



Strong portfolio performance and significant capital raised to support major growth in the coming months

Highlights first quarter 2017

- Adjusted net profit of EUR 0.6M, excluding non-recurring items related to the refinancing
- Net collections increased by 3% to EUR 8.1M (Q1 2016: EUR 7.9M)
- Cash EBITDA increased by 5% and amounted to EUR 7.0M (Q1 2016: EUR 6.6M)
- Net loss for the period of EUR 2.5M (Q1 2016: profit of EUR 0.1M) due to non-recurring items totaling approximately EUR 3.1M for the remaining transaction costs on the old bonds (non-cash) and the call premium for the SEK 300M bond
- Gross ERC at the end of March 2017 was EUR 81.6M, an increase of 15% (Q1 2016: EUR 70.9M)
- Further loan repayments of approximately EUR 3.4M were made in January 2017 prior to refinancing
- Two portfolios acquired in the Czech Republic (c. EUR 5M) and Slovenia (c. EUR 1M)
- EUR 50M of senior secured bonds at 9.5% were issued in January 2017, part of the proceeds were used to refinance existing debt and the remaining balance of about EUR 10M will be used for portfolio acquisitions
- Fully subscribed share issue with pre-emptive subscription rights for existing shareholders of approximately EUR 11M before issuance costs

Significant events after the first quarter

- EUR 35M of senior secured bonds were issued in April in a tap issue under the EUR 85M senior secured bond framework at a price of 101.5%, representing a yield to maturity of c. 9%
- DDM Holding AG has a new main investor, Aldridge EDC Specialty Finance, holding approximately 48.8% of the shares in the company

Amounts in EUR (unless specified otherwise)	1 Jan - 31 Mar 2017	1 Jan - 31 Mar 2016	Full Year 2016*
Net collections	8,146,877	7,938,010	34,225,117
Revenue from management fees	346,117	–	1,206,648
Operating expenses**	(1,507,530)	(1,294,212)	(6,148,813)
Cash EBITDA	6,985,464	6,643,798	29,282,952
Amortization, revaluation and impairment of invested assets	(4,422,743)	(5,253,241)	(19,305,753)
Operating profit	2,530,788	1,354,960	9,843,199
Net (loss) / profit for the period***	(2,546,594)	74,311	5,340,761
Selected key figures			
Total assets	84,489,172	57,991,627	66,375,073
Net debt	22,974,414	37,788,139	28,776,726
Equity ratio	32.9%	14.4%	31.0%
Cash flow from operating activities before working capital changes	3,211,999	4,368,254	20,172,782
Gross ERC 120 months (EUR M)	81.6	70.9	79.8
Earnings per share	(0.28)	0.01	0.65
Average number of shares during the period	9,040,298	7,100,000	8,223,888
Total number of shares at the end of the period****	13,560,447	7,100,000	9,040,298

* Audited

** Operating expenses do not include depreciation and amortization of tangible and intangible assets

*** The result for Q1 2017 was negatively impacted by c. EUR 3.1M of non-recurring items due to the bond refinancing

**** The rights issue was recognized in equity in Q1 2017 as the proceeds were received at the end of the quarter, and the new shares were registered with the commercial register on 3 April

The information in this interim and full year report requires DDM Holding AG to publish the information in accordance with the EU Market Abuse Regulation and the Securities Market Act. The information was submitted for publication on 11 May 2017 at 8:00 a.m. CET.

Comment by the CEO

The operating result for Q1 2017 was EUR 2.5M, an increase of EUR 1.2M compared to the first quarter of 2016, showing DDM's operational strength and growth. The net result for the quarter was a profit of EUR 0.6M on an adjusted basis, excluding approximately EUR 3.1M of non-recurring items related to the bond refinancing in the quarter.

As a result of the financing activities during the quarter, at the end of the period DDM had a significant cash balance of EUR 27.6M, of which approximately EUR 10M relates to the net proceeds from the bond refinancing and about EUR 11M is the gross proceeds from the rights issue that was also received at the end of the quarter. In addition, DDM raised a further EUR 35M from the tap issue performed shortly after the end of the quarter.

