



Record collections and cash EBITDA

Highlights fourth quarter 2018

- Net collections increased by 76% to EUR 22.2M (Q4 2017: EUR 12.6M)
- Cash EBITDA increased by 92% to EUR 20.5M (Q4 2017: EUR 10.7M)
- Net profit for the period of EUR 1.2M (Q4 2017: EUR 1.2M)
- Cash on hand available for investments at the end of December 2018 was EUR 57M (Q4 2017: EUR 58M)
- Investments in the Balkans of EUR 6M following regulatory approval

Highlights 2018

- Strategic shift to invest in secured portfolios
- Net collections increased by 86% to EUR 64.8M (2017: EUR 34.9M)
- Cash EBITDA increased by 102% to EUR 58.0M (2017: EUR 28.7M)
- Net profit for the year of EUR 2.1M (2017: EUR 1.4M)
- Investments in the Balkans and the Czech Republic totaling approximately EUR 42M
- Henrik Wennerholm appointed as Chief Executive Officer

Significant events after the end of the year

- Operational launch of partnership to provide portfolio management services for secured portfolios in the Balkans
- Investments agreement signed for acquisition in Croatia, thereby expecting to be fully invested. Investment made through a joint venture with B2Holding where each party holds 50%

Amounts in EUR '000s (unless specified otherwise)	1 Oct – 31 Dec 2018	1 Oct – 31 Dec 2017	Full Year 2018	Full Year 2017*
Net collections	22,211	12,590	64,759	34,859
Operating expenses	(1,754)	(1,842)	(6,809)	(6,199)
Cash EBITDA	20,457	10,748	57,950	28,660
Amortization, revaluation and impairment of invested assets	(14,855)	(6,465)	(37,002)	(17,249)
Operating profit	5,601	4,283	20,946	11,411
Net profit for the period	1,186	1,150	2,144	1,373
Selected key figures				
Total assets	184,719	177,167	184,719	177,167
Net debt	75,959	74,469	75,959	74,469
Cash flow from operating activities before working capital changes	18,243	8,144	45,308	22,022
Equity ratio**	21.7%	19.7%	21.7%	19.7%

* Audited

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

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 21 February 2019 at 08:00 CET.

Comment by the CEO

2018 has been an intense and exciting year for DDM and me personally. Since I had the privilege to take on the CEO-role in July we have achieved record collections and cash EBITDA for consecutive quarters and the full year of 2018. We have taken several major strategic and operational steps to further improve and strengthen our position in the market, most importantly being DDM's strategic shift towards becoming a specialized investor in secured corporate portfolios.

Funding of the business remains a focus area and we will continue to work on this going forward to further improve flexibility, decrease the cost of capital and support our rapid growth. We expect to become fully invested in 2019 following the acquisition of a portfolio containing secured corporate receivables in Croatia.

Net collections reached an all-time high level with collections of EUR 22.2M in the fourth quarter and EUR 64.8M in 2018. This increase is primarily driven by collections in the Balkans, Greece and the Czech Republic from portfolios acquired in H2 2017 and Q1 2018. This has resulted in record cash EBITDA of EUR 20.5M in the fourth quarter and EUR 58.0M in 2018.

After the end of the quarter we announced a milestone acquisition through a 50% joint venture with B2Holding of a distressed asset portfolio containing secured corporate receivables in Croatia with a Gross Collection Value (face value) of approximately EUR 800M. Following the completion of this transaction DDM expects to be fully invested and the transaction will have a major impact on our ERC and other key financial measurements.

Strategic shift towards secured portfolios

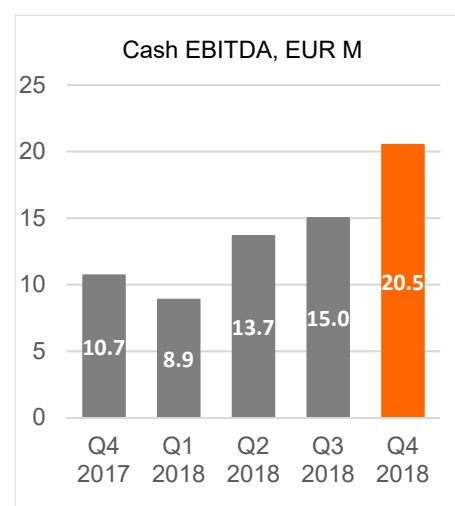
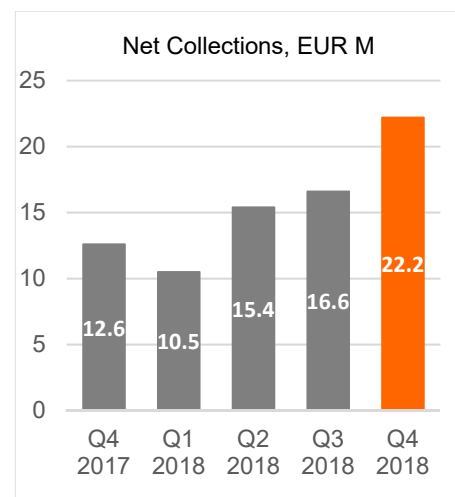
During 2018 we have strategically shifted towards becoming an investor in primarily secured portfolios, a shift which was intensified during the fourth quarter. The proportion of secured portfolios has increased from 42 percent of ERC in June 2017 to 61 percent of ERC in December 2018 following recent acquisitions. This shift will result in increased variability in our collections from quarter to quarter due to the timing of larger settlements from corporate portfolios. However, we are confident that this shift will benefit all of DDM's stakeholders, through enabling higher operating profit.

