



Significant investment activity in new and existing markets

Highlights fourth quarter 2021

- **Agreement for acquisition in Switzerland** to acquire 100% of the share capital of Swiss Bankers Prepaid Services AG, a market-leading Swiss payments company pending regulatory approval, in line with DDM's growth strategy
- **Entered into a strategic partnership in Italy** with Borgosesia S.p.A. to invest in Italian mid-market real estate-backed special situation opportunities of up to EUR 100m over the next three years and executed first co-investment in December
- **Investment in Poland** in a consumer NPL portfolio with a GCV of approximately EUR 25m
- **Investments in Croatia** in secured corporate NPL portfolios with a total GCV of over EUR 30m
- **Gross ERC** at the end of December 2021 was EUR 297m (256 at December 2020)
- **Cash** at the end of December 2021 was EUR 62.7m (30.7 at December 2020)
- **Gross collections** amounted to EUR 16.6m (18.9)*
- **Net collections** amounted to EUR 14.0m (16.7)*
- **Cash EBITDA** amounted to EUR 11.7m (14.5)*
- **Net profit for the period** of EUR 1.0m (profit of 4.5)*

Highlights full year 2021

- **Assigned a 'B' Rating** with stable outlook by both S&P Global Ratings and Fitch Ratings
- **EUR 200m of senior secured bonds** were issued with a five-year tenor under a framework of up to EUR 300m, enabling DDM Debt AB to refinance its existing bonds and to fund acquisitions of portfolios
- **Investment in Romania** in a consumer NPL portfolio with a GCV of approximately EUR 90m
- **Investments in Luxembourg** in the Omnio Group of approximately EUR 25m
- **Florian Nowotny** appointed Chief Executive Officer with effect as of 1 August 2021 replacing Henrik Wennerholm
- **Gross collections** amounted to EUR 55.9m (118.8)*
- **Net collections** amounted to EUR 46.6m (110.2)*
- **Cash EBITDA** amounted to EUR 38.0m (99.7)*
- **Net loss for the year** of EUR 1.8m (profit of 8.9)*

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

IFRS Consolidated Amounts in EUR '000s (unless specified otherwise)	1 Oct–31 Dec 2021**	1 Oct–31 Dec 2020**	Full Year 2021**	Full Year 2020
Gross collections**	9,597	16,038	40,344	108,739
Collection and commission expenses**	(1,029)	(1,358)	(3,952)	(3,863)
Net collections	8,568	14,680	36,392	104,876
Revenue from management fees	–	–	100	–
Operating expenses	(2,296)	(2,223)	(8,718)	(10,518)
Cash EBITDA	6,272	12,457	27,774	94,358
Amortization, revaluation and impairment of invested assets	(2,142)	(5,401)	(18,242)	(68,628)
Share of net profits of associate and joint venture	1,472	973	3,631	1,257
Operating profit	5,603	8,004	13,118	26,920
Net profit / (loss) for the period***	1,005	4,481	(5,662)	8,869
Selected key figures				
Total assets	248,152	196,963	248,152	196,963
Net debt	120,702	89,993	120,702	89,993
Equity ratio****	20.6%	30.2%	20.6%	30.2%
Cash flow from operating activities before working capital changes	2,136	10,019	20,463	87,775
Gross ERC 120 months (EUR M)	297	256	297	256
Investments book value	163,944	135,871	163,944	135,871

** Unaudited

*** The bond refinancing in Q2 2021 resulted in total negative non-recurring items of approximately EUR 3.9m in 2021 due to the call premium of EUR 2.4m that was paid in relation to the EUR 100m and EUR 33.5m bonds, and the non-cash write off of about EUR 1.5m for the remaining capitalized transaction costs

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

The information in this report requires DDM Debt AB (publ) to publish the information in accordance with the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication on 17 February 2021 at 08:00 CET.

Comment by the CEO

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

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

Our investment activity intensified during the fourth quarter by investing in both new and existing markets, which has increased the DDM Debt Group's ERC to almost EUR 300m at the end of the 2021 and it is expected to increase further during 2022.

Agreement for acquisition in Switzerland

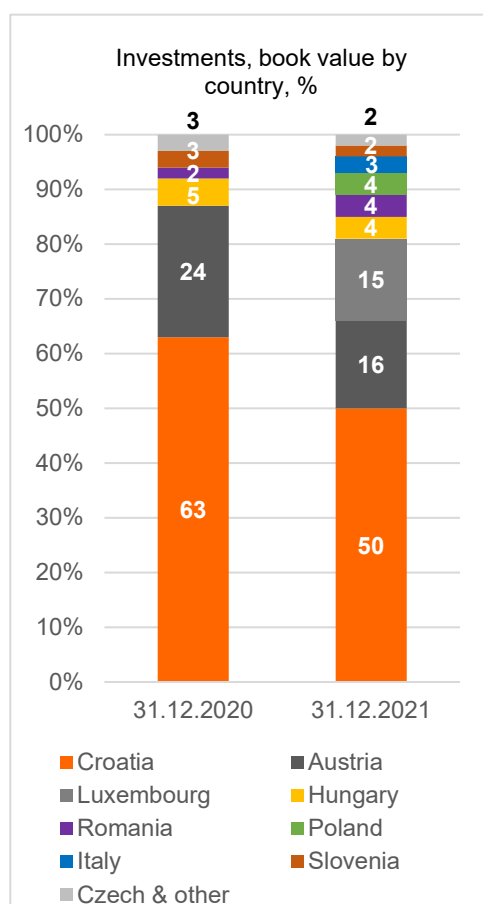
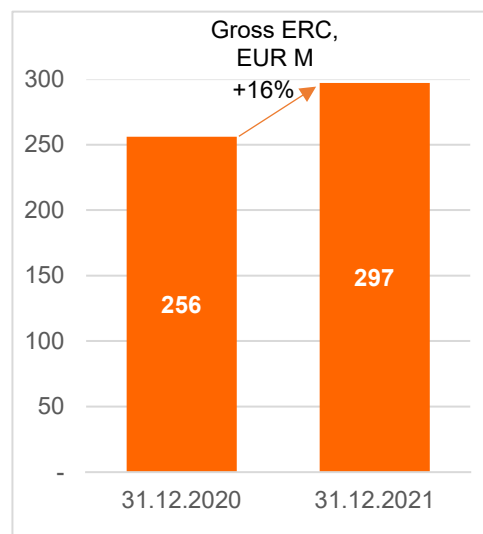
During December we entered into an agreement to acquire 100% of the share capital of Swiss Bankers, with closing subject to regulatory approval. Swiss Bankers is the Swiss market leader in prepaid cards and provides innovative, credit-based payment products and offers solutions in cashless, globally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

Entered into a strategic partnership in Italy

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

NPL investments in new and existing markets

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



Market outlook

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

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

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

Stockholm, 17 February 2022

DDM Debt AB (publ)

Florian Nowotny, CEO

Financial calendar

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

Annual report 2021:	25 March 2022
Interim report for January - March 2022:	5 May 2022

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

Presentation of the report

The report and presentation material are available at www.ddm-group.ch on 17 February 2022, at 08:00 CET.

