

Proventus Capital Partners Alpha AB (publ)
Corp. ID no. 556805-9660

INTERIM REPORT FOR THE PERIOD 1 JANUARY 2018 - 30 JUNE 2018

The Board of Directors and Chief Executive Officer of Proventus Capital Partners Alpha AB (publ) hereby present the interim report on the activities of the Group and parent company for the period 1 January 2018 - 30 June 2018.

Contents	Page
- Directors' Report	2
- Consolidated income statement	4
- Consolidated balance sheet	5
- Consolidated statement of cash flows	8
- Parent company income statement	9
- Parent company balance sheet	10
- Parent company statement of cash flows	13
- Additional disclosures	14

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

DIRECTORS' REPORT

OPERATIONS

Proventus Capital Partners Alpha AB, which is a subsidiary of Proventus Capital Management 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 has since 18 June 2014 been managed by the parent company, Proventus Capital Management, which holds a licence 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 Group's main currency is Swedish kronor (SEK). Any investments made in other currencies are normally hedged to Swedish kronor. The investments are made chiefly through the subsidiary company Proventus Capital Partners Alpha KB.

The operations are funded with capital contributed by the owners and through profit-participating loans from primarily institutional investors. In addition, there exist undertakings to contribute capital to the subsidiary company Proventus The company through individual contributions of ten per cent of the overall commitment. At the end of the reporting period, SEK 1,055 million had been contributed to the Group.

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

RESULTS AND FINANCIAL POSITION

The investment portfolio has been built up gradually since 2015 and consisted at the end of the reporting period of holdings in eight (six) debt instruments issued by six (four) different lenders. The cumulative return on the portfolio since its inception is just over SEK 130.1 (88.9) million and the value of the portfolio was SEK 987.4 (785.1) million.

The profit for the period was SEK 2.3 (2.1) million for the Group and SEK 0.0 (0.0) million for the parent company.

Consolidated equity is SEK 112.9 (68.5) and equity in the parent company is SEK 3.0 (2.0) million.

OUTLOOK

The company's target is to generate a five per cent net annual return for the holders of profit participating certificates. Business conditions are currently good and the portfolio is growing slightly faster than planned. There is currently nothing to suggest that the company will not be able to deliver a return to its investors that is in line with the defined objectives.

OTHER INFORMATION

The company's profit participating certificates are listed on Nordic Growth Market NGM AB in Stockholm.

The results of the company's operations during the period and its financial position at the end of the period are presented in the following income statement, balance sheet and notes.

**CONSOLIDATED
INCOME STATEMENT, SEK '000**

	<u>Note</u>	<u>1 Jan 2018- 30 Jun 2018</u>	<u>1 Jan 2017- 30 Jun 2017</u>	<u>1 Jan 2017- 31 Dec 2017</u>
Administrative expenses	2,3	<u>-3 306</u>	<u>-2 442</u>	<u>-4 058</u>
Operating loss		-3 306	-2 442	-4 058
Interest income and similar income	4	20 856	21 039	41 677
Interest expense and similar charges	4	<u>-15 265</u>	<u>-16 527</u>	<u>-32 286</u>
Net financial income		5 591	4 512	9 391
Profit before tax		2 285	2 070	5 333
Tax	5	<u>-</u>	<u>-</u>	<u>-</u>
Profit for the period		<u>2 285</u>	<u>2 070</u>	<u>5 333</u>

STATEMENT OF COMPREHENSIVE INCOME

Profit for the period	2 285	2 070	5 333
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>2 285</u>	<u>2 070</u>	<u>5 333</u>
Attributable to:			
Equity holders of the parent	-	-	-
Minority interest	<u>2 285</u>	<u>2 070</u>	<u>5 333</u>
	<u>2 285</u>	<u>2 070</u>	<u>5 333</u>

**CONSOLIDATED
BALANCE SHEET, SEK '000**

ASSETS	<u>Note</u>	<u>30 Jun 2018</u>	<u>30 Jun 2017</u>	<u>31 Dec 2017</u>
Non-current assets				
Non-current financial assets	6	<u>987 121</u>	<u>785 086</u>	<u>754 058</u>
Total non-current assets		987 121	785 086	754 058
Current assets				
Current receivables				
Receivables from Group companies		-	144	-
Other current receivables		785	10 032	7
Prepaid expenses and accrued income		<u>-</u>	<u>-</u>	<u>5 951</u>
		785	10 176	5 958
Cash and cash equivalents		<u>103 687</u>	<u>4 154</u>	<u>85 421</u>
Total current assets		104 472	14 330	91 379
TOTAL ASSETS		1 091 593	799 416	845 437