Market outlook

The sale of non-performing assets continues to be a key focus area of active portfolio management by banking industry players in Central and Eastern Europe and the supply of new corporate NPL portfolios continues to grow as European banks consolidate and deleverage their balance sheets. The most active markets for DDM are currently the Balkans and Greece. We expect economic expansion, improving labour market conditions and increased lending activity in Greece following years of austerity to present further investment opportunities. Real estate in our region has also benefited from positive price development supporting our business and further transactions.

DDM's business model is flexible and opportunistic and we believe that there will continue to be good business opportunities for us. However, DDM's rate of growth and financial results will continue to vary from quarter to quarter, impacted by the timing of significant investments and larger settlements from corporate portfolios.

We aim to deliver sizeable and profitable growth in 2019 as we continue to focus on our markets in Southeast Europe and Central and Eastern Europe where we have strong market knowledge and relationships.



Stockholm, 21 February 2019
DDM Debt AB (publ)
Henrik Wennerholm , CEO

Financial calendar

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

Annual report 2018:	29 March 2019
Interim report for January – March 2019:	2 May 2019
Annual General Meeting:	28 May 2019

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

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

Presentation of the report

The report and presentation material are available at www.ddm-group.ch on 21 February 2019, at 08:00 CET.

CEO Henrik Wennerholm and CFO Fredrik Olsson will comment on the DDM Group's results during a conference call on 21 February 2019, 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 8 505 583 50, CH: +41 225 675 632 or UK: +44 333 300 9265.

Financial results

Net collections reached an all-time high level with collections of EUR 22.2M in the fourth quarter, increasing by 76% compared with EUR 12.6M for the corresponding period last year. This increase is primarily driven by collections in the Balkans, Greece and the Czech Republic from portfolios acquired in H2 2017 and Q1 2018. Following this positive trend, cash EBITDA increased significantly to EUR 20.5M, increasing by 92% compared to EUR 10.7M for the corresponding period last year.

Operating expenses were EUR 1.8M in the fourth quarter and EUR 6.8M for the full year 2018, EUR 0.1M lower and EUR 0.6M higher than the corresponding periods in 2017, mainly as a result of accelerated growth, management changes and strengthening the team.

The quarter includes an impairment of EUR 1.4M primarily relating to portfolios in the Balkans, offset by EUR 0.3M of positive revaluation due to timing of larger settlements from corporate portfolios expected to be received in 2019. The change in composition of the portfolios towards secured primarily corporate portfolios now making up the majority share of our overall portfolio of assets will cause increased variability in our collections from quarter to quarter.

The net result was a profit of EUR 1.2M for Q4 2018, in line with the corresponding period in 2017.

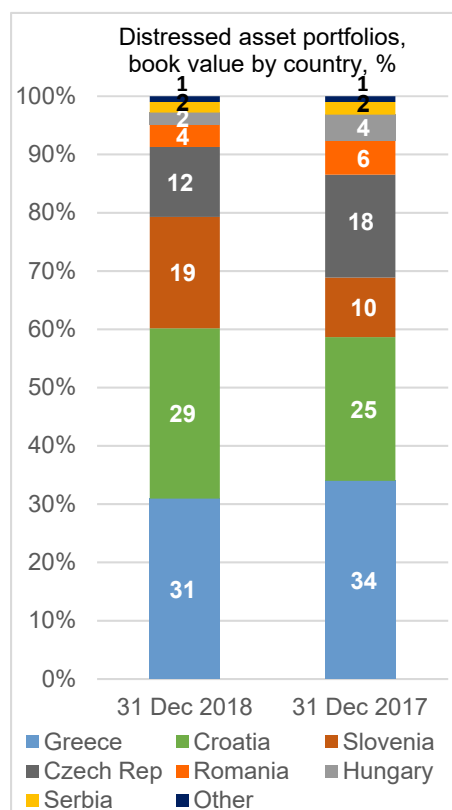
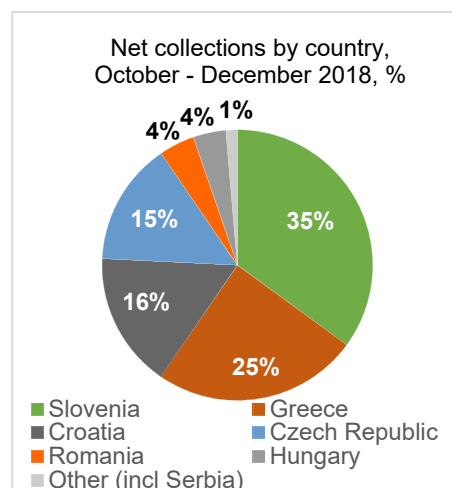
Our strong operational performance resulted in cash flow from operating activities before working capital changes of EUR 18.2M in the fourth quarter compared to EUR 8.1M in Q4 2017, and EUR 45.3M for the full year 2018 compared to EUR 22.0M for 2017.

