

# Interim Report Q3 | 1 January-30 September 2014

DDM Treasury Sweden AB (publ) | Corporate Registration Number 556910-3053

## Strong collections during the third quarter

**First nine months of 2014** (Unless otherwise stated, figures in parentheses relate to the comparable period in 2013)

- Net collections for the period January-September 2014 amounted to SEK 74.3M (9.5)
- EBIT for the period January-September 2014 amounted to SEK 39.3 (5.5)
- Net result for the first nine months 2014 amounted to SEK 5.6M (-3.7)
- Investments in distressed assets amounted to SEK 82.6M (202.6)
- Appointments of CFO and Head of Collections
- The ultimate parent company of DDM Treasury Sweden AB was listed on Nasdaq First North in Stockholm

Selected key figures* SEK M	Unaudited	Jul-Sep 2014	July-Sep 2013	Jan-Sep 2014	May-Sep 2013	May-Dec 2013**
Net collections		24.1	9.5	74.3	9.5	40.4
Operating earnings (EBIT)		9.6	5.6	39.3	5.5	29.4
Net result for the period		-8.1	-3.3	5.6	-3.7	11.7
Net cash flow from operating activities		1.4	-1.6	20.9	-1.6	16.7
Investments in distressed asset portfolios		-6.6	202.6	82.6	202.6	248.7
				<b>30 Sep 2014</b>	<b>30 Sep 2013</b>	<b>31 Dec 2013**</b>
Total assets				401.5	264.1	388.0
Net debt				265.2	170.7	201.8
Adjusted equity				72.7	61.4	66.6
Adjusted equity, %				18%	23%	17%

\* Definitions, see page 17

\*\* DDM Treasury Sweden AB (publ) and the consolidation with its subsidiary DDM Invest XX AG was founded mid-2013, therefore comparable numbers for the consolidated entity are limited as of May 2013

### Comment by the CEO

Net collections for the quarter totalled SEK 24.1M in line with SEK 24.5M for the second quarter 2014.

Operating earnings (EBIT) during the third quarter 2014 was SEK 9.6M compared to SEK 5.6M in the third quarter 2013.

We continue to work towards our strategy of geographical diversification outside our traditional core-markets, Russia and Romania. We continue to see interesting opportunities across the Eastern European region.

As a result the composition of our portfolio has changed during the year. Romania continues to be our biggest and most important market although its share of net collections decreased to 62% during the first nine months ending September 2014 versus 66% for the year ending 31 December 2013.

During the quarter our new CFO, Fredrik Olsson, joined and we welcome him as a strong addition to our management team. We have also made our operations team stronger by hiring a new Head of Collection. These two additions have put us in a position to be able to increase our investment levels further.

We continue to see attractive opportunities across the Eastern European region. Our long-standing relations with international financial institutions, active in Eastern Europe, has earned DDM the status as a credible acquirer of assets. This, in combination with our proprietary IT system and focus on solving the individual's debt situation, are factors in our continued success.

Net collections,  
January-September 2014

SEK 74.3M



“Diversification efforts are paying off with increased exposure to Slovenia already visible”

Gustav Hultgren  
CEO

### Events during the first nine months

In February 2014, investors approved amendments to certain sections of the terms and conditions proposed by the company, allowing DDM Treasury to invest in the Republic of Croatia, the Republic of Slovenia, the Republic of Serbia, the Republic of Montenegro and Hungary.

During the second quarter of 2014, DDM made its first sizable investment in the republic of Slovenia.

### Net collections and geographical distribution

Net collections during January-September 2014 amounted to SEK 74.3M, of which 62% percent were contributed by Romanian portfolios, 34% percent by Russian portfolios and 4% percent by Slovenian portfolios. This should be compared with 66% for Romania and 34% for Russia as of 31 December 2013.

Operating earnings (EBIT) amounted to SEK 39.3M for the nine months ending 30 September 2014.

### Cash flow and investments

Cash flow from operating activities amounted to SEK 20.9M for the first nine months of 2014.

### Parent company

The operations of the Parent Company, DDM Treasury Sweden AB, encompass ownership of the subsidiary, DDM Invest XX AG, and providing funding for the subsidiary's investment into purchased asset portfolios through the provision of intercompany loans.

