



# Net profit of EUR 4.2 million for the first period of operations and new EUR 50 million bond issued in 2017

**Highlights 2016**

- Net collections of EUR 9.7M
- Cash EBITDA of EUR 8.7M
- Net profit for the period of EUR 4.2M
- A significant transaction in Slovenia was completed in July, with a cash investment amount of EUR 17M
- EUR 11M bond at 13% interest was issued in July to finance the investment in Slovenia
- Loan repayments of approximately EUR 4.5M relating to the EUR 11M bond
- Pipeline of future transactions remains strong

**Highlights fourth quarter 2016**

- Net collections of EUR 4.5M
- Cash EBITDA of EUR 4.1M
- Net profit for the period of EUR 0.8M
- Loan repayments of approximately EUR 1.6M relating to the EUR 11M bond

**Significant events after the end of 2016**

- Further loan repayments of approximately EUR 3.4M were made in January
- EUR 50M of senior secured bonds at 9.5% were issued by DDM Debt AB in January 2017, with the proceeds used to refinance existing debt within the DDM Holding Group, to acquire DDM Treasury Sweden AB's subsidiaries holding the portfolios and for future portfolio acquisitions

<b>Amounts in EUR</b> (unless specified otherwise)	<b>1 Oct – 31 Dec 2016</b>	<b>3 Mar – 31 Dec 2016</b>
Net collections	4,483,920	9,665,953
Operating expenses	(380,727)	(916,545)
Cash EBITDA	4,103,193	8,749,408
Amortization, revaluation and impairment of invested assets	(2,525,835)	(2,784,773)
Operating profit	1,577,358	5,964,635
Net profit for the period	827,766	4,215,695

**Selected key figures**

Total assets	20,388,090	20,388,090
Net debt	9,962,809	9,962,809
Cash flow from operating activities before working capital changes	3,998,546	7,433,363

The information in this interim and year-end 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 28 February 2017 at 8:00 a.m. CET.

## Comment by the CEO

DDM Debt's first period of operations, from 3 March to 31 December 2016 was marked by the closing of a landmark transaction for DDM in July. We invested approximately EUR 17M in Slovenia in a portfolio of non-performing banking claims. The acquisition was funded by a bond of EUR 11M issued in July, along with additional funding raised by DDM Holding AG. The bond at 13% interest had a maturity date 12 months from the issuance date and monthly repayments were made.

Net collections from the Slovenian acquisition were strong in both the fourth quarter of 2016 and for the period 3 March to 31 December 2016, amounting to EUR 4.5M and EUR 9.7M respectively.

Cash EBITDA (net collections less operating expenses) for the fourth quarter was EUR 4.1M and for the period 3 March to 31 December 2016 amounted to EUR 8.7M.

Cash flow from operating activities before working capital changes for the fourth quarter was EUR 4.0M and for the period 3 March to 31 December 2016 was EUR 7.4M, due to the strong performance of the Slovenian portfolio. On the back of the strong cash flows, in accordance with the terms and conditions of the EUR 11M bond issued in July 2016 in connection to the first Slovenian portfolio acquisition, repayments of approximately EUR 1.6M were made during the fourth quarter, resulting in total repayments of approximately EUR 4.5M in 2016. Since the end of 2016 further loan repayments of approximately EUR 3.4M were made on the EUR 11M bond in January. This means that 72% of the bond was repaid at 31 January 2017.

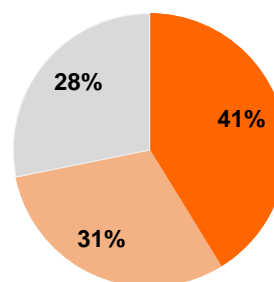
These positive developments have continued in 2017 and DDM Debt AB successfully issued EUR 50M of senior secured bonds in January. The new bonds have a final maturity date in January 2020 and a 9.5% coupon rate, which is significantly lower than our previous cost of funding. This is another important step in improving the capital structure. Part of the proceeds were used to refinance existing debt within the DDM Holding Group and to acquire DDM Treasury Sweden AB's subsidiaries holding the portfolios, with the balance to be used for future portfolio acquisitions.

