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Press release issued by DDM Holding AG

13 February 2017

DDM proposes a share issue with pre-emptive subscription rights of up to SEK 104 million in order to support the expected continued growth in core markets

DDM Holding AG (the “Company” or “DDM”) has grown significantly during the last few years and in order to support the expected continued strong growth in DDM’s core markets, the Board of Directors of DDM proposes an issue of new shares with pre-emptive subscription rights for the existing shareholders of up to SEK 104 million (the “Rights Issue”) to be approved by an extraordinary general meeting. The Rights Issue is carried out with the intention of increasing DDM’s ability to capture attractive growth opportunities in the Company’s markets over the foreseeable future.

Summary

- The Board of Directors has proposed the following terms and conditions for the Rights Issue, subject to the approval of the extraordinary general meeting to be held on or around 8 March 2017:
 - Shareholders in DDM have pre-emptive subscription rights to subscribe for 1 new share for every 2 existing shares held, i.e. an issue ratio of 1:2, entailing an issue of up to 4,520,149 new shares in aggregate.
 - The subscription price is SEK 23.00 per new share, which results in total issue proceeds of approximately SEK 104 million before issue costs, assuming the Rights Issue is fully subscribed.
 - The last day of trading for the DDM share including the right to participate in the Rights Issue is expected to be on or around 8 March 2017.
 - The subscription period for the Rights Issue is expected to be on or around 13-24 March 2017, and the period for trading of pre-emptive subscription rights is expected to be on or around 13-22 March 2017.
 - Further details on proposed terms and conditions and timetable for the Rights Issue are set out below.
- Certain shareholders, including among others Praktikertjänst Pensionsstiftelse and Humle Småbolagsfond as well as DDM’s largest shareholders Mr. Kent Hansson and Dr. Manuel Vogel, together owning approximately 64 percent of the shares and votes in the Company have expressed their support for the Rights Issue.



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- DDM's largest shareholders, Mr. Kent Hansson and Dr. Manuel Vogel, together owners of approximately 44 per cent of the shares and votes in the Company, have undertaken to vote in favor of the Rights Issue at the extraordinary general meeting and have confirmed their intention to participate in the Rights Issue at least through a so-called cash-neutral transaction.

Background and reasons

The Board of Directors believes that today, DDM has established itself as one of the industry's leading and most experienced acquirers of distressed assets in Central and Eastern Europe, where the Company has become a trusted partner to several leading banks as well as other financial institutions holding assets in the region. For sellers, management of portfolios of distressed assets is a sensitive issue as it concerns the relationship with their customers. It is therefore critical for sellers of portfolios that the acquirer handles the underlying individual debtors professionally, ethically and with respect. DDM's longstanding relations with sellers of distressed assets are based on trust and the Company's status as a credible acquirer.

DDM's market position, strong relationship with selling banks and experienced organization have allowed DDM to successfully acquire more than 80 portfolios over the years. More recently, DDM has completed a number of landmark transactions including DDM's largest wholly owned acquisition to date, in July 2016, of a Slovenian portfolio for a total consideration of EUR 17 million, and the acquisition in late 2015 of a substantial portfolio of performing and non-performing assets in Hungary.

The recent success builds on several key competitive strengths that DDM has developed over the years, the more important ones being i) its experienced organization with deep knowledge of identifying, acquiring and managing distressed assets in Central and Eastern Europe, ii) the strong relationships with selling banks that view DDM as a trusted and reputable partner, iii) the proprietary IT system FUSION, a critical tool in both origination and management of portfolios, and iv) the large network of trusted debt collection agencies that collect the assets on behalf of DDM. Access to a competitive funding platform has, up until now, been the key constraint in growing the business.

The Central and Eastern European market for distressed assets is significant and has grown substantially in recent years following the large build-up of non-performing loans ("NPL") since the financial crisis in 2008, increased regulatory requirements, new accounting standards for treatment of NPLs in banks' balance sheets and increased need among banks to deleverage through sale of distressed assets. Changing economic policies and business conditions have also pushed international banks to review their strategies across Central and Eastern Europe. As a result, banks are increasingly looking to divest portfolios of distressed and other non-core assets. This is also reflected in DDM's large pipeline of potential transactions during the next twelve months.

DDM has grown significantly during the last few years and in order to support the expected continued high growth in DDM's core markets, DDM's Board of the Directors has proposed the Rights Issue of up to SEK 104 million.



