



ddm

Invitation to subscribe for shares in DDM Holding AG

**PLEASE NOTE THAT THE SUBSCRIPTION RIGHTS ARE EXPECTED TO
HAVE AN ECONOMIC VALUE**

In order not to lose the value of the Pre-emptive Subscription Rights (as defined below), the holder must either:

- exercise obtained Pre-emptive Subscription Rights to subscribe for new shares no later than 24 March 2017, or
- sell obtained Pre-emptive Subscription Rights, which the holder does not intend to exercise for subscription of new shares, no later than 22 March 2017.

Please note that investors with nominee-registered shareholdings, subscribe for new shares through their nominee and pursuant to instructions from such nominee.

The distribution of this prospectus is subject to restrictions in certain jurisdictions, see “*Important information*” in the prospectus.



Important information

In this prospectus (the “Prospectus”), the terms “DDM”, the “Company” or the “Group” refers, depending on the context, to DDM Holding AG (corporate registration number CHE-115906312), the group of which DDM Holding AG is the parent company or a subsidiary of the group. Reference to the “Rights Issue” or the “Offer” refers to the offer to subscribe for new shares in DDM as described in this Prospectus.

The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*) in accordance with the regulations in chapter 2 sections 25 and 26 of the Swedish Financial Instruments Trading Act (*Sw. lagen 1991:980 om handel med finansiella instrument*). It also constitutes a prospectus under article 652a para. 1 of the Swiss Code of Obligations (the “CO”) in connection with the required capital increase of DDM in order to consume the Offer. It is not a listing prospectus according to article 27 et seq. of the SIX Listing Rules. Approval and registration does not imply that the Swedish Financial Supervisory Authority guarantees that the factual information in the Prospectus is correct or complete. Disputes arising from this Prospectus, the offer and associated legal circumstances will be exclusively decided by Swedish law and by the Swedish courts, with Stockholm District Court as the first instance.

DDM has not taken and will not take any action to permit an offer to the general public in any jurisdiction other than Sweden. No Pre-emptive Subscription Rights (as defined below) or new shares (“Securities”) may be offered, subscribed, sold or transferred, directly or indirectly, in or to the United States of America (the “USA” or “US”) except in accordance with the registration requirement in the United States Securities Act of 1933 in the current wording (the “Securities Act”) and in accordance with any other applicable securities legislation in any state or jurisdiction in the USA. This Prospectus represents neither an offer to transfer nor an offer regarding an offer to acquire any securities other than the Securities. The offer according to the Prospectus is not directed at persons with domicile in the USA, Singapore, Canada, Australia, New Zealand, Hong Kong, Japan, South Africa or in any other jurisdiction where participation would require a further prospectus, registration or other measures than those that follow from Swedish law. Consequently this Prospectus, marketing material or other material relating to the Rights Issue may not be distributed in or to any other jurisdiction where distribution or the offer according to this Prospectus requires such actions or contravenes the rules of such jurisdiction. Subscription and acquisition of Securities in contravention of the above limitations may be invalid. Persons who receive copies of this prospectus must familiarise themselves with and follow such restrictions. Actions in contravention of the restrictions may represent a breach of applicable securities legislation. DDM reserves the right, on its own judgement, to invalidate subscriptions that DDM or its agents consider may involve the infringement or disregarding of laws, rules or regulations in any jurisdiction.

Anyone who is to make an investment decision must rely on their own assessment of DDM and the Rights Issue according to the Prospectus, including the merits and risks involved, and investors must rely solely on the information contained in the Prospectus or any supplements to the Prospectus. The distribution of the Prospectus entails neither that the information is current and up-to-date as per any date other than the date of this Prospectus, nor that DDM’s business has remained unchanged since this date. Should any material change occur in the information contained in the Prospectus, such material change will be published in accordance with the provisions on supplements to prospectuses as stipulated in the Swedish Financial Instruments Trading Act.

Forward-looking information and market information

The Prospectus contains certain forward-looking statements. Forward-looking statements refer to all statements in the Prospectus which do not refer to historical facts and events, and statements which are attributable to the future, such as expressions as “deem”, “assess”, “expect”, “await”, “assume”, “predict”, “can”, “will”, “shall”, “should or ought to”, “according to estimates”, “consider”, “may”, “plan”, “potential”, “calculate”, “as far as is known” or similar expressions suitable for identifying information that refers to future events. This applies in particular to statements and outlooks in the Prospectus referring to future results, financial position, cash flow, plans and expectations for DDM’s business and management, future growth and profitability and general economic and regulatory environment and other circumstances which affect DDM. Forward-looking statements are based on current estimates and assumptions which are based on the Company’s current intelligence. Such forward-looking statements are subject to risks, uncertainties and other factors which may result in actual results, including DDM’s financial position, cash flow and profits, deviating considerably from the results which expressly or indirectly form the basis of, or are described in, statements, or may result in the expectations which, expressly or indirectly, form the basis of or are described in statements not being met or turning out to be less advantageous compared to the results, which expressly or indirectly formed the basis of or were described in the statements. DDM is exposed to a number of risks and uncertainties, which may also result in a statement about the future being inaccurate or an estimate or calculation being incorrect. Therefore, potential investors should not rely on the forward-looking statements herein without further examination, and potential investors are encouraged to read the following sections in this Prospectus: “Summary”, “Risk factors”, “Market overview”, “Business description”, “Selected historical financial information” and “Capitalisation, indebtedness and other financial information”, which include a more detailed description of factors which have an effect on DDM’s business and the market in which DDM operates.

The Company expressly disclaims any obligation or undertaking to update these forward-looking statements to reflect any change in its expectations or any change in events, conditions or circumstances on which such statements are based, unless required to do so by applicable law or the Nasdaq First North Nordic Rulebook. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in the Prospectus, including those set forth under the section “Risk factors”.

The Prospectus contains certain market and industry information that comes from third parties. Even though the information has been repeated correctly and DDM considers that the sources are reliable, DDM has not independently verified this information, which means that its correctness and completeness cannot be guaranteed. As far as DDM is aware and can ensure by comparison with other information published by these sources, however, no information has been given that could render the information repeated incorrect or misleading.

Presentation of financial information

The financial information presented in this Prospectus was extracted from DDM’s audited consolidated financial statements for 2014 and 2015, or DDM’s fourth quarter and full year report for the period January – December 2016, which has not been audited or reviewed by DDM’s statutory auditors. Where financial data in this prospectus is labelled “audited”, this means that it has been taken from these audited consolidated financial statements of the Company, and the label “unaudited” is used in this prospectus to indicate financial data that has been taken from the unaudited and unreviewed fourth quarter and full year report for the period January – December 2016 or from the Company’s internal accounting system. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, (“IFRS”) and the interim financial statements have been prepared in accordance with IAS 34. These financial statements are incorporated by reference (to such extent as set out elsewhere in this Prospectus) and constitute a part of this Prospectus. Figures reported in the Prospectus have in some cases been rounded and therefore the tables do not necessarily always add up exactly. All financial figures are presented in euros (EUR) unless otherwise specified. Besides the Company’s consolidated financial statements for 2014 and 2015, no information in this Prospectus has been reviewed or audited by the Company’s statutory auditors.



Contents

Summary	3
Sammanfattning (Swedish summary)	9
Risk factors	15
Invitation to subscribe for shares in the Company	22
Background and reasons	23
Terms and conditions	24
Market overview	27
Business description	30
Selected historical financial information	35
Capitalisation, indebtedness and other financial information	38
Share capital and ownership structure	40
Board of Directors, Management and Auditors	42
Articles of association	45
Legal considerations and supplementary information	63
Tax considerations in Sweden	67
Tax considerations in Switzerland	68
Definitions	70
Addresses	71

The rights issue in brief

Pre-emptive

Subscription Right:

Registered shareholders of the Company on the record date are granted the pre-emptive rights to subscribe for the new shares (the "Pre-emptive Subscription Rights"). Each existing registered share entitles its holder to receive one Pre-emptive Subscription Right. The Pre-emptive Subscription Rights can, during the period mentioned below, be publicly traded under the ISIN code referenced below.

Subscription Ratio:

The exercise of two (2) Pre-Emptive Subscription Rights entitles the exercising holder to subscribe for one (1) new share against payment of the subscription price.

Subscription price:

SEK 23.00 per share. No brokerage or commission will be charged.

Record date:

10 March 2017

Subscription period:

13 March – 24 March 2017

Trading in Pre-emptive Subscription Rights:

13 March – 22 March 2017

ISIN codes:

Shares in DDM: CH0246292343

Pre-emptive Subscription Rights: SE0009696008

Summary

(In the event of any inconsistencies between the English and Swedish language versions of the summary, the English language version shall prevail.)

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for these type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be included in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In that case a short description of the Element is included in the summary with the mention of “not applicable”.

SECTION A – INTRODUCTION AND WARNINGS

A.1 Introduction and warnings	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on the investor's consideration of the Prospectus as a whole. Where a claim relating to the information contained in the Prospectus is brought to a court, the plaintiff investor might, under the national legislation of the member states, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability are only attached to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or does not provide, when read together with the other parts of the Prospectus, key information in order to help investors when considering whether to invest in such securities.
A.2 Financial intermediaries	Not applicable. Financial intermediaries are not entitled to utilise the Prospectus for subsequent trading or final placement of shares.

SECTION B – ISSUER

B.1 Legal and commercial name	DDM Holding AG (DDM Holding Ltd) (DDM Holding SA), corporate registration number CHE-115.906.312. The Company operates under the trading name DDM.
B.2 Domicile, legal form, legislation and country of incorporation	DDM is a Swiss stock corporation and its activities are carried out according to the provisions of the Swiss Code of Obligations. DDM is domiciled in Baar, Switzerland, and its registered address is Schochenmühlestrasse 4, in 6340 Baar, Switzerland.
B.3 Current operations and principal activities	DDM is a specialist acquirer and manager of distressed assets with focus on the expanding Central and Eastern European markets for both performing and non-performing loans (“NPLs”). Formed in 2007 by individuals who had previously been successful in building similar businesses, DDM has established strong relationships with international banks and financial institutions in Europe to acquire distressed asset portfolios in the Central and Eastern European markets.
B.4 a Recent trends	<p>Increased adoption of selling loan portfolios</p> <p>Banks continue to strengthen their balance sheets, by deleveraging and cutting costs, in order to improve their capital adequacy ratios and cash positions. 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 NPLs in smaller portfolios. Despite the growing adoption of selling portfolios, one of the major obstacles for growth of the European NPL market is the fact that banks have to recognise a loss, which reduces their capital as well as profits. Consequently, smaller banks are reluctant to sell their NPLs as they fear not being able to absorb such losses.</p> <p>Implementation of regulations</p> <p>Increased regulatory pressure and supervision and higher capital requirements for financial institutions is expected to further drive banks to strengthen their balance sheets and increase NPL sales. On the contrary, the European Central Bank's Quantitative Easing, which was designed to prevent a credit crisis, has led many banks to engage in “pretend and extend” practices with regard to their non-performing assets and loans. As a result capital is tied up and consequently, the banks are unable to meet potential private and corporate credit demand.</p> <p>Improved portfolio pricing</p> <p>Reduction in expectations mismatch between potential sellers and acquirers is expected to create a more efficient NPL market in Europe. In the past few years, for example, portfolios sold in the UK and Ireland have been discounted from as little as 20 per cent to as much as 90 per cent of the outstanding claim amount.</p> <p>The creation of “bad banks” and government reforms</p> <p>Several European countries have created national, government supported, “bad banks” – designed to absorb NPLs from commercial banks. Such bad banks established in distressed EU countries present a trade-off for European Union's aid in resolving the country's national banking sector difficulties. It is believed that these bad banks may become major players in the European NPL market in the near future.</p>
B.5 Group structure	DDM is the parent company of the Group, which currently comprises 17 entities domiciled in Sweden, Switzerland, Hungary and Slovenia.

B.6 Notifiable persons, major shareholders and control of the company

As of 28 February 2017, DDM had approximately 266 shareholders. There is only one class of shares in the Company. The table below sets forth the Company's largest shareholders as of 28 February 2017 and any known subsequent changes:

MAJOR SHAREHOLDERS AS OF 28 FEBRUARY 2017¹⁾

Shareholder	Total number of shares ²⁾	Percentage of capital and votes, (%)
Hansson, Kent	2,295,924	25.40
Vogel, Manuel	1,705,490	18.87
Danske Bank International S.A.	1,500,000	16.59
Praktikertjänst Pensionsstiftelse	530,000	5.86
Strategic Investments A/S	448,567	4.96
Göransson, Richard	298,507	3.30
Hultgren, Gustav	225,000	2.49
Humble Småbolagsfond	149,254	1.65
Förvaltnings AB Hummelbosholm	149,254	1.65
Sirén, Sverker	146,254	1.62
Total; largest owners	7,448,250	82.39
Summary others	1,592,048	17.61
Total	9,040,298	100.00

1) Sources: Euroclear, Computershare and DDM.

2) Holdings include direct and indirect holdings.

B.7 Selected financial information

The following tables contain selected financial information for each period covered by the historical financial information. The figures are derived from the audited consolidated financial statements for the financial years 2014 and 2015, which have been prepared in accordance with IFRS as adopted by the European Union, and from the unaudited fourth quarter and full year report for the period 1 January – 31 December 2016, which has been prepared in accordance with IAS 34.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	2016	2015	2014
Amounts in EUR			
	(unaudited)	(audited)	(audited)
Revenue on invested assets	14,919,364	15,926,289	5,222,058
<i>Reconciliation of revenue on invested assets:</i>			
<i>Net collections</i>	<i>34,225,117</i>	<i>27,507,520</i>	<i>14,686,677</i>
<i>Amortisation of invested assets</i>	<i>(18,623,472)</i>	<i>(7,426,540)</i>	<i>(10,600,351)</i>
<i>Revaluation and impairment of invested assets</i>	<i>(682,281)</i>	<i>(4,154,691)</i>	<i>1,135,732</i>
Revenue from management fees	1,206,648	–	–
Personnel expenses	(3,949,123)	(3,826,928)	(2,704,569)
Consulting expenses	(1,247,499)	(1,206,642)	(1,214,529)
Other operating expenses	(952,191)	(778,582)	(880,781)
Other operating income	–	–	1,553,271
Amortisation and depreciation of tangible and intangible assets	(134,000)	(147,355)	(146,955)
Operating profit	9,843,199	9,966,782	1,828,495
Financial income	32,028	30,152	8,331
Financial expenses	(6,663,378)	(5,961,069)	(5,902,204)
Unrealised exchange profit / (loss)	2,111,163	(1,706,652)	(2,070,347)
Realised exchange loss	(256,829)	(426,702)	(282,773)
Net financial expenses	(4,777,016)	(8,064,271)	(8,246,993)
Profit / (loss) before income tax	5,066,183	1,902,511	(6,418,498)
Tax income / (expense)	274,578	(54,286)	64,244
Profit / (loss) for the year	5,340,761	1,848,225	(6,354,254)
Earnings per share before and after dilution	0.65	0.26	(1.14)

B.7 Selected financial information

CONSOLIDATED BALANCE SHEET

As at 31 December	2016	2015	2014
Amounts in EUR	(unaudited)	(audited)	(audited)
ASSETS			
<i>Non-current assets</i>			
Goodwill	4,160,491	4,160,491	4,160,491
Intangible assets	1,636,954	1,748,213	1,837,778
Tangible assets	62,948	69,505	21,278
Interests in associates	600,000	600,000	–
Distressed asset portfolios	32,471,721	22,253,808	34,242,475
Other long-term receivables from investments	11,447,384	18,306,865	–
Deferred tax assets	1,288,752	108,032	130,125
Other non-current assets	1,332,496	–	–
Total non-current assets	53,000,746	47,246,914	40,392,147
<i>Current assets</i>			
Accounts receivable	1,660,415	4,130,762	3,744,399
Other receivables	909,887	299,955	324,853
Prepaid expenses and accrued income	204,959	142,181	505,119
Cash and cash equivalents	10,599,066	3,391,575	9,000,971
Total current assets	13,374,327	7,964,473	13,575,342
TOTAL ASSETS	66,375,073	55,211,387	53,967,489
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Shareholders' equity</i>			
Share capital	7,540,117	5,785,676	5,785,676
Share premium	15,511,912	10,777,630	10,777,630
Other reserves	(583,880)	(547,390)	(194,061)
Accumulated losses including net earnings for the year	(1,892,768)	(7,735,033)	(9,583,258)
Total shareholders' equity attributable to Parent Company's shareholders	20,575,381	8,280,883	6,785,987
<i>Long-term liabilities</i>			
Loans	31,191,913	30,144,539	37,281,679
Post-employment benefit commitments	473,592	812,178	344,363
Deferred tax liabilities	231,370	60,161	68,860
Total long-term liabilities	31,896,875	31,016,878	37,694,902
<i>Current liabilities</i>			
Liabilities to credit institutions (bank overdrafts)	–	–	823
Accounts payable	1,568,110	5,757,817	5,248,946
Accrued interest	2,417,823	2,519,292	2,363,885
Accrued expenses and deferred income	1,733,005	1,011,490	1,872,946
Loans	8,183,879	6,625,027	–
Total current liabilities	13,902,817	15,913,626	9,486,600
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	66,375,073	55,211,387	53,967,489

B.7 Selected financial information
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December
Amounts in EUR

	2016	2015	2014
	(unaudited)	(audited)	(audited)
Cash flow from operating activities			
Operating profit	9,843,199	9,966,782	1,828,494
<i>Adjustments for non-cash items:</i>			
<i>Amortisation of invested assets</i>	18,623,472	7,426,540	10,600,351
<i>Depreciation, amortisation and impairment of tangible and intangible assets</i>	134,000	147,355	146,955
<i>Revaluation and impairment of invested assets</i>	682,281	4,154,691	(1,135,732)
<i>Other items not affecting cash¹⁾</i>	(3,354,292)	(16,435,602)	(72,638)
Interest paid	(5,480,564)	(7,801,487)	(7,925,807)
Interest received	78	–	375,754
Tax paid	(275,392)	–	–
Cash flow from operating activities before working capital changes	20,172,782	(2,541,721)	3,817,377
Working capital adjustments			
(Increase) / decrease in accounts receivable	2,470,347	(386,362)	(2,415,590)
(Increase) / decrease in other receivables	(2,005,206)	387,835	(45,024)
Increase / (decrease) in accounts payable	(887,808)	508,871	4,743,274
Increase / (decrease) in other current liabilities	500,046	(706,046)	(106,361)
Net cash flow from operating activities	20,250,161	(2,737,423)	5,993,676
Cash flow from investing activities			
Purchases of distressed asset portfolios and other long-term receivables from investments	(24,626,867)	(2,475,613)	(15,593,485)
Proceeds from divestment of distressed asset portfolios and other long-term receivables from investments	2,300,000	–	–
Purchases of associates	–	(600,000)	–
Purchases of tangible and intangible assets	(9,882)	(106,018)	(286,179)
Net cash flow received / (used) in investing activities	(22,336,749)	(3,181,631)	(15,879,664)
Cash flow from financing activities			
Proceeds from issuance of ordinary shares	1,754,441	–	2,140,164
Share premium	4,734,282	–	10,777,630
Proceeds from issuance of loans	14,967,249	1,341,938	12,556
Repayment of loans	(12,138,999)	(969,594)	(7,839,769)
Net cash flow received / (used) in financing activities	9,316,973	372,344	5,090,581
Cash flow for the year	7,230,385	(5,546,710)	(4,795,405)
Cash and cash equivalents less bank overdrafts at beginning of the year	3,391,575	9,000,148	14,125,071
Foreign exchange gains / (losses) on cash and cash equivalents	(22,894)	(61,863)	(329,518)
Cash and cash equivalents less bank overdrafts at end of the year	10,599,066	3,391,575	9,000,148

¹⁾ The majority of Other items not affecting cash relates to investments where DDM owns the economic benefit of net collections from the cut-off date. This is not reflected in the cash flows as the economic benefit is offset against the cash purchase price.

Significant events taking place after 31 December 2016

In January 2017, DDM Debt AB (publ), an indirectly wholly owned subsidiary of DDM, issued EUR 50 million of senior secured bonds. The proceeds from the bond issue were used to refinance the outstanding principal on the EUR 11 million bond loan, the SEK 300 million bond loan, and the EUR 2 million direct loan with repayment on 10 March 2017. The remaining proceeds will be used to acquire additional distressed asset portfolios and for general corporate purposes.

In January 2017, DDM signed and closed an acquisition of a portfolio of distressed assets from a leading bank in the Czech Republic. The total investment amounted to approximately EUR 5 million.

B.8 Selected pro forma financial information

Not applicable. The Company has not presented any selected pro forma financial information.

B.9 Profit forecasts

Not applicable. The Company has not presented any profit forecasts.

B.10 Audit report qualifications

Not applicable. There are no remarks in the audit reports.

B.11 Insufficient working capital

Not applicable. The Company believes that its existing working capital is sufficient to meet its current needs during the forthcoming 12-month period.

SECTION C – SECURITIES

C.1 Securities being offered	The Offer is in respect of shares of common stock in DDM Holding AG (ISIN: CH0246292343).
C.2 Currency	The shares are denominated in Swiss franc (CHF).
C.3 Number of issued shares and par value	As per the date of this Prospectus, the share capital of the Company amounts to CHF 9,040,298 distributed among 9,040,298 registered shares with a nominal value of CHF 1.00 each. All issued and outstanding shares have been fully paid.
C.4 Rights attached to the securities	<p>Provided the shareholder is recorded in the share register of the Company or, if the shares are listed in Sweden, in the central securities depository in accordance with chapter 1, paragraph 10 of the Swedish Companies Act (Sw. <i>Aktiebolagslagen (2005:551)</i>) on the record date prior to the shareholders' meeting, each share in the Company entitles the holder to one (1) vote at general meetings and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company.</p> <p>Every shareholder is entitled to a pro rata share of the disposable profit to the extent that the distribution of such profit among the shareholders is provided for by law or the articles of association. A dividend must be fixed only after deducting from the profit the allocations to the statutory reserves according to applicable Swiss law. On dissolution of the Company, the shareholder is entitled to a pro rata share of the liquidation proceeds, unless otherwise provided by those Articles of Association that relate to the allocation of the assets of the dissolved Company.</p> <p>If the Company issues new shares, as a general rule, shareholders have pre-emptive rights to subscribe for such securities proportionally to the number of shares held prior to the issue.</p>
C.5 Transferability restrictions	Not applicable. The shares are freely transferrable.
C.6 Admission to trading on a regulated market	Not applicable. After the capital increase, executed in connection with the Rights Issue, has been registered in the commercial register of the canton of Zug, Switzerland, the new shares will be admitted to trading on Nasdaq First North.
C.7 Dividend policy	<p>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 prioritised. Consequently, shareholders should not expect to receive dividends in the next few years.</p> <p>Since the incorporation of the Company, no dividend payments have been made.</p>

SECTION D - RISKS

D.1 Key risks specific to the issuer and its industry	<p>Economic conditions in the markets in which the Company operates affect the business</p> <p>DDM is exposed to the economic, market and fiscal conditions in the markets in which the Company operates and any positive or negative developments regarding these conditions. If the economy suffers a material and adverse downturn for a prolonged period of time that, in turn, increases the unemployment rate and/or impacts interest rates and the availability of credit, DDM may not be able to perform debt collection at levels consistent with historic levels due to the inability of debtors to make payments, at the same levels or at all, which could have an adverse effect on the Company's financial results. In addition, should the level of inflation increase, the real-term carrying value of DDM's asset portfolios may decrease.</p> <p>The asset acquisition industry is competitive</p> <p>DDM operates in a fragmented and highly competitive industry and is exposed to both domestic and international competition. DDM may face bidding competition in acquisition of asset portfolios and believes that successful bids are awarded based on price and a range of other factors including, but not limited to, service, compliance, reputation and relationships with the sellers of asset portfolios. There is a risk that the Company's current competitors, and potential new competitors, may have more effective pricing and collection models, greater adaptability to changing market needs and more established relationships in the industry and geographic markets where the Company operates. Moreover, there is a risk that competitors elect to pay prices for asset portfolios that DDM determines not to be economically sustainable and, in that event, the volume of debt portfolio purchases may be diminished.</p> <p>The Company is exposed to regulatory risks</p> <p>DDM operates in a variety of jurisdictions and must comply with applicable laws, regulations, licenses and codes of practice across all jurisdictions, including, among other things, with respect to statutes of limitation. Changes to the regulatory or political environments in which the Company operates, a failure to comply with applicable laws, regulations, licenses and codes of practice or failure of any employees to comply with internal policies and procedures may negatively affect DDM's business.</p> <p>The Company is dependent on its employees and exposed to risks associated with their activities</p> <p>DDM's future development depends largely on the skills, experience and commitment of the Company's 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. Should the Company become unable to retain or recruit suitable employees, this could have a material adverse effect on the Company's business, results of operations or financial condition.</p> <p>Further, individual employees may act against the Company's instructions or internal policies and either inadvertently or deliberately violate applicable law, including, but not limited to, competition laws and regulations by engaging in prohibited activities such as price fixing or colluding with competitors regarding markets or clients. Any such actions could have a material adverse effect on the Company's business, results of operations or financial condition.</p> <p>DDM may not be able to collect sufficient amounts on distressed asset portfolios</p> <p>Due to 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 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, the Company may have difficulty servicing debt obligations and may not be able to acquire new asset portfolios. Further, if purchased asset portfolios do not generate expected cash flows over specified time horizons it may be necessary to make downward revaluations of the portfolios, all of which could have a material adverse effect on DDM's business, results of operations or financial condition.</p>
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D.3 Key risks specific to the securities	<p>Risks related to share price and liquidity</p> <p>The market for securities is very volatile. As the value of the Company's shares can both rise and fall in value, it is not certain that an investor will get back the capital invested. An investment in the DDM's shares should therefore be preceded by a careful analysis of DDM, its competitors and the business environment, general information about the industry and other relevant information. The value of the Company's shares may fluctuate in the future, even as a result of events that are not directly linked to the Company or to its operations.</p> <p>Risks related to future dividend</p> <p>The existence and size of any future dividend from the Company is dependent on a number of factors, such as the Company's business development, results, financial position, cash flow and need for working capital. There are many risks that may affect the Company's earnings and there is a risk that the Company will not be able to present results that enable distribution of dividend to shareholders in the future.</p> <p>Risks related to restrictions for shareholders in jurisdictions outside Sweden and Switzerland to participate in future share issues</p> <p>Pursuant to Swiss corporate law, a Swiss stock corporation is required to offer its shareholders the opportunity to, on a pro rata basis, participate in any new issues of shares unless otherwise specifically resolved by the general meeting for good cause. Shareholders in other countries than Sweden and Switzerland may, however, be prevented from participating in such new issues and/or their participation may be limited in other ways according to the respective applicable legislation in such countries. For example shareholders in the United States of America may be prevented from participation in the event the shares or pre-emptive subscription rights are not registered pursuant to the Securities Act and no exemption from the registration requirements are at hand.</p> <p>Risks related to shareholders with significant influence</p> <p>DDM's largest shareholders Kent Hansson and Manuel Vogel hold, directly or indirectly, approximately 25.4 per cent and 18.9 per cent, respectively, of the total number of shares and votes in DDM. Kent Hansson and Manuel Vogel have undertaken to vote in favor of the Rights Issue at the extraordinary general meeting and have confirmed their intention to participate in the Rights Issue at least through a so-called cash-neutral transaction. This means that Kent Hansson and Manuel Vogel will continue to exert a major influence over the Company and the decisions which require shareholder approval. In addition, there are other significant shareholders in the Company that may participate in and subscribe for new shares in the Rights Issue and/or exert influence over the Company and decisions which require shareholder approval.</p>
SECTION E – OFFER	
E.1 Net proceeds and expenses	If fully subscribed, net proceeds from the Rights Issue are expected to be up to SEK 93 million. The Company's expenses associated with the Rights Issue are estimated at approximately SEK 11 million.
E.2 a Reasons for the Offer and use of proceeds	<p>DDM has grown significantly during the last few years and in order to support the expected continued high growth in DDM's core markets, DDM's Board of the Directors proposed the Rights Issue of up to approximately SEK 104 million.</p> <p>The Board of Directors and Management of the Company believe that the further strengthening of DDM's balance sheet following the Rights Issue should place DDM in a position to continue lowering its funding costs and cost of capital, facilitating the issuance of more debt.</p> <p>DDM's Board of Directors and Management believe that the additional funding from completed and planned equity and debt issuances, in combination with cash flow generated by DDM, will provide the funding required to acquire portfolios for EUR 50 million during 2017.</p>
E.3 Terms and conditions of the Offer	<p>Each existing share held on the record date entitles its holder to receive one (1) Pre-emptive Subscription Right. Two (2) Pre-emptive Subscription Rights entitle the holder to subscribe for one (1) new share. The new shares will be issued at a subscription price of SEK 23.00 per share.</p> <p>The record date at Euroclear and Computershare for determining which parties are entitled to receive Pre-emptive Subscription Rights under the Rights Issue is 10 March 2017. The Company's shares were traded including the right to receive Pre-emptive Subscription Rights until and including 8 March 2017. The Company's shares were traded excluding the right to receive Pre-emptive Subscription Rights from and including 9 March 2017.</p> <p>Subscription for new shares with the support of the Pre-emptive Subscription Rights is carried out through payment during the period 13 March through 24 March 2017. During this period, it is also possible to apply to subscribe for shares without Pre-emptive Subscription Rights. The Board of Directors of the Company reserves the right to extend the subscription period, which if it becomes relevant will be announced by the Company in a press release not later than 24 March 2017. The press release will be available on DDM's website, www.ddm-group.ch.</p> <p>Pre-emptive Subscription Rights will be traded on Nasdaq First North during the period 13 March through 22 March 2017. Carnegie and other securities institutions with the requisite licenses will provide brokerage services in connection with the purchase and sale of Pre-emptive Subscription Rights. The ISIN code for the Pre-emptive Subscription Rights is SE0009696008.</p> <p>Subscription for new shares with the support of the Pre-emptive Subscription Rights is carried out through payment during the period 13 March through 24 March 2017. Upon expiry of the subscription period, unexercised Pre-emptive Subscription Rights will be assigned by the Board of Directors to interested third parties.</p>
E.4 Interests material to the Offer	<p>DDM's largest shareholders, Kent Hansson and Manuel Vogel, together owners of approximately 44 per cent of the shares and votes in the Company, intend to participate in the Rights Issue. Kent Hansson and Manuel Vogel intend to sell some of their Pre-emptive Subscription Rights and/or existing shares to a few long-term investors and use the proceeds (net of tax) to subscribe for new shares in a so-called cash-neutral transaction. Furthermore, shareholders together owning approximately 64 per cent of the shares and votes in the Company have expressed their support for the Rights Issue.</p> <p>Several members of the Board of Directors and the Company's management own shares.</p>
E.5 Seller of the securities and lock-up agreements	Not applicable. No shareholder will sell shares in the Offer and no lock-up agreements are entered into in connection with the Offer.
E.6 Dilution	Shareholders who choose not to participate in the Rights Issue will have their shareholdings diluted by not more than 4,520,149 new shares, representing approximately 33 per cent of the total number of shares and votes in the Company after the completion of the Rights Issue.
E.7 Expenses charged to the investor	Not applicable. No commission or brokerage is payable.

