

P Capital Partners IV B AB
Org nr 559116-2580

INTERIM REPORT FOR THE PERIOD 2021-01-01 - 2021-06-30

The Board of Directors and Chief Executive Officer of P Capital Partners IV B AB 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 B 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 has since 18 June 2014 been managed by the parent company, P Capital Partners AB, which 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).

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 1 233 million. The funding available to the company can be drawn by the company through individual contributions of 1 per cent, at the lowest, of the overall commitment. At the end of the reporting period, a total of EUR 481 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 478 million (333). The portfolio of listed bonds including accrued interest and currency forward contracts amounted to EUR 13 (20) million at the end of the period.

RESULTS AND FINANCIAL POSITION

The profit for the period was SEK 0 (0) million and equity was SEK 19 (12) million. The cumulative return on the portfolio since its inception was EUR 74 (51) million.

OUTLOOK

The company's target is to generate an 8 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	174 882	96 248	212 550
Interest income and similar income	3	178 853	178 574	472 043
Interest expenses and similar charges	3	-306 675	-202 953	-549 050
Net expected credit losses		9 165	-12 794	-28 446
Administrative expenses	2	-56 129	-59 163	-69 368
Operating profit/loss		96	-89	37 729
Group contributions received		0	0	411
Group contributions made		0	0	-38 292
Profit/loss before tax		96	-89	-152
Tax	4	0	0	0
Profit/loss for the period		96	-89	-152

STATEMENT OF COMPREHENSIVE INCOME

Profit/loss for the period	96	-89	-152
Other comprehensive income	0	0	0
Total comprehensive income for the period	96	-89	-152

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		410 935	403 308	0
Non-current financial assets	5	<u>4 437 834</u>	<u>2 946 061</u>	<u>2 326 861</u>
Total non-current assets		4 848 769	3 349 369	2 326 861
Current assets				
Current receivables				
Receivables from group companies		5 709	439	68 990
Tax receivables		0	270	0
Other current receivables		0	0	20
Short-term investments	6	129 665	198 806	624 262
Prepaid expenses and accrued income		<u>173</u>	<u>38</u>	<u>0</u>
		135 547	199 553	693 272
Cash and bank balances		<u>119 588</u>	<u>19 262</u>	<u>419 462</u>
Total current assets		255 135	218 815	1 112 734
TOTAL ASSETS		<u>5 103 904</u>	<u>3 568 184</u>	<u>3 439 595</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		18 082	11 703	11 703
Profit/loss for the period		96	-152	-89
		<u>18 178</u>	<u>11 551</u>	<u>11 614</u>
Total equity		18 678	12 051	12 114
Non-current liabilities				
Other non-current liabilities	7	5 013 223	3 207 394	3 382 294
Total non-current liabilities		5 013 223	3 207 394	3 382 294
Current liabilities				
Accounts payable		86	110	0
Liabilities to credit institutions	8	0	266 966	0
Liabilities to group companies		55 283	63 593	43 982
Tax liabilities		0	430	430
Other current liabilities		15 443	16 221	375
Accrued expenses and deferred income		1 191	1 419	400
Total current liabilities		72 003	348 739	45 187
TOTAL EQUITY AND LIABILITIES		<u>5 103 904</u>	<u>3 568 184</u>	<u>3 439 595</u>

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Other paid-in capital	Total capital
Opening balance, 1 January 2020	500	-537	7 873	7 836
Comprehensive income				
Profit/loss for the period		-152		-152
Total other comprehensive income		-152		-152
Transactions with shareholders				
Shareholder contributions received *)			4 367	4 367
Shareholder contributions repaid *)				
Dividend paid				
Total transactions with shareholders			4 367	4 367
Closing balance, 31 December 2020	500	-689	12 240	12 051
Comprehensive income				
Profit/loss for the period		96		96
Total other comprehensive income		96		96
Transactions with shareholders				
Shareholder contributions received *)			6 531	6 531
Total transactions with shareholders			6 531	6 531
Closing balance, 30 June 2021	500	-593	18 771	18 678

*) 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

	Note	2021-01-01- 2021-06-30	2020-01-01- 2020-06-30	2020-01-01- 2020-12-31
	9			
Cash flow from operations		166 359	73 716	508 656
Interest paid		-142 709	-6 875	-176 155
Change in current liabilities		134	-190	-292
Change in receivables from group companies		829	-68 372	5
Change in current liabilities		-683	-3 610	1 041
Change in current liabilities to group companies		19 974	22 720	-5 419
Cash flow from operating activities		43 904	17 389	327 836
Acquisition of/increase in shares in group companies		0	0	-410 935
Acquisition of/increase in short-term investments		-123 746	-523 701	-164 520
Disposal if/decrease in short-term investments		164 520	0	0
Acquisition of/increase in non-current financial assets		-1 465 726	-350 467	-1 110 318
Disposal if/decrease in non-current financial assets		8 359	0	0
Cash flow from investing activities		-1 416 593	-874 168	-1 685 773
Change in liabilities to credit institutions		-266 965	0	266 965
Group contributions paid		-34 382	-416	-1 238
Shareholder contributions received		6 531	4 367	4 367
Increase in non-current liabilities		1 768 223	1 167 964	1 031 939
Decrease in non-current liabilities		-392	-57	-29 216
Cash flow from financing activities		1 473 015	1 171 858	1 272 817
Cash flow for the period		100 326	315 080	-85 120
Cash and cash equivalents at beginning of period		19 262	104 382	104 382
Cash and cash equivalents at end of period		119 588	419 462	19 262

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.