The financing activities carried out mean that the company is now positioned to capitalize on the significant pipeline we have, and due diligence is ongoing on a number of large portfolios where the company is in an advanced stage of the investment process. The focus continues to be on our existing markets, and in addition some neighboring countries where we are evaluating both consumer and corporate portfolios. We foresee being able to release information about some of these transactions before the end of the current quarter.

As mentioned above, a number of significant events also took place in the quarter to support continued strong growth. DDM successfully issued EUR 50M of senior secured bonds in January under a framework totaling EUR 85M. The new bonds have a final maturity date in January 2020 and a 9.5% coupon rate, which is significantly lower than our previous financing cost. This was an important step in improving our capital structure and lowering our cost of funding. Part of the proceeds were used to refinance existing debt within the DDM Group, and the remaining balance of about EUR 10M will be used for future portfolio acquisitions. The bonds are listed on the Corporate Bond list at Nasdaq Stockholm.

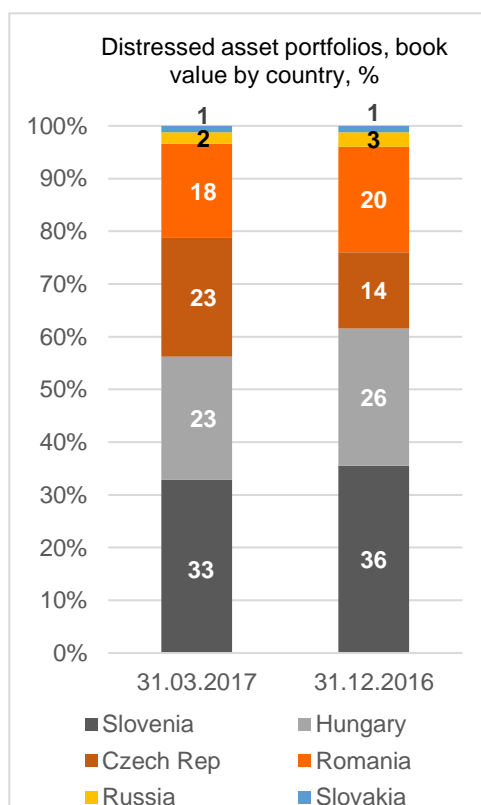
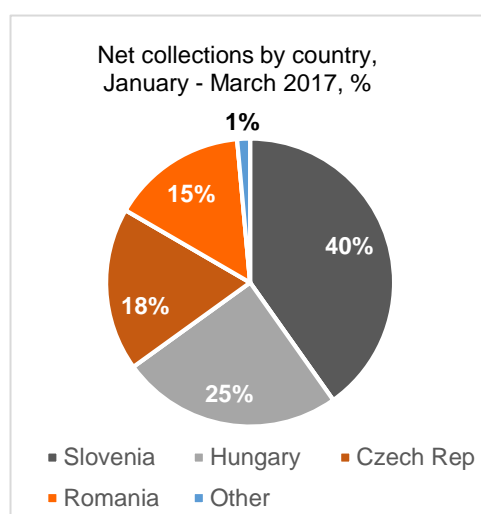
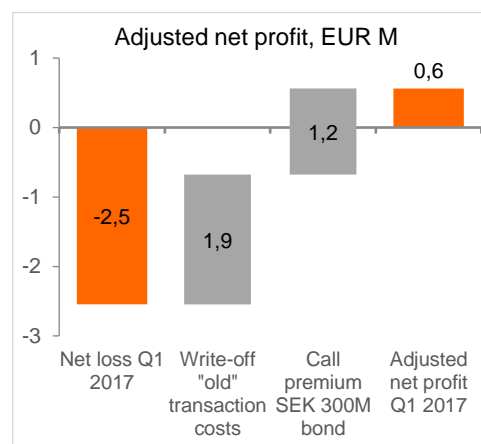
Following the bond refinancing, DDM carried out a share issue with pre-emptive subscription rights for the existing shareholders. The rights issue was fully subscribed, resulting in gross proceeds before issuance costs of approximately EUR 11 million. The rights issue was carried out to further strengthen DDM's balance sheet and lower our cost of capital, facilitating the issuance of more debt and increasing DDM's ability to capture attractive growth opportunities in the Company's markets.

