

P Capital Partners Alpha AB
Org nr 556805-9660

INTERIM REPORT FOR THE PERIOD 1 JANUARY 2023 – 30 JUNE 2023

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 2023 – 30 June 2023.

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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 four (six) commitments. The total value of the entire PCP Alpha loan portfolio (including PCP Alpha KB) was SEK 386 (723) million.

During the period the company's loan portfolio has developed in line with expectations and no loan have been repaid.

RESULTS AND FINANCIAL POSITION

The net profit and loss for the period was SEK 0 (0) million and equity at the end of the period was SEK 2 (2) million. The company's part of the cumulative return on the portfolio since its inception is SEK 352 (326) 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	2023-01-01 <u>2023-06-30</u>	2022-01-01 <u>2022-06-30</u>	2022-01-01 <u>2022-12-31</u>
Operating income				
Interest income using the effective interest method	3	21,618	19,842	42,808
Interest income and similar income	3	23,168	25,011	38,100
		44,787	44,853	80,908
Operating costs				
Interest expense and similar charges	3	-26,723	-41,918	-73,874
Credit losses net	5	-15,941	-201	-1,684
Administrative expenses	2	-2,123	-2,734	-5,247
		-44,787	-44,853	-80,805
Operating profit		0	0	103
Group contributions made		0	0	-103
Profit/loss before tax		0	0	0
Tax	4	0	0	0
Profit/loss and total comprehensive income for the period		0	0	0

BALANCE SHEET

ASSETS	<u>Note</u>	<u>2023-06-30</u>	<u>2022-12-31</u>	<u>2022-06-30</u>
Non-current assets				
Non-current financial assets	5	73,556	84,768	400,350
Total non-current assets		73,556	84,768	400,350
Current assets				
<i>Current receivables</i>				
Short-term loans		312,474	619,254	322,929
Receivables from group companies		21,756	49,133	9,852
Short-term investments		0	4,159	0
Accrued expenses and deferred income		78	77	51
		334,309	672,623	332,831
<i>Cash and cash equivalents</i>		38,370	1,714	39,461
Total current assets		372,679	674,337	372,292
TOTAL ASSETS		446,234	759,105	772,642

BALANCE SHEET

EQUITY AND LIABILITIES

	<u>Not</u>	<u>2023-06-30</u>	<u>2022-12-31</u>	<u>2022-06-30</u>
Equity				
<i>Restricted equity</i>				
Share capital (5,500 shares with a quotient value of SEK 100)		550	550	550
		550	550	550
<i>Non-restricted equity</i>				
Retained earnings		972	1,763	1,829
Profit/loss for the period		0	0	0
		972	1,763	1,829
Total equity		1,522	2,313	2,379
Non-current liabilities				
Other non-current liabilities	6	425,803	749,237	756,068
Total non-current liabilities		425,803	749,237	756,068
Current liabilities				
Liabilities to group companies		681	1,277	1,265
Other current liabilities		18,001	6,054	12,723
Accrued expenses and deferred income		228	224	207
Total current liabilities		18,910	7,555	14,195
TOTAL EQUITY AND LIABILITIES		446,234	759,105	772,642

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Profit/loss for the year	Total capital
Opening balance, 1 January 2022	550	24,874	-22,502	2,922
Transfer of the previous year`s results		-22,502	22,502	0
Profit/loss and total comprehensive income for the year			0	0
Total comprehensive income for the period		-22,502	22,502	0
Transactions with shareholders				
Shareholder contributions repaid *)		-609		-609
Total transactions with shareholders		-609		-609
Closing balance, 31 December 2022	550	1,763	0	2,313
Profit/loss and total comprehensive income for the year			0	0
Total comprehensive income for the period		0	0	0
Transactions with shareholders				
Shareholder contributions repaid *)		-791		-791
Total transactions with shareholders		-791		-791
Closing balance, 30 June 2023	550	972	0	1,522

*) The operations are funded partly through contingent capital contributions from the owners. The terms of repayment for the contributions are that repayments have been made of the fund's investments.

STATEMENT OF CASH FLOWS

	2023-01-01	2222-01-01	2022-01-01
	<u>2023-06-30</u>	<u>2022-06-30</u>	<u>2022-12-31</u>
Interest paid	0	-33	-33
Interest received	16,323	18,441	38,149
Financial transactions net	-7,645	-20,322	-20,322
Paid administration costs	-2,111	-2,685	-5,247
Cash flow from operations	6,567	-4,598	12,547
Change in current receivables	37	-20	36
Change in current liabilities	4	-35	-18
Change in group receivables/liabilities	26,782	-1,477	-65,277
Decrease of non-current financial assets	330,477	44,720	78,758
Cash flow from operating activities	357,300	43,188	13,499
Repaid shareholder contributions	-791	-543	-230,202
Decrease in non-current liabilities	-298,998	-205,065	-6,532
Paid interest on non-current liabilities	-27,422	-6,532	-609
Cash flow from financing activities	-327,211	-212,139	-237,343
Cash flow for the period	36,655	-173,550	-211,297
Cash and cash equivalents at beginning of period	1,714	213,011	213,011
Cash and cash equivalents at end of period	38,370	39,461	1,714

