



EUR 85 million bond issued at significantly lower interest rate to support major growth in the coming months

Highlights first quarter 2017

- Net collections of EUR 6.0M
- Cash EBITDA of EUR 4.9M
- Net profit for the period of EUR 0.5M
- Loan repayments of approximately EUR 3.4M relating to the EUR 11M bond were made in January, prior to the full redemption of the remaining EUR 3.1M outstanding nominal amount in February
- EUR 50M of senior secured bonds at 9.5% issued in January and listed on Nasdaq Stockholm
- DDM Debt used part of the proceeds to acquire DDM Treasury Sweden AB's subsidiaries holding the portfolios on 17 February and to refinance existing debt within the DDM Group, and the remaining balance of about EUR 10M will be used for future portfolio acquisitions

Significant events after the end of the first quarter

- EUR 35M of senior secured bonds 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%

| Amounts in EUR (unless specified otherwise) | 1 Jan – 31 Mar 2017 | 3 Mar – 31 Mar 2016 | 3 Mar – 31 Dec 2016* |
|--|------------------------|------------------------|-------------------------|
| Net collections | 6,035,622 | – | 9,665,953 |
| Operating expenses | (1,166,303) | – | (916,545) |
| Cash EBITDA | 4,869,319 | – | 8,749,408 |
| Amortization, revaluation and impairment of invested assets | (3,057,153) | – | (2,784,773) |
| Operating profit | 1,812,166 | – | 5,964,635 |
| Net profit for the period | 483,882 | – | 4,215,695 |
| Selected key figures | | | |
| Total assets | 66,650,673 | 5,629 | 20,388,090 |
| Net debt | 32,951,100 | – | 9,962,809 |
| Cash flow from operating activities before working capital changes | 4,546,385 | – | 7,433,363 |
| Equity ratio** | 20.4% | N/A | 20.9% |

* Audited

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

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

Comment by the CEO

As a result of the financing activities during the quarter, at the end of the period DDM Debt had a significant cash balance of EUR 15.6M, of which approximately EUR 10M relates to the net proceeds from the bond refinancing. In addition, DDM Debt raised a further EUR 35M from the tap issue performed shortly after the end of the quarter.

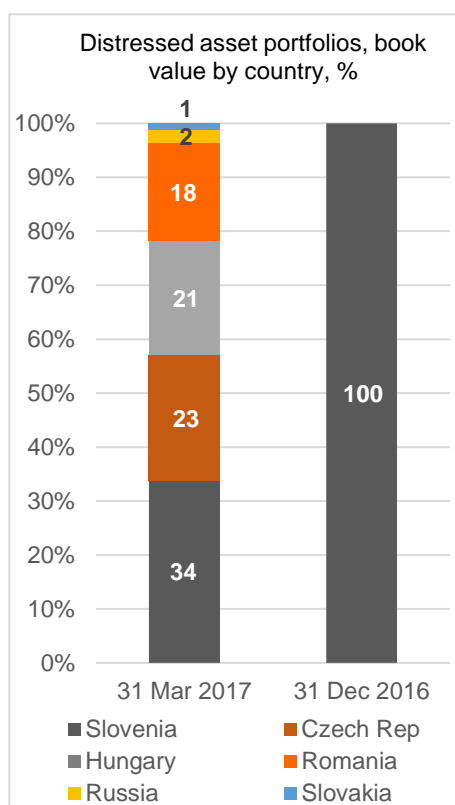
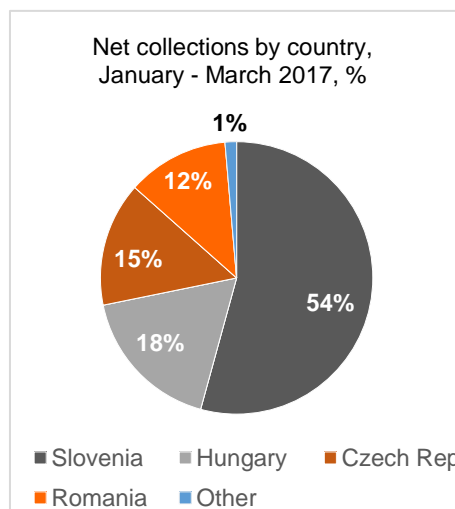
The financing activities carried out mean that the company is now positioned to capitalize on the significant pipeline we have, and due diligence is ongoing on a number of large portfolios where the company is in an advanced stage of the investment process. The focus continues to be on our existing markets, 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 took place during the quarter to support continued strong growth. DDM Debt 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 the capital structure. The bonds are listed on the Corporate Bond list at Nasdaq Stockholm. Part of the proceeds were used to refinance existing debt within the DDM Group, including the redemption of the remaining outstanding nominal amount under the EUR 11M bond issued in 2016. DDM Debt also used part of the proceeds to acquire DDM Treasury Sweden AB's subsidiaries holding the portfolios on 17 February, allowing DDM Treasury Sweden to redeem its SEK 300M bond loan.

