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ddm

DDM FINANCE AB

Organisationsnummer 559053-6214

ÅRSREDOVISNING

2021

Undertecknad styrelseledamot i DDM Finance AB intygar, dels att denna kopia av årsredovisningen stämmer överens med originalet, dels att resultaträkningen och balansräkningen har fastställts på årsstämma skriv 2022-05-31. Årsstämman beslutade att godkänna styrelsens förslag till hur vinsten ska fördelas.

Stockholm 2022-05-31

.....

Ort och datum

.....

Underskrift

Jörgen Durban

.....

Namnförtydligande

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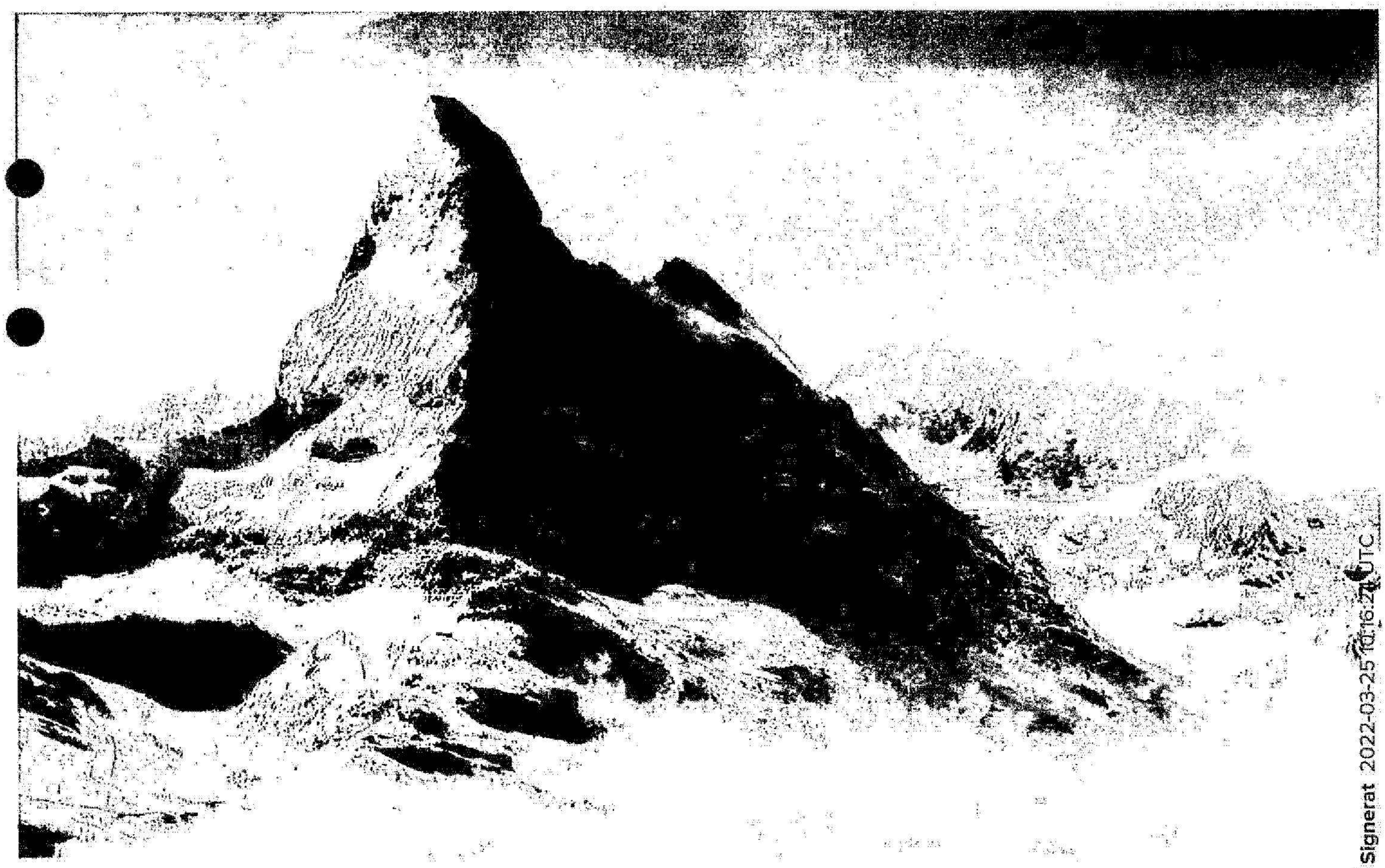
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DDM FINANCE AB

Organisationsnummer 559053-6214

ÅRSREDOVISNING 2021

EN MULTINATIONELL INVESTERARE OCH FÖRVALTARE AV FÖRFALLNA TILLGÅNGAR



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The DDM Finance AB
Årsredovisning 2021

DDM Finance AB ("DDM Finance" eller "bolaget") är ett svenskt bolag med säte i Stockholm. Organisationsnumret är 559053-6214.

Belopp uttrycks i euro (EUR), tusental euro som TEUR och miljoner euro som MEUR. Såvida inte annat anges avser siffrorna inom parentes föregående räkenskapsår, 2020.

Uppgifter om marknader och konkurrenter är DDM:s egna uppskattningar, såvida inte annan källa anges. Denna årsredovisning kan innehålla framtidsinriktade uttalanden som bygger på nuvarande förväntningar hos DDM:s företagsledning. Även om företagsledningen anser att de förväntningar som avspeglas i dessa framtidsinriktade uttalanden är rimliga går det inte att garantera att förväntningarna kommer att visa sig vara korrekta. Därmed kan faktiska utfall skilja sig väsentligt från dem som antyds i de framtidsinriktade uttalandena till följd av faktorer som förändringar i ekonomiska, marknadsmässiga och konkurrensrelaterade förutsättningar, förändringar i regelverk och andra myndighetsåtgärder, förändringar i valutakurser och andra faktorer.

Frågor rörande finansiella uppgifter som publicerats av DDM Finance kan ställas till DDM:s Investor Relations, tel. +41 41 768 1420 eller via e-post: investor@ddm-group.ch

Produktion: DDM Finance.

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Alla rättigheter förbehålls.

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2020 i korthet

Finansiell kalender

Årsstämma 2022:
23 juni 2022

Detta är DDM Finance

DDM Finance AB ("DDM Finance" eller "Bolaget") grundades 2016. DDM Finance agerar för att direkt eller indirekt förvalta, förvärva eller investera i krediter och / eller låneportföljer, för att låna ut eller placera medel i koncernföretag som direkt eller indirekt hantera, förvärva eller investera i krediter och / eller låneportföljer och genomföra relaterade aktiviteter, för att få finansiering för sin verksamhet och för att bedriva relaterad verksamhet. DDM-koncernen är baserad i Zug, Schweiz..

DDM Group är en specialiserad multinationell investerare och förvaltare av förfallna lån och särskilda situationer och investerar huvudsakligen i förfallna lån med ett investeringsvärde om 5-100M EUR. DDM Group investerar främst i portföljer med säkerställda företags- och konsumentkrediter, men även i icke låneportföljer med säkerheter i Syd-, Central- och Östeuropa. DDM Group arbetar i nära och långvariga samarbeten med banker och finansinstitut och tillhandahåller lösningar för återvinningen av förfallna tillgångar.

Med hjälp av sin djupa branscherfarenhet har DDM Group utvecklat toppmoderna processer för att analysera, prissätta och förvalta de förvärvade portföljerna. Under 2019 lanserade DDM Group en administrationsplattform för säkerställda företagsportföljer för att öka sitt fokus på portföljförvaltning och affärsutvecklingstjänster. Tillgången till administrationsplattformen för låneportföljer med säkerheter kommer att komplettera de befintliga partnerskapen med ledande lokala inkassoföretag för att optimera inkasseringen i varje portfölj, säkerställa ökad kontroll och ta DDM Group närmare marknaden. DDM Group har därför utvecklat en framgångsrik affärsmodell som möjliggör flexibilitet, automatiserade processer och ett snabbt beslutsfattande.

För säljare är förvaltningen av portföljer med förfallna fordringar en känslig fråga eftersom det handlar om deras relation med sina kunder. För säljare av portföljer är det därför avgörande att förvärvaren hanterar de underliggande enskilda gäldenärerna professionellt, etiskt och med respekt. DDM Group har långvariga relationer med säljare av förfallna tillgångar som bygger på förtroende och bolagets status som trovärdig förvärvare. Debt Groups expertis är nödvändig vid utvärderingen av portföljerna och vid besluten om hur man bäst inleder en dialog med gäldenärerna. Målet är att etablera en betalningsplan och slutligen uppnå en vänskaplig uppgörelse där gäldenären betalar det utestående beloppet. DDM Group utvärderar ett betydande antal investeringsmöjligheter varje år, vilket har gett en djup förståelse av marknaden och en förmåga att identifiera de bästa investeringsmöjligheterna.

Investeringsaktiviteten har intensifierats i Syd-, Central- och Östeuropa, både på befintliga marknader och marknader där inträde skett under 2021. Detta är i stort sett ett resultat av de europeiska bankernas ökade försäljning av portföljer, vilket minskar antalet förfallna lån som innehas i banksektorn, främst via värdepapperisering, för att förbättra deras mått på tillgångskvaliteten efter statligt garanterade värdepapperiseringsprogram som svar på Covid-19-pandemin och slutet på betalningsanstånden för lån i de flesta länder.

Den långsiktiga omfattningen av Covid-19-pandemin på tillgångskvaliteten är fortsatt osäker, men försäljningsvolymerna för förfallna lån och möjligheter vid särskilda situationer förväntas öka betydligt under 2022 och därefter.

DDM Group har positionerar sig väl för tillväxt genom att aktivt arbeta både på befintliga marknader i Syd-, Central- och Östeuropa. Vi har där investerat ytterligare i portföljer med förfallna lån i Kroatien och Rumänien, där vi tidigare har haft transaktioner, och genom att träda in på nya marknader genom samarbeten med strategiska partners och medinvesterare i grannländer, inklusive Italien, Polen och Schweiz, där vi ser betydande investeringsmöjligheter till attraktiva priser.

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Förvaltningsberättelse

Styrelsen för DDM Finance AB avger härmed årsredovisning för räkenskapsåret 2021.

Information om verksamheten
DDM Finance AB ("DDM Finance" eller "bolaget"), med organisationsnummer 559053-6214, har sitt säte i Stockholm och är ett aktiebolag som bedriver verksamhet som följer aktiebolagslagen. Bolaget registrerades den 3 mars 2016.

DDM Finance AB är ett helägt dotterbolag till DDM Group AG, Zug, Schweiz. DDM Group AG är ett helägt dotterbolag till DDM Holding AG. DDM Holding AG har varit listat på Nasdaq First North Growth Market i Stockholm sedan augusti 2014. DDM Debt AB (publ), Sverige är ett helägt dotterbolag till DDM Finance. Det indirekta yttersta moderbolaget är DDM Group Finance S.A, ett bolag registrerat i Luxemburg som ägde 95,2 procent aktierna i DDM Holding AG per den 31 december 2021.

DDM Finance agerar för att direkt eller indirekt förvalta, förvärva eller investera i krediter och/eller låneportföljer, att vidareutlåna eller investera medel i koncernbolag som direkt eller indirekt förvaltar, förvärvar eller investerar i krediter och/eller låneportföljer och bedriver relaterade aktiviteter, för att få finansiering för sin verksamhet och för att bedriva relaterade aktiviteter. DDM Group AG agerar som investeringsförvaltare och fattar alla beslut angående investeringar och fördelning av resurser.

Fakta och siffror – DDM Finance AB 2021
DDM Finance verksamhet omfattar ägandet av dotterbolaget DDM Debt AB och att tillhandahålla krediter för finansiering i sina dotterbolag och tillhörande affärsverksamhet.

DDM Finance redovisade ett förlust före skatt på 286 TEUR för räkenskapsåret 2021 (2020: 178 TEUR). Eget kapital uppgick till 27 917 TEUR per den 31 december 2021 (31 december 2020: 5 567 TEUR). Den 31 december 2020 överförde DDM Finance AB sin fordran på 5 936 kEUR som förföll från DDM Group AG till dotterbolaget DDM Debt AB, varvid detta belopp bidrog som ett villkorat aktieägartillskott i DDM Debt AB.

DDM Finance hade inga anställda per den 31 december 2021 (den 31 december 2020: inga anställda).

Väsentliga händelser under räkenskapsåret
Covid-19- fortsatte att påverka den globala ekonomiska aktiviteten negativt under 2021.

Grund för upprättande
De finansiella rapporterna har upprättats baserat på ett antagande om fortsatt drift.

Geografiska regioner
DDM Groups rörelse- och investeringsverksamhet har inte delats in i geografiska regioner i redovisningssyfte. Varje potentiell och befintlig investering bedöms på sina egna meriter samt de värderingar och prognoser som gjorts vid tidpunkten för investeringen.

Kostnader
Rörelsekostnaderna utgjordes i huvudsak av kostnader hänförliga till inköpta tjänster inom revision, juridik, konsultverksamhet och redovisning samt personalkostander.

Finansiella poster – netto
Under 2021 uppgick finansiella poster - netto till 230 TEUR (2020: 166 TEUR).

Forskning och utveckling
DDM Finance bedriver ingen forsknings- och utvecklingsverksamhet.

Icke-finansiella resultatområden
DDM Finances roll i samhället
DDM Group erbjuder en plattform för ekonomisk tillväxt genom att ge företag och banker möjlighet att hantera sin kreditexponering. Avgörande för DDM Group framgång är dess välutvecklade system och förståelsen för kreditgivarnas krav i kombination med respekt för gäldenärernas integritet.

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Affärsetik
DDM Groups värderingar fungerar som vägledning för hur affärerna med koncernens klienter och kunder hanteras. De etiska reglerna behandlar främst en respektfull inställning till klienter och kunder.

Arbetsförhållanden
DDM Groups medarbetare har rätt till trygga och hälsosamma arbetsplatser samt marknadsmässiga anställningsvillkor. Män och kvinnor ges likvärdiga förutsättningar. En hållbar och kommersiellt framgångsrik verksamhet är beroende av skickliga och motiverade medarbetare.

Miljö
Som ett tjänsteföretag har DDM Group rent allmänt begränsade möjligheter att påverka miljön, även om koncernen strävar efter att agera på ett miljömässigt ansvarsfullt sätt där så är möjligt.

Marknadsutsikter
Investeringsaktiviteten har intensifierats i Syd-, Central- och Östeuropa, både på befintliga marknader och marknader där inträde skett under 2021. Detta är i stort sett ett resultat av de europeiska bankernas ökade försäljning av portföljer, vilket minskar antalet förfallna lån som innehas i banksektorn, främst genom värdepapperisering, för att förbättra deras mått på tillgångskvaliteten efter statligt garanterade värdepapperiseringsprogram som svar på Covid-19-pandemin och slutet på betalningsanstånden för lån i de flesta länder.

Den långsiktiga omfattningen av Covid-19-pandemin på tillgångskvaliteten är fortsatt osäker, men försäljningsvolymerna för förfallna lån och möjligheter vid särskilda situationer förväntas öka betydligt under 2022 och därefter.

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Styrelsens arbete
Enligt DDM Finances bolagsordning ska styrelsen bestå av minst en och högst tio ledamöter med högst tio suppleanter. Samtliga ledamöter väljs av årsstämman.

Händelser efter rapportperiodens slut
Inga väsentliga händelser inträffade efter balansdagen och fram till den dag då denna rapport utfärdades.

Ekonomisk översikt

Nyckeltal, TEUR	2021	2020
Rörelseresultat	–56	–12
Årets resultat efter skatt	–286	–178

Riskhantering och finansiella risker
DDM Finance är ett holdingbolag med begränsad verksamhet, och därför är dess finansiella risker begränsade till kreditrisk samt likviditetsrisk/ finansieringsrisk.

Riskhanteringen sköts av DDM Group enligt policyer som är fastställda av styrelsen. DDM Group identifierar, bedömer och säkrar finansiella risker i nära samarbete med DDM Finances styrelse.

Kreditrisk
Kreditrisk är risken att motparten i en finansiell transaktion inte uppfyller sina förpliktelser på förfallodagen. Kreditrisk hanteras av DDM Group och den uppstår till följd av likvida medel samt banktillgodohavanden på banker och finansinstitut.

Likviditetsrisk/ finansieringsrisk
Målet med kapitalstrukturen är att säkra DDM Finances förmåga att fortsätta verksamheten.

Ränterisk
Ränterisker är främst hänförliga till DDM Finance räntebärande skulder, som består av de seniora säkrade obligationerna om 18 MEUR (2020: 18 MEUR). Lån utgivna till fast ränta exponerar DDM Finance för ränterisk avseende verkligt värde.

Mer information om hanteringen av finansiella risker inom DDM Finance finns i not 3.

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Förslag till vinstdisposition

Till styrelsens förfogande står följande vinstmedel:

EUR	2021
Balanserade vinstmedel	5 561 372
Mottagna kapitaltillskott	22 635 799
Årets resultat efter skatt	–286 914
Summa	**27 910 257**

Styrelsen föreslår att vinstmedlen disponeras enligt följande:

EUR	2021
Balanseras i ny räkning	27 910 257
Summa	**27 910 257**

För ytterligare information hänvisas till de finansiella rapporterna och noterna nedan.

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RESULTATRÄKNING

För året som avslutades den 31 december Belopp i TEUR	Noter	2021	2020
Intäkter		–	–
Personalkostnader	4	–38	–
Konsultkostnader	5	–6	–10
Övriga rörelsekostnader	6	–12	–2
Rörelseresultat		**–56**	**–12**
Finansiella intäkter	7	2 165	2 006
Finansiella kostnader	7	–2 395	–2 172
Finansiella poster – netto		**–230**	**–166**
Resultat före skatt		**–286**	**–178**
Inkomstskatt	8	–	–
Årets resultat efter skatt		**–286**	**–178**

RAPPORT ÖVER TOTALRESULTAT

För året som avslutades den 31 december Belopp i TEUR	2021	2020
Årets resultat efter skatt	**–286**	**–178**
Övrigt totalresultat för året		
Poster som inte ska återföras i resultaträkningen:	–	–
Poster som senare kan återföras i resultaträkningen	–	–
Övrigt totalresultat för året efter skatt	–	–
Summa totalresultat för året	**–286**	**–178**

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BALANSRÄKNING

Per den 31 december Belopp i TEUR	Noter	2021	2020
TILLGÅNGAR			
Anläggningstillgångar			
Andelar i andra koncernföretag	12	6 35	6 035
Lån till dotterbolag	13	37 586	14 950
Fordringar på andra koncernföretag	13	3 214	4 800
Summa anläggningstillgångar		**46 835**	**25 785**
Omsättningstillgångar			
Övriga fordringar		22	2
Likvida medel	9	1 677	23
Summa omsättningstillgångar		**1 699**	**25**
SUMMA TILLGÅNGAR		**48 534**	**25 810**
EGET KAPITAL OCH SKULDER			
Eget kapital			
Aktiekapital	10	6	6
Övriga kapitaltillskott	10	23 196	560
Balanserad vinst, inklusive årets resultat	10, 15	4 715	5 001
Summa eget kapital		**27 917**	**5 567**
Långfristiga skulder			
Upplåning	14	–	17 537
Upplupen ränta	14	–	2 203
Summa långfristiga skulder		**–**	**19 740**
Kortfristiga skulder			
Upplåning	14	17 842	–
Leverantörsskulder	11	4	4
Skulder till andra koncernföretag	11, 13	564	495
Upplupen ränta	11, 14	2 203	–
Upplupna kostnader	11	4	4
Summa kortfristiga skulder		**20 617**	**503**
SUMMA EGET KAPITAL OCH SKULDER		**48 534**	**25 810**

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RAPPORT ÖVER KASSAFLÖDEN

För året som avslutades den 31 december Belopp i TEUR	Noter	2021	2020
Kassaflöde från den löpande verksamheten			
Rörelseresultat		–56	–12
Övriga poster som inte ingår i kassaflödet		–	–1
Betald ränta		–2 088	–
Erhållen ränta		3 750	–
Kassaflöde från den löpande verksamheten före förändringar i rörelsekapitalet		**1 606**	**–13**
Förändringar av rörelsekapitalet			
Ökning/minskning av övriga fordringar		–20	2
Ökning/minskning av leverantörsskulder		–	–30
Ökning/minskning av övriga kortfristiga skulder		69	4
Kassaflöde från den löpande verksamheten		**1 655**	**–37**
Kassaflöde från investeringsverksamheten			
Lån till dotterbolag		–	–
Kassaflöde från investeringsverksamheten		**–**	**–**
Kassaflöde från finansieringsverksamheten			
Likvid från emission av lån	14	–	–
Kassaflöde från finansieringsverksamheten		**–**	**–**
Årets kassaflöde		**1 655**	**–37**
Likvida medel exklusive checkräkningskredit vid årets början		**23**	**61**
Valutakursvinster/-förluster på likvida medel		–1	–1
Likvida medel exklusive checkräkningskredit vid årets slut		**1 677**	**23**

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RAPPORT ÖVER FÖRÄNDRINGAR I EGET KAPITAL

Belopp i TEUR	Aktiekapital	Övriga kapitaltillskott	Balanserad vinst, inklusive årets resultat	Summa eget kapital
Balans per den 1 januari 2020	**6**	**560**	**5 179**	**5 745**
Totalresultat				
Årets resultat efter skatt	–	–	–178	–178
Övrigt totalresultat	–	–	–	–
Summa totalresultat	**–**	**–**	**–178**	**–178**
Transaktioner med ägare				
Summa transaktioner med ägare	**–**	**–**	**–**	**–**
Balans per den 31 december 2020	**6**	**560**	**5 001**	**5 567**
Balans per den 1 januari 2021	**6**	**560**	**5 001**	**5 567**
Totalresultat				
Årets resultat efter skatt	–	–	–286	–286
Övrigt totalresultat	–	–	–	–
Summa totalresultat	**–**	**–**	**–286**	**–286**
Transaktioner med ägare				
	–	22 636	–	22 636
Summa transaktioner med ägare	**–**	**22 636**	**–**	**22 636**
Balans per den 31 december 2021	**6**	**23 196**	**4 715**	**27 917**

Per den 31 december 2021 och den 31 december 2020 uppgick antalet utestående aktier i DDM Finance AB till 500 aktier, med ett kvotvärde om 11,258 per aktie.

Mottagna kapitaltillskott uppgick till 22 636 TEUR för året som avslutades den 31 december 2021.

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NOT 1. ALLMÄN INFORMATION

DDM Finance AB ("DDM Finance" eller "Bolaget") agerar för att direkt eller indirekt förvalta, förvärva eller investera i krediter och / eller låneportföljer, för att låna ut eller placera medel i koncernföretag som direkt eller indirekt förvaltar, förvärvar eller investera i krediter och / eller låneportföljer och bedriva relaterad verksamhet, för att få finansiering för sin verksamhet och för att bedriva relaterad verksamhet.

Bolaget registrerades den 3 mars 2016. DDM Finance är ett helägt dotterbolag till DDM Group AG, Zug, Schweiz. DDM Debt AB (publ), Sverige, är ett helägt dotterbolag till DDM Finance.

DDM Group AG agerar som portföljförvaltare och fattar alla beslut avseende investeringar och resursfördelning.

DDM Finance AB är ett aktiebolag med säte i Stockholm. Organisationsnumret är 559053-6214. Adress till huvudkontor samt postadress är Birger Jarlsgatan 18, 3tr, 114 34 Stockholm.

Alla belopp redovisas i tusentals euro (TEUR) såvida annat inte anges. Avrundningsdifferenser kan förekomma.

Styrelsen godkände de finansiella rapporterna för publicering den 24 mars 2022.

NOT 2. SAMMANFATTNING AV VIKTIGA REDOVISNINGSPRINCIPER

2.1 – Grund för upprättande

De viktigaste redovisningsprinciperna som används i dessa finansiella rapporter presenteras nedan.

DDM Finance AB är ett helägt dotterbolag till DDM Group AG, ett företag med säte i Schweiz. Det yttersta moderbolaget, DDM Holding AG, avger koncernredovisning som är upprättad enligt IFRS. Därför, enligt undantaget i 7 kap. 2 § i årsredovisningslagen, avges inte någon koncernredovisning för DDM Finance AB.

DDM Finance AB har upprättat sin årsredovisning enligt Årsredovisningslagen (ÅRL 1995:1554) och Rådet för finansiell rapporterings rekommendation RFR 2 Redovisning för juridiska personer samt tillämpliga uttalanden. Det innebär att International Financial Reporting Standards, IFRS, såsom de antagits av EU, har tillämpats tillsammans med undantag och tillägg i RFR 2 till standarderna, utfärdade av IASB, och tillhörande tolkningar, utfärdade av IFRIC.

De finansiella rapporterna har upprättats baserat på anskaffningsvärde, såvida inte annat anges.

Innehav i dotterbolag redovisas till upplupet anskaffningsvärde efter avdrag för eventuella nedskrivningar. Om det finns tecken på att aktier och andelar i dotterbolag har minskat i värde beräknas återvinningsbeloppet. Om beloppet är lägre än redovisat värde görs en nedskrivning. Nedskrivningen redovisas under resultat från andelar i koncernbolag i resultaträkningen.

De finansiella rapporterna har upprättats baserat på ett antagande om fortsatt drift

2.2 – Omräkning av utländsk valuta

Funktionell valuta och rapporteringsvaluta

De finansiella rapporterna presenteras i tusentals euro (TEUR), som är DDM Finances funktionella valuta och rapporteringsvaluta.

Transaktioner och balansposter

Transaktioner i utländsk valuta omräknas till den funktionella valutan enligt de valutakurser som gällde per datumet för transaktionen. Valutakursvinster och -förluster som uppstår vid regleringen av sådana transaktioner, och vid omräkningen av monetära tillgångar och skulder noterade i utländska valutor till valutakurserna på varje balansdag, redovisas i resultaträkningen.

2.3 – Finansiella tillgångar och skulder

Klassificering

DDM Finance klassificerar sina finansiella tillgångar och skulder i följande kategorier: finansiella tillgångar bokförda till upplupet anskaffningsvärde samt övriga finansiella skulder. Klassificeringen beror på i vilket syfte de finansiella tillgångarna eller skulderna förvärvades.

(a) Finansiella tillgångar bokförda till upplupet anskaffningsvärde

Finansiella tillgångar bokförda till upplupet anskaffningsvärde är finansiella tillgångar som inte utgör derivat, med fastställda eller med rimlig säkerhet fastställbara betalningar och som inte är noterade på en aktiv marknad. DDM Finances finansiella tillgångar bokförda till upplupet anskaffningsvärde består av likvida medel och redovisas under omsättningstillgångar till följd av deras kortfristiga karaktär. Finansiella tillgångar bokförda till upplupet anskaffningsvärde redovisas inledningsvis till verkligt värde och därefter till upplupna anskaffningsvärden enligt effektivräntemetoden, efter avdrag för nedskrivningar.

(b) Upplåning

Upplåning från kreditinstitut och andra långfristiga skulder redovisas vid första redovisningstillfället till verkligt värde efter avdrag för uppkomna transaktionskostnader. Lån redovisas därefter till upplupet anskaffningsvärde och eventuella skillnader mellan likviden (efter avdrag för transaktionskostnader) och inlösenvärdet redovisas i resultaträkningen över lånens löptid, genom användning av effektivräntemetoden för långfristiga skulder och linjärt för skulder med total löptid på under tolv månader.

Upplåning klassificeras som kortfristiga skulder om inte DDM Finance har en ovillkorlig rätt att skjuta upp skulden i minst tolv månader efter balansdagen.

Kostnader för att säkra finansiering amorteras under låneperioden som räntekostnader och liknande poster i resultaträkningen. Beloppet redovisas i balansräkningen som ett avdrag på lånet. Alla övriga lånekostnader (räntekostnader och transaktionskostnader) redovisas i resultaträkningen under den period som de hänvisar till.

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***NOT 2. SAMMANFATTNING AV VIKTIGA...** forts.*

(c) Likvida medel
Likvida medel omfattar kassa och bankinlåning som är betalbar vid anfordran samt andra kortfristiga likvida placeringar med ursprungliga löptider på tre månader eller mindre. Checkräkningskrediter redovisas som lån under kortfristiga skulder.

(d) Leverantörsskulder
Leverantörsskulder redovisas till verkligt värde. Redovisat värde för en leverantörsskuld väntas motsvara det verkliga värdet för leverantörsskulden eftersom posten har en kortfristig karaktär.

2.4 – Aktiekapital
Stamaktier klassificeras som eget kapital. Transaktionskostnader som är direkt hänförliga till emission av nya aktier redovisas netto efter skatt i eget kapital som ett avdrag från emissionslikviden.

2.5 – Aktuell och uppskjuten skatt
Beräkning av aktuell skatt bygger på skatteregler som är beslutade eller i praktiken beslutade per balansdagen i det land där bolaget bedriver verksamhet och genererar skattepliktiga intäkter. Företagsledningen utvärderar återkommande skattepositioner i inkomstdeklarationer med avseende på omständigheter under vilka tillämpliga skatteregler är föremål för tolkning. Företagsledningen fastställer avsättningar, i tillämpliga fall, med grund i de belopp som förväntas bli erlagda till skattemyndigheterna.

Uppskjuten skatt redovisas genom användning av balansräkningsmetoden, på temporära skillnader som uppstår mellan tillgångarnas och skuldernas skattemässiga värden och deras redovisade värden i de finansiella rapporterna. Uppskjuten skatt redovisas dock inte om den uppkommer vid det första redovisningstillfället för en tillgång eller skuld i en annan transaktion än ett rörelseförvärv som, vid transaktionstidpunkten, varken påverkar redovisat resultat eller skattemässigt resultat. Uppskjuten skatt fastställs genom användning av skattesatser (och -regler) som är beslutade eller i praktiken beslutade per balansdagen och som väntas gälla när den hänförliga uppskjutna skattefordringen realiseras eller när den uppskjutna skatteskulden regleras.

Uppskjutna skattefordringar avseende temporära skillnader och underskottsavdrag redovisas i den mån det är troligt att det kommer att gå att utnyttja de temporära skillnaderna mot framtida skattepliktiga resultat. Beloppet för uppskjutna skattefordringar minskas när dessa utnyttjas eller när det inte längre bedöms vara sannolikt att de kan utnyttjas.

2.6 – Utdelning
Utdelning till bolagets aktieägare redovisas som en skuld i bolagets finansiella rapporter för den period då utdelningen godkänns av bolagets aktieägare.

Ingen utdelning kommer att föreslås till årsstämman 2022 avseende verksamhetsåret 2021.

NOT 3. HANTERING AV FINANSIELLA RISKER

DDM Finance är ett holdingbolag med begränsad verksamhet, och därför är dess finansiella risker begränsade till kreditrisk samt likviditetsrisk/ finansieringsrisk.

Riskhanteringen sköts av DDM Group enligt policyer som är fastställda av styrelsen. DDM Group identifierar, bedömer och säkrar finansiella risker i nära samarbete med DDM Finances styrelse.

DDM Group definierar risk som alla faktorer som kan ha en negativ påverkan på DDM Finances förmåga att uppnå sina affärsmål. All affärsverksamhet är förknippad med risk. För att hantera risk på ett balanserat sätt måste den först identifieras och bedömas. Följande sammanfattning ger exempel på de riskfaktorer som anses vara särskilt viktiga för DDM Finances framtida utveckling men är på intet sätt heltäckande.

Ränterisk
Ränterisker är främst hänförliga till DDM Finance räntebärande skulder, som består av de seniora säkrade obligationerna om 18 MEUR (2019: 18 MEUR). Lån utgivna till fast ränta exponerar DDM Finance för ränterisk avseende verkligt värde.

Kreditrisk
Kreditrisk är risken att motparten i en finansiell transaktion inte uppfyller sina förpliktelser på förfallodagen. Kreditrisk hanteras av DDM Group och den uppstår till följd av likvida medel samt banktillgodohavanden på banker och finansinstitut.

Likviditetsrisk/ finansieringsrisk
Målet med kapitalstrukturen är att säkra DDM Finances förmåga att fortsätta verksamheten.

I tabellen nedan specificeras de icke-diskonterade kassaflöden som uppstår på grund av DDM Finances skulder i form av finansiella instrument, baserat på kvarvarande tid till tidigast avtalad förfallodag per balansdagen. Belopp i utländska valutor och belopp som ska betalas baserat på rörliga räntor uppskattas genom användning av de valutakurser och räntesatser som gällde på balansdagen.

TEUR		Under 1 år	Mellan 1 och 2 år	Mellan 2 och 3 år	Mellan 3 och 5 år
Den 31 december 2021					
Kortfristiga skulder		4	–	–	–
Skulder till andra koncernföretag		564	–	–	–
Upplupna kostnader		4	–	–	–
Upplåning		21 247	–	–	–
Summa		**21 819**	–	–	–

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*NOT 3. **HANTERING AV FINANSIELLA**... forts.*

TEUR	Under 1 år	Mellan 1 och 2 år	Mellan 2 och 3 år	Mellan 3 och 5 år
Den 31 december 2020				
Kortfristiga skulder	4	–	–	–
Skulder till andra koncernföretag	495	–	–	–
Upplupna kostnader	4	–	–	–
Upplåning	–	23 478	–	–
Summa	**503**	**23 478**	**–**	**–**

Finansiella instrument per kategori
Verkligt värde motsvarar redovisat värde för finansiella instrument.

TEUR	Finansiella tillgångar
Den 31 december 2021	
Tillgångar i balansräkningen	
Likvida medel	1 677
Fordringar på andra koncernföretag	3 214
Övriga fordringar	22
Lån till dotterbolag	37 586
Summa	**42 499**

TEUR	Övriga finansiella skulder
Den 31 december 2021	
Skulder i balansräkningen	
Kortfristiga skulder	4
Skulder till andra koncernföretag	564
Upplupen ränta	2 203
Upplupna kostnader	4
Upplåning	17 842
Summa	**20 617**

TEUR	Finansiella tillgångar
Den 31 december 2020	
Tillgångar i balansräkningen	
Likvida medel	23
Fordringar på andra koncernföretag	4 800
Övriga fordringar	2
Lån till dotterbolag	14 950
Summa	**19 775**

TEUR	Övriga finansiella skulder
Den 31 december 2020	
Skulder i balansräkningen	
Kortfristiga skulder	4
Skulder till andra koncernföretag	495
Upplupen ränta	2 203
Upplupna kostnader	4
Upplåning	17 537
Summa	**20 243**

NOT 4. PERSONALKOSTNADER

TEUR	2021	2020
Personalkostnader	–38	–
Summa	**–38**	**–**

DDM Finance hade inga anställda per den 31 december 2021 (den 31 december 2020: inga anställda).

Könsfördelning bland styrelseledamöter och ledande befattningshavare
Styrelsen består av tre styrelseledamöter, samtliga män (2019: tre styrelseledamöter, samtliga (män)).

NOT 5. KONSULTKOSTNADER

TEUR	2021	2020
Konsultkostnader	–2	–6
Öhrlings PwC		
Revisionsuppdrag	–4	–4
Andra uppdrag med koppling till revision	–	–
Summa	**–6**	**–10**

Revisionsuppdrag avser granskning av de finansiella rapporterna och redovisningsunderlagen samt styrelsens ansvar för förvaltningen. Andra uppdrag med koppling till revision innefattar uppgifter inom ansvarsområdet för Bolagets revisorer, samt rådgivningstjänster eller annat stöd till följd av bedömningar som görs under dessa uppdrag. Övriga poster består av skatterådgivning eller andra konsultuppdrag.

NOT 6. ÖVRIGA RÖRELSEKOSTNADER

TEUR	2021	2020
Övriga rörelseintäkter	–	9
Ej avdragsgill mervärdesskatt	–10	–2
Övriga rörelsekostnader	–2	–9
Summa	**–12**	**–2**

NOT 7. FINANSIELLA POSTER – NETTO

TEUR	2021	2020
Finansiella intäkter		
Ränteintäkter	2 165	2 005
Realiserade/orealiserade kursvinster	–	1
Summa finansiella intäkter	**2 165**	**2 006**
Finansiella kostnader		
Räntekostnader	–2 088	–1 920
Amortering av transaktionskostnader	–305	–250
Realiserade/orealiserade kursförluster	–2	–2
Summa finansiella kostnader	**–2 395**	**–2 172**
Finansiella poster – netto	**–230**	**–166**

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NOT 8. SKATT

TEUR	2021	2020
Skatt hänförlig till årets resultat	–	–
Inkomstskatt	**–**	**–**

Avvikelserna mellan den faktiska skattekostnaden och förväntad skattekostnad beskrivs nedan:

TEUR	2021	2020
Resultat före skatt	–286	–178
Inkomstskatt beräknad med nuvarande skattesats	–	–
Ej skattepliktiga intäkter	–	–
Skattemässigt underskott för vilka ingen uppskjuten skattefordran redovisats	–	–
Inkomstskatt	**–**	**–**

NOT 9. LIKVIDA MEDEL

Per den 31 december

TEUR	2021	2020
Likvida medel	1 677	23
Summa	**1 677**	**23**

Per den 31 december 2021 hade DDM Finance bankkonton i en bank med kreditvärderingen A+ enligt Standard & Poor's (31 december 2020 AA- enlight Stadard & Poor's).

NOT 10. EGET KAPITAL

Samtliga 500 aktier har ett kvotvärde om 11,258 per aktie. Varje aktie berättigar ägaren till en röst. Samtliga aktier är fullt betalda per rapportdatumet.

