



Significant investment in Slovenia and bond issuance

Highlights third quarter 2016

- Net collections of EUR 5.2M
- Cash EBITDA of EUR 4.6M
- Profit for the period of EUR 3.4M
- A significant transaction in Slovenia was completed in July, with a cash investment amount of EUR 17M
- New bond of EUR 11M at 13% interest was issued in July to finance the investment in Slovenia
- Loan repayments of approximately EUR 3M relating to the EUR 11M bond

Highlights YTD 2016

- Net collections of EUR 5.2M
- Cash EBITDA of EUR 4.6M
- Profit for the period of EUR 3.4M

Amounts in EUR (unless specified otherwise)	1 July – 30 Sept 2016	3 Mar – 30 Sept 2016
Net collections	5,182,033	5,182,033
Operating expenses	(533,717)	(535,818)
Cash EBITDA	4,648,316	4,646,215
Amortization and revaluation of invested assets	(258,938)	(258,938)
Operating profit	4,389,378	4,387,277
Profit for the period	3,389,853	3,387,929

Selected key figures

Total assets	20,263,441	20,263,441
Net debt	13,074,412	13,074,412
Cash flow from operating activities before working capital changes	3,436,741	3,434,817

The information in this Interim Report was published on 10 November 2016 at 8:00 a.m. CET.

Comment by the CEO

The third quarter of 2016 was marked by the closing of a landmark transaction for DDM in July. We invested approximately EUR 17M in Slovenia in a portfolio of non-performing banking claims. The acquisition was funded by a new bond of EUR 11M issued in July, along with additional funding raised by DDM Holding AG. The new bond at 13% interest matures in 12 months and will be repaid during the period.

Net collections from the Slovenian acquisition were strong in the third quarter of 2016 and YTD, and amounted to EUR 5.2M.

Cash EBITDA (net collections less operating expenses) for the third quarter and YTD 2016 amounted to EUR 4.6M.

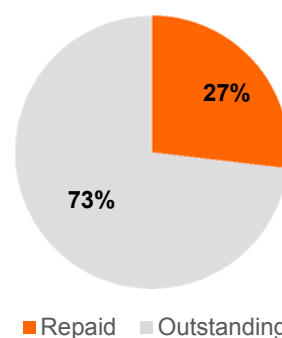
Cash flow from operating activities before working capital changes for the third quarter and YTD 2016 was EUR 3.4M, due to the strong performance of the Slovenian acquisition. On the back of the strong cash flows, in accordance with the terms and conditions of the EUR 11M bond issued in July 2016 in connection to the Slovenian portfolio acquisition, repayments of approximately EUR 3M were made during the third quarter.

Market outlook

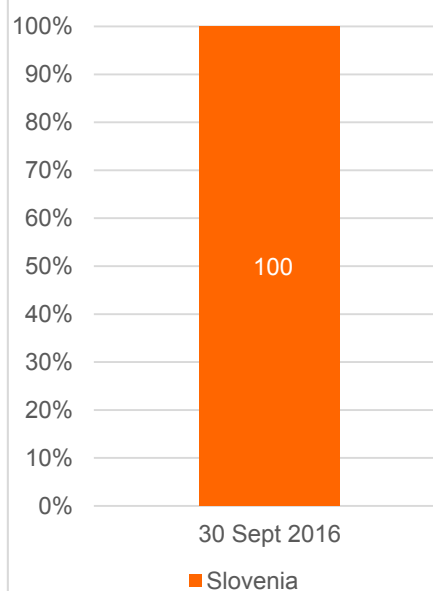
We continue to see strong growth in the pipeline of portfolios for sale across our region. DDM continues to receive a significant number of invites to bid for large portfolios and we are well placed to continue the rapid expansion in our investment activities.

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

Share of repayment of issued bond loan at 30 Sept 2016, %



Distressed asset portfolios, book value by country, %



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

Financial calendar

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

Year-end report for 2016: 28 February 2017

Annual report for 2016: 31 March 2017

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.

Stockholm, 10 November 2016

DDM Debt AB (publ)

Gustav Hultgren, CEO

Presentation of the interim report

The interim report and presentation material are available at www.ddm-group.ch on 10 November 2016, at 08:00 a.m. CET.

CEO Gustav Hultgren and CFO Fredrik Olsson will comment on the DDM Group's results during a conference call on 10 November 2016, starting at 10:00 a.m. CET. The presentation can be followed live at www.ddm-group.ch and/or by telephone with dial-in numbers: SE: +46 8 566 426 90, CH: +41 225 675 548 or UK: +44 203 008 9801.

