



## Milestone transactions and strong portfolio performance

### Highlights second quarter 2017

- Acquisitions of two portfolios in Croatia totaling c. EUR 28M
- Net collections of EUR 9.8M
- Cash EBITDA of EUR 8.2M
- Net loss for the period of EUR 0.0M
- EUR 35M of senior secured bonds were issued in April in a tap issue under the EUR 85M senior secured bond framework at a price of 101.5%, representing a yield to maturity of c. 9%

### Highlights six months 2017

- Net collections of EUR 15.8M
- Cash EBITDA of EUR 13.1M
- Net profit for the period of EUR 0.5M
- DDM Debt acquired DDM Treasury Sweden AB's subsidiaries holding the portfolios on 17 February
- EUR 85M of senior secured bonds at 9.5% issued and listed on Nasdaq Stockholm. The bonds are currently trading above par

### Significant events after the second quarter

- Entered Greece through a milestone transaction, with an investment commitment of approximately EUR 50M

Amounts in EUR '000s (unless specified otherwise)	1 Apr–30 Jun 2017	1 Apr–30 Jun 2016	1 Jan–30 Jun 2017	3 Mar–30 Jun 2016	3 Mar–31 Dec 2016*
Net collections	9,779	–	15,815	–	9,666
Operating expenses	(1,586)	(2)	(2,752)	(2)	(917)
Cash EBITDA	8,193	(2)	13,063	(2)	8,749
Amortization, revaluation and impairment of invested assets	(5,832)	–	(8,889)	–	(2,785)
Operating profit / (loss)	2,361	(2)	4,174	(2)	5,965
Net (loss) / profit for the period	(20)	(2)	465	(2)	4,216
<b>Selected key figures</b>					
Total assets	120,976	144	120,976	144	20,388
Net debt	16,924	(144)	16,924	(144)	9,963
Cash flow from operating activities before working capital changes	8,061	(2)	12,608	(2)	7,433
Equity ratio**	19.3%	36.1%	19.3%	36.1%	20.9%

\* Audited

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

The information in this interim 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 3 August 2017 at 08:00 CET.

## Comment by the CEO

I am very happy with the progress made during the past months. In addition to solid second quarter results, DDM Debt has made a number of milestone transactions, entering new geographies with significant amounts invested. This further proves DDM Debt's operational capabilities, and the scalability and flexibility of the business model. The acquisition in Greece, where DDM Debt's investment commitment amounts to approximately EUR 50M, is one of the first and largest transactions in the Greek non-performing loan market, and allows us to establish a first mover advantage in the country with the highest non-performing loan ratio in Europe. The underlying portfolio consists of secured and unsecured retail and corporate receivables and has a nominal value of about EUR 1.3BN. The transaction includes one of the very few servicing licenses in Greece, in which we also see great potential for future transactions.

The Company also acquired two portfolios in Croatia totaling c. EUR 28M at the end of the second quarter. These acquisitions are in line with our strategy to grow our investments and to rapidly expand our presence across the region. Following significant due diligence work we are entering Croatia, a new market, which has strong potential for future growth. The acquisitions also increase our exposure to the corporate receivables segment, further diversifying our portfolio of investments in line with our strategy.

The recently announced investments, including commitments, totaling EUR 78M are funded by a combination of cash on hand, following the debt financing activities in first half of the year and the equity raised then contributed by DDM Holding AG, in addition to cash flow from operations and further debt financing.