Eget kapital uppgick till 27 917 TEUR per den 31 december 2021 (31 december 2020: 5 567 TEUR).

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NOT 11. KORTFRISTIGA SKULDER

TEUR	Under 3 månader	3–12 månader	Summa
Den 31 december 2021			
Upplåning	–	17 842	17 842
Leverantörsskulder	4	–	4
Skulder till andra koncernföretag	–	564	564
Upplupen ränta	–	2 203	2 203
Upplupna kostnader	4	–	4
Summa kortfristiga skulder	**8**	**20 609**	**20 617**
Den 31 december 2020			
Leverantörsskulder	4	–	4
Skulder till andra koncernföretag	–	495	495
Upplupen ränta	–	–	–
Upplupna kostnader	4	–	4
Summa kortfristiga skulder	**8**	**495**	**503**

NOT 12. ANDELAR I KONCERNFÖRETAG

TEUR	31 december 2021	31 december 2020
Investering	6 035	6 035
Summa	**6 035**	**6 035**

TEUR	Investering
Den 1 januari 2020	**99**
Villkorat aktieägarbidrag	5 936
Den 31 december 2020	**6 035**
Den 1 januari 2021	**6 035**
Förvärv	–
Den 31 december 2021	**6 035**

DDM Finance äger aktier i följande dotterbolag:

TEUR Företag	Org. nummer	Säte	Andel av eget kapital 31 dec 2021	Andel av eget kapital 31 dec 2020	Redovisat värde, netto 31 dec 2021	Redovisat värde, netto 31 dec 2020
DDM Debt AB	559053-6230	Sverige	100%	100%	6 035	6 035
Summa					**6 035**	**6 035**

Den 31 december 2020 överförde DDM Finance AB sin fordran på 5 936 TEUR som förföll från DDM Group AG till dotterbolaget DDM Debt AB, varvid detta belopp bidrog som ett villkorat aktieägartillskott i DDM Debt AB.

NOT 13. TRANSAKTIONER MED NÄRSTÅENDE

Ersättning från/till närstående

TEUR	Förvaltningsarvode	Övriga arvoden	Summa
2021			
Ränteintäkter från DDM Debt AB	–	2 165	**2 165**
Summa	**–**	**2 165**	**2 165**

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NOT 13. ***TRANSAKTIONER MED NÄRSTÅENDE...*** *forts.*

Fordringar, utbetalningar och skulder – närstående

TEUR	Kortfristigt	Långfristigt	Summa
Den 31 december			
2021			
Fordringar på DDM Debt AB	–	3 214	**3 214**
Lån till DDM Debt AB	–	37 586	**37 586**
Skulder till DDM Group AG	–414	–	**–414**
Skulder till DDM Debt AB	–150	–	**–150**
Summa	**–564**	**40 800**	**40 236**

Ersättning från/till närstående

TEUR	Förvaltningsarvode	Övriga arvoden	Intäkter från andelar i koncernföretag	Summa
2020				
Ränteintäkter från DDM Debt AB	–	2 005	–	**2 005**
Summa	–	**2 005**	–	**2 005**

Fordringar, utbetalningar och skulder – närstående

TEUR	Kortfristigt	Långfristigt	Summa
Den 31 december			
2020			
Fordringar på DDM Debt AB	–	4 800	**4 800**
Lån till DDM Debt AB	–	14 950	**14 950**
Skulder till DDM Group AG	–364	–	**–364**
Skulder till DDM Debt AB	–131	–	**–131**
Summa	**–495**	**19 750**	**19 255**

Bolaget har definierat styrelsen i DDM Finance, ägarna till bolaget och alla bolag i DDM Group som närstående.

Ingen ränta utgår på koncerninterna kortfristiga fordringar/skulder.

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NOT 14. UPPLÅNING

DDM Finance har totalt 18 MEUR i utestående säkerställda obligationer. DDM Finance använde merparten av nettointäkterna för att tillhandahålla ett aktieägarlån till DDM Finance helägda dotterbolag DDM Debt, vilket därmed kvalificeras som eget kapital enligt de nuvarande DDM Debt-säkerhetsobligationsvillkoren. Enligt villkoren får investerare förmånsrätt avseende säkerheten i form av aktier i DDM Finance, och eventuella interna lån till DDM Finance dotterbolag har ställts som säkerhet till investerare som företagsinterna lån. Förfallodagen för de säkerställda obligationerna är den 30 juni 2022.

Den upplupna räntekostnaden för 18 MEUR säkerställda obligationer per den 31 december 2021 var 2 203 TEUR och klassificerades under långfristiga skulder i enlighet med villkoren i noterna (2020: 2 203 TEUR klassificeras som kortfristiga skulder).

Lånets löptid:

EUR '000s	Under 1 år	Mellan 1 och 2 år	Mellan 2 och 3 år	Mellan 3 och 4 år	Mellan 4 och 5 år	Summa
Den 31 december 2021						
Säkrade seniora obligationer	17 842	–	–	–	–	**17 842**
Summa	**17 842**	**–**	**–**	**–**	**–**	**17 842**
Den 31 december 2020						
Säkrade seniora obligationer	–	17 537	–	–	–	**17 537**
Summa	**–**	**17 537**	**–**	**–**	**–**	**17 537**

NOT 15. FÖRSLAG TILL VINSTDISPOSITION

Till styrelsens förfogande står följande vinstmedel:

EUR	2021
Balanserade vinstmedel	5 561 372
Mottagna kapitaltillskott	22 635 799
Årets resultat efter skatt	–286 914
Summa	**27 910 257**

Styrelsen föreslår att vinstmedlen disponeras enligt följande:

EUR	2021
Balanseras i ny räkning	27 910 257
Summa	**27 910 257**

NOT 16. STÄLLDA SÄKERHETER OCH EVENTUALFÖRPLIKTELSER

Bolaget har ställt aktierna i dotterbolaget DDM Debt AB som säkerhet för de seniora säkerställda obligationerna som emitterats av DDM Debt AB. Bolagets ställda säkerhet i form av aktier i dotterbolaget uppgår till 54 000 EUR.

Enligt villkoren för de seniora säkerställda obligationerna om 18 MEUR (2020: 18 MEUR) utfärdade av DDM Finance får investerarna förmånsrätt avseende säkerheten i form av aktier i DDM Finance och eventuella interna lån till DDM Finance AB:s dotterbolag ställs som säkerhet till investerarna som företagsinterna lån.

DDM Finance AB har inga andra pantsatta tillgångar, eventualförpliktelser eller andra poster att redovisa inom linjen.

NOT 17. HÄNDELSER EFTER RAPPORTPERIODENS SLUT

Inga väsentliga händelser har inträffat efter räkenskapsårets utgång och fram till utgivandet av denna rapport.

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UNDERSKRIFTER

Bolagets resultat- och balansräkningar föreslås bli fastställda på årsstämman den 23 juni 2022.

Styrelsen försäkrar härmed att denna årsredovisning ger en rättvisande bild av bolagets verksamhet, finansiella ställning och resultat samt beskriver väsentliga risker och osäkerhetsfaktorer som rör bolaget.

Stockholm den 24 mars 2022

Jörgen Durban
Styrelseordförande

Joachim Cato
Styrelseledamot

Florian Nowotny
Styrelseledamot

Vår revisionsberättelse lämnades den 24 mars 2022

Öhrlings PricewaterhouseCoopers AB

Sussanne Sundvall
Auktoriserad revisor

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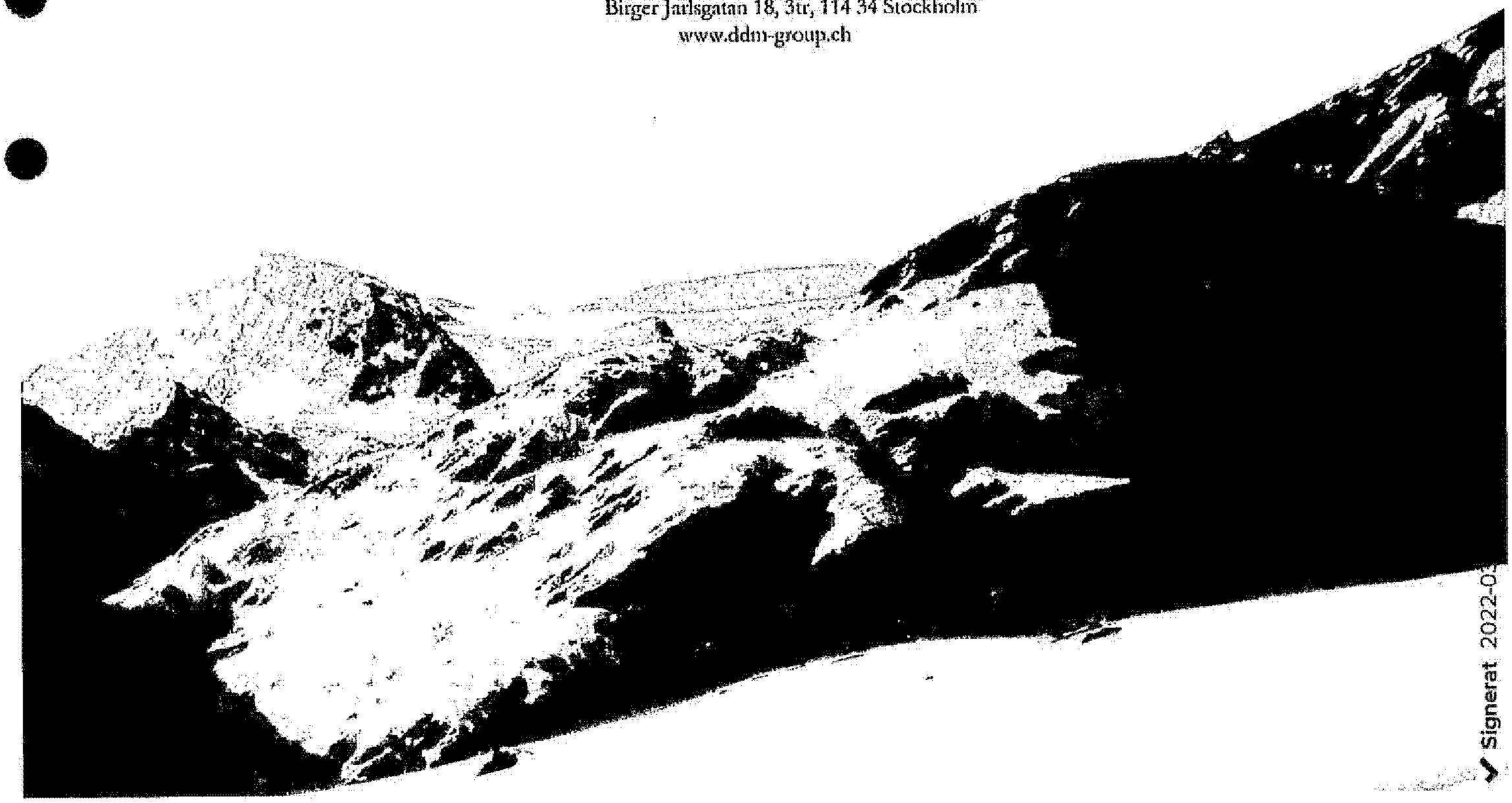
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DDM FINANCE AB

EN MULTINATIONELL INVESTERARE OCH FÖRVALTARE AV FÖRFALLNA TILLGÅNGAR

ddm

DDM Finance AB
Birger Jarlsgatan 18, 3tr, 114 34 Stockholm
www.ddm-group.ch



Signerat 2022-0

Deltagare

ÖHRLINGS PRICEWATERHOUSECOOPERS AB 556029-6740 Sverige

Signerat med Svenskt BankID — *2022-03-25 10:16:24 UTC*

Namn returnerat från Svenskt BankID: Marie Sussanne Sundvall — Datum

Sussanne Sundvall

Auktoriserad revisor

Leveranskanal: E-post

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Revisionsberättelse

Till bolagsstämman i DDM Finance AB, org.nr 559053-6214

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för DDM Finance AB för år 2021.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av DDM Finance ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för DDM Finance AB.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till DDM Finance AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för DDM Finance AB för år 2021 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

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Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till DDM Finance AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Stockholm den dag som framgår av min digitala underskrift

Öhrlings PricewaterhouseCoopers AB

Sussanne Sundvall
Auktoriserad revisor

Signerat 2022-03-25 10:17:19 UTC

Deltagare

ÖHRLINGS PRICEWATERHOUSECOOPERS AB 556029-6740 Sverige

Signerat med Svenskt BankID — *2022-03-25 10:17:19 UTC*

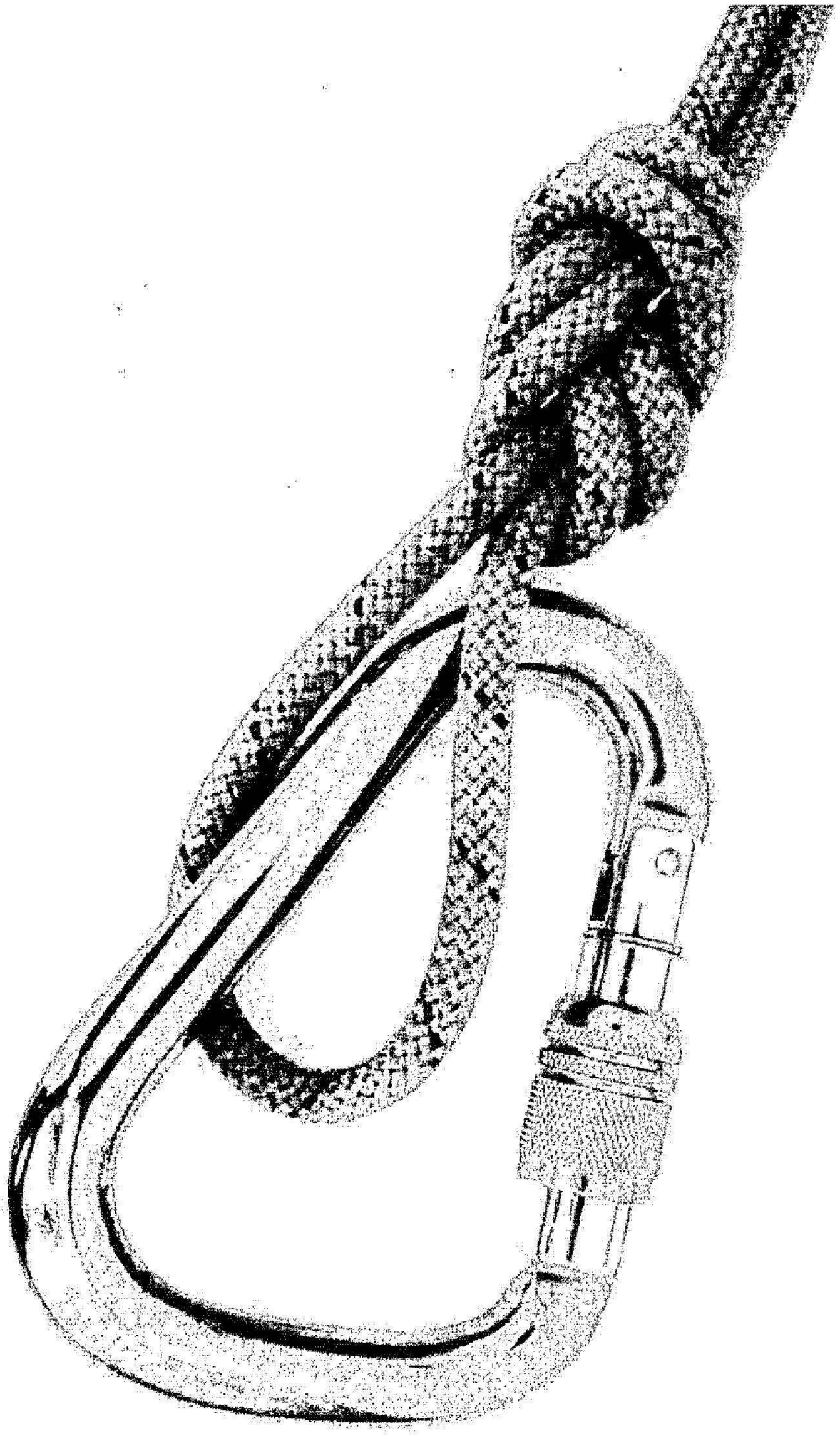
Namn returnerat från Svenskt BankID: Marie Sussanne Sundvall — Datum

Sussanne Sundvall
Auktoriserad revisor

Leveranskanal: E-post

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DDM HOLDING AG

2021 ANNUAL REPORT

ddm

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

20220921109379

The DDM Holding AG 2021 Annual Report

DDM Holding AG ("DDM" or the "Company") is a Swiss company headquartered in Zug. Corporate registration number CHE-115906312. DDM together with its subsidiaries are referred to as the "Group".

Values are expressed in euro (EUR), thousands of euros as EUR 000s and millions of euros as EUR M. Unless otherwise stated, figures in parentheses relate to the preceding financial year, 2020.

Data on markets and competitors are DDM's own estimates, unless another source is specified. This report contains 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.

Arctic Securities AS, Sweden branch is DDM Holding AG's Certified Adviser.

DDM's annual and interim reports are available in English from the Company's website >>.

Any questions regarding financial data published by DDM may be submitted to: DDM's Investor Relations, tel. +41 41 766 1420 or email: investor@ddm-group.ch

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2021 Highlights

This is DDM

Experienced specialist in an expanding sector

DDM is a specialized multinational investor in situations arising out of the general strategic challenges in the European banking markets. This includes investments into assets and companies previously held by financial institutions, including performing and non-performing loans and special situations. DDM strives to create value for its stakeholders by combining significant expertise in financial services, credit underwriting and technology with a focus on operational excellence. DDM Holding AG is domiciled in Switzerland and was founded in 2007; its shares are listed on Nasdaq First North Growth Market, Stockholm (ticker symbol: DDM).

DDM 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. Access to this servicing platform for secured portfolios complements our partnerships with leading local collection agencies to optimize collections from each portfolio, ensuring increased control and enabling DDM to be closer to the market. Consequently, DDM has developed a successful business model allowing for flexibility, automated processes and speed in decision-making.

For sellers, management of distressed assets is a sensitive issue as it concerns the relationship with their customers and therefore their brand reputation. It is therefore critical for sellers that the acquirer handles the underlying individual debtors professionally, ethically and with respect. DDM has longstanding relations with sellers of distressed assets, based on trust and the company's status as a credible acquirer. DDM's expertise is key to assess the portfolios, as well as to decide how to open up a dialogue with the debtors. The goal is to establish an instalment plan and, in the end, achieve an amicable settlement where the debtor has repaid the outstanding amount. DDM 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.

Loan moratorium measures implemented across Europe in response to the Covid-19 pandemic have limited the ability of banks to dispose of non-core NPLs. Therefore, increasing transaction volumes are expected to continue following an end to loan moratoriums and increasing NPLs on the back of Covid-19. DDM's understanding of the complete collection process, access to portfolio management services for secured portfolios in the Balkans in combination with the existing network of specialized local collection agencies gives DDM a unique advantage in the market. Combined with a proprietary IT-system, relations with co-investors and a flexible business model, this supports DDM's continued growth and its ambitions to maximize shareholder value. DDM is well-positioned to capitalize on rising NPL volumes.

2021

H1

'B' rating with stable outlook assigned to DDM Debt AB by S&P Global Ratings and Fitch

EUR 150m bond issuance by DDM Debt AB within a EUR 300m framework, with a 5-year tenor and fixed rate coupon of 9% p.a. The proceeds were for refinancing the existing senior secured bonds issued by DDM Debt AB and for investments and acquisitions

Portfolio acquired in Romania containing consumer receivables with a gross collection value of c. EUR 90m

H2

EUR 50m bond tap issue by DDM Debt AB within the EUR 300m framework, which was oversubscribed and placed at 102% of the nominal amount

Entered Italy by acquiring a 5% stake and entered into a strategic partnership with Borgosesia S.p.A, an Italian investment platform specialized in secured non-performing loans and special situations

Agreement to acquire 100% of the share capital of Swiss Bankers Prepaid Services AG, the Swiss market leader in prepaid cards, providing innovative, credit-based payment products and offering solutions in cashless, globally secure payment transactions. The closing of the transaction is subject to the granting of all necessary regulatory approvals.

Key financial highlights below include non-IFRS alternative performance measures that represent underlying business performance. Further details including a reconciliation to IFRS can be found on page 87.

Financial overview

EURM	2021	2020
Income statement:		
Adjusted gross collections	60.7	123.3
Collection and commission expenses	(11.6)	(8.6)
Adjusted net collections	49.1	114.7
Revenue from management fees	0.1	0.1
Adjusted cash EBITDA	37.9	102.2
Share of net profits of associate and joint venture	3.6	1.3
Operating profit	12.7	28.2
Adjusted net (loss) / profit for the year	(2.9)	9.1
Earnings per share, EUR	(0.50)	0.67
Cash flow statement:		
Cash flow from operating activities before working capital changes	22.2	90.1
Cash purchases net of financing of invested assets	39.5	33.3
Balance sheet:		
Total assets	248.2	195.5
Net debt	135.8	106.8
Equity ratio	13.7%	22.2%
Other:		
Total number of shares outstanding at the end of the year	13,560,447	13,560,447
Proposed dividend per share, EUR	0.00	0.00
Number of employees at the end of the year	11	65

For more information, see Accounting policies, page 43. Glossary and Financial definitions can be found on page 88.

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DDM's progress

2007 - 2016
- Listing of DDM Holding AG on Nasdaq First North Growth Market, Stockholm in 2014
- Broadened geographic scope: entered Czech Republic, Macedonia, Poland, Romania, Slovenia and Slovakia
- In cooperation with large investment partners, DDM made significant investments in Hungary
- New issue of 1,940,298 shares, raising approximately EUR 7M (SEK 65M) before transaction costs

2017
- EUR 85M of senior secured bonds issued at 9.5% to refinance existing debt and acquire portfolios, with listing on Nasdaq Stockholm
- New issue of 4,520,149 shares, raising approximately EUR 11M (SEK 104M) before transaction costs
- Entered Greece, Croatia and Serbia
- EUR 10M bridge financing raised
- EUR 50M of senior secured bonds issued at 8%, with listing on Nasdaq Stockholm

2018
- Strategic shift to invest in secured corporate portfolios with further investments in the Balkans, Hungary and the Czech Republic
- Refinancing raised EUR 12M of senior secured bonds

2019
- Significant investment in Croatia in a corporate secured portfolio made through a 50/50 joint venture with B2Holding
- Further significant investment in Croatia and buy-out of co-investor in Greece
- EUR 27M Revolving Credit Facility secured
- EUR 100M of senior secured bonds issued at 9.25% to refinance existing EUR 85M bonds and acquire portfolios, with listing on Nasdaq Stockholm
- Refinancing raised EUR 18M of senior secured bonds
- Launch of servicing platform for secured portfolios

2020
- Strategic investment acquired 9.9% stake in Addiko Bank AG
- Buy-out of majority share co-investor in Hungary
- Restructured Greek transaction resulting in accelerated collections of approximately EUR 60M

2021
- **EUR 200M of senior secured bonds issued at 9% to refinance existing debt and make acquisitions, with listing on Nasdaq Stockholm**
- **Further investments in Romania and Croatia**
- **Investments in Luxembourg**
- **Entered Italy and re-entered Poland**
- **Acquired 100% of the share capital of Swiss Bankers Prepaid Services AG**

2021 Highlights

Significant investment activity in new and existing markets

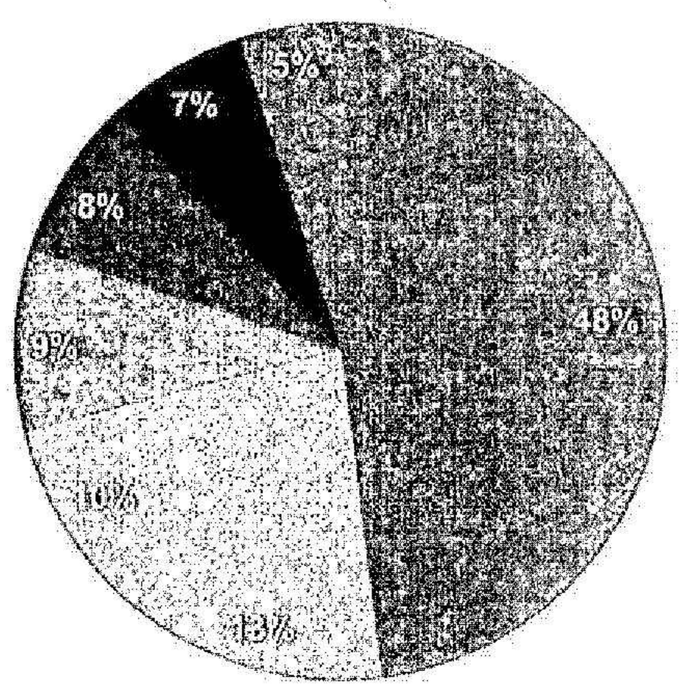
DDM's growth strategy has transformed from its core as an investor and manager of NPLs to a specialized multinational investor in situations arising out of the general strategic challenges in the European banking markets, including performing and non-performing loans and special situations.

We act as an investor and partner for financial institutions in Europe, and just before the end of the year we signed an agreement to acquire Swiss Bankers Prepaid Services AG ("Swiss Bankers"), an attractive opportunity to acquire a market-leading Swiss payments company. We also entered into a strategic partnership with Borgosesia S.p.A ("Borgosesia") to invest in Italian mid-market real estate-backed special situation opportunities.

Our investment activity intensified towards the end of the year by investing in both new and existing markets, which has increased our ERC to approximately EUR 300m at the end of the 2021 and is expected to increase further during 2022.

In March DDM Debt AB ("DDM Debt") received it's first ratings of 'B' with stable outlook from S&P Global Ratings and Fitch, which was a significant milestone in our financing plan. In Q2 we also successfully refinanced DDM Debt's EUR 100m and EUR 33.5m senior secured bonds by issuing senior secured fixed rate bonds in an initial amount of EUR 150m under a framework of up to EUR 300m. The bonds have a five-year tenor and carry a fixed rate coupon of 9%. At the time of the new bond issuance DDM Debt was holding approximately EUR 23m of the outstanding EUR 100m bonds. DDM Debt also successfully issued a further EUR 50m of bonds during September in an oversubscribed tap issue that was priced at a 2% premium to par value. The issuances demonstrated continued support from existing investors across the Nordic region and also attracted interest from new international investors. We are very pleased to have secured this long-term financing providing stability and the opportunity for DDM to capitalize on market opportunities to expand its investment portfolio.

Adjusted net collections* by country 2021



Adjusted net collections includes the incremental net distribution from associate and joint venture, see page 87 alternative performance measures

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2021 Highlights

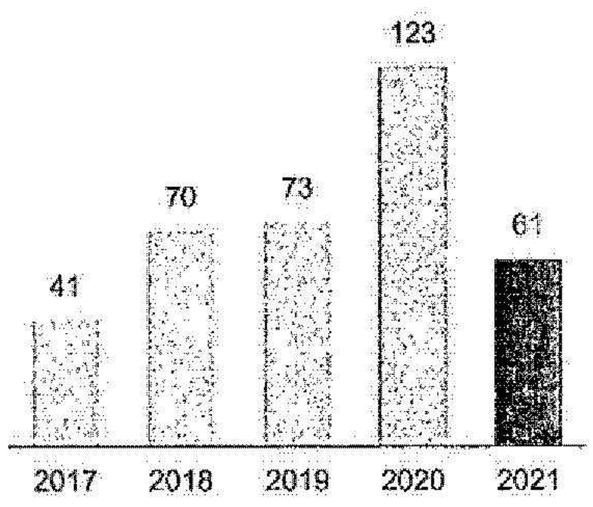
Financial KPI's

"We have a well-diversified platform across NPLs, Consumer Finance, Real Estate & Special Sits and Asset & Loan Servicing"

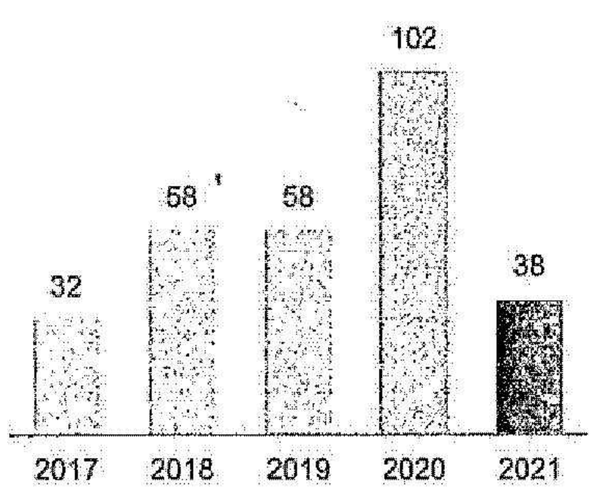
Florian Nowotny,
CEO of DDM

Income statement

Adjusted gross collections*

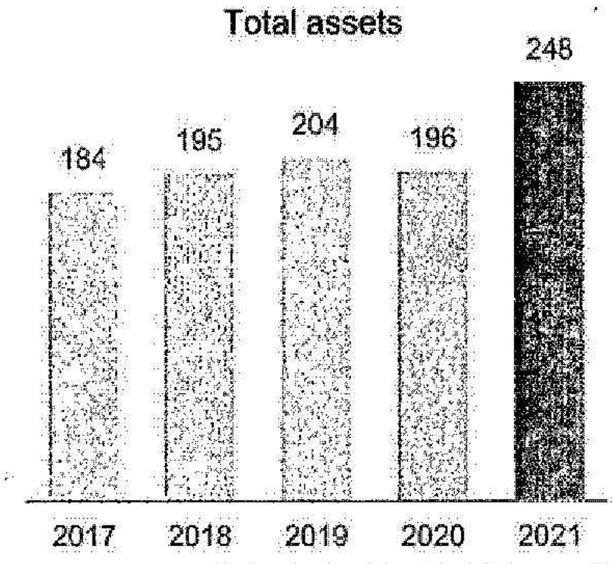


Adjusted cash EBITDA*

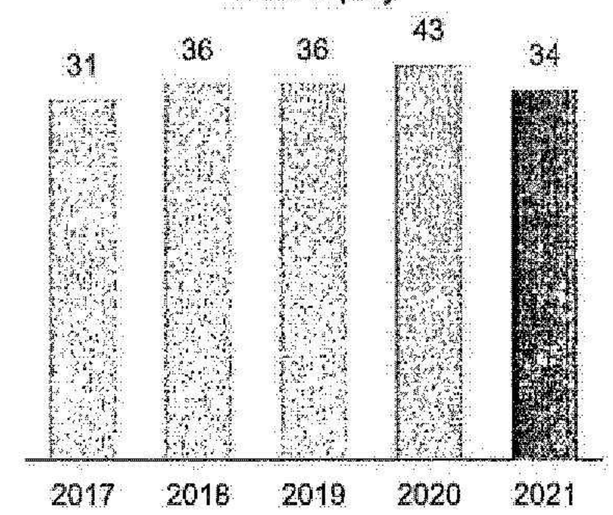


Balance sheet

Total assets

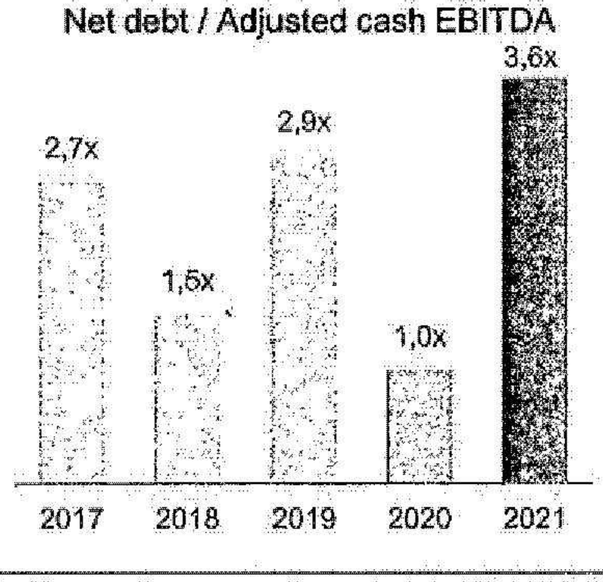


Total equity

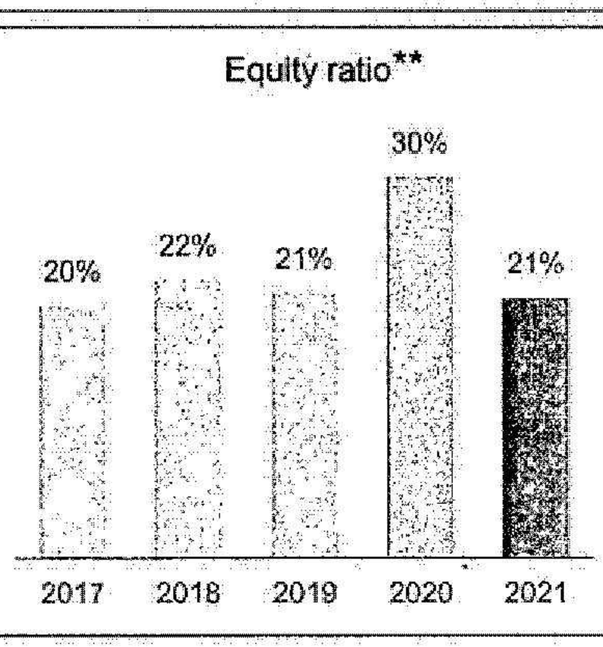


Leverage

Net debt / Adjusted cash EBITDA

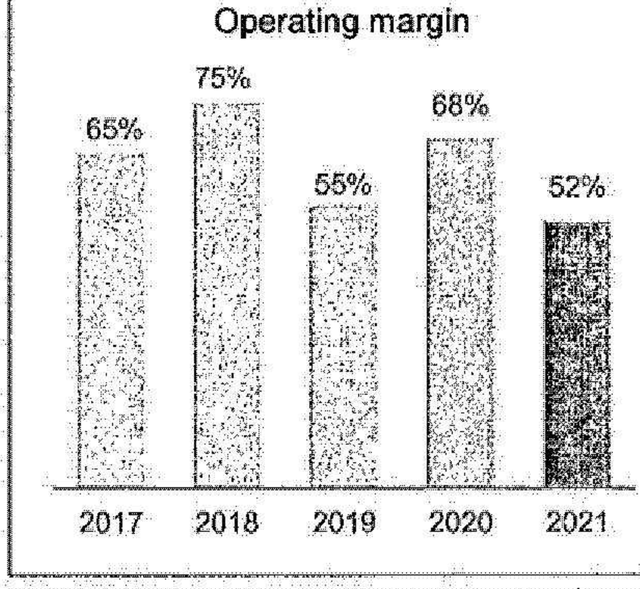


Equity ratio**

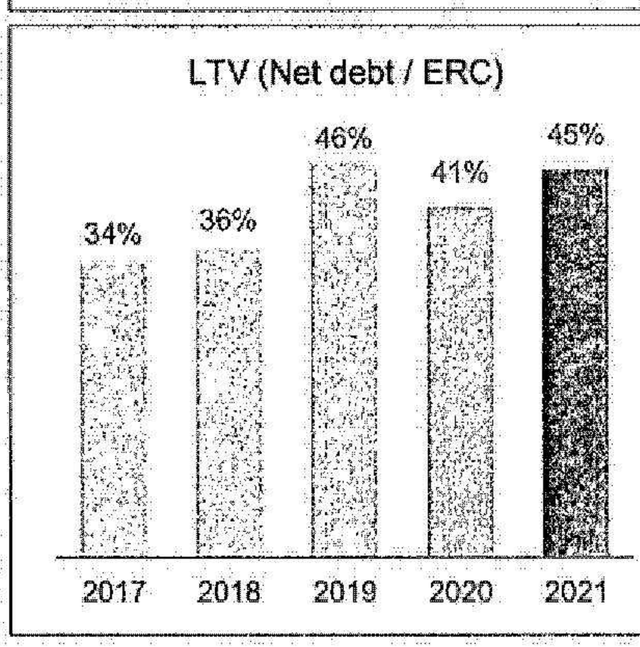


Efficiency

Operating margin



LTV (Net debt / ERC)



All figures are in EUR million, unless stated otherwise.

* Adjusted gross collections includes EUR 15.6M (2020 EUR 10.1M, 2019: 7.2M) incremental gross distribution from associate and joint venture and EUR nil (2020: EUR nil, 2019: 4.5M) sale of invested assets. Adjusted cash EBITDA includes EUR 10.2M (2020 EUR 5.3M, 2019: 3.8M) incremental net distribution from associate and joint venture and EUR nil (2020: EUR nil, 2019: 4.5M) sale of invested assets. See Alternative Performance Measures on page 87 for further details.

