

P Capital Partners IV AB (publ)
Org nr 556981-8619

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

The Board of Directors and Chief Executive Officer of Proventus Capital Partners IV AB (publ) hereby present the interim report 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 IV AB 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 P Capital Partners which, since 18 June 2014, has held a license from the Swedish Financial Supervisory Authority to manage alternative investment funds under the Alternative Investment Fund Managers Act (2013:561).

Investments are focused on direct loans to businesses, listed bonds and other debt securities. The company's main currency is euro (EUR) and any investments made in other currencies are normally hedged back to EUR.

The operations are funded with capital contributed by the owner and through profit participating debentures from primarily institutional investors. The total funding commitments at the end of the period are EUR 387 million. The funding available to the company can be drawn by the company through individual contributions of at least 1 per cent of the overall commitment. At the end of the financial year, a total of EUR 151 million had been contributed to the fund, corresponding to 39 per cent of total funding.

Profit-sharing in the company is in EUR. This interim report is prepared in Swedish kronor.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

Investment activities were initiated in December 2018 and are in the build-up phase. The investment portfolio at the end of the reporting period comprised nineteen (14) debt engagements and one (two) bond. The portfolio was 97 per cent invested in direct loans to corporations and 3 per cent invested in publically listed bonds.

The lending portfolio, including accrued interest, was at the end of the reporting period EUR 188 million (131). The portfolio of listed bonds including accrued interest and currency forward contracts amounted to EUR 5 (8) million at the end of the period.

RESULTS AND FINANCIAL POSITION

The profit for the period was SEK 0.0 (0.0) million and equity was SEK 6.0 (3.9) million. The cumulative return on the portfolio since its inception was EUR 29 (20) million.

OUTLOOK

The company's target is to generate a 10 per cent net annual return for the holders of profit participation debentures. The business situation is currently favourable, and there is nothing to suggest that the company will not be able to deliver a return to investors that is in line with expectations.

OTHER

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	68 607	37 751	83 378
Interest income and similar income	3	69 365	82 378	193 591
Interest expenses and similar charges	3	-119 676	-92 346	-223 216
Net expected credit losses	5	3 791	-5 019	-11 355
Administrative expenses	2	-22 040	-22 841	-26 638
Operating profit/loss		47	-79	15 760
Group contributions received		0	0	161
Group contributions made		0	0	-15 940
Profit/loss before tax		47	-79	-19
Tax	4	0	0	0
Profit/loss for the period		47	-79	-19

STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the period	47	-79	-19
Other comprehensive income	0	0	0
Total comprehensive income for the period	47	-79	-19

BALANCE SHEET

ASSETS

	Note	<u>2021-06-30</u>	<u>2020-12-31</u>	<u>2020-06-30</u>
Non-current assets				
Investments in group companies		161 211	158 220	0
Non-current financial assets	5	<u>1 740 981</u>	<u>1 155 557</u>	<u>912 838</u>
Total non-current assets		1 902 192	1 313 777	912 838
Current assets				
Current receivables				
Accounts receivables		0	206	0
Receivables from group companies		2 234	245	156
Other current receivables		0	0	0
Short-term investments	6	50 869	77 992	244 901
Prepaid expenses and accrued income		<u>116</u>	<u>19</u>	<u>0</u>
		53 219	78 462	245 057
Cash and bank balances		<u>5 803</u>	<u>7 219</u>	<u>5 719</u>
Total current assets		59 022	85 681	250 775
TOTAL ASSETS		<u>1 961 214</u>	<u>1 399 458</u>	<u>1 163 613</u>

BALANCE SHEET

EQUITY AND LIABILITIES

	Note	<u>2021-06-30</u>	<u>2020-12-31</u>	<u>2020-06-30</u>
Equity				
Restricted equity				
Share capital (5,000 shares with a quotient value of SEK 100)		500	500	500
		<u>500</u>	<u>500</u>	<u>500</u>
Non-restricted equity				
Retained earnings		5 502	3 391	3 391
Profit/loss for the period		47	-19	-79
		<u>5 549</u>	<u>3 372</u>	<u>3 312</u>
Total equity		6 049	3 872	3 812
Non-current liabilities				
Other non-current liabilities	7	1 585 129	976 553	1 036 236
Total non-current liabilities		1 585 129	976 553	1 036 236
Current liabilities				
Trade payables		19	404	0
Liabilities to credit institutions	8	341 693	385 522	43 225
Liabilities to Group companies		21 730	25 925	79 826
Tax liabilities		33	169	170
Other current liabilities		6 058	6 365	145
Accrued expenses and deferred income		503	648	200
Total current liabilities		370 036	419 033	123 565
TOTAL EQUITY AND LIABILITIES		<u>1 961 214</u>	<u>1 399 458</u>	<u>1 163 613</u>