Shortly after the end of the first quarter DDM Debt successfully completed a EUR 35M tap issue under the EUR 85M senior secured bond framework. The bond tap issue was placed at a price of 101.5%, representing a yield to maturity of c. 9%. The tap issue is the next step to support the continued strong growth.

Net collections and cash EBITDA (net collections less operating expenses) were strong in the first quarter, amounting to EUR 6.0M and EUR 4.9M respectively.

Cash flow from operating activities before working capital changes for the first quarter was EUR 4.5M, due to the continued strong performance of the Slovenian portfolio, in addition to cash flows from the portfolios held by the subsidiaries acquired from DDM Treasury Sweden on 17 February. On the back of the strong cash flows, in accordance with the terms and conditions of the EUR 11M bond issued in July 2016, repayments of approximately EUR 3.4M were made in January, prior to the repayment of the remaining outstanding nominal amount in February as part of the aforementioned bond refinancing.



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

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.

With the strong cash flows, recent bond refinancing and tap issue we remain positive on the outlook for DDM and feel confident that we will be able to continue to deliver according to our strategy.

Financial calendar

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

| | |
|--|-----------------|
| 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.

Stockholm, 11 May 2017
DDM Debt AB (publ)
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.

Consolidated Income Statement

| Amounts in EUR | Notes | 1 Jan – 31 Mar 2017 | 3 Mar – 31 Mar 2016 | 3 Mar – 31 Dec 2016* |
|----------------------------------|-------|------------------------|------------------------|-------------------------|
| Revenue on invested assets | 3 | 2,978,469 | – | 6,881,180 |
| Personnel expenses | | (10,295) | – | (3,086) |
| Consulting expenses | | (1,126,805) | – | (907,402) |
| Other operating expenses | | (29,203) | – | (6,057) |
| Operating profit | | 1,812,166 | – | 5,964,635 |
| Financial income | | – | – | 43 |
| Financial expenses | | (1,484,782) | – | (1,265,487) |
| Unrealized exchange profit | | 167,996 | – | – |
| Realized exchange profit | | 42,946 | – | – |
| Net financial expenses | | (1,273,840) | – | (1,265,444) |
| Profit before income tax | | 538,326 | – | 4,699,191 |
| Tax expense | | (54,444) | – | (483,496) |
| Net profit for the period | | 483,882 | – | 4,215,695 |

* Audited

Consolidated Statement of Comprehensive Income

| Amounts in EUR | 1 Jan – 31 Mar 2017 | 3 Mar – 31 Mar 2016 | 3 Mar – 31 Dec 2016* |
|---|------------------------|------------------------|-------------------------|
| Net profit for the period | 483,882 | – | 4,215,695 |
| 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> | | | |
| Recognition of other reserves from subsidiaries | (1,480,731) | – | – |
| Other comprehensive income for the period, net of tax | (1,480,731) | – | – |
| Total comprehensive income for the period | (996,849) | – | 4,215,695 |
| Total comprehensive income for the period attributable to owners of the Parent Company | (996,849) | – | 4,215,695 |

