



## Significant transactions in the pipeline

### Highlights third quarter 2015

- Pipeline remains strong with significant transactions expected to be signed in Q4
- Net collections decreased by 8 percent to EUR 2.4M (Q3 2014: EUR 2.6M)
- Cash EBITDA amounted to EUR 1.1M (Q3 2014: EUR 1.6M)
- Gross ERC as of end of September 2015 is EUR 57.2M (Q3 2014: EUR 56.5M)

### Highlights first nine months 2015

- Net collections increased by 38 percent to EUR 11.6M (9 months 2014: EUR 8.4M)
- Cash EBITDA amounted to EUR 7.5M (9 months 2014: 5.1M)

Amounts in EUR (unless specified otherwise)	1 Jul–30 Sep 2015	1 Jul–30 Sep 2014***	1 Jan–30 Sep 2015	1 Jan–30 Sep 2014***	Full year 2014*
Net collections	2,428,376	2,633,992	11,635,165	8,361,168	14,686,677
Operating expenses**	(1,334,252)	(1,036,449)	(4,096,019)	(3,223,951)	(4,799,879)
Cash EBITDA	1,094,124	1,597,543	7,539,146	5,137,217	9,886,797
Decrease of book value of portfolios and revaluation of distressed asset portfolios	(662,502)	(1,468,029)	(5,598,050)	(3,223,975)	(9,464,619)
Operating profit / (loss) – EBIT	395,946	(784)	1,835,889	2,584,032	1,828,495
Profit / (loss) for the period	(1,555,679)	(2,238,646)	(2,901,938)	(2,151,028)	(6,354,254)

Selected key figures	1 Jul–30 Sep 2015	1 Jul–30 Sep 2014***	1 Jan–30 Sep 2015	1 Jan–30 Sep 2014***	Full year 2014*
Total assets	41,985,513	56,238,009	41,985,513	56,238,009	53,967,489
Net debt	34,374,245	32,014,960	34,374,245	32,014,960	28,693,932
Cash flow from operating activities before working capital changes	(2,175,320)	(2,426,106)	1,755,868	596,272	3,817,377
Investments in distressed asset portfolios****	1,102,655	(8,420,372)	(3,466,635)	(15,606,179)	(15,593,485)
Gross ERC 120 months (EUR M)	57.2	56.5	57.2	56.5	60.4
Earnings per share	(0.22)	(0.37)	(0.41)	(0.42)	(1.14)
Total number of shares at end of period	7,100,000	7,100,000	7,100,000	7,100,000	7,100,000

\* Audited

\*\* Operating expenses do not include other operating income, depreciation and amortization.

\*\*\* The Company's financial statements for the year ended 31 December 2014 are the first financial statements under IFRS accounting standard. The conversion from Swiss GAAP to IFRS was conducted on an annual basis; detailed comparative quarterly data is therefore not available for 2014.

\*\*\*\* Negative forex impact on distressed assets portfolio resulted in lower carrying value and positive impact on the cash flow.

The information in this Interim Report requires DDM to publish the information in accordance with the Securities Market Act and/or the Act on Trading in Financial Instruments. The information was submitted for publication 12 November 2015 at 8:00 a.m. CET.

## Comment by the CEO

Following successful completion of our refinancing in the second quarter 2015, the third quarter 2015 has been marked by work on significant transactions where DDM is in exclusivity. Some of these are expected to be signed before the end of the year and contribute to a positive result for the full year 2015.

In tandem with these processes, we continue to work on our capital structure raising additional funding for coming investments.

Gross ERC (Estimated Remaining Collections) increased by 1% during the third quarter 2015 as compared to the same period in 2014.

Net collections in the third quarter of 2015 amounted to EUR 2.4M, a decrease of 8% compared to third quarter 2014, while net collections increased by 39% for the first nine months in 2015, compared to the same period last year.

