DDM Holding AG

Interim Report Q4 | 1 January-31 December 2014

Significantly increased collections and turmoil in Russia marking the fourth quarter

Highlights fourth quarter 2014

- Gross ERC increased with EUR 3.9M to EUR 60.4M during the fourth quarter, up 7% compared to the third quarter 2014. This despite being impacted negatively by EUR 5.9M due to the weakness in the RUB.
- Net collections increased significantly in the fourth quarter and amounted to EUR 6.3M.
- Cash EBITDA amounted to EUR 4.8M.
- Russia significantly weighed on the quarter, primarily through unrealized FX losses of EUR 2.7M and EUR 1.5M of portfolio revaluations, bringing the total impact to EUR 4.2M.
- Portfolio acquisitions closed during the quarter amounted to EUR 3.0M.
- The Board proposes that the Annual General Meeting distribute no dividend for fiscal year 2014.
- After the end of the quarter DDM made its first acquisition in Hungary to pursue DDM's strategy to actively seeking new markets to broaden its investment base as well as spreading currency and country specific risks.

Operational P&L* (unaudited)

kEUR	Q4 2014	Q4 2013	2014	2013
Net collections	6,326	3,163	14,687	9,609
Operational expenses	-1,539	-965	-4,763	-3,577
Cash EBITDA	4,787	2,199	9,924	6,032
Amortization of portfolios	-4,241	268	-10,600	-6,082
Revaluation of portfolios	-2,000	-2,048	1,136	-1,110
Depreciation & amortization	-139	-87	-532	-584
Operating earnings, (EBIT)	-1,593	331	-73	-1,745
Net financial income/(expense)	-1,509	-1,789	-5,933	-3,321
Foreign exchange gain/(loss)	-2,390	139	-2,491	-791
Extraordinary income	24	693	1,087	-
Earnings before tax	-5,468	-625	-7,410	-5,856
Taxes	274	-161	65	-255
Net earnings for the period	-5,194	-786	-7,345	-6,112
Selected key figures**				
Data per share				
Earnings per share	-0.73	-0.11	-1.32	-1.36
Total number of shares	7,100,000	4,500,000	7,100,000	4,500,000
			31 Dec 2014	31 Dec 2013***
Total assets			53.7	50.4
Net debt			28.3	31.0
KPI		31 Dec 2014	30 Sept 2014	30 Jun 2014
Gross ERC 120 month		60.4	56.5	38.5

* Rounding differences might occur ** Definitions, see page 15 *** See Notes 5 and 6

DDM Group is a multinational investor and manager of distressed assets.

Comment by the CEO

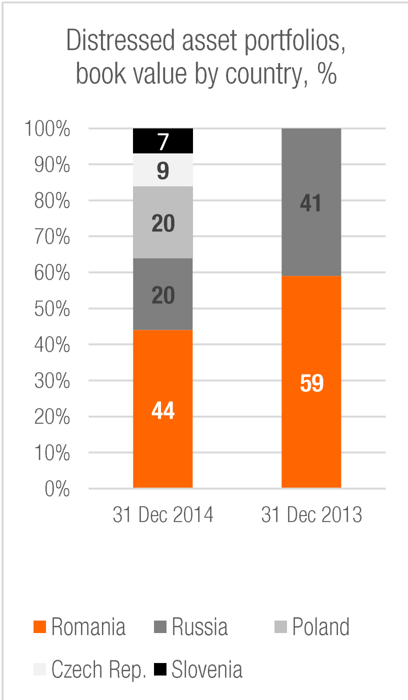
DDM continues to increase its ERC (Estimated Remaining Collections) through new investments. Gross ERC has increased 57% since the end of second quarter 2014 (the first reporting point) and increased 7% during the fourth quarter despite being impacted negatively by EUR 5.9M due to the weakness in the RUB. As a result of the increased investments net collections in Q4 2014 amounted to EUR 6.3M, an increase of 140% compared to Q3 2014, which is partly driven by some investments that has yielded collections faster than forecasted.