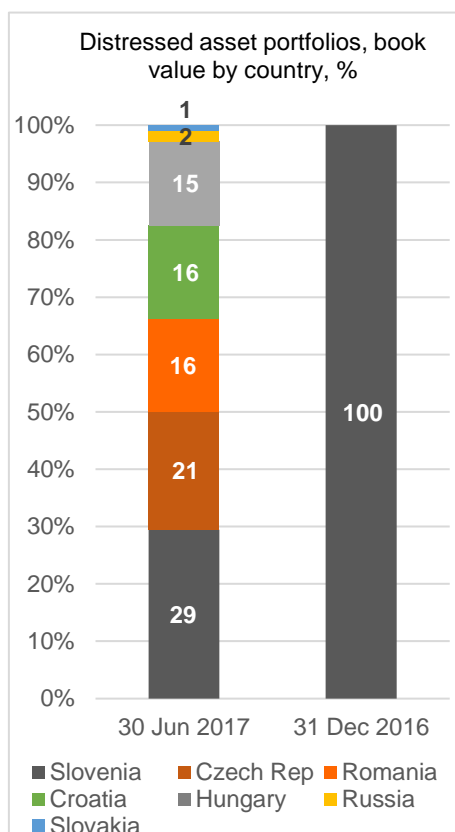
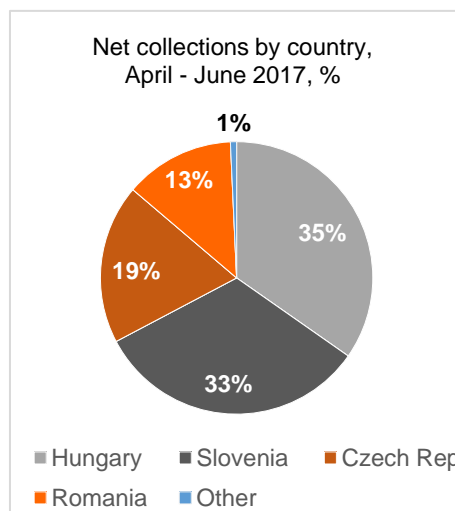
DDM Debt's operational strength and growth continued to be demonstrated in the second quarter. The portfolios continued to perform strongly as a result of continued portfolio growth and focus on portfolio management.

Net collections and cash EBITDA in the second quarter of 2017 amounted to EUR 9.8M and EUR 8.2M respectively, driven by significant collections from the Hungarian portfolio, in addition to the continued strong performance of the larger Slovenian acquisition. For the first six months of 2017 net collections and cash EBITDA were EUR 15.8M and EUR 13.1M respectively. The results of the subsidiaries acquired from DDM Treasury Sweden are included in DDM Debt's results from 17 February.

DDM Debt's cash flow benefitted from the strong net collections, resulting in cash flow from operating activities before working capital changes of EUR 8.1M for the second quarter and EUR 12.6M for H1 2017.

### Market outlook

We continue to see a very strong pipeline of portfolios currently amounting to about EUR 900M across our region in both existing and new markets, with returns and characteristics that match our investment criteria. We will continue our rapid expansion as we continue to source attractive portfolios given our proven transaction closing capabilities and strong reputation.



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

With the strong cash flows and recent acquisitions we remain positive on the outlook for DDM Debt and feel confident to be able to continue to deliver according to our strategy.

Stockholm, 3 August 2017  
DDM Debt AB (publ)  
Gustav Hultgren, CEO

#### **Financial calendar**

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

Interim report for January – September 2017:	2 November 2017
Q4 and full-year report for January – December 2017:	February 2018
Annual report 2017:	March 2018

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.

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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 3 August 2017, at 08:00 CET.

CEO Gustav Hultgren and CFO Fredrik Olsson will comment on the DDM Group's results during a conference call on 3 August 2017, starting at 10:00 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 95, CH: +41 225 675 548 or UK: +44 203 008 9818.

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## Consolidated Income Statement

Amounts in EUR '000s	Notes	1 Apr–30 Jun 2017	1 Apr–30 Jun 2016	1 Jan–30 Jun 2017	3 Mar–30 Jun 2016	3 Mar–31 Dec 2016*
Revenue on invested assets	3	3,947	–	6,926	–	6,881
Personnel expenses		(16)	–	(26)	–	(3)
Consulting expenses		(1,546)	(1)	(2,673)	(1)	(907)
Other operating expenses		(24)	(1)	(53)	(1)	(6)
<b>Operating profit / (loss)</b>		<b>2,361</b>	<b>(2)</b>	<b>4,174</b>	<b>(2)</b>	<b>5,965</b>
Financial income		–	–	–	–	–
Financial expenses		(2,308)	–	(3,793)	–	(1,265)
Unrealized exchange profit		143	–	311	–	–
Realized exchange profit		3	–	46	–	–
<b>Net financial expenses</b>		<b>(2,162)</b>	<b>–</b>	<b>(3,436)</b>	<b>–</b>	<b>(1,265)</b>
<b>Profit / (loss) before income tax</b>		<b>199</b>	<b>(2)</b>	<b>738</b>	<b>(2)</b>	<b>4,699</b>
Tax expense		(219)	–	(273)	–	(483)
<b>Net (loss) / profit for the period</b>		<b>(20)</b>	<b>(2)</b>	<b>465</b>	<b>(2)</b>	<b>4,216</b>

