Annual Report

for

P Capital Partners IV AB (publ)

556981-8619

Financial year

2022

Contents

Directors' report

The Board of Directors and Chief Executive Officer of P Capital Partners IV AB (publ), with registered office in Stockholm, Sweden, hereby present the annual report for the financial year 1 January 2022 - 31 December 2022.

OPERATIONS

P Capital Partners IV AB (publ), which is a subsidiary of P Capital Partners AB (corp. id. 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 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, 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 to the company are EUR 387 million. The funding commitments are utilized by the company by calling capital from the owners and investors. At the end of the financial year a total of EUR 315 million have been called, representing 81 per cent of the total commitments. In October 2022 the investment period was started in P Capital Partners V and therefor no further new investments will be made in the fund.

The company has two sister companies, P Capital Partners IV B AB and P Capital Partners IV C AB. The companies invest together and the collectively called P Capital Partners IV ("PCP IV"). Total funding commitments for PCP IV are EUR 1,670 million.

The fund has for the year 2022 been classified as a so called article 6-fund according to the Disclosure Regulation (EU 2019/2088). Sustainability risks have been integrated in the investment decisions, without the fund having promoted environmental or social characteristics or had sustainable investments as a goal.

Profit-sharing on the profit participation debentures is settled in Euro. The annual accounts are prepared in Swedish kronor with information regarding performance on the profit participation debentures in EUR. Figures in parentheses refer to the previous year and unless otherwise stated, all amounts refer to thousands of Swedish kronor (or thousands of Euros).

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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 thirty-one (twenty-four) loans and four (two) listed corporate bonds. 96% (97%) of the portfolio is invested in private loans and the value of the loan portfolio was EUR 376 (274) million. 4% (3%) of the portfolio is invested in listed corporate bonds and the value of the bond portfolio was EUR 17 (7.7) million.

A long-term financing facility was put in place during the year and replaced most of the short-term financing that was in place since before.

During the year interest rates were hiked around the world to counteract the high inflation that arose as a result of the pandemic, the war in Ukraine and higher energy prices. This has major impact as both households, companies and the public sector has increase debt levels during the period of negative interest rates. So far the impact on the real economy has been fairly muted but the risks have increased significantly och risk appetite and company valuations have gone down. During the year the portfolio continued to grow and eight new loans have been funded at the same time as commitments from existing borrowers have also been called upon. Further, there was two new investments made in listed corporate bonds. The impact on the company's borrowers from higher interest rates and a weaker economy has been limited even if some of them are feeling headwinds which has made credit reserves go up somewhat even though that is mainly due to the portfolio growing in size.

RESULTS AND FINANCIAL POSITION

The net profit and loss for the financial year was SEK 1.0 (-10.9) million and equity amounts to SEK 12.8 (9.0) million. The cumulative return of the portfolio since inception is EUR 72.1 (40.2) million.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

No significant company specific events have transpired after the end of the financial year.

OUTLOOK

The company's target is to generate a 10 per cent net annual return for the holders of profit participating 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.

OWNERSHIP

P Capital Partners IV AB (publ) has the following ownership structure:

Shareholder	Shares
P Capital Partners AB	5,000
Total	5,000

P Capital Partners AB is a subsidiary to PCP Deka AB (corp. id 559327-2387) which present consolidated accounts for the entire group.

PROPOSED DISPOSITION OF EARNINGS

Group contributions of SEK 31.6 (20.1) million have been made to the parent company and SEK 27.7 (15.7) million have been received from the sister company Proventus Capital Partners X AB. The Board of Directors believes that the reported equity after group contributions is adequate with regard to the equity requirements arising from the nature, scope and risks of the business. The proposed group contribution is therefore deemed defensible with regard to what is stated in Ch. 17 Section 3 paragraphs 2-3 of the Swedish Companies Act.

The Board proposes that the available funds be allocated as follows:

Non-restricted reserves	11,344,413
Profit for the year	1,003,738
Total	12,348,151 SEK

The Board of Directors proposes that the available earnings be distributed as follows:

Dividend to shareholders	0
Carried forward	12,348,151
	12,348,151 SEK

The results of the operations during the financial year and the financial position at the end of the financial year are presented in the following income statement, balance sheet and additional disclosures.

CORPORATE GOVERNANCE REPORT

In accordance with the requirements specified in Chapter 6, Section 8 of the Swedish Annual Accounts Act, the company has prepared a corporate governance report. The report can be obtained from the company and is distributed upon request.