Sammanfattning (Swedish summary)

(Vid eventuell avvikelse mellan språkversionerna av sammanfattningen ska den engelskspråkiga versionen äga tolkningsföreträde.)

Sammanfattningen består av vissa informationskrav uppställda i "Punkter". Punkterna är numrerade i avsnitten A–E (A.1–E.7).

Denna sammanfattning innehåller de Punkter som krävs för en sammanfattning i ett prospekt för den aktuella typen av emittent och värdepapper. Eftersom vissa Punkter inte är tillämpliga kan det förekomma luckor i Punkternas numrering.

Även om det krävs att en Punkt inkluderas i sammanfattningen på grund av den aktuella typen av emittent och värdepapper, finns det i vissa fall ingen relevant information att lämna. Punkten har i så fall ersatts med en kort beskrivning av informationsskravet tillsammans med angivelsen "ej tillämplig".

AVSNITT A – INTRODUKTION OCH VARNINGAR		
A.1	Introduktion och varningar	Denna sammanfattning bör betraktas som en introduktion till Prospektet. Varje beslut om att investera i de värdepapper som erbjuds ska baseras på en bedömning av Prospektet i sin helhet från investerarens sida. Om yrkande avseende uppgifterna i Prospektet anförs vid domstol kan den investerare som är kärande i enlighet med medlemsstaternas nationella lagstiftning bli tvungen att svara för kostnaderna vid översättning av Prospektet innan de rättsliga förfarandena inleds. Civilrättsligt ansvar kan endast åläggas de personer som lagt fram sammanfattningen, inklusive översättningar därav, men endast om sammanfattningen är vilseledande, felaktig eller oförenlig med de andra delarna av Prospektet eller om den inte, tillsammans med andra delar av Prospektet, ger nyckelinformation för att hjälpa investerare i övervägandet att investera i de värdepapper som erbjuds.
A.2	Finansiella mellanhänder	Ej tillämplig. Finansiella mellanhänder har inte rätt att använda Prospektet för efterföljande återförsäljning eller slutlig placering av aktier.
AVSNITT B – EMITTENT		
B.1	Firma och handelsbeteckning	DDM Holding AG (DDM Holding Ltd) (DDM Holding SA), organisationsnummer CHE-115.906.312. Bolaget verkar under handelsbeteckningen DDM.
B.2	Säte, bolagsform, lagstiftning och land	DDM är ett schweiziskt aktiebolag vars verksamhet bedrivs enligt den schweiziska civillagen. DDM har sitt säte i Baar, Schweiz, och sin registrerade adress på Schochenmühlestrasse 4, 6340 Baar, Schweiz.
B.3	Nuvarande huvudsaklig verksamhet	DDM är en specialiserad förvärvare och förvaltare av fordringar med fokus på de expanderande marknaderna för både förfallna och icke-förfallna lån i Central- och Östeuropa. DDM grundades år 2007 av personer som tidigare har varit framgångsrika med uppbyggnaden av liknande verksamheter, och har etablerat starka relationer med internationella banker och finansiella institutioner i Europa vad avser förvärv av portföljer med förfallna fordringar på de central- och östeuropeiska marknaderna.
B.4 a	Trender	<p>Ökad försäljning av skuldportföljer</p> <p>Genom att minska skuldsättningsgrad och kostnader fortsätter banker att stärka sina balansräkningar i syfte att förbättra kapitaltäckning och kassapositioner. Banker kan därutöver dra nytta av flera fördelar genom försäljning av låneportföljer, vilket främjar en ökad försäljning: möjliggörandet av fokus på kärnverksamhet, reducering av risken för renommékador samt säkerställande av korrekt kundhantering genom professionell inkassering. Attraktiviteten för investerare har även ökat eftersom banker har visat sig villiga att samarbeta med små och medelstora företag genom att dela upp och sälja sina förfallna fordringar i mindre portföljer. Trots den ökade försäljningen av skuldportföljer är ett av de större hindren för tillväxt på den europeiska marknaden för förfallna lån att banker måste redovisa en förlust, vilket leder till minskat kapital och minskad vinst. Mindre banker är till följd av detta obenägna att sälja förfallna lån eftersom de räds att de inte ska kunna hantera förlusterna.</p> <p>Implementering av regelverk</p> <p>Ökat regulatoriskt tryck och tillsyn samt ökade kapitalkrav för finansiella institutioner förväntas driva banker till att ytterligare stärka sina balansräkningar och öka försäljningen av förfallna lån. Å andra sidan har Europeiska centralbankens metod för kvantitativ lättnad, vilken utformades med syftet att förebygga en kreditkris, bidragit till att många banker utnyttjar "pretend and extend"-åtgärder avseende förfallna fordringar och lån. Som en följd av detta binds kapital upp och bankerna blir därmed oförmögna att möta potentiell efterfrågan på hushålls- och företagskrediter.</p> <p>Förbättrad portföljprissättning</p> <p>Minskad diskrepans i förväntningar mellan potentiella överlåtare och förvärvare förväntas leda till en mer effektiv marknad för förfallna lån i Europa. Till exempel har portföljer sålda i Storbritannien och Irland under de senaste åren avräknats med så lite som 20 procent till hela 90 procent av utestående fordringsbelopp.</p> <p>Skapandet av "bad banks" och statliga reformer</p> <p>Flera europeiska länder har skapat nationella, statligt understödda, "bad banks" avsedda att ta över förfallna lån från affärsbanker. "Bad banks" som etablerats i nödställda EU-stater utgör en motprestation för EU:s stöd vid avhjälpande av svårigheter i den nationella banksektorn. Dessa "bad banks" antas inom en snar framtid komma att bli viktiga aktörer på den europeiska marknaden för förfallna lån.</p>
B.5	Koncernstruktur	DDM är moderbolag i Koncernen som för närvarande består av 17 bolag hemmahörande i Sverige, Schweiz, Ungern och Slovenien.

B.6 Anmälningsskyldiga personer, större aktieägare samt kontroll över Bolaget

Per den 28 februari 2017 hade DDM omkring 266 aktieägare. Det finns endast en aktieklass i Bolaget. Av tabellen nedan framgår Bolagets största aktieägare per den 28 februari 2017 samt därefter kända förändringar:

STÖRSTA AKTIEÄGARE PER DEN 28 FEBRUARI 2017¹⁾

Aktieägare	Totalt antal aktier²⁾	Andel av kapital och röster, (%)
Hansson, Kent	2 295 924	25,40
Vogel, Manuel	1 705 490	18,87
Danske Bank International S.A.	1 500 000	16,59
Praktikertjänst Pensionsstiftelse	530 000	5,86
Strategic Investments A/S	448 567	4,96
Göransson, Richard	298 507	3,30
Hultgren, Gustav	225 000	2,49
Humble Småbolsfond	149 254	1,65
Förvaltnings AB Hummelbosholm	149 254	1,65
Sirén, Sverker	146 254	1,62
Totalt; största aktieägare	7 448 250	82,39
Summa övriga	1 592 048	17,61
Totalt	9 040 298	100,00

1) Källor: Euroclear, Computershare och DDM.

2) Innehav inkluderar direkta och indirekta innehav.

B.7 Utvald finansiell information

Följande tabeller består av utvald finansiell information redovisat för varje period som omfattas av den historiska finansiella informationen. Räkenskaperna är hämtade från reviderade koncernredovisningar för räkenskapsåren 2014 och 2015, vilka har upprättats i enlighet med IFRS, sådana de antagits av EU, samt den oreviderade bokslutskommunikén för perioden 1 januari – 31 december 2016 som upprättats i enlighet med IAS 34.

KONCERNENS RESULTATRÄKNING

För det år som avslutas den 31 december	2016	2015	2014
Belopp i EUR			
	(oreviderad)	(reviderad)	(reviderad)
Intäkter från köpta skuldportföljer och andra långfristiga fordringar från investeringar	14 919 364	15 926 289	5 222 058
<i>Avstämning av intäkter från köpta skuldportföljer och andra långfristiga fordringar från investeringar:</i>			
Nettoinkassering	34 225 117	27 507 520	14 686 677
Amortering av köpta skuldportföljer och andra långfristiga fordringar från investeringar	(18 623 472)	(7 426 540)	(10 600 351)
Omvärdering och nedskrivning av köpta skuldportföljer och andra långfristiga fordringar från investeringar	(682 281)	(4 154 691)	1 135 732
Intäkter från förvaltningsavgifter	1 206 648	–	–
Personalkostnader	(3 949 123)	(3 826 928)	(2 704 569)
Konsultkostnader	(1 247 499)	(1 206 642)	(1 214 529)
Övriga rörelsekostnader	(952 191)	(778 582)	(880 781)
Övriga rörelseintäkter	–	–	1 553 271
Avskrivning och nedskrivning av materiella och immateriella tillgångar	(134 000)	(147 355)	(146 955)
Rörelseresultat (EBIT)	9 843 199	9 966 782	1 828 495
Finansiella intäkter	32 028	30 152	8 331
Finansiella kostnader	(6 663 378)	(5 961 069)	(5 902 204)
Örealiserade valutavinster/-förluster	2 111 163	(1 706 652)	(2 070 347)
Realiserade valutaförluster	(256 829)	(426 702)	(282 773)
Resultat från finansiella poster	(4 777 016)	(8 064 271)	(8 246 993)
Resultat före skatt	5 066 183	1 902 511	(6 418 498)
Skatt	274 578	(54 286)	64 244
Årets resultat	5 340 761	1 848 225	(6 354 254)
Resultat per aktie före och efter utspädning	0,65	0,26	(1,14)

B.7 Utvald finansiell information

KONCERNENS RAPPORT ÖVER FINANSIELL STÄLLNING

Per 31 december			
Belopp i EUR	2016	2015	2014
	(oreviderad)	(reviderad)	(reviderad)
TILLGÅNGAR			
<i>Anläggningstillgångar</i>			
Goodwill	4 160 491	4 160 491	4 160 491
Immateriella anläggningstillgångar	1 636 954	1 748 213	1 837 778
Materiella anläggningstillgångar	62 948	69 505	21 278
Resultatandelar i intressebolag	600 000	600 000	–
Köpta skuldportföljer	32 471 721	22 253 808	34 242 475
Andra långfristiga fordringar från investeringar	11 447 384	18 306 865	–
Uppskjutna skattefordringar	1 288 752	108 032	130 125
Övriga anläggningstillgångar	1 332 496	–	–
Summa anläggningstillgångar	53 000 746	47 246 914	40 392 147
<i>Omsättningstillgångar</i>			
Kundfordringar	1 660 415	4 130 762	3 744 399
Övriga kortfristiga fordringar	909 887	299 955	324 853
Förutbetalda kostnader och upplupna intäkter	204 959	142 181	505 119
Likvida medel	10 599 066	3 391 575	9 000 971
Summa omsättningstillgångar	13 374 327	7 964 473	13 575 342
SUMMA TILLGÅNGAR	66 375 073	55 211 387	53 967 489
EGET KAPITAL OCH SKULDER			
<i>Eget kapital hänförligt till moderbolagets aktieägare</i>			
Eget kapital	7 540 117	5 785 676	5 785 676
Överkurs	15 511 912	10 777 630	10 777 630
Övriga reserver	(583 880)	(547 390)	(194 061)
Balanserade förluster inklusive årets resultat	(1 892 768)	(7 735 033)	(9 583 258)
Summa eget kapital hänförligt till moderbolagets aktieägare	20 575 381	8 280 883	6 785 987
<i>Långfristiga skulder</i>			
Lån	31 191 913	30 144 539	37 281 679
Avsättningar för pensioner och liknande förpliktelser	473 592	812 178	344 363
Uppskjutna skatteskulder	231 370	60 161	68 860
Summa långfristiga skulder	31 896 875	31 016 878	37 694 902
<i>Kortfristiga skulder</i>			
Skulder till kreditinstitut (checkräkningskrediter)	–	–	823
Leverantörsskulder	1 568 110	5 757 817	5 248 946
Upplupen ränta	2 417 823	2 519 292	2 363 885
Upplupna kostnader och förutbetalda intäkter	1 733 005	1 011 490	1 872 946
Lån	8 183 879	6 625 027	–
Summa kortfristiga skulder	13 902 817	15 913 626	9 486 600
SUMMA EGET KAPITAL OCH SKULDER	66 375 073	55 211 387	53 967 489

B.7 Utvald finansiell information

KONCERNENS RAPPORT ÖVER KASSAFLÖDEN

För det år som avslutas den 31 december

Belopp i EUR	2016	2015	2014
	(oreviderad)	(reviderad)	(reviderad)
Kassaflöde från den löpande verksamheten			
Rörelseresultat	9 843 199	9 966 782	1 828 494
<i>Justeringar för ej kassaflödespåverkande poster:</i>			
Amortering av köpta skuldportföljer och andra långfristiga fordringar från investeringar	18 623 472	7 426 540	10 600 351
Avskrivning, amortering och nedskrivning av materiella och immateriella tillgångar	134 000	147 355	146 955
Omvärdering och nedskrivning av köpta skuldportföljer och andra långfristiga fordringar från investeringar	682 281	4 154 691	(1 135 732)
Övriga ej kassaflödespåverkande poster ¹⁾	(3 354 292)	(16 435 602)	(72 638)
Erlagd ränta	(5 480 564)	(7 801 487)	(7 925 807)
Erhållen ränta	78	–	375 754
Erlagd skatt	(275 392)	–	–
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapitalet	20 172 782	(2 541 721)	3 817 377
Förändringar av rörelsekapitalet			
(Ökning) / minskning av kundfordringar	2 470 347	(386 362)	(2 415 590)
(Ökning) / minskning av övriga kortfristiga fordringar	(2 005 206)	387 835	(45 024)
Ökning / (minskning) av leverantörsskulder	(887 808)	508 871	4 743 274
Ökning / (minskning) av övriga kortfristiga skulder	500 046	(706 046)	(106 361)
Kassaflöde från den löpande verksamheten	20 250 161	(2 737 423)	5 993 676
Kassaflöde från investeringsverksamheten			
Förvärv av skuldportföljer och andra långfristiga fordringar från investeringar	(24 626 867)	(2 475 613)	(15 593 485)
Likvid från avyttring av skuldportföljer och andra långfristiga fordringar från investeringar	2 300 000	–	–
Förvärv av intressebolag	–	(600 000)	–
Förvärv av materiella och immateriella tillgångar	(9 882)	(106 018)	(286 179)
Kassaflöde från investeringsverksamheten	(22 336 749)	(3 181 631)	(15 879 664)
Kassaflöde från finansieringsverksamheten			
Emissionslikvid från emission av stamaktier	1 754 441	–	2 140 164
Överkurs	4 734 282	–	10 777 630
Emissionslikvid från emission av lån	14 967 249	1 341 938	12 556
Återbetalning av lån	(12 138 999)	(969 594)	(7 839 769)
Kassaflöde från finansieringsverksamheten	9 316 973	372 344	5 090 581
Årets kassaflöde	7 230 385	(5 546 710)	(4 795 405)
Likvida medel vid årets början	3 391 575	9 000 148	14 125 071
Kursdifferens i likvida medel	(22 894)	(61 863)	(329 518)
Likvida medel vid årets slut	10 599 066	3 391 575	9 000 148

¹⁾ Huvuddelen av beloppet på raden Övriga ej kassaflödespåverkande poster är hänförliga till investeringar där DDM äger rätten till inkasserade belopp från köpta skuldportföljer och andra långfristiga fordringar från investeringar från brytdatum. Detta är dock inte reflekterat ovan då de ekonomiska rättigheterna räknas av mot köpesumman.

Väsentliga händelser efter den 31 december 2016

I januari 2017 emitterade DDM:s indirekt helägda dotterbolag DDM Debt AB (publ) säkerställda seniora obligationer om 50 miljoner EUR. Intäkterna från obligationsemissionen användes för att refinansiera de utestående kapitalbeloppen avseende obligationslånet om 11 miljoner EUR, obligationslånet om 300 miljoner SEK samt direktlånet om 2 miljoner EUR med återbetalning den 10 mars 2017. Återstående intäkter kommer att utnyttjas för förvärv av ytterligare portföljer med förfallna fordringar och för allmänna företagsändamål.

I januari 2017 slutförde DDM ett förvärv av en portfölj med förfallna fordringar från en ledande tjeckisk bank. Den totala investeringen uppgick till cirka 5 miljoner EUR.

B.8 Utvald proforma-redovisning	Ej tillämpligt. Bolaget har inte upprättat proformaredovisning.
B.9 Resultatprognos	Ej tillämpligt. Bolaget har inte lämnat någon resultatprognos.
B.10 Anmärkningar från Bolagets revisor	Ej tillämpligt. Det finns inte några anmärkningar i revisionsberättelserna.
B.11 Otillräckligt rörelsekapital	Ej tillämpligt. Bolaget bedömer att dess tillgängliga rörelsekapital är tillräckligt för att möta Bolagets behov under de kommande tolv månaderna.

AVSNITT C – VÄRDEPAPPER		
C.1	Värdepapper som erbjuds	Erbjudandet består av stamaktier i DDM Holding AG (ISIN: CH0246292343).
C.2	Valuta	Aktierna är denominerade i schweiziska franc (CHF).
C.3	Antal aktier och nominellt värde per aktie	Per dagen för Prospektet uppgår Bolagets aktiekapital till 9 040 298 fördelat på 9 040 298 aktier med ett nominellt värde om 1 CHF per aktie. Samtliga aktier i Bolaget är fullt betalda.
C.4	Rättigheter som sammanhänger med värdepappren	<p>Förutsatt att aktieägaren är införd i Bolagets aktiebok, eller, om aktierna är noterade i Sverige, är införd i avstämningsregistret på avstämningsdagen före bolagsstämma i enlighet med 1 kap. 10 § i aktiebolagslagen (2005:551), berättigar varje aktie i Bolaget till en (1) röst vid bolagsstämma och varje aktieägare har rätt att avge lika många röster som antalet innehavda aktier.</p> <p>Varje aktieägare har rätt till en pro rata-andel av den utdelningsbara vinsten i den mån vinstutdelning till aktieägarna föreskrivs i lag eller bolagsordning. Utdelningsbeloppet får endast fastställas efter att avsättningar till reservfonden enligt tillämplig schweizisk lag har dragits av från vinsten. Vid Bolagets upplösning har aktieägaren rätt till en pro rata-andel av skifteslikviden om inte annat följer av de bestämmelser i bolagsordningen som avser fördelningen av det upplösta bolagets tillgångar.</p> <p>Om Bolaget emitterar nya aktier ska aktieägarna som huvudregel ha företrädesrätt att teckna aktier proportionellt i förhållande till antal innehavda aktier före emissionen.</p>
C.5	Överlåtelsebegränsning	Ej tillämpligt. Aktierna är fritt överlåtbara.
C.6	Upptagande till handel på reglerad marknad	Ej tillämplig. Efter att kapitalökningen i samband med Företrädesemissionen har registrerats i handelsregistret i kantonen Zug, Schweiz, kommer de nya aktierna att tas upp till handel på Nasdaq First North.
C.7	Utdelningspolicy	<p>Beslut om förslag till utdelning baseras på DDM:s framtida intäkter, finansiella ställning, kapitalbehov och situationen i allmänhet. Bolaget är i en fas där utnyttjandet av identifierade tillväxtmöjligheter prioriteras. Aktieägare bör följaktligen inte räkna med att erhålla utdelning under de närmaste åren.</p> <p>Ingen utdelning har lämnats sedan Bolaget bildades.</p>
AVSNITT D - RISKER		
D.1	Huvudsakliga risker avseende emittenten och branschen	<p>Rådande ekonomiska förhållanden på Bolagets marknader påverkar verksamheten</p> <p>DDM är exponerat för ekonomiska, marknads- och skattemässiga förhållanden på de marknader där Bolaget är verksamt samt positiva eller negativa förändringar i dessa förhållanden. Om ekonomin drabbas av en väsentlig nedgång under en längre tidsperiod, som i sin tur gör att arbetslösheten ökar och/eller påverkar räntor och kredittillgången, finns det en risk att DDM inte kan genomföra inkassering på historiska nivåer på grund av oförmåga hos gäldenärer att göra betalningar i samma utsträckning eller överhuvudtaget, vilket skulle kunna få en negativ inverkan på Bolagets finansiella resultat. Därutöver finns det en risk att det redovisade verkliga värdet av DDM:s portföljer minskar om inflationsnivån ökar.</p> <p>Branschen för portföljförvärv är konkurrensutsatt</p> <p>DDM verkar i en fragmenterad och starkt konkurrensutsatt bransch och är föremål för både inhemsk och internationell konkurrens. DDM riskerar att möta konkurrens vid budgivning avseende förvärv av portföljer och anser att bud blir framgångsrika baserat på pris och en rad andra faktorer, däribland, men inte begränsat till, service, regelefterlevnad, rykte och relationer med säljarna av portföljer. Det finns en risk att Bolagets nuvarande och potentiella framtida konkurrenter har effektivare modeller för prissättning och inkassering, bättre anpassningsförmåga till förändrade marknadsbehov och fler etablerade relationer i branschen och på de geografiska marknader där Bolaget verkar. Dessutom finns det en risk att konkurrenter väljer att betala priser för portföljer som DDM inte anser vara ekonomiskt hållbara, i vilket fall volymen av skuldportföljsinköp kan minska.</p> <p>Bolaget är utsatt för regulatoriska risker</p> <p>DDM verkar i en mängd olika jurisdiktioner och måste följa tillämpliga lagar, förordningar, tillstånd och uppförandekoder i alla jurisdiktioner, bland annat vad avser preskriptionsregler. Förändringar i den regulatoriska och politiska miljön som Bolaget verkar i, misslyckande med att efterleva tillämpliga lagar, förordningar, tillstånd och uppförandekoder, eller anställas avvikelse från interna policys och rutiner, kan få en negativ inverkan på DDM:s verksamhet.</p> <p>Bolaget är beroende av sina anställda och exponerat för risker kopplade till deras aktiviteter</p> <p>DDM:s framtida utveckling beror i hög grad på kompetens, erfarenhet och engagemang hos Bolagets anställda. Därför är det viktigt för DDM:s framtida verksamhet och utveckling att Bolaget kan behålla, och vid behov även rekrytera, kompetenta medarbetare. Om Bolaget inte klarar av att behålla eller rekrytera lämpliga medarbetare, finns det en risk att det får en väsentlig negativ inverkan på Bolagets verksamhet, rörelseresultat eller finansiella ställning.</p> <p>Vidare finns det en risk att enskilda medarbetare agerar i strid med Bolagets instruktioner eller interna policys och, antingen av misstag eller avsiktligt, bryter mot tillämplig lag, inklusive, men inte begränsat till, konkurrensregler, genom att delta i förbjudna aktiviteter såsom otillåten prissättning eller samverkan med konkurrenter ifråga om marknader eller kunder. Alla sådana åtgärder skulle kunna få en väsentlig negativ inverkan på Bolagets verksamhet, rörelseresultat eller finansiella ställning.</p> <p>Det finns en risk att DDM inte kan inkassera tillräckliga summor på sina skuldportföljer</p> <p>På grund av den tid som det tar att inkassera förfallna skulder i förvärvade portföljer finns det en risk att DDM inte kan identifiera den ekonomiska utvecklingen eller göra förändringar i förvärvsstrategier i tid. Detta kan resultera i en förlust av värde i en portfölj efter förvärv. Det finns en risk att analysmodeller inte kan identifiera förändringar i kvaliteten på de portföljer som utgivare säljer. Om DDM betalar för mycket för portföljer och värdet av förvärvade fordringar och kassaflöden från verksamheten därmed är lägre än förväntat, kan Bolaget ha svårt att uppfylla sina skuldförbindelser och kan därmed vara oförmöget att förvärva nya portföljer. Därutöver kan det vara nödvändigt att nedvärdera portföljers värde om de inte genererar förväntade kassaflöden inom angivna tidsramar, vilka samtliga faktorer skulle kunna få en väsentlig negativ inverkan på DDM:s verksamhet, rörelseresultat eller finansiella ställning.</p>

D.3 Huvudsakliga risker avseende värdepappren	<p>Risker relaterade till aktiekursen och likviditet Värdepappersmarknaden är mycket volatil. Eftersom värdet på Bolagets aktier både kan stiga och sjunka är det inte säkert att en investerare får tillbaka investerat kapital. En investering i DDM:s aktier bör därför föregås av en noggrann analys av DDM, dess konkurrenter och affärsklimatet, allmän information om branschen och annan relevant information. Värdet på Bolagets aktier kan i framtiden fluktuera, även till följd av händelser som inte är direkt kopplade till Bolaget eller dess verksamhet.</p> <p>Risker relaterade till framtida utdelning Förekomsten och storleken på eventuell framtida utdelning i Bolaget är beroende av ett antal faktorer, såsom Bolagets affärsutveckling, resultat, finansiella ställning, kassaflöde och rörelsekapitalbehov. Det finns många risker som kan påverka Bolagets resultat och det finns en risk att Bolaget inte kommer att kunna presentera resultat som möjliggör utdelning till aktieägarna i framtiden.</p> <p>Risker relaterade till begränsningar för aktieägare i jurisdiktioner utanför Sverige och Schweiz att delta i framtida emissioner I enlighet med schweizisk bolagsrätt, ska ett schweiziskt aktiebolag erbjuda sina aktieägare möjlighet att på pro rata basis delta i varje nyemission om inte annat särskilt beslutas av bolagsstämman med godtagbara skäl. Aktieägare i andra länder än Sverige och Schweiz kan emellertid vara förhindrade från att delta i sådana nyemissioner och/eller deras möjlighet till deltagande kan vara begränsat i andra avseenden i enlighet med respektive lands lagstiftning. Till exempel finns en risk att aktieägare i USA är förhindrade från att delta för det fall aktier eller teckningsrätter inte registreras i enlighet med Securities Act och inga undantag från registreringskraven är tillämpliga.</p> <p>Risker relaterade till aktieägare med betydande inflytande DDM:s största ägare Kent Hansson och Manuel Vogel äger, direkt eller indirekt, cirka 25,4 procent respektive 18,9 procent, av det totala antalet aktier och röster i DDM. Kent Hansson och Manuel Vogel har åtagit sig att rösta för Företrädesemissionen på den extra bolagsstämman och har bekräftat deras avsikt att delta i Företrädesemissionen åtminstone genom en så kallad kassaneutral transaktion. Detta innebär att Kent Hansson och Manuel Vogel kommer att fortsätta att utöva ett stort inflytande över Bolaget och beslut som kräver aktieägarnas godkännande. Dessutom finns det andra betydande aktieägare i Bolaget som kan komma att delta i, och teckna nya aktier i, Företrädesemissionen och/eller utöva inflytande över Bolaget och beslut som kräver aktieägarnas godkännande.</p>
AVSNITT E – ERBJUDANDET	
E.1 Nettointäkter och kostnader	Om Företrädesemissionen fulltecknas förväntas Bolaget tillföras nettointäkter om 93 miljoner SEK. Emissionskostnaderna beräknas uppgå till cirka 11 miljoner SEK.
E.2 a Motiven till Erbjudandet och användning av emissionslikviden	<p>DDM har expanderat kraftigt de senaste åren och för att kunna stödja den förväntade fortsatta tillväxten på DDM:s huvudmarknader har DDM:s Styrelse föreslagit Företrädesemissionen om högst cirka 104 miljoner SEK.</p> <p>Bolagets Styrelse och Ledning anser att den ytterligare förstärkning av Bolagets balansräkning som följer av Företrädesemissionen bör försätta DDM i en ställning att kunna fortsätta sänka sina finansierings- och kapitalkostnader, vilket bör underlätta upptagandet av ytterligare lån.</p> <p>DDM:s Styrelse och Ledning anser att den ytterligare finansiering som erhålls från de genomförda och planerade aktie- och obligationsemissionerna, tillsammans med DDM:s genererade kassaflöde, kommer att tillgodose nödvändig finansiering för att förvärva portföljer om 50 miljoner EUR under 2017.</p>
E.3 Erbjudandets former och villkor	<p>Varje befintlig aktie som innehas på avstämningsdagen berättigar innehavaren till en (1) Teckningsrätt. Två (2) Teckningsrätter berättigar till teckning av en (1) nya aktie. De nya aktierna emitteras till en teckningskurs om 23 SEK per aktie.</p> <p>Avstämningsdag hos Euroclear och Computershare för att bestämma vilka parter som har rätt att erhålla Teckningsrätter i emissionen är den 10 mars 2017. Bolagets aktier handlades inklusive rätt att erhålla Teckningsrätter till och med den 8 mars 2017. Bolagets aktier handlades exklusive rätt att erhålla Teckningsrätter från och med den 9 mars 2017.</p> <p>Teckning av nya aktier med stöd av Teckningsrätterna sker genom betalning under perioden 13 mars till 24 mars 2017. Under denna period är det även möjligt att ansöka om teckning av aktier utan stöd av Teckningsrätter. Styrelsen förbehåller sig rätten att förlänga teckningstiden, och om det blir aktuellt kommer en sådan förlängning av teckningstiden att tillkännages av Bolaget i ett pressmeddelande senast den 24 mars 2017. Pressmeddelandet kommer även att finnas tillgängligt på DDM:s hemsida www.ddm-group.ch.</p> <p>Teckningsrätterna kommer att handlas på Nasdaq First North under perioden 13 mars till 22 mars 2017. Carnegie och andra värdepappersinstitut med erforderliga tillstånd kommer att tillhandahålla mäklartjänster i samband med köp och försäljning av Teckningsrätterna. ISIN-kod för Teckningsrätterna är SE0009696008.</p> <p>Teckning av nya aktier med stöd av Teckningsrätterna sker genom betalning under perioden 13 mars till 24 mars 2017. Efter utgången av anmälningsperioden kommer outnyttjade Teckningsrätter genom Styrelsens försorg att tilldelas övriga intresserade parter.</p>
E.4 Intressen som har betydelse för Erbjudandet	<p>DDM:s största aktieägare Kent Hansson och Manuel Vogel, tillsammans ägare till cirka 44 procent av det totala antalet aktier och röster i Bolaget, avser att delta i Företrädesemissionen. Kent Hansson och Manuel Vogel avser att sälja ett antal Teckningsrätter och/eller befintliga aktier till ett fåtal långsiktiga investerare och använda intäkterna (efter avdrag för skatt) för att teckna nya aktier i en så kallad kassaneutral transaktion. Därutöver har aktieägare som tillsammans äger cirka 64 procent av aktierna och rösterna i Bolaget uttryckt sitt stöd för Företrädesemissionen.</p> <p>Flera medlemmar i Styrelsen och bolagsledningen äger aktier.</p>
E.5 Säljare av värdepapperna och avtal om lock-up	Ej tillämplig. Inga aktieägare kommer att sälja aktier i Erbjudandet och inga lock up-avtal kommer att ingås.
E.6 Utspädningseffekt	Aktieägare som väljer att inte delta i Företrädesemissionen kommer efter Företrädesemissionens genomförande att få sitt innehav utspädd med högst 4 520 149 nya aktier, motsvarande cirka 33 procent av det totala antalet aktier och röster i Bolaget.
E.7 Kostnader som åläggs investerare	Ej tillämplig. Inget courtage utgår.