Net collections January-December 2014

EUR 14.7M (+53% y-o-y)

This resulted in a sharp increase in cash-EBITDA to EUR 4.8, an increase of 200% compared to the previous quarter, driven by higher net collections.

In addition to our recent expansion into Poland, Slovenia and the Czech Republic during 2014, in early February 2015 we entered into Hungary. This transaction was made in partnership with one of the world's largest financial institutions and we see great opportunities for further profitable growth of our investment portfolio in Hungary.



The Russian RUB has been volatile throughout the year, culminating in a dramatic foreign exchange rate movement in December. The immediate impact to our assets denominated in RUB during the fourth quarter of 2014 is EUR 4.2M. Whereof EUR 2.7M is FX losses, mainly unrealized, while in anticipation of longer-term effects on collectability we have made downwards revaluations of several Russian portfolios of approximately EUR 1.5M.

Due to macroeconomic uncertainties and in order to protect the financial position of DDM Holding AG, the Board of Directors has approved a FX hedging policy that will be implemented in the coming months. This hedge will not include the RUB as it is too expensive to hedge at this point in time. As terms and Conditions of DDM Treasury's bonds prohibit FX hedging, this hedge will be put in place higher up in the company structure.

As a step towards harmonization with the requirements of the Nasdaq Main List, DDM will start reporting according to IFRS as of the publication of our Annual report at the end of April.

We continue to execute on our strategy to grow ERC and diversify geographically through the increasing investment opportunities we see across our markets and deliver profitable growth and returns as the leading regional investor and manager of distressed assets.

"We continue to increase our ERC through further investments, which results in stronger collections."

Gustav Hultgren
CEO

Market outlook
We continue to see increasing opportunities for profitable growth of our investment portfolio as a direct result of our penetration into new markets coupled with a continuous strong and growing pipeline.

We continue to see weakness in RUB coming into 2015 and management is closely monitoring the situation, and while the RUB currently is too expensive to hedge we continue to diversify away from Russia into other markets.

The markets where DDM invest have many regional differences, adding to the benefits of our efforts to diversify our portfolio during the year. A major theme across the region is larger international banks reducing their balance sheets and putting their entire portfolios up for sale. DDM is well positioned to take part in such processes and is currently involved in several larger sales processes.

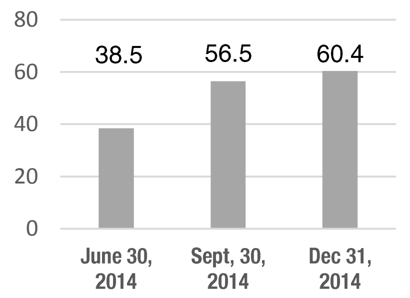
Significant events after the period
In early February 2015, DDM took its first step into Hungary by closing a transaction where we acquired a portfolio originated on the Hungarian market by Summit Zrt, a subsidiary of Sumitomo Corp of Japan. One of the world's largest financial institutions provided financing as a co-investor in the portfolio while DDM acquired the shares of Summit Zrt after receiving all required approvals of the Hungarian National Bank.

As Hungary requires a licensed company for portfolio purchases Summit provides DDM with a platform for further investments in the country.
In early 2015 the Swiss National Bank decided to discontinue its minimum exchange rate against the EUR and the CHF appreciated significantly. DDM has a majority of its operating expenses in CHF while its reporting currency is EUR which translates into an increase of costs in EUR terms.

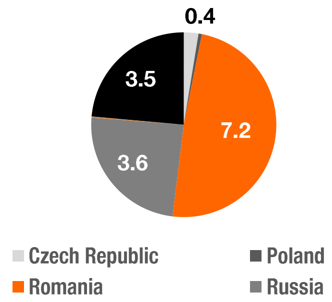
Significant risks and uncertainties
DDM's activities expose it to a variety of financial and non-financial risks: market risks (currency risk and interest rate risk), credit risk, liquidity risk/financing risk and risks relating to the purchase of debt portfolios and subsequent collection of overdue accounts. For further information, please see Note 12 and the Company Description, published in July 2014.