### Market outlook

We continue to see strong growth in the pipeline of portfolios for sale across our region. DDM continues to receive a significant number of invites to bid for large portfolios and we are well placed to continue the rapid expansion in our investment activities.

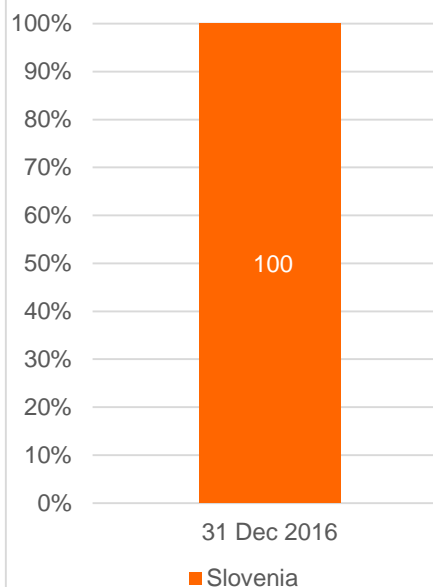
Given the large amount of investment opportunities, funding continues to be a key focus to sustain growth. We are targeting further improvements in our capital structure. With the strong cash flows and recent bond issuance we remain positive on the outlook for DDM and feel confident that we will be able to continue to deliver according to our strategy.

Share of repayment of issued bond loan prior to redemption on 20 February 2017, %



■ Repaid at 31-Dec-16  
 ■ Repayments in January 2017  
 ■ Outstanding at 31-Jan-17

Distressed asset portfolios, book value by country, %



**Gustav Hultgren, CEO,  
DDM Debt AB**

## Financial calendar

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

Annual report for 2016: 22 March 2017

Interim report for January – March 2017: 11 May 2017

Other financial information from DDM is available on DDM's website, [www.ddm-group.ch](http://www.ddm-group.ch).

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

Stockholm, 28 February 2017

DDM Debt AB (publ)

Gustav Hultgren, CEO

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## Presentation of the report

The report and presentation material are available at [www.ddm-group.ch](http://www.ddm-group.ch) on 28 February 2017, at 08:00 a.m. CET.

CEO Gustav Hultgren and CFO Fredrik Olsson will comment on the DDM Group's results during a conference call on 28 February 2017, starting at 10:00 a.m. CET. The presentation can be followed live at [www.ddm-group.ch](http://www.ddm-group.ch) and/or by telephone with dial-in numbers: SE: +46 8 566 426 62, CH: +41 225 675 548 or UK: +44 203 008 9801.

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## Consolidated Income Statement

Amounts in EUR	Notes	1 Oct – 31 Dec 2016	3 Mar – 31 Dec 2016
<b>Revenue on invested assets</b>	3	<b>1,958,085</b>	<b>6,881,180</b>
Personnel expenses		(1,967)	(3,086)
Consulting expenses		(379,441)	(907,402)
Other operating expenses		681	(6,057)
<b>Operating profit</b>		<b>1,577,358</b>	<b>5,964,635</b>
Financial income		43	43
Financial expenses		(646,978)	(1,265,487)
<b>Net financial expenses</b>		<b>(646,935)</b>	<b>(1,265,444)</b>
<b>Profit before income tax</b>		<b>930,423</b>	<b>4,699,191</b>
Tax expense		(102,657)	(483,496)
<b>Net profit for the period</b>		<b>827,766</b>	<b>4,215,695</b>

## Consolidated Statement of Comprehensive Income

Amounts in EUR	1 Oct – 31 Dec 2016	3 Mar – 31 Dec 2016
<b>Net profit for the period</b>	<b>827,766</b>	<b>4,215,695</b>
<b>Other comprehensive income for the period</b>		
<i>Items that will not be reclassified to profit or loss</i>	–	–
<i>Items that may subsequently be reclassified to profit or loss</i>	–	–
<b>Other comprehensive income for the period, net of tax</b>	–	–
<b>Total comprehensive income for the period</b>	<b>827,766</b>	<b>4,215,695</b>
<b>Total comprehensive income for the period attributable to owners of the Parent Company</b>	<b>827,766</b>	<b>4,215,695</b>