Significant events after the quarter end

DDM continued to deliver on its growth strategy as an investor in secured portfolios, expecting to become fully invested following an agreement in January 2019 to acquire a significant distressed asset portfolio containing secured corporate receivables in Croatia. The acquisition is made through a Joint Venture structure together with B2Holding where each party holds 50%. The Gross Collection Value (face value) of the portfolio amounts to approximately EUR 800M. The investment is subject to regulatory approval and is expected to close in the first or at the beginning of the second quarter of 2019. The transaction is expected to be financed by cash on hand and internally generated cashflows.

We have also launched a partnership with 720 Restructuring & Advisory that will provide portfolio management services to jointly manage and oversee the debt collection process for portfolios in the Balkans. This will complement the existing network of outsourced debt collection agencies and enable DDM to be closer to the market ensuring increased control and management of larger, more complex work outs of corporate secured receivables.

DDM Debt AB is in a phase in which exploiting identified opportunities for growth is prioritized. Consequently, the Board of Directors proposes that no dividend be paid for the 2018 financial year (2017: nil).



Consolidated Income Statement

Amounts in EUR '000s	Notes	1 Oct – 31 Dec 2018	1 Oct – 31 Dec 2017	Full Year 2018	Full Year 2017*
Revenue on invested assets	4	7,356	6,125	27,757	17,610
Personnel expenses		(75)	(69)	(304)	(122)
Consulting expenses		(1,626)	(1,628)	(6,304)	(5,843)
Other operating expenses		(53)	(145)	(201)	(234)
Depreciation of tangible assets		(1)	–	(2)	–
Operating profit		5,601	4,283	20,946	11,411
Financial income		55	191	220	191
Financial expenses		(4,195)	(3,422)	(17,634)	(9,914)
Unrealized exchange profit		87	890	(328)	1,023
Realized exchange loss		–	(462)	(123)	(384)
Net financial expenses		(4,053)	(2,803)	(17,865)	(9,084)
Profit before income tax		1,548	1,480	3,081	2,327
Tax expense		(362)	(330)	(937)	(954)
Net profit for the period		1,186	1,150	2,144	1,373
Net profit for the period attributable to:					
Owners of the Parent Company		1,186	1,150	2,144	1,373

* Audited

Consolidated Statement of Comprehensive Income

Amounts in EUR '000s	1 Oct – 31 Dec 2018	1 Oct – 31 Dec 2017	Full Year 2018	Full Year 2017*
Net profit for the period	1,186	1,150	2,144	1,373
Other comprehensive income for the period				
<i>Items that may subsequently be reclassified to profit or loss:</i>				
Acquisition of subsidiaries under common control of DDM Holding AG	–	–	–	(1,481)
Currency translation differences	–	–	(4)	–
Other comprehensive income for the period, net of tax	–	–	(4)	(1,481)
Total comprehensive income for the period	1,186	1,150	2,140	(108)
Total comprehensive income for the period attributable to:				
Owners of the Parent Company	1,186	1,150	2,140	(108)

* Audited

Consolidated Balance Sheet

Amounts in EUR '000s	Notes	31 December 2018	31 December 2017*
ASSETS			
<i>Non-current assets</i>			
Tangible assets	5	9	7
Interests in associates		13	600
Distressed asset portfolios	6	113,943	105,547
Other long-term receivables from investments	6	2,422	4,963
Loans to other group companies		2,000	2,000
Accrued interest from other group companies		411	191
Deferred tax assets		436	837
Other non-current assets		107	116
Total non-current assets		119,341	114,261
<i>Current assets</i>			
Accounts receivable		7,279	4,994
Receivables from other group companies		422	–
Other receivables		374	18
Prepaid expenses and accrued income		37	197
Cash and cash equivalents		57,266	57,697
Total current assets		65,378	62,906
TOTAL ASSETS		184,719	177,167
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Shareholders' equity</i>			
Share capital		54	54
Other reserves		(4)	–
Retained earnings including net profit for the period		8,811	6,667
Total shareholders' equity attributable to Parent Company's shareholders		8,861	6,721
LIABILITIES			
<i>Non-current liabilities</i>			
Bond loan	7	133,225	132,166
Payables to other group companies		1,433	2,075
Payables to other group companies, subordinated		1,775	–
Loans from other group companies, subordinated		19,400	18,128
Deferred tax liabilities		250	490
Total non-current liabilities		156,083	152,859
<i>Current liabilities</i>			
Accounts payable		448	298
Tax liabilities		2,190	745
Accrued interest		5,165	3,992
Accrued expenses and deferred income		1,972	2,552
Loans from other group companies, subordinated		10,000	10,000
Total current liabilities		19,775	17,587
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		184,719	177,167