**CONSOLIDATED
BALANCE SHEET, SEK '000**

EQUITY AND LIABILITIES	<u>Note</u>	<u>30 Jun 2018</u>	<u>30 Jun 2017</u>	<u>31 Dec 2017</u>
Equity				
Restricted equity				
Share capital (5,500 shares with a quotient value of SEK 10)		550	550	550
		550	550	550
Non-restricted equity				
Retained earnings		110 107	65 903	83 080
Profit for the period		2 285	2 070	5 333
		112 392	67 973	88 413
Total equity		112 942	68 523	88 963
Non-current liabilities				
Liabilities to credit institutions	8	-	149 699	-
Other non-current liabilities	9	957 506	579 916	753 865
Total non-current liabilities		957 506	729 615	753 865
Current liabilities				
Trade payables		-	-	497
Liabilities to Group companies		1 017	515	10
Other liabilities		19 894	285	1 431
Accrued expenses and deferred income		234	478	671
Total current liabilities		21 145	1 278	2 609
TOTAL EQUITY AND LIABILITIES		1 091 593	799 416	845 437

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, SEK '000

	Share capital	Retained earnings	Other paid-in capital	Minority interest	Total capital
Opening balance, 1 January 2017	550	-1 311	1 500	67 435	68 174
Comprehensive income					
Profit for the period				2 070	2 070
Other comprehensive income					
Total other comprehensive income		-		2 070	2 070
Transactions with holders of profit participating certificates					
Contributions					0
Dividends paid				-1 721	-1 721
Total transactions with holders of profit participating certificates				-1 721	-1 721
Transactions with shareholders					
Shareholder contributions received *)					-
Total transactions with shareholders		0			0
Closing balance, 30 June 2017	550	-1 311	1 500	67 784	68 523
Opening balance, 1 January 2018	550	-2 614	2 000	89 027	88 963
Transition effect provision IFRS 9		-274		-32	-306
Adjusted opening balance, 1 January 2018	550	-2 888	2 000	88 995	88 657
Comprehensive income					
Profit for the period				2 285	2 285
Other comprehensive income					
Total other comprehensive income				2 285	2 285
Transactions with holders of profit participating certificates					
Contributions				21 500	21 500
Dividends paid				-	-
Total transactions with holders of profit participating certificates				21 500	21 500
Transactions with shareholders					
Shareholder contributions received *)			500		500
Total transactions with shareholders			500	-	500
Closing balance, 30 June 2018	550	-2 888	2 500	112 780	112 942

*) 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 on the fund's portfolio.

**CONSOLIDATED STATEMENT
OF CASH FLOWS, SEK '000**

	1 Jan 2018- <u>30 Jun 2018</u>	1 Jan 2017- <u>30 Jun 2017</u>	1 Jan 2017- <u>31 Dec 2017</u>
	<u>Note</u>		
	10		
Cash flow from operating activities	-15 005	21 100	40 218
Interest paid	0	-14 765	-45 004
Interest received	20 451	0	32 078
Acquisition of/Increase in non-current financial assets	-224 242	-159 936	-166 377
Sale of/Decrease in non-current financial assets	25 808	35 519	45 462
Change in receivables from Group companies	-79	0	0
Change in liabilities to Group companies	1 180	967	497
Change in current liabilities	-466	-81	111
Cash flow from operating activities	-192 353	-117 196	-93 015
Financing activities			
Deposit, owners	21 500	-	21 500
Increase/Decrease in liabilities to credit institutions	-	118 753	-30 946
Group contributions paid	-381	-131	-827
Shareholder contributions received	500	-	500
Dividends paid	-	-1 719	-5 238
Increase in non-current liabilities	189 000	-	189 000
	210 619	116 903	173 989
Cash flow for the period	18 266	-293	80 974
Cash and cash equivalents at beginning of period	85 421	4 447	4 447
Cash and cash equivalents at end of period	103 687	4 154	85 421

