



## Strong cash flows from existing portfolios

### Highlights second quarter 2016

- The recent Hungarian transaction formally closed at the end of April 2016, resulting in stronger cash flows
- Net collections increased by 49% to SEK 50.7 (Q2 2015: SEK 34.0M)
- Cash EBITDA increased by 25% and amounted to SEK 43.4M (Q2 2015: SEK 34.8M)
- Loss for the period of SEK 0.8M (Q2 2015: profit of SEK 2.8M)
- Pipeline of future transactions remains strong

### Highlights six months 2016

- Net collections increased by 88% to SEK 119.3M (H1 2015: SEK 63.3M)
- Cash EBITDA increased by 61% and amounted to SEK 101.5M (H1 2015: SEK 63.1M)
- Loss for the period of SEK 0.8M (H1 2015: profit of SEK 7.8M)

Amounts in SEK M (unless specified otherwise)	1 Apr – 30 Jun 2016	1 Apr – 30 Jun 2015	1 Jan – 30 Jun 2016	1 Jan – 30 Jun 2015	Full year 2015*
Net collections	50.7	34.0	119.3	63.3	228.6
Operating expenses	(7.3)	0.8	(17.8)	(0.2)	(25.9)
Cash EBITDA	43.4	34.8	101.5	63.1	202.7
Amortization and revaluation of invested assets	(35.5)	(19.5)	(84.1)	(36.2)	(99.2)
Operating profit	7.9	15.3	17.4	26.9	103.4
Profit / (loss) for the period	(0.8)	2.8	(0.8)	7.8	36.0

### Selected key figures

Total assets	456.9	425.3	456.9	425.3	472.4
Net debt	267.2	276.2	267.2	276.2	277.8

\* Audited

## Comment by the CEO

The second quarter of 2016 was marked by the formal closing of the Lombard transaction, which took place at the end of April 2016 after receiving the approval from the Hungarian National Bank. The first cash flows from collections were received in early May.

Net collections in the second quarter of 2016 increased by 49% compared to the second quarter of 2015 as a result of the recent acquisitions in Hungary and the Czech Republic, while for the first six months of 2016 net collections increased by 88%.

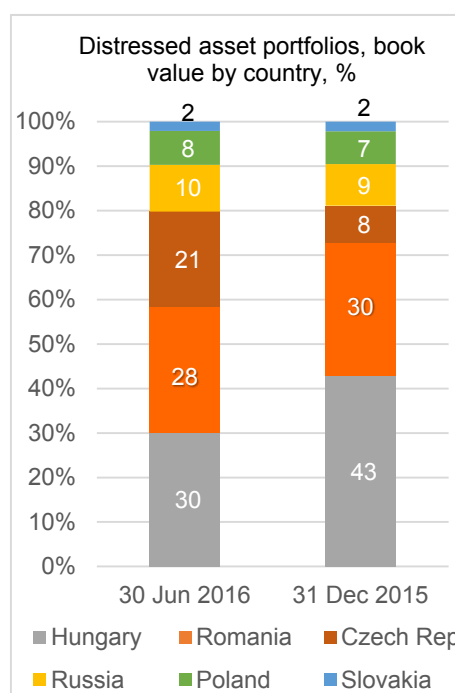
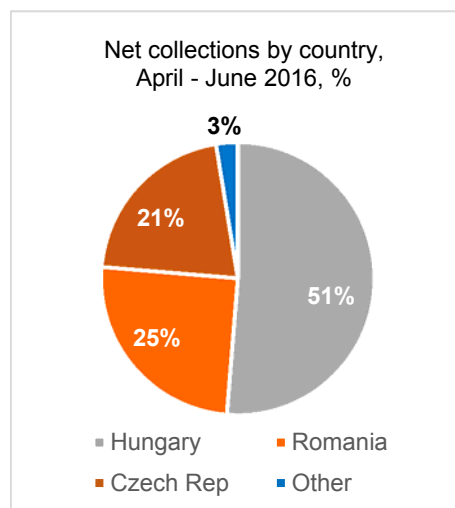
Cash EBITDA (net collections less operating expenses) for the second quarter amounted to SEK 43.4M, an increase of 25% compared the same period of 2015. For the first six months of 2016 cash EBITDA was SEK 101.5M, an increase of 61% compared to the first six months of 2015.

Cash flow from operating activities before working capital changes for the second quarter of 2016 was SEK 49.0M, compared to SEK 59.6M for the second quarter of 2015, benefitting from the first cash flows from the recent Hungarian acquisition. Cash flow from operating activities before working capital changes for the first six months of 2016 was SEK 84.4M, compared to SEK 69.3M for the same period in 2015.

