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DDM DEBT AB (PUBL)

Tender Information Document in respect of a tender offer for outstanding EUR bonds

DDM Debt AB (publ), Reg. No. 559053-6230 (the "**Issuer**") today announces its invitation to the holders (including any beneficial owners who hold their bonds via nominees or custodians) (the "**Bondholders**" and each a **"Bondholder"**) of its outstanding up to EUR 300,000,000 senior secured bonds (2021/2026) with ISIN SE0015797683 as outlined below (together, the "**Bonds**") to tender any and all of their Bonds for purchase by the Issuer for cash (the "**Tender Offer**") subject to the satisfaction of the New Financing Conditions (as defined below) being met. The Issuer has appointed Arctic Securities AS ("**Arctic**") to act as dealer manager in connection with the Tender Offer.

The Issuer has issued new EUR denominated super senior secured bonds in an amount of EUR 25,000,000 (the "**Super Senior Bonds**").

The Tender Offer is made on the terms and subject to the conditions set out below.

<u>All Bondholders are strongly encouraged to review and consider the Tender Offer including the risk factors attached hereto in in Schedule 1 (*Risk Factors*).</u>

Purchase price
Subject to the terms and conditions set out in this tender information document and the applicable minimum denomination in respect of the Bonds, the Issuer offers to purchase the Bonds in cash at prices to be determined pursuant to a separate modified Dutch auction, on the terms and subject to the conditions described in this tender information document.:

Description of the Bonds	ISIN	Outstanding Amount	Minimum Denomination	Purchase Price	Maximum Acceptance Amount
Senior Secured Callable Bonds	SE0015797683	EUR 200,000,000	EUR 100,000	to be determined pursuant to a Modified Dutch Auction Procedure	The Issuer proposes to accept, on the terms and subject to the conditions described in this Tender Information Document, Bonds for purchase up to a maximum principal amount (the "**Maximum Acceptance Amount**") such that the total purchase consideration for Bonds validly tendered and accepted for purchase (excluding payment of Accrued Interest) does not exceed EUR 20,000,000.

The price that the Issuer will pay for Bonds validly tendered and accepted for purchase by the Issuer pursuant to the Tender Offer will be determined pursuant to a modified Dutch auction procedure, as further described in this tender information document (the "**Modified Dutch Auction Procedure**").

Under the Modified Dutch Auction Procedure, the purchase price in respect of the Bonds validly tendered by a Bondholder and which will be purchased by the Issuer pursuant to the Tender Offer (each such price, expressed as a percentage of the aggregate nominal amount of the Bonds which will be purchased by the Issuer from a Bondholder, a "**Purchase Price**") shall be determined pursuant to a Modified Dutch Auction Procedure.

The Issuer will also pay an amount equal to any accrued and unpaid interest on the Bonds in accordance with the terms and conditions of the Bonds ("**Accrued Interest**").

Modified Dutch Auction Procedure
Under the Modified Dutch Auction Procedure, the Issuer will determine, in its sole discretion, following the Expiration Date (as defined below), (i) the aggregate nominal amount of the Bonds (if any) it will accept for purchase pursuant to the Tender Offer and (ii) a single purchase price for the Bonds, expressed as a percentage of the nominal amount of the Bonds, at which it will purchase the said Bonds validly tendered pursuant to the Tender Offer.

A tender instruction for the Bonds shall specify the purchase price for the Bonds at which the Bondholder is willing to participate in the Tender Offer. Bonds tendered at prices equal to or lower than the final Purchase Price for the Bonds will be accepted for purchase, and will be purchased at the Purchase Price for the Bonds. Bonds offered for tender at a purchase price above the Purchase Price will not be accepted in the Tender Offer.

Maximum Acceptance Amount
The Issuer proposes to accept, on the terms and subject to the conditions described in this Tender Information Document, Bonds for purchase up to a maximum principal amount (the "**Maximum Acceptance Amount**") such that the total purchase consideration for Bonds validly tendered and accepted for purchase (excluding payment of Accrued Interest) does not exceed EUR 20,000,000. The Issuer reserves the right, in its sole and absolute discretion, to purchase more or less than the Maximum Acceptance Amount.

Deadline
The Tender Offer expires on 6 December 2024, unless extended, re-opened, withdrawn or terminated at the sole discretion of the Issuer (the "**Expiration Date**"). The Issuer will announce, the results and whether any Bonds will be accepted under the Tender Offer as soon as reasonably practicable after the Expiration Date. Settlement of the Tender Offer is expected to occur approximately two business days after the Expiration Date (the "**Settlement Date**").

Subject to the terms and conditions set out in this tender information document and applicable law, the Issuer may, in its sole and absolute discretion, extend, re-open, amend or waive any condition of or terminate the Tender Offer at any time. Bondholders are advised to read carefully this document for the details of and information on the procedures for participating in the Tender Offer.

Purpose of the Tender Offer
The Tender Offer is being made as part of the Issuer's commitments to exercise active management of its balance sheet. The purpose of the Tender Offer is to pro-actively manage the Issuer's upcoming redemptions, reduce its average interest costs and to lengthen and diversify its debt maturity profile.

New Financing Conditions
The Issuer's acceptance of Bonds validly tendered for purchase pursuant to the Tender Offer is conditional upon, in the sole and absolute discretion and determination of the Issuer, the successful outcome of the issuance of Super Senior Bonds (including fulfilment of the conditions precedent for disbursement of the net proceeds from the issue of the Super Senior Bonds and the receipt of funds by the Issuer), which will enable the Issuer to finance the Purchase Price and Accrued Interest of the total amount of Bonds validly tendered and accepted for purchase pursuant to the Tender Offer (together "**New Financing Conditions**").

For the avoidance of doubt, the Issuer is not under any obligation to accept any tender of Bonds for purchase pursuant to the Tender Offer. Any tender of Bonds for purchase may be rejected by the Issuer for any reason, and the Issuer is not under any obligation to Bondholders to furnish any reason or justification for refusing to accept a tender of Bonds for purchase.

The Issuer's acceptance of Bonds validly tendered in accordance with the terms and conditions of the Tender Offer will be irrevocable, but always subject to the satisfaction of the New Financing Conditions.

Arctic acting as settlement agent
Settlement of the transactions pursuant to the Tender Offer will occur as a secondary trade via Arctic. Arctic is acting solely as settlement agent on behalf of the Issuer, and any trades booked as part of the settlement of the Tender Offer shall be understood as being between the relevant Bondholders and the Issuer, with relevant risks and responsibilities to carry out such settlement being between the Bondholders and the Issuer. Bondholders should note that Arctic will not be bound to make any payments to Bondholder, and any payments to Bondholders by Arctic on behalf of the Issuer will be subject to the aggregate amount of all amounts payable by the Issuer having been identified as being received by Arctic. Arctic disclaim any liability whatsoever toward Bondholders in connection with the Tender Offer and any execution of the tender settlement.

Participation
Bondholders can only participate in the Tender Offer by submitting a valid tender instruction. Only Bondholders who are clients of, and can execute a secondary trade upon settlement with, Arctic with all required know your customer (KYC) and similar documentation in place may participate in this Tender Offer and Bondholders must contact Arctic to receive a tender application form that includes the details of how to participate in the Tender Offer. Tender instructions given via the tender application form or via other form of tender instructions in a way that is permitted in accordance with what is stated in the tender application form are irrevocable by the Bondholders, except for in the limited circumstances described in the tender application form.