CEO Florian Nowotny and CFO Fredrik Olsson will comment on the DDM Group's results during a conference call on 17 February 2022, starting at 10:00 CET. The presentation can be followed live at www.ddm-group.ch and/or by telephone with dial-in numbers: SE: +46 8 566 427 07, CH: +41 225 675 632, UK: +44 333 300 9273.

Financial results

Adjusted gross collections amounted to EUR 16.6m in the fourth quarter and EUR 55.9m for the full year 2021, lower than the corresponding period last year mainly due to approximately EUR 60m of accelerated collections that were received from the restructured Greek transaction in the second half of 2020. After deducting commission and collection fees to third parties this resulted in EUR 14.0m of adjusted net collections being received for the fourth quarter and EUR 46.6m for the full year 2021.

Operating expenses were EUR 2.3m in the fourth quarter, largely in line Q4 2020 and EUR 8.7m for the full year 2021, EUR 1.8m lower than the prior year. This is due to the higher management fee from DDM Group AG in the prior year that is permitted under the current DDM Debt senior secured bonds. As a result, adjusted cash EBITDA totaled EUR 11.7m in the fourth quarter and EUR 38.0m for the full year 2021, equating to a high cash conversion ratio of above 80% for Q4 and for FY 2021 as a percentage of adjusted net collections.

The operating profit margin of 71% in the fourth quarter and 60% for the full year 2021 is below the corresponding period last year due to EUR 60m of accelerated collections that were received from the Greek transaction in the prior year. This includes EUR 2.1m of upwards revaluation recognized during the fourth quarter on portfolios located across the Balkans and Hungary for which large, secured receivables are expected to be collected at a higher realizable value in the future following the end of loan moratoria and improved economic expectations. This is in addition to EUR 2.0m of upwards revaluation recognized earlier in the year on portfolios following the release of credit provisions implemented in the prior year in response to the COVID-19 pandemic.

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

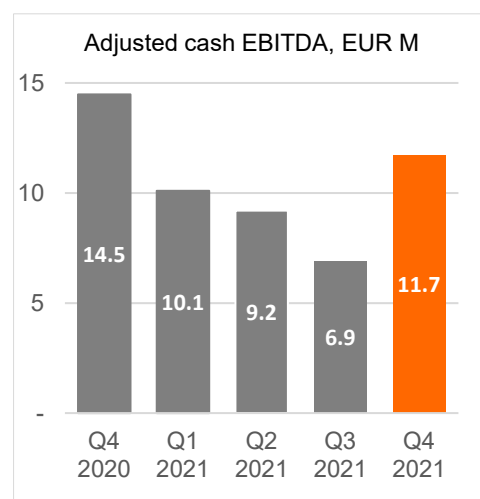
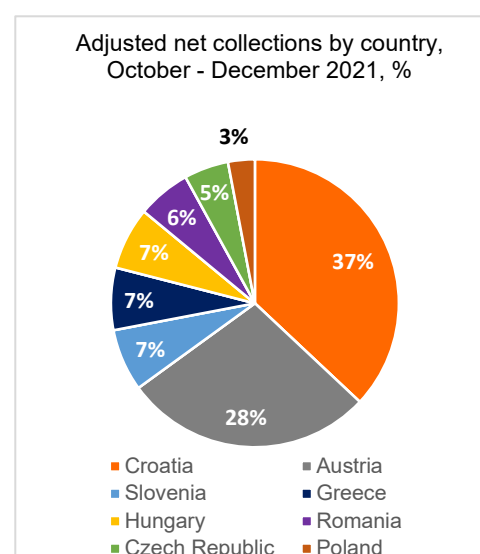
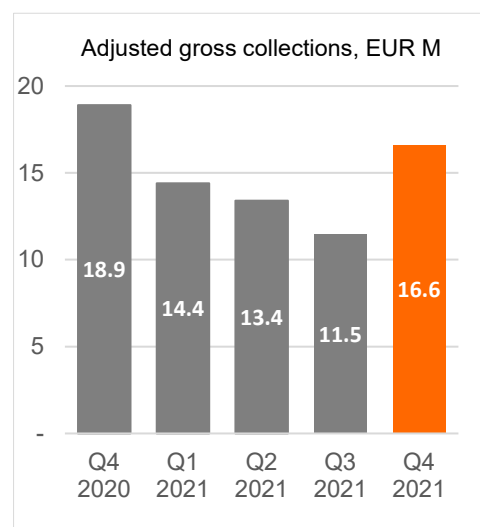
The results for the fourth quarter and full year 2021 include EUR 1.5m and 2.3m respectively share of net profits of joint venture under the equity method of accounting, following the buy-out of third-party financing together with B2Holding that was used to partially fund the joint venture acquisition in Croatia during 2019. We received a EUR 3.9m capital dividend from our investment in Addiko Bank AG on 11 November in addition to the EUR 0.7m capital dividend previously received on 5 May, following the European Central Bank guidance in July to lift restrictions on dividend distributions. The investment in Addiko Bank was reclassified in December 2021 to a financial asset at fair value, which resulted in a EUR 3.7m fair value loss recognized within financial expenses in the income statement, partially offset by EUR 3.0m of other comprehensive income being recycled to the income statement.