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Other paid-in capital	Total capital
Opening balance, 1 January 2020	500	-212	2 161	2 449
Comprehensive income				
Profit for the period		-19		-19
Total other comprehensive income		-19		-19
Transactions with shareholders				
Shareholder contributions received *)			1 442	1 442
Total transactions with shareholders			1 442	1 442
Closing balance, 31 December 2020	500	-231	3 603	3 872
Comprehensive income				
Profit/loss for the period		47		47
Total other comprehensive income		47		47
Transactions with shareholders				
Shareholder contributions received *)			2 130	2 130
Total transactions with shareholders			2 130	2 130
Closing balance, 30 June 2021	500	-184	5 733	6 049

*) 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

	<u>Note</u>	2021-01-01- 2021-06-30	2020-01-01- 2020-06-30	2020-01-01- 2020-12-31
	9			
Cash flow from operations		62 482	27 984	197 424
Interest paid		-53 277	-2 410	-69 795
Change in current receivables		109	-44	-225
Change in receivables from group companies		400	-113	-244
Change in current liabilities		-668	-287	898
Change in current liabilities to group companies		8 233	70 801	-1 687
Cash flow from operating activities		17 279	95 932	126 371
Acquisition of/increase in short-term investments		-48 546	-205 450	-161 211
Disposal if/decrease in short-term investments		64 542	0	-64 542
Acquisition of/increase in non-current financial assets		-575 010	-137 490	-435 582
Disposal if/decrease in non-current financial assets		3 279	0	0
Cash flow from investing activities		-555 735	-342 940	-661 335
Change in liabilities to credit institutions		-43 829	-127 582	214 715
Group contributions paid		-14 818	-148	-457
Shareholder contributions received		2 130	1 443	1 442
Increase in non-current liabilities		593 712	366 419	325 431
Decrease in non-current liabilities		-155	-24	-11 567
Cash flow from financing activities		537 040	240 108	529 564
Cash flow for the period		-1 416	-6 900	-5 400
Cash and cash equivalents at beginning of period		7 219	12 619	12 619
Cash and cash equivalents at end of period		5 803	5 719	7 219

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, accounting for 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 items. 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 management fees invoiced from the parent P Capital Partners AB of EUR 1.2 (1.2) million corresponding to SEK 11.8 (12.5) million during the period.

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 2021-06-30	2020-01-01 2020-06-30
Interest income in accordance with the effective interest method		
Interest income from loans	68 607	37 751
Total	<u>68 607</u>	<u>37 751</u>
Interest income and similar income items		
Interest income from bonds	1 335	3 511
Change in value on bonds	3 434	35 609
Other interest income	6 341	0
Dividend	1 195	0
Currency profits	45 896	37 735
Other financial income	11 164	5 522
Total	<u>69 365</u>	<u>82 378</u>
Interest expense and similar charges		
Interest expenses, profit participation debentures	-67 392	-52 787
Interest expenses	-3 882	0
Currency losses	-48 402	-39 559
Total	<u>-119 676</u>	<u>-92 346</u>
Interest income from assets recognised at fair value	1 335	3 511
Interest income from assets recognised at amortised cost.	68 607	37 751
	<u>69 942</u>	<u>41 262</u>
Interest expenses from liabilities recognised at fair value	-3 882	-1643
Interest expenses from liabilities recognised at amortised cost	-67 392	-51 144
	<u>-71 273</u>	<u>-52 787</u>

Note 4 Tax

	2021-01-01 2021-06-30	2020-01-01 2020-06-30
Recognised profit/loss before tax	47	-79
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>

Tax earnings are settled against the parent company through group contributions at year-end. No tax on the profit for the year has therefore been calculated, 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>
Loans	1 652 806	1 121 361
Accrued interest	7 663	2 187
Preference shares	79 404	31 488
Accrued dividend	1 108	521
Total	<u>1 740 981</u>	<u>1 155 557</u>
Change, IFRS 9 reserve	<u>2021-06-30</u>	<u>2020-12-31</u>
Opening reserve	-17 901	-6 546
Change for the period	799	-11 355
Closing reserve	<u>-17 102</u>	<u>-17 901</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. The change during the period is primarily due to the more positive macro outlook in the world economy after the successful vaccination roll-out.

