

**P Capital Partners Alpha AB**  
**Org nr 556805-9660**

**INTERIM REPORT FOR THE PERIOD 1 JANUARY 2021 – 30 JUNE 2021**

The Board of Directors and Chief Executive Officer of P Capital Partners Alpha AB hereby present the interim report on the activities of the company for the period 1 January 2021 – 30 June 2021.

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Unless otherwise stated, all amounts refer to thousands of Swedish kronor (SEK '000). Figures in parentheses refer to the previous year.

## **DIRECTORS' REPORT**

### **OPERATIONS**

P Capital Partners Alpha AB, which is a subsidiary of P Capital Partners AB (556930-7027) operates a corporate lending business. The company is an alternative investment fund within the meaning of the Swedish Alternative Investment Fund Managers Act (2013:561) and is managed by the parent company, P Capital Partners, which since 18 June 2014, holds a license from the Swedish Financial Supervisory Authority for the management of alternative investment funds under the Alternative Investment Fund Managers Act (2013:561).

The business is focused on direct loans to businesses and the acquisition of listed bonds and other debt securities. The company's main currency is Swedish kronor (SEK). Any investments made in other currencies are normally hedged to Swedish kronor. Investments are made alongside with Proventus Capital Partners Alpha KB (corp. ID 969771-7131).

The operations are funded with capital contributed by the owners and through profit participating debentures from primarily institutional investors. The total funding commitments to the company are SEK 1,895 million. From 4 December 2018, the fund was closed to new investments, as the P Capital group has launched its new fund P Capital Partners IV, therefore, no more contributions will be requested. A total of SEK 1,327 million has been contributed to the company, corresponding to 70 per cent of the total funding.

Profit-sharing with holders of profit participation debentures of the company is settled in Swedish kronor. The interim report is prepared in Swedish kronor.

### **SIGNIFICANT EVENTS DURING THE REPORTING PERIOD**

Investing activities began in 2015, and at the end of the reporting period comprised seven (eight) commitments. 100% (100%) of the portfolio is invested in direct lending to businesses. The value of the company's loan portfolio was SEK 927 (1 013) million.

During the period the company's loan portfolio has developed in line with expectations and one loan was repaid in full.

### **RESULTS AND FINANCIAL POSITION**

The loss for the period was SEK -11 (-11) million and equity at the end of the period was SEK 3 (3) million. The company's part of the cumulative return on the portfolio since its inception is SEK 225 (225) million.

### **OUTLOOK**

The company's target is to generate a 5 per cent net annual return for the holders of profit participation debentures. There is currently nothing to suggest that the company will not be able to deliver a return to investors that is in line with expectations.

### **OTHER**

The company's profit participation debentures are listed on the Miscellaneous Nordic AIF Sweden segment under Main Regulated at NGM in Stockholm.

The results of the operations during the period and the financial position at the end of the period are shown in the following income statements and balance sheets, with accompanying notes.

## INCOME STATEMENT

	Note	2021-01-01 <u>2021-06-30</u>	2020-01-01 <u>2020-06-30</u>	2020-01-01 <u>2020-12-31</u>
Interest income using the effective interest method	3	24 287	27 107	54 473
Interest income and similar income	3	14 451	7 664	45 612
Interest expenses and similar charges	3	-36 218	-30 024	-90 881
Net expected credit losses	5	1 326	-1 070	-1 646
Administrative expenses	2	-3 845	-14 735	-7 418
<b>Operating profit/loss</b>		<b>0</b>	<b>-11 059</b>	<b>140</b>
Group contributions received		0	0	0
Group contributions made		0	0	-140
<b>Profit/loss before tax</b>		<b>0</b>	<b>-11 059</b>	<b>0</b>
Tax	4	0	0	0
<b>Profit/loss for the period</b>		<b>0</b>	<b>-11 059</b>	<b>0</b>

## STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the period	0	-11 059	0
Other comprehensive income	0	0	0
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>-11 059</b>	<b>0</b>