## Consolidated Balance Sheet

Amounts in EUR	Notes	31 December 2016
<b>ASSETS</b>		
<i>Non-current assets</i>		
Distressed asset portfolios	4	15,599,671
Other non-current assets		1,418
<b>Total non-current assets</b>		<b>15,601,089</b>
<i>Current assets</i>		
Accounts receivable		199,972
Other receivables		842,452
Prepaid expenses and accrued income		5,120
Cash and cash equivalents		3,739,457
<b>Total current assets</b>		<b>4,787,001</b>
<b>TOTAL ASSETS</b>		<b>20,388,090</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<i>Shareholders' equity</i>		
Share capital		54,000
Retained earnings including net earnings for the period		4,215,695
<b>Total shareholders' equity attributable to Parent Company's shareholders</b>		<b>4,269,695</b>
<b>LIABILITIES</b>		
<i>Non-current liabilities</i>		
Payables to other group companies		1,005,962
Loans from other group companies		7,518,387
<b>Total non-current liabilities</b>		<b>8,524,349</b>
<i>Current liabilities</i>		
Accounts payable		64,837
Bond loan	5	6,183,879
Accrued interest		412,986
Accrued expenses and deferred income		932,344
<b>Total current liabilities</b>		<b>7,594,046</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>20,388,090</b>

## Consolidated Cash Flow Statement

Amounts in EUR	1 Oct – 31 Dec 2016	3 Mar – 31 Dec 2016
<b>Cash flow from operating activities</b>		
Operating profit	1,577,358	5,964,635
<i>Adjustments for non-cash items:</i>		
<i>Amortization of invested assets</i>	2,525,835	2,784,773
<i>Revaluation and impairment of invested assets</i>	–	–
<i>Other items not affecting cash</i>	220,039	(991,359)
Interest paid	(324,729)	(324,729)
Interest received	43	43
<b>Cash flow from operating activities before working capital changes</b>	<b>3,998,546</b>	<b>7,433,363</b>
<b>Working capital adjustments</b>		
(Increase) / decrease in accounts receivable	114,534	(199,972)
(Increase) / decrease in other receivables	(843,609)	(848,990)
Increase / (decrease) in accounts payable	4 707	64 837
Increase / (decrease) in other current liabilities	232 668	932 344
<b>Net cash flow from operating activities</b>	<b>3,506,846</b>	<b>7,381,582</b>
<b>Cash flow from investing activities</b>		
Purchases of distressed asset portfolios	–	(16,878,343)
<b>Net cash flow received / (used) in investing activities</b>	<b>–</b>	<b>(16,878,343)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of ordinary shares	–	54,000
Proceeds from issuance of loans	–	10,453,000
Proceeds from loans from group companies	–	7,264,142
Repayment of loans	(1,585,000)	(4,535,000)
<b>Net cash flow received / (used) in financing activities</b>	<b>(1,585,000)</b>	<b>13,236,142</b>
<b>Cash flow for the period</b>	<b>1,921,846</b>	<b>3,739,381</b>
Cash and cash equivalents less bank overdrafts at beginning of the period	1,818,048	–
Foreign exchange gains / (losses) on cash and cash equivalents	(437)	76
<b>Cash and cash equivalents less bank overdrafts at end of the period</b>	<b>3,739,457</b>	<b>3,739,457</b>

## Consolidated Statement of Changes in Equity

Amounts in EUR			
	Share capital	Retained earnings	Total equity
<b>Balance at 3 March 2016</b>	<b>5,629</b>	<b>–</b>	<b>5,629</b>
<b><i>Comprehensive income</i></b>			
Net profit for the period	–	4,215,695	4,215,695
<b><i>Other comprehensive income</i></b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income</b>	<b>–</b>	<b>4,215,695</b>	<b>4,215,695</b>
<b><i>Transactions with owners</i></b>			
New issue of shares through down payment	48,371	–	48,371
<b>Total transactions with owners</b>	<b>48,371</b>	<b>–</b>	<b>48,371</b>
<b>Balance at 31 December 2016</b>	<b>54,000</b>	<b>4,215,695</b>	<b>4,269,695</b>