Cash flow and financing

For the fourth quarter and full year 2021, cash flow from operating activities before working capital changes was EUR 2.1m and EUR 20.5m respectively compared to EUR 10.0m and EUR 87.8m respectively for the corresponding periods in 2020. This is primarily as a result of the EUR 60m of accelerated collections that were received in the second half of 2020 from Greece. We continue to have a strong cash position of EUR 62.8m at the end of the year that is available to fund investments and acquisitions.

Estimated Remaining Collections

ERC in relation to invested assets at 31 December 2021 stands at EUR 297m, corresponding to an increase of 16% compared to 31 December 2020, as a result of investments acquired partially offset by the collections that have been received during 2021, and is expected to increase further during 2022 following the receipt of regulatory approval for recently signed acquisitions. Over 70% of the collections are expected to be received within the next three years and the composition of the portfolios that are secured is approximately 81% of ERC over the next three years at 31 December 2021.



Consolidated Income Statement

Amounts in EUR '000s	Notes	1 Oct–31 Dec 2021*	1 Oct–31 Dec 2020*	Full Year 2021*	Full Year 2020
Interest income on invested assets	4	4,284	8,992	13,988	37,572
Revaluation and impairment of invested assets		2,142	287	4,162	(1,324)
Revenue on invested assets	4	6,426	9,279	18,150	36,248
Share of net profits of associate and joint venture	4,7,8	1,472	973	3,631	1,257
Revenue from management fees		–	–	100	–
Personnel expenses		19	(53)	(646)	(695)
Consulting expenses		(2,152)	(2,115)	(7,720)	(9,607)
Other operating expenses		(163)	(55)	(352)	(216)
Depreciation of tangible assets		1	(25)	(45)	(67)
Operating profit		5,603	8,004	13,118	26,920
Financial income		1,057	784	1,496	2,597
Financial expenses**		(5,829)	(3,992)	(21,253)	(17,938)
Unrealized exchange (loss) / profit		(310)	195	392	(1,643)
Realized exchange (loss) / profit		(26)	35	(40)	27
Net financial expenses		(5,108)	(2,978)	(19,405)	(16,957)
Profit / (loss) before income tax		495	5,026	(6,287)	9,963
Tax income / (expense)		510	(545)	625	(1,094)
Net profit / (loss) for the period		1,005	4,481	(5,662)	8,869
Net profit / (loss) for the period attributable to:					
Owners of the Parent Company		1,005	4,481	(5,662)	8,869

* Unaudited

** The bond refinancing in Q2 2021 resulted in total negative non-recurring items of approximately EUR 3.9m in 2021 due to the call premium of EUR 2.4m that was paid in relation to the EUR 100m and EUR 33.5m bonds, and the non-cash write off of about EUR 1.5m for the remaining capitalized transaction costs

Consolidated Statement of Comprehensive Income

Amounts in EUR '000s	1 Oct–31 Dec 2021*	1 Oct–31 Dec 2020*	Full Year 2021*	Full Year 2020
Net profit / (loss) for the period	1,005	4,481	(5,662)	8,869
Other comprehensive (loss) / income for the period				
Currency translation differences	(31)	(1)	(32)	(6)
Share of other comprehensive income of associates accounted for using the equity method	–	752	313	2,698
Recycling of share of other comprehensive income of associates to the income statement	(3,011)	–	(3,011)	–
Other comprehensive (loss) / income for the period, net of tax	(3,042)	751	(2,730)	2,692
Total comprehensive (loss) / income for the period	(2,037)	5,232	(8,392)	11,561
Total comprehensive (loss) / income for the period attributable to:				
Owners of the Parent Company	(2,037)	5,232	(8,392)	11,561

* Unaudited

Consolidated Balance Sheet

Amounts in EUR '000s	Notes	31 December 2021*	31 December 2020
ASSETS			
<i>Non-current assets</i>			
Tangible assets	5	12	17
Right-of-use assets		–	41
Interests in associates	8	–	32,986
Distressed asset portfolios	6	80,578	77,194
Financial assets at fair value	9	51,547	–
Investment in joint venture	7	31,819	25,691
Loans to other group companies		4,000	4,000
Receivables from other group companies		5,936	5,936
Accrued interest from other group companies		1,649	1,209
Deferred tax assets		1,900	637
Other non-current assets		313	290
Total non-current assets		177,754	148,001
<i>Current assets</i>			
Accounts receivable		1,711	14,152
Receivables from other group companies		157	138
Tax assets		82	86
Other receivables		4,192	1,636
Prepaid expenses and accrued income		1,506	2,278
Cash and cash equivalents		62,750	30,672
Total current assets		70,398	48,962
TOTAL ASSETS		248,152	196,963
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital		54	54
Other reserves		(33)	2,697
Retained earnings including net profit / (loss) for the year		13,426	19,088
Total shareholders' equity to Parent Company's shareholders		13,447	21,839
LIABILITIES			
<i>Non-current liabilities</i>			
Loans and borrowings	10	183,452	75,303
Payables to other group companies		3,284	3,077
Payables to other group companies, subordinated	2	–	1,775
Loans from other group companies, subordinated	2	37,586	35,811
Accrued interest		–	4,800
Deferred tax liabilities		629	308
Total non-current liabilities		224,951	121,074
<i>Current liabilities</i>			
Loans and borrowings	10	–	45,362
Accounts payable		323	358
Tax liabilities		414	231
Accrued interest		6,559	1,834
Accrued expenses and deferred income		2,458	6,196
Lease liabilities		–	69
Total current liabilities		9,754	54,050
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		248,152	196,963