Shortly after the end of the first quarter DDM made an additional tap of EUR 35M 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%. The tap issue is the next step to support the continued strong growth.

Net collections increased by 3% compared to Q1 2016 due to continued strong performance of the Slovenian acquisition. Revenue from management fees was EUR 0.3M in the first quarter of 2017, whereas it was included in net collections in Q1 2016 (presented separately from Q3 2016).

Operating expenses were EUR 1.5M in the quarter, EUR 0.2M higher than the first quarter of 2016. Cash EBITDA for the first quarter amounted to EUR 7.0M, an increase of 5% compared the same period in 2016, primarily due to the higher net collections.

Financial expenses increased to EUR 4.8M in the first quarter compared to EUR 1.7M in the fourth quarter of 2016. The aforementioned bond refinancing resulted in total negative non-recurring items of approximately EUR 3.1M due to the non-cash write off of about EUR 1.9M for the remaining transaction costs on the old



bonds, in addition to the call premium of approximately EUR 1.2M for the SEK 300M bond.

Gross ERC at the end of the first quarter of 2017 was EUR 81.6M, an increase of 15% compared to the same period in 2016, as acquisitions in the past 12 months more than offset amortization, revaluation and impairment on existing portfolios.

Cash flow from operating activities before working capital changes was EUR 3.2M in the first quarter due to the negative impact from the above-mentioned call premium of EUR 1.2M, compared to EUR 4.4M for the same period last year. Further loan repayments of approximately EUR 3.4M were made in January 2017, prior to the bond refinancing. DDM also acquired a further portfolio in the Czech Republic for approximately EUR 5M and a smaller portfolio in Slovenia for about EUR 1M during the quarter using cash on hand. Both portfolios were acquired from sellers we have acquired portfolios from before, confirming DDM's reputation as a preferred buyer.

DDM has had strong profitable growth over the past two years, and we expect this trend to continue. However, the Group's rate of growth and financial results will continue to vary from quarter to quarter, impacted by the timing of significant acquisitions. Today DDM primarily targets larger portfolio acquisitions and they generally take longer to complete, potentially resulting in positive one-off effects during the quarter the portfolio is acquired.

Market outlook

We continue to see a strong pipeline of portfolios for sale across our region in both existing and potential new markets, with returns and characteristics that match our investment criteria. We are well placed to continue our rapid expansion as DDM continues to receive a significant number of invites to bid for attractive portfolios and due to our improved capital structure following the recent additional equity and debt funding. We remain positive on the outlook for DDM and feel confident that we will be able to continue to grow the DDM Group, targeting investments of more than EUR 50M in new portfolios in 2017. We now anticipate operating expenses of EUR 6M for 2017, compared to EUR 5.6M communicated previously as we anticipate slightly higher costs associated with portfolio acquisitions.

Financial calendar

DDM intends to publish financial information on the following dates:

Annual General Meeting:	31 May 2017
Interim report for January – June 2017:	3 August 2017
Interim report for January – September 2017:	2 November 2017
Full year 2017 report:	February 2018

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.

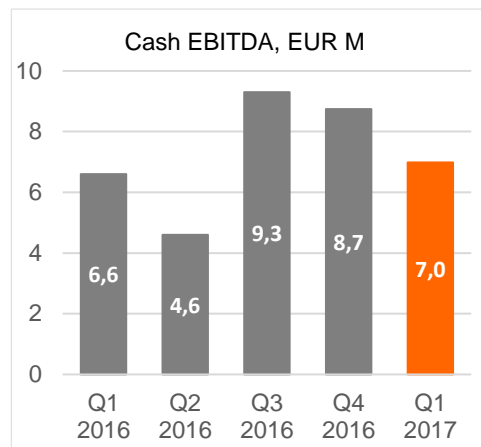
Baar, 11 May 2017
DDM Holding AG
Gustav Hultgren, CEO

Presentation of the report

The report and presentation material are available at www.ddm-group.ch on 11 May 2017, 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 11 May 2017, 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 95, CH: +41 225 675 548 or UK: +44 203 008 9818.



