DDM HOLDING AG

2015 ANNUAL REPORT

ddm

MULTINATIONAL INVESTOR
AND MANAGER OF
DISTRESSED ASSETS

The DDM Holding AG
2015 Annual Report

DDM Holding AG ("DDM" or the "Company") is a Swiss company headquartered in Baar. Corporate registration number CHE-115906312. DDM together with its subsidiaries are referred to as the "Group".

Values are expressed in euro (EUR), thousands of euros as EUR 000s and millions of euros as EUR M. Unless otherwise stated, figures in parentheses relate to the preceding financial year, 2014.

Data on markets and competitors are DDM's own estimates, unless another source is specified. This report contains forward-looking statements that are based on the current expectations of DDM's management. Although management believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove correct. Accordingly, results could differ materially from those implied in the forward-looking statements as a result of factors including changes in economic, market and competitive conditions, changes in the regulatory environment and other government actions, fluctuations in exchange rates and other factors.

Pareto Securities AB is DDM Holding AG's Certified Adviser.

DDM's annual and interim reports are available in English from the Company's website >>.

Any questions regarding financial data published by DDM may be submitted to: DDM's Investor Relations, tel. +46 8 4080 9030 or email: investor@ddm-group.ch

Photos: Shutterstock (cover), Jacqueline Fellmann (p. 5, 7 and 18–19). Illustration: Idéfolket (p. 9).

Cover illustration: DDM secures your ultimate business ambitions.

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2015

Q1

FEBRUARY: In cooperation with a one of the world largest banks, DDM acquired 100% of the shares in Summit Zrt, a regulated Hungarian financial services company which owns a portfolio of consumer debts relating to loans originated on the Hungarian market.

Q2

MAY: DDM Holding AG held its Annual General Meeting in Zurich.
JUNE: Holders of senior secured notes in DDM Treasury Sweden approved the amendments to the terms and conditions of the notes.

Q3

SEPTEMBER: DDM implemented new management structure.

Q4

DECEMBER: DDM, in cooperation with a global investment manager, acquired a Hungarian leasing company. The acquisition grew DDM's portfolio of investments significantly.

ERC 2015 +20%

Estimated Remaining Collections ("ERC") on 31 December 2015 amounted to EUR 72.2M, an increase of 20% compared with the end of 2014.

For more information, see Accounting policies, page 38. Glossary and Financial definitions can be found on page 66.

For an overview of our financial results over the past three years, see page 65.

2015 Highlights

This is DDM

Experienced specialist in expanding sector

DDM is a specialist acquirer and manager of distressed assets, offering the prospect of attractive returns from the expanding Eastern European market for distressed and non-performing assets. Formed in 2007 by individuals who had previously been successful in building similar businesses, DDM is today a multinational investor in, and manager of, distressed asset portfolios.

The banking sector in Eastern Europe is subject to increasingly stricter capital ratio requirements resulting in distressed assets being more expensive for banks to keep on their balance sheets. Unpredictable economic policies and business conditions have also stimulated international banks to review their strategies for Eastern Europe. As a result, banks are increasingly looking to divest portfolios of distressed and other non-core assets. During the few last years, a number of larger financial institutions are exiting a number of countries in Eastern Europe.

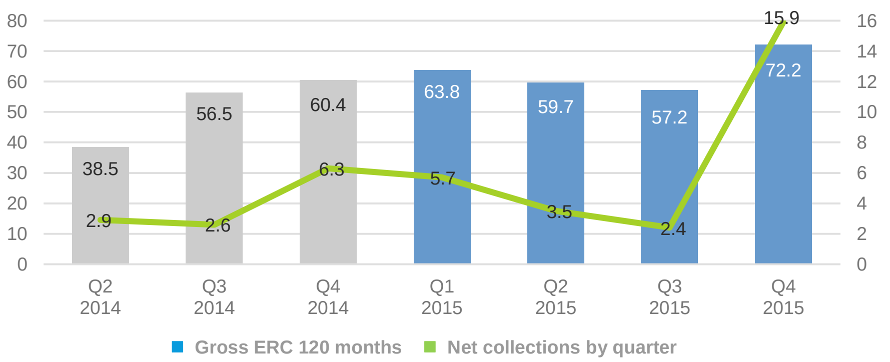
For sellers, management of portfolios of distressed assets is a sensitive issue as it concerns the relationship with their customers. It is therefore critical for sellers of portfolios that the acquirer handles the underlying individual debtors professionally, ethically and with respect. DDM has longstanding relations with sellers of distressed assets, based on trust and the Company's status as a credible acquirer. DDM's expertize is key to assess the portfolios, as well as to decide how to open up a dialogue with the debtors. The goal is to establish an instalment plan and in the end achieve an amicable settlement where the debtor has repaid the outstanding amount.

The strong trend of increased transaction volumes as financial institutions are selling non-performing assets is expected to continue. This, in combination with DDM's understanding of the complete collection process, relations with co-investors and a flexible business model, are supporting DDM's continued growth and its ambitions to maximize shareholder value.

Financial overview

EUR M	2015	2014	%, change
Net collections	**27.5**	14.7	87
Cash EBITDA	**21.7**	9.9	119
Operating profit / (loss)	**10.0**	1.8	445
Profit / (loss) for the year	**1.8**	(6.4)	n.a.
Cash flow from operating activities before working capital changes	**(2.5)**	3.8	n.a.
Investments in distressed asset portfolios and other long-term receivables from investments	**2.5**	15.6	(84)
Total assets	**55.2**	54.0	2
Net debt	**33.4**	28.3	12
Earnings per share, EUR	**0.26**	(1.14)	n.a.
Number of shares outstanding at end of period	**7,100,000**	7,100,000	n.a.
Proposed dividend / dividend per share, EUR	**0.00**	0.00	n.a.
Average number of employees	**24**	22	n.a.

Gross ERC 120 months and net collections by quarter, EUR M



2015 Highlights

Next step in our growth strategy

Expansion of opportunities resulting from key acquisitions

DDM continued to develop and expand during 2015 by entering new market segments. We made two significant acquisitions in Hungary in the year as a result of the team's dedicated efforts and further strengthening of our well-established relationships with co-investors.

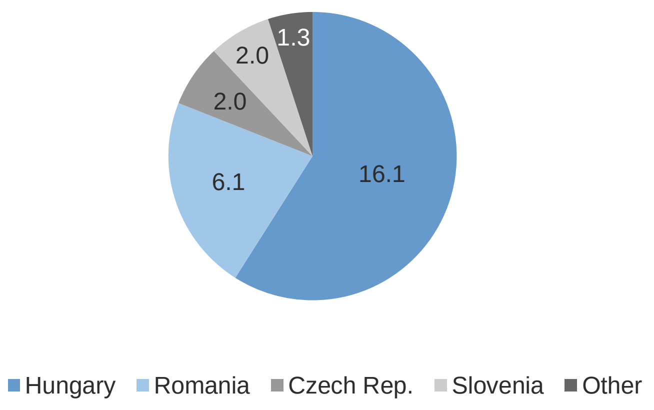
In February 2015, following extensive due diligence, DDM closed its first transaction in Hungary with the acquisition of Summit Zrt, a Hungarian leasing company later renamed Finalp Zrt, in partnership with one of the world's largest banks. This was a key step as this was a significant addition in DDM's strategic aspirations to grow our geographical scope and branch out into new market segments such as acquiring performing assets in addition to non-performing assets. This also proved DDM to be a reliable and capable partner for large co-investors looking for investment opportunities in Eastern Europe.

The process of integrating Finalp was achieved more rapidly than initially expected. The transaction has contributed to DDM's financial results, our management capabilities and has proven to be a bridgehead to the second Hungarian tranaction that was signed in December 2015. Through the acquisition of Finalp, we have increased brand recognition, as well as proven our transaction and closing capabilities.

The experience we gained from the first transaction was essential when identifying and executing on the most significant investment in the history of DDM in December 2015, when the Group announced the acquisition of a large Hungarian leasing company owning both performing and non-performing assets. The acquisition was made together with a major international investment manager. In addition, DDM was appointed the sole manager of the acquired Hungarian portfolio, providing DDM with an on-going management fee from the co-investor.

We see significant growth in the investment pipeline in our target markets primarily as a result of a shift in strategy by several international banks, expansion of our investment scope and the market's recognition of DDM as a reliable and capable buyer, with the ability to make investments in partnership with large co-investors.

Net collections by country 2015, EUR M



DDM's progress

2007
- Incorporation of DDM
- Replicating and improving an established business model

2008
- Initial investments made in Russia
- First external funding

2009
- Seven additional portfolios acquired in Romania and Russia, leveraging on data from initial investments
- Start of development of DDM's proprietary IT system, Fusion

2010
- Annual investments in 17 portfolios, totaling EUR 11M

2011
- Strengthened the organization
- Acquired 8 portfolios

2012
- Acquired 15 portfolios

2013
- Embarked on its strategy to significantly scale up its operations
- Issued senior secured bonds of SEK 300M with subsequent listing on the market place NGM in Sweden
- Acquired 17 portfolios

2014
- New issue of 2.6 million shares
- Listing of DDM Holding AG on First North Stockholm, raising SEK 130M in equity capital
- Broadened geographic scope, entered Slovenia, Poland and re-entered Czech Republic
- Acquired 13 portfolios

2015
- **In cooperation with large investment partners, DDM made significant investments in Hungary**
- **Refinanced the SEK 300M bond loan**
- **Acquired 5 portfolios**

Gustav Hultgren,
CEO of DDM

"We have acquired a leading Hungarian company with an experienced management team and a strong platform for further portfolio investments. This reconfirms DDM's position as a top-tier regional investor and manager of distressed assets."

CEO'S REPORT

Strengthened relationships enhance our business opportunities

DDM's financial year 2015 can be summarized in two words: relationships and trust. These two words act as guiding stars in everything we do. The past year has shown clearly how crucial it is that these two concepts be developed continuously and in parallel to generate value.

At the same time, the past year has also demonstrated that we have the right resources and people in place to achieve our goals. Our expertize and the trust DDM enjoys in the market enables us to secure large and complex transactions, such as the significant acquisition of a second portfolio in Hungary, which was announced in December.

Hungarian acquisitions

The acquisition is particularly gratifying because it builds on our positive experience from the initial investment in the Hungarian company Finalp (Summit). Not only did this boost our earnings, it also provided a strong beachhead in the form of the licenses required to invest in additional portfolios. The investment in the porfolio of Finalp was carried out in cooperation with one of the world's largest financial intuitions and gave us experience and access to a network, opening up considerable opportunities for DDM while further strengthening our credibility on the market.

Since the acquisition of Finalp, we have focused on the numerous similar opportunities that exist across our region and, together with a global investment company with over USD 10bn under management, we have acquired our second portfolio in Hungary, one of the country's larger car leasing companies. The acquisition represents a significant increase in our assets under management, both performing and non-performing, with a significant growth on our balance sheet as a result.

The year was also signified by work with the Group's funding – both long and short term. The restructuring of the Group's Senior Secured corporate bond was completed in mid-2015, securing DDM's access to long-term funding and extending its credit framework from SEK 500M to SEK 700M. The new structure and its terms and conditions also represents an important step on the path towards cheaper cost of funding.

Relations with partners

In the autumn, we focused on several negotiations with major financial institutions who are reviewing their strategy and presence in Eastern Europe. An increasing number of international banks choose to reduce their geographical networks and to thus reduce or exit their exposures in Eastern Europe and the Baltic States. As a consequence, we are seeing a sharp increase in interest to sell financial assets.

Having been present in Eastern Europe for a number of years, DDM has built trust among financial institutions seeking a partner that can handle such complex transactions – be it a seller or an investor looking to co-invest funds into our markets.

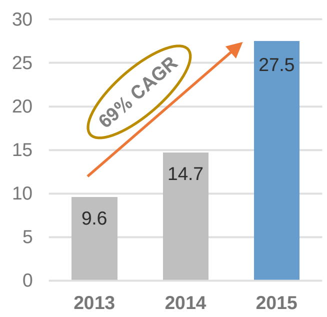
Earnings 2015

On 31 December 2015, we managed distressed assets with a total nominal value of more than EUR 2 billion spread between 2.3 million cases. As a result our ERC grew to EUR 72.2M, an increase of 20% compared to the end of 2014.

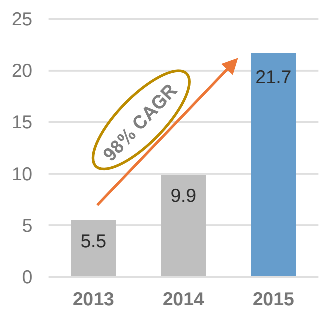
For the full year 2015, net collections amounted to EUR 27.5M, an increase of 87 percent compared with 2014. Cash EBITDA, that is, net collections, less operating expenses, amounted to EUR 21.7M, an improvement of 119 percent over the previous year. Cash EBITDA is an important measure for DDM as this measures the cash available for servicing debt and guides the potential for growth based on current funding.

CEO'S REPORT

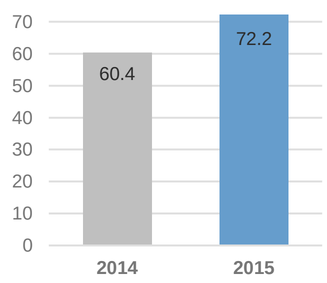
Net collections, EUR M



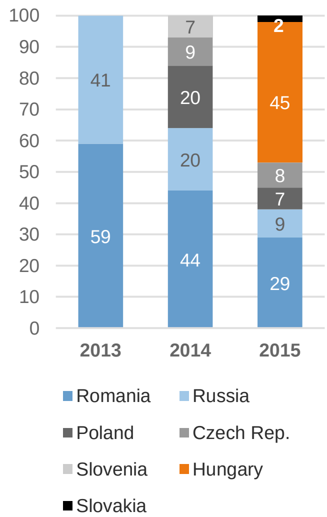
Cash EBITDA, EUR M



Gross ERC 120 months, EUR M



Book value by country, %



We continued to manage our portfolios during the year and as a result at the end of the year we divested a portfolio in Poland that was not meeting our investment return requirements. This allows us to reinvest the funds in a portfolio that better mirrors the opportunities we see in the market and provides better returns.

Organizational structure

During the year efforts were made to continue to strengthen the organization by bringing previously outsourced functions, such as bookkeeping, in-house.

We have also streamlined the company's management, with a small management team being able to focus on longer term strategic goals, such as business development and long-term profitability. This enables several of my colleagues to be involved in the day-to-day operations, which was a major factor in us being able to complete the acquisition of the second leasing company in Hungary, which laid the foundation for the continued strong development of our business, both in Hungary and elsewhere in Eastern Europe.

Market outlook

In most of the world, capital requirements of financial institutions are increasing. Combined with strategic decisions leading to institutions choosing to exit certain geographic markets and/or product segments, we see strong prospects for continued healthy market growth.

In a market with many investment options, it remains important that we maintain our demands on portfolio quality and return, consistently with DDM's long track record of successful investments.

DDM Holding AG was listed on First North Stockholm in August 2014 – accordingly, last year was our first full year as a listed company. I can affirm that we have accomplished a great deal. In addition to the favourable development of our business and the strengthening of our relationships, we have introduced IFRS accounting and other practices that make DDM, as a whole, ready for the next stage of our growth journey. I would like to thank all of our colleagues, customers, investors and partners, who have made this possible and look forward to another successful year ahead!

"Having been present in Eastern Europe for a number of years, DDM has built trust among financial institutions seeking a partner that can handle such complex transactions – be it a seller or an investor looking to co-invest funds into our markets."

LETTER FROM THE CHAIRMAN

Kent Hansson,
Chairman of the DDM Board

Dear Shareholders,

With the global deleveraging process at the very top of the agenda in the financial world, DDM fulfils an important task as a partner to financial institutions. By ensuring that banks can reduce the amount of capital tied up in relation to distressed assets, DDM is enabling them to pursue their core operations – lending to companies and individuals to support economic growth. In addition, we are aiding each individual debtor to restructure their debt with dignity which will enable a return to the credit market.

DDM acquires assets from banks in Eastern Europe, many of which are large Western European-owned. In each country, the Company then outsources the recovery efforts to leading collection agencies that have all have undergone a rigorous selection process and are under strict service level agreements. All recovery efforts are tightly controlled on a daily basis to ensure a fair and ethical treatment of the debtors. Naturally, this is one of the cornerstones of our business, since DDM is essentially handling the customers of a bank or a financial institution.

DDM continues to focus on opportunistic investments in emerging markets. We perceive favorable opportunities in several Eastern European countries, among which Hungary was our focus in 2015. The opportunistic investment approach places high demands on the Board's ability to quickly respond to investment proposals from management, where a solid understanding of our industry and our business is a prerequisite to make decisions in a controlled manner.

"As a result of a broadened strategic approach, DDM has, in recent years also invested in portfolios of performing loans, in addition to traditional unsecured and secured consumer NPL portfolios."

On DDM's Board of Directors, we devote much discussion to the balance between the development of the Company's business opportunities and identifying funding options. After nine years of operations and with increased transparency following the IPO 2014, DDM continues to see a sharp increase in its potential investments. As a result of a broadened strategic approach, DDM has, in recent years also invested in portfolios of performing loans, in addition to traditional unsecured and secured consumer NPL portfolios.

The challenge for DDM is to match the opportunities with an efficient funding structure. Following the successful acquisition in partnership with a large US bank in early 2015, DDM took a strategic decision to pursue the joint-acquisition approach, with major investors being invited to co-invest alongside us. At all times, DDM has significant influence over the investments that are made.

In addition to the Board's strategic work in these areas, I have personally spent most of my time in 2015 identifying larger transaction opportunities and partnerships, as well as supporting the Company's management in identifying new funding avenues. Following the choice of strategy, an important acquisition was made at the end of 2015, which had a positive impact on operations and contributed to a positive result for the full-year. The acquisition strengthens our market position in Hungary and adds another strong financial partner in the global hedge fund that co-invested with us. As this acquisition is very similar to the one DDM made in Hungary in February 2015, there is ample knowledge within DDM on integration. However, the December acquisition is of a greater magnitude, which will require significant resource allocation from DDM's side.

Relationships in particular are what give DDM the strength and stability to drive our business model forward. Although it is largely a matter of growth in geographic areas and segments, good relations with investors and sellers of portfolios will always be crucial. Our flexibility means that acquisitions like the one we made recently, can be of either a smaller or larger scale, but are always in line with our strategy to focus on favorable return based on correct management of all debtors. The business ethics dimension should permeate everything that DDM does, and the Board assumes substantial responsibility in explaining this.

LETTER FROM THE CHAIRMAN

The Board must therefore match the great efforts of our management and employees. Among other things, my role as Chairman is to ensure that the Board of Directors discusses particularly important matters thoroughly and acquires an accurate picture of DDM. As part of this, the work of the Board is complemented by both an audit committee and a remuneration committee. The committees prepare matters and advise the other Board members, giving the Board as a whole more time to focus on strategy and business-related matters at its meetings.

Following our strategic intent to establish DDM as a multinational investor in Europe, we will continue to invest in assets with a high rate of return. To facilitate this, the Board has proposed that no dividend be paid out for the financial year 2015.

The other members of the Board of Directors of DDM Holding AG and I have read and approved the contents of this annual report. It is our assessment that the document provides a balanced and accurate description of the Company and its operations, which can be used to assess our continued development.

We look forward to a strong 2016 and I hope to welcome all shareholders to DDM's upcoming Annual General Meeting, which we will arrange on 3 May, in Zug this year.

"Following our strategic intent to establish DDM as a multi-national investor in Europe, we will continue to invest in assets with a high rate of return."

BUSINESS MODEL

Capabilities to manage assets

DDM is a specialist acquirer and manager of portfolios of performing and non-performing assets with focus on Eastern Europe. Our focus is primarily on portfolios of Non-Performing Loans ("NPLs"), which we acquire from financial institutions.

Revenues in the industry stem from the margin created by acquiring loan portfolios at a discount and then collecting the outstanding debt. There are two main categories of distressed assets. One can be called Corporate and is made up of distressed obligations held by one company against another. In this segment it is quite common that the holder sells portfolios of debt to professional third parties, such as DDM. Some of the major international investment banks are active as acquirers of this type of portfolios.

The second category is distressed consumer debt, i.e. debt held against consumers that for some reason is not fully and/or promptly served. The traditional way for a company that holds such debt has been to give an assignment to a collection company. The collection company would then, acting as an agent, attempt to collect as much as possible and for this service charge a commission based on the collected amount.

DDM acquires distressed assets mainly consisting of non-performing loans with an investment value of EUR 3–30M. Sellers are primarily financial institutions, typically international banks with presence in several countries in Eastern Europe. We have established relationships with sellers throughout the industry and as DDM is able to take on a leading position, we get repeat business as well as access to financial co-investors. Historically DDM has primarily acquired portfolios of unsecuritized assets, however in 2015 we have made two significant acquisitions where the majority of assets are securitized.

DDM key market segments, performing and non-performing assets

Underlying assets	Performing	Non-performing				
Geography	W Europe	E Europe	Africa	N America	Latin America	Asia
Type	Consumer (credit cards, auto loans & mortgages)	Corporate (real estate)				
Size	< EUR 3M	EUR 3–30M	EUR 31–100M	EUR 101–500M	>EUR 500M	
Seller	Utility companies	Banks	Telecom companies	Other		
Collateral	Securitized	Un-securitized				
Collection method	In-house	Outsourced				

DDM's activities (in orange) are focusing on specific segments of overall market.

Incentives for sellers to use DDM

Banks in Eastern Europe are generally subject to the same driving forces as Western European banks when it comes to selling their distressed assets. These include their need to focus on their core operations and to improve their capital adequacy ratios and cash positions.

The main difference is that selling distressed assets is still a relatively recent feature in Eastern Europe.

Incentive 1
In many cases, removing distressed assets from their balance sheets helps banks meet regulatory requirements.

We acquire portfolios of distressed assets outright, removing them from our clients' balance sheets, and providing immediate liquidity and freeing up reserves. Generally, selling to us enables clients to recover capital much faster than through a traditional debt collection company.

Incentive 2
Selling distressed assets allows banks to focus on their core activities as distressed asset management can be difficult and divert management focus and other scarce resources.

Incentive 3
By selling distressed assets to a respected debt purchaser such as DDM, banks reduce their reputational risk. Banks and financial institutions seeking to sell portfolios of distressed assets often work directly with us.

This is attributable to our track-record, experience in closing transactions and our method of both managing the performance of our portfolios, and of carefully selecting our collection partners.