Risk factors

An investment in shares is, by its very nature, associated with risk. Prior to taking any investment decision, it is important to carefully analyse the risk factors that are considered to be of importance for the future performance of the Company and the shares. Set out below is a description of risks, provided with no particular order of priority, that are considered to be of importance for the Company or the industry, as well as risks associated with the shares and the Offer. Certain risks are beyond the Company's control. The description below does not purport to be complete and it is not possible to foresee and describe in detail any and all risk factors. In addition to this section, investors should also take into consideration the other information contained in this Prospectus in its entirety. The risks and uncertainty factors presented below may, individually or jointly, have a material adverse effect on the Company's business, results of operations and/or financial condition. They may also result in a decrease in value of the DDM's shares, which may lead to the Company's shareholders losing all or part of their invested capital. Additional factors of which the Company is currently unaware, or which it currently deems not to be risks, may also have corresponding negative effects.

Risks related to the industry and operations

Economic conditions in the markets in which the Company operates affect the business

DDM is exposed to the economic, market and fiscal conditions in the markets in which the Company operates and any positive or negative developments regarding these conditions. If the economy suffers a material and adverse downturn for a prolonged period of time that, in turn, increases the unemployment rate and/or impacts interest rates and the availability of credit, DDM may not be able to perform debt collection at levels consistent with historic levels due to the inability of debtors to make payments, at the same levels or at all, which could have an adverse effect on the Company's financial results. In addition, should the level of inflation increase, the real-term carrying value of DDM's distressed asset portfolios may decrease.

There is a risk that economic conditions will not improve or remain at the same level in the markets in which DDM operates, or that the net effect of any change in economic conditions will not be positive. An improvement in the economic conditions in the markets in which DDM operates could impact the business and performance in various ways including, but not limited to, reducing the number of attractive portfolio opportunities that are available for purchase and increasing the competitiveness of the pricing for portfolios that the Company purchases. There is a risk that the business and results of operations will not develop positively in this environment. Conversely, while adverse economic conditions and increased levels of unemployment may lead to higher default rates on claims, which in turn may increase the stock of portfolios available for DDM to purchase and increase the amount of loans and other overdue receivables, there is a risk that such potential increase in the amount of debt available to purchase will not compensate for the adverse effects of an economic downturn. Accordingly, any of these developments could have a material adverse effect on DDM's business, results of operations or financial condition.

The asset acquisition industry is competitive

DDM operates in a fragmented and highly competitive industry and is exposed to both domestic and international competition. DDM may face bidding competition in acquisition of distressed asset portfolios and believes that successful bids are awarded based on price and a range of other factors including, but not limited to,

service, compliance, reputation and relationships with the sellers of distressed asset portfolios. Some of the Company's current competitors, and potential new competitors, may have more effective pricing and collection models, greater adaptability to changing market needs and more established relationships in the industry and geographic markets where the Company operates. Moreover, competitors may elect to pay prices for distressed asset portfolios that DDM determine are not economically sustainable and, in that event, the volume of debt portfolio purchases may be diminished. There is a risk that DDM cannot compete successfully with existing or future competitors and that existing or potential sellers of distressed asset portfolios will continue to sell their portfolios at attractive levels or at all, or that DDM will continue to offer competitive bids for distressed asset portfolios.

Some of DDM's current competitors, and potential new competitors, may have substantially greater financial resources, less expensive funding or lower return requirements than the Company currently has. Additionally, in the future DDM may not have the financial resources to offer competitive bids for portfolio purchases and debt collection contracts, especially when competing with competitors who have greater financial resources. There is a risk that DDM will not be able to develop and expand its business or adapt to changing market needs as well as current or future competitors. Any of these developments could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company is exposed to regulatory risks

DDM operates in a variety of jurisdictions and must comply with applicable laws, regulations, licenses and codes of practice across all jurisdictions, including, among other things, with respect to statutes of limitation. Changes to the regulatory or political environments in which the Company operates, a failure to comply with applicable laws, regulations, licenses and codes of practice or failure of any employees to comply with internal policies and procedures may negatively affect DDM's business.

DDM is subject to complex regulations in the jurisdictions in which the Company operates, including, but not limited to, laws and regulations regarding data protection, debt collection, debt purchasing and anti-money laundering and terrorist financing at the national and supranational level. There is a risk that DDM's policies and procedures will not prevent breaches of applicable laws and reg-

ulations or that any investigations will not identify such breaches in a timely manner or at all. Any such delay or failure could have a material adverse effect on DDM's business, results of operations or financial condition.

Supervisory authorities in each country in which DDM operates may determine that the Company does not fully comply with, is in violation of, or in the past has violated applicable rules, regulations or administrative guidelines. If DDM's policies and procedures are deemed not to be in compliance, or are deemed not to have previously been in compliance, with relevant legal requirements or applicable legal requirements or applicable laws, regulations or administrative guidelines, this could have a material adverse effect on the Company's business, results of operations or financial condition.

The Swiss Federal Council (the executive branch of the Swiss federal government) has adopted rules against excessive remuneration in listed companies by implementing the Ordinance Against Excessive Compensation at Listed Companies (D. *Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften*) (the "VegüV"). The VegüV applies to corporations organised under Swiss law whose shares are listed on a stock exchange in or outside Switzerland. Non-compliance with the VegüV regime may result in personal liability for the members of the board of directors or the management of a company and/or in a company's remuneration arrangements for its members of the board of directors or management being null and void. DDM intends to adapt its governance to the VegüV as soon as practically possible. In the event that the Company is found not to comply (or not to have complied) with, or is found not to have timely or adequately adapted to the VegüV regime, this could have a material adverse effect on the Company's business, results of operations or financial condition.

Compliance with the extensive regulatory framework is expensive and labor intensive. Failure to comply with applicable laws, regulations and rules, or failure to comply with a contractual compliance obligation, could result in investigations and enforcement actions, licenses that the Company needs to do business not being renewed, being revoked or being made subject to more onerous or disadvantageous conditions, fines or the suspension or termination of its ability to conduct collections. In addition, such failure to comply or revocation of a license, or other actions by DDM, may damage the Company's reputation. Damage to DDM's reputation, whether because of a failure to comply with applicable laws, regulations or rules, or revocation of a license or any other regulatory action or failure to comply with a contractual compliance obligation, could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company's geographic presence and expansion exposes the Company to local risks in several European markets

DDM currently owns acquired portfolios and pursues debt collection mainly in Slovenia, Hungary, the Czech Republic, Romania, Russia, Slovakia and Macedonia. The Company's business is subject to local risks due to the operations in multiple Central and Eastern European markets including, but not limited to, multiple national and local regulatory and compliance requirements relating to labor, licensing requirements, consumer credit, data protection, anti-corruption, anti-money laundering and other regulatory regimes, potential adverse tax consequences, antitrust regulations, an inability to enforce remedies in certain jurisdictions and geopolitical and social conditions in certain sectors of relevant markets. While entering new markets DDM could face additional risks including, but not limited to, incurring startup losses for several years due to lower levels of business, ramp up and training costs, the lack of expertise in such markets, the lack of adequate and available management

teams to monitor these operations, unfavorable commercial terms and difficulties in maintaining uniform standards, control procedures and policies. Any negative impact caused by the foregoing risks could have a material adverse effect on the Company's business, results of operations or financial condition.

In addition, if DDM expands into new jurisdictions, the business will be subject to applicable laws, regulations and any licensing requirements in such new jurisdictions, which may be different or more stringent than the jurisdictions in which the Company currently operates.

The Company is dependent on its employees and exposed to risks associated with their activities

DDM's future development depends largely on the skills, experience and commitment of the Company's 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. Should the Company become unable to retain or recruit suitable employees, this could have a material adverse effect on the Company's business, results of operations or financial condition.

Further, individual employees may act against the Company's instructions or internal policies and either inadvertently or deliberately violate applicable law, including, but not limited to, competition laws and regulations by engaging in prohibited activities such as price fixing or colluding with competitors regarding markets or clients. Any such actions could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company is dependent on key business relationships and third parties

DDM's future development depends largely on the key business relationships which include, but are not limited to, sellers of distressed asset portfolios, financing partners, debt collection agencies, advisors and other third parties. It is therefore important for DDM's future business activities and development that it is able to maintain existing relationships and to develop further relationships with such parties if necessary. Should the Company become unable to maintain or develop further key business relationships it could have a material adverse effect on the Company's business, results of operations or financial condition.

Further, the third parties that DDM engage to carry out debt collection services are subject to limited supervision, which may expose the Company to additional risks in relation to these services, such as potential non-compliance and business integrity issues or if there were to be any breach in the data protection of any of these third-party providers, all of which could significantly harm DDM's reputation. Additionally, the Company or its partners may utilise bailiffs to assist with seizure of property and other court ordered solutions and to enforce certain successfully resolved legal claims. There is a risk that the Company will not successfully eliminate the risk that a third party does not meet the agreed service levels or may act outside of the applicable frameworks or DDM's own policies and procedures. Any such actions could have a material adverse effect on the Company's business, results of operations or financial condition.

DDM may not be able to collect sufficient amounts on distressed asset portfolios

Due to the length of time involved in collecting non-performing debt on acquired distressed asset portfolios, DDM may not be able to identify economic trends or make changes in 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 distressed asset portfolios that they sell.

If DDM overpays for distressed asset portfolios, and thus the value of acquired assets and cash flows from operations are less than anticipated, the Company may have difficulty servicing debt obligations and may not be able to acquire new portfolios. Further, if purchased portfolios do not generate expected cash flows over specified time horizons it may be necessary to make downward revaluations of the portfolios, all of which could have a material adverse effect on DDM's business, results of operations or financial condition.

DDM's models and analytical tools to value and price portfolios may prove to be inaccurate

DDM uses internally developed models to value and price portfolios that the Company considers for purchase and to project the remaining cash flow generation from distressed asset portfolios. There is a risk that the Company will not be able to achieve the recoveries forecasted by the models used to value the portfolios, that the models are not transferable to other types of assets or that the models are flawed. There is a risk that the models will not appropriately identify or assess all material factors and yield correct or accurate forecasts as historical collections may not reflect current or future realities. Further, employees could make misjudgments or mistakes when utilising the Company's statistical models and analytical tools.

In addition, the Company's statistical models and analytical tools assess information which to some extent is provided by third parties, such as credit agencies, consultants performing asset valuation services, consultants performing audits of for example loan documentation, and other mainstream or public sources, or generated by software products. DDM only has limited control over the accuracy of such information received from third parties. If such information is not accurate, portfolios may be incorrectly priced at the time of purchase, the recovery value for portfolios may be calculated inaccurately, the wrong collection strategy may be adopted and lower collection rates or higher operating expenses may be experienced. Further, historical information about portfolios may not be indicative of the characteristics of subsequent portfolios purchased from the same debt originator or within the same industry due to changes in business practices or economic development. Any of these events may have a material adverse effect on DDM's business, results of operations or financial condition.

DDM may make new investments or pursue co-investments that prove unsuccessful

DDM has historically invested primarily in consumer debt portfolios. In the future DDM may consider acquiring distressed assets portfolios with other types of underlying assets, such as corporate debt portfolios or leasing receivables portfolios, and/or apply new transaction structures including, but not limited to, acquiring minority interest or entire companies or businesses, in the Company's current geographical markets or in new markets. Such investments are exposed to a number of risks and uncertainty including, but not limited to, with respect to collections, ownership, rights, assets, liabilities, taxation, accounting treatment, licenses and permits, legal proceedings, financial resources and other aspects. These risks may be greater, more difficult or more extensive to analyse if the Company acquires new asset types and/or enters into unfamiliar countries or regions. Further, such investments involve risks due to difficulties in integrating operations, models, technology, information technology and hiring competent personnel. Any difficulties relating to new asset types, entering other markets or applying new transaction structures could require the Company to divert attention or funds from the Company's current core operations, which may affect the ability to generate a return on capital, service financing obligations, purchase portfolios and pursue portfolio acquisitions

or other strategic opportunities and may impact DDM's future growth potential, and could have a material adverse effect on the Company's business, results of operations or financial condition.

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

The availability of distressed 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 assets for sale or the quality of assets sold could decrease and, consequently, DDM may not be able to acquire the type and quantity of assets at prices consistent with its historic return targets.

If DDM is unable to acquire non-performing asset portfolios at appropriate prices, DDM could lose a potential source of revenue and its business may be harmed. If DDM does not continually replace serviced portfolios with additional portfolios, this could have a material adverse effect on DDM's business, results of operations or financial condition.

DDM may be unable to collect debts or it could take several years to realise cash returns on investments in acquired portfolios

DDM may not be able to collect debts contained in its acquired portfolios. DDM acquires distressed asset portfolios at a discount to face value and collects the outstanding debt. There is a risk that assets contained in DDM's portfolios cannot eventually be collected by the Company or its partners. The risk in this business is that DDM upon acquisition of invested assets would overestimate its 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 it could have a material adverse effect on DDM's business, results of operations or financial condition.

Further, after taking into consideration direct and indirect operating costs, financing costs, taxes and other factors, it may take several years for DDM to recoup the original acquisition price of investment in distressed asset portfolios. 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 distressed asset portfolios that have been acquired which could have a material adverse effect on the Company's business, results of operations or financial condition.

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

DDM's business depends on the ability to collect on distressed asset portfolios and purchase of such portfolios. Debt collection is highly affected by seasonal factors including, but not limited to, the number of work days in a given month, the propensity of customers to take holidays at particular times of the year and annual cycles in disposable income. Accordingly, collections within portfolios tend to have high seasonal variances, resulting in high variances of margins and profitability between quarters. Furthermore, DDM's debt portfolio purchases are likely to be uneven during the year due to fluctuating supply and demand within the market. The combination of seasonal collections and uneven purchases may result in low cash flow at a time when attractive distressed asset portfolios become available. There is a risk that in the future the Company will not be able to

obtain interim funding from shareholders or make other borrowings. A lack of cash flow could prevent DDM from purchasing otherwise desirable distressed asset portfolios or prevent the Company to meet obligations, e.g. to pay interest, either of which could have a material adverse effect on the Company's business, results of operations or financial condition.

DDM is exposed to the risk of currency fluctuations

DDM's revenue on invested assets is primarily denominated, *inter alia*, in EUR, Hungarian forint, Romanian leu and Czech koruna while the Company reports financial results in EUR. Further, DDM acquires portfolios with accounts denominated mainly in EUR, Romanian leu, Hungarian forint and Czech koruna and will service these accounts through the placement and collections process. Historically, bonds issued in Swedish krona have to a large extent funded DDM, however in the first quarter of 2017 the outstanding bonds were refinanced and replaced by a new EUR denominated bond. DDM may further be exposed to additional currencies as a consequence of geographically expanding its business operations. DDM's headquarter is located in Switzerland, where the majority of the employees are employed and from where the distressed assets are managed. The Company is thereby also exposed to fluctuations in the CHF.

The exchange rates between some of these currencies and EUR have fluctuated significantly in recent years and DDM's local currencies may in the future fluctuate significantly. Consequently, to the extent that foreign exchange rate exposures are not hedged, fluctuations in currencies may adversely affect the Company's financial results in ways unrelated to the operations and could affect the Company's financial statements when the results of its portfolios are translated into EUR for reporting purposes. Any of these developments could have a material adverse effect on DDM's business, results of operations or financial condition.

DDM is exposed to errors in the collection process and other operational issues or negative attention and news regarding the debt collection industry, individual debt collectors or sellers of portfolios

Debtors may become more reluctant to pay their debts in full or at all or become more willing to pursue legal actions against DDM. Print, television or online media may, from time to time, publish stories about the debt 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. There are websites where debtors may list their concerns about the activities of debt collectors and financial institutions and seek guidance from other users on how to handle the situation. These websites are increasingly providing debtors 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, there is a risk that the cost of collections is increased. Debtor blogs and claims management companies are becoming more common and add to the negative attention given to the industry. Certain of these organisations may also enable debtors to negotiate a larger discount on their payments than DDM would otherwise agree to. As a result of this 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 DDM's ability to collect on the assets acquired and could have a material adverse effect on DDM's business, results of operations or financial condition.

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

In the normal course of portfolio acquisitions, there is a risk that 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 guarantees 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. 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 a large amount of non-conforming accounts or containing accounts that are otherwise uncollectible, the Company may be unable to recover a sufficient amount for the portfolio acquisition to be profitable, which could have a material adverse effect on DDM's business, results of operations or financial condition.

In addition, due to 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 it has no legal ownership, or would need to spend time and resources establishing its legal ownership of the portfolio if such ownership is uncertain. The internal controls DDM has in place to detect such types of fraud may fail. If DDM is the victim of fraud, it could have an impact on the Company's cash flow or reduce its collections from invested assets, in either case potentially adversely impacting DDM's business, results of operations or financial condition.

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

DDM recovers on assets that become subject to insolvency procedures under applicable laws, and acquires accounts that are, at the time of the acquisition, subject to insolvency proceedings. Various economic trends and potential changes to existing legislation may contribute to an increase in the number of debtors subject to insolvency procedures. Under some insolvency procedures a person's assets may be sold to repay creditors, but since the non-performing assets may be unsecured, DDM may not be able to collect on those assets. DDM's ability to successfully collect on its distressed asset portfolios could decline following an increase in personal insolvency procedures or a change in insolvency laws, regulations, practices or procedures. If actual collections with respect to a distressed asset portfolio are significantly lower than projected when DDM acquired the portfolio, this would have a material adverse effect on DDM's business, results of operations or financial condition.

Certain investment strategies, including co-investments and joint ventures, may limit the Company's control over particular investments

If the Company makes co-investments together with third parties, such as the co-investments pertaining to the portfolios of Finalp and Lombard, or enters into joint ventures with third parties, the ability of the Company to exercise control over these investments may be limited. Further, the interests of the Company's co-investment partners and any persons with which it pursues joint ventures may conflict with the interests of the Company. There is a risk that any such conflict would not be resolved in favor of the Company which could have a material adverse effect on DDM's business, results of operations or financial condition.

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

DDM's proprietary IT system, FUSION, provides possibilities to analyse 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 to the Company's 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.

The Group is exposed to refinancing risk

DDM's business is to a large extent funded by bonds with final maturity in January 2020. The bonds may, however, under certain circumstances set out in the terms and conditions of the bonds, be redeemed by DDM or accelerated by the bondholders prior to such final maturity date. There is not necessarily any correlation in time between collecting on sufficient assets under DDM's 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 bond loans upon their maturity or only succeeds in securing funding at substantially increased costs, which could have a material adverse effect on DDM's business, results of operations or financial condition.

The Company is dependent on future financing on attractive terms

The Company's business model and strategy entails that the Company regularly acquires additional distressed asset portfolios in existing or new markets. This business model and strategy may require additional debt or equity funding. The access to and the terms of such additional financing are affected by a number of factors including, but not limited to, successful collection on current distressed asset portfolios, terms and conditions of the Company's financing arrangements and related security arrangements, the general availability of capital and the Company's credit worthiness and credit capacity. Disruptions and uncertainty in the credit and capital markets may also limit access to additional capital. Should the Company become unable to secure additional funding, or only succeeds in securing additional funding on unfavorable terms, it could have a material adverse effect on the Company's business, results of operations or financial condition.

The Company may not have adequate insurance coverage

The Company believes that it maintains the types and amounts of insurance customary in the industry and countries in which it operates. However, there is a risk of DDM's existing insurance coverage not being adequate for possible future needs and of DDM not being able to maintain the existing insurance coverage at a reasonable cost or maintain adequate insurance coverage. Moreover, the coverage that the Company obtains via its insurance policies may be limited,

for example on account of monetary limits and the need to pay an excess or by the insurance company not compensating the full loss. It may be difficult and time-consuming to obtain compensation from insurance companies for losses covered by DDM's policies. Consequently, there is a risk that DDM's insurance cover will not cover all potential losses, whatever the cause, or of relevant insurance coverage not always being available at an acceptable cost, which could have a material adverse effect on the Company's business, results of operations or financial condition.

Claims against the Company may also, regardless of the Company's insurance coverage, result in an increase in the premiums DDM pays under its insurance contracts. Significant increases in insurance premiums may have a material adverse effect on the Company's business, results of operations or financial condition.

DDM is exposed to the risk of inaccurate application of, and future changes in tax legislation

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, there is a risk that DDM's understanding or interpretation of the above-mentioned laws, treaties and other regulations is not correct in every aspect. There is a risk that the tax authorities of the countries concerned will make assessments and take decisions that 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, could have a material adverse effect on DDM's business, results of operations or financial condition.

Litigation, investigations and proceedings may negatively affect DDM's business

DDM may be adversely affected by judgments, settlements, unanticipated costs or other effects of legal and administrative proceedings that are pending or may be instituted in the future, or from investigations by regulatory bodies or administrative agencies. DDM may also become subject to claims and a number of judicial and administrative proceedings considered normal in the course of the Company's operations including, but not limited to, consumer credit disputes, labor disputes, contract disputes, intellectual property disputes, government audits and proceedings, other disputes and tort claims. In some proceedings, the claimant may seek damages as well as other remedies, which, if granted, would require expenditures and may ultimately incur costs relating to these proceedings that exceed DDM's present or future financial accruals or insurance coverage. Even if the Company or its directors, officers and employees (as the case may be) are not ultimately found to be liable, defending claims or lawsuits could be expensive and time consuming, divert management resources, damage DDM's reputation and attract regulatory inquiries. Any of these developments could have a material adverse effect on DDM's business, results of operations or financial condition.

Risks related to the Company's shares and the Rights Issue

Risks related to share price and liquidity

The market for securities is very volatile. As the value of the Company's shares can both rise and fall in value, it is not certain that an investor will get back the capital invested. An investment in the DDM's shares should therefore be preceded by a careful analysis of DDM, its competitors and the business environment, general information about the industry and other relevant information.

The value of the Company's shares may fluctuate in the future, even as a result of events that are not directly linked to the Company or to its operations. Therefore, there are risks regarding the future development of the price of the Company's shares. The share price can be negatively affected as a result of market volatility, the possibility of a large number of shares being sold on the market, or as a result of an expectation that such divestment will occur. Sale of shares by larger shareholders or members of the Board of Directors or Management may also make it difficult for the Company to obtain capital through new issues of shares or other securities in the future. Furthermore, limited liquidity of the Company's shares may increase the fluctuations of the share price. Limited liquidity in the Company's shares may also make it difficult for individual shareholders to sell their shares. It is possible that shareholders in the Company will not be able to sell their share at a price acceptable to the shareholder at every given time.

Risks related to trading in Pre-emptive Subscription Rights

There is a risk that no active trading in the Pre-emptive Subscription Rights that are obtained in connection with the Rights Issue will develop on Nasdaq First North, or that sufficient liquidity will not exist during the subscription period at the time such securities are traded.

Risks related to listing of the shares

Due to legal restrictions there will be no trading in paid subscribed shares (Sw. *Betald Tecknad Aktie* ("BTA")). The new shares in the Rights Issue are expected to be registered and tradable on Nasdaq First North on or around 5 April 2017. There is a risk that the registration, issuance and listing of the new shares will be delayed due to the fact that it may take longer than expected to obtain all necessary approvals from relevant authorities. There will be no possibility to trade in the new shares and shareholders will not be able to sell the new shares issued in the Rights Issue until the registration, issuance and listing of the shares has been completed. It is possible that the value of the new shares can both rise and fall in value during this time.

Dilution

If a shareholder does not fully utilise his or her Pre-emptive Subscription Rights by 24 March 2017 or does not sell his or her Pre-emptive Subscription Rights by 22 March 2017, the shareholder's Pre-emptive Subscription Rights will no longer be exercisable and the shareholder will not be compensated for these subscription rights. Holders and financial intermediaries should therefore ensure that all necessary instructions regarding the utilisation of Pre-emptive Subscription Rights are followed. If a shareholder does not fully utilise his or her Pre-emptive Subscription Rights, his or her proportionate holding and voting rights in the Company will also be correspondingly reduced. Even if a shareholder chooses to sell his or her Pre-emptive Subscription Rights, the compensation that is received may not reflect the immediate dilution of the percentage ownership of the Company's share capital when the Rights Issue has been completed.

Risks related to future dividend

The existence and size of any future dividend from the Company is dependent on a number of factors, such as the Company's business development, results, financial position, cash flow and need for working capital. There are many risks that may affect the Company's earnings and there is a risk that the Company will not be able to present results that enable distribution of dividend to shareholders in the future. If no dividend is distributed, returns on the investment in the Company will solely be generated by the potential development of the share price.

Risks related to restrictions for shareholders in jurisdictions outside Sweden and Switzerland to participate in future share issues

Pursuant to Swiss corporate law, a Swiss stock corporation is required to offer its shareholders the opportunity to, on a pro rata basis, participate in any new issues of shares unless otherwise specifically resolved by the general meeting for good cause. Shareholders in other countries than Sweden and Switzerland may, however, be prevented from participating in such new issues and/or their participation may be limited in other ways according to the respective applicable legislation in such countries. For example shareholders in the United States of America may be prevented from participation in the event the shares or pre-emptive subscription rights are not registered pursuant to the Securities Act and no exemption from the registration requirements are at hand. Shareholders in other jurisdictions may be affected in similar ways if the pre-emptive subscription rights or the new shares are not registered with the relevant authorities in such jurisdictions. The Company has no obligation to assess whether there are registration requirements pursuant to the Securities Act or corresponding legislation in other jurisdictions and the Company has no obligation to file for registration of the Company's shares or the sale of the Company's shares pursuant to any such legislation outside of Sweden and Switzerland. The possible restrictions for shareholders in jurisdictions outside of Sweden and Switzerland to participate in future issues may entail that their ownership is diluted or decreases in value. Further, if the number of shareholders that cannot exercise their pre-emptive subscription rights is large and the subscription rights of such shareholders are sold on the market, this could have a material adverse effect on the price of the subscription rights.

Certain foreign shareholders may be prevented from utilising their Pre-emptive Subscription Rights

Certain holders of shares in DDM who are resident or have an address registered in certain jurisdictions other than Sweden can be prevented from using their Pre-emptive Subscription Rights in respect of the shares they own in the Company if a registration measure or corresponding measure under applicable law in each jurisdiction is not taken in respect of such shares or an exemption to the requirement for registration or similar under applicable law in each jurisdiction is made.

Risks related to shareholders with significant influence

DDM's largest shareholders Kent Hansson and Manuel Vogel hold, directly or indirectly, approximately 25.4 per cent and 18.9 per cent, respectively, of the total number of shares and votes in DDM. Kent Hansson and Manuel Vogel have undertaken to vote in favor of the Rights Issue at the extraordinary general meeting and have confirmed their intention to participate in the Rights Issue at least through a so-called cash-neutral transaction. This means that Kent Hansson and Manuel Vogel will continue to exert a major influence over the Company and the decisions which require shareholder approval. In addition, there are other significant shareholders in the Company that may participate in and subscribe for new shares in

the Rights Issue and/or exert influence over the Company and decisions which require shareholder approval. Furthermore, in the event that the Rights Issue is not fully subscribed, the relative holdings of the large shareholders of the Company may increase. The interests of the large shareholders of the Company could differ from or be in conflict with DDM's interests or the interest of the Company's other shareholders. For example, there may be a conflict between the interests of the large shareholders, on the one hand, and the Company's or its other shareholders' interests, on the other, as regards dividends. Such conflicts of interests may have a negative impact on the Company's business, results of operations, financial position and future prospects.

Registration with two central securities depositories

DDM's shares are registered with Euroclear through the central securities depository in Switzerland, Computershare, based on a well-established structure. There is, however, a risk that the registration with two separate central securities depositories may result in certain logistical and technical difficulties for shareholders whose shares are registered with Euroclear or Computershare. Such difficulties may entail disturbances in transferring shares between the two central securities depositories, receipt of dividends, notices sent through the central securities depositories and difficulties in exercising shareholder rights at general meetings of DDM.

Shareholders are subject to foreign currency exchange risk

The market price of the shares on Nasdaq First North and the trading currency of the new shares will be in SEK. As a result, investors whose principal currency is not SEK will be exposed to foreign currency exchange rate risk with respect to the sale of any shares on the secondary market. Any profit dividends or distributions from the Company will also be made in SEK. An investment in the shares by

an investor whose principal currency is not SEK exposes the investor to foreign currency exchange rate risk with respect to dividends received on the shares. Any depreciation of SEK in relation to such other foreign currency will reduce the value of an investment in the shares or any dividends or other distributions, and any appreciation of SEK will increase the value in foreign currency terms.

The Rights Issue is not guaranteed and the shareholder undertakings are not secured

Certain shareholders, including among others Praktikertjänst Pensionsstiftelse and Humle Småbolagsfond as well as DDM's largest shareholders Kent Hansson and Manuel Vogel, together owning approximately 64 per cent of the shares and votes in the Company have expressed their support for the Rights Issue. DDM's largest shareholders, Kent Hansson and Manuel Vogel, together owners of approximately 44 per cent of the share and votes in the Company, have undertaken to vote in favor of the Rights Issue at the extraordinary general meeting and have confirmed their intention to participate in the Rights Issue at least through a so-called cash-neutral transaction. Kent Hansson and Manuel Vogel intend to sell some of their Pre-emptive Subscription Rights and/or existing shares to a few long-term investors and use the proceeds (net of tax) to subscribe for new shares in the Rights Issue. Consequently there is no certainty that the Rights Issue will be fully subscribed and that the anticipated proceeds will accrue to DDM. Further, the shareholder undertakings are not secured. If shareholders should for any reason not meet their undertakings to vote or subscribe for new shares in the Rights Issue or if the undertakings due to certain conditions are not fulfilled or due to any other reason would default, it could have a considerable negative effect on the Company's possibility of successfully completing the Rights Issue.

Invitation to subscribe for shares in the Company

On 8 March 2017, the extraordinary general meeting of DDM resolved to increase the Company's share capital through a new issue of shares with Pre-emptive Subscription Rights for DDM's shareholders.

Through the Rights Issue, DDM's share capital may increase by not more than CHF 4,520,149 through the issue of not more than 4,520,149 new shares. The Company's shareholders have a pre-emptive right to subscribe for the new shares pro rata in relation to the number of shares they already own. The record date for the right to participate in the Rights Issue is 10 March 2017. Those who on the record date are registered as holders of shares in DDM will receive one (1) Pre-emptive Subscription Right for each existing share held, and two (2) Pre-emptive Subscription Rights entitle the holder thereof to subscription of one (1) new share in DDM. New shares that are not subscribed for with Pre-emptive Rights will be offered to shareholders and other investors in accordance with what is stated in the section "*Terms and conditions*". Subscription takes place during the period from and including 13 March 2017 up to and including 24 March 2017 or until a later date decided by the Board of Directors and otherwise pursuant to the information stated in the

section "*Terms and conditions*". The subscription price is SEK 23.00 per share, which means that DDM will receive gross proceeds of approximately SEK 104 million if the Rights Issue is fully subscribed.