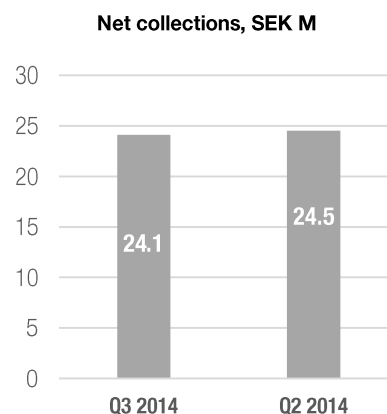
The Parent Company reported earnings before tax of a positive SEK 0.3M for the period January-September 2014. At the end of September 2014, the parent company had SEK 0.2M in cash and equivalents.

### Ownership structure

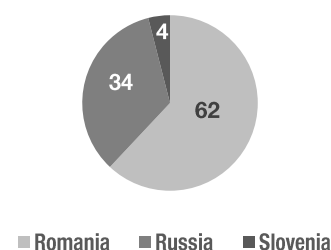
The owners of DDM Treasury Sweden AB (publ) comprised, as per the end of the period, solely of DDM Group AG, Baar, Switzerland holding 500,000 shares.

### Significant risks and uncertainties

DDM's activities expose it to a variety of financial and non-financial risks: market risks (currency risk and interest rate risk), credit risk, liquidity risk/financing risk and risks relating to the purchase of debt portfolios and subsequent collection of overdue accounts. For further information, please see Note 4.



**Net collections by country on 30 September, %**



### **Accounting principles**

This interim report has been prepared in accordance with the Annual Accounts Act and IAS 34, Interim Financial Reporting, and the parent company in accordance with the Annual Accounts Act, chapter 9, Interim Financial Reporting. Accounting policies applied by the Group and the Parent Company complies with applied policies in the 2013 annual report. For further information, please refer to the 2013 annual report.

### **Financial calendar**

During 2015, DDM Treasury Sweden AB (publ) intends to publish financial information on the following dates:

Year-end Report for January-December 2014: 27 February 2015

Interim Report for January-March 2015: 28 May 2015

Financial information from DDM Treasury Sweden AB and DDM Holding AG are available on DDM Group's website, [www.ddm-group.ch](http://www.ddm-group.ch)

*This report has not been reviewed by the company's auditors.*

Stockholm, 26 November 2014

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The information in this Interim Report requires DDM Treasury Sweden AB (publ) to publish the information in accordance with the Securities Market Act and / or the Act on Trading in Financial Instruments. The information was submitted for publication 28 November 2014 at 8:00 a.m. CET

Financial information

CONSOLIDATED INCOME STATEMENT (unaudited)

SEK M	Note	2014-07-01– 2014-09-30	2013-07-01– 2013-09-30	2014-01-01– 2014-09-30	2013-05-01– 2013-09-30
Revenues	1	10.9	6.2	44.8	6.2
Cost of sales		0.0	0.0	0.0	0.0
<b>Gross profit / (loss)</b>		<b>10.9</b>	<b>6.2</b>	<b>44.8</b>	<b>6.2</b>
Administrative expenses		-1.3	-0.6	-5.5	-0.7
<b>Operating earnings / (loss), EBIT</b>		<b>9.6</b>	<b>5.6</b>	<b>39.3</b>	<b>5.5</b>
Net costs		-17.5	-7.4	-31.9	-7.7
<b>Profit / (loss) from financial items</b>		<b>-7.9</b>	<b>-1.8</b>	<b>7.4</b>	<b>-2.2</b>
Extraordinary income / expenses		-	-1.3	-	-1.3
Income tax		-0.2	-0.2	-1.8	-0.2
<b>Profit / (loss) for the period</b>		<b>-8.1</b>	<b>-3.3</b>	<b>5.6</b>	<b>-3.7</b>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)