**Gustav Hultgren, CEO,
DDM Holding AG**

Consolidated Income Statement

Amounts in EUR	Notes	1 Jan - 31 Mar 2017	1 Jan - 31 Mar 2016	Full Year 2016*
Revenue on invested assets	8	3,724,134	2,684,769	14,919,364
Reconciliation of revenue on invested assets:				
<i>Net collections</i>		8,146,877	7,938,010	34,225,117
<i>Amortization of invested assets</i>		(4,724,655)	(5,310,764)	(18,623,472)
<i>Revaluation and impairment of invested assets</i>		301,912	57,523	(682,281)
Revenue from management fees	8	346,117	–	1,206,648
Personnel expenses		(771,434)	(828,351)	(3,949,123)
Consulting expenses		(507,377)	(171,342)	(1,247,499)
Other operating expenses		(228,719)	(294,519)	(952,191)
Amortization and depreciation of tangible and intangible assets		(31,933)	(35,597)	(134,000)
Operating profit		2,530,788	1,354,960	9,843,199
Financial income		–	5	32,028
Financial expenses		(4,808,228)	(1,447,979)	(6,663,378)
Unrealized exchange (loss) / profit		(262,394)	480,713	2,111,163
Realized exchange profit / (loss)		49,854	(118,059)	(256,829)
Net financial expenses		(5,020,768)	(1,085,320)	(4,777,016)
(Loss) / profit before income tax		(2,489,980)	269,640	5,066,183
Tax (expense) / income		(56,614)	(195,329)	274,578
Net (loss) / profit for the period		(2,546,594)	74,311	5,340,761
Earnings per share before and after dilution		(0.28)	0.01	0.65
Average number of shares		9,040,298	7,100,000	8,223,888
Number of shares at the end of period**		13,560,447	7,100,000	9,040,298

* Audited

** The rights issue was recognized in equity in Q1 2017 as the proceeds were received at the end of the quarter, and the new shares were registered with the commercial register on 3 April

Consolidated Statement of Comprehensive Income

Amounts in EUR	1 Jan - 31 Mar 2017	1 Jan - 31 Mar 2016	Full Year 2016*
Net (loss) / profit for the period	(2,546,594)	74,311	5,340,761
Other comprehensive income for the period			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial gain / (loss) on the defined benefit commitments (pension)	–	–	550,716
Deferred tax assets on post-employment benefit commitments	–	–	(33,859)
<i>Items that may subsequently be reclassified to profit or loss:</i>			
Currency translation differences	–	5,005	(51,843)
Other comprehensive income for the period, net of tax	–	5,005	465,014
Total comprehensive income for the period	(2,546,594)	79,316	5,805,775

* Audited

Consolidated Balance Sheet

Amounts in EUR	Notes	31 March 2017	31 December 2016*
ASSETS			
<i>Non-current assets</i>			
Goodwill	6	4,160,491	4,160,491
Intangible assets	6	1,609,140	1,636,954
Tangible assets	5	67,495	62,948
Interests in associates		600,000	600,000
Distressed asset portfolios	4	34,882,737	32,471,721
Other long-term receivables from investments	4	10,599,361	11,447,384
Deferred tax assets	3	1,288,752	1,288,752
Other non-current assets		1,341,949	1,332,496
Total non-current assets		54,549,925	53,000,746
<i>Current assets</i>			
Accounts receivable		1,654,872	1,660,415
Other receivables		525,267	909,887
Prepaid expenses and accrued income		205,995	204,959
Cash and cash equivalents**		27,553,113	10,599,066
Total current assets		29,939,247	13,374,327
TOTAL ASSETS		84,489,172	66,375,073
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Shareholders' equity</i>			
Share capital**		11,780,220	7,540,117
Share premium**		21,029,776	15,511,912
Other reserves		(583,880)	(583,880)
Accumulated losses incl. net loss / profit for the period		(4,439,362)	(1,892,768)
Total shareholders' equity attributable to Parent Company's shareholders		27,786,754	20,575,381
<i>Long-term liabilities</i>			
Loans	7	50,527,527	31,191,913
Post-employment benefit commitments		515,328	473,592
Deferred tax liabilities	3	231,370	231,370
Total long-term liabilities		51,274,225	31,896,875
<i>Current liabilities</i>			
Accounts payable		1,707,926	1,568,110
Accrued interest		834,376	2,417,823
Accrued expenses and deferred income		2,885,891	1,733,005
Loans	7	–	8,183,879
Total current liabilities		5,428,193	13,902,817
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		84,489,172	66,375,073