Shareholder undertakings

Certain shareholders, including among others Praktikertjänst Pensionsstiftelse and Humle Småbolagsfond as well as DDM's largest shareholders Kent Hansson and Manuel Vogel, together owning approximately 64 per cent of the shares and votes in the Company have expressed their support for the Rights Issue. DDM's largest shareholders, Kent Hansson and Manuel Vogel, together owners of approximately 44 per cent of the share and votes in the Company, have undertaken to vote in favor of the Rights Issue at the extraordinary general meeting and have confirmed their intention to participate in the Rights Issue at least through a so-called cash-neutral transaction. Kent Hansson and Manuel Vogel intend to sell some of their Pre-emptive Subscription Rights and/or existing shares to a few long-term investors and use the proceeds (net of tax) to subscribe for new shares in the Rights Issue.

The shareholders of DDM are hereby invited to subscribe for new shares in the Company in accordance with the terms and conditions of this Prospectus.

Baar, Switzerland, 10 March 2017

DDM Holding AG
Board of Directors

Background and reasons

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

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

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

competitive funding platform has, up until now, been the key constraint in growing the business.

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

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

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

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

Baar, Switzerland, 10 March 2017

DDM Holding AG
Board of Directors

The Board of Directors of DDM is responsible for the content of this Prospectus. The Board of Directors hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Board of Directors' knowledge, in accordance with the facts and contains no omission likely to affect its import.

Terms and conditions

Pre-emptive Subscription Rights and Subscription ratio

Persons registered as shareholders in DDM's share register maintained by Euroclear and Computershare on the record date, 10 March 2017, have pre-emptive rights to new shares. Each existing share held on the record date entitles its holder to receive one (1) Pre-emptive Subscription Right.

Two (2) Pre-emptive Subscription Rights entitle the holder to subscribe for one (1) new share.

The holdings of shareholders who choose not to participate in the Rights Issue and subscribe for new shares will become diluted by up to 33 per cent in relation to the number of shares outstanding.

Subscription price

The new shares will be issued at a subscription price of SEK 23.00 per share. No commission or brokerage will be charged.

Record date

The record date at Euroclear and Computershare for determining which parties are entitled to receive Pre-emptive Subscription Rights under the Rights Issue is 10 March 2017. The Company's shares were traded including the right to receive Pre-emptive Subscription Rights until and including 8 March 2017. The Company's shares were traded excluding the right to receive Pre-emptive Subscription Rights from and including 9 March 2017.

Subscription period

Subscription for new shares with support of Pre-emptive Subscription Rights is carried out through cash payment during the period 13 March 2017 through 24 March 2017. During this period, it is also possible to apply to subscribe for shares without Pre-emptive Subscription Rights. The Board of Directors of the Company reserves the right to extend the subscription period, which if it becomes relevant will be announced by the Company in a press release not later than 24 March 2017. The press release will be available on DDM's website, www.ddm-group.ch.

Issue statement

Directly registered shareholders

A pre-printed issue statement with an attached payment form will be sent to shareholders, or representatives of shareholders in the Company who, on the record date of 10 March 2017, are registered in the share register maintained by Euroclear and Computershare on behalf of the Company. The pre-printed issue statement sets forth, *inter alia*, the number of Pre-emptive Subscription Rights received and the full number of shares that may be subscribed for. No separate securities notification will be issued regarding the registration of Pre-emptive Subscription Rights in shareholders' securities accounts. Those parties included in the separate list of pledge holders and trustees maintained in connection with the share register will not receive any issue statement and will be informed separately.

Nominee registered holdings

Shareholders whose holdings of shares in the Company are nominee-registered at a bank or other nominee will not receive any issue statement from Euroclear and Computershare. Instead, application for subscription and payment should be carried out in accordance with the instructions from the respective nominee.

Shareholders resident in certain unauthorised jurisdictions

The allotment of Pre-emptive Subscription Rights and the issue of new shares through the exercise of the Pre-emptive Subscription Rights to persons who are resident outside of Sweden may be affected by securities legislation in such countries; please refer to the section "*Important information to investors*". Consequently, subject to certain exceptions, shareholders whose existing shares are directly registered in a securities account and whose registered address is in Australia, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa or the USA will not receive any Pre-emptive Subscription Rights to their respective securities accounts or be allowed to subscribe for new shares. Nor will they receive any Pre-emptive Subscription Rights to their respective securities accounts. Pre-emptive Subscription Rights that would have been registered to such shareholders will be sold and the sales proceeds, less a deduction for costs, will be paid to such shareholders, however, amounts less than SEK 100.00 will not be paid out.

Trading in Pre-emptive Subscription Rights

Pre-emptive Subscription Rights will be traded on Nasdaq First North during the period 13 March 2017 through 22 March 2017. Carnegie and other securities institutions with the requisite licenses will provide brokerage services in connection with the purchase and sale of Pre-emptive Subscription Rights. The ISIN code for the Pre-emptive Subscription Rights is SE0009696008.

Subscription for new shares with support of Pre-emptive Subscription Rights

Subscription for new shares with support of Pre-emptive Subscription Rights is carried out through payment during the period 13 March 2017 through 24 March 2017. Upon expiry of the subscription period, unexercised Pre-emptive Subscription Rights will be assigned by the Board of Directors to interested third parties for the purpose of allotment of new shares subscribed without Pre-emptive Subscription Rights (see section "*Subscription for new shares without Pre-emptive Subscription Rights*").

To ensure that the value of the Pre-emptive Subscription Rights to subscribe for new shares is not lost, the holder must either:

- exercise the Pre-emptive Subscription Rights to subscribe for new shares not later than 17.00 CET on 24 March 2017, or according to instructions received from the respective trustee; or
- sell the Pre-emptive Subscription Rights that have not been exercised not later than 22 March 2017.

Directly registered shareholders resident in Sweden

Subscription for new shares with support of Pre-emptive Subscription Rights is carried out through cash payment, either by use of the pre-printed payment form or a separate application form, with concurrent payment in accordance with one of the following options:

- the payment form is to be used if all Pre-emptive Subscription Rights in the issue statement from Euroclear and Computershare are to be exercised. No additions or changes may be made to the payment form, and
- the application form named "Subscription of shares with Pre-emptive Subscription Rights" is to be used if Pre-emptive Subscription Rights have been purchased, sold or transferred from

another securities account, or if, for some other reason, the number of Pre-emptive Subscription Rights to be exercised for subscription of new shares differs from the number on the pre-printed issue statement. Payment for the subscribed shares must be made concurrent to submitting the completed application form, which can be carried out in the same way as for other bank-giro payments, for example through an internet bank, by giro transfer or at a bank branch office. The number of the securities account that holds the Pre-emptive Subscription Rights must be stated together with the payment.

Application forms in accordance with the above may be ordered from Carnegie during office hours by telephone: +46 (0)8-588 685 10 or downloaded from Carnegie's website www.carnegie.se. Application forms and payments must be received by Carnegie no later than 24 March 2017.

Directly registered shareholders not resident in Sweden who are eligible to subscribe of new shares with Pre-emptive Subscription Rights

Directly registered shareholders who are eligible to subscribe for new shares with Pre-emptive Subscription Rights and who are not resident in Sweden, and who are not subject to the restrictions described above under "*Shareholders resident in certain unauthorised jurisdictions*" and who cannot use the pre-printed payment form, can pay in SEK through a foreign bank in accordance with the instructions below:

Carnegie Investment Bank AB (publ)

Transaction Support
103 38 Stockholm
Sweden
SWIFT address: ESSESESS
IBAN: SE3850000000052211000363
Bank account number: 5221 10 003 63

Upon payment, the subscriber's name, address, securities account number and the reference number on the issue statement must be stated. The final day for payment to be received is 24 March 2017.

If the subscription pertains to another number of shares than stated in the issue statement, the following form should be used instead: "Application form for subscription of shares with Pre-emptive Subscription Rights", which can be ordered from Carnegie during office hours by telephone: +46 (0)8-588 685 10. Payment is to be made in accordance with the instructions above; however, the reference number from the application form must be stated. Application forms (in accordance with the above address) and payments must be received by Carnegie no later than 24 March 2017.

Nominee-registered shareholders

Nominee-registered shareholders who wish to subscribe for new shares with Pre-emptive Subscription Rights must apply to subscribe for shares in accordance with the instructions from their respective nominee or nominees.

"BTAs"

After payment and subscription, Euroclear will distribute a securities notification confirming the registration of a temporary administrative instrument called "BTAs" in the securities account. The BTAs are neither interim nor ordinary new shares, and will not be tradable or transferrable.

Subscription for new shares without Pre-emptive Subscription Rights

The new shares may also be subscribed for without Pre-emptive Subscription Rights.

Directly registered shareholders and others

Application for subscription for new shares without Pre-emptive Subscription Rights must be made on the special application form "Subscription without Pre-emptive Subscription Rights". More than one application may be submitted; however, only the most recently dated application will be considered. Application forms may be obtained from any of Carnegie's offices in Sweden or downloaded from Carnegie's website www.carnegie.se as well as from DDM's website www.ddm-group.ch. The application form may either be sent by post to Carnegie Investment Bank AB, Transaction Support, SE-103 38 Stockholm or be handed in at one of Carnegie's branch offices in Sweden. The application form must be received by Carnegie no later than 17.00 CET on 24 March 2017.

Nominee-registered shareholders

Holders of depository accounts that wish to subscribe for new shares without Pre-emptive Subscription Rights must apply to subscribe in accordance with the instructions from their nominee or nominees, who will also process allotment notifications and other questions.

Allotment of new shares subscribed for without Pre-emptive Subscription Rights

If all of the new shares are not subscribed for with support of Pre-emptive Subscription Rights, the Board of Directors will decide on allotment of new shares subscribed for without Pre-emptive Subscription Rights. Such allotment will be made in the following order:

- i. firstly, allotment will be completed to persons who have applied for such subscription and have also subscribed for new shares with support of Pre-emptive Subscription Rights, regardless if the person was a shareholder on the record date or not, and in case of over-subscription, in relation to the number of Pre-emptive Subscription Rights each person has exercised for subscription of new shares and, in case this cannot be completed, by means of drawing of lots, and
- ii. secondly, allotment shall be completed to other persons who have applied for subscription without support of Pre-emptive Subscription Rights and, in case of over-subscription, in relation to the number of new shares indicated in each such subscription application and, in case this cannot be completed, by means of drawing of lots.

On or around 29 March 2017, a settlement note will be sent to the subscriber as confirmation of the allotment of new shares subscribed for without Pre-emptive Subscription Rights. Shareholders whose holdings are nominee-registered will receive confirmation of the allotment in accordance with the procedure of the respective nominee. No confirmation will be sent to subscribers who received no allotment. Payment for subscribed for and new shares is to be made in cash in accordance with the instructions on the settlement note sent to the subscriber.

After payment, Euroclear and Computershare will distribute a payment notice as confirmation that BTAs have been registered to the securities account.

Trading new shares

The Company's shares that are issued and outstanding are traded on Nasdaq First North. After the commercial register of the canton of Zug, Switzerland has registered the capital increase executed in connection with the Rights Issue, the new shares will be admitted for trading on Nasdaq First North. Conversion of BTAs to ordinary shares will be registered in the shareholders' VP-accounts on or about 5 April 2017, without special notification from Euroclear. Such trading regarding new shares, following conversion from BTAs, is expected to commence on or around 5 April 2017.

Right to dividend on shares

Dividends are paid following a resolution by the annual general meeting of shareholders. Payment of dividends will be administered by Euroclear and Computershare or, for nominee-registered shareholdings, in accordance with the procedures of the respective nominee. Entitlement to receive a dividend is limited to shareholders registered in the share register maintained by Euroclear and Computershare on the record date. The new shares carry the right to participate in the distribution of dividends for the first time on the dividend record date that occurs immediately following the registration of the new shares with the commercial register of the canton of Zug, Switzerland.

Voting rights

Each new share entitles the holder to one (1) vote.

Irrevocable subscription

The Company is not entitled to revoke the Rights Issue. Subscription of new shares, with or without Pre-emptive Subscription Rights, is irrevocable and the subscriber may not withdraw or change a subscription for new shares, unless otherwise stated in this Prospectus or applicable law.

Announcement of the outcome of the rights issue

The outcome of the Rights Issue is expected to be announced on or around 29 March 2017 through a press release from the Company.

Information about the processing of personal data

Parties who subscribe for, or apply to subscribe for, new shares will submit personal data to Carnegie. Personal data submitted to Carnegie will be processed in computer systems to the extent required to administer the Rights Issue. Personal data obtained from parties other than the party in question may also be processed. The personal data may also be processed in the computer systems of companies with which Carnegie collaborates. Information pertaining to the processing of personal data can be obtained from Carnegie, which also accepts requests for the correction of personal data.

Other information

Carnegie is the issuing institution in connection with the Rights Issue. The fact that Carnegie is the issuing institution does not imply that Carnegie views any party that applies to subscribe under the Rights Issue as a customer of Carnegie. In the event that a larger amount than necessary has been paid by a subscriber for new shares, DDM will arrange for the excess amount to be refunded. No interest will be paid on excess amounts. Incomplete or incorrectly completed application forms may be disregarded. Furthermore, if the subscription payment is made late, is insufficient or is paid incorrectly, the subscription application may be disregarded entirely or allotment may be for a lower amount, in which case, any excess amount will be refunded. No interest will be paid on any such excess amount.

Taxation

For information pertaining to taxation, please refer to the sections "*Tax considerations in Sweden*" and "*Tax considerations in Switzerland*".

Market overview

Certain information set forth in this section has been derived from external sources, including publicly available industry publications or reports. Industry publications and reports generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed, the Company has not independently verified them and cannot guarantee their accuracy or completeness. DDM however believes that the information from third parties has been correctly reproduced and, as far as the Board of Directors is aware and is able to ascertain through comparisons with other information published by the third party concerned, no information has been omitted in a way that would make the reproduced information incorrect or misleading. The projections and forward-looking statements in this section are not guarantees of future performance and actual events and circumstances could differ materially from current expectations. Numerous factors could cause or contribute to such differences.

Introduction

DDM is active in the distressed assets industry, with a focus on NPLs and performing loans ('in a distressed situation'). The business consists primarily of the acquisition of loan portfolios from financial institutions and collection of the debt outstanding. In general, acquirers of loan portfolios can be divided into two strategic groups by the business models prevalent, namely: collection of debt through i) in-house debt collection centres or ii) outsourcing to external collection agencies. DDM belongs to the latter group.

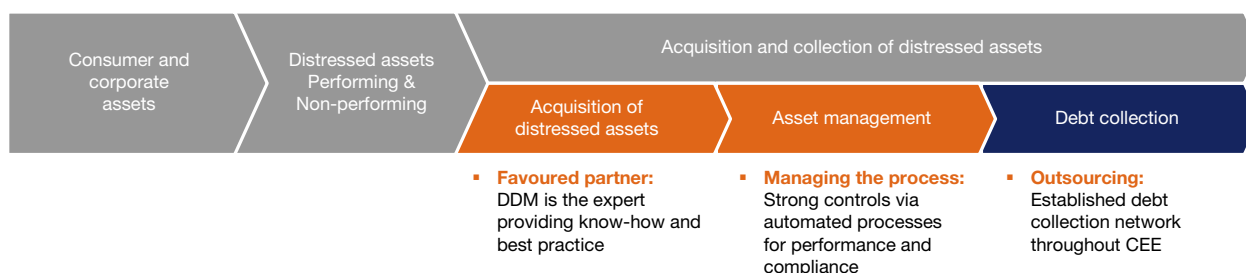
Revenues in the industry stem from the margin created by acquiring loan portfolios at a discount and then collecting the outstanding debt. There are two main categories of distressed debt. The first may be referred to as business-to-business (B2B) and is made up of distressed obligations held by one company against another. In this segment it is quite common that the holder sells portfolios of debt to professional third parties. Some of the major international investment banks are active 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.

Debt collection has a long tradition, for example the Swedish Debt Collection Act (Sw. *Inkassolagen* (1974:182)) enacted in 1974, and other laws and regulations are well established in most countries in Europe. Debt collection is now an integrated part of any business activity. However, for the past decade there has been a new development in the European market, a trend that was seen in the US already during the 90's. Banks are increasingly looking for alternatives to the lengthy process of keeping their distressed assets on their balance sheets while outsourcing the collection activity and outright divestment of their distressed asset portfolios is viewed as an attractive alternative.

Overview of the value chain



DDM's activities are marked in orange.

The diagram above illustrates an overview of the different stages of the debt collection process. DDM's activities, marked in orange, focus on the acquisition of distressed assets and management of these assets.

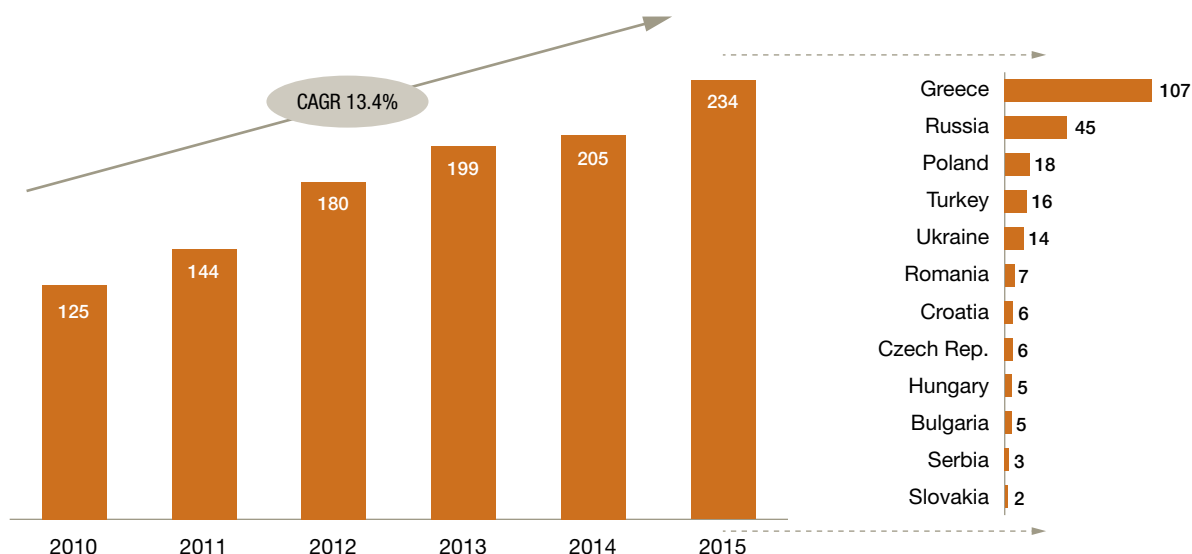
Distressed assets in Central and Eastern Europe

As of now, Central and Eastern Europe constitutes a small portion of the total European market for sales of loan portfolios. In 2015, six of the largest Western European countries had total NPLs of approximately EUR 730 billion out of EUR 1,100 billion in total for

the total European market, leaving a rather small amount split among the rest.¹⁾ This is in line with management's view that Central and Eastern Europe is a relatively immature market, where flexibility, speed in decision-making, and reputation while maintaining standardised processes are key success factors. As a result, Central and Eastern Europe presents an untapped potential, as the adoption of selling loan portfolios is a relatively new feature. On the next page is an illustration of the development in some Central and Eastern European countries, where an annual increase of 13 per cent can be seen during the period 2010-2015.

¹⁾ PWC European Portfolio Advisory Group, Market Update Q1 2016.

NPL development for selected Central and Eastern European countries (EUR billion)*



* Based on availability of data.

Source: PWC European Portfolio Advisory Group, Market Update Q1 2016 (CAGR: compound annual growth rate).

An explanation for the low maturity of the Central and Eastern European markets is the generally low penetration of consumer credits. Although the level of consumer NPLs still remains relatively higher than in Western Europe, the tendency to outsource distressed debt for collection is still in its infancy. As a reference point, the first professional debt collection agency in Russia was formed in 2005. Portfolio sales on a larger scale started only a couple of years later, and the selling banks are still undergoing a learning process where some have not yet started to sell their NPL portfolios.

Key trends and drivers

The industry is influenced by the general state of the economy in Europe, as well as regulatory changes of bank capital requirements.

In addition, the following major industry trends are observed:

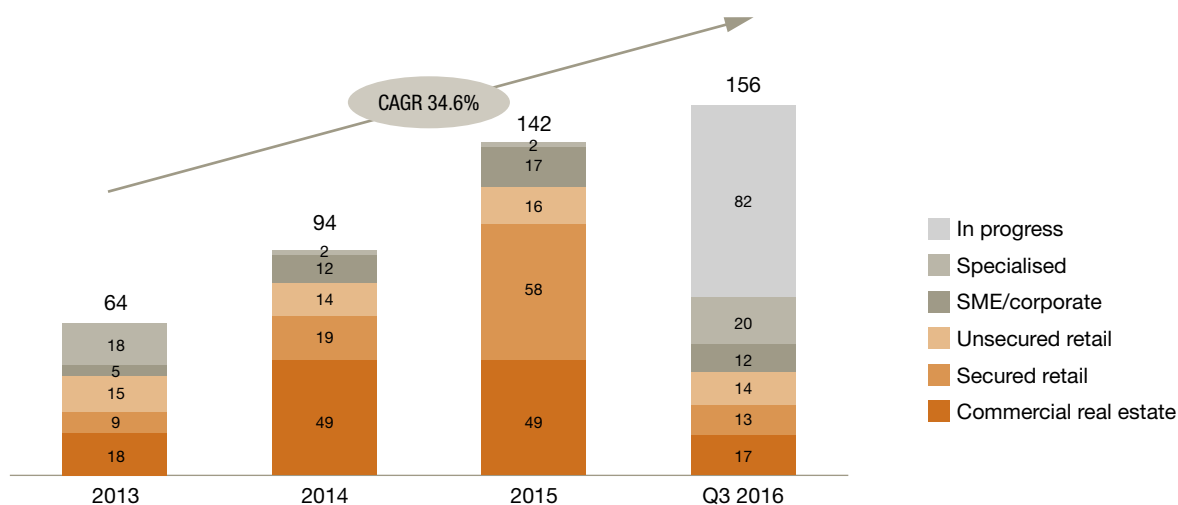
Increased adoption of selling loan portfolios

Banks continue to strengthen their balance sheets, by deleveraging and cutting costs, in order to improve their capital adequacy ratios and cash positions. The European-wide bank stress test results released in 2016 revealed that several European banks need to further strengthen their capital buffers. The increased amount of transactions in the NPL market depicts a trend that the market is continuing to develop.

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

European non-core loan transactions 2013-2016e

Face value, EUR billion



Note: The graph shows the loan transactions that have occurred in Europe, not Central and Eastern Europe in specific.

Source: PWC European Portfolio Advisory Group, Market Update Q3 2016.

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 NPLs in smaller portfolios.

In 2015, the total market size of NPLs was estimated to be approximately EUR 1,100 billion in Europe. Over the past years, the industry has continuously expanded, mainly driven by the economic downturn in Southern Europe. Simultaneously, the amount of non-core loan transactions have steadily increased, and approximately EUR 142 billion of face value debt was traded in 2015 and projections imply an increase to around EUR 156 billion in 2016.¹⁾

Despite the growing adoption of selling portfolios, one of the major obstacles for growth of the European NPL market is the fact that banks have to recognise a loss, which reduces their capital as well as profits. Consequently, smaller banks are reluctant to sell their NPLs as they fear not being able to absorb such losses.

Implementation of regulations

Increased regulatory pressure and supervision (through, *inter alia*, continuation of annual European Banking Authority stress-tests and stronger supervisory mechanisms, such as Single Supervisory Mechanism, Single Resolution Board and European Systemic Risk Board) and higher capital requirements for financial institutions as a result of Revised Basel III coupled with the implementation of new accounting standard IFRS 9 (effective for annual periods beginning on or after 1 January 2018), is expected to further drive banks to strengthen their balance sheets and increase NPL sales. On the contrary, the European Central Bank's Quantitative Easing, which was designed to prevent a credit crisis, has led many banks to engage in "pretend and extend" practices with regard to their non-performing assets and loans. As a result capital is tied up and consequently, the banks are unable to meet potential private and corporate credit demand.²⁾

Improved portfolio pricing

An issue often associated with sales of NPLs is the difficulties in portfolio pricing. However, reduction in expectations mismatch between potential sellers and acquirers is expected to create a more efficient NPL market in Europe. In the past few years, for example, portfolios sold in the UK and Ireland have been discounted from as little as 20 per cent to as much as 90 per cent of the outstanding claim amount.³⁾

The creation of "bad banks" and government reforms

Several European countries have created national, government supported, "bad banks" – designed to absorb NPLs from commercial banks.⁴⁾ Such bad banks established in distressed EU countries present a trade-off for European Union's aid in resolving the country's national banking sector difficulties. It is believed that these bad banks may become major players in the European NPL market in the near future.

Barriers to entry

The industry places high standard requirements on new market entrants. DDM has identified four major barriers to entry:

Funding to acquire loan portfolios

Historically, banks have sold NPLs in very large portfolios, 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 drives the need for enterprises to invest heavily in different prospects for diversification purposes. DDM targets portfolios with an investment value of EUR 3-30 million.

Knowledge, resources and systems to manage the acquired assets

In addition to access to capital, portfolio acquirers need to have knowledge and resources to evaluate potential prospects. This holds especially true during the turmoil associated with recessions, where an increase in NPLs drives 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. DDM manages this through its unique system FUSION, which has required a considerable amount of time and investments over the course of seven years, to be created and to be continuously kept up-to-date.

Access to efficient debt collection

One of the most critical factors when acquiring portfolios is that enterprises must have access to an efficient debt collection process, which includes correct and ethical treatment of debtors, since selling banks are very concerned about maintaining their reputation and relationship with 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 make an acquisition and initiate a relationship with selling financial institutions if unable to ensure that it can handle debtors appropriately.

Reputational risk and client relationship

Debt originators, in particular banks, are highly sophisticated and increasingly sensitive to reputational risk. To manage reputational risk, it is vital for sellers of distressed assets that acquirers are reputable and well-known, making track-record and client relationships important characteristics when choosing which acquirer to sell its distressed assets to. Hence, banks are typically unwilling to change acquirer, in particular to a new entrant lacking an established track-record and reputation.

Competitive landscape

Although the scenario varies somewhat between the different countries, the Central and Eastern European NPL markets offer opportunities for growth as they remain less developed than their Western counterparts, while lending operations increasingly resemble those in more developed markets. The competition for DDM also varies between the different markets and includes a wide range of different players of different sizes as well as geographical and product focus. Competitors include for example debt collection companies investing in NPLs, such as Intrum Justitia, Lindorff, B2Holding and EOS Group, as well as large international financial institutions such as Deutsche Bank and AnaCap Financial Partners, who have been known to invest in portfolios in some of the markets where DDM operates on a more opportunistic basis. DDM has a strong position in the Central and Eastern European markets. In contrast to a majority of debt collection companies investing in NPLs, DDM maintains no proprietary collection operations but instead outsources these to specialist local agencies, except for the inhouse capacity in Finalp and Lombard. In contrast to large international financial institutions investing in NPLs, DDM is typically more focused in terms of both product and geography, and can leverage its operations and franchise throughout several markets.

1) PWC European Portfolio Advisory Group, Market Update Q3 2016.

2) Ernst & Young (2013), *Flocking to Europe*.

3) Ernst & Young (2013), *Flocking to Europe*.

4) Ernst & Young (2013), *Flocking to Europe*.

Business description

Introduction

DDM is a specialist acquirer and manager of distressed assets with focus on the expanding Central and Eastern European markets for both performing and non-performing loans. Formed in 2007 by individuals who had previously been successful in building similar businesses, DDM has now established strong relationships with international banks and financial institutions in Europe to acquire distressed asset portfolios in the Central and Eastern European markets. With the Group's focus on long-term relations with customers, as well as debtors, DDM is often a preferred partner to provide a sustainable financial solution.

DDM's management team has more than 50 years of combined experience in the distressed asset market and has overseen several thousands of portfolio acquisitions in more than 25 countries. Consequently, the management team has gained extensive experience in rolling out, to new countries, a business model with a strong central function for core processes (data management, analysis, performance and financial control).

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 banks in Central and Eastern Europe – and has set up an efficient business model to maximise returns. Firstly, DDM has developed advanced processes for analysis, pricing and management of the acquired portfolios based on the team's deep industry experience. Secondly, the Company outsources debt collection to a multitude of collection agencies in each local market in order to ensure flexibility and optimise collections from each portfolio. Finally, these processes are integrated into DDM's proprietary IT system, "FUSION". The business model has proven to be highly scalable with more than 85 acquired portfolios and more than EUR 150 million invested to date.

DDM targets Central and Eastern European markets since these are characterised as being fairly immature and less efficient than mature markets, such as Western European markets, features which historically have provided high returns. Thus, the Company's management believes that Central and Eastern European markets offer

better opportunities for finding and recovering outstanding distressed assets at attractive internal rate of returns (IRRs) compared to mature markets. Consequently, DDM has a business model tailored for Central and Eastern Europe as it allows for flexibility, automated processes and swift decision-making.

DDM has achieved significant growth in recent years and has grown its book value of invested assets from EUR 28 million as per 31 December 2013 to EUR 44 million as per 31 December 2016, corresponding to a compound annual growth rate of 16 per cent. DDM's operating result has increased from a loss of EUR -2.0 million in 2013 to a profit EUR 9.8 million in 2016. As of 31 December 2016, the book value, in EUR, of DDM's portfolios comprised 36 per cent Slovenian portfolios, 26 per cent Hungarian portfolios, 20 per cent Romanian portfolios, 14 per cent Czech portfolios, 3 per cent Russian portfolios and 1 per cent Slovakian portfolios.

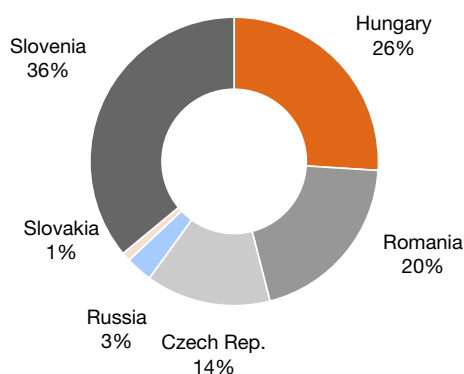
History

DDM was founded in 2007 and had a start-up phase in its first two years. Its initial investments in Russia were made in August of 2008. DDM increased its geographical diversification in 2009 through in total seven portfolio acquisitions in Romania, Czech Republic and Slovakia.

From 2009 to 2012, DDM built up and improved the organisation by e.g. recruiting key personnel and developing its IT system, FUSION. DDM acquired, on average, 13 distressed asset portfolios per year from 2009 to 2012.

In 2013, DDM embarked on its strategy to significantly scale up its operations after several years of proof of concept with strong financial performance and issued its first bond to the capital markets, raising SEK 300 million. In 2014, the Company was listed on Nasdaq First North and acquired its first portfolios in Poland and Slovenia. In 2015, DDM entered the Hungarian market through two landmark transactions. In 2016, DDM continued its successful expansion and acquired portfolios of distressed assets amounting to a gross purchase price of EUR 34 million.