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 a currency which is not the reporting currency

Receivables and liabilities in foreign currency have been valued at closing rates and profits from currency movements are reported as part of interest income and similar income and losses from currency movements are reported as part of interest expenses and similar charges. The following exchange rates have been used in valuation of assets and liabilities:

EUR 11.7917 (10.6801); USD 10.8509 (10.2194); GBP 13.7202 (12.4127)

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 SEK 1.6 (2.2) million during the first half of 2023.

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

Note 3 Interest income, interest expense and similar profit/loss items

	2023-01-01 <u>2023-06-30</u>	2022-01-01 <u>2022-06-30</u>
<i>Interest income in accordance with the effective interest method</i>		
Interest income in accordance with the effective interest method	21,619	19,842
Total	<u>21,619</u>	<u>19,842</u>
<i>Interest income and similar income</i>		
Currency profits	23,146	25,011
Other interest income	<u>22</u>	<u>0</u>
Total	<u>23,168</u>	<u>25,012</u>
<i>Interest expenses and similar charges</i>		
Interest expenses profit participation debentures	-2,986	-16,428
Other interest expenses	0	-33
Currency losses	<u>-23,737</u>	<u>-25,457</u>
Total	<u>-26,723</u>	<u>-41,918</u>
Interest income from assets at fair value.	22	0
Interest income from assets at amortised cost.	<u>21,619</u>	<u>19,842</u>
	21,641	19,842
Interest expenses from liabilities at fair value	0	-33
Interest expenses from liabilities at amortised cost	<u>-2,986</u>	<u>-16,428</u>
	-2,986	-16,461

Note 4 Tax

	2023-01-01 <u>2023-06-30</u>	2022-01-01 <u>2022-06-30</u>
Reported profit before tax	0	0
Tax calculated at applicable rate (20.6%)	<u>0</u>	<u>0</u>
Reported tax expense	0	0

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>2023-06-30</u>	<u>2022-12-31</u>
Loans		0	84,768
Total		0	84,768
Change, IFRS 9 reserve	2023-01-01	2022-01-01	2022-01-01
	<u>2023-06-30</u>	<u>2022-06-30</u>	<u>2022-12-31</u>
Opening reserve	-2,305	-621	-621
Change for the period	-15,941	-201	-1,684
Closing reserve	-18,246	-822	-2,305

The change during the period of the IFRS 9 reserve has been reported in the income statement. The closing reserve for future credit losses has been reported in the balance sheet under non-current financial assets. A reservation has been made regarding one holding with consumer exposure which has performed poorly the last few years and where credit quality has deteriorated.

Loans refer to direct loans to businesses. At the end of the period, the portfolio comprised four commitments. The maturities will vary and are estimated to be less than one year and are therefor reported under current assets.

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 contributions under the same agreement is SEK 5 million. As the investment period has ended, no additional funding is available.

The change of the accounted for amortized cost by the company issued profit participation debentures is dependent on the underlying performance of the company's assets. No part of the performance of the profit participation debentures is guaranteed by the company and profit participation debenture holders bear the same risk as shareholders of the company with regards to invested capital, but shareholders have a greater responsibility for the business and a duty to distribute profits to profit participation debenture holders according to the contractual terms. Interest is paid quarterly to holders of the profit participation debentures in accordance with the fund's terms and condition where the size of the interest is dependent on the profits realized during the quarter with deduction of the period's costs.

Return, profit participation debentures

SEK	Maturity	<u>2023-06-30</u>		<u>2022-12-31</u>	
		Nominal value	Book value	Nominal value	Book value
Profit participation debentures	2015-2024	371,763	425,803	670,761	749,237
Unrealised gain			54,040		78,476
Realised gain			245,385		217,963
Total accumulated income, profit participation debentures			299,425		296,439

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

Note 7 Contingent liabilities

	<u>2023-06-30</u>	<u>2022-12-31</u>
Funding commitments made to existing borrowers	0	0
Contingent liability in the capacity of general partner of Proventus Capital Partners Alpha KB	<u>2,068</u>	<u>712</u>
	2,068	712

Note 8 Related party transactions

P Capital Partners Alpha AB is owned by P Capital Partners AB (556930-7027). The parent company provides services to the company and is paid a management fee based on total capital where the fee is invoiced quarterly. The management fee is part of administrative expenses and during the first half of 2023 the fee was SEK 1.6 (2.2) million.

Stockholm as of the day of our digital signature

Anders Thelin
Chairman

Daniel Sachs
Chief Executive Officer

Christian Reiner
Director

Åsa Hansdotter
Director

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