The Board of Directors and Executive Management Committee of the Company believe that the further strengthening of DDM's balance sheet following the Rights Issue should place DDM in a position to continue lowering its funding costs and cost of capital, facilitating the issuance of more debt.

DDM's Board of Directors and Executive Management Committee believe that the additional funding from completed and planned equity and debt issuances, in combination with the cash flow generated by DDM, will significantly strengthen DDM's ability to capture attractive growth opportunities in DDM's markets and provide the funding required to acquire portfolios for EUR 50 million during 2017.

The Rights Issue

On 13 February 2017, the Board of Directors of DDM resolved to propose that the extraordinary general meeting, to be held on or around 8 March 2017, resolves on an issue of up to 4,520,149 new shares in DDM at a subscription price of SEK 23.00 per new share. The Rights issue will increase the share capital of the Company from currently CHF 9,040,298 by up to CHF 4,520,149 to up to CHF 13,560,447 by issuing up to 4,520,149 fully paid-in registered shares with a nominal value of CHF 1 each. Those who are registered as shareholders in the share register on the record date have pre-emptive subscription rights to subscribe for new shares in proportion to their existing shareholdings. For each DDM share held on the record date, one (1) pre-emptive subscription right is received. Two (2) pre-emptive subscription rights entitle to subscription of one (1) new share. Application to subscribe for new shares without pre-emptive rights will also be possible.

If not all shares are subscribed for with support of pre-emptive subscription rights, the Board of Directors will resolve on the allocation of shares subscribed for without pre-emptive subscription rights, as follows: firstly, allocation should be completed to persons who have applied for such subscription and have also subscribed for shares with support of pre-emptive subscription rights, regardless if the person was a shareholder on the record date or not, and in case of over-subscription, in relation to the number of pre-emptive subscription rights each person has exercised for subscription of shares, and secondly allocation shall be completed to other persons who have applied for subscription without support of pre-emptive subscription rights and, in case of over-subscription, in relation to the number of shares indicated in each such subscription application and in case this cannot be completed, by means of drawing of lots.

Certain shareholders, including among others Praktikertjänst Pensionsstiftelse and Humle Småbolagsfond as well as DDM's largest shareholders Mr. Kent Hansson and Dr. Manuel Vogel, together owning approximately 64 percent of the shares and votes in the Company have expressed their support for the Rights Issue. In addition, DDM's largest shareholders, Mr. Kent Hansson and Dr. Manuel Vogel, together owners of approximately 44 per cent of the share and votes in the Company, have undertaken to vote in favor of the Rights Issue at the extraordinary general meeting and have confirmed their intention to participate in the Rights Issue at least through a so-called cash-neutral transaction. Mr. Hansson and Dr. Vogel have invested significant amounts in the Company over the years. Mr. Hansson and Dr. Vogel intend to sell some of their



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pre-emptive subscription rights to a few long-term investors and use the proceeds to subscribe for new shares in the Rights Issue.

The Board of Directors will shortly announce the notice of an extraordinary general meeting to be held on or around 8 March 2017.

Prospectus

Complete information regarding the Rights Issue will be set out in a prospectus that is expected to be published on or around 10 March 2017.

Preliminary timetable

The below timetable is preliminary and may be changed.

8 March 2017	Extraordinary general meeting to resolve on the Rights Issue
8 March 2017	Last day of trading in DDM shares with right to participate in the Rights Issue
10 March 2017	Record date for the Rights Issue, i.e. shareholders who are registered in the share register on this date will receive pre-emptive subscription rights for participation in the Rights Issue
10 March 2017	Publication of the prospectus
13 – 22 March 2017	Period for trading of pre-emptive subscription rights
13 – 24 March 2017	Subscription period
28 March 2017	Announcement of outcome of the Rights Issue

Advisors in connection with the Rights Issue

Carnegie Investment Bank is financial advisor and Roschier (as to Swedish law) and Walder Wyss Ltd. (as to Swiss law) are legal advisors to DDM in connection with the Rights Issue.

For more information, please contact:

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This is information which DDM Holding AG is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 08:00 CET on 13 February 2017.

DDM Holding AG (Nasdaq First North Stockholm: DDM) is a multinational investor in and manager of distressed assets. Since 2007, the DDM Group has built a successful platform in Eastern Europe, currently managing 2.3 million receivables with a nominal value of over EUR 2 billion. **DDM Treasury Sweden AB** (publ) (NGM: DDM1) and **DDM Debt AB** (publ) are wholly owned subsidiaries of DDM Holding AG. Erik Penser Bank is DDM Holding AG's Certified Adviser.

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