Collections in Russia temporarily slowed down during the third quarter due to the weakness in the Russian ruble, but improved at the end of the quarter as the ruble recovered. Collections in Poland have not been performing according to initial forecast as legal collections have taken longer than expected. We are actively working with our servicers to catch up to our timetable and do not foresee any adjustments to the ERC relating to the Polish portfolios. Our actions and efforts continue to result in strong collections in Romania and Czech Republic. In addition, our investment in Hungary shows strong performance and collections are outperforming the original forecast.

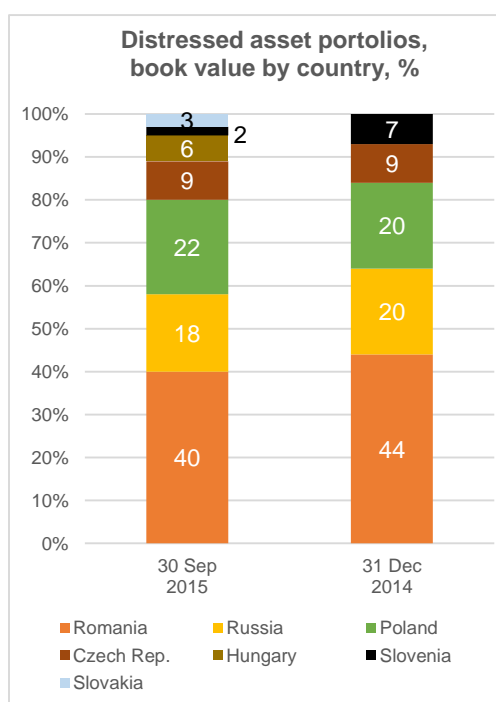
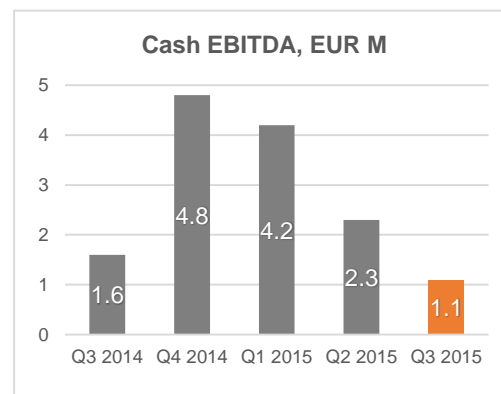
Cash EBITDA (net collections less operating expenses) during the third quarter amounted to EUR 1.1M, a decrease of 32% compared to the same period 2014, while increasing by 47% for 9 months 2015, compared to the nine months in 2014.

Cash flow from operating activities before working capital changes was EUR 1.8M in the first nine months 2015, an increase of 194% compared to the same period in 2014, while cash flow from operating activities in the third quarter 2015 was negative EUR 2.2M, largely a reflection of the costs associated with the refinancing undertaken at the end of the second quarter.

### Market outlook

We remain positive on the outlook of DDM as we continue to see strong growth in our pipeline of investment opportunities and reinforcement of DDMs position in the market as a leading investor and manager of distressed assets. We currently work on several significant transactions in exclusivity with the selling party and we anticipate signing some of these before the end of the year, contributing to a strong result for the full year 2015.

More details are available on [www.ddm-group.ch](http://www.ddm-group.ch)



Gustav Hultgren, CEO DDM Holding AG

## Financial calendar

DDM intends to publish financial information on the following dates:

Year-end Report for 2015:	29 February 2016
Annual Report for 2015:	End of March 2016

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.

Baar, 12 November 2015  
DDM Holding AG  
Gustav Hultgren, CEO

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## Presentation of the interim report

The Interim Report and presentation material are available at [www.ddm-group.ch](http://www.ddm-group.ch) on 12 November 2015, at 08:00 a.m. CET.

CEO Gustav Hultgren and CFO Fredrik Olsson will comment on the report at a conference call on 12 November 2015, starting at 10:00 a.m. CET. The presentation can be followed live on [www.ddm-group.ch](http://www.ddm-group.ch) and/or by telephone with dial-in numbers:  
SE: +46 8 566 426 62, CH: toll free 0800 005 203 or UK: +44 203 428 14 00.

