20230629201104

ddm

DDM FINANCE AB

Organisationsnummer 559053-6214

ÅRSREDOVISNING

2022

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 2023-06-28. Årsstämman beslutade att godkänna styrelsens förslag till hur vinsten ska fördelas.

Stockholm 2023-06-28

.....

Ort och datum

.....

Underskrift

Joachim Cato

.....

Namnförtydligande

DocuSign Envelope ID: AD1ABC37-69D2-4024-9EDD-97AA122C1C1B

ddm

DDM FINANCE AB

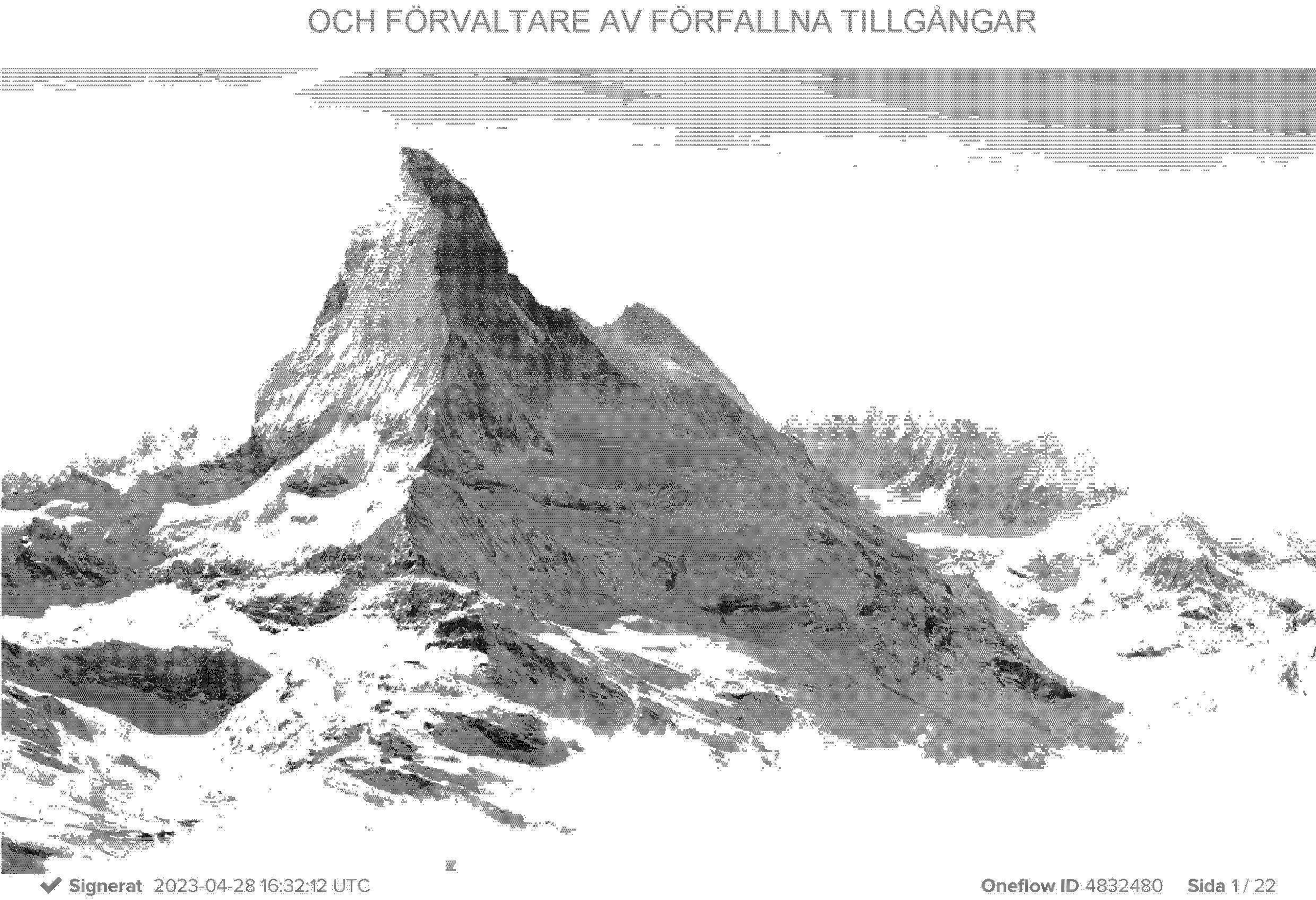
Organisationsnummer 559053-6214

ÅRSREDOVISNING

2022

EN MULTINATIONELL INVESTERARE

OCH FÖRVALTARE AV FÖRFALLNA TILLGÅNGAR



DocuSign Envelope ID: AD1ABC37-69D2-4024-9EDD-97AA122C1C1B

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. Savida inte annat anges avser siffrorna inom parentes föregående räkenskapsår, 2021.

Uppgifter om marknader och konkurrenter är DDM:s egna uppskattningar, savida 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 41 766 1420 eller via e-post: investor@ddm-group.ch

Produktion: DDM Finance.

© 2023 DDM Finance AB.
Alla rättigheter förbehålls.

INNEHÅLL

Det här är DDM Finance / 2022 i korthet	3
Finansiell kalender	3
Förvaltningsberättelse	4
FINANSIELLA RAPPORTER	
Resultaträkning	7
Rapport över totalresultat	7
Balansräkning	8
Rapport över kassaflöden	9
Rapport över förändringar i eget kapital	10
Noter:	
Not 1. Allmän information	11
Not 2. Sammanfattning av viktiga redovisningsprinciper	11
Not 3. Hantering av finansiella risker	12
Not 4. Personalkostnader	13
Not 5. Konsultkostnader	13
Not 6. Övriga rörelsekostnader	13
Not 7. Finansiella poster – netto	13
Not 8. Skatt	14
Not 9. Likvida medel	14
Not 10. Eget kapital	14
Not 11. Kortfristiga skulder	15
Not 12. Andelar i koncernföretag	15
Not 13. Transaktioner med närstående	16
Not 14. Upplåning	17
Not 15. Förslag till vinstdisposition	17
Not 16. Ställda säkerheter och eventualförpliktelser	17
Not 17. Händelser efter rapportperiodens slut	17
Underskrifter	18
Revisionsberättelse	19

DocuSign Envelope ID: AD1ABC37-69D2-4024-9EDD-97AA122C1C1B

Finansiell kalender

Årsstämma 2022:
28 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 5-50M 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.

Det senaste året har präglats av utmaningar där låntagare över hela Europa ställs inför stigande räntor och allt mer osäkra makroekonomiska och geopolitiska miljöer. De stigande räntorna förväntas öka mängden nödställda krediter framöver och banker och andra innehavare av kreditexponeringar förväntas därför ta ett mer proaktivt tillvägagångssätt för att hantera sina NPL-portföljer. Vi förväntar oss därför att NPL-investeringsmarknaden kommer att bli mer attraktiv under loppet av 2023. Vi kommer att fortsätta att vara disciplinerade vid förvärv och utvärdera investeringsmöjligheter i vår region på en opportunistisk basis.

DDM Debt Group har positionerat sig väl för tillväxt genom att aktivt arbeta både på befintliga och nya marknader. Vi har också tagit oss in på nya marknader genom att samarbeta med strategiska partners och medinvesterare där vi ser betydande investeringsmöjligheter till attraktiva priser.

Styrelsen för DDM Finance AB avger härmed årsredovisning för räkenskapsåret 2022.

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 2022.

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 709 TEUR för räkenskapsåret 2022 (2021: 286 TEUR). Eget kapital uppgick till 27 208 TEUR per den 31 december 2022 (31 december 2021: 27 917 TEUR).

DDM Finance hade inga anställda per den 31 december 2022 (den 31 december 2021: inga anställda).

Väsentliga händelser under räkenskapsåret
Det seniora säkerställda obligationslånet på 18 miljoner EUR utgivet av DDM Finance skulle ursprungligen förfalla den 30 juni 2022, men förlängdes till den 31 mars 2023, med en partiell återbetalning på 12,5 miljoner EUR av upplupen ränta och obligationslånet den 7 juli 2022.

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 2022 uppgick finansiella poster - netto till 543 TEUR (2021: 230 TEUR).

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

Icke-finansiella resultatområden
DDM Finance 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.

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
Det senaste året har präglats av utmaningar där låntagare över hela Europa ställs inför stigande räntor och allt mer osäkra makroekonomiska och geopolitiska miljöer. De stigande räntorna förväntas öka mängden nödställda krediter framöver och banker och andra innehavare av kreditexponeringar förväntas därför ta ett mer proaktivt tillvägagångssätt för att hantera sina NPL-portföljer. Vi förväntar oss därför att NPL-investeringsmarknaden kommer att bli mer attraktiv under loppet av 2023. Vi kommer att fortsätta att vara disciplinerade vid förvärv och utvärdera investeringsmöjligheter i vår region på en opportunistisk basis.

DDM Debt Group har positionerat sig väl för tillväxt genom att aktivt arbeta både på befintliga och nya marknader. Vi har också tagit oss in på nya marknader genom att samarbeta med strategiska partners och medinvesterare där vi ser betydande investeringsmöjligheter till attraktiva priser.

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

Händelser efter rapportperiodens slut
Den 12 april 2023 betalades de 18 miljoner EUR seniora säkerställda skuldebreven delvis av med 6,5 miljoner EUR av upplupen ränta och obligationslånet; dessutom förlängdes löptiden för det återstående utestående lånet till den 31 mars 2024.

Ekonomisk översikt

Nyckeltal, TEUR	2022	2021
Rörelseresultat	–166	–56
Årets resultat efter skatt	–709	–286

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 8,8 MEUR (2021: 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.

Förslag till vinstdisposition

Till styrelsens förfogande står följande vinstmedel:

EUR	2022
Balanserade vinstmedel	27 910 257
Årets resultat efter skatt	–708 878
Summa	**27 201 379**

Styrelsen föreslår att vinstmedlen disponeras enligt följande:

EUR	2022
Balanseras i ny räkning	27 201 379
Summa	**27 201 379**

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

RESULTATRÄKNING

För året som avslutades den 31 december Belopp i TEUR	Noter	2022	2021
Intäkter		–	–
Personalkostnader	4	–	–38
Konsultkostnader	5	–130	–6
Övriga rörelsekostnader	6	–36	–12
Rörelseresultat		**–166**	**–56**
Finansiella intäkter	7	2 044	2 165
Finansiella kostnader	7	–2 587	–2 395
Finansiella poster – netto		**–543**	**–230**
Resultat före skatt		**–709**	**–286**
Inkomstskatt	8	–	–
Årets resultat efter skatt		**–709**	**–286**

RAPPORT ÖVER TOTALRESULTAT

För året som avslutades den 31 december Belopp i TEUR	2022	2021
Årets resultat efter skatt	**–709**	**–286**
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	**–709**	**–286**

DocuSign Envelope ID: AD1ABC37-69D2-4024-9EDD-97AA122C1C1B

BALANSRÄKNING

Per den 31 december Belopp i TEUR	Noter	2022	2021
TILLGÅNGAR			
Anläggningstillgångar			
Andelar i andra koncernföretag	12	6 035	6 035
Lån till dotterbolag	13	37 586	37 586
Fordringar på andra koncernföretag	13	5 258	3 214
Summa anläggningstillgångar		**48 879**	**46 835**
Omsättningstillgångar			
Övriga fordringar		26	22
Likvida medel	9	25	1 677
Summa omsättningstillgångar		**51**	**1 699**
SUMMA TILLGÅNGAR		**48 930**	**48 534**
EGET KAPITAL OCH SKULDER			
Eget kapital			
Aktiekapital	10	6	6
Övriga kapitaltillskott	10	23 196	23 196
Balanserad vinst, inklusive årets resultat	10, 15	4 006	4 715
Summa eget kapital		**27 208**	**27 917**
Långfristiga skulder			
Upplåning	14	11 070	–
Upplupen ränta	14	643	–
Summa långfristiga skulder		**11 713**	**–**
Kortfristiga skulder			
Upplåning	14	8 809	17 842
Leverantörsskulder	11	1	4
Skulder till andra koncernföretag	11, 13	564	564
Upplupen ränta	11, 14	635	2 203
Upplupna kostnader	11	–	4
Summa kortfristiga skulder		**10 009**	**20 617**
SUMMA EGET KAPITAL OCH SKULDER		**48 930**	**48 534**

Florian Nowotny

DocuSign Envelope ID: AD1ABC37-69D2-4024-9EDD-97AA122C1C1B

RAPPORT ÖVER KASSAFLÖDEN

För det år som slutade den 31 december Belopp i TEUR	Noter	2022	2021
Kassaflöde från den löpande verksamheten			
Årets resultat		-709	-286
Justeringar för poster som inte ingår i kassaflödet:			
Finansiella intäkter		*-2 044*	*-2,165*
Finansiella kostnader		*2 587*	*2,395*
Betald ränta		-3 309	-2,088
Erhållen ränta		–	3,750
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapitalet		**-3 475**	**1,606**
Förändringar av rörelsekapitalet			
Ökning (–)/minskning -+) av övriga fordringar		-4	-20
Ökning (–)/minskning -+) av leverantörsskulder		-3	–
Ökning (+)/minskning —) av övriga kortfristiga skulder		-4	69
Kassaflöde från den löpande verksamheten		**-3 486**	**1 655**
Kassaflöde från investeringsverksamheten			
Kassaflöde från investeringsverksamheten		**–**	**–**
Kassaflöde från finansieringsverksamheten			
Likvid från emission av lån		11 070	–
Amortering av lån		-9 191	–
Kassaflöde från finansieringsverksamheten		**1 879**	**–**
Årets kassaflöde		**-1 607**	**1 655**
Likvida medel exklusive checkräkningskredit vid årets början		**1 677**	**23**
Valutakursvinster (+)/-förluster (–) på kassa och bank		-45	-1
Likvida medel exklusive checkräkningskredit vid årets slut		**25**	**1 677**

Florian Nowotny

DocuSign Envelope ID: AD1ABC37-69D2-4024-9EDD-97AA122C1C1B

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 2021	**6**	**560**	**5 001**	**5 567**
Totalresultat				
Årets resultat efter skatt	–	–	–286	**–286**
Övrigt totalresultat	–	–	–	–
Summa totalresultat	**–**	**–**	**–286**	**–286**
Transaktioner med ägare				
Kapitaltillskott	–	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**
Balans per den 1 januari 2022	**6**	**23 196**	**4 715**	**27 917**
Totalresultat				
Årets resultat efter skatt	–	–	–709	–709
Övrigt totalresultat	–	–	–	–
Summa totalresultat	**–**	**–**	**–709**	**–709**
Transaktioner med ägare				
Summa transaktioner med ägare	**–**	**–**	–	**–**
Balans per den 31 december 2022	**6**	**23 196**	**4 006**	**27 208**

Per den 31 december 2022 och den 31 december 2021 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.

Florian Nowotny

DocuSign Envelope ID: AD1ABC37-69D2-4024-9EDD-97AA122C1C1B

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 Strandvägen 7A, 114 56 Stockholm.

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

Styrelsen godkände de finansiella rapporterna för publicering den 28 april 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.

DocuSign Envelope ID: AD1ABC37-69D2-4024-9EDD-97AA122C1C1B

(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 2023 avseende verksamhetsåret 2022.

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 2022				
Kortfristiga skulder	1	–	–	–
Skulder till andra koncernföretag	564	–	–	–
Upplupna kostnader	–	–	–	–
Upplåning	9 775	10 369	–	–
Summa	**10 340**	**10 369**	**–**	**–**

DocuSign Envelope ID: AD1ABC37-69D2-4024-9EDD-97AA122C1C1B

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 2021				
Kortfristiga skulder	4	–	–	–
Skulder till andra koncernföretag	564	–	–	–
Upplupna kostnader	4	–	–	–
Upplåning	21 247	–	–	–
Summa	**21 819**	–	–	–

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

TEUR	Finansiella tillgångar
Den 31 december 2022	
Tillgångar i balansräkningen	
Likvida medel	25
Fordringar på andra koncernföretag	5 258
Övriga fordringar	26
Lån till dotterbolag	37 586
Summa	**42 895**

TEUR	Övriga finansiella skulder
Den 31 december 2022	
Skulder i balansräkningen	
Kortfristiga skulder	1
Skulder till andra koncernföretag	564
Upplupen ränta	1 278
Upplupna kostnader	–
Upplåning	19 879
Summa	**21 722**

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**

NOT 4. PERSONALKOSTNADER

TEUR	2022	2021
Personalkostnader	–	–38
Summa	**–**	**–38**

DDM Finance hade inga anställda per den 31 december 2022 (den 31 december 2021: inga anställda).

Könsfördelning bland styrelseledamöter och ledande befattningshavare
Styrelsen består av tre styrelseledamöter, samtliga män (2022: tre styrelseledamöter, samtliga (män)).

NOT 5. KONSULTKOSTNADER

TEUR	2022	2021
Legala kostnader	–75	–
Konsultkostnader	-50	-2
Öhrlings PwC		
Revisionsuppdrag	–5	–4
Andra uppdrag med koppling till revision	–	–
Summa	**–130**	**–6**

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	2022	2021
Övriga rörelseintäkter	–	–
Ej avdragsgill mervärdesskatt	–32	–10
Övriga rörelsekostnader	–4	–2
Summa	**–36**	**–12**

NOT 7. FINANSIELLA POSTER – NETTO

TEUR	2022	2021
Finansiella intäkter		
Ränteintäkter	2 044	2 165
Realiserade/orealiserade kursvinster	–	–
Summa finansiella intäkter	**2 044**	**2 165**
Finansiella kostnader		
Räntekostnader	–2 428	–2 088
Amortering av transaktionskostnader	–158	–305
Realiserade/orealiserade kursförluster	–1	–2
Summa finansiella kostnader	**–2 587**	**–2 395**
Finansiella poster – netto	**–543**	**–230**

NOT 8. SKATT

TEUR	2022	2021
Skatt hänförlig till årets resultat	–	–
Inkomstskatt	–	–

Avvikelserna mellan den faktiska skattekostnaden och förväntad skattekostnad beskrivs nedan:

TEUR	2022	2021
Resultat före skatt	–709	–286
Inkomstskatt beräknad med nuvarande skattesats	–	–
Ej skattepliktiga intäkter	–	–
Skattemässigt underskott för vilka ingen uppskjuten skattefordran redovisats	–	–
Inkomstskatt	**–709**	**–286**

NOT 9. LIKVIDA MEDEL

Per den 31 december **TEUR**	**2022**	**2021**
Likvida medel	25	1 677
Summa	**25**	**1 677**

Per den 31 december 2022 hade DDM Finance bankkonton i en bank med kreditvärderingen A- enligt Standard & Poor's (31 december 2021 A- 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 27 208 TEUR per den 31 december 2022 (31 december 2021: 27 917 TEUR).

NOT 11. KORTFRISTIGA SKULDER

TEUR	Under 3 månader	3–12 månader	Summa
Den 31 december 2022			
Upplåning	8 809	–	**8 809**
Leverantörsskulder	1	–	**1**
Skulder till andra koncernföretag	–	564	**564**
Upplupen ränta	635	–	**635**
Upplupna kostnader	–	–	**–**
Summa kortfristiga skulder	**9 445**	**564**	**10 009**
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**

NOT 12. ANDELAR I KONCERNFÖRETAG

TEUR	31 december 2022	31 december 2021
Investering	6 035	6 035
Summa	**6 035**	**6 035**

TEUR	Investering
Den 1 januari 2021	**6 035**
Förvärv	–
Den 31 december 2021	**6 035**
Den 1 januari 2022	**6 035**
Förvärv	–
Den 31 december 2022	**6 035**

DDM Finance äger aktier i följande dotterbolag:

TEUR Företag	Org. nummer	Säte	Andel av eget kapital 31 dec 2022	Andel av eget kapital 31 dec 2021	Redovisat värde, netto 31 dec 2022	Redovisat värde, netto 31 dec 2021
DDM Debt AB	559053-6230	Sverige	100%	100%	6 035	6 035
Summa					**6 035**	**6 035**

NOT 13. TRANSAKTIONER MED NÄRSTÅENDE

Ersättning från/till närstående

TEUR	Förvaltningsarvode	Övriga arvoden	Summa
2022			
Ränteintäkter från DDM Debt AB	–	2 044	**2 044**
Räntekostnader från DDM Group Finance SA	–	-642	**-642**
Summa	**–**	**1 402**	**1 402**

Fordringar, utbetalningar och skulder – närstående

TEUR	Kortfristigt	Långfristigt	Summa
Den 31 december			
2022			
Fordringar på DDM Debt AB	–	5 258	**5,258**
Lån till DDM Debt AB	–	37 586	**37,586**
Skuld DDM Group Finance S.A	–	-11 070	**-11,070**
Upplupen ränta på skuld till DDM Group Finance S.A	–	-642	**-642**
Skulder till DDM Group AG	-414	–	**-414**
Skulder till DDM Debt AB	-150	–	**-150**
Summa	**-564**	**31 132**	**30 568**

Ersättning från/till närstående

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

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**

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.