Our business model is supporting sellers and debtors

DDM's business model is based on our proprietary data in combination with independent debt collection agencies providing the services according to DDM's specifications.

In general, the market players can be divided into two strategic groups by the business models prevalent, namely: debt collection through in-house or external collection agencies. DDM is different from most of its peers due to our business model, which is based on outsourcing debt collection to external collection agencies and our in-house technology platform.

BUSINESS MODEL

The acquiring and managing of debt and the subsequent collection on debts, together the distressed assets industry, is an integral part of the finance and credit systems. As an experienced investor and manager DDM understands the sellers' demands and expectations. In combination with a strict ethical approach throughout the process, DDM has in just a few years gained a strong reputation within this growing industry and enjoys strong business relationships with sellers, mainly major banks and other financial institutions in the countries in which we are operating.

DDM has created a bespoke and innovative proprietary software system that drives efficiency and productivity, as well as providing significant intellectual property to further provide time and cost-efficient processes. This enables DDM to deliver effective and reliable solutions to assure the sellers' their reputation and successfully manage and support the debt recovery process.

An open dialogue with the debtor is key to reaching an amicable settlement. DDM's goal is to reach mutual understanding of the situation in order to offer an affordable instalment plan for the individual. There are different reasons for each debtor to become delinquent, however the majority want to overcome their difficulties. With a professional approach we are able to resolve their financial condition and the former debtor is again a potential consumer.

Business drivers

Key drivers and trends

The industry is influenced by the general state of the economy in Europe, and regulatory changes of bank capital requirements. In particular the major trends observed are:

- Increased adoption of selling loan portfolios
- Introduction of the third Basel accord (Basel III)
- Implementation of regulations (European Central Bank's Asset Quality Review, "Vienna" initiative and Comprehensive assessment by the ECB)
- Improved portfolio pricing
- Creation of "bad banks"

The first trend observed is that banks continue to strengthen their balance sheets, by deleveraging and cutting costs, in order to improve their capital adequacy ratios and cash positions. Although the NPL market is still quite small and still in its infancy, the increased amount of transactions depict an apparent trend that the market is developing.

Furthermore, there are several benefits that banks can capture through loan portfolio sales, which promote further adoption: by enabling them to focus on their core business, reducing reputational risks and ensuring correct treatment of customers through professional debt collection. The attractiveness for investors has also increased as banks have started to show a willingness to work with small and medium sized enterprises by dividing and selling their portfolios in smaller pieces.

Competition overview

Although the scenario varies somewhat between the different countries, the Eastern European NPL markets offer substantial opportunities for growth as they remain less developed than their Western counterparts, while lending operations increasingly resemble those in more developed markets. Competitors include local investors, such as Kruk Group in Poland and Romania and Svea Ekonomi in Hungary, international investors in NPLs, including Intrum Justitia, Lindorff and EOS Group; as well as larger international financial institutions, such as B2Holding/Ultimo, Deutsche Bank and AnaCap Financial Partners, who have been known to invest in portfolios in som of the markets where we operate on a more opportunistic basis. In contrast to most local and international NPL investors, DDM maintains no proprietary collection operations, but outsources these to specialist local agencies.

BUSINESS MODEL

Long-term targets

OPPORTUNISTIC DEAL SEARCH AND BROADENING OF INVESTMENT SCOPE

DDM's long-term target is to generate shareholder returns, well above industry average, based on an opportunistic deal sourcing of distressed asset portfolios from the core market by acquiring quality portfolios of distressed assets that offer an attractive return over time.

In turn, revenues are to be optimized through careful matching of debtors and collection agencies and systematic follow-up.

STRENGHTENED RELATIONSHIPS

To maintain and grow its returns, the company must acquire new portfolios of distressed debts as these become available. However, such acquisitions are entirely dependent on portfolios being available for purchase and on DDM being able to acquire portfolios that it considers attractive at reasonable prices.

DDM aims to grow its business whilst maintaining rigorous underwriting discipline.

INTERNAL DEVELOPMENT

The funds needed to make our investments can be raised in a number of ways, including by issuing corporate bonds, external loans, issue of shares or cooperation with financial partners.

Although over time we intend to finance our portfolio acquisitions through reinvestment of revenues generated from existing portfolios.

Strategies and activities

INVESTMENT SCOPE

➢ Geographic diversification
DDM is striving for a well-balanced operation in the Eastern European countries to reduce market and currency risk.

➢ Funding
DDM's growth is partly funded by own cash flow and external capital, such as debt and equity.

➢ Co-investors
DDM has strengthened its relationships with international financial institutions, establishing itself as a reliable and capable partner for large investment partners looking for sound business opportunities.

STRONG RELATIONS WITH SELLERS AND DEBT COLLECTION AGENCIES ("DCA's")

➢ Origination channels
DDM operates in a fragmented and highly competitive industry. Strong relations with sellers and collection partners are key. We have established strong relationships with banks and financial institutions to acquire distressed assets.

➢ Managing and supporting DCA's and business partners
DDM is striving to raise the standards of the amicable settlement process, i.e. by implementing realistic repayment plans.

➢ Increase our knowledge and understanding about the credit markets
DDM supports sustainable credit markets by using our broad experience to fine-tune collections methods as well as implement best-practice of the industry.

DEVELOPMENT OF OUR CAPABILITIES

➢ Employees / organization
DDM is dependent on the skills, experience and commitment of its employees.

➢ IT system
Important in order to create and maintain the analytical models to identify changes that originators make in the quality of the asset portfolios that they sell. DDM strives to pay the correct price, reflecting the value of acquired assets and cash flows from operations.

➢ Data management
Database optimization to manage business growth and in the process enabling reduction of database license fees.

The value chain

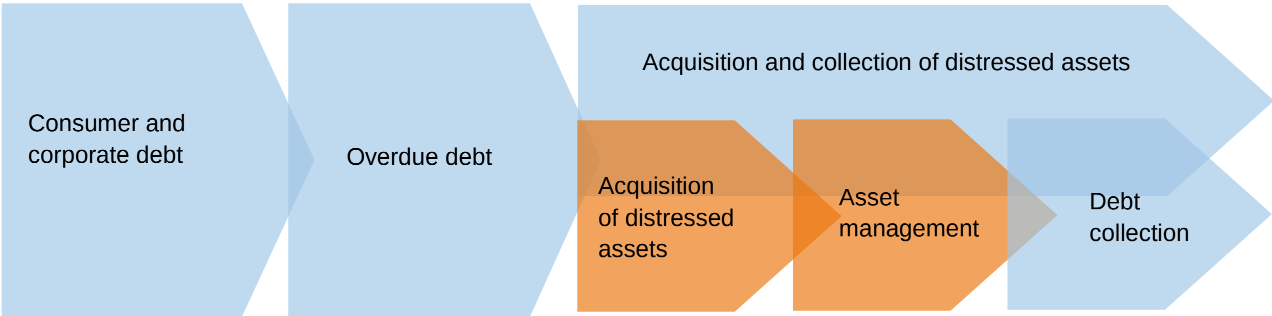
DDM focuses on the most profitable part of the distressed asset value chain – the acquisition and recovery management of large pools of assets mainly sold by financial institutions in Eastern Europe.

DDM's view that Eastern Europe is an immature market, where flexibility, speed in decision-making, and reputation while maintaining standardized processes are key success factors. As a result, Eastern Europe presents an interesting potential, as the adoption of selling loan portfolios is a relatively new and increasing feature.

Below an illustration of the value chain with DDM key activities marked in orange. To be successful in the acquisition process, DDM has developed state-of-the-art processes for analysis, pricing and management of the acquired portfolios based on the team's deep industry experience.

To manage the acquired portfolios, DDM's strategy to partner up with a multitude of outsourced collection agencies in each local market has been introduced, in order to optimize collections from each portfolio. These processes are built into DDM's proprietary IT system FUSION, either as business rules or as an automated process. As a result of DDM outsourcing the collection process, the Company can select the best-suited collection agency for a specific group of receivables.

Overview of the value chain – DDM's activities are marked in orange.



Acquisition of distressed assets

Historically, banks have sold loan portfolios in larger chunks, which require significant resources available for investment and capacity to hold the portfolio for the duration between investment and collection. Although banks have started to split these in smaller portions, the business experiences idiosyncratic risks, which promotes the need for enterprises to invest heavily in different prospects for diversification purposes.

As a reference on the cost and size of portfolios, DDM typically targets portfolios with an investment value of EUR 3-30M. In addition to having access to capital, enterprises engaged in loan portfolio transactions need to have the knowledge and resources to evaluate potential prospects to be successful. This holds especially true during the turmoil associated with recessions, where increase in NPLs drive portfolio prices down, while at the same time increasing the risks of not being able to collect the outstanding debt. To address this issue, advanced integrated systems are used to evaluate loan portfolio attractiveness.

Asset management

DDM manages this through its unique IT system called FUSION. One of the most critical factors when acquiring portfolios is that enterprises must have access to an efficient collection process, which includes correct and ethical treatment of debtors, since selling banks and financial institutions are concerned about maintaining their reputation and relationship with clients, as well as debtors. Consequently, this implies that even though an enterprise has the required cash and enough knowledge to enter the industry, it may prove impossible to actually acquire and initiate a relationship with selling financial institutions if unable to ensure that it can handle debtors appropriately.

DDM has a strong network of well-reputed collection agencies in all countries where the Company operates.

Our processes

When DDM is presented with an opportunity to acquire a portfolio, an analysis of the available data is performed and an indicative price is calculated. Typical data requested includes:

- Outstanding principal, interest and fees amount per debtor and case, age of debt and monthly payment history per case, debtor contact information, date of birth and other related debtor information, co-debtors and/or guarantor information
- Vendors underwriting standards; historical collection approach and current collection stage (pre-legal, legal, etc.), number of ongoing instalment programs
- Potential information about collaterals or other securities and related values.

With the above input data, an analysis is performed with emphasis on:

- Checking all of the data, searching for and reconciling inconsistencies
- Considering the key factors affecting success rates in collection, including age and scale of the assets, collateral, bailiff procedures and availability of contact information
- Analyzing the reported recovery rates, looking for trends, inconsist-encies and potential to improve
- Considering what collection strategy has been applied, and for how long
- Taking existing payment plans into account and how they have been serviced.

Based on this analysis, we evaluate the portfolio and produce a forecast for future collections on case level. Key factors include:

- Conducting scenario analysis (i.e. best case, worst case) based on notional decay rates in the value of a portfolio, based on collection history as well as internal and external benchmarks
- Enhancing the current collection strategy by applying the best tool and selecting the best agent for every case
- Looking for seasonality, i.e. a predictable change in a time series that recurs or repeats over a one-year period, and applying these in the forecast
- Capturing recurring patterns that could affect the performance of the portfolio (holidays, additional monthly salary/bonuses, tax refunds)

BUSINESS MODEL

Asset acquisition process

In essence, the sales process for a distressed asset portfolio can be conducted as an open tender, direct sales or forward-flow transaction.

Open tender

In an open tender, DDM bids on a particular portfolio offered. Approximately 50 percent of DDM's portfolio acquisitions have been conducted as open tenders (based on acquired nominal value).

Direct sales

In a direct sales process, DDM engages with the seller bilaterally and negotiates tailored terms. Direct sales transactions are generally beneficial for DDM as price transparency and price pressure are generally low, and as they give DDM a greater influence over the final composition of the portfolio and thereby the possibility to tailor it to fit the prevailing investment appetite.

For some sellers of portfolios, the sales process is highly sensitive from a marketing perspective and therefore the seller sometimes prefers to perform sales on a bilateral basis rather than through an open tender. DDM has made a significant part of its past historical investments from such bilateral transactions, something that highlights its deep and extensive contact-network and deal-making capability in its core markets. Approximately 40 percent of DDM's portfolio acquisitions have been conducted as direct sales (based on acquired nominal value).

Forward-flow transactions

In forward-flow transactions, an agreement is made for purchases of portfolios of cases that fill certain criteria on an on-going, regular basis. Forward-flow transactions might be a part of building long-term business relationships, as well as reducing transaction costs. Forward-flow transactions have historically made up approximately 10 percent of DDM's acquisitions, however no such transactions are in place currently.

Portfolio management process

Operating in the distressed asset industry, DDM is aware of the importance of managing its collection-partner relations for various reasons, including but not limited to, protecting the seller's reputation and ensuring correct and ethical debtor treatment as well as data confidentiality.

Referral

As DDM outsources the collections process it can select a collection agency suitable for collection of a particular asset. Stemming from its geographic focus on Eastern Europe and early presence in some of these markets, DDM has strong relationships with top collectors in its markets and knows their relative strengths. Examples of selection criteria of a debt collector include size, age, type and geography of the acquired asset portfolio.

Monitoring

After a portfolio has been placed with a collection agency, DDM monitors the collection performance on a daily basis, in order to optimize the conversion level within the required cost budget and time frame. A daily data file with actions taken is delivered to DDM, which could trigger an immediate action from DDM's side if there is a deviation from the plan.

An additional level of control includes scheduled quarterly on-site visits and an impromptu visit to ensure the highest level of quality of DDM's partner agencies. These visits normally include various evaluation aspects, carefully selected and refined over the course of the past seven years.

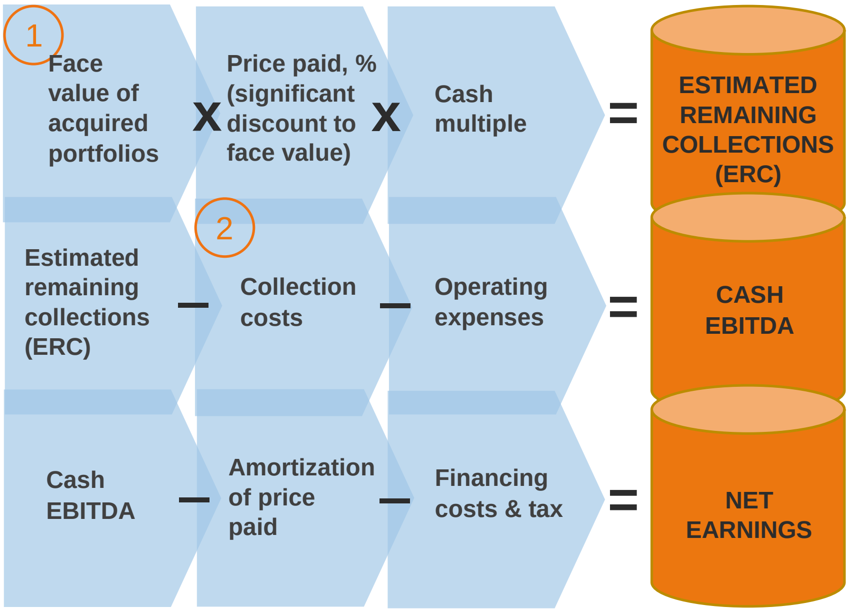
As an ordinary practice, DDM collects various data and information from the agencies. It is a complex and multifaceted process, including a thorough description of daily debtor payments, an in depth description of agency commission, samples of standard process documentation and much more.

BUSINESS MODEL

Illustrative economics

Collections normally start to generate cash flow after a few weeks and cash flows typically peak in the first twelve months of recovery. On average, the acquisition price is recouped within 23 months, pre-commissions. The rate of collections varies with variables such as year of origination, average age, average amount per case, type of underlying product and previous treatment.

DDM's business model can be explained in a simplified way according to the below.



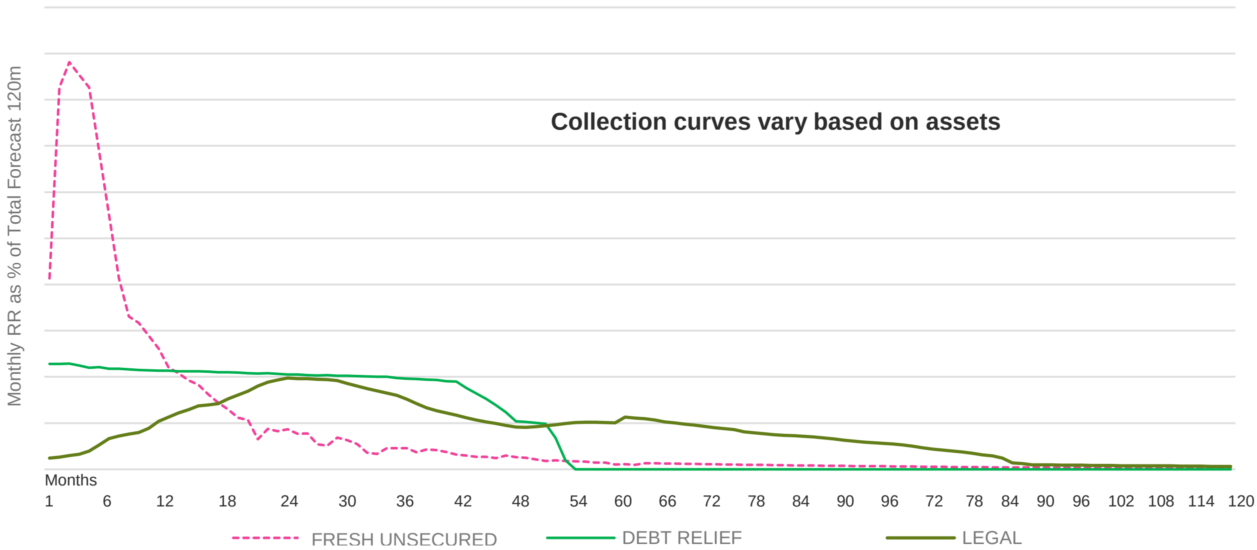
1. The starting point is the face (nominal) value of the acquired asset portfolios times the price paid as a percentage of the price paid, which typically is at a significant discount to the face value. Multiplying the purchase price with the assumed gross cash multiple results in the anticipated future cash flows which equals the gross Estimated Remaining Collections ("ERC"). The gross ERC is the sum of future, undiscounted projected cash collections before commission & fees.

2. If deducting the collection costs (commission & fees) and operating expenses from the gross ERC it results in the Cash EBITDA (net collections less opex in short). Cash EBITDA could also be described as the remaining amount the company has available to pay interest on its debt, if excluding the potential impact of foreign exchange.

If in addition, deducting amortization on the portfolios, financing costs and tax from Cash EBITDA it results in the Net earnings.

Collections on distressed assets are typically forecasted over a 10-year period.

The forecasts are based on a number of factors e.g. whether the acquired receivables are securitized or non-securitized, country of origination, age, gender, time since the last payment and prior payment history of the debtor. Different types of portfolios result in varying collections curve profiles, which can be seen below.



MARKET

Distressed assets in Eastern Europe

Market overview

Banks in Central and Eastern Europe are generally subject to the same driving forces as Western European banks when it comes to selling their distressed assets. These include their need to focus on their core operations and to improve their capital adequacy ratios and cash positions.

According to a recent survey by the consultancy firm PwC, banks across Europe hold EUR 1.9 trillion of unwanted loans. About half of this unwanted pool relates to non-performing loans or NPLs with the other half made up of perfectly good performing loans that do now fit with the strategic focus of the banks.

The reasons that financial institutions are considering their business strategies and concepts for Central and Eastern Europe may vary – based on the markets which they are in or the asset class, or quite simply because the returns they offer in the current market environment given the capital they consume are no longer attractive. These factors have resulted in a shift in strategy by several international banks.

On the back of such shifts in strategies, 2014 was another record year for non-core and non-performing asset transactions in Europe, with over EUR 90 billion completing within the year, according to a recent report by Deloitte. In 2015, transaction levels are expected to have surpassed EUR 150 billion, a fivefold increase since 2013. Western Europe has dominated the European transactions market, however Central and Eastern Europe has recently grown significantly and is expected to be a key market for non-core divestiture in 2016, driven by the European Central Bank's Asset Quality Review and stress test in addition to more active buyers in these regions.

"Western banks may start to rethink their market presence, returning to 'boutique-style' business models"

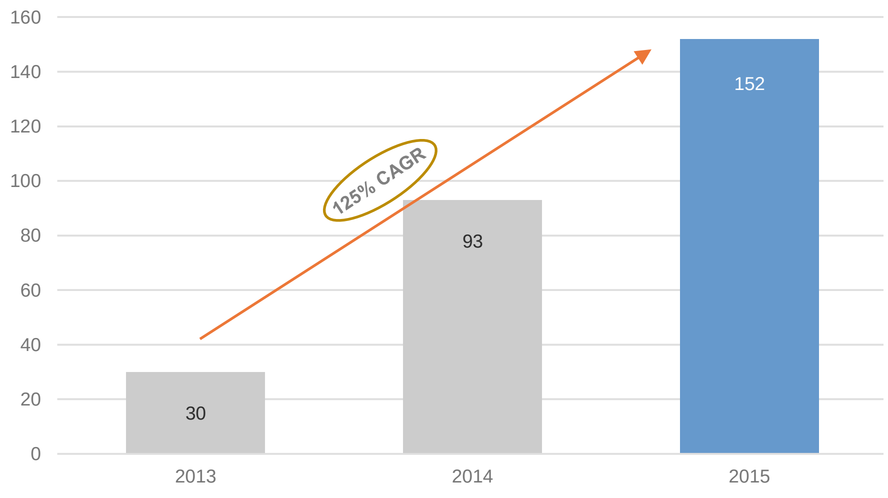
General overview

The Austrian Bank Raiffeisen has monitored the Central and Eastern Europe markets for decades. In a report in June 2015 it highlighted the fact that Western banks may start to rethink their market presence, returning to "boutique-style" business models, in Eastern Europe.

The economic and political development seen in 2014 continued into 2015. Key economic indicators have deteriorated in most countries in the Eastern Europe region feeding into the banking sector performance. However Raiffeisen sees a high-growth potential in Poland, the Czech Republic, Slovakia, Hungary and Romania.

The second theme from 2014 was the Asset Quality Review and stress testing by the European Banking Authority. As a result financial institutions focused on a clean-up of their balance sheets and stricter lending policies that are expected to lead to a decrease in the NPL-ratio in a number of Eastern European countries.

Activity by year, non-core & NPL market estimates, EUR Bn



Sources:
Raiffeisen Research: "CEE Banking Sector Report" (June 2015);
PwC: "European Bank Restructuring and the Investment Opportunity arising in the Secondary Debt Market" (May 2015);
PwC Portfolio Advisory Group: "Market update Q4 2014"; and International Monetary Fund.
Deloitte Portfolio Advisory Group: "Deleveraging Europe, market update H1 2015."