* Audited

** The rights issue was recognized in equity in Q1 2017 as the proceeds were received at the end of the quarter, and the new shares were registered with the commercial register on 3 April

Consolidated Cash Flow Statement

Amounts in EUR	1 Jan - 31 Mar 2017	1 Jan - 31 Mar 2016	Full Year 2016*
Cash flow from operating activities			
Operating profit	2,530,788	1,354,960	9,843,199
<i>Adjustments for non-cash items:</i>			
<i>Amortization of invested assets</i>	4,724,655	5,310,764	18,623,472
<i>Revaluation and impairment of invested assets</i>	(301,912)	(57,523)	682,281
<i>Depreciation, amortization and impairment of tangible and intangible assets</i>	31,933	35,597	134,000
<i>Other items not affecting cash</i>	37,869	(233,995)	(3,354,292)
Interest paid	(3,797,081)	(2,041,554)	(5,480,564)
Interest received	–	5	78
Tax paid	(14,253)	–	(275,392)
Cash flow from operating activities before working capital changes	3,211,999	4,368,254	20,172,782
Working capital adjustments			
(Increase) / decrease in accounts receivable	5,543	(2,523,805)	2,470,347
(Increase) / decrease in other receivables	(429,553)	(228,824)	(2,005,206)
Increase / (decrease) in accounts payable	139,816	(280,318)	(887,808)
Increase / (decrease) in other current liabilities	1,152,886	(1,259,523)	500,046
Net cash flow from operating activities	4,080,691	75,784	20,250,161
Cash flow from investing activities			
Purchases of distressed asset portfolios and other long-term receivables from investments	(5,592,808)	(4,446,625)	(24,626,867)
Proceeds from divestment of distressed asset portfolios and other long-term receivables from investments	–	–	2,300,000
Purchases of tangible and intangible assets	(8,737)	–	(9,882)
Net cash flow received / (used) in investing activities	(5,601,545)	(4,446,625)	(22,336,749)
Cash flow from financing activities			
Proceeds from issuance of ordinary shares	4,240,103	–	1,754,441
Share premium	5,517,864	–	4,734,282
Proceeds from issuance of loans	48,452,382	4,000,000	14,967,249
Repayment of loans	(39,644,970)	–	(12,138,999)
Net cash flow received / (used) in financing activities	18,565,379	4,000,000	9,316,973
Cash flow for the period	17,044,525	(370,841)	7,230,385
Cash and cash equivalents less bank overdrafts at beginning of the period	10,599,066	3,391,575	3,391,575
Foreign exchange gains / (losses) on cash and cash equivalents	(90,478)	17,749	(22,894)
Cash and cash equivalents less bank overdrafts at end of the period	27,553,113	3,038,483	10,599,066

* Audited

Consolidated Statement of Changes in Equity

Amounts in EUR	Share capital	Share premium	Other reserves	Accumulated losses	Total equity
Balance at 1 January 2016*	5,785,676	10,777,630	(547,390)	(7,735,033)	8,280,883
Comprehensive income					
Net profit for the period	–	–	–	74,311	74,311
Other comprehensive income					
Actuarial gain / (loss) on defined benefit commitment	–	–	–	–	–
Currency translation differences	–	–	2,281	2,724	5,005
Deferred tax assets	–	–	–	–	–
Total comprehensive income	–	–	2,281	77,035	79,316
<i>Transactions with owners</i>					
Total transactions with owners	–	–	–	–	–
Balance at 31 March 2016	5,785,676	10,777,630	(545,109)	(7,657,998)	8,360,199
Balance at 1 January 2017*	7,540,117	15,511,912	(583,880)	(1,892,768)	20,575,381
Comprehensive income					
Net (loss) / profit for the period	–	–	–	(2,546,594)	(2,546,594)
Other comprehensive income					
Actuarial gain / (loss) on defined benefit commitment	–	–	–	–	–
Currency translation differences	–	–	–	–	–
Deferred tax assets	–	–	–	–	–
Total comprehensive income	–	–	–	(2,546,594)	(2,546,594)
<i>Transactions with owners</i>					
New share issue	4,240,103	5,517,864	–	–	9,757,967
Total transactions with owners	4,240,103	5,517,864	–	–	9,757,967
Balance at 31 March 2017	11,780,220	21,029,776	(583,880)	(4,439,362)	27,786,754

* Audited

Notes

Note 1. Basis of preparation

The consolidated financial statements (the "financial statements") of DDM Holding AG and its subsidiaries (together "DDM" or "the Company") have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and are stated in Euros (EUR). These interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting.