### Market outlook

We continue to see strong growth in the pipeline of portfolios for sale across our region. DDM continues to receive a significant number of invites to bid for large portfolios and we are well placed to continue the rapid expansion in our investment activities.

Given the large amount of investment opportunities, funding continues to be a key focus to sustain growth. We are targeting a long-term and sustainable capital structure and costs. With the improved cash flows we remain positive on the outlook for DDM and feel confident that we will be able to continue to deliver according to our strategy.



**Gustav Hultgren, CEO,  
DDM Treasury Sweden AB**

**Financial calendar**

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

Interim report for January – September 2016: 10 November 2016

Year-end report for 2016: February 2017

Other financial information from DDM is available on DDM's website, [www.ddm-group.ch](http://www.ddm-group.ch).

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

Stockholm, 11 August 2016

DDM Treasury Sweden AB (publ)

Gustav Hultgren, CEO

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**Presentation of the interim report**

The interim report and presentation material are available at [www.ddm-group.ch](http://www.ddm-group.ch) on 11 August 2016, at 08:00 a.m. CET.

CEO Gustav Hultgren and CFO Fredrik Olsson will comment on the DDM Group's results during a conference call on 11 August 2016, starting at 10:00 a.m. CET. The presentation can be followed live at [www.ddm-group.ch](http://www.ddm-group.ch) and/or by telephone with dial-in numbers: SE: +46 8 566 426 62, CH: +41 225 675 548 or UK: +44 203 008 9801.

Participants are advised to register via email to [investor@ddm-group.ch](mailto:investor@ddm-group.ch).

## Consolidated Income Statement

Amounts in SEK M	Notes	1 Apr – 30 Jun 2016	1 Apr – 30 Jun 2015	1 Jan – 30 Jun 2016	1 Jan – 30 Jun 2015	Full Year 2015*
Revenue on invested assets	3	15.2	14.5	35.2	27.1	129.3
Personnel expenses		–	(0.1)	–	(0.3)	(0.5)
Consulting expenses		(7.3)	1.0	(17.3)	0.2	(24.9)
Other operating expenses		–	(0.1)	(0.5)	(0.1)	(0.5)
<b>Operating profit</b>		<b>7.9</b>	<b>15.3</b>	<b>17.4</b>	<b>26.9</b>	<b>103.4</b>
Financial income		–	59.9	–	98.0	0.3
Financial expenses		(8.5)	(72.4)	(17.6)	(120.0)	(67.9)
<b>Net financial income / (expense)</b>		<b>(8.5)</b>	<b>(12.5)</b>	<b>(17.6)</b>	<b>(22.0)</b>	<b>(67.6)</b>
<b>Profit / (loss) before income tax</b>		<b>(0.6)</b>	<b>2.8</b>	<b>(0.2)</b>	<b>4.9</b>	<b>35.8</b>
Tax income / (expense)		(0.2)	0.0	(0.6)	2.9	0.2
<b>Profit / (loss) for the period</b>		<b>(0.8)</b>	<b>2.8</b>	<b>(0.8)</b>	<b>7.8</b>	<b>36.0</b>

\* Audited

## Consolidated Statement of Comprehensive Income

Amounts in SEK M	1 Apr – 30 Jun 2016	1 Apr – 30 Jun 2015	1 Jan – 30 Jun 2016	1 Jan – 30 Jun 2015	Full Year 2015*
<b>Profit / (loss) for the period</b>	<b>(0.8)</b>	<b>2.8</b>	<b>(0.8)</b>	<b>7.8</b>	<b>36.0</b>
<b>Other comprehensive income for the period</b>					
<i>Items that will not be reclassified to profit or loss</i>	–	–	–	–	–
<i>Items that may subsequently be reclassified to profit or loss:</i>					
Currency translation differences	(0.6)	0.1	(0.6)	0.5	0.5
Recognition of accumulated losses of subsidiaries	–	(57.1)	–	(57.1)	(57.1)
<b>Other comprehensive income for the period, net of tax</b>	<b>(0.6)</b>	<b>(57.0)</b>	<b>(0.6)</b>	<b>(56.6)</b>	<b>(56.6)</b>
<b>Total comprehensive income for the period</b>	<b>(1.4)</b>	<b>(54.2)</b>	<b>(1.4)</b>	<b>(48.8)</b>	<b>(20.6)</b>
<b>Total comprehensive income for the period attributable to owners of the Parent Company</b>	<b>(1.4)</b>	<b>(54.2)</b>	<b>(1.4)</b>	<b>(48.8)</b>	<b>(20.6)</b>