Participants are advised to register via email to [investor@ddm-group.ch](mailto:investor@ddm-group.ch).

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## Consolidated Income Statement

Amounts in EUR	Notes	1 Jul–30 Sep 2015	1 Jul–30 Sep 2014	1 Jan–30 Sep 2015	1 Jan–30 Sep 2014	Full Year 2014*
<i>Net collection from distressed asset portfolios</i>		2,428,376	2,633,992	11,635,165	8,361,168	14,686,677
<i>Decrease of the book value of the portfolios in the period before revaluation and impairment</i>		(1,046,095)	(1,787,620)	(5,856,949)	(6,359,293)	(10,600,351)
<i>Revaluation of distressed asset portfolios</i>		383,593	319,591	258,899	3,135,318	1,135,732
<b>Income from distressed asset portfolios</b>	9	<b>1,765,874</b>	<b>1,165,963</b>	<b>6,037,115</b>	<b>5,137,193</b>	<b>5,222,058</b>
Personnel expenses		(989,885)	(625,445)	(2,792,933)	(1,803,298)	(2,704,569)
Consulting expenses		(164,577)	(230,344)	(699,246)	(809,533)	(1,214,529)
Other operating expenses		(179,790)	(180,660)	(603,840)	(611,120)	(860,781)
Other operating income		–	–	–	1,063,345	1,533,271
Amortization and depreciation of tangible and intangible assets		(35,676)	(130,298)	(105,207)	(392,555)	(146,955)
<b>Operating profit / (loss)</b>		<b>395,946</b>	<b>(784)</b>	<b>1,835,889</b>	<b>2,584,032</b>	<b>1,828,495</b>
Financial income	9	766	766	102	2,244	8,331
Financial expenses		(1,419,961)	(1,379,509)	(4,243,519)	(4,426,786)	(5,902,204)
Unrealized exchange profit / (loss)		(326,169)	(638,575)	(371,531)	80,524	(2,070,347)
Realized exchange profit / (loss)		(58,297)	(205,137)	(289,690)	(181,599)	(282,773)
<b>Net financial income / (expenses)</b>		<b>(1,804,418)</b>	<b>(2,222,455)</b>	<b>(4,904,638)</b>	<b>(4,525,617)</b>	<b>(8,246,993)</b>
<b>Profit / (loss) before income tax</b>		<b>(1,408,472)</b>	<b>(2,223,239)</b>	<b>(3,068,749)</b>	<b>(1,941,585)</b>	<b>(6,418,498)</b>
Taxes income / (expenses)		(147,207)	(15,407)	166,811	(209,443)	64,244
<b>Profit / (loss) for the period</b>		<b>(1,555,679)</b>	<b>(2,238,646)</b>	<b>(2,901,938)</b>	<b>(2,151,028)</b>	<b>(6,354,254)</b>
<i>Of which attributable to:</i>						
Parent Company shareholders		(1,555,679)	(2,238,646)	(2,901,938)	(2,151,028)	(6,354,254)
Earnings per share before and after dilution		(0.22)	(0.37)	(0.41)	(0.42)	(1.14)
Average number of shares		7,100,000	6,117,780	7,100,000	5,077,778	5,583,333
Number of shares at end of period		7,100,000	7,100,000	7,100,000	7,100,000	7,100,000