## Parent Company – Income Statement

Amounts in EUR	1 Oct – 31 Dec 2016	3 Mar – 31 Dec 2016
Revenue	–	–
Personnel expenses	–	–
Consulting expenses	(53,914)	(61,386)
Other operating expenses	–	–
<b>Operating profit / (loss)</b>	<b>(53,914)</b>	<b>(61,386)</b>
Income from participation in Group companies	150,000	150,000
Financial income	258,999	528,667
Financial expenses	(238,114)	(519,699)
<b>Net financial income / (expenses)</b>	<b>170,885</b>	<b>158,968</b>
<b>Profit before income tax</b>	<b>116,971</b>	<b>97,582</b>
Tax income / (expense)	–	–
<b>Net profit for the period</b>	<b>116,971</b>	<b>97,582</b>

## Parent Company – Statement of Comprehensive Income

Amounts in EUR	1 Oct – 31 Dec 2016	3 Mar – 31 Dec 2016
<b>Net profit for the period</b>	<b>116,971</b>	<b>97,582</b>
<b>Other comprehensive income for the period, net of tax</b>		
Items that will not be reclassified to profit or loss	–	–
Items that may subsequently be reclassified to profit or loss	–	–
<b>Total other comprehensive income for the period, net of tax</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income for the period</b>	<b>116,971</b>	<b>97,582</b>



## Parent Company – Balance Sheet

Amounts in EUR		31 December 2016
<b>ASSETS</b>		
<i>Non-current assets</i>		
Shares in other group companies	6	97,921
<b>Total non-current assets</b>		<b>97,921</b>
<i>Current assets</i>		
Receivables from other group companies		415,879
Loans to other group companies		3,217,473
Prepaid expenses and accrued interest income		221,584
Cash and cash equivalents		2,816,463
<b>Total current assets</b>		<b>6,671,399</b>
<b>TOTAL ASSETS</b>		<b>6,769,320</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<i>Shareholders' equity</i>		
Share capital		54,000
Retained earnings including net earnings for the period		97,582
<b>Total shareholders' equity</b>		<b>151,582</b>
<i>Non-current liabilities</i>		
Payables to other group companies		101,386
<b>Total non-current liabilities</b>		<b>101,386</b>
<i>Current liabilities</i>		
Accounts payable		82,564
Bond loan	5	6,183,879
Payables to other group companies		56,210
Accrued interest		193,699
<b>Total current liabilities</b>		<b>6,516,352</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>6,769,320</b>

## Parent Company – Cash Flow Statement

Amounts in EUR	1 Oct – 31 Dec 2016	3 Mar – 31 Dec 2016
<b>Cash flow from operating activities</b>		
Operating profit / (loss)	(53,914)	(61,386)
Other items not affecting cash	32,467	(77,227)
Interest paid	(324,729)	(324,729)
Interest received	313,254	313,254
<b>Cash flow from operating activities before working capital changes</b>	<b>(32,922)</b>	<b>(150,088)</b>
<b>Working capital adjustments</b>		
(Increase) / decrease in other receivables	55,178	(221,584)
Increase / (decrease) in accounts payable	345	82,564
Increase / (decrease) in other current liabilities	(43,918)	351,295
<b>Net cash flow from operating activities</b>	<b>(21,317)</b>	<b>62,187</b>
<b>Cash flow from investing activities</b>		
Loans to group companies	–	(10,529,219)
Repayment of loans to group companies	4,356,746	7,311,746
<b>Net cash flow received / (used) in investing activities</b>	<b>4,356,746</b>	<b>(3,217,473)</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of ordinary shares	–	54,000
Proceeds from issuance of loans	–	10,453,000
Repayment of loans	(1,585,000)	(4,535,000)
<b>Net cash flow received / (used) in financing activities</b>	<b>(1,585,000)</b>	<b>5,972,000</b>
<b>Cash flow for the period</b>	<b>2,750,429</b>	<b>2,816,714</b>
Cash and cash equivalents less bank overdrafts at beginning of the period	66,141	–
Foreign exchange gains / (losses) on cash and cash equivalents	(107)	(251)
<b>Cash and cash equivalents less bank overdrafts at end of the period</b>	<b>2,816,463</b>	<b>2,816,463</b>