Bondholders should consult their own tax, accounting, financial and legal advisers regarding the suitability to themselves of the tax, accounting, financial and legal consequences of participating in the Tender Offer. Bondholders who do not participate in the Tender Offer, or whose Bonds are not accepted for purchase by the Issuer, will continue to hold their Bonds subject to the terms and conditions of the Bonds. To obtain a tender application form and participate in the Tender Offer please contact Arctic at the details below.

CONTACT INFORMATION

Arctic
Email: ddm.syndicate@arctic.com

DDM Debt AB (publ)
Email: investor@ddm-group.ch

This document is released by the Issuer and contains information that qualified or may have qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR), encompassing information relating to the Tender Offer described above. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this document is released, on behalf of the Issuer, at 12:30 CET on 4 December 2024.

DISCLAIMER

This document contains important information which should be read carefully before any decision is made with respect to the Tender Offer. If any Bondholder is in any doubt as to the action it should take or is unsure of the impact of the Tender Offer, it is recommended to seek its own financial and legal advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent financial or legal adviser. Any Bondholder whose Bonds are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee or intermediary must contact such entity if it wishes to tender such Bonds pursuant to the Tender Offer. Neither the Issuer nor Arctic nor their respective directors, employees or affiliates makes any recommendation as to whether Bondholders should tender Bonds for purchase pursuant to the Tender Offer.

Offer and Distribution Restrictions

This document does not constitute an invitation to participate in the Tender Offer in any jurisdiction in which, or to any person to or from whom, it is unlawful to make such invitation or for there to be such participation under applicable securities laws. The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by each of the Issuer and Arctic to inform themselves about and to observe any such restrictions.

United States

The Tender Offer is not being made and will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of a national securities exchange of, the United States or to any U.S. Person (as defined in Regulation S of the Securities Act (each a "**U.S. Person**")). This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. Accordingly, copies of this document and any other documents or materials relating to the Tender Offer are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to a U.S. Person and the Bonds cannot be tendered in the Tender Offer by any such use, means, instrumentality or facility or from or within or by persons located or resident in the United States or by any U.S. Person. Any purported tender of Bonds in the Tender Offer resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of Bonds made by a person located in the United States, a U.S. Person, by any person acting for the account or benefit of a U.S. Person, or by any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

Bondholder participating in the Tender Offer will represent that it is not a U.S. Person, it is not located in the United States and is not participating in the Tender Offer from the United States, or it is acting on a nondiscretionary basis for a principal located outside the United States that is not giving an order to participate in the Tender Offer from the United States and who is not a U.S. Person. For the purposes of this and the above paragraph, "**United States"** means the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

United Kingdom

This document and any other documents or materials relating to the Tender Offer is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000, as amended. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**")) or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order.

General

Neither this document nor the electronic transmission thereof constitutes an offer to buy or the solicitation of an offer to sell Bonds (and tenders of Bonds for purchase pursuant to the Tender Offer will not be accepted from Bondholders) in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require the Tender Offer to be made by a licensed broker or dealer and Arctic or any of their affiliates are such a licensed broker or dealer in any such jurisdiction, the Tender Offer shall be deemed to be made by such affiliate, as the case may be, in such jurisdiction.

Further, the Tender Offer does not constitute or form part of (i) a prospectus within the meaning of Regulation (EU) No 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public and admitted to trading on a regulated market, and repealing Directive 2003/71/EC, nor (ii) a tender offer document as referred to in Chapter 2 a of the Swedish Financial Instruments Trading Act (Sw. *lag om handel med finansiella instrument (1991:980), as amended*). Each Bondholder participating in the Tender Offer will be deemed to give certain other representations in respect of the other jurisdictions referred to above and generally as set out in the application form for participating in the Tender Offer available from Arctic. Any tender of Bonds for purchase pursuant to the Tender Offer from a Bondholder that is unable to make these representations will not be accepted.

The Issuer reserves the right, in its sole and absolute discretion, to investigate, in relation to any tender of Bonds for purchase pursuant to the Tender Offer, whether any such representation given by a Bondholder is correct and, if such investigation is undertaken and as a result the Issuer determines (for any reason) that such representation is not correct, such tender or submission may be rejected.

RISK FACTORS

Schedule 1

RISK FACTORS

*This section features risk factors that are specific to DDM Debt AB's (publ) ("**DDM**" or the "**Issuer**") up to EUR 300,000,000 senior secured fixed rate bonds (the "**Bonds**") and the associated contemplated tender offer in respect of the Bonds (the "**Tender Offer**"), which will be financed, inter alia, through the Issuer's contemplated issuance of up to EUR 25,000,000 super senior secured floating rate bonds (the "**Super Senior Bonds**"). The Issuer and its subsidiaries (Sw. dotterbolag) from time to time are hereinafter collectively referred to as the "**DDM Group**" or the "**Group**", and each a "**Group Company**". Unless defined otherwise in these risk factors, defined terms in these risk factors shall have the same meaning as in the terms and conditions of the Bonds dated 9 April 2021 and entered into by the Issuer and the Agent (the "**Terms and Conditions**"). The purpose of this section is to enable Bondholders to assess the relevant risks related to the Bonds, enabling them to make an informed investment decision in relation to the Tender Offer.*

Risk factors deemed to be of importance for the Group's business, future development and ability to meet its obligations under the Terms and Conditions and risks relating to the Bonds are described below. The risk factors presented below are categorised as "RISKS RELATING TO THE GROUP" and "RISKS RELATING TO THE BONDS" on the basis of whether they pertain to the Group or to the Bonds. The risk factors categorised as "RISKS RELATING TO THE GROUP", are categorised as risk factors pertaining to the Group and not as risk factors pertaining to the Issuer, as a significant part of the business operations in the Group are conducted by the Issuer's subsidiaries. The materiality of the risk factors are disclosed by the use of a qualitative ordinal scale of low, medium or high. The assessment of the materiality of the risk factors have been based on the probability of their occurrence and the expected magnitude of their negative impact.

RISKS RELATING TO THE GROUP

RISKS RELATED TO THE GROUP'S BUSINESS ACTIVITIES AND INDUSTRY

Economic conditions in the markets in which the Group operates affect the business

The Group's core business is acquiring and managing distressed assets, primarily in the form of non-performing loans ("**NPL**") and other financially challenged assets, focusing on both secured and unsecured debt portfolios, targeting consumer and corporate debt across Southern, Central, and Eastern Europe (the "**Core Business**"). The Group currently holds portfolios and pursues debt collection mainly in Croatia, Romania, Hungary, Poland, Slovenia and Serbia. The Group is hence exposed to risks related to the economic, market and fiscal conditions in the markets in which the Group operates and any negative developments regarding these conditions. If the economy suffers a material and adverse downturn for a prolonged period of time that, in turn, increases the unemployment rate and/or impacts interest rates and the availability of credit, the Group may not be able to perform debt collection at levels consistent with historic levels due to the inability of debtors to make payments, at the same levels or at all, which could have an adverse effect on the Group's financial results. In addition, should the level of inflation increase, the real term carrying value of Group's distressed asset portfolios may decrease which may result in a negative return rate on the Group´s investments.

