

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

INTERIM REPORT FOR THE PERIOD 1 JANUARY 2022 – 30 JUNE 2022

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 2022 – 30 June 2022.

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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 (publ) , 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 AB, 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, listed bonds and other debt securities. The fund's base currency is Euro (EUR). Any investments made in other currencies are normally hedged to Euro.

The operations are funded with capital contributed by the owner and through issuing profit participating debentures to primarily institutional investors. The total funding commitments at the end of the period are EUR 387 million. The funding commitments are utilized by the company by calling capital from the owners and investors of at least 1 per cent of the total commitments. At the end of the period a total of EUR 312 million have been called, representing 81 per cent of the total commitments.

Profit-sharing on the profit participation debentures is settled in Euro. This interim report is prepared in Swedish kronor.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

The investment operations began in December 2018 and has been gradually built up since then. At the end of the reporting period the portfolio consists of twenty-nine (nineteen) loans and four (one) listed corporate bonds. 97 per cent of the portfolio was invested in private loans and 3 per cent in listed corporate bonds.

The lending portfolio, including accrued interest, was at the end of the reporting period EUR 349 million (188). The portfolio of listed bonds including accrued interest and currency forward contracts amounted to EUR 12 (5) million at the end of the period.

RESULTS AND FINANCIAL POSITION

The net profit and loss for the period was SEK 3.4 (0.0) million and equity amounts to SEK 15.2 (6.0) million. The cumulative return of the portfolio since inception is EUR 54 (29) million.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

After the end of the reporting period the company entered a loan agreement of long-term bank financing of EUR 64 million and meanwhile repaid other outstanding bank financing. The overdraft facility is still available.

OUTLOOK

The company's target is to generate a 10 per cent net annual return for the holders of profit participation debentures. Business is currently good and 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	2022-01-01 <u>2022-12-31</u>	2021-01-01 <u>2021-06-30</u>	2021-01-01 <u>2021-12-31</u>
Operating income				
Interest income using the effective interest method	3	118 906	68 607	168 547
Interest income and similar income	3	214 625	69 365	136 901
		333 530	137 972	305 448
Operating costs				
Interest expense and similar charges	3	-300 023	-119 676	-270 879
Credit losses net	5	-5 243	3 791	-4 705
Administrative expenses	2	-24 820	-22 040	-25 451
		-330 086	-137 925	-301 035
Operating profit		3 444	47	4 413
Group contributions received		0	0	15 732
Group contributions made		0	0	-31 060
Profit/loss before tax		3 444	47	-10 915
Tax	4	0	0	0
Profit/loss and total comprehensive income for the period		3 444	47	-10 915

BALANCE SHEET

ASSETS	<u>Note</u>	<u>2022-06-30</u>	<u>2021-12-31</u>	<u>2021-06-30</u>
Non-current assets				
Investments in group companies		161 211	161 211	161 211
Non-current financial assets	5	2 642 182	2 165 700	1 740 981
Total non-current assets		2 803 394	2 326 911	1 902 192
Current assets				
<i>Current receivables</i>				
Short-term loans		912 190	477 035	0
Trade receivables		356	0	0
Receivables from group companies		7 871	730	2 234
Other current receivables		0	3 415	0
Short-term investments	6	138 853	86 481	50 869
Accrued expenses and deferred income		66	65	116
		1 059 336	567 726	53 219
<i>Cash and cash equivalents</i>		676	12 935	5 803
Total current assets		1 060 013	580 661	59 022
TOTAL ASSETS		3 863 406	2 907 572	1 961 214