* Audited

Consolidated Cash Flow Statement

Amounts in EUR '000s	1 Oct – 31 Dec 2018	1 Oct – 31 Dec 2017	Full Year 2018	Full Year 2017*
Cash flow from operating activities				
Operating profit	5,601	4,283	20,946	11,411
<i>Adjustments for non-cash items:</i>				
<i>Amortization of invested assets</i>	13,790	6,465	34,405	17,489
<i>Revaluation and impairment of invested assets</i>	1,065	–	2,597	(240)
<i>Depreciation of tangible assets</i>	1	–	2	–
<i>Other items not affecting cash</i>	(200)	(2,506)	(184)	(2,649)
Interest paid	(2,000)	(98)	(12,395)	(3,964)
Tax paid	(14)	–	(63)	(25)
Cash flow from operating activities before working capital changes	18,243	8,144	45,308	22,022
Working capital adjustments				
(Increase) / decrease in accounts receivable	(4,520)	(2,584)	(2,285)	(2,398)
(Increase) / decrease in other receivables	801	76	40	(164)
Increase / (decrease) in accounts payable	99	70	150	(12)
Increase / (decrease) in other current liabilities	(53)	31	(1,183)	2,017
Net cash flow from operating activities	14,570	5,737	42,030	21,465
Cash flow from investing activities				
Purchases of distressed asset portfolios and other long-term receivables from investments	(6,127)	(20,917)	(42,313)	(90,799)
Proceeds from divestment of distressed asset portfolios and other long-term receivables from investments	–	13,570	–	13,570
Purchases of subsidiaries	–	–	–	(33,309)
Purchases of tangible assets	(1)	(3)	(4)	(7)
Net cash flow received / (used) in investing activities	(6,128)	(7,350)	(42,317)	(110,545)
Cash flow from financing activities				
Proceeds from issuance of ordinary shares	–	–	–	–
Proceeds from issuance of loans	–	65,189	–	148,212
Proceeds from loans from group companies	–	10,000	–	19,500
Repayment of loans	–	(17,000)	–	(23,465)
Loans to other group companies	–	–	–	(2,000)
Net cash flow received / (used) in financing activities	–	58,189	–	142,247
Cash flow for the period	8,442	56,576	(287)	53,167
Cash and cash equivalents less bank overdrafts at beginning of the period	48,852	1,179	57,697	3,739
Effects from the acquisition of other group companies	–	–	–	910
Foreign exchange gains / (losses) on cash and cash equivalents	(28)	(58)	(144)	(119)
Cash and cash equivalents less bank overdrafts at end of the period	57,266	57,697	57,266	57,697

* Audited

Consolidated Statement of Changes in Equity

Amounts in EUR '000s	Share capital	Other reserves	Retained earnings incl. net profit for the period	Total equity
Balance at 1 January 2017*	54	–	4,216	4,270
Net profit for the period	–	–	1,373	1,373
Other comprehensive income				
Acquisition of subsidiaries under common control of DDM Holding AG	–	–	(1,481)	(1,481)
Total comprehensive income	–	–	(108)	(108)
<i>Transactions with owners</i>				
Received capital contribution	–	–	2,559	2,559
Total transactions with owners	–	–	2,559	2,559
Balance at 31 December 2017*	54	–	6,667	6,721
Balance at 1 January 2018*	54	–	6,667	6,721
Net profit for the year	–	–	2,144	2,144
Other comprehensive income				
Currency translation differences	–	(4)	–	(4)
Total comprehensive income	–	(4)	2,144	2,140
<i>Transactions with owners</i>				
Total transactions with owners	–	–	–	–
Balance at 31 December 2018	54	(4)	8,811	8,861

* Audited

Parent Company – Income Statement

Amounts in EUR '000s	1 Oct – 31 Dec 2018	1 Oct – 31 Dec 2017	Full Year 2018	Full Year 2017*
Revenue	–	–	–	–
Personnel expenses	–	(7)	(24)	(7)
Consulting expenses	(100)	(17)	(172)	(65)
Other operating expenses	(44)	(83)	(92)	(83)
Operating loss	(144)	(107)	(288)	(155)
Income from participation in Group companies	–	–	–	2,500
Financial income	3,768	2,918	14,973	7,728
Financial expenses	(3,502)	(2,771)	(14,641)	(7,496)
Unrealized exchange loss	–	(10)	(2)	(44)
Realized exchange profit	–	11	–	32
Net financial income	266	148	330	220
Profit before income tax	122	41	42	2,565
Tax expense	2	(9)	2	(14)
Net profit for the period	124	32	44	2,551