* Unaudited

Consolidated Cash Flow Statement

Amounts in EUR '000s	1 Oct–31 Dec 2021*	1 Oct–31 Dec 2020*	Full Year 2021*	Full Year 2020
Cash flow from operating activities				
Operating profit	5,603	8,004	13,118	26,920
Cash distribution from associate and joint venture	5,732	540	10,214	4,511
<i>Adjustments for non-cash items:</i>				
<i>Amortization of invested assets</i>	4,284	5,688	22,404	67,304
<i>Revaluation and impairment of invested assets</i>	(2,142)	(287)	(4,162)	1,324
<i>Share of net profits of associate and joint venture</i>	(1,472)	(973)	(3,631)	(1,257)
<i>Depreciation of tangible assets</i>	(1)	25	45	67
<i>Other items not affecting cash</i>	460	563	358	381
Call premium paid	–	–	(2,408)	–
Interest paid	(10,328)	(4,212)	(15,400)	(14,774)
Interest received	–	671	–	2,137
Tax paid	–	–	(75)	(87)
Tax received	–	–	–	1,249
Cash flow from operating activities before working capital changes	2,136	10,019	20,463	87,775
Working capital adjustments				
(Increase) / decrease in accounts receivable	(2,137)	(7,238)	(5,035)	(14,475)
(Increase) / decrease in other receivables	919	5,945	(1,784)	781
Increase / (decrease) in accounts payable	(12)	26	(35)	(220)
Increase / (decrease) in other current liabilities	(2,639)	2,344	(2,150)	6,282
Net cash flow from operating activities	(1,733)	11,096	11,459	80,143
Cash flow from investing activities				
Purchases of distressed asset portfolios	(13,247)	–	(17,527)	(3,216)
Purchases of associates and joint ventures	(8,521)	–	(8,521)	(30,094)
Purchases of financial assets at fair value	(10,416)	–	(13,416)	–
Purchases of tangible assets	–	(1)	–	(1)
Net cash flow received / (used) in investing activities	(32,184)	(1)	(39,464)	(33,311)
Cash flow from financing activities				
Proceeds from issuance of loans	–	–	182,756	27,471
Repayment of loans	–	(31,016)	(122,590)	(54,876)
Principal element of lease payments	–	(7)	(24)	(7)
Net cash flow received / (used) in financing activities	–	(31,023)	60,142	(27,412)
Cash flow for the period	(33,917)	(19,928)	32,137	19,420
Cash and cash equivalents less bank overdrafts at beginning of the period	96,703	50,578	30,672	11,464
Foreign exchange (losses) / gains on cash and cash equivalents	(36)	22	(59)	(212)
Cash and cash equivalents less bank overdrafts at end of the period	62,750	30,672	62,750	30,672

* Unaudited

Consolidated Statement of Changes in Equity

Amounts in EUR '000s	Share capital	Other reserves	Retained earnings incl. net profit / (loss) for the year	Total equity
Balance at 1 January 2020	54	5	4,283	4,342
Net profit for the year	–	–	8,869	8,869
Other comprehensive loss				
Currency translation differences	–	(6)	–	(6)
Share of other comprehensive income of associates accounted for using the equity method	–	2,698	–	2,698
Total comprehensive (loss) / income	–	2,692	8,869	11,561
<i>Transactions with owners</i>	–	–	–	–
<i>Conditional Shareholder's Contribution</i>	–	–	5,936	5,936
Total transactions with owners	–	–	5,936	5,936
Balance at 31 December 2020	54	2,697	19,088	21,839
Balance at 1 January 2021	54	2,697	19,088	21,839
Net loss for the year	–	–	(5,662)	(5,662)
Other comprehensive loss				
Currency translation differences	–	(32)	–	(32)
Share of other comprehensive income of associates accounted for using the equity method	–	313	–	313
Recycling of share of other comprehensive income of associates to the income statement	–	(3,011)	–	(3,011)
Total comprehensive loss	–	(2,730)	(5,662)	(8,392)
<i>Transactions with owners</i>	–	–	–	–
Total transactions with owners	–	–	–	–
Balance at 31 December 2021*	54	(33)	13,426	13,447

* Unaudited

Conditional shareholder contributions amounted to EUR 5,936k for the year ending 31 December 2020.

Parent Company – Income Statement

Amounts in EUR '000s	1 Oct–31 Dec 2021*	1 Oct–31 Dec 2020*	Full Year 2021*	Full Year 2020
Revenue	–	–	–	–
Personnel expenses	43	(23)	(534)	(531)
Consulting expenses	(67)	(33)	(273)	(252)
Other operating expenses	(33)	(22)	(176)	(116)
Depreciation of tangible assets	–	–	(1)	(1)
Operating loss	(57)	(78)	(984)	(900)
Financial income	5,474	4,712	16,329	19,921
Financial expenses	(4,994)	(3,566)	(18,431)	(16,275)
Unrealized exchange (loss) / profit	(5)	3	(11)	(13)
Realized exchange profit / (loss)	–	1	(5)	16
Net financial income / (expense)	475	1,150	(2,118)	3,649
Profit / (loss) before income tax	418	1,072	(3,102)	2,749
Tax expense	–	(153)	–	(107)
Profit / (loss) for the period	418	919	(3,102)	2,642

* Unaudited

Parent Company – Statement of Comprehensive Income

Amounts in EUR '000s	1 Oct – 31 Dec 2021*	1 Oct – 31 Dec 2020*	Full Year 2021*	Full Year 2020
Net profit / (loss) for the period	418	919	(3,102)	2,642
Other comprehensive income for the period, net of tax				
<i>Items that will not be reclassified to profit or loss</i>	–	–	–	–
<i>Items that may subsequently be reclassified to profit or loss</i>	–	–	–	–
Total other comprehensive income for the period, net of tax	–	–	–	–
Total comprehensive income / (loss) for the period	418	919	(3,102)	2,642

* Unaudited

Parent Company – Balance Sheet

Amounts in EUR '000s	Notes	31 December 2021*	31 December 2020
ASSETS			
<i>Non-current assets</i>			
Tangible assets	5	2	3
Participations in other group companies	11	9,478	9,478
Loans to other group companies	2	212,825	129,808
Receivables from other group companies		5,936	5,936
Accrued interest from other group companies		1,071	851
Other non-current assets		303	425
Total non-current assets		229,615	146,501
<i>Current assets</i>			
Other receivables		1,402	1,377
Accrued interest from other group companies		5,779	9,879
Prepaid expenses		12	25
Cash and cash equivalents		3,453	521
Total current assets		10,646	11,802
TOTAL ASSETS		240,261	158,303
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Shareholders' equity</i>			
Share capital		54	54
Retained earnings including net (loss) / profit for the year		10,962	14,064
Total shareholders' equity		11,016	14,118
<i>Non-current liabilities</i>			
Loans and borrowings	10	183,452	74,693
Payables to other group companies		1,324	1,324
Loans from other group companies, subordinated	2	37,586	14,950
Accrued interest		–	4,800
Total non-current liabilities		222,362	95,767
<i>Current liabilities</i>			
Loans and borrowings	10	–	45,972
Accounts payable		54	189
Tax liabilities		103	151
Accrued interest		6,559	1,834
Accrued expenses and deferred income		167	272
Total current liabilities		6,883	48,418
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		240,261	158,303