PARENT COMPANY
INCOME STATEMENT, SEK '000

	<u>Note</u>	<u>1 Jan 2018- 30 Jun 2018</u>	<u>1 Jan 2017- 30 Jun 2017</u>	<u>1 Jan 2017- 31 Dec 2017</u>
Administrative expenses	2,3	<u>-2 836</u>	<u>-2 218</u>	<u>-3 526</u>
Operating loss		-2 836	-2 218	-3 526
Income from investments in Group companies		17 488	17 871	35 669
Interest expense and similar charges	4	<u>-14 652</u>	<u>-15 653</u>	<u>-30 840</u>
Net financial income		2 836	2 218	4 829
Profit after net financial income		0	0	1 303
Group contribution paid		<u>-</u>	<u>-</u>	<u>-1 303</u>
Profit before tax		-	-	0
Tax	5	<u>-</u>	<u>-</u>	<u>-</u>
Profit/loss for the period		<u>0</u>	<u>0</u>	<u>0</u>

STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the period	0	0	0
Other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period, net after tax	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>0</u>	<u>0</u>	<u>0</u>

**PARENT COMPANY
BALANCE SHEET, SEK '000**

ASSETS	<u>Note</u>	<u>30 Jun 2018</u>	<u>30 Jun 2017</u>	<u>31 Dec 2017</u>
Non-current assets				
Investments in Group companies	7	947 500	568 500	758 000
Total non-current assets		947 500	568 500	758 000
Current assets				
Current receivables				
Receivables from Group companies		112 766	77 546	95 432
Other current receivables		7	7	7
		112 773	77 553	95 439
Cash and cash equivalents		4 025	4 154	4 018
Total current assets		116 798	81 707	99 457
TOTAL ASSETS		1 064 298	650 207	857 457

**PARENT COMPANY
BALANCE SHEET, SEK '000**

EQUITY AND LIABILITIES	<u>Note</u>	<u>30 Jun 2018</u>	<u>30 Jun 2017</u>	<u>31 Dec 2017</u>
Equity				
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		2 488	1 488	1 988
Profit/loss for the period		0	0	0
		2 488	1 488	1 988
Total equity		3 038	2 038	2 538
Non-current liabilities				
Other non-current liabilities	9	957 506	579 916	753 865
Total non-current liabilities		957 506	579 916	753 865
Current liabilities				
Trade payables		-	-	497
Liabilities to Group companies		103 710	67 907	100 146
Other liabilities		-	28	28
Accrued expenses and deferred income		44	318	383
Total current liabilities		103 754	68 253	101 054
TOTAL EQUITY AND LIABILITIES		1 064 298	650 207	857 457

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, SEK '000

	Share capital	Retained earnings	Other paid-in capital	Total equity
Opening balance, 1 January 2017	550	-12	1 500	2 038
Comprehensive income				
Profit/loss for the period		0		0
Other comprehensive income				
Total other comprehensive income		0		0
Transactions with shareholders				
Shareholder contributions received *)		-		0
Total transactions with shareholders		-		0
Closing balance, 30 June 2017	550	-12		2 038
Opening balance, 1 January 2018	550	-12	2 000	2 538
Comprehensive income				
Profit/loss for the period		0		0
Other comprehensive income				
Total other comprehensive income		0		0
Transactions with shareholders				
Shareholder contributions received *)			500	500
Total transactions with shareholders			500	500
Closing balance, 30 June 2018	550	-12	2 500	3 038

*) 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 on the fund's portfolio.

**PARENT COMPANY STATEMENT
OF CASH FLOWS, SEK '000**

	<u>Note</u>	1 Jan 2018- <u>30 Jun 2018</u>	1 Jan 2017- <u>30 Jun 2017</u>	1 Jan 2017- <u>31 Dec 2017</u>
	10			
Cash flow from operating activities		14 641	15 653	32 143
Interest paid		0	-14 765	-45 004
Change in receivables from Group companies		-17 567	-17 871	-35 669
Change in liabilities to Group companies		3 681	16 821	48 862
Change in current liabilities		-367	-	66
Cash flow from operating activities		388	-162	398
Acquisition of investments in Group companies		-189 500	-	-189 500
Cash flow from investing activities		-189 500	-	-189 500
Group contribution paid		-381	-131	-827
Shareholder contributions received		500	-	500
Increase in non-current liabilities		189 000	-	189 000
Cash flow from financing activities		189 119	-131	188 673
Cash flow for the period		7	-293	-429
Cash and cash equivalents at beginning of period		4 018	4 447	4 447
Cash and cash equivalents at end of period		4 025	4 154	4 018

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 in respect of the Group and in accordance with the Swedish Annual Accounts Act and the provisions of Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board in respect of the parent company.