\* Audited

## Consolidated Statement of Comprehensive Income

Amounts in EUR	1 Jul–30 Sep 2015	1 Jul–30 Sep 2014	1 Jan–30 Sep 2015	1 Jan–30 Sep 2014	Full Year 2014*
<b>Profit / (loss) for the period</b>	<b>(1,555,679)</b>	<b>(2,238,646)</b>	<b>(2,901,938)</b>	<b>(2,151,028)</b>	<b>(6,354,254)</b>
<b>Other comprehensive income for the period</b>					
<i>Items that will not be reclassified to profit or loss:</i>					
The actuarial gain / (loss) on the defined benefit commitments (Pension)	–	–	–	–	(101,483)
Deferred tax assets on post benefit commitment	(34,436)	–	(34,436)	–	14,526
<i>Items that may subsequently reclassified to profit or loss:</i>					
Currency translation differences	(29,698)	–	(3,499)	–	(144,888)
<b>Other comprehensive income for the period, net of tax</b>	<b>(64,134)</b>	<b>–</b>	<b>(37,935)</b>	<b>–</b>	<b>(231,844)</b>
<b>Total comprehensive income for the period</b>	<b>(1,619,813)</b>	<b>(2,238,646)</b>	<b>(2,939,873)</b>	<b>(2,151,028)</b>	<b>(6,586,099)</b>
Profit attributable to owners of the Parent Company	(1,619,813)	(2,238,646)	(2,939,873)	(2,151,028)	(6,586,099)

\* Audited

## Consolidated Balance Sheet

Amounts in EUR	Notes	30 September 2015	31 December 2014*
<b>ASSETS</b>			
<i>Non-current assets</i>			
Goodwill	2	4,160,491	4,160,491
Intangible assets	7	1,910,636	1,837,778
Tangible assets	6	38,935	21,278
Investments		600,000	–
Distressed asset portfolios	5	32,111,060	34,242,475
Deferred tax assets	4	3,967	130,125
<b>Total non-current assets</b>		<b>38,825,089</b>	<b>40,392,147</b>
<i>Current assets</i>			
Accounts receivable		1,532,303	3,744,399
Other receivables		609,906	324,853
Prepaid expenses and accrued income		407,185	505,119
Cash and cash equivalents		611,030	9,000,971
<b>Total current assets</b>		<b>3,160,424</b>	<b>13,575,342</b>
<b>TOTAL ASSETS</b>		<b>41,985,513</b>	<b>53,967,489</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<i>Shareholders' equity</i>			
Share capital		5,785,676	5,785,676
Share premium		10,777,630	10,777,630
Other reserves		(231,996)	(194,061)
Retained earnings, incl. net earnings for the period		(12,485,197)	(9,583,258)
<b>Total shareholders' equity attributable to Parent Company's shareholders</b>		<b>3,846,113</b>	<b>6,785,987</b>
<i>Long-term liabilities</i>			
Loans	8	34,515,807	37,281,679
Post-employment benefit commitments		344,363	344,363
Deferred tax liabilities	4	125,105	68,860
<b>Total long-term liabilities</b>		<b>34,985,275</b>	<b>37,694,902</b>
<i>Current liabilities</i>			
Liabilities to credit institutions (bank overdrafts)		–	823
Accounts payable		819,361	5,248,946
Accrued interest		1,170,467	2,363,885
Accrued expenses and prepaid income		1,164,297	1,872,946
<b>Total current liabilities</b>		<b>3,154,125</b>	<b>9,486,600</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>41,985,513</b>	<b>53,967,489</b>