In addition, recently, the Group decided to expand its operations by actively pursuing investments related and complementary to its core business by strategic equity investments, aiming to broaden its investment scope and diversify its asset portfolio to mitigate exposure and enhance stability (the "**Complementary Business**"). Towards the end of 2023, DDM Group expanded their geographical presence within the Core Business by, among other things, acquiring a NPL portfolio containing unsecured consumer receivables located in Romania following receipt of clearances from the Romanian authorities and strengthened their position in Poland by acquiring 100% of the share capital of E-Kancelaria, a Polish loan servicing and debt collection company headquartered in Wrocław. Additionally within the Complementary Business, following receipt of regulatory approval, in 2024 the DDM Group has in installments acquired holdings in Sivers Semiconductors AB, an international provider of advanced 5G systems for data and telecom networks, as well as optical products for fiber networks, sensors, and optical wireless communication (Li-Fi), enhancing connectivity and security worldwide, as well as making a number of other investments in the Complementary Business. The Group's previous focus on distressed loan portfolios primarily secured by real estate mortgages involved exposure to risks associated with the real estate market. However, with the diversification of the Group's holdings, exposure now extends to various risks and uncertainties related to the different underlying assets, including, but not limited to, issues concerning ownership, rights, assets, liabilities, taxation, accounting treatment, legal proceedings, financial resources, and other factors (as further described in section "The Group may make new investments or pursue co-investments that prove unsuccessful, and certain investment strategies, including co-investments and joint ventures, may limit the Group's control over particular investments"). Therefore, the Group is exposed to the risk of volatility related to each underlying asset which in turn is affected by macroeconomic or other factors. If one or more of these factors would have a negative development, this could have a material negative impact on the value of the security interest and the underlying assets of the Group's investments.

Accordingly, if any of the risks mentioned above materialise it could have a material adverse effect on the Group's business, results of operations or financial condition.

High level risk

The asset acquisition industry is competitive

The Group operates in a fragmented and highly competitive industry and is exposed to both domestic and international competition, primarily within the Core Business, but also within the Complementary Business. The Group may face bidding competition in the acquisition of distressed asset portfolios and believes that successful bids are awarded based on price and a range of other factors including, but not limited to, service, compliance, reputation and relationships with the sellers of distressed asset portfolios. There is a risk that the Group is outbid by competitors which have substantially greater financial resources, less expensive funding or lower return requirements than the Group currently has. Some of the Group's current competitors, and potential new competitors, can also have more effective pricing and collection models, greater adaptability to changing market needs and more established relationships in the industry and geographic markets where the Group operates. If the Group is continuously outbid by dominant competitors, there is a risk that the Group will not be able to develop and expand its business.

If one or several of the abovementioned risks would materialise, it could have a material negative impact on the Group's ability to generate revenue in the future and therefore negatively affect the Group's earnings, cash flow and financial position.

High level risk

The Group is exposed to regulatory and compliance related risks

The Group operates in a variety of jurisdictions and must comply with complex regulations in the jurisdictions in which the Group operates, including, but not limited to, laws and regulations regarding consumer credit, data protection, debt collection, insolvency, consumer protection, debt purchasing and anti-money laundering, sanctions, anti-corruption and terrorist financing at the national and supranational level. The Group is also exposed to risk related to changes to the regulatory or political environments in which the Group operates.

Compliance with the extensive regulatory framework is expensive and labour intensive. There is a risk that the Group's policies and procedures will not prevent breaches of applicable laws and regulations or that any investigations will not identify such breaches in a timely manner or at all. Failure to comply with applicable laws, regulations and rules, new or amended legislations and regulations, or failure to comply with a contractual compliance obligation, could result in investigations and enforcement actions, licenses that the Group needs to do business not being renewed, being revoked or being made subject to more onerous or disadvantageous conditions, fines or the suspension or termination of its ability to conduct collections. The Group currently has licenses in Hungary for granting credit or leasing financing and for receivable purchasing, licenses in Slovenia for consumer loans, licenses in Croatia and Romania for credit servicing and a license in Poland for managing securitized debts.

In addition, failure to comply or revocation of a license, or other actions by the Group, may damage the Group's reputation and there is a risk that the Group might have to cease part or all of its business in the relevant country. Furthermore, a failure to comply with applicable laws, regulations or rules, or revocation of a license or any other regulatory action or failure to comply with a contractual compliance obligation could result in fines, penalties and other sanctions and/or the Group being exposed to civil or criminal liability and it could also damage the Group's reputation and affect the Group's relationship with third parties, see "*The Group is dependent on key business relationships and third parties*".

If any of the above-mentioned risks should materialise it could have a material adverse effect on the Group's business and results of operations.

High level risk

The Group is dependent on employees and consultants and is exposed to risks associated with their activities

The Group is dependent on the knowledge, experience and commitment of its employees and is dependent on its ability to recruit employees with a high level of competence within the loan portfolios acquisition industry and equity investment segment, for continued development and current ongoing projects. The Group is also dependent on key individuals at management level. There is a risk that the Group loses key individuals, or is unable to retain and attract competent employees and the loss of certain of its key employees or a failure by the Group to recruit, motivate, develop and retain highly skilled employees could lead to higher labour costs, weaker results or other disruptions in the Group's operations, development and the successful growth of its business, which in turn could adversely affect the Group's business and future prospects.

It is also of importance that the Group ensures that adequate notice periods are included in employment contracts to avoid disruptions in the ongoing operations. Should the Group become unable to retain or recruit suitable employees for managing the Group's business, there is a risk that the Group's operations are disrupted which can ultimately have a negative effect on the Group's financial conditions and results.

Further, individual employees and consultants may act against the Group's instructions or internal policies and either inadvertently or deliberately violate applicable law, including, but not limited to, competition laws and regulations by engaging in prohibited activities such as price fixing or colluding with competitors regarding markets or clients. Any such actions could have a material adverse effect on the Group’s business.

Medium level risk

The Group is dependent on key business relationships and third parties

The Group's future development depends largely on the key business relationships within the Core Business, which include, but are not limited to, sellers of distressed asset portfolios, financing partners, debt collection agencies, advisors, co-investors, and other third parties. It is therefore important for the Group's future business activities and development that it is able to maintain existing relationships and to develop further relationships with such parties if necessary. Should the Group become unable to maintain or develop further key business relationships it could have a material adverse effect on the Group’s business, results of operations or financial condition. Further, the third parties that the Group engages to carry out certain debt collection services, including the subsidiary Axfina S.A. used for debt collection, are subject to limited supervision, which may expose the Group to additional risks in relation to these services, such as potential non-compliance and business integrity issues or if there were to be any breach in the data protection of any of these third party providers, all of which could significantly harm the Group’s reputation. Additionally, the Group or its partners may utilise bailiffs to assist with seizure of property and other court ordered solutions and to enforce certain successfully resolved legal claims. There is a risk that a third party does not meet the agreed service levels or may act outside of the applicable frameworks or the Group’s own policies and procedures. Any such actions could have a material adverse effect on the Group’s business, results of operations or financial position.

Medium level risk

Majority owner

The Issuer is a wholly owned indirect subsidiary DDM Finance AB, Stockholm, being a wholly owned subsidiary of Heracles PTC Limited as Trustee of the Achilles Trust, Jersey (the "**Parent Company**"). As a result, the Parent Company have and will continue to have, directly or indirectly, the power to affect the Issuer's legal and capital structure as well as the ability to elect and change the Issuer’s board of directors and to approve other changes to the Issuer’s operations and to influence the outcome of matters requiring action by the shareholders. The shareholders’ interests in certain circumstances may conflict with your interests as bondholders, particularly if the Issuer encounters financial difficulties or is unable to pay its debts when due. Furthermore, the Parent Company may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to the bondholders. The shareholders may also pursue acquisition opportunities that are complementary to the Issuer’s business and, as a result, those acquisition opportunities may not be available to the Issuer. The shareholders and their affiliates could also have an interest in pursuing acquisitions, divestitures (including one or more divestitures of all or part of the Issuer’s shares which would result in changes to the Issuer’s shareholding structure), financings, dividend distributions or other transactions that, in their judgment, could enhance their equity investments, although such transactions might involve risks to bondholders. There is nothing that prevents a shareholder or any of its affiliates from acquiring businesses that directly compete with the Group. If such an event were to arise, it could have a material negative impact on the Group's operations, earnings and financial conditions.