Consolidated Income Statement

Amounts in EUR	Notes	1 July – 30 Sept 2016	3 Mar – 30 Sept 2016
Revenue on invested assets	3	4,923,095	4,923,095
Personnel expenses		(1,119)	(1,119)
Consulting expenses		(526,692)	(527,961)
Other operating expenses		(5,906)	(6,738)
Operating profit		4,389,378	4,387,277
Financial income		–	–
Financial expenses		(618,472)	(618,509)
Net financial income / (expense)		(618,472)	(618,509)
Profit before income tax		3,770,906	3,768,768
Tax income / (expense)		(381,053)	(380,839)
Profit for the period		3,389,853	3,387,929

Consolidated Statement of Comprehensive Income

Amounts in EUR	1 July – 30 Sept 2016	3 Mar – 30 Sept 2016
Profit for the period	3,389,853	3,387,929
Other comprehensive income for the period		
<i>Items that will not be reclassified to profit or loss</i>	–	–
<i>Items that may subsequently be reclassified to profit or loss</i>	–	–
Other comprehensive income for the period, net of tax	–	–
Total comprehensive income for the period	3,389,853	3,387,929
Total comprehensive income for the period attributable to owners of the Parent Company	3,389,853	3,387,929

Consolidated Balance Sheet

Amounts in EUR	Notes	30 September 2016
ASSETS		
<i>Non-current assets</i>		
Distressed asset portfolios	4	18,125,506
Total non-current assets		18,125,506
<i>Current assets</i>		
Accounts receivable		314,506
Prepaid expenses and accrued income		5,381
Cash and cash equivalents		1,818,048
Total current assets		2,137,935
TOTAL ASSETS		20,263,441
SHAREHOLDERS' EQUITY AND LIABILITIES		
<i>Shareholders' equity</i>		
Share capital		54,000
Retained earnings including net earnings for the period		3,387,929
Total shareholders' equity attributable to Parent Company's shareholders		3,441,929
LIABILITIES		
<i>Non-current liabilities</i>		
Payables to other group companies		676,251
Loans from other group companies		7,264,142
Total non-current liabilities		7,940,393
<i>Current liabilities</i>		
Accounts payable		60,130
Bond loan	5	7,628,318
Accrued taxes		381,301
Accrued interest		492,995
Accrued expenses and deferred income		318,375
Total current liabilities		8,881,119
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		20,263,441

Consolidated Cash Flow Statement

Amounts in EUR	1 July – 30 Sept 2016	3 Mar – 30 Sept 2016
Cash flow from operating activities		
Operating profit	4,389,378	4,387,277
<i>Adjustments for non-cash items:</i>		
<i>Amortization of invested assets</i>	258,938	258,938
<i>Revaluation of invested assets</i>	–	–
<i>Other items not affecting cash</i>	(1,211,575)	(1,211,398)
Interest paid	–	–
Interest received	–	–
Cash flow from operating activities before working capital changes	3,436,741	3,434,817
Working capital adjustments		
(Increase) / decrease in accounts receivable	(314,506)	(314,506)
(Increase) / decrease in other receivables	(5,167)	(5,381)
Increase / (decrease) in accounts payable	348,873	441,431
Increase / (decrease) in other current liabilities	318,375	318,375
Net cash flow from operating activities	3,784,316	3,874,736
Cash flow from investing activities		
Purchases of distressed asset portfolios	(16,878,343)	(16,878,343)
Net cash flow received / (used) in investing activities	(16,878,343)	(16,878,343)
Cash flow from financing activities		
Proceeds from issuance of ordinary shares	–	54,000
Proceeds from issuance of loans	10,453,000	10,453,000
Proceeds from loans from group companies	7,264,142	7,264,142
Repayment of loans	(2,950,000)	(2,950,000)
Net cash flow received / (used) in financing activities	14,767,142	14,821,142
Cash flow for the period	1,673,115	1,817,535
Cash and cash equivalents less bank overdrafts at beginning of the period	144,420	–
Foreign exchange gains / (losses) on cash and cash equivalents	513	513
Cash and cash equivalents less bank overdrafts at end of the period	1,818,048	1,818,048