NOT 14. UPPLÅNING

Under 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 seniora säkrade obligationerna var ursprungligen den 30 juni 2022, men förlängdes till den 31 mars 2023, med en partiell återbetalning av 12,5 miljoner euro av upplupen ränta och kapital den 7 juli 2022.

Den upplupna räntekostnaden för 1,8 MEUR säkerställda obligationer per den 31 december 2022 var 635 TEUR och klassificerades under kortfristiga skulder i enlighet med villkoren i noterna (2021: 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 2022						
Säkrade seniora obligationer	8 809	–	–	–	–	**8 809**
Skuld DDM Group Finance S.A	–	11 070	–	–	–	**11 070**
Summa	**8 809**	**11 070**	**–**	**–**	**–**	**19 879**
Den 31 december 2021						
Säkrade seniora obligationer	17 842	–	–	–	–	17 842
Summa	**17 842**	**–**	**–**	**–**	**–**	**17 842**

NOT 15. FÖRSLAG TILL VINSTDISPOSITION

Till styrelsens förfogande står följande vinstmedel:

EUR	2022
Balanserade vinstmedel	27,910,257
Årets resultat efter skatt	(708,878)
Summa	**27,201,379**

Styrelsen föreslår att vinstmedlen disponeras enligt följande:

EUR	2022
Balanseras i ny räkning	27 201 379
Summa	**27 201 379**

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 8,8 MEUR (2021: 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

Den 12 april 2023 betalades de 18 miljoner EUR seniora säkerställda skuldebreven delvis av med 6,5 miljoner EUR av upplupen ränta och obligationslånet; dessutom förlängdes löptiden för det återstående utestående lånet till den 31 mars 2024.

UNDERSKRIFTER

Bolagets resultat- och balansräkningar föreslås bli fastställda på årsstämman den 28 juni 2023.

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 28 april 2023

Joachim Cato
Styrelseordförande

Florian Nowotny
Styrelseledamot

Vår revisionsberättelse lämnades den 28 april 2023

Öhrlings PricewaterhouseCoopers AB

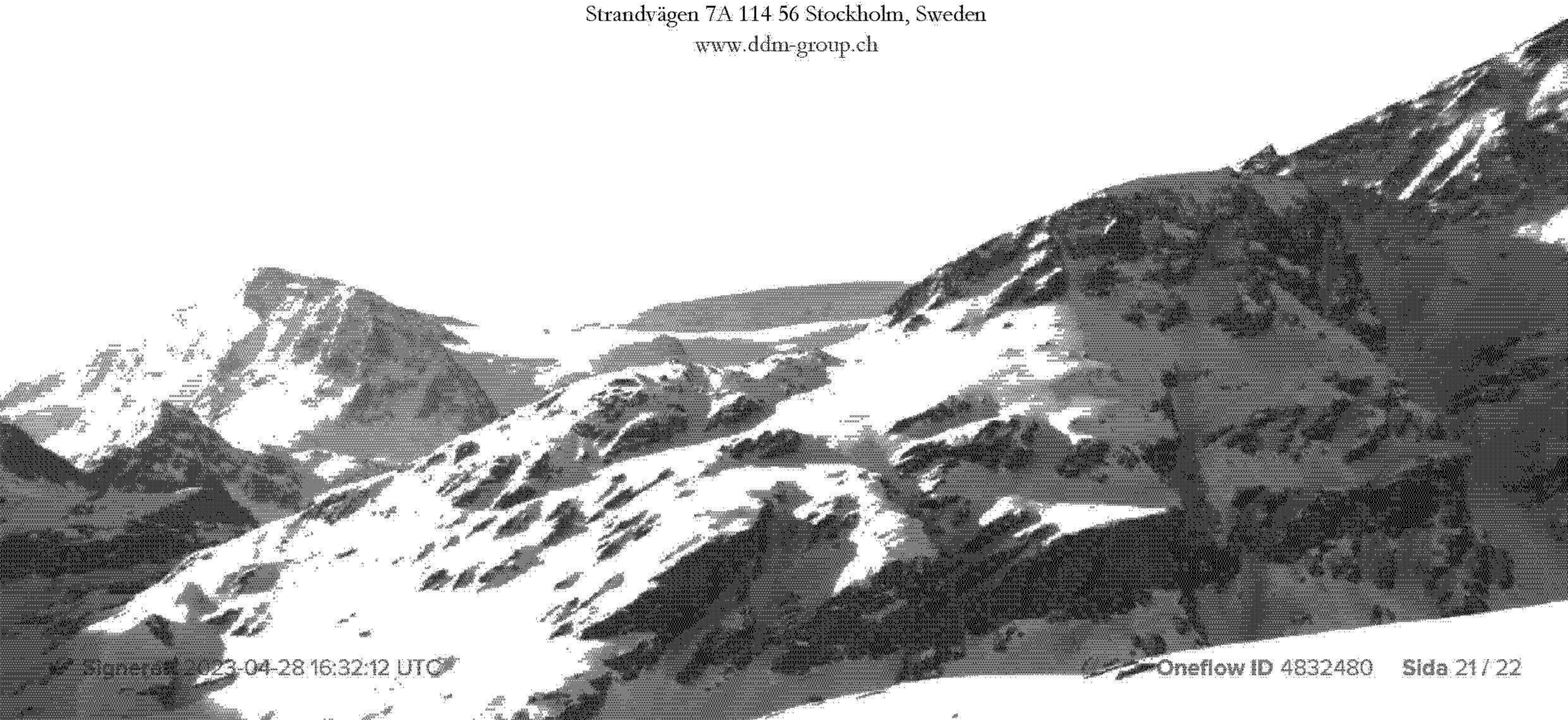
Sussanne Sundvall
Auktoriserad revisor

DocuSign Envelope ID: AD1ABC37-69D2-4024-9EDD-97AA122C1C1B

DDM FINANCE AB

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

DDM Finance AB
Strandvägen 7A 114 56 Stockholm, Sweden
www.ddm-group.ch



Deltagare

ÖHRLINGS PRICEWATERHOUSECOOPERS AB 556029-6740 Sverige

Signerat med Svenskt BankID *2023-04-28 16:32:12 UTC*

Namn returnerat från Svenskt BankID: Marie Sussanne Sundvall

Datum

Sussanne Sundvall

Auktoriserad revisor

Leveranskanal: E-post

DocuSign

Certificate Of Completion

Envelope Id: AD1ABC3769D240249EDD97AA122C1C1B
Status: Completed
Subject: Complete with DocuSign: AR 2022_DDM Finance_SE_Annual Report.pdf
Source Envelope:
Document Pages: 21
Signatures: 10
Certificate Pages: 2
Initials: 0
AutoNav: Enabled
EnvelopeId Stamping: Enabled
Time Zone: (UTC+01:00) Belgrade, Bratislava, Budapest, Ljubljana, Prague

Envelope Originator:
Davide Beccaro
Landis + Gyr-Strasse 1
6th floor
Zug, Zug 6300
d.beccaro@ddm-group.ch
IP Address: 217.147.220.58

Record Tracking

Status: Original
28-04-2023 | 17:48

Holder: Davide Beccaro
d.beccaro@ddm-group.ch

Location: DocuSign

Signer Events

Florian Nowotny
f.nowotny@ddm-group.ch
Authorized Representative
DDM Group AG
Security Level: Email, Account Authentication (None)

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Signature

Florian Nowotny

Signature Adoption: Pre-selected Style
Using IP Address: 194.118.56.176
Signed using mobile

Timestamp

Sent: 28-04-2023 | 17:52
Viewed: 28-04-2023 | 17:52
Signed: 28-04-2023 | 17:52

Joachim Cato
j.cato@ddm-group.ch
DDM Group AG
Security Level: Email, Account Authentication (None)

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Signature Adoption: Drawn on Device
Using IP Address: 213.209.180.58
Signed using mobile

Sent: 28-04-2023 | 17:52
Viewed: 28-04-2023 | 18:03
Signed: 28-04-2023 | 18:04

In Person Signer Events	Signature	Timestamp
Editor Delivery Events	**Status**	**Timestamp**
Agent Delivery Events	**Status**	**Timestamp**
Intermediary Delivery Events	**Status**	**Timestamp**
Certified Delivery Events	**Status**	**Timestamp**
Carbon Copy Events	**Status**	**Timestamp**
Witness Events	**Signature**	**Timestamp**
Notary Events	**Signature**	**Timestamp**
Envelope Summary Events	**Status**	**Timestamps**
Envelope Sent	Hashed/Encrypted	28-04-2023 | 17:52
Certified Delivered	Security Checked	28-04-2023 | 18:03

Envelope Summary Events	Status	Timestamps
Signing Complete	Security Checked	28-04-2023 | 18:04
Completed	Security Checked	28-04-2023 | 18:04

Payment Events	Status	Timestamps

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 2022. Bolagets årsredovisning ingår på sidorna 1-18 i detta dokument.

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 2022 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 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

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 vår elektroniska signatur

Öhrlings PricewaterhouseCoopers AB

Sussanne Sundvall
Auktoriserad revisor

Deltagare

ÖHRLINGS PRICEWATERHOUSECOOPERS AB 556029-6740 Sverige

Signerat med Svenskt BankID	*2023-04-28 16:33:20 UTC*
Namn returnerat från Svenskt BankID: Marie Sussanne Sundvall	Datum

Sussanne Sundvall

Auktoriserad revisor

Leveranskanal: E-post



DDM HOLDING AG

2022 ANNUAL REPORT

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

ddm

The DDM Holding AG
2022 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, 2021.

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

Photos: Shutterstock (cover), Jacqueline Fellmann (pages 5, 16 & 17). Illustration: idéfolket (page 8)

© 2023 DDM Holding AG.
All rights reserved.

CONTENTS

This is DDM / 2022 Highlights 3
A well diversified platform across financial assets and services 4
Chief Executive Officer's report 6
Business model 8
Market 13
Corporate and social responsibility 14
Board of Directors 16
Executive Management Committee 17
DDM share and shareholders 18
Corporate governance 20
Auditor 25

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated income statement 30
Consolidated statement of other comprehensive income 30
Consolidated balance sheet 31
Consolidated cash flow statement 32
Consolidated statement of changes in equity 33
Notes to the consolidated financial statements 34
Auditor's report 63

PARENT COMPANY FINANCIAL STATEMENTS

Standalone income statement 70
Standalone balance sheet 71
Notes 72
Proposed appropriation of the available earnings 74
Statutory auditor's report 75

Three-year overview 79
Alternative performance measures 80
Glossary and financial definitions 81

2022

Extended the maturity of the EUR 18m senior secured notes from 30 June 2022 to 31 March 2023, with a partial repayment of EUR 12.5m made on 7 July 2022

Acquired 50.2% of AxFina Holding SA, a pan European debt servicing provider and a key partner for DDM's loan portfolios in July

This is DDM

A well-diversified platform across financial assets and services

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. This servicing platform 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.

The past year has been marked by challenges with borrowers across Europe being faced with rising interest rates and an increasingly uncertain macroeconomic and geopolitical environments. Banks and other holders of credit exposures are therefore expected to again take a more pro-active approach to managing their NPL portfolios. We therefore expect the NPL investment market to become more attractive again in the course of 2023. We will continue to be disciplined in the sourcing of new business and monitor investment opportunities across our region on an opportunistic basis. The DDM Debt Group has positioned itself well for growth in by actively working both in existing and new markets. We have also entered new markets by teaming up with strategic partners and co-investors where we see significant investment opportunities at attractive prices.

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 80.

Financial overview

EUR M	2022	2021
Income statement:		
Adjusted gross collections	71.9	61.7
Collection and commission expenses	(9.6)	(11.6)
Adjusted net collections	62.3	50.1
Revenue from management fees	0.6	0.1
Adjusted cash EBITDA	50.6	38.9
Share of net profits of associate and joint venture	8.3	3.6
Operating profit	17.3	13.7
Adjusted net loss for the year	(5.0)	(2.9)
Earnings per share, EUR	(0.38)	(0.50)
Cash flow statement:		
Cash flow from operating activities before working capital changes	30.0	22.2
Cash purchases net of financing of invested assets	35.4	39.5
Balance sheet:		
Total assets	253.7	248.2
Net debt	155.5	135.8
Equity ratio	12.9%	13.7%
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	174	11

For more information, see Accounting policies, page 34. Glossary and Financial definitions can be found on page 81.

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 56M) 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 made through a 50/50 joint venture with B2Holding
- Further significant investment in Croatia and buy-out of co-investor in Greece
- EUR 27M RCF secured
- EUR 100M of senior secured bonds issued at 9.25% to refinance existing bonds and make acquisitions, with listing on Nasdaq Stockholm
- Refinancing raised EUR 13M of senior secured bonds
- Launch of servicing platform for secured portfolios

2020

- 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

2022

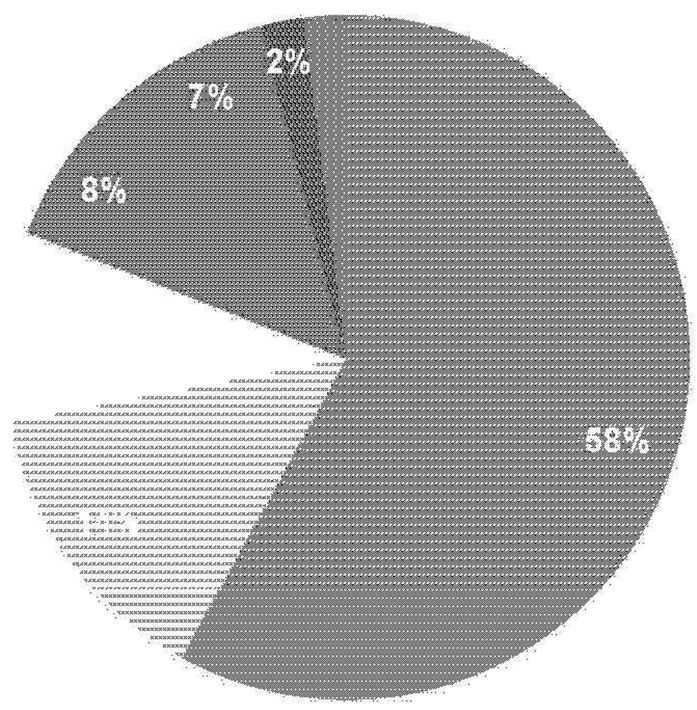
- Acquired 50.2% of AxFina Holding SA, a pan European debt servicing provider

A well-diversified platform across financial assets and services

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 during the year we have continued to broaden our investments and built up a pan-European investment company around Consumer Finance, FinTech, NPLs and Servicing with four key investment lines. 1. Consumer Finance & Embedded Finance, 2. Assets & Loans Investments, 3. Servicing & Digitalization and 4. Special Situations. The Consumer Finance & Embedded Finance investment lines include our investments into Addiko Bank where we hold about 9.9% and our investment in Omnio. The Assets & Loans Investments making acquisitions of under performing, non-core and non-performing loan portfolios in SEE/CEE markets where the company has a long and successful track record across different asset classes and jurisdictions with an expertise in complex and non-standard transactions. Servicing & Digitalization with captive and 3rd party loan portfolio servicing, business process outsourcing ("BPO"), and digital banking solutions to financial institutions and sponsors via AxFina. Special situations include opportunistic investment opportunities where for example our stake in Borgosesia gives access to Italian distressed (single) banking loans secured on failed/broken property developments with a proven local management team and access to proprietary deal flow.

Net collections* by country 2022



Adjusted net collections includes the incremental net distribution from associate and joint venture, see page 80 alternative performance measures

Financial KPI's

"We have a well-diversified pan-European investment platform around Consumer Finance, FinTech, NPLs and Servicing"

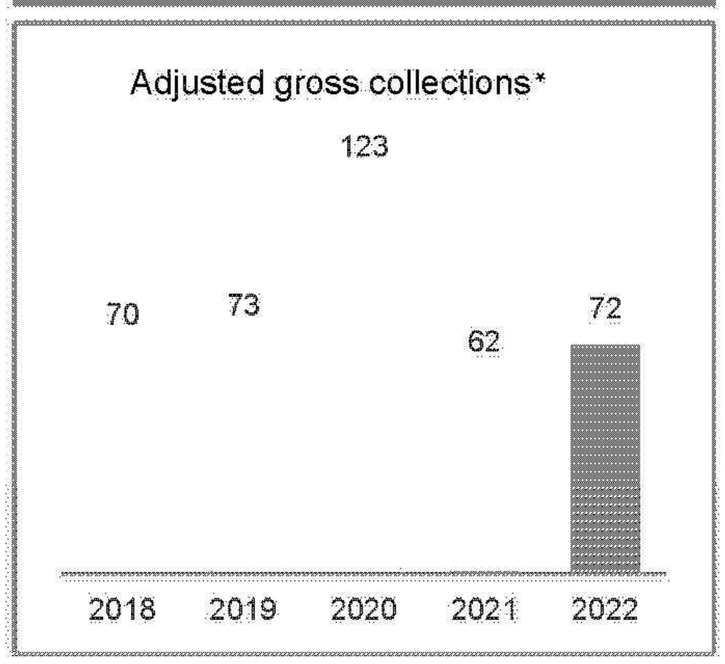
Andreas Tuczka,
CEO of DDM

All figures are in EUR million, unless stated otherwise

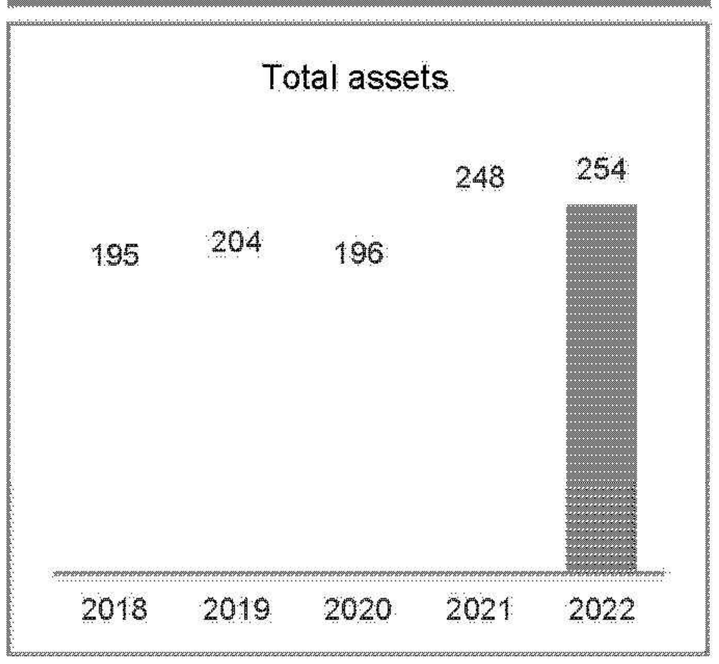
* Adjusted gross collections includes EUR 22.8M (2021 EUR 15.6M, 2020 EUR 10.1M, 2019: 7.2M) incremental gross distribution from associate and joint venture, EUR 3.4M (2021 EUR 1.0M) distributions from financial assets at fair value and EUR nil (2021: EUR nil, 2020: EUR nil, 2019: 4.5M) sale of invested assets.
Adjusted cash EBITDA includes EUR 18.6M (2021 EUR 10.2M, 2020 EUR 5.3M, 2019: 3.8M) incremental net distribution from associate and joint venture, EUR 3.4M (2021 EUR 1.0M) distributions from financial assets at fair value and EUR nil (2020: EUR nil, 2019: 4.5M) sale of invested assets. See Alternative Performance Measures on page 80 for further details.