SEK M	2014-07-01– 2014-09-30	2013-07-01– 2013-09-30	2014-01-01– 2014-09-30	2013-05-01– 2013-09-30
<b>Profit / (loss) for the period</b>	<b>-8.1</b>	<b>-3.3</b>	<b>5.6</b>	<b>-3.7</b>
Currency translation differences	-0.1	0.0	0.3	0.0
<b>Other comprehensive income for the period, net of tax</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.3</b>	<b>0.0</b>
<b>Total comprehensive income for the period</b>	<b>-8.2</b>	<b>-3.3</b>	<b>5.9</b>	<b>-3.7</b>
<b>Profit attributable to owners of the parent</b>	<b>-8.1</b>	<b>-3.3</b>	<b>5.6</b>	<b>-3.7</b>
<b>Total other comprehensive income for the year attributable to owners of the parent</b>	<b>-8.2</b>	<b>-3.3</b>	<b>5.9</b>	<b>-3.7</b>
Non-controlling interest	0	0	0	0

Financial information

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (unaudited)

SEK M	Note	2014-09-30	2013-09-30	2013-12-31
<b>ASSETS</b>				
<b>Current assets</b>				
Cash		60.1	54.2	121.8
Accounts receivables		7.4	1.9	5.2
Receivables from other group companies		40.2	5.4	21.4
Other receivables		0.0	0.0	0.0
Prepaid expenses and accrued income		1.0	0.0	0.0
<b>Total current assets</b>		<b>108.7</b>	<b>61.5</b>	<b>148.4</b>
<b>Non-current assets</b>				
Financial assets	2	292.8	202.6	239.6
<b>Total non-current assets</b>		<b>292.8</b>	<b>202.6</b>	<b>239.6</b>
<b>TOTAL ASSETS</b>		<b>401.5</b>	<b>264.1</b>	<b>388.0</b>

SEK M		2014-09-30	2013-09-30	2013-12-31
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities</b>				
Accounts payable		0.5	0.2	0.0
Liabilities to other group companies		0.9	0.8	1.6
Other liabilities		13.8	0.2	4.9
Accrued expenses and deferred income		18.5	6.8	21.4
<b>Total current liabilities</b>		<b>33.7</b>	<b>8.0</b>	<b>27.9</b>
<b>Non-current liabilities</b>				
Bond loans		325.3	224.9	323.6
<b>Total non-current liabilities</b>		<b>325.3</b>	<b>224.9</b>	<b>323.6</b>
<b>Total liabilities</b>		<b>359.0</b>	<b>232.9</b>	<b>351.5</b>
<b>Shareholders' equity</b>				
Share capital		0.5	0.5	0.5
Other contributed capital		24.3	33.0	24.3
Reserves		0.4	0.0	0.0
Retained earnings, including net profit		17.3	-2.3	11.7
<b>Total shareholders' equity</b>		<b>42.5</b>	<b>31.2</b>	<b>36.5</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>401.5</b>	<b>264.1</b>	<b>388.0</b>

Financial information

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY  
(unaudited)

SEK M	Attributable to owners of the parent company				
	Share capital	Other contributed capital	Reserves	Profit or loss brought forward	Total equity
<b>Balance at 2013-05-01</b>	<b>0.5</b>				<b>0.5</b>
<i>Transactions with owners</i>					
Subordinated loan classified as equity as of 30.09.2014		33.0			33.0
<i>Comprehensive income</i>					
Profit / (loss) for the period				11.7	11.7
<i>Other comprehensive income</i>					
Currency translation differences			0.0		0.0
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>0.0</b>	<b>11.7</b>	<b>11.7</b>
<i>Transactions with owners</i>					
Subordinated loan classified as equity		-8.7			-8.7
<b>Total transactions with owners</b>	<b>0.0</b>	<b>-8.7</b>	<b>0.0</b>	<b>0.0</b>	<b>-8.7</b>
<b>Balance at 2013-12-31</b>	<b>0.5</b>	<b>24.3</b>	<b>0.0</b>	<b>11.7</b>	<b>36.5</b>
<b>Balance at 2014-01-01</b>	<b>0.5</b>	<b>24.3</b>	<b>0.0</b>	<b>11.7</b>	<b>36.5</b>
<i>Comprehensive income</i>					
Profit / (loss) for the period				13.7	13.7
<i>Other comprehensive income</i>					
Currency translation differences			0.4		0.4
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>0.4</b>	<b>13.7</b>	<b>14.1</b>
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0</b>
<b>Balance at 2014-06-30</b>	<b>0.5</b>	<b>24.3</b>	<b>0.5</b>	<b>25.4</b>	<b>50.6</b>
<i>Comprehensive income</i>					
Profit / (loss) for the period				-8.1	-8.1
<i>Other comprehensive income</i>					
Currency translation differences			-0.1	0.0	-0.1
Other					0.0
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>-8.1</b>	<b>-8.2</b>
<b>Total transactions with owners</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Balance at 2014-09-30</b>	<b>0.5</b>	<b>24.3</b>	<b>0.4</b>	<b>17.3</b>	<b>42.5</b>