Consolidated Statement of Changes in Equity

Amounts in EUR			
	Share capital	Retained earnings	Total equity
Balance at 3 March 2016	5,629	–	5,629
<i>Comprehensive income</i>			
Profit for the period	–	3,387,929	3,387,929
<i>Other comprehensive income</i>	–	–	–
Total comprehensive income	–	3,387,929	3,387,929
<i>Transactions with owners</i>			
New issue of shares through down payment	48,371	–	48,371
Total transactions with owners	48,371	–	48,371
Balance at 30 September 2016	54,000	3,387,929	3,441,929

Parent Company – Income Statement

Amounts in EUR	1 July – 30 Sept 2016	3 Mar – 30 Sept 2016
Revenue	–	–
Personnel expenses	–	–
Consulting expenses	(7,472)	(7,472)
Other operating expenses	–	–
Operating profit / (loss)	(7,472)	(7,472)
Financial income	269,668	269,668
Financial expenses	(281,583)	(281,585)
Net financial income / (expenses)	(11,915)	(11,917)
Profit / (loss) before income tax	(19,387)	(19,389)
Tax income / (expense)	–	–
Profit / (loss) for the period	(19,387)	(19,389)

Parent Company – Statement of Comprehensive Income

Amounts in EUR	1 July – 30 Sept 2016	3 Mar – 30 Sept 2016
Profit / (loss) for the period	(19,387)	(19,389)
Other comprehensive income for the period, net of tax		
Items that will not be reclassified to profit or loss	–	–
Items that may subsequently be reclassified to profit or loss	–	–
Total other comprehensive income for the period, net of tax	–	–
Total comprehensive income for the period	(19,387)	(19,389)

Parent Company – Balance Sheet

Amounts in EUR		30 September 2016
ASSETS		
<i>Non-current assets</i>		
Shares in other group companies	6	97,921
Total non-current assets		97,921
<i>Current assets</i>		
Receivables from other group companies		125,318
Loans to other group companies		7,574,219
Prepaid expenses and accrued interest income		276,762
Cash and cash equivalents		66,141
Total current assets		8,042,440
TOTAL ASSETS		8,140,361
SHAREHOLDERS' EQUITY AND LIABILITIES		
<i>Shareholders' equity</i>		
Share capital		54,000
Retained earnings including net earnings for the period		(19,389)
Total shareholders' equity		34,611
<i>Non-current liabilities</i>		
Payables to other group companies		98,021
Total non-current liabilities		98,021
<i>Current liabilities</i>		
Accounts payable		82,219
Bond loan	5	7,628,318
Payables to other group companies		16,067
Accrued interest		281,125
Total current liabilities		8,007,729
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		8,140,361

Parent Company – Cash Flow Statement

Amounts in EUR	1 July – 30 Sept 2016	3 Mar – 30 Sept 2016
Cash flow from operating activities		
Operating profit / (loss)	(7,472)	(7,472)
Other items not affecting cash	15,625	15,624
Interest paid	–	–
Interest received	–	–
Cash flow from operating activities before working capital changes	8,153	8,152
Working capital adjustments		
(Increase) / decrease in other receivables	(402,080)	(402,080)
Increase / (decrease) in accounts payable	82,219	82,219
Increase / (decrease) in other current liabilities	395,213	395,213
Net cash flow from operating activities	83,505	83,504
Cash flow from investing activities		
Loans to group companies	(10,529,219)	(10,529,219)
Repayment of loans to group companies	2,955,000	2,955,000
Net cash flow received / (used) in investing activities	(7,574,219)	(7,574,219)
Cash flow from financing activities		
Proceeds from issuance of ordinary shares	–	54,000
Proceeds from issuance of loans	10,453,000	10,453,000
Repayment of loans	(2,950,000)	(2,950,000)
Net cash flow received / (used) in financing activities	7,503,000	7,557,000
Cash flow for the period	12,286	66,285
Cash and cash equivalents less bank overdrafts at beginning of the period	53,999	–
Foreign exchange gains / (losses) on cash and cash equivalents	(144)	(144)
Cash and cash equivalents less bank overdrafts at end of the period	66,141	66,141

Parent Company – Statement of Changes in Equity

Amounts in EUR			
	Share capital	Retained earnings	Total equity
Balance at 3 March 2016	5,629	–	5,629
<i>Comprehensive income</i>			
Profit / (loss) for the period	–	(19,389)	(19,389)
<i>Other comprehensive income</i>	–	–	–
Total comprehensive income	–	(19,389)	(19,389)
<i>Transactions with owners</i>			
New issue of shares through down payment	48,371	–	48,371
Total transactions with owners	48,371	–	48,371
Balance at 30 September 2016	54,000	(19,389)	34,611

Notes

Note 1. General information

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

The Company was registered on 3 March 2016, and changed from a private limited liability company to a public limited liability company on 26 May 2016. DDM Debt is a wholly owned subsidiary of DDM Finance AB, Stockholm, Sweden, being a wholly owned subsidiary of DDM Group AG, Baar, Switzerland. DDM Invest VII AG, Switzerland, and DDM Invest VII d.o.o., Slovenia, are wholly owned subsidiaries of DDM Debt.

