Annual Report

for

P Capital Partners V B AB

559344-9563

Financial year

2022

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DIRECTORS' REPORT

The Board of Directors and Chief Executive Officer of P Capital Partners V B AB hereby present the annual report for the financial year 1 January 2022 - 31 December 2022.

OPERATIONS

P Capital Partners V B AB, which is a subsidiary of P Capital Partners AB (corp. id 556930-7027), operates a lending business. The company is an alternative investment fund within the meaning of the Swedish Alternative Investment Fund Managers Act (2023:561) and is managed by the parent company, P Capital Partners, which since 18 June 2014 holds a license form the Swedish Financial Supervisory Authority for the management of alternative investment funds under the Alternative Investment Fund Managers Act (2023:561).

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 were EUR 850 million on the reporting date. 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 0 million have been called.

The company has two fellow subsidiaries, P Capital Partners V A and P Capital Partners V D. The companies are co-investing and are mutually named P Capital Partners V ("PCP V"). The total commitments for PCP V are EUR 1 109,9 million.

The annual accounts are prepared in Swedish kronor with disclosure of the return on the profit participation debentures in Euro. Figures in parentheses refer to the previous year and unless otherwise stated, all amounts refer to thousands of Swedish kronor (or thousands of Euro).

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The investment activities were started in October 2022. At the end of the financial year the company's portfolio consisted three listed bonds. The total value of the bond portfolio was EUR 16,8 million. The company's custody is Intertrust Depositary Services (Sweden) AB (corp. id 556944-1172). SEB is the custodian bank.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

After the end of the financial year, a funding of 5,5 percent of the total commitment has been drawn from the investors. The funding will be used for the financing of direct loans to businesses.

OUTLOOK

The company's goal is to achieve an 8 percent annual net return to the holders of profit participating debentures. The business prospect is currently good, and the portfolio is expected to deliver a return in line with expectations.

MULTI-YEAR OVERVIEW

(Tkr)	**2022**	**2021** (2 mon)
Net turnover	17 685	0
Profit for the year	-3	-15
Balance sheet total	273 302	40

STATEMENT OF CHANGES IN EQUITY (Tkr)

	Share capital	**Retained profit/loss**	**Profit/loss this year**	**Total**
Amount at the opening of the year	25	15	-15	**25**
Appropriation of earnings as per decision of the Annual General Meeting:				
Balanced on a new account		-15	15	**0**
Profit/loss for the year			-3	**-3**
Amount at the closing of the year	**25**	**0**	**-3**	**22**

RECOMMENDED PROCESSING OF ACCUMULATED LOSS

The Board of Directors recommends that the accumulated loss (SEK):

accumulated loss	-5
year's loss	-2 888
	-2 893

be processed so that	
carried over	-2 893
	-2 893

The company’s earnings and financial position in general are indicated in the following income statement and balance sheet with notes.

Income Statement

Tkr

	Note	2022-01-01 -2022-12-31	2021-11-08 -2021-12-31 (2 months)
Operating revenues			
Net turnover		17 685	0
		17 685	**0**
Operating expenses			
Interest expenses and similar costs		-5 941	0
Administrative expenses		-11 747	-15
		-17 688	**-15**
Operating profit/loss		**-3**	**-15**
Profit/loss after financial items		**-3**	**-15**
Pre-tax profit/loss		**-3**	**-15**
Net profit/loss for the year		**-3**	**-15**

Balance Sheet

Tkr

	Note	2022-12-31	2021-12-31
ASSETS			
Fixed assets			
Financial assets			
Other long-term receivables	3	11 006	0
		11 006	**0**
Total fixed assets		**11 006**	**0**
Current assets			
Current receivables			
Receivables from group companies		70 396	15
Other receivables		61	0
Other current investments	4	189 385	0
Deferred expenses and accrued income		2 288	0
		262 130	**15**
Cash on hand and in bank		166	25
Total current assets		**262 296**	**40**
TOTAL ASSETS		**273 302**	**40**

Balance Sheet

Tkr

	Note	2022-12-31	2021-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted reserves			
Share capital		25	25
		25	**25**
Non-restricted equity			
Retained earnings or losses		0	15
Profit/loss for the year		-3	-15
		-3	**0**
Total equity		**22**	**25**
Current liabilities			
Bank overdraft facilities	5	266 415	0
Liabilities to group companies		5 868	0
Accrued expenses and deferred income		997	15
Total current liabilities		**273 280**	**15**
TOTAL EQUITY AND LIABILITIES		**273 302**	**40**

NOTES TO THE ACCOUNTS AND ACCOUNTING POLICIES

Tkr

Note 1 Accounting and Valuation principles

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554), BFNAR 2012:1 Annual accounts and group accounting (K3) and the Alternative Investment Fund Managers Act (2013:561).