* Audited

Parent Company – Statement of Comprehensive Income

Amounts in EUR '000s	1 Oct – 31 Dec 2018	1 Oct – 31 Dec 2017	Full Year 2018	Full Year 2017*
Net profit for the period	124	32	44	2,551
<i>Other comprehensive income for the period</i>				
Other comprehensive income for the period, net of tax	–	–	–	–
Total other comprehensive income for the period, net of tax	124	32	44	2,551
Total comprehensive income for the period	124	32	44	2,551

* Audited

Parent Company – Balance Sheet

Amounts in EUR '000s	Notes	31 December 2018	31 December 2017*
ASSETS			
<i>Non-current assets</i>			
Participations in other group companies	8	9,478	9,284
Loans to other group companies		150,123	98,809
Accrued interest from other group companies		411	191
Other non-current assets		–	5
Total non-current assets		160,012	108,289
<i>Current assets</i>			
Receivables from other group companies		–	3,197
Other receivables		16	–
Prepaid expenses and accrued interest income		6,030	3,762
Cash and cash equivalents		707	48,753
Total current assets		6,753	55,712
TOTAL ASSETS		166,765	164,001
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Shareholders' equity</i>			
Share capital		54	54
Retained earnings including net profit for the period		5,252	5,208
Total shareholders' equity		5,306	5,262
<i>Non-current liabilities</i>			
Bond loan	7	133,225	132,166
Payables to other group companies		5,316	5,482
Loans from other group companies		7,000	7,000
Total non-current liabilities		145,541	144,648
<i>Current liabilities</i>			
Accounts payable		102	7
Payables to other group companies		–	91
Tax liabilities		13	14
Accrued interest		5,734	3,828
Accrued expenses and deferred income		69	151
Loans from other group companies, subordinated		10,000	10,000
Total current liabilities		15,918	14,091
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		166,765	164,001

* Audited

Parent Company – Cash Flow Statement

Amounts in EUR '000s	1 Oct – 31 Dec 2018	1 Oct – 31 Dec 2017	Full Year 2018	Full Year 2017*
Cash flow from operating activities				
Operating loss	(144)	(107)	(288)	(155)
Other items not affecting cash	(20)	110	(116)	84
Interest paid	(2,000)	(98)	(12,395)	(3,672)
Interest received	2,304	138	11,924	334
Cash flow from operating activities before working capital changes	140	43	(875)	(3,409)
Working capital adjustments				
(Increase) / decrease in other receivables	–	60	800	–
Increase / (decrease) in accounts payable	96	4	95	(76)
Increase / (decrease) in other current liabilities	18	134	427	186
Net cash flow from operating activities	254	241	447	(3,299)
Cash flow from investing activities				
Loans to group companies	(11,000)	(19,200)	(59,500)	(64,760)
Repayment of loans to group companies	8,696	2,500	8,696	7,558
Dividends received	2,500	–	2,500	–
Purchases of subsidiaries	–	–	(106)	(33,309)
Purchase of shares in subsidiaries	(88)	–	(88)	–
Net cash flow received / (used) in investing activities	108	(16,700)	(48,498)	(90,511)
Cash flow from financing activities				
Proceeds from issuance of loans	–	65,189	–	148,212
Proceeds from loans from group companies	–	17,000	–	17,000
Repayment of loans	–	(17,000)	–	(23,465)
Loans to other group companies	–	–	–	(2,000)
Net cash flow received / (used) in financing activities	–	65,189	–	139,747
Cash flow for the period	362	48,730	(48,051)	45,937
Cash and cash equivalents less bank overdrafts at beginning of the period	346	23	48,753	2,816
Foreign exchange gains / (losses) on cash and cash equivalents	(1)	–	5	–
Cash and cash equivalents less bank overdrafts at end of the period	707	48,753	707	48,753

* Audited

Parent Company – Statement of Changes in Equity

Amounts in EUR '000s	Share capital	Retained earnings incl. net profit for the period	Total equity
Balance at 1 January 2017*	54	98	152
Net profit for the period	–	2,551	2,551
<i>Other comprehensive income</i>	–	–	–
Total comprehensive income	–	2,551	2,551
<i>Transactions with owners</i>			
Received capital contribution	–	2,559	2,559
Total transactions with owners	–	2,559	2,559
Balance at 31 December 2017*	54	5,208	5,262
Balance at 1 January 2018*	54	5,208	5,262
Net profit for the year	–	44	44
<i>Other comprehensive income</i>	–	44	44
Total comprehensive income	–	44	44
<i>Transactions with owners</i>			
Total transactions with owners	–	–	–
Balance at 31 December 2018	54	5,252	5,306

* Audited

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”) provide liquidity to lenders in certain markets by acquiring distressed debt, enabling the lenders to continue providing loans to companies and individuals. The DDM Debt Group then assists the debtors 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. 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 Västra Trädgårdsgatan 15, 111 53 Stockholm, Sweden. 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 NPL 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. A new subsidiary of DDM Debt, DDM Debt Management d.o.o Beograd, was incorporated in Serbia on 22 August 2017 and DDM Debt Romania S.R.L was incorporated in Romania on 31 July 2018. DDM Invest V d.o.o. (formerly Ahive d.o.o.) is a 100% indirectly held subsidiary through DDM Invest I AG that was incorporated in Slovenia on 22 October 2018.