INCOME STATEMENT

SEK('000)

	Note	1 Jan 2022- 31 Dec 2022	1 Jan 2021- 31 Dec 2021
Operating income			
Interest income using the effective interest method	6	310,272	168,547
Interest income and similar income	6	420,503	136,901
		730,775	**305,448**
Operating costs			
Interest expense and similar charges	6	-684,429	-270,879
Credit losses net	3	-13,618	-4,705
Administrative expenses	5	-27,797	-25,451
		-725,844	**-301,035**
Operating profit		**4,931**	**4,413**
Group contributions received		27,693	15,732
Group contributions made		-31,620	-31,060
Profit/loss before tax		**1,004**	**-10,915**
Tax	7	0	0
Profit/loss and total comprehensive income for the year		**1,004**	**-10,915**

BALANCE SHEET

SEK('000)

ASSETS	Note	31/12/2022	31/12/2021
Non-current assets			
Investments in group companies		161,211	161,211
Non-current financial assets	8	3,222,339	2,165,700
Total non-current assets		**3,383,550**	**2,326,911**
Current assets			
Current receivables			
Short-term loans		797,633	477,035
Receivables from group companies		15,726	730
Other current receivables		0	3,415
Short-term investments	9	225,754	86,481
Accrued expenses and deferred income		97	65
		1,039,210	**567,726**
Cash and cash equivalents		22,950	12,935
Total current assets		**1,062,160**	**580,661**
TOTAL ASSETS		**4,445,710**	**2,907,572**

BALANCE SHEET

SEK('000)

EQUITY AND LIABILITIES	Note	31/12/2022	31/12/2021
Equity			
Restricted equity			
Share capital (5,000 shares, quotient value of SEK 100)		500	500
		500	500
Non-restricted equity			
Retained earnings		11,344	19,412
Profit/loss for the year		1,004	-10,915
		12,348	**8,497**
Total equity		**12,848**	**8,997**
Non-current liabilities			
Other non-current liabilities	10	3,487,828	2,431,526
Liabilities to credit institutions	11	712,211	0
Total non-current liabilities		**4,200,039**	**2,431,526**
Current liabilities			
Trade payables		115	0
Liabilities to credit institutions	11	186,533	431,101
Liabilities to group companies		45,894	28,081
Tax liabilities		0	5
Other current liabilities	12	28	7,654
Accrued expenses and deferred income	13	253	208
Total current liabilities		**232,823**	**467,049**
TOTAL EQUITY AND LIABILITIES		**4,445,710**	**2,907,572**

STATEMENT OF CHANGES IN EQUITY

SEK('000)

	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	
Profit/loss and total comprehensive income for the year			-10,915	-10,915
Total comprehensive income for the year		**-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			1,004	1,004
Total comprehensive income for the year		**-10,915**	**11,918**	**1,004**
Transactions with shareholders				
Shareholder contributions received*)		2,851		2,851
Shareholder contributions repaid*)		-4		-4
Total transactions with shareholders		**2,847**		**2,847**
Closing balance, 31 December 2022	**500**	**11,344**	**1,004**	**12,848**

*) 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

SEK('000)

	Note	2022	2021
Interest paid	14	-15,399	-6,915
Interest received		324,535	177,671
Financial transactions net		14,221	-31,819
Paid administration costs		-27,797	-25,451
Cash flow from operations		**295,560**	**113,486**
Change in current receivables		3,383	-3,255
Change in current liabilities		48	-903
Change in group recievables/liabilities		-39,109	-1,130
Increase of short-term investments		-111,571	-76,817
Decrease pf short-term investments		0	78,905
Increase of non-current financial assets		-1,327,677	-1,490,658
Decrease of non-current financial assets		213,405	75,685
Cash flow from operating activities		**-1,261,521**	**-1,418,173**
Increase in non-current liabilities		785,217	1,487,343
Decrease in non-current liabilities		0	-97,799
Change in non current liabilities to credit institutions		663,020	0
Change in liabilities to credit institutions		-244,568	45,579
Received shareholder contributions		2,851	5,395
Repaid shareholder contributions		-4	-355
Paid interest in non-current liabilities		-255,375	-121,418
Cash flow from financing activities		**951,141**	**1,318,745**
Cash flow for the year		**-14,820**	**14,058**
Cash and cash equivalents at beginning of year		**12,935**	**7,219**
Exchange rate difference, cash and cash equivalents		24,835	-8,342
Cash and cash equivalents at end of year		**22,950**	**12,935**

NOTES TO THE ACCOUNTS AND ACCOUNTING POLICIES
SEK('000)

Note 1 Accounting principles

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554), Recommendation RFR 2 of the Swedish Financial Reporting Board and the Alternative Investment Fund Managers Act (2013:561).

Group contributions
The company applies the alternative rule under RFR 2 for accounting of group contributions, which means that group contributions are accounted for as appropriations in the income statement.

Receivables and liabilities in a currency which is not the reporting 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 11.1283 (10.2269); USD 10.4371 (9.0437); GBP 12.5811 (12.1790)

Financial assets and liabilities and accounting
Financial assets are classified in the categories fair value through profit and loss and amortized cost. The classification depends on if the financial asset is a debt instrument, equity instrument or a derivative.