* Audited

Consolidated Balance Sheet

| Amounts in EUR | Notes | 31 March 2017 | 31 December 2016* |
|---|-------|-------------------|----------------------|
| ASSETS | | | |
| <i>Non-current assets</i> | | | |
| Interests in associates | | 600,000 | – |
| Distressed asset portfolios | 4 | 34,882,737 | 15,599,671 |
| Other long-term receivables from investments | 4 | 9,343,893 | – |
| Loan to other group companies | | 2,000,000 | – |
| Deferred tax assets | | 1,233,308 | – |
| Other non-current assets | | 1,337,579 | 1,418 |
| Total non-current assets | | 49,397,517 | 15,601,089 |
| <i>Current assets</i> | | | |
| Accounts receivable | | 1,654,872 | 199,972 |
| Other receivables | | 235 | 842,452 |
| Prepaid expenses and accrued income | | 21,622 | 5,120 |
| Cash and cash equivalents | | 15,576,427 | 3,739,457 |
| Total current assets | | 17,253,156 | 4,787,001 |
| TOTAL ASSETS | | 66,650,673 | 20,388,090 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| <i>Shareholders' equity</i> | | | |
| Share capital | | 54,000 | 54,000 |
| Other reserves | | (1,480,731) | – |
| Retained earnings including net earnings for the period | | 4,699,577 | 4,215,695 |
| Total shareholders' equity attributable to Parent Company's shareholders | | 3,272,846 | 4,269,695 |
| LIABILITIES | | | |
| <i>Non-current liabilities</i> | | | |
| Bond loan | 5 | 48,527,527 | – |
| Payables to other group companies | | 1,210,305 | 1,005,962 |
| Payables to other group companies, subordinated | | 2,559,499 | – |
| Loans from other group companies | | – | 7,518,387 |
| Loans from other group companies, subordinated | | 7,781,531 | – |
| Deferred tax liabilities | | 231,370 | – |
| Total non-current liabilities | | 60,310,232 | 8,524,349 |
| <i>Current liabilities</i> | | | |
| Accounts payable | | 510,194 | 64,837 |
| Bond loan | 5 | – | 6,183,879 |
| Accrued interest | | 1,018,598 | 412,986 |
| Accrued expenses and deferred income | | 1,538,803 | 932,344 |
| Total current liabilities | | 3,067,595 | 7,594,046 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 66,650,673 | 20,388,090 |

* Audited

Consolidated Cash Flow Statement

| Amounts in EUR | 1 Jan – 31 Mar 2017 | 3 Mar – 31 Mar 2016 | 3 Mar – 31 Dec 2016* |
|---|------------------------|------------------------|-------------------------|
| Cash flow from operating activities | | | |
| Operating profit | 1,812,166 | – | 5,964,635 |
| <i>Adjustments for non-cash items:</i> | | | |
| <i>Amortization of invested assets</i> | 3,389,299 | – | 2,784,773 |
| <i>Revaluation and impairment of invested assets</i> | (332,146) | – | – |
| <i>Other items not affecting cash</i> | (65,958) | – | (991,359) |
| Interest paid | (255,793) | – | (324,729) |
| Interest received | – | – | 43 |
| Tax paid | (1,183) | – | – |
| Cash flow from operating activities before working capital changes | 4,546,385 | – | 7,433,363 |
| Working capital adjustments | | | |
| (Increase) / decrease in accounts receivable | (266,966) | – | (199,972) |
| (Increase) / decrease in other receivables | 30,154 | – | (848,990) |
| Increase / (decrease) in accounts payable | 200,076 | – | 64,837 |
| Increase / (decrease) in other current liabilities | 565,808 | – | 932,344 |
| Net cash flow from operating activities | 5,075,457 | – | 7,381,582 |
| Cash flow from investing activities | | | |
| Purchases of distressed asset portfolios and other long-term receivables from investments | (813,137) | – | (16,878,343) |
| Purchases of subsidiaries | (33,308,893) | – | – |
| Net cash flow received / (used) in investing activities | (34,122,030) | – | (16,878,343) |
| Cash flow from financing activities | | | |
| Proceeds from issuance of ordinary shares | – | – | 54,000 |
| Proceeds from issuance of loans | 48,452,382 | – | 10,453,000 |
| Proceeds from loans from group companies | – | – | 7,264,142 |
| Repayment of loans | (6,465,000) | – | (4,535,000) |
| Loans to other group companies | (2,000,000) | – | – |
| Net cash flow received / (used) in financing activities | 39,987,382 | – | 13,236,142 |
| Cash flow for the period | 10,940,809 | – | 3,739,381 |
| Cash and cash equivalents less bank overdrafts at beginning of the period | 3,739,457 | – | – |
| Effects from the acquisition of other group companies | 909,913 | – | – |
| Foreign exchange gains / (losses) on cash and cash equivalents | (13,752) | – | 76 |
| Cash and cash equivalents less bank overdrafts at end of the period | 15,576,427 | – | 3,739,457 |