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.

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.

As of 1 January 2018 there are several new IFRS standards. IFRS 9 Financial instruments and IFRS 15 Revenue from contracts with customers have been applied from 1 January 2018. 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 2017 Annual Report.

The DDM Debt Group’s business model is to invest in distressed assets and collect the contractual cash flows. Consequently, the cash flows consist only of payments of principal and interest (*solely payments of principal and interest*, “SPPI”). In exceptional cases, portfolios might be sold (e.g. exit of a market, significant increase in a risk of default, etc.), and would therefore have to be assessed on a case by case basis and, if applicable, treated differently. Therefore IFRS 9’s changes to classification and measurement of financial instruments have not had an impact on the recognition and valuation of the invested assets, as these continue to be valued at amortized cost.

The expected credit loss model under IFRS 9 has not had an additional direct impact on the DDM Debt Group’s invested assets, as the lifetime expected credit losses are already included in the estimated cash flows when calculating the effective interest rate on initial recognition of such assets. A significant increase in the credit risk would result in a revaluation and/or impairment of the invested asset, which is the recognition of the additional expected credit loss. As the DDM Debt Group invests in distressed assets (stage 3), no change in a different stage (stage 1 or 2) is expected.

The table below shows a comparison of the measurement of the DDM Debt Group’s financial instruments according to IAS 39 and IFRS 9:

	Valuation under IAS 39	Valuation under IFRS 9
Assets		
Accounts receivable	Amortized cost	Amortized cost
Other receivables	Amortized cost	Amortized cost
Distressed asset portfolios	Amortized cost	Amortized cost
Other long-term receivables from investments	Amortized cost	Amortized cost
Liabilities		
Accounts payable	Amortized cost	Amortized cost
Other payables	Amortized cost	Amortized cost
Short-term loans	Amortized cost	Amortized cost
Long-term loans	Amortized cost	Amortized cost

IFRS 15 is not applicable to revenue on invested assets, as this is the result of the application of the amortized cost method. IFRS 15 is applicable to revenue from management fees, however these are immaterial for the DDM Debt Group, and revenue is already recognized based on the satisfaction of performance obligations. Therefore IFRS 15 has not had an impact on the financial statements of the DDM Debt Group.

The accounting policies that are most critical to the Group and Parent Company are stated in DDM Debt AB's Annual Report for 2017, which also contains a description of the material risks and uncertainties facing the Parent Company and the Group.

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 2018	31 December 2017
DDM Invest I AG	Fully consolidated	Switzerland	100%	100%
DDM Invest II AG	Fully consolidated	Switzerland	100%	100%
DDM Invest III AG	Fully consolidated	Switzerland	100%	100%
DDM Invest IV AG	Fully consolidated	Switzerland	100%	100%
DDM Invest VII AG	Fully consolidated	Switzerland	100%	100%
DDM Invest X AG	Fully consolidated	Switzerland	100%	100%
DDM Invest XX AG	Fully consolidated	Switzerland	100%	100%
DDM Invest VII d.o.o.	Fully consolidated	Slovenia	100%	100%
DDM Invest V d.o.o.	Fully consolidated	Slovenia	100%	–
DDM Debt Management d.o.o Beograd	Fully consolidated	Serbia	100%	100%
DDM Debt Romania S.R.L.	Fully consolidated	Romania	100%	–

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.

Associates	Consolidation method	Domicile	31 December 2018	31 December 2017
Profinance doo Beograd	Equity method	Serbia	–	49.67%
CE Partner S.a.r.l.	Equity method	Luxembourg	50.00%	–
CE Holding Invest S.C.S	Equity method	Luxembourg	49.99%	–

Based on the expected future performance of Profinance doo Beograd, management has recognized an impairment of EUR 0.6M for the full year 2018 against the carrying amount.