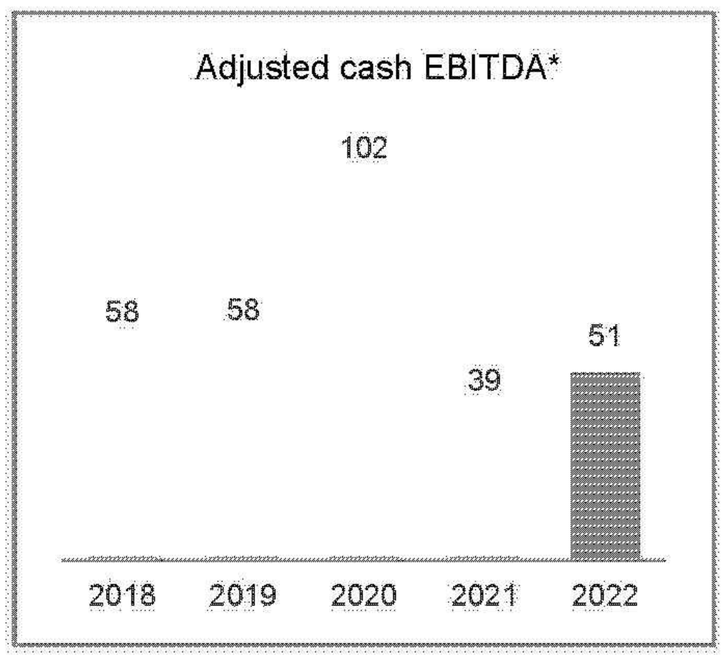
** The equity ratio of the DDM Debt Group according to the senior secured bond terms.

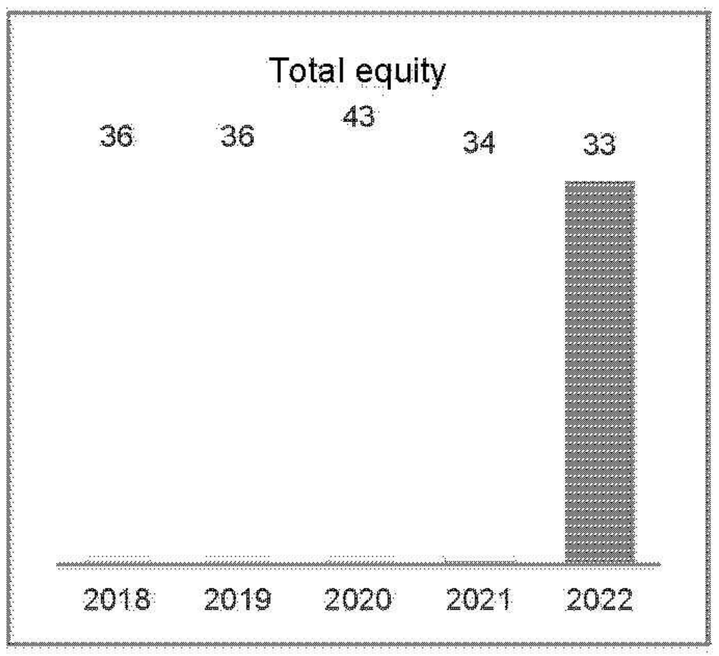
Income statement



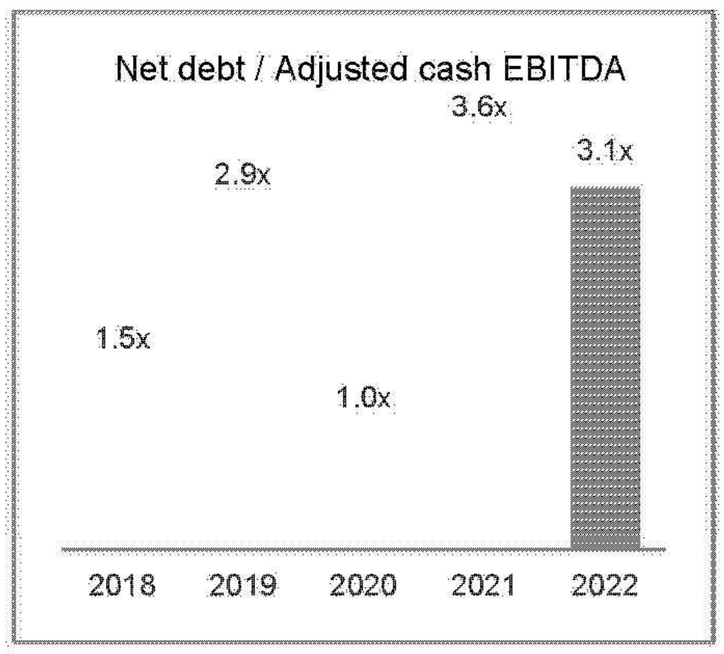
Balance sheet

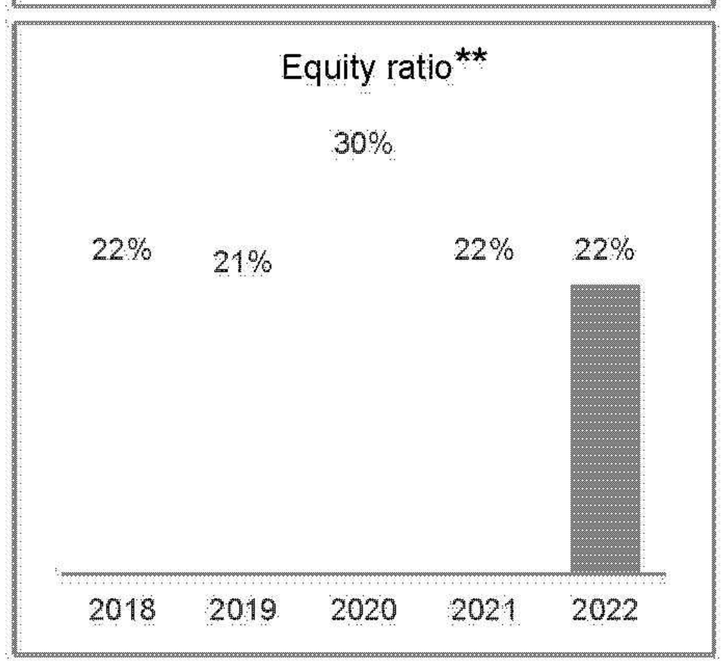




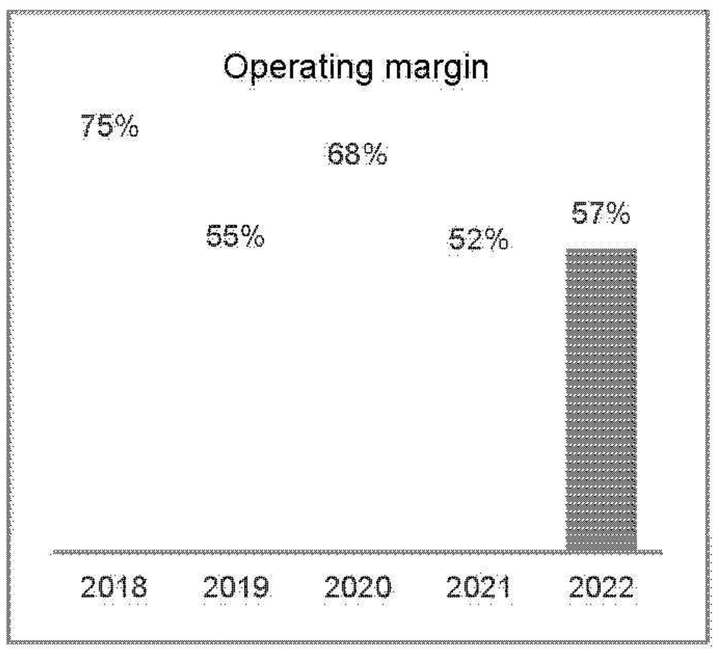


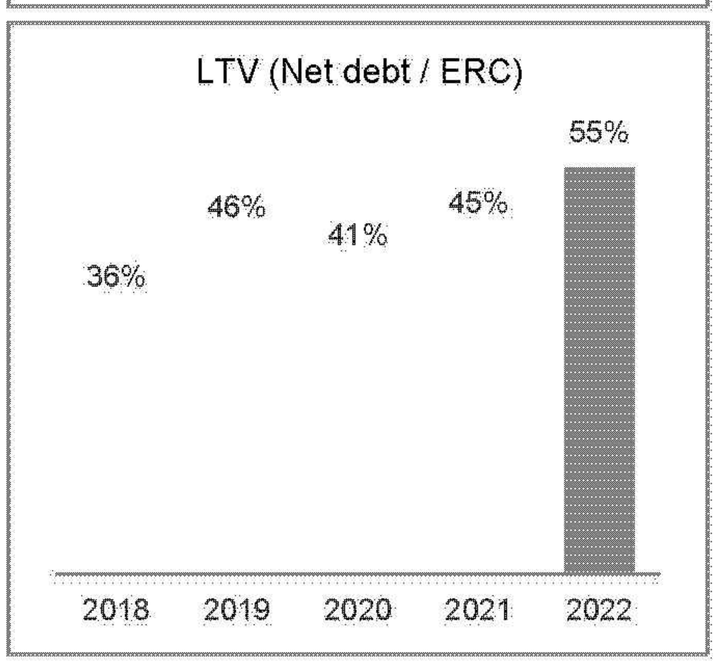
Leverage





Efficiency





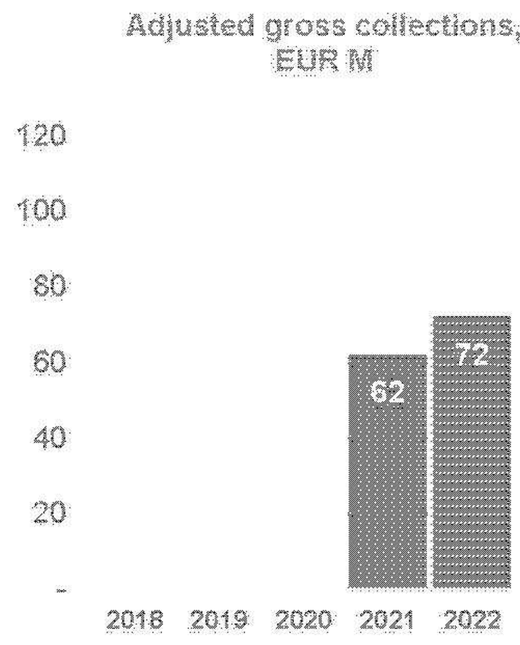


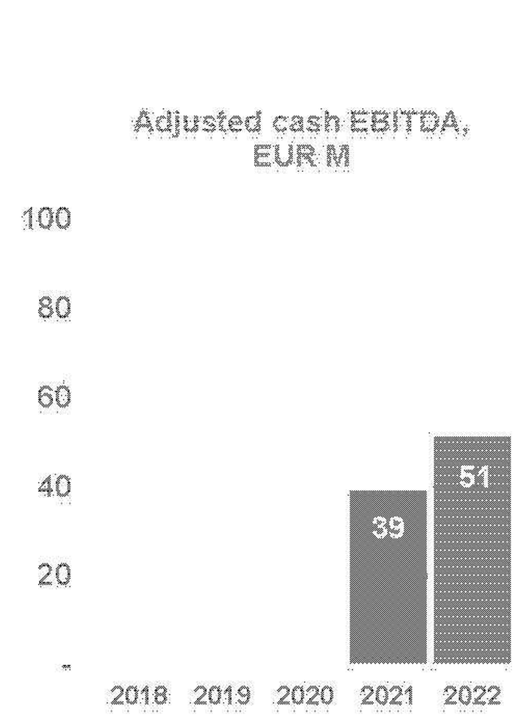
Andreas Tuczka,
CEO of DDM

A well-diversified platform across financial assets and services

I am pleased to have been appointed interim CEO of DDM in April 2023 after having contributed to the continued success of the DDM Group in various capacities for the past couple of years. I have strong and aligned interest of continued success of the group being on the UBOs. I have extensive experience in banking and NPL markets and as well as capital markets and investment banking.

"DDM is well-positioned with approximately EUR 52m of cash available to invest at 31 December"





A well-diversified platform across financial assets and services

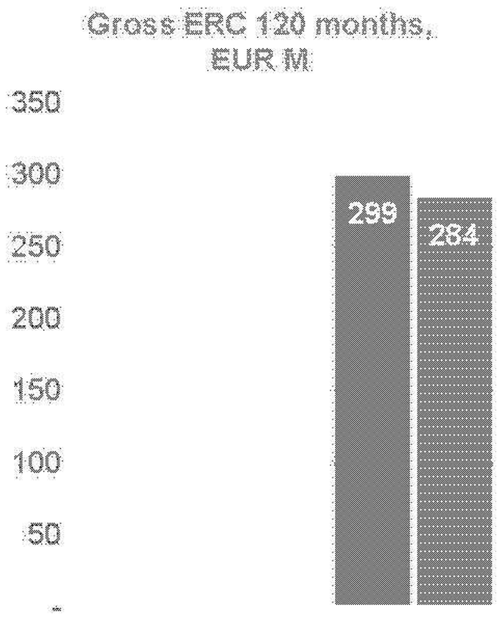
During the year we have continued to broaden our investments and build up a pan-European investment company around Consumer Finance, NPLs, Servicing, and FinTech with four key investment lines, 1. Consumer Finance & Embedded Finance, 2. Assets & Loans Investments, 3. Servicing & Digitalization and 4. Special Situations. The Consumer Finance & Embedded Finance investment lines include our investments into Addiko Bank where we hold about 9.9% and our investment in Omnio. The Assets & Loans Investments making acquisitions of under performing, non-core and non-performing loan portfolios in SEE/CEE markets where the company has a long and successful track record across different asset classes and jurisdictions with an expertise in complex and non-standard transactions. Servicing & Digitalization with captive and 3rd party loan portfolio servicing, business process outsourcing ("BPO"), and digital banking solutions to financial institutions and sponsors. Special situations include opportunistic investment opportunities where our stake in Borgosesia gives access to Italian distressed (single) banking loans secured on failed/broken property developments with a proven local management team and access to proprietary deal flow.

Agreement for acquisition in Switzerland

In December 2021 we entered into an agreement to acquire 100% of the share capital of Swiss Bankers Prepaid Services AG ("Swiss Bankers"), with closing subject to regulatory approval and in October 2022 DDM reached an agreement to combine the acquisition of Swiss Bankers and its investment in Omnio with Nordiska Kreditmarknadsaktiebolaget (publ) ("Nordiska"). This transaction followed DDM's strategy to act as an investor and partner for financial institutions in Europe and to acquire assets and participations in companies previously held by banks. As part of this transaction, DDM would acquire a minority stake in Nordiska. DDM also extended its agreement to acquire 100% of the share capital of Swiss Bankers which was initially signed in December 2021 and would be assumed by Nordiska. However, on 7 April, DDM have been informed by Nordiska that it unfortunately is aborting the process regarding a combination of Nordiska with Swiss Bankers and Omnio. DDM has been working on these transactions jointly with Nordiska for the previous eight months and was surprised and disappointed about Nordiska's unilateral decision to abandon the transactions. DDM is therefore currently evaluation its options on how to proceed.

Strategic acquisition of stake in AxFina

During the year we acquired about a 50% stake and in debt servicing and business outsourcing company AxFina. The company is a pan European debt servicing provider and a key partner for DDM's loan portfolios. In addition to its core debt servicing solutions, AxFina is also providing business outsourcing services and digital debt management solutions ("Finastic") to multiple industries. It is active in 7 countries and has c. 160 employees. DDM expects to profit from the intended growth of the service revenues of AxFina, both in (third party) debt servicing as well as in digital solutions, which complement the asset intensive business of DDM. AxFina will also facilitate new market entries for DDM (e.g. in Poland, where AxFina has recently established a presence). By taking a direct stake in its key debt servicing partner, DDM is following a well-established industry practice and expects its core NPL business to benefit from a closer collaboration between DDM and AxFina. AxFina will remain an independently run company. The acquisition strengthens DDM's equity story to accelerate into a pan-European investment company around NPLs, Servicing, Consumer Finance and FinTech.



Earnings 2022

Adjusted gross collections amounted to EUR 71.9m for the full year 2022, higher than the corresponding period last year mainly due to stronger incremental gross distribution from associate and joint venture. After deducting commission and collection fees to third parties this resulted in. After deducting commission and collection fees to third parties this resulted in EUR 62.3m of adjusted net collections being received for the full year 2022. Operating expenses were EUR 12.3m for the full year 2022, and as a result, adjusted cash EBITDA totaled EUR 50.6m for the full year 2022, equating to a high cash conversion ratio of above 80% for FY 2022 as a percentage of adjusted net collections. Operating profit includes EUR 2.4m of upwards revaluation recognized on portfolios located in Slovenia and Czech Republic.

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

The results for the full year 2022 include EUR 8.3m share of net profits of joint venture under the equity method of accounting, following a strong performance of the Solaris joint venture. The incremental net distribution from the joint venture was EUR 19.7M that has been received as a cash distribution during the full year 2022.

Estimated Remaining Collections

ERC in relation to invested assets at 31 December 2022 stands at EUR 284m, corresponding to a decrease of 5% compared to 31 December 2021, as a result of investments acquired partially offset by the collections that have been received during 2022 but is expected to increase during 2023 as available funds are being invested. About 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 two thirds of the ERC over the next three years at 31 December 2022.

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.

Capabilities to manage assets

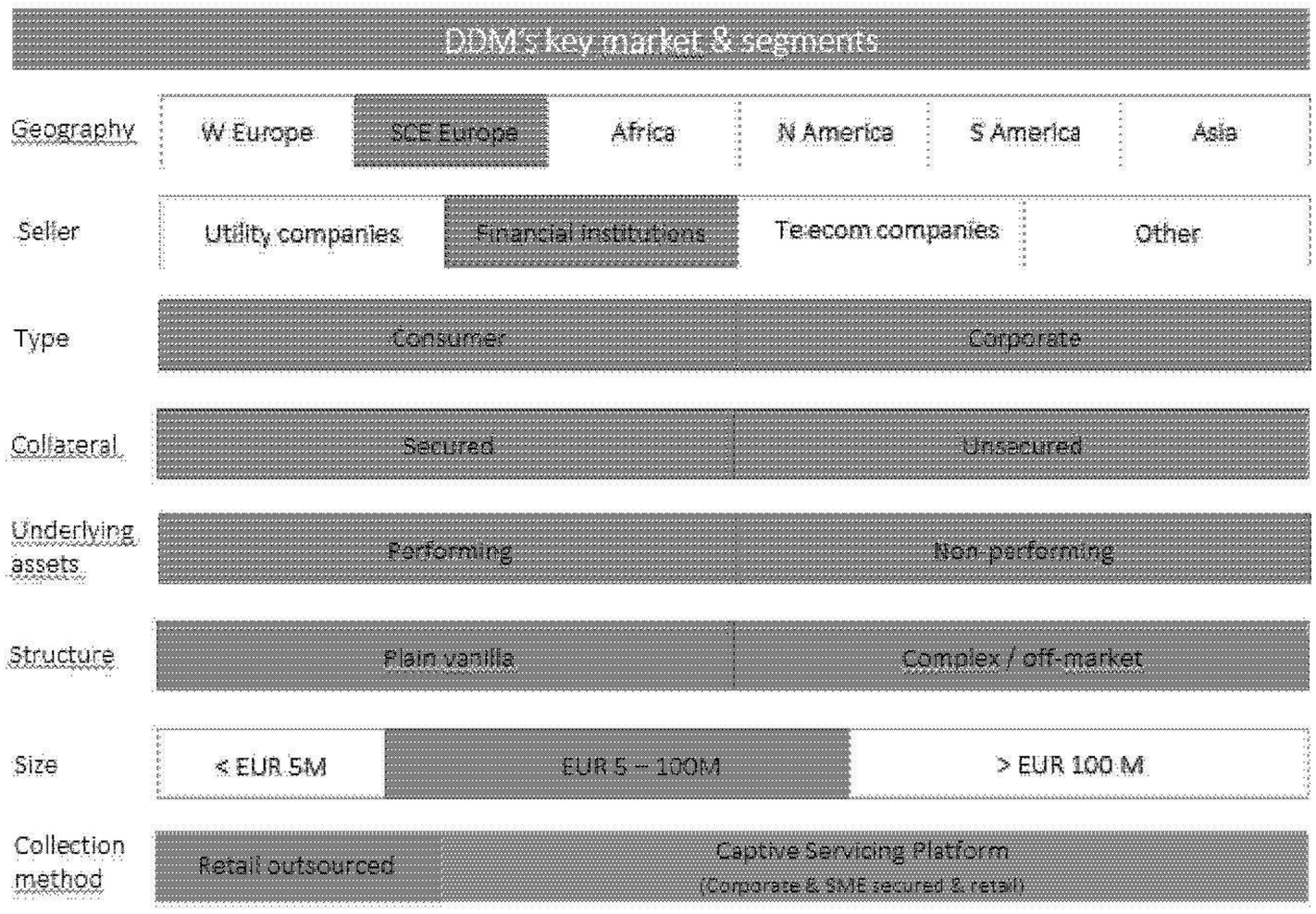
DDM is a specialized multinational investor in situations arising out of the general strategic challenges in the European banking markets. This includes investments into assets and companies previously held by financial institutions, including performing and non-performing loans and special situations. 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 in-house and 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.