Debt instruments can either be loans or debt securities. The classification is based on an assessment of the business model for managing the financial assets and whether the contractual cash flow characteristics consist of solely payments of principal and interest. The principal is defined as the fair value at initial recognition and interest cash flows include consideration for time value of money, credit risk, liquidity risk as well as profit margin. Debt instruments are classified in the category fair value through profit and loss when the business model for the instruments is held for trading which for the company include listed bonds. Debt instruments are classified in the category amortized cost when the business model for the instruments is to collect contractual cash flows and the contractual cash flow characteristics consists of solely payments of principal and interest which for the company means investments in private corporate loans. The value in the accounting is calculated using the effective interest method and is adjusted for expected credit losses. Debt instruments are only re-classified if the business model for the instruments change.

Equity instruments are classified as financial assets at fair value through profit and loss.

Derivatives are classified as financial assets at fair value through profit and loss.

Financial liabilities consist primarily in the company of profit participation debentures issued to the company's investors. They are valued at amortized cost where with profit and loss being dependent on the underlying performance of the company's assets. Positive performance on the profit participation debentures is accounted as interest expenses for the company. Negative performance on the profit participation debentures is accounted as interest income for the company.

Purchases and sales of financial assets are accounted for on the trade date, the date the company commits to buying or selling the asset. Financial assets are taken off the balance sheet when the right to receive cash flows from the instrument has expired or has been transferred and the company has also transferred practically all risks and benefits which are associated with owning the asset.

Loans are part of non-current assets with the exception of any repayments expected within 12 months from the balance sheet date which are instead classified as short-term loans and part of current assets.

Short-term investments are financial instruments which are listed on an exchange as well as derivatives. Derivatives with negative values are part of current liabilities. Changes in value are recognized through profit and loss as interest income and similar income (profits) or interest expenses and similar charges (losses).

Other receivables and liabilities are stated in the balance sheet at their nominal value or at the value that is expected to be received or paid.

The direct method has been used to calculate the cash flows.

Valuation
Financial assets are initially recognized at fair value with, in cases when the asset is not recognized as fair value through profit and loss, transactions costs directly associated with the purchase. Transactions costs associated with assets recognized as fair value through profit and loss are taken directly in the income statement.

The main part of the company's financial assets are loans where the business model is to receive contractual cash flows and they are valued at amortized costs, and this fulfills the conditions for valuation at amortized cost according to IFRS 9. Equity in group companies is valued at amortized cost. Un-listed preference shares and listed bonds are valued in accordance with the company's valuation policy and recognized at fair value.

For financial assets which are debt instruments valued at amortized costs expected credit losses are estimated. This is done by dividing all loans in three categories depending on the risk of a credit event, which in turn is based on the investment organizations continuous assessment and if there have been any payment failures or other confirmed credit events. In the first category are loans where no significant increase in credit risk has happened since initial recognition, in the second category, the credit risk has significantly increased and in the third category are negatively credit impacted assets. A negatively credit impacted asset is for example an asset where interest payment is more than 90 days overdue without anything else having been agreed upon or when the borrower's business has been negatively impacted in a way that the loan will not be repaid in full. In the company's management of loans there is a continuous assessment of credit risk and each quarter they are classified according to a traffic light system which is then translated into the three different categories. Increased credit risk should be seen in the light of what the credit risk was at initial recognition and be assessed with that as the starting point. High credit risk in this context is not the same as increase credit risk and is compensated for by a higher interest level. To move from category 1 to category 2 a borrower need to receive a yellow or red light in the model which means that something has decidedly deteriorated in the borrower's business and that the credit risk has increased significantly and at that stage the investment team start working actively with the borrower. To move from category 2 to category 3 a borrower either needs to be in default (black light) or the credit risk is assessed to have increased so much that it is unlikely that the principal will be repaid in full.

The amount which is reserved is calculated by using a model which builds on the probability of default (PD), exposure at default (EAD) and loss given default (LGD). The model is updated quarterly based with new data, among them macro data, borrowers' leverage, borrowers' other financial data and the performance of the manager. As the portfolio of loans is not large enough to have a quantitative approach based on historical patterns, it is instead primarily based on market data regarding probability of default of different companies and where the borrower is mapped into that matrix but also complemented by data from the investment team's performance in similar exposures.

For assets in category 1, expected credit losses are based on expected credit losses in the following twelve months while in category two and three, expected credit losses are based on expected credit losses until maturity. Expected credit losses are accounted for at initial recognition.

For assets valued at fair value there is a categorization into three levels depending on how fair value has been decided:

Level 1: in accordance with prices quoted on an active market for the same instrument
Level 2: based on directly or indirectly observable market data not included in Level 1
Level 3: based on non-observable inputs in the market

The following is a description of the principal methods and assumptions used in determining the fair values of the financial assets and liabilities which are valued at fair value:

- Bonds are marked at quoted bid prices. If current price from an active market (level 1) is missing the latest quoted price is used with an individual assessment of the price (level 2). The company's bonds are valued according to level 2. The price is determined on the basis of:
  - Historical prices of the quoted instrument.
  - A price obtained by the company from an independent broker on or close to the reporting date.
  - Prices of other instruments with comparable maturities issued by the same issuer.
  - The price of the issuer's CDS contracts if this information is available.
- For currency contracts the fair value is determined based on quoted exchange rates for both currencies (level 2).
- Fair value of un-listed preference shares is based on the net asset value method when no prices are available (level 3).