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

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

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

Note 2. Basis of preparation

This Interim Report has been prepared in compliance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as endorsed by the EU, the Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups issued by RFR, the Swedish Financial Reporting Board. The Parent Company's financial statements have been prepared in compliance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities issued by RFR. The accounting policies that are most critical to the Group and Parent Company are stated in DDM Treasury Sweden AB's Annual Report for 2015. Figures in tables and comments may be rounded.

Note 3. Revenue on invested assets by region

Revenue on invested assets is the net amount of the cash collections (net of direct collection costs), amortization of invested assets and revaluation of invested assets.

Net collections is comprised of gross collections from the distressed asset portfolios held by DDM, minus commission and fees to collection agencies. As the collection procedure is outsourced, the net amount of cash collected is recorded as "Net collections" within the line "Revenue on invested assets" in the consolidated income statement. DDM discloses the alternative performance measure "Net collections" in the notes separately, as it is an important measurement for DDM to monitor the performance of the portfolios and measure the cash available for operating expenses and to service its debt. DDM believes that disclosing net collections as a separate performance measure in the notes improves the transparency and understanding of DDM's financial statements and performance, meeting the expectations of its investors.

	1 July – 30 Sept 2016	3 Mar – 30 Sept 2016
EUR		
Slovenia	5,182,033	5,182,033
Net collections	5,182,033	5,182,033
Amortization of invested assets	(258,938)	(258,938)
Interest income on invested assets before revaluation	4,923,095	4,923,095
Revaluation of invested assets	–	–
Revenue on invested assets	4,923,095	4,923,095

Net collections are distributed by currency as follows:

	1 July – 30 Sept 2016	3 Mar – 30 Sept 2016
EUR		
EUR	5,182,033	5,182,033
Total	5,182,033	5,182,033

The chief operating decision maker of DDM reviews the financial outcome as a whole. Analysis is performed on a portfolio-by-portfolio basis but the chief operating decision maker reviews the outcome of the group as a whole. Each portfolio is not considered to be an identifiable segment and the Group reports segment on an entity basis, i.e. one operating segment.

The Group discloses information regarding revenue on invested assets based on its key geographic areas.

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

Note 4. Distressed asset portfolios

DDM Debt Group invests in distressed asset portfolios, where the receivables are directly against the debtor.

The recognition of the acquisition of distressed asset portfolios is based on the DDM Debt Group's own forecast of future cash flows from acquired portfolios. Distressed asset portfolios consist mainly of portfolios of non-performing consumer debts purchased at prices significantly below their principal value. Such assets are classified as non-current assets. Reporting follows the effective interest method, where the carrying value of each portfolio corresponds to the present value of all projected future cash flows discounted by an initial effective interest rate determined on the date the portfolio was acquired, based on the relation between purchase price and the projected future cash flows on the acquisition date. Changes in the carrying value of the portfolios are reported as amortization and revaluation for the period.

Distressed asset portfolios are reported at amortized cost using the effective interest method. The initial effective interest rate is calculated for each portfolio based on its purchase price including transaction costs and estimated cash flows that, based on a probability assessment, are expected to be received from the debtors of the corresponding portfolio net of collection costs. Current cash flow projections are monitored over the course of the year and updated based on, among other things, achieved collection results and macroeconomic information. If the cash flow projections are revised, the carrying amount is adjusted to reflect actual and revised estimated cash flows. DDM Debt Group recalculates the carrying amount by computing the present value of estimated future cash flows using the original effective interest rate. Both a reduction and an increase in the carrying amount is recorded in the income statement in the line "Revaluation of invested assets".

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

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.

If the Company sells a portfolio for a higher or lower amount than its carrying value, the resulting gain or loss on disposal is recognized in the consolidated income statement (within the line "Revaluation of invested assets").