\* Audited

## Consolidated Cash Flow Statement

Amounts in EUR	1 Jul–30 Sep 2015	1 Jan–30 Sep 2015	1 Jan–30 Sep 2014	Full Year 2014*
<b>Cash flow operating activities</b>				
Operating profit / (loss)	395,946	1,835,889	2,584,032	1,828,494
<i>Adjustments for non-cash items:</i>				
<i>Amortization of distressed asset portfolios</i>	1,046,095	5,856,949	6,359,293	10,600,351
<i>Depreciation, amortization and impairment of tangible and intangible assets</i>	35,676	105,207	392,555	146,955
<i>Revaluation of distressed asset portfolios</i>	(383,593)	(258,899)	(3,135,318)	(1,135,732)
<i>Other items not affecting cash</i>	3	314,778	(181,756)	(72,638)
Interest paid	(3,269,447)	(6,098,056)	(5,422,534)	(7,925,807)
Interest received	–	–	–	375,754
<b>Cash flow from operating activities before working capital changes</b>	<b>(2,175,320)</b>	<b>1,755,868</b>	<b>596,272</b>	<b>3,817,377</b>
<u>Working capital adjustments</u>				
Increase / (decrease) in accounts receivable	(251,755)	2,212,096	50,080	(2,415,590)
Increase / (decrease) in other receivables	232,318	(187,118)	(150,071)	(45,024)
Increase / (decrease) in accounts payable	(45,905)	(4,661,548)	166,766	4,743,274
Increase / (decrease) in other current liabilities	(629,018)	(476,682)	1,328,144	(106,361)
<b>Net cash flow from operating activities</b>	<b>(2,869,680)</b>	<b>(1,357,384)</b>	<b>1,991,191</b>	<b>5,993,676</b>
<b>Cash flow from investing activities</b>				
Purchases of distressed asset portfolios**	1,102,655	(3,466,635)	(15,606,179)	(15,593,485)
Purchases of investment	–	(600,000)	–	–
Purchases of tangible and intangible assets	(646)	(195,723)	(198,535)	(286,179)
<b>Net cash flow received / (used) in investing activities</b>	<b>1,102,009</b>	<b>(4,262,358)</b>	<b>(15,804,714)</b>	<b>(15,879,664)</b>
<b>Cash flow from financing activities</b>				
Proceeds from issuance of ordinary shares	–	–	2,140,164	2,140,164
Share premium	–	–	10,769,209	10,777,630
Loan proceeds	–	–	(39,813)	12,556
Repayment of loan	(555,045)	(2,765,875)	(5,623,614)	(7,839,769)
<b>Net cash flow received / (used) in financing activities</b>	<b>(555,045)</b>	<b>(2,765,875)</b>	<b>7,245,946</b>	<b>5,090,581</b>
<b>Cash flow for the period</b>	<b>(2,322,716)</b>	<b>(8,385,617)</b>	<b>(6,567,577)</b>	<b>(4,795,405)</b>
<b>Cash and cash equivalents less bank overdrafts at beginning of period</b>	<b>3,008,641</b>	<b>9,000,148</b>	<b>14,125,071</b>	<b>14,125,071</b>
Exchange gains / (losses) on cash and cash equivalents	(74,895)	(3,501)	39,812	(329,518)
<b>Cash and cash equivalents less bank overdrafts at end of period</b>	<b>611,030</b>	<b>611,030</b>	<b>7,597,306</b>	<b>9,000,148</b>

\* Audited

\*\* Negative forex impact inside of distressed assets portfolio led to decreasing of net book value in amount EUR 1.1M during the Q3 2015

## Consolidated Statement of Changes in Equity

Amounts in EUR	Share capital	Share premium	Retained earnings	Reserves	Total equity
<b>Balance at 1 January 2014</b>	<b>3,645,512</b>	<b>–</b>	<b>(3,229,005)</b>	<b>37,784</b>	<b>454,291</b>
<b>Comprehensive income</b>					
Profit / (loss) for the period	–	–	-6,354,254	–	<b>(6,354,254)</b>
<i>Other comprehensive income</i>					
Actuarial gain on defined benefit commitment	–	–	–	(101,483)	<b>(101,483)</b>
Currency translation differences	–	–	–	(144,888)	<b>(144,888)</b>
Deferred tax assets	–	–	–	14,526	<b>14,526</b>
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>(6,354,254)</b>	<b>(231,844)</b>	<b>(6,586,099)</b>
<i>Transactions with owners</i>					
New share issue	2,140,164	10,777,630	–	–	<b>12,917,794</b>
<b>Total transactions with owners</b>	<b>2,140,164</b>	<b>10,777,630</b>	<b>–</b>	<b>–</b>	<b>12,917,794</b>
<b>Balance at 31 December 2014*</b>	<b>5,785,676</b>	<b>10,777,630</b>	<b>(9,583,258)</b>	<b>(194,061)</b>	<b>6,785,987</b>
<b>Balance at 30 September 2015</b>					
<b>Comprehensive income</b>					
Profit / (loss) for the period	–	–	(2,901,938)	–	<b>(2,901,938)</b>
<i>Other comprehensive income</i>					
Actuarial gain on defined benefit commitment	–	–	–	–	–
Currency translation differences	–	–	–	(3,499)	<b>(3,499)</b>
Deferred tax assets	–	–	–	(34,436)	<b>(34,436)</b>
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>(2,901,938)</b>	<b>(37,935)</b>	<b>(2,939,873)</b>
<i>Transactions with owners</i>					
New share issue	–	–	–	–	–
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Balance at 30 September 2015</b>	<b>5,785,676</b>	<b>10,777,630</b>	<b>(12,485,197)</b>	<b>(231,996)</b>	<b>3,846,113</b>