CORPORATE RESPONSIBILITY

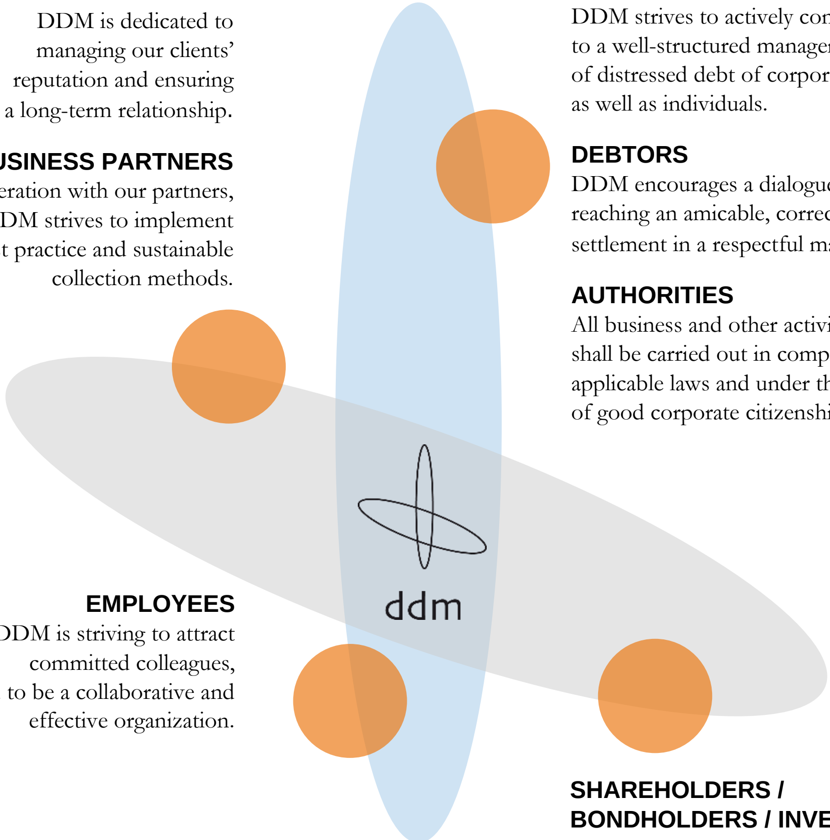
Sustainable economy

Our objective is to provide a pivotal service in a sound and sustainable economy. Our role and position in the value chain enables us to add value for credit providers on the one hand, while alleviating debtors from imminent financial hardship and helping them settle their debts under terms they can afford.

DDM's stakeholders

DDM's overarching goal for corporate responsibility is to build sustainable long-term values together with our key stakeholders.

DDM's primary stakeholders are sellers of distressed assets, employees, debtors, shareholders, investors, business partners, authorities and the local community. These groups are important for our long-term success.



SELLERS
DDM is dedicated to managing our clients' reputation and ensuring a long-term relationship.

BUSINESS PARTNERS
In co-operation with our partners, DDM strives to implement best practice and sustainable collection methods.

EMPLOYEES
DDM is striving to attract committed colleagues, and to be a collaborative and effective organization.

SOCIETY
DDM strives to actively contribute to a well-structured management of distressed debt of corporations as well as individuals.

DEBTORS
DDM encourages a dialogue aimed at reaching an amicable, correct and quick settlement in a respectful manner.

AUTHORITIES
All business and other activities of DDM shall be carried out in compliance with applicable laws and under the principles of good corporate citizenship.

SHAREHOLDERS / BONDHOLDERS / INVESTORS
DDM shall create enduring value for its investors by opportunistic deal sourcing and optimal management of distressed assets.

Our approach to Corporate Responsibility

We seek to be part of a change in the credit market whereby we initiate opportunities for banks and financial institutions to divest their portfolios of distressed assets to better meet new and future regulations regarding capital adequacy. This, in turn, bolsters the stability of the banking sector by helping avoid artificially inflated balance sheets. By doing this, we not only help banks "cut their losses" vis-à-vis distressed assets, we also alleviate them of the burden of managing and collecting on those assets.

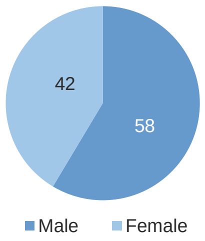
We select partner collection agencies carefully, making sure they apply professional, respectful and ethical methods. We work closely with them to determine which agencies are appropriate for collection on certain assets and what measures are appropriate.

Respectful and ethical treatment of debtors is central to our efforts and the banks who sell their portfolios to us pay considerable attention to correct treatment of their customers. Over the years, we have demonstrated an ability to actively control the measures and processes implemented by the collection agencies.

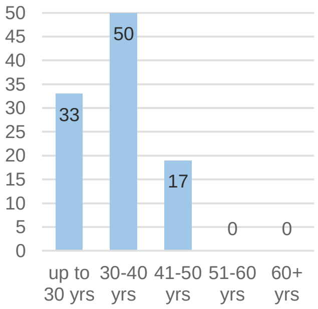
CORPORATE RESPONSIBILITY

Investing in Corporate Responsibility

Employees by gender, %



Employees by age;%



Human resources

DDM Holding Group's head office is located in Baar, Switzerland. The composition of the DDM team reflects the Group's European outreach.

At the end of 2015, DDM employed 24 people (2014: 22). All of our staff are permanently employed. The majority of our employees have an university-level degree or higher. The average age of DDM employees is 35 years (2014: 32).

DDM's policy is to hire the best possible talent and at the same time embracing diversity in all levels in the Group, including the executive management committee, as well as the Board of Directors.

Code of Conduct

DDM Holding AG, its business units and subsidiaries are committed to carrying out business in a sustainable way. According to DDM's Code of Conduct, the DDM Group shall conduct its business in compliance with applicable laws, and under the principles of good corporate citizenship in each country where such activities take place.

DDM offers a platform for economic growth by allowing banks and other financial institutions the opportunity to manage their credit exposure. DDM accepts its responsibility in society by helping businesses and consumers to restructure and optimize their lending and borrowing. The Company strives to maintain the highest legal and ethical standards in all its business practices.

The Environment

Due to the nature of business activities, DDM's most significant impact on the environment is through business travel and the production of material. The Code of conduct is in place to increase employee awareness of environmental issues and complies with relevant regulatory requirements.

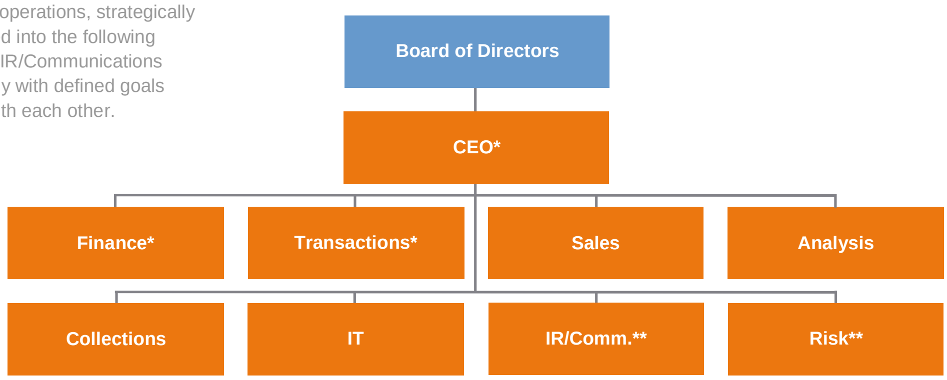
Anti-corruption

No DDM company or any of its employees may, directly or indirectly, promise, offer, pay, solicit, or accept bribes or kickbacks of any kind, including money, benefits, services or anything of value. Such payments and favors may be considered bribery, which violates local legislation and internationally recognized principles for combating corruption and bribery.

Each employee is expected to act responsibly and with integrity and honesty, and to comply with the Company's Code of Conduct and its underlying policies and instructions.

GROUP FUNCTIONS

DDM Holding Group functions, which support both the executive management committee and operations, strategically and in day-to-day operations, are divided into the following teams; Sales, Analysis, Collections, IT, IR/Communications and Risk. The teams work independently with defined goals and coordinate their work in dialogue with each other.



* Member of Executive Management Committee ** Entity reporting to the Board of Directors

BOARD OF DIRECTORS

KENT HANSSON • Board member since 2010 • Chairman of the Board of Directors since 2013 • Chairman of the remuneration committee
Born: 1966 • **Nationality:** Swedish
Education: MBA, Copenhagen Business School
Other current assignments: Chairman of several DDM subsidiaries, Form Health & Design AB (Chairman since 2007)
Previous relevant experience: DDM (Founder and CEO, 2007–2013). Active in Intrum Justitia 1990–2007, holding several senior positions and responsible for setting up and running Pan-European Purchased Debt subsidiary, Intrum Justitia Debt Finance AG
Dependence: Dependent in relation to the Company and its principal owners as a major shareholder
Shareholding*: 2,295,924 shares, of which 225,000 via a wholly-owned company

TORGNY HELLSTRÖM • Board member since 2014 • Member of the audit committee • Member of the remuneration committee
Born: 1958 • **Nationality:** Swedish
Education: Master of Law from Stockholm University and IBM Executive Education with Thunderbird (University of Phoenix)
Other current assignments: Founder and senior management consultant at Ruddex International AB, chairman of the Board of Precise Biometrics AB
Previous relevant experience: Executive positions with Ericsson and IBM. CEO and other management positions at Anoto Group
Dependence: Independent in relation to the Company and its principal owners
Shareholding*: 0 shares

SAVVAS LIASIS • Board member since 2014
Born: 1975 • **Nationality:** British
Education: Bachelor of Arts (Hons) in Politics with Economics and studied for an MSc from City University Business School, London
Other current assignments: Managing Partner and a member of the Elements Capital Investment Committee. Mr. Liasis also holds the position of chairman of the Board of Directors for Alpen Invest management company
Previous relevant experience: Founder and CEO of Easybroker International Ltd
Dependence: Dependent in relation to the Company and its principal owners as a Board member of a major shareholder
Shareholding*: 518,200 shares

MANUEL VOGEL • Board member since 2010 • Member of the audit committee
Born: 1969 • **Nationality:** Swiss
Education: Master degree in economics, University of St Gallen, Ph D in International VAT-Law, Dr. oec., University of St Gallen and certified tax expert
Other current assignments: Board member of several DDM subsidiaries, Board member in several Swiss companies, including but not limited to, IVMP AG and Data JCE AG, owner of Accta Accounting & Tax AG
Previous relevant experience: Previously CFO of DDM. Have had several prior assignments, including responsible for tax and accounting for the Pan-European Purchased Debt Operation at Intrum Justitia (2004–2008) and Partner at a medium-sized fiduciary company, member of the Board of Directors of several Swiss companies
Dependence: Dependent in relation to the Company and its principal owners as a major shareholder
Shareholding*: 1,692,490 shares

FREDRIK WAKER • Board member since 2013 • Chairman of the audit committee
Born: 1966 • **Nationality:** Swedish
Education: Master of Science in Business and Economics, Stockholm University
Other current assignments: Founder, owner and CEO of Wakers Consulting AB. Non-executive Director in private companies and in the Swedish industry association for accounting consultants
Previous relevant experience: A number of assignments as CFO in private as well as listed companies
Dependence: Independent in relation to the Company and its principal owners
Shareholding*: 0 shares

* Shareholding (own and related party holdings) on 31 December 2015

EXECUTIVE MANAGEMENT COMMITTEE

GUSTAV HULTGREN • Chief Executive Officer
Born: 1974 • **Nationality:** Swedish
Employed: 2013
Education: BA (Hons) International Business Administration, European Business School (EBS), London
Other current assignments: CEO of several DDM subsidiaries including DDM Treasury Sweden AB (publ) and CEO of Hungarian regulated entity Finalp Zrt.
Prior assignments (last five years): Creditexpress Ukraine LLC (CEO, 2006–2010), Gutrade LLC (CEO, 2011–2013)
Shareholding*: 225,000 shares

FREDRIK OLSSON • Chief Financial Officer
Born: 1980 • **Nationality:** Swedish
Employed: 2014
Education: Bachelor's degree with major in accounting and finance from University of Lund, Sweden
Other current assignments: CFO of several DDM subsidiaries
Prior assignments (last five years): Finance Manager at LyondellBasell Industries NV, Head of Investor Relations and other management positions at Petroplus Marketing AG
Shareholding*: 90,000 shares

KONSTANTINS BATRAKOVS • Vice President, Head of Transactions
Born: 1983 • **Nationality:** Latvian
Employed: 2012
Education: BSc in Business and Economics, Stockholm School of Economics in Riga, Latvia
Other current assignments: Member of the Board of Finalp Zrt
Prior assignments (last five years): Previously with Big 4 and regional private equity firms working with financial, strategic and valuation advice to industry leading companies and financial institutions
Shareholding*: 0 shares

* Shareholding (own and related party holdings) on 31 December 2015

Share data

Market place: First North, Stockholm

Date of listing: 5 August 2014

Ticker symbol: DDM

ISIN code: CH 0246292343

Currency: SEK

Key data per share

EUR	2015	2014
Earnings before and after dilution	**0.26**	-1.14
Proposed dividend / Dividend	**0.00**	0.00
Number of shares at the year-end	**7,100.000**	7,100,000
Average number of shares – fully diluted	**7,100,000**	5,583,333

Certified Adviser

DDM Holding AG's Certified Adviser on Nasdaq First North is:

Pareto Securities AB, P.O. Box 7415, SE-103 91 Stockholm, Sweden. Telephone: +46 8 402 50 00.

THE DDM SHARE

DDM share and shareholders

Share capital

On 31 December 2015, DDM Holding AG's share capital amounted to CHF 7,100,000 distributed among 7,100,000 shares with a nominal value per share of CHF 1. Each share entitles the holder to one vote and an equal share in the Company's assets and earnings.

DEVELOPMENT OF THE SHARE CAPITAL IN DDM HOLDING AG

Date	Description	Change in the number of shares	Change in share capital	Total number of shares	Total share capital (CHF)	Nominal value (CHF)
16 August 2010	Incorporation	100,000	100,000	100,000	100,000	1
25 July 2012	Ordinary capital increase	132,000	132,000	232,000	232,000	1
10 October 2013	Ordinary capital increase	4,268,000	4,268,000	4,500,000	4,500,000	1
5 August 2014	Ordinary capital increase	2,600,000	2,600,000	7,100,000	7,100,000	1

Shareholders

At the end of 2015 DDM had 131 shareholders. At 31 December 2015, Kent Hansson, founder and chairman of DDM, was the Company's largest shareholder with a holding representing 32.3 per cent of votes and share capital. The three members of the Executive Management Committee held a combined 315,000 shares in DDM at the end of 2015. DDM held 0 treasury shares at the end of 2015.

SHAREHOLDER STRUCTURE PER 31 DECEMBER 2015

Name	Total number of shares	Percentage of capital and votes
Hansson, Kent	2,295,924	32.3
Vogel, Manuel	1,692,490	23.8
Lansdowne	555,000	7.8
Praktikertjänst	530,000	7.5
Alpen Invest	402,500	5.7
Hultgren, Gustav	225,000	3.2
Strategic Investments	185,000	2.6
Element Capital Partners	115,700	1.6
Jones, Colin	100,388	1.4
Olsson, Fredrik	90,000	1.3
Total; top ten largest owners	**6,192,002**	**87.2**
Summary others	907,998	12.8
Total	**7,100,000**	**100.0**

Holdings include direct and indirect holdings. *Sources: Euroclear, SIX and DDM Holding AG*

DISTRIBUTION OF SHARES PER 31 DECEMBER 2015

Number of shares	Number of shareholders	Percentage of total number of shares, %
1 – 1,000	62	0.3
1,001 – 5,000	25	1.0
5,001 – 10,000	11	1.1
10,001 – 50,000	16	4.7
50,001 – 100,000	7	6.9
100,001 – 500,000	6	17.7
500,001 –	4	68.3
Total	**131**	**100.0**

Sources: Euroclear and SIX

Stock option program

DDM has no outstanding stock option program, convertible debentures, warrants or other financial instruments, which would imply a dilutive effect for the holders of shares in the Company. However, it should be noted that the Annual General Meeting 2015 approved the

THE DDM SHARE

Press releases 2015

23 December: DDM provides additional information related to its Hungarian acquisition

22 December: DDM to acquire significant asset in Hungary

23 November: Notice to holders of the DDM Senior Secured Notes

12 November: Interim report January–September 2015

28 September: DDM implements new management structure

20 August: Interim report January–June 2015

12 June: DDM Treasury Sweden AB announces that the noteholders have approved the amendments to its senior secured notes

27 May: Report from Annual General Meeting in DDM Holding AG

26 May: Interim report January–March 2015

18 May: DDM Treasury Sweden AB to request amendments to its senior secured notes and together with DDM Holding AG publishes update on trading outlook

28 April: Notice to attend Annual General Meeting of Shareholders of DDM Holding AG

28 April: DDM Holding AG publishes its Annual Report 2014

28 April: DDM updates financial calendar and communication policy

27 February: Year-end report 2014

9 February: DDM acquires a Hungarian portfolio

Financial calendar 2016/2017

Annual General Meeting 2016:
3 May 2016

Interim report January–March 2016:
12 May 2016

Interim report January–June 2016:
11 August 2016

Interim report January–September 2016:
10 November 2016

Year-end report 2016:
February 2017

2016 Annual Report:
March 2017

creation of conditional capital in the amount of up to CHF 500,000 in order to establish a program for employees and members of the Board of Directors.

Dividend policy and dividend for 2015

Decisions relating to dividend proposals take into account DDM's future revenues, financial position, capital requirements and the situation in general. The Company is at a phase in which exploiting identified opportunities for growth is prioritized. Consequently, shareholders should not expect to receive dividends in the next few years.

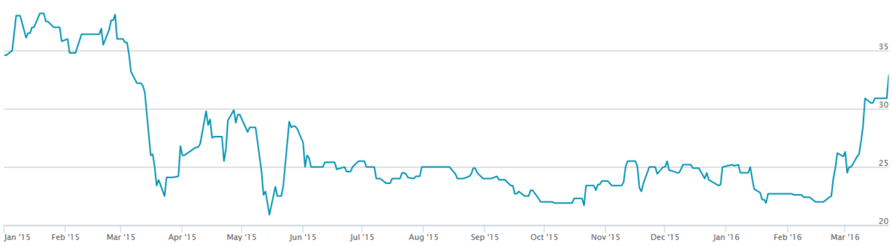
The Board of Directors proposes that no dividend be paid for the 2015 financial year.

Share price and trading

DDM Holding AG's share has been listed on Nasdaq First North Stockholm since 5 August 2014. Opening price on the first day of trading was SEK 50.00. During the period from 1 January to 31 December 2015, 292,457 shares were traded, on average 1,165 shares per trading day.

The highest closing price during the period from 1 January to 31 December 2015 was SEK 38.20 on 21 January and the lowest was SEK 20.90 on 15 May. The share price on 31 December 2015 was SEK 25.00 (last price paid). During the period from 1 January to 31 December 2015, DDM's share price decreased by 28 percent.

SHARE PRICE, 1 JANUARY 2015 – 23 MARCH 2016, SEK



>> *Source: Nasdaq First North*

Communication policy

DDM's communication aims to comply with the laws and regulations applicable in the countries where the company operates and those from which it is managed and in which its shares are traded. Our communications shall be timely, transparent, accurate and fair. Continuity shall be maintained in the manner in which information is published and confidentiality is maintained until such time that an official disclosure is made.

Further information is available to our employees and other concerned parties of the rules and regulations applicable to the dissemination of information by DDM and the special requirements imposed on persons who are active in a listed company with regards to, e.g. price-sensitive information. In this context, DDM has also established routines for handling the dissemination of information yet to be made public (commonly referred to as a logbook). These can include insiders, but also other individuals who have insider information without being registered as insiders.

More details available on the Company's website >>

Quiet periods

DDM's quiet period starts at least 20 days prior to publication of the year-end or interim report, and ends on the day of the report. During this period, the Company will not comment on its financials. Exceptions from this rule can be made in order to correct obvious errors or inaccuracies. Investor Relations will respond to questions related to press releases issued during this period.

General Framework

The aim of corporate governance is to ensure that DDM is managed as effectively as possible in the interest of its shareholders, but also in compliance with the rules required by legislators and the Nasdaq First North Rulebook.

This Corporate Governance report explains the principles of management and control at the highest level of the DDM Group.

The information contained in this report for the financial year 2015 is valid as at 31 December 2015, unless stated otherwise. The principles and rules on corporate governance in DDM Holding AG are laid down in the articles of association (the "Articles"), the Business Rules for the Board of Directors (the "Board Rules") and the regulations of the Board of Directors' committees.

Corporate Governance

DDM Holding AG (or the "Company") is a Swiss Company whose shares are admitted to trading on a multilateral trading facility, the Nasdaq First North in Stockholm, Sweden. Thus, the corporate governance of DDM aims to be in line with the Swiss and the Swedish rules and regulations, as further described below.

Implementation of the Minder Ordinance

On 3 March 2013 a Swiss referendum adopted the federal popular initiative "Against excessive salaries" (Gegen die Abzockerei). The Swiss government (Federal Council) provisionally implemented the new constitutional article on 1 January 2014 by bringing the Ordinance Against Excessive Compensation at Listed Companies (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, the "VegüV") into force. The VegüV only applies to companies listed on a regulated market. Given that Nasdaq First North in Stockholm is not a regulated market as defined in EU legislation, DDM has not implemented the VegüV.

The Swedish Code of Corporate Governance

The revised Code is applicable as of 1 November 2015. The Code applies to all companies with shares listed on a regulated market in Sweden, currently Nasdaq Stockholm and NGM Equity. Non-Swedish companies listed on a regulated market in Sweden may opt to follow the applicable corporate governance code in the country where the company is domiciled. The Code shall be fully applied from the time the company's shares are accepted for trading. Although being a Swiss company and not listed in the main market yet, DDM aims to observe applicable rules in the Code.

Governance of the DDM Group

DDM Holding AG (CHE-115906312) is a company incorporated under Swiss law on 16 August 2010, with its legal seat in Baar, canton Zug, Switzerland. DDM currently has eight subsidiaries, all of which are wholly-owned. DDM Treasury Sweden AB (publ) is the issuer of the corporate bonds, issued in June 2013 and in September 2013.

The purpose of corporate governance is to ensure that the Company is managed as effectively as possible in the interests of the shareholders, but also that DDM Holding AG complies with the rules required by legislators and the stock exchange, among other things in the form of corporate governance.