Further, any potential change of control in the Parent Company and indirectly the Issuer or a change of control in the Issuer, may result in the Issuer being controlled by a majority shareholder whose interest may conflict with those of the bondholders, particularly if the Group encounters difficulties or is unable to pay its debts as they fall due. Any new shareholder may also pose the risks referred to above in relation to the current Parent Company.

Medium level risk

The Group's models and analytical tools to value and price portfolios may prove to be inaccurate

The Group acquires or invests in loan portfolios and invests in related and complementary businesses, using internally developed models and input from advisors, such as real estate valuation experts, to assess and price portfolios that the Group considers for purchase, including distressed asset portfolios and other asset investments, and to project the remaining cash flow generation from such portfolios. There is a risk that the Group will not be able to achieve the recoveries forecasted by the models used to value the portfolios, that the models are not transferable to other types of assets or that the models are flawed. There is a risk that the models will not appropriately identify or assess all material factors and yield correct or accurate forecasts as historical collections may not reflect current or future realities. Further, misjudgements or mistakes could be made when utilising the Group's statistical models and analytical tools. In addition, the Group's statistical models and analytical tools assess information which to some extent is provided by third parties, such as credit agencies, consultants performing asset valuation services, consultants performing audits of for example loan documentation, and other mainstream or public sources, or generated by software products. The Group only has limited control over the accuracy of such information received from third parties. If such information is not accurate, portfolios may be incorrectly priced at the time of purchase, the recovery value for portfolios may be calculated inaccurately, the wrong collection strategy may be adopted and lower collection rates or higher operating expenses may be experienced. Further, historical information about distressed asset portfolios may not be indicative of the characteristics of subsequent portfolios purchased from the same debt originator or within the same industry due to changes in business practices, economic development, or other factors. Similarly, historical performance of equity investments may not reflect the performance of future investments, given the potential for changes in market conditions, business strategies, or other external factors. As such, both acquisitions of distressed asset portfolios and equity investments always carry inherent risks, and any of these events could have a material adverse effect on the Group's earnings, cash flow, and financial position.

Medium level risk

The Group may make new investments or pursue co-investments that prove unsuccessful and certain investment strategies, including co-investments and joint ventures, may limit the Group's control over particular investments

The Group has historically invested in consumer and corporate debt portfolios through different types of transaction structures including joint ventures and entire companies. On the date hereof the Group has ownership in two joint ventures companies, being CE Partner S.à .r.l. and CE Holding Invest S.C.S, which constituted approximately 7 per cent of the Group's total assets at 30 September 2024. If the Group makes co-investments together with third parties or enters into joint ventures with third parties or invests in entities through debt securities, the ability of the Group to exercise control over these investments may be limited. Further, the interests of the Group's co-investment partners, any persons with which it pursues joint ventures or other shareholders in entities, including equity investments, where the Group has invested may conflict with the interests of the Group.

In the future, the Group may consider acquiring distressed asset portfolios with other types of underlying assets and making other equity investments, both within its existing markets and in other markets, and/or apply new transaction structures including, but not limited to, acquiring minority interest, other debt securities (including secured loans) or businesses or make investments in certain special purpose vehicles as permitted under the Terms and Conditions ("**SPV**"), in the Group's current geographical markets or in new markets into which the Group wants to expand. Such investments are exposed to a number of risks and uncertainties including, but not limited to, with respect to collections, ownership, rights, assets, liabilities, taxation, accounting treatment, licenses and permits, legal proceedings, financial resources and other aspects. These risks may be greater, more difficult or more extensive to analyse if the Group acquires new asset types and/or enters into unfamiliar countries or regions. Further, such investments involve risks due to difficulties in integrating operations, models, technology, information technology and hiring competent personnel.

Furthermore, an investment in a SPV entails, in addition to the risks involved in an investment in a loan portfolio or an equity investment, risks relating to the capital structure and contractual arrangement of such SPV, including but not limited to, layering of instruments, intercreditor arrangements, lack of perfection actions and valid underlying security, lack of control and ability to influence, exposure to regulatory requirements and applicable insolvency regimes. Any difficulties relating to new investments, to new asset types, entering other markets or applying new transaction structures could require the Group to divert attention or funds from the Group's current core operations, which may affect the ability to generate a return on capital, service financing obligations, purchase portfolios and pursue portfolio acquisitions or other strategic opportunities and may impact the Group's future growth potential. Furthermore, changes in applicable accounting principles, circumstances affecting applicable accounting principles and prevailing interpretation of applicable accounting principles could have an adverse effect on the valuation of the Group's investments and co-investments, which in turn could have an adverse negative affect on the Group's balance sheet and overall financial position. If any of the aforementioned acquisition and investment related risks realise, it could have a material adverse effect on the Group's business, results of operations or financial condition.

Medium level risk

There may not be a sufficient supply of distressed asset portfolios, or appropriately priced assets, to acquire

The Group's core business is to collect debt from acquired asset portfolios and the Group is highly dependent on continuing to find new prospective investments and acquisitions of distressed asset portfolios in order to continue and expand its business in the future, and the availability of distressed asset portfolios to acquire at prices that generate profits depends on a number of factors, many of which are outside of the Group's control, see "*The asset acquisition industry is* *competitive*". If originators choose to rely more heavily on collection agencies, there would be a reduction in the availability of assets that are early in the financial difficulty cycle and have had little or no exposure to collection activity. These "fresher" assets typically have higher collection expectations. If originators were to perform more of their own collections, or were to further outsource collections to collection agencies, the volume of assets for sale or the quality of assets sold could decrease and, consequently, the Group may not be able to acquire the type and quantity of assets at attractive prices or at prices consistent with its historic return targets. If the Group does not continually replace serviced portfolios with additional portfolios, this could have a material adverse effect on the Group’s operations, earnings and financial position.

Medium level risk

The Group may be unable to collect debts or it could take several years to realise cash returns on investments in acquired portfolios and/or equity investments

Due to the length of time involved in collecting non-performing debt on acquired distressed asset portfolios, which can vary greatly depending on the type of portfolio and underlying assets involved (as of 30 September 2024 about 80% of the Group's estimated remaining collections are expected to be received within the next three years), the Group may not be able to identify economic trends or make changes in acquiring strategies in a timely manner. This could result in a loss of value in a portfolio after acquisition. Analytical models may not identify changes that originators make in the quality of the distressed asset portfolios that they sell. If the Group overpays for distressed asset portfolios, and thus the value of acquired assets and cash flows from operations are less than anticipated, the Group would have difficulty servicing debt obligations and acquiring new portfolios. Similarly, there is a risk that equity investments may not generate the intended growth, that the Group could misjudge market conditions, or that Group may invest in assets that depreciate in value or fail to meet expected performance targets. Further, if purchased portfolios or other investments do not generate expected cash flows over specified time horizons it may be necessary to make downward revaluations and impairments of the portfolios or require the divestment of assets at a loss, all of which could have a material adverse effect on the Group's cash flow, earnings or financial condition.