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

2022 continued to be a challenging year across the world as a result of the ongoing adverse impact on global business and economic activity. Borrowers across Europe was faced with rising interest rates and an increasingly uncertain macroeconomic and geopolitical environments. Banks and other holders of credit exposures are therefore expected to again take a more pro-active approach to managing their NPL portfolios. We therefore expect the NPL investment market to become more attractive again in the course of 2023. We will continue to be disciplined in the sourcing of new business and monitor investment opportunities across our region on an opportunistic basis.

Competition overview

Southern, Central and Eastern European NPL markets continue to offer opportunities for growth and have held up well during the past couple of years despite the Covid-19 pandemic. These core regions are expected to continue to be supportive and DDM is well-positioned to capitalize on the NPL volumes expected in the future at attractive prices.

Since 2007, DDM has built a successful platform in the SCEE region and has acquired more than 2 million receivables with a nominal value of over EUR 4 billion. Initially DDM invested in consumer, unsecured debt and 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, fintech with its investment in Omnio 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, before 50.2% of the platform was acquired by DDM in 2022 and another part at the beginning of 2023 bringing the total to about 75%. These factors together with a highly skilled experienced organization and strong relationships with selling banks that view DDM as a trusted and reputable partner puts us in a strong position.

The value chain

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 5-50M. 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.

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)

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.

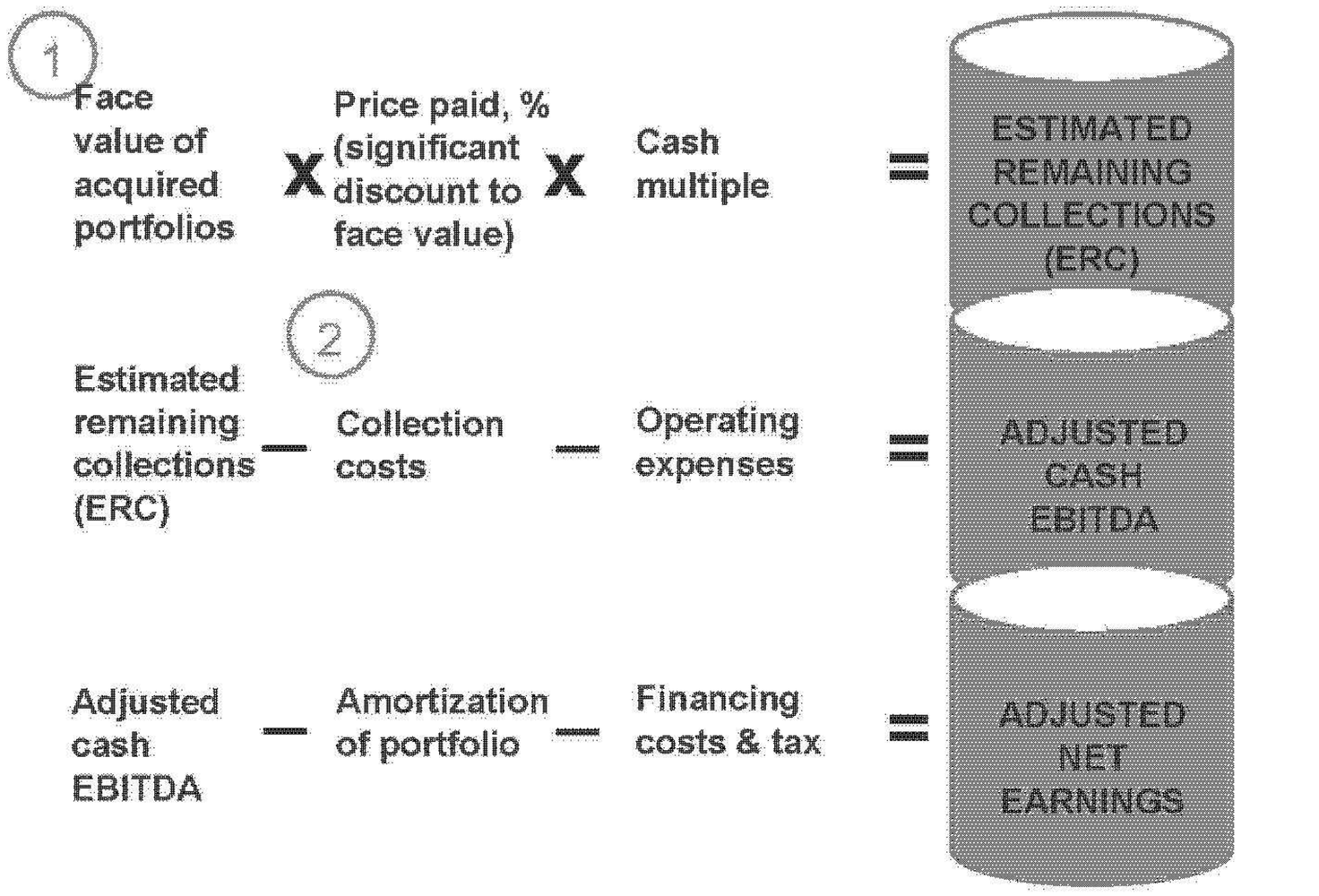
Monitoring

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.

Illustrative economics

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.

DDM is well-positioned to benefit from a NPL market recovery

Europe's banking market and the non-performing loan (NPL) market are facing significant uncertainty on the back of tightening monetary policies and increasing interest rates as the macroeconomic outlook has worsened with increasing inflation driven by higher energy prices following the geopolitical uncertainty and war in Ukraine. This is expected to result in increasing default rates and increasing NPL volumes that the banking sector will have to address.

The amount of NPLs across Europe will depend on the economy and its ability to hold up and recover following the challenges with increasing inflation, unemployment, and worsening 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

The economies across Europe also remain fragile after the pandemic and the geopolitical uncertainty following the start of the war in Ukraine. Inflation was fueled by increasing energy prices and supply disruptions to thereafter broaden out to wage and food price increases. These forces will weigh on already decelerating growth and weakness in real consumption growth.

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.

"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 investment opportunities at attractive prices."

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.

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.

ddm

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.

Investing in Corporate and Social Responsibility

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 2022, DDM employed 174 people (2021: 11). The average age of DDM employees is 39 years (2021: 42).

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.

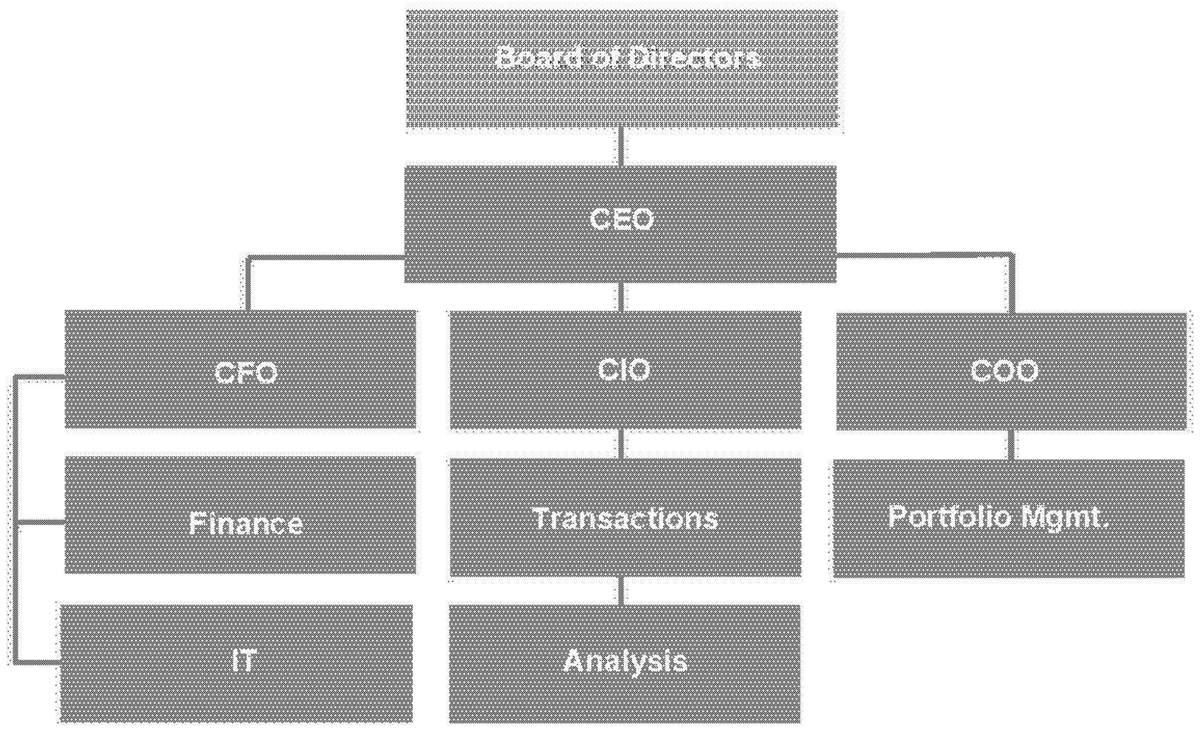
Anti-corruption

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.





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 • Chairman of the Board of Directors since 2022***
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 AxFina 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 31.12.2022
** Shares held by DDM Group Finance S.A, part of the AEDC Capital Group, which was co-founded by Erik Fällström and Andreas Tuczka
*** Jörgen Durban stepped down from his role as chairman and from the board in the second half of 2022.



ANDREAS TUCZKA • Chief Executive Officer*
Born: 1971 • **Nationality:** Austrian
Employed: 2021 (Board member from 2019-2021)
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 AxFina 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
Shareholding:** 12,909,873 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 31.12.2022
*** Shares held by DDM Group Finance S.A. part of the AEDC Capital Group, which was co-founded by Erik Fällström and Andreas Tuczka

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	2022	2021
Earnings per share	(0.38)	(0.50)
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

Share capital

On 31 December 2022, 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 2022 DDM had approximately 105 shareholders. At 31 December 2022, 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 2022. DDM held 0 treasury shares at the end of 2022.

SHAREHOLDER STRUCTURE PER 31 DECEMBER 2022

Name	Total number of shares (thousands)	Percentage of capital and votes
DDM Group Finance S.A.*	12,910	95.2
Nordnet Pensionsförsäkring AB	163	1.2
Investment AB Öresund	126	0.9
Olsson, Fredrik	105	0.8
JP Morgan Chase Bank N.A.	54	0.4
Söderberg, Jakob	35	0.3
Stigwan, Lisbeth	30	0.2
Avanza Pension	27	0.2
IBKR Financial Services	20	0.1
SEB Life International	10	0.1
Total; ten largest owners	**13,480**	**99.4**
Summary others	80	0.6
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 2022

Number of shares	Number of shareholders	Percentage of total number of shares, %
1 – 1,000	73	0.1
1,001 – 5,000	15	0.3
5,001 – 10,000	5	0.3
10,001 – 50,000	7	0.9
50,001 – 100,000	1	0.4
100,001 – 500,000	3	2.9
500,001 –	1	95.2
Total	**105**	**100.0**

Sources: Euroclear, Computershare and DDM Holding

Financial calendar

Interim report January–March 2023:
30 May 2023

Annual General Meeting 2023:
29 June 2023

Interim report January–June 2023:
31 August 2023

Interim report January–September 2023:
30 November 2023

Q4 and full year report 2023:
28 February 2024

Annual report 2023:
30 April 2024

Stock option program

DDM In July 2021, DDM Group Finance S.A., the parent company of DDM Holding AG, established an Employee Stock Option Plan ("ESOP 2021"). The ESOP 2021 is a share-based compensation plan where employees and certain members of the Executive Management of the wider DDM Group receive additional compensation in the form of share-based payments, whereby they render services as consideration for DDM Group Finance S.A's equity instruments (equity-settled transactions). The ESOP is designed to provide long-term incentives for employees and members of the Executive Management to deliver long-term shareholder returns.

Dividend policy and dividend for 2022

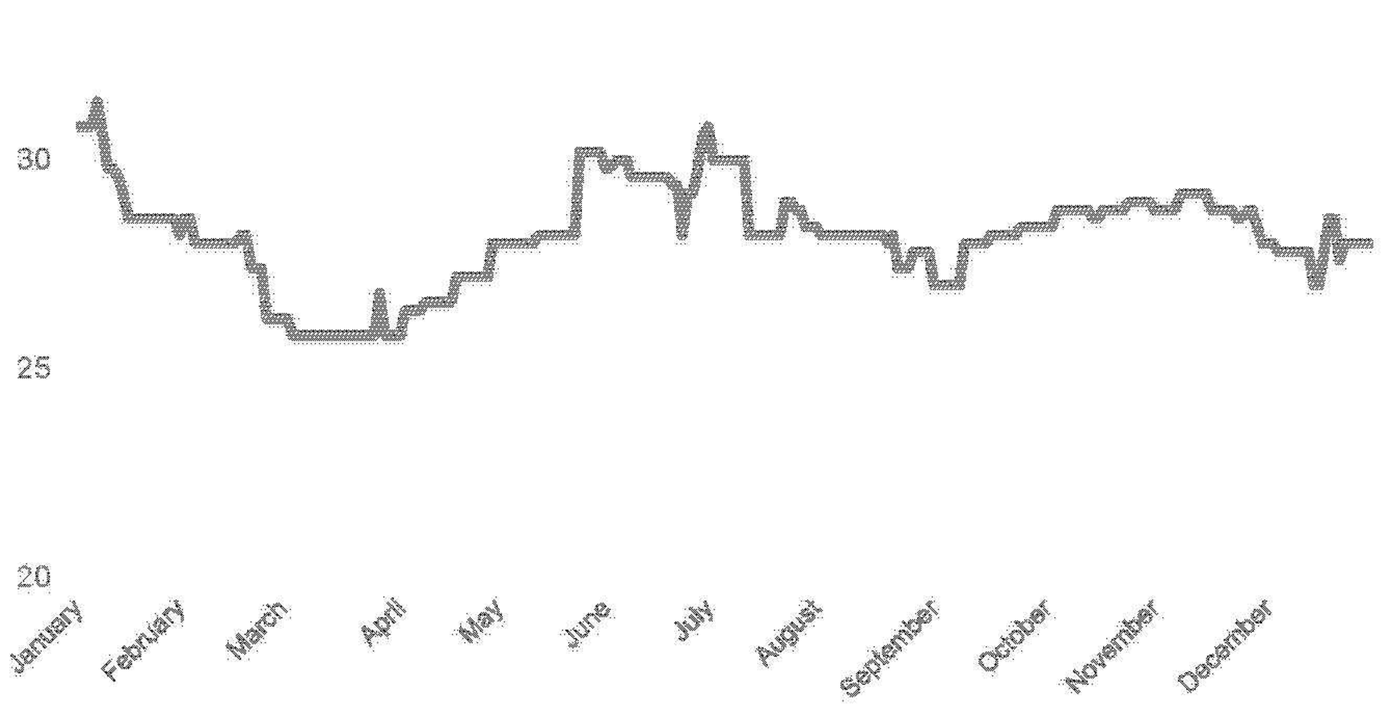
Decisions relating to dividend proposals take into account DDM's future revenues, financial position, capital requirements and the situation in general. The Company is in a phase in which exploiting identified opportunities for growth is prioritized. Consequently, shareholders should not expect to receive dividends in the next few years. The Board of Directors proposes that no dividend be paid for the 2022 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 2022, 64,243 shares were traded, on average 253 shares per trading day.

The highest closing price during the period from 1 January to 31 December 2022 was SEK 31.40 on 10 January and the lowest was SEK 25.80 on 3 March. The share price on 31 December 2022 was SEK 28 (last price paid). During the period from 1 January to 31 December 2022, DDM's share price decreased by 9%.

SHARE PRICE DEVELOPMENT, 1 JANUARY 2021 – 31 DECEMBER 2022, 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.

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 2022 is valid as at 31 December 2022, 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.

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 twenty subsidiaries as of 31 December 2022 (2021: fourteen), 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.

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 2022

At the end of 2022, DDM had approximately 108 shareholders (end of 2021: approximately 107) 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 2021 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 2021 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 Andreas Tuczka 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

- To re-elect Bratschi AG as independent proxy
- To re-elect PricewaterhouseCoopers AG, Luzern, as the Company's statutory auditors for the business year 2022
- To approve the compensation report 2021, 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 2023 annual general meeting, the variable compensation of the members of the executive management for the business year 2022 and the fixed compensation of the members of the executive management for the business year 2023
- 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 2021 as proposed by the Board of Directors
- To extend the authorized share capital to 22 June 2024

The 2023 Annual General Meeting will be held on 29 June 2023 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' Meeting for a term of office expiring at the Annual General Meeting 2023.

The 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.

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 until Jörgen Durban stepped down from the board. The board then decided to perform the tasks of the committee. The committee's meetings are also attended by DDM's CFO.

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, until Jörgen Durban stepped down from the board. The board then decided to perform the tasks of the committee.

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 – until he stepped down – 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, until Jörgen Durban stepped down from the board. The board then decided to perform the tasks of the committee.

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.