Distressed assets by country, 31 December 2016

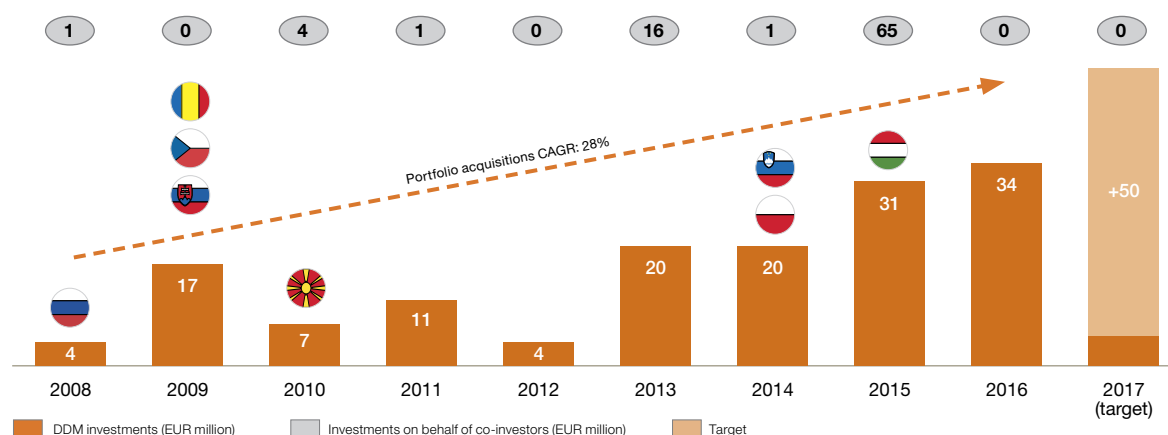


Geographical presence



Geographical presence: Russia 2008; Czech Republic, Slovakia, Romania 2009; Macedonia 2010; Poland, Slovenia 2014; Hungary 2015.
Source: Unaudited internal figures from the Company.

Historical development and portfolio acquisitions (unaudited)



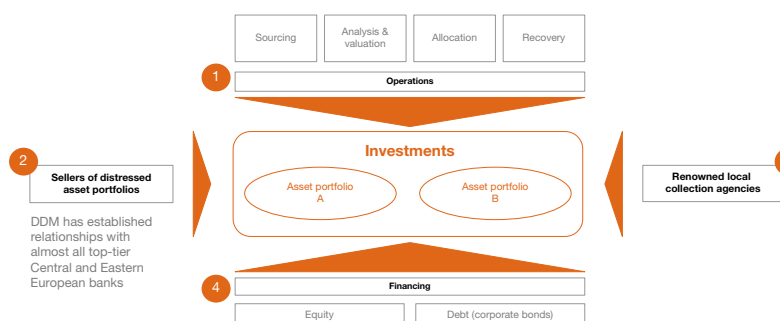
Start up phase	Build up phase	Scale up phase	Growth (target pipeline)
2007 DDM founded 2008 First external funding and initial investments made in Russia	2009–2012 Build up of team, processes and IT system FUSION DDM headcount from 3 to 10+ people, acquired 50 portfolios 2009 Enters Romania, Czech Republic and Slovakia 2010 Enters Macedonia	2013 First bond issue of SEK 300 million Starts co-investment discussions with a leading global financial institution 2014 IPO on Nasdaq First North Ruble crisis Enters Poland and Slovenia	2015 Enters Hungary with two landmark transactions 2016 July Share capital increase of approx. EUR 7 million and first Euro bond of EUR 11 million issued New landmark transaction in Slovenia 2017 Refinanced existing debt with EUR 50 million bond at 9.5 per cent Roadmap Capitalise on strong market opportunities in Central and Eastern Europe reflected in current pipeline Continued focus on funding growth and lowering cost of capital

Business model

DDM acquires and manages distressed assets in Central and Eastern Europe with a business model where the collection process is outsourced but closely monitored, and where close relationships with sellers and collection agencies are maintained to secure a steady and attractive deal flow. The business model is particularly suitable

for the more immature and often smaller sized but highly profitable Central and Eastern European markets where flexibility, speed in decision-making and reputation, while maintaining standardised processes, are key success factors.

Illustration of DDM's business model



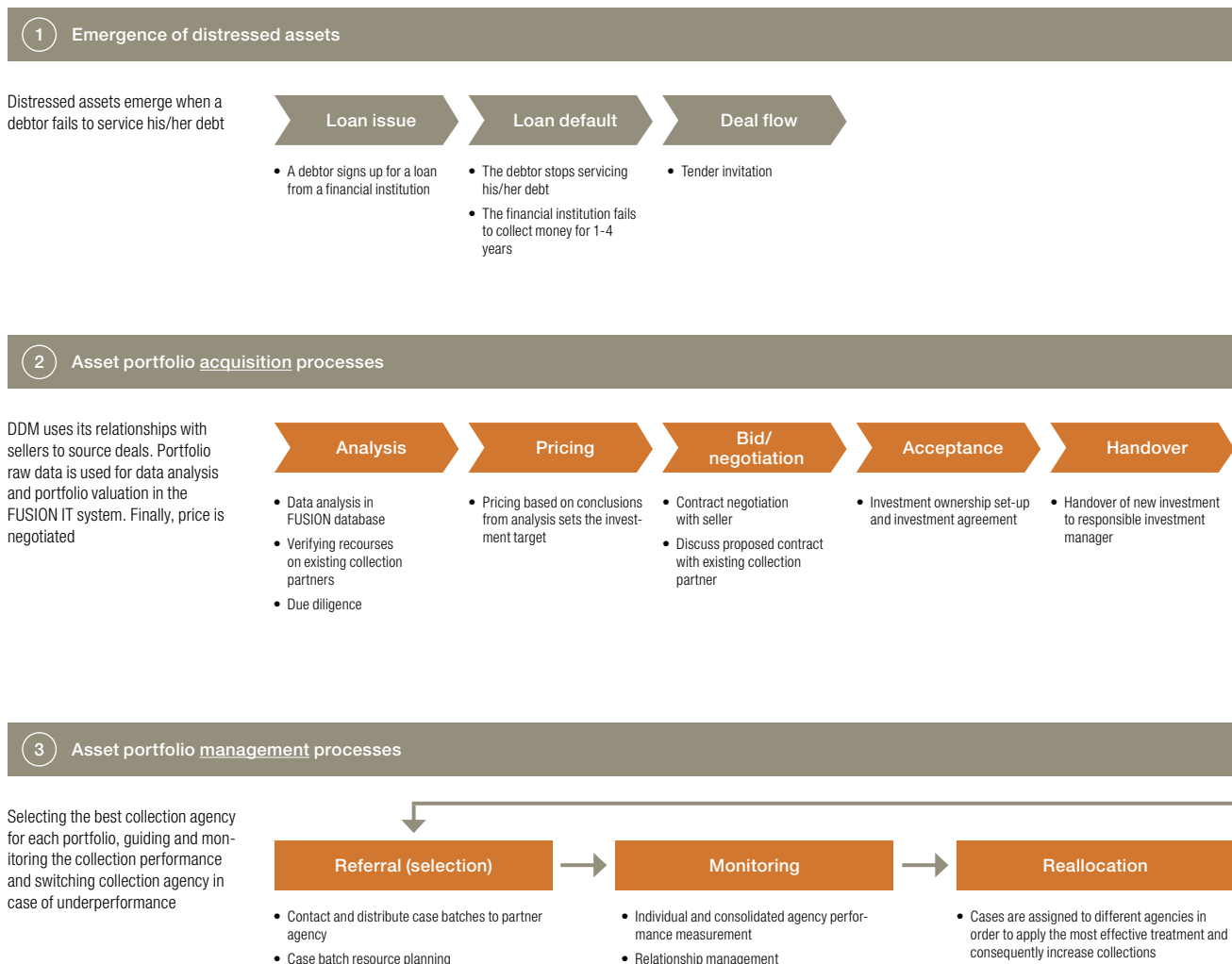
- Operations:** Key activities are the acquisition and management of distressed assets. DDM has developed advanced processes for analysis, pricing and management of acquired portfolios – which are automated in its proprietary IT system FUSION or used as business rules – as well as methods on how to partner with a large number of collection agencies in each local market in order to optimise out-sourced collections from each portfolio while ensuring correct and ethical treatment of debtors.
- Sellers:** DDM aims to be a strategic, long-term partner for large European banks to allow for a steady and increasing deal flow. The Company has implemented structured and automated processes for the evaluation of distressed asset portfolios. As a result, DDM can often deliver faster decisions and a more rapid completion process, compared to its larger competitors.
- Collection agencies:** DDM has established relationships with local top tier collection agencies. This set-up allows for flexibility and agility as no overhead costs for in-house debt collection exist. In addition, it promotes increased profitability as claims can be relocated between agents to optimise collections.
- Financing:** DDM seeks to fund its expanding operations and increased investment levels through a mix of equity and debt. The 2014 listing on Nasdaq First North enabled further interaction with the capital markets and DDM has since diversified its funding through several issues of both debt and equity. In January 2017 DDM raised EUR 50 million in gross proceeds through a bond issue, and aims to raise up to SEK 104 million in gross proceeds through the Rights Issue.

Operations and processes

The distressed asset management process consists of the acquisition of distressed asset portfolios and the subsequent management of

recovering the acquired debt. These processes in DDM are described below.

Illustration of the processes for acquiring and managing distressed asset portfolios



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 which is openly offered to several potential acquirers. Approximately 60 per cent 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 pre-

fers 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 30 per cent 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 distressed asset portfolios that fulfil 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 less than 10 per cent of DDM's acquisitions, however no such transactions are currently in place.

Portfolio management process

Operating in the distressed asset industry, DDM recognises 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 Central and Eastern Europe and early presence in some of these markets, DDM has strong relationships with top collection agencies 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, in order to optimise 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 nine 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 several other actions.

IT system

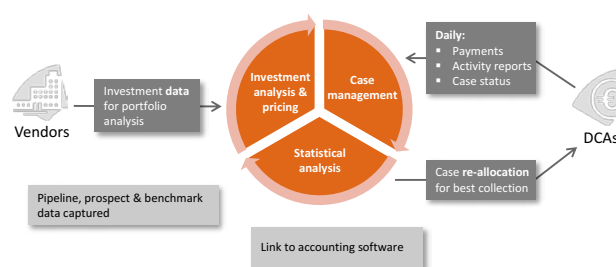
FUSION is DDM's proprietary IT system, which integrates investment-, case-, payment- and activity-data into one comprehensive IT solution. FUSION mirrors DDM's business model and provides an innovative processing solution in which data is stored and analysed on a granular level. Since its foundation, DDM has invested significant time and resources in building the algorithmic, IT system FUSION. Today, FUSION includes over 2.3 million active cases which have a total gross collection value of over EUR 2 billion in its database.

DDM's management believes that FUSION provides DDM with a competitive advantage for analysing and bidding for new investments as well as managing owned assets. Using the vast amount of captured data in FUSION, DDM creates business value by, among other things:

- **Higher accuracy in pricing and evaluation of distressed asset portfolios:** Increased accuracy when evaluating and bidding for distressed asset portfolios, using internal and external data for benchmarking.
- **Lowered credit risk:** Via aggregation of collection data the ability to forecast future payment patterns increases, which reduces the risks of forecasting.
- **Management of outsourced collections:** Ability to outsource and control collection agents efficiently.
- **Improved collection efficiency:** Improved collection efficiency using case status and activities composed by collection partners, constantly evaluating the best-suited agency for each portfolio.

The integration of FUSION with collection partners and sellers via daily upload files enables DDM to have full operating control over its assets and enhances both collections and pricing of new acquisitions. The diagram below illustrates an overview of the main data flows.

FUSION system overview with main data flows



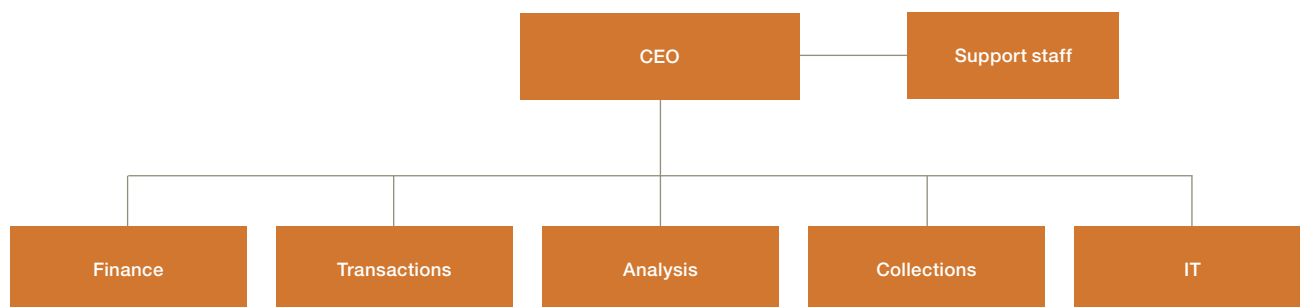
Organisation

DDM's current organisation has all the critical positions filled and is organised and ready for further expansion.

The internal workflow is devised to enable additional capacity with ease on staff level, with natural career paths clearly visible in

order to retain and motivate staff over time. The staff is encouraged to take an active part in the continuous development and refinement of these processes through open discussions across functional departments.

Organisational chart



Employees

At the end of 2016, DDM employed 22 people (2015: 24). All of the staff are permanently employed, with the vast majority having a university-level degree or higher. The average age of DDM employees is 35 years (2015: 35).

DDM's stakeholders

DDM's primary stakeholders are sellers of distressed assets, business partners, employees, society, debtors and authorities.

STAKEHOLDERS

Sellers	DDM is dedicated to managing its 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 organisation.
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.

Selected historical financial information

The following tables contain a summary of DDM's historical financial information for each period presented. The financial information should be read in conjunction with the sections "Capitalisation, indebtedness and other financial information" as well as the audited consolidated financial statements for the financial years 2014 and 2015, which have been prepared in accordance with IFRS as adopted by the European Union, and the unaudited fourth quarter and full year report for the period 1 January – 31 December 2016, which has been prepared in accordance with IAS 34, which have been incorporated by reference and which statements also include further description of the financial development between the financial periods. Figures stated in this section have been rounded up or down in certain cases, which means that the totals in the tables are not necessarily exact. Besides the Company's consolidated financial statements for 2014 and 2015 no information in this Prospectus has been audited or reviewed by the Company's auditors.

Consolidated income statement

For the year ended 31 December Amounts in EUR	2016	2015	2014
	(unaudited)	(audited)	(audited)
Revenue on invested assets	14,919,364	15,926,289	5,222,058
<i>Reconciliation of revenue on invested assets:</i>			
Net collections	34,225,117	27,507,520	14,686,677
Amortisation of invested assets	(18,623,472)	(7,426,540)	(10,600,351)
Revaluation and impairment of invested assets	(682,281)	(4,154,691)	1,135,732
Revenue from management fees	1,206,648	–	–
Personnel expenses	(3,949,123)	(3,826,928)	(2,704,569)
Consulting expenses	(1,247,499)	(1,206,642)	(1,214,529)
Other operating expenses	(952,191)	(778,582)	(880,781)
Other operating income	–	–	1,553,271
Amortisation and depreciation of tangible and intangible assets	(134,000)	(147,355)	(146,955)
Operating profit	9,843,199	9,966,782	1,828,495
Financial income	32,028	30,152	8,331
Financial expenses	(6,663,378)	(5,961,069)	(5,902,204)
Unrealised exchange profit / (loss)	2,111,163	(1,706,652)	(2,070,347)
Realised exchange loss	(256,829)	(426,702)	(282,773)
Net financial expenses	(4,777,016)	(8,064,271)	(8,246,993)
Profit / (loss) before income tax	5,066,183	1,902,511	(6,418,498)
Tax income / (expense)	274,578	(54,286)	64,244
Profit / (loss) for the year	5,340,761	1,848,225	(6,354,254)
Earnings per share before and after dilution	0.65	0.26	(1.14)

Consolidated balance sheet

As at 31 December Amounts in EUR	2016	2015	2014
	(unaudited)	(audited)	(audited)
ASSETS			
<i>Non-current assets</i>			
Goodwill	4,160,491	4,160,491	4,160,491
Intangible assets	1,636,954	1,748,213	1,837,778
Tangible assets	62,948	69,505	21,278
Interests in associates	600,000	600,000	–
Distressed asset portfolios	32,471,721	22,253,808	34,242,475
Other long-term receivables from investments	11,447,384	18,306,865	–
Deferred tax assets	1,288,752	108,032	130,125
Other non-current assets	1,332,496	–	–
Total non-current assets	53,000,746	47,246,914	40,392,147
<i>Current assets</i>			
Accounts receivable	1,660,415	4,130,762	3,744,399
Other receivables	909,887	299,955	324,853
Prepaid expenses and accrued income	204,959	142,181	505,119
Cash and cash equivalents	10,599,066	3,391,575	9,000,971
Total current assets	13,374,327	7,964,473	13,575,342
TOTAL ASSETS	66,375,073	55,211,387	53,967,489
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>Shareholders' equity</i>			
Share capital	7,540,117	5,785,676	5,785,676
Share premium	15,511,912	10,777,630	10,777,630
Other reserves	(583,880)	(547,390)	(194,061)
Accumulated losses including net earnings for the year	(1,892,768)	(7,735,033)	(9,583,258)
Total shareholders' equity attributable to Parent Company's shareholders	20,575,381	8,280,883	6,785,987
<i>Long-term liabilities</i>			
Loans	31,191,913	30,144,539	37,281,679
Post-employment benefit commitments	473,592	812,178	344,363
Deferred tax liabilities	231,370	60,161	68,860
Total long-term liabilities	31,896,875	31,016,878	37,694,902
<i>Current liabilities</i>			
Liabilities to credit institutions (bank overdrafts)	–	–	823
Accounts payable	1,568,110	5,757,817	5,248,946
Accrued interest	2,417,823	2,519,292	2,363,885
Accrued expenses and deferred income	1,733,005	1,011,490	1,872,946
Loans	8,183,879	6,625,027	–
Total current liabilities	13,902,817	15,913,626	9,486,600
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	66,375,073	55,211,387	53,967,489

Consolidated cash flow statement

For the year ended 31 December Amounts in EUR	2016	2015	2014
	(unaudited)	(audited)	(audited)
Cash flow from operating activities			
Operating profit	9,843,199	9,966,782	1,828,494
<i>Adjustments for non-cash items:</i>			
<i>Amortisation of invested assets</i>	18,623,472	7,426,540	10,600,351
<i>Depreciation, amortisation and impairment of tangible and intangible assets</i>	134,000	147,355	146,955
<i>Revaluation and impairment of invested assets</i>	682,281	4,154,691	(1,135,732)
<i>Other items not affecting cash¹⁾</i>	(3,354,292)	(16,435,602)	(72,638)
Interest paid	(5,480,564)	(7,801,487)	(7,925,807)
Interest received	78	–	375,754
Tax paid	(275,392)	–	–
Cash flow from operating activities before working capital changes	20,172,782	(2,541,721)	3,817,377
Working capital adjustments			
(Increase) / decrease in accounts receivable	2,470,347	(386,362)	(2,415,590)
(Increase) / decrease in other receivables	(2,005,206)	387,835	(45,024)
Increase / (decrease) in accounts payable	(887,808)	508,871	4,743,274
Increase / (decrease) in other current liabilities	500,046	(706,046)	(106,361)
Net cash flow from operating activities	20,250,161	(2,737,423)	5,993,676
Cash flow from investing activities			
Purchases of distressed asset portfolios and other long-term receivables from investments	(24,626,867)	(2,475,613)	(15,593,485)
Proceeds from divestment of distressed asset portfolios and other long-term receivables from investments	2,300,000	–	–
Purchases of associates	–	(600,000)	–
Purchases of tangible and intangible assets	(9,882)	(106,018)	(286,179)
Net cash flow received / (used) in investing activities	(22,336,749)	(3,181,631)	(15,879,664)
Cash flow from financing activities			
Proceeds from issuance of ordinary shares	1,754,441	–	2,140,164
Share premium	4,734,282	–	10,777,630
Proceeds from issuance of loans	14,967,249	1,341,938	12,556
Repayment of loans	(12,138,999)	(969,594)	(7,839,769)
Net cash flow received / (used) in financing activities	9,316,973	372,344	5,090,581
Cash flow for the year	7,230,385	(5,546,710)	(4,795,405)
Cash and cash equivalents less bank overdrafts at beginning of the year	3,391,575	9,000,148	14,125,071
Foreign exchange gains / (losses) on cash and cash equivalents	(22,894)	(61,863)	(329,518)
Cash and cash equivalents less bank overdrafts at end of the year	10,599,066	3,391,575	9,000,148

1) The majority of Other items not affecting cash relates to investments where DDM owns the economic benefit of net collections from the cut-off-date. This is not reflected in the cash flows as the economic benefits is offset against the cash purchase price.

Capitalisation, indebtedness and other financial information

Equity and liabilities

The Company is financed by equity and debt, where the majority of the debt is interest-bearing bonds. Equity attributable to the owners of the Company totaled EUR 20.6 million as of 31 December 2016. Current interest-bearing debt per the balance sheet as of 31 December 2016 was EUR 8.2 million and non-current interest-bearing debt was EUR 31.2 million. Total interest-bearing debt per the balance sheet as of 31 December 2016 amounted to EUR 39.4 million.

The following tables contain DDM's consolidated capitalisation and indebtedness as of 31 December 2016. This information has been extracted from DDM's unaudited consolidated balance sheet as of 31 December 2016 included in the unaudited fourth quarter and full year report for the period 1 January – 31 December 2016, which has been prepared in accordance with IAS 34 and is incorporated by reference.

CAPITALISATION EUR million	As of 31 December 2016 (unaudited)
Current interest-bearing debt	
Guaranteed	–
Secured ¹⁾	6.2
Unguaranteed/unsecured	2.0
Total current interest-bearing debt	8.2
Non-current interest-bearing debt	
Guaranteed	–
Secured ¹⁾	29.2
Unguaranteed/unsecured	2.0
Total non-current interest-bearing debt	31.2
Shareholder's equity	
Share capital	7.5
Share premium	15.5
Other reserves	(0.6)
Accumulated losses including net earnings for the period	(1.9)
Equity attributable to the owners of the company	20.6

1) Pledge of shares.

Below follows a presentation of DDM's net financial indebtedness per the balance sheet as of 31 December 2016.

INDEBTEDNESS	31 December 2016 (unaudited)
A. Cash	10.6
B. Cash equivalents	–
C. Trading securities	–
D. Liquidity (A + B + C)	10.6
E. Current financial receivable	–
F. Current bank debt	–
G. Current portion of non-current debt	–
H. Other current financial debt	8.2
I. Current financial debt (F)+(G)+(H)	8.2
J. Net current financial indebtedness (I)-(E)-(D)	(2.4)
K. Non-current bank loans	–
L. Bonds issued	29.2
M. Other non-current loans	2.0
N. Non-current financial indebtedness (K)+(L)+(M)	31.2
O. Net financial indebtedness (J)+(N)	28.8

Financial arrangements

Per 31 December 2016 the Company's primary financial arrangements comprised two senior secured bond loans with original principal amount of SEK 300 million and EUR 11 million, respectively. The outstanding principal amount under the bond loans per 31 December 2016 was SEK 295 million and EUR 6,465,000, respectively.

The SEK 300 million of senior secured bonds were issued by the Company's wholly owned subsidiary DDM Treasury Sweden AB (publ) in June 2013 and carried a fixed coupon of 13 per cent per annum. The bonds were subject to a range of customary covenants relating to, *inter alia*, financial reporting, restrictions regarding acquisitions and sale of assets, restrictions regarding change of business, financial covenants requiring that certain key financial ratios are maintained as well as cross-acceleration provisions and change of control provisions.

The EUR 11 million of senior secured bonds were issued by the Company's wholly owned subsidiary DDM Debt AB (publ) in July 2016 and carried a fixed coupon of 13 per cent per annum. The bonds were subject to a range of customary covenants relating to, *inter alia*, financial reporting, restrictions regarding acquisitions and sale of assets, restrictions regarding change of business as well as cross-acceleration provisions and change of control provisions.

Per 31 December 2016, there were also two direct loans from a private individual with outstanding amounts of EUR 2 million each, with repayment dates on 10 March 2017 and 1 October 2019, respectively. There is no conflict of interest, in any way, in connection to the direct loans. The interest rate on the loan with repayment on 10 March 2017 is 11 per cent per annum and the interest rate on the loan with repayment in October 2019 was 10 per cent per annum until 1 October 2016 when it changed to 9 per cent per annum for the remaining term.

Working capital

The Company believes that its existing working capital is sufficient to meet its current needs during the forthcoming 12-month period.

Cash flow

Cash flow from operating activities was EUR 20,250,161 (2015: EUR (2,737,423); 2014: EUR 5,993,676) for the financial year ended 31 December 2016. The increase was primarily due to the strong performance of the recent acquisitions in Slovenia and Hungary. Cash flow received / (used) in investing activities for the financial year ended 31 December 2016 was EUR (22,336,749) (2015: EUR (3,181,631); 2014: EUR (15,879,664)), driven by the cash purchase price of portfolio acquisitions including the landmark Slovenian portfolio acquisition in 2016. Cash flow from financing activities generated EUR 9,316,973 for the financial year ended 31 December 2016 (2015: EUR 372,344; 2014: EUR 5,090,581). The increase was primarily attributed to the net proceeds of approximately EUR 6.5 million from the share capital increase in the second quarter of 2016, in addition to proceeds from the issuance of loans, less repayments made in the year. Total cash flow excluding foreign exchange gains / (losses) on cash and cash equivalents for the period was EUR 7,230,385. Cash and cash equivalents was EUR 10,599,066 per 31 December 2016.

Invested assets

DDM's invested assets consist of purchases of distressed asset portfolios and other long-term receivables from investments. The Company also has limited capital expenditure related to purchases of tangible and intangible assets.

The Company's investments in distressed asset portfolios and other long-term receivables from investments amounted to a gross purchase price of EUR 20.0 million, EUR 31.4 million and EUR 33.8 million in 2014, 2015 and 2016 respectively. Investments in tangible and intangible assets amounted to EUR 286,179, EUR 106,018 and EUR 9,882 in 2014, 2015 and 2016 respectively.

Significant events taking place after 31 December 2016

In January 2017, DDM Debt AB (publ), an indirectly wholly owned subsidiary of DDM, issued EUR 50 million of senior secured bonds. The proceeds from the bond issue were used to refinance the outstanding principal on the EUR 11 million bond loan, the SEK 300 million bond loan, and the EUR 2 million direct loan with repayment on 10 March 2017. The remaining proceeds will be used to acquire additional distressed asset portfolios and for general corporate purposes.

Following the above described refinancing in the first quarter 2017, the Group's financial arrangement is mainly comprised of the EUR 50 million of senior secured bonds issued by DDM Debt AB (publ). The Group intends to apply for admission of the bonds to trading on Nasdaq Stockholm's corporate bonds list during March 2017. The bonds have a final maturity in January 2020 and a fixed coupon of 9.5 per cent per annum. The bonds are subject to a range of customary covenants relating to, *inter alia*, financial reporting, restrictions regarding acquisitions and sale of assets, restrictions regarding change of business, financial covenants requiring that certain key financial ratios are maintained as well as cross-acceleration provisions and change of control provisions.

In January 2017, DDM signed and closed an acquisition of a portfolio of distressed assets from a leading bank in the Czech Republic. The total investment amounted to approximately EUR 5 million.

Share capital and ownership structure

General information

According to the Company's Articles of Association, the share capital of the Company amounts to CHF 9,040,298 distributed among 9,040,298 registered shares with a nominal value of CHF 1.00 each. As of the date of the Prospectus, the Company's share capital amounts to CHF 9,040,298 distributed among 9,040,298 shares. All shares are fully paid. The shares are denominated in CHF and the nominal value of each share is CHF 1.00. There is only one class of shares in the Company.

Following the completion of the Rights Issue, assuming that it is fully subscribed, the share capital will amount to CHF 13,560,447 distributed among 13,560,447 shares with a nominal value per share of CHF 1.00. Shareholders who choose not to participate in the Rights Issue, will have their shareholdings diluted by not more than 4,520,149 new shares, representing approximately 33 per cent of the total number of shares and votes in the Company after the completion of the Rights Issue. The shares are freely transferrable.

All shares in the Company have been issued pursuant to Swiss law as uncertificated securities in the form of intermediated securities (D. *Bucheffekten*). All issued shares have been fully paid and are transferrable in accordance with the Articles of Association. The shares that will be issued in the Rights Issue will also be issued as uncertificated securities in the form of intermediated securities.

As far as the Board of Directors of the Company is aware, there are no shareholder agreements or similar arrangements with the aim of exercising joint control over the Company or that may lead to a change in control of the Company. The Company's shares are not subject to any offer made as a result of a mandatory offer, right of redemption or redemption obligation. No public takeover offer for DDM's shares has occurred.

For information on the Rights Issue and the Pre-emptive Subscription Rights, please see sections "*Invitation to subscribe for shares in the Company*" and "*Terms and conditions*".

Certain rights associated with the shares

The offered shares are all of the same class. The rights associated with the shares issued by the Company, including rights pursuant to the Articles of Association, can only be amended in accordance with the procedures set out in the CO (D. *Obligationenrecht*).

Voting rights

Provided the shareholder is recorded in the share register of the Company maintained by Euroclear or Computershare on the record date prior to the shareholders' meeting, each share in the Company entitles the holder to one (1) vote at general meetings and each shareholder is entitled to cast votes equal in number to the number of shares held by the shareholder in the Company.

Subscription rights to new shares, etc.

If the Company issues new shares, as a general rule, shareholders have pre-emptive rights to subscribe for such securities proportionally to the number of shares held prior to the issue. A resolution by the general meeting to increase the share capital may withdraw this subscription right only for good cause. In particular, the takeover of companies, parts of companies or equity interests and employee share ownership are deemed to be good cause. The withdrawal of the subscription right must not result in any improper advantage or

disadvantage to the parties involved.

Where the Company has granted a shareholder the right to subscribe to shares, it may not bar him from exercising such right on the basis of a restriction on the transferability of registered shares laid down in the articles of association.

Rights to dividends and liquidation proceeds

Every shareholder is entitled to a pro rata share of the disposable profit to the extent that the distribution of such profit among the shareholders is provided for by law or the Articles of Association. A dividend must be fixed only after deducting from the profit the allocations to the statutory reserves according to applicable Swiss law. On dissolution of the Company, the shareholder is entitled to a pro rata share of the liquidation proceeds, unless otherwise provided by those Articles of Association that relate to the allocation of the assets of the dissolved Company.