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

	30 September 2016
EUR	
EUR	18,125,506
Total	18,125,506

Note 5. Borrowings

A bond loan totaling EUR 11M was issued by DDM Debt in July 2016. The new bond at 13% interest has a maturity date of 15 July 2017 and will be repaid during the period. Repayments of approximately EUR 3M were made during the third quarter of 2016, in accordance with the terms and conditions, which are available in their entirety on our website.

Note 6. Participations in Group companies

Parent Company EUR	30 September 2016
Investment	97,921
Total	97,921

The Parent Company holds shares in the following subsidiaries:

EUR Company	Corporate identity number	Domicile	Proportion of equity	Net book value: 30 September 2016
DDM Invest VII AG	CHE 153.128.633	Switzerland	100%	90,421
DDM Invest VII d.o.o.	7109806000	Slovenia	100%	7,500
Total				97,921

Note 7. Subsequent events

There were no significant events occurring after the balance sheet date and through the date of issuance of this report.

Signatures

The Board of Directors and Chief Executive Officer declare that the interim report 3 March – 30 September 2016 provides a fair overview of the Parent Company's and the Group's operations, their financial positions and result. The material risks and uncertainties facing the Parent Company and the Group are described in the DDM Treasury Sweden AB 2015 Annual report.

Stockholm, 10 November 2016

Kent Hansson
Chairman of the board

Fredrik Waker
Board member

Manuel Vogel
Board member

Gustav Hultgren
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 distressed asset portfolios are amortized over time according to the effective interest rate method.

Cash EBITDA

Net collections less operating expenses.

EBITDA

Earnings before interest, taxes, depreciation of fixed assets and amortization of intangible assets as well as amortisation and revaluation of invested assets.

Equity

Shareholders' equity at the end of the period.

Net collections

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

Net debt

Long-term and short-term third party loans, interest-bearing intercompany loans and liabilities to credit institutions (bank overdrafts) less cash and cash equivalents.

Non-recurring items

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

Operating expenses

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

Revaluation of invested assets

Distressed asset portfolios 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.

Reconciliation tables, non-IFRS measures

This section includes a reconciliation of certain non-IFRS financial measures to the most directly reconcilable line items in the financial statements. The presentation of non-IFRS financial measures has limitations as analytical tools and should not be considered in isolation or as a substitute for our related financial measures prepared in accordance with IFRS.

Non-IFRS financial measures are presented to enhance an investor's evaluation of ongoing operating results, to aid in forecasting future periods and to facilitate meaningful comparison of results between periods. Management uses these non-IFRS financial measures to, among other things, evaluate ongoing operations in relation to historical results and for internal planning and forecasting purposes.

The non-IFRS financial measures presented in this report may differ from similarly-titled measures used by other companies.

Net collections:

Net collections is comprised of gross collections from the distressed asset portfolios held by DDM, minus commission and fees to collection agencies. As the collection procedure is outsourced, the net amount of cash collected is recorded as "Net collections" within the line "Revenue on invested assets" in the consolidated income statement. DDM discloses the alternative performance measure "Net collections" in the notes separately, as it is an important measurement for DDM to monitor the performance of the portfolios and measure the cash available for operating expenses and to service its debt. DDM believes that disclosing net collections as a separate performance measure in the notes improves the transparency and understanding of DDM's financial statements and performance, meeting the expectations of its investors.

Amortization and revaluation of invested assets:

The recognition of the acquisition of distressed asset portfolios is based on the DDM Group's own forecast of future cash flows from acquired portfolios. Reporting follows the effective interest method, where the carrying value of each portfolio corresponds to the present value of all projected future cash flows discounted by an initial effective interest rate determined at the time the portfolio was purchased, based on the relation between cost and the projected future cash flows on the acquisition date. Changes in the carrying value of the portfolios are reported as amortization and revaluation for the period.

Operating expenses and Cash EBITDA:

Amounts in EUR (unless specified otherwise)	1 July – 30 Sept 2016	3 Mar – 30 Sept 2016
Net collections	5,182,033	5,182,033
Personnel expenses	(1,119)	(1,119)
Consulting expenses	(526,692)	(527,961)
Other operating expenses	(5,906)	(6,738)
Operating expenses	(533,717)	(535,818)
Cash EBITDA	4,648,316	4,646,215

Net debt:

Bond loan	7,628,318	7,628,318
Interest-bearing loans from other group companies	7,264,142	7,264,142
Less: Cash and cash equivalents	(1,818,048)	(1,818,048)
Net debt	13,074,412	13,074,412

About DDM

DDM Debt AB is a subsidiary of **DDM Holding AG** (First North: DDM) 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 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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