* Audited

Consolidated Statement of Changes in Equity

| Amounts in EUR | Share capital | Other reserves | Retained earnings | Total equity |
|---|---------------|----------------|-------------------|--------------|
| Balance at 3 March 2016* | 5,629 | – | – | 5,629 |
| <i>Comprehensive income</i> | | | | |
| Net profit / (loss) for the period | – | – | – | – |
| <i>Other comprehensive income</i> | – | – | – | – |
| Total comprehensive income | – | – | – | – |
| <i>Transactions with owners</i> | | | | |
| Total transactions with owners | – | – | – | – |
| Balance at 31 March 2016 | 5,629 | – | – | 5,629 |
| Balance at 1 January 2017* | 54,000 | – | 4,215,695 | 4,269,695 |
| <i>Comprehensive income</i> | | | | |
| Net profit for the period | – | – | 483,882 | 483,882 |
| <i>Other comprehensive income</i> | – | – | – | – |
| Recognition of other reserves from subsidiaries | – | (1,480,731) | – | (1,480,731) |
| Total comprehensive income | – | (1,480,731) | 483,882 | (996,849) |
| <i>Transactions with owners</i> | | | | |
| Total transactions with owners | – | – | – | – |
| Balance at 31 March 2017 | 54,000 | (1,480,731) | 4,699,577 | 3,272,846 |

* Audited

Parent Company – Income Statement

| Amounts in EUR | 1 Jan – 31 Mar 2017 | 3 Mar – 31 Mar 2016 | 3 Mar – 31 Dec 2016* |
|--|------------------------|------------------------|-------------------------|
| Revenue | – | – | – |
| Personnel expenses | – | – | – |
| Consulting expenses | (19,117) | – | (61,386) |
| Other operating expenses | – | – | – |
| Operating loss | (19,117) | – | (61,386) |
| Income from participation in Group companies | – | – | 150,000 |
| Financial income | 922,326 | – | 528,667 |
| Financial expenses | (928,972) | – | (519,699) |
| Unrealized exchange loss | (32,561) | – | – |
| Realized exchange profit | 29,440 | – | – |
| Net financial (expenses) / income | (9,767) | – | 158,968 |
| (Loss) / profit before income tax | (28,884) | – | 97,582 |
| Tax income / (expense) | – | – | – |
| Net (loss) / profit for the period | (28,884) | – | 97,582 |

* Audited

Parent Company – Statement of Comprehensive Income

| Amounts in EUR | 1 Jan – 31 Mar 2017 | 3 Mar – 31 Mar 2016 | 3 Mar – 31 Dec 2016* |
|--|------------------------|------------------------|-------------------------|
| Net (loss) / profit for the period | (28,884) | – | 97,582 |
| 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 | (28,884) | – | 97,582 |

* Audited

Parent Company – Balance Sheet

| Amounts in EUR | Notes | 31 March 2017 | 31 December 2016* |
|---|-------|-------------------|----------------------|
| ASSETS | | | |
| <i>Non-current assets</i> | | | |
| Participations in other group companies | 6 | 9,283,519 | 97,921 |
| Receivables from other group companies | | 49,378,245 | – |
| Total non-current assets | | 58,661,764 | 97,921 |
| <i>Current assets</i> | | | |
| Receivables from other group companies | | 697,000 | 415,879 |
| Loans to other group companies | | 2,449,524 | 3,217,473 |
| Other receivables | | 19,321 | – |
| Prepaid expenses and accrued interest income | | 200,484 | 221,584 |
| Cash and cash equivalents | | 10,262,514 | 2,816,463 |
| Total current assets | | 13,628,843 | 6,671,399 |
| TOTAL ASSETS | | 72,290,607 | 6,769,320 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | | |
| <i>Shareholders' equity</i> | | | |
| Share capital | | 54,000 | 54,000 |
| Retained earnings including net earnings for the period | | 68,698 | 97,582 |
| Total shareholders' equity | | 122,698 | 151,582 |
| <i>Non-current liabilities</i> | | | |
| Bond loan | 5 | 48,527,527 | – |
| Payables to other group companies | | 22,609,553 | 101,386 |
| Total non-current liabilities | | 71,137,080 | 101,386 |
| <i>Current liabilities</i> | | | |
| Accounts payable | | 9,523 | 82,564 |
| Bond loan | 5 | – | 6,183,879 |
| Payables to other group companies | | 56,210 | 56,210 |
| Accrued interest | | 791,637 | 193,699 |
| Accrued expenses and deferred income | | 173,459 | – |
| Total current liabilities | | 1,030,829 | 6,516,352 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | | 72,290,607 | 6,769,320 |