Accounting principles
For detailed information, please see Notes on page 9-14. This interim report complies with the Swiss Code of Obligation ("CO") and is prepared on a historical cost basis (except Note 5 and 6). The business year that forms the basis for the consolidated financial statements is equivalent to the calendar year.

Gross ERC 120 months, EUR M



Net collections by country Jan-Dec 2014, EUR M



Financial calendar

During 2015, DDM intends to publish financial information on the following dates:

Annual Report for 2014 under IFRS:	End of April 2015
Interim Report for January-March 2015:	26 May 2015
Annual General Meeting	27 May 2015

Dividend
The Board proposes that the Annual General Meeting distribute no dividend for fiscal year 2014.

Financial information
The 2014 annual report will be available at the end of April 2015. 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, 27 February 2015
DDM Holding AG

Gustav Hultgren, CEO

ddm

DDM Holding AG
Schochenmühlestrasse 4
CH-6340 Baar, Switzerland
+41 417 661 420
http://www.ddm-group.ch
investor@ddm-group.ch

Presentation of the interim report
The Interim Report and presentation material are available at www.ddm-group.ch on 27 February 2015, at 08:00 a.m. CET.

CEO Gustav Hultgren and CFO Fredrik Olsson will comment on the report at a conference call on 27 February 2015, starting at 10:00 a.m. CET. The presentation can be followed live on www.ddm-group.ch and/or by telephone with dial-in numbers: SE: +46 8 566 426 91, CH: toll free 800 005 203 or UK: +44 203 428 1419.

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

The information in this Interim Report requires DDM to publish the information in accordance with the Securities Market Act and / or the Act on Trading in Financial Instruments. The information was submitted for publication 27 February 2015 at 8:00 a.m. CET.

Financial information

CONSOLIDATED INCOME STATEMENT (unaudited)

EUR	Note	2014-10-01–2014-12-31	2013-10-01–2013-12-31	2014-01-01–2014-12-31	2013-01-01–2013-12-31
Net collections		**6,325,511**	**3,163,294**	**14,686,679**	**9,608,897**
Amortization of portfolios		**-4,241,058**	**267,875**	**-10,600,352**	**-6,082,076**
Revaluation of portfolios		**-1,999,589**	**-2,047,776**	**1,135,730**	**-1,110,076**
Gross earnings*	**10**	**84,864**	**1,383,393**	**5,222,057**	**2,416,743**
Operating expenses		**-1,538,853**	**-964,673**	**-4,762,804**	**-3,577,156**
Personnel expenses		*-861,519*	*-545,223*	*-2,664,817*	*-2,145,634*
Administration expenses		*-318,960*	*-191,955*	*-815,472*	*-548,072*
Consulting, legal, audit and similar expenses		*-299,750*	*-201,099*	*-1,109,282*	*-715,439*
Repair and maintenance expenses		*-58,624*	*-26,396*	*-173,233*	*-168,011*
Depreciation		-139,406	-87,447	-531,962	-584,096
Operating earnings (EBIT)		**-1,593,395**	**331,273**	**-72,709**	**-1,744,509**
Financial income		6 087	13,673	8,331	14,286
Financial expense		-1,514,642	-1,802,473	-5,941,428	-3,335,357
Foreign exchange gain / (loss), unrealised		-2,150,871	84,611	-2,070,347	-792,505
Foreign exchange gain / (loss), realised		-239,160	54,307	-420,759	-2,003
Extraordinary income	11	23,882	693,398	1,087,228	0
Earnings before tax		**-5,468,099**	**-625,211**	**-7,409,684**	**-5,856,082**
Taxes		274,218	-161,189	64,775	-255,448
Net earnings for the period		**-5,193,881**	**-786,400**	**-7,344,909**	**-6,111,530**

* Please see definition on page 15

Financial information

CONSOLIDATED BALANCE SHEET (unaudited)