** The equity ratio of the DDM Debt Group according to the senior secured bond terms.

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CEO'S REPORT

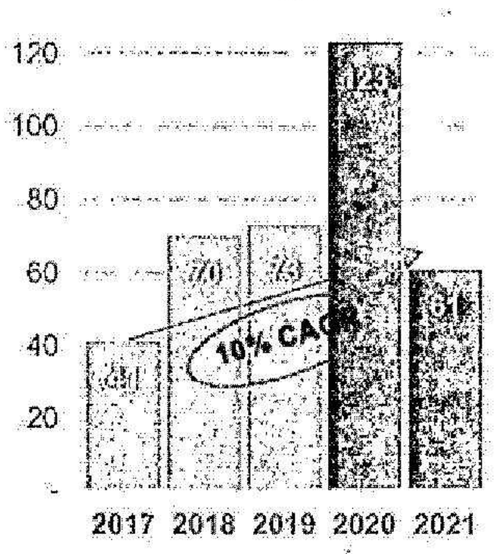
Significant investment activity and successful bond refinancing



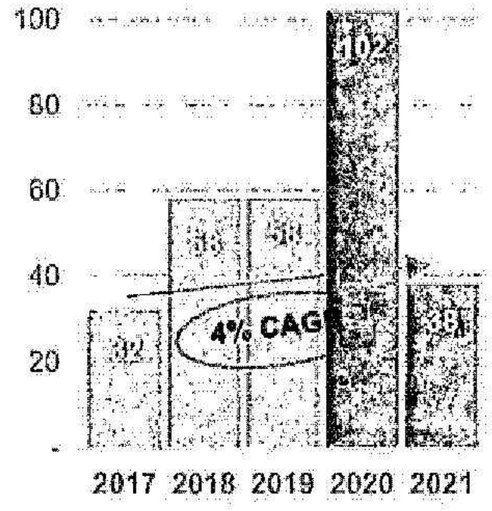
Florian Nowotny,
CEO of DDM

"DDM is well-positioned with approximately EUR 65m of cash available to invest at 31 December"

Adjusted gross collections, EUR M



Adjusted cash EBITDA, EUR M



I am delighted to have been appointed as CEO of DDM in August after having contributed to the continued success of the company in various capacities since 2017 and as a Board member since 2019. I have extensive capital markets experience as well as in investment banking which will enable me to drive forward DDM's growth strategy in NPL and special situation investment opportunities.

We ended the 2021 year with intensive investment activity by investing in both new and existing markets. In March we received our first credit ratings, which was a significant milestone in our financing plan. We also refinanced and significantly extended our debt maturity during the year giving us a strong capital position which will help to support future growth.

Agreement for acquisition in Switzerland

During December we entered into an agreement to acquire 100% of the share capital of Swiss Bankers, with closing subject to regulatory approval. Swiss Bankers is the Swiss market leader in prepaid cards and provides innovative, credit-based payment products and offers solutions in cashless, globally secure payment transactions. This transaction follows DDM's growth strategy to invest into special situation opportunities arising out of the transformation of the European Banking sector. The acquisition of Swiss Bankers is an attractive opportunity to access a highly scalable platform for payments with an e-money banking licence that is eligible for passporting into the EU. DDM will support Swiss Bankers in its strategic direction and the associated implementation of its digitization and international expansion strategy by extending the product offering into alternative banking and embedded finance solutions. As of 30 June 2021 Swiss Bankers had total assets of approximately CHF 440m.

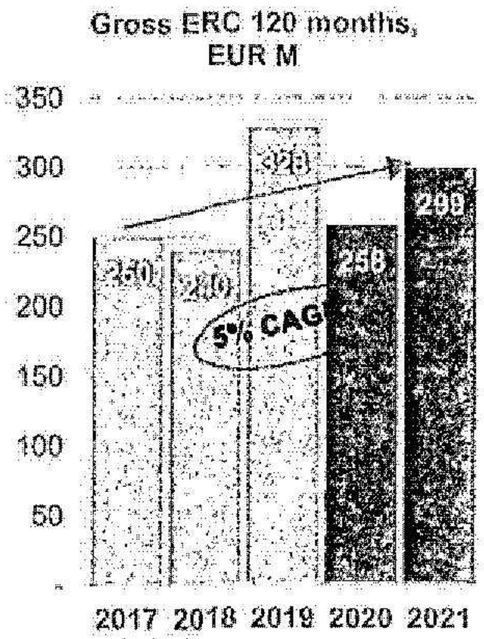
Entered into a strategic partnership in Italy

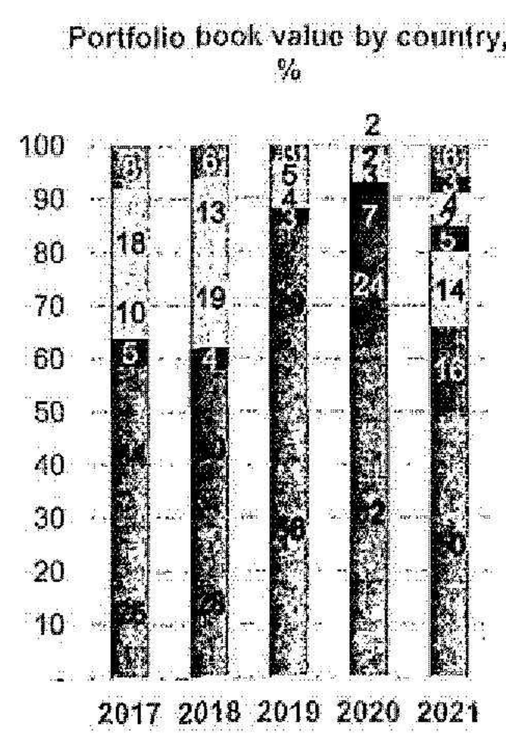
During December we also acquired a 5% stake and entered into a strategic partnership with Borgosesia, an Italian investment platform specialized in secured non-performing loans and special situations. Borgosesia is a niche investment platform with a proven track record of successfully originating, structuring and executing complex investments at attractive returns. This strategic partnership with Borgosesia will provide DDM with access to an exciting pipeline of Italian mid-market real estate-backed special situation investment opportunities, with an expert and knowledgeable partner and co-investor. The target investment volume amounts to up to EUR 100m over a three-year horizon. DDM acquired a 5% stake in Borgosesia for approximately EUR 1.4m financed by cash on hand and executed its first co-investment alongside Borgosesia before the end of the year in an NPL portfolio containing secured residential receivables with a gross collection (face value) of over EUR 10m.

Strategic NPL investments in new and existing markets

We have further successfully capitalized on our investment pipeline of attractive opportunities by investing in NPL portfolios located in both existing markets and new markets across the SCEE region. In Poland, a large market where we see interesting future opportunities, we acquired an NPL portfolio containing consumer receivables with a gross collection value (face value) of the portfolio that amounts to over EUR 25m, with the acquisition financed by cash on hand. We also acquired a NPL portfolio containing secured corporate receivables located in Croatia with a gross collection value of the portfolio that amounts to over EUR 10m with the acquisition financed by cash on hand and a follow-on investment with a gross collection value (face value) of the portfolio that amounts to over EUR 20m that was pending regulatory approval at the end of the year and closed on 9 February 2022. We also acquired a consumer NPL portfolio in Romania with a gross collection value of the portfolio that amounts to over EUR 90m, and further made investments in Luxembourg in the Omnio Group totalling approximately EUR 25m.

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First credit rating and significant debt maturity extension

In March DDM Debt AB ("DDM Debt") received its first ratings of 'B' with stable outlook from S&P Global Ratings and Fitch, which was a significant milestone in our financing plan. In Q2 we also successfully refinanced DDM Debt's EUR 100m and EUR 33.5m senior secured bonds by issuing senior secured fixed rate bonds in an initial amount of EUR 150m under a framework of up to EUR 300m. The bonds have a five-year tenor and carry a fixed rate coupon of 9%. At the time of the new bond issuance DDM Debt was holding approximately EUR 23m of the outstanding EUR 100m bonds. DDM Debt also successfully issued a further EUR 50m of bonds during September in an oversubscribed tap issue that was priced at a 2% premium to par value. The issuances demonstrated continued support from existing investors across the Nordic region and also attracted interest from new international investors. We are very pleased to have secured this long-term financing providing stability and the opportunity for DDM to capitalize on market opportunities to expand its investment portfolio.

Earnings 2021

Adjusted gross collections amounted to EUR 60.7m for the full year 2021, lower than the corresponding period last year mainly due to approximately EUR 60m of accelerated collections that were received from the restructured Greek transaction in the second half of 2020. After deducting commission and collection fees to third parties this resulted in EUR 49.1m of adjusted net collections being received for the full year 2021. Operating expenses were EUR 11.3m for the full year 2021, and as a result, adjusted cash EBITDA totaled EUR 37.9m for the full year 2021, equating to a high cash conversion ratio of above 75% for FY 2021 as a percentage of adjusted net collections. Operating profit includes EUR 2.6m of upwards revaluation recognized during the fourth quarter on portfolios located across the Balkans and Hungary for which large, secured receivables are expected to be collected at a higher realizable value in the future following the end of loan moratoria and improved economic expectations. This is in addition to EUR 2.4m of upwards revaluation recognized earlier in the year on portfolios following the release of credit provisions implemented in the prior year in response to the COVID-19 pandemic.

Share of net profits of joint venture and financial assets at fair value

The results for the full year 2021 include EUR 2.3m share of net profits of joint venture under the equity method of accounting, following the buy-out of third party financing together with B2Holding that was used to partially fund the joint venture acquisition in Croatia during 2019. We received a EUR 3.9m capital dividend from our investment in Addiko Bank AG on 11 November in addition to the EUR 0.7m capital dividend previously received on 5 May, following the European Central Bank guidance in July to lift restrictions on dividend distributions. The investment in Addiko Bank was reclassified in December 2021 to a financial asset at fair value, which resulted in a EUR 3.7m fair value loss recognized within financial expenses in the income statement, partially offset by EUR 3.0m of other comprehensive income being recycled to the income statement.

Estimated Remaining Collections

ERC in relation to invested assets at 31 December 2021 stands at EUR 299m, corresponding to an increase of 16% compared to 31 December 2020, as a result of investments acquired partially offset by the collections that have been received during 2021, and is expected to increase further during 2022 following the receipt of regulatory approval for recently signed acquisitions. Over 70% of the collections are expected to be received within the next three years and the composition of the portfolios that are secured is approximately 81% of ERC over the next three years at 31 December 2021.

Market outlook

Investment activity has intensified across the SCEE region, both in existing markets and newly entered markets during 2021. This is largely as a result of increased portfolio sales from European Banks reducing the level of NPLs held in the banking sector mainly through securitizations, in order to improve their asset quality metrics following government-guaranteed securitization schemes in response to the COVID-19 pandemic and the end of loan-payment moratoriums across most countries. The long-term extent of the COVID-19 pandemic on asset quality remains uncertain, however the volumes of NPL sales and special situation opportunities are expected to increase significantly during 2022 and beyond.

DDM has positioned itself well for growth by actively working both in existing markets across the SCEE region, having further invested in NPL portfolios located in Croatia and Romania where we have previously transacted, and by entering new markets by teaming up with strategic partners and co-investors in neighbouring countries including Italy, Poland and Switzerland, where we see significant investment opportunities at attractive prices.

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BUSINESS MODEL

Capabilities to manage assets

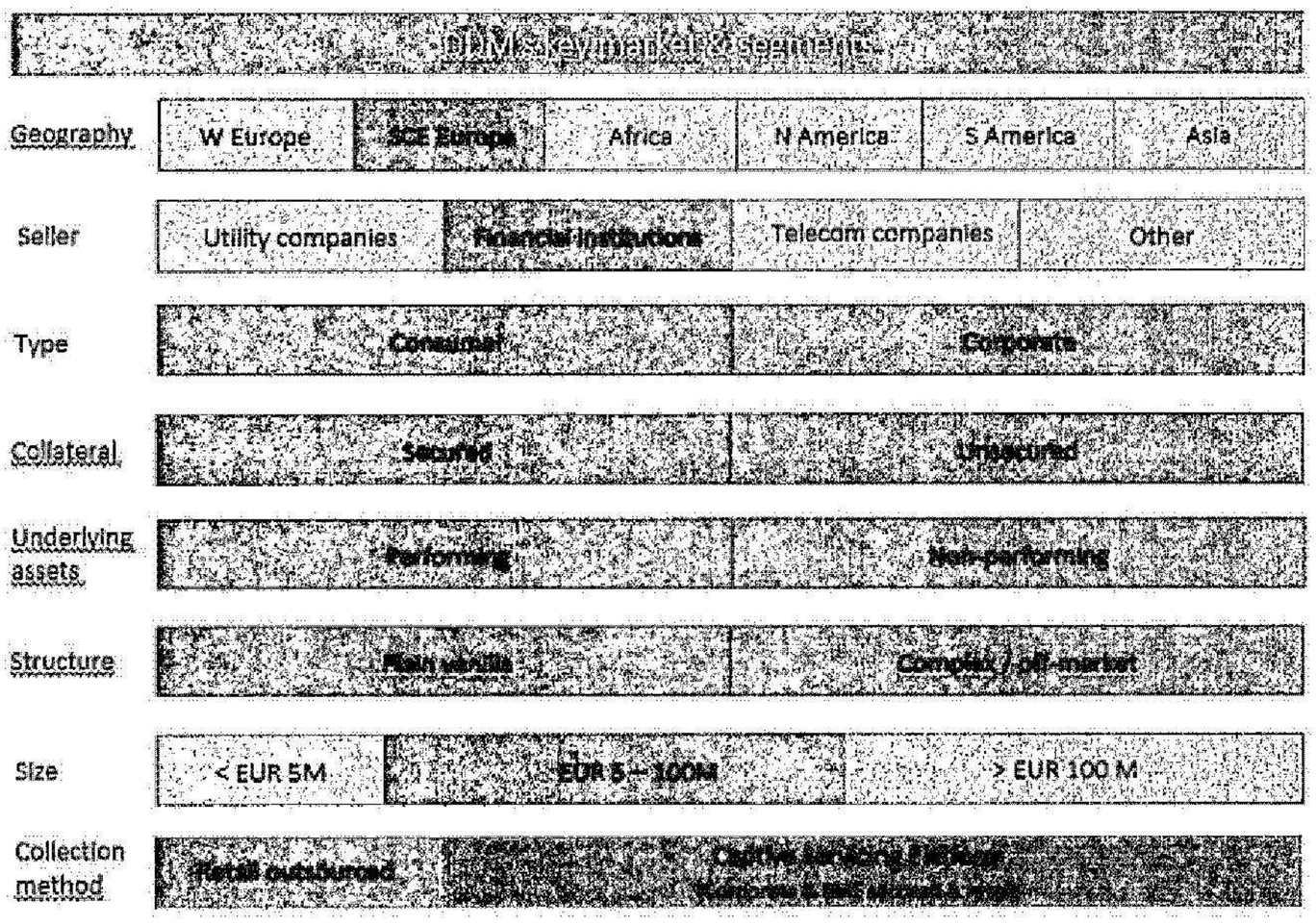
DDM is a specialized multinational investor in situations arising out of the general strategic challenges in the European banking markets. This includes investments into assets and companies previously held by financial institutions, including performing and non-performing loans and special situations. DDM strives to create value for its stakeholders by combining significant expertise in financial services, credit underwriting and technology with a focus on operational excellence. We work in close and longstanding relations with banks and financial institutions and provide solutions to recover outstanding distressed assets.

Revenues in the non-performing loans industry stem from the margin created by acquiring loan portfolios at a discount and then collecting the outstanding debt. There are two main categories of distressed assets. Corporate is made up of distressed obligations held by one company against another. Some of the major international investment banks are active as acquirers of this type of portfolios.

The second category is distressed consumer debt, i.e. debt held against consumers that for some reason is not fully and/or promptly served. The traditional way for a company that holds such debt has been to give an assignment to a collection company. The collection company would then, acting as an agent, attempt to collect as much as possible and for this service charge a commission based on the collected amount.

DDM's investments mainly have an investment value of EUR 5–100M. Sellers are primarily financial institutions, typically international banks with presence in several countries in Southern, Central and Eastern Europe. We have established relationships with sellers throughout the industry and as DDM 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 DDM 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.

DDM key market segments, performing and non-performing assets



DDM's (in orange) and AxFina's (blue) activites are focusing on specific segments of the overall market.

Our business model is supporting sellers and debtors

DDM's business model is based on our extensive experience and expertise from the NPL industry and proprietary data in combination with independent debt collection agencies providing the services according to DDM's specifications.

In general, the market players can be divided into two strategic groups by the business models prevalent, namely: debt collection through in-house or external collection agencies. DDM is different from most of its peers due to our business model, which is based on partially outsourcing debt collection to external collection agencies and access to a portfolio management, business development, servicing and technology platform that it launched during 2019.

Incentives for sellers to use DDM

Banks in Southern, Central and Eastern Europe are generally subject to the same driving forces as Western European banks when it comes to selling their distressed assets. These include their need to focus on their core operations and to improve their capital adequacy ratios and cash positions.

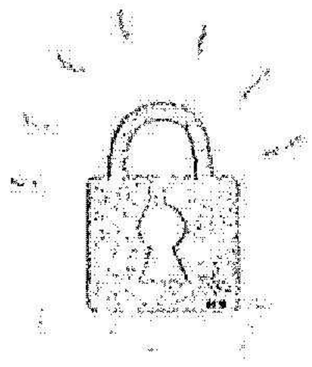
Incentive 1
In many cases, removing distressed assets from their balance sheets helps banks meet regulatory requirements.

We acquire distressed assets outright, removing them from our clients' balance sheets, and providing immediate liquidity and freeing up reserves. Generally, selling to us enables clients to recover capital much faster than through a traditional debt collection company.

Incentive 2
Selling distressed assets allows banks to focus on their core activities as distressed asset management can be difficult and divert management focus and other scarce resources.

Incentive 3
By selling distressed assets to a respected debt purchaser such as DDM, banks reduce their reputational risk. Banks and financial institutions seeking to sell distressed assets often work directly with us.

This is attributable to our track-record, experience in closing transactions and our method of both managing the performance of our portfolios, and of carefully selecting our collection partners.



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BUSINESS MODEL

The acquiring and managing of debt and the subsequent collection on debts, together the distressed assets industry, is an integral part of the finance and credit systems. As an experienced investor and manager DDM understands the sellers' demands and expectations. In combination with a strict ethical approach throughout the process, DDM has gained a strong reputation within this growing industry and enjoys strong business relationships with sellers, mainly major banks and other financial institutions in the countries in which we are operating.

DDM has created a proprietary software system that drives efficiency and productivity, as well as providing significant intellectual property to further provide time and cost-efficient processes. This enables DDM to deliver effective and reliable solutions to assure the sellers' their reputation and successfully manage and support the debt recovery process.

An open dialogue with the debtor is key to reaching an amicable settlement. DDM's goal is to reach mutual understanding of the situation in order to offer an affordable instalment plan for the debtor. There are different reasons for each debtor to become delinquent, however the majority want to overcome their difficulties. With a professional approach, we are able to resolve their financial condition and the former debtor is again a potential consumer.

Business drivers

Key drivers and trends

2021 continued to be a challenging year across the world as a result of the ongoing adverse impact on global business and economic activity caused by the COVID-19 pandemic. Weaker macroeconomic perspectives, asset quality deterioration and low rates from central banks in response to the pandemic are key factors that are impacting the profitability of European banks with net interest margins under pressure and bank loan loss provisioning expected to rise, which will continue to trigger non-core NPL sell-offs. The European Central Bank ("ECB") is focused on strengthening the banking system by committing to continue to reduce the NPL ratios across European banks.

Competition overview

Southern, Central and Eastern European NPL markets offer substantial opportunities for growth, particularly following the end to loan moratorium measures implemented across Europe during 2020 as a result of the COVID-19 pandemic that have significantly limited the ability of banks to dispose of non-core NPLs. These core regions are expected to continue to recover significantly and DDM is well-positioned to capitalize on the rising NPL volumes expected in the future at attractive prices.

Since 2007, DDM has built a successful platform in the SCEE region and has acquired 2.4 million receivables with a nominal value of over EUR 4 billion. Initially DDM invested in consumer, unsecured debt and has gradually shifted towards being an investor and manager of secured, corporate debt. DDM has identified two further strategic areas that are complementary to its core NPL business, being consumer finance following the strategic investments in Addiko Bank and agreement to acquire Swiss Bankers, and debt servicing following the launch of a servicing platform. DDM previously worked with a large network of trusted debt collection agencies that collected the assets on behalf of DDM and in 2019 launched a platform for the work-out and servicing of secured debt that subsequently became a related third-party debt servicer, outsourcing and digital partner. These factors together with a highly skilled experienced organization and strong relationships with selling banks that view DDM as a trusted and reputable partner makes us unique.

Other competitors on the markets include local investors, such as Kruk Group in Poland and Romania, international investors in NPLs, including Intrum, B2Holding and EOS Group; as well as larger international financial institutions, such as Deutsche Bank and AnaCap Financial Partners, who have been known to invest in portfolios in some of the markets where we operate on a more opportunistic basis.

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The value chain

BUSINESS MODEL

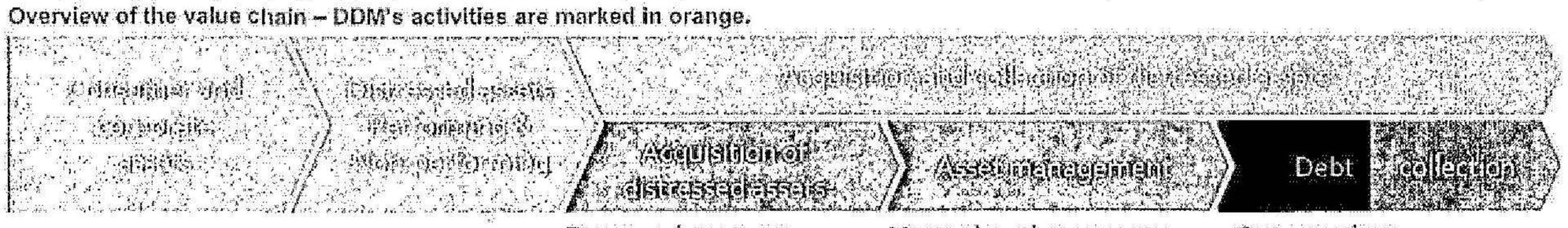
DDM focuses on the most profitable part of the distressed asset value chain – the acquisition and recovery management of assets mainly sold by financial institutions in Southern, Central and Eastern Europe.

DDM's view that Southern, Central and Eastern Europe is a more immature market, where flexibility, speed in decision-making, and reputation while maintaining standardized processes are key success factors. As a result, Southern, Central and Eastern Europe presents an interesting potential, as the adoption of selling loan portfolios is a relatively new and increasing feature in comparison to mature Western European markets.

Below is an illustration of the value chain with DDM key activities marked in orange. To be successful in the acquisition process, DDM has developed state-of-the-art processes for analysis, pricing and management of the acquired portfolios based on the team's deep industry experience.

To manage the acquired portfolios, DDM's strategy is to access a platform of portfolio management servicing that it launched during 2019 for certain portfolios and to partner up with outsourced collection agencies in certain local markets, in order to optimize collections from each portfolio. These processes are built into DDM's proprietary IT system FUSION, either as business rules or as an automated process. As a result of DDM partially outsourcing the collection process and having access to a platform of portfolio management servicing, the Company can select the best-suited collection agency for a specific group of receivables, ensuring increased control and enabling DDM to be closer to the market.

Overview of the value chain – DDM's activities are marked in orange.



Acquisition of distressed assets

Historically, banks have sold loan portfolios in larger chunks, which require significant resources available for investment and capacity to hold the portfolio for the duration between investment and collection. Although banks have started to split these in smaller portions, the business experiences idiosyncratic risks, which promotes the need for enterprises to invest heavily in different prospects for diversification purposes.

As a reference on the cost and size of portfolios, DDM typically targets portfolios with an investment value of EUR 5-100M. In addition to having access to capital, enterprises engaged in loan portfolio transactions need to have the knowledge and resources to evaluate potential prospects to be successful. This holds especially true during the turmoil associated with recessions, where increases in NPLs drive portfolio prices down, while at the same time increasing the risks of not being able to collect the outstanding debt. To address this issue, advanced integrated systems are used to evaluate loan portfolio attractiveness.

Asset management

DDM manages this through its proprietary IT system called FUSION. One of the most critical factors when acquiring portfolios is that enterprises must have access to an efficient collection process, which includes the correct and ethical treatment of debtors, since selling banks and financial institutions are concerned about maintaining their reputation and relationship with clients, as well as debtors. Consequently, this implies that even though an enterprise has the required cash and enough knowledge to enter the industry, it may prove impossible to actually acquire and initiate a relationship with selling financial institutions if unable to ensure that it can handle debtors appropriately.

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Our processes

When DDM is presented with an opportunity to acquire a portfolio, an analysis of the available data is performed and an indicative price is calculated. Typical data requested includes:

- Outstanding principal, interest and fees amount per debtor and case, age of debt and monthly payment history per case, date of birth and other related debtor information, co-debtors and/or guarantor information
- Vendors underwriting standards; historical collection approach and current collection stage (pre-legal, legal, etc.), number of ongoing instalment programs
- Detailed information about collaterals or other securities (if applicable), types, age, location and related values

With the above input data, an analysis is performed with emphasis on:

- Checking all of the data, searching for and reconciling inconsistencies
- Considering the key factors affecting success rates in collection, including age and scale of the assets, collateral, bailiff procedures as well as availability and completeness of underlying documentation
- Analyzing the reported recovery rates, looking for trends, inconsistencies and potential to improve
- Assessing underlying collaterals and projecting estimated recoveries
- Considering what collection strategy has been applied, and for how long
- Taking existing payment plans into account and how they have been serviced

Based on this analysis, we evaluate the portfolio and produce a forecast for future collections on case level. Key factors include:

- Conducting scenario analysis (i.e. best case, worst case) based on underlying asset valuation, collection history as well as internal and external benchmarks
- Enhancing the current collection strategy by applying the best tool and selecting the best agent for every case
- Looking for seasonality, i.e. a predictable change in a time series that recurs or repeats over a one-year period, and applying these in the forecast
- Capturing recurring patterns that could affect the performance of the portfolio (holidays, additional monthly salary/bonuses, tax refunds)

BUSINESS MODEL

Asset acquisition process

In essence, the sales process for a distressed asset portfolio can be conducted as an open tender, direct sales or forward-flow transaction.

Open tender

In an open tender, the Group bids on a particular portfolio which is openly offered to several potential acquirers.

Direct sales

In a direct sales process, DDM engages with the relevant seller bilaterally and negotiates tailored terms. Direct sales transactions are generally beneficial for DDM as price transparency and price pressure are generally low, and as they give DDM a greater influence over the final composition of the portfolio and thereby the possibility to tailor it to fit the prevailing investment appetite.

For some sellers of portfolios, the sales process is highly sensitive from a marketing perspective and therefore the seller sometimes prefers to perform sales on a bilateral basis rather than through an open tender. DDM has made a significant part of its past historical investments from such bilateral transactions, something that highlights its deep and extensive contact-network and deal-making capability in its core markets.

Forward-flow transactions

In forward-flow transactions, an agreement is made for purchases of distressed asset portfolios that fulfil certain criteria on an on-going, regular basis. Forward-flow transactions might be a part of building long-term business relationships, as well as reducing transaction costs. Historically DDM acquired some portfolios through forward-flow transactions, however there are no such transactions currently in place.

Portfolio management process

Operating in the distressed asset industry, DDM is aware of the importance of managing its collection-partner relations for various reasons, including but not limited to, protecting the seller's reputation and ensuring correct and ethical debtor treatment as well as data confidentiality.

Referral

As DDM partially outsources the collections process it can select a collection agency suitable for collection of a particular asset. Stemming from its geographic focus on Southern, Central and Eastern Europe and early presence in some of these markets, DDM has strong relationships with top collectors in its markets and knows their relative strengths. Examples of selection criteria of a debt collector include size, age, type and geography of the acquired asset portfolio.

Monitoring

After a portfolio has been placed with a collection agency, DDM monitors the collection performance, in order to optimize the conversion level within the required cost budget and time frame.

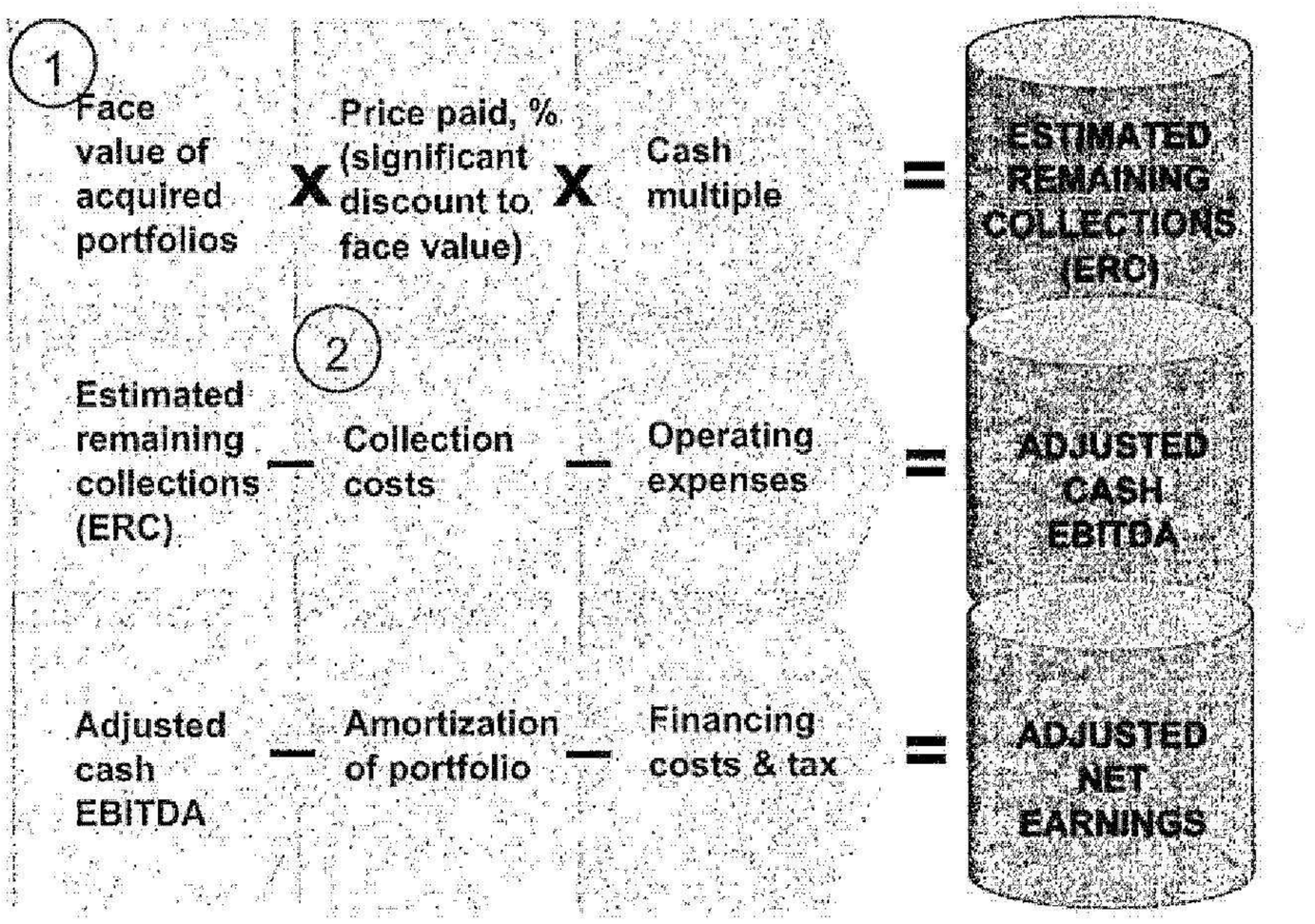
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Illustrative economics

BUSINESS MODEL

The timing of cash flows and the rate of collections varies due to a number of factors including, but not limited to, year of origination, average age, average amount per case, type of underlying receivable and previous treatment.

DDM's business model can be explained in a simplified way according to the below:



1. The starting point is the face (nominal) value of the acquired asset portfolios times the price paid as a percentage of the nominal value, which typically is at a significant discount to the face value. Multiplying the purchase price with the assumed gross cash multiple results in the anticipated future cash flows which equals the gross Estimated Remaining Collections ("ERC"). The gross ERC is the sum of future, undiscounted projected cash collections before commission & fees from acquired portfolios and future reasonably expected dividends, distributions or other payments from investments, 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.

2. If deducting the collection costs (commission & fees) and operating expenses from the gross ERC it results in the adjusted cash EBITDA (net collections including the sale of invested assets, incremental net distributions from joint ventures and associates and revenue from management fees, less operating expenses). Adjusted cash EBITDA could also be described as the remaining amount the company has available to service its debt.

If in addition, deducting amortization on the portfolios, financing costs and tax from adjusted cash EBITDA it results in the Adjusted net earnings.

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MARKET

DDM is well-positioned to capitalize on NPL market recovery

Europe's non-performing loan (NPL) market will bifurcate between legacy and covid-era exposures in 2022. Legacy NPLs will continue to run off with the deleveraging led by the same top active markets as in 2021 – Italy, Greece, and Spain. But 2022 will differ from previous years in the emergence of new non-performing exposures (NPE), which have arisen from covid-era financial weakness. The loan servicer doValue has forecast that there could be up to EUR 87 billion in new NPEs across Southern Europe in 2022, followed by EUR 64 billion in 2023 and EUR 46 billion in 2024. But new NPEs will spread more broadly than legacy NPLs, with sectors, rather than markets, the key drivers. Catalysts include (i) banks' reduction in loan provisions, (ii) expiry of covid-era fiscal government stimulus and support schemes, accommodative monetary policies and temporary laws, and (iii) the end of lender forbearance.

Many variables will affect the outturn for new banks' NPEs across Europe. It will be aligned to the evolution of the pandemic (e.g., the possibility of new resurgent infection waves), the economic recovery (e.g., inflation, employment, and GDP outlook), the behavioural response by people and governments (e.g., consumer, business and government spending), and the idiosyncrasies of individual sectors (e.g., trends in travel for the hospitality and aviation sectors).

Macroeconomics

Economies across Europe remain fragile. Inflationary pressures have broadened out from supply disruptions and rising energy costs to wage and food price increases. These forces will weigh on already decelerating growth and weakness in real consumption growth in 2022. The European Central Bank (ECB) announced in mid-December the end of net asset purchases under the Pandemic Emergency Purchase Programme (PEEP). The ECB says the asset quality of loans under public guarantee schemes and under moratoria is a source of concern as an increasing share of these loans are being classified under stage 2 or as NPL.

Meanwhile, the hawkish pivot by the Federal Reserve towards tighter monetary policy will ricochet through global markets, pushing up borrowing costs around the world. The effect will increase debt burdens on nations and corporates for years to come. It is possible that a more accommodative monetary policy in the eurozone, relative to the US, may encourage a capital flight to the bloc, which could be supportive of NPL investor demand.

Pandemic-sensitive industries – such as retail, hospitality and leisure, aviation, and tourism – are already starting to show signs of stress. Further disruption may jeopardise the viability of already weakened businesses, increasing banks' credit risk and impairments for loans secured by pandemic-sensitive assets. Continued deterioration in market conditions will prompt banks to scrutinise borrowers' ability to make loan payments. It may also prompt asset value readjustments and a spike in banks' NPL ratios. Ultimately, rising NPL ratios will either trigger a spike in NPL activity, restrict new lending, or some combination of the two.

Italy

The volume of NPLs on Italian banks' balance sheets is on the rise after seven years of unbroken quarterly declines in NPLs. Net bad loans climbed to €17.6 billion in November 2021, according to Italian Banking Association (ABI) data published in January, up from €16.7 billion the prior month.

The catalysts for the late 2021 NPL rebound included government covid-era support measures for the Italian economy, notably public guarantees (for banks) and the moratoria on debt repayments (for corporates), as well as the duration of the pandemic's disruption to cashflows. A limited extension to the moratoria expired at the end of last year, further exposing weakened companies to the burden of resumed debt interest payments.

The market consensus for new non-performing exposures (NPE) over the next 24-30 months is around €80 and €100 billion, according to PwC data. The NPEs will be driven by SME loans most affected by the pandemic. Currently, as many as 130,000 Italian companies currently hold loans classified as unlikely to pay (UtP). These exposures will weigh heavy on banks' balance sheets and prompt NPL activity throughout the year. Deal flow will be supported by the resumption of courts and judicial processes, triggering a wave of bankruptcies and insolvency proceedings.

Market overview

Investment activity has intensified across the SCEE region, both in existing markets and newly entered markets during 2021. This is largely as a result of increased portfolio sales from European Banks reducing the level of NPLs held in the banking sector mainly through securitizations, in order to improve their asset quality metrics following government-guaranteed securitization schemes in response to the COVID-19 pandemic and the end of loan-payment moratoriums across most countries.

The long-term extent of the COVID-19 pandemic on asset quality remains uncertain, however the volumes of NPL sales and special situation opportunities are expected to increase significantly during 2022 and beyond.

"DDM has positioned itself well for growth by actively working both in existing markets across the SCEE and by entering new markets where we see significant investment opportunities at attractive prices."

Source:
Debitos, "NPL outlook: EUR 200 billion in new bad loans across Southern Europe over next three years"

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Sustainable economy

Our objective is to provide a pivotal service in a sound and sustainable economy. Our role and position in the value chain enables us to add value for credit providers on the one hand, while alleviating debtors from imminent financial hardship and helping them settle their debts under terms they can afford.