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 2022 appointed PricewaterhouseCoopers AG (Robert-Zund-Strasse 2, CH-6005 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**	**2022**	**2021**
Audit		
Audit assignments	412	324
Total audit expenses	**412**	**324**

For the year ended 31 December **EUR '000s**	**2022**	**2021**
Non-audit		
Tax assignments	29	35
Other assignments	7	-
Total non-audit expenses	**36**	**35**

DDM IN FIGURES

FINANCIAL STATEMENTS AND NOTES

DDM HOLDING GROUP

Consolidated income statement 30
Consolidated statement of comprehensive income 30
Consolidated balance sheet 31
Consolidated cash flow statement 32
Consolidated statement of changes in equity 33
Note 1. General information 34
Note 2. Basis of preparation 34
Note 3. Summary of significant accounting policies 34
Note 4. Financial risk management 38
Note 5. Critical estimates and assumptions in applying the Company's accounting principles 39
Note 6. Reconciliation of revenue on invested assets and revenue from management fees 40
Note 7. Segment information 40
Note 8. Personnel expenses 41
Note 9. Consulting expenses 41
Note 10. Other operating expenses 41
Note 11. Net financial expenses 42
Note 12. Tax expense 42
Note 13. Earnings per share 43
Note 14. Cash and cash equivalents 43
Note 15. Current receivables 43
Note 16. Investment in joint venture 44
Note 17. Distressed asset portfolios 45
Note 18. Financial assets at fair value 45
Note 19. Other long-term receivables from investments 46
Note 20. Tangible assets 47
Note 21. Right-of-use assets 47
Note 22. Goodwill 48
Note 23. Intangible assets 48
Note 24. Other non-current assets 49
Note 25. Current liabilities 49
Note 26. Lease liabilities 50
Note 27. Loans and borrowings 50
Note 28. Cash flow and net debt 52
Note 29. Post-employment benefit commitments 52
Note 30. Deferred taxes 54
Note 31. Financial instruments 55
Note 32. Equity 58
Note 33. Related parties 59
Note 34. Contingent liabilities and commitments 60
Note 35. Business Combinations 60
Note 36. Provisions 61
Note 37. Share-based compensation 61
Note 38. Subsequent events 62
Auditor's report 63

DDM HOLDING AG

Standalone income statement 70
Standalone balance sheet 71
Notes 72
Proposed appropriation of the available earnings 74
Statutory auditor's report 75

DDM HOLDING GROUP

Consolidated Financial Statements

THE BOARD OF DIRECTORS OF DDM HOLDING AG IS PLEASED TO PRESENT THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2022

This report is dated 28 April 2023 and is signed on behalf of the Board of DDM Holding AG by

Andreas Tuczka
Chairman

Fredrik Olsson
Cfo

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December Amounts in EUR '000s	Notes	2022	2021*
Interest income on invested assets		19,128	16,599
Revaluation and impairment of invested assets		*2,241*	*5,001*
Revenue on invested assets	**6, 7**	**21,369**	**21,600**
Share of net profits of associate and joint venture	16	8,321	3,631
Revenue from management fees	6, 7	605	100
Personnel expenses	8	(5,344)	(4,119)
Consulting expenses	9	(4,882)	(4,944)
Other operating expenses	10	(2,082)	(2,212)
Amortization and depreciation of tangible and intangible assets	20, 21, 23	(662)	(392)
Operating profit		**17,325**	**12,666**
Financial income	11	280	81
Financial expenses	11	(22,979)	(21,511)
Unrealized exchange profit / (loss)	11	671	271
Realized exchange loss	11	(558)	(76)
Net financial expenses		**(22,586)**	**(21,235)**
(Loss) / profit before income tax		**(5,261)**	**(7,571)**
Tax income / (expense)	12	238	743
Net (loss) / profit for the year		**(5,023)**	**(6,828)**
Net (loss) / profit for the year attributable to:			
Owners of the Parent Company		(5,102)	(6,828)
Non-controlling interest		79	–
Earnings per share before and after dilution (EUR)	13	(0.38)	(0.50)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December Amounts in EUR '000s	Notes	2022	2021
Net (loss) / profit for the year		**(5,023)**	**(6,828)**
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		663	155
Deferred tax on post-employment benefit commitments		(60)	(9)
Items that may subsequently be reclassified to profit or loss:			
Currency translation differences		281	(26)
Share of other comprehensive income of associates accounted for using the equity method		–	313
Recycling of share of other comprehensive income of associates to the income statement		–	(3,011)
Other comprehensive (loss) / income for the year, net of tax		**884**	**(2,578)**
Total comprehensive (loss) / income for the year		**(4,139)**	**(9,406)**
Total comprehensive (loss) / income for the year attributable to:			
Owners of the Parent Company		(4,301)	(9,406)
Non-controlling interest		162	–

** The amount of EUR 998k has been reclassified from Financial income to Interest income on invested assets as relating to interest income towards Omnio on investment under the financial assets held at fair value (see note 18)*

CONSOLIDATED BALANCE SHEET

As at 31 December Amounts in EUR '000s	Notes	2022	2021
ASSETS			
Non-current assets			
Goodwill	22	15,183	4,160
Intangible assets	23	1,440	782
Tangible assets	20	242	68
Right-of-use assets	21	603	146
Distressed asset portfolios	17	71,103	81,594
Other long-term receivables from investments	19	6,338	–
Financial assets at fair value	18	68,743	51,547
Investment in joint venture	16	21,546	31,819
Deferred tax assets	30	3,383	2,269
Other non-current assets	24	1,117	1,356
Total non-current assets		**189,698**	**173,741**
Current assets			
Accounts receivable	15	513	1,711
Tax assets	15	197	82
Other receivables	15	4,504	4,218
Prepaid expenses and accrued income	15	6,149	2,957
Cash and cash equivalents	14	52,605	65,485
Total current assets		**63,968**	**74,453**
TOTAL ASSETS		**253,666**	**248,194**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	32	11,780	11,780
Share premium	32	21,030	21,030
Other reserves	32	(432)	(570)
Retained earnings including net (loss) / profit for the year		(2,770)	1,669
Total shareholders' equity attributable to Parent Company' shareholders		**29,608**	**33,909**
Shareholders' equity attributable to non-controlling interest		3,160	–
Total shareholders' equity		**32,768**	**33,909**
Long-term liabilities			
Loans	27, 27	198,950	183,452
Lease liabilities	26	364	83
Provisions	36	–	–
Post-employment benefit commitments	29	882	1,389
Deferred tax liabilities	30	1,232	629
Total long-term liabilities		**201,428**	**185,553**
Current liabilities			
Accounts payable	25	2,677	1,990
Tax liabilities	25	249	569
Accrued interest	25	4,621	5,548
Accrued expenses and deferred income	25	2,461	2,697
Lease liabilities	25, 26	287	86
Loans	25, 27, 28	9,175	17,842
Total current liabilities		**19,470**	**28,732**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**253,666**	**248,194**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December Amounts in EUR '000s	Notes	2022	2021*
Cash flow from operating activities			
Net profit / (loss) for the period		(5,023)	(6,828)
Cash distribution from associate and joint venture	16	19,666	10,214
Adjustments for non-cash items:			
Amortization of invested assets	17, 19	*24,604*	*23,293*
Revaluation and impairment of invested assets	17, 19	*(2,241)*	*(5,001)*
Interest income		*(3,393)*	*(998)*
Share of net profits of joint ventures and associates	16	*(8,321)*	*(3,631)*
Depreciation, amortization and impairment of tangible and intangible assets	20, 21, 23	*662*	*392*
Financial income		*(280)*	*(81)*
Financial expenses		*22,979*	*21,511*
Unrealized exchange profit / (loss)		*(671)*	*(271)*
Tax income / (expense)		*(238)*	*(743)*
Other items not affecting cash		*(178)*	*635*
Interest paid		(20,265)	(13,738)
Interest received		346	–
Call premium paid		–	(2,408)
Tax paid		(693)	(167)
Cash flow from operating activities before working capital changes		**26,954**	**22,179**
Working capital adjustments			
(Increase) / decrease in accounts receivable		602	(5,029)
(Increase) / decrease in other receivables		(4,691)	(2,912)
Increase / (decrease) in accounts payable		176	611
Increase / (decrease) in other current liabilities		(3,128)	(1,270)
Net cash flow from operating activities		**19,913**	**13,579**
Cash flow from investing activities			
Purchases of distressed asset portfolios and other long-term receivables from investments	17	(11,364)	(17,527)
Purchases of investment of joint ventures and associates	16	–	(8,521)
Purchases of financial assets at fair value	18	(17,757)	(13,416)
Acquisition of subsidiary, net of cash acquired	35	(5,979)	–
Purchases of non-current assets	24, 33	–	–
Purchases of tangible assets	20	(267)	(9)
Net cash flow received / (used) in investing activities		**(35,367)**	**(39,473)**
Cash flow from financing activities			
Proceeds from issuance of loans	27, 28	11,070	182,756
Repayment of loans	27, 28	(9,365)	(122,590)
Principal elements of lease payments	26	(85)	(75)
Net cash flow received / (used) in financing activities		**1,620**	**60,091**
Cash flow for the year		**(13,834)**	**34,197**
Cash and cash equivalents less bank overdrafts at beginning of the year		**65,485**	**31,416**
Foreign exchange losses on cash and cash equivalents		954	(128)
Cash and cash equivalents less bank overdrafts at end of the year	**14**	**52,605**	**65,485**

* *The amount of EUR 998k has been reclassified from Financial income to Interest income on invested assets as relating to interest income towards Omnio on investment under the financial assets held at fair value (see note 18)*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in EUR '000s	Share capital	Share premium	Other reserves	Retained earnings including net loss for the period	Total Equity	Non-controlling interest	Total equity
Balance at 1 January 2021	**11,780**	**21,030**	**2,163**	**8,342**	**43,315**	**–**	**43,315**
Net loss for the period	–	–	–	(6,828)	**(6,828)**	–	**(6,828)**
Other comprehensive income / (loss)						–	
Actuarial gain on defined benefit commitment	–	–	–	155	**155**		**155**
Currency translation differences	–	–	(26)	–	**(26)**	–	**(26)**
Deferred tax on post-employment benefit commitments			(9)		**(9)**		**(9)**
Share of other comprehensive income of associates accounted for using the equity method	–	–	313	–	**313**	–	**313**
Recycling of share of other comprehensive income of associates to the income statement			(3,011)		**(3,011)**		**(3,011)**
Total comprehensive income / (loss)	**–**	**–**	**(2,733)**	**(6,673)**	**(9,406)**	–	**(9,406)**
Transactions with owners	–	–	–	–	–	–	–
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	–	**–**
Balance at 31 December 2021*	**11,780**	**21,030**	**(570)**	**1,669**	**33,909**	**–**	**33,909**
Balance at 1 January 2022	**11,780**	**21,030**	**(570)**	**1,669**	**33,909**	**–**	**33,909**
Net loss for the period	–	–	–	**(5,102)**	**(5,102)**	79	**(5,023)**
Other comprehensive loss							
Actuarial gain on defined benefit commitment	–	–	–	**663**	**663**	–	**663**
Currency translation differences	–	–	198	–	**198**	83	**281**
Deferred tax on post-employment benefit commitments	–	–	(60)	–	**(60)**	–	**(60)**
Total comprehensive loss	**–**	**–**	**138**	**(4,439)**	**(4,301)**	**162**	**(4,139)**
Transactions with owners							
Non-controlling interest on acquisition of subsidiary	–	–	–	–	–	2,998	**2,998**
Total transactions with owners	**–**	**–**	**–**	**–**	**–**	**2,998**	**2,998**
Balance at 31 December 2022	**11,780**	**21,030**	**(432)**	**(2,770)**	**29,608**	**3,160**	**32,768**

At 31 December 2022 and at 31 December 2021 the number of outstanding shares in DDM Holding AG amounted to 13,560,447 shares.

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 headquartered in the canton of Zug in Switzerland with its registered office in 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 28 April 2023.

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 are accounted for under the equity method.
The functional currency of DDM Holding AG is the Euro (EUR). The DDM consolidated financial statements are presented in EUR and all values are rounded to the nearest thousand (EUR'000) except when otherwise indicated.
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:

3.1 Consolidation principles

The financial statements consolidate the accounts of DDM Holding AG and its subsidiaries. Subsidiaries are all entities over which DDM Holding AG has control.
Specifically, 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.
When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full upon consolidation.

Entities included in the scope of consolidation	Consolidation method	Domicile	31 Dec 2022	31 Dec 2021
DDM Group AG	Fully consolidated	Switzerland	100%	100%
DDM Invest III AG	Fully consolidated	Switzerland	100%	100%
DDM Mergeco AG	Fully consolidated	Switzerland	100%	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 Holding S.A	Fully consolidated	Luxembourg	50.2%	–
AxFina Romania S.R.L.	Fully consolidated	Romania	50.2%	–
AxFina Austria GmbH	Fully consolidated	Austria	50.2%	–
AxFina Croatia d.o.o.	Fully consolidated	Croatia	50.2%	–
AxFina d.o.o.	Fully consolidated	Slovenia	50.2%	–
AxFina Hungary Zrt.	Fully consolidated	Hungary	50.7%	1%
Lombard Ingatlan Lízing Zrt.	Fully consolidated	Hungary	50.7%	1%
AxFina Servicing Kft.	Fully consolidated	Hungary	50.7%	1%
Raport S.A.	Fully consolidated	Poland	50.2%	–

3.2 Business combinations and goodwill

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.

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.

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".

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGU), or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, by comparing the carrying amount of the CGU, including goodwill, with the recoverable amount of the CGU.
The Group calculates the recoverable amount of the CGU by determining the higher of the fair value less cost to sell and its value in use. The key assumption for the value in use calculation is the forecasted cash flows during the forecast period, WACC and growth rate. If the recoverable amount of the CGU is less than the carrying value of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is recognised immediately in the consolidated income statement and is not reversed in a subsequent period.

On disposal of an operating unit within a CGU to which goodwill has been allocated, the goodwill associated with that operation is included in the carrying amount of the operation when determining the gain or loss on disposal.

3.3 Investments in joint ventures

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. 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 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.

3.4 Financial assets at fair value

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

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

Financial assets held at FVTPL include investments in other entities in which the Company has a significant influence (but not control or joint control), providing that:
- its value is (or will be) a marketable value
- the investee aims to generate growth in a medium term, following an exit strategy of the Company, and
- the object of the investment is not related to the Company core business.

.5 Foreign currencies

The consolidated financial statements are presented in Euro which is DDM's functional currency. 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):

		31 Dec 2022	31 Dec 2021
Exchange rates			
Balance sheet	EUR/CHF	0.9847	1.0331
Income statement	EUR/CHF	1.0086	1.0847
Balance sheet	EUR/CZK	24.1161	24.858
Income statement	EUR/CZK	24.6395	25.734
Balance sheet	EUR/HRK	7.5345	7.5156
Income statement	EUR/HRK	7.533	7.5309
Balance sheet	EUR/HUF	400.80	369.14
Income statement	EUR/HUF	386.54	357.79
Balance sheet	EUR/PLN	4.6808	4.5969
Income statement	EUR/PLN	4.677	4.5530
Balance sheet	EUR/RON	4.9495	4.9490
Income statement	EUR/RON	4.9337	4.9139
Balance sheet	EUR/RSD	117.3158	117.578
Income statement	EUR/RSD	117.4812	117.586
Balance sheet	EUR/SEK	11.1217	10.2503
Income statement	EUR/SEK	10.5616	10.1363

3.6 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.

3.7 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
Other long-term receivables from investments	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.

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.

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.

3.8 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.

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").

3.9 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").

3.10 Intangible assets
Intangible assets include purchase of software and intangible assets acquired separately or in a business combination. Internal expenses for IT development and internal and external maintenance expenses are expensed as incurred.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Intangible assets with finite lives are amortised on a straightline basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The intangible assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The amortisation expense on intangible assets with finite lives is presented in the income statement as part of "Depreciation and amortisation".

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

3.11 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.

3.12 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.

3.13 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.

3.14 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.

3.15 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.

3.14 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.

3.15 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.

3.16 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.

3.17 Equity
Share capital is stated at the nominal value of the shares that have been issued.

Other paid-in capital consists of any premiums received in connection with the initial issue of share capital. Any transaction costs associated with the issuing of shares are deducted from other paid-in capital, net of any related income tax benefits.

The effects of exchange differences on translation of foreign currency are included as a separate component of equity.

Other equity includes current and prior period results as disclosed in the consolidated income statement and other comprehensive income.

3.18 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.

3.19 Related parties
Parties are defined as related parties if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also related if they are subject to common control or common significant influence. All transactions between the related parties are based on the principle of 'arm's length' (estimated market value).

3.20 New standards and interpretations not yet adopted in 2022
There were no new accounting standards and interpretations adopted in 2022 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 2022 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 IFRS 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) 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.

(ii) 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.

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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.

(vii) 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.

5.1 Revenue recognition and measurement of acquired portfolios and other long-term receivables from investments

Distressed asset portfolios are financial instruments that are accounted for under IFRS 9 and are measured at amortized cost using the effective interest 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.

5.2 Valuation of goodwill

Goodwill is tested at least on an annual basis for impairment. If a loss in value is indicated, the recoverable amount is the cash-generating unit's (CGU's) fair value less the cost of disposal or its value in use. When testing goodwill for impairment, Management defines the recoverable amount as the estimated value in use. The value in use is the net present value of the estimated cash flows before tax.

Estimating the financial assets' recoverable amount is based on Management's judgements related to estimates of future performance and cash flows, the interest income generating capacity of the assets and assumptions related to future market conditions.

5.3 Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be recognized. Significant management judgment is required to determine the amount of deferred tax assets that will be recognized, based upon the reliable evidence as to the estimated timing and amount of the future taxable profits.

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.

The table below presents an overview net collections by country.

EUR '000s	2022	2021*
Gross collections	**45,715**	**45,185**
Collection and commission expenses	(5,376)	(6,291)
Net collections by country:		
Croatia	23,318	18,104
Slovenia	3,233	3,837
Hungary	5,478	6,304
Romania	3,602	5,068
Poland	2,749	481
Czech Republic	906	3,430
Serbia	316	330
Bosnia	242	354
Slovakia	19	34
Greece	476	952
Net collections	**40,339**	**38,894**
Interest income	3,393	998
Amortization of invested assets	(24,604)	(23,293)
Interest income on invested assets before revaluation and impairment	**19,128**	**16,599**
Revaluation of invested assets	2,241	5,001
Revenue on invested assets	**21,369**	**21,600**
Share of net profits of associate and joint venture	8,321	3,631
Revenue from management fees and other services	605	100

* *The amount of EUR 998k has been reclassified from Financial income to Interest income on invested assets as relating to interest income towards Omnio on investment under the financial assets held at fair value (see note 18)*

There were no impairments for the full year 2022 (2021:nil).

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		2022	2021*
Croatia	Revenue on invested assets	7,220	4,793
Luxembourg	Revenue on invested assets	3,341	998
Hungary	Revenue on invested assets	3,212	6,292
Slovenia	Revenue on invested assets	2,693	2,907
Poland	Revenue on invested assets	2,048	91
Poland	Revenue from management fees	605	–
Czech Republic	Revenue on invested assets	794	311
Italy	Revenue on invested assets	349	–
Greece	Revenue on invested assets	476	952
Greece	Revenue from management fees	–	–
Romania	Revenue on invested assets	583	3,870
Romania	Revenue from management fees	–	–
Serbia	Revenue on invested assets	372	1,128
Bosnia	Revenue on invested assets	263	226
Slovakia	Revenue on invested assets	18	32
Liechtenstein	Revenue from management fees	–	100
Total revenue on invested assets and revenue from management fees		**21,974**	**21,700**

For the year ended 31 December EUR '000s		2022	2021
Croatia	Share of net profits of joint venture	8,321	2,258
Total share of net profits of joint venture		**8,321**	**2,258**

For the year ended 31 December EUR '000s		2022	2021
Austria	Share of net profits of associate	–	1,373
Total share of net profits of associate		**–**	**1,373**

* *The amount of EUR 998k has been reclassified from Financial income to Interest income on invested assets as relating to interest income towards Omnio on investment under the financial assets held at fair value (see note 18)*

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

EUR '000s	31 December 2022	31 December 2021
Croatia	66,803	83,096
Luxembourg	38,080	23,711
Austria	24,421	26,351
Poland	10,070	5,781
Italy	8,027	5,534
Hungary	6,097	8,325
Romania	5,011	6,926
Sweden	4,553	–
Slovenia	2,251	2,657
Others (Czech Republic, Serbia, Slovakia, Bosnia)	2,417	2,579
Total invested assets	**167,730**	**164,960**

NOTE 8. PERSONNEL EXPENSES

For the year ended 31 December EUR '000s	2022	2021
Salary	4,383	3,378
Social security expenses and other employment expenses	813	656
Expenses related to post-employment benefit commitments	148	85
Total personnel expenses	**5,344**	**4,119**

Compensation (including personnel and consulting expenses) for the Board of Directors amounted to EUR 289k in 2022 (EUR 548k in 2021). Personnel expenses (including accrued variable compensation) for the Executive Management Committee amounted to EUR 1,068k in 2022 (EUR 1,684k in 2021).

At the end of 2022, DDM employed 174 people (2021:11). The average number of employees during 2022 was 87 people (2021:31). The increase in the number of people employed by DDM relates to the consolidation of AxFina from 1 July 2022 (AxFina's employees at the end of 2022 are 163).
All of our staff are permanently employed The gender distribution at the end of 2022 was 44% male, 56% female (2021: 73% male, 27% female). The average age of DDM employees is 39 years (2021:42). The age distribution of employees is shown below:

For the year ended 31 December	2022	2021
Up to 30 years	25%	–
30 – 40 years	30%	27%
41 – 50 years	28%	73%
51 – 60 years	12%	–
60+ years	4%	–

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, Luxembourg and Hungary.