The accounting principles remain unchanged as compared to the previous year.

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)

Financial instruments
The company's accounting of financial instruments follows chapter 12, which means accounting at fair value according to the Swedish Annual Accounts Act Ch. 4 14a-e§§.

Classification
The company classify financial assets and liabilities in the following categories: financial assets and liabilities held for trading, loans and account receivables and other financial liabilities. The classification is dependent on for which purpose the financial asset, or the financial liability is acquired. The company determines the classification of the financial assets at initial recognition.

Financial assets and liabilities held for trading
Financial assets and liabilities are classified in this category if they were acquired or arose with the intent to be sold or repurchased in the short-term. Financial assets and liabilities that are held for trading are valued at fair value through profit and loss. Assets in this category are classified as current assets if they are expected to be settled within twelve months and are otherwise classified as non-current assets. The company's derivatives which are not part of hedge accounting are classified in this category and are either a financial asset or a financial liability depending on if the fair value is positive or negative.

Loans and accounts receivables
Loans and accounts receivables are financial assets which are not derivatives and which have determined or determinable payments. Financial assets that are classified in this category are valued at amortized cost according to the effective interest method. Loans and accounts receivables are part of current assets with the exception of items that have a maturity longer than twelve months, in which case they are classified as non-current assets.

Other financial liabilities
Other financial liabilities are financial liabilities that the company has not classified in the category financial liabilities held for trading. Financial liabilities in this category are valued at amortized cost using the effective interest method. Other financial liabilities are classified as long-term if they are expected to be settled more than twelve months after the reporting date, otherwise they are classified as short-term.

Accounting and valuation

Financial instruments are recognized in the balance sheet when the company becomes part in the contractual terms in relation to the instrument. All transactions are booked on the settlement day - the date the company purchased or sold the instrument. Financial assets and liabilities are initially recognized at fair value adjusted for transaction costs that are directly related to the acquisition. This is true for all financial assets and liabilities which are not recognized at fair value through profit and loss. Financial assets and liabilities that are valued at fair value through profit and loss are initially recognized at fair value, while related transaction costs are taken over the income statement.

Financial assets that are held for trading are valued at fair value with the value change accounted for in the profit and loss. Loans and accounts receivables are after the time of acquisition valued at amortized cost using the effective interest method, adjusted for any possible write downs. Receivables that are due within 12 months after the reporting date are not discounted as the effect from discounting is immaterial.

Other financial liabilities are after the time of acquisition valued at amortized cost according to the effective interest method. Liabilities that are due with 12 months after the reporting date are not discounted as the effect from discounting is immaterial. Financial liabilities are in the company primarily made up of profit participation debentures issued to the company's investors. The return is dependent on the underlying return of the company's assets. Positive return on the profit participation debentures is an interest expense for the company. Negative return on the profit participation debentures is an interest income for the company.

Financial assets are moved 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. Financial liabilities are moved off the balance sheet when the contractual obligation has been fulfilled or expired.

On each reporting date, the company test if there are objective evidence that indicate that assets classified as loans or accounts receivables should be written down in value. At the end of each reporting period the company assess if there are objective evidence that there is a need for a write down of each financial asset. Objective evidence of the need for a write down is among other things indications that a borrower has significant financial difficulties, that payment of interest or principal repayments have stopped or are overdue, if it is probable that the borrower will default or enter administration or if there are observable data that indicate that a measurable decrease in expected future cash flows like changes in overdue debt or other economic circumstances that correlate with credit losses.

A write down is calculated as the difference between the assets book value and the present value of the company's best estimate of future cash flows discounted with the assets original effective interest rate. The book value of the asset is then written down is and the write down amount is shown in the income statement. On each reporting date the company will test if a write down is still fully or partly motivated. A previous write down is only returned if the reasons for the initial write down has changed.

Profit and loss due changes in fair value regarding the categories financial assets held for trading, are booked in the period when they occur.

A financial asset and a financial liability are netted and are accounted for using a net amount in the balance sheet only if legal netting rights are present and if a settlement of a net amount will be done or if a simultaneous sale of the purchase and settlement of the liability will be done.

To calculate the cash flow the direct method has been used.

Determination of fair value
To determine fair value, listed prices from active markets are used. An active market should have trading in similar instruments, there should in a normal situation exist both interest buyers and sellers and the price information should be widely available.