Financial information

CASH FLOW STATEMENT (unaudited)

SEK M	2014-07-01– 2014-09-30	2013-07-01– 2013-09-30	2014-01-01– 2014-09-30	2013-05-01– 2013-09-30
<b>Cash flows from operating activities</b>				
Operating profit / (loss)	9.6	5.6	39.3	5.5
Adjustments for non-cash items, etc				
- Reversal of depreciation and amortisation	16.4	0.0	56.5	0.0
- Revaluation of purchased assets	-3.1	0.0	-27.0	0.0
- Other items not affecting cash	-12.7	-0.7	3.6	-0.6
Interest received	0.1	0.0	0.3	0.0
Interest paid	-15.2	-0.4	-38.4	-0.5
<b>Cash flow from operating activities before working capital changes</b>	<b>-4.9</b>	<b>4.5</b>	<b>34.3</b>	<b>4.4</b>
<u>Working capital adjustments</u>				
Increase / decrease in accounts receivable	5.2	-6.6	-21.0	-7.2
Increase / decrease in other receivables	0.0	0.0	-1.1	0.0
Increase / decrease in accounts payables	-1.3	0.3	-0.2	1.0
Increase / decrease in other current liabilities	2.4	0.2	8.9	0.2
<b>Net cash flow from operating activities</b>	<b>1.4</b>	<b>-1.6</b>	<b>20.9</b>	<b>-1.6</b>
<b>Cash flow from investing activities</b>				
Debt purchases	6.6	-202.6	-82.6	-202.6
<b>Net cash flow used in investing activities</b>	<b>6.6</b>	<b>-202.6</b>	<b>-82.6</b>	<b>-202.6</b>
<b>Cash flow from financing activities</b>				
Proceeds from issuance of ordinary shares	0.0	0.0	0.0	0.5
Borrowings	0.0	62.9	0.0	257.9
<b>Net cash flow used in financing activities</b>	<b>0.0</b>	<b>62.9</b>	<b>0.0</b>	<b>258.4</b>
<b>Cash flow for the period</b>	<b>8.0</b>	<b>-141.3</b>	<b>-61.7</b>	<b>54.2</b>
<b>Cash, cash equivalents and bank overdrafts at beginning of period</b>	<b>52.1</b>	<b>195.5</b>	<b>121.8</b>	<b>0.0</b>
<b>Cash and cash equivalents at end of period</b>	<b>60.1</b>	<b>54.2</b>	<b>60.1</b>	<b>54.2</b>



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INCOME STATEMENT – PARENT COMPANY (unaudited)

<b>SEK M</b>	<b>2014-07-01–</b>	<b>2013-07-01–</b>	<b>2014-01-01–</b>	<b>2013-05-01–</b>
<b>Consolidated statement of income for the period</b>	<b>2014-09-30</b>	<b>2013-09-30</b>	<b>2014-09-30</b>	<b>2013-09-30</b>
Administrative expenses	-0.6	-0.4	-2.9	-0.4
<b>Operating profit / (loss)</b>	<b>-0.6</b>	<b>-0.4</b>	<b>-2.9</b>	<b>-0.4</b>
Finance costs	-11.6	-7.0	-34.9	-7.3
Finance income	11.4	3.1	38.1	3.1
<b>Profit / (loss) from financial items</b>	<b>-0.8</b>	<b>-4.3</b>	<b>0.3</b>	<b>-4.6</b>
<b>Profit / (loss) for the period</b>	<b>-0.8</b>	<b>4.3</b>	<b>0.3</b>	<b>-4.6</b>
<b>Total comprehensive income for the period</b>	<b>-0.8</b>	<b>-4.3</b>	<b>0.3</b>	<b>-4.6</b>