In addition to compliance with rules and regulations, DDM Holding AG applies internal governance instruments, such as the Company Handbook, together with policies in a number of areas such as DDM's Code of Conduct with which all employees must be familiar and in accordance with which they must conduct themselves.

Articles of Association

According to the Articles, the purpose of DDM Holding AG is to purchase, sell and manage participations in other companies, their administration and financing.

For further information see the Articles section on the Company's website >>.

Shareholders' Meetings

General

The shareholders' rights to resolve on company matters are exercised at the shareholders' meeting. An ordinary shareholders' meeting is to be held yearly within six months following the close of the business year. It is called by the Board of Directors or, if necessary, by the auditors.

Extraordinary shareholders' meetings may be called by the Board of Directors, the liquidators or the auditors as often as necessary to safeguard the interests of the Company. Shareholders' meetings are held at the domicile of the Company or at such other place as the Board of Directors shall determine.

CORPORATE GOVERNANCE

The Board of Directors, the CEO and the Management team, which assists the CEO, are responsible for the DDM Holding Group's administration and operations.

The shareholders' meetings will be held in English and information and material will be available in English only. The minutes from shareholders' meetings will be published on DDM's website.

Right to attend shareholders' meetings
All shareholders (i) who hold their DDM Shares through SIX SIS AG must be registered in the share register of DDM with voting rights or (ii) who hold their DDM shares through Euroclear Sweden AB must be registered in the register of shareholders kept by Euroclear Sweden AB and obtain an admission card from DDM in order to be entitled to attend the shareholders' meeting and vote according to the number of DDM shares they hold.

Shareholders may attend shareholders' meetings in person or through a proxy. Shareholders may register for shareholders' meetings in the ways described in the meeting convening letter.

Notice of shareholders' meetings and shareholder initiatives
Notice of a shareholders' meeting is given by means of a publication in the Swiss Commercial Gazette or by letter to the shareholders of record as well as through a press release. Between the day of the publication or the mailing of the notice and the day of the meeting there must be a time period of not less than 20 calendar days. The notice of the shareholders' meeting must indicate the agenda and the motions. The notice will also be published on DDM's website.

Stating the purpose of the meeting and the agenda to be submitted, one or more shareholders representing at least ten percent of the share capital may request the Board of Directors, in writing to call an extraordinary shareholders' meeting. In such case, the Board of Directors must call a shareholders' meeting in due course.

The Annual General Meeting 2015
At the end of 2015, DDM had 131 shareholders (end of 2014: 141) and the biggest single shareholders were Kent Hansson (chairman and founder of DDM), Manuel Vogel (board member of DDM) and Lansdowne. For further information on the DDM shareholder structure, see pages 20–21 of the Annual Report and DDM's website >>.

The Meeting resolved, amongst other things, to re-elect all of the Members of the Board and to re-elect Kent Hansson as the Chairman of the Board. The Meeting further resolved:

- That the Board of Directors' remuneration shall amount to the maximum aggregate amount of CHF 900,000 until the AGM 2016.
- Adoption of the balance sheet and profit and loss accounts.
- Discharge from liability for the Board of Directors and CEO.
- To amend the Company's articles of association as follows:
  a) to create authorized capital in the amount of up to CHF 3,550,000 (equivalent to 3,550,000 shares), that the authorization be limited to two years;
  b) create conditional capital in the amount of up to CHF 500,000 in order to establish a share purchase plan for employees and members of the Board of Directors; and
  c) that the term of office of the members of the Board of Directors be reduced to one year
- That no dividend is paid for the 2014 financial year.
- To re-elect PricewaterhouseCoopers AG, Luzern, as the Company's Independent Auditors until the next AGM, and that auditors' fees are payable in accordance with approved account, on the customary debiting terms.

The 2016 Annual General Meeting will be held on 3 May in Zug, Switzerland.

The Board of Directors

The Board of Directors is appointed by DDM Holding AG's owners to bear ultimate responsibility for the Company's organization and the management of the Company's affairs in the best interests of both DDM Holding AG and the shareholders.

The composition of the Board of Directors is set out in section "Board of Directors" on page 18 in this Annual Report and the members of the Board were elected by the Shareholders' Meeting for a term of office expiring at the Annual General Meeting 2016.

DDM's Board of Directors shall, under the provisions of the Articles of Association, comprise a minimum of one member, elected by the Annual General Meeting. The Board of Directors, which is elected for one year at a time, has comprised five members, all elected by the Annual General Meeting. The Board of Directors constitutes itself, as set out in the Articles.

Kent Hansson is Chairman and Manuel Vogel is deputy Chairman. DDM's Chief Executive Officer and Chief Financial Officer also usually attends the Meetings on behalf of the Executive Management Committee. Other members of the Group management and other executives may also attend and present reports on individual issues as required.

Re-election is permitted. The term of office of a member of the Board of Directors will, however, end irrevocably on the date of the Annual General Meeting following the 70th birthday of the particular member of the Board of Directors.

The Board of Directors is entrusted with the ultimate management of the Company, as well as with the supervision and control of the management.

The Board of Directors is the ultimate executive body of the Company and shall determine the principles of the business strategy and policies. The Board of Directors shall exercise its function as required by law, the Articles and the Board Rules.

The Board of Directors shall be authorized to pass resolutions on all matters that are not reserved to the general meeting of shareholders or to other executive bodies by applicable law, the Articles or the Board Rules.

By Swiss law, the Board of Directors has the following non-transferable and inalienable duties:

a) The ultimate management of the Company and the issuance of the necessary directive;
b) The establishment of the organization;
c) The structuring of the accounting system and of the financial controls as well as the financial planning insofar as this is necessary to manage the Company;
d) The appointment and removal of the persons entrusted with the management and representation of the Company;
e) The ultimate supervision of the persons entrusted with the management, in particular in relation to compliance with the law, the Articles, regulations, charters and directives;
f) Preparation of the business report consisting of the annual financial statements and consolidated financial statements;
g) The preparation of the general meeting of shareholders of the Company and the implementation of its resolutions;
h) Notification to the judge in case of a capital loss ("Unterbilanz") of the Company and in case of over indebtedness ("Überschuldung"; art. 725-725a CO); and
i) Preparation of the remuneration report.

By Swiss law, the Board of Directors also has the following non-transferable competencies: Decisions in connection with capital increases pursuant to art. 651a, 652g, 653g CO (acknowledgement of capital increase) and art. 651 IV CO (increase of share capital in the case of authorized capital); decisions pursuant to art. 634a I CO (shares not fully paid in) and resolutions pursuant to the Swiss Merger Act.

The Board of Directors held 13 meetings in 2015.

Board of Directors attendance*

	Attendance 2015		
Elected by the AGM 2015	Board meetings	Audit Committee	Remuneration Committee
Kent Hansson	13/13	–	5/5
Torgny Hellström	13/13	4/4	5/5
Savvas Liasis	9/13	–	–
Manuel Vogel	12/13	4/4	–
Fredrik Waker	13/13	4/4	–

The Board's committees

The overall responsibility of the Board of Directors cannot be delegated, however the Board may, within itself, set up committees which prepare, follow up on and evaluate issues within their respective spheres ahead of decisions by the Board. The Board has, as of March 2015, set up an Audit Committee and a Remuneration Committee. The Committees' members are appointed at the Board Meeting following election held after the Annual General Meeting and their work is governed by the Committees' formal work plans and instructions.

Audit Committee

The Audit Committee prepares a number of issues for consideration by the Board and thereby supports the Board in its endeavors to fulfil its responsibilities within the areas of auditing and internal control and with assuring the quality of DDM's financial reporting. The Audit Committee meets before the publication of every financial report, and as necessary. The Audit Committee comprises Fredrik Waker (Chair), Torgny Hellström and Manuel Vogel. The Committee members have specialist competence, experience of and interest in finance and accounting issues – see Directorships and previous positions, page 18. The Committee's meetings are also attended by DDM's CFO. The Committee met four times in 2015. Special attention was paid in 2015 to the auditors' reviews, the status of internal controls, IT security, the acquisitions in Hungary and the procurement of audit services.

The Audit Committee works on the basis of a set of "Instructions for the Audit Committee" adopted every year by the Board of Directors and reports back to the Board on the results of its work.

Remuneration Committee

The Remuneration Committee submits proposals for resolution by the Board regarding salary and other terms of employment for the CEO, and follows up on and evaluates CEO performance as well as programs for variable remuneration for the management. The Committee also approves proposals regarding salaries and other terms of employment for the Executive Management Committee, as proposed by the CEO. The Remuneration Committee is, furthermore, tasked with submitting proposals regarding remuneration principles for the CEO and Executive Management Committee – proposals which are then submitted to the Board. The application of the guidelines and relevant remuneration structures and levels within the Company is also followed up by the Committee.

The Remuneration Committee works on the basis of a set of "Instructions for the Remuneration Committee" adopted every year by the Board of Directors and reports back to the Board on the results of its work. The Remuneration Committee comprises Kent Hansson (Chair) and Torgny Hellström. The Committee has held five meetings during the year and had telephone contact on a number of occasions.

Internal governance systems

The most important internal steering instrument consists of the Articles that are adopted by the general meeting of shareholders. For the purpose of handling specific matters and exercising better supervision of DDM, the Board of Directors established an Audit Committee and a Remuneration Committee in March 2015.

Other steering instruments include the Board Rules and the Board of Directors' instructions for the CEO. In addition, the Board of Directors has adopted, as per April 2015, a number of policies and instructions containing rules, including but not limited to: Code of Conduct, Communication Policy, Insider Policy and Guidelines, Policy for Risk Control, Finance Policy, Outsourcing Policy, Information Security Policy, and HR Policy for the entire Company's operations. These policies are evaluated annually.

Individuals with an insider position

The members of the Board of Directors, the Executive Management Committee, the Company's auditor, a number of employees/contract personnel in DDM and individuals with certain functions in the Company's subsidiaries, who have a position that can normally be assumed to provide access to non-published share price sensitive information, have been registered as insiders in DDM. These individuals are obligated to report changes in their holdings of financial instruments in DDM or DDM Treasury Sweden AB.

DDM upholds a logbook of individuals who are employed or contracted by the Company and have access to insider information relating to the Company. These can include insiders, as well as other individuals who have insider information without being registered as insiders.

External auditor

The Annual General Meeting 2015 appointed Pricewaterhouse Coopers AG (Werftestrasse 3, CH-6002 Luzern, Switzerland) as the independent auditor until the Annual General Meeting 2016.

Norbert Kühnis, born 1971, is the auditor in charge. Norbert Kühnis is a certified accountant and member of the Swiss Institute of Certified Accountants and Tax Experts.

RISK FACTORS

Investment in DDM shares is associated with a number of risks.

Numerous factors affect or may affect our operations, both directly and indirectly. Risk factors and major circumstances deemed to be of importance for DDM's business and future development are described on the right in no particular order of priority and without claim to be exhaustive.

Risk awareness and management is an integral part of all employees' roles and responsibilities.

Albeit having a continuous process for monitoring risk, other risks as yet unknown to us, or which we at present deem to be insignificant, may in the future have a pronounced adverse effect on DDM's business, financial position or profits.

Market, financial and business related risks

DDM's financial performance is affected by borrower credit quality which is influenced by general economic conditions. Risks arising from changes in credit quality and the recoverability of loans are inherent in our business. Adverse changes in the credit quality of the debtors arising from a general deterioration in economic conditions or interest rates, unemployment or changes in house prices, could affect the recoverability and value of DDM's assets and require an increase in DDM's loan loss charge and other provisions in relation to acquired assets.

Inability to collect debts

DDM may not be able to collect debts contained in its acquired portfolios. DDM acquires asset portfolios at a deep discount to face value and collects the outstanding debt. There is a risk that assets contained in our portfolios cannot eventually be collected by us or our partners. The risk in this business is that DDM upon acquisition would overestimate the ability to collect amounts, underestimate the costs of collection or misjudge whether the acquired assets are valid, existing and enforceable. If DDM were to become unable to collect the expected amounts contained in its portfolios, our operations, financial position and results may adversely impacted.

The asset acquisition industry is competitive

DDM operates in a fragmented and highly competitive industry. Moreover, many larger sellers retain multiple debt management service providers which exposes DDM to continuous competition in order to remain a credible acquirer. There is a risk that we will not be able to compete successfully with our existing or future competitors, and a failure to do so may adversely impact our operations, financial position and results.

Regulatory risk

Changes in the regulatory environment could affect the profitability of the industry. DDM could be affected by changes in legislation in each of the countries in which we are active, and on a European level. A more debtor-friendly legislation may adversely impact DDM's operations, financial position and results.

Employees

DDM's future success depends largely on the skills, experience and commitment of our employees. Therefore it is important for DDM's future business activities and development that it is able to retain and, where necessary, also recruit skilled employees. If we should become unable to retain or recruit suitable employees it could adversely impact our operations, financial position and results.

DDM may not be able to collect sufficient amounts on our asset portfolios to fund our operations

Because of the length of time involved in collecting non-performing debt on acquired asset portfolios, DDM may not be able to identify economic trends or make changes in our acquiring strategies in a timely manner. This could result in a loss of value in a portfolio after acquisition. Analytical models may not identify changes that originators make in the quality of the asset portfolios that they sell. If DDM overpays for asset portfolios, and thus the value of acquired assets and cash flows from operations are less than anticipated, we may have difficulty servicing our debt obligations and may not be able to acquire new asset portfolios, and DDM's operations, financial position and results will be adversely impacted.

There may not be a sufficient supply of assets, or appropriately priced assets, to acquire

The availability of asset portfolios at prices that generate profits depends on a number of factors, many of which are outside of DDM's control. If originators choose to rely more heavily on collection agencies, there would be a reduction in the availability of assets that are early in the financial difficulty cycle and have had little or no exposure to collection activity. These "fresher" assets typically have higher collection expectations. If originators were to perform more of their own collections, or were to further outsource collections to collection agencies, the volume of asset sales or the quality of assets sold could decrease and consequently, DDM may not be able to buy the type and quantity of assets at prices consistent with its historic return targets.

If DDM is unable to acquire non-performing asset portfolios from originators at appropriate prices, or if one or more originators stop or decrease their sale of non-performing asset portfolios, the Group could lose a potential source of revenue and its business may be harmed. If DDM does not continually replace serviced asset portfolios with additional portfolios, our operations, financial position and results will be adversely impacted.

It can take several years to realize cash returns on investments in asset portfolios

It is not unusual to take several years for entities of DDM to recoup the original acquisition price of investment in asset portfolios after taking into consideration direct and indirect operating costs, financing costs, taxes and other factors. During this period, significant changes may occur in the economy, the regulatory environment or DDM's business or markets, which could lead to a substantial reduction in expected returns or reduce the value of the asset portfolios that have been acquired.

The seasonality of the Group's business may lead to volatility in cash flow

DDM's business depends on the ability to collect on asset portfolios. Collections within portfolios tend to be seasonal. Conversely, collections within portfolios tend to be lower in months where there are fewer working days, for example months with public holidays. Operating expenses are higher following months where there are more volumes of accounts acquired. Furthermore, the acquisition of asset portfolios is likely to be uneven over the course of a year due to the fluctuating supply and demand within the market. The combination of seasonal collections and uneven servicing costs and acquisitions of asset portfolios may result in low cash flow at a time when portfolios appropriate for acquisition become available. A lack of cash flow could prevent DDM from acquiring asset portfolios that it would otherwise acquire as they become available, which could adversely impact DDM's operations, financial position and results.

DDM is subject to fluctuations in foreign exchange rates

DDM's revenue on invested assets is denominated mainly in Romanian leu, Hungarian forint and euro while we report the financial results in euro. Further, DDM acquires portfolios with accounts denominated in mainly Romanian leu, Hungarian forint and euro and will service these accounts through the placement and collections process. Also, DDM is to a large extent funded by notes issued in Swedish krona. DDM may further be exposed to additional currencies as a consequence of geographically expanding its business operations. Any change in the exchange rate between these currencies will affect the Company's Financial Statements when the results of its portfolios are translated into euro for reporting purposes. The exchange rate between these currencies may fluctuate substantially, which could materially and adversely affect DDM's financial condition, financial returns and results of operations.

Negative attention and news regarding the collection industry, individual debt collectors and sellers of portfolios may have a negative impact on a debtor's willingness to pay debt owed to DDM

Consumers may become more reluctant to pay their debts in full or at all or more willing to pursue legal actions against DDM. Print and television media, from time to time, may publish stories about the collection or asset acquisition industry that may cite specific examples of real or perceived abusive collection practices. These stories can be published on websites, which can lead to the rapid dissemination of the story and increase the exposure to negative publicity about DDM or the industry. Consumers may publish their concerns about the activities of debt collectors and financial institutions and seek guidance from other website posters on how to handle the situation. These websites are increasingly providing consumers with legal forms and other strategies to protest collection efforts and to try to avoid their obligations. To the extent that these forms and strategies are based upon erroneous legal information, the cost of collections is increased. As a result of this negative publicity, debtors may be more reluctant to pay their debts or could pursue legal action against DDM regardless of whether those actions are warranted. These actions could impact our ability to collect on the assets acquired and materially and adversely affect our financial condition, financial returns and results of operations.

DDM may acquire portfolios that contain accounts which are not eligible to be collected or could be the subject of fraud when acquiring asset portfolios

In the normal course of portfolio acquisitions, some assets may be included in the portfolios that fail to conform to the terms of the acquisition agreements and DDM may seek to return these assets to the seller for refund or replacement of new cases. However, there are no guarantee that the provisions of the relevant acquisition agreement allow for such returns, that the seller will be able to meet its obligations or that DDM will identify non-conforming accounts soon enough to qualify for recourse. Each acquisition agreement specifies which accounts are eligible and which are not. Accounts that would be eligible for recourse if discovered in a timely fashion but that DDM is unable to return to sellers are likely to yield no return. If DDM acquires portfolios containing too many accounts that do not conform to the terms of the acquisition agreements or contain accounts that are otherwise uncollectible, we may be unable to recover a sufficient amount and the portfolio acquisition could be unprofitable, which would have a material adverse effect on our financial condition, financial returns and results of operations. In addition, because of fraud by a seller or by one of DDM's employees, DDM could acquire so-called "phantom portfolios" that have been sold to more than one person or where the assets are not valid, existing and enforceable or the debtor is not an existing person. DDM would not be able to collect on a portfolio to which someone else held legal ownership, or would need to spend time and resources establishing its own legal ownership of the portfolio if such ownership was unclear. The internal controls DDM has in place to detect such types of fraud may fail. If DDM is the victim of fraud, we could lose cash or reduce our collections, in either case potentially adversely impacting DDM's operations, financial position and results.

DDM's collections may decrease if the number of consumers becoming subject to personal insolvency procedures increases

DDM recovers on assets that become subject to insolvency procedures under applicable laws, and we also acquire accounts that are currently subject to insolvency proceedings. Various economic trends and potential changes to existing legislation may contribute to an increase in the number of consumers subject to personal insolvency procedures. Under some insolvency procedures a person's assets may be sold to repay creditors, but since the non-performing assets are generally unsecured, DDM often would not be able to collect on those assets. DDM's ability to successfully collect on its asset portfolios may decline with an increase in personal insolvency procedures or a change in insolvency laws, regulations, practices or procedures. If our actual collections with respect to a non-performing asset portfolio are significantly lower than projected when DDM acquired the portfolio, our financial condition, financial returns and results of operations could be adversely affected.

DDM may not be able to successfully maintain and develop its IT or data analysis systems

DDM's IT System, FUSION, provides possibilities to analyze and bid for new investments and manage current assets, and is essential for DDM to carry out its business. IT and telecommunications technologies are evolving rapidly. DDM may not be successful in anticipating, managing or adopting technological changes on a timely basis and may not be successful in implementing improvements of our IT or data analysis systems. The costs for such improvements could be higher than anticipated or result in management not being able to devote sufficient attention to other areas of the Company's business. Also, any security breach in DDM's IT system, or any temporary or permanent failure in the system or loss of data, could disrupt operations and have a material adverse effect on DDM's business, results of operations or financial condition.

Refinancing risk

DDM's business is to a large extent funded by notes with final maturity in December 2018. The notes may, however, under certain circumstances be redeemed by DDM or accelerated by the noteholders prior to such final maturity. There is not necessarily any correlation in time between collecting on sufficient assets under DDM's asset portfolios and the maturity of DDM's funding. Therefore, DDM is dependent on the ability to refinance borrowings upon their maturity and there is a risk that DDM will not be able to successfully refinance the notes upon their maturity or only succeeds in securing funding at substantially increased costs, which may have an adverse impact on DDM's business, financial position and profits.

Tax related risks

DDM manages its operations in a number of countries. The business, including transactions between DDM companies, is operated according to DDM's understanding or interpretation of current tax laws, tax treaties and other tax law stipulations and in accordance with DDM's understanding and interpretation of the requirements of the tax authorities concerned. However, it cannot be ruled out that DDM's understanding or interpretation of the above mentioned laws, treaties and other regulations is not correct in every aspect. Nor can it be ruled out that the tax authorities of the countries concerned will make assessments and take decisions which deviate from DDM's understanding or interpretation of the abovementioned laws, treaties and other regulations. DDM's tax position both for previous years and the present year may change as a result of the decisions of the tax authorities concerned or as a result of changed laws, treaties and other regulations. Such decisions or changes, possibly retroactive, may have an adverse impact on DDM's business, financial position and profits in the future.

DDM IN FIGURES

THE BOARD OF DIRECTORS OF DDM HOLDING AG IS PLEASED TO PRESENT THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2015

This report is dated 30 March 2016 and is signed on behalf of the Board of DDM Holding AG by

Kent Hansson	Gustav Hultgren
Chairman	*Chief Executive Officer*

Please note that all reported amounts in this report are in euro, unless otherwise noted.
The notes on pages 38 to 57 are an integral part of these consolidated financial statements.