\* Audited

## Consolidated Statement of Comprehensive Income

Amounts in EUR '000s	1 Apr–30 Jun 2017	1 Apr–30 Jun 2016	1 Jan–30 Jun 2017	3 Mar–30 Jun 2016	3 Mar–31 Dec 2016*
<b>Net (loss) / profit for the period</b>	<b>(20)</b>	<b>(2)</b>	<b>465</b>	<b>(2)</b>	<b>4,216</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>					
Recognition of other reserves from subsidiaries	–	–	(1,481)	–	–
<b>Other comprehensive income for the period, net of tax</b>	<b>–</b>	<b>–</b>	<b>(1,481)</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income for the period</b>	<b>(20)</b>	<b>(2)</b>	<b>(1,016)</b>	<b>(2)</b>	<b>4,216</b>
<b>Total comprehensive income for the period attributable to owners of the Parent Company</b>	<b>(20)</b>	<b>(2)</b>	<b>(1,016)</b>	<b>(2)</b>	<b>4,216</b>

\* Audited

## Consolidated Balance Sheet

Amounts in EUR '000s	Notes	30 June 2017	31 December 2016*
<b>ASSETS</b>			
<i>Non-current assets</i>			
Interests in associates		600	–
Distressed asset portfolios	4	39,232	15,600
Other long-term receivables from investments	4	6,768	–
Loan to other group companies		2,000	–
Deferred tax assets		1,137	–
Other non-current assets		1,312	1
<b>Total non-current assets</b>		<b>51,049</b>	<b>15,601</b>
<i>Current assets</i>			
Accounts receivable		3,528	200
Other receivables		36	842
Prepaid expenses and accrued income		19	5
Cash and cash equivalents		66,344	3,739
<b>Total current assets</b>		<b>69,927</b>	<b>4,787</b>
<b>TOTAL ASSETS</b>		<b>120,976</b>	<b>20,388</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<i>Shareholders' equity</i>			
Share capital		54	54
Other reserves		(1,481)	–
Retained earnings including net profit / loss for the period		4,681	4,216
<b>Total shareholders' equity attributable to Parent Company's shareholders</b>		<b>3,254</b>	<b>4,270</b>
<b>LIABILITIES</b>			
<i>Non-current liabilities</i>			
Bond loan	5	83,268	–
Payables to other group companies		1,750	1,006
Payables to other group companies, subordinated		2,559	–
Loans from other group companies		–	7,518
Loans from other group companies, subordinated		17,554	–
Deferred tax liabilities		231	–
<b>Total non-current liabilities</b>		<b>105,362</b>	<b>8,524</b>
<i>Current liabilities</i>			
Accounts payable		7,991	65
Bond loan	5	–	6,184
Accrued interest		3,600	413
Accrued expenses and deferred income		769	932
<b>Total current liabilities</b>		<b>12,360</b>	<b>7,594</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>120,976</b>	<b>20,388</b>