* Unaudited

Parent Company – Cash Flow Statement

Amounts in EUR '000s	1 Oct–31 Dec 2021*	1 Oct–31 Dec 2020*	Full Year 2021*	Full Year 2020
Cash flow from operating activities				
Operating loss	(57)	(78)	(984)	(900)
<i>Adjustments for non-cash items:</i>				
<i>Depreciation of tangible assets</i>	–	–	1	1
<i>Other items not affecting cash</i>	(7)	(66)	106	27
Call premium paid	–	–	(2,408)	–
Interest paid	(10,328)	(4,212)	(15,400)	(14,774)
Interest received	12,732	4,821	20,132	18,837
Cash flow from operating activities before working capital changes	2,340	465	1,447	3,191
Working capital adjustments				
Increase / (decrease) in other receivables	(5)	3	(12)	(15)
Increase / (decrease) in accounts payable	36	(152)	(135)	(203)
Increase / (decrease) in other current liabilities	(2,114)	(635)	(105)	(531)
Net cash flow from operating activities	257	(319)	1,195	2,442
Cash flow from investing activities				
Loans to group companies	–	–	(205,000)	(27,000)
Repayment of loans to group companies	–	30,350	146,586	49,250
Net cash flow received / (used) in investing activities	–	30,350	(58,414)	22,250
Cash flow from financing activities				
Proceeds from issuance of loans	–	–	182,756	27,000
Repayment of loans	–	(30,550)	(122,590)	(54,410)
Net cash flow received / (used) in financing activities	–	(30,550)	60,166	(27,410)
Cash flow for the period	257	(519)	2,947	(2,718)
Cash and cash equivalents less bank overdrafts at beginning of the period	3,199	1,041	521	3,234
Foreign exchange (losses) / gains on cash and cash equivalents	(3)	(1)	(15)	5
Cash and cash equivalents less bank overdrafts at end of the period	3,453	521	3,453	521

* Unaudited

Parent Company – Statement of Changes in Equity

Amounts in EUR '000s	Share capital	Retained earnings incl. net (loss) / profit for the year	Total equity
Balance at 1 January 2020	54	5,486	5,540
Net profit for the year	–	2,642	2,642
Other comprehensive profit	–	–	–
Total comprehensive profit	–	2,642	2,642
<i>Transactions with owners</i>			
Conditional Shareholder's Contribution	–	5,936	5,936
Total transactions with owners	–	5 936	5,936
Balance at 31 December 2020	54	14,064	14,118
Balance at 1 January 2021	54	14,064	14,118
Net loss for the year	–	(3,102)	(3,102)
Other comprehensive loss	–	–	–
Total comprehensive loss	–	(3,102)	(3,102)
<i>Transactions with owners</i>			
Total transactions with owners	–	–	–
Balance at 31 December 2021*	54	10,962	11,016

* Unaudited

Conditional shareholder contributions amounted to EUR 5,936k for the year ending 31 December 2020.

Notes

Note 1. General information

DDM Debt AB (publ) ("DDM Debt" or "the Company") and its subsidiaries (together "the DDM Debt Group" or "the Group") are wholly owned subsidiaries of DDM Holding AG ("DDM"), which 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.

The Company was registered on 3 March 2016, and changed from a private limited liability company to a public limited liability company on 26 May 2016. The Company has registered offices in Stockholm, Sweden and its Swedish Corporate ID No. is 559053-6230. The address of the main office and postal address is Birger Jarlsgatan 18, 3tr, 114 34 Stockholm, Sweden. DDM Debt is a wholly owned subsidiary of DDM Finance AB ("DDM Finance"), Stockholm, Sweden, being a wholly owned subsidiary of DDM Group AG, Zug, Switzerland. The indirect ultimate parent company is DDM Group Finance S.A, a Luxembourg registered company owning 95.2% of the shares in DDM Holding AG at 31 December 2021.

DDM Debt acts to directly or indirectly manage, acquire or invest in credits and/or loan portfolios, to on-lend or invest funds in group companies who directly or indirectly manage, acquire or invest in credits and/or loan portfolios and conduct related activities, to incur financing for its business and to conduct related activities. DDM Group AG acts as the investment manager and makes all decisions regarding investments and allocation of resources.

Note 2. Basis of preparation

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

The accounting policies that are most critical to the Group and Parent Company are stated in DDM Debt AB's Annual Report for 2020, which also contains a description of the material risks and uncertainties facing the Parent Company and the Group.

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

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

Subsidiaries

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

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

Subsidiaries	Consolidation method	Domicile	31 December 2021	31 December 2020
DDM Invest III AG	Fully consolidated	Switzerland	100%	100%
DDM Mergeco AG	Fully consolidated	Switzerland	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%

On 30 September 2019 DDM Treasury Sweden AB was contributed to DDM Debt by DDM Finance at book value, resulting in a EUR 45k capital contribution from DDM Finance. On 11 February 2020 DDM Treasury Sweden AB was merged into DDM Debt AB to simplify the existing DDM Group structure. On 31 December 2020 DDM Finance AB contributed EUR 5,936k to DDM Debt recognized as part of shareholder's equity, by transferring a loan receivable towards DDM Group AG in the amount of EUR 5,936k to DDM Debt.

Note 2. Basis of preparation... continued

On 31 March 2021 DDM Debt and its directly held subsidiary DDM Invest III AG entered into an agreement with the following group companies; DDM Finance AB, DDM Group AG and DDM Holding AG where the subordinated loans from other group companies of EUR 20,861k and the subordinated payables to other group companies of EUR 1,775k were transferred to the parent company DDM Finance AB and recognized within subordinated loans from other group companies in the DDM Debt AB balance sheet.

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

Joint ventures

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

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

Joint Ventures	Consolidation method	Domicile	31 December 2021	31 December 2020
CE Partner S.à r.l.	Equity method	Luxembourg	50%	50%
CE Holding Invest S.C.S	Equity method	Luxembourg	50%	50%

Associates

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

On 17 December 2021, the investment in Addiko Bank was reclassified to a financial asset at fair value, which resulted in a EUR 3.7m fair value loss recognized within financial expenses in the income statement measured at a closing share price of EUR 13.65/share on 31 December 2021, partially offset by EUR 3.0m of other comprehensive income being recycled to the income statement.