In the case when a financial instrument that is valued at fair value is not traded on an active marker, or when similar instruments or the individual parts of the instrument are not traded on an active market, the company will use a suitable valuation technique to determine the fair value, where for example currency forwards are valued based on how the fx rates have changed since the contract was initiated.

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.

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 risk and credit risk

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 and the valuation of the loans as of the reporting date are deemed to be fair and there is no need for write downs.

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 no lending in GBP or USD and is therefore not impacted by the reference rate reform.

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.

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.

Note 3 Other long-term receivables

Profit participation debentures

The holders of profit participation debentures have committed to provide funding of up to EUR 850 million. The funding can be called upon with at least 10 days' notice and 0 per cent has been drawn as of the reporting date.

The profit participation debentures that have been issued are entitled to profits from the first issue date 25 October 2022.

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. Realized profits on the holdings in the portfolio after deduction of the period's costs are distributed quarterly.

	2022-12-31	2021-12-31
Acquisition value, opening balance	0	0
Incoming accounts	0	0
Accumulated acquisition value, closing balance	**0**	**0**
Write-down losses, opening balance	0	0
Write-downs for the year	11 006	0
Accumulated write-down losses, closing balance	**11 006**	**0**
Book value, closing balance	**11 006**	**0**

Note 4 Other short-term securities

	2022-12-31	2021-12-31
Acquisition value, opening balance	0	0
Purchasing	183 744	0
Accumulated acquisition value, closing balance	**183 744**	**0**
Write-ups, opening balance	0	0
Write-ups for the year	5 641	0
Accumulated write-ups, closing balance	**5 641**	**0**
Book value, closing balance	**189 385**	**0**

Note 5 Bank Overdraft Facilities

	2022-12-31	2021-12-31
Bank overdraft facilities amount to	945 906	0
Used credit amounts to	266 415	0

Note 6 Sustainability Information

Product name: P Capital Partners V B AB

Legal entity identifier: 2549002JK6Q24MFXNH02

Did this financial product have a sustainable investment objective?

☐ Yes	☒ No
☐ It made sustainable investments with an environmental objective: __% ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ It made sustainable investments with a social objective: _%	☐ It promoted Environmental/Social (E/S) characteristics and while it did not have as its objective a sustainable investment, it had a proportion of _% of sustainable investments ☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective ☒ It promoted E/S characteristics, but did not make any sustainable investments

To what extent were the environmental and/ or social characteristics promoted by this financial product met?

The Fund's investment mandate is to provide debt financing to companies:

- whose business models obtain a high-level of ethical standards, or in other words fulfil all of the Fund's positive assessment criteria as set out in the Ethical Policy;
- and/or companies that work actively to reduce their negative environmental impact.

By doing so, the Fund promotes the following environmental and social characteristics:

- Investments shall support companies in sectors that are long-term able to transition to sustainable business models;
- They shall support companies practicing good governance and promotion of human rights;
- They shall support companies seeking to reduce their negative environmental footprint.

The binding elements of the investment strategy to attain these characteristics include:

- The fund's share of investments (in terms of NAV) deriving significant revenue (i.e., typically this means the lower of (i) one percent of the reported income or (ii) EUR one million) from the following economic activities/sectors is 0%:

1. alcohol and other recreational drugs,
2. gambling,
3. pornography,
4. tobacco,
5. weapons and
6. certain raw materials.

Furthermore, the Fund will not invest in capital in securities issued by companies or company groups who have any business undertaking in any occupied territory or which is an industrial real estate business whose main purpose is to provide real estate for any of the activities restricted by the negative assessment criteria or who otherwise provide real estate that has been modified to a point exceeding what can be considered normal tenant adaption, to facilitate any of the activities restricted by the negative assessment criteria.

- All investments shall be in compliance with the Fund's the responsible governance and corruption criteria, the human rights criteria, and the climate change and environment criteria as part of the Fund's positive assessment criteria, at 100% (excluding cash, cash equivalents, etc.).

To measure the attainment of the environmental and social characteristics promoted by the Fund, ESG aspects are analysed as part of the investment analysis in different stages of the investment decision making process, and also analysed in investment monitoring, as below.

Sustainability indicators:

- 0% of the Fund is invested in companies in sectors where transition to long-term sustainable business models is unlikely;
- 100% of the Fund is invested in companies that practice good governance, including promote improvements on human rights and standards of good governance (as described in the Fund's Ethical Policy);
- 100% of the Fund is invested in companies that seek to reduce their negative environmental footprint.

