DDM HOLDING AG

Corporate Registration Number: CHE-115906312

Report Q4 | 1 October 2015 – 31 December 2015

Profit of EUR 1.8M for the year

Highlights fourth quarter 2015

- Net collections increased by 151 percent to EUR 15.9M (Q4 2014: EUR 6.3M)
- Cash EBITDA increased 198% and amounted to EUR 14.2M (Q4 2014: EUR 4.8M)
- Profit for the period of EUR 4.8M (Q4 2014: loss of EUR 4.2M)
- Gross ERC as at the end of December 2015 is EUR 72.2M (Q4 2014: EUR 60.4M)
- Granted new bank loan of SEK 12.5M at significantly lower annual interest rate than current bond financing
- Pipeline of future transactions remains strong

Highlights 2015

- Net collections increased by 87 percent to EUR 27.5M (2014: EUR 14.7M)
- Cash EBITDA increased 119% and amounted to EUR 21.7M (2014: EUR 9.9M)
- Profit for the period of EUR 1.8M (2014: loss of EUR 6.4M)

Amounts in EUR (unless specified otherwise)	**1 Oct – 31 Dec 2015**	**1 Oct – 31 Dec 2014*** **	**Full year 2015**	**Full year 2014***
Net collections	15,872,355	6,325,509	27,507,520	14,686,677
Operating expenses**	(1,716,132)	(1,575,928)	(5,812,151)	(4,799,879)
Cash EBITDA	14,156,223	4,749,581	21,695,369	9,886,798
Decrease in the book value of portfolios and other long-term receivables from associates, revaluation and impairment****	(5,983,181)	(6,240,644)	(11,581,231)	(9,464,619)
Operating profit / (loss) – EBIT	8,130,893	(755,537)	9,966,782	1,828,495
Profit / (loss) for the period	4,750,163	(4,203,226)	1,848,225	(6,354,254)
Selected key figures				
Total assets	55,211,387	53,967,489	55,211,387	53,967,489
Net debt	33,377,991	28,281,531	33,377,991	28,281,531
Cash flow from operating activities before working capital changes	(4,297,589)	3,221,105	(2,541,721)	3,817,377
Gross ERC 120 months (EUR M)	72.2	60.4	72.2	60.4
Earnings per share	0.67	(0.59)	0.26	(1.14)
Average number of shares during the period	7,100,000	7,100,000	7,100,000	5,583,333
Total number of shares at end of period	7,100,000	7,100,000	7,100,000	7,100,000

* Audited

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

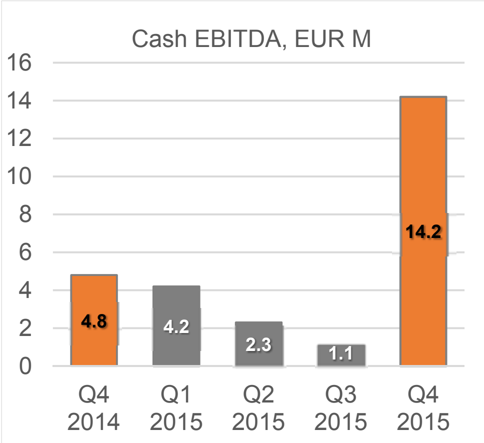
*** The Company's financial statements for the year ended 31 December 2014 were the first financial statements under IFRS accounting standards. The conversion from Swiss GAAP to IFRS was conducted on an annual basis.

**** Decrease in the book value of portfolios and other long-term receivables from associates, revaluation and impairment.

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 22 February 2016 at 8:00 a.m. CET.

Comment by the CEO

The last quarter of 2015 was marked by the signing of the largest transaction in DDM's history and the return to profitability, in line with our commentary in previous quarterly reports.