Associates	Consolidation method	Domicile	31 December 2021	31 December 2020
Addiko Bank AG	Equity method	Austria	–	9.9%

Financial assets at fair value

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

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

On 3 December 2021 the DDM Debt Group acquired a 5% stake in Borgosesia S.p.A. ("Borgosesia"), an Italian investment platform specialized in secured non-performing loans and special situations, for approximately EUR 1.4m financed by cash on hand. During 2021, the DDM Debt Group has invested into a total of EUR 15.8m of pre-IPO convertible bonds in Omnione S.A. ("Omnio"), a leading innovator in Banking-as-a-Service of which EUR 3.0m was paid on 12 May, EUR 1.0m was paid on 18 November and EUR 11.8m was reclassified from accounts receivables. In addition, EUR 3.9m was invested in Omnio on 6 October and EUR 4.0m was invested in Omnio Group Limited ("Omnio Group") on 30 November.

Financial assets at fair value	Measurement	Domicile	31 December 2021	31 December 2020
Addiko Bank AG	FVTPL	Austria	9.9%	–
Borgosesia S.p.A.	FVTPL	Italy	5.0%	–
Omnio Group	FVTPL	Luxembourg	N/A	–

Note 3. Currency translation

All entities prepare their financial statements in their functional currency. At 31 December 2021 all fully consolidated group entities have EUR as their functional currency, except for DDM Debt Management d.o.o Beograd, which has Serbian Dinar (RSD) as its functional currency, DDM Debt Romania S.R.L, which has Romanian leu (RON) as its functional currency and DDM REO Adria d.o.o. which has Croatia Kuna (HRK) as its functional currency.

Note 4. Revenue on invested assets by region

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

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

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

Amounts in EUR '000s	1 Oct–31 Dec 2021	1 Oct–31 Dec 2020	Full Year 2021	Full Year 2020
Gross collections	9,597	16,038	40,344	108,739
Collection and commission expenses	(1,029)	(1,358)	(3,952)	(3,863)
Net collections by country:				
Croatia	3,674	6,720	18,104	14,461
Slovenia	969	466	3,837	2,985
Greece	952	5,092	952	74,522
Hungary	926	453	3,802	4,331
Romania	844	742	5,068	2,658
Czech Republic	639	1,091	3,430	5,411
Poland	481	–	481	–
Serbia	80	55	330	427
Slovakia	3	20	34	40
Bosnia	–	41	354	41
Net collections	8,568	14,680	36,392	104,876
Amortization of invested assets	(4,284)	(5,688)	(22,404)	(67,304)
Interest income on invested assets before revaluation and impairment	4,284	8,992	13,988	37,572
Revaluation of invested assets	2,142	287	4,162	(992)
Impairment of invested assets	–	–	–	(332)
Revenue on invested assets	6,426	9,279	18,150	36,248
Share of net profits of associate and joint venture	1,472	973	3,631	1,257
Revenue from management fees	–	–	100	–

Net collections for the full year 2020 includes EUR 59.8m received from Greece in H2 2020, due to the accelerated collections received following the restructuring of the Greek investment. The entire carrying value remaining of EUR 43.8m prior to the restructuring was recognized as amortization. The DDM Debt Group has assessed the transaction and concluded 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.

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

Share of net profits of associate and joint venture

The results for the period up to 17 December 2021 include EUR 1.4m (FY 2020: EUR 0.2m) of share of net profits of the associate in the income statement and EUR 0.3m (FY 2020: EUR 2.7m) of share of other comprehensive income of associates accounted for using the equity method in other comprehensive income. On 17 December 2021, the investment in Addiko Bank was reclassified from investment in associates to financial assets at fair value and measured at a closing share price of EUR 13.65/share on 31 December 2021.

The results for Q4 and FY 2021 also include EUR 1.5m and EUR 2.3m respectively (Q4 2020: EUR 0.4m and FY 2020: EUR 1.1m) from share of net profits of joint venture accounted for using the equity method in accordance with IFRS.

Note 5. Tangible assets

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

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

Furniture	5 years
Computer hardware	5 years

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

Note 6. Distressed asset portfolios

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

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

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

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

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

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

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

Note 6. Distressed asset portfolios... continued

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

EUR '000s	31 December 2021	31 December 2020
HRK	51,179	55,214
EUR	9,155	9,971
HUF	7,309	7,347
PLN	5,781	–
RON	5,279	532
RSD	1,591	792
CZK	284	3,338
Total	80,578	77,194

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

Note 7. Investment in joint venture

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

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

Investment in joint venture EUR '000s	31 December 2021	31 December 2020
Balance at beginning of the year	25,691	29,952
Additions	8,521	–
Share of net profits of joint venture	2,258	1,063
Incremental net distribution from the joint venture	(4,651)	(5,324)
Balance at end of the year	31,819	25,691

Cash distributions of EUR 5.6m (FY 2020: EUR 4.5m) have been received from the joint venture during 2021, of which EUR 2.0m relates to 2020 and EUR 3.6m relates to 2021. A further EUR 1.1m (31 December 2020: EUR 2.0m) has been reclassified to accounts receivable at the end of the year.

Note 8. Investment in associates

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

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

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

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

The investment in Addiko Bank was reclassified to a financial asset at fair value, as the DDM Debt Group no longer had the intention to increase its shareholding above the existing 9.9% held following the agreement that was announced on 17 December 2021 to acquire 100% of the share capital of Swiss Bankers and therefore was no longer presumed to be able to exert significant influence over Addiko Bank. This resulted in a EUR 3.7m fair value loss recognized within financial expenses in the income statement measured at a closing share price of EUR 13.65/share on 31 December 2021, partially offset by EUR 3.0m of other comprehensive income being recycled to the income statement.