CORPORATE AND SOCIAL RESPONSIBILITY

DDM's stakeholders

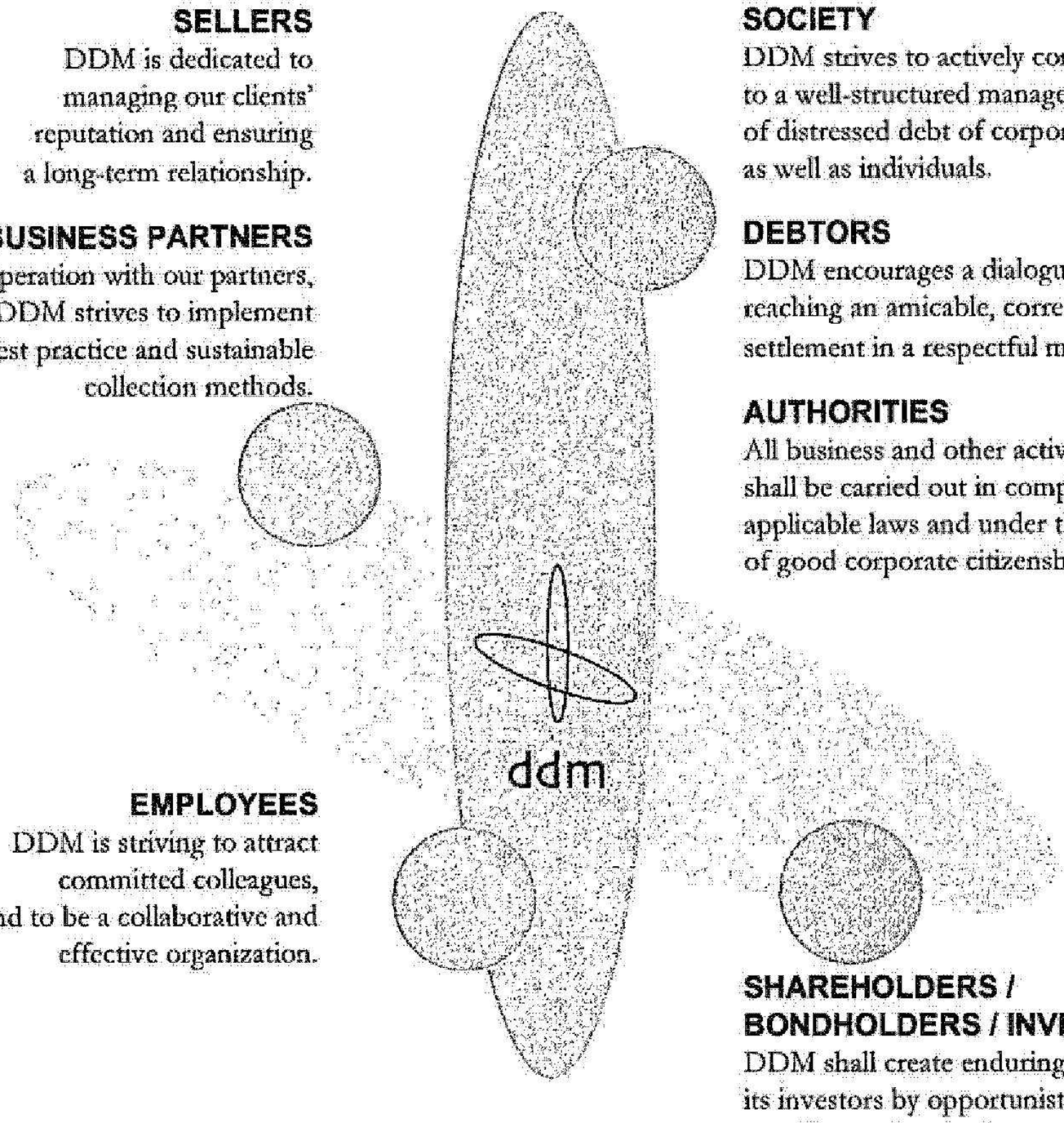
DDM's overarching goal for corporate responsibility is to build sustainable long-term values together with our key stakeholders.

DDM's primary stakeholders are sellers of distressed assets, employees, debtors, shareholders, investors, business partners, authorities and the local community. These groups are important for our long-term success.

SELLERS
DDM is dedicated to managing our clients' reputation and ensuring a long-term relationship.

BUSINESS PARTNERS
In co-operation with our partners, DDM strives to implement best practice and sustainable collection methods.

EMPLOYEES
DDM is striving to attract committed colleagues, and to be a collaborative and effective organization.



SOCIETY
DDM strives to actively contribute to a well-structured management of distressed debt of corporations as well as individuals.

DEBTORS
DDM encourages a dialogue aimed at reaching an amicable, correct and quick settlement in a respectful manner.

AUTHORITIES
All business and other activities of DDM shall be carried out in compliance with applicable laws and under the principles of good corporate citizenship.

SHAREHOLDERS / BONDHOLDERS / INVESTORS
DDM shall create enduring value for its investors by opportunistic deal sourcing and optimal management of distressed assets.

Our approach to Corporate Responsibility

We seek to be part of a solution in the credit market whereby we initiate opportunities for banks and financial institutions to divest their portfolios of distressed assets to better meet new and future regulations regarding capital adequacy. This, in turn, bolsters the stability of the banking sector by helping avoid artificially inflated balance sheets. By doing this, we not only help banks "cut their losses" vis-à-vis distressed assets, we also alleviate them of the burden of managing and collecting on those assets.

Our ethical corporate culture embraced by the Executive Management Committee down to all levels in the Group, is essential and ensures that all employees perform good judgement and have the integrity necessary to handle difficult situations that may arise. Along with policies and procedures, our Code of Conduct sets the overall standard on what is and what is not an acceptable behavior.

We select partner collection agencies carefully, making sure they apply professional, respectful and ethical methods. We work closely with them to determine which agencies are appropriate for collection on certain assets and what measures are appropriate.

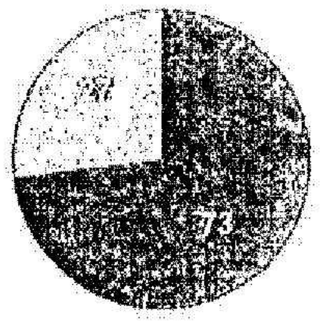
Respectful and ethical treatment of debtors is central to our efforts and the banks who sell their portfolios to us pay considerable attention to correct treatment of their customers. Over the years, we have demonstrated an ability to actively control the measures and processes implemented by the collection agencies.

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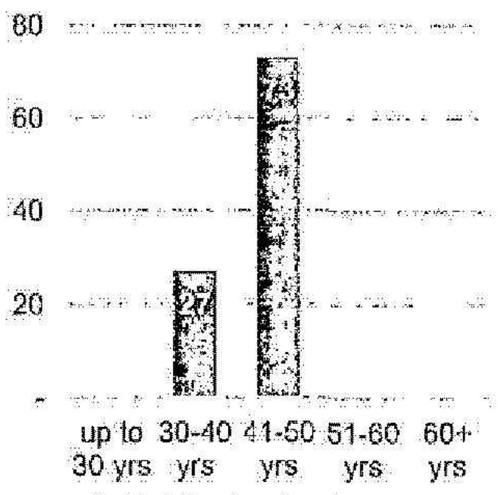
CORPORATE AND SOCIAL RESPONSIBILITY

Investing in Corporate and Social Responsibility

Employees by gender, %



Employees by age;%



Human resources

DDM Group's head office is located in Zug, Switzerland. The composition of the DDM team reflects the Group's European outreach.

At the end of 2021, DDM employed 11 people (2020: 65). All of our staff are permanently employed. The majority of our employees have a university-level degree or higher. The average age of DDM employees is 42 years (2020: 41).

DDM's policy is to hire the best possible talent and at the same time embrace diversity in all levels in the Group, including the Executive Management Committee and the Board of Directors.

Code of Conduct

DDM Holding AG, its business units and subsidiaries are committed to carrying out business in a sustainable way. According to DDM's Code of Conduct, the DDM Group shall conduct its business in compliance with applicable laws, and under the principles of good corporate citizenship in each country where such activities take place.

DDM offers a platform for economic growth by allowing banks and other financial institutions the opportunity to manage their credit exposure. DDM accepts its responsibility in society by helping businesses and consumers to restructure and optimize their lending and borrowing. The Company strives to maintain the highest legal and ethical standards in all its business practices.

The Environment

Due to the nature of business activities, DDM's most significant impact on the environment is through business travel and the production of material. The Code of Conduct is in place to increase employee awareness of environmental issues and complies with relevant regulatory requirements.

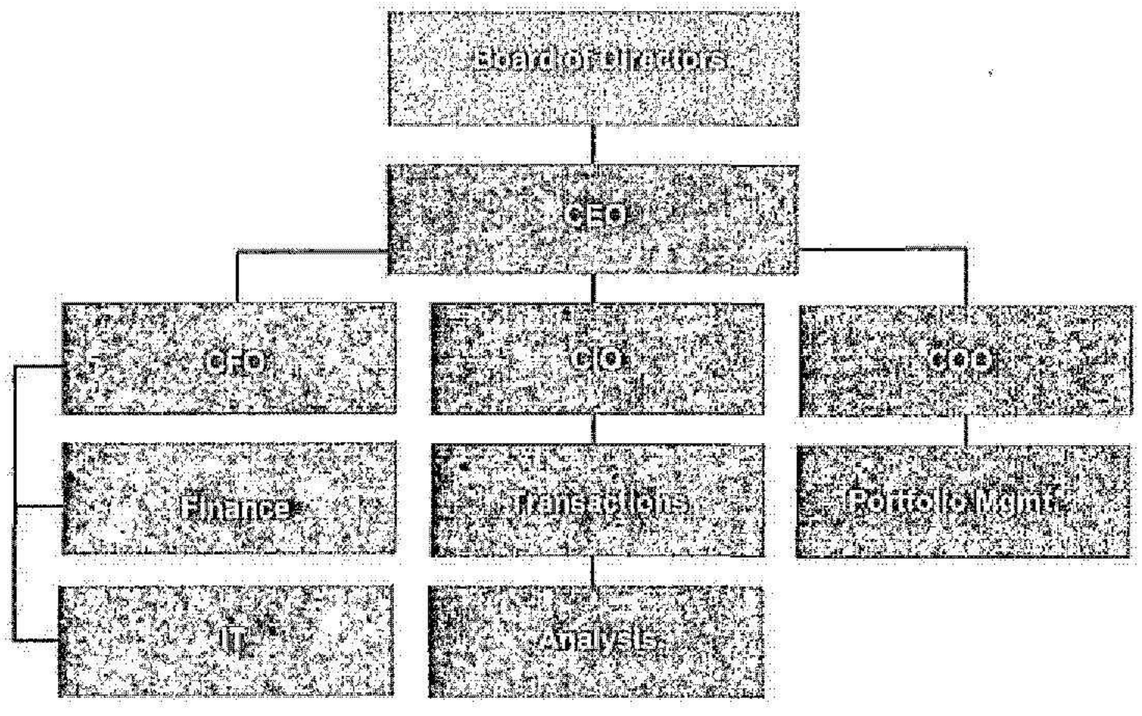
Anti-corruption

No DDM company or any of its employees may, directly or indirectly, promise, offer, pay, solicit, or accept bribes or kickbacks of any kind, including money, benefits, services or anything of value. Such payments and favors may be considered bribery, which violates local legislation and internationally recognized principles for combating corruption and bribery.

Each employee is expected to act responsibly and with integrity and honesty, and to comply with the Company's Code of Conduct and its underlying policies and instructions.

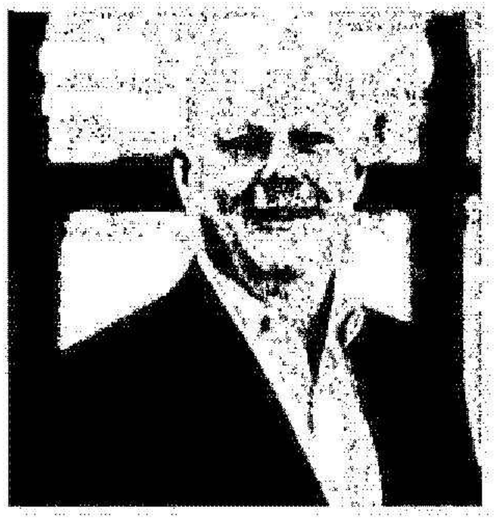
GROUP FUNCTIONS

DDM Group functions, which support both the Executive Management Committee and operations, strategically and in day-to-day operations, are divided into the following teams; Transactions, Analysis, Portfolio Management, Finance and IT. The teams work independently with defined goals and coordinate their work in dialogue with each other.



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BOARD OF DIRECTORS



JÖRGEN DURBAN • Board member since 2019 • Chairman of the Board of Directors since 2019 • Chairman of the audit committee • Member of the remuneration committee • Member of the nomination committee • Member of the investment committee
Born: 1956 • **Nationality:** Swedish
Education: LL.M., Stockholm University. Member of the Swedish Bar Association.
Other assignments: Chairman of the board of directors of Anoto Group AB (Nasdaq Stockholm: ANOT), Nordiska Kreditmarknadsaktiebolaget (publ) Advokat Jörgen Durban AB and OmniOne S.A
Previous assignments (last five years): Chairman of the board of directors of Haldex AB (Nasdaq Stockholm: HLDX) and partner at Bdp Partners AB
Dependence: Independent in relation to the Company and its principal owners
Shareholding*: 0 shares



ERIK FÄLLSTRÖM • Board member since 2017 • Chairman of the investment committee • Chairman of the remuneration committee
Born: 1961 • **Nationality:** Swedish
Education: Stockholm School of Economics
Other assignments: Chairman of AEDC Capital Limited and EDC Advisors Ltd. Member of the boards of directors of Omnio London Limited, Sivers Semiconductors AB and TLNT Holdings S.A.
Previous assignments (last five years): Member of the boards of directors of European Digital Capital Ltd.
Dependence: Dependent in relation to the company and its principal owners as a major shareholder
Shareholding*: 12,909,873 shares**



JOACHIM CATO • Board member since 2019 • Chairman of the nomination committee since 2018 • Member of the audit committee since 2019
Born: 1969 • **Nationality:** Swedish
Education: M.Sc in Business and Economics, Växjö University and Oxford Brookes University
Other assignments: Director of Fund Administration EDC Advisors Ltd, Member of the boards of directors of DDM Group Finance S.A., Omnio Sarl, Omnio Holding Sarl, TMS Bond TopCo Limited, TMS Bond UKholdco Ltd, Chronos Investment Sarl, Omnione S.A and TLNT Holdings S.A.
Previous assignments (last five years): Head of International Clients in Luxembourg Danske Bank A/S
Dependence: Dependent in relation to the company and its principal owners
Shareholding*: 0 shares



ANDREAS TUCZKA • Board member since 2021
Born: 1971 • **Nationality:** Austrian
Education: PhD (with distinction) and Masters degree in Laws, the University of Vienna
Other assignments: Managing Director and Co-Founder of AEDC Capital, non-executive Director & Chairman of Axl'ina Holding S.A. and member of the boards of directors of Omnione S.A, Aldridge Capital Partners GmbH and AEDC Capital Ltd.
Previous assignments (last five years): None
Dependence: Dependent in relation to the company and its principal owners as a major shareholder
Shareholding*: 12,909,873 shares**

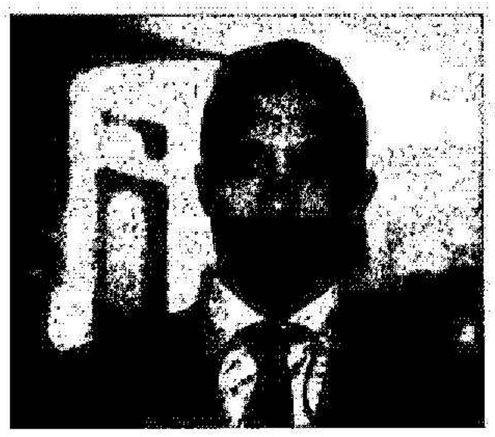
* Shareholding (own and related party holdings) at 31.12.2021
** Shares held by DDM Group Finance S.A, part of the AEDC Capital Group, which was co-founded by Erik Fällström and Andreas Tuczka

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EXECUTIVE MANAGEMENT COMMITTEE



FLORIAN NOWOTNY • Chief Executive Officer*
Born: 1975 • **Nationality:** Austrian
Employed: 2021 (Board member from 2019-2021)
Education: Wirtschaftsuniversität Vienna, MBA at INSEAD
Other assignments: Managing Director of NFE Unternehmensberatungs GmbH and non-executive director of Malta International Airport p.l.c.
Previous assignments (last five years): CFO of CA Immobilien Anlagen AG, CFO of Invester United Benefits GmbH
Shareholding**: 0 shares



FREDRIK OLSSON • Chief Financial Officer*
Born: 1980 • **Nationality:** Swedish
Employed: 2014
Education: B.Sc. in Accounting and Finance, University of Lund
Other assignments: None
Previous assignments (last five years): None
Shareholding**: 105,429 shares



ALESSANDRO PAPPALARDO • Chief Investment Officer* • Member of the investment committee
Born: 1975 • **Nationality:** Italian
Employed: 2018
Education: Bocconi University, Milan
Other assignments: None
Previous assignments (last five years): Chief Investment Officer and member of the Group Management Team of Intrum AB
Shareholding**: 0 shares

* Manager of DDM Holding AG
** Shareholding (own and related party holdings) at 31.12.2021

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Share data

Market place: Nasdaq First North Growth Market, Stockholm

Date of listing: 5 August 2014

Ticker symbol: DDM

ISIN code: CH0246292343

Currency: SEK

Key data per share

EUR	2021	2020
Earnings per share	(0.50)	0.67
Proposed dividend / Dividend	0.00	0.00
Number of shares at the end of year	13,560,447	13,560,447
Average number of shares during the year	13,560,447	13,560,447

Certified Adviser

DDM Holding AG's Certified Adviser on Nasdaq First North Growth Market is:

Arctic Securities AS, Sweden branch
Regeringsgatan 38
S-111 56 Stockholm
Sweden
Telephone: +46 8 446 861 00
E-mail: certifiedadviser@arctic.com

DDM SHARE AND SHAREHOLDERS

DDM share and shareholders

Share capital

On 31 December 2021, DDM Holding AG's share capital amounted to CHF 13,560,447 distributed among 13,560,447 shares with a nominal value per share of CHF 1. Each share entitles the holder to one vote and an equal share in the Company's assets and earnings.

DEVELOPMENT OF THE SHARE CAPITAL IN DDM HOLDING AG

Date	Description	Change in the number of shares	Change in share capital	Total number of shares	Total share capital (CHF)	Nominal value (CHF)
16 August 2010	Incorporation	100,000	100,000	100,000	100,000	1
25 July 2012	Ordinary capital increase	132,000	132,000	232,000	232,000	1
10 October 2013	Ordinary capital increase	4,268,000	4,268,000	4,500,000	4,500,000	1
5 August 2014	Ordinary capital increase	2,600,000	2,600,000	7,100,000	7,100,000	1
2 June 2016	Ordinary capital increase	1,940,298	1,940,298	9,040,298	9,040,298	1
3 April 2017	Ordinary capital increase	4,520,149	4,520,149	13,560,447	13,560,447	1

Shareholders

At the end of 2021 DDM had approximately 107 shareholders. At 31 December 2021, DDM Group Finance S.A* was the Company's largest shareholder with a holding representing 95.2% of votes and share capital. The three members of the Executive Management Committee held a combined 105,429 shares in DDM at the end of 2021. DDM held 0 treasury shares at the end of 2021.

SHAREHOLDER STRUCTURE PER 31 DECEMBER 2021

Name	Total number of shares (thousands)	Percentage of capital and votes
DDM Group Finance S.A.*	12,910	95.2
Nordnet Pensionsförsäkring AB	160	1.2
Investment AB Öresund	126	0.9
Olsson, Fredrik	105	0.8
JP Morgan Chase Bank N.A.	46	0.3
Söderberg, Jakob	35	0.3
Stigwan, Lisbeth	30	0.2
IBKR Financial Services	20	0.1
SEB Life International	15	0.1
Försäkringsaktiebolaget, Avanza pension	11	0.1
Total; largest owners	**13,458**	**99.2**
Summary others	102	0.8
Total	**13,560**	**100.0**

Holdings include direct and indirect holdings. *Sources: Euroclear, Computershare and DDM Holding*

* Part of the AEDC Capital Group

DISTRIBUTION OF SHARES PER 31 DECEMBER 2021

Number of shares	Number of shareholders	Percentage of total number of shares, %
1 – 1,000	75	0.1
1,001 – 5,000	16	0.3
5,001 – 10,000	5	0.3
10,001 – 50,000	7	1.2
50,001 – 100,000	0	0.0
100,001 – 500,000	3	2.9
500,001 –	1	95.2
Total	**107**	**100.0**

Sources: Euroclear, Computershare and DDM Holding

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DDM SHARE AND SHAREHOLDERS

Financial calendar

Interim report January–March 2022:
5 May 2022

Annual General Meeting 2022:
23 June 2022

Interim report January–June 2022:
28 July 2022

Interim report January–September 2022:
3 November 2022

Q4 and full year report 2022:
16 February 2023

Annual report 2022:
24 March 2023

Stock option program

DDM currently has no outstanding stock option program in use, and no convertible debentures, warrants or other financial instruments which would imply a dilutive effect for the holders of shares in the Company. However, it should be noted that the Annual General Meeting 2015 approved the creation of conditional capital in the amount of up to CHF 500,000 in order to establish a program for employees and members of the Board of Directors. The Annual General Meeting 2018 also approved an increase of the conditional share capital by a maximum amount of CHF 1,000,000 by either the issuance of shares to employees or members of the Board of Directors of the Company or of group companies or the exercise of option rights which are granted to employees or members of the Board of Directors of the Company or of group companies.

Dividend policy and dividend for 2021

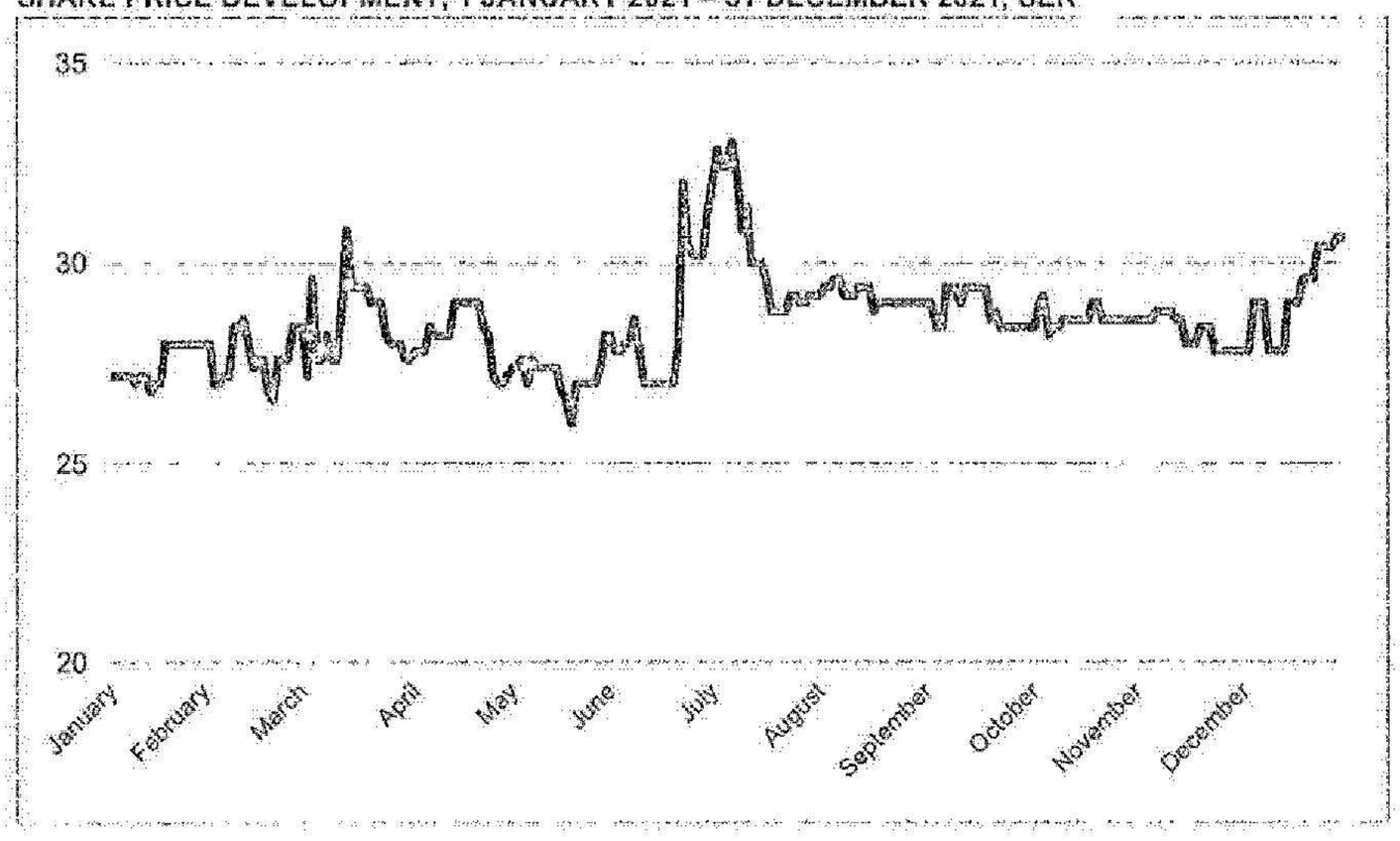
Decisions relating to dividend proposals take into account DDM's future revenues, financial position, capital requirements and the situation in general. The Company is in a phase in which exploiting identified opportunities for growth is prioritized. Consequently, shareholders should not expect to receive dividends in the next few years. The Board of Directors proposes that no dividend be paid for the 2021 financial year.

Share price and trading

DDM Holding AG's share has been listed on Nasdaq First North Growth Market, Stockholm, since 5 August 2014. Opening price on the first day of trading was SEK 50.00. During the period from 1 January to 31 December 2021, 220,587 shares were traded, on average 872 shares per trading day.

The highest closing price during the period from 1 January to 31 December 2021 was SEK 33 on 7 July and the lowest was SEK 26 on 20 May. The share price on 31 December 2021 was SEK 30.60 (last price paid). During the period from 1 January to 31 December 2021, DDM's share price increased by 13%.

SHARE PRICE DEVELOPMENT, 1 JANUARY 2021 – 31 DECEMBER 2021, SEK



>> Source: Nasdaq First North Growth Market

Quiet periods

DDM's quiet period starts at least 20 days prior to publication of the year-end or interim report, and ends on the day of the report. During this period, the Company will not comment on its financials. Exceptions from this rule can be made in order to correct obvious errors or inaccuracies. Investor Relations will respond to questions related to press releases issued during this period.

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CORPORATE GOVERNANCE

Corporate Governance

DDM Holding AG (or the "Company") is a Swiss limited liability company with its shares admitted to trading on a multilateral trading facility, the Nasdaq First North Growth Market in Stockholm, Sweden. Thus, the corporate governance of DDM is subject to Swiss, Swedish and EU rules and regulations, including e.g. the EU Market Abuse Regulation, as further described below.

Implementation of the Ordinance Against Excessive Compensation at Listed Companies

The Swiss Federal Council (the executive branch of the Swiss federal government) has adopted rules against excessive remuneration in listed companies by implementing the Ordinance Against Excessive Compensation at Listed Companies (*D. Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften*) (the "VegüV"). The VegüV applies to corporations organized under Swiss law whose shares are listed on a stock exchange in or outside Switzerland. DDM implemented the VegüV in 2017.

The Swedish Code of Corporate Governance

The Swedish Code of Corporate Governance applies to all companies with shares listed on a regulated market in Sweden, such as the main market of Nasdaq Stockholm. The Swedish Code shall be fully applied from the time a company's shares are admitted to trading. Non-Swedish companies listed on a regulated market in Sweden may however opt to apply the applicable corporate governance code in the country where the company is domiciled. However, although being a Swiss company and not listed on the Nasdaq Stockholm main market, DDM aims to comply with applicable rules in the Swedish Code.

The EU Market Abuse Regulation

The EU's Market Abuse Regulation ("MAR") has been applicable to DDM since 3 July 2016. MAR is supplemented by a series of delegated regulations and implementing regulations issued by the EU Commission and by guidelines issued by the European Securities and Markets Authority (ESMA). MAR aims to enhance market integrity and investor protection and applies in respect of e.g. issuers and financial instruments admitted to trading on regulated markets, multilateral trading facilities and organized trading facilities.

MAR contains, among other things, rules regarding a prohibition on insider dealing, unlawful disclosure and market manipulation; rules prescribing the manner in which issuers are to handle and publicly disclose inside information; rules imposing an obligation on issuers to maintain an insider list (logbook); and rules regarding reporting obligations in respect of transactions performed by persons discharging managerial responsibilities at an issuer or persons closely associated with them.

The Board of Directors of the Company has adopted internal policies to facilitate and safeguard DDM's compliance with MAR and related rules and regulations.

Governance of the DDM Group

DDM Holding AG (CHE-115906312) is a company incorporated under Swiss law on 16 August 2010, with its legal seat in Zug, canton Zug, Switzerland. DDM has fourteen subsidiaries as of 31 December 2021 (2020: sixteen), all of which are wholly-owned except for CE Partner S.à.r.l. and CE Holding Invest S.C.S which are partially-owned. DDM Debt AB (publ) is the issuer of the senior secured bonds issued in 2021.

The purpose of corporate governance is to ensure that the Company is managed as effectively as possible in the interests of the shareholders, but also that DDM Holding AG complies with the rules required by legislators and the stock exchange, among other things in the form of corporate governance.

In addition to compliance with rules and regulations, DDM Holding AG applies internal governance instruments, such as the Company Handbook, together with policies in a number of areas such as DDM's Code of Conduct with which all employees must be familiar and in accordance with which they must conduct themselves.

General Framework

The aim of corporate governance is to ensure that DDM is managed as effectively as possible in the interest of its shareholders, but also in compliance with the rules required by legislators and the Nasdaq First North Growth Market Rulebook.

This Corporate Governance section explains the principles of management and control at the highest level of the DDM Group.

The information contained in this report for the financial year 2021 is valid as at 31 December 2021, unless stated otherwise. The principles and rules on corporate governance in DDM Holding AG are laid down in the articles of association (the "Articles"), the Business Rules for the Board of Directors (the "Board Rules"), the regulations of the Board of Directors' committees and the internal corporate governance policies.

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CORPORATE GOVERNANCE

Articles of Association

According to the Articles, the purpose of DDM Holding AG is to acquire, hold, administrate, finance and sell participations in enterprises in Switzerland and abroad.

For further information see the Articles section on the Company's website >>.

Shareholders' Meetings

General

Shareholders' rights to resolve on company matters are exercised at the shareholders' meeting. An ordinary shareholders' meeting is to be held yearly within six months following the close of the business year. It is called by the Board of Directors or, if necessary, by the auditors.

Extraordinary shareholders' meetings may be called by the Board of Directors, the liquidators or the auditors as often as necessary to safeguard the interests of the Company. Shareholders' meetings are held at the domicile of the Company or at such other place as the Board of Directors shall determine.

The Board of Directors, the CEO and the Executive Management Committee, which assists the CEO, are responsible for the DDM Group's administration and operations.

The shareholders' meetings will be held in English and information and material will be available in English only. The report from the shareholders' meetings will be published on DDM's website.

Right to attend shareholders' meetings

All shareholders (i) who hold their DDM shares through Computershare Schweiz AG must be registered in the share register of DDM with voting rights or (ii) who hold their DDM shares through Euroclear Sweden AB must be registered in the register of shareholders kept by Euroclear Sweden AB and obtain an admission card from DDM in order to be entitled to attend the shareholders' meeting and vote according to the number of DDM shares they hold.

Shareholders may attend shareholders' meetings in person or through a proxy. Shareholders may register for shareholders' meetings in the ways described in the meeting convening letter.

Notice of shareholders' meetings and shareholder initiatives

Notice of a shareholders' meeting is given by means of a publication in the Swiss Commercial Gazette or by letter to the shareholders of record as well as through a press release. Between the day of the publication or the mailing of the notice and the day of the meeting there must be a time period of not less than 20 calendar days. The notice of the shareholders' meeting must indicate the agenda and the motions. The notice will also be published on DDM's website.

Stating the purpose of the meeting and the agenda to be submitted, one or more shareholders representing at least ten percent of the share capital may request the Board of Directors, in writing to call an extraordinary shareholders' meeting. In such case, the Board of Directors must call a shareholders' meeting in due course.

The Annual General Meeting 2021

At the end of 2021, DDM had approximately 107 shareholders (end of 2020: approximately 131) and DDM Group Finance S.A was the Company's largest shareholder with a holding representing 95.2% of the votes and share capital. For further information on the DDM shareholder structure, see page 18 of the Annual Report and DDM's website >>.

The AGM resolved:

- To elect the Chairman for the Day
- To approve the 2020 annual report, the statutory financial statements and the consolidated financial statements
- To appropriate DDM's available earnings in accordance with the Board of Directors' proposal in the 2020 Annual Report
- To discharge the Board of Directors and the Executive Management Committee from liability
- To re-elect Jörgen Durban, Erik Fällström, Joachim Cato and Florian Nowotny as members of the Board of Directors
- To re-elect Jörgen Durban as Chairman of the Board of Directors
- To re-elect Erik Fällström and Jörgen Durban as members of the remuneration committee

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- To re-elect Bratschi AG as independent proxy
- To re-elect PricewaterhouseCoopers AG, Luzern, as the Company's statutory auditors for the business year 2021
- To approve the compensation report 2020, on a consultative basis and as proposed by the Board of Directors
- To approve the compensation of the members of the Board of Directors for the period until the end of the 2022 annual general meeting, the variable compensation of the members of the executive management for the business year 2021 and the fixed compensation of the members of the executive management for the business year 2022
- To approve the compensation of DDM Group Finance S.A for brokerage services provided by DDM Group Finance S.A to the Company during the business year 2020 as proposed by the Board of Directors

The 2022 Annual General Meeting will be held on 23 June 2022 in Zurich, Switzerland.

The Board of Directors

The Board of Directors is appointed by DDM Holding AG's owners to bear ultimate responsibility for the Company's organization and the management of the Company's affairs in the best interests of both DDM Holding AG and the shareholders.

DDM's Board of Directors are elected for a term of office of one year (or, in case of an election at an Extraordinary General Meeting, for a term of office until the next Annual General Meeting), with the possibility of repeated re-election. The term of office of a member of the Board of Directors will, however, end irrevocably on the date of the Annual General Meeting following the 70th birthday of the particular member of the Board of Directors.

The Board of Directors constitutes itself, as set out in the Articles of Associations.

The composition of the Board of Directors is set out in section "Board of Directors" on page 16 in this Annual Report and the members of the Board were elected by the Shareholders' Meetings for a term of office expiring at the Annual General Meeting 2022.

Jörgen Durban is Chairman, DDM's Chief Executive Officer and Chief Financial Officer also usually attend the meetings on behalf of the Executive Management Committee. Other members of the Group management and other executives may also attend and present reports on individual issues as required.

The Board of Directors is entrusted with the ultimate management of the Company, as well as with the supervision and control of the management.

The Board of Directors is the ultimate executive body of the Company and shall determine the principles of the business strategy and policies. The Board of Directors shall exercise its function as required by law, the Articles and the Board Rules.

The Board of Directors shall be authorized to pass resolutions on all matters that are not reserved to the general meeting of shareholders or to other executive bodies by applicable law, the Articles or the Board Rules.

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CORPORATE GOVERNANCE

By Swiss law, the Board of Directors has the following non-transferable and inalienable duties:

a) The ultimate management of the Company and the issuance of the necessary directive;
b) The establishment of the organization;
c) The structuring of the accounting system and of the financial controls as well as the financial planning insofar as this is necessary to manage the Company;
d) The appointment and removal of the persons entrusted with the management and representation of the Company;
e) The ultimate supervision of the persons entrusted with the management, in particular in relation to compliance with the law, the Articles, regulations, charters and directives;
f) Preparation of the business report consisting of the annual financial statements and consolidated financial statements;
g) The preparation of the general meeting of shareholders of the Company and the implementation of its resolutions;
h) Notification to the judge in case of a capital loss ("Unterbilanz") of the Company and in case of over indebtedness ("Überschuldung"; art. 725-725a CO); and
i) Preparation of the remuneration report.

By Swiss law, the Board of Directors also has the following non-transferable competencies: Decisions in connection with capital increases pursuant to art. 651a, 652g, 653g CO (acknowledgement of capital increase) and art. 651 IV CO (increase of share capital in the case of authorized capital); decisions pursuant to art. 634a I CO (shares not fully paid in) and resolutions pursuant to the Swiss Merger Act.

The Board's committees

The overall responsibility of the Board of Directors cannot be delegated, however the Board may, within itself, set up committees which prepare, follow up on and evaluate issues within their respective spheres ahead of decisions by the Board. The Board set up an audit committee and a remuneration committee in March 2015, an investment committee in March 2016 and a nomination committee in February 2018. The committees' members are appointed at the Board Meeting following election held after the Annual General Meeting and their work is governed by the committees' formal work plans and instructions.

Audit Committee

The audit committee prepares a number of issues for consideration by the Board and thereby supports the Board in its endeavors to fulfil its responsibilities within the areas of auditing and internal control and with assuring the quality of DDM's financial reporting. The audit committee meets on a regular basis. The audit committee was comprised of Jörgen Durban (chair) and Joachim Cato. The committee's meetings are also attended by DDM's CFO.