\* Audited



## Notes

### Note 1. Basis of preparations

The consolidated financial statements of DDM Holding AG comply with IFRS.

The purchase method of accounting was used to account for the acquisition of subsidiaries. The full consolidation method has been applied to all subsidiaries included in the consolidation. Intercompany receivables, payables and transactions were eliminated for fully consolidated companies. Individual group companies' intercompany profits and loss were also eliminated. Their assets, liabilities, income and expenses were incorporated in full, minority interests do not exist. Investments which were not consolidated were measured at cost less impairment.

The consolidated financial statements include all subsidiaries controlled by DDM Holding AG (together "DDM"), except where the subsidiary's effect on DDM's financial position and results of operations is immaterial. The balance sheet and results of subsidiaries are consolidated from the time that control was acquired until control ceases.

Entities included in the scope of consolidation	Consolidation method	Domicile	30 September 2015	31 December 2014
DDM Group AG	Fully consolidated	Switzerland	100%	100%
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 X AG	Fully consolidated	Switzerland	100%	100%
DDM Invest XX AG	Fully consolidated	Switzerland	100%	100%
DDM Treasury Sweden AB	Fully consolidated	Sweden	100%	100%

Finalp Zrt. domiciled in Hungary, is a subsidiary of DDM Group AG but not included in the scope of consolidation as a result of limited influence over the entity.

### Note 2. Goodwill

At the date of acquisition, the assets and liabilities of acquired subsidiaries or businesses are valued at net assets and in accordance with uniform group policies. The excess of the acquisition price over the revalued net assets of the acquired company or the acquired parts of the business is recognized as goodwill. In addition, goodwill from acquisition of subsidiaries is tested annually for impairment.

### Note 3. Currency translation

All entities prepare their financial statements in their functional currency. For DDM Treasury Sweden AB this is Swedish Kronor (SEK). For all other entities the functional currency is Euro (EUR). The interim financial statements of DDM Treasury Sweden AB are translated into EUR using the current rate method. The balance sheet is translated using the spot rate at the balance sheet date, with the exception of equity balances, which are translated using historical rates. The income statement is translated using an average exchange rate for the reporting period. The resulting currency translation difference is recognized in retained earnings.

Exchange rates		as of 30 September 2015	as of 30 September 2014
Balance sheet (spot rate balance sheet date)	SEK/EUR	0.1051	0.1086
Income statement (average rate)	SEK/EUR	0.1063	0.1107

### Note 4. Deferred taxes

Income tax expense reported for the business year includes the income tax expense of consolidated subsidiaries (calculated from their taxable income with the tax rate applicable in the relevant country). Income tax expense also includes deferred taxes, which have been recognized on the temporary differences arising from the distressed asset portfolios (difference between the reported book values for tax and accounting purposes). The company does not have a group taxation in Switzerland; hence each legal entity is taxed separately. Tax losses carried forward can be utilized during 7 years.