STATEMENT OF FINANCIAL POSITION – PARENT COMPANY (unaudited)

SEK M	Note	2014-09-30	2013-09-30	2013-12-31
<b>ASSETS</b>				
<b>Current assets</b>				
Cash		0.2	31.3	106.7
Receivables from other group companies		32.4	3.1	19.2
Prepaid expenses and accrued income		0.1	0.0	0.1
<b>Total current assets</b>		<b>32.7</b>	<b>34.4</b>	<b>126.0</b>
<b>Non-current assets</b>				
Shares in group companies		0.7	0.7	0.7
Receivables from group companies		304.6	193.6	220.1
<b>Total non-current assets</b>		<b>305.3</b>	<b>194.3</b>	<b>220.8</b>
<b>TOTAL ASSETS</b>		<b>338.0</b>	<b>228.7</b>	<b>346.8</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities</b>				
Accounts payable		0.0	0.0	0.0
Liabilities to other group companies		0.9	0.7	0.7
Other liabilities		0.4	0.4	0.4
Accrued expenses and deferred income		10.4	6.8	21.4
<b>Total current liabilities</b>		<b>11.7</b>	<b>7.9</b>	<b>22.5</b>
<b>Non-current liabilities</b>				
Bond loans		325.3	224.9	323.6
<b>Total non-current liabilities</b>		<b>325.3</b>	<b>224.9</b>	<b>323.6</b>
<b>Total liabilities</b>		<b>337.0</b>	<b>232.8</b>	<b>346.1</b>
<b>Shareholders' equity</b>				
Share capital		0.5	0.5	0.5
Retained earnings, including net profit		0.5	-4.6	0.2
<b>Total shareholders' equity</b>		<b>1.0</b>	<b>-4.1</b>	<b>0.7</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>338.0</b>	<b>228.7</b>	<b>346.8</b>

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CASH FLOW STATEMENT – PARENT COMPANY (unaudited)

SEK M	2014-07-01– 2014-09-30	2013-07-01– 2013-09-30	2014-01-01– 2014-09-30	2013-05-01– 2013-09-30
<b>Cash flows from operating activities</b>				
Operating profit / (loss)	-0.5	-0.4	-2.9	-0.4
Adjustments for non-cash items, etc				
- Other items not affecting cash	0.6	29.9	1.8	224.9
Interest received	11.4	3.1	38.1	3.1
Interest paid	-22.9	-0.4	-45.9	-0.5
<b>Cash flow from operating activities before working capital changes</b>	<b>-11.4</b>	<b>32.2</b>	<b>-8.9</b>	<b>227.1</b>
<u>Working capital adjustments</u>				
Increase / decrease in other receivables	-10.5	-196.7	-97.8	-196.7
Increase / decrease in accounts payables	-0.2	0.0	0.2	0.7
Increase / decrease in other current liabilities	-0.3	0.3	-0.1	0.4
<b>Net cash flow from operating activities</b>	<b>-22.4</b>	<b>-164.2</b>	<b>-106.6</b>	<b>31.5</b>
<b>Cash flow from investing activities</b>				
Acquisitions of subsidiaries	0.0	0.0	0.0	-0.7
Loans to Group companies	0.0	0.0	0.0	0.0
<b>Net cash flow used in investing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.7</b>
<b>Cash flow from financing activities</b>				
Borrowings	0.0	0.0	0.0	0.0
Proceeds from issuance of ordinary shares	0.0	0.0	0.0	0.5
<b>Net cash flow used in financing activities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.5</b>
<b>Cash flow for the period</b>	<b>-22.4</b>	<b>-164.2</b>	<b>-106.6</b>	<b>31.3</b>
<b>Cash, cash equivalents and bank overdrafts at beginning of period</b>	<b>22.6</b>	<b>195.5</b>	<b>106.7</b>	<b>0.0</b>
<b>Cash and cash equivalents at end of period</b>	<b>0.2</b>	<b>31.3</b>	<b>0.2</b>	<b>31.3</b>