## Parent Company – Statement of Changes in Equity

Amounts in EUR			
	Share capital	Retained earnings	Total equity
<b>Balance at 3 March 2016</b>	<b>5,629</b>	<b>–</b>	<b>5,629</b>
<b><i>Comprehensive income</i></b>			
Net profit for the period	–	97,582	97,582
<b><i>Other comprehensive income</i></b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income</b>	<b>–</b>	<b>97,582</b>	<b>97,582</b>
<b><i>Transactions with owners</i></b>			
New issue of shares through down payment	48,371	–	48,371
<b>Total transactions with owners</b>	<b>48,371</b>	<b>–</b>	<b>48,371</b>
<b>Balance at 31 December 2016</b>	<b>54,000</b>	<b>97,582</b>	<b>151,582</b>

## Notes

### Note 1. General information

DDM Debt AB (publ) (“DDM Debt” or “the Company”) and its subsidiaries (together “DDM Debt Group” or “the Group”) provide liquidity to lenders in certain markets by acquiring distressed consumer debt, enabling the lenders to continue providing loans to companies and individuals. DDM Debt Group then assists the consumers to restructure their overdue debt.

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. DDM Debt is a wholly owned subsidiary of DDM Finance AB, Stockholm, Sweden, being a wholly owned subsidiary of DDM Group AG, Baar, Switzerland. DDM Invest VII AG, Switzerland, and DDM Invest VII d.o.o., Slovenia, are wholly owned subsidiaries of DDM Debt.

DDM Debt acts solely as an issuer of financial instruments and extends this funding intra-group, whereas DDM Group AG acts as the investment manager and makes all decisions regarding investments and allocation of resources.

The Parent Company, DDM Debt AB (publ) is a limited liability company with registered offices in Stockholm, Sweden and its Swedish Corporate ID No. is 559053-6230. The address of the main office and postal address is Västmannagatan 4, SE-111 24, Stockholm, Sweden.

All amounts are reported in Euros (EUR) unless stated otherwise.

### 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 Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities issued by RFR. The accounting policies that are most critical to the Group and Parent Company are stated in DDM Treasury Sweden AB’s Annual Report for 2015. Figures in tables and comments may be rounded.

### Note 3. 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.

Net collections is comprised of gross collections from the distressed asset portfolios held by DDM, minus commission and fees to collection agencies. As the collection procedure is outsourced, the net amount of cash collected is recorded as “Net collections” within the line “Revenue on invested assets” in the consolidated income statement. DDM discloses the alternative performance measure “Net collections” in the 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.

	1 Oct – 31 Dec	3 Mar – 31 Dec
EUR	2016	2016
Slovenia	4,483,920	9,665,953
<b>Net collections</b>	<b>4,483,920</b>	<b>9,665,953</b>
Amortization of invested assets	(2,525,835)	(2,784,773)
<b>Interest income on invested assets before revaluation and impairment</b>	<b>1,958,085</b>	<b>6,881,180</b>
Revaluation of invested assets	–	–
Impairment of invested assets	–	–
<b>Revenue on invested assets</b>	<b>1,958,085</b>	<b>6,881,180</b>

Net collections are distributed by currency as follows:

	1 Oct – 31 Dec	3 Mar – 31 Dec
EUR	2016	2016
EUR	4,483,920	9,665,953
<b>Total</b>	<b>4,483,920</b>	<b>9,665,953</b>

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 revenue on invested assets based on its key geographic areas.

DDM acquires its portfolios from financial institutions at a discount. Such discount gives DDM room to negotiate realistic instalment plans with debtors. DDM targets portfolios with a market value of EUR 3–30 million.

#### **Note 4. Distressed asset portfolios**

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 consumer 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.

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. If the cash flow projections are revised, the carrying amount is adjusted to reflect actual and revised estimated cash flows. 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 Company 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 "Impairment of invested assets").

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

	<b>31 December</b>
<b>EUR</b>	<b>2016</b>
EUR	15,599,671
<b>Total</b>	<b>15,599,671</b>

#### **Note 5. Borrowings**

A bond loan totaling EUR 11M was issued by DDM Debt in July 2016. The bond at 13% interest has a maturity date of 15 July 2017 and will be repaid during the period. Repayments of approximately EUR 1.6M were made during the fourth quarter of 2016, in accordance with the terms and conditions, which are available in their entirety on our website. The total repayments in 2016 were approximately EUR 4.5M.