\* Audited

## Consolidated Cash Flow Statement

Amounts in EUR '000s	1 Apr – 30 Jun 2017	1 Apr – 30 Jun 2016	1 Jan – 30 Jun 2017	3 Mar – 30 Jun 2016	3 Mar – 31 Dec 2016*
<b>Cash flow from operating activities</b>					
Operating profit / (loss)	2,361	(2)	4,174	(2)	5,965
<i>Adjustments for non-cash items:</i>					
<i>Amortization of invested assets</i>	5,743	–	9,131	–	2,785
<i>Revaluation and impairment of invested assets</i>	89	–	(242)	–	–
<i>Other items not affecting cash</i>	11	–	(55)	–	(991)
Interest paid	(119)	–	(375)	–	(325)
Interest received	–	–	–	–	–
Tax paid	(24)	–	(25)	–	–
<b>Cash flow from operating activities before working capital changes</b>	<b>8,061</b>	<b>(2)</b>	<b>12,608</b>	<b>(2)</b>	<b>7,433</b>
<b>Working capital adjustments</b>					
(Increase) / decrease in accounts receivable	(1,873)	–	(2,140)	–	(200)
(Increase) / decrease in other receivables	(33)	–	(3)	–	(849)
Increase / (decrease) in accounts payable	68	2	268	2	65
Increase / (decrease) in other current liabilities	490	90	1,056	90	932
<b>Net cash flow from operating activities</b>	<b>6,713</b>	<b>90</b>	<b>11,789</b>	<b>90</b>	<b>7,382</b>
<b>Cash flow from investing activities</b>					
Purchases of distressed asset portfolios and other long-term receivables from investments	–	–	(813)	–	(16,878)
Purchases of subsidiaries	–	–	(33,309)	–	–
<b>Net cash flow received / (used) in investing activities</b>	<b>–</b>	<b>–</b>	<b>(34,122)</b>	<b>–</b>	<b>(16,878)</b>
<b>Cash flow from financing activities</b>					
Proceeds from issuance of ordinary shares	–	54	–	54	54
Proceeds from issuance of loans	34,571	–	83,023	–	10,453
Proceeds from loans from group companies	9,500	–	9,500	–	7,264
Repayment of loans	–	–	(6,465)	–	(4,535)
Loans to other group companies	–	–	(2,000)	–	–
<b>Net cash flow received / (used) in financing activities</b>	<b>44,071</b>	<b>54</b>	<b>84,058</b>	<b>54</b>	<b>13,236</b>
<b>Cash flow for the period</b>	<b>50,784</b>	<b>144</b>	<b>61,725</b>	<b>144</b>	<b>3,739</b>
<b>Cash and cash equivalents less bank overdrafts at beginning of the period</b>	<b>15,576</b>	<b>–</b>	<b>3,739</b>	<b>–</b>	<b>–</b>
Effects from the acquisition of other group companies	–	–	910	–	–
Foreign exchange gains / (losses) on cash and cash equivalents	(16)	–	(30)	–	–
<b>Cash and cash equivalents less bank overdrafts at end of the period</b>	<b>66,344</b>	<b>144</b>	<b>66,344</b>	<b>144</b>	<b>3,739</b>

\* Audited

## Consolidated Statement of Changes in Equity

Amounts in EUR '000s	Share capital	Other reserves	Retained earnings incl. net profit / loss for the period	Total equity
<b>Balance at 3 March 2016*</b>	<b>6</b>	–	–	<b>6</b>
Net profit / (loss) for the period	–	–	(2)	(2)
<b>Other comprehensive income</b>	–	–	–	–
<b>Total comprehensive income</b>	–	–	(2)	(2)
<i>Transactions with owners</i>				
New issue of shares through down payment	48	–	–	48
<b>Total transactions with owners</b>	<b>48</b>	–	–	<b>48</b>
<b>Balance at 30 June 2016</b>	<b>54</b>	–	(2)	<b>52</b>
<b>Balance at 1 January 2017*</b>	<b>54</b>	–	<b>4,216</b>	<b>4,270</b>
Net profit for the period	–	–	465	465
<b>Other comprehensive income</b>	–	–	–	–
Recognition of other reserves from subsidiaries	–	(1,481)	–	(1,481)
<b>Total comprehensive income</b>	–	<b>(1,481)</b>	<b>465</b>	<b>(1,016)</b>
<i>Transactions with owners</i>				
<b>Total transactions with owners</b>	–	–	–	–
<b>Balance at 30 June 2017</b>	<b>54</b>	<b>(1,481)</b>	<b>4,681</b>	<b>3,254</b>

\* Audited

## Parent Company – Income Statement

Amounts in EUR '000s	1 Apr – 30 Jun 2017	1 Apr – 30 Jun 2016	1 Jan – 30 Jun 2017	3 Mar – 30 Jun 2016	3 Mar – 31 Dec 2016*
Revenue	–	–	–	–	–
Personnel expenses	–	–	–	–	–
Consulting expenses	(19)	–	(38)	–	(61)
Other operating expenses	–	–	–	–	–
<b>Operating loss</b>	<b>(19)</b>	<b>–</b>	<b>(38)</b>	<b>–</b>	<b>(61)</b>
Income from participation in Group companies	–	–	–	–	150
Financial income	1,938	–	2,860	–	529
Financial expenses	(1,777)	–	(2,706)	–	(520)
Unrealized exchange loss	(1)	–	(34)	–	–
Realized exchange profit	–	–	29	–	–
<b>Net financial income</b>	<b>160</b>	<b>–</b>	<b>149</b>	<b>–</b>	<b>159</b>
<b>Profit before income tax</b>	<b>141</b>	<b>–</b>	<b>111</b>	<b>–</b>	<b>98</b>
Tax expense	(24)	–	(24)	–	–
<b>Net profit for the period</b>	<b>117</b>	<b>–</b>	<b>87</b>	<b>–</b>	<b>98</b>