BALANCE SHEET

EQUITY AND LIABILITIES

	<u>Note</u>	<u>2022-06-30</u>	<u>2021-12-31</u>	<u>2021-06-30</u>
Equity				
<i>Restricted equity</i>				
Share capital (5,000 shares with a quotient value of SEK 100)		500	500	500
		500	500	500
<i>Non-restricted equity</i>				
Retained earnings		11 247	19 412	5 502
Profit/loss for the period		3 444	-10 915	47
		14 691	8 497	5 549
Total equity		15 191	8 997	6 049
Non-current liabilities				
Other non-current liabilities	7	3 301 570	2 431 526	1 585 129
Total non-current liabilities		3 301 570	2 431 526	1 585 129
Current liabilities				
Trade payables		284	0	19
Liabilities to credit institutions	8	512 076	431 101	341 693
Liabilities to group companies		26 064	28 081	21 730
Tax liabilities		0	5	33
Other current liabilities		7 993	7 654	6 058
Accrued expenses and deferred income		229	208	503
Total current liabilities		546 646	467 049	370 036
TOTAL EQUITY AND LIABILITIES		3 863 406	2 907 572	1 961 214

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Profit/loss for the year	Total capital
Opening balance, 1 January 2021	500	3 391	-19	3 872
Transfer of previous year's profit/loss		-19	19	0
Profit/loss and total comprehensive income for the year			-10 915	-10 915
Total comprehensive income for the period		-19	-10 896	-10 915
Transactions with shareholders				
Shareholder contributions received*)		16 395		16 395
Shareholder contributions repaid *)		-355		-355
Total transactions with shareholders		16 040		16 040
Closing balance, 31 December 2021	500	19 412	-10 915	8 997
Transfer of previous year's profit/loss		-10 915	10 915	0
Profit/loss and total comprehensive income for the year			3 444	3 444
Total comprehensive income for the period		-10 915	14 359	3 444
Transactions with shareholders				
Shareholder contributions repaid *)		2 753		2 753
Shareholder contributions repaid *)		-3		-3
Total transactions with shareholders		2 750	0	2 750
Closing balance, 30 June 2022	500	11 247	3 444	15 191

*) 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

	2022-01-01 <u>2022-12-31</u>	2021-01-01 <u>2021-06-30</u>	2021-01-01 <u>2021-12-31</u>
Interest paid	-4 848	-3 882	-6916
Interest received	143 381	75 813	177 671
Financial transactions net	-2 507	-14 830	-31 819
Paid administration costs	-13 355	-12 590	-25 451
Cash flow from operations	122 671	44 512	113 485
Change in current receivables	3 057	109	-3 255
Change in current liabilities	208	-668	-903
Change in group receivables/liabilities	24 397	-21 476	-1 130
Increase of short-term investments	-44 874	-48 546	-76 817
Decrease of short-term investments	0	78 905	78 905
Increase of non-current financial assets	-809 562	-570 206	-1 490 658
Decrease of non-current financial assets	19 030	16 658	75 685
Cash flow from operating activities	-807 743	-545 224	-1 418 173
Received shareholders contributions	2 753	2 129	5 395
Repaid shareholder contributions	0	0	-355
Change in liabilities to credit institutions	80 975	-43 829	45 579
Increase in non-current liabilities	719 559	593 557	1 487 343
Decrease in non-current liabilities	0	0	-97 799
Paid interest in non-current liabilities	-127 244	-52 373	-121 418
Cash flow from financing activities	676 044	499 485	1 318 745
Cash flow for the period	-9 028	-1 227	14 058
Cash and cash equivalents at beginning of period	12 935	7 219	7 219
Exchange rate difference, cash and cash equivalents	-3 231	-189	-8 342
Cash and cash equivalents at end of period	676	5 803	12 935

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 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 10.6801 (10.1249); USD 10.2194 (8.5103); GBP 12.4127 (11.7663)

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 12.2 (11.8) million during the first half of 2022.

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

	2022-01-01 2022-06-30	2021-01-01 2021-06-30
<i>Interest income in accordance with the effective interest method</i>		
Interest income from loans	118 906	68 607
Total	<u>118 906</u>	<u>68 607</u>
<i>Interest income and similar income</i>		
Interest income from bonds	3 584	1 335
Change of value bonds	0	3 434
Change of value preference shares	3 962	0
Other interest income	6 612	6 341
Dividend	472	1 195
Currency profits	181 692	45 896
Other financial income	18 303	11 164
Total	<u>214 625</u>	<u>69 365</u>
<i>Interest expense and similar charges</i>		
Interest expenses profit participation debentures	-108 106	-67 392
Change of value bonds	-4 899	0
Other interest expenses	-4 848	-3 882
Currency losses	-182 170	-48 402
Total	<u>-300 023</u>	<u>-119 676</u>
Interest income from assets at fair value	3 584	1 335
Interest income from assets at amortised cost.	125 517	68 607
	<u>129 101</u>	<u>69 942</u>
Interest expenses from liabilities at fair value	-4 848	-3882
Interest expenses from liabilities at amortised cost	-108 106	-67 392
	<u>-112 953</u>	<u>-71 274</u>