For the year ended 31 December EUR '000s	2022	2021
Consultancy / Service fees	3,937	3,767
Tax and legal services	564	853
Audit fees	381	324
Total consulting expenses	**4,882**	**4,944**

Consultancy / Service fees includes EUR 0.9m (2021: 1.5m) for services expensed under a brokerage contract with DDM Group Finance S.A. during the year ended 31 December 2022. Please refer to note 33 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	2022	2021
Non-deductible VAT	406	791
Administrative expenses	595	690
IT expenses	738	325
Insurance	156	158
Business travel expenses	117	108
Rental expenses	51	10
Other operating expenses	19	130
Total other operating expenses	**2,082**	**2,212**

NOTE 11. NET FINANCIAL EXPENSES

For the year ended 31 December EUR '000s	2022	2021*
Interest expense	19,557	15,239
Amortization of transaction costs	1,155	2,926
Call premium EUR 100M & EUR 33.5M senior secured bonds	–	2,408
Fair value loss on financial assets	1,931	687
Bank charges	334	222
Realized exchange loss	1,202	76
Other financial expenses	2	29
Total financial expenses	**24,181**	**21,587**

For the year ended 31 December EUR '000s	2022	2021*
Unrealized exchange profit	671	271
Realized exchange profit	644	–
Fair value gain on financial assets	205	–
Interest income	75	81
Gain on bonds repurchased	–	–
Total financial income	**1,595**	**352**

For the year ended 31 December EUR '000s	2022	2021*
Total financial expenses	24,181	21,587
Total financial income	(1,595)	(352)
Net financial expenses	**22,586**	**21,235**

* *The amount of EUR 998k has been reclassified from Financial income to Interest income on invested assets as relating to interest income towards Omnio on investment under the financial assets held at fair value (see note 18)*

The increase in interest expense is explained in the table below and in note 27:

For the year ended 31 December EUR '000s	2022	2021
Interest on senior secured bonds 9% (19 Apr 2021 – 19 Apr 2026)	16,951	9,922
Interest on senior secured bonds 9.25% (8 Apr 2019 – 6 May 2021)	–	2,278
Interest on senior secured notes (7 Nov 2018 – 30 Jun 2022)	1,741	2,088
Interest on loan from DDM Group Finance SA	642	–
Interest on senior secured bonds 8% (11 Dec 2017 – 6 May 2021)	–	847
Interest on bonds 3m Wibor + 4% margin (due June 2031)	190	–
Revolving credit facility	–	80
Interest on other loans	33	24
Total interest expense	**19,557**	**15,239**

NOTE 12. TAX EXPENSE

For the year ended 31 December EUR '000s	2022	2021
Current tax		
Current tax on profit for the year	(222)	(338)
Adjustment in respect of prior years	(42)	(6)
Total current tax	**(264)**	**(344)**
Deferred tax		
Origination and reversal of temporary differences	53	(299)
Adjustment in deferred tax assets relating to tax losses carried forward	449	1,386
Total deferred tax	**502**	**1,087**
Tax income / (expense) in income statement	**238**	**743**

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	2022	2021
(Loss) / profit before tax	(5,261)	(7,571)
Tax calculated at 11.85% (Swiss) tax rate (prior year 11.85%)	624	897
Tax effects of:		
Effect of different tax rates	86	(1)
Adjustments for tax losses carried forward	(679)	395
Deferred income tax assets recognized relating to tax losses carried forward	504	202
Adjustments for previous years and other	(297)	(750)
Tax income / (expense) in income statement	**238**	**743**

The Group's effective tax rate was 11.85% at 31 December 2022 (11.85% at 31 December 2021). 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.

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	2022	2021
Net (loss) / profit from continuing operations attributable to owners of the Parent Company	(5,102)	(6,828)
Total	**(5,102)**	**(6,828)**
Weighted average number of ordinary shares	13,560,447	13,560,447
Earnings per share before dilution (EUR)	(0.38)	(0.50)
Total potential dilutive shares	–	–
Weighted average number of shares outstanding – fully diluted	13,560,447	13,560,447
Diluted earnings per share (EUR)	(0.38)	(0.50)

The Board of Directors proposes that no dividend be paid for the 2022 financial year (2021: 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 2022	31 December 2021
Cash and cash equivalents	52,605	65,485
Total	**52,605**	**65,485**

The Company's cash and cash equivalents did not include any restricted cash payable to third parties (2021: nil).

NOTE 15. CURRENT RECEIVABLES

EUR '000s	31 December 2022	31 December 2021
Accounts receivable	513	1,711
Tax assets	197	82
Other receivables	4,504	4,218
Prepaid expenses and accrued income	6,149	2,957
Total current receivables	**11,363**	**8,968**

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

EUR '000s	31 December 2022	31 December 2021
Accounts receivable < 30 days	503	1,650
Accounts receivable 31-60 days	10	1
Accounts receivable 61-90 days	-	45
Accounts receivable > 91 days	-	15
Total accounts receivable	**513**	**1,711**

A provision of EUR 2k (2021: EUR 2k) was made for impairment of accounts receivables in 2022, under the simplified approach permitted under IFRS 9.

Trade and other receivables are presented in the following currencies:

EUR '000s	Currency	31 December 2022	31 December 2021
Accounts receivable	EUR	347	1,161
	HUF	-	474
	RON	-	56
	Other (HRK, CZK)	166	20
Total accounts receivable		**513**	**1,711**
Tax assets	EUR	197	82
	SEK	-	–
Total tax assets		**197**	**82**
Other receivables	EUR	1,641	1,717
	HRK	1,886	1,626
	CHF	917	875
	SEK	60	–
Total other receivables		**4,504**	**4,218**
Prepaid expenses and accrued income	EUR	5,082	2,124
	CHF	1,029	636
	SEK	3	163
	HUF	24	24
	Other (CZK, USD)	10	10
Total prepaid expenses and accrued income		**6,149**	**2,957**
Total current receivables		**11,363**	**8,968**

The Group's overall foreign exchange risk is explained in note 31 "Financial Instruments".

NOTE 16. 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	2022	2021	relationship	method	2022	2021
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	21,540	31,813

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 2022	31 December 2021
Opening net book value	**31,819**	**25,691**
Additions	–	8,521
Share of net profits of joint venture	8,321	2,258
Incremental net distribution from joint venture*	(18,594)	(4,651)
Closing net book value	**21,546**	**31,819**

* the incremental net distribution from the joint venture includes EUR 19.7m (FY 2021: EUR 5.6m) that has been received as a cash distribution during the full year 2022, of which EUR 1.1m relates to 2021 and EUR 18.6m relates to 2022.

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 summarized financial information shown below represents amounts from the Joint Venture's financial statements that were prepared in accordance with IFRS:

EUR '000s	31 December 2022	31 December 2021
Summarised balance sheet		
Non-current assets		
Portfolio investments	58,635	63,541
Current assets		
Cash and cash equivalents	172	3,371
Other current assets	732	–
Total assets	**59,540**	**66,912**
Current liabilities		
Other current liabilities	407	2,145
Total liabilities	**407**	**2,145**
Equity	**59,133**	**64,767**
Total liabilities & equity	**59,540**	**66,912**
Summarised income statement		
Interest income	33,759	4,570
Operating expenses	(62)	(54)
Operating profit	**33,697**	**4,516**
Financial expenses	–	–
Profit before tax	**33,697**	**4,516**
Taxation	–	–
Profit for the year	**33,697**	**4,516**

NOTE 17. DISTRESSED ASSET PORTFOLIOS

EUR '000s	31 December 2022	31 December 2021
Opening accumulated acquisition cost	**319,670**	**292,614**
Acquisitions	10,944	20,198
Acquisitions through business combinations	5,517	–
Reclassification from other long-term receivables from Investments	(4,973)	–
Disposals	–	–
Revaluation (including forex differences)	2,241	6,858
Closing accumulated acquisition cost	**333,399**	**319,670**
Opening accumulated amortization and impairment	**(238,076)**	**(213,362)**
Amortization for the year (including forex differences)	(24,220)	(24,714)
Impairment	–	–
Closing accumulated amortization and impairment	**(262,296)**	**(238,076)**
Closing net book value	**71,103**	**81,594**

The acquisitions through business combinations relate to the AxFina acquisition during the year. Please see note 35.
The acquisitions during the year relate to the investments in distressed assets portfolios in Croatia, for EUR 10.4m and in Romania for EUR 0.5m.

Distressed asset portfolios by currency:

Currency EUR '000s	31 December 2022	31 December 2021
HRK	45,160	51,179
PLN	10,070	5,781
EUR	3,737	9,155
HUF	6,097	8,325
RON	4,347	5,279
RSD	1,508	1,591
CZK	184	284
Total	**71,103**	**81,594**

Included within distressed asset portfolios are approximately EUR 4.5m (2021: 7m) 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 18. FINANCIAL ASSETS AT FAIR VALUE

Equity-traded instruments and other investments that do not meet the criteria under IFRS 9 of cash flows consisting solely of payments of principle and interest (SPPI) and Hold to collect for being measured at amortised cost nor elected at FVTOCI are measured at fair value through profit or loss (FVTPL). Financial assets held at FVTPL are initially recognised and subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses recognised through financial income or expenses respectively in the consolidated income statement.
Dividends are included within financial income and interest income from financial assets held at FVTPL is included within Interest income on invested assets.

The investments in financial assets held at FVTPL are summarized in the table below:

EUR '000s	31 December 2022	31 December 2021
Balance at beginning of the year	**51,547**	–
Reclassification from investment in associates at fair value	–	26,351
Additions	17,757	13,416
Fair value gains/losses	(1,725)	–
Capitalized interests	1,119	–
Reclassification from accounts receivable	–	11,780
Forex exchange differences	45	–
Balance at end of the year	**68,743**	**51,547**

During 2021 DDM made the following investments:
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. 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 12.65/share (13.65/share on 31 December 2021).

During 2022, DDM made the following investments in Financial assets ,
On 14 January 2022 , DDM invested EUR 4.5m in Water By Nordic AB, which is a special purpose vehicle (SPV) located in Sweden. The purpose of this SPV is to invest in a listed Special Purpose Acquisition Company (SPAC). The Company has classified this investment as a financial asset at fair value, as DDM determined that they do not have control over the investee consistent with IFRS 10.
During the year 2022, DDM further invested a total EUR 13.3m in the Omnio investment, these increases were in line with the investment strategy adopted in 2021, which is to further support Omnio's growth plans.

Both Water By Nordic AB and the Omnio investments are classified as Level 3 financial, since they have unobservable inputs. The are further valued at fair value also because the underlying invested assets do not meet the criteria under IFRS 9 of cash flows consisting solely of payments of principle and interest (SPPI).

NOTE 19. OTHER LONG-TERM RECEIVABLES FROM INVESTMENTS

In December 2021, a bridge loan was granted by DDM to Borgosesia in order to acquire a secured non-performing loan in Italy for EUR 4.5m. The receivable was booked as distressed asset portfolio as at 31 December 2021.
On 22 April 2022, upon completion of the transaction, DDM subscribed EUR 4.5m of notes issued by an Italian Securitization vehicle (BGS Securites Srl) owned by Borgosesia Spa and reclassified the amount to Other long-term receivables.
A further investment of EUR 1.5m was made on 12 December 2022 in additional notes issued by BGS Securities Srl.
Both investments are part of the strategic, industrial and financial partnership between Borgosesia Spa and DDM, aimed at developing investments in real estate assets deriving from special situations and non-performing loans secured by mortgages in Italy.

DDM and Borgosesia Spa are co-investors in the notes issued by BGS Securities at 90% and 10% respectively. As part of the partnership, BGS Securities Srl will exclusively entrust, Borgosesia Spa and its subsidiaries with the servicing activities connected to the collection of the distressed asset portfolio.

During 2022 the Group has reclassified its investment in the Italian portfolio from distressed asset portfolio to other long-term receivable from investments (see note 18), being the investment in argument represented by assets-backed notes (ABS) issued by an Italian securitization vehicle.

EUR '000s	31 December 2022	31 December 2021
Opening accumulated acquisition cost	–	–
Reclassification from distressed asset portfolios	4,973	–
Acquisitions	1,500	
Revaluation (including forex differences)	–	–
Closing accumulated acquisition cost	6,473	–
Opening accumulated amortization and impairment	–	–
Amortization for the year (including forex differences)	(135)	–
Closing accumulated amortization and impairment	(135)	–
Closing net book value	**6,338**	**–**

Other long-term receivables from investments by currency:

Currency EUR '000s	31 December 2022	31 December 2021
EUR	6,338	–
Total	6,338	–

NOTE 20. TANGIBLE ASSETS

EUR '000s	Furniture	Computer hardware	Total
Year ended 31 December 2022			
at 1 January 2022	**48**	**20**	**68**
Additions	–	115	**115**
Acquired through Bus. Comb. - Cost	–	136	**136**
Acqu. through Bus. Comb. - Accum Depr.	–	(21)	**(21)**
Disposals	–	–	**–**
Depreciation	(19)	(37)	**(56)**
Impairment	–	–	**–**
at 31 December 2022	**29**	**213**	**242**
At cost	126	497	**623**
Accumulated depreciation	(97)	(284)	**(381)**
Net book value at 31 December 2022	**29**	**213**	**242**

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**

The acquisitions through business combinations relate to the AxFina acquisition during the year. Please see note 35.

NOTE 21. RIGHT-OF-USE ASSETS

EUR '000s	Office premises	Motor vehicles	Office equipment	Total
Year ended 31 December 2022				
at 1 January 2022	**145**	**–**	**1**	**146**
Additions	–	48	–	**48**
Acquired through Bus. Comb. - Cost	710	–	–	**710**
Acqu. through Bus. Comb. - Accum Depr.	(109)	–	–	**(109)**
Disposals	–	–	–	**–**
Depreciation	(178)	(14)	(1)	**(193)**
Forex exchange differences and others	1	–	–	**1**
at 31 December 2022	**569**	**34**	**–**	**603**
At cost	1,078	108	7	**1,193**
Accumulated depreciation	(509)	(74)	(7)	**(590)**
Net book value at 31 December 2022	**569**	**34**	**–**	**603**

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**

The acquisitions through business combinations relate to the AxFina acquisition during the year. Please see note 35.

The majority of the underlying right-of-use assets in DDM's operating leases are office buildings, the majority of which located in Austria, Hungary and Romania, following AxFina acquisition.

Right-of-use assets are measured at cost with an initial measurement amount equal to the lease liability see note 26.

NOTE 22. GOODWILL

The Company tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Goodwill is allocated to the two cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The goodwill relates to the acquisition of 50% of DDM Group AG in the year 2012 (EUR 4.2m), and to the acquisition of the 50.16% AxFina during 2022 (EUR 11m) (see note 35).

The recoverable amount of each 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 12.2% (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 2022 (exceeded the carrying value in 2021). The goodwill impairment assessment is sensitive to changes in estimates.
The value-in-use estimates are most sensitive to changes in projected net cash flows or a decrease in the assumed terminal growth rates. The projected net cash flows will need to decrease by c.50% for AxFina and by 21% (2021: 25%) for DDM; or the terminal growth rate will need to decrease to c.-50% for AxFina and -2.5% (2021 -3%) for DDM (each change taken in isolation), to erase the headroom and result in an impairment loss.

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 2022	
at 1 January 2022	**4,160**
Additions	11,022
Disposals	–
Impairment	
Foreign exchange differences	1
at 31 December 2022	**15,183**
At cost	15,183
Accumulated impairment	–
Net book value at 31 December 2022	**15,183**
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**

NOTE 23. INTANGIBLE ASSETS

EUR '000s	IT software	Others	Total
Year ended 31 December 2022			
at 1 January 2022	**782**	**–**	**782**
Additions	151	–	151
Acquired through Bus. Comb. - Cost	643	362	1,005
Acqu. through Bus. Comb. - Accum Depr.	(85)	–	(85)
Disposals	–	–	–
Amortization	(326)	(87)	(413)
Impairment	–	–	–
at 31 December 2022	**1,165**	**275**	**1,440**
At cost	3,019	362	3,381
Accumulated amortization	(1,854)	(87)	(1,941)
Net book value at 31 December 2022	**1,165**	**275**	**1,440**
Year ended 31 December 2021			
at 1 January 2021	**1,043**	**–**	**1,043**
Additions	–	–	–
Disposals	–	–	–
Amortization	(261)	–	(261)
Impairment	–	–	–
at 31 December 2021	**782**	**–**	**782**
At cost	2,225	–	2,225
Accumulated amortization	(1,443)	–	(1,443)
Net book value at 31 December 2021	**782**	**–**	**782**

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 2022 is 2 years.
The acquisitions through business combinations relate to the AxFina acquisition during the year. Please see note 35.
The item "Others" refers to customers related servicing contracts (see note 5).

NOTE 24. OTHER NON-CURRENT ASSETS

Other non-current assets by currency:

EUR '000s	31 December 2022	31 December 2021
EUR	816	1,315
CHF	–	41
PLN	301	–
Total	**1,117**	**1,356**

NOTE 25. CURRENT LIABILITIES

EUR '000s	Less than 3 months	3 - 12 months	Total
at 31 December 2022			
Accounts payable	532	2,145	**2,677**
Tax liabilities	20	229	**249**
Accrued interest	–	4,621	**4,621**
Accrued expenses and deferred income	914	1,547	**2,461**
Lease liabilities	26	261	**287**
Loans	–	9,175	**9,175**
Total current liabilities	**1,492**	**17,978**	**19,470**
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**

Current liabilities are presented in the following currencies:

EUR '000s	Currency	31 December 2022	31 December 2021
Accounts payable	CHF	958	1,175
	EUR	724	693
	CZK	7	24
	Other (RON, HRK, SEK)	988	98
Total accounts payable		**2,677**	**1,990**
Tax liabilities	EUR	189	256
	HRK	–	158
	CHF	21	155
	RSD	39	–
Total tax liabilities		**249**	**569**
Accrued interest	EUR	4,621	5,548
Total accrued interest		**4,621**	**5,548**
Accrued expenses and deferred income	CHF	761	1,477
	EUR	823	976
	HRK	376	106
	SEK	–	5
	HUF	278	–
	Other (RSD, CZK)	223	133
Total accrued expenses and deferred income		**2,461**	**2,697**
Lease liabilities	CHF	79	86
	EUR	46	–
	HRK	20	–
	RON	61	–
	HUF	67	–
	PLN	14	–
Total lease liabilities		**287**	**86**
Loans	EUR	9,175	17,842
Total loans		**9,175**	**17,842**
Total current liabilities		**19,470**	**28,732**

NOTE 26. LEASE LIABILITIES

Amounts in EUR '000s	Current lease liabilities	Non-current lease liabilities	Total
Year ended 31 December 2022	**86**	**83**	**169**
At 1 January 2022			
Additions	–	–	–
Acquired through Bus. Combniations	140	420	560
Reclassifications	70	(70)	–
Disposals	–	–	–
Cash flow	(10)	(96)	(106)
Interest expense	1	27	28
At 31 December 2022	**287**	**364**	**651**
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**

The acquisitions through business combinations relate to the AxFina acquisition during the year. Please see note 35.
Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

NOTE 27. 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	Beyond 5 years	Total
at 31 December 2022							
Bond loan, 9%	–	–	–	184,449	–	–	**184,449**
Senior secured notes	8,809	–	–	–	–	–	**8,809**
Borrowing, DDM Group Finance S.A.	–	11,070	–	–	–	–	**11,070**
Bond Loan	366	559	505	457	465	1,445	**3,797**
Total	**9,175**	**11,629**	**505**	**184,906**	**465**	**1,445**	**208,125**
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**

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.

Senior secured notes EUR 18m

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

Bond loan EUR 6m

The bond loan of EUR 3,797k is a non-interest bearing loan which was taken on as part of the acquisition of AxFina, which in its turn took over the financial liability when acquiring its Polish subsidiary, Raport S.A. The bond loan is measured at amortized cost using the effective interest method. Since the bond as per restructuring agreement does not have an interest component a reference interest rate was applied.