FINANCIAL STATEMENTS AND NOTES

DDM HOLDING GROUP

DDM HOLDING AG

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December Amounts in EUR	Notes	2015	2014
Revenue on invested assets	6, 7	**15,926,289**	**5,222,058**
Reconciliation of revenue on invested assets:			
Net collections		*27,507,520*	*14,686,677*
Amortization of invested assets		*(7,426,540)*	*(10,600,351)*
Revaluation of invested assets		*(4,154,691)*	*1,135,732*
Personnel expenses	8	(3,826,928)	(2,704,569)
Consulting expenses	9	(1,206,642)	(1,214,529)
Other operating expenses	10	(778,582)	(880,781)
Other operating income	10	–	1,553,271
Amortization and depreciation of tangible and intangible assets		(147,355)	(146,955)
Operating profit / (loss)		**9,966,782**	**1,828,495**
Financial income	11	30,152	8,331
Financial expenses	11	(5,961,069)	(5,902,204)
Unrealized exchange profit / (loss)	11	(1,706,652)	(2,070,347)
Realized exchange profit / (loss)	11	(426,702)	(282,773)
Net financial income / (expenses)		**(8,064,271)**	**(8,246,993)**
Profit / (loss) before income tax		**1,902,511**	**(6,418,498)**
Tax income / (expense)	12	(54,286)	64,244
Profit / (loss) for the year		**1,848,225**	**(6,354,254)**
Earnings per share before and after dilution	13	0.26	(1.14)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December Amounts in EUR	2015	2014
Profit / (loss) for the year	**1,848,225**	**(6,354,254)**
Other comprehensive income for the year		
Items that will not be reclassified to profit or loss:		
Actuarial gain / (loss) on the defined benefit commitments (pension)	(303,811)	(101,483)
Deferred tax assets on post-employment benefit commitments	12,345	14,526
Items that may subsequently be reclassified to profit or loss:		
Currency translation differences	(61,863)	(144,888)
Other comprehensive income for the year, net of tax	**(353,329)**	**(231,845)**
Total comprehensive income for the year	**1,494,896**	**(6,586,099)**

The notes on pages 38 to 57 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December Amounts in EUR	Notes	2015	2014
ASSETS			
Non-current assets			
Goodwill	20	4,160,491	4,160,491
Intangible assets	21	1,748,213	1,837,778
Tangible assets	19	69,505	21,278
Interests in associates	16	600,000	–
Distressed asset portfolios	17	22,253,808	34,242,475
Other long-term receivables from investments	18	18,306,865	–
Deferred tax assets	25	108,032	130,125
Total non-current assets		**47,246,914**	**40,392,147**
Current assets			
Accounts receivable	15	4,130,762	3,744,399
Other receivables	15	299,955	324,853
Prepaid expenses and accrued income	15	142,181	505,119
Cash and cash equivalents	14	3,391,575	9,000,971
Total current assets		**7,964,473**	**13,575,342**
TOTAL ASSETS		**55,211,387**	**53,967,489**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	27	5,785,676	5,785,676
Share premium	27	10,777,630	10,777,630
Other reserves	27	(547,390)	(194,061)
Retained earnings including net earnings for the year		(7,735,033)	(9,583,258)
Total shareholders' equity attributable to Parent Company's shareholders		**8,280,883**	**6,785,987**
Long-term liabilities			
Loans	23	30,144,539	37,281,679
Post-employment benefit commitments	24	812,178	344,363
Deferred tax liabilities	25	60,161	68,860
Total long-term liabilities		**31,016,878**	**37,694,902**
Current liabilities			
Liabilities to credit institutions (bank overdrafts)	14, 22	–	823
Accounts payable	22	5,757,817	5,248,946
Accrued interest	22	2,519,292	2,363,885
Accrued expenses and deferred income	22	1,011,490	1,872,946
Loans	22	6,625,027	–
Total current liabilities		**15,913,626**	**9,486,600**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**55,211,387**	**53,967,489**

The notes on pages 38 to 57 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December Amounts in EUR	Notes	2015	2014
Cash flow from operating activities			
Operating profit / (loss)		9,966,782	1,828,494
Adjustments for non-cash items:			
Amortization of invested assets	*6, 17, 18*	*7,426,540*	*10,600,351*
Depreciation, amortization and impairment of tangible and intangible assets	*19, 21*	*147,355*	*146,955*
Revaluation of invested assets	*17, 18*	*4,154,691*	*(1,135,732)*
*Other items not affecting cash**		*(16,435,602)*	*(72,638)*
Interest paid		(7,801,487)	(7,925,807)
Interest received		–	375,754
Cash flow from operating activities before working capital changes		**(2,541,721)**	**3,817,377**
Working capital adjustments			
(Increase) / decrease in accounts receivable		(386,362)	(2,415,590)
(Increase) / decrease in other receivables		387,835	(45,024)
Increase / (decrease) in accounts payable		508,871	4,743,274
Increase / (decrease) in other current liabilities		(706,046)	(106,361)
Net cash flow from operating activities		**(2,737,423)**	**5,993,676**
Cash flow from investing activities			
Purchases of distressed asset portfolios and other long-term receivables from investments	17, 18	(2,475,613)	(15,593,485)
Purchases of associates	16	(600,000)	–
Purchases of tangible and intangible assets	19, 21	(106,018)	(286,179)
Net cash flow received / (used) in investing activities		**(3,181,631)**	**(15,879,664)**
Cash flow from financing activities			
Proceeds from issuance of ordinary shares	27	–	2,140,164
Share premium	27	–	10,777,630
Proceeds from issuance of loans	22, 23	1,341,938	12,556
Repayment of loans	23	(969,594)	(7,839,769)
Net cash flow received / (used) in financing activities		**372,344**	**5,090,581**
Cash flow for the year		**(5,546,710)**	**(4,795,405)**
Cash and cash equivalents less bank overdrafts at beginning of the year		**9,000,148**	**14,125,071**
Foreign exchange gains / (losses) on cash and cash equivalents		(61,863)	(329,518)
Cash and cash equivalents less bank overdrafts at end of the year	**14**	**3,391,575**	**9,000,148**

* The majority of the Other items not affecting cash in 2015 relates to the investments in Hungary, where DDM owns the economic benefit of net collections in 2015 from the acquired investments. This is not reflected in the cash flows for 2015 as the economic benefit is offset against the cash purchase price. The investment in Hungary in December 2015 was not paid at the balance sheet date. See notes 3, 5 and 6.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in EUR	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Balance at 1 January 2014		**3,645,512**	**–**	**37,784**	**(3,229,005)**	**454,291**
Comprehensive income						
Profit / (loss) for the year		–	–	–	(6,354,254)	**(6,354,254)**
Other comprehensive income						
Actuarial gain / (loss) on defined benefit commitment	24	–	–	(101,483)	–	**(101,483)**
Currency translation differences		–	–	(144,888)	–	**(144,888)**
Deferred tax assets	25	–	–	14,526	–	**14,526**
Total comprehensive income		**–**	**–**	**(231,844)**	**(6,354,254)**	**(6,586,099)**
Transactions with owners						
New share issue	27	2,140,164	10,777,630	–	–	**12,917,794**
Total transactions with owners		**2,140,164**	**10,777,630**	**–**	**–**	**12,917,794**
Balance at 31 December 2014		**5,785,676**	**10,777,630**	**(194,061)**	**(9,583,258)**	**6,785,987**
Balance at 1 January 2015		**5,785,676**	**10,777,630**	**(194,061)**	**(9,583,258)**	**6,785,987**
Comprehensive income						
Profit / (loss) for the year		–	–	–	1,848,225	**1,848,225**
Other comprehensive income						
Actuarial gain / (loss) on defined benefit commitment	24	–	–	(303,811)	–	**(303,811)**
Currency translation differences		–	–	(61,863)	–	**(61,863)**
Deferred tax assets	25	–	–	12,345	–	**12,345**
Total comprehensive income		–	–	**(353,329)**	**1,848,225**	**1,494,896**
Transactions with owners						
New share issue	27	–	–	–	–	–
Total transactions with owners		–	–	–	–	–
Balance at 31 December 2015		**5,785,676**	**10,777,630**	**(547,390)**	**(7,735,033)**	**8,280,883**

At 31 December 2015 and at 31 December 2014 the number of outstanding shares in DDM Holding AG amounts to 7,100,000 shares.

NOTE 1. GENERAL INFORMATION

DDM Holding AG and its subsidiaries (together "DDM" or the "Company") is an investor in portfolios of distressed assets and other long-term receivables from investments. DDM's customer base consists primarily of international banks with lending operations in Eastern Europe, and the majority of the assets in which DDM has invested originate in Romania, Hungary, Poland, Russia, Czech Republic, Slovakia and Slovenia. The Company is based in the canton of Zug in Switzerland where the majority of its staff is located. The address of DDM's registered office is Schochenmühlestrasse 4, CH-6340 Baar, Switzerland. The Company was founded in 2007 and is listed on Nasdaq First North Stockholm since September 2014, under the ticker DDM.

These financial statements were authorized for publication by the Board of Directors on 30 March 2016.

NOTE 2. BASIS OF PREPARATION

In accordance with Article 962 Swiss Code of Obligation (CO), DDM Holding AG has to prepare financial statements in accordance with a recognised financial reporting standard. The Swiss Federal Council has issued an ordinance defining the IFRS (as approved by the IASB) as a recognised financial reporting standard. DDM Holding AG has evaluated the differences between the IFRS as adopted by the EU and the IFRS approved by the IASB with influence on the DDM group's financial statements, and concluded that there are no material differences.

The consolidated financial statements of DDM Holding AG have been prepared in accordance with IFRS as adopted by the EU. The financial statements have been prepared on the basis of historical cost modified with the revaluation of financial assets and financial liabilities at fair value through profit or loss. Distressed asset portfolios, other long-term receivables from investments and borrowings are measured at amortized cost using the effective interest rate method less impairment.

The financial statements have been prepared on a going concern basis.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are as follows:

Consolidation

The financial statements consolidate the accounts of DDM Holding AG and its subsidiaries.

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.

Entities included in the scope of consolidation	Consolidation method	Domicile	31 Dec 2015	31 Dec 2014
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 X AG	Fully consolidated	Switzerland	(100%)	(100%)
DDM Invest XX AG	Fully consolidated	Switzerland	(100%)	(100%)
DDM Treasury Sweden AB	Fully consolidated	Sweden	(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 for impairment in accordance with the policy described in note 3.

Entities not included in the scope of consolidation	Consolidation method	Domicile	31 Dec 2015	31 Dec 2014
Profinance doo Beograd	Equity accounted	Serbia	(49.67%)	–

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each consolidated entity in DDM Holding AG are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of DDM Holding AG is Euro. The consolidated financial statements are presented in ("EUR") which is the Group's presentation currency. The financial statements of entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows: assets and liabilities at the closing rate on the balance sheet date, equity at historical rates and income and expenses at the average rate for the period (as this is considered a reasonable approximation of the actual rates prevailing on the dates of the individual transactions). All resulting consolidation adjustments are recognized in other comprehensive income as cumulative translation adjustments.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction dates. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than an entities' functional currency are recognized in the income statement in "net financial income / (expenses)".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measured at fair value are included in other comprehensive income.

The following exchange rates were applied:

Exchange rates		31 Dec 2015	31 Dec 2014
Balance sheet (spot rate balance sheet date)	SEK/EUR	0.1088	0.1055
Income statement (average rate)	SEK/EUR	0.1067	0.1082
Balance sheet (spot rate balance sheet date)	RUB/EUR	0.0124	0.0145
Income statement (average rate)	RUB/EUR	0.0150	0.0175
Balance sheet (spot rate balance sheet date)	HUF/EUR	0.0031	0.0032
Income statement (average rate)	HUF/EUR	0.0032	0.0032
Balance sheet (spot rate balance sheet date)	RON/EUR	0.2210	0.2235
Income statement (average rate)	RON/EUR	0.2252	0.2260

Cash and cash equivalents

Cash and cash equivalents include cash deposits held with banks and other short-term highly liquid investments with original maturities of three months or less. Overdrafts are disclosed separately under liabilities and presented as "Liabilities to credit institutions". Please see Note 14.

Financial instruments

In line with IAS 39 "Financial Instruments: recognition and measurement" financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has, for all intents and purposes, transferred all of the risks and rewards of ownership. Financial liabilities are derecognized when the contractual commitment is discharged, cancelled or expires.

Classification, recognition and measurement

At initial recognition, the Company classifies its financial instruments in the following categories:

(i) Financial assets and liabilities at fair value through profit or loss

A financial asset or liability is classified in this category if acquired principally for the purpose of being sold or repurchased in the short-term. Derivatives are also included in this category unless they are designated as hedges. Currently the Company has no financial assets of this kind.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated income statement. Gains and losses arising from changes in fair value are presented in the consolidated income statement under "Other operating income" or "Other operating expenses" in the period in which they arise. Non-derivative financial assets and liabilities at fair value through profit or loss are classified as current except for those expected to be realized or paid beyond twelve months from the balance sheet date.

NOTE 3. SUMMARY OF SIGNIFICANT… continued

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets, with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables comprise trade receivables and cash and cash equivalents and are included in current assets due to their short-term nature. Loans and receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Please see Note 5 and Note 18 for further details. Distressed asset portfolios and other long-term receivables from investments are measured at amortized cost using the effective interest method less impairment, and consist of consumer loans including car loans, cash loans etc.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Impairment of financial assets
On each reporting date the Company assesses whether there is objective evidence that a financial asset (other than a financial asset classified as fair value through profit or loss) is impaired. The objective criteria used to determine impairment include:

a) significant financial difficulty of the obligor;
b) delinquencies in interest or principal payments; and
c) it is likely that the borrower will enter bankruptcy or other financial reorganization.

For equity securities, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If such evidence exists, the Company recognizes an impairment loss as follows:

Financial assets carried at amortized cost
The loss is the difference between the amortized cost of the asset and the present value of the estimated future cash flows discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

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, less provision for 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 Dec 2015	31 Dec 2014
FinAlp Zrt.	Hungary	(100%)	–
Lombard Pénzügyi és Lízing Zártkörűen Működő Részvénytársaság	Hungary	(100%)	–
Lombard Ingatlan Lízing Zrt.	Hungary	(100%)	–
Lombard Bérlet Kft.	Hungary	(100%)	–

Distressed asset portfolios and other long-term receivables from investments are purchased at prices significantly below the nominal amount of the receivables. The Company 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 cost 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 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".

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" (within the line "Revaluation of invested assets").

On each reporting date, the Company 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 future cash flows of the portfolio / receivable that can be estimated reliably.

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 "Revaluation of invested assets").

If the Company 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 line "Revaluation of invested assets").

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 for 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 recognized in connection with disposals of tangible assets are included among administration expenses (within the line "other operating expenses").

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, and that has a finite useful life. "Fusion" is the proprietary IT system that integrates investment data, case data, payment data and activity data into one effective and comprehensive IT system. This asset is capitalized and amortized in the income statement on a straight-line basis over its expected useful life of 20 years.

NOTE 3. ***SUMMARY OF SIGNIFICANT…*** *continued*

(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.

Impairment of non-financial assets
Goodwill is reviewed for impairment annually or at any time if an indication of impairment exists. Management monitors goodwill for internal purposes based on its Cash Generating Units ("CGU") which are its operating segment.

The Company evaluates impairment losses other than goodwill impairment for potential reversals when events or circumstances warrant such consideration. Accordingly, goodwill is assessed for impairment together with the assets and liabilities of the related segment. The Company has only one CGU, which corresponds to the activities of the entire Group.

Tangible and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units or "CGUs").

The recoverable amount is an asset's fair value less costs to sell or its value in use (being the present value of the expected future cash flows of the relevant asset or CGU as determined by management), whichever is higher.

Post-employment benefit commitments
DDM employees located in Switzerland have entitlements under the Company's pension plans which are either defined contribution or defined benefit pension plans. For defined benefit plans, the level of benefit provided is based on the length of service and the earnings of the individual concerned.

The cost of defined contribution pension plans is expensed as the contributions become payable. The cost of defined benefit plans is determined using the projected unit credit method. The related pension liability recognized in the Balance Sheet is the present value of the defined benefit commitment at the end of the reporting period less the fair value of plan assets. Actuarial valuations for defined benefit plans are carried out annually. The discount rate applied in arriving at the present value of the pension liability represents the yield on high quality corporate bonds denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses are recognized in full in the period in which they occur in other comprehensive income without recycling to the Income Statement in subsequent periods. Amounts recognized in other comprehensive income are recognized immediately in retained earnings. Current service cost, the recognized element of any past service cost and the interest expense arising on the pension liability are included in the "Personnel expenses" item in the Income Statement as the related compensation cost. Past service costs are recognized immediately to the extent the benefits are vested and are otherwise amortized on a straight-line basis over the average period until the benefits become vested.

Provisions
(i) Termination benefits
The Company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing benefits as a result of an offer made to encourage voluntary termination. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

(ii) Other liabilities
Provisions for restructuring costs, warranties and legal claims are recognized in other liabilities when the Company has a present legal or constructive commitment as a result of past events; it is more likely than not that an outflow of resources will be required to settle the commitment; and the amount can be reliably estimated.

Provisions are measured at management's best estimate of the expenditure required to settle the commitment at the end of the reporting period and are discounted where the effect is material.

Borrowings
Borrowings from credit institutions and other long-term payables are initially reported at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is reported in the income statement over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Costs to secure financing are amortized across the term of the loan as financial expenses in the consolidated income statement. The amount is recognized in the balance sheet as a deduction to the loan liability. All other borrowing costs (interest expenses and transaction costs) are reported in the income statement in the period to which they refer.

Current and deferred income tax
Income tax comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity in which case the income tax is also recognized directly in other comprehensive income or equity respectively.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. In general deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted as per the balance sheet date and are expected to apply when the deferred tax asset is realized or the liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income tax assets and liabilities are presented as non-current.

Revenue
Revenue on invested assets is the result of the application of amortized cost method (please see Note 5 and Note 6). Under IFRS, revenue is recognized only when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

Share capital
Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Dividend distribution
Dividends on common shares are recognized in the Company's financial statements in the period in which the dividends are approved by the Board of Directors.

Earnings per share
Basic earnings per share are computed by dividing the profit / (loss) attributable to the owners of the Parent Company by the weighted average number of common shares outstanding during the period.

Diluted earnings per share are computed by dividing the adjusted profit / (loss) attributable to the owners of the Parent Company by the weighted average number of common shares outstanding during the period adjusted to include any potential dilutive common shares.

Accounting standards and amendments issued and adopted in 2015
Below is a list of standards/interpretations that have been issued and are effective for periods beginning on or after 1 January 2015:
(i) Amendments to IFRS 8 on operating segments
This amendment requires disclosure of the judgements made by management in aggregating operating segments and clarifies that a reconciliation of segment assets must only be disclosed if segment assets are reported. Effective date: 1 July 2014.

NOTE 3. *SUMMARY OF SIGNIFICANT… continued*

(ii) Amendments to IFRS 13 on fair value measurement
These amendments confirm that short-term receivables and payables can continue to be measured at invoice amounts if the impact of discounting is immaterial. The amendments also clarify that the portfolio exception in IFRS 13 (measuring the fair value of a group of financial assets and financial liabilities on a net basis) applies to all contracts within the scope of IAS 39 or IFRS 9. Effective date: 1 July 2014.

Accounting standards and amendments issued but not yet adopted in 2015
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015 and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Company except the following set out below:

IFRS 9 "Financial instruments" addresses the classification measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014 by the IASB but is not yet adopted by the EU. The standard is effective for accounting periods beginning on, or after, 1 January 2018, but has not been endorsed yet by the European Union. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through the Income Statement.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through the Income Statement with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted.

IFRS 9 will impact DDM as the distressed asset portfolios and other long-term receivables from investments are measured at amortized cost. The impact on the recognition, accounting principles and disclosures is being assessed, however DDM does not expect there to be significant changes to the current accounting treatment as the principle of the amortized cost method will not change significantly.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

NOTE 4. FINANCIAL RISK MANAGEMENT
Risk management is handled by employees and the Executive Management Committee who report to the Board on the basis of the policy adopted by the Board. The Company identifies, evaluates and mitigates financial risks relating to the operating activities of the Company. The Board determines and adopts an overall internal policy for risk management. This policy is divided into different sections addressing specific areas such as currency risk, interest rate risk, credit risk, liquidity risk, purchased debts risk and financing risk. The Company reports to the Board on compliance with and state of the risk policy in terms of the different financial risks.

The Company defines risk as all factors which could have a negative impact on the ability of the Company to achieve its business objectives. All business activity is associated with risk. In order to manage risk in a balanced way it must first be identified and assessed. The Company's risk management is conducted by employees and the Executive Management Committee, and risk is evaluated at systematic level.

The following summary offers examples of risk factors which are considered to be especially important for the Company's future development, but is by no means comprehensive.

(i) Economic fluctuations
The debt collection industry is negatively affected by a weakened economy. However, the Company's assessment is that, historically, it has been less affected by economic fluctuations than many other sectors. Risks associated with changes in economic conditions are managed through ongoing monitoring of each country's economic situation and development.

(ii) Changes in regulations
With regard to risks associated with changes in regulations in its markets, the Company continuously monitors the regulatory efforts to be able to indicate potentially negative effects and to work for favorable regulatory changes. Changes in regulations can lead to a short-term impact on the results, such as deferred collections. However, in the long-term, the operations have historically adapted to the new circumstances.

(iii) Market risks
Market risks consist of risks related to changes in exchange rates and interest rate levels. The Company's financing and financial risks are managed in accordance with the policy established by the Board of Directors. The policy contains rules for managing activities, delegating responsibility, measuring, identifying and reporting risks, and limiting these risks. Operations are concentrated to the Company in Switzerland to achieve efficiencies when pricing financial transactions.

In each country where the Company invests, revenues and most operating expenses are denominated in local currencies. Revenues and expenses in national currency are thereby hedged in a natural way which limits transaction exposure. When the balance sheet positions denominated in foreign currencies are recalculated to the foreign operations functional currency, a translation exposure arises that affects investor value.

Interest rate risks relate primarily to the Company's interest-bearing debt, which consist of a long-term bond (13% interest rate) and a short-term bond (18% interest rate).

(iv) Liquidity risks
The Company has deposited its liquid assets with established financial institutions where the risk of loss is considered remote. The Company's cash and cash equivalents consist solely of bank balances. The Company prepares regular liquidity forecasts with the purpose of optimizing liquid funds so that the net interest expense and currency exchanges are minimized without incurring difficulties in meeting external commitments.

(v) Credit risks
As part of its normal operations, the Company incurs outlays for letter costs, court expenses, legal representation, bailiffs and similar outlays that are necessary for collection to be conducted. In certain cases, these outlays can be passed on to and collected from debtors. In its general course of business, the Company's selected debt collection partners collect funds to specially created accounts before passing the amounts back to the Company. Amounts expected to be recovered from a solvent counterparty are recognized as accounts receivable in the balance sheet.