Note 9. Financial assets at fair value

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

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

On 3 December 2021, the DDM Debt Group acquired a 5% stake in Borgosesia S.p.A. ("Borgosesia"), an Italian investment platform specialized in secured non-performing loans and special situations for approximately EUR 1.4m financed by cash on hand. During 2021, the DDM Debt Group has invested into a total of EUR 15.8m of pre-IPO convertible bonds in Omnio S.A. ("Omnio"), a leading innovator in Banking-as-a-Service of which EUR 3.0m was paid on 12 May, EUR 1.0m was paid on 18 November and EUR 11.8m was reclassified from accounts receivables. In addition, EUR 3.9m was invested in Omnio on 6 October and EUR 4.0m invested in Omnio Group Limited ("Omnio Group") on 30 November. On 17 December 2021, the investment in Addiko Bank was reclassified from investment in associates and measured at a closing share price of EUR 13.65/share on 31 December 2021.

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

Note 10. Loans and borrowings

The Group had the following borrowings outstanding during the periods ending 31 December 2021 and/or 31 December 2020:

Bond loan EUR 200m

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

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

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

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

Bond loan EUR 100m

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

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

Note 10. Loans and borrowings... continued

Bond loan EUR 50m (EUR 33.5m at redemption date)

The EUR 33.5m bonds were redeemed in advance on 6 May 2021 (see "Bond loan EUR 100m" section above for further details).

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

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

Revolving credit facility EUR 27m

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

Other loans

In March 2020, the DDM Debt Group received approximately EUR 0.5m as financing as part of the government loan scheme in Switzerland for the COVID-19 pandemic. This was repaid in full in November 2020.

Maturity profile and carrying value of borrowings:

Group EUR '000s	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Total
at 31 December 2021						
Bond loan, 9%	–	–	–	–	183,452	183,452
Total	–	–	–	–	183,452	183,452
at 31 December 2020						
Revolving credit facility	8,971	–	–	–	–	8,971
Bond loan, 8%	36,391	–	–	–	–	36,391
Bond loan, 9.25%	–	75,303	–	–	–	75,303
Total	45,362	75,303	–	–	–	120,665

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

Fair value of borrowings:

Group EUR '000s	IFRS 9 category	Fair value category	Fair value	Carrying value
at 30 December 2021				
Bond loan, 9%	Financial liabilities at amortized cost	Level 2	189,304	183,452
Total			189,304	183,452
at 31 December 2020				
Revolving credit facility	Financial liabilities at amortized cost	Level 2	9,000	8,971
Bond loan, 8%	Financial liabilities at amortized cost	Level 2	36,244	36,391
Bond loan, 9.25%	Financial liabilities at amortized cost	Level 2	72,865	75,303
Total			118,109	120,665

The levels in the hierarchy are:

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

Note 11. Participations in Group companies

Parent Company EUR '000s	31 December 2021	31 December 2020
Investment	9,478	9,478
Total	9,478	9,478

Parent Company EUR '000s	Investment
At 31 December 2020	9,478
Acquisitions	–
At 31 December 2021	9,478

The Parent Company holds shares in the following subsidiaries:

EUR '000s Company	Corporate identity number	Domicile	Proportion of equity 31 December 2021	Proportion of equity 31 December 2020	Net book value 31 December 2021	Net book value 31 December 2020
DDM Invest III AG	CHE 115.238.947	Switzerland	100%	100%	9,364	9,364
DDM Mergeco AG*	CHE 353.292.452	Switzerland	100%	–	–	–
DDM Invest V d.o.o.*	8297355000	Slovenia	100%	100%	–	–
DDM Invest VII d.o.o.	7109806000	Slovenia	100%	100%	8	8
DDM Debt Management d.o.o Beograd**	21313963	Serbia	100%	100%	–	–
DDM Debt Romania S.R.L	39689815	Romania	99%	99%	106	106
DDM REO Adria d.o.o.* **	05288215	Croatia	100%	100%	–	–
Total					9,478	9,478

* DDM Mergeco AG, DDM Invest V d.o.o. and DDM REO Adria d.o.o. are subsidiaries 100% indirectly held through DDM Invest III AG.

** The net book value of the investments in DDM Debt Management d.o.o Beograd and DDM REO Adria d.o.o. amount to EUR 1 each as of 31 December 2021 and 31 December 2020.

Note 12. Related parties

In 2019 DDM Group Finance S.A. entered into an agreement with the DDM Debt Group where DDM Group Finance S.A. provides services under a brokerage contract. In relation to this agreement an amount of EUR 2.4m of brokerage fees were capitalized as part of the bond refinancing during 2021, resulting in EUR 0.1m and EUR 0.3m of amortized transaction costs that were recognized within financial expenses in Q4 and the full year of 2021 respectively. In relation to the full year 2020 EUR 1.1m of brokerage fees were capitalized as transaction costs as part of the strategic investment in Addiko Bank. In relation to the full year 2019 an amount of EUR 1.3m of brokerage fees was capitalized as transaction costs as part of the bond refinancing during Q2 2019, resulting in EUR nil and EUR 0.6m (Q4 2020: EUR 0.1m and FY 2020: EUR 0.4m) of amortized transaction costs that were recognized within financial expenses in Q4 and the full year of 2021 respectively.

Current assets at 31 December 2021 includes EUR 1.4m receivable from AxFina Holding S.A. ("AxFina") for the sale of 82% of the shares held in AxFina Austria GmbH during the full year 2019.

During 2020, AxFina entered into an agreement with the DDM Debt Group where AxFina provides debt collection services under a servicing contract. In relation to this agreement EUR 0.7m and EUR 1.9m (Q4 2020: EUR 0.5m, and FY 2020: EUR 1.3m) was expensed and principally recognized within collection and commission expenses in Q4 and the full year of 2021 respectively.

In 2017 the DDM Debt Group undertook an investment in a Greek NPL transaction which was executed by making a structured investment of a net amount of EUR 36.4m into a Luxembourg SPV ("Artemis Finance Holding S.A.R.L."), whose shares are ultimately held by trusts attributable to Erik Fällström and Andreas Tuczka. In 2019 the DDM Debt Group further bought out the co-investor, with a total investment amounting to approximately EUR 20.1m. In 2020 the DDM Debt Group 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. The DDM Debt Group has assessed the transaction and concluded that it retains the same contractual rights to future cashflows in the distressed asset portfolio as prior to the restructuring and therefore has not derecognized the asset under IFRS 9 amortized cost. As at 31 December 2021 the DDM Debt Group has released EUR 1.6m of accrued expenses and deferred income recognized during 2020, of which EUR 1.0m has been recognized to net collections, EUR 0.4m netted against prepaid expenses and accrued income and EUR 0.2m has been paid during the year.