In preparing these interim financial statements, the same accounting policies and methods of computation have been applied as in the DDM Holding AG consolidated annual financial statements for the period ended 31 December 2016. These interim financial statements are unaudited and should be read in conjunction with DDM Holding AG's audited consolidated financial statements included in the Annual Report 2016. In the opinion of management, all necessary adjustments were made for a fair presentation of the Group's financial position, results of operations and cash flows.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which DDM Holding AG has control. DDM Holding AG 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 March 2017	31 December 2016
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 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 Debt AB	Fully consolidated	Sweden	100%	100%
DDM Finance AB	Fully consolidated	Sweden	100%	100%
DDM Treasury Sweden AB	Fully consolidated	Sweden	100%	100%
DDM Invest VII d.o.o.	Fully consolidated	Slovenia	100%	100%

Associates

Associates are all entities over which DDM Holding AG 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 March 2017	31 December 2015
Profinance doo Beograd	Equity method	Serbia	49.67%	49.67%

Post-employment benefit commitment

The post-employment benefit commitment is calculated on an annual basis. In 2016 the total annual expense was recorded in Q4 2016. From 1 January 2017 one quarter of the estimated annual post-employment benefit commitment has been recorded in the consolidated interim financial statements of DDM Holding AG. Management decided that it was appropriate to keep the actuarial assumptions unchanged compared to previous quarters.

Note 2. Currency translation

All entities prepare their financial statements in their functional currency. For DDM Treasury Sweden AB this was Swedish Kronor (SEK) until 31 December 2016. From 1 January 2017 DDM Treasury Sweden AB's functional currency, along with all other fully consolidated group entities, is Euro (EUR).

Note 3. 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 and other long-term receivables

from investments (difference between the reported book values for tax and accounting purposes). Deferred income tax assets on temporary differences and tax losses carried forward are reported to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilized. The amount of deferred tax assets is reduced when they are utilized or when it is no longer deemed likely that they will be utilized. The Company does not have group taxation; hence each legal entity is taxed separately. Under Swiss law, net operating losses can be carried forward for a period of up to seven years.

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

DDM 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 owns 100% of the shares in the local legal entities holding the leasing portfolios. However, for each investment there is a co-investor holding a majority stake in the leasing portfolio, and therefore DDM does not control the investment as the co-investor has significant rights which if exercised could block decisions related to relevant activities to collect the portfolios. The economic substance of the investments are the underlying portfolios of loans. As a result, the underlying assets which represent other long-term receivables from investments are recognized in the 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 fair value of 100% of the equity is immaterial, and therefore equity accounting is not carried out.

The following investments are treated in this manner:

Entity	Domicile	31 March 2017	31 December 2016
FinAlp Zrt.	Hungary	100%	100%
Lombard Pénzügyi és Lízing Zrt.	Hungary	100%	100%
Lombard Ingatlan Lízing Zrt.	Hungary	100%	100%
Lombard Bérlet Kft.	Hungary	100%	100%

Distressed asset portfolios and other long-term receivables from investments 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 effective interest rate at initial recognition by DDM. The original effective interest rate is determined on the date the portfolio / receivable was acquired based on the relationship between the purchase price of the portfolio / receivable and the projected future cash flows as per the acquisition date. Changes in the carrying value of the portfolios / receivables include interest income on invested assets before revaluation and impairment for the period, as well as changes to the estimated projected future cash flows, and are recognized in the income statement under "Revenue on invested assets".

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).

Cash flow projections are made at the portfolio / receivable level since each portfolio / receivable consists of a large number of homogeneous amounts of receivables. 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 forecasted 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 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".