* Audited

Parent Company – Cash Flow Statement

| Amounts in EUR | 1 Jan – 31 Mar 2017 | 3 Mar – 31 Mar 2016 | 3 Mar – 31 Dec 2016* |
|--|------------------------|------------------------|-------------------------|
| Cash flow from operating activities | | | |
| Operating loss | (19,117) | – | (61,386) |
| Other items not affecting cash | (2,226) | – | (77,227) |
| Interest paid | (255,793) | – | (324,729) |
| Interest received | 195,851 | – | 313,254 |
| Cash flow from operating activities before working capital changes | (81,285) | – | (150,088) |
| Working capital adjustments | | | |
| (Increase) / decrease in other receivables | (19,321) | – | (221,584) |
| Increase / (decrease) in accounts payable | (73,041) | – | 82,564 |
| Increase / (decrease) in other current liabilities | 173,459 | – | 351,295 |
| Net cash flow from operating activities | (188) | – | 62,187 |
| Cash flow from investing activities | | | |
| Loans to group companies | – | – | (10,529,219) |
| Repayment of loans to group companies | 767,949 | – | 7,311,746 |
| Purchases of subsidiaries | (33,308,893) | – | – |
| Net cash flow received / (used) in investing activities | (32,540,944) | – | (3,217,473) |
| Cash flow from financing activities | | | |
| Proceeds from issuance of ordinary shares | – | – | 54,000 |
| Proceeds from issuance of loans | 48,452,382 | – | 10,453,000 |
| Repayment of loans | (6,465,000) | – | (4,535,000) |
| Loans to other group companies | (2,000,000) | – | – |
| Net cash flow received / (used) in financing activities | 39,987,382 | – | 5,972,000 |
| Cash flow for the period | 7,446,250 | – | 2,816,714 |
| Cash and cash equivalents less bank overdrafts at beginning of the period | 2,816,463 | – | – |
| Foreign exchange gains / (losses) on cash and cash equivalents | (199) | – | (251) |
| Cash and cash equivalents less bank overdrafts at end of the period | 10,262,514 | – | 2,816,463 |

* Audited

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 |
| Comprehensive income | | | |
| Net profit / (loss) for the period | – | – | – |
| Other comprehensive income | – | – | – |
| Total comprehensive income | – | – | – |
| <i>Transactions with owners</i> | | | |
| Total transactions with owners | – | – | – |
| Balance at 31 March 2016 | 5,629 | – | 5,629 |
| Balance at 1 January 2017* | 54,000 | 97,582 | 151,582 |
| Comprehensive income | | | |
| Net (loss) / profit for the period | – | (28,884) | (28,884) |
| Other comprehensive income | – | – | – |
| Total comprehensive income | – | (28,884) | (28,884) |
| <i>Transactions with owners</i> | | | |
| Total transactions with owners | – | – | – |
| Balance at 31 March 2017 | 54,000 | 68,698 | 122,698 |

* Audited

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.

In 2016 DDM Invest VII AG, Switzerland, and DDM Invest VII d.o.o., Slovenia, were wholly owned subsidiaries of DDM Debt. In connection with the bond refinancing in Q1 2017, DDM Debt AB also acquired DDM Treasury Sweden AB’s subsidiaries (DDM Invest I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV AG, DDM Invest X AG and DDM Invest XX AG) holding the portfolios on 17 February 2017. They are wholly owned subsidiaries, therefore this acquisition was not considered as a business combination according to IFRS 3, as the transaction was done in the ordinary course of business among entities which are under common control of DDM Holding AG.

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 Debt AB’s Annual Report for 2016. 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, revaluation and impairment of invested assets. Net collections includes management fees received from co-investors, as DDM manages the operations of these assets. These fees are considered to be immaterial and have therefore not been disclosed separately.