(vi) Risks inherent in the acquisition of distressed assets
To minimize the risks in this business, caution is exercised in investment decisions. The focus is on portfolios with relatively low average amounts to help spread risks. Purchased debt portfolios are usually purchased at prices significantly below the nominal value of the receivables and DDM Holding AG retains the entire amount it collects, including interest and fees, after deducting costs directly relating to debt collection.

The Company places return requirements on acquired distressed asset portfolios. Before every acquisition, a careful assessment is made based on a projection of future cash flows (collected amounts) from the portfolio. In its calculations, the Company is aided by its long experience in collection management and its scoring models. Scoring entails the individual consumer's payment capacity being assessed with the aid of statistical analysis as well as suggesting the actions needed to achieve optimal returns. The Company therefore believes that it has the expertise required to evaluate these types of distressed assets. To facilitate the purchase of larger portfolios at attractive risk levels, the Company works in cooperation with other institutions. Risks are further diversified by acquiring distressed assets from clients in different countries.

NOTE 4. *FINANCIAL RISK MANAGEMENT… continued*

(vii) Financing risk
DDM Holding AG and its subsidiaries contain a number of financial covenants, including limits on certain financial indicators. The Company'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.

(viii) Capital management
The Company's objectives when managing capital, which correspond to consolidated equity are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

NOTE 5. CRITICAL ESTIMATES AND ASSUMPTIONS IN APPLYING THE COMPANY'S ACCOUNTING PRINCIPLES

The Company undertakes estimates and assumptions concerning future developments. The resulting accounting estimates will by definition seldom equal actual results. The estimates and assumptions entailing a significant risk of a material adjustment to the book values of assets and liabilities within the next financial year are outlined below.

Revenue recognition and measurement of acquired portfolios and other long-term receivables from investments
Distressed asset portfolios and other long-term receivables from investments are financial instruments that are accounted for under IAS 39 and are measured at amortized cost using the effective interest rate method ("EIR"). The effective interest rate method is a method of calculating the amortized cost of a distressed asset portfolio/receivable and of allocating interest income over the expressed life of the portfolio/receivable; the allocated interest income is recorded as revenue on invested assets, in the financial statements. The EIR is the rate that discounts estimated future purchased portfolio cash receipts through the expected life of the purchased portfolio/receivable. The EIR is determined at the time of purchase of the portfolio. When an individual portfolio's/receivable's carrying value is completely recovered, we recognize any subsequent collections as revenue as they are received. The estimation of cash flow forecasts is a key estimation uncertainty fundamental within this critical accounting policy.

Upward revaluations are recognized as income. Subsequent reversals of such upward revaluations are recorded in the revenue line. If such reversals exceed cumulative revenue recognized to date, a provision for impairment is recognized which is reflected as a separate income statement line item.

The portfolios/receivables are reviewed for any possible indications of impairment at the balance sheet date in accordance with IAS 39. Where portfolios/receivables exhibit objective evidence of impairment, an adjustment is recorded to the carrying value. If the forecasted collections exceed initial estimates, an adjustment is recorded as an increase to the carrying value and is included in revenue on invested assets. The estimation of cash flow forecasts is a key estimation uncertainty fundamental within this critical accounting policy. Estimates of cash flows that determine the EIR are established for each purchased portfolio/receivable and are based on our collection history with respect to portfolios/receivables comprising similar attributes and characteristics such as date of purchase, original credit grantor, type of receivable, customer payment histories and customer location. Revaluations of portfolios/receivables are based on the rolling 120-month ERC ("Estimated remaining collections") at the revaluation date. The ERC is updated quarterly using a proprietary model. ERC represents an estimate of the undiscounted cash flows from our distressed asset portfolios and other long-term receivables from investments at a point in time.

The Company estimates that a continuous decrease of net collections by 10% would result in a 10% decrease of the net present value, or carrying value, assuming that the forecasted collection curves remain unchanged. If collections consistently would exceed the originally forecasted amounts by 10%, the net present value, or book value, would be expected to increase by 10%. In addition, if collections would start later than originally forecasted, the net present value, and book value, are expected to be negatively impacted, while be positively impacted should collections start earlier than originally forecasted.

DDM has recognised the acquisition of the shares of Lombard Pénzügyi és Lízing Zártkörűen Működő Részvénytársaság, being the sole shareholder of Lombard Ingatlan Lízing Zrt. and Lombard Bérlet Kft in its financial statements for the year ended 31 December 2015 as the transaction is deemed as virtually closed in 2015. The approval by the National Bank of Hungary (NBH) is the last step in the acquisition process and is deemed to be virtually certain due to a number of factors, including that the competition commission has already approved the transaction and that the acquiring entity and its senior executives has not changed since the Finalp transaction in early 2015. In addition, the NBH has approved the representatives of DDM for the regulated positions. See note 3 for details of the accounting treatment of other long-term receivables from investments.

Goodwill impairment
As also indicated in Note 20, impairment testing of goodwill is performed annually or more frequently if there are indications that goodwill might be impaired. The goodwill was generated in relation to the acquisition of 50% of DDM Group AG in the year 2012. The Company considers that it has only one CGU which the goodwill relates to. Impairment testing is based on key assumptions about the future, although the actual outcome may of course diverge from these.

Useful lifetimes of intangible assets
Group management establishes assessed useful lifetimes and thus consistent amortization for the Group's intangible assets, which include the "Fusion" computer software that was developed in-house in cooperation with external IT consultancy firms, and that has a finite useful life. Useful lifetimes and estimated residual values are tested on each balance sheet date and adjusted when necessary. See Note 21 for recognized values at each balance sheet date for intangible assets.

Assessment of deferred tax assets
Deferred tax assets for tax-loss carryforwards or other future tax deductions are recognized to the extent that it is deemed likely that the deduction can be made against future taxable surpluses. Carrying amounts for deferred tax assets on each balance sheet date are provided in Note 25.

NOTE 6. RECONCILIATION OF REVENUE ON INVESTED ASSETS

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

As the collection procedure is outsourced, the net amount of cash collected is recorded within the line "Revenue on invested assets" in the consolidated income statement.

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	31 December 2015	31 December 2014
Net collections	27,507,520	14,686,677
Amortization of invested assets	(7,426,540)	(10,600,351)
Interest income on invested assets before revaluation	**20,080,980**	**4,086,326**
Revaluation of invested assets	(4,154,691)	1,135,732
Revenue on invested assets	**15,926,289**	**5,222,058**

NOTE 7. SEGMENT INFORMATION

The Company represents a single reportable segment, which consists of one operating segment. The operational and investing activities of the Company are not divided according to geographical regions. The relevant reporting to allocate resources and assess the performance of the Company received on a regular basis by the Chief Operating Decision Maker ("CODM") is based on information consistent with the IFRS reporting. The CODM is considered to be the Board of Directors collectively. Collection information is available for each portfolio and country where the company acquired the distressed assets portfolios and other long-term receivables from investments. The table below presents an overview of revenue on invested assets by currency and by country.

			EUR	
Country	**Currency**		**31 December 2015**	**31 December 2014**
Czech Republic	CZK	Revenue on invested assets	1,064,798	205,983
Czech Republic			**1,064,798**	**205,983**
Hungary	HUF	Revenue on invested assets	15,142,994	–
Hungary			**15,142,994**	**–**
Macedonia	MKD	Revenue on invested assets	(162)	(4,608)
Macedonia			**(162)**	**(4,608)**
	CHF	Revenue on invested assets	238,169	–
	EUR	Revenue on invested assets	330	–
	USD	Revenue on invested assets	2,612	–
Poland	PLN	Revenue on invested assets	(1,535,745)	184,756
Poland			**(1,294,634)**	**184,756**
	EUR	Revenue on invested assets	1,594,346	4,326,860
	RON	Revenue on invested assets	1,249,617	1,462,690
Romania	USD	Revenue on invested assets	(88,879)	(31,237)
Romania			**2,755,084**	**5,758,313**
Russia	RUB	Revenue on invested assets	(1,653,167)	(1,793,452)
Russia			**(1,653,167)**	**(1,793,452)**
Slovakia	EUR	Revenue on invested assets	91,126	23,099
Slovakia			**91,126**	**23,099**
Slovenia	EUR	Revenue on invested assets	(179,750)	847,966
Slovenia			**(179,750)**	**847,966**
Total revenue on invested assets			**15,926,289**	**5,222,058**

The deferred tax assets, the IT software "Fusion", computer hardware and furniture are located in Switzerland, in the Company's country of domicile. There are no other non-current assets located outside Switzerland.

NOTE 8. PERSONNEL EXPENSES

In 2014 the Company acquired accounting services from an external supplier. At the end of 2014 the decision was taken to terminate the agreement with the supplier and bring the accounting function in-house.

EUR	**31 December 2015**	**31 December 2014**
Salary	(2,506,156)	(1,698,789)
Remuneration to key management	(812,945)	(739,852)
Social security expenses	(343,823)	(228,855)
Expenses related to post-employment benefit commitments	(164,004)	(37,073)
Total	**(3,826,928)**	**(2,704,569)**

NOTE 9. CONSULTING EXPENSES

The Company uses third party suppliers for various services such as auditing and legal services. Consulting services are also used when the Company enters new markets and expert advice is needed. In 2014, the Company acquired accounting services from an external supplier. At the end of 2014 the decision was taken to terminate the agreement with the supplier and bring the accounting function in-house. The Company's shareholders have elected PWC as its external auditors in Switzerland and Sweden. The Company successfully listed its shares on Nasdaq First North, Stockholm in August 2014. During this process, expert knowledge was required to meet the requirements of the Nasdaq First North.

EUR	**31 December 2015**	**31 December 2014**
Remuneration to key management	31,341	(387,942)
Consultancy / Service fees	(654,393)	(306,137)
Audit fees	(191,586)	(267,445)
Legal services	(326,387)	(164,805)
IPO related expenses	–	(105,246)
VAT administration	(65,617)	17,046
Total	**(1,206,642)**	**(1,214,529)**

NOTE 10. OTHER OPERATING INCOME / (EXPENSES)

Other operating expenses are expenditure that a company incurs as a result of performing its normal business operations.

EUR	31 December 2015	31 December 2014
Other operating income	–	1,553,271
Total other operating income	**–**	**1,553,271**

In the first six months of 2014, the Company realized a gain of EUR 1.1M when a co-investor decided to exit a distressed asset portfolio. This amount is included in other operating income.

EUR	31 December 2015	31 December 2014
Administrative expenses	(95,925)	(370,222)
IT maintenance	(207,724)	(173,233)
Rental expenses	(129,329)	(108,488)
Other operating expenses	(345,604)	(228,838)
Total other operating expenses	**(778,582)**	**(880,781)**

NOTE 11. NET FINANCIAL INCOME / (EXPENSES)

EUR	31 December 2015	31 December 2014
Bank charges	(30,773)	(11,748)
Interest expense	(5,050,588)	(5,779,966)
Other financial items	(381,510)	(55,017)
Amortization of transaction costs	(498,198)	(55,473)
Realized exchange profit / (loss)	(426,702)	(282,773)
Unrealized exchange profit / (loss)	(1,706,652)	(2,070,347)
Total financial expenses	**(8,094,423)**	**(8,255,324)**

EUR	31 December 2015	31 December 2014
Interest income	29,603	4,467
Other financial items	549	3,864
Total financial income	**30,152**	**8,331**

EUR	31 December 2015	31 December 2014
Total financial expenses	(8,094,423)	(8,255,324)
Total financial income	30,152	8,331
Net financial income and expenses	**(8,064,271)**	**(8,246,993)**

Please see below detailed information about net interest expenses:

EUR	31 December 2015	31 December 2014
Interest on senior bond 13%, 27 June 2013 – 27 December 2018	(4,186,845)	(4,518,913)
Interest on bank loan	–	(203,105)
Interest on junior bond 18%, 30 Sept 2013 – 30 Sept 2016	(599,041)	(620,457)
Interest on other loans	(264,702)	(426,949)
Interest income / (expenses) other	29,603	(6,075)
Total net interest expenses	**(5,020,985)**	**(5,775,499)**

NOTE 12. INCOME TAX EXPENSE

EUR	31 December 2015	31 December 2014
Current tax		
Current tax on profits / (loss) for the year	55,013	64,775
Adjustments in respect of prior years	(27,359)	—
Total current tax	**27,654**	**64,775**
Deferred tax		
Origination and reversal of temporary differences	(82,238)	(68,860)
Adjustments in respect of prior years	—	(27,359)
Adjustment in deferred tax asset in tax value of capitalized loss carryforwards	—	95,687
Total deferred tax	**(82,238)**	**(532)**
Tax income / (expense) in income statement	**(54,584)**	**64,244**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

EUR	31 December 2015	31 December 2014
Profit / (loss) before tax	1,902,511	(6,418,498)
Tax calculated at domestic tax rates applicable to profits in the respective countries	(190,251)	641,850
Tax effects of:		
Effect of different tax rates in other countries	—	–
Tax losses for which no deferred income tax asset was recognized	135,667	(481,389)
Adjustments for previous years and others	—	(96,218)
Tax income / (expense) in income statement	**(54,584)**	**64,244**
The weighted average applicable tax rate was:	10.00%	10.00%

Based on the performance of the Company, management resolved in 2015 to utilize net operating loss carry forwards (an element of deferred tax assets) in the amount of 135,667 euros. Under Swiss law, net operating losses may be carried forward for a period of up to seven years. The deferred income tax has been recognized based on this approach.

NOTE 13. EARNINGS PER SHARE

Earnings / (loss) per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The Company has no ordinary shares purchased by the Company and held as treasury shares. The Company has no convertible preference shares which may be exchanged for ordinary shares.

EUR	31 December 2015	31 December 2014
Profit / (loss) from continuing operations attributable to owners of the Parent Company	1,848,225	(6,354,254)
Total	**1,848,225**	**(6,354,254)**
Weighted average number of ordinary shares	7,100,000	5,583,333
Earnings per share before dilution	0.26	(1.14)
Total potential dilutive shares	—	—
Weighted average number of shares outstanding – fully diluted	7,100,000	5,583,333
Diluted earnings per share	0.26	(1.14)

NOTE 14. CASH AND CASH EQUIVALENTS / BANK OVERDRAFTS

Cash and cash equivalents include the following for the purpose of the consolidated cash flow statement:

EUR	31 December 2015	31 December 2014
Cash and cash equivalents	3,391,575	9,000,971
Liabilities to credit institutions (bank overdrafts)	—	(823)
Total	**3,391,575**	**9,000,148**

On 31 December 2015, DDM was granted a loan of SEK 12,500,000 at 7% interest with a maturity date of 31 December 2016. This loan amount was transferred to a pledged bank account and is to be used for new investments.

At 31 December 2015, the majority of the DDM group bank accounts were held with banks with credit ratings ranging from Aa2 to A1 as rated by Moody's.

NOTE 15. CURRENT RECEIVABLES

EUR	31 December 2015	31 December 2014
Accounts receivable	4,130,762	3,774,399
Less: provision for impairment of trade receivables	–	–
Accounts receivable – net	4,130,762	3,774,399
Prepaid expenses and accrued income	142,181	505,119
Other receivables	299,955	324,853
Total	**4,572,898**	**4,574,372**

The fair value of current receivables approximates their respective carrying value.

EUR	31 December 2015	31 December 2014
Accounts receivable < 30 days	3,996,754	3,254,911
Accounts receivable 31-60 days	67,445	223,019
Accounts receivable 61-90 days	53,432	53,801
Accounts receivable > 91 days	13,131	212,668
Total	**4,130,762**	**3,744,399**

No provision was made for impairment of trade receivables in 2015 (in 2014 there was no provision), as the majority of receivables were settled at the beginning of 2016.

Trade and other receivables are presented in the following currencies:

EUR	Currency	31 December 2015	31 December 2014
Accounts receivable	EUR	247,643	315,829
	RON	248,930	503,240
	PLN	3,363,675	2,262,555
	RUB	95,367	551,756
	Other (USD, MKD, CZK, CHF)	175,147	111,019
Accounts receivable, Total		**4,130,762**	**3,744,399**
Other receivables	Other (USD, MKD, CZK, CHF)	19,321	–
	CHF	280,634	324,853
Other receivables, Total		**299,955**	**324,853**
Prepaid expenses and accrued income	CHF	47,752	103,893
	EUR	55,114	65,151
	RUB	27,267	164,962
	SEK	–	87,337
	Other (USD, RON, PLN)	12,048	87,776
Prepaid expenses and accrued income, Total		**142,181**	**505,119**
Total		**4,572,898**	**4,574,372**

The Group's overall foreign exchange risk is explained in Note 26 "Financial Instruments".

NOTE 16. INTERESTS IN ASSOCIATES

Set out below are the associates of DDM as at 31 December 2015 which are material to the group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

		% of ownership interest		Nature of	Measurement	Carrying amount	
Name of entity	**Domicile**	**2015**	**2014**	**relationship**	**method**	**2015**	**2014**
Profinance doo Beograd	Serbia	49.67%	–	Associate	Equity method	EUR 600,000	–

Commitments and contingent liabilities in respect of associates
There are no contingent liabilities in respect of associates as per year-end 2015 (and 2014).

Summarized financial information for associates
The financial results of Profinance doo Beograd for 2015 were deemed to be immaterial and therefore have not been included in the consolidated financial statements of the DDM group for 2015.

The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not DDM's share of those amounts (except where noted):

EUR	2015	2014
Current assets	2,473,629	–
Non-current assets	314,675	–
Current liabilities	1,631,584	–
Non-current liabilities	696,249	–
Net assets	460,471	–
DDM's share (in %)	49.67%	–
DDM's share of net assets	228,716	–
Goodwill included in the carrying amount	371,284	–
Carrying amount in DDM's financial statements	600,000	–
Profit for the year	60,077	–

The Company tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The goodwill within interests in associates was generated in relation to the acquisition of 49.67% of Profinance doo Beograd in the year 2015. Based on the expected future performance of Profinance doo Beograd, management deem it reasonable not to recognize any impairment in the carrying amount.

NOTE 17. DISTRESSED ASSET PORTFOLIOS

EUR	31 December 2015	31 December 2014
Opening accumulated acquisition cost	**77,950,679**	**62,698,300**
Acquired distressed asset portfolios	2,732,163	17,283,867
Disposal of distressed asset portfolios	(4,057,373)	–
Revaluation in connection with changes in assumptions and projections of future cash flow (including forex differences)	(4,419,581)	(2,031,488)
Closing accumulated acquisition cost	**72,205,888**	**77,950,679**
Opening accumulated amortization	**(43,708,203)**	**(34,584,690)**
Amortization for the period (including forex differences)	(5,913,734)	(9,421,715)
Disposal of distressed asset portfolios	(330,143)	–
Closing accumulated amortization	**(49,952,080)**	**(43,708,203)**
Closing net book value	**22,253,808**	**34,242,475**

We divested a portfolio in Poland in the fourth quarter of 2015 that was not meeting our investment return requirements.

Distressed asset portfolios by currency:

Currency	31 December 2015	31 December 2014
EUR	8,010,575	11,273,239
RON	4,516,209	6,071,272
RUB	3,637,888	9,113,611
CZK	3,214,009	3,185,593
CHF	1,506,148	–
PLN	1,341,323	4,588,915
Other (USD and MKD)	27,656	9,847
Total	**22,253,808**	**34,242,475**

NOTE 18. OTHER LONG-TERM RECEIVABLES FROM INVESTMENTS

In 2015 DDM acquired 100% of the shares in certain legal entities holding leasing portfolios (see Note 3). The fair value of 100% of the equity is immaterial, with the economic substance of the investments being 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.

EUR	31 December 2015	31 December 2014
Opening accumulated acquisition cost	**–**	**–**
Acquired other long-term receivables from investments	19,224,638	–
Revaluation in connection with changes in assumptions and projections of future cash flow (including forex differences)	264,890	–
Closing accumulated acquisition cost	19,489,528	**–**
Opening accumulated amortization	**–**	**–**
Amortization for the period (including forex differences)	(1,182,663)	–
Closing accumulated amortization	(1,182,663)	**–**
Closing net book value	18,306,865	**–**

Other long-term receivables from investments by currency:

Currency	31 December 2015	31 December 2014
HUF	18,306,865	–
Total	**18,306,865**	**–**

NOTE 19. TANGIBLE ASSETS

EUR	Furniture	Computer hardware	Total
Year ended 31 December 2014			
At 1 January 2014	**1,003**	**33,998**	**35,001**
Additions	5,010	6,208	**11,218**
Disposals	–	–	–
Depreciation	(382)	(24,559)	**(24,941)**
Impairment	–	–	–
at 31 December 2014	**5,631**	**15,647**	**21,278**
at 31 December 2014			
At cost	6,989	122,797	**129,786**
Accumulated depreciation	(1,358)	(107,150)	**(108,508)**
Net book value	**5,631**	**15,647**	**21,278**
Year ended 31 December 2015			
at 1 January 2015	**5,631**	**15,647**	**21,278**
Additions	16,519	61,425	**77,944**
Disposals	–	–	–
Depreciation	(3,157)	(26,560)	**(29,717)**
Impairment	–	–	–
at 31 December 2015	**18,993**	**50,512**	**69,505**
at 31 December 2015			
At cost	23,508	184,222	207,730
Accumulated depreciation	(4,515)	(133,710)	(138,225)
Net book value	**18,993**	**50,512**	**69,505**

NOTE 20. GOODWILL

The Company tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The goodwill was generated in relation to the acquisition of 50% of DDM Group AG in the year 2012. The Company considers that it has only one CGU which the goodwill relates to.

The recoverable amount of this CGU is determined from value in use calculations and no impairment has been identified. Value in use is based on pre-tax cash flow projections based on financial budgets approved by management covering a five-year period, discounted to present value by using a pre-tax, market-determined rate that reflects the current assessment of the time value of money and the risks specific to the asset for which the cash-flow estimates have not been adjusted.

The key assumptions for the value in use calculations are those regarding terminal growth rate, gross collections minus commissions and operating expenses. The expected amounts of gross collections minus commissions are determined based on management's past experience along with external sources of information. The pre-tax rate used to discount the forecast cash flows from this CGU is 20%. A terminal growth rate of 3% has been applied.

The same rates are applicable for the goodwill impairment test as of 31 December 2014. In projected net cash flow collections, the recoverable amount calculated based on value in use exceeded the carrying value in 2015. A negative change of the projected net cash flow collection of 25%, or a decrease in the growth rate to 0% would, all changes taken in isolation, not result in the recoverable amount being less than the carrying amount.

At the beginning and end of the financial year the recoverable amount of the CGU was substantially in excess of its book value and therefore management deem it reasonable not to recognize any impairment in the carrying amount for goodwill.