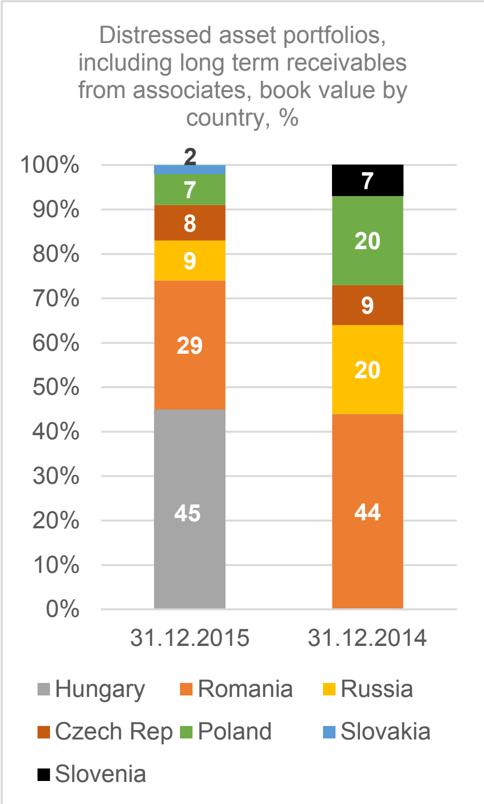


We have continued to deliver on our opportunistic investment strategy in CEE with this, our second Hungarian transaction in 2015. This is also the second transaction during the year that we do together with a well-reputed international capital partner, allowing us to capitalize on previous experiences and adding to DDM's already strong reputation in the region. The investment is funded largely from existing funds.

Our focus is now turned towards the implementation of this transaction and raising additional funding for further investments and growth.

Gross ERC (Estimated Remaining Collections) increased by 20% during the fourth quarter 2015 as compared to the same period in 2014. Compared to the third quarter of 2015 this has increased by 26%.

Net collections in the fourth quarter of 2015 amounted to EUR 15.9M, an increase of 151% compared to fourth quarter 2014. For the full year 2015, net collections increased by 87% compared to the full year 2014.



Cash EBITDA (net collections less operating expenses) during the fourth quarter amounted to EUR 14.2M, an increase of 198% compared to the same period in 2014 while for the full year 2015 it increased by 119% compared to the full year 2014. Cash flow from operating activities before working capital changes for the full year 2015 was negative EUR 2.5M, compared to positive EUR 3.8M for the full year 2014. On the back of the recent acquisition in Hungary, we expect significantly stronger operational cash flows in 2016.

We continued to manage our portfolios during the quarter and as a result at the end of the quarter we divested a portfolio in Poland that was not meeting our investment return requirements. This allows us to reinvest the funds in a portfolio that better mirrors the opportunities we see in the market and provides higher returns.

We remain positive on the outlook for the Company on the back of our strong full year results and improved financial metrics. We anticipate the strong pipeline of portfolios for sale across our region to continue and outpace industry growth in Europe as a whole. DDM is well placed to continue its rapid expansion in its investment activities.

Funding is key to continue to grow our investments and operations, and is a major focus. We aim to raise additional funding, both equity and debt, targeting a long-term and sustainable capital structure and cost. With the improved financial position on the back of the fourth quarter results we feel confident that we will be able to continue deliver according to our strategy.

More details are available on www.ddm-group.ch

Gustav Hultgren, CEO,
DDM Holding AG

Financial calendar
During 2016, DDM intends to publish financial information on the following dates:

Annual Report for 2015:	31 March 2016
Annual general Meeting	3 May 2016
First quarter 2016:	12 May 2016

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.

Baar, 22 February 2016
DDM Holding AG
Gustav Hultgren, CEO

Presentation of the year-end 2015 report
The Year-end 2015 report and presentation material are available at www.ddm-group.ch on 22 February 2016, at 08:00 a.m. CET.

CEO Gustav Hultgren and CFO Fredrik Olsson will comment on the report at a conference call on 22 February 2016, starting at 10:00 a.m. CET. The presentation can be followed live on www.ddm-group.ch and/or by telephone with dial-in numbers:
SE: +46 8 566 426 90, CH: +41 445 800 075 or UK: +44 203 008 9801.

Participants are advised to register via email to investor@ddm-group.ch.