\* Audited

## Consolidated Balance Sheet

Amounts in SEK M	Notes	30 June 2016	31 December 2015*
<b>ASSETS</b>			
<i>Non-current assets</i>			
Interests in associates		5.7	5.5
Distressed asset portfolios	4	234.9	204.5
Other long-term receivables from investments	4	100.9	152.7
<b>Total non-current assets</b>		<b>341.5</b>	<b>362.7</b>
<i>Current assets</i>			
Accounts receivable		35.0	38.0
Receivables from other group companies		45.8	38.8
Prepaid expenses and accrued income		1.8	3.0
Cash and cash equivalents		32.8	29.9
<b>Total current assets</b>		<b>115.4</b>	<b>109.7</b>
<b>TOTAL ASSETS</b>		<b>456.9</b>	<b>472.4</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<i>Shareholders' equity</i>			
Share capital		0.5	0.5
Other contributed capital		124.2	124.2
Reserves		(0.3)	0.3
Retained earnings including net earnings for the period		(28.2)	(27.4)
<b>Total shareholders' equity attributable to Parent Company's shareholders</b>		<b>96.2</b>	<b>97.6</b>
<b>LIABILITIES</b>			
<i>Non-current liabilities</i>			
Bond loan	5	275.1	277.0
<b>Total non-current liabilities</b>		<b>275.1</b>	<b>277.0</b>
<i>Current liabilities</i>			
Accounts payable		7.8	39.0
Bond loan	5	24.9	24.7
Payables to other group companies		25.7	-
Other liabilities		0.4	6.5
Accrued expenses and deferred income		26.8	27.6
<b>Total current liabilities</b>		<b>85.6</b>	<b>97.8</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>456.9</b>	<b>472.4</b>

\* Audited

## Consolidated Cash Flow Statement

Amounts in SEK M	1 Apr – 30 Jun 2016	1 Apr – 30 Jun 2015	1 Jan – 30 Jun 2016	1 Jan – 30 Jun 2015	Full Year 2015*
<b>Cash flow from operating activities</b>					
Operating profit	7.9	15.4	17.4	26.9	103.4
<i>Adjustments for non-cash items:</i>					
<i>Amortization of invested assets</i>	34.9	14.8	84.0	35.1	57.8
<i>Revaluation of invested assets</i>	0.6	4.8	0.1	1.2	41.4
<i>Other items not affecting cash**</i>	8.9	15.0	4.3	20.9	(220.1)
Interest paid	(3.3)	9.6	(21.4)	(14.8)	(73.4)
Interest received	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from operating activities before working capital changes</b>	<b>49.0</b>	<b>59.6</b>	<b>84.4</b>	<b>69.3</b>	<b>(90.9)</b>
<b>Working capital adjustments</b>					
(Increase) / decrease in accounts receivable	23.4	(4.8)	3.0	(3.6)	(29.8)
(Increase) / decrease in other receivables	(5.6)	87.1	(5.8)	29.5	67.3
Increase / (decrease) in accounts payable	(21.4)	–	(0.5)	(1.7)	37.4
Increase / (decrease) in other current liabilities	9.0	(37.2)	(6.9)	(26.4)	(0.6)
<b>Net cash flow from operating activities</b>	<b>54.4</b>	<b>104.7</b>	<b>74.2</b>	<b>67.1</b>	<b>(16.6)</b>
<b>Cash flow from investing activities</b>					
Purchases of distressed asset portfolios and other long-term receivables from investments	(30.7)	(101.8)	(71.8)	(105.5)	(15.8)
Purchases of associates	–	(5.5)	–	(5.5)	(5.5)
<b>Net cash flow received / (used) in investing activities</b>	<b>(30.7)</b>	<b>(107.3)</b>	<b>(71.8)</b>	<b>(111.0)</b>	<b>(21.3)</b>
<b>Cash flow from financing activities</b>					
Proceeds from issuance of loans	17.3	–	17.3	–	–
Repayment of loans	(17.2)	–	(17.2)	–	–
<b>Net cash flow received / (used) in financing activities</b>	<b>0.1</b>	<b>–</b>	<b>0.1</b>	<b>–</b>	<b>–</b>
<b>Cash flow for the period</b>	<b>23.8</b>	<b>(2.6)</b>	<b>2.5</b>	<b>(43.9)</b>	<b>(37.9)</b>
Cash and cash equivalents less bank overdrafts at beginning of the period	8.8	26.0	29.9	67.3	67.3
Foreign exchange gains / (losses) on cash and cash equivalents	0.2	(0.6)	0.4	(0.6)	0.5
<b>Cash and cash equivalents less bank overdrafts at end of the period</b>	<b>32.8</b>	<b>22.8</b>	<b>32.8</b>	<b>22.8</b>	<b>29.9</b>

\* Audited

\*\* The majority of the Other items not affecting cash for the full year 2015 relates to the investment in Hungary, where DDM owns the economic benefit of net collections in 2015 from the acquired investment. This is not reflected in the cash flows for 2015 as the economic benefit is offset against the cash purchase price. The investment in Hungary in December 2015 was not paid at the 31 December 2015 balance sheet date.