Note 4 Tax

	<u>2022-06-30</u>	<u>2021-06-30</u>
Reported profit before tax	3 444	47
Tax calculated at applicable rate (20.6%)	-709	-10
Tax effect of group contributions to parent company	709	10
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>2022-06-30</u>	<u>2021-12-31</u>
Loans	2 673 683	2 134 212
Preference shares	129 711	31 488
Total	<u>2 803 394</u>	<u>2 165 700</u>

	2022-01-01	2021-01-01	2021-01-01
Change, IFRS 9 reserve	<u>2022-06-30</u>	<u>2021-06-30</u>	<u>2021-12-31</u>
Opening reserve	-22 606	-17 901	-17 901
Change for the period	-5 243	799	-4 705
Closing reserve	<u>-27 849</u>	<u>-17 102</u>	<u>-22 606</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 portfolio increasing in size.

Loans refer to direct loans to businesses. At the end of the period, the portfolio comprised of twenty-eight loans 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 during this financial year.

Note 6 Short-term investments

	2022-06-30		2021-12-31	
	Cost	Fair value	Cost	Fair value
Derivatives	-	19 181	-	7 597
Bonds	121 691	118 183	76 817	78 208
Accrued interest	-	1 489	-	676
Total	<u>121 691</u>	<u>138 853</u>	<u>76 817</u>	<u>86 481</u>

Derivatives are currency forwards used for hedging purposes of the loan and bond portfolios.

Composition of the portfolio

2022-06-30	Nominal value local currency	Average price	Fair value local currency	Currency rate	Fair value SEK
Bonds (SEK)	121 691	97,1%	118 183	1,0000	<u>118 183</u>
					<u>118 183</u>

2021-12-31	Nominal value local currency	Average price	Fair value local currency	Currency rate	Fair value SEK
Bonds (SEK)	76 666	102,0%	78 208	1,0000	<u>78 208</u>
					<u>78 208</u>

Note 7 Other non-current liabilities

Profit participation debentures

The holders of profit participation debentures have committed to provide funding of up to EUR 385.6 million. The owners' contribution 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 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. All investors will receive a return of STIBOR + 2 percent, minimum 5 percent a year, before any profit sharing between shareholders and investors is allowed. Any net profit over the hurdle rate is split 80/20 between investors and shareholders. Interest is paid quarterly to holders of the profit participation debentures in accordance with the fund 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	2022-06-30		2021-12-31	
		Nominal value	Book value	Nominal value	Book value
Profit participation debentures	2018-2028	3 222 116	3 301 570	2 347 167	2 431 526
Unrealised gain			79 454		84 359
Realised gain			325 272		198 028
Total accumulated income, profit participation debentures			404 725		282 388

EUR	Maturity	2022-06-30		2021-12-31	
		Nominal value	Book value	Nominal value	Book value
Profit participation debentures	2018-2028	301 693	309 133	229 509	237 758
Unrealised gain			7 439		8 249
Realised gain			30 456		19 363
Total accumulated income, profit participation debentures			37 895		27 612

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

	2022-06-30	2021-12-31
Utilised overdraft facility with SEB	512 076	431 101
	<u>512 076</u>	<u>431 101</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 Contingent liabilities

	2022-06-30	2021-12-31
Funding commitments made to existing borrowers	723 229	564 639
	<u>723 229</u>	<u>564 639</u>

Note 10 Related party transactions

P Capital Partners IV AB (publ) 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 2022 the fee was SEK 12.2 (11.8) million.

Stockholm as of the day of my digital signature

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.