The audit committee works on the basis of a set of "Instructions for the audit committee" adopted by the Board of Directors and reports back to the Board on the results of its work.

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Remuneration Committee
The remuneration committee submits proposals for resolution by the Board regarding remuneration and other terms of employment for the Board and the Executive Management Committee. The remuneration committee is, furthermore, tasked with submitting proposals regarding remuneration principles for the Board and the Executive Management Committee – proposals which are then submitted to the Board. The application of the guidelines and relevant remuneration structures and levels within the Company is also followed up by the committee.

The remuneration committee works on the basis of a set of "Instructions for the remuneration committee" adopted by the Board of Directors and reports back to the Board on the results of its work. The remuneration committee was comprised of Erik Fällström (chair) and Jörgen Durban.

Investment Committee
The investment committee has been delegated by the Board to assist the Board with selected investment-related matters, including strategy matters, significant investment approvals and supervision. The Committee is responsible for determining investment goals, reviewing the financial aspects of significant proposed transactions and for making specific investment decisions. The Committee is also responsible for review of compliance and performance relative to objectives, with a particular focus on risk identification and Management's mitigation of such risks legally and/or commercially in the Sales and Purchase Agreements, both prior to signing and during execution.

The investment committee works on the basis of a set of "Instructions for the investment committee" adopted by the Board of Directors and reports back to the Board on the results of its work. The investment committee was comprised of Erik Fällström (chair), Jörgen Durban and Alessandro Pappalardo.

Nomination Committee
The nomination committee is responsible for proposing candidates for the post of chair and other members of the board. In its assessment of the board's evaluation, the nomination committee is to give particular consideration to the requirements regarding breadth and versatility on the board, as well as the requirement to strive for gender balance. The nomination committee is also to present proposals on the election of the statutory auditor. The nomination committee's proposal to the shareholders' meeting on the election of the auditor is to include the audit committee's recommendation. If the proposal differs from the alternative preferred by the audit committee, the reasons for not following the committee's recommendation are to be stated in the proposal.

The nomination committee consisted of Joachim Cato (chair), and Jörgen Durban.

Internal governance systems
The most important internal steering instrument consists of the Articles that are adopted by the general meeting of shareholders. For the purpose of handling specific matters and exercising better supervision of DDM, the Board of Directors established an audit committee and a remuneration committee in March 2015, an investment committee in March 2016 and a nomination committee in February 2018.

Other steering instruments include the Board Rules and the Board of Directors' instructions for the CEO. In addition, from April 2015 the Board of Directors adopted a number of policies and instructions containing rules, including but not limited to: code of conduct, insider policy and guidelines, prevention of money laundering policy, outsourcing policy and IT policy for the entire Company's operations.

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CORPORATE GOVERNANCE

Individuals with an insider position

All persons who are employed and contracted by DDM that have access to non-public, price sensitive information ("insider information") as determined by the CEO, including all persons listed as persons discharging managerial responsibilities receive an individual notice and are registered to an insider logbook. Each and every person registered as insiders in the logbook must adhere to the Company's insider policy rules regarding a prohibition on trading in financial instruments in DDM Holding AG and DDM Debt AB during closed periods and receive an individual notice once the insider information has been informed to the public. These individuals are obligated in accordance with DDM's rules governing notification prior to trading to report any changes in their holdings of financial instruments in DDM Holding AG and DDM Debt AB.

External auditor

The Annual General Meeting 2021 appointed PricewaterhouseCoopers AG (Werftestrasse 3, CH-6002 Luzern, Switzerland) as the independent auditor until the Annual General Meeting 2022.

Valentin Studer, born 1985, a certified accountant, is the auditor in charge.

The DDM Holding Group paid the below fees (including expenses) to its external independent auditors. The non-audit fees relate to tax consultancy fees.

For the year ended 31 December EUR '000s	2021	2020
Audit		
Audit assignments	324	383
Total audit expenses	**324**	**383**

For the year ended 31 December EUR '000s	2021	2020
Non-audit		
Tax assignments	35	18
Other assignments	-	52
Total non-audit expenses	**35**	**70**

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Investment in DDM is associated with a number of risks

Numerous factors affect or may affect our operations, both directly and indirectly. Risk factors and major circumstances deemed to be of importance for DDM's business and future development are described on the right, in no particular order of priority and without claim to be exhaustive.

Risk awareness and management is an integral part of all employees' roles and responsibilities.

Albeit having a continuous process for monitoring risk, other risks as yet unknown to us, or which we at present deem to be insignificant, may in the future have a material adverse effect on DDM's business, results of operations or financial condition.

RISK FACTORS

Market, financial and business related risks

The COVID-19 pandemic, or other similar outbreaks, may adversely affect our business and exacerbate other risks discussed in this "Risk Factors" section

In March 2020, COVID-19 was declared a "pandemic" by the Word Health Organization. The global spread of COVID-19 has had an adverse impact on global business and economic activity, creating significant volatility and uncertainty in the capital markets and significant disruption to the local operations of markets in which DDM operates. Our core markets have been particularly impacted by the direct impact of the COVID-19 pandemic as well as by local government policies, including, for example, debt moratoriums. In addition, the COVID-19 pandemic continued to limit the freedom of movement, which negatively impacted tourism and thereby the economies of our markets particularly in Croatia, reducing consumer spending which may negatively impact DDM's revenue and profitability.

There is significant uncertainty as to the extent and duration of business disruptions related to the pandemic, as well as its impact on local and global economies and consumer confidence. The extent to which the pandemic impacts DDM's results will depend on future developments and the actions taken to contain it or address its impact, which are highly uncertain and cannot be predicted.

The COVID-19 pandemic may also affect DDM's business in ways which are difficult to predict and could have further material adverse effects on DDM's business, results of operations and financial condition if:

- the duration, scope and severity of the pandemic results in sustained deterioration in the economic environment in our regions and the amount of debt available to us for purchase and to service as a result does not compensate for the adverse effects;
- political, legal and regulatory actions and policies in response to the pandemic, such as governmental actions or proposed actions limiting debt collection efforts and encouraging or requiring extensions, modifications or forbearance with respect to certain loans and fees, prevent us from performing our collection activities, result in material increases in our costs to comply with such laws and regulations or result in fewer debt portfolios coming to market;
- disruptions to or closures of the court system and other disruptions due to the pandemic or government restrictions on the legal process that hinder our ability to collect through the litigation process are prolonged or increased;
- as a result of unemployment or reduced income or increased costs ensuing from the pandemic, consumers respond by failing to pay amounts owed on receivables owned or managed by us;
- we are unable to maintain staffing at the levels necessary to operate our business due to the continued spread or increased virulence of COVID-19 or related coronavirus strains or resultant health complications, causing employees to be unable or unwilling to work;
- we are unable to purchase debt portfolios needed to operate our business because debt owners become unable or unwilling to sell their non-performing loans consistent with recent levels at attractive prices or at all;
- adverse capital market conditions affect our ability to raise capital or increase our cost of capital and our cash generation is not sufficient for our needs;
- tax rates are increased to fund the cost of various government initiatives in connection with the COVID-19 pandemic; or
- we suffer a cyber-security incident or data breach as a result of an increase in the number or severity of cyber-attacks, or increased vulnerability while a proportion of our employees work remotely.

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RISK FACTORS

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

DDM's main business is to acquire distressed loan portfolios. DDM has currently invested in assets located in countries such as Croatia, Austria, Luxembourg, Hungary, Romania, Poland, Italy, Slovenia, Czech Republic, Serbia, Bosnia and Herzegovina and Slovakia. DDM is hence exposed to risks related to the economic, market and fiscal conditions in the markets in which DDM 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, DDM 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 DDM'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 DDM's investments.

A significant proportion of the distressed loan portfolios in which DDM has invested consist of underlying assets secured by real estate mortgages. Such portfolios are hereinafter referred to as "secured portfolios". DDM is exposed to the risk of volatility in the real estate markets in the countries in which the underlying assets of the secured portfolios are located, being Croatia, Hungary, Italy, Slovenia, Serbia and Bosnia and Herzegovina. The real estate markets across the countries in which DDM operates its business are to a large extent affected by macroeconomic factors such as, inter alia, general economic development and growth, employment trends, level of production of new premises and residential properties, changes in infrastructure, population growth, inflation and interest rate levels. 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 secured portfolios.

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

The asset acquisition industry is competitive

DDM operates in a fragmented and highly competitive industry and is exposed to both domestic and international competition. DDM 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 DDM is outbid by competitors which have substantially greater financial resources, less expensive funding or lower return requirements than DDM currently has. Some of DDM'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 DDM operates. If DDM is continuously outbid by dominant competitors, there is a risk that DDM 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 DDM's ability to generate revenue in the future and therefore negatively affect DDM's earnings, cash flow and financial position.

DDM is exposed to regulatory and compliance-related risks

DDM operates in a variety of jurisdictions and must comply with complex regulations in the jurisdictions in which DDM operates, including, but not limited to, laws and regulations regarding 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. DDM is also exposed to risk related to changes to the regulatory or political environments in which DDM operates.

Compliance with the extensive regulatory framework is expensive and labour intensive. There is a risk that DDM'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 DDM 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. DDM currently has licenses in Hungary for granting credit or leasing financing and for receivable purchasing, and a license in Slovenia for consumer loans. In addition, failure to comply or revocation of a license, or other actions by DDM, may damage DDM's reputation and there is a risk that DDM might have to cease part or all of its business in the relevant country. Furthermore, a failure to comply

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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 DDM being exposed to civil or criminal liability and it could also damage DDM's reputation and affect DDM's relationship with third parties, see "*DDM is dependent on key business relationships and third parties*".

The Swiss Federal Council (the executive branch of the Swiss federal government) has adopted rules against excessive remuneration in listed companies by implementing the Ordinance Against Excessive Compensation at Listed Companies (*D. Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften*) (the "VegüV"). The VegüV applies to corporations organized under Swiss law whose shares are listed on a stock exchange in or outside Switzerland. Non-compliance with the VegüV regime may result in personal liability for the members of the board of directors or the management of a company and/or in a company's remuneration arrangements for its members of the Board of Director or management being null and void. DDM has adapted its governance to the VegüV. In the event that DDM is found not to comply (or not to have complied) with, or is found not to have timely or adequately adapted to the VegüV regime, this could have a material adverse effect on the Group's business, results of operations or financial condition.

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

DDM needs to be compliant with the General Data Protection Regulation ("GDPR")

In May 2018 the EU legislation GDPR entered into force. In accordance with the legislation DDM needs to ensure that the personal data processing and other related actions are in compliance with GDPR. DDM processes a large volume of personal data in a number of different jurisdictions in relation to debtors under the loan portfolios, but also in connection with the processing of employee and consultant information, such as for example payroll routines and other matters involving DDM's employees or consultants. The maintenance of systems for personal data processing and actions needed to ensure compliance with GDPR involves costs and can be time consuming for DDM. Since DDM is active in several jurisdictions, DDM must also adapt its operations and keep itself informed of potentially different interpretations of GDPR by the relevant competent data protection authority. DDM further shares personal data with debt collection agencies in connection with the debt collection services commissioned by DDM. There is a risk that third party debt collection agencies fail to comply with GDPR, regardless of their contractual obligations towards DDM, and such failures may result in DDM's reputation being damaged due to its affiliation with the relevant non-compliant debt collection agency. Further, the investigation of a non-compliant debt collection agency may also lead to additional scrutiny from the relevant authorities of DDM's contractual arrangements with the relevant debt collection agency. Sharing personal data with third parties may only be undertaken in accordance with GDPR and there is a risk that additional scrutiny may result in DDM being found to have been non-compliant with GDPR in sharing personal data with debt collection agencies. Compliance with GDPR and related rules and regulations is important as data processing in breach of GDPR could result in fines amounting to a maximum of EUR 20,000,000 or 4 per cent of Group's global turnover. If DDM fails to comply with GDPR this would have a negative impact on DDM's reputation, business and financial conditions.

DDM is dependent on key business relationships and third parties

DDM's future development depends largely on the key business relationships 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 DDM'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 DDM become unable to maintain or develop further key business relationships it could have a material adverse effect on DDM's business, results of operations or financial condition. Further, the third parties that DDM engages to carry out debt collection services are subject to limited supervision, which may expose DDM 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 DDM's reputation. Additionally, DDM 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 DDM's own policies and procedures. Any such actions could have a material adverse effect on DDM's business, results of operations or financial position.

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RISK FACTORS

DDM is dependent on its employees and exposed to risks associated with their activities

DDM 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, for continued development and current ongoing projects. DDM is also dependent on key individuals at management level. There is a risk that DDM 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 DDM to recruit, motivate, develop and retain highly skilled employees could lead to higher labour costs, weaker results or other disruptions in DDM's operations, development and the successful growth of its business, which in turn could adversely affect DDM's business and future prospects.

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

Further, individual employees and consultants may act against DDM'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 DDM's business.

Majority owner

Following any potential change of control in DDM, the Company may be controlled by a majority shareholder whose interest may conflict with those of the other shareholders. A majority shareholder has legal power to control a large amount of the matters to be decided by vote at a shareholder's meeting. For example, a majority shareholder will have the ability to elect the board of directors. Furthermore, a majority shareholder 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. There is nothing that prevents a shareholder or any of its affiliates from acquiring businesses that directly compete with DDM. If such an event were to arise, it could have a material negative impact on DDM's operations, earnings and financial conditions.

DDM may be unable to collect debts or it could take several years to realise cash returns on investments in acquired portfolios

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, DDM 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 DDM overpays for distressed asset portfolios, and thus the value of acquired assets and cash flows from operations are less than anticipated, DDM would have difficulty servicing debt obligations and acquiring new portfolios. Further, if purchased portfolios do not generate expected cash flows over specified time horizons it may be necessary to make downward revaluations and impairments of the portfolios, all of which could have a material adverse effect on DDM's cash flow, earnings or financial condition.

DDM may not be able to collect debts contained in its acquired portfolios. DDM acquires distressed asset portfolios at a discount to face value and collects the outstanding debt. There is a risk that assets contained in DDM's portfolios cannot eventually be collected by DDM or its partners. The risk in this business is that DDM 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 DDM were to become unable to collect the expected amounts contained in its portfolios it could have a material adverse effect on DDM'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 DDM 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 DDM'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 DDM's business, results of operations or financial condition.

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RISK FACTORS

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, DDM's debt portfolio purchases are likely to be uneven during the year due to fluctuating supply and demand within the market. In addition, DDM has increased its investments in secured loan portfolios which increases DDM's dependency on fewer, but larger, payments which thereby increases the volatility of DDM's cash flow.

The combination of seasonal collections, uneven purchases and investments in secured loan portfolios may result in low cash flow at a time when attractive distressed asset portfolios become available. There is a risk that in the future DDM will not be able to obtain interim funding. A lack of cash flow could prevent DDM from purchasing otherwise desirable distressed asset portfolios or prevent DDM from meeting its obligations, e.g. to pay interest under the Bonds, either of which could have a material adverse effect on DDM's business and cash flow or financial condition.

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

DDM acquires or invests in loan portfolios and uses internally developed models and input from advisors such as real estate valuation experts to value and price portfolios that DDM considers for purchase and to project the remaining cash flow generation from distressed asset portfolios. There is a risk that DDM 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 DDM's statistical models and analytical tools. In addition, DDM'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. DDM 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 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 or economic development. Any of these events would have a material adverse effect on DDM's earnings, cash flow and financial position.

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

DDM has historically invested in consumer and corporate debt portfolios through different types of transaction structures including joint ventures and entire companies. If DDM 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 DDM to exercise control over these investments may be limited. Further, the interests of DDM's co-investment partners, any persons with which it pursues joint ventures or other shareholders in entities where DDM has invested may conflict with the interests of DDM.

In the future DDM may consider acquiring distressed assets portfolios with other types of underlying assets 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 DDM's current geographical markets or in new markets in which DDM operates. 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 DDM 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, 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

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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 DDM to divert attention or funds from DDM'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 DDM'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 DDM's investments and co-investments, which in turn could have an adverse negative affect on DDM'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 DDM's business, results of operations or financial condition.

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

DDM's core business is to collect debt from acquired asset portfolios and DDM 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, 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, DDM 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 DDM does not continually replace serviced portfolios with additional portfolios, this could have a material adverse effect on DDM's operations, earnings and financial position.

DDM is exposed to the risk of currency fluctuations

DDM's revenue on invested assets is primarily denominated, inter alia, in EUR, Croatian kuna, Hungarian forint, Polish Zloty, Romanian leu, Czech koruna and Serbian dinar while DDM reports its financial results in EUR. Further, DDM acquires portfolios with accounts denominated mainly in Croatian kuna, EUR, Hungarian forint, Polish Zloty, Romanian leu, Czech koruna and Serbian dinar and will service these accounts through the placement and collections process. DDM may further be exposed to additional currencies as a consequence of geographically expanding its business operations.

The headquarters of DDM are located in Switzerland and a significant share of the operating expenses are thereby incurred in CHF. In addition, the bonds issued by DDM Debt AB and DDM Finance AB are located in Sweden and therefore part of DDM's operating expenses are incurred in SEK. Furthermore, DDM has operations in Hungary, and part of DDM's operating expenses are thereby incurred in Hungarian forint. This makes DDM exposed to currency fluctuations in SEK, CHF and HUF.

Historically the exchange rates between some of these currencies and EUR have fluctuated significantly and DDM'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 DDM's financial results in ways unrelated to the operations and could affect DDM's financial statements when the results of its portfolios are translated into EUR for reporting purposes. Any of these developments could have a material adverse effect on DDM's earnings, costs of operation and financial position.

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RISK FACTORS

DDM 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 DDM. 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 DDM 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 DDM 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 DDM regardless of whether those actions are warranted. These actions could impact DDM's ability to collect on the assets acquired and could have a material adverse effect on DDM's business, costs and earnings.

DDM 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 DDM 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 DDM is unable to return to sellers are likely to yield no return. If DDM acquires portfolios containing a large amount of non-conforming accounts or containing accounts that are otherwise uncollectible, DDM may be unable to recover a sufficient amount for the portfolio acquisition to be profitable, which could have a material adverse effect on DDM's business, results of operations or financial condition.

In addition, due to fraud by a seller, a consultant or an employee, DDM 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. DDM 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 DDM has in place to detect such types of fraud may fail. If DDM is the victim of fraud, it could have an impact on DDM's cash flow or reduce its collections from invested assets, in either case potentially adversely impacting DDM's business, results of operations and prospects.

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

DDM 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, DDM may not be able to collect on those assets. DDM'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 "*DDM is exposed to regulatory and compliance related risks*". If actual collections with respect to a distressed asset portfolio are significantly lower than projected when DDM acquired the portfolio, this would have a material adverse effect on DDM's business, earnings or financial condition.

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RISK FACTORS

DDM may not be able to successfully maintain and develop its IT or data analysis systems

DDM's proprietary IT System, FUSION provides functionality to analyse and bid for new investments and manage current assets, and is important for DDM to carry out its business. IT and telecommunications technologies are evolving rapidly. DDM 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 DDM's business. Also, any security breach in the IT system used by DDM, or any temporary or permanent failure in the system or loss of data, could disrupt operations and have a material adverse effect on DDM's business, results of operations or financial condition.

DDM is exposed to refinancing risk

DDM's business is as of the date hereof to a large extent funded by bonds. 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 DDM or accelerated by the bondholders prior to such final maturity date. There is a risk that there will be no correlation in time between collecting on sufficient assets under DDM's portfolios and the maturity of DDM's funding. There is also a risk that financing will not continue to be available to DDM on acceptable terms or at all. DDM may need financing to expand and make new acquisitions or other investments. Therefore, DDM is dependent on the ability to refinance borrowings upon their maturity and there is a risk that DDM 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 DDM's business, results of operations or financial condition.

The international scope of DDM'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 DDM 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 DDM's after-tax returns being reduced.

Following various initiatives by the OECD (BEPS project), DDM 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 DDM or any subsidiary were denied treaty benefits by a relevant jurisdiction, this may have a material and adverse effect on DDM's financial condition, financial returns and results of operations.

DDM 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. DDM 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). DDM 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 DDM's business, costs and earnings.

DDM 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 DDM's business, costs and earnings.

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RISK FACTORS

DDM is dependent on future financing on attractive terms and access to capital

DDM's business model and strategy entails that DDM regularly acquires additional distressed asset portfolios and loan portfolios in existing or new markets. DDM 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, successful collection on current distressed asset portfolios, terms and conditions of DDM's financing arrangements and related security arrangements, the general availability of capital and DDM'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 DDM entirely. Should DDM become unable to secure additional funding, or only succeeds in securing additional funding on unfavorable terms, it could have a material adverse effect on DDM's business, competitiveness and prospects.

Litigation may negatively affect DDM'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.

DDM's geographic presence and expansion exposes DDM to local risks in several European markets

DDM currently has investments mainly in Croatia, Austria, Luxembourg, Hungary, Poland, Italy, Slovenia, the Czech Republic, Romania, Serbia, Bosnia and Herzegovina and Slovakia. DDM's business is subject to local risks due to the operations in multiple Southern, Central and Eastern European markets including, but not limited to, multiple national and local regulatory and compliance requirements relating to labour, licensing requirements, consumer credit, data protection, anti-corruption, anti-money laundering and other regulatory regimes, potential adverse tax consequences, 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 DDM. Hence, there is a risk that DDM invests time and financial resources in expansion strategies which turn out not to be successful, which could have an adverse effect on DDM's business, results of operations and financial conditions.

Furthermore, when entering new markets DDM 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. DDM 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 DDM's business, results of operations or financial condition. In addition, if DDM 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 DDM currently operates.

Risk connected with related party transactions

A major shareholder of DDM Holding AG currently holds positions in the board of directors of DDM. There is a risk that such shareholder and DDM enter into transactions and arrangements as related parties. Even though DDM is of the opinion that such transaction are on arms' length basis, there is a risk that the transactions will be challenged by for example the tax authorities, auditors or other regulatory authorities, which could have a negative effect on DDM's business, results of operations or financial condition.

FIG 6

DDM IN FIGURES

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DDM HOLDING GROUP

Consolidated Financial Statements

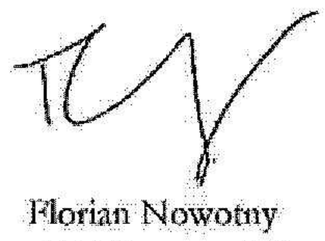
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THE BOARD OF DIRECTORS OF DDM HOLDING AG IS PLEASED TO PRESENT THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2021

This report is dated 24 March 2022 and is signed on behalf of the Board of DDM Holding AG by



Jörgen Durban
Chairman



Florian Nowotny
Chief Executive Officer

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CONSOLIDATED INCOME STATEMENT

For the year ended 31 December Amounts in EUR '000s	Notes	2021	2020
Interest income on invested assets		15,601	40,936
Revaluation and impairment of invested assets		*5,001*	*(1,040)*
Revenue on invested assets	**6, 7**	**20,602**	**39,896**
Share of net profits of associate and joint venture	16, 17	3,631	1,257
Revenue from management fees	6, 7	100	74
Personnel expenses	8	(4,119)	(5,234)
Consulting expenses	9	(4,944)	(5,153)
Other operating expenses	10	(2,212)	(2,217)
Amortization and depreciation of tangible and intangible assets	21, 22, 24	(392)	(408)
Operating profit		**12,666**	**28,215**
Financial income	11	1,079	2,172
Financial expenses	11	(21,511)	(18,134)
Unrealized exchange profit / (loss)	11	271	(1,824)
Realized exchange loss	11	(76)	(60)
Net financial expenses		**(20,237)**	**(17,846)**
(Loss) / profit before income tax		**(7,571)**	**10,369**
Tax income / (expense)	12	743	(1,229)
Net (loss) / profit for the year		**(6,828)**	**9,140**
Net (loss) / profit for the year attributable to:			
Owners of the Parent Company		**(6,828)**	9,140
Earnings per share before and after dilution (EUR)	13	(0.50)	0.67

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December Amounts in EUR '000s	Notes	2021	2020
Net (loss) / profit for the year		**(6,828)**	**9,140**
Other comprehensive (loss) / income for the year			
Items that will not be reclassified to profit or loss:			
Actuarial gain / (loss) on post-employment benefit commitments		155	(129)
Deferred tax on post-employment benefit commitments		(9)	(12)
Items that may subsequently be reclassified to profit or loss:			
Currency translation differences		(26)	(72)
Share of other comprehensive income of associates accounted for using the equity method		313	2,698
Recycling of share of other comprehensive income of associates to the income statement	16	(3,011)	–
Other comprehensive (loss) / income for the year, net of tax		**(2,578)**	**2,485**
Total comprehensive (loss) / income for the year		**(9,406)**	**11,625**
Total comprehensive (loss) / income for the year attributable to:			
Owners of the Parent Company		**(9,406)**	11,625

The notes on pages 43 to 70 are an integral part of these consolidated financial statements.

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CONSOLIDATED BALANCE SHEET

As at 31 December Amounts in EUR '000s	Notes	2021	2020
ASSETS			
Non-current assets			
Goodwill	23	4,160	4,160
Intangible assets	24	782	1,043
Tangible assets	21	68	88
Right-of-use assets	22	146	254
Interests in associates	16	–	32,986
Distressed asset portfolios	18	81,594	79,252
Financial assets at fair value	19	51,547	–
Investment in joint venture	17	31,819	25,691
Deferred tax assets	31	2,269	870
Other non-current assets	25	1,356	1,251
Total non-current assets		**173,741**	**145,595**
Current assets			
Accounts receivable	15	1,711	14,158
Tax assets	15	82	93
Other receivables	15	4,218	1,698
Prepaid expenses and accrued income	15	2,957	2,565
Cash and cash equivalents	14	65,485	31,416
Total current assets		**74,453**	**49,930**
TOTAL ASSETS		**248,194**	**195,525**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	33	11,780	11,780
Share premium	33	21,030	21,030
Other reserves	33	(570)	2,163
Retained earnings including net (loss) / profit for the year		1,669	8,342
Total shareholders' equity		**33,909**	**43,315**
Long-term liabilities			
Loans	28, 29	183,452	92,840
Lease liabilities	27	83	166
Accrued interest	28	–	2,203
Provisions	37	–	704
Post-employment benefit commitments	30	1,389	1,459
Deferred tax liabilities	31	629	308
Total long-term liabilities		**185,553**	**97,680**
Current liabilities			
Accounts payable	26	1,990	1,379
Tax liabilities	26	569	428
Accrued interest	26	5,548	1,834
Accrued expenses and deferred income	26	2,697	5,404
Lease liabilities	26, 27	86	123
Loans	26, 28, 29	17,842	45,362
Total current liabilities		**28,732**	**54,630**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**248,194**	**195,525**

The notes on pages 43 to 70 are an integral part of these consolidated financial statements.

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CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December Amounts in EUR '000s	Notes	2021	2020
Cash flow from operating activities			
Operating profit		12,666	28,215
Cash distribution from associate and joint venture	16, 17	10,214	4,511
Adjustments for non-cash items:			
Amortization of invested assets	18, 20	*23,293*	*68,433*
Revaluation and impairment of invested assets	18, 20	*(5,001)*	*1,040*
Share of net profits of joint ventures and associates	16, 17	*(3,631)*	*(1,257)*
Depreciation, amortization and impairment of tangible and intangible assets	21, 22, 24	*392*	*408*
Other items not affecting cash		*559*	*309*
Interest paid		(13,738)	(14,774)
Interest received		–	2,137
Call premium paid		(2,408)	–
Tax paid		(167)	(184)
Tax received		–	1,249
Cash flow from operating activities before working capital changes		**22,179**	**90,087**
Working capital adjustments			
(Increase) / decrease in accounts receivable		(5,029)	(14,481)
(Increase) / decrease in other receivables		(2,912)	(1,041)
Increase / (decrease) in accounts payable		611	71
Increase / (decrease) in other current liabilities		(1,270)	3,818
Net cash flow from operating activities		**13,579**	**78,454**
Cash flow from investing activities			
Purchases of distressed asset portfolios	18	(17,527)	–
Purchases of investment of joint ventures and associates	16, 17	(8,521)	(30,094)
Purchases of financial assets at fair value	19	(13,416)	–
Acquisition of subsidiary, net of cash acquired	36	–	(1,178)
Purchases of non-current assets	25, 34	–	(180)
Purchases of tangible assets	21	(9)	(66)
Net cash flow received / (used) in investing activities		**(39,473)**	**(31,518)**
Cash flow from financing activities			
Proceeds from issuance of loans	28, 29	182,756	27,818
Repayment of loans	28, 29	(122,590)	(55,218)
Principal elements of lease payments	27	(75)	(58)
Net cash flow received / (used) in financing activities		**60,091**	**(27,458)**
Cash flow for the year		**34,197**	**19,478**
Cash and cash equivalents less bank overdrafts at beginning of the year		**31,416**	**12,285**
Foreign exchange losses on cash and cash equivalents		(128)	(347)
Cash and cash equivalents less bank overdrafts at end of the year	**14**	**65,486**	**31,416**

The notes on pages 43 to 70 are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in EUR '000s	Notes	Share capital	Share premium	Other reserves	Retained earnings incl. net (loss) / profit for the year	Total equity
Balance at 1 January 2020		**11,780**	**21,030**	**(451)**	**(669)**	**31,690**
Net profit for the year		–	–	–	9,140	**9,140**
Other comprehensive income / (loss)						
Actuarial loss on post-employment benefit commitments	30	–	–	–	(129)	**(129)**
Currency translation differences		–	–	(72)	–	**(72)**
Deferred tax on post-employment benefit commitments	30	–	–	(12)	–	**(12)**
Share of net income in associate	16	–	–	2,698	–	**2,698**
Total comprehensive income / (loss)		**–**	**–**	**2,614**	**9,011**	**11,625**
Transactions with owners						
Total transactions with owners		**–**	**–**	**–**	**–**	**–**
Balance at 31 December 2020		**11,780**	**21,030**	**2,163**	**8,342**	**43,315**
Balance at 1 January 2021		**11,780**	**21,030**	**2,163**	**8,342**	**43,315**
Net loss for the year		–	–	–	(6,828)	**(6,828)**
Other comprehensive (loss) / income						
Actuarial gain on post-employment benefit commitments	30	–	–	–	155	**155**
Currency translation differences		–	–	(26)	–	**(26)**
Deferred tax on post-employment benefit commitments	30	–	–	(9)	–	**(9)**
Share of other comprehensive income of associates accounted for using the equity method	16	–	–	313	–	**313**
Recycling of share of other comprehensive income of associates to the income statement	16	–	–	(3,011)	–	**(3,011)**
Total comprehensive loss		**–**	**–**	**(2,733)**	**(6,673)**	**(9,406)**
Transactions with owners						
Total transactions with owners		**–**	**–**	**–**	**–**	**–**
Balance at 31 December 2021		**11,780**	**21,030**	**(570)**	**1,669**	**33,909**

At 31 December 2021 and at 31 December 2020 the number of outstanding shares in DDM Holding AG amounted to 13,560,447 shares.

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NOTE 1. GENERAL INFORMATION

DDM Holding AG and its subsidiaries (together "DDM" or the "Company") is a specialized multinational investor in situations arising out of the general strategic challenges in the European banking markets. DDM primarily buys portfolios 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, DDM then assists the debtors to restructure their overdue debt. The Company is based in the canton of Zug in Switzerland where the majority of its staff is located. The address of DDM's registered office is Landis + Gyr-Strasse 1, 6300 Zug, Switzerland. The Company was founded in 2007 and is listed on Nasdaq First North Growth Market, Stockholm since September 2014, under the ticker DDM.

These financial statements were authorized for publication by the Board of Directors on 24 March 2022.

NOTE 2. BASIS OF PREPARATION

The consolidated financial statements of DDM Holding AG have been prepared in accordance with IFRS. In accordance with Article 962 of the Swiss Code of Obligation (CO), DDM Holding AG has to prepare financial statements in accordance with a recognized financial reporting standard. The Swiss Federal Council has issued an ordinance defining IFRS as approved by the IASB as a recognized financial reporting standard.

The 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, other long-term receivables from investments and borrowings are measured at amortized cost using the effective interest rate method, adjusted for revaluation and impairment. The investments in joint ventures and associates are accounted for under the equity method.

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

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

Consolidation
The financial statements consolidate the accounts of DDM Holding AG and its subsidiaries.

Subsidiaries
Subsidiaries are all entities over which DDM Holding AG has control. DDM Holding AG 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.

Entities included in the scope of consolidation	Consolidation method	Domicile	31 Dec 2021	31 Dec 2020
DDM Group AG	Fully consolidated	Switzerland	100%	100%
DDM Invest III AG	Fully consolidated	Switzerland	100%	100%
DDM Mergeco AG	Fully consolidated	Switzerland	100%	–
DDM Finance AB	Fully consolidated	Sweden	100%	100%
DDM Debt AB	Fully consolidated	Sweden	100%	100%
DDM Invest V d.o.o.	Fully consolidated	Slovenia	100%	100%
DDM Invest VII d.o.o	Fully consolidated	Slovenia	100%	100%
DDM Debt Management d.o.o Beograd	Fully consolidated	Serbia	100%	100%
DDM Debt Romania S.R.L	Fully consolidated	Romania	100%	100%
DDM REO Adria d.o.o.	Fully consolidated	Croatia	100%	100%
Finalp Zrt.	Fully consolidated	Hungary	100%	100%
AxFina Hungary Zrt.	–	Hungary	1%	100%
Lombard Ingatlan Lizing Zrt.	–	Hungary	1%	100%
AxFina Servicing Kft.	–	Hungary	1%	100%

On 23 July 2020, DDM REO Adria d.o.o. was incorporated.

On 5 May 2021, DDM transferred 99% of its ownership in Lombard Pénzügyi és Lizing Zrt, Lombard Ingatlan Lizing Zrt. and Lombard Bérlet Kft ("Lombard"), which resulted in the loss of control and deconsolidation of the the collections platform in Hungary that was previously acquired during 2020, to AxFina Holding S.A. ("AxFina") as servicer for a nominal consideration and as DDM retains the economic rights to the future cashflows in Lombard the receivable from AxFina has been recognised as a distressed asset portfolio .

On 25 November 2021, DDM Invest III AG acquired 100% of the share capital of DDM Mergeco AG from DDM Group Finance S.A.

Joint venture
The Company applies IFRS 11 Joint Arrangements, where DDM, together with one or several parties have joint control over an arrangement in accordance with a shareholder agreement. DDM'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 DDM 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 DDM's 50% share of the change in the net assets of the Joint Venture since the acquisition date. The consolidated income statement includes DDM'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 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. The financial statements of the Joint Venture are prepared for the same reporting period as the Company.

Entities not included In the scope of consolidation	Consolidation method	Domicile	31 Dec 2021	31 Dec 2020
CE Partner S.à r.l.	Equity accounted	Luxembourg	50%	50%
CE Holding Invest S.C.S	Equity accounted	Luxembourg	50%	50%

Associates
Associates are all entities over which DDM Holding AG has significant influence but do not control or jointly 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.

On 9 March 2020 DDM acquired a 9.9% shareholding in Addiko Bank AG for a cash consideration totaling approximately EUR 30M. On 17 December 2021, the investment in Addiko Bank was reclassified to a financial asset at fair value, which resulted in a EUR 3.7m fair value loss recognized within financial expenses in the income statement measured at a closing share price of EUR 13.65/share on 31 December 2021, partially offset by EUR 3.0m of other comprehensive income being recycled to the income statement.

Entities not included In the scope of consolidation	Consolidation method	Domicile	31 Dec 2021	31 Dec 2020
Addiko Bank AG	Equity accounted	Austria	–	9.9%

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 financial income.

On 3 December 2021 DDM 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. During 2021, DDM has 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 of which EUR 3.0m was paid on 12 May, EUR 1.0m was paid on 18 November EUR 11.8m was reclassified from accounts receivables. In addition, EUR 3.9m was invested in Omnio on 6 October and EUR 4.0m was invested in Omnio Group Limited ("Omnio Group") on 30 November. On 17 December 2021, the investment in Addiko Bank was reclassified from investment in associates and measured at a closing share price of EUR 13.65/share on 31 December 2021.

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Entities not included In the scope of consolidation	Measurement	Domicile	31 Dec 2021	31 Dec 2020
Addiko Bank AG	FVTPL	Austria	9.9%	–
Borgosesia S.p.A.	FVTPL	Italy	5.0%	–
Omnio Group	FVTPL	Luxembourg	N/A	–

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each consolidated entity in DDM Holding AG are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of DDM Holding AG 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 group have EUR as their functional currency except for DDM Debt Management doo Beograd which has Serbian Dinar (RSD) as its functional currency, DDM Debt Romania S.R.L, which has Romanian leu (RON) as its functional currency, DDM REO Adria d.o.o. which has Croatia Kuna (HRK) as its functional currency and Finalp Zrt and Lombard which have Hungarian forint (HUF) as their functional currency .