## Note 6. Participations in Group companies

Parent Company EUR	31 December 2016
Investment	97,921
<b>Total</b>	<b>97,921</b>

The Parent Company holds shares in the following subsidiaries:

EUR Company	Corporate identity number	Domicile	Proportion of equity	Net book value: 31 December 2016
DDM Invest VII AG	CHE 153.128.633	Switzerland	100%	90,421
DDM Invest VII d.o.o.	7109806000	Slovenia	100%	7,500
<b>Total</b>				<b>97,921</b>

## Note 7. Subsequent events

In January 2017 DDM Debt made further loan repayments of approximately EUR 3.4M on the EUR 11M bond issued in July.

EUR 50M of senior secured bonds at 9.5% were issued by DDM Debt AB in January, with the proceeds used to refinance existing debt within the DDM Holding Group and to acquire DDM Treasury Sweden AB's subsidiaries holding the portfolios, with the balance to be used for future portfolio acquisitions.

# Signatures

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The Board of Directors and Chief Executive Officer declare that the interim report 3 March – 31 December 2016 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 DDM Treasury Sweden AB 2015 Annual report.

Stockholm, 28 February 2017

Kent Hansson  
Chairman of the board

Fredrik Waker  
Board member

Manuel Vogel  
Board member

Gustav Hultgren  
CEO

# Definitions

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## **DDM**

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

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## **Amortization of invested assets**

The carrying value of distressed asset portfolios 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 amortisation, revaluation and impairment of invested assets.

## **Equity**

Shareholders' equity at the end of the period.

## **Impairment of invested assets**

Distressed asset portfolios and other long-term receivables from investments 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.

## **Net collections**

Gross collections in respect of the debt portfolios held by DDM minus commission to collection agencies.

## **Net debt**

Long-term and short-term third party loans, interest-bearing intercompany loans 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, administration, consulting, legal, audit and similar expenses & repairs and maintenance expenses.

## **Revaluation of invested assets**

Distressed asset portfolios and other long-term receivables from investments 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 distressed asset portfolios held by DDM, minus commission and fees to collection agencies. As the collection procedure is outsourced, the net amount of cash collected is recorded as "Net collections" within the line "Revenue on invested assets" in the consolidated income statement. DDM discloses the alternative performance measure "Net collections" in the 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.

### Amortization, revaluation and impairment of invested assets:

The recognition of the acquisition of distressed asset portfolios 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 (unless specified otherwise)	1 Oct – 31 Dec 2016	3 Mar – 31 Dec 2016
Net collections	4,483,920	9,665,953
Personnel expenses	(1,967)	(3,086)
Consulting expenses	(379,441)	(907,402)
Other operating expenses	681	(6,057)
Operating expenses	(380,727)	(916,545)
Cash EBITDA	4,103,193	8,749,408

### Net debt:

Bond loan	6,183,879	6,183,879
Interest-bearing loans from other group companies	7,518,387	7,518,387
Less: Cash and cash equivalents	(3,739,457)	(3,739,457)
Net debt	9,962,809	9,962,809

# About DDM

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**DDM Debt AB** is a subsidiary of **DDM Holding AG** (First North: DDM) a leading acquirer and manager of distressed assets, offering the prospect of attractive returns from the expanding Central and Eastern European market. Since 2007, the DDM Group has built a successful platform in Central and Eastern Europe, currently managing 2.3 million receivables with a nominal value of over EUR 2 billion.

For sellers (banks and financial institutions), management of portfolios of distressed assets is a sensitive issue as it concerns the relationship with their customers. For these sellers it is therefore critical 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.

The banking sector in Central and Eastern Europe is subject to increasingly stricter capital ratio requirements resulting in distressed assets being more expensive for banks to keep on their balance sheets. As a result, banks are increasingly looking to divest portfolios of distressed and other non-core assets.

DDM Holding AG is a company incorporated and domiciled in Baar, Switzerland and listed on Nasdaq First North in Stockholm, Sweden, since August 2014.



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