**BALANCE SHEET**

<b>ASSETS</b>	Note	<u>2021-06-30</u>	<u>2020-12-31</u>	<u>2020-06-30</u>
<b>Non-current assets</b>				
Non-current financial assets	5	<u>926 884</u>	<u>1 012 601</u>	<u>1 055 417</u>
<b>Total non-current assets</b>		<b>926 884</b>	<b>1 012 601</b>	<b>1 055 417</b>
<b>Current assets</b>				
Current receivables				
Receivables from group companies		27 382	11 059	12 900
Other current receivables		0	0	28
Short-term investments		1 649	24 587	30 921
Prepaid expenses and accrued income		<u>94</u>	<u>17</u>	<u>0</u>
		29 125	35 663	43 849
<b>Cash and cash equivalents</b>		<u>37 538</u>	<u>84 701</u>	<u>56 116</u>
<b>Total current assets</b>		<b>66 663</b>	<b>120 364</b>	<b>99 965</b>
<b>TOTAL ASSETS</b>		<b><u>993 547</u></b>	<b><u>1 132 965</u></b>	<b><u>1 155 382</u></b>

## BALANCE SHEET

### EQUITY AND LIABILITIES

	Not	<u>2021-06-30</u>	<u>2020-12-31</u>	<u>2020-06-30</u>
<b>Equity</b>				
Restricted equity				
Share capital (5,500 shares with a quotient value of SEK 100)		550	550	550
		550	550	550
Non-restricted equity				
Retained earnings		2 459	13 801	13 850
Profit/loss for the period		0	0	-11 059
From 4 December 2018, the fund was closed to new investments, as t		2 459	13 801	2 792
<b>ft Total equity</b>		<b>3 009</b>	<b>14 351</b>	<b>3 342</b>
<b>Non-current liabilities</b>				
Other non-current liabilities	6	976 176	1 115 978	1 148 926
<b>Total non-current liabilities</b>		<b>976 176</b>	<b>1 115 978</b>	<b>1 148 926</b>
<b>Current liabilities</b>				
Accounts payable		0	213	-
Liabilities to group companies		12 957	1 846	1 861
Other current liabilities		1 025	0	759
Accrued expenses and deferred income		379	577	495
<b>Total current liabilities</b>		<b>14 362</b>	<b>2 636</b>	<b>3 115</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>993 547</u></b>	<b><u>1 132 965</u></b>	<b><u>1 155 382</u></b>

**STATEMENT OF CHANGES IN EQUITY**

	Share capital	Retained earnings	Other paid-in capital	Total capital
<b>Opening balance, 1 January 2020</b>	<b>550</b>	<b>-12</b>	<b>14 062</b>	<b>14 600</b>
<b>Comprehensive income</b>				
Profit for the period		0		0
Other comprehensive income				
<b>Total other comprehensive income</b>		<b>0</b>		<b>0</b>
<b>Transactions with shareholders</b>				0
Shareholder contributions repaid *)			-249	-249
<b>Total transactions with shareholders</b>		<b>-</b>	<b>-249</b>	<b>-249</b>
<b>Closing balance, 31 December 2020</b>	<b>550</b>	<b>-12</b>	<b>13 813</b>	<b>14 351</b>
<b>Comprehensive income</b>				
Profit/loss for the period		0		0
Other comprehensive income				
<b>Total other comprehensive income</b>		<b>0</b>		<b>0</b>
<b>Transactions with shareholders</b>				
Dividend to shareholders			-11 059	-11 059
Shareholder contributions repaid *)			-283	-283
<b>Total transactions with shareholders</b>			<b>-11 342</b>	<b>-11 342</b>
<b>Closing balance, 30 June 2021</b>	<b>550</b>	<b>-12</b>	<b>2 471</b>	<b>3 009</b>

\*) The operations are financed as needed through contingent capital contributions from the owners. The terms of repayment for the contributions are that repayments have been made on the fund's portfolio.