New accounting policies applied from 1 January 2018 are summarised as follows. IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains a model for classification and measurement of financial instruments, a forward-looking impairment model for financial assets and a substantially revised approach to hedge accounting. Classification and measurement under IFRS 9 are based on the business model applied by the entity for the management of financial assets and the characteristics of the financial asset's contractual cash flows.

IFRS 15 Revenue from Contracts with Customers is a new revenue standard which replaces existing standards and interpretations on revenue. The standard does not have any impact on PCP Alpha's net sales, as the fund does not have any other significant revenue than interest income.

In other respects, the accounting policies and bases of assessment used are the same as in the last annual report.

Receivables and liabilities in foreign currency

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

EUR 10.4213 (9.6734); USD 8.9599 (8.4690); NOK 100 = 110.0223 (100.994) GBP 11.7518 (11.0144)

Note 2 Administrative expenses

Intercompany purchases and sales:

Administrative expenses include expenses for administered services and office expenses in the amount of SEK 2.8 (1.2) million billed by Proventus Capital Management AB in the first half of 2018.

Note 3 Employees and staff costs

Parent company

	1 Jan 2018- 30 Jun 2018	1 Jan 2017- 30 Jun 2017
Remuneration (AIF funds)		
Remuneration paid to all employees:		
Fixed remuneration	-	493
Number of people	-	1
Remuneration paid to senior management and employees whose activities have a material impact on the risk profile of the alternative investment fund:		
Fixed remuneration	-	493
Number of people	-	1

Since 1 January 2018, employees engaged in investing activities at Proventus Capital Partners Alpha AB have been employed by the holding company Proventus Capital Management AB. The subsidiary company Proventus Capital Partners Alpha KB had no employees during the reporting period.

Note 4 Interest income, interest expense and similar income/charges

	Group	
	1 Jan 2018- 30 Jun 2018	1 Jan 2017- 30 Jun 2017
Interest income and similar income *)		
Interest income and change in value of loans and bonds	18 451	14 945
Foreign exchange gain/loss	7	-
Other financial income	2 398	6 094
Total	20 856	21 039

	Group	
	1 Jan 2018- 30 Jun 2018	1 Jan 2017- 30 Jun 2017
Interest expense and similar charges *)		
Interest expense	-14 839	-16 103
Foreign exchange gain/loss	-6	-4
Other financial expenses	-420	-420
Total	-15 265	-16 527

*) Interest income from assets at amortised cost	18 451	14 945
	18 451	14 945

*) Interest expense from liabilities at fair value	-198	-450
Interest expense from liabilities at amortised cost	-14 641	-15 653
	-14 839	-16 103

	Parent company	
	1 Jan 2018- 30 Jun 2018	1 Jan 2017- 30 Jun 2017
Interest expense and similar charges **)		
Interest expense	-14 652	-15 653
Foreign exchange gain/loss	-	-
Total	-14 652	-15 653

***) Interest expense from liabilities at fair value	-11	-
Interest expense from liabilities at amortised cost	-14 641	-15 653
	-14 652	-15 653

Note 5 Tax

	Group	
	1 Jan 2018- 30 Jun 2018	1 Jan 2017- 30 Jun 2017
Reported profit before tax	2 285	2 070
Tax calculated at applicable rate, 22%	-503	-455
Tax attributable to minority's interest in limited partnership	503	455
Reported tax expense	<u>0</u>	<u>0</u>
	Parent company	
	1 Jan 2018- 30 Jun 2018	1 Jan 2017- 30 Jun 2017
Reported profit before tax	-	0
Tax calculated at applicable rate, 22%	0	0
Reported tax expense	<u>0</u>	<u>0</u>

At year-end, the tax profit is adjusted in the parent company through Group contributions. No tax has therefore been calculated on the profit, as the size of the Group contribution is determined at year-end.

Note 6 Non-current financial assets

	Group	
	30 Jun 2018	30 Jun 2017
Other securities held as non-current assets	984 947	784 461
Accrued interest	2 480	625
Total	<u>987 427</u>	<u>785 086</u>
Change in IFRS 9 reserve	30 Jun 2018	30 Jun 2017
Opening reserv	-	-
Transition effect, 1 January 2018	-306	-
Change for the period	-147	-
Closing reserve	<u>-453</u>	<u>-</u>

The IFRS 9 transition effect is recognised in equity while the IFRS 9 change for the period is recognised in Interest income and change in value from loans and bonds in the income statement. In the balance sheet, closing reserve for future credit losses has been recognised in Other securities held as non-current assets.