EUR	Goodwill
Year ended 31 December 2014	
at 1 January 2014	**4,160,491**
Additions	–
Disposals	–
Impairment	–
at 31 December 2014	**4,160,491**
at 31 December 2014	
At cost	4,160,491
Accumulated impairment	–
Net book value	**4,160,491**
Year ended 31 December 2015	
at 1 January 2015	**4,160,491**
Additions	–
Disposals	–
Impairment	–
at 31 December 2015	**4,160,491**
at 31 December 2015	
At cost	**4,160,491**
Accumulated impairment	–
Net book value	**4,160,491**

NOTE 21. INTANGIBLE ASSETS

EUR	IT software "Fusion"	Trademarks	Total
Year ended 31 December 2014			
At 1 January 2014	**1,680,844**	**3,987**	**1,684,831**
Additions	273,079	**–**	**273,079**
Disposals	–	–	**–**
Amortization	(116,145)	(3,987)	**(120,132)**
Impairment	–	–	**–**
at 31 December 2014	**1,837,778**	**–**	**1,837,778**
at 31 December 2014			
At cost	2,197,187	16,353	**2,213,540**
Accumulated depreciation	(359,409)	(16,353)	**(375,762)**
Net book value	**1,837,778**	**–**	**1,837,778**
Year ended 31 December 2015			
at 1 January 2015	**1,837,778**	**–**	**1,837,778**
Additions	27,978	–	**27,978**
Disposals	–	–	**-**
Amortization	(117,543)	–	**(117,543)**
Impairment	–	–	–
at 31 December 2015	**1,748,213**	**–**	**1,748,213**
at 31 December 2015			
At cost	2,225,165	–	**2,225,165**
Accumulated depreciation	(476,952)	–	**(476,952)**
Net book value	**1,748,213**	**–**	**1,748,213**

NOTE 22. CURRENT LIABILITIES

EUR	Less than 3 months	More than 3 months	Total
at 31 December 2015			
Accounts payable	5,757,817	–	**5,757,817**
Accrued interest	2,519,292	–	**2,519,292**
Accrued expenses and deferred income	–	1,011,490	**1,011,490**
Liabilities to credit institutions (bank overdrafts)	–	–	–
Loans, including 18% bond	–	6,625,027	**6,625,027**
Total	**8,277,109**	**7,636,517**	**15,913,626**
at 31 December 2014			
Accounts payable	5,248,946	–	**5,248,946**
Accrued interest	2,363,885	–	**2,363,885**
Accrued expenses and deferred income	–	1,872,946	**1,872,946**
Liabilities to credit institutions (bank overdrafts)	823	–	**823**
Total	**7,613,654**	**1,872,946**	**9,486,600**

Current liabilities are presented in the following currencies:

EUR	Currency	31 December 2015	31 December 2014
Accounts payable	EUR	532,670	553,672
	RON	172,020	–
	PLN	584,454	4,452,001
	HUF	3,591,832	–
	RUB	109,042	119,991
	Other (USD, CHF, SEK)	767,799	123,282
Accounts payable, Total		**5,757,817**	**5,248,946**
Accrued interest	EUR	100,822	100,822
	SEK	2,418,470	2,263,063
Accrued interest, Total		**2,519,292**	**2,363,885**
Accrued expenses and deferred income	CHF	914,475	898,271
	EUR	48,200	497,304
	RUB	14,108	120,422
	SEK		22,151
	Other (USD, RON, PLN)	34,707	334,798
Accrued expenses and deferred income, Total		**1,011,490**	**1,872,946**
Liabilities to credit institutions (bank overdrafts)			
	CHF, EUR, RUB, HUF	–	823
Liabilities to credit institutions (bank overdrafts), Total		–	**823**
Loans, including 18% bond	CHF	599,908	–
	EUR	2,000,000	–
	SEK	4,025,119	–
Loans, including 18% bond, Total		**6,625,027**	–
Total		**15,913,626**	**9,486,600**

On 31 December 2015 DDM was granted a loan of SEK 12,500,000 at 7% interest with a maturity date of 31 December 2016. This loan amount was transferred to a pledged bank account and is to be used for new investments.

NOTE 23. LONG-TERM LOANS AND BORROWINGS

EUR	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Total
at 31 December 2015					
Bond loans, 13%	–	30,144,539	–	–	**30,144,539**
Bond loans, 18%	–	–	–	–	**–**
Loans	–	–	–	–	**–**
Bank borrowings	–	–	–	–	**–**
Total	**–**	**30,144,539**	**–**	**–**	**30,144,539**
at 31 December 2014					
Bond loans, 13%	31,204,435	–	–	–	**31,204,435**
Bond loans, 18%	2,569,024	–	–	–	**2,569,024**
Loans	2,569,091	–	–	–	**2,569,091**
Bank borrowings	939,128	–	–	–	**939,128**
Total	**37,281,679**	**–**	**–**	**–**	**37,281,679**

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. A second bond loan was issued in September 2013, totaling SEK 31,000,000 at 18% interest with a maturity date of 30 September 2016 by DDM Treasury Sweden AB. 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.

On 18 May 2015, DDM Treasury initiated a written procedure to allow the noteholders to vote on a restatement and certain amendments to the existing terms and conditions of the SEK 300M bond at 13% interest. The Written Procedure was closed on 11 June 2015, and the Notes Exchange became effective on 23 June 2015. DDM Treasury made an additional cash payment of 4% on the effective date to the noteholders. In connection with the notes exchange, DDM Invest I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV AG and DDM Invest X AG were transferred to the direct ownership of DDM Treasury and pledged as security. 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. The amended Terms and Conditions are available in their entirety on our website along with a summary of the amendments. Following the amendment and extension in June 2015 to the senior secured bonds issued by DDM Treasury Sweden AB (publ), the Swiss Federal Tax Administration ruled that Swiss withholding tax of 35% is applicable. Holders of the bonds are entitled to a refund from the Swiss Federal Tax Administration, subject to them fulfilling the conditions for refund. There is no additional interest or withholding tax charge impacting the Company.

DDM Treasury Sweden AB's financial instruments contain a number of financial covenants, including limits on certain financial indicators. DDM 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. Please therefore refer to the financial statements of DDM Treasury Sweden AB. DDM Treasury Sweden AB complied with all bond covenants for the years ending 31 December 2015 and 31 December 2014.

NOTE 24. POST-EMPLOYMENT BENEFIT COMMITMENTS

The Company sponsors a pension plan according to the national regulations in Switzerland. The Swiss plan is outsourced to and operated through a collective foundation with an insurance company which is legally independent. The pension plan is funded by employees' and employers' contributions. Swiss pension schemes have certain characteristics of defined benefit plans and the pension plan is therefore regarded as a defined benefit plan in line with IAS 19. The post-employment benefit liability is measured based on the Projected Unit Credit Method.

In 2015, 25 employees and in 2014, 22 employees participated in the defined benefit plans. Regular employees are insured for death, disability and for retirement benefits. The table below provides where the Company's post-employment amounts and activity are included in the financial statements.

EUR	31 December 2015	31 December 2014
Balance sheet commitments for:		
– Defined pension benefits	(812,178)	(344,363)
Liability in the balance sheet	**(812,178)**	**(344,363)**
Income statement charge for:		
– Defined pension benefits	(164,004)	(102,191)

The amounts recognized in the balance sheet are determined as follows:

EUR	31 December 2015	31 December 2014
Present value of funded commitments	(1,659,475)	(724,892)
Fair value of plan assets	847,297	380,529
Deficit of funded plans	**(812,178)**	**(344,363)**
Liability in the balance sheet	**(812,178)**	**(344,363)**

The movement in the defined benefit liability over the year is as follows:

EUR	Present value of commitment	Fair value of plan assets	Total
at 1 January 2014	**(464,681)**	265,581	**(199,100)**
Current service cost	(98,504)	–	**(98,504)**
Interest (expense) / income	(11,379)	7,692	**(3,687)**
	(109,883)	**7,692**	**(102,191)**
Re-measurements:			
– Experience gains / (losses)	(124,392)	22,910	**(101,483)**
	(124,392)	**22,910**	**(101,483)**
Contributions:			
– Employer	–	58,410	**58,410**
– Plan participants	(58,410)	58,410	**–**
Payments from plans:	–	–	**–**
– Benefit payments	32,474	(32,474)	**–**
at 31 December 2014	**(724,892)**	**380,529**	**(344,363)**
at 1 January 2015			
Current service cost	(160,182)	–	**(160,182)**
Interest (expense) / income	(9,933)	6,111	**(3,822)**
	(170,115)	**6,111**	**(164,004)**
Re-measurements:			
– Gain / (loss) from change in demographic experience	(367,633)	–	**(367,633)**
– Gain / (loss) from change in financial assumptions	(67,557)	–	**(67,557)**
– Experience gains / (losses)	–	20,765	**20,765**
	(435,190)	**20,765**	**(414,425)**
Contributions:			
– Employer	–	110,614	**110,614**
– Plan participants	(110,614)	110,614	**–**
Payments from plans:			
– Benefit payments	(218,664)	218,664	**–**
at 31 December 2015	**(1,659,475)**	**847,297**	**(812,178)**

Methods and Assumptions Used in Sensitivity Analysis

The discount rate sensitivity includes a corresponding change in the interest crediting rate as well as the BVG minimum interest crediting rate assumptions.

The following significant actuarial assumptions were used at 31 December 2015:

		Sensitivity analysis	Effect on DBO, EUR
Discount rate	1.00%	0.25% increase	(67,557)
Discount rate	1.00%	0.25% decrease	76,827
Mortality	BVG 2010 Generational tables	Increase of 1 year in expected lifetime of plan participants at age 65	17,362
Mortality	BVG 2010 Generational tables	Decrease of 1 year in expected lifetime of plan participants at age 65	(16,412)

NOTE 24. POST-EMPLOYMENT BENEFIT COMMITMENTS... continued

Mortality
The mortality tables are the Swiss BVG 2010 generational mortality tables for males and females.
The expected lifetime of a participant who is aged 65 and the expected lifetime (from age 65) of a participant who will be age 65 in 15 years are shown in years below based on the above mortality tables.

Age	Males	Females
65	21.59	24.06
65 in 15 years	22.92	25.36

Retirement
100% of males retire at age 65. 100% of females retire at age 64.

The significant actuarial assumptions were as follows:

	2015	2014
Discount rate	1.00%	1.25%
Price inflation	1.25%	1.25%
Salary increases	3.25%	3.25%
Future increases in social security	1.50%	1.50%
Assumed pension increases	0.00%	0.00%

Description of pension plan characteristics and associated risks
DDM Group AG meets its commitments under Switzerland's mandatory company-provided second pillar pension system to provide contribution-based cash balance retirement and risk benefits to employees via a contract with a collective foundation. The Company retains overall responsibility for deciding on such fundamental aspects as the level and structure of plan benefits at each contract renewal and remains responsible for providing the benefits to members if the collective foundation contract is cancelled or the collective foundation is unable to meet its commitments.

Companies within the Swiss regulatory environment have substantial freedom to define their pension plan design (e.g. with regards to the salary covered, level of retirement credits, or even overall plan design) provided the benefits are always at least equal to the minimum requirements as defined by the law (second pillar mandatory minimum benefits). Most employers provide higher benefits than those required by law. The minimum level of retirement benefit is expressed by a cash balance formula with age-related contribution rates (or "retirement credits") on an insured salary defined by law and a required interest crediting rate, which is set by government (1.25% in 2016).

There are a number of guarantees provided within the plan which potentially expose the Company to risks which may require them to provide additional financing (if the collective foundation fails or the company chooses to discontinue the insurance arrangements). The main risks that they are exposed to include:
- Investment risk: there is a guaranteed return on account balances of at least 0% per annum on the total account balance as well as the rate set by the government (1.25% in 2016) on the mandatory minimum benefits.
- Pensioner longevity and investment risk: the pension plan offers a lifelong pension in lieu of the cash balance lump sum upon retirement. The plan has defined rates for converting the lump sum to a pension and there is the risk that the members live longer than implied by these conversion rates and that the pension assets fail to achieve the investment return implied by these conversion rates.

Determination of economic benefit available
No determination of the economic benefit available has been made since the plan has a funded status deficit.

Description of asset-liability matching strategies
DDM Group AG invests in a collective foundation in which assets are selected to match pension plan liabilities.
DDM Group AG does not have flexibility in the choice of investment.

The expected contributions for the year ending 31 December 2016 are:
1) Employer EUR 110,879
2) Plan participants EUR 110,879

The weighted average duration of defined benefit commitments is 22.3 years.

Maturity profile of defined benefit commitments:

Expected benefit payments during the fiscal year ending:	EUR
31 December 2016	62,724
31 December 2017	69,969
31 December 2018	75,890
31 December 2019	80,977
31 December 2020	85,195
31 December 2021 through 31 December 2025	472,309

Analysis of defined benefit commitments by participant category:
1) Active participants: EUR 1,742,010
2) Deferred participants: 0
3) Pensioners: 0

Plan asset information

	Allocation percentage 31 December 2015	Allocation percentage 31 December 2014
Equity securities	25.75%	21.0%
Debt securities	36.5%	42.5%
Real estate-property	10.0%	10.0%
Cash and cash equivalents	0.5%	0.5%
Derivatives	0.0%	0.0%
Other	27.25%	26.0%
Total	**100.0%**	**100.0%**

NOTE 25. DEFERRED TAXES

The analysis of deferred tax assets and deferred tax liabilities is as follows:

EUR	31 December 2015	31 December 2014
Deferred tax assets:		
– Deferred tax asset to be recovered after more than 12 months (gross)	46,781	130,124
Deferred tax liabilities:		
– Deferred tax liability to be recovered after more than 12 months (gross)	(129,020)	(68,860)
Deferred tax assets / (liabilities) (net) to be recovered after more than 12 months	**(82,238)**	**61,264**
Deferred tax assets:		
– Deferred tax asset to be recovered after more than 12 months (gross)	46,781	130,124
– Deferred tax asset to be recovered within 12 months	61,251	–
Deferred tax assets total	***108,032***	***130,124***
Deferred tax liabilities:		
– Deferred tax liability to be recovered after more than 12 months (gross)	(129,020)	(68,860)
– Deferred tax liability to be recovered within 12 months	68,859	–
Deferred tax liabilities total:	***(60,161)***	***(68,860)***
Deferred tax assets / (liabilities) (net)	**47,871**	**61,264**

The movement of the deferred income tax account is as follows:

EUR	2015	2014
At 1 January	**(61,264)**	**(10,963)**
Charge to the Income Statement	155,847	(35,775)
Tax charge / (credit) relating to components of other comprehensive income	(12,345)	(14,526)
at 31 December	**82,238**	**(61,264)**

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax asset to be recovered after more than 12 months (gross) EUR	Retirement benefit commitments	Other assets	Other liabilities	Tax losses recognized	Amount netted vs DTL	Total
at 1 January 2014	**19,910**	**75,969**	**12,407**	**-**	**(88,376)**	**19,910**
Charged / (credited) to the Income Statement	–	(30,108)	(12,407)	95,687	–	**53,172**
Charged / (credited) to other comprehensive income	14,526	–	–	–	–	**14,526**
Amount netted versus DTL	–	–	–	–	42,516	**42,516**
at 31 December 2014	**34,436**	**45,860**	**–**	**95,687**	**(45,860)**	**130,124**
Charged / (credited) to the Income Statement	–	(45,860)	–	(95,687)	–	**(141,548)**
Charged / (credited) to other comprehensive income	12,345	–	–	–	–	**12,345**
Amount netted versus DTL	–	–	–	–	45,860	**45,860**
at 31 December 2015	**46,781**	–	–	–	–	**46,781**

Deferred tax liability to be recovered after more than 12 months (gross) EUR	Other	Amount netted vs DTA	Total
at 1 January 2014	**(97,323)**	**88,376**	**(8,947)**
Charged / (credited) to the Income Statement	(17,397)	–	**(17,397)**
Charged / (credited) to other comprehensive income	–	–	–
Amount netted versus DTA	–	(42,516)	**(42,516)**
at 31 December 2014	**(114,720)**	**45,860**	**(68,860)**
Charged / (credited) to the Income Statement	(14,300)	–	(14,300)
Charged / (credited) to other comprehensive income	–	–	–
Amount netted versus DTA	–	(45,860)	**(45,860)**
at 31 December 2015	**(129,020)**	**–**	**(129,020)**

The Group's deferred tax assets have been recognised in accordance with IAS 12 as, based on historical performance and future budgets, the Directors believe that it is probable that there will be sufficient taxable profits against which the assets will be reversed.

NOTE 26. FINANCIAL INSTRUMENTS

The key risks and uncertainties faced by the Company are managed within an established risk management framework. The Company's day-to-day working capital is funded by its cash and cash equivalents. The key risks identified for the Company are discussed below. The Company has exposure to credit risk, market risk and liquidity risk, which arises throughout the normal course of the Company's business.

Fair values

The directors consider there to be no material differences between the financial asset values in the consolidated balance sheet and their fair value. Invested assets are classified as loan receivables and recognized at amortized cost according to the effective interest rate method. The Company determines the carrying value by calculating the present value of estimated future cash flows at the invested assets original effective interest rate. Adjustments are recognized in the income statement. In the Company's opinion, the market's yield requirements in the form of effective interest rates on new invested assets have remained fairly constant, despite turbulence in global financial markets in recent years. With this valuation method, the carrying value is the best estimate of the fair value of invested assets.

EUR	IAS 39 category	Fair value category	31 December 2015	31 December 2014
Assets	**Fair value and carrying value of financial instruments**			
Accounts receivable	Loans and receivables at amortized cost	Level 2	4,130,762	3,744,399
Other receivables	Loans and receivables at amortized cost	Level 2	299,955	324,853
Distressed asset portfolios	Loans and receivables at amortized cost	Level 3	22,253,808	34,242,475
Other long-term receivables from investments	Loans and receivables at amortized cost	Level 3	18,306,865	–
Liabilities	**Fair value and carrying value of financial instruments**			
Accounts payable	Financial liabilities at amortized cost	Level 2	5,757,817	5,182,776
Other payables	Financial liabilities at amortized cost	Level 2	3,530,782	4,302,998
Short-term loans	Financial liabilities at amortized cost	Level 2	6,625,027	–
Long-term borrowings and loans	Financial liabilities at amortized cost	Level 2	30,144,539	37,281,679

The levels in the hierarchy are:

- Level 1 – Quoted prices on active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (such as prices) or indirectly (such as derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).
  The valuation technique for invested assets, as well as valuation sensitivity for changes in material data are described in the accounting principles and in Note 5.

Credit risk

Credit risk consists of the risk that counterparties of the Company are unable to meet their commitments. The credit risk is considered upon the acquisition of a financial asset by assessing the expected return. The Company manages this risk by monitoring the performance of the financial asset throughout its economic life. Cash collections are continually monitored, and the carrying value of the asset is impaired where it is deemed that, based on collections profiles, the asset is underperforming compared to the initial expected return determined at the acquisition date. The financial assets subjected to credit risk are cash and cash equivalents, accounts receivable, distressed asset portfolios and other long-term receivables from investments. For financial assets owned by the company, no collateral or other credit reinforcements have been received. The maximum credit exposure for each class of financial assets therefore corresponds to the carrying amount.

EUR	31 December 2015	31 December 2014
Cash and cash equivalents	3,391,575	9,000,148
Accounts receivable	4,130,762	3,744,399
Distressed asset portfolios	22,253,808	34,242,475
Other long-term receivables from investments	18,306,865	–
Total	**48,083,010**	**46,987,022**

Liquidity risk / Financing risk

The Company actively monitors its liquidity and cash flow position to ensure that it has sufficient cash and distressed asset portfolio financing in order to fund its activities. The management team monitors cash through bi-weekly reporting, the management accounts and periodic review meetings.

The table below specifies the undiscounted cash flows arising from the Companies' long-term loans and borrowings (see note 23) in the form of financial instruments, based on the remaining period to the earliest contractual maturity date as at the balance sheet date. Amounts in foreign currencies and amounts that are to be paid based on floating interest rates are estimated using the exchange and interest rates applicable on the balance sheet date.

EUR	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
At 31 December 2015	11,635,033	4,074,221	37,078,020	–	–	**52,787,274**
At 31 December 2014	10,844,180	42,339,344	441,561	162,082	–	**53,787,167**

Market risk

Market risk is defined as the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk principally comprises currency risk and interest rate risk considered further below.

As the Company has no variable interest-bearing assets or liabilities, its income and operating cash flows are predominantly independent of any changes in market interest rate. The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated and, based on these scenarios, the Company calculates the impact of a defined interest rate shift on the results. For further information, refer to note 23 "Long-term loans and borrowings".

*NOTE 26. **FINANCIAL INSTRUMENTS…** continued*

Exchange rate risk
Exchange rate risk is the risk that fluctuations in exchange rates will negatively affect the Company's income statement, balance sheet and/or cash flows. The most important currencies for the Company, other than Euro (EUR) are Swiss franc (CHF), Polish złoty (PLN), Russian rouble (RUB), Romanian leu (RON), Swedish krona (SEK).

Exchange rate risk can be divided into transaction exposure and translation exposure. Transaction exposure consists of net operating and financial receipts and disbursements in different currencies. Translation exposure consists of the effects from the translation of the financial reports of foreign subsidiaries into EUR.

Transaction exposure
In each country, the majority of income and most operating expenses are denominated in local currencies, and thus currency fluctuations have only a limited impact on the Company's operating earnings in local currency. Income and expenses in local currency are thereby hedged in a natural way, which limits transaction exposure. The currency exposure that arises within the operating activities is limited to the extent by which it pertains to international collection operations. DDM is monitoring its currency exposure to be able to take actions if necessary. The company does not have a hedging program in place.

Translation exposure
The results and financial position of subsidiaries are reported in the relevant foreign currencies and later translated into EUR for inclusion in the consolidated financial statements. Consequently, fluctuations in the EUR exchange rate against these currencies affect consolidated income and earnings, as well as equity and other items in the financial statements.