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY (unaudited)

SEK M	Share capital	Profit or loss brought forward	Profit / (loss) for the period	Total equity
<b>Balance at 2013-05-01</b>	<b>0.5</b>	<b>–</b>	<b>–</b>	<b>0.5</b>
<i>Comprehensive income</i>				
Profit / (loss) for the period			0.2	0.2
<b>Total comprehensive income</b>	<b>0.5</b>	<b>–</b>	<b>0.2</b>	<b>0.7</b>
<b>Balance at 2013-12-31</b>	<b>0.5</b>	<b>–</b>	<b>0.2</b>	<b>0.7</b>
<b>Balance at 2014-01-01</b>	<b>0.5</b>	<b>–</b>	<b>0.2</b>	<b>0.7</b>
<i>Comprehensive income</i>				
Profit / (loss) for the period			1.1	1.1
Appropriation of earnings as decided at AGM		0.2	-0.2	–
<b>Total comprehensive income</b>	<b>0.5</b>	<b>0.2</b>	<b>1.1</b>	<b>1.8</b>
<b>Balance at 2014-06-30</b>	<b>0.5</b>	<b>0.2</b>	<b>1.1</b>	<b>1.8</b>
<i>Comprehensive income</i>				
Profit / (loss) for the period	0.0	0.0	-0.8	-0.8
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.8</b>	<b>-0.8</b>
<b>Balance at 2014-09-30</b>	<b>0.5</b>	<b>0.2</b>	<b>0.3</b>	<b>1.0</b>

Note 1

GEOGRAPHICAL REGIONS

SEK M	2014-01-01– 2014-09-30	2014-07-01– 2014-09-30	2014-04-01– 2014-06-30	2014-01-01– 2014-03-31
<b>Country</b>				
Romania	46.0	13.5	14.7	17.8
Russia	25.5	10.5	7.1	7.8
Slovenia	2.8	0.1	2.7	0.0
<b>Total net collections</b>	<b>74.3</b>	<b>24.1</b>	<b>24.5</b>	<b>25.6</b>
Amortisation and depreciation	-56.5	-16.2	-14.6	-25.5
Revaluation purchased debt	27.0	3.0	8.7	15.2
<b>Revenues from external customers</b>	<b>44.8</b>	<b>10.9</b>	<b>18.6</b>	<b>15.3</b>

The operational and investment activities of DDM Treasury Sweden and DDM Group are not divided according to geographical regions for reporting purposes. Potential investments and existing investments are always measured on their own merits and according to assumptions and forecasts made at the time of investing.

No customer represents more than 10 percent of the groups' total aggregated revenue.

Note 2

PURCHASED DEBT

SEK M	30 Sep 2014	30 Jun 2014	31 Mar 2014	31 Dec 2013
Opening acquisition cost	248.5	248.5	248.5	0.0
Purchased debt	82.7	74.2	7.5	245.6
Foreign currency exchange differences	-0.7	10.3	-8.6	2.9
<b>Closing accumulated cost</b>	<b>330.5</b>	<b>333.0</b>	<b>247.4</b>	<b>248.5</b>
Opening amortisation	-8.9	-8.9	-8.9	0.0
Amortisation for the period	-29.5	-16.2	-10.3	-9.0
Foreign currency exchange differences	0.7	-2.8	1.6	0.1
<b>Closing accumulated amortisation</b>	<b>-37.8</b>	<b>-27.9</b>	<b>-17.6</b>	<b>-8.9</b>
<b>Closing net book value</b>	<b>292.8</b>	<b>305.1</b>	<b>229.8</b>	<b>239.6</b>
<b>Amortisation for the period</b>				
Time and interest component	-56.5	-40.1	-25.5	-16.5
Revaluations in connection with changes in assumptions and projections of future cash flow	27.0	23.9	15.2	7.6
<b>Total amortisation for the period</b>	<b>-29.5</b>	<b>-16.2</b>	<b>-10.3</b>	<b>-8.9</b>