The Group may not be able to collect debts contained in its acquired portfolios. The Group acquires distressed asset portfolios at a discount to face value and collects the outstanding debt. There is a risk that assets contained in the Group’s portfolios cannot eventually be collected by the Group or its partners. The risk in this business is that the Group upon acquisition of invested assets would overestimate its ability to collect amounts, underestimate the costs of collection or misjudge whether the acquired assets are valid, existing and enforceable. If the Group were to become unable to collect the expected amounts contained in its portfolios it could have a material adverse effect on the Group’s business, results of operations or financial condition. Further, after taking into consideration direct and indirect operating costs, financing costs, taxes and other factors, it may take several years for the Group to recoup the original acquisition price of investment in distressed asset portfolios. During this period, significant changes may occur in the economy, the regulatory environment or the Group’s business or markets, which could lead to a substantial reduction in expected returns or reduce the value of the distressed asset portfolios that have been acquired which could have a material adverse effect on the Group’s business, results of operations or financial condition.

Debt collection for consumer portfolios is highly affected by seasonal factors including, but not limited to, the number of work days in a given month, the propensity of debtors to take holidays at particular times of the year and annual cycles in disposable income. Accordingly, collections within portfolios tend to have high seasonal variances, resulting in high variances of margins and profitability between quarters. Furthermore, the Group's debt portfolio purchases are likely to be uneven during the year due to fluctuating supply and demand within the market. Debt collection for secured consumer and corporate loan portfolios also increases the Group's dependence on fewer, but larger, payments which thereby increases the volatility of the Group's cash flow. The combination of seasonal or uneven collections, uneven purchases and investments in loan portfolios may, despite the Group's expansion into more liquid equity investments, result in low cash flow at a time when attractive distressed asset portfolios or equity investments become available. There is a risk that in the future the Group will not be able to obtain interim funding. A lack of cash flow could prevent the Group from purchasing otherwise desirable distressed asset portfolios or equity investments or prevent the Group from meeting its obligations, e.g. to pay interest under the Bonds, either of which could have a material adverse effect on the Group's business and cash flow or financial condition.

Medium level risk

The international scope of the Group's operations and its corporate and financing structure may expose it to potentially adverse tax consequences

Changes in tax laws or their interpretation could lead to an increase in the tax liabilities of the Issuer or its subsidiaries and may affect the intended tax treatment of investments. Tax laws may change or be subject to differing interpretations, possibly with retroactive effect, or the relevant tax authority may take a different view, so that the tax consequences of a particular investment or transaction structure may change after the investment has been made and may become subject to withholding taxes or legal entities themselves may become liable to tax, in each case resulting in the Group's after-tax returns being reduced.

Following various initiatives by the OECD (BEPS project), the Issuer and its subsidiaries are subject to increased uncertainty as to any potential tax risk in the jurisdictions in which they are incorporated or resident for tax purposes and in each jurisdiction where their assets are located. If the Issuer or any subsidiary were denied treaty benefits by a relevant jurisdiction, this may have a material and adverse effect on the Group's financial condition, financial returns and results of operations.

The Issuer and its subsidiaries are subject to taxation in, and to the tax laws and regulations of, multiple jurisdictions (including Swedish and Swiss tax laws) as a result of the international scope of their operations and corporate and financing structure. The Issuer and its subsidiaries are regularly subject to the examination of their corporate income tax arrangements by the competent tax authorities (particularly with respect to their financing and deductibility of interest at the level of subsidiaries). The Issuer and its subsidiaries are also subject to intercompany pricing laws, including those relating to the flow of funds among companies pursuant to, for example, purchase and service agreements or other arrangements. Adverse developments in these laws or regulations, or any change in position by the relevant authority regarding the application, administration or interpretation of these laws or regulations in any applicable jurisdiction, could have a material adverse effect on the Group's business, costs and earnings.

The Issuer and its subsidiaries could also fail, whether inadvertently or through reasons beyond their control, to comply with tax laws and regulations relating to the tax treatment of their financing arrangements, which could result in unfavourable tax treatment for such arrangements. If any applicable tax authorities were to successfully challenge the tax treatment or characterization of any such intercompany loans or external financing transactions, it could result in the disallowance of deductions, limit the ability to deduct interest expenses, the imposition of withholding taxes, the application of significant penalties and accrued interest on intercompany loans or internal deemed transfers, the application of significant penalties and accrued interest or other consequences that could have a material adverse effect on the Group's business, costs and earnings.

Medium level risk

The Group is exposed to the risk of currency fluctuations

The Group's revenue on invested assets is primarily denominated, inter alia, in EUR, Romanian leu, Polish zloty, Swedish krona and Hungarian forint, while the Group reports its financial results in EUR. Further, the Group acquires portfolios with accounts denominated mainly in EUR, Romanian leu, Polish zloty and Hungarian forint and will service these accounts through the placement and collections process. The Group's equity investments are primarily denominated in Swedish krona. The Group may further be exposed to additional currencies as a consequence of geographically expanding its business operations.

Since the headquarters of the Group is located in Sweden part of the Group's operating expenses are incurred in SEK. However, the headquarters of DDM Invest III AG, a material subsidiary of the Issuer, is located in Switzerland and a significant share of the operating expenses are thereby incurred in CHF. Furthermore, the Group has operations in Poland, Romania, Hungary, Croatia and Slovenia, and part of the Group's operating expenses are thereby incurred in Polish zloty, Romanian leu and Hungarian forint. This makes the Group exposed to currency fluctuations in PLN, RON, SEK, CHF and HUF.

Historically the exchange rates between some of these currencies and EUR have fluctuated significantly and the Group's local currencies may in the future fluctuate significantly. Consequently, to the extent that foreign exchange rate exposures are not hedged, fluctuations in currencies may adversely affect the Group's financial results in ways unrelated to the operations and could affect the Group's financial statements when the results of its portfolios are translated into EUR for reporting purposes.

Medium level risk

The Group is exposed to errors in the collection process and other operational issues or negative attention and news regarding the debt collection industry, individual debt collectors or sellers of portfolios

Debtors may become more reluctant to pay their debts in full or at all or become more willing to pursue legal actions against the Group. Print, television or online media may, from time to time, publish stories about the debt collection or asset acquisition industry that may cite specific examples of real or perceived abusive collection practices. These stories can be published on websites or other media platforms which can lead to the rapid dissemination of the story and increase the exposure to negative publicity about the Group or the industry. In addition, there are websites where debtors may list their concerns about the activities of debt collectors and financial institutions and seek guidance from other users on how to handle the situation. These websites are increasingly providing debtors with legal forms and other strategies to protest collection efforts and to try to avoid their obligations. To the extent that these forms and strategies are based upon erroneous legal information, there is a risk that the cost of collections is increased. Debtor blogs and claims management companies are becoming more common and add to the negative attention given to the industry. Certain of these organisations may also enable debtors to negotiate a larger discount on their payments than the Group would otherwise agree to. As a result of this publicity, debtors may be more reluctant to pay their debts or could pursue legal action against the Group regardless of whether those actions are warranted. These actions could impact the Group's ability to collect on the assets acquired and could have a material adverse effect on the Group’s business, costs and earnings.