## Consolidated Statement of Changes in Equity

Amounts in SEK M	Share capital	Other contributed capital	Reserves	Retained earnings	Total equity
<b>Balance at 1 January 2015*</b>	<b>0.5</b>	<b>37.5</b>	<b>0.3</b>	<b>(6.8)</b>	<b>31.6</b>
<b>Comprehensive income</b>					
Profit for the year	–	–	–	36.0	<b>36.0</b>
<b>Other comprehensive income</b>					
Recognition of accumulated losses of subsidiaries	–	–	–	(57.1)	<b>(57.1)</b>
Currency translation differences	–	–	–	0.5	<b>0.5</b>
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(20.6)</b>	<b>(20.6)</b>
<i>Transactions with owners</i>					
Borrowings from related parties, equity part	–	86.7	–	–	<b>86.7</b>
<b>Total transactions with owners</b>	<b>–</b>	<b>86.7</b>	<b>–</b>	<b>–</b>	<b>86.7</b>
<b>Balance at 31 December 2015*</b>	<b>0.5</b>	<b>124.2</b>	<b>0.3</b>	<b>(27.4)</b>	<b>97.6</b>
<b>Balance at 1 January 2016</b>	<b>0.5</b>	<b>124.2</b>	<b>0.3</b>	<b>(27.4)</b>	<b>97.6</b>
<b>Comprehensive income</b>					
Profit / (loss) for the period	–	–	–	(0.8)	<b>(0.8)</b>
<b>Other comprehensive income</b>					
Currency translation differences	–	–	(0.6)	–	<b>(0.6)</b>
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>(0.6)</b>	<b>(0.8)</b>	<b>(1.4)</b>
<i>Transactions with owners</i>					
Borrowings from related parties, equity part	–	–	–	–	–
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Balance at 30 June 2016</b>	<b>0.5</b>	<b>124.2</b>	<b>(0.3)</b>	<b>(28.2)</b>	<b>96.2</b>

\* Audited

## Parent Company – Income Statement

Amounts in SEK M	1 Apr – 30 Jun 2016	1 Apr – 30 Jun 2015	1 Jan – 30 Jun 2016	1 Jan – 30 Jun 2015	Full Year 2015*
Revenue	1.5	1.5	2.9	2.9	5.7
Personnel expenses	–	(0.1)	–	(0.3)	(0.5)
Consulting expenses	(0.6)	(0.3)	(0.7)	(0.8)	(4.0)
Other operating expenses	–	(0.1)	–	(0.1)	(0.1)
<b>Operating profit</b>	<b>0.9</b>	<b>1.0</b>	<b>2.2</b>	<b>1.7</b>	<b>1.1</b>
Income from participation in Group companies	–	–	–	–	5.9
Financial income	11.4	11.4	23.2	22.8	45.7
Financial expenses	(13.1)	(10.9)	(26.1)	(22.2)	(50.6)
<b>Net financial income / (expenses)</b>	<b>(1.7)</b>	<b>0.5</b>	<b>(2.9)</b>	<b>0.6</b>	<b>1.0</b>
<b>Profit / (loss) before income tax</b>	<b>(0.8)</b>	<b>1.5</b>	<b>(0.7)</b>	<b>2.3</b>	<b>2.1</b>
Tax income / (expense)	0.0	0.0	0.0	0.0	0.0
<b>Profit / (loss) for the period</b>	<b>(0.8)</b>	<b>1.5</b>	<b>(0.7)</b>	<b>2.3</b>	<b>2.1</b>

\* Audited

## Parent Company – Statement of Comprehensive Income

Amounts in SEK M	1 Apr – 30 Jun 2016	1 Apr – 30 Jun 2015	1 Jan – 30 Jun 2016	1 Jan – 30 Jun 2015	Full Year 2015*
<b>Profit / (loss) for the period</b>	<b>(0.8)</b>	<b>1.5</b>	<b>(0.7)</b>	<b>2.3</b>	<b>2.1</b>
<b>Other comprehensive income for the period, net of tax</b>					
Items that will not be reclassified to profit or loss	–	–	–	–	–
Items that may subsequently be reclassified to profit or loss	–	–	–	–	–
<b>Total other comprehensive income for the period, net of tax</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income for the period</b>	<b>(0.8)</b>	<b>1.5</b>	<b>(0.7)</b>	<b>2.3</b>	<b>2.1</b>