Loans refer to direct loans to companies. At the end of the period, the portfolio comprised of nineteen commitments and the maturities for the loans vary from one year up to five years. The portfolio is currently being built up and will be expanded with more loans over the next few years.

Note 6 Short-term investments

	2021-06-30		2020-12-31	
	Cost	Fair value	Cost	Fair value
Derivatives	-	1 037	-	277
Bonds	48 546	49 677	64 542	76 070
Accrued interest	-	153	-	1 645
Total	<u>48 546</u>	<u>50 867</u>	<u>64 542</u>	<u>77 992</u>

Derivatives are currency forwards for the purpose of hedging the loan and bond portfolios and are held at fair value.

Composition of the portfolio

2021-06-30	Nominal value local currency	Average price	Fair value local currency	Currency rate	Fair value SEK
Bonds (SEK)	49 285	100,8%	49 677	1,0000	<u>49 677</u>
					<u>49 677</u>

Note 7 Other non-current liabilities

Profit participation debentures

The holders of profit participation debentures have undertaken to provide funding of up to EUR 385.6 million. Owner contributions under the same agreement amount to EUR 1.4 million. The capital can be accessed on ten days' notice in portions of at least 1 per cent of the overall commitment.

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 conditions for payment under the terms of the debentures have been met, see also the information under "Accounting policies."

Return, profit participation debentures

SEK	Maturity	2021-06-30		2020-12-31	
		Nominal value	Carrying value	Nominal value	Carrying value
Profit participation debentures	2018-2028	1 522 623	1 585 129	928 910	976 553
Unrealised gain			62 506		47 643
Realised gain			130 018		76 741
Total income, profit participation debentures			<u>192 524</u>		<u>124 384</u>

EUR	Maturity	2021-06-30		2020-12-31	
		Nominal value	Carrying value	Nominal value	Carrying value
Profit participation debentures	2018-2028	150 384	156 558	92 544	98 874
Unrealised gain			6 174		6 330
Realised gain			12 841		7 322
Total income, profit participation debentures			<u>19 015</u>		<u>13 652</u>

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

Note 8 Liabilities to credit institutions

	2021-06-30	2020-12-31
Drawn overdraft facility at SEB	341 692	385 522
	<u>341 692</u>	<u>385 522</u>

The company has an overdraft facility of EUR 60 million. The credit is being used for the short-term financing of new business before new capital is raised from holders of profit participation certificates and to give the portfolio some leverage.

Note 9 Cash flow from operations

	2021-01-01 2021-06-30	2020-01-01 2020-06-30
<i>Profit/ loss before tax</i>	47	-79
Unrealised gain/loss on currency forwards	-1 065	-8 193
Unrealised change in value, short-term investments	11 528	-26522
Unrealised change in value, financial assets	-11 753	19 057
Allocated interest expenses	68 296	51 033
Allocated interest income	-4 571	-7 312
Cash flow from operations	<u>62 482</u>	<u>27 984</u>

Note 10 Commitments

	2021-06-30	2020-12-31
Funding commitments made to existing borrowers	<u>807 335</u>	<u>658 934</u>
	<u>807 335</u>	<u>658 934</u>

Note 11 Related party transactions

P Capital Partners IV AB (publ) 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 billed on a quarterly basis. The fee, which is included in administrative expenses, was EUR 1.2 million (1.2), corresponding to SEK 11.8 (12.5) million, in the first half of 2021.

Stockholm, 30 August 20201

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 IV AB (publ), reg no 556981-8619

Introduction

We have reviewed the condensed interim financial information (interim report) of P Capital Partners IV 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 signature

Öhrlings PricewaterhouseCoopers AB

Daniel Algotsson
Authorized Public Accountant