Resolutions on dividend are passed by the general meeting. All shareholders registered as shareholders in the share register maintained by Euroclear and Computershare on the record date adopted by the general meeting are entitled to receive dividends. Thirty days prior to a shareholders' meeting until the day following the shareholders' meeting, an entry into the share register is refrained. Dividends are normally distributed to shareholders as a cash payment per share through Euroclear and Computershare, but may also be paid out in a manner other than cash (in-kind dividend). If shareholders cannot be reached through Euroclear or Computershare, such shareholders still retain their claim on the Company in respect of the dividend, subject to a statutory time limitation of five years. Upon the expiry of the period of limitation, the dividend amount passes to the Company.

Neither the CO nor the Company's Articles of Association contain any restrictions to the right to receive dividends for shareholder domiciled outside of Switzerland. Subject to any restrictions imposed by banks or clearing systems in the relevant jurisdiction, payment to such shareholders are made in the same manner as for shareholders resident in Switzerland. However, shareholders not resident in Switzerland for tax purposes are normally subject to Swiss withholding tax, see also the sections "*Tax considerations in Switzerland*" and "*Tax considerations in Sweden*" for additional information.

Dividend policy

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 prioritised. Consequently, shareholders should not expect to receive dividends in the next few years.

Since the incorporation of the Company, no dividend payments have been made.

Central securities depository affiliation

The Company's shares are registered in dematerialised form in a Central Securities Depository (CSD) register through the services of Euroclear (Euroclear Sweden AB, Box 191, 101 23 Stockholm), acting as the central securities depository and clearing organisation for the shares in accordance with the Swedish Financial Instruments Accounts Act (1998:1479), and Computershare (Computershare

Schweiz AG, Postfach, 4601 Olten, Schweiz) acting as central security depositary in Switzerland. No share certificates are issued for the Company's shares or will be issued for the new shares.

Development of the share capital

The table below sets forth the changes in the share capital of DDM since the incorporation of the Company, and the changes in the number of shares and the share capital which will be implemented in conjunction with the Rights Issue.

Date of registration	Transaction	Change in number of shares	Total number of shares	Change in share capital (CHF)	Total share capital (CHF)	Nominal value per share (CHF)
16 August 2010	Incorporation	100,000	100,000	100,000	100,000	1.00
25 July 2012	Ordinary capital increase	132,000	232,000	132,000	232,000	1.00
10 October 2013	Ordinary capital increase	4,268,000	4,500,000	4,268,000	4,500,000	1.00
5 August 2014	Ordinary capital increase	2,600,000	7,100,000	2,600,000	7,100,000	1.00
2 June 2016	Ordinary capital increase	1,940,298	9,040,298	1,940,298	9,040,298	1.00
4 April 2017 ¹⁾	Ordinary capital increase	4,520,149	13,560,447	4,520,149	13,560,447	1.00

1) Based on the assumption that the Rights Issue will be fully subscribed. The stated registration date is estimated and the final registration date may differ.

Convertibles, warrants, etc.

The Company has as of the date of the Prospectus, except for what is noted in the below sections "*Incentive programs (conditional capital)*" and "*Authorisation to increase the capital*", no outstanding convertible debentures, warrants to subscribe for shares or other financial instruments, which would, if exercised, imply a dilutive effect for the shareholders of the Company.

Ownership structure

As of 28 February 2017, DDM had approximately 266 shareholders. The largest shareholder was Kent Hansson, founder and chairman of DDM, with a holding representing approximately 25.4 per cent of the outstanding shares and votes in the Company.

The table below sets forth the Company's largest shareholders as of 28 February 2017 and any known subsequent changes:

MAJOR SHAREHOLDERS AS OF 28 FEBRUARY 2017¹⁾

Shareholder	Total number of shares ²⁾	Percentage of capital and votes, (%)
Hansson, Kent	2,295,924	25.40
Vogel, Manuel	1,705,490	18.87
Danske Bank International S.A.	1,500,000	16.59
Praktikertjänst Pensionsstiftelse	530,000	5.86
Strategic Investments A/S	448,567	4.96
Göransson, Richard	298,507	3.30
Hultgren, Gustav	225,000	2.49
Humle Småbolagsfond	149,254	1.65
Förvaltnings AB Hummelbosholm	149,254	1.65
Sirén, Sverker	146,254	1.62
Total; largest owners	7,448,250	82.39
Summary others	1,592,048	17.61
Total	9,040,298	100.00

1) Sources: Euroclear, Computershare and DDM.

2) Holdings include direct and indirect holdings.

Listing

DDM's shares are listed on Nasdaq First North since 5 August 2014 under the ticker symbol DDM, and the ISIN code for the shares is CH0246292343.

Shareholders' agreements

To the best of DDM's Board of Directors' knowledge, no shareholders' agreements or any other agreements between the shareholders of the Company with the aim to exercise joint influence over the Company are in place. Nor is the Board of Directors aware of any agreements or equivalent which may result in any change of control over the Company.

Incentive programs (conditional capital)

Save for the authorised capital increase in the amount of CHF 1,609,702 as further described in article 3a of the Articles of Association, DDM currently has no outstanding stock option program in use, and no convertible debentures, warrants to subscribe for shares or other financial instruments which, if exercised, would imply a dilutive effect for the holders of shares in the Company. However, the Annual General Meeting 2015 approved the creation of conditional capital. According to article 3b of the Articles of Association, the share capital may be increased in an amount not to exceed CHF 500,000 through the issuance of up to 500,000 fully paid registered shares with a nominal value of CHF 1.00 each by the issuance of new shares to employees and directors of the Company and its subsidiaries. The pre-emptive rights and advance pre-emptive subscription rights of the shareholders of the Company shall thereby be excluded. The shares or options to acquire shares shall be issued to employees and directors pursuant to one or more regulations to be issued by the Board of Directors, taking into account performance, functions, levels of responsibility and profitability criteria. The shares or options to acquire shares may be issued to employees and directors at a price lower than the market price.

Authorisation to increase the capital (authorised capital)

According to article 3a of the Articles of Association, the Board of Directors is authorised to increase the share capital in the maximum amount of CHF 1,609,702 by issuing up to 1,609,702 fully paid registered shares with a nominal value of CHF 1.00 each any time until 27 May 2017.

Board of Directors, Management and Auditors

Board of Directors

According to the Articles of Association, the Board of Directors shall consist of one or more members appointed by the general meeting. The members of the Board of Directors are elected for a term of one year until and including the next general meeting and 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. DDM's Board of Directors currently consists of five members appointed by the general meeting for the period until the end of the annual general meeting to be held in 2017.

The Board of Directors of DDM Holding AG

Name	Position	Year of birth	Appointed	Independent of	
				Major shareholders	The Company and the Company's management
Kent Hansson	Member, Chairman	1966	2010 ¹⁾	No	No
Manuel Vogel	Member, Deputy Chairman	1969	2010 ²⁾	No	No
Fredrik Waker	Member	1966	2013	Yes	Yes
Torgny Hellström	Member	1958	2014	Yes	Yes
Dovilė Burgienė	Member	1977	2016	Yes	Yes

1) Member of the Board of Directors of the previous parent company, DDM Group AG, since 2007.
2) Member of the Board of Directors of the previous parent company, DDM Group AG, since 2008.

Kent Hansson (born 1966)

Kent Hansson is the founder of DDM, and has been a member of the Board of Directors in the DDM group's parent company since 2007 and the chairman of the Board of Directors of DDM since 2013.

Education: MBA, Copenhagen Business School.

Other assignments: Member of the boards of directors of Ulixes Group AB, MAFI Aktiebolag and Nordiska kreditmarknads-aktiebolaget (publ).

Previous assignments (last five years): Chairman of the boards of directors of Shareflake AB and Nick Söderblom AB.

Shareholding in the Company: 2,295,924 shares.*

Dr. Manuel Vogel (born 1969)

Manuel Vogel has been a member of the Board of Directors in the DDM group's parent company since 2008 and the deputy chairman of the Board of Directors of DDM since 2013.

Education: Master degree in economics, University of St. Gallen. Ph.D. in international VAT-Law and a Dr. oec., University of St. Gallen. Certified tax expert. CAS FH in company succession.

Other assignments: Board member of Drake Enterprises AG (chairman), Goebel Capital GmbH, The Verification Company AG and Xantis Pharma AG and CEO of a&o accta ortag ag. In addition, Manuel Vogel is currently a board member of several other Swiss companies.**

Previous assignments (last five years): Previously CFO of DDM and board member of BB Treuhand AG. In addition, Manuel Vogel has previously been a board member of several other Swiss companies.**

Shareholding in the Company: 1,705,490 shares.*

Fredrik Waker (born 1966)

Fredrik Waker has been a member of the Board of Directors of DDM since 2013.

Education: M.Sc. in Business and Economics, Stockholm University.

Other assignments: Owner, deputy CEO and chairman of the board of directors of Wakers Consulting AB, and CEO and board member of Wakers Affärsrådgivning AB. Chairman of Wakers Holding AB, and board member of Srf konsulterna AB, Rekaw Konsult AB, Frewako Waker Löttiger Aktiebolag, Fredrik Waker AB, PARTOR AB, P2 Energi AB, P2 Projektpartner AB and deputy board member of Nybroviken Development AB and limited partner of EXPLICIT företagsplanering Kommanditbolag.

Previous assignments (last five years): CEO of Wakers Holding AB, and member of the boards of directors of Lekit AB, Nick Söderblom AB, Wakers Partnership AB and deputy board member of Maskin-Lindell Aktiebolag.

Shareholding in the Company: 0 shares.*

Torgny Hellström (born 1958)

Torgny Hellström has been a member of the Board of Directors of DDM since 2014.

Education: LL.M., Stockholm University. IBM Executive Education with Thunderbird (University of Phoenix). Swedish Army War Academy.

Other assignments: Chairman of the board of directors of Precise Biometrics AB, Chairman of the board of directors of MagComp AB, board member of True Heading AB and board member of Ruddex International AB (wholly owned by Torgny Hellström).

Previous assignments (last five years): None.

Shareholding in the Company: 0 shares.*

* Shareholding (own and related party holdings) as of 28 February 2017.

** Information regarding these other assignments has been omitted from the Prospectus on the basis of a dispensation granted by the Swedish Financial Supervisory Authority. The omitted assignments are considered not to influence the assessment of the financial position and prospects of DDM.

Dovilė Burgienė (born 1977)

Dovilė Burgienė has been a member of the Board of Directors of DDM since 2016.

Education: Executive MBA, Baltic Management Institute. LL.M. in European Law, Stockholm University. Master of Laws degree, Vilnius University.

Other assignments: Partner and Head of the Corporate and M&A practice group at Ellex Valiunas and officer of the International Bar Association (IBA) Corporate and M&A committee. Member of the boards of directors of VB Investicijos, J Investicijos, the Lithuanian Financial Markets Institute and the Lithuanian Business Confederation (ICC Lithuania).

Previous assignments (last five years): Member of the Advisory Board of the Law Firm Management Committee, IBA and Co-Chair of the European Forum, IBA. Member of the Sunset Commission at the Government of Lithuania and member of the European Corporate Governance Institute.

Shareholding in the Company: 0 shares.*

Board of Director's committees

Audit committee

The audit committee prepares a number of issues for consideration by the Board of Directors and thereby supports the Board of Directors in its endeavours 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 on a regular basis. The members of the audit committee of DDM Holding AG are Fredrik Waker (chairman), Manuel Vogel and Dovilė Burgienė.

Remuneration committee

The remuneration committee submits proposals for resolution by the Board of Directors regarding salary and other terms of employment for the Chief Executive Officer, and follows up on and evaluates the Chief Executive Officer's performance as well as programs for variable remuneration for the Management. The remuneration committee also approves salaries and other terms of employment for the Management, as proposed by the Chief Executive Officer. The remuneration committee is, furthermore, tasked with submitting proposals regarding remuneration principles for the Chief Executive Officer and Management – proposals which are then submitted to the Board of Directors. The application of the guidelines and relevant remuneration structures and levels within the Company is also followed up by the remuneration 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 of Directors on the results of its work. The remuneration committee comprises Kent Hansson (chairman) and Torgny Hellström.

Investment committee

The investment committee has been delegated by the Board of Directors to assist with selected investment related matters, including strategy matters, significant investment approvals and supervision. The investment committee is responsible for determining investment goals, reviewing the financial aspects of significant proposed transactions and for making specific investment decisions. The committee is also responsible for review of compliance and performance relative to

objectives, with a particular focus on risk identification and the Management's mitigation of such risks legally and/or commercially in the sales and purchase agreements, both prior to signing and during execution.

The investment committee works on the basis of a set of "Instructions for the investment committee" adopted each year by the Board of Directors and reports back to the Board of Directors on the results of its work. The investment committee comprises Torgny Hellström (chairman) and Kent Hansson.

If the Board of Directors considers it more appropriate, the entire Board of Directors may perform the investment committee's tasks. The investment committee's tasks were performed by the entire Board of Directors in 2016.

Management

The table below lists the names, positions, years of birth and years of employment of the members of DDM's executive management committee.

THE EXECUTIVE MANAGEMENT COMMITTEE

Name	Position	Year of birth	Position held since
Gustav Hultgren	Chief Executive Officer	1974	2013
Fredrik Olsson	Chief Financial Officer	1980	2014
Konstantin Kraiss	Vice President and Head of Transactions	1983	2012

Gustav Hultgren (born 1974)

Gustav Hultgren has been Chief Executive Officer of DDM since 2013.

Education: BA (Hons) in International Business Administration, European Business School.

Other assignments: None.

Previous assignments (last five years): CEO of Gutrade LLC.

Shareholding in the Company: 225,000 shares.*

Fredrik Olsson (born 1980)

Fredrik Olsson has been Chief Financial Officer of DDM since 2014.

Education: B.Sc. in Accounting and Finance, University of Lund.

Other assignments: None.

Previous assignments (last five years): Finance Manager at LyondellBasell Industries NV, Head of Investor Relations and other management positions at Petroplus Marketing AG.

Shareholding in the Company: 90,000 shares.*

Konstantin Kraiss (born 1983)

Konstantin Kraiss has been Vice President and Head of Transactions of DDM since 2012.

Education: B.Sc. in Business and Economics, Stockholm School of Economics in Riga.

Other assignments: None.

Previous assignments (last five years): Manager at Deloitte.

Shareholding in the Company: 0 shares.*

* Shareholding (own and related party holdings) as of 28 February 2017.

Remuneration for the members of the Board of Directors and Management

Remuneration during the financial year 2016

The members of the Board of Directors elected by the general meeting receive remuneration fixed by the Board of Directors in accordance with their involvement and responsibility. Remuneration in CHF received by the Board of Directors and Management during the financial year 2016 is listed below.

Members of the Board of Directors	Total (CHF)
Kent Hansson	478,744
Manuel Vogel	194,400
Fredrik Waker	50,000
Torgny Hellström	50,000
Dovilė Burgienė*	25,000
Total remuneration for the members of the Board of Directors	798,144
Management	
Gustav Hultgren	306,567
Fredrik Olsson	267,275
Konstantin Kraiss	285,975
Total remuneration for the Management	859 817
Total	1,657,961

* Member of the Board of Directors since 28 June 2016.

Pensions and other benefits

The Chief Executive Officer and other members of the Management are entitled to pension, health insurance and other benefits. The Management is either entitled to pension benefits according to Company policy or individual agreement. The Chief Executive Officer's pension benefit in 2016 was CHF 17,682.

Notice of termination

The Chief Executive Officer is subject to a mutual notice period of twelve months.

The other members of the Management are subject to a mutual notice period of three months.

None of the members of the Management is entitled to severance pay upon termination of the employment.

Further information on the members of the Board of Directors and Management

There are no family ties between any of the members of the Board of Directors or Management.

Apart from what is set forth below, see the section *"Legal considerations and supplementary information – Related party transactions"*, there are no potential conflicts of interest between the obligations of the members of the Board of Directors and Management of DDM towards the Company and their private interests and/or other duties. However, as stated above, several of the members of the Board of Directors and Management have financial interests in DDM as they hold, and will continue to hold, shares in the Company.

During the past five years, no members of the Board of Directors or Management described above have (i) been convicted of any fraud-related offences, (ii) represented a company which has been

declared bankrupt or filed for involuntary liquidation, (iii) been the subject of sanctions or accusations by authorities or bodies acting for particular professional groups under public law, or (iv) been subject to injunctions against carrying out business.

The members of the Board of Directors are not entitled to any benefits payable by the Company when they retire from the board. For information on the right for members of the Management right to severance pay if their position with the Company is terminated, see the above section *"Notice of termination"*.

All members of the Board of Directors and Management are available at the Company's head office at Schochenmühlestrasse 4, 6340 Baar, Switzerland.

Auditors

According to the Company's Articles of Association the general meeting shall elect one or more auditors for each business year. The Board of Directors shall propose such auditors for election, who meet the legal qualifications. The term of the auditors ends with the general meeting during which the report for the corresponding business year is presented. Re-election is possible.

PricewaterhouseCoopers AG, with address Werftstrasse 3, 6002 Lucerne, Switzerland, is the current statutory auditor of the Company. The auditor in charge is Norbert Kühnis (born 1971). PricewaterhouseCoopers AG has been the Company's statutory auditor during the whole time that has been referenced in the historical financial information of the Prospectus and is a member of EXPERTsuisse – Swiss Expert Association of Audit, Tax and Fiduciary.

Corporate governance

The Swedish Code of Corporate Governance (the "Code") applies to all Swedish companies with shares listed on a regulated market in Sweden. As DDM is a company incorporated under Swiss law and Nasdaq First North is not a regulated market, the Company is not obliged to comply with the Code. However, the Company aims to comply with applicable rules in the Code.

The EU's Market Abuse Regulation ("MAR") is applicable to DDM as from 3 July 2016. MAR is supplemented by a series of delegated regulations and implementing regulations issued by the EU Commission and by guidelines issued by the European Securities and Markets Authority (ESMA). MAR aims to enhance market integrity and investor protection and applies in respect of e.g. issuers and financial instruments admitted to trading on regulated markets, multilateral trading facilities and organised trading facilities.

MAR contains, among other things, rules regarding a prohibition on insider dealing, unlawful disclosure and market manipulation; rules prescribing the manner in which issuers are to handle and publicly disclose inside information; rules imposing an obligation on issuers to maintain an insider list (log); and rules regarding reporting obligations in respect of transactions performed by persons discharging managerial responsibilities at an issuer or persons closely associated with them.

The Board of Directors of the Company has adopted internal policies to facilitate and safeguard DDM's compliance with MAR and related rules and regulations.

Articles of association

Set out below are the Company's currently registered Articles of Association.

Statuten	Articles of Association
der	of
DDM Holding AG	DDM Holding Ltd
(DDM Holding Ltd)	(DDM Holding AG)
(DDM Holding SA)	(DDM Holding SA)
mit Sitz in Baar ZG	with registered office in Baar ZG
I. Firma, Dauer, Sitz und Zweck der Gesellschaft	I. Firm Name, Duration, Registered Office and Purpose of the Company
Art. 1: Firma, Dauer und Sitz	Art. 1: Firm Name, Duration and Registered Office
Unter der Firma DDM Holding AG (DDM Holding Ltd) (DDM Holding SA) besteht auf unbestimmte Zeit eine Aktiengesellschaft im Sinne der Art. 620 ff. OR mit Sitz in Baar Zug.	Under the name of DDM Holding AG (DDM Holding Ltd) (DDM Holding SA) exists for an indefinite period of time a company pursuant to art. 620 et. seq. of the Swiss Code of Obligations (CO) with its registered office in Baar Zug.
Art. 2: Zweck	Art. 2: Purpose
Zweck der Gesellschaft ist in erster Linie der Kauf, der Verkauf und das Halten von Beteiligungen an anderen Gesellschaften, deren Verwaltung und Finanzierung.	The purpose of the corporation is the purchase, sale and maintenance of participations in other companies, their administration and financing.
Die Gesellschaft kann Tochtergesellschaften und Zweigniederlassungen im In- und Ausland errichten und ausserdem alle Rechtshandlungen vornehmen, die der Zweck der Gesellschaft mit sich bringen kann oder die geeignet sind, ihre Entwicklung oder diejenige von Gruppengesellschaften zu fördern.	The corporation may establish subsidiaries and branch offices in Switzerland and abroad and carry out all legal transactions required by its business purpose or which may be appropriate to promote its development or the development of the group.
Des Weiteren kann die Gesellschaft direkt	Further, the corporation may directly or indi-

oder indirekt an Konzernfinanzierungen teilnehmen, insbesondere indem sie ihren direkten oder indirekten Gesellschaftern oder anderen Gruppengesellschaften Kredite gewährt oder für deren Verbindlichkeiten gegenüber Dritten Garantien, Bürgschaften oder andere Sicherheiten aller Art gewährt, auch wenn diese Kredite oder Sicherheiten im ausschliesslichen Interesse ihrer direkten oder indirekten Gesellschaftern oder anderer Gruppengesellschaften liegen und unentgeltlich gewährt werden.

II. Aktienkapital, Aktionärseigenschaft, Aktien, Aktienübertragung

Art. 3: Aktienkapital

Das Aktienkapital der Gesellschaft beträgt CHF 9'040'298 und ist eingeteilt in 9'040'298 auf den Namen lautende Aktien zum Nennwert von CHF 1. Sämtliche Aktien sind voll einbezahlt.

Art. 3a: Genehmigtes Kapital

Der Verwaltungsrat ist ermächtigt, das Aktienkapital der Gesellschaft jederzeit bis zum 27. Mai 2017 um höchstens CHF 1'609'702 zu erhöhen durch Ausgabe von höchstens 1'609'702 voll zu liberierenden Namenaktien zum Nennwert von je CHF 1.

Der Verwaltungsrat ist berechtigt (einschliesslich im Falle eines öffentlichen Angebots für Aktien der Gesellschaft), das Bezugsrecht der Aktionäre einzuschränken oder auszuschliessen und Dritten zuzuweisen, wenn die neuen Aktien verwendet werden sollen (1) für die Übernahme von Unternehmen, Unternehmensteilen, Beteiligungen oder neue Investitionsvorhaben oder im Falle einer Aktienplatzierung für die Finanzierung oder Refinanzierung solcher

directly participate in group finance transactions, in particular by providing its direct or indirect shareholders or other group companies loans or by providing security in the form of guarantees, sureties or any other security interest to third parties even if these loans or security interests, which may be provided without charge or fee, lie in the exclusive interest of its direct or indirect shareholders or other group companies.

II. Share Capital, Shareholder Status, Shares, Transfer of Shares

Art. 3: Share Capital

The share capital of the company amounts to CHF 9,040,298 and is divided into 9,040,298 registered shares with a nominal value of CHF 1 each. All shares are fully paid-in.

Art. 3a: Authorized Capital

The board of directors is authorised to increase the share capital in the maximum amount of CHF 1,609,702 by issuing at most 1,609,702 fully paid in registered shares with a nominal value of CHF 1 each any time until May 27, 2017.

The board of directors is entitled to restrict or withdraw the pre-emptive rights of the shareholders and to allocate them to third persons, if the new shares are used for (1) the take over of enterprises, parts of enterprises or participations by exchange of shares or the financing or refinancing of the acquisition of enterprises, parts of enterprises or of new investment projects or (2) the participation of strategic partners and investors or (3) the rapid and flexible raising of equity capital by such a placement that cannot be implemented without difficulties

Transaktionen, (2) für Zwecke der Beteiligungen strategischer Partner oder Investoren oder (3) für die rasche und flexible Beschaffung von Eigenkapital durch eine Aktienplatzierung, welche mit Bezugsrechten nur erschwert möglich wäre. Zudem ist der Verwaltungsrat berechtigt, das Bezugsrecht der Aktionäre einzuschränken oder auszuschliessen und Dritten zuzuweisen, wenn die neuen Aktien verwendet werden sollen für die Verrechnung mit Forderungen gegenüber Darlehensgläubigern. Der Verwaltungsrat weist nicht ausgeübte Bezugsrechte nach eigenem Ermessen zu.

Die Erhöhung kann mittels Festübernahme und/oder in Teilbeträgen erfolgen. Der Verwaltungsrat ist ermächtigt, den Ausgabepreis der Aktien, die Art der Einlage sowie den Zeitpunkt der Dividendenberechtigung festzusetzen. Die neuen Namenaktien unterliegen nach dem Erwerb den Eintragsbeschränkungen gemäss Art. 4 der Statuten.

Art. 3b: Bedingtes Kapital

Das Aktienkapital kann sich durch Ausgabe von höchstens 500'000 voll zu liberierenden Namenaktien im Nennwert von je CHF 1 um höchstens CHF 500'000 erhöhen durch Ausgabe von Aktien an Mitarbeiter und Verwaltungsräte der Gesellschaft und ihrer Konzerngesellschaften. Das Bezugsrecht wie auch das Vorwegzeichnungsrecht der Aktionäre der Gesellschaft ist ausgeschlossen. Die Ausgabe von Aktien oder diesbezüglichen Optionen an Mitarbeiter und Verwaltungsräte erfolgt gemäss einem oder mehreren vom Verwaltungsrat zu erlassenden Reglementen und unter Berücksichtigung der Leistungen, Funktionen, Verantwortungsstufen und Rentabilitätskriterien. Die Ausgabe von Aktien oder diesbezüglichen Optionen an Mitarbeiter und Verwal-

by granting the pre-emptive rights. In addition, the board of directors is entitled to restrict or withdraw the pre-emptive rights of the shareholders and to allocate them to third persons, if the new shares are used for the debt-equity swap with lenders. The Board of Directors is authorized to assign pre-emptive rights that have not been exercised at its sole discretion.

An increase by way of partial increases is permitted. The respective amount of the issue, the beginning of the dividend entitlement and the type of the contribution will be determined by the board of directors. All new shares are subject to the restrictions on registration pursuant to art. 4 of these Articles of Association.

Art. 3b: Conditional Capital

The share capital may be increased in an amount not to exceed CHF 500,000 through the issuance of up to 500,000 fully paid registered shares with a nominal value of CHF 1 each by the issuance of new shares to employees and directors of the Company and group companies. The pre-emptive rights and advance subscription rights of the shareholders of the Company shall thereby be excluded. The shares or options to acquire shares shall be issued to employees and directors pursuant to one or more regulations to be issued by the Board of Directors, taking into account performance, functions, levels of responsibility and profitability criteria. The shares or options to acquire shares may be issued to employees and directors at a price lower than the market price.

tungsräte kann zu einem unter dem Marktpreis liegenden Preis erfolgen.

Der Erwerb von Aktien im Rahmen der Mitarbeiter- und Verwaltungsratsbeteiligung sowie jede nachfolgende Übertragung der Aktien unterliegen den Beschränkungen von Art. 4 dieser Statuten.

Art. 4: Aktionäre

Die Gesellschaft anerkennt für jede Aktie nur einen Berechtigten. Über die ausgegebenen Aktien wird ein Aktienbuch geführt, in welches die Eigentümer, Nutzniesser und Nominees der Namenaktien mit Namen, Wohnort und Adresse einzutragen sind.

Die Eintragung im Aktienbuch setzt den Ausweis über die formrichtige und statuten-gemässe Übertragung der Aktie zu Eigentum oder die Begründung einer Nutznie-sung voraus.

Erwerber von Namenaktien werden auf Ge-such hin als Aktionäre mit Stimmrecht im Aktienbuch eingetragen, falls sie ausdrück-lich erklären, diese Namenaktien im eigen-en Namen und für eigene Rechnung er-worben zu haben.

Der Verwaltungsrat kann einzelne Perso-nen, die im Eintragungsgesuch nicht aus-drücklich erklären, die Aktien für eigene Rechnung zu halten ("Nominees") bis 3% des im Handelsregister eingetragenen Akti-enkapitals mit Stimmrecht im Aktienbuch eintragen. Über diese Limite kann der Ver-waltungsrat Nominees als Aktionäre mit Stimmrecht im Aktienbuch eintragen, wenn der betreffende Nominee die Namen, Ad-ressen und Aktienbestände derjenigen Per-sonen bekannt gibt, auf deren Rechnung er 0.5% oder mehr des im Handelsregister eingetragenen Aktienkapitals hält, und mit dem Verwaltungsrat eine Vereinbarung

The acquisition of shares within the context of employee and director share ownership and each subsequent transfer of the shares shall be subject to the restrictions of Arti-cle 4 of these Articles of Association.

Art. 4: Shareholders

The company shall recognize only one owner for each share. The company shall keep a share register that records the is-sued shares and the names and addresses of the owners and other beneficiaries in rem.

Any entry as a shareholder in the share register requires proof of acquisition of the registered share or the creation of usufruct.

Acquirers of registered shares shall be reg-istered upon request in the share register as shareholders with the right to vote, pro-vided that they expressly declare that they acquired the registered shares in their own name and for their own account.

The Board of Directors may record persons not expressly declaring in their registration application that they hold the shares for their own account (the "Nominees") as shareholders with voting rights in the share register for up to 3% of the share capital en-tered in the commercial register. Beyond this limit, the Board of Directors may record Nominees as shareholders with voting rights in the share register provided any such Nominee discloses the names, ad-dresses and shareholdings of the persons for account of whom it is holding 0.5% or more of the share capital entered in the commercial register and provided any such Nominee has entered into an agreement

über seine Stellung abgeschlossen hat.

with the Board of Directors regarding its situation.

Die in diesem Artikel geregelte Eintragsbeschränkung gilt auch für Aktien, die über die Ausübung eines Bezugs-, Options- oder Wandelrechts gezeichnet werden oder erworben werden.

The restrictions as set out in this article also apply to shares acquired by way of exercising pre-emptive, option or convertible rights.

Der Verwaltungsrat kann nach Anhörung des eingetragenen Aktionärs oder Nominees Eintragungen im Aktienbuch mit Rückwirkung auf das Datum der Eintragung streichen, wenn diese durch falsche Angaben zustande gekommen sind. Der Betroffene muss über diese Streichung sofort informiert werden.

After hearing the registered shareholder or Nominee, the Board of Directors may cancel registrations in the share register, retroactive to the date of registration, if such registrations were made based on incorrect information. The relevant shareholder or Nominee shall be informed immediately as to the cancellation.

Der Verwaltungsrat regelt die Einzelheiten und trifft die zur Einhaltung der vorstehenden Bestimmungen notwendigen Anordnungen. Er kann in besonderen Fällen Ausnahmen von der Beteiligungsgrenze oder Nomineeregelung bewilligen.

The board of directors shall regulate the details and issue the instructions necessary for compliance with the preceding provisions. In special cases, it may grant exemptions from the rule concerning nominees.

Wechselt ein Namenaktionär die Adresse, so hat er der Gesellschaft die neue Adresse mitzuteilen. Bis zum Erhalt einer entsprechenden Mitteilung durch die Gesellschaft erfolgen alle brieflichen Mitteilungen an den Namenaktionär rechtsgültig an seine im Aktienbuch eingetragene Adresse.

In case of a change of its address, the shareholder shall notify the company. Until the company has received a respective notice all notifications to the shareholder shall be deemed to have been validly delivered when delivered to the address provided for in the shareholders' register.

Ab 30 Tagen vor einer Generalversammlung bis zu dem auf die Generalversammlung folgenden Tag werden keine Eintragungen in das Aktienbuch vorgenommen.