\* Audited



## Parent Company – Balance Sheet

Amounts in SEK M	30 June 2016	31 December 2015*
<b>ASSETS</b>		
<i>Non-current assets</i>		
Shares in other group companies	5.6	5.6
Receivables from other group companies	304.6	312.9
<b>Total non-current assets</b>	<b>310.2</b>	<b>318.5</b>
<i>Current assets</i>		
Receivables from other group companies	163.3	204.9
Prepaid expenses and accrued income	31.1	36.2
Cash and cash equivalents	15.6	28.0
<b>Total current assets</b>	<b>210.0</b>	<b>269.1</b>
<b>TOTAL ASSETS</b>	<b>520.2</b>	<b>587.6</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<i>Shareholders' equity</i>		
Share capital	0.5	0.5
Retained earnings including net earnings for the period	1.7	2.4
<b>Total shareholders' equity</b>	<b>2.2</b>	<b>2.9</b>
<i>Non-current liabilities</i>		
Bond loan	275.1	277.0
<b>Total non-current liabilities</b>	<b>275.1</b>	<b>277.0</b>
<i>Current liabilities</i>		
Accounts payable	1.8	5.4
Bond loan	24.9	24.7
Liabilities to other group companies	191.4	254.3
Accrued expenses and deferred income	24.8	23.3
<b>Total current liabilities</b>	<b>242.9</b>	<b>307.7</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>520.2</b>	<b>587.6</b>

\* Audited

## Parent Company – Cash Flow Statement

Amounts in SEK M	1 Apr – 30 Jun 2016	1 Apr – 30 Jun 2015	1 Jan – 30 Jun 2016	1 Jan – 30 Jun 2015	Full Year 2015*
<b>Cash flow from operating activities</b>					
Operating profit	0.9	0.9	2.2	1.7	1.1
Other items not affecting cash	(5.0)	(4.9)	2.1	(4.9)	1.1
Interest paid	(0.0)	(10.8)	(18.1)	(22.2)	(50.6)
Interest received	0.0	11.4	11.4	22.8	45.7
<b>Cash flow from operating activities before working capital changes</b>	<b>(4.1)</b>	<b>(3.4)</b>	<b>(2.4)</b>	<b>(2.6)</b>	<b>(2.7)</b>
<b>Working capital adjustments</b>					
(Increase) / decrease in other receivables	16.3	127.5	55.0	127.0	197.5
Increase / (decrease) in accounts payable	(0.2)	0.0	(3.6)	0.0	0.0
Increase / (decrease) in other current liabilities	3.6	20.5	(61.4)	9.1	1.9
<b>Net cash flow from operating activities</b>	<b>15.6</b>	<b>144.6</b>	<b>(12.4)</b>	<b>133.5</b>	<b>196.7</b>
<b>Cash flow from investing activities</b>					
Loans to group companies	–	(144.2)	–	(155.2)	(191.0)
<b>Net cash flow received / (used) in investing activities</b>	<b>–</b>	<b>(144.2)</b>	<b>–</b>	<b>(155.2)</b>	<b>(191.0)</b>
<b>Cash flow from financing activities</b>					
Borrowings	–	–	–	–	–
<b>Net cash flow received / (used) in financing activities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Cash flow for the period</b>	<b>15.6</b>	<b>0.4</b>	<b>(12.4)</b>	<b>(21.7)</b>	<b>5.7</b>
Cash and cash equivalents less bank overdrafts at beginning of the period	0.0	0.2	28.0	22.3	22.3
<b>Cash and cash equivalents less bank overdrafts at end of the period</b>	<b>15.6</b>	<b>0.6</b>	<b>15.6</b>	<b>0.6</b>	<b>28.0</b>

\* Audited

## Parent Company – Statement of Changes in Equity

Amounts in SEK M			
	Share capital	Retained earnings	Total equity
<b>Balance at 1 January 2015</b>	<b>0.5</b>	<b>0.3</b>	<b>0.8</b>
<b><i>Comprehensive income</i></b>			
Profit for the year	–	2.1	2.1
<b><i>Other comprehensive income</i></b>			
<b>Total comprehensive income</b>	<b>–</b>	<b>2.1</b>	<b>2.1</b>
<i>Transactions with owners</i>			
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Balance at 31 December 2015*</b>	<b>0.5</b>	<b>2.4</b>	<b>2.9</b>
<b>Balance at 1 January 2016</b>	<b>0.5</b>	<b>2.4</b>	<b>2.9</b>
<b><i>Comprehensive income</i></b>			
Profit / (loss) for the period	–	(0.7)	(0.7)
<b><i>Other comprehensive income</i></b>			
<b>Total comprehensive income</b>	<b>–</b>	<b>(0.7)</b>	<b>(0.7)</b>
<i>Transactions with owners</i>			
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Balance at 30 June 2016</b>	<b>0.5</b>	<b>1.7</b>	<b>2.2</b>

\* Audited

## Notes

### Note 1. General information

DDM Treasury Sweden AB (publ) (“DDM Treasury” or “the Company”) and its subsidiaries (together “DDM Treasury Group” or “the Group”) provide liquidity to lenders on certain lending markets by acquiring distressed consumer debt, enabling the lenders to continue providing loans to companies and individuals. DDM Treasury Group then assists the consumers to restructure their overdue debt.

