

P Capital Partners IV B AB
Org nr 559116-2580

INTERIM REPORT FOR THE PERIOD 2022-01-01 - 2022-06-30

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 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 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 908 million had been contributed to the fund, corresponding to 74 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 twenty-nine (nineteen) debt engagements and four (one) bonds. The portfolio was 97 per cent invested in direct loans to corporations and 3 per cent invested in listed corporate bonds.

The lending portfolio, including accrued interest, was at the end of the reporting period EUR 889 million (478). The portfolio of listed bonds including accrued interest and currency forward contracts amounted to EUR 31 (13) million at the end of the period.

RESULTS AND FINANCIAL POSITION

The profit for the period was SEK 9 (0) million and equity was SEK 43 (19) million. The cumulative return on the portfolio since its inception was EUR 137 (74) 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 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>2022-06-30</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	325 071	174 882	429 609
Interest income and similar income	3	491 250	178 853	322 592
		816 320	353 735	752 201
Operating costs				
Interest expenses and similar charges	3	-730 555	-306 675	-664 309
Credit losses net		-13 367	9 165	-12 491
Administrative expenses	2	-63 406	-56 129	-66 158
		-807 327	-353 639	-742 958
Operating profit		8 993	96	9 243
Group contributions received		0	0	40 102
Group contributions made		0	0	-73 987
Profit/loss before tax		8 993	96	-24 642
Tax	4	0	0	0
Profit/loss and total comprehensive income for the period		8 993	96	-24 642

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		410 935	410 935	410 935
Non-current financial assets	5	6 735 441	5 520 459	4 437 834
Total non-current assets		7 146 376	5 931 394	4 848 769
Current assets				
<i>Current receivables</i>				
Short-term loans		2 325 210	1 215 987	0
Trade receivables		1 872	343	0
Receivables from group companies		20 079	1 861	5 709
Current tax receivables		0	30	0
Other current receivables		0	8 705	0
Short-term investments	6	353 943	220 443	129 665
Accrued expenses and deferred income		66	65	173
		2 701 170	1 447 434	135 547
<i>Cash and cash equivalents</i>		1 598	33 283	119 588
Total current assets		2 702 768	1 480 717	255 135
TOTAL ASSETS		9 849 143	7 412 111	5 103 904

BALANCE SHEET

EQUITY AND LIABILITIES

	Note	<u>2022-06-30</u>	<u>2021-12-31</u>	<u>2021-06-30</u>
Equity				
Restricted equity				
Share capital (5,000 shares with a quotient value of SEK 100)		500	500	500
		500	500	500
Non-restricted equity				
Retained earnings		33 742	50 856	18 082
Profit/loss for the period		8 993	-24 642	96
		42 735	26 214	18 178
Total equity		43 235	26 714	18 678
Non-current liabilities				
Other non-current liabilities	7	9 568 159	7 214 591	5 013 223
Total non-current liabilities		9 568 159	7 214 591	5 013 223
Current liabilities				
Trade payables		1 922	1 257	86
Liabilities to credit institutions	8	144 709	76 599	0
Liabilities to group companies		66 913	70 232	55 283
Other current liabilities		23 930	22 467	15 443
Accrued expenses and deferred income		275	251	1 191
Total current liabilities		237 749	170 806	72 003
TOTAL EQUITY AND LIABILITIES		9 849 143	7 412 111	5 103 904

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Profit/loss for the year	Total capital
Opening balance, 1 January 2021	500	11 703	-152	12 051
Transfer of previous year's profit/loss		-152	152	
Profit/loss and total comprehensive income for the year			-24 642	-24 642
Total comprehensive income for the period		-152	-24 490	-24 642
Transactions with shareholders				
Shareholder contributions received *)		40 396		40 396
Shareholder contributions repaid *)		-1091		-1 091
Dividend paid		39 305		39 305
Total transactions with shareholders				40 396
Closing balance, 31 December 2021	500	50 856	-24 642	26 714
Transfer of previous year's profit/loss		-24 642	24 642	0
Profit/loss and total comprehensive income for the year			8 993	8 993
Total comprehensive income for the period		-24 642	33 635	8 993
Transactions with shareholders				
Shareholder contributions received *)		7 542		7 542
Shareholder contributions repaid *)		-14		-14
Total transactions with shareholders		7 528	0	7 528
Closing balance, 30 June 2022	500	33 742	8 993	43 235

*) 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	-2 765	-2 907	-3 653
Interest received	357 585	193 252	452 867
Financial transactions net	1 503	-37 802	-81 109
Paid administration costs	-34 181	-32 975	-66 159
Cash flow from operations	322 142	119 568	301 946
Change in current receivables	7 175	134	-8 805
Change in current liabilities	1 054	-683	2 747
Change in group receivables/liabilities	20 089	-49 418	3 467
Increase of short-term investments	-114 386	-126 629	-195 809
Decrease of short-term investments	0	204 016	201 133
Increase of non-current financial assets	-2 077 030	-1 453 481	-3 799 754
Decrease of non-current financial assets	61 931	42 463	192 925
Cash flow from operating activities	-2 101 166	-1 383 599	-3 604 097
Received shareholders contributions	7 543	6 530	15 396
Repaid shareholder contributions	0	0	-1 091
Change in liabilities to credit institutions	68 110	-266 965	-190 367
Increase in non-current liabilities	2 005 620	1 768 224	4 112 296
Decrease in non-current liabilities	0	-	-291 479
Paid interest in non-current liabilities	-334 849	-142 709	-323 008
Cash flow from financing activities	1 746 425	1 365 080	3 321 747
Cash flow for the period	-32 600	101 049	19 595
Cash and cash equivalents at beginning of period	33 283	19 262	19 262
Exchange rate difference, cash and cash equivalents	916	-722	-5 575
Cash and cash equivalents at end of period	1 598	119 588	33 283