Regarding other assets and liabilities not carried at fair value, it is the company's best estimate that the carrying amount, of those financial assets and liabilities that are not carried at fair value, is essentially the same as fair value. For the loan portfolio as a whole there has been no change of underlying credit risk which would impact the carried amount, and which would indicate a significant difference with fair value after taking reserves for expected credit losses into account.

New standards and other changes and interpretations of current standards that were implemented 2021-01-01
Changes to standards and interpretations in RFR 2 have not been applied when compiling these annual accounts. New standards and interpretations are not expected to have any significant impact on the company's financial reports for the current or coming periods and neither on future transactions.

Note 2 Financial risks

The company is exposed to interest rate risk, credit risk, currency risk and liquidity risk. The lenders bear the same risk as the shareholders of the company and the return is dependent on the outcome of the company's portfolio management activities. Profit and participation debentures have no guaranteed return or guaranteed right to repayment. The return is contingent on the realization of profits and is settled quarterly if the conditions for payment under the terms of the debentures have been met. Due to this structure, the company's risks, as described below, are minimized.

Interest rate risks and credit risks

The company has a limited risk exposure, as changes in interest rates normally do not have a significant impact. The interest paid to the company's lenders is dependent on the returns on the company's assets which means that if the value of assets were to decrease due to increasing interest rates, the liabilities would decrease as much and there would be no profit or loss for the company. The manager limits the interest rate risk in the loans by having variable interest income with an added margin. As a result, the interest margin remains unchanged over time. For longer fixed-rate loans, the interest rate can be swapped to 90 days to reduce the interest rate risk further, but this is not done currently. Each borrower's creditworthiness and the associated required return are assessed at the time of issuing the loan. The manager applies an internal risk and pricing model which takes into account factors such as the borrower's industry, market conditions, the borrower's profitability and debt level. Based on the model, the lowest interest rate and terms for each commitment are determined.

The credit quality of all loans is continuously monitored and each quarter an assessment for necessary credit reserves is made. Overall, the portfolio has developed according to expectations and the credit quality is deemed to generally be of good quality taking current reserves for credit losses into consideration and the valuation of the loans as of the reporting date are deemed to be fair.

The company's bond portfolio is exposed to interest rate risk, credit risk and in some cases also currency risk. As the focus of investments is on high-yield bonds, the price of the bonds is primarily influenced by credit risk but depending on if the interest rate is fixed or floating there can be some interest rate risk as well. The overall risk is assessed using the same model as for the loan portfolio.

To limit risks, the company has an internal limit on the size of any engagement, both in the loan and bond portfolios, compared to total investable funds.

The company's liability to credit institutions has floating interest rate and undrawn commitments from profit participation debenture holders are secured against the liability. When commitments have been fully drawn, the liability will have to be repaid.

The company has lending in both GBP and USD and is consequently impacted by the reference rate reform. The company has managed this by agreeing with all GBP borrowers to transition to using SONIA Daily as the new index rate and regarding USD lending based on USD LIBOR 3 months those facility agreements will be amended during the first half of 2023 and the index rate changed. On the reporting date the company had outstanding loans amounting to USD 21.4 million with USD LIBOR as reference rate.

Currency risks

If any investment is made in any currency besides EUR, the asset will generally be swapped into EUR using currency forwards to minimize currency risks as the base currency for fund investors is EUR. The currency forward contracts generally have maturities of three-month maturity, after which they are rolled into new contracts to hedge the investments. This means that realized gains and losses will arise on the hedging instruments while the underlying investment will have unrealized gains and losses. The currency impact on profit and loss from value changes on the underlying investment and the hedging instrument will cancel each other out. Changes in exchange rates therefore do not have a significant impact. It is the company's aim to hedge at least 90% of the market value of any asset not denominated in EUR. When looking at currency exposure from the company's accounting currency, which is SEK, it is also minimal as assets which are either in EUR or hedged to EUR are matched by a liability side also in EUR. Furthermore, if there are any currency losses, they will mainly impact the profit participation debenture holders which further decreases the currency risk of the company.

As of the balance sheet day the company had the following currency exposure with associated currency forwards for hedging purposes:

Currency exposure ('000)	Market value	Currency hedge to EUR	Exposure
Currency exposure - NOK	NOK 57,652	-NOK 59,385	-NOK 1,733
Currency exposure - SEK	SEK 839,291	-SEK 820,836	SEK 18,454
Currency exposure - GBP	£27,200	-£26,342	£858
Currency exposure - USD	$22,179	-$21,541	$638
Currency exposure - EUR assets	€ 396,175		€ 396,175
Currency exposure - EUR liabilities	-€ 401,297		-€ 401,297
Total currency exposure to total balance SEK	4,445,709		1%
Total currency exposure to total balance EUR	399,496		2%

The company has two respectively one percent currency exposure in EUR respectively SEK compared to total assets in the company.