DDM Treasury was founded in 2013 as a wholly owned subsidiary of DDM Group AG, Baar, Switzerland. DDM Invest XX AG is wholly owned subsidiary of DDM Treasury. On 23 June 2015 DDM Invest I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV AG and DDM Invest X AG, Baar, Switzerland were acquired by DDM Treasury Sweden AB. They are wholly owned subsidiaries, therefore this acquisition was not considered as a business combination according to IFRS 3, as the transaction was done during the ordinary course of business among entities which are under common control of DDM Holding AG.

DDM Treasury acts solely as an issuer of financial instruments and extends this funding intra-group, whereas DDM Group AG acts as the investment manager and makes all decisions regarding investments and allocation of resources.

The Parent Company, DDM Treasury Sweden AB (publ) is a limited liability company with registered offices in Stockholm, Sweden and its Swedish Corporate ID No. is 556910-3053. The address of the main office and postal address is Västmannagatan 4, SE-111 24, Stockholm, Sweden.

All amounts are reported in million Swedish krona, SEK M, unless stated otherwise. Rounding differences might occur.

### Note 2. Basis of preparation

This Interim Report has been prepared in compliance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) as endorsed by the EU, the Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups issued by RFR, the Swedish Financial Reporting Board. The Parent Company’s financial statements have been prepared in compliance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities issued by RFR. The accounting policies that are most critical to the Group and Parent Company are stated in DDM Treasury’s Annual Report for 2015. Figures in tables and comments may be rounded.

### Note 3. Revenue on invested assets by region

Revenue on invested assets is recognized in the income statement in the “Revenue on invested assets” line item, which is the net amount of the cash collections at the collected amount (net of direct collection costs), amortization of invested assets and revaluation of invested assets. As the collection procedure is outsourced, the net amount of cash collected is recorded within the line “Revenue on invested assets” in the income statement.

SEK M	1 Apr – 30 Jun 2016	1 Apr – 30 Jun 2015	1 Jan – 30 Jun 2016	1 Jan – 30 Jun 2015	Full Year 2015*
Hungary	26.0	–	70.2	–	122.0
Romania	12.7	12.6	22.7	27.3	57.1
Czech Republic	10.7	6.7	25.6	6.7	18.9
Russia	1.0	6.2	1.3	7.7	9.4
Slovakia	0.3	0.1	0.5	0.1	0.8
Slovenia	0.0	6.9	0.0	20.0	18.6
Poland	0.0	1.5	(1.0)	1.5	1.8
<b>Net collections</b>	<b>50.7</b>	<b>34.0</b>	<b>119.3</b>	<b>63.3</b>	<b>228.6</b>
Amortization of invested assets	(34.9)	(18.8)	(84.0)	(39.0)	(57.8)
<b>Interest income on invested assets before revaluation</b>	<b>15.8</b>	<b>15.2</b>	<b>35.3</b>	<b>24.3</b>	<b>170.8</b>
Revaluation of invested assets	(0.6)	(0.7)	(0.1)	2.8	(41.4)
<b>Revenue on invested assets</b>	<b>15.2</b>	<b>14.5</b>	<b>35.2</b>	<b>27.1</b>	<b>129.3</b>

The chief operating decision maker of DDM reviews the financial outcome as a whole. Analysis is performed on a portfolio-by-portfolio basis but the chief operating decision maker reviews the outcome on the group as a whole. Each portfolio is not considered to be an identifiable segment and the Group reports segment on an entity basis, i.e. one operating segment.

The Group discloses information regarding revenue on invested assets based on its key geographic areas.

DDM acquires its portfolios from financial institutions at a discount. Such discount gives DDM room to negotiate realistic instalment plans with debtors. DDM targets portfolios with a market value of EUR 3–30 million.

#### Note 4. Distressed asset portfolios and other long-term receivables from investments

DDM Treasury Group invests in distressed asset portfolios, where the receivables are directly against the debtor, and in other long-term receivables from investments, where the receivables are against the local legal entities holding the portfolios of loans.