Consolidated Income Statement

Amounts in EUR	Notes	1 Oct - 31 Dec 2015	1 Oct - 31 Dec 2014	Full Year 2015	Full Year 2014*
Income from distressed asset portfolios and other long-term receivables from associates	**9**	**9,889,174**	**84,865**	**15,926,289**	**5,222,058**
Reconciliation of income from distressed asset portfolios and other long-term receivables from associates:					
*Net collections***		*15,872,355*	*6,325,509*	*27,507,520*	*14,686,677*
Decrease in the book value before revaluation and impairment		*(1,569,591)*	*(4,241,058)*	*(7,426,540)*	*(10,600,351)*
*Revaluation and impairment****		*(4,413,590)*	*(1,999,586)*	*(4,154,691)*	*1,135,732*
Personnel expenses		(1,033,995)	(901,271)	(3,826,928)	(2,704,569)
Consulting expenses		(507,396)	(404,996)	(1,206,642)	(1,214,529)
Other operating expenses		(174,742)	(269,661)	(778,582)	(880,781)
Other operating income		–	489,926	–	1,553,271
Amortization and depreciation of tangible and intangible assets		(42,148)	245,600	(147,355)	(146,955)
Operating profit / (loss)		**8,130,893**	**(755,537)**	**9,966,782**	**1,828,495**
Financial income		–	6,087	–	8,331
Financial expenses		(1,687,500)	(1,475,418)	(5,930,917)	(5,902,204)
Unrealized exchange profit / (loss)		(1,335,121)	(2,150,871)	(1,706,652)	(2,070,347)
Realized exchange profit / (loss)		(137,012)	(101,174)	(426,702)	(282,773)
Net financial income / (expenses)		**(3,159,633)**	**(3,721,376)**	**(8,064,271)**	**(8,246,993)**
Profit / (loss) before income tax		**4,971,260**	**(4,476,913)**	**1,902,511**	**(6,418,498)**
Tax income / (expense)		(221,097)	273,687	(54,286)	64,244
Profit / (loss) for the period		**4,750,163**	**(4,203,226)**	**1,848,225**	**(6,354,254)**
Of which attributable to:					
Parent Company shareholders		4,750,163	(4,203,226)	1,848,225	(6,354,254)
Earnings per share before and after dilution		0.67	(0.59)	0.26	(1.14)
Average number of shares		7,100,000	7,100,000	7,100,000	5,583,333
Number of shares at end of period		7,100,000	7,100,000	7,100,000	7,100,000

* Audited
** Net collections benefit from collections from acquired portfolios, however this is not reflected in the cash flows for 2015 as the cash purchase price is set off against such net collections.
*** Revaluation and impairment in Q4 2015 includes the negative impact from the sale of a portfolio

Consolidated Statement of Comprehensive Income

Amounts in EUR	1 Oct - 31 Dec 2015	1 Oct - 31 Dec 2014	Full Year 2015	Full Year 2014*
Profit / (loss) for the period	**4,750,163**	**(4,203,226)**	**1,848,225**	**(6,354,254)**
Other comprehensive income for the period				
Items that will not be reclassified to profit or loss:				
Actuarial gain / (loss) on the defined benefit commitments (pension)	(303,811)	(101,483)	(303,811)	(101,483)
Deferred tax assets on post-employment benefit commitments	46,781	14,526	12,345	14,526
Items that may subsequently be reclassified to profit or loss:				
Currency translation differences	(58,361)	(144,888)	(61,863)	(144,888)
Other comprehensive income for the period, net of tax	**(315,391)**	**(231,845)**	**(353,329)**	**(231,845)**
Total comprehensive income for the period	4,434,772	(4,435,071)	1,494,896	(6,586,099)
Total comprehensive income attributable to owners of the Parent Company	4,434,772	(4,435,071)	1,494,896	(6,586,099)

* Audited

Consolidated Balance Sheet

Amounts in EUR	Notes	31 December 2015	31 December 2014*
ASSETS			
Non-current assets			
Goodwill	2	4,160,491	4,160,491
Intangible assets	7	1,748,213	1,837,778
Tangible assets	6	69,505	21,278
Investments in associates		600,000	-
Distressed asset portfolios	5	22,253,808	34,242,475
Other long-term receivables from associates	5	18,306,865	-
Deferred tax assets	4	108,032	130,125
Total non-current assets		**47,246,914**	**40,392,147**
Current assets			
Accounts receivable		4,130,762	3,744,399
Other receivables		299,955	324,853
Prepaid expenses and accrued income		142,181	505,119
Cash and cash equivalents		3,391,575	9,000,971
Total current assets		**7,964,473**	**13,575,342**
TOTAL ASSETS		**55,211,387**	**53,967,489**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		5,785,676	5,785,676
Share premium		10,777,630	10,777,630
Other reserves		(547,390)	(194,061)
Retained earnings incl. net earnings for the period		(7,735,033)	(9,583,258)
Total shareholders' equity attributable to Parent Company's shareholders		**8,280,883**	**6,785,987**
Long-term liabilities			
Loans	8	30,144,539	37,281,679
Post-employment benefit commitments		812,178	344,363
Deferred tax liabilities	4	60,161	68,860
Total long-term liabilities		**31,016,878**	**37,694,902**
Current liabilities			
Liabilities to credit institutions (bank overdrafts)		–	823
Accounts payable		5,757,817	5,248,946
Accrued interest		2,519,292	2,363,885
Accrued expenses and deferred income		1,011,490	1,872,946
Loans	8	6,625,027	–
Total current liabilities		**15,913,626**	**9,486,600**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**55,211,387**	**53,967,489**