Translation exposure table (income statement impact)

		31 December 2015			31 December 2014		
EUR	**Currency**	Actual Amount	10% appreciation	10% depreciation	Actual amount	10% appreciation	10% depreciation
Cash and cash equivalents	SEK	3,047,691	(304,769)	304,769	4,377,619	(437,762)	437,762
	RUB	161,752	(16,175)	16,175	862,432	(86,243)	86,243
	RON	24,472	(2,447)	2,447	1,910,619	(191,062)	191,062
Distressed asset portfolios	CZK	3,214,009	(321,401)	321,401	–	–	–
	RUB	3,637,888	(363,789)	363,789	9,113,611	(911,361)	911,361
	RON	4,516,209	(451,621)	451,621	6,071,272	(607,127)	607,127
Other long-term receivables from investments	HUF	18,306,865	(1,830,686)	1,830,686	–	–	–
Accounts receivable	RUB	95,367	(9,537)	9,537	551,756	(55,176)	55,176
	RON	248,930	(24,893)	24,893	503,240	(50,324)	50,324
	PLN	3,363,675	(336,367)	336,367	2,262,555	(226,256)	226,256
Bond loan at 13%	SEK	30,144,539	3,014,454	(3,014,454)	31,204,435	3,120,444	(3,120,444)
Bond loan At 18%	SEK	2,683,181	268,318	(268,318)	2,569,024	256,902	(256,902)
Revenue on invested assets	RON	1,249,617	124,962	(124,962)	1,462,690	146,269	(146,269)
	RUB	(1,653,167)	(165,317)	165,317	(1,793,452)	(179,345)	179,345
	HUF	15,142,994	(1,514,299)	1,514,299	–	–	–

NOTE 27. SHARE CAPITAL AND SHARE PREMIUM

EUR	Number of shares (quantity)	Ordinary shares	Share premium	Total
at 1 January 2014	**4,500,000**	**3,645,512**	**–**	**3,645,512**
Issue of additional shares	2,600,000	2,140,164	10,777,630	**12,917,794**
at 31 December 2014	**7,100,000**	**5,785,676**	**10,777,630**	**16,563,306**
Issue of additional shares	–	–	–	–
at 31 December 2015	**7,100,000**	**5,785,676**	**10,777,630**	**16,563,306**

On 30 July 2014, the Board of Directors of DDM Holding AG resolved to issue 2,600,000 new shares through a directed new share issue to international institutional investors and qualified investors. The price of the new shares was set at SEK 50 per share, corresponding to a gross equity raising of SEK 130M. The offer of SEK 98.8M was oversubscribed. An option of an additional equity raising of SEK 31.2M was thus exercised. Following the issue, the number of shares in DDM Holding AG amounts to 7,100,000 shares.

All shares have been issued and fully paid.

The Annual General Meeting on 27 May 2015 resolved to amend DDM Holding AG's articles of association for the following changes to the authorized and conditional capital:

	Authorized capital (quantity)	Conditional capital (quantity)
Number of shares created on 27 May 2015	**3,550,000**	**500,000**
Used	–	–
Open capital	**3,550,000**	**500,000**

NOTE 28. RELATED PARTIES

The Company has defined its Executive Management Committee, Board of Directors, owners of the Company and all subsidiaries included in the DDM Holding Group as related parties. The accounting firms Accta Accounting & Tax AG and Wakers Consulting AB have owners that are represented on the board of DDM Holding AG and its subsidiaries, and are therefore defined as related parties.

Below is the list of related parties and the type and purpose of transactions:

Name	Type and purpose of transactions
DDM Holding AG	Holding company Management agreement with DDM Group AG
DDM Group AG	Management agreement for portfolio management and origination with DDM Invest I, II, III, IV, X, XX AG Management agreement with DDM Holding AG
DDM Treasury Sweden AB	Loan with DDM Invest XX AG Management agreement with DDM Invest XX AG
DDM Invest I AG	Management agreement with DDM Group AG
DDM Invest II AG	Management agreement with DDM Group AG
DDM Invest III AG	Management agreement with DDM Group AG
DDM Invest IV AG	Management agreement with DDM Group AG
DDM Invest X AG	Management agreement with DDM Group AG
DDM Invest XX AG	Management agreement with DDM Group AG Management agreement with DDM Treasury Sweden AB Loan with DDM Treasury Sweden AB
FinAlp Zrt.	Investment in portfolio of loans (disclosed in Note 18)
Lombard Pénzügyi és Lízing Zártkörűen Működő Részvénytársaság	Investment in portfolio of loans (disclosed in Note 18)
Lombard Ingatlan Lízing Zrt.	Investment in portfolio of loans (disclosed in Note 18)
Lombard Bérlet Kft.	Investment in portfolio of loans (disclosed in Note 18)
Profinance doo Beograd	Investment in portfolio of loans (disclosed in Note 16)
Kent Hansson	Chairman of the Board of Directors, owner of the office
Manuel Vogel	Deputy Chairman of the Board of Directors, owner of the office
Fredrik Waker	Member of the Board of Directors
Torgny Hellström	Member of the Board of Directors
Savvas A. Liasis	Member of the Board of Directors
Gustav Hultgren	Chief Executive Officer
Fredrik Olsson	Chief Financial Officer
Meyerlustenberger Lachenal	Legal services (related to a member of the Board of Directors)
Accta Accounting & Tax AG	Accounting and tax services (owner is a member of the Board of Directors)
Wakers Consulting AB	Accounting and tax services (owner is a member of the Board of Directors)
Odysseus AG	Management services (owner is a member of the Board of Directors)
The Verification Company AG	Management services (owner is a member of the Board of Directors)
Elements Capital Ltd	Management services (owner is a member of the Board of Directors)
Knüsel Treuhand AG	Representing the owner of the office (related to members of the Board of Directors)

Related party transactions were made on terms equivalent to those that prevail in arm's length transactions. No interest is calculated on the current intercompany receivables / payables within the DDM group.

NOTE 28. RELATED PARTIES… continued

The following transactions were carried out with related parties:

EUR	Type of transaction	Name	31 December 2015	31 December 2014
Income Statement	Accounting expenses	Accounting & Tax AG	–	(329,880)
	Interest income / (expenses)	Interest expenses shareholders	–	(3,510)
	Legal expenses	Meyerlustenberger Lachenal	(65,070)	(27,043)
	Remuneration to key management	Odysseus AG	(85,042)	(546,031)
		Verification Company AG	(165,794)	(159,964)
		Elements Capital AG	(46,948)	(10,393)
		Wakers Consulting AB	(46,944)	(20,786)
		Other directors	(364,309)	(2,678)
	Office rent expense	Knüsel Treuhand	(121,277)	(50,516)
Income Statement, Total			**(895,384)**	**(1,150,800)**

In 2014, the major shareholders were K. Hansson, who held 2,293,824 shares (32.3% participation) and Dr. M. Vogel, who held 1,691,490 shares (23.8% participation).

In 2015, the major shareholders were K. Hansson, who held 2,295,924 shares (32.3% participation) and Dr. M. Vogel, who held 1,692,490 shares (23.8% participation).

NOTE 29. CONTINGENT LIABILITIES AND COMMITMENTS

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

EUR	31 December 2015	31 December 2014
Software	14,752	36,864

The Company signed an office rental lease contract which is cancelable within twelve months. The contractually bound leasing commitments for the next twelve months are as follows:

EUR	31 December 2015	31 December 2014
Office rental expenses	80,885	116,760

NOTE 30. SUBSEQUENT EVENTS

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

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF DDM HOLDING AG, BAAR

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of DDM Holding AG, which comprise the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity and notes (pages 34 to 57), for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Norbert Kühnis	*Valentin Studer*
Audit expert	Audit expert
Auditor in charge	

Luzern, 30 March 2016

DDM HOLDING AG, BAAR

Standalone Financial Statements

INCOME STATEMENT

DDM HOLDING AG, BAAR

For the year ended 31 December	2015 EUR	2015 CHF	2014 EUR	2014 CHF
Operating income	**650,000**	**690,737**	**650,000**	**789,602**
Personnel expenses	(159,514)	(169,511)	(15,433)	(18,748)
Other operating expenses	(914,202)	(971,498)	(594,952)	(722,730)
Depreciation	0	0	(955)	(1,160)
Operating result	**(423,716)**	**(450,272)**	**38,660**	**46,963**
Financial income	2	2	58,982	71,650
Financial expenses	(94,945)	(100,895)	(91,492)	(111,142)
Profit / (loss) before taxes	**(518,659)**	**(551,165)**	**6,150**	**7,471**
Direct taxes	0	0	(291)	(353)
Profit / (loss) for the year	**(518,659)**	**(551,165)**	**5,859**	**7,118**

BALANCE SHEET

DDM HOLDING AG, BAAR

As at 31 December Amounts in EUR	2015 EUR	2015 CHF	2014 EUR	2014 CHF
ASSETS				
Current assets				
Cash and cash equivalents	2,596	2,813	2,449	2,946
Other current receivables	4,517	4,894	36	43
Accrued income and prepaid expenses				
due from third parties	2,514	2,724	4,219	5,075
due from direct investments	650,000	704,275	650,000	781,767
Total current assets	**659,627**	**714,706**	**656,705**	**789,830**
Non-current assets				
Financial assets				
Loans to direct / indirect investments	7,909,873	8,570,345	8,453,237	10,166,860
Loans to direct / indirect investments (subordinated)	3,702,000	4,452,463	3,702,000	4,452,463
Investments	4,097,413	5,501,885	4,097,413	5,501,885
Total non-current assets	**15,709,286**	**18,524,693**	**16,252,650**	**20,121,208**
TOTAL ASSETS	**16,368,913**	**19,239,399**	**16,909,354**	**20,911,039**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Short-term liabilities				
Trade payables	148,052	160,414	90,264	108,562
Other short-term liabilities	6,507	7,050	3,742	4,500
Accrued expenses and deferred income				
due to third parties	30,555	33,105	110,396	132,775
due to group companies	0	0	2,494	3,000
Total short-term liabilities	**185,114**	**200,569**	**206,895**	**248,836**
Total liabilities	**185,114**	**200,569**	**206,895**	**248,836**
Shareholders' equity				
Share capital	5,785,676	7,100,000	5,785,676	7,100,000
Legal reserves				
Reserves from capital contribution*	10,740,524	13,051,951	10,740,524	13,051,951
Statutory retained earnings	11,910	14,356	11,617	14,000
Exchange variation reserve	0	(772,851)	0	299,357
Profit / (loss) brought forward	164,348	196,539	158,782	189,777
Profit / (loss) for the year	(518,659)	(551,165)	5,859	7,118
Total shareholders' equity	**16,183,799**	**19,038,830**	**16,702,459**	**20,662,203**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**16,368,913**	**19,239,399**	**16,909,354**	**20,911,039**

* The Reserves from capital contribution are not yet confirmed by the Federal Tax Administration.

NOTE 1. CORPORATE INFORMATION

DDM Holding AG is incorporated and domiciled in Switzerland. Its registered office is at Schochenmühlestrasse 4, CH-6340 Baar, Switzerland. DDM Holding AG operates under the Swiss Code of Obligations (“CO”) as a stock corporation (Aktiengesellschaft). DDM Holding AG’s shares are admitted to trading on a multilateral trading facility, the Nasdaq First North in Stockholm, Sweden. The purpose of the corporation is to hold the DDM group companies, which operate as a multinational investor in, and manager of, distressed asset portfolios.

NOTE 2. ACCOUNTING PRINCIPLES APPLIED IN THE PREPARATION OF THE FINANCIAL STATEMENTS

The DDM Holding AG standalone financial statements have been prepared in accordance with the provisions of commercial accounting as set out in the Swiss Code of Obligations (Art. 957 to 963b CO, effective since 1 January 2013). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Dispensations in the standalone financial statements
As DDM Holding AG prepares consolidated financial statements in accordance with a recognised financial reporting standard (International Financial Reporting Standard, IFRS) DDM Holding AG is exempt from various disclosures in the standalone financial statements and therefore dispensed with the requirement to present the additional information in the notes, the cash flow statement and the management report (article 961d para 2 Swiss CO).

Foreign currencies
As the majority of the business activities of DDM Holding AG is in euro, the functional currency is the euro. The exchange rates used for balance sheet items are the rates prevailing on 31 December; the exchange rates used for transactions conducted during the course of the year and for items in the profit and loss statement are average rates for the respective financial year. Equity, participations and subordinated loans are translated at historical rates.

The following exchange rates were applied:

Exchange rates		31 Dec 2015	31 Dec 2014
Balance sheet (spot rate balance sheet date)	CHF/EUR	0.9229	0.8314
Income statement (average rate)	CHF/EUR	0.9298	0.8222

Financial assets
Financial assets include loans to direct and indirect investments within the DDM group with a long-term holding period. Financial assets are measured at cost less impairment.

Investments in subsidiaries
Investments in subsidiaries are equity interests which are held for the purpose of DDM Holding AG’s business activities. They include all directly held subsidiaries through which DDM conducts its business. The investments are measured individually and carried at cost less impairment.

Operating income
Income relating to management services provided to its subsidiaries is recognized in operating income in the period in which it occurred.

NOTE 3. INVESTMENTS IN EQUITY PARTICIPATIONS

Directly held equity participations as of 31 December:

Company	Corporate identity number	Registered office	Primary business	2015 Share capital (CHF)	2015 Interest	2014 Share capital (CHF)	2014 Interest
DDM Group AG	CHE 115.278.533	Baar (CH)	Business operation	232,000	100%	232,000	100%

Indirectly held equity participations as of 31 December:

Company	Corporate identity number	Registered office	Primary business	2015 Share capital (CHF)	2015 Interest	2014 Share capital (CHF)	2014 Interest
DDM Invest I AG	CHE 113.863.850	Baar (CH)	Investment activities	232,000	100%	232,000	100%
DDM Invest II AG	CHE 115.038.302	Baar (CH)	Investment activities	100,000	100%	100,000	100%
DDM Invest III AG	CHE 115.238.947	Baar (CH)	Investment activities	100,000	100%	100,000	100%
DDM Invest IV AG	CHE 317.413.116	Baar (CH)	Investment activities	100,000	100%	100,000	100%
DDM Invest X AG	CHE 130.419.930	Baar (CH)	Investment activities	100,000	100%	100,000	100%
DDM Invest XX AG	CHE 349.886.186	Baar (CH)	Investment activities	100,000	100%	100,000	100%
DDM Treasury Sweden AB*	556910-3053	Stockholm (SE)	Provision of funding	71,275	100%	71,275	100%
Profinance doo Beograd**	20298928	Serbia	Factoring services	432,484	49.67%	-	-

* The share capital of DDM Treasury Sweden AB is SEK 500,000.
** 100% of the share capital of Profinance doo Beograd is RSD 48,545,815.

NOTE 4. PERSONNEL

DDM Holding AG had no employees as of and during the year ended 31 December 2015 (31 December 2014). All employees of the consolidated DDM group were employed by subsidiaries of DDM Holding AG.

NOTE 5. CONTINGENT LIABLITIES

DDM Holding AG is jointly and severally liable for the value added tax (VAT) liability of Swiss subsidiaries (DDM Group AG, DDM Invest I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV, DDM Invest X AG and DDM Invest XX AG) that belong to its VAT group.

NOTE 6. SIGNIFICANT EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

PROPOSED APPROPRIATION OF THE AVAILABLE EARNINGS

The Board of Directors proposes the following appropriation to the shareholders:

	2015		2014	
	EUR	**CHF**	**EUR**	**CHF**
Profit / (loss) for the year	(518,659)	(551,165)	5,859	7,118
Retained profit / (loss) carried forward	164,348	196,539	158,782	189,777
Amount at the disposal of the shareholders	**(354,311)**	**(354,626)**	**164,641**	**196,895**
Proposal				
Allocation to statutory retained earnings	0	0	293	356
To be carried forward	**(354,311)**	**(354,626)**	**164,348**	**196,539**

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF DDM HOLDING AG, BAAR

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of DDM Holding AG, which comprise the income statement, balance sheet and notes (pages 60 to 63), for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Norbert Kühnis
Audit expert
Auditor in charge

Valentin Studer
Audit expert

Luzern, 30 March 2016

THREE-YEAR OVERVIEW

For the year ended 31 December **Amounts in EUR**	**2015**	**2014**	**2013**
Profit and loss account in summary			
Net collections	27,507,520	14,686,676	9,608,894
Operating expenses*	(5,812,152)	(4,799,879)	(4,099,331)
Cash EBITDA	21,695,368	9,886,797	5,509,563
Decrease of book value and revaluation of distressed asset portfolios	(11,581,231)	(9,464,619)	(7,369,639)
Operating profit / (loss)	9,966,782	1,828,495	(1,991,122)
Profit / (loss) for the year	1,848,225	(6,354,254)	(6,359,086)
Earnings per share before and after dilution	0.26	(1.14)	(6.74)
Balance sheet in summary			
Total assets	55,211,387	53,967,489	50,305,041
Net debt	33,377,991	28,281,531	30,996,378
Key ratios			
Cash flow from operating activities before working capital changes	(2,541,721)	3,817,377	5,464,640
Investments in distressed asset portfolios	2,475,613	15,593,485	16,127,579
Gross ERC 120 months, EUR M	72.2	60.4	n.a.
Number of shares outstanding at end of the year	7,100,000	7,100,000	4,500,000
Average number of employees	24	22	13

* Operating expenses do not include other operating income, depreciation and amortization.

GLOSSARY

AGM
Annual General Meeting

Bn
Billion

CAGR
Compound annual growth rate

Certified Adviser
All companies with shares traded on Nasdaq First North Stockholm have a Certified Adviser that monitors the companies' compliance with the rules and regulations of First North concerning disclosure of information to the market and investors

CHF
Swiss franc, the currency of Switzerland

CZK
Czech koruna, the currency of the Czech Republic

DCA
Debt Collection Agency

DDM or Company
DDM Holding AG, reg. no. CHE-115906312

DDM Holding Group or Group
DDM and its subsidiaries. Limited (Swiss) Company limited by shares

Eastern Europe
The countries in EuroVoc's definition plus Greece and the Baltic states

EUR
Refer to the single currency of the participating member states in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time

Euroclear
Euroclear Sweden AB, reg. no. 556112-8074

First North
Nasdaq First North, Stockholm

Fusion
DDM's proprietary IT system, which integrates investment data, case data, payment data and activity data into one effective and comprehensive IT system

M
Million

NPL
Non-performing loans

PARENT COMPANY
DDM Holding AG, CHE-115906312

PLN
Polish złoty, the currency of Poland

RON
Romanian leu, the currency of Romania

SEK
Swedish krona, the currency of Sweden

SIX
Swiss service provider, SIX takes care of post-trade processes ranging from clearing and settlement through to securities custody, and maintains share registers and special registers

USD
Refer to the currency of the United States

FINANCIAL DEFINITIONS

Cash EBITDA
Net collections less operating expenses

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

Earnings per share/EPS
Net earnings for the period, attributable to owners of the Parent Company, divided by the average number of shares

EBITDA
Earnings before Interest, Taxes, Depreciation of fixed assets as well as amortization and revaluations of purchased distressed asset portfolios

EBITDA margin
EBITDA as a percentage of net collections

Estimated Remaining Collections/ERC
The sum of all future projected cash collections 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
Adjusted equity as a percentage of total assets

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

Net collections
Gross collections from the distressed asset portfolios and other long-term receivables held by DDM minus commission and fees 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

ANNUAL GENERAL MEETING 2016

We cordially invite shareholders for the Annual General Meeting of DDM Holding AG (the "Company"), which will be held at the Parkhotel in Zug, Industriestrasse 14 in Zug, Switzerland, on Tuesday 3 May 2016, at 2:00 p.m. CET.

Participation

Shareholders wishing to participate in the Annual General Meeting ("AGM") must either be registered

– in the share register of DDM Holding AG, with voting rights (shareholders who hold their DDM shares through SIX SIS AG) or

– in the register of shareholders kept by Euroclear Sweden AB (shareholders who hold their DDM shares through Euroclear Sweden AB)

on Wednesday 27 April 2016, 4 p.m. CET, at the latest (the "Record Date"), (for details of the registration process for nominee shareholders, please see below), and, in order to obtain an admission card, must have completed and returned the registration/proxy form to DDM Holding AG, c/o SIX SAG AG, Postfach, CH-4609 Olten, Switzerland.

The registration/proxy form will be sent to registered shareholders by regular mail and will enclose a response envelope. The registration/proxy form must be received by the Company no later than Wednesday 27 April 2016.

The information provided by shareholders will be computerized and used exclusively in connection with the AGM.

Nominee shareholders

In order to be entitled to participate in the AGM, nominee shareholders must, no later than Wednesday 27 April 2016, 4:00 p.m. CET, have their shares temporarily registered in their own name in the register of shareholders kept by Euroclear Sweden AB. As the registration process may take time and must be completed by the Record Date, all such requests for registration in the shareholder's own name must be submitted to the relevant trustee well ahead of this date to ensure their registration in time for the AGM.

Complete convening notice

A complete notice convening the AGM, as well as financial and other information, can be found on DDM's web site at www.ddm-group.ch.

Website

Shareholders are encouraged to visit our website www.ddm-group.ch for information about DDM. Printed financial information may also be ordered via the web site or from DDM Holding AG, Schochenmühlestrasse 4, CH-6340 Baar, Switzerland.

Financial calendar for 2016

Interim report January–March 2016:	12 May 2016
Interim report January–June 2016:	11 August 2016
Interim report January–September 2016:	10 November 2016
Year-end report 2016:	February 2017
2016 Annual Report:	March 2017

Updates of the Financial calendar is available online: >>

Distribution policy

A printed copy of the 2015 Annual Report is sent on request and can be ordered by sending an e-mail to investor@ddm-group.ch.

Give us your feedback

Can we improve the Annual Report or our Interim Reports? We welcome your suggestions and viewpoints by e-mail to investor@ddm-group.ch.

MULTINATIONAL INVESTOR AND MANAGER OF DISTRESSED ASSETS

DDM Holding AG (First North: DDM) is a key acquirer and manager of distressed assets, offering the prospect of attractive returns from the expanding Eastern European market for distressed assets and non-performing loans. Since 2007, the DDM Holding Group has built a successful platform in Eastern Europe, currently managing 2.3 million receivables with a nominal value of over EUR 2 billion.

For sellers (banks and financial institutions), management of portfolios of distressed assets is a sensitive issue as it concerns the relationship with their customers. For these sellers it is therefore critical that the acquirer handles the underlying individual debtors professionally, ethically and with respect. DDM has longstanding relations with sellers of distressed assets, based on trust and DDM's status as a credible acquirer.

The banking sector in Eastern Europe is subject to increasingly stricter capital ratio requirements resulting in distressed assets being more expensive for banks to keep on their balance sheets. As a result, banks are increasingly looking to divest portfolios of distressed and other non-core assets.

DDM Holding AG, the Parent Company, is a company incorporated and domiciled in Baar, Switzerland and listed on Nasdaq First North in Stockholm, Sweden, since August 2014.

ddm

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