\* Audited

## Parent Company – Statement of Comprehensive Income

Amounts in EUR '000s	1 Apr – 30 Jun 2017	1 Apr – 30 Jun 2016	1 Jan – 30 Jun 2017	3 Mar – 30 Jun 2016	3 Mar – 31 Dec 2016*
<b>Net profit for the period</b>	<b>117</b>	<b>–</b>	<b>87</b>	<b>–</b>	<b>98</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>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income for the period</b>	<b>117</b>	<b>–</b>	<b>87</b>	<b>–</b>	<b>98</b>

\* Audited



## Parent Company – Balance Sheet

Amounts in EUR '000s	Notes	30 June 2017	31 December 2016*
<b>ASSETS</b>			
<i>Non-current assets</i>			
Participations in other group companies	6	9,284	98
Receivables from other group companies		51,553	–
<b>Total non-current assets</b>		<b>60,837</b>	<b>98</b>
<i>Current assets</i>			
Receivables from other group companies		697	416
Loans to other group companies		2,287	3,217
Other receivables		59	–
Prepaid expenses and accrued interest income		197	222
Cash and cash equivalents		48,875	2,816
<b>Total current assets</b>		<b>52,115</b>	<b>6,671</b>
<b>TOTAL ASSETS</b>		<b>112,952</b>	<b>6,769</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<i>Shareholders' equity</i>			
Share capital		54	54
Retained earnings including net profit / loss for the period		185	98
<b>Total shareholders' equity</b>		<b>239</b>	<b>152</b>
<i>Non-current liabilities</i>			
Bond loan	5	83,268	–
Payables to other group companies		25,951	101
<b>Total non-current liabilities</b>		<b>109,219</b>	<b>101</b>
<i>Current liabilities</i>			
Accounts payable		2	83
Bond loan	5	–	6,184
Payables to other group companies		91	56
Accrued interest		3,365	194
Accrued expenses and deferred income		36	–
<b>Total current liabilities</b>		<b>3,494</b>	<b>6,516</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>112,952</b>	<b>6,769</b>

\* Audited

## Parent Company – Cash Flow Statement

Amounts in EUR '000s	1 Apr – 30 Jun 2017	1 Apr – 30 Jun 2016	1 Jan – 30 Jun 2017	3 Mar – 30 Jun 2016	3 Mar – 31 Dec 2016*
<b>Cash flow from operating activities</b>					
Operating loss	(19)	–	(38)	–	(61)
Other items not affecting cash	(40)	–	(41)	–	(77)
Interest paid	–	–	(256)	–	(325)
Interest received	–	–	196	–	313
<b>Cash flow from operating activities before working capital changes</b>	<b>(59)</b>	<b>–</b>	<b>(139)</b>	<b>–</b>	<b>(150)</b>
<b>Working capital adjustments</b>					
(Increase) / decrease in other receivables	4,000	–	3,981	–	(222)
Increase / (decrease) in accounts payable	(8)	–	(81)	–	83
Increase / (decrease) in other current liabilities	618	–	791	–	351
<b>Net cash flow from operating activities</b>	<b>4,551</b>	<b>–</b>	<b>4,552</b>	<b>–</b>	<b>62</b>
<b>Cash flow from investing activities</b>					
Loans to group companies	(760)	–	(760)	–	(10,529)
Repayment of loans to group companies	250	–	1,018	–	7,312
Purchases of subsidiaries	–	–	(33,309)	–	–
<b>Net cash flow received / (used) in investing activities</b>	<b>(510)</b>	<b>–</b>	<b>(33,051)</b>	<b>–</b>	<b>(3,217)</b>
<b>Cash flow from financing activities</b>					
Proceeds from issuance of ordinary shares	–	54	–	54	54
Proceeds from issuance of loans	34,571	–	83,023	–	10,453
Repayment of loans	–	–	(6,465)	–	(4,535)
Loans to other group companies	–	–	(2,000)	–	–
<b>Net cash flow received / (used) in financing activities</b>	<b>34,571</b>	<b>54</b>	<b>74,558</b>	<b>54</b>	<b>5,972</b>
<b>Cash flow for the period</b>	<b>38,612</b>	<b>54</b>	<b>46,059</b>	<b>54</b>	<b>2,817</b>
<b>Cash and cash equivalents less bank overdrafts at beginning of the period</b>	<b>10,263</b>	<b>–</b>	<b>2,816</b>	<b>–</b>	<b>–</b>
Foreign exchange gains / (losses) on cash and cash equivalents	–	–	–	–	–
<b>Cash and cash equivalents less bank overdrafts at end of the period</b>	<b>48,875</b>	<b>54</b>	<b>48,875</b>	<b>54</b>	<b>2,816</b>