The board of directors has the right, thirty days prior to a shareholders' meeting until the day following the shareholders' meeting, to refrain from any entry into the share register.

Der Gesellschaft gegenüber gilt nur derjenige als Aktionär, der im Aktienbuch eingetragen ist.

Only a person registered in the share register is deemed to be shareholder of the company.

Ungeachtet der vorstehenden Bestimmungen können die in Form von Wertrechten

Notwithstanding the above, the Company's shares may be registered in a securities

geschaffenen Namenaktien in einem Werterechtechbuch gemäss dem „Swedish Financial Instruments Accounts Act“ (1998:1479) eingetragen werden.

Art. 5: Aktien und Aktienübertragung

Die Aktien der Gesellschaft werden (vorbehältlich von Abs. 2) in der Form von Wertrechten ausgegeben und als Bucheffekten ausgestaltet.

Der Aktionär kann jederzeit von der Gesellschaft kostenlos die Ausstellung einer Bescheinigung über die in seinem Eigentum stehenden Aktien verlangen. Der Aktionär hat jedoch keinen Anspruch auf Druck und Auslieferung von Wertpapieren. Die Gesellschaft kann demgegenüber jederzeit Wertrechte in Wertpapiere (einzel- oder sammelverwahrte Einzelurkunden oder Globalurkunden) umwandeln sowie als Bucheffekten ausgestaltete Aktien aus dem entsprechenden Verwahrungssystem zurückziehen.

Verfügungen über Bucheffekten erfolgen ausschliesslich nach Massgabe des Bucheffektengesetzes. Soweit gesetzlich zulässig, sind Verfügungen mittels Zession ausgeschlossen.

Durch Beschluss der Generalversammlung können Namenaktien in Inhaberaktien umgewandelt werden und umgekehrt.

Ungeachtet von Absatz 1–2 dieses Artikels können die in Form von Wertrechten geschaffenen Namenaktien in einem Werterechtechbuch gemäss dem „Swedish Financial Instruments Accounts Act“ (1998:1479) eingetragen werden.

Die Eigentumsrechte der Aktionäre, deren Namenaktien in einem Werterechtechbuch gemäss „Swedish Financial Instruments Accounts Act“ (1998:1479) eingetragen sind,

register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479).

Art. 5: Shares and Transfer of Shares

The shares of the company are (subject to paragraph 2) issued as uncertificated securities and as intermediated securities.

The shareholder may at any time and without any charge call upon the company to issue a written confirmation for his/her shares. The shareholder, however, is not entitled to demand the printing and delivery of securities. The company may, at its own discretion, convert uncertificated securities into securities (individual share certificates or global certificates whether or not deposited with an intermediary) and withdraw shares issued as intermediated securities from the custodian system.

Transfers of intermediated securities are effected exclusively according to the Federal Law on Intermediated Securities. To the extent allowed by law, transfers by assignment are excluded.

The shareholders' meeting may, at any time, convert registered shares into bearer shares and vice versa.

Notwithstanding the above, the Company's shares may be registered in a securities register in accordance with the Swedish Financial Instruments Accounts Act (1998:1479).

The proprietary rights of the shareholders whose shares are registered in a securities register in accordance with the Swedish Financial Instruments Accounts Act

richten sich nach schwedischem Recht. Für ihre Übertragung und Verpfändung ist schwedisches Recht anwendbar.

III. Organe der Gesellschaft

Art. 6: Allgemein

Die Organe der Gesellschaft sind:

- A. Die Generalversammlung
- B. Der Verwaltungsrat
- C. Die Revisionsstelle

A. Die Generalversammlung

Art. 7: Befugnisse

Der Generalversammlung stehen folgende Befugnisse zu:

- a. Festsetzung und Änderung der Statuten;
- b. Wahl der Mitglieder des Verwaltungsrates und der Revisionsstelle;
- c. Genehmigung des Lageberichts und, soweit gesetzlich vorgeschrieben, der Konzernrechnung;
- d. Genehmigung der Jahresrechnung sowie Beschlussfassung über die Verwendung des Bilanzgewinns nach Entgegennahme des Berichtes der Revisionsstelle;
- e. Entlastung der Mitglieder des Verwaltungsrates;
- f. Beschlussfassung über alle Gegenstände, die ihr durch Gesetz oder Statuten vorbehalten sind oder ihr durch den

(1998:1479) shall be determined in accordance with Swedish law. Such shares shall be transferred in accordance with this act and shall be pledged in accordance with Swedish law.

III. Corporate Bodies

Art. 6: General

The governing bodies of the company are:

- A. The shareholders' meeting
- B. The Board of Directors
- C. The auditors

A. The Shareholders' Meeting

Art. 7: Powers

The shareholders' meeting has the following powers:

- a. to adopt and amend the Articles of Association;
- b. to appoint the members of the Board of Directors and the auditors;
- c. to approve the annual report and, to the extent legally required, the consolidated financial statements;
- d. to approve the annual financial statements and, after acceptance of the auditors' report, to decide on the use of the balance sheet profit;
- e. to release the members of the Board of Directors;
- f. to decide on all matters which are in its competence by law or pursuant to the Articles of Association, or which have

Verwaltungsrat vorgelegt werden.

been presented to it by the Board of Directors.

Art. 8: Ordentliche und ausserordentliche Generalversammlungen

Die ordentliche Generalversammlung findet jedes Jahr innerhalb von sechs Monaten nach Schluss des Geschäftsjahres statt. Ausserordentliche Generalversammlungen werden je nach Bedürfnis einberufen.

Die Generalversammlungen finden statt auf Beschluss der Generalversammlung oder des Verwaltungsrates, auf Begehren der Revisionsstelle oder wenn ein oder mehrere Aktionäre, die zusammen mindestens 10% des stimmberechtigten Aktienkapitals vertreten, in einer schriftlichen Eingabe an den Verwaltungsrat unter Angabe des Verhandlungsgegenstandes und der Anträge die Einberufung verlangen.

Art. 9: Einberufung

Die Einberufung der ordentlichen Generalversammlung erfolgt durch den Verwaltungsrat oder nötigenfalls durch die Revisionsstelle mindestens zwanzig Tage vor dem Verhandlungstag durch Bekanntgabe in den Publikationsorganen oder per Post an die Adressen der im Aktienregister eingetragenen Aktionäre.

In der Einberufung sind folgende Angaben zu machen:

- a. Ort und Zeit der Versammlung;
- b. Verhandlungsgegenstände, die vom Verwaltungsrat traktandiert werden, und Anträge dazu;
- c. durch Aktionäre beantragte Verhandlungsgegenstände und Anträge dazu,

Art. 8: Ordinary and Extraordinary Shareholders' Meetings

The ordinary shareholders' meeting shall be held annually within six months after the closing of the business year. Extraordinary shareholders' meetings shall be convened as needed.

They shall be convened by resolution of the shareholders' meeting or the Board of Directors, at the request of the auditors, or at the request of one or more shareholders representing at least one-tenth of the share capital by submitting a written request to the Board of Directors specifying the matters on the agenda and the proposals.

Art. 9: Calling of Shareholders' Meetings

Notice regarding the shareholders' meeting shall be given by the Board of Directors, or if necessary by the auditors, at least twenty days before the day of the meeting in the publication vehicles of the company or by mail to the addresses of the shareholders recorded in the share register.

The notice shall contain the following information:

- a. Place and time of the meeting;
- b. Matters put on the agenda by the Board of Directors and the proposal of the Board of Directors relating to these matters;
- c. Matters requested to be put on the agenda by shareholders to the extent

soweit dies gesetzlich oder durch die Statuten vorgesehen ist;

- d. Art des Ausweises über den Aktienbesitz;
- e. Hinweis auf die Auflage des Geschäftsberichtes und des Revisionsberichtes am Gesellschaftssitz zur Einsicht der Aktionäre.

Absatz 2 oben gilt mit Ausnahme von lit. e auch für die Einberufung von ausserordentlichen Generalversammlungen.

Art. 10: Traktandierungsanträge

Aktionäre die Aktien mindestens 10% des stimmberechtigten Aktienkapitals vertreten, können die Traktandierung eines Verhandlungsgegenstandes zuhanden der Generalversammlung verlangen, wobei die Traktandierung bis 45 Tage vor der Generalversammlung schriftlich unter Angabe des Verhandlungsgegenstandes und der Anträge beim Verwaltungsrat angebeht werden muss.

Anträge zu nicht gehörig angekündigten Verhandlungsgegenständen können auf Beschluss der Generalversammlung zur Diskussion zugelassen werden. Eine Beschlussfassung ist jedoch erst in der nächsten Generalversammlung möglich. Ausgenommen sind die Anträge auf Einberufung einer ausserordentlichen Generalversammlung oder auf Durchführung einer Sonderprüfung.

Zur Stellung von Anträgen im Rahmen der Verhandlungsgegenstände bedarf es keiner vorgängigen Ankündigung.

permitted by law or the Articles of Association and the proposal of the shareholders relating to such matters;

- d. Type of proof requested in connection with the possession of shares;
- e. For the ordinary shareholders' meeting also the statement that the annual report and the auditors' report are kept at the registered office of the company for inspection by the shareholders.

With the exemption of lit. e, sec. 2 above is also applicable for extraordinary shareholder's meetings.

Art. 10: Requests to Put Matters on the Agenda

The agenda shall also contain such matters and proposals by shareholders holding shares of at least 10% of the registered share capital which were submitted to the Board of Directors in writing not later than 45 days before the day of the shareholders' meeting.

Proposals regarding matters not duly announced may be discussed upon resolution of the shareholders' meeting. A resolution, however, may only be passed at the next shareholders' meeting with the exception of proposals requesting that an extraordinary shareholders' meeting be held or a special audit be made.

Within the scope of the matters on the agenda, proposals can be made without prior notice.

Art. 11: Universalversammlung

Die Eigentümer oder Vertreter sämtlicher Aktien können eine Generalversammlung ohne Einhaltung der für die Einberufung vorgeschriebenen Formvorschriften abhalten, falls kein Widerspruch erhoben wird. Eine auf diese Weise einberufene Universalversammlung kann über alle in den Geschäftskreis der Generalversammlung fallenden Gegenstände gültig beschliessen, solange die Eigentümer oder Vertreter sämtlicher Aktien anwesend sind.

Art. 12: Mitgliedschaftsrechte, Stimmrecht, Vertretung

Jede Aktie berechtigt zu einer Stimme. Die Mitgliedschaftsrechte kann ausüben, wer am Stichtag vor der Generalversammlung im Aktienbuch oder, falls die Aktien in Schweden kotiert sind, beim Zentralverwahrer gemäss Kapitel 1, Abschnitt 10 des Swedish Companies Act (Sw. Aktiebolagslagen (2005:551)), als Aktionär eingetragen ist.

In der Generalversammlung berechtigt jede Aktie zu einer Stimme; vorbehalten bleiben die Bestimmungen von Art. 4 der Statuten. Bei Beschlüssen über die Entlastung des Verwaltungsrates haben Personen, die in irgendeiner Weise an der Geschäftsführung teilgenommen haben, kein Stimmrecht.

Ein Aktionär kann sich an der Generalversammlung durch eine schriftlich bevollmächtigte Person vertreten lassen, die nicht Aktionär zu sein braucht. Alle von einem Aktionär direkt oder indirekt gehaltenen Aktien können nur von einer Person vertreten werden. Der Verwaltungsrat entscheidet über die Gültigkeit der Vollmacht.

Die Mitglieder des Verwaltungsrates sind berechtigt, an der Generalversammlung

Art. 11: Meeting of all Shareholders

The owners, usufructuaries or representatives of all shares may, if no objection is raised, hold a shareholders' meeting without complying with the rules regarding notice. A meeting convened in this manner may pass valid resolutions on all matters within the power of the shareholders' meeting provided the owners, usufructuaries and representatives of all the shares are present.

Art. 12: Membership and Voting Rights, Representation and Attendance

Membership rights can be exercised by persons who are recorded in the share register or, if the shares are listed in Sweden, in the central securities depository in accordance with chapter 1, paragraph 10 of the Swedish Companies Act (Sw. Aktiebolagslagen (2005:551)) on the record date prior to the shareholders' meeting.

Subject to Art. 4, each share is entitled to one vote in the shareholders' meeting. Persons who have in one way or another participated in the management of the company have no right to vote with regard to resolutions concerning the discharge of the board of directors.

A shareholder may, by a written proxy, be represented at the shareholders' meeting by a person who need not be shareholder. The Board of Directors shall decide on the validity of the proxy.

Members of the board of directors are entitled to attend the shareholders' meeting

teilzunehmen. Sie können Anträge stellen.

Art. 13: Durchführung der Generalversammlung

Die Generalversammlung steht unter dem Vorsitz des Präsidenten des Verwaltungsrates und bei dessen Verhinderung unter dem Vorsitz eines Vizepräsidenten oder einem anderen Mitglied des Verwaltungsrates. Sind diese verhindert, so wählt die Generalversammlung den Vorsitzenden.

Der Vorsitzende bezeichnet die erforderlichen Stimmenzähler sowie einen Protokollführer, die nicht Aktionäre oder Aktionärsvertreter sein müssen.

Der Vorsitzende trifft alle zur Verhandlungsleitung erforderlichen Anordnungen.

Art. 14: Protokoll

Über die Verhandlungen wird ein Protokoll geführt, das vom Vorsitzenden und vom Protokollführer zu unterzeichnen ist. Dieses hält fest:

- a. Anzahl, Art, Nennwert und Kategorie der Aktien, die von Aktionären, von den Organen, von unabhängigen Stimmrechtsvertretern und von Depotvertretern vertreten werden;
- b. Beschlüsse und Wahlen;
- c. Begehren um Auskunft und darauf erteilte Antworten;
- d. von Aktionären zu Protokoll gegebene Erklärungen.

Art. 15: Beschlussfassung

Die Generalversammlung fasst ihre Beschlüsse und vollzieht ihre Wahlen mit der

and make proposals.

Art. 13: The Shareholders' Meeting

The shareholders' meeting is chaired by the Chairman of the Board of Directors. If the Chairman of the Board of Directors is unable, the shareholders' meeting shall appoint a Chairman.

The Chairman appoints the required vote tellers and a Secretary, who need not be shareholders or shareholders' representatives.

The Chairman takes all actions necessary to direct the discussions.

Art. 14: Minutes

Minutes of the discussion shall be prepared and signed by the Chairman and the Secretary. The minutes shall record:

- a. The number, type, nominal value and class of shares represented by the shareholders, the executives, the independent shareholder representatives and the depository representatives;
- b. Resolutions and elections;
- c. Requests for information and the answers given thereto;
- d. Shareholders' statements requested to be recorded in the minutes.

Art. 15: Passing of Resolutions

Resolutions are passed and elections are carried out by the shareholders' meeting with a simple majority of the votes validly

absoluten Mehrheit der vertretenen, stimmberechtigten Aktienstimmen. Vorbehalten bleiben Art. 704 Abs. 1 und 2 OR und abweichende Bestimmungen in diesen Statuten.

Abstimmungen und Wahlen erfolgen offen, wenn der Vorsitzende nicht etwas anderes anordnet oder sofern nicht einer oder mehrere Aktionäre, die zusammen über mindestens 5 % der vertretenen Aktien verfügen, geheime Abstimmung verlangen.

B. Der Verwaltungsrat

Art. 16: Wählbarkeit und Mandatsdauer

Der Verwaltungsrat besteht aus einem oder mehreren Mitgliedern. Die Mitglieder des Verwaltungsrates werden jeweils für die Dauer von einem Jahr bis und mit der nächsten ordentlichen Generalversammlung gewählt. Wiederwahl ist zulässig. Die Amtszeit eines Verwaltungsrates endet jedoch endgültig mit dem Datum der ordentlichen Generalversammlung, die dem 70. Geburtstag des Verwaltungsrates folgt.

Art. 17: Organisation

Der Verwaltungsrat konstituiert sich selbst. Er bestimmt seinen Präsidenten, gegebenenfalls einen oder mehrere Vizepräsidenten und den Sekretär, der nicht dem Verwaltungsrat angehören muss.

Der Verwaltungsrat kann ständige oder ad hoc Ausschüsse bestellen, die mit der Vorbereitung und Ausführung seiner Entscheide oder der Aufsicht bestimmter Geschäftsbereiche betraut sind.

Art. 18: Aufgaben

Der Verwaltungsrat beschliesst über alle

cast, subject to the provisions of art. 704 Sec. 1 and 2 CO. Abstentions are not counted as votes validly cast. In elections with several candidates the candidate receiving the most votes shall be elected.

Voting and elections shall take place openly unless the Chairman orders otherwise or one or more shareholders, together representing at least 5% of the represented shares, request a secret ballot.

B. The Board of Directors

Art. 16: Eligibility and Term of Office

The Board of Directors shall consist of one or more members. The members of the Board of Directors are elected for a term of one year until and including the next ordinary shareholders' meeting. 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.

Art. 17: Organisation

The Board of Directors shall constitute itself. It shall choose a Chairman, a Vice Chairman and a Secretary. The Secretary need not be a member of the Board of Directors.

The board of directors may appoint standing or ad hoc committees entrusted with the preparation and/or execution of its decisions or the supervision of specific parts of the business.

Art. 18: Duties

The Board of Directors shall decide in all

Angelegenheiten, die nicht gemäss Gesetz oder Statuten der Generalversammlung vorbehalten sind.

Art. 19: Geschäftsführung und deren Übertragung

Den Mitgliedern des Verwaltungsrats steht die Führung der Geschäfte der Gesellschaft gesamthaft zu, soweit diese nicht rechtsgültig übertragen ist.

Der Verwaltungsrat ist ermächtigt, unter Vorbehalt von Art. 716a OR die Geschäftsführung nach Massgabe eines von ihm zu erlassenden Organisationsreglementes ganz oder zum Teil an Ausschüsse, einzelne Mitglieder oder Dritte zu übertragen.

Das Reglement ordnet die Geschäftsführung, bestimmt die hierfür erforderlichen Stellen, umschreibt deren Aufgaben und regelt die Berichterstattung.

Art. 20: Vertretungsberechtigung

Der Verwaltungsrat vertritt die Gesellschaft nach aussen. Die Vertretung steht allen Mitgliedern des Verwaltungsrates gemeinsam zu, sofern er nichts anderes bestimmt. Er kann im Rahmen des Gesetzes und dieser Statuten die Vertretung einem oder mehreren Mitgliedern (Delegierten) oder Dritten (Direktoren) übertragen. Mindestens ein Mitglied des Verwaltungsrates muss zur Vertretung befugt sein.

Art. 21: Einberufung von Sitzungen

Die Einberufung von Verwaltungsratssitzungen erfolgt durch den Präsidenten und bei dessen Verhinderung durch einen Vizepräsidenten oder den Sekretär, so oft es die Geschäfte erfordern. Ein Verwaltungsratsmitglied kann vom Präsidenten die unverzügliche Einberufung unter Angabe von

matters not reserved to the shareholders' meeting by law or the Articles of Association.

Art. 19: Management and Delegation

The Board of Directors shall jointly manage the business of the company to the extent the management has not been validly delegated.

The Board of Directors may, except as reserved under art. 716a CO, delegate the management in whole or in part, pursuant to business rules it shall adopt, to one or more members of the Board of Directors or to third persons.

The business rules shall define the management of the company, determine the positions necessary for such management, define its duties and determine the reporting requirements.

Art. 20: Representation of the Company

The Board of Directors represents the company to the outside. If not decided otherwise by the Board of Directors, all the members of the Board of Directors together have the right to represent the company. Within the limits of the law and the Articles of Association it can transfer representation to one or more members of the Board of Directors (managing directors) or to third parties (officers).

Art. 21: Calling of Meetings

Meetings of the Board of Directors shall be called by the Chairman and, if the Chairman is unable, by the Secretary as often as required by the business. A member of the Board of Directors can request the Chairman to call a meeting immediately upon giving him/her the reasons therefore.

Gründen verlangen.

Einladungen sollen unter Angabe der Traktanden in angemessener Frist vor der Sitzung verschickt werden.

Art. 22: Beschlussfassung an der Verwaltungsratssitzung

Unter Vorbehalt von Art. 23 fasst der Verwaltungsrat seine Beschlüsse und vollzieht seine Wahlen an Verwaltungsratssitzungen mit der Mehrheit der abgegebenen Stimmen, wobei der Vorsitzende Stichentscheid hat.

Der Verwaltungsrat ist beschlussfähig, wenn die Mehrheit seiner Mitglieder an der Verwaltungsratssitzung anwesend ist. Ausgenommen sind Beschlüsse im Zusammenhang mit Kapitalerhöhungen, bei denen die Quorumsvoraussetzung nicht gilt.

Art. 23: Zirkulationsbeschluss und Einsatz elektronischer Medien

Beschlüsse und Wahlen können ohne Durchführung einer Verwaltungsratssitzung auf dem Wege der schriftlichen Zustimmung (d.h. per Brief, Telefax oder elektronischer Post) zu einem Antrag gefasst bzw. vollzogen werden, sofern nicht ein Mitglied die mündliche Beratung verlangt.

Zirkulationsbeschlüsse werden mit der Zustimmung der Mehrheit aller Verwaltungsratsmitglieder gefasst. Die Verfahrensleitung zur Fassung von Zirkulationsbeschlüssen obliegt dem Präsidenten des Verwaltungsrates.

Art. 24: Protokoll

Der Sekretär des Verwaltungsrates oder gegebenenfalls ein anderer Protokollführer

Notices regarding the meetings shall be sent a reasonable time in advance and shall indicate the matters on the agenda.

Art. 22: Passing of Resolutions during Meetings of the Board of Directors

Subject to art. 23, resolutions and elections of the Board of Directors shall be passed and carried out in meetings by the majority of the votes cast. The Chairman shall have the casting vote.

The Board of Directors can validly pass resolutions if a majority of its members is present at the meeting with the exception of resolutions in connection with capital increases, where no minimum presence requirement applies.

Art. 23: Resolutions By Way of Circulation

Resolutions can be passed and elections carried out without holding a meeting of the board of directors by obtaining the written consent of the board members to a given proposal (i.e. by letter, fax or electronic mail), provided that no member requests oral deliberation.

Circular resolutions are adopted by the majority of all members of the board of directors. The chairman shall be responsible for the procedure adopting circular resolutions

Art. 24: Minutes

The Secretary of the Board of Directors shall prepare the minutes of the delibera-

führt über die Verhandlungen und Beschlüsse des Verwaltungsrates ein Protokoll, das von ihm und vom Vorsitzenden zu unterzeichnen ist.

Art. 25: Entschädigung

Die Verwaltungsratsmitglieder erhalten eine vom Verwaltungsrat nach Massgabe ihrer Beanspruchung und Verantwortlichkeit zu bestimmende Entschädigung und haben Anspruch auf Ersatz ihrer im Interesse der Gesellschaft aufgewendeten Auslagen.

C. Die Revisionsstelle

Art. 26: Wahl und Amtsdauer

Die Generalversammlung wählt für jedes Geschäftsjahr einen oder mehrere Revisoren als Revisionsstelle. Sie kann einen oder mehrere Spezialrevisoren wählen, die bei Kapitalerhöhungen und anderen Geschäften die verlangten Prüfungsbestätigungen abgeben. Die Amtsdauer endet mit der Generalversammlung, in welcher der Bericht für das betreffende Geschäftsjahr abzugeben ist. Wiederwahl ist möglich.

Art. 27: Aufgaben

Die Revisionsstelle prüft, ob die Buchführung, die Jahresrechnung und gegebenenfalls die Konzernrechnung Gesetz, Statuten und dem gegebenenfalls gewählten Regelwerk entsprechen. Weiter prüft die Revisionsstelle, ob der Antrag des Verwaltungsrates über die Verwendung des Bilanzgewinnes Gesetz und Statuten entspricht und ob ein internes Kontrollsystem existiert. Die Revisionsstelle hat im Übrigen die ihr nach Gesetz und Statuten zugewiesenen Aufgaben.

tions and resolutions of the Board of Directors. The minutes shall be signed by the Secretary and the Chairman.

Art. 25: Compensation

The members of the Board of Directors shall receive the compensation fixed by the Board of Directors in accordance with their involvement and responsibility.

C. The Auditors

Art. 26: Election, Term of Office and Nature of Audit

The shareholders' meeting shall elect one or more auditors for each business year. The Board of Directors shall propose such auditors for election, who meet the legal qualifications. The term of the auditors ends with the shareholders' meeting during which the report for the corresponding business year is presented. Re-election is possible.

Art. 27: Duties

The auditors assess whether the accounting, the financial statements and, if applicable, the consolidated financial statements comply with law, the Articles of Association and, if applicable, the chosen accounting standards. Further, the auditors assess whether the proposal of the Board of Directors to allocate the accumulated profits complies with the law and the Articles of Association and whether an internal control system exists. The auditors also have such other duties as set forth by law and the Articles of Association.

Die Geschäftsführung des Verwaltungsrates ist nicht Gegenstand der Prüfung durch die Revisionsstelle.

Art. 28: Berichterstattung

Die Revisionsstelle berichtet der Generalversammlung schriftlich über das Ergebnis ihrer Prüfung. Sie empfiehlt Abnahme, mit oder ohne Einschränkung, oder Rückweisung der Jahresrechnung.

Die Revisionsstelle erstattet der Generalversammlung gemäss den anwendbaren gesetzlichen Vorschriften schriftlich Bericht über das Ergebnis ihrer Prüfung. Die Revisionsstelle empfiehlt Abnahme, mit oder ohne Einschränkung, oder Rückweisung der Jahresrechnung.

Auf die Anwesenheit des Revisors an der Generalversammlung, welche den Revisionsbericht abnimmt, kann die Generalversammlung durch einstimmigen Beschluss verzichten.

IV. Rechnungsabschluss, Geschäftsbericht und Gewinnverteilung

Art. 29: Rechnungsabschluss

Die Jahresrechnung wird jeweils auf den vom Verwaltungsrat bestimmten Termin abgeschlossen.

Art. 30: Geschäftsbericht

Der Verwaltungsrat erstellt für jedes Geschäftsjahr einen Geschäftsbericht, welcher sich aus Jahresrechnung, Lagebericht und, wo nötig, Konzernrechnung zusammensetzt.

Art. 31: Gewinnverwendung

The management of the company by the Board of Directors is not object of the auditors' assessment.

Art. 28: Reporting

The auditors shall provide to the Board of Directors a comprehensive report reflecting the findings regarding the accounting, the internal control system and the conduct and result of the audit.

Pursuant to the applicable legal provisions, the auditors shall provide to the shareholders' meeting a written report regarding the result of their audit. The auditors shall recommend approval, with or without qualifications, or rejection of the annual financial statements.

By unanimous resolution, the shareholders' meeting approving the annual financial statements may waive the presence of the auditors.

IV. Business Year, Business Report and Allocation of Profits

Art. 29: Business Year

The business year shall end on such date as determined by the Board of Directors.

Art. 30: Business Report

Each business year the Board of Directors shall prepare a business report which shall consist of the annual financial statements, the annual report and, where required, the consolidated financial statements.

Art. 31: Allocation of Profits

Über den Bilanzgewinn verfügt die Generalversammlung im Rahmen der gesetzlichen Vorschriften.

The shareholders' meeting shall dispose of the balance sheet profit within the limits of law.

V. Auflösung und Liquidation

V. Termination

Art. 32: Auflösung

Art. 32: Dissolution

Die Generalversammlung kann jederzeit die Auflösung der Gesellschaft beschliessen.

The shareholders' meeting can at any time decide to liquidate the company.

Wird Auflösung mit Liquidation beschlossen, wird die Liquidation durch den Verwaltungsrat oder durch einen oder mehrere von der Generalversammlung zu wählende Liquidatoren durchgeführt.

If the dissolution of the company and its liquidation is resolved, the liquidation shall be executed by the board of directors or one or more liquidators elected by the shareholders' meeting.

Art. 33: Liquidation

Art. 33: Liquidation

Bei Beschluss der Auflösung mit Liquidation wird die Liquidation durch den Verwaltungsrat oder durch einen oder mehrere von der Generalversammlung zu wählende Liquidatoren durchgeführt.

If the dissolution of the company and its liquidation is resolved, the liquidation shall be executed by the Board of Directors or one or more liquidators elected by the shareholders' meeting.

VI. Bekanntmachungen

VI. Official Announcements

Art. 34: Publikationsorgan

Art. 34: Means of Publication

Publikationsorgan der Gesellschaft ist das Schweizerische Handelsamtsblatt. Der Verwaltungsrat kann weitere Publikationsorgane bestimmen.

Official announcements of the company shall be published in the Swiss Commercial Gazette. The Board of Directors may determine additional publication vehicles.

Der deutsche Text der vorliegenden Statuten ist massgebend.

The German version of these Articles of Association shall prevail.

Baar, 27. Mai 2016

Amendments of the Articles of Association

The extraordinary general meeting of the Company held on 8 March 2017 has resolved on the ordinary capital increase from previously CHF 9,040,298.00 by up to CHF 4,520,149.00 to up to CHF 13,560,447.00 and determines the following.

- maximum total nominal value by which the share capital shall be increased: CHF 4,520,149.00.
- Amount of contributions to be made thereto: 100 per cent.
- Number, nominal value and type of new shares: Up to 4,520,149 registered shares with a nominal value of CHF 1.00 each.
- Privileges of certain categories: none.
- Issue price: SEK 23.00 per share. The agio of all newly subscribed registered shares shall correspond to the difference in CHF between the paid-in capital in the amount in SEK according to the SEK/CHF exchange rate published by Sveriges Riksbank on <http://www.riksbank.se> at the date of the registration of the capital increase in the daily register of the commercial register of the Canton of Zug and the total nominal value of these registered shares.
- Entitlement to dividend: The shares to be newly issued are entitled to dividends for all of the business year 2017.

- Type of contributions: payment in cash.
- Special benefits: none.
- Pre-emptive subscription rights: The pre-emptive subscription rights of the current shareholders of the Company are warranted. The Board of Directors shall be authorised to assign any non-exercised pre-emptive subscription rights to shareholders and interested third parties. For the smooth execution of the capital increase the newly issued registered shares shall formally be subscribed for by Carnegie Investment Bank AB, acting in the name, on behalf and for account of the subscribers who subscribed and contributed for the shares to be newly issued.

The Board of Directors shall execute this share capital increase within three months (article 650 para. 1 CO).

Upon lapse of the subscription period and execution of the capital increase by the Board of Directors the Articles of Association will consequently show higher numbers for the share capital and the number of shares.