Low level risk

The Group may acquire portfolios that contain accounts that are not eligible to be collected or could be the subject of fraud when acquiring distressed asset portfolios

In the normal course of portfolio acquisitions, there is a risk that assets may be included in the portfolios that fail to conform to the terms of the acquisition agreements and the Group may seek to return these assets to the seller for refund or replacement of new cases. However, there is a risk that the provisions of the relevant acquisition agreement will not allow for such returns, that the seller will not be able to meet its obligations or that the Group will not identify non-conforming accounts soon enough to qualify for recourse. Accounts that would be eligible for recourse if discovered in a timely fashion but that the Group is unable to return to sellers are likely to yield no return. If the Group acquires portfolios containing a large amount of non-conforming accounts or containing accounts that are otherwise uncollectible, the Group may be unable to recover a sufficient amount for the portfolio acquisition to be profitable, which could have a material adverse effect on the Group's business, results of operations or financial condition.

In addition, due to fraud by a seller, a consultant or an employee, the Group could acquire so-called "phantom portfolios" that have been sold to more than one person or where the assets are not valid, existing and enforceable or the debtor is not an existing person. The Group would not be able to collect on a portfolio to which it has no legal ownership, or would need to spend time and resources establishing its legal ownership of the portfolio if such ownership is uncertain. The internal controls the Group has in place to detect such types of fraud may fail. If the Group is the victim of fraud, it could have an impact on the Group's cash flow or reduce its collections from invested assets, in either case potentially adversely impacting the Group's business, results of operations and prospects.

Low level risk

The Group's collections may decrease if the number of debtors becoming subject to insolvency procedures increases

The Group recovers on assets that become subject to insolvency procedures under applicable laws, and acquires accounts that are, at the time of the acquisition, subject to insolvency proceedings. Various economic trends and potential changes to existing legislation may contribute to an increase in the number of debtors subject to insolvency procedures. Under some insolvency procedures assets may be sold to repay creditors, but since the non-performing assets may be unsecured, the Group may not be able to collect on those assets and as at 30 September 2024 unsecured portfolios constituted 40% of the Group's estimated remaining collections from the distressed asset portfolios. The Group's ability to successfully collect on its distressed asset portfolios could decline following an increase in insolvency procedures or a change in insolvency laws, regulations, practices or procedures, see "*The Group is exposed to regulatory and compliance related risks*". If actual collections with respect to a distressed asset portfolio are significantly lower than projected when the Group acquired the portfolio, this would have a material adverse effect on the Group's business, earnings or financial condition.

Low level risk

The IT and data analysis system used by the Group may not be successfully developed and maintained

The Group uses the IT system FUSION, which offers functionality for analyzing and bidding on new investments as well as managing current assets, making it a tool for the Group's operations. However, IT and telecommunications technologies are evolving rapidly. The Group may not be successful in anticipating, managing or adopting technological changes on a timely basis and may not be successful in implementing improvements to its IT or data analysis systems. Potential problems with the IT system could result in management not being able to devote sufficient attention to other areas of the Group's business. Also, any security breach in the IT system used by the Group, or any temporary or permanent failure in the system or loss of data, could disrupt operations and have a material adverse effect on the Group's business, results of operations or financial condition.

Low level risk

The Group is exposed to refinancing risk

The Group's business is as of the date hereof to a large extent funded by bonds and a super senior revolving credit facility and as of 30 September 2024 the Group had EUR 181.9m in outstanding debt. The outstanding bond loan and/or an outstanding working capital facility may under certain circumstances set out in their respective terms and conditions, be redeemed or prepaid by the Issuer or accelerated by the bondholders prior to such final maturity date. There is a risk that the timing of asset collections across the Group's portfolios may not align with the maturity of its funding, presenting a potential risk related to liquidity alignment. There is also a risk that financing will not continue to be available to the Group on acceptable terms or at all. The Group may need financing to expand and make new acquisitions or other investments. Therefore, the Group is dependent on the ability to refinance borrowings upon their maturity and there is a risk that the Group will not be able to successfully refinance the bond loan and/or an outstanding working capital facility upon their maturity or only succeeds in securing funding at substantially increased costs, which could have a material adverse effect on the Group's business, results of operations or financial condition. Further, there is a risk that it will become harder for the group to attract creditors who are willing to provide working capital facilities on favourable and/or acceptable terms for the Group if such facilities are not entered into prior to, or in conjunction with, the bonds issue as creditors may then be required to accede to an intercreditor agreement which they have not negotiated themselves and may hence include provisions which are not satisfactory to their interests.

High level risk

The Group is dependent on future financing on attractive terms and access to capital

The Group's business model and strategy entails that the Group regularly acquires additional distressed asset portfolios and loan portfolios in existing or new markets and make other equity investments. The Group may require additional debt or equity funding to fund growth, respond to competitive pressure or to make acquisitions or other investments. The access to and the terms of such additional financing are affected by a number of factors including, but not limited to, an assessment of the investment, successful collection on current distressed asset portfolios, terms and conditions of the Group's financing arrangements and related security arrangements, the general availability of capital and the Group's credit worthiness and credit capacity. Disruptions and uncertainty in the credit and capital markets may also limit access to additional capital. A limited availability of credit and limitations in access to financial and capital markets, combined with rising credit costs, may slow down, deteriorate, or even prevent the growth and further expansion of the Group entirely. Should the Group become unable to secure additional funding, or only succeeds in securing additional funding on unfavorable terms, it could have a material adverse effect on the Group's business, competitiveness and prospects.

High level risk

Litigation and disputes may negatively affect the Group's business

The Group may be adversely affected by judgments, settlements, unanticipated costs or other effects of legal and administrative proceedings that may be instituted, especially in relation to consumer credit disputes which are considered normal in the course of the Group's operations when debt collecting. If legal proceedings are adversely decided on the Group or prolonged over time, the Group risks that debt collection returns need to be written down, which may have a material adverse effect on the Group's cash flow and financial condition. In some proceedings, the claimant may seek damages as well as other remedies, which, if granted, would require expenditures and may ultimately incur costs relating to these proceedings that could exceed the Group's present or future financial accruals or insurance coverage.

Additionally, as of the date of this presentation, the Group is engaged in a pending legal proceeding with Alta Pay Group d.o.o. ("**Alta**"), a Serbian financial institution, concerning the divestment of all of the Group's shares in Addiko Bank AG ("**Addiko**"). On 1 February 2024, the Group divested its entire holding in Addiko, representing approximately 6.87% of all outstanding shares, to Alta for a total consideration of approximately EUR 19.7m (equivalent to EUR 14.70 per share). The purchase price was fully paid at the time of signing, however, for regulatory compliance, the shares were deposited with a Swiss attorney in Zurich, designated as an escrow agent, pending final transaction closure.

Under the terms of the share purchase agreement governing this transaction, completion of the sale was conditional upon closing occurring no later than 31 July 2024. Should the closing not occur by this date, the agreement stipulated that the transaction would be void, and the shares would revert to the Group. Subsequent to signing but prior to closing, Alta entered into several additional share purchase agreements to acquire an aggregate holding of 36.46% in Addiko, thus triggering certain regulatory prerequisites. Such a cumulative acquisition requires regulatory approval from the European Central Bank under banking regulations and foreign direct investment approval from the Austrian government ("**FDI**").

Under Austrian FDI law, the Group, Alta, and the escrow agent are legally prohibited from finalizing the transfer of shares absent FDI approval, as this approval constitutes a statutory condition precedent. Despite this prohibition, and in contravention of the Group's instructions, the escrow agent proceeded to transfer the shares to Alta on 22 July 2024. Following this transfer, the Group initiated legal proceedings in Vienna against Alta, seeking either the return of the shares or compensation equivalent to the difference between the agreed purchase price per share and the current market value, which is presently assessed as higher. The share purchase agreement entitles the Group to retain the purchase price, which Alta is contesting in the proceedings.