Borrowing, DDM Group Finance S.A. EUR 11.1m

During the year DDM Finance AB entered into a loan agreement with DDM Group Finance S.A. for an amount of EUR 11.1m, at an annual interest rate of 12% (see note 35).

NOTE 28. 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 2022				
At 1 January 2022	**65,485**	**(17,842)**	**(183,452)**	**(135,809)**
Cash flow	(21,371)	9,365	(11,070)	**(23,076)**
Items acquired from purchase of subsidiary	7,537	(162)	(3,538)	**3,837**
Reallocation from non-current to current borrowings	–	(378)	378	**–**
Discount value of finance expense	–	–	(195)	**(195)**
Amortization of transaction costs (non-cash)	–	(158)	(996)	**(1,154)**
Exchange movements	954	–	(77)	**877**
At 31 December 2022	**52,605**	**(9,175)**	**(198,950)**	**(155,520)**
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)**
Amortization of transaction costs (non-cash)	–	(17,689)	17,689	**–**
Other non-cash movements	–	(681)	(2,245)	**(2,926)**
Exchange movements	(128)	–	–	**(128)**
At 31 December 2021	**65,485**	**(17,842)**	**(183,452)**	**(135,809)**

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

Amounts in EUR '000s	2022	2021
Increase / (decrease) in cash and cash equivalents	(21,371)	34,197
Cash acquired from purchase of subsidiary	7,537	–
Borrowing acquired from purchase of subsidiary	(3,700)	–
Increase in external borrowings	(11,070)	(182,756)
Capitalized written procedure costs	–	–
Repayment of external borrowings	9,365	122,590
Change in net debt resulting from cash flows	(19,239)	(25,969)
Amortization of transaction costs (non-cash)	(1,154)	(2,926)
Discount value of finance expense	–	–
Other non-cash movements	(195)	–
Exchange movements	877	(128)
Movement in net debt during the year	(19,711)	(29,023)
Opening net debt	**(135,809)**	**(106,786)**
Closing net debt	**(155,520)**	**(135,809)**

NOTE 29. 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 2022, 9 employees and in 2021, 10 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 2022	31 December 2021
Balance sheet commitments for:		
– Post-employment benefit commitments	(882)	(1,389)
Income statement charge for:		
– Post-employment benefit commitments	(148)	(85)

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

EUR '000s	31 December 2022	31 December 2021
Defined benefit obligation	(2,754)	(2,981)
Fair value of plan assets	1,872	1,592
Deficit of funded plans	**(882)**	**(1,389)**
Post-employment benefit commitments	**(882)**	**(1,389)**

NOTE 29. 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 2022	**(2,981)**	**1,592**	**(1,389)**
Current service cost	(332)	–	**(332)**
Past service cost - plan amendments	–	–	**–**
Interest (expense) / income	(3)	2	**(1)**
	(335)	**2**	**(333)**
Re-measurements:			
– Return on plan assets greater / (less) than the discount rate	–	(101)	**(101)**
– Gain / (loss) from change in demographic assumptions	–	–	**–**
– Gain / (loss) from change in financial assumptions	1,049	–	**1,049**
– Experience gains / (losses)	(217)	–	**(217)**
	832	**(101)**	**731**
Contributions:			
– Employer	–	166	**166**
– Plan participants	(166)	166	**–**
Payments from plans:			
– Benefit payments	38	(38)	**–**
Past service cost			
– Plan amendments	15	-	**15**
Translation differences	(157)	85	**(72)**
at 31 December 2022	**(2,754)**	**1,872**	**(882)**
at 1 January 2021	**(2,582)**	**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)**

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 2022:

		Sensitivity analysis	Effect on DBO, EUR '000s 31 December 2022	Effect on DBO, EUR '000s 31 December 2021
Discount rate	0.25%	0.25% increase	(76)	(154)
Discount rate	0.25%	0.25% decrease	76	167
Mortality	BVG 2020 Generational tables with CMI 2018	Increase of 1 year in expected lifetime of plan participants at age 65	15	30
Mortality	BVG 2020 Generational tables with CMI 2018	Decrease of 1 year in expected lifetime of plan participants at age 65	(14)	(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	21.80	23.54
65 in 15 years	23.04	24.75

Retirement

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

The significant actuarial assumptions were as follows:

	2022	2021
Discount rate	2.20%	0.10%
Price inflation	1.25%	1.00%
Salary increases	3.25%	3.00%
Future increases in social security	1.50%	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.

NOTE 29. POST-EMPLOYMENT BENEFIT COMMITMENTS... continued

Companies within the Swiss regulatory environment have substantial freedom to define their pension plan design (e.g. with regards to the salary covered, level of retirement credits, or even overall plan design) provided the benefits are always at least equal to the minimum requirements as defined by the law (second pillar mandatory minimum benefits). Most employers provide higher benefits than those required by law. The minimum level of retirement benefit is expressed by a cash balance formula with age-related contribution rates (or "retirement credits") on an insured salary defined by law and a required interest crediting rate, which is set by the government (1.00% in 2022 and 2021). 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 2022 and 2021) 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 164k
2) Plan participants EUR 164k
The weighted average duration of post-employment benefit commitments is 17.5 years.
Maturity profile of post-employment benefit commitments:

Expected benefit payments during the fiscal year ending:	**EUR '000s**
31 December 2023	129
31 December 2024	137
31 December 2025	146
31 December 2026	151
31 December 2028	155
31 December 2028 through 31 December 2032	826

Analysis of post-employment benefit commitments by participant category:
1) Active participants: EUR 2,754k
2) Deferred participants: EUR -
3) Pensioners: EUR -
Plan asset information:

	Allocation percentage 31 December 2022	**Allocation percentage 31 December 2021**
Equity securities	33.00%	30.37%
Debt securities	32.00%	30.35%
Real estate-property	15.00%	15.62%
Cash and cash equivalents	1.00%	0.40%
Derivatives	–	–
Other	19.00%	23.26%
Total	**100.00%**	**100.00%**

The majority of the plan assets are fair valued at 31 December 2022 based on quoted prices in active markets.

NOTE 30. 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 2022	**2,025**	**163**	**81**	**2,269**
Acquired through Business Combination	550	–	–	**550**
(Charged) / credited to the Income statement	449	–	24	**473**
(Charged) / credited to Other comprehensive income	–	(60)	–	**(60)**
Foreign exchange differences and other movements	151	–	–	**151**
at 31 December 2022	**3,175**	**103**	**105**	**3,383**
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**

Deferred tax liabilities EUR '000s	**Invested assets**	**Total**
at 1 January 2022	**(629)**	**(629)**
Acquired through Business Combination	(661)	(661)
(Charged) / credited to the Income statement	29	29
(Charged) / credited to Other comprehensive income	–	–
Foreign exchange differences and other movements	29	29
at 31 December 2022	**(1,232)**	**(1,232)**
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)**

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.

NOTE 31. 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 depending 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 2022	31 December 2021
Assets	**Fair value and carrying value of financial instruments**			
Accounts receivable	Financial assets at amortized cost	Level 2	513	1,711
Other receivables	Financial assets at amortized cost	Level 2	4,505	4,218
Distressed asset portfolios and other long-term receivables from investments:	Financial assets at amortized cost	Level 3	77,441	81,594
Financial assets at fair value	Financial assets at fair value	Level 1	26,119	27,835
Financial assets at fair value	Financial assets at fair value	Level 3	42,633	23,712
Liabilities	**Fair value and carrying value of financial instruments**			
Accounts payable	Financial liabilities at amortized cost	Level 2	2,677	1,990
Other payables	Financial liabilities at amortized cost	Level 2	7,331	8,814
Lease liabilities	Financial liabilities at amortized cost	Level 2	651	169

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 2022				
Senior secured notes	Financial liabilities at amortized cost	Level 2	8,809	8,809
Borrowing, DDM Group Finance S.A.	Financial liabilities at amortized cost	Level 2	11,070	11,070
Bond loan	Financial liabilities at amortized cost	Level 2	5,896	3,797
Bond loan, 9%	Financial liabilities at amortized cost	Level 2	114,990	184,449
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

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 2022	31 December 2021
Balance at beginning of the year	**23,712**	–
Additions	17,803	11,932
Interest capitalized	1,118	–
Reclassification from accounts receivable	–	11,780
Balance at end of the year	**42,633**	**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 0.708/share on 31 December 2022 (EUR 0.66/share on 31 December 2021). The Addiko Bank shares, which were was reclassified from investment in associates and measured on 17 December 2021, were accounted at a closing price of EUR 12.65/share on 31 December 2022 (EUR 12.65/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.

During 2022 DDM further invested in Omnio total EUR 13.3m, to further support Omnio's growth plans.

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 2022. 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; additionally, an independent expert was appointed to appraise and support the enterprise value of Omnio.

In early 2023, Omnione SA finalized a funding round in the form of a capital increase of EUR 9m, whch involved for the largest part third party investors, In parallel with this funding round the capital setup of Omnione was restructured by converting the outstanding Convertible Bonds as well as most of the outstanding loan into shares of Omnione S.A.

The EUR 9m fundraising was priced at EUR 26.39 per share, which is equivalent to a pre-capital increase (but post debt conversion) equity value of Omnione of EUR 60m: The valuation has been also supported by the appraisal of an independent expert.

On 14 January 2022 , DDM EUR 4.5m to an investment in Water By Nordic AB, a special purpose vehicle located in Sweden, which is investing in a listed SPAC. The Company has qualified the investment as financial assets at fair value, assessed the substance of a "pass through vehicle", with no control, over the investee. The Management performed analysis around the probabilities of a successful business combination of the SPAC, as key valuation parameter, taking into consideration, amongst others, the market scenarios for analogue type of transactions.

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.

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 2022	31 December 2021
Cash and cash equivalents	52,605	65,485
Accounts receivable	513	1,711
Distressed asset portfolios and other long-term receivables from investments	77,441	81,594
Financial assets at fair value	68,743	51,547
Total	**199,302**	**200,337**

At 31 December 2022 the majority of the DDM group bank accounts were held with banks with credit ratings ranging from A+ to BB- (at 31 December 2021: 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 27) 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 2022	27,115	32,008	17,640	194,218	3,461	**274,442**
At 31 December 2021	38,203	16,956	16,956	210,490	–	**282,605**

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.

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 2022 Actual Amount	10% appreciation	10% depreciation	31 December 2021 Actual Amount	10% appreciation	10% depreciation
CHF	Assets	39,453	(3,945)	3,945	3,145	(315)	315
	Liabilities	(2,488)	249	(249)	(4,995)	500	(500)
	Net	**36,965**	**(3,696)**	**3,696**	**(1,850)**	**185**	**(185)**
CZK	Assets	214	(21)	21	1,494	(149)	149
	Liabilities	(7)	1	(1)	(24)	2	(2)
	Net	**207**	**(20)**	**20**	**1,470**	**(147)**	**147**
HRK*	Assets	48,184	–	–	59,475	(5,948)	5,948
	Liabilities	(496)	–	–	(118)	12	(12)
	Net	**47,688**	**–**	**–**	**59,357**	**(5,936)**	**5,936**
HUF	Assets	6,514	(651)	651	10,882	(1,088)	1,088
	Liabilities	(462)	46	(46)	–	–	–
	Net	**6,052**	**(605)**	**605**	**10,882**	**(1,088)**	**1,088**
PLN	Assets	10,253	(1,025)	1,025	6,511	(651)	651
	Liabilities	(1,309)	131	(131)	(106)	11	(11)
	Net	**8,944**	**(894)**	**894**	**6,405**	**(640)**	**640**
RON	Assets	4,633	(463)	463	7,803	(780)	780
	Liabilities	(264)	26	(26)	(11)	1	(1)
	Net	**4,369**	**(437)**	**437**	**7,792**	**(779)**	**779**
RSD	Assets	1,659	(166)	166	2,326	(233)	233
	Liabilities	(265)	27	(27)	(27)	3	(3)
	Net	**1,394**	**(139)**	**139**	**2,299**	**(230)**	**230**
RUB	Assets	10	(1)	1	9	(1)	1
	Liabilities	(1)	–	–	–	–	–
	Net	**9**	**(1)**	**1**	**9**	**(1)**	**1**
SEK	Assets	4,641	(464)	464	175	(18)	18
	Liabilities	–	–	–	(91)	9	(9)
	Net	**4,641**	**(464)**	**464**	**84**	**(9)**	**9**
USD	Assets	3	–	–	21	(2)	2
	Liabilities	(7)	1	(1)	(10)	1	(1)
	Net	**(4)**	**1**	**(1)**	**11**	**(1)**	**1**

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

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 18 "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 2022. The analysis is based on the performance of the STOXX Europe 600 Index that decreased by 13% during the full year 2022, 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 2022	31 December 2021
STOXX Europe 600 Index – increase 13% (2021: 21%)	3,410	6,030
STOXX Europe 600 Index – decrease 13% (2021: 21%)	(3,410)	(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".

NOTE 32. EQUITY

EUR '000s	Number of shares (quantity)	Share capital	Share premium	Total
at 1 January 2021	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
Issue of additional shares	–	–	–	–
at 31 December 2022	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 3^{ter}) 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 3^{bis}) 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 3^{bis}) 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. The Annual General Meeting on 23 June 2022 resolved to amend DDM Holding AG's articles of association for the purpose of extending 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 22 June 2024. 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 17 September 2022 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.

	Authorized capital (number of shares) Article 3^{bis}	Conditional capital (number of shares) Article 3^{quater}	Conditional capital (number of shares) Article 3^{ter}
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 2022	**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.

NOTE 33. 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	2022	2021
Income Statement	Consulting expenses	Erik Fällström and Andreas Tuczka (and owned companies)	(912)	(1,101)
		Florian Nowotny (and owned companies)	(125)	(110)
	Financial expenses	Erik Fällström and Andreas Tuczka (and owned companies)	–	(1,010)
Income Statement, Total			**(1,037)**	**(2,221)**

For the year ended 31 December EUR '000s	Type of transaction	Name	2022	2021
Balance Sheet	Capitalized transaction costs	Erik Fällström and Andreas Tuczka (and owned companies)	(3,978)	(3,130)
Balance Sheet, Total			**(3,978)**	**(3,130)**

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 1.8m (FY 2021: EUR 4.2m) of brokerage fees were charged during the year of 2022.

During 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 (2021: EUR 0.1m) which have been recognized in consultancy expenses in 2022.

During 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. During 2022 DDM released EUR 0.5m (31 December 2021: EUR 1.6m) of accrued expenses and deferred income recognized during 2020 following the restructured investment in the Greek NPL transaction, of which EUR 0.5m (FY 2021: 1.0m) was recognized to net collections.
Transactions between DDM Group companies (fully consolidated) and Artemis Finance Holding (and its subsidiaries) were as follows:

EUR '000s		31 December 2022	31 December 2021
Income Statement	Net collections	476	952

EUR '000s		31 December 2022	31 December 2021
Balance sheet	Accounts receivable	–	–
	Accrued expenses and deferred income	–	(476)
Balance sheet, Total		**–**	**(476)**

On 6 July 2022, DDM Debt AB (publ), a 100% indirect subsidiary of DDM Holding AG, acquired 50.16% of the issued share capital of AxFina Holding SA from DDM Group Finance S.A. (see note 35).

During 2022 the DDM Group invested a total of EUR 13.3m (2021: 7.9m) into Omnione S.A., which lead to a total exposure to Omnio as of 31 December 2022 of EUR 41.0m (2021: 24.8m).
In early 2023, Omnione SA finalized a funding round in the form of a capital increase of EUR 9m, which involved for the largest part third party investors.In parallel with this funding round the capital setup of Omnione was restructured by converting the outstanding Convertible Bonds as well as most of the outstanding loan into shares of Omnione S.A.
The EUR 9m fundraising was priced at EUR 26.39 per share, which is equivalent to a pre-capital increase (but post debt conversion) equity value of Omnione of EUR 60m. See also note 32.

During the year DDM Finance AB entered into a loan agreement as borrower with DDM Group Finance S.A. (as lender) for an amount of EUR 11.1m, for which EUR 0.6m of finance expense were recognized during 2022 (2021: nil).

In December 2022 the Company entered into an agreement with Zalent Co. Limited in connection with a short-term secured shares loan agreement of 400,000 ordinary shares of Addiko Bank AG; the shares were lent to an interest rate on 15% on the EUR equivalent value of the shares on the closing price on 6 December 2022 of EUR 11.45.

NOTE 34. 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.

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 2022	319	232	151	**702**
At 31 December 2021	92	109	–	**201**

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 2022 and 31 December 2021.

NOTE 35. 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.

On 6 July 2022, DDM Debt AB (publ) ("DDM"), a 100% subsidiary of DDM Holding AG, acquired 50.16% of the issued share capital of AxFina Holding S.A. ("AxFina"), a pan European debt servicing provider. AxFina is a key partner for DDM's loan portfolios. In addition to its core debt servicing solutions, AxFina is also providing business outsourcing services and digital debt management solutions to multiple industries. The acquisition of AxFina allows DDM to profit from the intended growth of the service revenues of AxFina, both in (third party) debt servicing as well as in digital solutions, which complement the asset intensive business of DDM. AxFina will also facilitate new market entries for DDM (e.g. in Poland, where AxFina has recently established a presence).

By taking a direct stake in its key debt servicing partner, DDM is following a well-established industry practice and expects its core NPL business to benefit from a closer collaboration between DDM and AxFina.

The goodwill of EUR 11,022 thousand is therefore attributable to the access to new markets, workforce and the expected future profitability of the acquired business.
The fair value of acquired assets and assumed liabilities recognized as a result of the acquisition are as follows:

Acquired net assets	EUR'000
Fixed assets	1,036
Distressed asset portfolios	5,606
Cash and cash equivalent	7,537
Other assets	2,556
Fair value of total assets	**16,735**
Financial liabilities	(6,415)
Trade payables	(511)
Other liabilities	(3,792)
Fair value of total liabilities	**(10,718)**
Fair value of total net assets	**6,017**
Fair value of acquired net assets (50,16%)	**3,018**
Goodwill on acquisition	**11,022**
Total purchase consideration	**14,040**

The goodwill on acquisition was consolidated using provisional values allocated by management to their respective identifiable assets and liabilities based on currently available data as at the date of acquisition. Considering that the date of the transaction is 6 July 2022, the reference date used for the PPA is the financial position as at 30 June 2022.
The fair value of the assets acquired mainly includes: i) the cash and cash equivalents held at bank at acquisition; ii) distressed asset portfolios relating to unsecured portfolios acquired in Hungary, Poland and Romania; and iii) fixed assets which mainly relate to customer list acquired by AxFina in Poland.
The fair value of the liabilities assumed at acquisition includes amounts payable to banks leasing companies and loans for an amount of EUR 6,415k.
The fair value of the other liabilities assumed at acquisition principally relates to accrued expenses & deferred income of EUR 3,792k and trade payables of EUR 511k.
The cash consideration at the date of acquisition amounted to EUR 13,515k. An amount of EUR 525k was settled on a non-cash basis. Acquisition-related costs were not material and were recognized directly in the income statement under consulting expenses and in operating cash flows in the statement of cash flows.

Outflow of cash to acquire subsidiary, net of cash acquired	EUR'000
Cash paid	(13,515)
Less cash & cash equivalents acquired	7,536
Net outflow of cash – investing activities	**(5,979)**

NOTE 36. 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 2022	31 December 2021
Opening balance	–	**704**
Provisions acquired	–	–
Unutilised amounts reversed	–	–
Deconsolidation	–	(704)
Closing balance	–	–

NOTE 37. SHARE-BASED COMPENSATION

Employee Stock Option Plan ("ESOP 2021")

In July 2021, DDM Group Finance S.A., the parent company of DDM Holding AG, established an Employee Stock Option Plan ("ESOP 2021"). The ESOP 2021 is a share-based compensation plan where employees and certain members of the Executive Management of the wider DDM Group receive additional compensation in the form of share-based payments, whereby they render services as consideration for DDM Group Finance S.A's equity instruments (equity-settled transactions). The ESOP is designed to provide long-term incentives for employees and members of the Executive Management to deliver long-term shareholder returns.