##### Other long-term receivables from investments

DDM Group AG owns 100% of the shares in the local legal entities holding the leasing portfolios. However, the economic substance of the investments are the underlying portfolios of loans, which the DDM Treasury Group owns together with a co-investor. As a result, the underlying assets which represent other long-term receivables from investments are recognized in the DDM Treasury Group financial statements. The receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

The following investments are treated in this manner:

Entity	Domicile	30 June	31 December
		2016	2015
Lombard Pénzügyi és Lízing Zrt.	Hungary	100%	100%
Lombard Ingatlan Lízing Zrt.	Hungary	100%	100%
Lombard Bérlet Kft.	Hungary	100%	100%

The recognition of the acquisition of distressed asset portfolios and other long-term receivables from investments is based on the DDM Treasury Group's own forecast of future cash flows from acquired portfolios. Distressed asset portfolios and other long-term receivables from investments consist mainly of portfolios of non-performing consumer debts purchased at prices significantly below their principal value. Such assets are classified as non-current assets. Reporting follows the effective interest method, where the carrying value of each portfolio corresponds to the present value of all projected future cash flows discounted by an initial effective interest rate determined on the date the portfolio was acquired, based on the relation between cost and the projected future cash flows on the acquisition date. Changes in the carrying value of the portfolios are reported as amortization and revaluation for the period.

Distressed asset portfolios and other long-term receivables from investments are reported at amortized cost using the effective interest method. The initial effective interest rate is calculated for each portfolio / receivable based on its purchase price including transaction costs and estimated cash flows that, based on a probability assessment, are expected to be received from the debtors of the corresponding portfolio net of collection costs. Current cash flow projections are monitored over the course of the year and updated based on, among other things, achieved collection results and macroeconomic information. If the cash flow projections are revised, the carrying amount is adjusted to reflect actual and revised estimated cash flows. DDM Treasury Group recalculates the carrying amount by computing the present value of estimated future cash flows using the original effective interest rate. Both a reduction and an increase in the carrying amount is recorded in the income statement in the line "Revaluation of invested assets".

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

If the Company sells a portfolio / receivable for a higher or lower amount than its carrying value, the resulting gain or loss on disposal is recognized in the consolidated income statement (within the line "Revaluation of invested assets").

The DDM Treasury Group 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 net collections and operating profit / (loss) of the DDM Treasury Group.

Net collections are distributed by currency as follows:

SEK M	1 Apr – 30 Jun	1 Apr – 30 Jun	1 Jan – 30 Jun	1 Jan – 30 Jun	Full Year
	2016	2015	2016	2015	
HUF	26.0	–	70.2	–	122.0
CZK	10.7	6.6	25.6	6.6	18.9
EUR	7.4	15.4	11.4	37.1	51.4
RON	5.6	6.2	11.7	13.2	25.9
RUB	1.0	4.1	1.3	5.5	9.4
Other (MKD, USD, PLN, CHF)	0.0	1.7	(0.9)	0.9	1.0
<b>Total</b>	<b>50.7</b>	<b>34.0</b>	<b>119.3</b>	<b>63.3</b>	<b>228.6</b>

In terms of balance sheet positions denominated in foreign currencies that are then recalculated in SEK, the carrying values of distressed asset portfolios and other long-term receivables from investments owned by the DDM Treasury Group are distributed as follows:

SEK M	30 June 2016	31 December 2015
HUF	100.9	152.7
CZK	71.8	29.5
EUR	66.4	73.6
RON	35.7	41.5
RUB	35.2	33.4
CHF	13.7	13.8
PLN	11.8	12.3
MKD	0.3	0.4
<b>Total</b>	<b>335.8</b>	<b>357.2</b>

## Note 5. Borrowings

The Group has outstanding bonds. A bond loan was issued in June 2013, totaling SEK 300,000,000 at 13% interest, with maturity date of 26 June 2016 by DDM Treasury. On May 18, 2015, DDM Treasury initiated a written procedure to allow noteholders to vote on a restatement and certain amendments to the existing terms and conditions.

The Written Procedure was closed on 11 June 2015 and the Notes Exchange became effective on 23 June 2015. DDM Treasury made an additional cash payment of 4% on the effective date to the noteholders. In connection to the notes exchange DDM Invest I AG, DDM Invest II AG, DDM Invest III AG, DDM Invest IV AG and DDM Invest X AG were transferred to the direct ownership of DDM Treasury and pledged as security.

The amended terms and conditions included extension of the maturity to December 27, 2018, wider geographic scope in Europe, removal of cash-covenants and hedging restrictions, improved possibilities for future dividend payments and the introduction of an Inter-Creditor Agreement. The amended Terms and Conditions in their entirety are available on our website along with a summary of the amendments. Following the amendment and extension in June 2015 to the senior secured bonds issued by DDM Treasury, the Swiss Federal Tax Administration ruled that Swiss withholding tax of 35% is applicable. Holders of the bonds are entitled to a refund from the Swiss Federal Tax Administration, subject to them fulfilling the conditions for refund. There is no additional interest or withholding tax charge impacting the Company.