(ii) Transactions and balances

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 Dec 2021	31 Dec 2020
Balance sheet	EUR/CHF	1.0331	1.0802
Income statement	EUR/CHF	1.0847	1.0711
Balance sheet	EUR/CZK	24.858	26.242
Income statement	EUR/CZK	25.734	26.359
Balance sheet	EUR/HRK	7.5156	7.5519
Income statement	EUR/HRK	7.5309	7.5296
Balance sheet	EUR/HUF	369.14	363.90
Income statement	EUR/HUF	357.79	348.49
Balance sheet	EUR/PLN	4.5969	4.5597
Income statement	EUR/PLN	4.5530	4.4239
Balance sheet	EUR/RON	4.9490	4.8683
Income statement	EUR/RON	4.9139	4.8300
Balance sheet	EUR/RSD	117.578	117.523
Income statement	EUR/RSD	117.586	117.578
Balance sheet	EUR/SEK	10.2503	10.0343
Income statement	EUR/SEK	10.1363	10.5097

Cash and cash equivalents

Cash and cash equivalents include cash deposits held with banks and other short-term highly liquid investments with original maturities of three months or less. Overdrafts are disclosed separately under liabilities and presented as "Liabilities to credit institutions". Please see note 14.

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, other long-term receivables, accounts receivables and other receivables from investments are financial instruments that are accounted for under IFRS 9 and are measured at amortized cost using the EIR method.

The Company'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 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 Group's business model is to invest in distressed assets and collect the contractual cash flows. The invested assets only consist of cash flows 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 DDM'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
Financial investments	FVTPL
Liabilities	
Accounts payable	Amortised cost
Other payables	Amortised cost
Lease liabilities	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 Company 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 Company 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

At initial recognition, the Company classifies its financial instruments as follows:

Financial assets carried at amortized cost

Financial assets carried at amortized cost are non-derivative financial assets, with fixed or determinable payments that are not quoted in an active market. The Company's financial assets carried at amortized cost comprise distressed asset portfolios, other long-term receivables from investments, 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 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 Company or the counterparty.

Impairment of financial assets

The impairment regulations contained in IFRS 9, are based on the expected credit loss model (ECL model). Distressed asset portfolios and other long-term receivables from investments are considered credit-impaired under IFRS 9. As such lifetime expected credit losses are included in the recovery of the estimated cash flows when calculating the effective interest rate on initial recognition of such assets. The Company applies the simplified method to apply lifetime expected credit losses to receivables and cash and cash equivalents.

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NOTE 3. SUMMARY OF SIGNIFICANT... continued

On each reporting date the Company assesses on a forward looking basis the expected credit losses associated with its collection estimates for financial assets held at amortised cost. A change in the estimated cashflows would result in a revaluation and/or impairment of the invested asset. The assessment applied depends on whether 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.

Distressed asset portfolios and other long-term receivables from investments
DDM invests in distressed asset portfolios, where the receivables are directly against the debtor, and in other long-term receivables from investments, where the receivables are against the local legal entities holding the portfolios of loans.

Other long-term receivables from investments
In 2021 and 2020 there were no other long-term receivables from investments. However, at 31 December 2019 DDM owned 100% of the shares in the local legal entities holding the leasing portfolios. For each investment there was a co-investor holding a majority stake in the leasing portfolio, and therefore DDM did not control the investment as the co-investor had significant rights which if exercised could have blocked decisions related to relevant activities to collect the portfolios.

The economic substance of the investments was the underlying portfolios of loans. As a result, the underlying assets which represented other long-term receivables from investments were recognized in proportion to DDM's share of the rights to the leasing portfolio in the financial statements. The receivables were initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, adjusted for revaluation and impairment. The fair value of 100% of the equity was immaterial, and therefore equity accounting was not carried out.

On 27 February 2020, the DDM Group acquired and obtained 100% control of the economic rights to a distressed asset portfolio located in Hungary, resulting in the consolidation of Clipper Holding III S.à r.l., Lombard Pénzügyi és Lízing Zrt, Lombard Ingatlan Lízing Zrt. and Lombard Bérlet Kft ("Lombard"). Prior to the acquisition DDM owned the rights to 30 percent of the portfolio and 100 percent of the equity in Lombard which was reclassified from other long-term receivables from investments to distressed asset portfolios in 2020.

Distressed asset portfolios and other long-term receivables from investments
Distressed asset portfolios and other long-term receivables from investments are purchased at prices significantly below the nominal amount of the receivables. The Company determines the carrying value by calculating the present value of estimated future cash flows of each investment using its effective interest rate at initial recognition by DDM. The original effective interest rate is determined on the date the portfolio / receivable was acquired based on the relationship between the purchase price of the portfolio / receivable and the projected future cash flows as per the acquisition date. Changes in the carrying value of the portfolios / receivables include interest income on invested assets before 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 for a distressed asset portfolio not acquired as part of a business combination, 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 5 for further information.

Cash flow projections are made at the portfolio / receivable 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 / receivable and this can be estimated reliably then 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 Company sells a portfolio / receivable for a higher or lower amount than its carrying value, the resulting gain or loss on disposal is recognized in the consolidated income statement (within the line "Interest income on invested assets").

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

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

Furniture	5 years
Computer hardware	5 years

The Company distributes the amount initially recognized for a tangible asset between its significant components and depreciates each component separately. The carrying amount for a replaced component is derecognized when replaced. The residual value method of amortization and the useful lives of the assets are reviewed annually and adjusted if appropriate. Impairment and gains and losses recognized in connection with disposals of tangible assets are included among administration expenses (within the line "other operating expenses").

Intangible assets
(i) Identifiable intangible assets
The Company's identifiable intangible assets are stated at cost less accumulated amortization and include the "FUSION" computer software that was developed in-house in cooperation with external IT consultancy firms, and that has a finite useful life. "FUSION" is the proprietary IT system that integrates investment data, case data, payment data and activity data into one effective and comprehensive IT system. This asset was capitalized and initially amortized in the income statement on a straight-line basis over its expected useful life of 20 years. On 1 January 2020 the expected remaining useful life of this asset was reassessed to 5 years.

(ii) Goodwill
On the date of acquisition, the assets and liabilities of acquired subsidiaries or businesses are valued at fair value and in accordance with uniform group policies. The excess of the acquisition price over the revalued net assets of the acquired subsidiaries, businesses or parts of the business is recognized as goodwill in the balance sheet.

Business combinations
The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

a) fair values of the assets transferred;
b) liabilities incurred to the former owners of the acquired business;
c) equity interests issued by the group;
d) fair value of any asset or liability resulting from a contingent consideration arrangement; and
e) fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Company recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:
a) consideration transferred;
b) amount of any non-controlling interest in the acquired entity; and
c) acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the income statement as a bargain purchase within the line "other operating income".

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

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Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the income statement.

Non-controlling interest
Non-controlling interest arises in cases where the Company acquires less than 100% of the shares in the subsidiary that the Company controls. For each business combination, the Company 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.

Impairment of non-financial assets
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 segment.

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.

Tangible and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units or "CGUs").

The recoverable amount is an asset's fair value less costs to sell or its value in use (being the present value of the expected future cash flows of the relevant asset or CGU as determined by management), whichever is higher.

Post-employment benefit commitments
DDM employees located in Switzerland have entitlements under the Company's pension plans which are defined benefit pension plans. For defined benefit plans, the level of benefit provided is based on the length of service and the earnings of the individual concerned.

The cost of defined benefit plans is determined using the projected unit credit method. The related post-employment benefit commitment recognized in the balance sheet is the present value of the defined benefit commitment at the end of the reporting period less the fair value of plan assets. Actuarial valuations for defined benefit plans are carried out annually. The discount rate applied in arriving at the present value of the defined benefit commitment represents the yield on high quality corporate bonds denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related defined benefit commitment.

Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income without recycling to the income statement in subsequent periods. Amounts recognized in other comprehensive income are recognized immediately in retained earnings. Current service cost, the recognized element of any past service cost and the interest expense arising on the post-employment benefit commitment are included in the "Personnel expenses" line item in the income statement as the related compensation cost. Past service costs are recognized immediately to the extent the benefits are vested and are otherwise amortized on a straight-line basis over the average period until the benefits become vested.

Provisions
(i) Termination benefits
The Company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing benefits as a result of an offer made to encourage voluntary termination. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

(ii) Provisions
Provisions for restructuring costs, warranties and legal claims are recognized when the Company has a present legal or constructive commitment as a result of past events; it is more likely than not that an outflow of resources will be required to settle the commitment; and the amount can be reliably estimated.

Provisions are measured at management's best estimate of the expenditure required to settle the commitment at the end of the reporting period and are discounted where the effect is material.

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 Company 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.

IFRS 16 Leases
IFRS 16 Leases requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

Lease liabilities
Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. Lease payments are allocated between principal and finance expense. The finance expense is recognised as an expense in the consolidated income statement (within the line "Financial expenses") over the lease period under the amortised cost method.

Right-of-use assets
Right-of-use assets are measured at cost with an initial measurement amount equal to the lease liability adjusted by the amount of any previously recognized prepaid or accrued lease payments less accumulated depreciation and accumulated impairment. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognised as an expense in the consolidated income statement (within the line "Other operating expenses"). Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Current 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
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 5 and note 6). Revenue from management fees relates to revenue received from co-investors where DDM 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, for Hungary these fees were calculated based on the performance of the portfolio, and for Greece these fees were calculated based on the time spent on portfolio management.

NOTE 3. SUMMARY OF SIGNIFICANT... continued

Share capital
Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Dividend distribution
Dividends on common shares are recognized in the Company's financial statements in the period in which the dividends are approved by the Board of Directors.

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.

Diluted earnings per share are computed by dividing the adjusted profit / (loss) attributable to the equity holders of the Parent Company by the weighted average number of ordinary shares outstanding during the period, adjusted to include any potential dilutive effects.

New standards and interpretations not yet adopted in 2021
There were no new accounting standards and interpretations adopted in 2021 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 2021 reporting periods and have not been early adopted by DDM. These standards are not expected to have a material impact on DDM in the current or future reporting periods.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

NOTE 4. **FINANCIAL RISK MANAGEMENT**

Risk management is handled by employees and the Executive Management Committee who report to the Board on the basis of the policy adopted by the Board. The Company identifies, evaluates and mitigates financial risks relating to the operating activities of the Company. The Board determines and adopts an overall internal policy for risk management. The Company reports to the Board on compliance with and status of the risk policy in terms of the different financial risks.

The Company defines risk as all factors which could have a negative impact on the ability of the Company 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 Company's future development, but is by no means comprehensive.

(i) The COVID-19 pandemic, or other similar outbreaks
In March 2020, COVID-19 was declared a "pandemic" by the Word Health Organization. The global spread of COVID-19 has had an adverse impact on global business and economic activity, creating significant volatility and uncertainty in the capital markets and significant disruption to the local operations of markets in which DDM operates. Our core markets have been particularly impacted by the direct impact of the COVID-19 pandemic as well as by local government policies including, for example, debt moratoriums. In addition, the COVID-19 pandemic continued to limited the freedom of movement, which negatively impacted tourism and thereby the economies of our markets particularly in Croatia, reducing consumer spending which may negatively impact DDM revenues and profitability.

There is significant uncertainty as to the extent and duration of business disruptions related to the pandemic, as well as its impact on local and global economies and consumer confidence. The extent to which the pandemic impacts DDM's results will depend on future developments and the actions taken or being continued to contain it or address its impact, which are highly uncertain and cannot be predicted.

The COVID-19 pandemic may also affect DDM's business in ways which are difficult to predict and could have further material adverse effects on DDM's business, results of operations and financial condition if:

- the duration, scope and severity of the pandemic result in sustained deterioration in the economic environment in our regions and the amount of debt available to us for purchase and to service as a result does not compensate for the adverse effects;
- political, legal and regulatory actions and policies in response to the pandemic, such as governmental actions or proposed actions limiting debt collection efforts and encouraging or requiring extensions, modifications or forbearance with respect to certain loans and fees, prevent us from performing our collection activities, result in material increases in our costs to comply with such laws and regulations or result in fewer debt portfolios coming to market;
- disruptions to or closures of the court system and other disruptions due to the pandemic or government restrictions on the legal process that hinder our ability to collect through the litigation process are prolonged or increased;
- as a result of unemployment or reduced income or increased costs ensuing from the pandemic, consumers respond by failing to pay amounts owed on receivables owned or managed by us;
- DDM is unable to maintain staffing at the levels necessary to operate our business due to the continued spread or increased virulence of COVID-19 or related coronavirus strains or resultant health complications, causing employees to be unable or unwilling to work;
- DDM is unable to purchase debt portfolios needed to operate our business because debt owners become unable or unwilling to sell their non-performing loans consistent with recent levels at attractive prices or at all;
- adverse capital market conditions affect our ability to raise capital or increase our cost of capital and our cash generation is not sufficient for our needs;
- tax rates are increased to fund the cost of various government initiatives in connection with the COVID-19 pandemic; or
- DDM suffers a cyber-security incident or data breach as a result of an increase in the number or severity of cyber-attacks, or increased vulnerability while a proportion of our employees work remotely.

(ii) Economic fluctuations
The debt collection industry is negatively affected by a weakened economy. However, the Company'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.

(iii) 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 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 Group's business.

a) I) Transaction exposure
In terms of currency risk, in each country where the Company invests, revenues and most collection costs are denominated in local currencies. DDM does not use any hedging instruments. As part of cash management DDM is striving to maintain the required amount of cash in the different local currencies.

a) II) Translation exposure
When the balance sheet positions of subsidiaries denominated in foreign currencies are recalculated to DDM's presentational currency in euro, a translation exposure arises that affects investor value.

(b) Interest rate risk
Interest rate risks relate primarily to DDM's interest-bearing debt, which consists of senior secured bonds and senior secured notes. Borrowings issued using the floating reference rate EURIBOR expose DDM to interest rate risk and borrowings issued at fixed rates expose DDM to fair value interest rate risk.

(iv) Liquidity risk
The Company has deposited its liquid assets with established financial institutions where the risk of loss is considered remote. The Company's cash and cash equivalents consist solely of bank balances. The Company 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.

(v) Credit risks inherent of distressed assets
To minimize the risks in this business, caution is exercised in investment decisions. Invested assets are usually purchased at prices significantly below the nominal value of the receivables and DDM retains the entire amount it collects, including interest and fees, after deducting costs directly relating to debt collection.

The Company 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 Company works in cooperation with other institutions. Risks are further diversified by acquiring distressed assets from clients in different countries.

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NOTE 4. FINANCIAL RISK MANAGEMENT... continued

(vi) 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 on a group basis 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 DDM's bank accounts, or are paid in to client fund accounts held by the respective debt collection agencies to separate DDM'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 DDM 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.

(vii) Financing risk
DDM's borrowings contain a number of financial covenants, including limits on certain financial indicators. The Company'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.

(viii) Capital management
The Company's objective when managing its capital structure is to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTE 5. CRITICAL ESTIMATES AND ASSUMPTIONS IN APPLYING THE COMPANY'S ACCOUNTING PRINCIPLES

The Company 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 below.

Revenue recognition and measurement of acquired portfolios
Distressed asset portfolios are financial instruments that are accounted for under IFRS 9 and are measured at amortized cost using the effective interest rate 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 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 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 an impact to the "other items not affecting cash" line 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 portfolio 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. ERC refers to the sum of future, undiscounted projected cash collections before commission and fees from acquired portfolios and future reasonably expected dividends, distributions or other payments from investments, in each case for the next following 120 months, either directly or as a result of any rights to collect or any rights to participate in amounts generated from portfolios or investments. This includes the Group's share of proceeds on all portfolios purchased or other investments made, however adjusted for any profit-sharing arrangements entered into by any member of the Group and where available the market value of any portfolio acquired or investment made.

The Company estimates that a continuous decrease of net collections by 10% would result in a 10% decrease of the net present value, or carrying 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 18 for the carrying value of distressed asset portfolios.

Joint venture
As stated in note 17, on 31 May 2019, 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. Under IFRS 11, the joint arrangement is determined for reporting purposes to be a joint venture and thereby 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 DDM'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.

Associate
As stated in note 16, on 9 March 2020, DDM acquired a 9.9% shareholding in Addiko Bank for a cash consideration totaling approximately EUR 30m.

In January 2021, a non-binding forward flow agreement and commitment to acquire a further 10.1% shareholding in Addiko Bank was signed, however this was not pursued and DDM did not increase its shareholding above the existing 9.9% held. DDM is no longer pursuing the plan to increase their shareholding in Addiko Bank following the agreement that was announced on 17 December 2021 to acquire 100% of the share capital of Swiss Bankers. As at 31 December 2021, DDM has an effective influence on the Supervisory Board of Addiko Bank of 12.5% (as there are 8 Board Members in total appointed) which is below the required 20% and therefore DDM reached the conclusion that it is no longer presumed to be able to exert significant influence over Addiko Bank and therefore the investment in Addiko Bank was reclassified to a financial asset at fair value.

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NOTE 6. RECONCILIATION OF REVENUE ON INVESTED ASSETS AND REVENUE FROM MANAGEMENT FEES

Revenue on invested assets is the net amount of net collections (net of third party commission and collection fees), amortization, revaluation and impairment.

Net collections is comprised of gross collections from the invested assets held by DDM, less commission and collection 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. DDM discloses the alternative performance measure "Net collections" in notes separately, as it is an important measurement for DDM to monitor the performance of the portfolios and measure the cash available for operating expenses and to service its debt. DDM believes that disclosing net collections as a separate performance measure in the notes improves the transparency and understanding of DDM'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, other long-term receivables from investments, investment in joint venture and associate, 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.

For the year ended 31 December EUR '000s	2021	2020
Gross collections	45,185	113,232
Collection and commission expenses	(6,291)	(3,863)
Net collections	38,894	109,369
Amortization of invested assets	(23,293)	(68,433)
Interest income on invested assets before revaluation and impairment	**15,601**	**40,936**
Revaluation of invested assets	5,001	(708)
Impairment of invested assets	–	(332)
Revenue on invested assets	**20,602**	**39,896**

For the year ended 31 December EUR '000s	2021	2020
Revenue from management fees	100	74

NOTE 7. SEGMENT INFORMATION

The Company represents a single reportable segment, which consists of one operating segment. The operational and investing activities of the Company are not divided according to geographical regions. The relevant reporting to allocate resources and assess the performance of the Company received on a regular basis by the Chief Operating Decision Maker ("CODM") is based on information consistent with the IFRS reporting. The CODM is considered to be the Board of Directors collectively. Collection information is available for each portfolio and country where the Company acquired the invested assets.

The table below presents an overview of revenue on invested assets and revenue from management fees by country.

For the year ended 31 December EUR '000s		2021	2020
Bosnia	Revenue on invested assets	226	(131)
Croatia	Revenue on invested assets	4,793	5,712
Czech Republic	Revenue on invested assets	311	419
Greece	Revenue on invested assets	952	23,131
Greece	Revenue from management fees	–	70
Hungary	Revenue on invested assets	6,292	9,007
Hungary	Revenue from management fees	–	1
Poland	Revenue on invested assets	91	–
Romania	Revenue on invested assets	3,870	1,496
Romania	Revenue from management fees	–	3
Serbia	Revenue on invested assets	1,128	(16)
Slovakia	Revenue on invested assets	32	30
Slovenia	Revenue on invested assets	2,907	248
Liechtenstein	Revenue from management fees	100	–
Total revenue on invested assets and revenue from management fees		**20,702**	**39,970**

For the year ended 31 December EUR '000s		2021	2020
Croatia	Share of net profits of joint venture	2,258	1,063
Total share of net profits of joint venture		**2,258**	**1,063**

For the year ended 31 December EUR '000s		2021	2020
Austria	Share of net profits of associate	1,373	194
Total share of net profits of associate		**1,373**	**194**

The table below presents an overview of impairment of invested assets by country:

For the year ended 31 December EUR '000s		2021	2020
Croatia	Impairment of invested assets	–	307
Romania	Impairment of invested assets	–	25
Total impairment of invested assets		**–**	**332**

There were no impairments for the full year 2021. Impairments for the full year 2020 relate to one-off write downs on portfolios previously acquired in Croatia and Romania.

Net collections for the full year 2020 includes EUR 59.8m received from Greece, due to the accelerated collections received following the restructuring of the Greek investment. Please refer to note 34 for further details.

No individual debtor generates more than 10% of the Group's total revenues.

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NOTE 7. ***SEGMENT INFORMATION****... continued*

The table below presents an overview of the carrying value of invested assets (distressed asset porfolios, investments in joint ventures and associates and financial assets at fair value) by country:

EUR '000s	31 December 2021	31 December 2020
Croatia	83,096	85,300
Austria	26,351	32,986
Luxembourg	23,711	–
Hungary	8,325	9,405
Romania	6,926	1,687
Poland	5,781	–
Italy	5,534	–
Slovenia	2,657	3,586
Serbia	1,591	792
Bosnia	704	832
Czech Republic	284	3,338
Slovakia	–	3
Total invested assets	**164,960**	**137,929**

NOTE 8. PERSONNEL EXPENSES

For the year ended 31 December EUR '000s	2021	2020
Salary	3,378	4,013
Social security expenses and other employment expenses	656	1,047
Expenses related to post-employment benefit commitments	85	174
Total personnel expenses	**4,119**	**5,234**

Compensation (including personnel and consulting expenses) for the Board of Directors amounted to EUR 548k in 2021 (EUR 234k in 2020). Personnel expenses (including accrued variable compensation) for the Executive Management Committee amounted to EUR 1,684k in 2021 (EUR 1,710k in 2020).

At the end of 2021, DDM employed 11 people (2020: 65). The average number of employees during 2021 was 31 people (2020: 58), including 48 (2020: 40) employees that were employed by Lombard that was acquired in 2020, until 5 May 2021 (note 3). All of our staff are permanently employed. The gender distribution at the end of 2021 was 73% male, 27% female (2020: 31% male, 69% female). The average age of DDM employees is 42 years (2020: 41). The age distribution of employees is shown below:

For the year ended 31 December	2021	2020
Up to 30 years	–	17%
30 – 40 years	27%	26%
41 – 50 years	73%	38%
51 – 60 years	–	17%
60+ years	–	2%

NOTE 9. CONSULTING EXPENSES

The Company uses third party suppliers for various services such as auditing and legal services. Consulting services are also used when the Company enters new markets and expert advice is needed. The Company's shareholders have elected PwC as its external auditors in Switzerland, Sweden and Hungary.

For the year ended 31 December EUR '000s	2021	2020
Consultancy / Service fees	3,767	4,588
Tax and legal services	853	254
Audit fees	324	311
Total consulting expenses	**4,944**	**5,163**

Consultancy / Service fees includes EUR 1.5m (2020: 2.3m) for services expensed under a brokerage contract with DDM Group Finance S.A. during the year ended 31 December 2021, of which EUR 0.4m were prepaid in 2020. Please refer to note 34 for further details.

NOTE 10. OTHER OPERATING EXPENSES

Other operating expenses are expenditures that the Company incurs as a result of performing its normal business operations.

For the year ended 31 December EUR '000s	2021	2020
Non-deductible VAT	791	369
Administrative expenses	690	1,284
IT expenses	325	282
Insurance	158	103
Business travel expenses	108	66
Rental expenses	10	62
Recruitment expenses	1	36
Other operating expenses	129	15
Total other operating expenses	**2,212**	**2,217**

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NOTE 11. NET FINANCIAL EXPENSES

For the year ended 31 December EUR '000s	2021	2020
Interest expense	15,239	15,344
Amortization of transaction costs	2,926	1,945
Call premium EUR 100M & EUR 33.5M senior secured bonds	2,408	–
Fair value loss on financial assets	687	–
Bank charges	222	131
Realized exchange loss	76	60
Other financial expenses	29	41
Unrealized exchange loss	–	1,824
Consent fees relating to written procedures	–	673
Total financial expenses	**21,587**	**20,018**

For the year ended 31 December EUR '000s	2021	2020
Interest income on convertible bonds	826	–
Unrealized exchange profit	271	–
Interest income	253	38
Gain on bonds repurchased	–	2,134
Total financial income	**1,350**	**2,172**

For the year ended 31 December EUR '000s	2021	2020
Total financial expenses	21,587	20,018
Total financial income	(1,350)	(2,172)
Net financial expenses	**20,237**	**17,846**

The increase in interest expense is explained in the table below and in note 28:

For the year ended 31 December EUR '000s	2021	2020
Interest on senior secured bonds 9% (19 Apr 2021 – 19 Apr 2026)	9,922	–
Interest on senior secured bonds 9.25% (8 Apr 2019 – 6 May 2021)	2,278	8,995
Interest on senior secured notes (7 Nov 2018 – 30 Jun 2022)	2,088	1,920
Interest on senior secured bonds 8% (11 Dec 2017 – 6 May 2021)	847	3,602
Revolving credit facility	80	827
Interest on other loans	24	–
Total interest expense	**15,239**	**15,344**

NOTE 12. TAX EXPENSE

For the year ended 31 December EUR '000s	2021	2020
Current tax		
Current tax on profit for the year	(338)	(386)
Adjustment in respect of prior years	(6)	(37)
Total current tax	**(344)**	**(423)**
Deferred tax		
Origination and reversal of temporary differences	(299)	(68)
Adjustment in deferred tax assets relating to tax losses carried forward	1,386	(738)
Total deferred tax	**1,087**	**(806)**
Tax income / (expense) in income statement	**743**	**(1,229)**

The tax on the Company's (loss) / profit before tax differs from the theoretical amount that would arise by applying the tax rate for the Swiss domiciled companies (as a significant portion of the group companies are domiciled in Switzerland) to the profit / (loss) of the consolidated entities as follows:

For the year ended 31 December EUR '000s	2021	2020
(Loss) / profit before tax	(7,571)	10,369
Tax calculated at 11.85% (Swiss) tax rate (prior year 11.91%)	897	(1,235)
Tax effects of:		
Effect of different tax rates	(1)	98
Adjustments for tax losses carried forward	395	(738)
Deferred income tax assets recognized relating to tax losses carried forward	202	757
Adjustments for previous years and other	(750)	(111)
Tax income / (expense) in income statement	**743**	**(1,229)**

The Group's effective tax rate was 11.85% at 31 December 2021 (11.91% at 31 December 2020). The adjustments for tax losses carried forward principally relate to change in deferred tax assets and is reflected under deferred income tax assets recognized relating to tax losses carried forward. Adjustments for previous years and other mainly refers to charges for deferred tax liabilities and provisions for current taxes in other local jurisdictions.

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NOTE 13. **EARNINGS PER SHARE**

Earnings per share are calculated by dividing the net (loss) / profit 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. The Company has no convertible preference shares which may be exchanged for ordinary shares.

For the year ended 31 December **EUR '000s**	**2021**	**2020**
Net (loss) / profit from continuing operations attributable to owners of the Parent Company	(6,828)	9,140
Total	**(6,828)**	**9,140**
Weighted average number of ordinary shares	13,560,447	13,560,447
Earnings per share before dilution (EUR)	(0.50)	0.67
Total potential dilutive shares	—	—
Weighted average number of shares outstanding – fully diluted	13,560,447	13,560,447
Diluted earnings per share (EUR)	(0.50)	0.67

The Board of Directors proposes that no dividend be paid for the 2021 financial year (2020: nil).

NOTE 14. **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include the following for the purpose of the consolidated cash flow statement:

EUR '000s	**31 December 2021**	**31 December 2020**
Cash and cash equivalents	65,485	31,416
Total	**65,485**	**31,416**

The Company's cash and cash equivalents did not include any restricted cash payable to third parties (2020: nil).

NOTE 15. **CURRENT RECEIVABLES**

EUR '000s	**31 December 2021**	**31 December 2020**
Accounts receivable	1,711	14,158
Tax assets	82	93
Other receivables	4,218	1,698
Prepaid expenses and accrued income	2,957	2,565
Total current receivables	**8,968**	**18,514**

The fair value of current receivables approximates their respective carrying value.

EUR '000s	**31 December 2021**	**31 December 2020**
Accounts receivable < 30 days	1,650	14,130
Accounts receivable 31-60 days	1	19
Accounts receivable 61-90 days	45	4
Accounts receivable > 91 days	15	5
Total accounts receivable	**1,711**	**14,158**

A provision of EUR 2k (2020: EUR 2k) was made for impairment of accounts receivables in 2021, under the simplified approach permitted under IFRS 9.

Trade and other receivables are presented in the following currencies:

EUR '000s	**Currency**	**31 December 2021**	**31 December 2020**
Accounts receivable	EUR	1,161	14,056
	HUF	474	—
	RON	56	102
	Other (HRK, CZK)	20	—
Total accounts receivable		**1,711**	**14,158**
Tax assets	EUR	82	87
	SEK	—	6
Total tax assets		**82**	**93**
Other receivables	EUR	1,717	1,401
	HRK	1,626	91
	CHF	875	84
	SEK	—	122
Total other receivables		**4,218**	**1,698**
Prepaid expenses and accrued income	EUR	2,124	2,177
	CHF	636	211
	SEK	163	3
	HUF	24	162
	Other (CZK, USD)	10	12
Total prepaid expenses and accrued income		**2,957**	**2,565**
Total current receivables		**8,968**	**18,514**

The Group's overall foreign exchange risk is explained in note 32 "Financial Instruments".

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NOTE 16. INTERESTS IN ASSOCIATES

Set out below are the associates of DDM as at 31 December 2021 and as at 31 December 2020. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

		% of ownership interest		Nature of	Measurement	Carrying amount (EUR'000)	
Name of entity	Domicile	2021	2020	relationship	method	2021	2020
Addiko Bank AG	Austria	–	9.9%	Associate	Equity method	–	32,986

On 9 March 2020, DDM acquired a 9.9% shareholding in Addiko Bank for a cash consideration totaling approximately EUR 30m.

Following the acquisition of a 9.9% stake in Addiko Bank that closed during March 2020, the results for the period up to 17 December 2021 include EUR 1.4m (FY 2020: EUR 0.2m) of share of net profits of the associate in the income statement and EUR 0.3m (FY 2020: EUR 2.7m) of share of other comprehensive income of associates accounted for using the equity method in other comprehensive income. DDM received a capital dividend amounting to EUR 0.7m on 4 May 2021 and a further EUR 3.9m capital dividend on 11 November 2021 from Addiko Bank.

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

EUR '000s	31 December 2021	31 December 2020
Opening net book value	**32,986**	**–**
Additions	–	30,094
Share of other comprehensive income of associates accounted for using the equity method	313	2,698
Share of net profits in the income statement	1,373	194
Reclassification to financial assets at fair value	(26,351)	–
Dividends received & other	(4,622)	–
Fair value loss recognized in the income statement	(3,699)	–
Closing net book value	**–**	**32,986**

In January 2021, a non-binding forward flow agreement and commitment to acquire a further 10.1% shareholding in Addiko Bank was signed, however this was not pursued and DDM did not increase its shareholding above the existing 9.9% held. DDM is no longer pursuing the plan to increase their shareholding in Addiko Bank following the agreement that was announced on 17 December 2021 to acquire 100% of the share capital of Swiss Bankers. As at 31 December 2021, DDM has an effective influence on the Supervisory Board of Addiko Bank of 12.5% (as there are 8 Board Members in total appointed) which is below the required 20% and therefore DDM reached the conclusion that it is no longer presumed to be able to exert significant influence over Addiko Bank and therefore the investment in Addiko Bank was reclassified to a financial asset at fair value. This resulted in a EUR 3.7m fair value loss recognized within financial expenses in the income statement measured at a closing share price of EUR 13.65/share on 31 December 2021, partially offset by EUR 3.0m of other comprehensive income being recycled to the income statement.

NOTE 17. INVESTMENT IN JOINT VENTURE

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

		% of ownership interest		Nature of	Measurement	Carrying amount (EUR'000)	
Name of entity	Domicile	2021	2020	relationship	method	2021	2020
CE Partner S.à r.l.	Luxembourg	50%	50%	Joint Venture	Equity method	6	6
CE Holding Invest S.C.S	Luxembourg	50%	50%	Joint Venture	Equity method	31,813	25,685

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

EUR '000s	31 December 2021	31 December 2020
Opening net book value	**25,691**	**29,952**
Additions	8,521	–
Share of net profits of joint venture	2,258	1,063
Incremental net distribution from joint venture*	(4,651)	(5,324)
Closing net book value	**31,819**	**25,691**

* The incremental net distribution from the joint venture includes EUR 5.6m (FY 2020: EUR 4.5m) that has been received as a cash distribution during the full year 2021, of which EUR 3.6m relates to 2021 and EUR 2.0m relates to 2020, and a further EUR 1.1m (31 December 2020: EUR 2.0m) has been reclassified to accounts receivable at the end of the year.

The Joint Venture is subject, by agreement, to joint control shared equally by DDM and B2Holding. The Joint Venture has invested in a non-performing secured portfolio acquired from HETA Asset Resolution in Croatia. Summarised financial information of the Joint Venture is set out below. The summarised financial information shown below represents amounts from the Joint Venture's financial statements that were prepared in accordance with IFRS:

EUR '000s	31 December 2021	31 December 2020
Summarised balance sheet		
Non-current assets		
Portfolio investments	63,541	51,077
Current assets		
Cash and cash equivalents	3,371	–
Other current assets	–	835
Total assets	**66,912**	**51,912**
Current liabilities		
Other current liabilities	2,145	4,046
Total liabilities	**2,145**	**4,046**
Equity	**64,767**	**47,866**
Total liabilities & equity	**66,912**	**51,912**
Summarised income statement		
Interest income	4,570	2,325
Operating expenses	(54)	(199)
Operating profit	**4,516**	**2,126**
Financial expenses	–	–
Profit before tax	**4,516**	**2,126**
Taxation	–	–
Profit for the year	**4,516**	**2,126**

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NOTE 18. DISTRESSED ASSET PORTFOLIOS

EUR '000s	31 December 2021	31 December 2020
Opening accumulated acquisition cost	**292,614**	**290,844**
Acquisitions	20,198	3,966
Reclassification from other long-term receivables from investments	—	2,853
Disposals	—	—
Revaluation (including forex differences)	6,858	(5,049)
Closing accumulated acquisition cost	**319,670**	**292,614**
Opening accumulated amortization and impairment	**(213,362)**	**(147,817)**
Amortization for the year (including forex differences)	(24,714)	(65,213)
Impairment	—	(332)
Closing accumulated amortization and impairment	**(238,076)**	**(213,362)**
Closing net book value	**81,594**	**79,252**

The acquisitions during the year principally relate to the investments in distressed assets portfolios in Romania for EUR 6.5m, in Poland for EUR 6.1m, in Italy for EUR 4.0m and in Croatia for EUR 3.6m.

Net collections (see note 6) in 2021 includes EUR 1.0m received from Greece (2020: 59.8m), due to the accelerated collections received following the restructuring of the Greek investment during 2020.

Distressed asset portfolios by currency:

Currency EUR '000s	31 December 2021	31 December 2020
HRK	51,179	55,214
EUR	9,155	9,971
HUF	8,325	9,405
PLN	5,781	—
RON	5,279	532
RSD	1,591	792
CZK	284	3,338
Total	**81,594**	**79,252**

Included within distressed asset portfolios are approximately EUR 7m (2020: 2.4m) of real estate assets which have been repossessed as part of the management of secured non-performing loan portfolios. This collateral relating to real estate is considered when determining the recoverability and carrying amount of the portfolio / receivable held at amortised cost. Any collateral received during the life of the portfolio is disposed of on an on-going basis to limit the amount of collateral held.

NOTE 19. 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 financial income.

On 3 December 2021, DDM 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. During 2021, DDM has 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 of which EUR 3.0m was paid on 12 May, EUR 1.0m was paid on 18 November and EUR 11.8m was reclassified from accounts receivables. In addition, EUR 3.9m was invested in Omnio on 6 October and EUR 4.0m was invested in Omnio Group Limited ("Omnio Group") on 30 November. On 17 December 2021, the investment in Addiko Bank was reclassified from investment in associates and measured at a closing share price of EUR 13.65/share on 31 December 2021.

EUR '000s	31 December 2021	31 December 2020
Balance at beginning of the year	—	—
Reclassification from investment in associates at fair value	26,351	—
Additions	13,416	—
Reclassification from accounts receivable	11,780	—
Balance at end of the year	**51,547**	**—**

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NOTE 20. OTHER LONG-TERM RECEIVABLES FROM INVESTMENTS

DDM owned 100% of the shares in certain legal entities holding leasing portfolios as at 31 December 2019 (see note 3). The fair value of 100% of the equity was immaterial, with the economic substance of the investments being the underlying portfolios of loans. As a result, the underlying assets which represented other long-term receivables from investments were recognized in the financial statements. The fair value of the loans were initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, adjusted for revaluation and impairment.

On 27 February 2020, the DDM Group acquired and obtained 100% control of the economic rights to a distressed asset portfolio located in Hungary, resulting in the consolidation of Clipper Holding III S.à r.l., Lombard Pénzügyi és Lízing Zrt, Lombard Ingatlan Lízing Zrt. and Lombard Bérlet Kft ("Lombard"). Prior to the acquisition DDM owned the rights to 30 percent of the portfolio and 100 percent of the equity in Lombard which has been reclassified from other long-term receivables from investments to distressed asset portfolios.