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 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 management fees invoiced from the parent P Capital Partners AB of EUR 3.0 (3.0) million corresponding to SEK 29.0 (31.0) 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

	2022-01-01 2022-06-30	2021-01-01 2021-06-30
Interest income in accordance with the effective interest method		
Interest income from loans	325 071	174 882
Total	<u>325 071</u>	<u>174 882</u>
<i>Interest income and similar income</i>		
Interest income from bonds	9 135	3 404
Change in value of bonds	0	8 754
Change of value preference shares	10 100	0
Other interest income	16 853	16 163
Dividend	1 203	3 047
Currency profits (re-valuations and currency forwards)	407 309	119 027
Other financial income	46 649	28 458
Total	<u>491 250</u>	<u>178 853</u>
<i>Interest expense and similar charges</i>		
Interest expenses, profit participation debentures	-285 172	-178 337
Change of value bonds	-12 488	0
Other interest expenses	-2 765	-2 907
Currency losses (re-valuations and currency forwards)	-430 129	-125 431
Total	<u>-730 555</u>	<u>-306 675</u>
Interest income from assets recognised at fair value	9 135	3 404
Interest income from assets recognised at amortised cost.	<u>341 924</u>	<u>174 882</u>
	<u>351 059</u>	<u>178 286</u>
Interest expenses from liabilities recognised at fair value	-2 765	-2 907
Interest expenses from liabilities at amortised cost	<u>-285 172</u>	<u>-178 337</u>
	<u>-287 938</u>	<u>-181 245</u>

Note 4 Tax

	2022-01-01 2022-06-30	2021-01-01 2021-06-30
Recognised profit/loss before tax	8 993	96
Tax according to applicable tax rate (20.6%)	-1 853	-20
Tax effect of group contributions to parent company	1 853	20
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

	2022-06-30	2021-12-31
Loans	6 404 797	5 440 195
Preference shares	330 643	80 264
Total	<u>6 735 441</u>	<u>5 520 459</u>

	2022-01-01 2022-06-30	2021-01-01 2021-06-30	2021-01-01 2021-12-31
Change, IFRS 9 reserve			
Opening reserve	-57 623	-45 133	-45 133
Change for the period	<u>-13 367</u>	<u>1 539</u>	<u>-12 490</u>
Closing reserve	<u>-70 990</u>	<u>-43 594</u>	<u>-57 623</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	-	48 894	-	19 365
Bonds	310 195	301 252	195 809	199 355
Accrued interest	-	3 796	-	1 724
Total	<u>310 195</u>	<u>353 943</u>	<u>195 809</u>	<u>220 444</u>

Derivatives are currency forwards for the purpose of hedging 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)	324 546	92,800%	301 252	1,0000	<u>301 252</u>
					<u>301 252</u>

2021-12-31	Nominal value local currency	Average price	Fair value local currency	Currency rate	Fair value SEK
Bonds (SEK)	195 425	102,000%	199 355	1,0000	<u>199 355</u>
					<u>199 355</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 and 74 per cent has been called at the end of the period.

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 Serie A	2018-2028	4 503 392	4 601 588	3 365 354	3 469 499
Profit participation debentures Serie B	2018-2028	4 857 720	4 937 729	3 630 140	3 745 092
Total income, profit participation debentures		9 361 111	9 539 318	6 995 494	7 214 591
Unrealised gain Serie A			98 197		104 146
Realised gain Serie A			397 266		239 340
Unrealised gain Serie B			80 010		114 951
Realised gain Serie B			464 977		288 055
Total accumulated income, profit participation debentures			1 040 450		746 492

EUR	Maturity	2022-06-30		2021-12-31	
		Nominal value	Book value	Nominal value	Book value
Profit participation debentures Serie A	2018-2028	421 662	430 856	329 069	339 252
Profit participation debentures Serie B	2018-2028	454 838	465 030	354 960	366 200
Total income, profit participation debentures		876 500	895 887	684 029	705 452
Unrealised gain Serie A			9 194		10 183
Realised gain Serie A			37 197		11 240
Unrealised gain Serie B			10 192		23 403
Realised gain Serie B			43 537		28 166
Total accumulated income, profit participation debentures			100 120		72 993

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	144 709	0
	144 709	0

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 Contingent liabilities

	2022-06-30	2021-12-31
Funding commitments made to existing borrowers	<u>1 843 540</u>	<u>1 439 289</u>
	<u>1 843 540</u>	<u>1 439 289</u>

Note 10 Related party transactions

P Capital Partners IV B AB 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 SEK 29.0 million (31.0).

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.