DDM invests in portfolios that are denominated in local currencies as well as portfolios denominated in EUR and USD. Therefore, fluctuations in the SEK exchange rate against these currencies affect collections on purchased debt and operating earnings of the DDM Treasury Sweden. Collections on purchased debt are distributed by currencies as follows:

SEK M	2014-07-01– 2014-09-30	2014-04-01– 2014-06-30	2014-01-01– 2013-03-31	2013-05-01– 2013-12-31
EUR	9.5	11.8	10.4	11.1
RUB	8.2	7.1	7.9	15.4
RON	6.7	5.6	7.3	13.9
USD	-0.3	0.0	0.0	0.0
<b>Total</b>	<b>24.1</b>	<b>24.5</b>	<b>25.6</b>	<b>40.4</b>

An appreciation of Swedish Krona of 10 percent on average in the period from 1 July 2014 to 30 September 2014 against the Euro would have affected collections on purchased debt by SEK -1.8M, against the Russian Ruble by SEK -0.8M, against Romanian Lei by SEK -0.7M and vice versa.

In terms of balance sheet positions denominated in foreign currencies that are then recalculated in SEK, the net present values of portfolio owned by DDM Treasury are distributed as follows:

SEK M	30 Sep 2014	30 Jun 2014	31 Mar 2014	31 Dec 2013
EUR	133.9	127.7	90.2	79.1
RUB	61.9	68.1	72.3	93.1
RON	96.9	109.2	67.1	67.3
USD	0.1	0.1	0.2	0.1
<b>Total</b>	<b>292.8</b>	<b>305.1</b>	<b>229.8</b>	<b>239.6</b>

An appreciation of Swedish Krona of 10 percent as per 30 September 2014 against the Euro would have resulted in an additional unrealised foreign exchange loss of SEK 13.4M, against the Russian Ruble by SEK 6.2M, against Romanian Lei by SEK 9.7M, against US Dollar by SEK 0.0M. Consequently, a depreciation of Swedish Krona of 10 percent 30 September 2014 would have resulted in an additional unrealised foreign exchange gain of the same amount.

### Note 3

## RELATED PARTIES

SEK M Group	Board fee	Management fee	Other fee	Total
<b>2014-09-30</b>				
Board member Fredrik Waker	0.0	0.0	0.0	<b>0.0</b>
DDM Group AG	0.0	1.6	0.0	<b>1.6</b>
Wakers Consulting AB	0.0	0.0	0.2	<b>0.2</b>
Accta Accounting & Tax AG	0.0	0.0	0.5	<b>0.5</b>
<b>Total</b>	<b>0.0</b>	<b>1.6</b>	<b>0.7</b>	<b>2.3</b>
<b>Receivables, payables and debts related parties</b>				
Group	Current	Non-Current		Total
<b>2014-09-30</b>				
Subordinated loan from DDM Group AG	0.0	24.3		<b>24.3</b>
Payable to DDM Group AG	0.9	0.0		<b>0.9</b>
Receivables from DDM Group AG	40.2	0.0		<b>40.2</b>
<b>Total</b>	<b>41.1</b>	<b>24.3</b>		<b>65.4</b>
<b>Purchased assets</b>				
Group				Total
<b>2014-09-30</b>	<b>0.0</b>			<b>0.0</b>
<b>Total</b>	<b>0.0</b>			<b>0.0</b>

**Receivables, payables and debts – related parties**

<b>Parent</b>	<b>Current</b>	<b>Non-current</b>	<b>Total</b>
<b>2014-09-30</b>			
Loan to DDM Invest XX AG	0.0	304.6	<b>304.6</b>
Receivables from DDM Group AG	8.2	0.0	<b>8.2</b>
Receivables from DDM Invest XX AG	24.2	0.0	<b>24.2</b>
DDM Holding AG	1.0	0.0	<b>1.0</b>
<b>Total</b>	<b>33.4</b>	<b>304.6</b>	<b>338.0</b>

**Compensation to related parties**

<b>Parent</b>	<b>Board fee</b>	<b>Anticipated dividend</b>	<b>Other fee</b>	<b>Total</b>
<b>2014-09-30</b>				
Board member Fredrik Waker	0.0	0.0	0.0	<b>0.0</b>
Wakers Consulting AB	0.0	0.0	0.2	<b>0.2</b>
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.2</b>	<b>0.2</b>

