss franc, the currency of Switzerland	HUF Hungarian forint, the currency of Hungary	RSD Serbian Dinar, the currency of Serbia
CZK Czech koruna, the currency of the Czech Republic	M Million	SEK Swedish krona, the currency of Sweden
DCA Debt collection agency	NPL Non-performing loans	Southern, Central and Eastern Europe ("SCEE") The countries in EuroVoc's definition of CEE plus Greece, Italy and the Baltic states
DDM Finance Group, the Company or the Group DDM Finance AB, Swedish Corporate ID No. 559053- 6214, and its subsidiaries	Parent Company DDM Finance AB, Swedish Corporate ID No. 559053- 6214	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	expected dividends, distributions or other payments from investments (not double counting), in each case for the next following 120 months, either directly or as a result of any rights to collect or any rights to participate in amounts generated from portfolios or investments. This includes the Group's share of proceeds on all portfolios purchased or other investments made, however adjusted for any profit-sharing arrangements entered into by any member of the Group and where available the market value of any portfolio acquired or investment made. ERC is not a balance sheet item, however it is provided for informational purposes as a common measure in the debt purchasing industry. ERC may be calculated differently by other companies and may not be comparable.	Net collections Gross collections from Portfolios held by the Group less commission and collection fees to third parties (but if such Portfolios are partly owned, only taking into consideration such Group Company's pro rata share of the gross collections and commission and fees)
Cash EBITDA Net collections, less operating expenses		Net debt Long-term and short-term third-party loans, interest-bearing intercompany loans (excluding subordinated debt) and liabilities to credit institutions (bank overdrafts) less cash and cash equivalents
EBIT Earnings before interest and taxes		Non-recurring items One-time costs not affecting the DDM Finance Group's run rate cost level
EBITDA Earnings before interest, taxes, depreciation of fixed assets as well as amortization, revaluation and impairment of invested assets	Impairment of invested assets Invested assets are reviewed at each reporting date and impaired if there is objective evidence that one or more events have taken place that will have a negative impact on the amount of future cash flows	Operating expenses Personnel, consulting and other operating expenses.
EBIT margin EBIT as a percentage of revenue on invested assets and share of net profits / (losses) from joint ventures and associates	Invested assets The DDM Finance Group's invested assets consist of purchases of distressed asset portfolios, investments in joint ventures and associates and financial assets at fair value	Revaluation of invested assets Invested assets are reviewed at each reporting date and revalued if there is objective evidence that one or more events have taken place that will have a positive impact on the timing or amount of future cash flows, or a negative impact on the timing of future cash flows
Equity Shareholders' equity at the end of the period		
Estimated Remaining Collections / ERC Estimated Remaining Collections refers to the sum of future, undiscounted projected cash collections before commission & fees from acquired portfolios and future reasonably		

SIGNATURES

The Group's income statement and balance sheet will be presented for adoption at the Annual General Meeting on 28 June 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, 27 June 2024

Jörgen Durban
Chairman of the board

Erik Fällström
Board member

Our Audit Report was presented on 27 June 2024

Öhrlings PricewaterhouseCoopers AB

Susanne Sundvall
Authorized Public Accountant



Auditor's report (Translation)

To the general meeting of the shareholders of DDM Finance AB, org nr 559053-6214

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of DDM Finance AB for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 4-66 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3 and 67-69. The Board of Directors is responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Board of Directors

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

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

Auditor's responsibility

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors of DDM Finance AB for the year 2023 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable



considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

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

Auditor's responsibility

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

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

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

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

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

Stockholm on 27 June 2024
Öhrlings PricewaterhouseCoopers AB

Susanne Sundvall
Authorized Public Accountant

DDM FINANCE AB

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



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