Liquidity risks

The company's liquidity risk consists partly in the possibility of realizing holdings in the loan and bond portfolios but also in the ability to repay borrowed funds. Both risks reflect each other. The company's assessment is that the overall liquidity risk is very low. The operations are funded through profit participation debentures and equity. Profit participation debentures are paid back as loans mature and liquidity flows in or as returns are realized. Repayment of the profit participation debentures can, according to the terms and conditions, only happen when funds are available.

The company's investments in direct loans and high-yield bonds may in certain cases result in difficulties to realize the holdings. As repayment of the profit participation debentures can't be initiated by the holders the overall liquidity risk is very low. The company has the right to raise short-term debt to increase flexibility further.

The following table of undiscounted cash flows shows the company's financial receivables and liabilities by remaining maturity at the balance sheet date. Each loan and bond as at the balance sheet date has been reviewed and the date of repayment and expected interest until repayment has been estimated. Currency forwards are accounted for gross per contract.

Undiscounted cash flows 2022	**Total**	**< 1 year**	**1–2 year**	**3–5 year**	**6+ year**
Loans and pref. shares	5,149,503	1,303,913	1,701,894	2,143,696	
Shares in group companies	224,162	17,616	17,616	188,930	
Bonds	214,371	60,849	122,189	31,333	
Derivatives	1,478,498	1,478,498			
Other current receivables	15,651	15,651			
Cash and cash equivalents	22,950	22,950			
Total	7,105,134	2,899,477	1,841,699	2,363,959	0
Liabilities to credit institution	-991,526	-218,492	-30,411	-742,623	
Other current liabilities	-46,147	-46,147			
Derivatives	-1,439,845	-1,439,845			
Profit participation debentures	-4,216,140	-1,062,791	-1,684,432	-1,468,918	
Total	-6,693,658	-2,767,275	-1,714,843	-2,211,540	0

Undiscounted cash flows 2021	**Total**	**< 1 year**	**1–2 year**	**3–5 year**	**6+ year**
Loans and pref. shares	3,062,530	564,631	1,111,053	1,195,698	191,147
Shares in group companies	203,119	12,695	15,869	174,555	
Bonds	88,988	33,906	4,006	51,075	
Derivatives	7,597	7,597			
Other current receivables	3,415	3,415			
Cash and cash equivalents	12,935	12,935			
Total	3,378,583	635,179	1,130,927	1,421,329	191,147
Liabilities to credit institution	-436,705	-436,705			
Other current liabilities	-28,212	-28,212			
Derivatives	-7,547	-7,547			
Profit participation debentures	-2,455,248	-472,739	-880,700	-984,731	-117,079
Total	-2,927,712	-945,203	-880,700	-984,731	-117,079

Note 3 Classification of assets and liabilities

The following tables show loans valued at amortized cost and expected credit losses.

2022	Total	Category 1	Category 2	Category 3
Loans 2022-01-01	2,615,580	2,615,580	0	0
Loans paid	1,357,430	1,206,807	150,622	0
Loans repaid	-293,735	-293,735	0	0
Re-classification to Category 1	0	0	0	0
Re-classification to Category 2	0	-533,542	533,542	0
Re-classification to Category 3	0	0	0	0
Revaluation currency/other adjustments	215,141	174,301	40,839	0
Loans 2022-12-31	3,894,415	3,169,411	725,004	0

	Total	Category 1	Category 2	Category 3
Reservation 2022-01-01	-22,606	-22,606	0	0
Loans paid	-9,838	-7,895	-1,943	0
Loans repaid	1,324	1,324	0	0
Change in commitments	485	-690	1,175	0
Re-classification to Category 1	0	0	0	0
Re-classification to Category 2	0	5,291	-5,291	0
Re-classification to Category 3	0	0	0	0
Change regarding "PDs/LGDs/EADs"	-3,580	1,527	-5,107	0
Revaluation currency/other adjustments	-2,009	-1,237	-772	0
Reservation 2022-12-31	-36,223	-24,286	-11,937	0

2021	Total	Category 1	Category 2	Category 3
Loans 2021-01-01	1,141,449	1,141,449	0	0
Loans paid	1,610,311	1,610,311	0	0
Loans repaid	-170,455	-170,455	0	0
Re-classification to Category 1	0	0	0	0
Re-classification to Category 2	0	0	0	0
Re-classification to Category 3	0	0	0	0
Revaluation currency/other adjustments	34,275	34,275	0	0
Loans 2021-12-31	2,615,580	2,615,580	0	0

	Total	Category 1	Category 2	Category 3
Reservation 2021-01-01	-17,901	-17,901	0	0
Loans paid	-11,720	-11,720	0	0
Loans repaid	4,573	4,573	0	0
Change in commitments	411	411	0	0
Re-classification to Category 1	0	0	0	0
Re-classification to Category 2	0	0	0	0
Re-classification to Category 3	0	0	0	0
Change regarding "PDs/LGDs/EADs"	5,648	5,648	0	0
Change in model assumptions	-3,215	-3,215	0	0
Revaluation currency/other adjustments	-402	-402	0	0
Reservation 2021-12-31	-22,606	-22,606	0	0

Credit losses net – financial assets

	31/12/2022	31/12/2021
Write downs/recoveries - change in credit reserve	-13,618	-4,705
Credit losses net	-13,618	-4,705

The following tables show classification of financial assets and liabilities based on IFRS 9.