Legal considerations and supplementary information

General corporate information and legal group structure

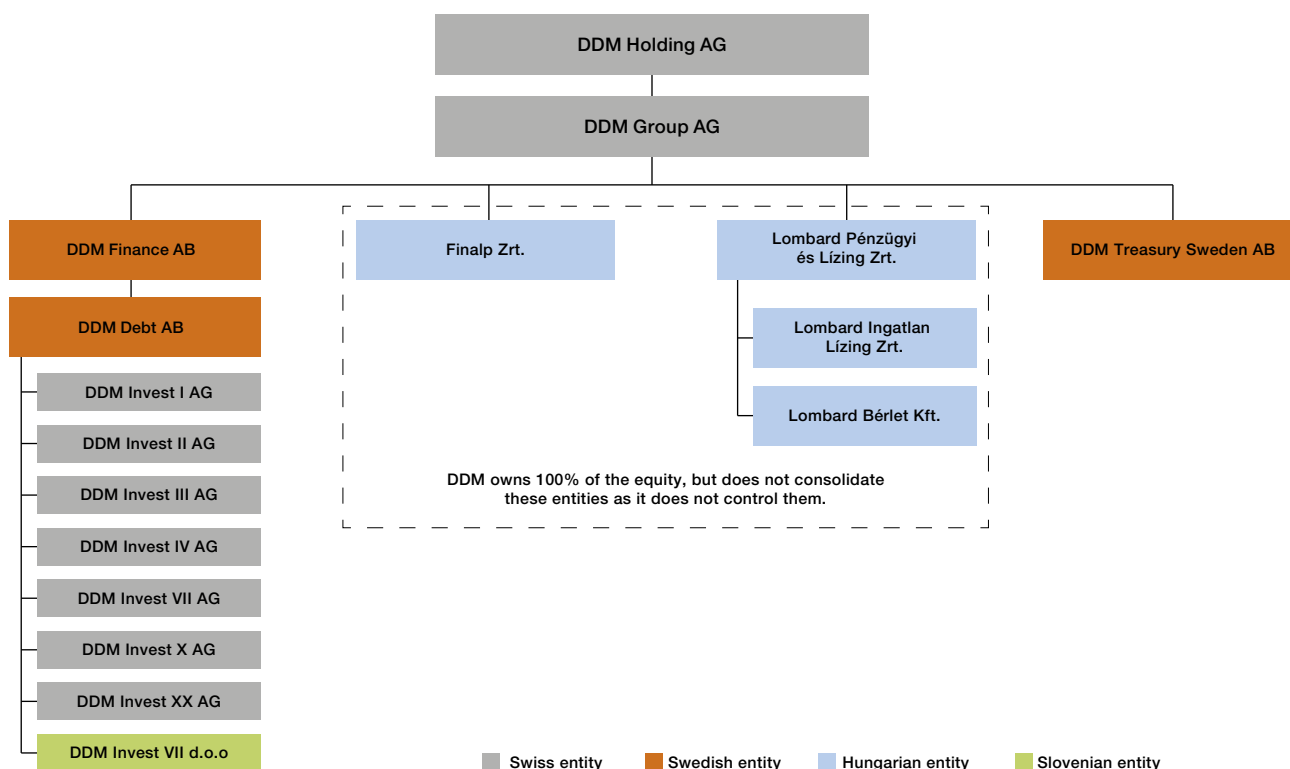
DDM Holding AG (corporate registration number CHE-115.906.312), is a Swiss stock corporation (D. *Aktiengesellschaft*). DDM's registered seat is Baar, Switzerland, and its registered address is Schochenmühlestrasse 4, 6340 Baar, Switzerland. The Company was incorporated with the register of commerce of the canton Zug on 16 August 2010. The Company's current legal name, DDM Holding AG, was registered on 14 April 2011 and the Company operates under the trading name DDM. DDM's activities are carried out according to the provisions of the Swiss Code of Obligations and the Company has its registered office in Baar, Canton Zug, Switzerland. The duration of the Company is unlimited. The official instrument for publication of DDM is the Swiss Commercial Gazette (D. *Schweizerisches Handelsamtsblatt (SHAB)*).

The purpose of DDM according to its Articles of Association is the purchase, sale and maintenance of participations in other companies, their administration and financing.

The Company may establish subsidiaries and branch offices in Switzerland and abroad and carry out all legal transactions required by its business purpose or which may be appropriate to promote its development or the development of the Group.

Further, the Company may directly or indirectly participate in Group finance transactions, in particular by providing its direct or indirect shareholders or other group companies loans or by providing security in the form of guarantees, sureties or any other security interest to third parties even if these loans or security interests, which may be provided without charge or fee, lie in the exclusive interest of its direct or indirect shareholders or other Group companies.

DDM is the parent company of the Group, which currently comprises 17 entities domiciled in Sweden, Switzerland, Hungary and Slovenia. The below overview of the Group's legal structure shows all of the Company's subsidiaries. All entities illustrated below are wholly owned unless stated otherwise.



Material agreements

Presented below is a summary of material agreements which the Company has entered into over the past two years as well as all other agreements that the Company has entered into that contain obligations or entitlements that are material to the Company (other than agreements entered into within the scope of the ordinary course of business).

Financial arrangements

For information regarding DDM's financial arrangements, see the sections "*Capitalisation, indebtedness and other financial information – Financial arrangements*" and "*Capitalisation, indebtedness and other financial information – Significant events taking place after 31 December 2016*".

Finalp and Lombard

During 2015 DDM acquired, through its wholly owned subsidiary DDM Group AG, 100 per cent of the outstanding shares in Finalp (previously operating under the name Summit Zrt.), a regulated Hungarian financial services company that owns a portfolio of leasing receivables relating to the Hungarian market. The acquisition was made together with one of the world's largest financial institutions as co-investor.

During 2015 DDM signed an agreement regarding the acquisition of 100 per cent of the outstanding shares in Lombard (including its subsidiaries), a large Hungarian financial services company, as well as of a related portfolio of leasing receivables. Although the acquisition was formally closed in 2016, DDM recognised the acquisition in its financial statements for the year ended 31 December 2015 as the transaction was deemed virtually closed in 2015. The shares were acquired through DDM's wholly owned subsidiary DDM Group AG while the portfolio was acquired by DDM's indirectly wholly owned subsidiary DDM Invest XX AG together with a global investment manager.

Finalp and Lombard are wholly owned by DDM, however, for each of these investments there is a co-investor holding a majority stake in the leasing portfolios, and therefore DDM does not control the investments. The co-investors have significant rights which if exercised could block decisions related to relevant activities to collect the portfolios. The economic substance of the investments are in the underlying portfolios. As regards to accounting, the underlying assets which represent other long-term receivables from investments are recognised in the financial statements. The receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The fair value of 100 per cent of the equity is immaterial, and therefore equity accounting is not carried out.

Shareholder undertakings

Shareholder undertakings

Certain shareholders, including among others Praktikertjänst Pensionsstiftelse and Humle Småbolagsfond as well as DDM's largest shareholders Kent Hansson and Manuel Vogel, together owning approximately 64 per cent of the shares and votes in the Company have expressed their support for the Rights Issue. DDM's largest shareholders, Kent Hansson and Manuel Vogel, together owners of approximately 44 per cent of the share and votes in the Company, have undertaken to vote in favor of the Rights Issue at the extraordinary general meeting and have confirmed their intention to partici-

pate in the Rights Issue at least through a so-called cash-neutral transaction. Kent Hansson and Manuel Vogel intend to sell some of Pre-emptive Subscription Rights and/or existing shares to a few long-term investors and use the proceeds (net of tax) to subscribe for new shares in the Rights Issue. No compensation will be paid for the shareholder undertakings.

Non-secured undertakings

The above-mentioned shareholder undertakings are not secured. Consequently, there is a risk that any of the shareholders concerned will not be able to fulfill their respective undertakings.

Claims, disputes and investigations

The Group conducts operations in several countries and is from time to time involved in disputes and administrative procedures in the ordinary course of business, in particular recourse procedures with sellers of portfolios where the assets fail to conform to the terms of the asset acquisition agreements (so-called "put-backs"). However, DDM has not been involved in any legal or arbitration proceedings (including proceedings, which are pending or those that DDM is aware may arise) over the last twelve months, which recently have had, or may have, significant effect on DDM's financial position and profitability.

Permits

In certain jurisdictions, such as Hungary and Slovenia, the Group is dependent on licenses in order to carry out parts of its business. The Board of Directors assesses that DDM has the required regulatory permits and agreements to, in all material respects, comply with the requirements necessary for the Group's operations.

Insurance

The Board of Directors of DDM considers the Group's insurance policies to be adequate and consistent with industry practice and that they are sufficient for the risks normally associated with the Company's business. However, there is a risk that in the future the Company will suffer losses or damages not covered by, or insufficiently covered by, the Company's insurance policies.

No part of the Group's operations is deemed to be of such kind for which insurance coverage cannot be obtained on reasonable terms. However, there is a risk that the insurance coverage will not continue to be available to the Company or, if available, without a significantly higher cost. See also the section "*Risk factors – The Company may not have adequate insurance coverage*".

Real estate and leases

The Group leases its premises and no Group company owns, or has owned, any real estate. See also the section "*Related party transactions*".

Intellectual property rights

DDM strives to work actively on protecting its intellectual property rights in the jurisdictions where the Group operates. This is done, *inter alia*, by means of registration of intellectual property rights.

The Group has registered two separate trademarks, *inter alia* the Company's logotype and the trademark DDM. Further, the Group has registered several Internet domain names, including the domain names ddm-group.ch and ddm-group.se.

DDM's IT system FUSION provides possibilities to analyse and bid for new investments and to manage current assets. The Com-

pany considers that FUSION is essential for DDM to carry out its business. FUSION has been developed by an external supplier of IT solutions. The Company has full ownership of the source code of FUSION.

Related party transactions

The Company's two largest shareholders and members of the Board of Directors, Kent Hansson and Manuel Vogel, individually and through companies, provide consultancy services to the Group. Manuel Vogel is advising on tax and structuring. Kent Hansson's consultancy services to the Group include, but are not limited to, advising the Group on financing, new deal origination, establishing new business relations and advising on geographic expansions. The Company's costs pertaining to services provided by Kent Hansson, including remuneration as member of the Board of Directors, during 2014, 2015 and 2016 amounted to CHF 583,200, CHF 495,289 and CHF 478,744, respectively. The Company's costs pertaining to services provided by Kent Hansson in 2017 until the date of this Prospectus were CHF 40,000 per month. The Company's costs pertaining to services provided by Manuel Vogel, including remuneration as member of the Board of Directors, during 2014, 2015 and 2016 amounted to CHF 194,400, CHF 194,400 and CHF 194,400, respectively. The Company's costs pertaining to services provided by Manuel Vogel in 2017 until the date of this Prospectus were CHF 16,200 per month.

Kent Hansson and Manuel Vogel have individually and through companies provided short term loans to the Company during 2016. The loan from Manuel Vogel amounted to CHF 300,000 and the loans from Kent Hansson amounted to EUR 125,000 and CHF 125,000. All loans had an interest rate of 10 per cent per annum and have been fully repaid in 2016. In September 2014 the Company repaid EUR 115,885 to each of Kent Hansson and Manuel Vogel pursuant to two loans provided in September 2013. Both loans had an interest rate of 3.5 per cent per annum.

Manuel Vogel is a board member of Prafa AG which has previously provided a loan to the Group. The initial loan amounted to EUR 1,050,000 and was fully repaid in 2014.

The Company leases the premises for its headquarter in Switzerland. The premises were owned by Kent Hansson and Manuel Vogel during the period 2014-2016. Since the end of 2016, Manuel Vogel is the sole owner of the premises. The term of the lease agreement ends in November 2026 and is thereafter subject to a six month termination notice period. The annual rent during 2014, 2015 and 2016 amounted to EUR 98,366, EUR 119,749 and EUR 95,777, respectively. The annual rent for 2017 is EUR 95,777.

Manuel Vogel has an ownership interest and an operative role in the accounting firm a&co acta ortag ag, to which DDM previously outsourced its accounting until it was brought in-house in the beginning of 2015 (fees paid for such services during 2014 amounted to EUR 329,880). Further, the accounting of the Company's subsidiary DDM Treasury Sweden AB was outsourced to Wakers Consulting AB in 2014, a consultancy company controlled by board member Fredrik Waker (fees paid during 2014 amounted to EUR 20,786).

Kent Hansson's spouse provided marketing services (such as web design) to DDM on a consultancy basis in 2014 (fees paid in 2014 amounted to EUR 16,627) and Gustav Hultgren's brother-in-law owned and managed a recruitment firm whose services was retained in 2014 (fees paid for such services during 2014 amounted to EUR 23,274).

All above-mentioned transactions have been considered to be concluded on arm's length terms at the time of the respective transaction.

Advisors

Carnegie provides financial advice and other services to the Company in connection with the Rights Issue, for which it will receive customary remuneration. Carnegie have, from time to time, provided and may in the future provide, the Company and parties related to the Company, services within the scope of the daily operations in connection with other transactions. The Company's legal advisors in connection with the Rights Issue, Roschier Advokatbyrå AB and Walder Wyss Ltd., will receive customary compensation for their advice given. Roschier Advokatbyrå AB and Walder Wyss Ltd. have also, from time to time, provided, and may in the future provide, the Company with legal advice within the scope of the daily operations and in connection with other transactions. The Company's auditors, PricewaterhouseCoopers AG, provides accounting and tax advice and other services to the Company in connection with the Rights Issue, for which it will receive customary remuneration. PricewaterhouseCoopers have provided and will in the future continue to provide the Company and parties related to the Company with accounting services within the scope of the daily operations and may provide advice and other services in connection with other transactions.

Transaction costs

If fully subscribed, net proceeds from the Rights Issue are expected to be up to SEK 93 million. The Company's expenses associated with the Rights Issue are estimated at approximately SEK 11 million. The Company's expenses are mainly due to costs for financial, tax and legal advisors, auditors, and registration fees and similar.

Documentation made available for inspection

Copies of the following documents may be obtained at the head office of DDM (Schochenmühlestrasse 4, 6340 Baar, Switzerland) during the validity of this Prospectus:

- DDM's Articles of Association;
- DDM's annual reports for 2014–2015 (including consolidated and statutory (standalone) financial statements of DDM and related reports of the statutory auditors);
- DDM's unaudited interim report for the period 1 January – 31 December 2016;
- DDM's subsidiaries' annual reports for 2014–2015;
- DDM's unaudited stand-alone financial statements for the full year 2016; and
- This Prospectus.

All above documents, except for the annual reports of DDM's subsidiaries, are available and may be downloaded on DDM's website, www.ddm-group.ch.

Documents incorporated by reference

The information on the next page is incorporated by reference and forms a part of the Prospectus and shall be read as a part hereof. The parts of the documents on the next page that are not incorporated by reference are deemed not relevant to investors. DDM's consolidated and stand alone financial statements for the financial years 2014 and 2015 prepared in accordance with IFRS and Swiss Statutory Accounting Rules, respectively have been audited by Pricewa-

terhouseCoopers AG as statutory auditor. The statutory auditor's reports contain no observations. The consolidated interim report for the period 1 January – 31 December 2016, which has been prepared in accordance with IAS 34, and the stand alone financials for the Company for the full year 2016, which have been prepared in accordance with Swiss Statutory Accounting Rules, have neither been reviewed nor audited by the Company's statutory auditors. The following documents are available throughout the entire period of validity of the Prospectus from DDM on its website, www.ddm-group.ch.

- The Company's unaudited consolidated fourth quarter and full year report for the period 1 January 2016 – 31 December 2016 (**"Q4 and full year report 2016"**);
- The Company's annual report for the financial year 2015 (**"Annual Report 2015"**);
- The Company's annual report for the financial year 2014 (**"Annual Report 2014"**); and
- The Company's unaudited stand-alone financial statements for the full year 2016.

Only the following parts of these documents are incorporated by reference.

Information	Pages
Consolidated income statement, consolidated comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated change in equity and notes to the consolidated financial statements as of and for the fourth quarter and year ended 31 December 2016.	Q4 and full year report 2016, pages 3–14.
Consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity, and notes to the consolidated financial statement as of and for the year ended 31 December 2015 and statutory auditor's report.	Annual Report 2015, pages 34–58.
Consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity, and notes to the consolidated financial statement as of and for the year ended 31 December 2014 and statutory auditor's report.	Annual Report 2014, pages 39–71.
Standalone income statement, standalone balance sheet and notes to the standalone financial statements as of and for the year ended 31 December 2016.	Standalone Financial Statements 1 January–31 December 2016, pages 2–5.
Standalone income statement, standalone balance sheet, notes to the standalone financial statement as of and for the year ended 31 December 2015 and statutory auditor's report.	Annual Report 2015, pages 60–64.
Standalone income statement, standalone balance sheet, notes to the standalone financial statement as of and for the year ended 31 December 2014 and statutory auditor's report.	Annual Report 2014, pages 72–75.

The unaudited standalone financial statements of the Company as of and for the year ended 31 December 2016 and the audited standalone financial statements of the Company as of and for the years ended 31 December 2014 and 2015 have been prepared in accordance with Swiss Statutory Accounting Rules. These accounting rules differ in significant respects from IFRS, which are the standards that have been applied by the Company in the preparation of its consolidated year-end financial statements, incorporated by reference in the Prospectus. It should therefore be recognised that there are significant differences between the financial information contained in the standalone financial statements and the consolidated financial statements of the Company, which differences may be attributable to differences between the applicable Swiss Statutory Accounting Rules and IFRS, the effects of consolidation or other factors. A reader of this document should be particularly aware that Swiss Statutory Accounting Rules do not contain an equivalent requirement to the IFRS obligation for financial statements to provide a true and fair view of the relevant company's financial position and that this document neither includes a description of the differences between Swiss Statutory Accounting Rules and IFRS nor a reconciliation of the standalone financial statements from Swiss Statutory Accounting Rules to IFRS. Accordingly, such information is not available to a reader of this document, and such reader should consider this accordingly.

Tax considerations in Sweden

The following is a summary of certain tax considerations that may arise as a result of acquiring, holding and disposing of DDM shares. The summary is intended only as general information and does not cover all tax issues that may arise. For instance, the summary does not cover any reporting requirements. Furthermore, the summary does not cover holdings on investment savings accounts (Sw. investeringssparkonton) which are subject to standardised taxation. Special rules may apply to certain investor's classes (i.e. investment companies and insurance companies). The summary does not constitute tax or legal advice and the comments below are of general nature only. It is highly recommended that the investors consult with tax advisers in order to be informed on specific tax issues relevant to their specific situation.

Resident individuals

By resident individual is meant an individual who is tax resident in Sweden.

Sale, other disposal and dividends of listed shares is subject to tax at a rate of 30 per cent. A capital gain or loss is calculated as the difference between the sale price and the tax basis. The tax basis for all shares of the same classification is calculated together under the "average cost method". Alternatively, shareholders may choose to use 20 per cent of the sale price as the tax basis for the sale of listed shares.

Capital losses on listed shares are fully deductible against taxable capital gains on shares and on other listed equity-related securities which are realised in the same year. 70 per cent of capital losses on shares that cannot be offset in this way are deductible against other capital income. If there is a net loss in the capital income category, a tax reduction is allowed against municipal and national income tax, as well as against real estate tax and municipal real estate charges. A tax reduction of 30 per cent is allowed on the portion of such net loss that does not exceed SEK 100,000 and of 21 per cent on any remaining loss. Such net loss cannot be carried forward to future fiscal years.

Resident companies

By resident companies is meant a company who is tax resident in Sweden by registration as such, or if no registration has been made, is considered as tax resident in Sweden due to other circumstances.

For limited liability companies in Sweden, all income (including dividends and capital gains) are taxed as business income at the standard corporate income tax rate of 22 per cent.

Capital losses on shares and other share-based instruments taxed as shares may only be offset against taxable capital gains on such shares and share-based instruments. A net capital loss on such shares and share-based instruments that cannot be utilised during the year of the loss, may be carried forward indefinitely. Special tax rules may apply to certain categories of companies or certain legal persons.

Non-resident individuals

By non-resident individual is meant an individual who is not tax resident in Sweden.

Non-resident individuals are normally not liable for Swedish capital gains taxation on the disposal of shares. However, persons who have been tax resident in Sweden may during a period of ten years from the year they stopped to live or permanently reside in Sweden, be subject to Swedish tax on capital gains upon disposal of shares and share-based instruments. The duration for when the tax will be levied may be reduced through the use of double taxation treaties concluded between Sweden and other countries.

Non-resident companies

By non-resident company is meant a company which is not registered in Sweden, or if registration has been made, is not considered as tax resident in Sweden due to other circumstances.

Non-resident companies are not liable for Swedish capital gains taxation on the disposal of shares, unless the company has taxable presence in Sweden via a permanent establishment. In such case capital gains are treated as ordinary business income and taxed at the standard corporate income tax rate of 22 per cent (see above under resident companies).

Tax considerations in Switzerland

The following is a summary of certain Swiss tax consequences of the issuance, purchase, ownership and disposition of DDM shares. The summary does not purport to be a comprehensive description of all of the Swiss tax considerations that may be relevant to a decision to subscribe, purchase, own and dispose of the shares.

The summary is based upon current Swiss tax laws, applicable court decisions and the practice of the relevant Swiss tax administrations, which are subject to prospective or retroactive change. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Each potential investor in the shares should consult their own advisors as to the Swiss or other tax consequences of the subscription, purchase, beneficial ownership and disposition of the shares including, in particular, the effect of any federal or cantonal/communal tax laws.

The Swiss tax consequences discussed below are not a complete analysis or listing of all the possible Swiss tax consequences that may be relevant to Swiss or non-Swiss holder. You should consult your own tax advisor in respect of the Swiss tax consequences related to the receipt, ownership, purchase, sale, exercise or other disposition of DDM shares as well as the procedures for claiming a refund of Swiss withholding tax on distributions.

Swiss Withholding Tax

Swiss Withholding Tax on distributions to shareholders

A Swiss Withholding Tax of 35 per cent is due on dividends and similar distributions to the shareholders of DDM regardless of the place of residency of such shareholders (subject to the exceptions discussed under “*Exemption from Swiss Withholding Tax on distributions to shareholders*” below). DDM will be required to withhold at such rate and remit on a net basis any payments made to a holder of DDM shares and pay such withheld amounts to the Swiss Federal Tax Administration. Please see “*Refund of Swiss Withholding Tax on dividends and other distributions*.”

Exemption from Swiss Withholding Tax on distributions to shareholders

Under present Swiss tax law, distributions to shareholders in relation to a reduction of par value are not subject to Swiss Withholding Tax. Also exempt from Swiss Withholding Tax are distributions to shareholders that are made out of qualifying capital contribution reserves (D. *Kapitaleinlagereserven*) according to the relevant Swiss tax laws (often called “qualifying capital contribution reserves”).

Repurchases of shares

Based on the present Swiss tax laws, repurchases of shares for the purposes of capital reduction are treated as a partial liquidation subject to the 35 per cent Swiss Withholding Tax. However, for shares repurchased for capital reduction, the portion of the repurchase price attributable to (i) the par value of the shares repurchased, and (ii) qualifying capital contribution reserves according to the applicable Swiss tax laws will not be subject to the Swiss Withholding Tax. DDM Holding AG is required to remit on a net basis the purchase price with the Swiss Withholding Tax deducted to a holder of DDM Holding AG shares and pay the Swiss Withholding Tax to the Swiss Federal Tax Administration. With respect to the refund of Swiss Withholding Tax from the repurchase of shares, see “*Refund of Swiss Withholding Tax on dividends and other distributions*” below.

The repurchase of shares for purposes other than capital reduction, such as to retain such shares as treasury shares, will generally not be subject to Swiss Withholding Tax provided that a certain maximum percentage threshold for treasury shares (typically 10 per cent) is observed and that the treasury shares are re-sold or used within certain time limits as foreseen by the applicable Swiss tax laws.

Refund of Swiss Withholding Tax on dividends and other distributions

If the shareholder that receives a distribution from DDM Holding AG is not a Swiss tax resident, does not hold the DDM Holding AG shares in connection with a permanent establishment or a fixed place of business maintained in Switzerland, and resides in a country that has concluded a treaty for the avoidance of double taxation with Switzerland for which the conditions for the application and protection of and by the treaty are met, then the shareholder may be entitled to a full or partial refund of the Swiss Withholding Tax described above. The procedures for claiming treaty refunds (and the time frame required for obtaining a refund) may differ from country to country.

Switzerland has entered into bilateral treaties for the avoidance of double taxation with respect to income taxes with numerous countries, whereby under certain circumstances all or part of the withholding tax may be refunded.

Swiss resident individuals, legal entities incorporated in Switzerland or Swiss branches of foreign legal entities are generally entitled to a full refund of Swiss Withholding Tax if they are the beneficial owner of the shares at the time of the distribution and, in case of a Swiss tax resident individual who holds the share as part of his private assets, duly reports the gross distribution received in his personal income tax return or, in case of a person who holds the shares as part of a trade or business carried on in Switzerland through a permanent establishment of fixed place of business situated for tax purposes in Switzerland, recognises the gross dividend distribution for tax purposes as earnings in the income statement and reports the annual profit in the Swiss income tax return.

Swiss income tax

A non-Swiss holder will not be subject to Swiss income taxes on dividend income and similar distributions or on capital gains realised on disposal of shares in DDM, unless the shares are attributable to a permanent establishment, a fixed place of business maintained in Switzerland or another taxable presence in Switzerland of such non-Swiss holder.

For Swiss resident shareholders and foreign resident shareholders who hold shares through a permanent establishment or a fixed place of business in Switzerland, the tax consequences are as follows:

a) Dividend payments and repayments of nominal value and capital contribution reserves

Swiss resident shareholders and foreign resident shareholders who hold shares through a permanent establishment or a fixed place of business in Switzerland will be generally subject to income tax on federal, cantonal and communal level on dividend payments received in respect of the shares. Individuals holding at least 10 per cent of the shares may apply for partial taxation (D. *Teilbesteuerung*) of the received dividend income.

Corporations holding at least 10 per cent of the shares (or a market value of CHF 1 million) may under certain conditions apply for participation relief.

Any repayment of (i) the nominal value and (ii) the capital contribution reserves (D. *Kapitaleinlagereserven*) of the shares is tax exempt, if the shares are held by Swiss resident individuals as private assets.

b) Capital gains realised upon disposal of shares

Swiss resident individuals who are holding shares for private investment purposes will be generally exempt from income tax on gains realised through a disposal of shares. However, income tax consequences may result for private investors considered as professional securities dealers (D. *gewerbsmässige Wertschriftenhändler*).

Furthermore, in case of a repurchase of own shares by DDM, the portion of the repurchase price which exceeds (i) the nominal value and (ii) the capital contribution reserves (D. *Kapitaleinlagereserven*) of the shares may, in some cases (in particular, if the shares are redeemed for subsequent cancellation), be characterised as taxable dividend income.

Foreign resident shareholders who hold shares through a permanent establishment or a fixed place of business in Switzerland and Swiss resident shareholders who hold shares as part of a trade or business carried out in Switzerland will generally be subject to income tax on federal, cantonal and communal level on any capital gains realised in respect of the shares. Corporations and individuals holding the shares as part of a trade or business carried out in Switzerland participating to at least 10 per cent in the shares may under certain conditions apply for participation relief resp. partial taxation.

Wealth and annual capital tax

A non-Swiss holder will not be subject to Swiss wealth or annual capital taxes unless the holder's DDM shares are attributable to a permanent establishment, a fixed place of business maintained in Switzerland or another taxable presence in Switzerland of such non-Swiss holder.

Swiss resident individuals and non-Swiss resident individuals holding the common shares in connection with the conduct of a trade or business in Switzerland through a permanent establishment or fixed place of business situated, for tax purposes, in Switzerland, are required to report their shares as part of their taxable wealth and will be liable for cantonal and communal net wealth tax (D. *Vermögenssteuer*) to the extent the aggregate taxable net wealth is allocable to Switzerland.

Legal entities incorporated in Switzerland or persons otherwise subject to taxation in Switzerland as holders are subject to the cantonal and communal annual capital tax (D. *Kapitalsteuer*) on the taxable capital to the extent the aggregate taxable capital is allocable to Switzerland.

Gift and estate taxes

Gratuitous transfer of shares by individuals can be subject to gift and/or estate taxes under applicable cantonal and communal regulations if the donor or the deceased were resident in a canton levy such taxes and, in international circumstances where residency requirements are satisfied, if the applicable double tax treaty were to allocate the right to tax to Switzerland.

Swiss Stamp Duties

Swiss issuance stamp duty

For sake of completeness, it shall be mentioned that the proceeds paid to DDM for the issuance of new shares, to the extent no exemption applies, is subject to Swiss issuance stamp duty of 1 per cent. DDM will be liable to Swiss issuance stamp duty.

Swiss securities transfer tax

The purchase or sale of DDM shares may be subject to Swiss securities transfer tax irrespective of the place of residency of the purchaser or seller if the transaction occurs through or with a Swiss bank or a Swiss securities dealer as defined in the Swiss Federal Stamp Duty Act and no exemption applies in the specific case. If a purchase or sale is not entered into through or with a Swiss bank or a Swiss securities dealer, then no Swiss securities transfer tax will be due. The Swiss securities transfer tax would be 0.075 per cent for each of the two parties to a transaction provided that no exemption applies and is calculated based on the purchase price or sale proceeds. If the transaction does not involve cash consideration, the Swiss securities transfer tax is computed on the basis of the market value of the consideration.

Definitions

Board of Directors refers to the board of directors of DDM Holding AG.

CAGR refers to compound annual growth rate.

Carnegie refers to Carnegie Investment Bank AB.

Central and Eastern Europe (CEE) refers to EuroVoc's definition plus Greece and the Baltic states.

CHF refers to the currency Swiss franc.

CO refers to the Swiss Code of Obligations, a portion of the Swiss Civil Code that regulates contract law and corporations (D. *Aktiengesellschaft*).

Computershare refers to Computershare Schweiz AG (previously Swiss SIX SAG AG), the Swiss service provider taking care of post-trade processes ranging from clearing and settlement through to securities custody, and maintaining share registers and special registers.

DCA refers to Debt Collection Agency.

DDM, Company or Group refers to, depending on the context, DDM Holding AG (corporate registration number CHE-115906312), the group of which DDM Holding AG is the parent company or a subsidiary of the group.

EUR refers to the currency euro.

Euroclear refers to Euroclear Sweden AB, the Swedish service provider taking care of post-trade processes ranging from clearing and settlement through to securities custody, and maintaining share registers and special registers.

Finalp refers to Finalp Zrt., a wholly owned subsidiary of DDM.

IFRS refers to the International Financial Reporting Standards, as applied within the European Union.

Lombard refers to Lombard Pénzügyi és Lízing Zrt., a wholly owned subsidiary of DDM.

Management refers to the executive management committee of DDM.

Nasdaq First North refers to Nasdaq First North Sweden, a Multi-lateral Trading Facility operated by Nasdaq Stockholm AB.

NPL refers to non-performing loans.

Prospectus refers to this Prospectus, which has been prepared in connection with the Rights Issue.

Rights Issue or Offer refers to the offer to subscribe for new shares in DDM in accordance with the terms and conditions of this Prospectus.

Securities refers to Pre-emptive Subscription Rights or new shares.

Securities Act refers to United States Securities Act of 1933, as amended.

SEK refers to the currency Swedish kronor.

Swiss Statutory Accounting Rules refers to the Swiss statutory accounting law as prescribed by the CO.

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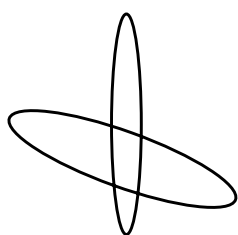
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ddm