## Note 5. Distressed asset portfolios

Distressed asset portfolios are purchased at prices significantly below the nominal amount of the receivables. DDM determines the carrying value by calculating the present value of estimated future cash flows of each investment using its original effective interest rate. The initial effective interest rate is determined on the date the portfolio was acquired, based on the relation between the cost of the portfolio and the projected future cash flows on the acquisition date. Changes in the carrying value of the portfolios include amortization for the period as well as changes to the estimated projected future cash flows and are recognized in the income statement in the line "Income from distressed asset portfolios".

Cash flow projections are made at the portfolio level since each portfolio consists of a large number of homogeneous receivables amounts. Assumptions must be made at each reporting date as to the expected timing and amount of future cash flows. Cash flows include the nominal amount, reminder fees, collection fees and late interest that are expected to be received from debtors, less forecast collection costs. These projections are updated at each reporting date based on actual collection information, planned collection actions, as well as macroeconomic scenarios and the specific features of the assets concerned. Changes in cash flow forecasts are treated symmetrically, i.e., both increases and decreases in forecasted cash flows affect the portfolios' book value and, as a result, net income.

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

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 "Income from distressed asset portfolios").

Portfolio-asset by currency, EUR	30 September 2015	31 December 2014	30 September 2014
EUR	9,277,347	11,273,239	14,443,548
RUB	5,763,971	9,113,611	10,489,619
RON	5,059,956	6,071,272	6,718,271
PLN	5,652,986	4,588,915	5,507,602
CZK	2,847,848	3,185,593	3,322,040
HUF	2,022,146	–	–
CHF	1,459,953	–	–
Other (USD and MKD)	26,853	9,845	14,734
<b>Total</b>	<b>32,111,060</b>	<b>34,242,475</b>	<b>40,495,814</b>

## Note 6. Tangible assets

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

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

Furniture	5 years
IT-infrastructure	5 years

The company allocates the amount initially recognized in respect of an item of tangible assets to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. Residual values method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate. Impairment losses and gains and losses on disposals of tangible assets and are included in other operating expenses.

## Note 7. Intangible assets

- (i) Identifiable intangible assets

The company's identifiable intangible assets are stated at cost less accumulated amortization and include computer software developed internally with finite useful life. The system is the proprietary IT system which integrates investment data case data payment data and activity data into one effective and comprehensive IT system. This asset is capitalized and amortized on a straight-line basis in the Income Statement over the period of expected useful lives as follows: 20 years.

(ii) Goodwill

At the date of acquisition the assets and liabilities of acquired subsidiaries or businesses are valued at fair value and in accordance with uniform group policies. The excess of the acquisition price over the revalued net assets of the acquired company or the acquired parts of the business is recognized as goodwill on the balance sheet.

**Note 8. Outstanding bonds**

The Group has outstanding bonds. A bond loan was issued in June 2013, amounting to SEK 300,000,000 at 13% interest, with maturity date 26 June 2016 by Treasury Sweden AB ("DDM Treasury"). On 18 May 2015, DDM Treasury initiated a written procedure to allow noteholders to vote on a restatement and certain amendments to the existing terms and conditions.

The Written Procedure was closed on 11 June 2015 and the Notes Exchange became effective on 23 June 2015. DDM Treasury made an additional cash payment of 4% on the effective date to the noteholders. In connection to the notes exchange was DDM Invest I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV AG and DDM Invest X AG transferred to the direct ownership of DDM Treasury and pledged as security.

The amended terms and conditions included extension of the maturity to 27 December 2018, wider geographic scope in Europe, removal of cash-covenants and hedging restrictions, improved possibilities for future dividend payments and the introduction of an Inter-Creditor Agreement. The amended Terms and Conditions in their entirety are available on our webpage along with a summary of the amendments.

A second bond loan was issued in September 2013, amounting to SEK 31,000,000 at 18% interest rate with maturity date 30 September 2016 by Treasury Sweden AB. The shares of DDM Invest XX AG are pledged under the shareholder's agreement. The bond loans are secured by these shares.