EUR		Note	2014-12-31	2013-12-31
ASSETS				
Current assets				
Cash			9,000,971	14,164,884
Trade accounts receivables			3,744,399	1,328,809
Other receivables			323 079	38,476
Prepayments and accrued income			941 716	714,788
Total current assets			**14,010,165**	**16,246,957**
Non-current assets				
Financial assets,	Distressed asset portfolios	6	34,173,929	28,045,063
	Investments		0	344,615
Tangible fixed assets,	Furniture	7	5 630	1,002
	Information technology	7	14,390	34,496
Intangible fixed assets,	Software ("Fusion")		2 296 382	2,095,416
	Incorporation and organisation costs	8	80,036	144,898
	Goodwill	2	3,120,368	3,536,417
Total non-current assets			**39,690,735**	**34,201,907**
TOTAL ASSETS			**53,700,900**	**50,448,864**

EUR	2014-12-31	2013-12-31
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank overdrafts	823	39,813
Trade accounts payable	5,253,879	511,028
Accruals and deferred income	1,824,883	1,758,432
Accrued interest	2,363,885	1,996,462
Total current liabilities	**9,443,470**	**4,305,735**
Non-current liabilities		
Loans (Note 9)	37,291,548	44,789,111
Loans from shareholders	0	231,769
Loans from investments	0	215,000
Total non-current liabilities	**37,291,548**	**45,235,880**
Total liabilities	**46,735,018**	**49,541,615**
Shareholders' equity		
Share capital	5,785,676	3,645,512
Share premium	10,777,630	0
Retained earnings	-2,252,515	3,373,267
Net income/(loss) for the period	-7,344,909	-6,111,530
Total shareholders' equity	**6,965,882**	**907,249**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**53,700,900**	**50,448,864**

Financial information

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (unaudited)

EUR		Attributable to owners of the parent company			
	Note	**Share capital**	**Share premium**	**Profit or loss brought forward**	**Total equity**
Balance at 2013-12-31		**3,645,512**	**0**	**-2,738,263**	**907,249**
Revaluation of distressed assets				68,547	**68,547**
Deferred taxes on revaluation	4			-6,855	**-6,855**
Balance at 2014-01-01		**3,645,512**	**0**	**-2,676,571**	**968,941**
Comprehensive income					
Profit / (loss) for the period				87,618	**87,618**
Total comprehensive income		**0**	**0**	**87,618**	**87,618**
Balance at 2014-06-30		**3,645,512**	**0**	**-2,588,953**	**1,056,559**
Comprehensive income					
Profit / (loss) for the period				-2,238,646	**-2,238,646**
Other comprehensive income					**0**
Currency translation differences	3			-52,838	**-52,838**
Total comprehensive income		**0**	**0**	**-2,291,484**	**-2,291,484**
Total transactions with owners		**–**	**–**	**–**	**–**
Offset issue					
New share issue		2,140,164	10,769,209		**12,909,373**
Balance at 2014-09-30		**5,785,676**	**10,769,209**	**-4,880,437**	**11,674,448**
Comprehensive income					
Profit / (loss) for the period				**-5,193,881**	**-5,193,881**
Other comprehensive income					**0**
Currency translation differences	**3**			**-4,153**	**-4,153**
Other			**8,421**	**481,048**	**489,470**
Total comprehensive income		**0**	**8,421**	**-4,716,987**	**-4,708,564**
Balance at 2014-12-31		**5,785,676**	**10,777,630**	**-9,597,424**	**6,965,882**

Financial information

CONSOLIDATED CASH FLOW STATEMENT (unaudited)