A second bond loan was issued in September 2013, totaling SEK 31,000,000 at 18% interest rate with maturity date 30 September 2016 by DDM Treasury. The shares of DDM Invest XX AG are pledged under the shareholder's agreement. The bond loans are secured by these shares.

During the fourth quarter of 2014 DDM Group AG repurchased SEK 6.0M of the junior bond loan that was issued in September 2013, at 18% interest, on the open market.

During the second quarter of 2016 DDM Group AG repurchased SEK 5.0M of the SEK 300M bond loan that was issued in June 2013, at 13% interest, on the open market.

### Long-term liabilities

Group SEK M	30 June 2016	31 December 2015
Bond loan	275.1	277.0
<b>Total</b>	<b>275.1</b>	<b>277.0</b>

### Maturities of long-term borrowings

Group SEK M	30 June 2016	31 December 2015
Between 1 and 2 years	–	–
Between 2 and 3 years	275.1	277.0
Between 3 and 4 years	–	–
Between 4 and 5 years	–	–
<b>Total</b>	<b>275.1</b>	<b>277.0</b>

### Long-term liabilities

Parent Company SEK M	30 June 2016	31 December 2015
Bond loan	275.1	277.0
<b>Total</b>	<b>275.1</b>	<b>277.0</b>

### Maturities of long-term borrowings

Parent Company SEK M	30 June 2016	31 December 2015
Between 1 and 2 years	–	–
Between 2 and 3 years	275.1	277.0
Between 3 and 4 years	–	–
Between 4 and 5 years	–	–
<b>Total</b>	<b>275.1</b>	<b>277.0</b>

### Note 6. Participations in Group companies

Parent Company SEK M	30 June 2016	31 December 2015
Investment	5.6	5.6
<b>Total</b>	<b>5.6</b>	<b>5.6</b>

The Parent Company holds shares in the following subsidiaries:

SEK M Company	Corporate identity number	Domicile	Proportion of equity	Net book value	
				30 June 2016	31 December 2015
DDM Invest I AG	CHE 113.863.850	Switzerland	100%	1.4	1.4
DDM Invest II AG	CHE 115.038.302	Switzerland	100%	0.6	0.6
DDM Invest III AG	CHE 115.238.947	Switzerland	100%	0.6	0.6
DDM Invest IV AG	CHE 317.413.116	Switzerland	100%	0.8	0.8
DDM Invest X AG	CHE 130.419.930	Switzerland	100%	1.5	1.5
DDM Invest XX AG	CHE 349.886.186	Switzerland	100%	0.7	0.7
<b>Total</b>				<b>5.6</b>	<b>5.6</b>

### Note 7. Subsequent events

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

# Signatures

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The Board of Directors and Chief Executive Officer declare that the interim report 1 January – 30 June 2016 provides a fair overview of the Parent Company's and the Group's operations, their financial positions and result. The material risks and uncertainties facing the Parent Company and the Group are described in the 2015 Annual report.

Stockholm, 11 August 2016

Kent Hansson  
Chairman of the board

Fredrik Waker  
Board member

Manuel Vogel  
Board member

Gustav Hultgren  
CEO



# Definitions

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## **DDM**

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

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## **Amortization of invested assets**

The carrying value of distressed asset portfolios and other long-term receivables from investments are amortized over time according to the effective interest rate method.

## **Cash EBITDA**

Net collections less operating expenses.

## **EBITDA**

Earnings before interest, taxes, depreciation of fixed assets and amortization of intangible assets as well as amortisation and revaluation of invested assets.

## **Equity**

Shareholders' equity at the end of the period.

## **Net collections**

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

## **Net debt**

Long-term and short-term loans including subordinated debt, liabilities to credit institutions (bank overdrafts) less cash and cash equivalents.

## **Non-recurring items**

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

## **Operating expenses**

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

## **Revaluation of invested assets**

Distressed asset portfolios and other long-term receivables from investments are reviewed at each reporting date and revalued if there is objective evidence that one or more events have taken place that will have a positive or negative impact on future cash flows.

# About DDM

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**DDM Treasury Sweden AB** (NGM: DDM1) is a subsidiary of **DDM Holding AG** (First North: DDM) a key acquirer and manager of distressed assets, offering the prospect of attractive returns from the expanding Eastern European market for distressed assets and non-performing loans. Since 2007, the DDM Group has built a successful platform in Eastern Europe, currently managing 2.3 million receivables with a nominal value of over EUR 2.1 billion.

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

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

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



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