Net collections is comprised of gross collections from the distressed asset portfolios and other long-term receivables held by DDM, minus commission and fees to 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.

| EUR | 1 Jan – 31 Mar | 3 Mar – 31 Mar | 3 Mar – 31 Dec |
|---|------------------|----------------|------------------|
| | 2017 | 2016 | 2016 |
| Slovenia | 3,274,897 | – | 9,665,953 |
| Hungary | 1,058,470 | – | – |
| Czech Republic | 890,743 | – | – |
| Romania | 729,117 | – | – |
| Slovakia | 47,414 | – | – |
| Russia | 34,981 | – | – |
| Net collections | 6,035,622 | – | 9,665,953 |
| Amortization of invested assets | (3,389,299) | – | (2,784,773) |
| Interest income on invested assets before revaluation and impairment | 2,646,323 | – | 6,881,180 |
| Revaluation of invested assets | 508,377 | – | – |
| Impairment of invested assets | (176,231) | – | – |
| Revenue on invested assets | 2,978,469 | – | 6,881,180 |

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

The Group discloses information regarding net collections based on its key geographic areas.

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

DDM Debt Group invests in distressed asset portfolios, where the receivables are directly against the debtor, and in other long-term receivables from investments, where the receivables are against the local legal entities holding the portfolios of loans.

In connection with the bond refinancing in Q1 2017, DDM Debt AB acquired DDM Treasury Sweden AB's subsidiaries holding the portfolios, including the other long-term receivables from investments detailed below.

Other long-term receivables from investments

DDM Group AG owns 100% of the shares in the local legal entities holding the leasing portfolios. However, the economic substance of the investments are the underlying portfolios of loans, which the DDM Debt Group owns together with a co-investor. As a result, the underlying assets which represent other long-term receivables from investments are recognized in the DDM Debt Group financial statements. The receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, adjusted for revaluation and impairment.

The following investments are treated in this manner:

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

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

If the fair value of the investment at the acquisition date exceeds the purchase price, the difference results in a "gain on bargain purchase" in the income statement within the line "net collections". The gain on bargain purchase relates to the fair value measurement of the investment (purchase price allocation).

Distressed asset portfolios and other long-term receivables from investments are reported at amortized cost using the effective interest method. The initial effective interest rate is calculated for each portfolio / receivable based on its purchase price including transaction costs and estimated cash flows that, based on a probability assessment, are expected to be received from the debtors of the corresponding portfolio net of collection costs. Current cash flow projections are monitored over the course of the year and updated based on, among other things, achieved collection results and macroeconomic information. 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. Changes in cash flow forecasts are treated symmetrically i.e. both increases and decreases in forecast cash flows affect the portfolios' book value and as a result "Revenue on invested assets". If there is objective evidence that one or more events have taken place that will have a positive impact on the timing or amount of future cash flows, or a negative impact on the timing of future cash flows then this is recorded within the line "Revaluation of invested assets".

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated income statement (within the line "Impairment of invested assets").

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

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

| EUR | 31 March 2017 | 31 December 2016 |
|--------------|-------------------|---------------------|
| EUR | 20,577,903 | 15,599,671 |
| CZK | 10,263,161 | – |
| HUF | 9,343,893 | – |
| RON | 3,041,860 | – |
| RUB | 998,643 | – |
| USD | 1,170 | – |
| Total | 44,226,630 | 15,599,671 |

Note 5. 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 on 30 January 2017, within a total framework amount of EUR 85M. The bonds with ISIN number SE0009548332 have a final maturity date of 30 January 2020 and are listed on the Corporate Bond list at Nasdaq Stockholm. The proceeds were used to refinance existing debt and to acquire DDM Treasury Sweden AB's subsidiaries holding the portfolios (DDM Invest I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV AG, DDM Invest X AG and DDM Invest XX AG) on 17 February 2017, 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.

Bond loan EUR 11M

A bond loan totaling EUR 11M was issued by DDM Debt in July 2016. The bond at 13% interest had a final maturity date of 15 July 2017 and mandatory repayments during the period. 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:

| Group & Parent co. 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% | – | – | – | – | – | – |
| Bank borrowings | – | – | – | – | – | – |
| Total | – | – | 48,527,527 | – | – | 48,527,527 |
| at 31 December 2016 | | | | | | |
| Bond loan, 13% | 6,183,879 | – | – | – | – | 6,183,879 |
| Bank borrowings | – | – | – | – | – | – |
| Total | 6,183,879 | – | – | – | – | 6,183,879 |