On each reporting date, DDM assesses 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 amount of future cash flows of the portfolio / receivable and can be estimated reliably. 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 DDM 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" or "Impairment of invested assets" respectively).

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

Distressed asset portfolios and other long-term receivables from investments by currency, EUR	31 March 2017	31 December 2016
EUR	20,577,903	21,601,941
HUF	10,599,361	11,447,384
CZK	10,263,161	6,343,349
RON	3,041,860	3,341,328
RUB	998,643	1,183,745
USD	1,170	1,358
Total	45,482,098	43,919,105

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 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
Computer hardware	5 years

The Company 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. Intangible assets

(i) Identifiable intangible assets

The Company's identifiable intangible assets are stated at cost less accumulated amortization and include the "Fusion" computer software that was developed in-house in cooperation with external IT consultancy firms that has a finite useful life. Fusion 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

On 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 in the balance sheet. Goodwill is tested annually for impairment or at any time if an indication of impairment exists.

Note 7. Borrowings

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

Bond loan EUR 50M

EUR 50M of senior secured bonds at 9.5% were issued by DDM Debt AB (publ) ("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 within the DDM Group, and the remaining balance of about EUR 10M will be used for future portfolio acquisitions.

DDM Debt's financial instrument contains a number of financial covenants, including limits on certain financial indicators. DDM's management carefully monitors these key financial indicators, so that it can quickly take measures if there is a risk that one or more limits may be exceeded.

DDM Debt AB has pledged the shares in its subsidiaries as security under the terms and conditions. Certain bank accounts are also assigned to the bond agent as part of the bond terms. DDM Finance AB is a guarantor of the bonds. In addition, the investors receive a first ranking share pledge over the shares of DDM Debt AB and any downstream loans to DDM Debt AB's subsidiaries are pledged to the investors as intercompany loans. The Terms and Conditions are available in their entirety on our website.

Other loans

In March 2016, DDM was granted loans totaling EUR 4M with maturities within twelve months, in addition to EUR 2M of loans already held. EUR 2M of these loans were repaid during the third quarter of 2016, and EUR 2M was repaid during the first quarter of 2017.

Bond loan SEK 300M

A bond loan was issued in June 2013, totaling SEK 300,000,000 at 13% interest, with a maturity date of 26 June 2016 by DDM 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 closed on 11 June 2015 and the Notes Exchange became effective on 23 June 2015.

The amended terms and conditions included the 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. Following the amendment and extension in June 2015, the Swiss Federal Tax Administration ruled that Swiss withholding tax of 35% is applicable. Holders of the bonds were entitled to a refund from the Swiss Federal Tax Administration, subject to them fulfilling the conditions for refund. There was no additional interest or withholding tax charge impacting the Company.

During the second quarter of 2016 the Company repurchased SEK 5.0M of the SEK 300M bond loan that was issued in June 2013, at 13% interest, on the open market.

The bonds were voluntarily fully redeemed by DDM Treasury on 20 February 2017 in connection with the issuance of the EUR 50M bond loan (see "Bond loan EUR 50M" section above for details). In connection with the redemption the bond holders were paid the applicable call option amount, being 104 per cent of the nominal amount, plus accrued but unpaid interest.

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

Maturity profile of borrowings:

EUR	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 March 2017						
Bond loan, 9.5%	–	–	48,527,527	–	–	48,527,527
Bond loan, 13% (issued 2013)	–	–	–	–	–	–
Bond loan, 13% (issued 2016)	–	–	–	–	–	–
Loans	–	–	2,000,000	–	–	2,000,000
Bank borrowings	–	–	–	–	–	–
Total	–	–	50,527,527	–	–	50,527,527
at 31 December 2016						
Bond loan, 13% (issued 2013)	–	29,191,913	–	–	–	29,191,913
Bond loan, 13% (issued 2016)	6,183,879	–	–	–	–	6,183,879
Loans	2,000,000	–	2,000,000	–	–	4,000,000
Bank borrowings	–	–	–	–	–	–
Total	8,183,879	29,191,913	2,000,000	–	–	39,375,792

Note: Bond loans are initially reported at fair value net of transaction costs incurred and subsequently stated at amortized cost using the effective interest method.