* Audited

Consolidated Cash Flow Statement

Amounts in EUR	1 Oct - 31 Dec 2015	1 Oct - 31 Dec 2014	Full Year 2015	Full Year 2014*
Cash flow from operating activities				
Operating profit / (loss)	8,130,893	(755,538)	9,966,782	1,828,494
Adjustments for non-cash items:				
Amortization of distressed asset portfolios and other long-term receivables from associates	*1,569,591*	*4,241,058*	*7,426,540*	*10,600,351*
Depreciation, amortization and impairment of tangible and intangible assets	*42,148*	*(245,600)*	*147,355*	*146,955*
Revaluation and impairment of distressed asset portfolios and other long-term receivables from associates	*4,413,590*	*1,999,586*	*4,154,691*	*(1,135,732)*
*Other items not affecting cash***	*(16,750,380)*	*109,118*	*(16,435,602)*	*(72,638)*
Interest paid	(1,703,431)	(2,503,273)	(7,801,487)	(7,925,807)
Interest received	–	375,754	–	375,754
Cash flow from operating activities before working capital changes	**(4,297,589)**	**3,221,105**	**(2,541,721)**	**3,817,377**
Working capital adjustments				
Increase / (decrease) in accounts receivable	(2,598,458)	(2,465,670)	(386,362)	(2,415,590)
Increase / (decrease) in other receivables	574,953	105,047	387,835	(45,024)
Increase / (decrease) in accounts payable	5,170,419	4,576,508	508,871	4,743,274
Increase / (decrease) in other current liabilities	(229,364)	(1,434,505)	(706,046)	(106,361)
Net cash flow from operating activities	**(1,380,039)**	**4,002,485**	**(2,737,423)**	**5,993,676**
Cash flow from investing activities				
Purchases of distressed asset portfolios and other long-term receivables from associates	991,021	12,694	(2,475,613)	(15,593,485)
Purchases of investments	–	–	(600,000)	–
Purchases of tangible and intangible assets	89,705	(87,644)	(106,018)	(286,179)
Net cash flow received / (used) in investing activities	**1,080,726**	**(74,950)**	**(3,181,631)**	**(15,879,664)**
Cash flow from financing activities				
Proceeds from issuance of ordinary shares	–	–	–	2,140,164
Share premium	–	8,421	–	10,777,630
Proceeds from issuance of loans	1,341,938	52,369	1,341,938	12,556
Repayment of loans	1,796,281	(2,216,155)	(969,594)	(7,839,769)
Net cash flow received / (used) in financing activities	**3,138,219**	**(2,155,365)**	**372,344**	**5,090,581**
Cash flow for the period	**2,838,906**	**1,772,170**	**(5,546,710)**	**(4,795,405)**
Cash and cash equivalents less bank overdrafts at beginning of period	**611,030**	**7,597,307**	**9,000,148**	**14,125,071**
Exchange gains / (losses) on cash and cash equivalents	(58,361)	(369,330)	(61,863)	(329,518)
Cash and cash equivalents less bank overdrafts at end of period	**3,391,575**	**9,000,148**	**3,391,575**	**9,000,148**

* Audited
** Net collections benefit from collections from acquired portfolios, however this is not reflected in the cash flows for 2015 as the cash purchase price is set off against such net collections.