2022	Total	Assets/ liabilities at fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost
Assets				
Long-term loans	3,092,628		3,092,628	
Short-term loans	797,633		797,633	
Shares in group companies	161,211		161,211	
Preference shares	129,711	129,711		
Bonds	187,071	187,071		
Derivatives	38,681	38,681		
Receivables from group companies	15,726		15,726	
Other current receivables	0		0	
Cash and cash equivalents	22,950		22,950	
Total	4,445,611	355,463	4,090,148	0
Liabilities				
Profit participation debentures	3,487,828			3,487,828
Liabilities to credit institution	898,744			898,744
Liabilities to group companies	45,894			45,894
Other current liabilities	253			253
Derivatives	28	28		
Total	4,432,747	28	0	4,432,719

2021	Total	Assets/ liabilities at fair value through profit or loss	Financial assets at amortized cost	Financial liabilities at amortized cost
Assets				
Long-term loans	2,134,212		2,134,212	
Short-term loans	477,035		477,035	
Shares in group companies	161,211		161,211	
Preference shares	31,488	31,488		
Bonds	78,884	78,884		
Derivatives	7,597	7,597		
Receivables from group companies	730		730	
Other current receivables	3,415		3,415	
Cash and cash equivalents	12,935		12,935	
Total	2,907,508	117,969	2,789,539	0
Liabilities				
Profit participation debentures	282,388			282,388
Liabilities to credit institution	431,101			431,101
Liabilities to group companies	28,081			28,081
Other current liabilities	106			106
Derivatives	7,547	7,547		
Total	749,223	7,547	0	741,676

The following table show the company's financial assets and liabilities recognized at fair value through profit and loss as of 31 December 2022:

	Level 1	Level 2	Level 3	Total
Assets				
Long-term investment, preference shares			129,711	129,711
Securities held for trading		187,071		187,071
Derivatives used for hedging		38,681		38,681
Total assets	0	225,752	129,711	355,463
Liabilities				
Derivatives used for hedging		28		28
Total liabilities	0	28	0	28

The following table show the company's financial assets and liabilities recognized at fair value through profit and loss as of 31 December 2021:

	Level 1	Level 2	Level 3	Total
Assets				
Long-term investment, preference shares			31,488	31,488
Securities held for trading		78,884		78,884
Derivatives used for hedging		7,597		7,597
Total assets	0	86,481	31,488	117,969
Liabilities				
Derivatives used for hedging		7,547		7,547
Total liabilities	0	7,547	0	7,547

The following table show changes in assets in level 3 during 2022 and 2021:

	Unlisted preference shares	Total
Opening balance 1 January 2021	**31,488**	**31,488**
Value change over the income statement	0	0
Outgoing balance 31 December 2021	**31,488**	**31,488**
Purchases	94,446	94,446
Value change over the income statement	3,777	3,777
Outgoing balance 31 December 2022	**129,711**	**129,711**

The following table show essential non observable data which have been used in the fair value determination in level 3:

	Fair value as of			Type of input (probability weighted average)	
	31 Dec	31 Dec			
Description	2022	2021	Unobservable inputs	2022	2021
Unlisted preference shares	129,711	31,488	Risk-adjusted discount rate	6% - 8% (7%)	6% - 8% (7%)

A decrease of the discount rate of 100 bps would have increased the value of un-listed preference shares with SEK 2,428 (589) thousand and an increase of the discount rate of 100 bps would have decreased the value of un-listed preference shares with SEK 2,375 (577) thousand.

Note 4 Critical accounting estimates and assessments

The company reviews its loans on a quarterly basis to assess the need for provisions of credit losses. The assessment is made individually for each loan. An in-depth analysis of each commitment is made on a quarterly basis to assess whether the borrower will be able to meet the agreed terms. Provisions are made at initial recognition and if the loan portfolio grows, the provisions also increase which is managed by the loss being allocated to the profit participation debentures which lowers the expected repayment of them which in turn is income for the company.

Note 5 Administrative expenses

In the financial year 2022, total fees of SEK 449 thousand were paid to Öhrlings PricewaterhouseCoopers AB, broken down by the following categories:

PwC:	2022	2021
Audit engagement	441	226
Tax advisory services	8	29
Total	449	255

Intra-group purchases and sales: Included in administrative expenses are management fees invoiced from the parent company P Capital Partners AB of SEK 23.9 (23.6) million during 2022.

Average number of employees: The company had as in previous years no employees during the financial year.