**Compensation to related parties**

<b>Group</b>	<b>Board fee</b>	<b>Management fee</b>	<b>Other fee</b>	<b>Total</b>
<b>2013-12-31</b>				
Board member Fredrik Waker	0.0	0.0	0.0	<b>0.0</b>
DDM Group AG	0.0	0.8	0.0	<b>0.8</b>
Accta Accounting & Tax AG	0.0	0.0	0.5	<b>0.5</b>
<b>Total</b>	<b>0.0</b>	<b>0.8</b>	<b>0.5</b>	<b>1.3</b>

**Receivables, payables and debts – related parties**

<b>Group</b>	<b>Current</b>	<b>Non-Current</b>	<b>Total</b>
<b>2013-12-31</b>			
Subordinated loan DDM Group AG	0.0	24.3	<b>24.3</b>
Loan from DDM Group AG	1.6	0.0	<b>1.6</b>
Receivables DDM Group AG	21.7	0.0	<b>21.7</b>
<b>Total</b>	<b>23.3</b>	<b>24.3</b>	<b>47.6</b>

**Purchased assets**

<b>Group</b>		<b>Total</b>
<b>2013-12-31</b>		
DDM Invest I AG	29.2	<b>29.2</b>
DDM Invest II AG	5.7	<b>5.7</b>
DDM Invest III AG	34.8	<b>34.8</b>
DDM Invest X AG	46.0	<b>46.0</b>
<b>Total</b>	<b>115.7</b>	<b>115.7</b>

**Receivables, payables and debts – related parties**

<b>Parent</b>	<b>Current</b>	<b>Non-Current</b>	<b>Total</b>
<b>2013-12-31</b>			
Loan DDM Invest XX AG	0.0	220.1	<b>220.1</b>
Receivables DDM Invest XX AG	11.0	0.0	<b>11.0</b>
DDM Holding AG	0.7	0.0	<b>0.7</b>
<b>Total</b>	<b>11.7</b>	<b>220.1</b>	<b>231.8</b>

<b>Compensation to related parties Parent</b>	<b>Board fee</b>	<b>Anticipated dividend</b>	<b>Interest</b>	<b>Total</b>
<b>2013-12-31</b>				
Board member Fredrik Waker	0.0	0.0	0.0	<b>0.0</b>
DDM Invest XX AG	0.0	8.2	11.0	<b>19.2</b>
<b>Total</b>	<b>0.0</b>	<b>8.2</b>	<b>11.0</b>	<b>19.2</b>

We have defined the Company's management, the Board of Directors in the Parent Company, DDM Treasury Sweden AB (publ), the owners of DDM Treasury Sweden AB (publ) and all subsidiaries included in the Group as related parties. The accounting firms Accta Accounting & Tax AG and Wakers Consulting AB has owners that are represented on the board of DDM Treasury and its subsidiary, and are therefore defined as related parties.

Note 4

## SIGNIFICANT RISKS, UNCERTAINTIES & RISK MANAGEMENT

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

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



## Definitions

### DDM Group

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

### DDM Treasury Group

DDM Treasury Sweden AB (publ) and its subsidiaries.

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### Adjusted operating earnings

Operating earnings adjusted for non-recurring items.

### Capital employed

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

### Earnings per share

Net earnings for the period, attributable to owners of the parent, divided by the average number of shares.

### EBITDA

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

### EBITDA margin

EBITDA as a percentage of net collections.

### Equity

Shareholders' equity at the end of the period.

### Equity per share

Shareholders' equity at the end of the period, attributable to owners of the parent, divided by the number of shares at the end of the period.

### Equity ratio

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

### Interest-bearing net debt

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

### Net collections

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

### Net debt/equity ratio

Interest-bearing net debt divided by shareholders' equity.

### Net revenues

Net collections less amortisation and revaluation of purchased debt.

### Non-recurring items

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

### Operating margin

Operating earnings as a percentage of net collections.

### Return on capital employed

Operating earnings as a percentage of average capital employed.

### Return on equity

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