EUR	2014-10-01– 2014-12-31	2013-10-01– 2013-12-31	2014-01-01– 2014-12-31	2013-01-01– 2013-12-31
Cash flows from operating activities				
Operating profit / (loss)	-1,593,396	331,273	-72,709	-1,744,509
Adjustments for non-cash items, etc.				
- Reversal of depreciation and amortization	4,380,465	-180,428	11,132,314	6,666,172
- Revaluation of purchased assets	1,999,589	2,047,776	-1,135,730	1,110,078
- Other items not affecting cash	-1,031,260	-251,494	-149,672	-1,231,430
Interest received / (paid)	-563,899	-653,607	-5,986,433	-1,457,797
Cash flow from operating activities before working capital changes	**3,191,498**	**1,293,520**	**3,787,770**	**3,342,514**
Working capital adjustments				
Increase / decrease in accounts receivable	-2,465,670	-763,124	-2,415,590	-938,443
Increase / decrease in other receivables	-361,460	382,564	-511,531	145,464
Increase / decrease in accounts payables *	4,569,230	-71,153	4,735,996	-329,788
Increase / decrease in other current liabilities	-1,261,693	264,887	66,451	-6,492
Net cash flow from operating activities	**3,671,905**	**1,106,694**	**5,663,096**	**2,213,255**
Cash flow from investing activities				
Portfolio acquisition *	81,238	-3,115,014	-15,524,941	-16,106,893
Purchase of fixed assets	-38,004	60,469	-236,538	-317,377
Purchase / sale of financial assets	0	15,681	0	0
Net cash flow used in investing activities	**43,234**	**-3,038,864**	**-15,761,479**	**-16,424,270**
Cash flow from financing activities				
Share premium	8,421	556,355	10,777,630	0
Proceeds from issuance of ordinary shares	0	3,461,091	2,140,164	3,461,092
Change in bank overdraft	823	39,766	-38,990	-57,190
Borrowings	-2,320,720	4,348,724	-7,944,333	23,979,529
Net cash flow used in financing activities	**-2,311,475**	**8,405,937**	**4,934,471**	**27,383,431**
Cash flow for the period	**1,403,664**	**6,473,767**	**-5,163,913**	**13,172,416**
Cash, cash equivalents and bank overdrafts at beginning of period	7,597,307	7,691,117	14,164,884	992,468
Cash and cash equivalents at end of period	**9,000,971**	**14,164,884**	**9,000,971**	**14,164,884**

* One portfolio acquisition was closed in late 2014 while paid for in early 2015, hence leading to increased accounts payables at the end of the year while not impacting Portfolio Acquisitions in the cash flow. Significant FX movements occurred during the fourth quarter which negatively impacted the value of distressed asset portfolios at the end of the year. As these FX movements were greater than the amount of portfolios acquired during the fourth quarter the line item Portfolio acquisition became a positive amount for the fourth quarter of 2014.

Note 1

BASIS OF PREPARATIONS

The consolidated financial statements of DDM Holding AG comply with the Swiss Code of Obligation ("CO") and are prepared on a historical cost basis (except Note 5 and 6). The business year that forms the basis for the consolidated financial statements is equivalent to the calendar year.

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

DDM has applied the transitional provisions of the new accounting law.

The consolidated financial statements include all subsidiaries controlled by DDM Holding AG (together "DDM"), except where the subsidiary's effect on DDM's financial position and results of operations is immaterial. The balance sheet and results of subsidiaries are consolidated from the time that control was acquired (20 June 2012) until control ceases.

Entities included in the scope of consolidation	Consolidation method	31 December 2014	31 December 2013
DDM Group AG	Fully consolidated	(100%) CH	(100%) CH
DDM Invest I AG	Fully consolidated	(100%) CH	(100%) CH
DDM Invest II AG	Fully consolidated	(100%) CH	(100%) CH
DDM Invest III AG	Fully consolidated	(100%) CH	(100%) CH
DDM Invest IV AG	Fully consolidated	(100%) CH	(100%) CH
DDM Invest X AG	Fully consolidated	(100%) CH	(100%) CH
DDM Invest XX AG	Fully consolidated	(100%) CH	(100%) CH
DDM Treasury Sweden AB	Fully consolidated	(100%) SE	(100%) SE
Immaterial entities (not in the scope of consolidation):			
DDM Invest Cyprus Limited	Measured at cost	Strike off	(100%) CY
DDM Invest Ukraine LLC	Measured at cost	Strike off	(100%) UA

During the fourth quarter of 2014 DDM continued the process of liquidating its 100% subsidiaries, DDM Cyprus Limited and DDM Invest Ukraine LLC. The companies did not carry any business, nor did they intend to do so in the future.