Note 3. Currency translation

All entities prepare their financial statements in their functional currency. At 31 December 2018 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, and DDM Debt Romania S.R.L., which has Romanian leu (RON) 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. 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 third parties. 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 Oct – 31 Dec	1 Oct – 31 Dec	Full Year	Full Year
	2018	2017	2018	2017
Net collections by country:				
Slovenia	7,784	2,240	20,277	10,564
Greece	5,450	1,958	13,962	1,958
Croatia	3,597	3,303	9,038	3,592
Czech Republic	3,265	2,357	12,576	6,650
Romania	943	1,229	4,069	4,536
Hungary	871	1,080	3,789	6,934
Serbia	262	111	699	111
Russia	23	45	86	171
Slovakia	16	267	193	343
Bosnia	–	–	70	–
Net collections	22,211	12,590	64,759	34,859
Amortization of invested assets	(13,790)	(6,465)	(34,405)	(17,489)
Interest income on invested assets before revaluation and impairment	8,421	6,125	30,354	17,370
Revaluation of invested assets	285	–	(152)	806
Impairment of invested assets	(1,350)	–	(2,445)	(566)
Revenue on invested assets	7,356	6,125	27,757	17,610

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 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 and other long-term receivables from investments

The 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.

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	31 December	31 December
		2018	2017
Lombard Pénzügyi és Lízing Zrt.	Hungary	100%	100%
Lombard Ingatlan Lízing Zrt.	Hungary	100%	100%
Lombard Bérelt Kft.	Hungary	100%	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. 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 judgment 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 / 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	31 December 2018	31 December 2017
EUR	70,620	53,427
HRK	24,570	27,368
CZK	14,878	19,595
HUF	2,422	4,963
RSD	2,116	2,417
RON	1,564	2,411
RUB	195	329
Total	116,365	110,510

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

Note 7. Borrowings

The Group had the following borrowings outstanding during the periods ending 31 December 2018 and/or 31 December 2017:

Bond loan EUR 50M

On 11 December 2017, DDM Debt AB (publ) ("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 have a final maturity date of 11 December 2020 and are listed on the Corporate Bond list at Nasdaq Stockholm. The bonds contain a number of financial covenants. Please refer to the "Bond loan EUR 85M" section below for further details. The net proceeds are for acquiring additional debt portfolios.

Revolving credit facility EUR 17M

DDM Debt agreed a super senior revolving credit facility of EUR 17M with a Swedish bank on 28 September 2017. The revolving credit facility is available to finance investments and for general corporate purposes. The facility was for an initial six month term, and was extended for a further six months until 28 September 2018.

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 NPL 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 used for portfolio investments. 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%.

On 17 December 2018, Demeter Finance S.à r.l. announced a public cash offer to acquire all outstanding shares in DDM Holding AG, the ultimate parent company of DDM Debt at a price of SEK 40.00 per share, subject to certain completion conditions. The EUR 85M bond loan contains a change of control put option whereupon each bondholder shall have the right to request that its bonds are redeemed at a price per bond equal to 101 per cent of the outstanding nominal amount together with accrued but unpaid interest.

On 13 February 2019, Demeter Finance S.à r.l. announced that it has solicited interest and agreed with 56% of the bondholders, to waive the change of control put option and consent to certain amendments to the terms and conditions of the bonds, provided DDM Debt requests such a decision by the bondholders in accordance with the terms and conditions.

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 15.00%, net interest bearing debt to cash EBITDA below 4:1, and net interest bearing debt to ERC below 75.00%. 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 complied with all bond covenants for the periods ending 31 December 2018 and 31 December 2017.

DDM Debt has pledged the shares in its subsidiaries as security under the terms and conditions. Certain bank accounts are also assigned to the bond agent and the bondholders as part of the bond terms. DDM Finance is a guarantor of the bonds. In addition, the investors receive a first ranking share pledge over the shares of DDM Debt and any downstream loans to DDM Debt's subsidiaries are pledged to the investors as intercompany loans. 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, local credits and 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. 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 in January 2017 (see "Bond loan EUR 85M" section above for details).

Maturity profile and carrying value 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
at 31 December 2018						
Bond loan, 8%	–	49,006	–	–	–	49,006
Bond loan, 9.5%	–	84,219	–	–	–	84,219
Total	–	133,225	–	–	–	133,225
at 31 December 2017						
Bond loan, 8%	–	–	48,597	–	–	48,597
Bond loan, 9.5%	–	–	83,569	–	–	83,569
Total	–	–	132,166	–	–	132,166

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 & Parent co. EUR '000s	IAS 39 category	Fair value category	Fair value	Carrying value
at 31 December 2018				
Bond loan, 8%	Financial liabilities at amortized cost	Level 2	49,490	49,006
Bond loan, 9.5%	Financial liabilities at amortized cost	Level 2	84,158	84,219
Total			133,648	133,225
at 31 December 2017				
Bond loan, 8%	Financial liabilities at amortized cost	Level 2	50,000	48,597
Bond loan, 9.5%	Financial liabilities at amortized cost	Level 2	87,975	83,569
Total			137,975	132,166

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 8. Participations in Group companies

Parent Company EUR '000s	31 December 2018	31 December 2017
Investment	9,478	9,284
Total	9,478	9,284

Parent Company EUR '000s	Investment
At 31 December 2017	9,284
Acquisitions	194
At 31 December 2018	9,478

The Parent Company holds shares in the following subsidiaries:

EUR '000s Company	Corporate identity number	Domicile	Proportion of equity 31 Dec 2018	Proportion of equity 31 Dec 2017	Net book value 31 Dec 2018	Net book value 31 Dec 2017
DDM Invest I AG	CHE 113.863.850	Switzerland	100%	100%	1,393	1,393
DDM Invest II AG*	CHE 115.038.302	Switzerland	100%	100%	–	–
DDM Invest III AG	CHE 115.238.947	Switzerland	100%	100%	635	591
DDM Invest IV AG*	CHE 317.413.116	Switzerland	100%	100%	–	–
DDM Invest VII AG	CHE 153.128.633	Switzerland	100%	100%	90	90
DDM Invest X AG	CHE 130.419.930	Switzerland	100%	100%	1,465	1,465
DDM Invest XX AG	CHE 349.886.186	Switzerland	100%	100%	5,781	5,737
DDM Invest V d.o.o. (formerly Ahive d.o.o.)	8297355000	Slovenia	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%	–	106	–
Total					9,478	9,284

* The net book value of the investments in DDM Invest II AG, DDM Invest IV AG and DDM Debt Management d.o.o Beograd amount to EUR 1 each as of 31 December 2018 and 31 December 2017. DDM Invest V d.o.o. (formerly Ahive d.o.o. is a 100% indirectly held subsidiary through DDM Invest I AG.

Note 9. Subsequent events

On 17 December 2018, Demeter Finance S.à r.l. announced a public cash offer to acquire all outstanding shares in DDM Holding AG, the ultimate parent company of DDM Debt at a price of SEK 40.00 per share, subject to certain completion conditions. The independent members of the board of DDM Holding AG, Torgny Hellström (Chairman of the Board) and Fredrik Waker, will announce their opinion of the offer, including the reasons for the opinion, and a valuation opinion – a fairness opinion – from an independent expert not later than two weeks prior to the expiry of the acceptance period expected to end on or around 12 April 2019. The EUR 85M bond loan contains a change of control put option whereupon each bondholder shall have the right to request that its bonds are redeemed at a price per bond equal to 101 per cent of the outstanding nominal amount together with accrued but unpaid Interest.

On 13 February 2019, Demeter Finance S.à r.l. announced that it has solicited interest and agreed with 56% of the bondholders, to waive the change of control put option and consent to certain amendments to the terms and conditions of the bonds, provided DDM Debt requests such a decision by the bondholders in accordance with the terms and conditions.

On 16 January 2019, DDM entered into an agreement to acquire a significant distressed asset portfolio containing secured corporate receivables in Croatia. The acquisition is made through a Joint Venture structure together with B2Holding where each party holds 50%. The Gross Collection Value (face value) of the portfolio amounts to approximately EUR 800M. The investment is subject to regulatory approval and is expected to close in the first or at the beginning of the second quarter of 2019, which will be financed using the cash on hand and internally generated cashflows.

In February 2019, DDM launched a partnership with 720 Restructuring & Advisory that will provide portfolio management services to jointly manage and oversee the debt collection process for portfolios in the Balkans. This will complement the existing network of outsourced debt collection agencies and enable DDM to be closer to the market ensuring increased control and management of larger, more complex work outs of corporate secured receivables.

Signatures

The Board of Directors and Chief Executive Officer declare that the interim report 1 January – 31 December 2018 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 2017 Annual report.

Stockholm, 21 February 2019

Torgny Hellström
Chairman of the board

Fredrik Waker
Board member

Erik Fällström
Board member

Henrik Wennerholm
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.

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 and fees to third parties.

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 third parties. 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 Oct – 31 Dec 2018	1 Oct – 31 Dec 2017	Full Year 2018	Full Year 2017*
Net collections	22,211	12,590	64,759	34,859
Personnel expenses	(75)	(69)	(304)	(122)
Consulting expenses	(1,626)	(1,628)	(6,304)	(5,843)
Other operating expenses	(53)	(145)	(201)	(234)
Operating expenses	(1,754)	(1,842)	(6,809)	(6,199)
Cash EBITDA	20,457	10,748	57,950	28,660

Net debt:

Bond loan, 8%	49,006	48,597	49,006	48,597
Bond loan, 9.5%	84,219	83,569	84,219	83,569
Less: Cash and cash equivalents	(57,266)	(57,697)	(57,266)	(57,697)
Net debt	75,959	74,469	75,959	74,469

Equity ratio:

Shareholder's equity	8,861	6,721	8,861	6,721
Shareholder debt (subordinated)	31,175	28,128	31,175	28,128
Total equity according to the senior secured bond terms	40,036	34,849	40,036	34,849
Total assets	184,719	177,167	184,719	177,167
Equity ratio	21.7%	19.7%	21.7%	19.7%

About DDM

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 Southern, Central and Eastern European market. Since 2007, the DDM Group has built a successful platform in Southern, Central and Eastern Europe, and has acquired 2.3M receivables with a nominal value of over EUR 3.5BN.

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 Southern, 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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