Other securities held as non-current assets refer to direct loans to businesses. At the end of the period, the portfolio comprised eight commitments. The portfolio will be expanded with additional loans in the second half of 2018. The loan maturities will vary and are estimated at three to five years or more.

Note 7 Investments in Group companies

	Parent company	
	30 Jun 2018	30 Jun 2017
	Carrying amount	Carrying amount
Proventus Capital Partners Alpha KB	947 500	568 500
	30 Jun 2018	30 Jun 2017
Cost at beginning of year	758 000	568 500
Capital contributions	189 500	-
Cost at end of period	<u>947 500</u>	<u>568 500</u>

Note 8 Liabilities to credit institutions

	Group	
	30 Jun 2018	30 Jun 2017
Drawn overdraft facility with SEB	-	149 699
	<u>-</u>	<u>149 699</u>

The subsidiary had an overdraft facility of SEK 210 million. The credit is used for short-term funding of new deals before new capital is raised from the holders of profit participating certificates.

Note 9 Other non-current liabilities

Profit participating certificates

The holders of profit participating certificates have undertaken to provide funding of up to SEK 1,890 million. The owners' contributions under the same agreement is SEK 220 million. The capital can be accessed on ten days' notice in portions of ten 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 participating certificates in accordance with the contractual provisions. The loans have no guaranteed return or guaranteed right to repayment. The return is contingent on the realisation of profits and is settled quarterly if the conditions for payment under the terms of the loans have been met, see also the information under "Accounting policies".

Return, profit participating loans

		30 Jun 2018		30 Jun 2017	
SEK	Maturity	Nominal value	Carrying amount	Nominal value	Carrying amount
Profit participating certificates	2014-2024	945 000	957 506	567 000	579 916
Unrealised gain			12 506		12 916
Realised gain			86 045		55 806
Total gain, profit participating loans			98 551		68 722

The profit participating loans are listed on the Debt Securities segment of the Nordic Growth Market NGM AB in Stockholm.

Note 10 Cash flow from operating activities

	Group		Parent company	
	<u>30 Jun 2018</u>	<u>30 Jun 2017</u>	<u>30 Jun 2018</u>	<u>30 Jun 2017</u>
Profit before tax	2 285	2 070	0	0
<i>Adjustments for non-cash items, etc.</i>				
Unrealised gain/loss on currency futures	23 454	-1 751	-	-
Unrealised gain/loss on non-current financial assets	-53 768	5 031	-	-
Interest expense recognised in period	14 641	15 653	14 641	15 653
Interest income recognised in period	-1 617	97	-	-
Cash flow from operating activities	<u>-15 005</u>	<u>21 100</u>	<u>14 641</u>	<u>15 653</u>

Note 11 Contingent liabilities

	Group	
	30 Jun 2018	30 Jun 2017
Funding commitments made to existing borrowers.	55 000	401 000
Contingent liability in the capacity of general partner of Proventus Capital Partners Alpha KB	19 839	150 118
	<u>74 839</u>	<u>551 118</u>

	Parent company	
	30 Jun 2018	30 Jun 2017
Contingent liability in the capacity of general partner of Proventus Capital Partners Alpha KB	19 839	150 118
	<u>19 839</u>	<u>150 118</u>

Note 12 Related party transactions

Proventus Capital Partners Alpha AB (publ) is 100 per cent owned by Proventus Capital Management AB (corp. ID no. 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 billed on a quarterly basis. The fee, which is included in administrative expenses, was SEK 2.8 (1.2) in the first half of 2018.

Stockholm, 23 August 2018

Anders Thelin
Chairman

Daniel Sachs
Chief Executive Officer

Gabriella Sahlman

Åsa Hansdotter

Martin Gorne

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



Auditor's report (translation)

Proventus Capital Partners Alpha AB, 556805-9660

Introduction

We have reviewed the condensed interim financial information (interim report) of Proventus Capital Partners Alpha AB as of 30 June 2018 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, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 24 August 2018

Öhrlings PricewaterhouseCoopers AB

Daniel Algotsson
Authorized Public Accountant