EUR '000s	31 December 2021	31 December 2020
Opening accumulated acquisition cost	—	**23,209**
Reclassification to distressed asset portfolios	—	(2,853)
Revaluation (including forex differences)	—	(390)
Closing accumulated acquisition cost	—	**19,966**
Opening accumulated amortization and impairment	—	**(20,186)**
Amortization for the year (including forex differences)	—	220
Closing accumulated amortization and impairment	—	**(19,966)**
Closing net book value	—	—

Other long-term receivables from investments by currency:

Currency EUR '000s	31 December 2021	31 December 2020
HUF	—	—
Total	—	—

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NOTE 21. TANGIBLE ASSETS

EUR '000s	Furniture	Computer hardware	Total
Year ended 31 December 2021			
at 1 January 2021	**67**	**21**	**88**
Additions	–	9	**9**
Disposals	–	–	**–**
Depreciation	(19)	(10)	**(29)**
Impairment	–	–	**–**
at 31 December 2021	**48**	**20**	**68**
At cost	126	246	**372**
Accumulated depreciation	(78)	(226)	**(304)**
Net book value at 31 December 2021	**48**	**20**	**68**
Year ended 31 December 2020			
at 1 January 2020	**30**	**24**	**54**
Additions	66	–	**66**
Disposals	–	–	**–**
Depreciation	(29)	(3)	**(32)**
Impairment	–	–	**–**
at 31 December 2020	**67**	**21**	**88**
At cost	126	237	**363**
Accumulated depreciation	(59)	(216)	**(275)**
Net book value at 31 December 2020	**67**	**21**	**88**

NOTE 22. RIGHT-OF-USE ASSETS

EUR '000s	Office premises	Motor vehicles	Office equipment	Total
Year ended 31 December 2021				
at 1 January 2021	**245**	**6**	**3**	**254**
Additions	–	–	–	**–**
Disposals	(6)	–	–	**(6)**
Depreciation	(94)	(6)	(2)	**(102)**
Impairment	–	–	–	**–**
at 31 December 2021	**145**	**–**	**1**	**146**
At cost	367	60	7	**434**
Accumulated depreciation	(222)	(60)	(6)	**(288)**
Net book value at 31 December 2021	**145**	**–**	**1**	**146**
Year ended 31 December 2020				
at 1 January 2020	**66**	**33**	**5**	**104**
Additions	265	–	–	**265**
Disposals	–	–	–	**–**
Depreciation	(86)	(27)	(2)	**(115)**
Impairment	–	–	–	**–**
at 31 December 2020	**245**	**6**	**3**	**254**
At cost	373	60	7	**440**
Accumulated depreciation	(128)	(54)	(4)	**(186)**
Net book value at 31 December 2020	**245**	**6**	**3**	**254**

The majority of the underlying right-of-use assets in DDM'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. At 31 December 2021 in Sweden the earliest termination date for the office lease agreement was 31 March 2022, and therefore no right-of-use asset has been recognized. In Slovenia the office lease agreement was terminated during 2021, resulting in a EUR 6k disposal, and at 31 December 2021 in Slovenia the earliest termination date for the new office lease agreement was 31 August 2022, and therefore no right-of-use asset has been recognized.

On 1 February 2020, DDM entered into a agreement for a Swiss office lease located in Zug that resulted in a EUR 265k right-of-use asset being recognized. At 31 December 2020 in Sweden the earliest termination date for the office lease agreement was 31 March 2021, and therefore no right-of-use asset was recognized.

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NOTE 23. GOODWILL

The Company tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The goodwill was generated in relation to the acquisition of 50% of DDM Group AG in the year 2012. The Company considers that it has only one CGU which the goodwill relates to.

The recoverable amount of this CGU is determined from value in use calculations and no impairment has been identified. Value in use is based on pre-tax cash flow projections based on financial budgets approved by management covering a five-year period, discounted to present value by using a pre-tax, market-determined rate that reflects the current assessment of the time value of money and the risks specific to the asset for which the cash-flow estimates have not been adjusted.

The key assumptions for the value in use calculations are those regarding terminal growth rate, gross collections minus commissions, fees and operating expenses. The expected amounts of gross collections minus commissions and fees are determined based on management's past experience along with external sources of information. The pre-tax rate used to discount the forecast cash flows from this CGU is 11% (prior year 11%). A terminal growth rate of 2% (prior year 2%) has been applied.

In projected net cash flow collections, the recoverable amount calculated based on value in use exceeded the carrying value in 2021 (exceeded the carrying value in 2020). The goodwill impairment assessment is sensitive to changes in estimates. An adverse change in projected net cash flows of more than 36% (prior year 25%), or a decrease in the assumed terminal growth rate by more than 4% (prior year 3%), would, all changes taken in isolation, result in an impairment as the recoverable amount would be less than the carrying amount.

At the beginning and end of the financial year the recoverable amount of the CGU was in excess of its book value and therefore management deem it reasonable not to recognize any impairment in the carrying amount for goodwill.

EUR '000s	Goodwill
Year ended 31 December 2021	
at 1 January 2021	**4,160**
Additions	–
Disposals	–
Impairment	–
at 31 December 2021	**4,160**
At cost	4,160
Accumulated impairment	–
Net book value at 31 December 2021	**4,160**
Year ended 31 December 2020	
at 1 January 2020	**4,160**
Additions	–
Disposals	–
Impairment	–
at 31 December 2020	**4,160**
At cost	4,160
Accumulated impairment	–
Net book value at 31 December 2020	**4,160**

NOTE 24. INTANGIBLE ASSETS

EUR '000s	IT software "FUSION"
Year ended 31 December 2021	
at 1 January 2021	**1,043**
Additions	–
Disposals	–
Amortization	(261)
Impairment	–
at 31 December 2021	**782**
At cost	2,225
Accumulated amortization	(1,443)
Net book value at 31 December 2021	**782**
Year ended 31 December 2020	
at 1 January 2020	**1,303**
Additions	–
Disposals	–
Amortization	(260)
Impairment	–
at 31 December 2020	**1,043**
At cost	2,225
Accumulated amortization	(1,182)
Net book value at 31 December 2020	**1,043**

Prior to 1 January 2020, each significant addition to the FUSION system was amortized in the income statement on a straight-line basis over its expected useful life of 20 years. On 1 January 2020 the expected remaining useful life of this asset was reassessed to 5 years and the average remaining amortization period of the FUSION software at 31 December 2021 is 3 years.

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NOTE 25. **OTHER NON-CURRENT ASSETS**

In 2019, EUR 725k was paid from DDM to Omnione S.A. and recognized as a non-current asset receivable.

In 2021, EUR 60k (2020: 180k) was paid from DDM to AxFina Holding S.A. and recognized as a non-current asset receivable to fund the working capital of the servicing platform. At 31 December 2021 EUR 250k (2020: EUR 250k) was due from AxFina.

Other non-current assets by currency:

EUR '000s	31 December 2021	31 December 2020
EUR	1,315	1,241
CHF	41	–
SEK	–	10
Total	**1,356**	**1,251**

NOTE 26. **CURRENT LIABILITIES**

EUR '000s	Less than 3 months	3 - 12 months	Total
at 31 December 2021			
Accounts payable	1,990	–	**1,990**
Tax liabilities	153	416	**569**
Accrued interest	–	5,548	**5,548**
Accrued expenses and deferred income	492	2,205	**2,697**
Lease liabilities	20	66	**86**
Loans	–	17,842	**17,842**
Total current liabilities	**2,655**	**26,077**	**28,732**
at 31 December 2020			
Accounts payable	1,379	–	**1,379**
Tax liabilities	–	428	**428**
Accrued interest	1,678	156	**1,834**
Accrued expenses and deferred income	4,296	1,108	**5,404**
Lease liabilities	76	47	**123**
Loans	12,971	32,391	**45,362**
Total current liabilities	**20,400**	**34,130**	**54,530**

Current liabilities are presented in the following currencies:

EUR '000s	Currency	31 December 2021	31 December 2020
Accounts payable	CHF	1,175	685
	EUR	693	675
	CZK	24	–
	Other (RON, HRK, SEK)	98	19
Total accounts payable		**1,990**	**1,379**
Tax liabilities	EUR	256	80
	HRK	158	–
	CHF	155	197
	SEK	–	151
Total tax liabilities		**569**	**428**
Accrued interest	EUR	5,548	1,834
Total accrued interest		**5,548**	**1,834**
Accrued expenses and deferred income	CHF	1,477	1,351
	EUR	976	2,789
	HRK	106	425
	PLN	106	–
	SEK	5	78
	HUF	–	587
	Other (RSD, CZK)	27	174
Total accrued expenses and deferred income		**2,697**	**5,404**
Lease liabilities	CHF	86	76
	EUR	–	34
	SEK	–	13
Total lease liabilities		**86**	**123**
Loans	EUR	17,842	45,362
Total loans		**17,842**	**45,362**
Total current liabilities		**28,732**	**54,530**

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NOTE 27. LEASE LIABILITIES

Amounts in EUR '000s	Current lease liabilities	Non-current lease liabilities	Total
Year ended 31 December 2021			
At 1 January 2021	**123**	**166**	**289**
Additions	–	–	–
Disposals	(12)	(33)	(45)
Cash flow	(35)	(64)	(99)
Interest expense	10	14	24
At 31 December 2021	**86**	**83**	**169**
Year ended 31 December 2020			
At 1 January 2020	**49**	**61**	**110**
Additions	119	146	265
Disposals	–	–	–
Cash flow	(59)	(57)	(116)
Interest expense	14	16	30
At 31 December 2020	**123**	**166**	**289**

The majority of the DDM's operating leases are leases of office buildings. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. At 31 December 2021 in Sweden the earliest termination date for the office lease agreement was 31 March 2022, and therefore no lease liability has been recognized. In Slovenia the office lease agreement was terminated during 2021, and at 31 December 2021 in Slovenia the earliest termination date for the new office lease agreement was 31 August 2022, and therefore no lease liability has been recognized.

On 1 February 2020, DDM entered into a agreement for a Swiss office lease located in Zug which resulted in EUR 265k lease liability being recognized. At 31 December 2020 in Sweden the earliest termination date for the office lease agreement was 31 March 2021, and therefore no lease liability was recognized.

NOTE 28. LOANS AND BORROWINGS

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	Total
at 31 December 2021						
Bond loan, 9%	–	–	–	–	183,452	**183,452**
Senior secured notes	17,842	–	–	–	–	**17,842**
Total	**17,842**	–	–	–	**183,452**	**201,294**
at 31 December 2020						
Revolving credit facility	8,971	–	–	–	–	**8,971**
Bond loan, 8%	36,391	–	–	–	–	**36,391**
Bond loan, 9.25%	–	75,303	–	–	–	**75,303**
Senior secured notes	–	17,537	–	–	–	**17,537**
Total	**45,362**	**92,840**	–	–	–	**138,202**

Bond loan EUR 200m

On 19 April 2021, DDM Debt AB (publ) ("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 DDM Debt's bond loan is EUR 200 million.

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

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.

DDM Debt AB had a bank guarantee of EUR 5k at 31 December 2021 (31 December 2020: EUR 5k).

Bond loan EUR 100m

On 6 May 2021, DDM Debt redeemed in advance its EUR 100m senior secured bonds with ISIN SE0012454940 and its EUR 33.5m senior secured bonds with ISIN number SE0010636746, in accordance with Clause 9.3 (Voluntary total redemption (call option)) of the terms and conditions of the bonds. The bonds were redeemed each at the applicable call option (being 101.85 per cent. and 103.0 per cent. of the outstanding nominal amount for the EUR 100m bonds and EUR 33.5m bonds respectively) totaling EUR 3.0m paid, of which EUR 2.4m was expensed to the income statement and EUR 0.6m capitalized as part of the new bond issuance, plus accrued but unpaid interest. In addition, the remaining capitalized transaction costs of approximately EUR 1.5m were expensed to the income statement as a non-cash write off in relation to the existing bonds. The redemption amount was paid to the bondholders holding bonds on the relevant record date, being 29 April 2021. The bonds were de-listed from the corporate bond list of Nasdaq Stockholm in connection with the redemption date and the last day of trading occurred on 23 April 2021.

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NOTE 28. ***LOANS AND BORROWINGS...*** *continued*

On 8 April 2019, DDM Debt issued EUR 100m of senior secured bonds priced at Euribor plus a margin of 9.25% within a total framework amount of EUR 150m. The bonds with ISIN number SE0012454940 had a final maturity date of 8 April 2022 and were listed on the Corporate Bond list at Nasdaq Stockholm. At 31 December 2020 and at the redemption date DDM Debt held EUR 23m of the EUR 100m senior secured bonds following bond buybacks.

Bond loan EUR 50m (EUR 33,5m at redemption date)
The EUR 33,5m bonds were redeemed in advance on 6 May 2021 (see "Bond loan EUR 100m" section above for further details).

On 11 December 2017, DDM Debt issued EUR 50m of senior secured bonds at 8% within a total framework amount of EUR 160m. The bonds with ISIN number SE0010636746 had a final maturity date of 11 December 2021 and were listed on the Corporate Bond list at Nasdaq Stockholm.

On 14 August 2020 DDM Debt AB completed a written procedure to request certain amendments to the terms and conditions of its up to EUR 160m senior secured bonds. The amendments incorporated a mandatory partial redemption structure, including a EUR 7.5m of nominal value bond buyback paid on 16 September 2020, EUR 5m bond cancellation on 18 December 2020, call structure and consent fee of 1% that was paid on 28 August 2020. On 30 March 2021 EUR 4m was repaid as part of the mandatory partial redemption structure.

Senior secured notes EUR 18m
DDM Finance AB ("DDM Finance") has a total of EUR 18m of senior secured notes outstanding. 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 is 30 June 2022.

Revolving credit facility EUR 27m
On 15 March 2019, DDM Debt agreed a super senior revolving credit facility of EUR 27m with an international bank. The revolving credit facility was available to finance investments and for general corporate purposes. The facility was available until 15 March 2021 and priced at Euribor plus a margin of 350 basis points.

Other loans
In March 2020, DDM received approximately EUR 0.8m as financing as part of the government loan scheme in Switzerland for the COVID-19 pandemic that was repaid in full in November 2020.

Please refer to note 32 "Financial Instruments" for disclosures regarding the fair value of the Group's loans and borrowings.

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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
Year ended 31 December 2021				
At 1 January 2021	**31,416**	**(45,362)**	**(92,840)**	**(106,786)**
Cash flow	34,197	45,890	(106,056)	**(25,969)**
Reallocation from non-current to current borrowings	–	(17,689)	17,689	–
Amortization of transaction costs (non-cash)	–	(681)	(2,245)	**(2,926)**
Exchange movements	(128)	–	–	**(128)**
At 31 December 2021	**65,485**	**(17,842)**	**(183,452)**	**(135,809)**
Year ended 31 December 2020				
At 1 January 2020	**12,285**	**(49,604)**	**(114,913)**	**(152,132)**
Cash flow	19,478	4,643	23,309	**47,430**
Amortization of transaction costs (non-cash)	–	(699)	(1,246)	**(1,945)**
Other non-cash movements	–	198	–	**198**
Exchange movements	(347)	–	10	**(337)**
At 31 December 2020	**31,416**	**(45,362)**	**(92,840)**	**(106,786)**

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

Amounts in EUR '000s	2021	2020
Increase / (decrease) in cash and cash equivalents	34,197	19,478
Increase in external borrowings	(182,756)	(27,818)
Capitalized written procedure costs	–	552
Repayment of external borrowings	122,590	55,218
Change in net debt resulting from cash flows	(25,969)	47,430
Amortization of transaction costs (non-cash)	(2,926)	(1,945)
Other non-cash movements	–	198
Exchange movements	(128)	(337)
Movement in net debt during the year	(29,023)	45,346
Opening net debt	**(106,786)**	**(152,132)**
Closing net debt	**(135,809)**	**(106,786)**

NOTE 30. POST-EMPLOYMENT BENEFIT COMMITMENTS

The Company 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 2021, 10 employees and in 2020, 13 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 2021	31 December 2020
Balance sheet commitments for:		
– Post-employment benefit commitments	(1,389)	(1,459)
Income statement charge for:		
– Post-employment benefit commitments	(85)	(174)

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

EUR '000s	31 December 2021	31 December 2020
Defined benefit obligation	(2,981)	(2,582)
Fair value of plan assets	1,592	1,123
Deficit of funded plans	**(1,389)**	**(1,459)**
Post-employment benefit commitments	**(1,389)**	**(1,459)**

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NOTE 30. ***POST-EMPLOYMENT BENEFIT COMMITMENTS...*** *continued*

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 2021	**(2,562)**	**1,123**	**(1,459)**
Current service cost	(253)	–	**(253)**
Past service cost - plan amendments	–	–	**–**
Interest (expense) / income	(3)	1	**(2)**
	(256)	**1**	**(255)**
Re-measurements:			
– Return on plan assets greater / (less) than the discount rate	–	169	**169**
– Gain / (loss) from change in demographic assumptions	–	–	**–**
– Gain / (loss) from change in financial assumptions	379	–	**379**
– Experience gains / (losses)	(323)	–	**(323)**
	56	**169**	**225**
Contributions:			
– Employer	–	150	**150**
– Plan participants	(150)	150	**–**
Payments from plans:			
– Benefit payments	65	(64)	**1**
Past service cost			
– Plan amendments	19	-	**19**
Translation differences	(133)	63	**(70)**
at 31 December 2021	**(2,981)**	**1,592**	**(1,389)**
at 1 January 2020	**(2,048)**	**892**	**(1,156)**
Current service cost	(270)	–	**(270)**
Past service cost - plan amendments	–	–	**–**
Interest (expense) / income	(5)	2	**(3)**
	(275)	**2**	**(273)**
Re-measurements:			
– Return on plan assets greater / (less) than the discount rate	–	12	**12**
– Gain / (loss) from change in demographic assumptions	–	–	**–**
– Gain / (loss) from change in financial assumptions	(91)	–	**(91)**
– Experience gains / (losses)	(46)	–	**(46)**
	(137)	**12**	**(125)**
Contributions:			
– Employer	–	99	**99**
– Plan participants	(99)	99	**–**
Payments from plans:			
– Benefit payments	(17)	16	**(1)**
Translation differences	(6)	2	**(4)**
at 31 December 2020	**(2,562)**	**1,123**	**(1,459)**

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 2021:

		Sensitivity analysis	Effect on DBO, EUR '000s 31 December 2021	Effect on DBO, EUR '000s 31 December 2020
Discount rate	0.25%	0.25% increase	(154)	(148)
Discount rate	0.25%	0.25% decrease	167	162
Mortality	BVG 2020 Generational tables with CMI 2018	Increase of 1 year in expected lifetime of plan participants at age 65	30	30
Mortality	BVG 2020 Generational tables with CMI 2018	Decrease of 1 year in expected lifetime of plan participants at age 65	(29)	(29)

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	21.75	23.48
65 in 15 years	22.96	24.67

Retirement

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

The significant actuarial assumptions were as follows:

	2021	2020
Discount rate	0.10%	0.10%
Price inflation	1.00%	1.00%
Salary increases	3.00%	3.00%
Future increases in social security	1.25%	1.25%
Assumed pension increases	0.00%	0.00%

Description of pension plan characteristics and associated risks

DDM Group 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

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NOTE 30. ***POST-EMPLOYMENT BENEFIT COMMITMENTS...*** *continued*

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 (1.00% in 2021 and 2020). 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 2021 and 2020) 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 Group AG invests in a collective foundation in which assets are selected to match pension plan liabilities.
DDM Group AG does not have flexibility in the choice of investment.

The expected contributions for the year ending 31 December 2022 are:
1) Employer EUR 163k
2) Plan participants EUR 163k

The weighted average duration of post-employment benefit commitments is 21.5 years.

Maturity profile of post-employment benefit commitments:

Expected benefit payments during the fiscal year ending:	**EUR '000s**
31 December 2022	110
31 December 2023	119
31 December 2024	126
31 December 2025	133
31 December 2026	137
31 December 2027 through 31 December 2031	728

Analysis of post-employment benefit commitments by participant category:
1) Active participants: EUR 2,981k
2) Deferred participants: EUR –
3) Pensioners: EUR –

Plan asset information:

	Allocation percentage 31 December 2021	**Allocation percentage 31 December 2020**
Equity securities	30.37%	30.75%
Debt securities	30.35%	33.01%
Real estate-property	15.62%	13.68%
Cash and cash equivalents	0.40%	(0.36%)
Derivatives	–	0.95%
Other	23.26%	21.97%
Total	**100.00%**	**100.00%**

The majority of the plan assets are fair valued at 31 December 2021 based on quoted prices in active markets.

NOTE 31. DEFERRED TAXES

The analysis of deferred tax assets and deferred tax liabilities is as follows:

Deferred tax assets EUR '000s	**Loss carried forward**	**Post-employment benefit**	**Software amortization**	**Total**
at 1 January 2021	**639**	**172**	**59**	**870**
(Charged) / credited to the Income statement	1,386	–	22	1,408
(Charged) / credited to Other comprehensive Income	–	(9)	–	(9)
at 31 December 2021	**2,025**	**163**	**81**	**2,269**
at 1 January 2020	**1,378**	**184**	**38**	**1,600**
(Charged) / credited to the Income statement	(739)	–	21	(718)
(Charged) / credited to Other comprehensive Income	–	(12)	–	(12)
at 31 December 2020	**639**	**172**	**59**	**870**

Deferred tax liabilities EUR '000s	**Invested assets**	**Total**
at 1 January 2021	**(308)**	**(308)**
(Charged) / credited to the Income statement	(321)	(321)
(Charged) / credited to Other comprehensive Income	–	–
Foreign exchange differences	–	–
at 31 December 2021	**(629)**	**(629)**
at 1 January 2020	**(220)**	**(220)**
(Charged) / credited to the Income statement	(88)	(88)
(Charged) / credited to Other comprehensive Income	–	–
Foreign exchange differences	–	–
at 31 December 2020	**(308)**	**(308)**

The Company's deferred tax assets have been recognized in accordance with IAS 12, 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. Under Swiss law, net operating losses can be carried forward for a period of up to seven years.

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NOTE 32. FINANCIAL INSTRUMENTS

The key risks and uncertainties faced by the Company are managed within an established risk management framework. The Company's day-to-day working capital is funded by its cash and cash equivalents. The key risks identified for the Company are discussed below. The Company has exposure to credit risk, market risk and liquidity risk, which arises throughout the normal course of the Company's business.

Fair values
The Company 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 carried at amortised cost and recognized at amortized cost according to the effective interest rate method. The Company 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 Company's opinion, the market's yield requirements in the form of effective interest rates on new invested assets have varied dependant on the profile of receivables, underlying collateral and geographical locations of the portfolios acquired. With this valuation method, the carrying value is the best estimate of the fair value of invested assets.

The table below shows the financial assets and financial liabilities where the carrying values are considered to be materially in line with their fair values:

EUR '000s	IFRS 9 category	Fair value category	31 December 2021	31 December 2020
Assets	**Fair value and carrying value of financial instruments**			
Accounts receivable	Financial assets at amortized cost	Level 2	1,711	14,158
Other receivables	Financial assets at amortized cost	Level 2	4,218	1,698
Distressed asset portfolios	Financial assets at amortized cost	Level 3	81,594	79,252
Financial assets at fair value	Financial assets at fair value	Level 1	27,835	–
Financial assets at fair value	Financial assets at fair value	Level 3	23,712	–
Liabilities	**Fair value and carrying value of financial instruments**			
Accounts payable	Financial liabilities at amortized cost	Level 2	1,990	1,379
Other payables	Financial liabilities at amortized cost	Level 2	8,814	10,573
Lease liabilities	Financial liabilities at amortized cost	Level 2	169	289

For the Company's revolving credit facility, short-term and long-term senior secured bonds, the fair value is considered to be materially different to the carrying value, as shown in the table below:

EUR '000s	IFRS 9 category	Fair value category	Fair value	Carrying value
At 31 December 2021				
Senior secured notes	Financial liabilities at amortized cost	Level 2	18,000	17,842
Bond loan, 9%	Financial liabilities at amortized cost	Level 2	189,304	183,452
At 31 December 2020				
Revolving credit facility	Financial liabilities at amortized cost	Level 2	9,000	8,971
Senior secured notes	Financial liabilities at amortized cost	Level 2	18,000	17,537
Bond loan, 8%	Financial liabilities at amortized cost	Level 2	36,244	36,391
Bond loan, 9.25%	Financial liabilities at amortized cost	Level 2	72,865	75,303

The table below shows the movement in the carrying values of all financial assets at fair value level 3, refer to note 18 distressed asset porfolios for further information regarding financial at amortized cost level 3:

EUR '000s	31 December 2021	31 December 2020
Balance at beginning of the year	–	–
Additions	11,932	–
Reclassification from accounts receivable	11,780	–
Balance at end of the year	**23,712**	–

Level 1 financial assets at fair value
On 3 December 2021, DDM 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 0.62/share on 31 December 2021. On 17 December 2021, the investment in Addiko Bank was reclassified from investment in associates and measured at a closing share price of EUR 13.65/share on 31 December 2021.

Level 3 financial assets at fair value
During 2021, DDM has 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 of which EUR 3.0m was paid on 12 May, EUR 1.0m was paid on 18 November EUR 11.8m was reclassified from accounts receivables. This has been recognized and measured at cost within financial assets at fair value level 3, which are due to mature in accordance with the terms of the pre-IPO convertible bonds on 31 December 2024 accruing at an annual rate of 2% cash interest and 6% Payment-in-Kind ("PIK"), including convertibility rights into ordinary shares of Omnio.

In addition, EUR 3.9m was invested in Omnio on 6 October and EUR 4.0m was invested in Omnio Group Limited ("Omnio Group") on 30 November. This has been recognized and measured at cost within Financial assets at fair value level 3, which are expected to be received by 31 December 2024 in line with the maturity of the pre-IPO convertible bonds and therefore have been classified as non-current accruing at an annual rate of 15% Payment-in-Kind ("PIK").

Management has reviewed during the year the valuation methodology for all financial assets at fair value that have been have been classified as level 3 as at 31 December 2021. The fair value of unquoted level 3 financial assets has been estimated using valuation techniques based on assumptions that are not supported by observable market prices. This has been 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.

Significant unobservable valuation inputs includes the projected net cash flow collections to maturity that are expected to be received including the convertibility rights into ordinary shares of Omnio and the pre-tax, market-determined discount rate of 11% that reflects the current assessment of the time value of money and the risks specific to the asset for which the cash-flow estimates have not been adjusted. A quantitative sensitivity analysis has been performed where a change in projected net cash flows of more than 17%, or loss of convertibility rights into ordinary shares of Omnio, or a change in the pre-tax, market-determined discount rate of more than 23%, would, all changes taken in isolation, result in a significant adverse impact to the fair value of the asset as at 31 December 2021.

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 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.

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Credit risk
Credit risk consists of the risk that counterparties of the Company are unable to meet their commitments. The credit risk is considered upon the acquisition of a financial asset by assessing the expected return. The Company 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. However it is always the Company's intention to recover the debt if possible, rather than the collateral. 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 of 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 table below:

EUR '000s	31 December 2021	31 December 2020
Cash and cash equivalents	65,485	31,416
Accounts receivable	1,711	14,158
Distressed asset portfolios	81,594	79,252
Financial assets at fair value	51,547	–
Total	**200,337**	**124,826**

At 31 December 2021 the majority of the DDM group bank accounts were held with banks with credit ratings ranging from A+ to BB- (at 31 December 2020: A+ to BB-) as rated by Standard and Poor's. No credit ratings are available for the other financial assets held by DDM.

Liquidity risk / Financing risk
The Company actively monitors its liquidity and cash flow position to ensure that it has sufficient cash and distressed asset portfolio financing in order to fund its activities. The Executive Management Committee monitors cash through monthly reporting, the management accounts and periodic review meetings.

The undiscounted cash flows arising from the Company's loans and borrowings (see note 28) in the form of financial instruments, 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 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
At 31 December 2021	38,203	16,956	16,956	210,490	–	**282,605**
At 31 December 2020	57,109	103,766	–	–	–	**160,875**

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.

Market risk
Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk principally comprises currency risk, interest rate risk and equity price risk considered further below.

As the Company has no variable interest-bearing assets or liabilities, its income and operating cash flows are predominantly independent of any changes in market interest rate. For further information, refer to note 28 "Loans and borrowings".

Foreign exchange rate risk
Foreign exchange rate risk is the risk that fluctuations in exchange rates will negatively affect the Company's income statement, balance sheet and/or cash flows. The most important currencies for the Company, other than Euro (EUR), are Croatian kuna (HRK), Swiss franc (CHF), Czech koruna (CZK), Hungarian forint (HUF), Polish Zloty (PLN), Romanian leu (RON) and Serbian dinar (RSD).

Foreign exchange rate risk can be divided into transaction exposure and translation exposure. Transaction exposure consists of net operating and financial receipts and disbursements in different currencies. Translation exposure consists of the effects from the translation of the financial reports of foreign subsidiaries into EUR.

Transaction exposure
In each country, the majority of income and collection costs are denominated in local currencies, and thus currency fluctuations have only a limited impact on the Company's operating earnings in local currency. Income and expenses in local currency are thereby hedged in a natural way, which limits transaction exposure. The currency exposure that arises within the operating activities is limited to the extent by which it pertains to international collection operations. DDM is monitoring its currency exposure to be able to take actions if necessary. As part of cash management DDM is striving to maintain the required amount of cash in the different local currencies. The Company does not have a hedging program in place.

Translation exposure
The results and financial position of subsidiaries are reported in the relevant foreign currencies and later translated into EUR for inclusion in the consolidated financial statements. Consequently, fluctuations in the EUR exchange rate against these currencies represent currency translation differences on the translation of foreign operations recognised in other comprehensive income and other reserves in the financial statements.

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Foreign exchange exposure table
The table below shows the impact on the income statement when the EUR appreciates or depreciates against the respective foreign currency:

Currency	EUR '000s	31 December 2021 Actual Amount	10% appreciation	10% depreciation	31 December 2020 Actual Amount	10% appreciation	10% depreciation
CHF	Assets	3,145	(315)	315	921	(92)	92
	Liabilities	(4,995)	500	(500)	(4,223)	422	(422)
	Net	**(1,850)**	**185**	**(185)**	**(3,302)**	**330**	**(330)**
CZK	Assets	1,494	(149)	149	3,903	(390)	390
	Liabilities	(24)	2	(2)	(7)	1	(1)
	Net	**1,470**	**(147)**	**147**	**3,896**	**(389)**	**389**
GBP	Assets	–	–	–	–	–	–
	Liabilities	–	–	–	(150)	15	(15)
	Net	**–**	**–**	**–**	**(150)**	**15**	**(15)**
HRK	Assets	59,475	(5,948)	5,948	60,454	(6,045)	6,045
	Liabilities	(118)	12	(12)	(425)	43	(43)
	Net	**59,357**	**(5,936)**	**5,936**	**60,029**	**(6,002)**	**6,002**
HUF	Assets	10,882	(1,088)	1,088	10,394	(1,039)	1,039
	Liabilities	–	–	–	(1,291)	129	(129)
	Net	**10,882**	**(1,088)**	**1,088**	**9,103**	**(910)**	**910**
PLN	Assets	6,511	(651)	651	–	–	–
	Liabilities	(106)	11	(11)	–	–	–
	Net	**6,405**	**(640)**	**640**	**–**	**–**	**–**
RON	Assets	7,803	(780)	780	997	(100)	100
	Liabilities	(11)	1	(1)	(9)	1	(1)
	Net	**7,792**	**(779)**	**779**	**988**	**(99)**	**99**
RSD	Assets	2,326	(233)	233	1,290	(129)	129
	Liabilities	(27)	3	(3)	(36)	4	(4)
	Net	**2,299**	**(230)**	**230**	**1,254**	**(125)**	**125**
RUB	Assets	9	(1)	1	9	(1)	1
	Liabilities	–	–	–	(2)	–	–
	Net	**9**	**(1)**	**1**	**7**	**(1)**	**1**
SEK	Assets	175	(18)	18	154	(15)	15
	Liabilities	(91)	9	(9)	(236)	24	(24)
	Net	**84**	**(9)**	**9**	**(82)**	**9**	**(9)**
USD	Assets	21	(2)	2	16	(2)	2
	Liabilities	(10)	1	(1)	(11)	1	(1)
	Net	**11**	**(1)**	**1**	**5**	**(1)**	**1**

Equity price risk

Exposure
DDM'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 19 "Financial assets at fair value".

DDM'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, DDM 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 0.62/share on 31 December 2021. On 17 December 2021, the investment in Addiko Bank was reclassified from investment in associates and measured at a closing share price of EUR 13.65/share on 31 December 2021.

Sensitivity
The table below summarises the impact of increases/decreases of STOXX Europe 600 Index on DDM's net (loss) / profit after tax and shareholders equity for the full year 2021. The analysis is based on the performance of the STOXX Europe 600 Index that increased by 21% during the full year 2021, 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) / profit after tax & shareholders equity EUR '000s	31 December 2021	31 December 2020
STOXX Europe 600 Index – increase 21% (2020: 4%)	6,030	–
STOXX Europe 600 Index – decrease 21% (2020: 4%)	(6,030)	–

(Loss) / profit after tax for the year would increase/decrease as a result of gains/losses on equity securities classified as at FVPL. The amounts recognised in profit or loss in relation to the equity investments held by DDM are disclosed further in note 11 "Net financial expenses".

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NOTE 33. EQUITY

EUR '000s	Number of shares (quantity)	Share capital	Share premium	Total
at 1 January 2020	**13,560,447**	**11,780**	**21,030**	**32,810**
Issue of additional shares	–	–	–	–
at 31 December 2020	**13,560,447**	**11,780**	**21,030**	**32,810**
Issue of additional shares	–	–	–	–
at 31 December 2021	**13,560,447**	**11,780**	**21,030**	**32,810**

All shares have been issued and fully paid.

The Annual General Meeting on 27 May 2015 resolved to amend DDM Holding AG's articles of association for the purpose of increasing the authorized capital by 3,550,000 shares. There was a two year expiry period associated with the increase. The Company issued 1,940,298 shares in 2016, leaving an open capital amount of 1,609,702 shares, which expired on 27 May 2017. At the same time, the shareholders authorized a conditional capital increase of 500,000 shares. The conditional capital has no time restriction.

The Annual General Meeting on 31 May 2017 resolved to amend DDM Holding AG's articles of association for the purpose of increasing the authorized capital and the conditional capital. The shareholders approved authorized capital of 6,780,223 shares, which could be issued until 31 May 2019. The Board of Directors was authorized to restrict or deny pre-emptive subscription rights of shareholders or to allocate such rights to third parties in the extent of up to 3,390,111 shares in specific cases outlined in the articles of association. In addition, 1,500,000 shares of conditional capital (new Article 3ter) were authorized for capital increases by exercising conversion or option rights in connection with the issuance of loans, bonds or similar debt instruments, equity-linked instruments or other financial market instruments. The conversion rights may be exercisable during a maximum of 15 years and option rights during a maximum of 7 years from the time of the respective issue, whilst contingent conversion features may remain in place indefinitely. There is no time restriction on the existing conditional capital (article 3^{quater}).

The Annual General Meeting on 23 May 2018 resolved to amend DDM Holding AG's articles of association for the purpose of increasing the conditional share capital (article 3^{quater}) from the 500,000 shares of existing conditional capital (article 3^{quater}) created on 27 May 2015. The shareholders approved an increase in the conditional share capital (article 3^{quater}) to a maximum aggregate amount of CHF 1,000,000.00 through the issuance of a maximum of 1,000,000 registered shares, which shall be fully paid-in, with a nominal value of CHF 1.00 per share by either the issuance of shares to employees or members of the Board of Directors of the Company or of group companies or the exercise of option rights which are granted to employees or members of the Board of Directors of the Company or of group companies, both according to one or more plan(s) to be drawn up by the board of directors, taking into account performance, functions, levels of responsibility and profitability criteria. Such shares or subscription rights may be issued at a price lower than that quoted on the stock exchange. The advance subscription rights and the pre-emptive subscription rights of the shareholders are excluded. The acquisition of registered shares through the exercise of option rights and each subsequent transfer of the shares shall be subject to the provisions of Art. 5 of the Articles of Association.

The Annual General Meeting on 18 June 2019 resolved to amend DDM Holding AG's articles of association for the purpose of increasing the authorized share capital in an amount not to exceed CHF 6,780,223.00 through the issuance of up to 6,780,223 fully paid-in registered shares with a nominal value of CHF 1.00 per share by not later than 31 May 2021. The new Authorized Share Capital is a replacement of the previously existing, equivalent mandate in the same amount of CHF 6,780,223.00 (article 3bis) which expired on 31 May 2019 and serves the purpose of maintaining an adequate flexibility for the Board of Directors to resolve on capital increases if deemed to be in the best interest of the Company.

The Annual General Meeting on 17 September 2020 resolved to amend DDM Holding AG's articles of association for the purpose of extending and modifying the authorized share capital in an amount not to exceed CHF 6,780,223.00 through the issuance of up to 6,780,223 fully paid-in registered shares with a nominal value of CHF 1.00 per share by not later than 17 September 2022. The Board of Directors was further authorized to restrict or deny pre-emptive subscription rights of shareholders or to allocate such rights to third parties in the extent of up to 6,780,223 shares in specific cases outlined in the articles of association.The extension of the Authorized Share Capital is a replacement of the previously existing, equivalent mandate in the same amount of CHF 6,780,223.00 (article 3bis) expiring on 31 May 2021 and serves the purpose of maintaining an adequate flexibility for the Board of Directors to resolve on capital increases if deemed to be in the best interest of the Company. The increase of the authorized capital for which pre-emptive subscription rights can be excluded of up to 6,780,223 shares serves the purposes of extending the Board's flexibility to use the full Authorized Share Capital.

No amendments were made to DDM Holding AG's articles of association at the Annual General Meeting on 22 June 2021.