Should the Group be unsuccessful in this litigation, the Group faces the risk of forfeiting the potential value differential between the transaction price and the market value of the shares as of the long-stop date of 31 July 2024. According to the Group, being approximately EUR 8.4m.

Medium level risk

The Group's geographic presence and expansion exposes the Group to local risks in several European markets

The Group currently has investments mainly in Croatia, Luxembourg, Sweden, Romania, Poland and Hungary. The Group's business is subject to local risks due to the operations in multiple European markets including, but not limited to, multiple national and local regulatory and compliance requirements relating to labour, licensing requirements, consumer credit, data protection, anti-corruption, anti-money laundering and other regulatory regimes, potential adverse tax consequences, antitrust regulations, an inability to enforce remedies in certain jurisdictions and geopolitical and social conditions in certain sectors of relevant markets. Consequently, there could be unforeseen risks and there may be unanticipated obstacles negatively effecting the Group. Hence, there is a risk that the Group invests time and financial resources in expansion strategies which turn out not to be successful, which could have an adverse effect on the Group's business, results of operations and financial conditions.

Furthermore, when entering new markets the Group could face additional risks including, but not limited to, incurring start-up losses for several years due to lower levels of business, ramp up and training costs, the lack of expertise in such markets, the lack of adequate and available management teams to monitor these operations, unfavourable commercial terms and difficulties in maintaining uniform standards, control procedures and policies. The Group may experience significant strains on its managerial, operational and financial resources associated with the hiring and training of new employees, and the development and management of business functions and relationships with clients. Any negative impact caused by the foregoing risks could have a material adverse effect on the Group's business, results of operations or financial condition. In addition, if the Group expands into new jurisdictions, the business will be subject to applicable laws, regulations and any licensing requirements in such new jurisdictions, which may be different or more stringent than the jurisdictions in which the Group currently operates.

Medium level risk

RISKS RELATING TO THE BONDS

RISK RELATED TO THE NATURE OF THE BONDS

Credit risks relating to the Bonds and ability to service debt under the Bonds

Bondholders assume a credit risk towards the Company and indirectly the Group. A bondholder's prospects of receiving payment under the Bonds is therefore dependent upon the Company's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position. The credit risk and the Group's financial position is affected by several factors of which some have been mentioned in the above category "*Risks relating to the Group*". One such aspect of credit risk is that there is a risk that a deteriorating financial position of the Group will force the Group to refinance the Bonds instead of redeeming them with cash generated by the Group, as described under Section "*Refinancing risks*" above. The Company's ability to service its debt under the Bonds will depend upon, among other things, the Group's future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take actions such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. There is a risk that the Group will not be able to access any of these sources of capital on satisfactory terms, or at all. In case of a deteriorating financial position of the Group, this will reduce the Group's ability to receive debt financing at the time of the maturity of the Bonds. Should any of the above risks materialise, this would have a significant negative effect on the Group's operations, earnings, results and financial position.

Furthermore, there is a risk that an increased credit risk will cause the market to charge the Bonds a higher risk premium, which will affect the Bonds' market value negatively. If the Company were to be unable to make repayment under the Bonds, there is a risk that the bondholders would find it difficult or impossible to recover the amounts owed to them under the Bonds.

Medium level risk

Risks related to early redemption

Under the Terms and Conditions for the Bonds, the Issuer reserves the possibility to redeem all outstanding Bonds before the final redemption date. If the Bonds are redeemed before the final redemption date, the holders of the Bonds have the right to receive an early redemption amount which exceeds the nominal amount in accordance with the Terms and Conditions for the Bonds. However, there is a risk that the market value of the Bonds is higher than the early redemption amount and that it may not be possible for bondholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Bonds and may only be able to do so at a significantly lower rate. It is further possible that the Issuer will not have sufficient funds at the time of the mandatory prepayment to carry out the required redemption of Bonds.

Medium level risk

Put option

According to the Terms and Conditions, the Bonds are subject to prepayment at the option of each bondholder (put option) if any person or group of persons, other than (i) DDM Group Finance S.A, reg. no. B214693, or any affiliate of DDM Group Finance S.A to whom the entire (direct or indirect) shareholding in the Issuer of DDM Group Finance S.A is transferred, or (ii) a special purpose acquisition company, provided that following the listing of the shares in the special purpose acquisition company no person or group of persons acting in concert acquires control over the Issuer, in each case where "control" means (A) controlling, directly or indirectly, more than 50 per cent. of the voting shares of the Issuer, or (B) the right to directly or indirectly, appoint or remove the whole or a majority of the directors of the board of directors of the Issuer. There is, however, a risk that the Issuer will not have sufficient funds at the time of such prepayment to make the required prepayment of the Bonds which could adversely affect the Issuer, e.g. by causing insolvency or an event of default under the Terms and Conditions, and thus adversely affect all bondholders and not only those that choose to exercise the option.

Medium level risk

Risks relating to security and enforcement of security

Risks relating to the transaction security

Although the obligations under the Bonds are secured by first priority pledges over the shares in the Issuer and in the Issuer's material wholly-owned subsidiaries, it is not certain that the proceeds of any enforcement of the relevant security would be sufficient to satisfy all amounts then owed to the bondholders. There is further a risk that the transaction security granted will be insufficient in respect of any of the Issuer's obligations under the Bonds due to provisions regarding financial assistance, corporate benefit or other limitations of pledge pursuant to the applicable laws of the relevant security provider, being Swedish law, Swiss law, Slovenian law and Croatian law at the date hereof.

According to the Terms and Conditions, the Issuer may issue subsequent Bonds and the holders of such Bonds will be entitled to share the security that have been granted to the existing bondholders. There is a risk that the issue of subsequent Bonds has an adverse effect on the value of the security that have been granted to the bondholders.

The bondholders are represented by Nordic Trustee & Agency AB (publ) as security agent (the "**Security Agent**") in all matters relating to the transaction security. There is a risk that the Security Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the transaction security. Further, the transaction security might be subject to certain hardening periods during which times the bondholders do not fully, or at all, benefit from the transaction security.

The Security Agent is entitled to enter into agreements with members of the Group or third parties or to take any other action necessary for the purpose of maintaining, releasing or enforcing the transaction security or for the purpose of settling, among other things, the bondholders' rights to the security.

Medium level risk

Risks relating to enforcement of the transaction security

If a subsidiary, whose shares have been pledged in favour of the bondholders, is subject to any foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceedings, the shares that are subject to such pledge may then have limited value because all of the subsidiary's obligations must first be satisfied, potentially leaving little or no remaining assets in the subsidiary for the bondholders. As a result, there is a risk that the bondholders will not recover the full value (or any value in the case of an enforcement sale) of the shares. In addition, the value of the shares subject to pledges may decline over time.

If the proceeds of an enforcement are not sufficient to repay all amounts due under or in respect of the Bonds, then the bondholders will only have an unsecured claim against the Issuer and its remaining assets (if any) for the amounts which remain outstanding under or in respect of the Bonds.