Consolidated Statement of Changes in Equity

Amounts in EUR	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Balance at 1 January 2014	**3,645,512**	**-**	**37,784**	**(3,229,005)**	**454,291**
Comprehensive income					
Profit / (loss) for the period	-	-	-	(6,354,254)	**(6,354,254)**
Other comprehensive income					
Actuarial gain on defined benefit commitment	-	-	(101,483)	-	**(101,483)**
Currency translation differences	-	-	(144,888)	-	**(144,888)**
Deferred tax assets	-	-	14,526	-	**14,526**
Total comprehensive income	**-**	**-**	**(231,844)**	**(6,354,254)**	**(6,586,099)**
Transactions with owners					
New share issue	2,140,164	10,777,630	-	-	**12,917,794**
Total transactions with owners	**2,140,164**	**10,777,630**	**-**	**-**	**12,917,794**
Balance at 31 December 2014*	**5,785,676**	**10,777,630**	**(194,061)**	**(9,583,258)**	**6,785,987**
Balance at 1 January 2015	**5,785,676**	**10,777,630**	**(194,061)**	**(9,583,258)**	**6,785,987**
Comprehensive income					
Profit / (loss) for the period				1,848,225	**1,848,225**
Other comprehensive income					
Actuarial gain on defined benefit commitment			(303,811)		**(303,811)**
Currency translation differences			(61,863)		**(61,863)**
Deferred tax assets			12,345		**12,345**
Total comprehensive income	**-**	**-**	**(353,329)**	**1,848,225**	**1,494,896**
Transactions with owners	-	-	-	-	**-**
Total transactions with owners	-	-	-	-	**-**
Balance at 31 December 2015	**5,785,676**	**10,777,630**	**(547,390)**	**(7,735,033)**	**8,280,883**

* Audited

Notes

Note 1. Basis of preparation

The consolidated financial statements of DDM Holding AG have been prepared in accordance 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	31 December 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%

The legal entities acquired in Hungary in 2015 are subsidiaries of DDM Group AG but are not included in the scope of consolidation.

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 annual 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 31 December 2015	as of 31 December 2014
Balance sheet (spot rate balance sheet date)	SEK/EUR	0.1088	0.1055
Income statement (average rate)	SEK/EUR	0.1074	0.1082

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 and other long-term receivables from associates

The acquisitions in Hungary in 2015 are shown within other long-term receivables from associates. The receivables are against the local legal entities holding the leasing portfolios, in comparison to the distressed asset portfolios where the receivables are directly against the debtor. Distressed asset portfolios and other long-term receivables from associates 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/receivable was acquired, based on the relation between the cost of the portfolio/receivable and the projected future cash flows on the acquisition date. Changes in the carrying value of the portfolios/receivables 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 and other long-term receivables from associates”.

Cash flow projections are made at the portfolio/receivable level since each portfolio/receivable 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 “income from distressed asset portfolios and other long-term receivables from associates”.

DDM 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.

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 “Revaluation and impairment”).

Portfolio-assets including other long-term accounts receivable from associates by currency, EUR	31 December 2015	31 December 2014
HUF	18,306,865	–
EUR	8,010,575	11,273,239
RON	4,516,209	6,071,272
RUB	3,637,888	9,113,611
CZK	3,214,009	3,185,593
CHF	1,506,148	–
PLN	1,341,323	4,588,915
Other (USD and MKD)	27,656	9,845
Total	**40,560,673**	**34,242,475**

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 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 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 a 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 its expected useful life of 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 DDM Invest I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV AG and DDM Invest X AG were 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.

On 31 December 2015 DDM was granted a loan of SEK 12,500,000 at 7% interest with maturity date 31 December 2016. This loan amount was transferred to a pledged bank account and is to be used for new investments.

EUR	31 December 2015	31 December 2014
Bond loan issued June 2013	30,144,539	31,204,435
Amount: SEK 300,000,000		
Interest: 13%		
New Maturity: 27 December 2018		
Bond loan issued September 2013	2,683,181	2,569,024
Amount: SEK 25,000,000		
Interest: 18%		
Maturity: 30 September 2016		

Note 9. Income recognition

Income from distressed asset portfolios and other long-term receivables from associates (the change in the carrying value of the portfolios/receivables) is recognized in the income statement in the "Income from distressed asset portfolios and other long-term receivables from associates" line item, which includes net collections, less amortization, revaluation and impairment.

Note 10. Subsequent events after the reporting date

There were no significant events after the balance sheet date.

Definitions

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

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

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 and amortization of intangible 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.

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

Net debt
Long-term and short-term loans, liabilities to credit institutions (bank overdrafts) less cash and cash equivalents.

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

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

Revaluation of 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

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, currently managing 2.3 million receivables with a nominal value of over EUR 2 billion.

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

The banking sector in 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

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