During the fourth quarter of 2014 the Company decided to repurchase SEK 6.0M of the junior bond loan that was issued in September 2013, at 18% interest, on the open market.

EUR	30 September 2015	31 December 2014
Bond loan issued June 2013 Amount: SEK 300,000,000 Interest: 13% New Maturity: 27 December 2018	29,311,352	31,204,435
Bond loan issued September 2013 Amount: SEK 25,000,000 Interest: 18% Maturity: 30 September 2016	2,608,943	2,569,024

**Note 9. Income recognition**

Income from distressed asset portfolios (the change in the carrying value of the portfolios) is recognized in the income statement in the "Income from distressed asset portfolios" line item, which includes Income from distressed asset portfolios at the collected amount (net of direct collection costs), less amortization and impairment.

**Note 10. Subsequent events after the reporting date**

There were no significant events after the period.

# Definitions

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## **DDM**

DDM Holding AG and its subsidiaries, including DDM Group AG, DDM Treasury Sweden AB (publ) and its subsidiaries.

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## **Adjusted operating earnings**

Operating earnings adjusted for non-recurring items.

## **Amortization of portfolios**

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

## **Capital employed**

Total assets less non-interest bearing liabilities, non-interest bearing provisions and interest-bearing assets.

## **Cash EBITDA**

Net collections less operating expenses.

## **Earnings per share/EPS**

Net earnings for the period, attributable to owners of the Parent Company, divided by the weighted average number of shares during the period.

## **EBITDA**

Earnings before Interest, Taxes, Depreciation of fixed assets as well as amortisation and revaluations of purchased debt.

## **Estimated Remaining Collections/ERC**

Estimated Remaining Collections refers to the sum of all future projected cash collections before collection costs from acquired portfolios. ERC is not a balance sheet item, however it is provided for informational purposes.

## **Equity**

Shareholders' equity at the end of the period.

## **Equity per share**

Shareholders' equity at the end of the period, attributable to owners of the Parent Company, divided by the weighted average number of shares during the period.

## **Equity ratio**

Adjusted equity as a percentage of total assets.

## **Interest-bearing net debt**

Interest-bearing provisions and liabilities less interest-bearing assets.

## **Net collections**

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

## **Net debt/equity ratio**

Interest-bearing net debt divided by shareholders' equity.

## **Net debt**

Long-term liabilities plus Short-term liabilities minus Cash and cash equivalents.

## **Net revenues**

Net collections less amortization and revaluation of portfolios of distressed assets.

## **Non-recurring items**

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

## **Operating expenses**

Personnel, administration, consulting, legal, audit and similar expenses & repair and maintenance expenses.

## **Operating margin**

Operating earnings (EBITDA or EBIT) as a percentage of net collections.

## **Return on capital employed**

Operating earnings as a percentage of average capital employed.

## **Return on equity**

Earnings for the period, attributable to owners of the parent, as a percentage of average shareholders' equity, attributable to owners of the parent.

## **Revaluation of portfolios**

Portfolios 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 or negative impact on future cash flows.

## About DDM

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**DDM Holding AG** (First North: DDM) is a key acquirer and manager of distressed assets, offering the prospect of attractive returns from the expanding Eastern European market for distressed assets and non-performing loans. Since 2007, the DDM Group has built a successful platform in Eastern Europe, with 2.2 million receivables in nominal value over EUR 1.7 billion.

For sellers (banks and financial institutions), management of portfolios of distressed assets is a sensitive issue as it concerns the relationship with their customers. For these sellers it is therefore critical that the acquirer handles the underlying individual debtors professionally, ethically and with respect. DDM has longstanding relations with sellers of distressed assets, based on trust and the Company's status as a credible acquirer.

The banking sector in 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, the Parent Company, is a company incorporated and domiciled in Baar, Switzerland and listed on Nasdaq First North in Stockholm, Sweden, since August 2014.



## DDM Holding AG

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