**STATEMENT OF CASH FLOWS**

	2021-01-01- <u>Note</u> <u>2021-06-30</u>	2020-01-01- <u>2020-06-30</u>	2020-01-01- <u>2020-12-31</u>
	7		
<b>Cash flow from operations</b>	35 585	4 148	101 556
Interest paid	-55 719	-16 464	-54 736
Changes in current receivables	-77	0	-10
Changes in receivables from Group companies	-16 324	849	2 683
Changes in liabilities to Group companies	11 268	-627	494
Changes in current liabilities	-411	1 135	263
<b>Cash flow from operating activities</b>	<b>-25 678</b>	<b>-10 959</b>	<b>50 250</b>
Acquisition of/increase in non-current financial assets	-3 743	-6 151	-25 358
Sale of/decrease in non-current financial assets	100 919	27 485	32 750
<b>Cash flow from investing activities</b>	<b>97 176</b>	<b>21 335</b>	<b>7 391</b>
Group contributions paid	-156	369	259
Shareholder contributions repaid	-283	-200	-249
Dividend	-11 059	0	0
Decrease in non-current liabilities	-107 163	-75 411	-93 933
<b>Cash flow from financing activities</b>	<b>-118 661</b>	<b>-75 242</b>	<b>-93 923</b>
<b>Cash flow for the period</b>	<b>-47 163</b>	<b>-64 866</b>	<b>-36 281</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>84 701</b>	<b>120 982</b>	<b>120 982</b>
<b>Cash and cash equivalents at end of period</b>	<b>37 538</b>	<b>56 116</b>	<b>84 701</b>

## NOTES TO THE ACCOUNTS AND ACCOUNTING POLICIES

### Note 1 Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting with regards to the exemptions from and additions to IFRS indicated in RFR 2 Accounting for legal entities.

The same accounting policies and grounds for assessments as in the latest Annual Report have been used.

### Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currencies have been valued at closing rates. Currency forwards used to hedge short-term investments are stated at fair value with changes in value recognised through profit or loss as interest income and similar income. The following exchange rates have been used in valuation of assets and liabilities:

EUR 10,1249 (10,4804); USD 8,5103 (9,3490); GBP 11,7663 (11,4693)

### Note 2 Administrative expenses

Intercompany purchases and sales: Included in administrative expenses are costs for administration and offices invoiced from P Capital Partners AB of EUR 3.0 (3.0) million corresponding to SEK 31.0 (32.9) million during the first half of 2021.

Average number of employees: As in the preceding year, the company had no employees.

### Note 3 Interest income, interest expense and similar income charges

	2021-01-01 <u>2021-06-30</u>	2020-01-01 <u>2020-06-30</u>
Interest income in accordance with the effective interest method		
Interest income from loans	24 287	27 107
Total	<u>24 287</u>	<u>27 107</u>
Interest income and similar income items		
Currency profits	14 144	7 636
Other interest income	306	0
Other financial income	0	28
Total	<u>14 451</u>	<u>7 664</u>
Interest expenses and similar charges		
Interest expenses, profit participation debentures	-23 080	-22 924
Other interest expenses	-45	0
Currency losses	-13 093	-7 100
Total	<u>-36 218</u>	<u>-30 024</u>
Interest income from assets recognised at fair value.	306	0
Interest income from assets recognised at amortised cost.	24 287	27 107
	<u>24 593</u>	<u>27 107</u>
Interest expenses from liabilities recognised at fair value	-45	-433
Interest expenses from liabilities recognised at amortised cost	-23 080	-22 491
	<u>-23 125</u>	<u>-22 924</u>

### Note 4 Tax

	2021-01-01 <u>2021-06-30</u>	2020-01-01 <u>2020-06-30</u>
Recognised profit/loss before tax	0	-11 059
Tax according to applicable tax rate (20.6%)	0	0
Tax effect of group contributions to parent company	0	0
Reported tax expense	<u>0</u>	<u>0</u>

Any tax earnings are settled against the parent company through group contributions at year-end. No tax has therefore been calculated on earnings, since the group contribution is fixed at the end of the financial year.