Remuneration: Remuneration has been paid to staff in the parent company which manages the company's investments. Total fixed remuneration was during the year SEK 31.5 million variable remuneration was SEK 1.6 million MSEK which was divided by 7 employees.

Note 6 Interest income, interest expense and similar profit/loss items

Interest income in accordance with the effective interest method	2022	2021
Interest income in accordance with the effective interest method	310,272	168,547
Total	310,272	168,547
Interest income and similar income		
Interest income from bonds	10,650	3,882
Change of value bonds	1,435	3,831
Other interest income	24	0
Dividends	3,167	4,448
Currency profits (re-valuations and currency forwards)	363,317	96,206
Change in value, investment in group companies	0	2,992
Write down of profit participation debentures	11,583	4,351
Other financial income	30,327	21,191
Total	420,503	136,901
Interest expenses and similar charges		
Interest expenses profit participation debentures	-281,344	-159,569
Change of value bonds	-6,553	-137
Other interest expenses	-15,399	-6,916
Currency losses (re-valuations and currency forwards)	-381,133	-104,257
Total	-684,429	-270,879
Interest income from assets at fair value	10,674	3,882
Interest income from assets at amortised cost	310,272	168,547
	320,946	172,429
Interest expense from liabilities at fair value	0	0
Interest expense from liabilities at amortised cost	-296,743	-166,485
	-296,743	-166,485

Note 7 Tax

	2022	2021
Reported profit before tax	1,004	-10,915
Tax calculated at applicable rate (20.6%)	-207	2,248
Tax effect from non-deductible expenses	-3,860	-6,457
Tax effect from non-taxable income	10,991	3,693
Tax effect of non accounted for tax losses	-6,924	516
Reported tax expense	0	0

	2022	2021
Unused loss carryforward for which no deferred tax asset has been accounted for	43,341	9,729
Potential tax benefit (20.6%)	8,928	2,004

Note 8 Non-current financial assets

	31/12/2022	31/12/2021
Loans	3,092,628	2,134,212
Preference shares	129,711	31,488
Total	3,222,339	2,165,700

Loans refer to direct loans to businesses. At the end of the financial year, the portfolio comprised 29 loans and an investment in one preference share. The maturities will wary and are estimated from less than one year up to five years. Loans that are expected to be repaid within 12 months are part of current assets.

	31/12/2022	31/12/2021
Investments in group companies	161,211	161,211
Total	161,211	161,211

Investment in group companies is shares in the sister company Proventus Capital Partners X AB (559261-2849) through which an additional loan has been made on behalf of the PCP IV companies.

Note 9 Short-term investments

	31/12/2022		31/12/2021	
	Cost	Fair value	Cost	Fair value
Derivatives	-	38,681	-	7,597
Bonds	188,388	184,663	76,817	78,208
Accrued interest	-	2,410	-	676
	188,388	225,754	76,817	86,481

Composition of the portfolio

31/12/2022	Nominal value local currency	Average price	Fair value local currency	Currency rate	Fair value SEK
Bonds (SEK)	201,317	91.7%	184,661	1.0000	184,661
					184,661

31/12/2021	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	78,208
					78,208

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

Note 10 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 is EUR 1.4 million. The capital can be accessed on ten days' notice and 81 percent has been called as of the balance sheet day.

The profit participation debentures that have been issued are entitled to profits from the first issue date 21 December 2018.

The change of the accounted for amortized cost of the 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 Euribor + 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 in 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	31/12/2022 Nominal value	31/12/2022 Book value	31/12/2021 Nominal value	31/12/2021 Book value
Profit participation debentures	2018-2028	3,386,171	3,487,828	2,347,167	2,431,526
Unrealised gain			101,657		84,359
Realised gain			483,272		198,028
Total accumulated income, profit participation debentures			584,929		282,388

EUR	Maturity	31/12/2022 Nominal value	31/12/2022 Book value	31/12/2021 Nominal value	31/12/2021 Book value
Profit participation debentures	2018-2028	304,285	313,420	229,509	237,758
Unrealised gain			9,135		8,249
Realised gain			43,427		19,363
Total accumulated income, profit participation debentures			52,562		27,612

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

Note 11 Liabilities to credit institution

	31/12/2022	31/12/2021
Long-term credit facility with SEB	712,211	0
Utilised overdraft facility with SEB	186,533	431,101
Total	898,744	431,101

The company had at the end of the financial year an overdraft facility amounting to EUR 39 (60) million and a long-term credit facility amounting to EUR 64 (0) million.

Note 12 Other liabilities

	31/12/2022	31/12/2021
Other current liabilities	0	107
Currency forwards	28	7,547
Total	28	7,654

Currency forwards are for hedging purposes of the loan and bond portfolios.