\* Audited

## Parent Company – Statement of Changes in Equity

Amounts in EUR '000s	Share capital	Retained earnings incl. net profit / loss for the period	Total equity
<b>Balance at 3 March 2016*</b>	<b>6</b>	<b>–</b>	<b>6</b>
Net profit / (loss) for the period	–	–	–
<b>Other comprehensive income</b>	–	–	–
<b>Total comprehensive income</b>	–	–	–
<i>Transactions with owners</i>			
New issue of shares through down payment	48	–	48
<b>Total transactions with owners</b>	<b>48</b>	–	<b>48</b>
<b>Balance at 30 June 2016</b>	<b>54</b>	<b>–</b>	<b>54</b>
<b>Balance at 1 January 2017*</b>	<b>54</b>	<b>98</b>	<b>152</b>
Net profit for the period	–	87	87
<b>Other comprehensive income</b>	–	–	–
<b>Total comprehensive income</b>	–	<b>87</b>	<b>87</b>
<i>Transactions with owners</i>			
<b>Total transactions with owners</b>	–	–	–
<b>Balance at 30 June 2017</b>	<b>54</b>	<b>185</b>	<b>239</b>

\* Audited

## Notes

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### 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.

In 2016 DDM Invest VII AG, Switzerland, and DDM Invest VII d.o.o., Slovenia, were wholly owned subsidiaries of DDM Debt. In connection with the bond refinancing in Q1 2017, DDM Debt AB also acquired DDM Treasury Sweden AB’s subsidiaries (DDM Invest I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV AG, DDM Invest X AG and DDM Invest XX AG) holding the portfolios on 17 February 2017. They are wholly owned subsidiaries, therefore this acquisition was not considered as a business combination according to IFRS 3, as the transaction was done in the ordinary course of business among entities which are under common control of DDM Holding AG.

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 thousands of Euros (EUR k), unless stated otherwise. Rounding differences may occur.

### 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.

As of 1 January 2017 there are clarifications of several IFRS standards. IAS 12 Income Taxes has been amended regarding recognition of deferred tax assets for unrealized losses. IAS 7 Statements of Cash Flows has been amended and IFRS 12 Disclosure of Interests in Other Entities has been clarified. These amendments were applicable as of 1 January 2017, but have not yet been endorsed by the EU. The changes are not expected to have a material effect on the financial statements of the Group. In all other material aspects the Group’s and the Parent Company’s accounting policies, basis for calculations and presentations are unchanged in comparison with the 2016 Annual Report.

The accounting policies that are most critical to the Group and Parent Company are stated in DDM Debt AB’s Annual Report for 2016, which also contains a description of the material risks and uncertainties facing the Parent Company and the Group. 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 includes management fees received from co-investors, as DDM manages the operations of these assets. These fees are considered to be immaterial and have therefore not been disclosed separately.

Net collections is comprised of gross collections from the distressed asset portfolios and other long-term receivables 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.

EUR '000s	1 Apr – 30 Jun 2017	1 Apr – 30 Jun 2016	1 Jan – 30 Jun 2017	3 Mar – 30 Jun 2016	3 Mar – 31 Dec 2016*
<b>Net collections by country:</b>					
Hungary	3,395	–	4,453	–	–
Slovenia	3,184	–	6,459	–	9,666
Czech Republic	1,852	–	2,743	–	–
Romania	1,277	–	2,007	–	–
Russia	58	–	93	–	–
Slovakia	13	–	60	–	–
<b>Net collections</b>	<b>9,779</b>	<b>–</b>	<b>15,815</b>	<b>–</b>	<b>9,666</b>
Amortization of invested assets	(5,743)	–	(9,131)	–	(2,785)
<b>Interest income on invested assets before revaluation and impairment</b>	<b>4,036</b>	<b>–</b>	<b>6,684</b>	<b>–</b>	<b>6,881</b>
Revaluation of invested assets	(89)	–	418	–	–
Impairment of invested assets	–	–	(176)	–	–
<b>Revenue on invested assets</b>	<b>3,947</b>	<b>–</b>	<b>6,926</b>	<b>–</b>	<b>6,881</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 net collections based on its key geographic areas.