### Note 5 Non-current financial assets

	<u>2021-06-30</u>	<u>2020-12-31</u>
Other securities held as non-current assets	925 530	1 011 040
Accrued interest	1 354	1 561
Total	<u>926 884</u>	<u>1 012 601</u>
Change, IFRS 9 reserve	<u>2021-06-30</u>	<u>2020-12-31</u>
Opening reserve	-2 125	-479
Change for the period	<u>1 326</u>	<u>-1 646</u>
Closing reserve	<u>-799</u>	<u>-2 125</u>

The change during the period of the IFRS 9 reserve has been recognised in the income statement. The closing reserve for future credit losses has been recognised in the balance sheet under non-current financial assets. As the state of the world economy has improved from what was expected at the same time last year, the reserve has decreased.

Other securities held as non-current assets refer to direct loans to businesses. At the end of the financial year, the portfolio comprised seven commitments. The maturities vary and are estimated from one up to three years.

### Note 6 Other non-current liabilities

#### Profit participation debentures

The holders of profit participation debentures have undertaken to provide funding of up to SEK 1,890 million. The owner's contribution under the same agreement amount to SEK 5 million. The capital can be accessed on ten days' notice in portions of 10 per cent of the total undertaking. The lenders bear the same risk as the shareholders of the company with regard to the return on invested capital. However, the shareholders have a greater responsibility for the business and a duty to distribute the return to the holders of the profit participation debentures in accordance with the contractual provisions. The debentures have no guaranteed return or guaranteed right to repayment. The return is contingent on the realisation of profits and is settled quarterly if the terms of the debentures have been met, see also the information under "Accounting policies."

#### Return on profit participation debentures

SEK	Maturity	<u>2021-06-30</u>		<u>2020-12-31</u>	
		Nominal value	Carrying value	Nominal value	Carrying value
Profit participation certificates	2014-2024	934 038	976 176	1 041 201	1 115 978
Unrealised gain			42 138		74 777
Realised gain			<u>196 499</u>		<u>140 780</u>
Total income, profit participation certificates			<u>238 637</u>		<u>215 557</u>

The profit participation debentures are listed on the Miscellaneous Nordic AIF Sweden segment under Main Regulated at NGM in Stockholm.

### Note 7 Cash flow from operations

	<u>2021-06-30</u>	<u>2020-06-30</u>
Profit/loss before tax	0	-11 059
<i>Adjustments for non-cash items, etc.</i>		
Unrealised gain/loss on currency forwards	23 964	-8 406
Unrealised change in value, short-term investments	0	-6 583
Unrealised change in value, non-current financial assets	-11 666	3 949
Allocated interest expenses	23 080	22 491
Allocated interest income	<u>207</u>	<u>3 756</u>
Cash flow from operations	<u>35 585</u>	<u>4 148</u>

**Note 8 Contingent liabilities**

	<u>2021-06-30</u>	<u>2020-12-31</u>
Funding commitments made to existing borrowers	0	0
Contingent liability in the capacity of general partner of Proventus Capital Partners Alpha KB	159	65
	<u>159</u>	<u>65</u>

**Note 9 Related party transactions**

P Capital Partners Alpha AB is owned by P Capital Partners AB (556930-7027), which is the parent company of the group. The parent company provides services to the company, for which it receives a management fee based on total capital that is invoiced on a quarterly basis. The fee, which is included in administrative expenses, was SEK 3.2 (3.3) million in the first half of 2021.

Stockholm, 30 August 2021

Anders Thelin  
Chairman

Daniel Sachs  
Chief Executive Officer

Christian Reiner

Åsa Hansdotter

Anna Ramel

This interim report has been reviewed by the company's auditor.



## **Auditor's report**

*Unofficial translation*

P Capital Partners Alpha AB (publ), reg no 556805-9660

### **Introduction**

We have reviewed the condensed interim financial information (interim report) of P Capital Partners Alpha AB (publ) as of 30 June 2021 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act.

Stockholm the date according to our digital signatur

Öhrlings PricewaterhouseCoopers AB

Daniel Algotsson  
Authorized Public Accountant