Note 2

GOODWILL

At the date of acquisition, the assets and liabilities of acquired subsidiaries or businesses are valued at net assets and in accordance with uniform group policies. The excess of the acquisition price over the revalued net assets of the acquired company or the acquired parts of the business is recognized as goodwill. Goodwill is recognized as an intangible asset and is amortized on a straight-line basis over 10 years. In addition, goodwill from acquisition of subsidiaries is tested annually for impairment.

Note 3

CURRENCY TRANSLATION

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

Exchange rates		**31 Dec 2014**		**31 Dec 2013**
Balance sheet (spot rate balance sheet date)	SEK/EUR	0.1055	SEK/EUR	0.1121
Income statement (average rate)	SEK/EUR	0.1099	SEK/EUR	0.1130

The negative FX impact from the RUB was partly offset by the weakness in the SEK during the fourth quarter 2014 as the majority of the bonds issued by the company are in SEK.

Note 4

DEFERRED TAXES

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

Note 5

CHANGE IN ACCOUNTING POLICY

Following the issuance of the Group's consolidated financial statements as of 31 December 2013, the Group has made voluntary changes in accounting policy for distressed asset portfolios. Previously, these portfolios were recognised at cost less amortisation. Under the new accounting policy, distressed asset portfolios are recognised using the effective interest rate method (amortised cost – see Note 6).

The Group has restated the balance sheet at 31 December 2013 as a result of this change in accounting policy. The difference between the previous book value and the new book value of the distressed asset portfolios is EUR 68,547. Consequently, the resulting deferred tax effect on revaluation of EUR 6,855 has been recognised according to the accounting policy. The net effect on equity of EUR 61,692 has been recorded in retained earnings.

The comparative figures in the income statement for the period 1 January – 31 December 2013 have not been restated (Income from distressed asset portfolios is presented according to the accounting policy which was applied in the previous period).

EUR	Shared capital	Retained earnings	Loss for the period	Total
Equity 31 December 2013	**3,645,512**	**3,373,267**	**-6,111,530**	**907,249**
Revaluation of distressed assets	–	68,547	–	68,547
Deferred taxes on revaluation	–	-6,855	–	-6,855
Rebooking loss for the period	–	-6,111,530	6,111,530	0
Equity 1 January 2014	**3,645,512**	**-2,676,571**	**0**	**968,941**

Note 6

DISTRESSED ASSET PORTFOLIOS

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

Cash flow projections are made at the portfolio level, since each portfolio 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 forecast collection costs. These projections are updated at each reporting date based on actual collection information, planned collection actions, as well as macroeconomic scenarios and the specific features of the assets concerned. Changes in cash flow forecasts are treated symmetrically, i.e., both increases and decreases in forecast cash flows affect the portfolios' book value and, as a result, net income.

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

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

Portfolio-asset by country, EUR	31 December 2014	1 January 2014
Romania	15,094,543	16,454,542
Poland	6,873,421	-
Russia	6,829,105	11,598,045
Czech Republic	3,185,593	40,005
Slovenia	2,180,162	-
Slovakia	10,998	20,565
Macedonia	107	453
	34,173,929	**28,113,610**

The portfolio value held in Russia decreased significantly during 2014 as an effect of a weaker RUB in combination with a revaluation of the existing portfolios.