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 6. Participations in Group companies

| Parent Company EUR | 31 March 2017 | 31 December 2016 |
|-----------------------|------------------|---------------------|
| Investment | 9,283,519 | 97,921 |
| Total | 9,283,519 | 97,921 |

| Parent Company EUR | Investment |
|-----------------------|------------|
| At 31 December 2016 | 97,921 |
| Acquisitions | 9,185,598 |
| At 31 March 2017 | 9,283,519 |

The Parent Company holds shares in the following subsidiaries:

| EUR Company | Corporate identity number | Domicile | Proportion of equity 31 Mar 2017 | Proportion of equity 31 Dec 2016 | Net book value 31 Mar 2017 | Net book value 31 Dec 2016 |
|-----------------------|------------------------------|-------------|--|--|----------------------------------|----------------------------------|
| DDM Invest VII AG | CHE 153.128.633 | Switzerland | 100% | 100% | 90,421 | 90,421 |
| DDM Invest VII d.o.o. | 7109806000 | Slovenia | 100% | 100% | 7,500 | 7,500 |
| DDM Invest I AG | CHE 113.863.850 | Switzerland | 100% | – | 1,392,631 | – |
| DDM Invest II AG | CHE 115.038.302 | Switzerland | 100% | – | 1 | – |
| DDM Invest III AG | CHE 115.238.947 | Switzerland | 100% | – | 591,381 | – |
| DDM Invest IV AG | CHE 317.413.116 | Switzerland | 100% | – | 1 | – |
| DDM Invest X AG | CHE 130.419.930 | Switzerland | 100% | – | 1,464,876 | – |
| DDM Invest XX AG | CHE 349.886.186 | Switzerland | 100% | – | 5,736,708 | – |
| Total | | | | | 9,283,519 | 97,921 |

Note 7. Subsequent events

In April 2017 DDM Debt AB 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.

Signatures

The Board of Directors and Chief Executive Officer declare that the interim report 1 January – 31 March 2017 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 2016 Annual report.

Stockholm, 11 May 2017

Kent Hansson
Chairman of the board

Fredrik Waker
Board member

Manuel Vogel
Board member

Torgny Hellström
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 and other long-term receivables from investments 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, revaluation and impairment of invested assets.

Equity

Shareholders' equity 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 third party loans, interest-bearing intercompany loans (excluding subordinated debt) and liabilities to credit institutions (bank overdrafts) less cash and cash equivalents.

Non-recurring items

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

Operating expenses

Personnel, consulting and other operating expenses.

Revaluation of invested assets

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.

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 and other long-term receivables from investments 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, revaluation and impairment of invested assets:

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

Operating expenses and Cash EBITDA:

| Amounts in EUR (unless specified otherwise) | 1 Jan – 31 Mar 2017 | 3 Mar – 31 Mar 2016 | 3 Mar – 31 Dec 2016 |
|---|------------------------|------------------------|------------------------|
| Net collections | 6,035,622 | – | 9,665,953 |
| Personnel expenses | (10,295) | – | (3,086) |
| Consulting expenses | (1,126,805) | – | (907,402) |
| Other operating expenses | (29,203) | – | (6,057) |
| Operating expenses | (1,166,303) | – | (916,545) |
| Cash EBITDA | 4,869,319 | – | 8,749,408 |
| Net debt: | | | |
| Bond loan, 9.5% | 48,527,527 | – | – |
| Bond loan, 13% | – | – | 6,183,879 |
| Interest-bearing loans from other group companies | – | – | 7,518,387 |
| Less: Cash and cash equivalents | (15,576,427) | – | (3,739,457) |
| Net debt | 32,951,100 | – | 9,962,809 |
| Equity ratio: | | | |
| Shareholder's equity | 3,272,846 | 5,629 | 4,269,695 |
| Shareholder debt (subordinated) | 10,341,030 | – | – |
| Total equity according to the senior secured bond terms | 13,613,876 | 5,629 | 4,269,695 |
| Total assets | 66,650,673 | 5,629 | 20,388,090 |
| Equity ratio | 20.4% | N/A | 20.9% |

About DDM

DDM Debt AB (Nasdaq Stockholm: DD2) is a subsidiary of **DDM Holding AG** (First North: DDM), a multinational investor in and manager of distressed assets, offering the prospect of attractive returns from the expanding 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 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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