Based on a current number of shares outstanding of DDM Group Finance S.A 13,560,447, the maximum number of shares that can be delivered under the ESOP 2021 shall not exceed 2,207,515 Shares (corresponding to 14% of the total number of shares outstanding following the exercise of the options). The amount of options that will vest for the option term exercisable until 30 April 2024 depends on fair market value of DDM Group Finance S.A's share price with a performance hurdle of EUR 7.37 per share equivalent to a minimum equity value of EUR 100M for 100% of the DDM Group Finance Group:

< EUR 7.37: 0% of the total Shares are available

≥ EUR 7.37: 8.0% of the total Shares are available

> EUR 7.37 and < EUR 36.87: Linear Interpolation

≥ EUR 36.87: 14.0% of the total Shares are available

Once vested, the options remain exercisable until 30 April 2024. Options are granted under the plan for no consideration and carry no dividend or voting rights. The exercise price of options in DDM Group Finance S.A is EUR 3.98 per share equivalent to an equity value of EUR 54.0M for 100% of the DDM Group Finance Group. Options are exercisable if the shares are listed, in case of an exit event, which is a change of control or Initial Public Offering ("IPO") and otherwise determined by the Remuneration Committee. According to the terms of the plan, the exercise price may not be lower than the fair market value of a share on the grant date, but it may be equal to or higher than such fair market value.

Fair value of options at initial grant date

The assessed fair value at the grant date of options granted on 1 August 2021 was EUR 1.99 per option equivalent to an equity value of EUR 27.0M for 100% of the DDM Group Finance Group. The fair market value of DDM Group Finance Group at the initial grant date was independently determined by a third-party valuer.

Fair value of options at vesting date

The assessed fair value at the vesting date of options on 30 April 2024 is below the minimum valuation threshold needed for the exercise of the option. The Management assessed 0% probability of the market condition to be reached in all reasonable scenarios, as described below.

Expenses arising from share-based payment transactions

Nil employee benefit expenses have been recognised arising from share-based payment transactions recognised during the financial year ended 31 December 2022 (FY 2021: nil), given that the fair market value of DDM Group Finance S.A is expected to remain significantly below the performance hurdle for the valuation of the DDM Group Finance Group throughout the remaining vesting period.

Sensitivity

The key assumptions to the fair market value of DDM Group Finance Group are those regarding the expected price volatility of the DDM Holding AG shares, future cashflows of AxFina and the pre-tax rate used to discount the forecast cash flows of 15% and a growth rate for the forecast cash flows of 2%. The fair market value assessment is highly sensitive to changes in estimates.

Set out below are summaries of options outstanding under the plan:

	1 January – 31 December 2022		1 January – 31 December 2021	
	Average exercise price per share option (EUR)	Number of options	Average exercise price per share option (EUR)	Number of options
As at 1 January	**3.98**	**518,760**	–	–
Granted during the period	–	–	3.98	518,760
Added from consolidation of AxFina	3.98	411,904	3.98	518,760
Forfeited during the period	–	–	–	–
Exercised during the period	–	–	–	–
Expired during the period	–	–	–	–
As at 31 December	**3.98**	**930,664**	**3.98**	**518,760**
Exercisable at 31 December	3.98	–	3.98	–

On 1 August 2021, 930,664 share options (at the maximum reachable level) were granted under the ESOP 2021 out of the maximum available 2,207,515 shares that can be exercised at price of EUR 3.98 per share. The weighted average share price of DDM Group Finance S.A at the initial grant date was assessed at EUR 1.99 per share. As at 31 December 2022, a total of 713.270 share options have vested and 217.395 share options will vest for the remaining vesting period to 30 April 2023. As at 31 December 2022, the weighted average share price of DDM Group Finance S.A until the maximum exercise date (31 March 2024) was assessed to be below the performance hurdle of EUR 7.37 per share and therefore at 31 December 2022 nil share options could be exercised.

No compensation expense was recorded in DDM Holding AG consolidated financial statements for the year 2022 (2021: nil).

NOTE 38. SUBSEQUENT EVENTS

On 8 February, DDM agreed with Nordiska Kreditmarknadsaktiebolaget (publ) ("Nordiska") a revolving credit facility for general corporate purposes at a variable interest rate equal to EURIBOR Plus a 3.5% margin with repayment date no later than 30 June 2025. The full amount was drawdown on the same date.

On 13 February, DDM received from OmniOne S.A. the conversion notice in respect of the conversion of DDM's outstanding bond in OmniOne, equal to EUR 17,334,464.00, in exchange of 685,426 shares in OmniOne. New Shares were issued and regularly registered on 26 January

On 24 February OmniOne successfully concluded a capital increase of EUR 9m at a pre-money valuation of EUR60m. DDM contributed EUR 4m in exchange of 151,573 new shares. On the same date, as a further contribution to the stabilization and success of OmniOne S.A., DDM subscribed 473,949 new shares converting the majority of its existing loan towards Omnione S.A. into equity.

On 3 April, Florian Nowotny informed the Board that he has decided to step down from his position as CEO. The Board of Directors thanks Mr. Nowotny for his commitment and his valuable contribution to the Company. From the same date, Dr. Andreas Tuczka (Chairman of the Board of Directors) assumed the role of Executive Chairman on an interim basis and lead the company together with Fredrik Olsson, Chief Financial Officer, and Alessandro Pappalardo, Chief Investment Officer, until a permanent CEO-successor is announced. Florian Nowotny has agreed to ensure a smooth hand over of his role and will remain as an advisor during a transition period.

On 6 April, DDM acquired an additional 25% of the share capital of AxFina Holding SA ("AxFina"), taking its total holding in AxFina to 75%. The seller of the stake in AxFina is DDM Group Finance S.A.

On 7 April, DDM have been informed by Nordiska that it is aborting the process regarding a combination of Nordiska with Swiss Bankers and Omnio. As a result, also the intended acquisition of a minority stake in Nordiska by DDM is on hold.

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

Report of the statutory auditor

to the General Meeting of DDM Holding AG

Zug, Switzerland

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, the consolidated statement of comprehensive income for the year ended 31 December 2022, the consolidated balance sheet as at 31 December 2022, the consolidated statement of changes in equity, the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 28 to 62) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

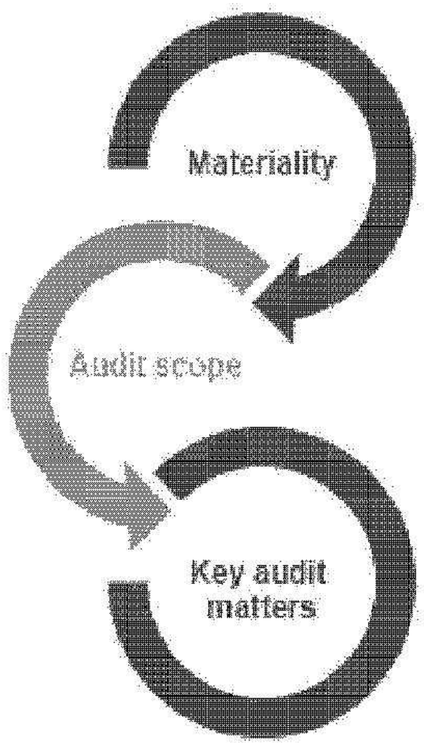
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). 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) issued by 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 2'530'000

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 matters the following areas of focus have been identified:

- Valuation of distressed assets and recognition of revenue on invested assets;
- Valuation of Goodwill

PricewaterhouseCoopers AG, Robert-Zünd-Strasse 2, Postfach, 6002 Luzern, Switzerland
Telefon: +41 58 792 62 00, www.pwc.ch

PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

Context of our audit 2022

The context of our audit is set by the Group's major activities and business transactions which took place during the reporting period. We determined the valuation of the invested assets and revenue on invested assets have been significant activities during the year. Additionally, we assessed the Goodwill balance which increased during the year as a result of a business combination as a significant event during the year.

We therefore considered the valuation of distressed assets, the recognition of revenue on invested assets and the Goodwill valuation as key audit matters.

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 2'530'000
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 Board of Directors that we would report to them misstatements above EUR 242'000 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 most significant position in the financial statements. The distressed assets also represent the ability of the Group 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 71 million, representing 28% 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 Group 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 19 million and EUR 21 million respectively. The recognition of revenue on invested assets is disclosed in note 3 Summary of significant accounting policies and note 6 Reconciliation of revenue on invested assets and revenue from management fees.	Our audit approach included, among others, an assessment of the Group's assumptions for the valuation of the 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). Based on our audit procedures, we agree with management's assessment the revenue on invested assets is in line with the Group's accounting policy.

Valuation of Goodwill

Key audit matter	How our audit addressed the key audit matter
Our focus for testing the Goodwill was due to the significant increase in the year as a result of the acquisition of 51% of AxFina Holding S.A. by DDM Debt AB, generating an additional EUR 11 million in Goodwill, leading to a total consolidated Goodwill balance of EUR 15 million. The Group discloses relevant Goodwill disclosures in note 3 Summary of significant accounting policies and note 22 Goodwill.	Our audit approach included, among others, an assessment of the Management's assumptions for the valuation of the initial goodwill generated by the business combination and the assumptions used in the impairment test of the goodwill. This includes mainly the following procedures: • We reviewed the initial recognition of the transaction by inspecting the acquisition documents, and reviewed the valuation support for the acquired shares. • We 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. • We reviewed and challenged the valuation assessment prepared by management and performed our own independent a market-based approach to assess for any indications of impairment. Based on our audit procedures performed, we agree with management's assessment and judgement applied for the valuation of the Goodwill.

Other information

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

Our opinion on the consolidated financial statements does not cover the other information 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 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.

Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which 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 SA-CH 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 SA-CH, 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 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 PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the 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

Licensed audit expert
Auditor in charge

Louise Packer

Licensed audit expert

Luzern, 28 April 2023

DDM Holding AG, Zug

Standalone Financial Statements

INCOME STATEMENT

DDM HOLDING AG, ZUG

For the year ended 31 December Amounts in '000s	2022 EUR	2022 CHF	2021 EUR	2021 CHF
Operating income	**650**	**656**	**650**	**705**
Consulting expenses	(302)	(305)	(356)	(386)
Personnel expenses	(289)	(292)	(469)	(509)
Other operating expenses	(163)	(164)	(169)	(184)
Operating loss	**(104)**	**(105)**	**(344)**	**(374)**
Financial income	106	107	19	21
Financial expenses	(127)	(128)	(47)	(51)
Loss before taxes	**(125)**	**(126)**	**(372)**	**(404)**
Direct taxes	(46)	(47)	(26)	(28)
Net loss for the year	**(171)**	**(173)**	**(398)**	**(432)**

BALANCE SHEET

DDM HOLDING AG, ZUG

As at 31 December Amounts in '000s	2022 EUR	2022 CHF	2021 EUR	2021 CHF
ASSETS				
Current assets				
Cash and cash equivalents	9	9	23	24
Receivables from direct / indirect investments	15	15	195	202
Other current receivables	—	—	—	—
Accrued income and prepaid expenses				
due from direct / indirect investments	217	213	163	168
due from third parties	516	508	503	519
Total current assets	**757**	**745**	**884**	**913**
Non-current assets				
Financial assets				
Loans to direct / indirect investments	1,857	1,828	2,475	2,556
Loans to direct / indirect investments (subordinated)	5,267	6,148	5,267	6,148
Investments	27,673	31,188	27,673	31,188
Total non-current assets	**34,797**	**39,164**	**35,415**	**39,892**
TOTAL ASSETS	**35,554**	**39,909**	**36,299**	**40,805**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Short-term liabilities				
Trade payables	86	85	110	114
Accrued expenses and deferred income				
due to third parties	215	210	765	788
Total short-term liabilities	**301**	**295**	**875**	**902**
Total liabilities			875	902
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	—	(1,002)	—	(886)
Profit brought forward	2,484	2,867	2,882	3,299
(Loss) for the year	(171)	(173)	(398)	(432)
Total shareholders' equity	**35,253**	**39,614**	**35,424**	**39,903**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**35,554**	**39,909**	**36,299**	**40,805**

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 2022	31 December 2021
Balance sheet (spot rate balance sheet date)	EUR/CHF	0.9847	1.0331
Income statement (average rate)	EUR/CHF	1.0086	1.0847

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	2022 Share capital (CHF '000s)	2022 Interest	2021 Share capital (CHF '000s)	2021 Interest
DDM Group AG	CHE 115.278.533	Zug (CH)	Business operation	232	100%	232	100%

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

Indirectly held equity participations as of 31 December:

Company	Corporate identity number	Registered office	Primary business	2022 Share capital (CHF '000s)	2022 Interest	2021 Share capital (CHF '000s)	2021 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)]	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	29,825	49.99%	65,338	49.99%
Finalp Zrt. [10)]	06-10-000554	Szeged (HU)	Leasing activities	355	100%	355	100%
AxFina Hungary Zrt.. [11)]	06-10-000062	Szeged (HU)	Leasing activities	346	50.7%	346	1%
Lombard Ingatlan Lízing Zrt. [11)]	06-10-000319	Szeged (HU)	Leasing activities	270	50.7%	—	1%
AxFina Servicing Kft. [11)]	06-09-004809	Szeged (HU)	Leasing activities	370	50.7%	—	1%
DDM Mergeco AG	CHE-353.292.452	Zug (CH)	Investment activities	100	100%	100	100%
AxFina Holding S.A [12)]	B239375	Luxembourg (LUX)	Holding company	39	50.2%	—	—
AxFina Romania S.R.L [13)]	J40/15826/2021	Bucharest (RO)	Investment activities	99	50.2%	—	—
AxFina Austria GmbH [14)]	FN513105t	Vienna (AT)	Investment activities	34	50.2%	—	—
AxFina Croatia d.o.o. [15)]	81136498	Zagreb (HR)	Investment activities	3	50.2%	—	—
AxFina d.o.o. [16)]	8458367000	Ljubljana (SL)	Investment activities	7	50.2%	—	—
Raport S.A. [171)]	0000192029	Koszalin (PL)	Investment activities	263	50.2%	—	—

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 30,287k at 31 December 2022.
10) The share capital of Finalp Zrt. is HUF 101,000k.
11) The share capital of Lombard Pénzügyi és Lízing Zrt. is HUF 110,883k. Lombard Ingatlan Lízing Zrt. and Lombard Bérlet Kft. are 100% directly-held subsidiaries of Lombard Pénzügyi és Lízing Zrt.
12) The share capital of AxFina Holding S.A is EUR 40k.
13) The share capital of AxFina Romania S.R.L is RON 500k.
14) The share capital of AxFina Austria GmbH is EUR 35k.
15) The share capital of AxFina Croatia d.o.o is HRK 20k.
16) The share capital of AxFina d.o.o. is EUR 7.5k.
17) The share capital of Raport S.A is PLN 1,250k.

NOTE 4. PERSONNEL

DDM Holding AG had no employees as of and during the year ended 31 December 2022 (31 December 2021: 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.

PROPOSED APPROPRIATION OF THE AVAILABLE EARNINGS

The Board of Directors proposes the following appropriation to the shareholders:

	2022		2021	
Amounts in '000s	**EUR**	**CHF**	**EUR**	**CHF**
Net loss for the year	(171)	(173)	(398)	(432)
Retained profit carried forward	2,484	2,867	2,882	3,299
Amount at the disposal of the shareholders	**2,313**	**2,694**	**2,484**	**2,867**
Proposal				
Allocation to statutory retained earnings	—	—	—	—
To be carried forward	**2,313**	**2,694**	**2,484**	**2,867**

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 2022.

Report of the statutory auditor

to the General Meeting of DDM Holding AG

Zug, Switzerland

Report on the audit of the financial statements

Opinion

We have audited the financial statements of DDM Holding AG (the Company), which comprise the income statement for the year ended 31 December 2022, the balance sheet as at 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements (pg. 69 to 74) comply with Swiss law and the Company's articles of incorporation.

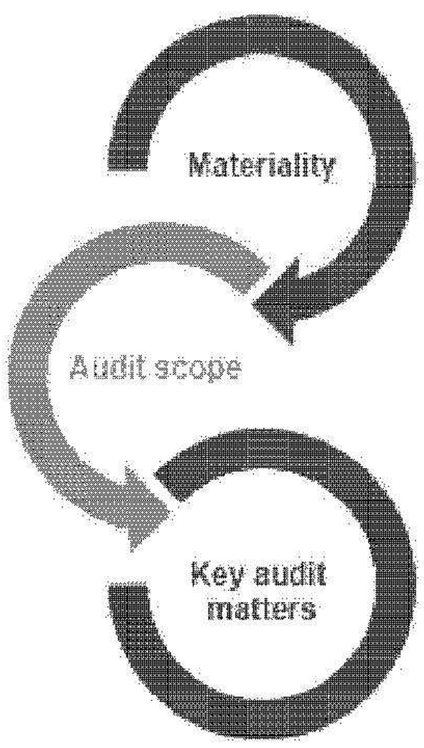
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). 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 Company 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 355'500

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 Company, the accounting processes and controls, and the industry in which the Company operates.

As 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

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 355'500
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 Board of Directors that we would report to them misstatements above EUR 35'500 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.

Key audit matters

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 disclosed 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	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 business plan 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.

units. Due to the size and the applied management's' judgement, the investments including the loans, are considered a key audit matter as the amount of EUR 35.4 million 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.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Board of Directors' responsibilities 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 Company'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 Company 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 SA-CH 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 SA-CH, 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 Company'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 Company'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 Company 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 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 PS-CH 890, we confirm that an internal control system exists which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of the 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

Licensed audit expert
Auditor in charge

Louise Packer

Licensed audit expert

Luzern, 28 April 2023

THREE-YEAR OVERVIEW

For the year ended 31 December Amounts in EUR '000s	2022	2021	2020
Consolidated income statement summary			
Adjusted gross collections*	71,896	61,746	123,287
Collection and commission expenses	(9,569)	(11,645)	(8,594)
Adjusted net collections**	62,327	50,101	114,693
Other operating income	–	–	–
Revenue from management fees and other services	605	100	74
Operating expenses***	(12,308)	(11,275)	(12,604)
Adjusted cash EBITDA**	50,624	38,926	102,163
Amortization, revaluation and impairment of invested assets	(22,263)	(18,292)	(69,473)
Operating profit	17,325	13,664	28,215
Net (loss) / profit for the year****	(5,023)	(6,828)	9,140
Adjusted net (loss) / profit for the year****	(5,023)	(2,917)	9,140
Earnings per share before and after dilution (EUR)	(0.37)	(0.50)	0.67
Consolidated balance sheet summary			
Total assets	253,666	248,194	195,525
Net debt	155,520	135,809	106,786
Selected key ratios			
Cash flow from operating activities before working capital changes	26,954	22,179	90,087
Cash investments net of financing in invested assets	(35,367)	39,464	33,310
Gross ERC 120 months, EUR M	284	299	258
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	174	11	65

* Adjusted gross collections includes the incremental gross distribution from associate and joint venture and distributions from financial assets at fair value. See alternative performance measures on page 80.

** Adjusted net collections and adjusted cash EBITDA include the incremental net distribution from associate and joint venture and distributions from financial assets at fair value. See alternative performance measures on page 80.

*** 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 80.

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures – reconciliation to IFRS:

For the year ended 31 December Amounts in EUR '000s	2022	2021
Gross collections	**45,715**	**45,185**
Incremental gross distribution from associate and joint venture	22,788	15,563
Distributions from financial assets at fair value	3,393	998
Adjusted gross collections	**71,896**	**61,746**
Net collections	**40,339**	**38,894**
Incremental net distribution from associate and joint venture	18,595	10,209
Distributions from financial assets at fair value	3,393	998
Adjusted net collections	**62,327**	**50,101**
Cash EBITDA	**28,636**	**27,719**
Incremental net distribution from associate and joint venture	18,595	10,209
Distributions from financial assets at fair value	3,393	998
Adjusted cash EBITDA	**50,624**	**38,926**
Net (loss) / profit for the year	**(5,023)**	**(6,828)**
Non-recurring items bond refinancing	–	3,911
Adjusted net (loss) / profit for the year	**(5,023)**	**(2,917)**

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.

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

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

DDM Holding AG
Landis & Gyr Strasse 1
CH-6300 Zug
Switzerland
Tel: +41 41766 1420
www.ddm-group.ch