Note 7

TANGIBLE FIXED ASSETS

The tangible fixed assets include furniture and IT-infrastructure and are measured at cost less amortisation (calculated on a straight-line basis) using the following useful lives:

Furniture	5 years
IT-infrastructure	5 years

Note 8

INTANGIBLE FIXED ASSETS

Intangible assets include incorporation, capital increase and organisation costs, software ("Fusion System") and goodwill. Fusion is the proprietary IT system, which integrates investment data, case data, payment data and activity data into one effective and comprehensive IT system. Intangible assets are initially recognised at cost, and are subsequently amortised on a straight-line basis over their useful lives. The specific treatment of goodwill is outlined under Note 2. The following useful lives are applied:

Incorporation and organisation costs	5 years
Software	20 years
Goodwill	10 years

Note 9

OUTSTANDING BONDS

EUR	**31 December 2014**	**31 December 2013**
Bond loan issued June 2013 Amount: SEK 300,000,000 Interest: 13% Maturity: 26 June 2016	31,204,435	33,630,000
Bond loan issued September 2013 Amount: SEK 31,000,000 Interest: 18% Maturity: 30 September 2016	3,202,024	3,475,100

Under the current bond Terms and Conditions, DDM Treasury Sweden AB and its subsidiary DDM Invest XX AG are not allowed to use hedge instruments.

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

Note 10

INCOME RECOGNITION

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

Note 11

EXTRAORDINARY INCOME / (LOSS)

In the first six months of 2014, DDM realised a gain of EUR 1.1M when a co-investor decided to exit a distressed asset portfolio. As of 30 September 2013, DDM realised a loss of EUR 0.7M relating to the sale of financial assets.

Note 12

SIGNIFICANT RISKS, UNCERTAINTIES & RISK MANAGEMENT

DDM's activities expose it to a variety of risks, including market risks (related to competitive landscape and general economic conditions affecting borrower credit quality), financial risks (related to risks inherent in the purchase of debt portfolios and subsequent collection of overdue accounts, refinancing risks, tax risks, cash flow volatility and exposure to foreign exchange rates [as well as credit and interest rate risks]) and business risks (related to changes in the regulatory environment, reputational risks and risks related to the IT and data analysis systems and the retention and recruitment of employees). DDM's overall risk management programme focuses on the unpredictability of the markets it is exposed to, and seeks to minimize potential adverse effects on DDM's financial performance due to such risks.

With the events unfolding in Russia we see also increased risks outside DDM's control such as sanctions against Russia with the possibility that Russia could counteract by imposing restrictions on foreign companies.

The Board of Directors held several meetings during 2014 where the risks which the company currently faces were discussed. The Board of Directors has updated their risk assessment on a quarterly basis, including an outline of short and long-term actions to be taken depending on the specific risks identified.

Note 13

SUBSEQUENT EVENTS AFTER THE REPORTING DATE

On 9 February 2015, DDM announced that it has acquired 100% of a regulated Hungarian financial services company which owns a portfolio of consumer debts relating to loans originated on the Hungarian market. One of the world's largest financial institutions provided financing as a co-investor in connection with this acquisition, while entrusting management of the company and the collections services to DDM. As part of the transaction DDM has received approval from the Hungarian National Bank to become the new beneficial owner of the licenced entity Summit. The licence facilitates further acquisitions on the Hungarian market through the acquired entity.

In early 2015 the Swiss National Bank decided to discontinue its minimum exchange rate against the EUR and the CHF appreciated significantly. DDM has a majority of its operating expenses in CHF while its reporting currency is EUR.

Definitions

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

Adjusted operating earnings
Operating earnings adjusted for non-recurring items.

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

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

Cash EBITDA
Net collections less operating expenses.

Earnings per share
Net earnings for the period, attributable to owners of the parent, divided by the weighted average number of shares during the period.

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

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

Equity
Shareholders' equity at the end of the period.

Equity per share
Shareholders' equity at the end of the period, attributable to owners of the parent, divided by the weighted average number of shares during the period.

Equity ratio
Financial ratio indicating the relative proportion of equity used to finance a company's assets.

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

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

Net debt/equity ratio
Interest-bearing net debt divided by shareholders' equity.

Net debt/equity ratio
Interest-bearing net debt divided by shareholders' equity.

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

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

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

Operating margin
Operating earnings as a percentage of net collections.

Return on capital employed
Operating earnings as a percentage of average capital employed.

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

Revaluation of portfolios
Portfolios are reviewed at each reporting date and revalued if there is objective evidence that one or more events have taken place that will have a positive or negative impact on future cash flows.