	Authorized capital (number of shares) Article 3bis	Conditional capital (number of shares) Article 3^{quater}	Conditional capital (number of shares) Article 3ter
Number of shares created on 27 May 2015	**3,550,000**	**500,000**	**–**
Issued	(1,940,298)	–	–
Expired	(1,609,702)	–	–
Number of shares created on 31 May 2017	**6,780,223**	**–**	**1,500,000**
Issued	–	–	–
Expired	–	–	–
Number of shares created on 23 May 2018	**–**	**500,000**	**–**
Issued	–	–	–
Expired	(6,780,223)	–	–
Number of shares created on 18 June 2019	**6,780,223**	**–**	**–**
Issued	–	–	–
Expired	–	–	–
Number of shares extended on 17 September 2020	**6,780,223**	**–**	**–**
Issued	–	–	–
Expired	–	–	–
Open capital at 31 December 2021	**6,780,223**	**1,000,000**	**1,500,000**

Other reserves are comprised of share of other comprehensive income of associates accounted for using the equity method, recycling of share of other comprehensive income of associates to the income statement, exchange differences arising through translation of foreign operations and deferred tax on post-employment benefit commitments.

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NOTE 34. **RELATED PARTIES**

The Company has defined its Executive Management Committee, Board of Directors and owners of the Company, including the companies associated with them, as related parties. Amounts in foreign currencies are estimated using the exchange rates applicable on the balance sheet date.

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

For the year ended 31 December EUR '000s	Type of transaction	Name	2021	2020
Income Statement	Consulting expenses	Erik Fällström and Andreas Tuczka (and owned companies)	(1,101)	(2,270)
		Florian Nowotny (and owned companies)	(110)	(126)
	Financial expenses	Erik Fällström and Andreas Tuczka (and owned companies)	(1,010)	(523)
Income Statement, Total			**(2,221)**	**(2,919)**

For the year ended 31 December EUR '000s	Type of transaction	Name	2021	2020
Balance Sheet	*Capitalized transaction costs*	*Erik Fällström and Andreas Tuczka (and owned companies)*	(3,130)	(1,075)
Balance Sheet, Total			**(3,130)**	**(1,075)**

In 2019 DDM Group Finance S.A. entered into an agreement with the DDM Group where DDM Group Finance S.A. provides services under a brokerage contract. In relation to this agreement an amount of EUR 4.2m of brokerage fees were charged during 2021 (2020: EUR 3.8m), of which EUR 3.8m was paid in 2021 (2020: EUR 3.8m) and a further EUR 0.4m accrued as at 31 December 2021 (31 December 2020: nil). In relation to the full year 2021 EUR 2.4m of brokerage fees were capitalized as part of the bond refinancing during 2021, resulting in EUR 0.3m of amortized transaction costs that were recognized within financial expenses in FY 2021, EUR 1.1m of brokerage fees were recognized in consultancy expenses, EUR 0.8m were prepaid as at 31 December 2021 and a further EUR 0.4m of brokerage fees prepaid in the prior year were recognized in consultancy expenses during 2021. In relation to the full year 2020 EUR 1.1m of brokerage fees were capitalized as transaction costs as part of the strategic investment in Addiko Bank, EUR 0.4m of brokerage fees were prepaid and EUR 2.3m of brokerage fees were recognized in consultancy expenses. In relation to the full year 2019 an amount of EUR 1.6m of brokerage fees was capitalized as transaction costs as part of the bond refinancing during Q2 and Q3 2019, resulting in EUR 0.7m (2020: EUR 0.5m) of amortized transaction costs that were recognized within financial expenses in 2021.

Current assets at 31 December 2021 includes EUR 1.4m receivable from AxFina Holding S.A. ("AxFina") for the sale of 82% of the shares held in AxFina Austria GmbH during the full year 2019, which is expected to be received by DDM Debt AB on the 29 April 2022. A further EUR 0,6m is receivable from AxFina including EUR 0.5m of working capital loans and EUR 0.1m of accrued interest.

During 2020, AxFina Holding S.A. entered into an agreement with the DDM Group where AxFina provides debt collection services under a servicing contract. In relation to this agreement EUR 2.1m (2020: EUR 1.3m) was expensed and recognized principally within collection and commission expenses in 2021.

On 1 May 2020, NFE Unternehmensberatungs GmbH ("NFE"), a company related to Florian Nowotny, entered into an agreement with DDM where NFE provided services under an advisory agreement. Advisory services from NFE to DDM amounted to EUR 0.1m (2020: EUR 0.1m) which have been recognized in consultancy expenses in 2021.

On 5 May 2021, DDM transferred 99% of its ownership in Lombard Pénzügyi és Lízing Zrt, Lombard Ingatlan Lízing Zrt. and Lombard Bérlet Kft ("Lombard"), which resulted in the loss of control and deconsolidation of the the collections platform in Hungary that was previously acquired during 2020, to AxFina Holding S.A. ("AxFina") as servicer for a nominal consideration and as DDM retains the economic rights to the future cashflows in Lombard the receivable from AxFina has been recognised as a distressed asset portfolio.

In 2017 DDM undertook an investment in a Greek NPL transaction which was executed by making a structured investment of a net amount of EUR 36.4m into a Luxembourg SPV ("Artemis Finance Holding S.A.R.L."), whose shares are ultimately held by trusts attributable to Erik Fällström and Andreas Tuczka. In 2019 DDM further bought out the co-investor, with a total investment amounting to approximately EUR 20.1m. In 2020 DDM restructured its investment in the Greek NPL transaction which resulted in accelerated collections of EUR 59.8m being received in H2 2020 and the entire carrying value remaining of EUR 43.8m prior to the restructuring was recognized as amortization. DDM 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. As at 31 December 2021 DDM has released EUR 1.6m of accrued expenses and deferred income recognized during 2020, of which EUR 1.0m has been recognized to net collections, EUR 0.4m netted against prepaid expenses and accrued income and EUR 0.2m has been paid during the year. Transactions between DDM Group companies (fully consolidated) and Artemis Finance Holding (and its subsidiaries) were as follows:

EUR '000s		31 December 2021	31 December 2020
Income Statement	Net collections	952	74,522
	Revenue from management fees	–	70
	Amortization net of revaluation	–	(49,890)
Income Statement, Total		**952**	**24,702**

EUR '000s		31 December 2021	31 December 2020
Balance sheet	Accounts receivable	–	11,876
	Accrued expenses and deferred income	(476)	(2,064)
Balance sheet, Total		**(476)**	**9,812**

During 2021, DDM has 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 of which EUR 3.0m was paid on 12 May, EUR 1.0m was paid on 18 November and EUR 11.8m was reclassified from accounts receivables. In addition, EUR 3.9m was invested in Omnio on 6 October and EUR 4.0m was invested in Omnio Group Limited ("Omnio Group") on 30 November. Omnio Group has not finalized its financial reporting as at 31 December 2021, consequently Rothesay Limited a company related to the Achilles Trust and Erik Fällström has committed to support the going concern of Chronos Investments S.à r.l, that holds the investment in Omnio for at least the next 12 months.

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NOTE 35. CONTINGENT LIABILITIES AND COMMITMENTS

The Company has entered into operational leases for office premises, motor vehicles and office equipment in Switzerland, Sweden, Slovenia and Hungary. The group has recognised right-of-use assets and lease liabilities for these leases, except for short term and low-value leases, see notes 21 and 27 for further information. On 1 February 2020, DDM entered into a agreement for a Swiss office lease located in Zug where the earliest termination date for the office lease agreement was 31 May 2024. At 31 December 2021 in Sweden the earliest termination date for the office lease agreement was 31 March 2022, and in Slovenia the earliest termination date for the office lease agreement was 31 August 2022, and therefore no right-of-use asset or lease liability has been recognized.

At 31 December 2020 in Sweden the earliest termination date for the office lease agreement was 31 March 2021, and therefore no right-of-use asset or lease liability was recognized.

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 2021	92	109	–	**201**
At 31 December 2020	144	180	–	**324**

Amounts in foreign currencies are estimated using the exchange rates applicable on the balance sheet date.

There were no commitments related to capital expenditure as of 31 December 2021 and 31 December 2020.

NOTE 36. BUSINESS COMBINATIONS

On 5 May 2021, DDM transferred 99% of its ownership in Lombard Pénzügyi és Lízing Zrt, Lombard Ingatlan Lízing Zrt. and Lombard Bérlet Kft ("Lombard"), which resulted in the loss of control and deconsolidation of the the collections platform in Hungary that was previously acquired during 2020, to AxFina Holding S.A. ("AxFina") as servicer for a nominal consideration and as DDM retains the economic rights to the future cashflows in Lombard the receivable from AxFina has been recognised as a distressed asset portfolio.

On 27 February 2020, DDM acquired and obtained 100% control of the economic rights to a distressed asset portfolio located in Hungary, resulting in the consolidation of Clipper Holding III S.à r.l., Lombard Pénzügyi és Lízing Zrt, Lombard Ingatlan Lízing Zrt. and Lombard Bérlet Kft ("Lombard"). The total investment amounted to approximately EUR 3m. Prior to the acquisition DDM owned the rights to 30 percent of the portfolio and 100 percent of the equity in Lombard which has been reclassified from other long-term receivables from investments to distressed asset portfolios.

Acquired net assets	EUR '000s
Distressed asset portfolios	8,283
Cash and cash equivalents	2,038
Other receivables	116
Acquired assets	**10,437**
Provisions	(2,752)
Accruals	(1,616)
Assumed liabilities	**(4,368)**
Acquired net assets	**6,069**
Cash consideration	(3,216)
Other long-term receivables from investments	(2,853)
Goodwill	**–**

Acquired assets
The fair value of the assets acquired include the present value of future cash flows of the performing and non-performing loans discounted at the initial rate of return under amortized cost and the cash and cash equivalents held at bank at acquisition.

Acquired liabilities
The fair value of the liabilities assumed at acquisition includes a provision for restricted cash payable to third parties as part of a previous settlement.

Purchase consideration
The total purchase price amounted to EUR 6.1m as at 27 February 2020. This sum includes a net cash consideration of EUR 3.2m and the NBV of the existing 30 percent of the portfolio held prior to acquisition of EUR 2.9m. The costs relating to the acquisition amounted to EUR 30k and were recognized directly in the income statement under consulting expenses.

Revenue and profit contribution
If the business combination had occurred as at 1 January 2020, Lombard would have contributed a further EUR 1.9m to net collections and EUR 1.7m to net profit for the year ended 31 December 2020.

NOTE 37. PROVISIONS

Provisions for restructuring costs, warranties and legal claims were recognized following the acquisition of Lombard during the year ended 31 December 2020, which are measured at management's best estimate of the expenditure required to settle the commitment at the end of the year.

EUR '000s	31 December 2021	31 December 2020
Opening balance	**704**	**–**
Provisions acquired	–	2,752
Unutilised amounts reversed	–	(2,048)
Deconsolidation	(704)	–
Closing balance	**–**	**704**

Please refer to note 36 for amounts of provisions acquired. An unutilized amount of EUR 2.0m in Lombard was reversed during 2020 following the end of a 5 year period in which the provisions could be legally enforced. On 5 May 2021, DDM transferred 99% of its ownership in AxFina Hungary Zrt. (previously Lombard Pénzügyi és Lízing Zrt), Lombard Ingatlan Lízing Zrt. and AxFina Servicing Kft. (previously Lombard Bérlet Kft) ("Lombard"), being the collections platform in Hungary, to AxFina Holding S.A. ("AxFina") as servicer for a nominal consideration and as DDM retains the economic rights to the future cashflows in Lombard the receivable from AxFina has been recognised as a distressed asset portfolio.

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NOTE 38. **SUBSEQUENT EVENTS**

On 2 February 2022, the National Assembly of Slovenia approved a "Law on limiting and distributing currency risk among creditors and borrowers of loans in Swiss francs", the implementation of which the Constitutional Court of the Republic of Slovenia unanimously decided to suspend on 10 March 2022 pending a final decision on the conformity of the Law with the Constitution. It remains uncertain whether legal remedies against the Law will prove successful as for the time being there is no indication by when the Constitutional Court in Slovenia will finalise its assessment. DDM has reviewed its distressed asset portfolios located in Slovenia which do not contain receivables with loan agreements that were denominated in Swiss francs. The extent of the impact on DDM's investment in Addiko Bank could be material due to a significant decline in the share price.

Fitch Ratings ("Fitch") placed DDM Holding AG's indirect subsidiary DDM Debt AB ("DDM Debt") and DDM Debt's EUR 200m senior secured bonds that are assigned with a "B" Rating on Rating Watch Negative on 23 February 2022, which is expected to be resolved within 6 months.

The DDM Group is following closely the evolving conflict in Ukraine, which has resulted in significant turmoil in financial markets on a global scale. Whilst DDM's operations in Southern, Central and Eastern Europe are not expected to be directly impacted, DDM could be exposed to unfavourable exchange rate movements that could result in significant unrealised foreign exchange losses in 2022, however DDM is actively managing its foreign exchange positions.

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

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Report of the statutory auditor

to the General Meeting of DDM Holding AG

Zug

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of DDM Holding AG and its subsidiaries (the Group), which comprise the consolidated income statement and the consolidated statement of comprehensive income for the year ended 31 December 2021, the consolidated balance sheet as at 31 December 2021, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

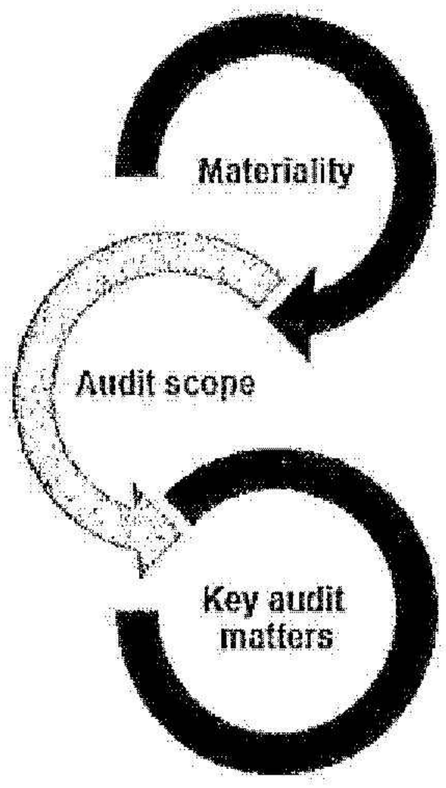
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other 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 opinion.

Our audit approach

Overview



Overall Group materiality: EUR 2'480'000

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

As key audit matter the following area of focus has been identified:

Valuation of distressed assets and recognition of revenue on invested assets

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Context of our audit 2021

The context of our audit is set by the Group's major activities in the reporting period in which the invested assets and revenue on invested assets have been a significant event. We therefore considered valuation of distressed assets and recognition of revenue on invested assets as a key audit matter.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	EUR 2'480'000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, the assets are a relevant metric used by the readers of the consolidated financial statements. Profit before tax is a more commonly applied benchmark, however, in our view, this would not have been an appropriate benchmark given that DDM is in a state of growth and the volatility observed in the income statements in recent years.

We agreed with the Audit Committee that we would report to them misstatements above EUR 248'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made. Therefore, we focused on the entities which hold the significant portfolios of the distressed assets and which generate the revenue on invested assets. With the full scope audits that we performed on these entities, we addressed 90% of total assets and 92% of revenue of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of distressed assets and recognition of revenue on invested assets

Key audit matter	How our audit addressed the key audit matter
As DDM is a specialized multinational investor in investments into assets and companies previously held by financial institutions, including performing and non-performing loans and special situations, the distressed assets are the	Our audit approach included, among others, an assessment of the company's assumptions for the valuation of the

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most significant position in the financial statements. The distressed assets also represent the ability of the company to generate cash flows and further profits in the coming periods. The distressed assets are considered as a key audit matter due to the size of the balance (EUR 81 Mio, representing 33 % of the total assets) as well as considerable judgement with respect to the assumptions about the future cash flow forecasts.

DDM invests in distressed asset portfolios, where the receivables are directly from the debtor. The valuation of these distressed assets is based on the expected future cash flows (ERC, 'Estimated Remaining Collections'). The procedures of the company to determine the ERC is set out in note 5 Critical estimates and assumptions in applying the company's accounting principles.

The revenue on invested assets represents the economical profit of the distressed assets for the period, applying the amortized cost method, including also the reassessment of future cash flows. The interest income on invested assets and the revenue on invested assets amount to EUR 16 Mio and EUR 21 Mio respectively. The recognition of revenue on invested assets the company discloses in note 3 Summary of significant accounting policies and note 6 Reconciliation of revenue on invested assets and revenue from management fees.

distressed assets. This includes mainly the following procedures:

- We checked the initial recognition by reviewing the contractual basis for the initial measurement. We obtained supporting documents from the due diligence process and challenged the management assumptions of the expected future cash flows.

- We verified the calculations of the internal rates of return related to the expected future cash flows and the initial purchase price (underwriting). We also challenged the appropriateness and reasonableness of the assumptions made by the management with market data.

- We performed back-testing analysis to validate that the cause of observed deviations of actual collections from previous forecasts are understood by management, and that forecasts have been appropriately revised in consideration of new knowledge.

Based on our testing of the process and the method as well as the range of valuation we independently performed, we found management's assessment of the accounting of distressed assets appears acceptable.

The collection process is outsourced to local collection agencies, selected by DDM and suitable for the collection of a particular class of asset or performed by own DDM group companies. With a focus on collection, which is a key driver for reassessment of future cash flows and therefore revenue on invested assets, we performed the following procedures:

- We tested the correct accounting treatment regarding recognition of revenue on the invested assets based on the methodology as set out in the notes 3 Summary of significant accounting policies and 6 Reconciliation of revenue on invested assets and revenue from management fees.

- We performed testing on the control which ensures that the collection reports issued by the collection agencies were agreed between the collection agencies and DDM's collection managers.

- We tested a sample of collections received to validate that collections are correctly recognized.

- We tested on a sample basis that cash settlements were in accordance with collection reports.

We performed testing of the IT environment. We focused on IT general controls, especially for the asset management system (ITGC and application controls).

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	Based on our audit procedures, we agree with management's assessment the revenue on invested assets is in line with the Company's accounting policy.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of DDM Holding AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we 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 for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards 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 consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial

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statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Valentin Studer
Audit expert
Auditor in charge

Louise Packer
Audit expert

Luzern, 24 March 2022

Enclosure:

- Consolidated financial statements (consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and notes)

DDM Holding AG, Zug

Standalone Financial Statements

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INCOME STATEMENT

DDM HOLDING AG, ZUG

For the year ended 31 December Amounts in '000s	2021 EUR	2021 CHF	2020 EUR	2020 CHF
Operating income	**650**	**705**	**650**	**696**
Consulting expenses	(356)	(386)	(426)	(456)
Personnel expenses	(469)	(509)	(244)	(261)
Other operating expenses	(169)	(184)	(37)	(40)
Operating loss	**(344)**	**(374)**	**(57)**	**(61)**
Financial income	19	21	62	66
Financial expenses	(47)	(51)	(50)	(54)
Loss before taxes	**(372)**	**(404)**	**(45)**	**(49)**
Direct taxes	(26)	(28)	(5)	(6)
Net loss for the year	**(398)**	**(432)**	**(50)**	**(55)**

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BALANCE SHEET

DDM HOLDING AG, ZUG

As at 31 December Amounts in '000s	2021 EUR	2021 CHF	2020 EUR	2020 CHF
ASSETS				
Current assets				
Cash and cash equivalents	23	24	36	39
Receivables from direct / indirect investments	195	202	581	628
Other current receivables	—	—	3	3
Accrued income and prepaid expenses				
due from direct / indirect investments	163	168	108	117
due from third parties	503	519	—	—
Total current assets	**884**	**913**	**728**	**787**
Non-current assets				
Financial assets				
Loans to direct / indirect investments	2,475	2,556	2,650	2,863
Loans to direct / indirect investments (subordinated)	5,267	6,148	26,128	28,888
Investments	27,673	31,188	6,812	8,448
Total non-current assets	**35,415**	**39,892**	**35,590**	**40,199**
TOTAL ASSETS	**36,299**	**40,805**	**36,318**	**40,986**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Short-term liabilities				
Trade payables	110	114	48	52
Accrued expenses and deferred income				
due to third parties	765	788	448	486
Total short-term liabilities	**875**	**902**	**496**	**538**
Total liabilities	875	902	**496**	**538**
Shareholders' equity				
Share capital	11,780	13,560	11,780	13,560
Legal reserves				
Reserves from capital contribution	20,993	24,171	20,993	24,171
Statutory retained earnings	167	191	167	191
Exchange variation reserve	—	(886)	—	(773)
Profit brought forward	2,882	3,299	2,932	3,354
(Loss) / profit for the year	(398)	(432)	(50)	(55)
Total shareholders' equity	**35,424**	**39,903**	**35,822**	**40,448**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**36,299**	**40,805**	**36,318**	**40,986**

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NOTE 1. CORPORATE INFORMATION

DDM Holding AG is incorporated and domiciled in Switzerland. Its registered office is at Landis & Gyr Strasse 1, CH-6300 Zug, Switzerland. DDM Holding AG operates under the Swiss Code of Obligations ("CO") as a stock corporation (Aktiengesellschaft). DDM Holding AG's shares are admitted to trading on a multilateral trading facility, the Nasdaq First North Growth Market in Stockholm, Sweden. The purpose of the corporation is to acquire, hold, administrate, finance and sell participations in enterprises in Switzerland and abroad. The DDM group operates as a specialized multinational investor in situations arising out of the general strategic challenges in the European banking markets.

NOTE 2. ACCOUNTING PRINCIPLES APPLIED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The DDM Holding AG standalone financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Dispensations in the standalone financial statements
As DDM Holding AG prepares consolidated financial statements in accordance with a recognized financial reporting standard (International Financial Reporting Standard, IFRS) DDM Holding AG is exempt from various disclosures in the standalone financial statements and therefore dispensed with the requirement to present the additional information in the notes, the cash flow statement and the management report (article 961d para 2 Swiss CO).

Foreign currencies
As the majority of the business activities of DDM Holding AG is in euro, the functional currency is the euro. The exchange rates used for balance sheet items are the rates prevailing on 31 December; the exchange rates used for transactions conducted during the course of the year and for items in the profit and loss statement are average rates for the respective financial year. Equity, participations and subordinated loans are translated at historical rates.

The following exchange rates were applied:

Exchange rates		31 December 2021	31 December 2020
Balance sheet (spot rate balance sheet date)	EUR/CHF	1.0331	1.0802
Income statement (average rate)	EUR/CHF	1.0847	1.0711

Financial assets
Financial assets include loans to direct and indirect investments within the DDM group with a long-term holding period. Financial assets are measured at cost less impairment.
On 31 March 2021 DDM Holding AG and its directly and indirectly held subsidiaries DDM Group AG, DDM Finance AB, DDM Debt AB (publ) and DDM Invest III AG entered into an agreement where the Loans to direct / indirect investments (subordinated) of EUR 20,861k were released and contributed to DDM Finance AB and, accordingly, reclassified under Investments.

Investments in subsidiaries
Investments in subsidiaries are equity interests which are held for the purpose of DDM Holding AG's business activities. They include all directly held subsidiaries through which DDM conducts its business. The investments are measured individually and carried at cost less impairment.

Operating income
Income relating to management services provided to its subsidiaries is recognized in operating income in the period in which it occurred.

NOTE 3. INVESTMENTS IN EQUITY PARTICIPATIONS

Directly held equity participations as of 31 December:

Company	Corporate identity number	Registered office	Primary business	2021 Share capital (CHF '000s)	2021 Interest	2020 Share capital (CHF '000s)	2020 Interest
DDM Group AG	CHE 115.278.533	Zug (CH)	Business operation	232	100%	232	100%

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NOTE 3. ***INVESTMENTS IN EQUITY PARTICIPATIONS...*** *continued*

Indirectly held equity participations as of 31 December:

Company	Corporate identity number	Registered office	Primary business	2021 Share capital (CHF '000s)	2021 Interest	2020 Share capital (CHF '000s)	2020 Interest
DDM INVEST III AG	CHE 115.238.947	Zug (CH)	Investment activities	150	100%	150	100%
DDM Finance AB [1]	559053-6214	Stockholm (SE)	Holding company	6	100%	6	100%
DDM Debt AB [2]	559053-6230	Stockholm (SE)	Provision of funding	59	100%	59	100%
DDM Invest V d.o.o. [3] (formerly Ahlve d.o.o.)	8297355000	Ljubljana (SL)	Investment activities	8	100%	8	100%
DDM Invest VII d.o.o. [4]	7109806000	Ljubljana (SL)	Investment activities	8	100%	8	100%
DDM Debt Management d.o.o Beograd [5]	21313963	Belgrade (RS)	Investment activities	–	100%	–	100%
DDM Debt Romania S.R.L [6]	39689815	Bucharest (RO)	Investment activities	123	100%	123	100%
DDM REO Adria d.o.o. [7]	05288215	Croatia (HR)	Investment activities	3	100%	3	100%
CE Partner S.a.r.l. [8]	B230176	Luxembourg (LUX)	Investment activities	14	50%	14	50%
CE Holding Invest S.C.S [9]	B230358	Luxembourg (LUX)	Investment activities	65,336	49.99%	52,044	49.99%
Finalp Zrt. [10]	06-10-000554	Szeged (HU)	Leasing activities	355	100%	355	100%
AxFina Hungary Zrt.. [11] (formerly Lombard Pénzügyi és Lizing Zrt.)	06-10-000062	Szeged (HU)	Leasing activities	346	1%	346	100%
Lombard Ingatlan Lizing Zrt. [11]	06-10-000319	Szeged (HU)	Leasing activities	–	1%	–	100%
AxFinaServicing Kft. [11] (formerly Lombard Bérlet Kft.)	06-09-004809	Szeged (HU)	Leasing activities	–	1%	–	100%
DDM Mergeco AG	CHE-353.292.452	Zug (CH)	Investment activities	100	100%	–	–

1) The share capital of DDM Finance AB is EUR 6k.
2) The share capital of DDM Debt AB is EUR 54k.
3) The share capital of DDM Invest V d.o.o. is EUR 8k.
4) The share capital of DDM Invest VII d.o.o. is EUR 8k.
5) The share capital of DDM Debt Management d.o.o Beograd is RSD 100.
6) The share capital of DDM Debt Romania S.R.L is RON 500k.
7) The share capital of DDM REO Adria d.o.o. is HRK 20k.
8) The share capital of CE Partner S.a.r.l. is EUR 12k
9) The share capital of CE Holding Invest S.C.S was EUR 63,244k at 31 December 2021.
10) The share capital of Finalp Zrt. is HUF 101,000k.
11) The share capital of Lombard Pénzügyi és Lizing Zrt. is HUF 110,000k. Lombard Ingatlan Lizing Zrt. and Lombard Bérlet Kft. are 100% directly-held subsidiaries of Lombard Pénzügyi és Lizing Zrt.

NOTE 4. **PERSONNEL**

DDM Holding AG had no employees as of and during the year ended 31 December 2021 (31 December 2020: 0). All employees of the consolidated DDM group were employed by subsidiaries of DDM Holding AG.

NOTE 5. **CONTINGENT LIABLITIES**

DDM Holding AG is jointly and severally liable for the value added tax (VAT) liability of the Swiss subsidiaries (DDM Group AG and DDM Invest III AG) that belong to its VAT group.

NOTE 6. **SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

There were no significant events occurring after the balance sheet date.

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PROPOSED APPROPRIATION OF THE AVAILABLE EARNINGS
The Board of Directors proposes the following appropriation to the shareholders:

	2021		2020	
Amounts in '000s	EUR	CHF	EUR	CHF
Net loss for the year	(398)	(432)	(50)	(55)
Retained profit carried forward	2,882	3,299	2,932	3,354
Amount at the disposal of the shareholders	**2,484**	**2,867**	**2,882**	**3,299**
Proposal				
Allocation to statutory retained earnings	–	–	–	–
To be carried forward	**2,484**	**2,867**	**2,882**	**3,299**

DDM Holding AG is in a phase in which exploring identified opportunities for growth is prioritized. Consequently, the Board of Directors proposes that no dividend be paid for the financial year 2021.

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Report of the statutory auditor

to the General Meeting of DDM Holding AG

Zug

Report on the audit of the financial statements

Opinion

We have audited the financial statements of DDM Holding AG, which comprise the income statement for the year ended 31 December 2021, balance sheet as at 31 December 2021 and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements as at 31 December 2021 comply with Swiss law and the company's articles of incorporation.

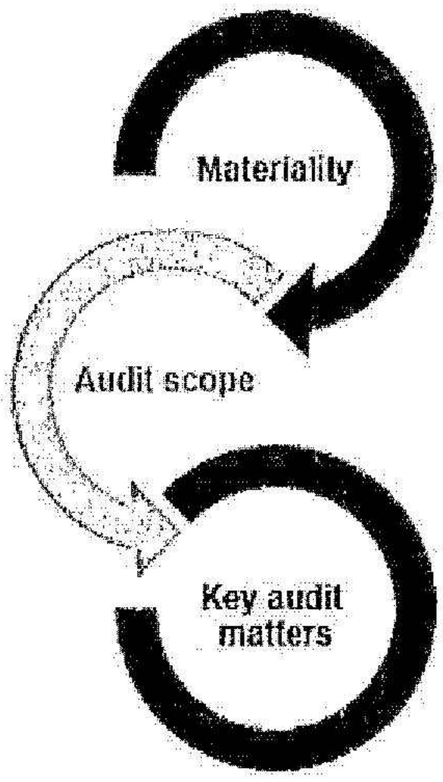
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other 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 opinion.

Our audit approach

Overview



Overall materiality: EUR 330'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As a key audit matter the following area of focus has been identified:

Valuation of the investments, including loans

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or

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error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	EUR 330'000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the most appropriate benchmark for a holding company which has limited operating activities and which holds mainly investments in subsidiaries and intragroup loans.

We agreed with the Audit Committee that we would report to them misstatements above EUR 33'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the investments, including loans

Key audit matter	How our audit addressed the key audit matter
The purpose of DDM Holding AG is to hold the group companies of DDM. The investments including loans contain the following positions in the balance sheet: •Loans to direct/indirect investments, •Loans to direct/indirect investments (subordinated), and •Investments. The direct and indirect investments held by DDM Holding AG are listed in note 3 to the financial statements. Investments including the loans are measured at cost less impairment (carrying value) according to the accounting principles in note 2. Impairment is recognized when the carrying amount exceeds the recoverable amount. Management uses judgement when determining the recoverable amount of the investment units. This judgement relates to the estimation of the future cash flows of the invested assets held by the investment units. As the investments basically only contain the invested assets, these are the relevant key drivers for the value of these investment units. Due to the size and the applied managements' judgement, the invest-	Our focus for testing the investments including the loans was the invested assets held by the investment units, as the invested assets are the key driver for the value of the investments and include significant management judgement. We therefore tested that the carrying value of the investments including loans does not exceed the values of the invested assets as determined in the consolidated financial statements applying IFRS. We considered our audit procedures performed concerning the valuation of the invested assets in the consolidated financial statements to assess the recoverable amount of these invested assets. In doing the above procedures we particularly challenged management through substantive review of the business plan, including budget and liquidity plan, as the valuation of the invested assets is highly dependent on the business plan and the investing activities of the DDM group.

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ments including the loans are considered a key audit matter as the amount of EUR 35.4 Mio represents 98% of the total assets.	Based on our audit procedures performed, we agree with management's assessment and judgement applied for the valuation of the investments including loans.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards 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 financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit

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matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Valentin Studer
Audit expert
Auditor in charge

Louise Packer
Audit expert

Luzern, 24 March 2022

Enclosures:

- Financial statements (income statement, balance sheet and notes)
- Proposed appropriation of the available earnings

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THREE-YEAR OVERVIEW

For the year ended 31 December Amounts in EUR '000s	2021	2020	2019
Consolidated income statement summary			
Adjusted gross collections*	60,748	123,287	73,284
Collection and commission expenses	(11,645)	(8,594)	(7,908)
Adjusted net collections**	49,103	114,693	65,376
Other operating income	–	–	1,142
Revenue from management fees	100	74	570
*Operating expenses****	(11,275)	(12,604)	(13,219)
Adjusted cash EBITDA**	37,928	102,163	52,727
Amortization, revaluation and impairment of invested assets	(18,292)	(69,473)	(35,716)
Operating profit	12,666	28,215	15,010
Net (loss) / profit for the year*****	(6,828)	9,140	(4,120)
Adjusted net (loss) / profit for the year*****	(2,917)	9,140	(1,489)
Earnings per share before and after dilution (EUR)	(0.50)	0.67	(0.30)
Consolidated balance sheet summary			
Total assets	248,194	195,525	204,456
Net debt	135,809	106,786	152,132
Selected key ratios			
Cash flow from operating activities before working capital changes	22,179	90,087	29,838
Cash investments net of financing in invested assets	39,464	33,310	99,215
Gross ERC 120 months, EUR M	299	258	328
Number of shares outstanding at end of the year	13,560,447	13,560,447	13,560,447
Number of employees at end of the year	11	65	22

* Adjusted gross collections includes the incremental gross distribution from associate and joint venture. See alternative performance measures on page 87.
** Adjusted net collections and adjusted cash EBITDA include the incremental net distribution from associate and joint venture. See alternative performance measures on page 87.
*** Operating expenses do not include depreciation and amortization of tangible and intangible assets.
**** The bond refinancing in 2021 resulting in total negative non-recurring items of approximately EUR 3.9M. See alternative performance measures on page 87.

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ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures – reconciliation to IFRS:

For the year ended 31 December Amounts in EUR '000s	2021	2020
Gross collections	**45,186**	**113,232**
Incremental gross distribution from associate and joint venture	15,563	10,055
Adjusted gross collections	**60,748**	**123,287**
Net collections	**38,894**	**109,369**
Incremental net distribution from associate and joint venture	10,209	5,324
Adjusted net collections	**49,103**	**114,693**
Cash EBITDA	**27,719**	**96,839**
Incremental net distribution from associate and joint venture	10,209	5,324
Adjusted cash EBITDA	**37,928**	**102,163**
Net (loss) / profit for the year	**(6,828)**	**9,140**
Non-recurring items bond refinancing	3,911	–
Adjusted net (loss) / profit for the year	**(2,917)**	**9,140**

The financial statements of DDM have been prepared in accordance with accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as adopted by the EU. In addition, DDM presents alternative performance measures ("APMs"). Adjusted key figures for gross collections, net collections, cash EBITDA and net (loss) / profit 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 Company's run rate cost level, significant earnings effects from acquisitions and disposals of invested assets and incremental net distributions from 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.

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GLOSSARY

AGM
Annual General Meeting

BN
Billion

CAGR
Compound annual growth rate

Certified Adviser
All companies with shares traded on Nasdaq First North Growth Market have a Certified Adviser that monitors the companies' compliance with the rules and regulations of First North Growth Market concerning disclosure of information to the market and investors

CHF
Swiss franc, the currency of Switzerland

Computershare Schweiz
Swiss service provider, Computershare Schweiz AG, takes care of post-trade processes ranging from clearing and settlement through to securities custody, and maintains share registers and special registers

CZK
Czech koruna, the currency of the Czech Republic

DCA
Debt collection agency

DDM, the Company or the Group
DDM Holding AG, reg. no. CHE-115906312, and its subsidiaries

EUR
Refer to the single currency of the participating member states in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time

Euroclear
Euroclear Sweden AB, reg. no. 556112-8074

First North Growth Market
Nasdaq First North Growth Market, Stockholm

FUSION
DDM's proprietary IT system, which integrates investment data, case data, payment data and activity data into one effective and comprehensive IT system

HRK
Croatian Kuna, the currency of Croatia

HUF
Hungarian forint, the currency of Hungary

M
Million

NPL
Non-performing loans

PARENT COMPANY
DDM Holding AG, CHE-115906312

PLN
Polish Zloty, the currency of Poland

RON
Romanian leu, the currency of Romania

RSD
Serbian dinar, the currency of Serbia

SEK
Swedish krona, the currency of Sweden

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

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

FINANCIAL DEFINITIONS

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

Cash EBITDA
Net collections and revenue from management fees, less operating expenses

Earnings per share
Net earnings for the period, attributable to the owners of the Parent Company, divided by the average number of shares during the period

EBIT
Earnings before interest and taxes

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

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

Estimated Remaining Collections / ERC
The sum of future, undiscounted projected cash collections before commission and fees from acquired portfolios and future reasonably expected dividends, distributions or other payments from investments, in each case for the next following 120 months, either directly or as a result of any rights to collect or any rights to participate in amounts generated from portfolios or investments. This includes the Group's share of proceeds on all portfolios purchased or other investments made, however adjusted for any profit-sharing arrangements entered into by any member of the Group and where available the market value of any portfolio acquired or investment made.

Equity
Shareholders' equity at the end of the period

Equity ratio
Equity as a percentage of total 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

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

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

Net debt
Long-term and short-term loans, liabilities to credit institutions (bank overdrafts) less cash and cash equivalents

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

Operating expenses
Personnel, consulting and other operating expenses

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

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

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

DDM Holding AG, the Parent Company, is a company incorporated and domiciled in Zug, Switzerland, was founded in 2007 and has been listed on Nasdaq First North Growth Market in Stockholm, Sweden, since August 2014.

ddm

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