In all other respects, 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 3.0 (3.0) million corresponding to SEK 31.0 (32.9) 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	174 882	96 248
Total	<u>174 882</u>	<u>96 248</u>
Interest income and similar income items		
Interest income from bonds	3 404	8 951
Change in value of bonds	8 754	90 768
Other interest income	16 163	0
Dividends	3 047	0
Currency profits	119 027	64 779
Other financial income	28 458	14 076
Total	<u>178 853</u>	<u>178 574</u>
Interest expenses and similar charges		
Interest expenses, profit participation debentures	-178 337	-133 653
Interest expenses	-2 907	0
Currency losses	-125 431	-69 300
Total	<u>-306 675</u>	<u>-202 953</u>
Interest income from assets recognised at fair value	3 404	0
Interest income from assets recognised at amortised cost.	<u>174 882</u>	<u>96 248</u>
	<u>178 286</u>	<u>96 248</u>
Interest expenses from liabilities recognised at fair value	-2 907	-987
Interest expenses from liabilities recognised at amortised cost	<u>-178 337</u>	<u>-132 666</u>
	<u>-181 244</u>	<u>-133 653</u>

Note 4 Tax

	2021-01-01 2021-06-30	2020-01-01 2020-06-30
Recognised profit/loss before tax	96	-89
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

	2021-06-30	2020-12-31
Loans	4 213 071	2 858 893
Accrued interest	19 534	5 575
Preference shares	202 405	80 264
Accrued dividend	2 824	1 329
Total	<u>4 437 834</u>	<u>2 946 061</u>
Change, IFRS 9 reserve	2021-06-30	2020-12-31
Opening reserve	-45 133	-16 687
Change during the period	1 539	-28 446
Closing reserve	<u>-43 594</u>	<u>-45 133</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		2020-06-30	
	Cost	Fair value	Cost	Fair value
Derivatives	-	2 644	-	707
Bonds	123 746	126 629	164 520	193 905
Accrued interest	-	391	-	4 194
Total	<u>123 746</u>	<u>129 664</u>	<u>164 520</u>	<u>198 806</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)	125 631	100,795%	126 630	1,0000	<u>126 630</u>
					<u>126 630</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 1 228.5 million. Owner contributions under the same agreement amount to EUR 4.6 million. The capital can be accessed on ten days' notice in portions of 1 per cent at the least 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		2020-06-30	
		Nominal value	Carrying value	Nominal value	Carrying value
Profit participation debentures Serie A	2018-2028	2 333 688	2 410 491	1 483 041	1 541 764
Profit participation debentures Serie B	2018-2028	2 517 303	2 602 731	1 599 726	1 665 630
Unrealised gain			162 231		124 627
Realised gain			347 353		204 644
Total income, profit participation debentures			<u>509 584</u>		<u>329 271</u>

EUR	Maturity	2021-06-30		2020-06-30	
		Nominal value	Carrying value	Nominal value	Carrying value
Profit participation debentures Serie A	2018-2028	230 490	238 076	147 750	153 600
Profit participation debentures Serie B	2018-2028	248 625	257 062	159 375	165 941
Unrealised gain			16 023		12 416
Realised gain			34 307		20 388
Total income, profit participation debentures			<u>50 330</u>		<u>32 804</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

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.

Note 9 Cash flow from operations

	2021-01-01 2021-06-30	2020-01-01 2020-06-30
<i>Profit/ loss before tax</i>	96	-89
Unrealised gain/loss on currency forwards	-2 714	-20 885
Unrealised change in value, short-term investments	29 385	-67 606
Unrealised change in value, non-current financial assets	-29 462	48 577
Allocated interest expenses	180 705	132 358
Allocated interest income	-11 651	-18 639
Cash flow from operations	<u>166 359</u>	<u>73 716</u>

Note 10 Commitments	2021-06-30	2020-12-31
Funding commitments made to existing borrowers	<u>2 057 930</u>	<u>1 679 650</u>
	<u>2 057 930</u>	<u>1 679 650</u>

Note 11 Related party transactions

P Capital Partners IV B 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 and quarterly receives a management fee for this, which is based on total capital. The fee is included in administrative expenses and during the period the fee was EUR 3.0 (3.0) million corresponding to SEK 31.0 million (32.9).

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 IV B AB (publ), reg no 559116-2580

Introduction

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