Note 12. Related parties... continued

Transactions between the DDM Debt Group companies (fully consolidated) and Artemis Finance Holding (and its subsidiaries) were as follows:

EUR '000s		Full year 2021	Full Year 2020
Income	Net collections	952	74,522
Statement	Amortization net of revaluation	–	(49,890)
Income Statement, Total		952	7,792

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

The DDM Debt Group has invested into a total of EUR 15.8m of pre-IPO convertible bonds in Omnione S.A (“Omnio”), a leading innovator in Banking-as-a-Service of which EUR 3.0m was paid on 12 May, EUR 1.0m was paid on 18 November and EUR 11.8m was reclassified from accounts receivables that has been recognized at cost within Financial assets at fair value. As a result, EUR 0.7m and 0.8m of interest income has been recognized in the income statement in Q4 and for the full year 2021 respectively in relation to the 2% cash interest and 6% PIK accruing on the convertible bonds. 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, which have been recognized at cost within Financial assets at fair value. As a result, EUR 0.2m of interest income has been recognized in the income statement in Q4 and for the full year 2021 in relation to the 15% PIK accruing from Omnio and Omnio Group.

Note 13. Subsequent events

On the 2 February 2022, the National Assembly of Slovenia approved a “Law on limiting and distributing currency risk among creditors and borrowers of loans in Swiss francs”. The DDM Debt Group confirms that as at 31 December 2021 none of its distressed asset portfolios located in Slovenia contain receivables with loan agreements that were denominated in Swiss francs. The extent of the impact on the DDM Debt Group’s investment in Addiko Bank is expected to be material, however it remains uncertain whether legal remedies against the Law will prove successful before the Constitutional Court in Slovenia. The DDM Debt Group considers this as a non-adjusting event after the reporting period.

Signatures

The Board of Directors and Chief Executive Officer declare that the interim report 1 January – 31 December 2021 provides a fair overview of the Parent Company's and the Group's operations, their financial positions and result. The material risks and uncertainties facing the Parent Company and the Group are described in the 2020 Annual report.

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

Stockholm, 17 February 2022

Jörgen Durban
Chairman of the board

Joachim Cato
Board member

Erik Fällström
Board member

Dr. Andreas Tuczka
Board member

Florian Nowotny
CEO

Definitions

DDM

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

Amortization of invested assets

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

Cash EBITDA

Net collections less operating expenses.

EBITDA

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

Estimated Remaining Collections / ERC

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

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

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

Equity

Shareholders' equity at the end of the period.

GCV

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

Impairment of invested assets

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

Invested assets

DDM's invested assets consist of purchases of distressed asset portfolios, investments in joint ventures and associates and financial assets at fair value.

Net collections

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

Net debt

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

Non-recurring items

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

Operating expenses

Personnel, consulting and other operating expenses.

Revaluation of invested assets

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

Reconciliation tables, non-IFRS measures

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

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

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

Net collections:

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

Amortization, revaluation and impairment of invested assets:

The recognition of the acquisition of invested assets is based on the DDM Group's own forecast of future cash flows from acquired portfolios. Reporting follows the effective interest method, where the carrying value of each portfolio corresponds to the present value of all projected future cash flows discounted by an initial effective interest rate determined at the time the portfolio was purchased, based on the relation between cost and the projected future cash flows on the acquisition date. Changes in the carrying value of the portfolios are reported as amortization, revaluation and impairment for the period.

Operating expenses and Cash EBITDA:

Amounts in EUR '000s (unless specified otherwise)	1 Oct–31 Dec 2021	1 Oct–31 Dec 2020	Full Year 2021	Full Year 2020
Net collections *	14,042	16,703	46,601	110,200
Revenue from management fees	–	–	100	–
Personnel expenses	19	(53)	(646)	(695)
Consulting expenses	(2,152)	(2,115)	(7,720)	(9,607)
Other operating expenses	(163)	(55)	(352)	(216)
Operating expenses	(2,296)	(2,223)	(8,718)	(10,518)
Cash EBITDA	11,746	14,480	37,983	99,682

* Net collections includes the incremental net distribution from associate and joint venture. Please refer to page 25 for a reconciliation of alternative performance measures ("APMs") to IFRS

Net debt:

Bond loan, 9%	183,452	–	183,452	–
Revolving credit facility	–	8,971	–	8,971
Bond loan, 8%	–	36,391	–	36,391
Bond loan, 9.25%	–	75,303	–	75,303
Less: Cash and cash equivalents	(62,750)	(30,672)	(62,750)	(30,672)
Net debt	120,702	89,993	120,702	89,993

Equity ratio:

Shareholder's equity	13,447	21,839	13,447	21,839
Shareholder debt (subordinated)	37,586	37,586	37,586	37,586
Total equity according to the senior secured bond terms	51,033	59,425	51,033	59,425
Total assets	248,152	196,963	248,152	196,963
Equity ratio	20.6%	30.2%	20.6%	30.2%

Alternative performance measures – reconciliation to IFRS:

	1 Oct–31 Dec	1 Oct–31 Dec	Full Year	Full Year
EUR '000s	2021	2020	2021	2020
Gross collections	9,597	16,038	40,344	108,739
Incremental gross distribution from associate and joint venture	6,959	2,889	15,563	10,055
Adjusted gross collections	16,556	18,927	55,907	118,794
Net collections	8,568	14,680	36,392	104,876
Incremental net distribution from associate and joint venture	5,474	2,023	10,209	5,324
Adjusted net collections	14,042	16,703	46,601	110,200
Cash EBITDA	6,272	12,457	27,774	94,538
Incremental net distribution from associate and joint venture	5,474	2,023	10,209	5,324
Adjusted cash EBITDA	11,746	14,480	37,983	99,682
Net profit / (loss) for the period	1,005	4,481	(5,662)	8,869
Non-recurring items bond refinancing	–	–	3,911	–
Adjusted net profit / (loss) for the period	1,005	4,481	(1,751)	8,869

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

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

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

About DDM

DDM Debt AB (Nasdaq Stockholm: DDM2) is a subsidiary of **DDM Holding AG** (First North Growth Market: DDM), 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 a company incorporated and domiciled in Zug, Switzerland and listed on Nasdaq First North Growth Market in Stockholm, Sweden, since August 2014.



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