#### Note 4. Distressed asset portfolios and other long-term receivables from investments

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

In connection with the bond refinancing in Q1 2017, DDM Debt AB acquired DDM Treasury Sweden AB's subsidiaries holding the portfolios, including the other long-term receivables from investments detailed below.

##### *Other long-term receivables from investments*

DDM Group AG owns 100% of the shares in the local legal entities holding the leasing portfolios. However, the economic substance of the investments are the underlying portfolios of loans, which the DDM Debt Group owns together with a co-investor. As a result, the underlying assets which represent other long-term receivables from investments are recognized in the DDM Debt Group financial statements. The receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, adjusted for revaluation and impairment.

The following investments are treated in this manner:

Entity	Domicile	30 June 2017	31 December 2016
Lombard Pénzügyi és Lízing Zrt.	Hungary	100%	–
Lombard Ingatlan Lízing Zrt.	Hungary	100%	–
Lombard Bérlet Kft.	Hungary	100%	–

The recognition of the acquisition of distressed asset portfolios and other long-term receivables from investments is based on the DDM Debt Group's own forecast of future cash flows from acquired portfolios / receivables. Distressed asset portfolios and other long-term receivables from investments 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 / receivable corresponds to the present value of all projected future cash flows discounted by an initial effective interest rate determined on the date the portfolio / receivable 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 / receivables 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 "net collections". The gain on bargain purchase relates to the fair value measurement of the investment (purchase price allocation).

Distressed asset portfolios and other long-term receivables from investments are reported at amortized cost using the effective interest method. The initial effective interest rate is calculated for each portfolio / receivable 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 / receivable is impaired. A portfolio / receivable 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 / receivable 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 / receivable for a higher or lower amount than its carrying value, the resulting gain or loss on disposal is recognized in the consolidated income statement (within the lines "Revaluation of invested assets" and "Impairment of invested assets" respectively).

The carrying values of distressed asset portfolios and other long-term receivables from investments owned by the DDM Debt Group are distributed by currency as follows:

EUR '000s	30 June	31 December
	2017	2016
EUR	18,726	15,600
CZK	9,452	–
HRK	7,460	–
HUF	6,768	–
RON	2,773	–
RUB	820	–
USD	1	–
<b>Total</b>	<b>46,000</b>	<b>15,600</b>

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

## Note 5. Borrowings

The Group had the following outstanding borrowings at the balance sheet dates of 30 June 2017 and/or 31 December 2016:

### Bond loan EUR 85M

EUR 50M of senior secured bonds at 9.5% were issued by DDM Debt on 30 January 2017, within a total framework amount of EUR 85M. The bonds with ISIN number SE0009548332 have a final maturity date of 30 January 2020 and are listed on the Corporate Bond list at Nasdaq Stockholm. The proceeds were used to refinance existing debt and to acquire DDM Treasury Sweden AB's subsidiaries holding the portfolios (DDM Invest I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV AG, DDM Invest X AG and DDM Invest XX AG) on 17 February 2017, with the remaining balance of about EUR 10M for portfolio acquisitions.

In April 2017, DDM Debt successfully completed a EUR 35M tap issue under the EUR 85M senior secured bond framework. The bond tap issue was placed at a price of 101.5%, representing a yield to maturity of c. 9%.

DDM Debt's financial instrument contains a number of financial covenants, including limits on certain financial indicators. 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 AB has pledged the shares in its subsidiaries as security under the terms and conditions. Certain bank accounts are also assigned to the bond agent as part of the bond terms. 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 AB and any downstream loans to DDM Debt AB's subsidiaries are pledged to the investors as intercompany loans. The Terms and Conditions are available in their entirety on our website.

### Bond loan EUR 11M

A bond loan totaling EUR 11M was issued by DDM Debt in July 2016. The bond at 13% interest had a final maturity date of 15 July 2017 and mandatory repayments during the period. Repayments of approximately EUR 4.5M were made in 2016, and further repayments of EUR 3.4M were made in January 2017. DDM Debt voluntarily fully redeemed the remaining outstanding nominal amount of the bonds of EUR 3.1M plus accrued but unpaid interest on 20 February 2017, in connection with the issuance of the EUR 50M bond loan (see "Bond loan EUR 85M" section above for details).