Note 13 Accrued expenses and deferred income

	31/12/2022	31/12/2021
Audit engagement cost	223	180
Other accrued expenses	30	28
Total	253	208

Note 14 Statement of cash flows

The following changes have changed in financial liabilities from financing activities:

	31/12/2022	31/12/2021
Opening balance	2,431,526	976,553
Cash flow	1,379,396	1,268,127
Non cash flow impact from currency changes	305,889	28,843
Non cash flow impact from value changes	-11,583	-4,688
Non cash flow impact from change in accrued interest	281,344	162,691
Total liabilities in financing activities	4,386,572	2,431,526

Note 15 Contingent liabilities

	31/12/2022	31/12/2021
Funding commitments made to existing borrowers	604,149	564,639
Total	604,149	564,639

Note 16 Related party transactions

P Capital Partners IV AB (publ) is owned by P Capital Partners AB (556930-7027). The parent company performs services for 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 2022 the fee was SEK 23.9 (23.6) million. Group contributions to the parent company were SEK 31.6 (20.1) million and from Proventus Capital Partners X AB SEK 27.7 (15.7) million.

Note 17 Proposed disposition of earnings

The Board proposes that the available funds be allocated as follows:

Non-restricted reserves	11,344,413
Profit for the year	1,003,738
Total	12,348,151

The Board of Directors proposes that the available earnings be distributed as follows:

Dividend to shareholders	0
To be carried forward	12,348,151
Total	12,348,151

Stockholm as of the day of my digital signature

Anders Thelin Chairman	Daniel Sachs Chief Executive Officer	
Christian Reiner	Åsa Hansdotter	Anna Ramel

Our auditor's report was submitted as of the day of our digital signature

Öhrlings PricewaterhouseCoopers AB

Daniel Algotsson

Authorized Public Accountant and Auditor in Charge

Auditor’s report

Unofficial translation

To the general meeting of the shareholders of P Capital Partners IV AB (publ), corporate identity number 556981-8619

Report on the annual accounts

Opinions

We have audited the annual accounts of P Capital Partners IV AB (publ) for the year 2022.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of P Capital Partners IV AB (publ) as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for P Capital Partners IV AB (publ).

Our opinions in this report on the annual accounts are consistent with the content of the additional report that has been submitted to the company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of P Capital Partners IV AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	***The manner in which our audit addressed the Key audit matter***
Valuation of loan receivables *We refer to the Administration Report and description of P Capital Partners IV AB (publ)'s ("PCP") Accounting principles, Note 1, Significant accounting estimates and assessments, Note 4 and Non-current assets, Note 8.* PCP's loan receivables amounted to 4 020 MSEK (each of 3 222 MSEK refers to long-term and 798 MSEK to short-term loan receivables) as at 31 December 2022, which is equivalent to 90% of the PCP's balance sheet total. Consequently, these loan receivables comprise a significant portion of PCP's balance sheet and are classified as non-current financial assets and short-term loan receivables. The loan receivables are reported according to amortized cost method. The valuation involves both quantitative and qualitative components. The assessment of loan impairment involves a number of areas which are subjective and are based on the management's judgements. PCP reviews its loan receivables on a quarterly basis and, then, amongst other things, reviews the manner in which the specific borrower is capable of fulfilling the loan contract terms, its future payment capacity and the existing collaterals. The assessment of a requirement for a loan impairment is made individually for each loan contract and impairment is to be undertaken when the decrease in value can be assumed to be permanent. The significance of the estimations and judgements involved in determining the need for loan impairments is critical and can, if the estimations and judgements are incorrect, result in significant misstatements in the financial reporting. This implies that the valuation of loan receivables is a Key audit matter in the audit.	In the audit, we have both focused on the internal control regarding the valution of loan receivables and on the company's executed impairment testing as at 31 December 2022. The audit team has obtained and evaluated PCP's own assessments and compilations regarding possible loan impairment requirements for the period. This was done to ensure that the assessment complies with PCP's guidelines for valuation and impairment testing. Furthermore, we have had meetings with PCP's personnel responsible for the valuation of loan receivables during which important assumptions and judgements have been discussed. Our work has had, as its general starting point, the loan portfolio in its entirety and we have, thereafter, focused, on a random sample basis, on specific loan receivables. Furthermore, we have, through random sampling, checked to determine if the borrowers pay interest and undertake amortization in accordance with the established terms of the loan contracts. By definition, the assessment of impairment requirements regarding loan receivables is associated with an inherent degree of uncertainty. As a result of our audit, we have not reported any significant observations to the Audit Committee.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Director's and the Managing Director of P Capital Partners IV AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of P Capital Partners IV AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts, We have also examined that the Board of Directors and the Managing Director have prepared the annual accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for P Capital Partners IV AB (publ) for the financial year 2022 .

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of for P Capital Partners IV AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors (and the Managing Director), but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts.

Öhrlings PricewaterhouseCoopers AB, was appointed auditor of P Capital Partners IV AB (publ) by the general meeting of the shareholders on the 13 May 2022 and has been the company's auditor since the 1 October 2014.

Stockholm 29 March 2023

Öhrlings PricewaterhouseCoopers AB

Daniel Algotsson
Authorized Public Accountant