Note 8. Revenue recognition

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 is comprised of gross collections from the distressed asset portfolios and other long-term receivables held by DDM, minus commission and fees to collection agencies. As the collection procedure is outsourced, the net amount of cash collected is recorded as "Net collections" within the line "Revenue on invested assets" in the consolidated income statement. DDM discloses the alternative performance measure "Net collections" in the consolidated income statement 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 consolidated income statement improves the transparency and understanding of DDM's financial statements and performance, meeting the expectations of its investors.

Collection costs are comprised of all expenses directly attributable to the collection of distressed asset portfolios and other long-term receivables from investments, such as collection fees, commission, transaction costs, non-recoverable VAT on amounts collected and Swiss VAT where applicable. The collection costs differ from portfolio to portfolio depending on the country/jurisdiction and the specific features of the assets concerned.

EUR	1 Jan - 31 Mar 2017	1 Jan - 31 Mar 2016	Full Year 2016
Slovenia	3,274,897	–	9,787,834
Hungary	2,024,605	5,355,570	13,320,397
Czech Republic	1,492,793	1,586,594	5,622,733
Romania	1,237,160	1,065,369	5,135,223
Slovakia	65,601	21,398	152,514
Russia	51,821	23,979	318,780
Poland	–	(114,900)	(112,364)
Net collections	8,146,877	7,938,010	34,225,117
Amortization of invested assets	(4,724,655)	(5,310,764)	(18,623,472)
Interest income on invested assets before revaluation and impairment	3,422,222	2,627,246	15,601,645
Revaluation of invested assets	514,422	118,943	2,978,808
Impairment of invested assets	(212,510)	(61,420)	(3,661,089)
Revenue on invested assets	3,724,134	2,684,769	14,919,364
Revenue from management fees	346,117	–	1,206,648

Revenue from management fees relates to revenue received from co-investors where DDM manages the operations of the assets, but does not own 100% of the portfolio. These fees are calculated based on the performance of the corresponding portfolio, and are received on a monthly basis. Revenue from management fees was previously considered to be immaterial and therefore was included in net collections. Since becoming a material revenue stream, revenue from management fees has been presented separately from Q3 2016.

Note 9. Subsequent events

In April 2017 DDM Debt AB, a wholly owned indirect subsidiary of DDM Holding AG, issued an additional EUR 35M in a tap issue under the EUR 85M senior secured bond framework (ISIN: SE0009548332), of which an initial amount of EUR 50M had been issued in January. The tap issue was placed at a price of 101.5%, representing a yield to maturity of c. 9%. The purpose of the bond tap issue is to support continued strong growth.

DDM Holding AG also announced in April that it has a new main investor, Aldridge EDC Specialty Finance ("AEDC"). AEDC is run by Erik Fällström, Chairman and co-founder, and Andreas H Tuczka, co-founder and Managing Partner. AEDC now owns approximately 48.8 per cent (6,618,263 shares) of the shares in DDM Holding AG. AEDC bought 3.5 million shares from the founders of DDM, Kent Hansson and Manuel Vogel, at SEK 42.50 a share. After the transaction, Kent Hansson owned approximately 4.3 per cent (584,027 shares) and Manuel Vogel owned approximately 3.5 per cent (469,070 shares) of the company.

Definitions

DDM

DDM Holding AG and its subsidiaries, including DDM Group AG, DDM Debt AB (publ) and their subsidiaries.

Amortization of invested assets

The carrying value of distressed asset portfolios and other long-term receivables from investments are amortized over time according to the effective interest rate method.

Cash EBITDA

Net collections and revenue from management fees, 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, revaluation and impairment of invested assets.

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 ratio

The ratio of shareholders' equity to total assets at the end of the period.

Impairment of invested assets

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

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 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, consulting and other operating expenses.

Revaluation of invested assets

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

About DDM

DDM Holding AG (First North: DDM) is a multinational investor in and manager of distressed assets, offering the prospect of attractive returns from the expanding Central and Eastern European market. Since 2007, the DDM Group has built a successful platform in Central and Eastern Europe, currently managing 2.3 million receivables with a nominal value of over EUR 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 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, the Parent Company, 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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