Maturity profile of borrowings:

Group & Parent co. 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
<b>at 30 June 2017</b>						
Bond loan, 9.5%	–	–	83,268	–	–	<b>83,268</b>
<b>Total</b>	<b>–</b>	<b>–</b>	<b>83,268</b>	<b>–</b>	<b>–</b>	<b>83,268</b>
<b>at 31 December 2016</b>						
Bond loan, 13%	6,184	–	–	–	–	<b>6,184</b>
<b>Total</b>	<b>6,184</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6,184</b>

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.

#### Note 6. Participations in Group companies

Parent Company EUR '000s	30 June 2017	31 December 2016
Investment	9,284	98
<b>Total</b>	<b>9,284</b>	<b>98</b>

Parent Company EUR '000s	Investment
<b>At 31 December 2016</b>	<b>98</b>
Acquisitions	9,186
<b>At 30 June 2017</b>	<b>9,284</b>

The Parent Company holds shares in the following subsidiaries:

EUR '000s Company	Corporate identity number	Domicile	Proportion of equity 30 Jun 2017	Proportion of equity 31 Dec 2016	Net book value 30 Jun 2017	Net book value 31 Dec 2016
DDM Invest VII AG	CHE 153.128.633	Switzerland	100%	100%	90	90
DDM Invest VII d.o.o.	7109806000	Slovenia	100%	100%	8	8
DDM Invest I AG	CHE 113.863.850	Switzerland	100%	–	1,393	–
DDM Invest II AG*	CHE 115.038.302	Switzerland	100%	–	–	–
DDM Invest III AG	CHE 115.238.947	Switzerland	100%	–	591	–
DDM Invest IV AG*	CHE 317.413.116	Switzerland	100%	–	–	–
DDM Invest X AG	CHE 130.419.930	Switzerland	100%	–	1,465	–
DDM Invest XX AG	CHE 349.886.186	Switzerland	100%	–	5,737	–
<b>Total</b>					<b>9,284</b>	<b>98</b>

\* The net book value of the investments in DDM Invest II AG and DDM Invest IV AG amount to EUR 1 and EUR 1 respectively.

#### Note 7. Subsequent events

On 4 July, DDM Debt announced that it enters Greece through a milestone transaction. The underlying portfolio consists of secured and unsecured retail and corporate receivables and has a nominal value of about EUR 1.3BN. DDM Debt's investment commitment amounts to approximately EUR 50M. The transaction includes one of the very few servicing licenses in Greece.

# Signatures

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The Board of Directors and Chief Executive Officer declare that the interim report 1 January – 30 June 2017 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 2016 Annual report.

Stockholm, 3 August 2017

Kent Hansson  
Chairman of the board

Fredrik Waker  
Board member

Manuel Vogel  
Board member

Torgny Hellström  
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 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.

## **Equity**

Shareholders' equity at the end of the period.

## **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 and other long-term receivables from investments.

## **Net collections**

Gross collections in respect of the invested assets held by DDM minus commission to collection agencies.

## **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 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 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 Apr – 30 Jun 2017	1 Apr – 30 Jun 2016	1 Jan – 30 Jun 2017	3 Mar – 30 Jun 2016	3 Mar – 31 Dec 2016*
Net collections	9,779	–	15,815	–	9,666
Personnel expenses	(16)	–	(26)	–	(3)
Consulting expenses	(1,546)	(1)	(2,673)	(1)	(907)
Other operating expenses	(24)	(1)	(53)	(1)	(6)
Operating expenses	(1,586)	(2)	(2,752)	(2)	(917)
Cash EBITDA	8,193	(2)	13,063	(2)	8,749

### Net debt:

Bond loan, 9.5%	83,268	–	83,268	–	–
Bond loan, 13%	–	–	–	–	6,184
Interest-bearing loans from other group companies	–	–	–	–	7,518
Less: Cash and cash equivalents	(66,344)	(144)	(66,344)	(144)	(3,739)
Net debt	16,924	(144)	16,924	(144)	9,963

### Equity ratio:

Shareholder's equity	3,254	52	3,254	52	4,270
Shareholder debt (subordinated)	20,113	–	20,113	–	–
Total equity according to the senior secured bond terms	23,367	52	23,367	52	4,270
Total assets	120,976	144	120,976	144	20,388
Equity ratio	19.3%	36.1%	19.3%	36.1%	20.9%

## About DDM

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**DDM Debt AB** (Nasdaq Stockholm: DDM2) is a subsidiary of **DDM Holding AG** (First North: DDM), a multinational investor in 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 2BN.

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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