Medium level risk

Risks related to intercreditor arrangements

The Issuer has the ability to incur super senior debt which, in accordance with the terms of the Intercreditor Agreement (as defined below), ranks senior to the Bonds including, among other things, debt incurred under the Super Senior Bonds. The Issuer also has the possibility under the Terms and Conditions to incur additional super senior debt or refinance such super senior debt. Further, the Issuer may incur additional financial indebtedness which will also rank *pari passu* with the Bonds. The relation between certain of the Issuer's creditors and the security agent is governed by an intercreditor agreement originally dated 6 May 2021 (as amended and/or amended and restated from time to time) between, inter alios, the Agent, the Issuer and certain guarantors (the "**Intercreditor Agreement**"). A facility agent appointed by a super senior lender may act as super senior representative under the Intercreditor Agreement. The security agent will in accordance with the Intercreditor Agreement in some cases take instructions from a super senior representative. There is a risk that the security agent and/or a super senior representative will act in a manner or give instructions not preferable to the bondholders. In addition, the security agent will in some cases take instructions from a senior representative, being those senior creditors whose senior debt at that time aggregates to more than 50 per cent of the total senior debt. If the outstanding senior debt towards other senior creditors than the bondholders exceeds the obligations under the Bonds, the bondholders will therefore not be in a position to control the enforcement procedure.

If the outstanding obligations of the Group towards other secured creditors than the bondholders increase, there is a risk that the security position of the bondholders is impaired. Furthermore, there is a risk that the security will not at all times cover the outstanding claims of the bondholders and the other secured creditors.

The proceeds from an enforcement of the transaction security will be applied in accordance with the terms of the Intercreditor Agreement pursuant to which certain fees to, *inter alios*, the Security Agent as well as certain costs and indemnifications will be paid by the Security Agent before applying proceeds to the Bondholders and the other secured parties. The proceeds of an enforcement of transaction security will be applied in accordance with the terms of the Intercreditor Agreement pursuant to which the super senior creditors (if any) will be paid by the Security Agent before applying proceeds to the Bondholders which will be shared pro rata with the creditors of any new debt incurred by the Issuer in accordance with the Intercreditor Agreement.

There is a risk that the enforcement proceeds will not be sufficient in order for the Issuer to satisfy the holders of the Bonds and the rights of the holders of the Bonds to receive payments of the enforcement proceeds from the transaction security as there are certain other creditors that will be paid of the enforcement proceeds before applying the proceeds to the bondholders and repay any outstanding amount and accrued interest under the Bonds in accordance with the provisions of the Intercreditor Agreement.

There is a risk that the enforcement proceeds will not be sufficient in order for the Issuer to satisfy the waterfall provisions above.

Medium level risk

Structural subordination and insolvency of subsidiaries

A large proportion of the revenues of the Group are generated in the subsidiaries or the associated companies of the Issuer. The subsidiaries and the associated companies are legally distinct from the Issuer and have no obligation to make payments to the Issuer of any profits generated from their business. The ability of the subsidiaries and the associated companies to make payments to the Issuer is restricted by, among other things, the availability of funds, corporate restrictions and legal restrictions (e.g. limitations on value transfers). Should the Issuer not receive sufficient income from its subsidiaries, the bondholder's ability to receive payment under the Terms and Conditions may be adversely affected.

The Group or its assets may not be protected from any actions by the creditors of any subsidiary or associated company of the Group, whether under bankruptcy law, by contract or otherwise. In addition, defaults by, or the insolvency of, certain subsidiaries or associated companies of the Group could result in the obligation of the Group to make payments under parent company financial or performance guarantees in respect of such subsidiaries' or associated companies' obligations or the occurrence of cross defaults on certain borrowings of the Group.

Medium level risk

Security over assets granted to third parties

Subject to certain limitations from time to time, the Issuer may incur additional financial indebtedness and provide additional security for such indebtedness. If security is granted in favour of a third party debt provider, the bondholders will, in the event of bankruptcy, re-organisation or winding-up of the Issuer, be subordinated in right of payment out of the assets being subject to security provided to such third party debt provider. In addition, if any such third party debt provider holding security provided by the Group were to enforce such security due to a default by any company within the Group under the relevant finance documents, there is a risk that such enforcement materially and adversely effects the Group's assets, operations and, ultimately, the financial position of the bondholders.

Low level risk

RISK RELATING TO THE BONDHOLDERS' RIGHTS AND REPRESENTATION

The rights of bondholders depend on the Agent's actions and financial standing

By subscribing for, or accepting the assignment of, any Bond, each holder of a Bond accepted the appointment of the Agent (being Nordic Trustee & Agency AB (publ)) to act on its behalf and to perform administrative functions relating to the Bonds. The Agent has, among other things, the right to represent the bondholders in all court and administrative proceedings in respect of the Bonds. However, the rights, duties and obligations of the Agent as the representative of the holders of the Bonds are subject to the provisions of the Terms and Conditions, and there is no specific legislation or market practice in Sweden (under which laws the Terms and Conditions are governed) which would govern the Agent's performance of its duties and obligations relating to the Bonds. There is a risk that a failure by the Agent to perform its duties and obligations properly or at all will adversely affect the enforcement of the rights of the bondholders.

The Agent may be replaced by a successor Agent in accordance with the Terms and Conditions. Generally, the successor Agent has the same rights and obligations as the retired Agent. It may be difficult to find a successor Agent with commercially acceptable terms or at all. Further, there is a risk that that the successor Agent would breach its obligations under the above documents or that insolvency proceedings would be initiated against it.

There is a risk that materialisation of any of the above risks will have a material adverse effect on the enforcement of the rights of the holders of the Bonds and the rights of the holders of the Bonds to receive payments under the Bonds.

Low level risk

No action against the Issuer by individual bondholders and bondholders' representation

In accordance with the Terms and Conditions, the Agent will represent all bondholders in all matters relating to the Bonds and the bondholders are prevented from taking actions on their own against the Issuer. Consequently, individual bondholders do not have the right to take legal actions to declare any default by claiming any payment from the Issuer and may therefore lack effective remedies unless and until a requisite majority of the bondholders agree to take such action. However, there is a risk that an individual bondholder, in certain situations, could bring its own action against the Issuer (in breach of the Terms and Conditions), which could negatively impact an acceleration of the Bonds or other action against the Issuer.

To enable the Agent to represent bondholders in court, the bondholders and/or their nominees may have to submit a written power of attorney for legal proceedings. The failure of all bondholders to submit such a power of attorney could negatively affect the legal proceedings. Under the Terms and Conditions, the Agent will in some cases have the right to make decisions and take measures that bind all bondholders. Consequently, there is a risk that the actions of the Agent in such matters will impact a bondholder's rights under the Terms and Conditions in a manner that is undesirable for some of the bondholders. There is also a risk that a Swedish court will not recognise the Agent's right to represent bondholders in court, solely with reference to the Terms and Conditions. Thus, if such a written power of attorney may not be obtained from the bondholders, there is a risk that the Agent will not be able to represent the bondholders in court, which would have a negative impact on the bondholders' possibility to have a legal matter regarding the bonds tried by a court.

Low level risk

Bondholders' meetings and written procedures

The Terms and Conditions include certain provisions regarding bondholders' meetings and written procedures. Such meetings or written procedures may be held in order to resolve on matters relating to the bondholders' interests. The Terms and Conditions allow for stated majorities to bind all bondholders, including bondholders who have not taken part in the meeting or written procedure and those who have voted differently to the required majority at a duly convened and conducted bondholders' meeting or written procedure. A bondholder may, for instance, be bound by a majority decision to accept changes to the core aspects of the bond terms, such as changes to the interest payment dates, changes to the interest rate, extension of the final maturity date or changes of the transaction security. Consequently, there is a risk that the actions of the majority in such matters will impact a bondholder's rights in a manner that is undesirable for some of the bondholders.