Methodologies used:

- TheNegative Assessment Criteria is used in screening the investment pipeline to select investments to attain the environmental and social characteristics promoted by the Fund.
- The Positive Assessment Criteria is used in screening that a potential investment fulfils the Fund's ethical standard at investment (confirm investee is making a systematic effort at preventing corruption by 'sharing Code of Conduct'), and reviewed

at least once a year to validate that the criteria remains satisfied ('undertake Annual ESG Review').

- The Positive Assessment Criteria of 'climate and environment' is additionally reviewed in receiving evidence that the company is actively working to reduce their negative environmental impact, including in providing PCP goals for their environmental work, and a numeric estimate of their 'carbon footprint'.

The indicators are calculated on data from PCPV investment controlling as well as that provided by its investee companies. The Fund performs data checks, applies industry-standard methodologies and may use other equivalent data in its calculations.

The Fund does not have a reference benchmark.

- ***How did the sustainability indicators perform?***

As of the end 2022, the Fund had invested circa EUR 23million. The contribution of these investments to the Fund's environmental and social characteristics during the reporting was:

1. Negative Assessment Criteria followed:

During the reporting period, the Fund's share of investments (in terms of NAV) deriving significant revenue from any of the excluded sectors amounted to 0%.

The Fund reviewed a total of 77 investment ideas in FY22, of which 6 were deemed ineligible for further analysis for ESG reasons. Otherwise, the investments accepted for further analysis did not receive any revenues (0%) from the sectors/economic activities on the Fund's negative screening list.

2. Positive Assessment Criteria followed:

During the reporting period, 100% of the Fund's investments (in terms of NAV) were aligned with the Fund's Positive Assessment Criteria.

Out of the 6 investment ideas deemed ineligible, 2 ideas were rejected because the did not fulfil the Fund's ethical standard (specifically, social criteria). All the investments made in PCPV in FY22 were bond investments. The investment team reviewed the publicly available sustainability disclosures of the issuers, and confirmed they were in line with the Fund's ethical standard. Where the Fund has had dialogue with the management team of the issuer, the investment team confirmed systematic efforts at following our Positive Screening Criteria were made.

Annual ESG review dates were set one year out from investment for the investments that were made.

3. Reduction of environmental impact by the Fund's portfolio companies:

   The investments made in FY22 were bond investments.

   Reviewing publicly available information, 100% of the investee companies have set relevant targets to reduce environmental impact in their operations. The Fund plans to review progress to these targets in the second year of its life.

   The Fund also shall collect carbon footprint data from each private loan borrower to the fund going forward.

This is the Fund's first periodic report and as such no comparison to the sustainability indicators from previous years is available.

What were the top investments of this financial product?

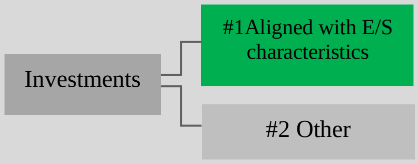
Largest Investments	***Sector***	***% Assets***	***Country***
Bond 1	Healthcare	7%	Germany
Bond 2	Personal and household goods	29%	Germany
Bond 3	Travel and leisure	64%	Sweden

What was the proportion of sustainability-related investments?

In FY22, 100% of the Fund's capital is invested in assets that are aligned with the environmental or social characteristics promoted by the Fund (#1 Aligned with E/S characteristics).

Overall, the Fund is expected to invest at least 98% of its NAV in assets that are aligned with one or several of the environmental and/or social characteristics promoted. The Fund can invest up to 2% of its NAV in cash, cash equivalents, and/or hedging instruments.

- ***What was the asset allocation?***



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.
#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

- ***In which economic sectors were the investments made?***

  As of 31 December 2022, 64% of the capital deployed by the Fund was invested in travel and leisure; 29% was invested in personal and household goods, and 7% was invested in healthcare.

- ***To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?***

  The Fund does not currently commit to make any sustainable investments within the meaning of the SFDR 2.17 or the EU Taxonomy Regulation. Nevertheless, the Fund may invest in EU Taxonomy-aligned economic activities over time. During the reporting period, no Taxonomy alignment was determined due to lack of sufficiently reliable data.
  Therefore, the Taxonomy-alignment of the Fund was 0%.

  - ***Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy?***

    No

- ***What was the share of investments made in transitional and enabling activities?***

  Since the Fund does not currently commit to invest in sustainable investment within the meaning of the EU Taxonomy Regulation, accordingly, the minimum share of investments in transitional and enabling activities is 0%.

What actions have been taken to meet the environmental and/ or social characteristics during the reference period?

The E/S characteristics are monitored as part of the overall investment monitoring process of the Fund. The Annual ESG Reviews were scheduled a year out from the investment date for the investments made.

The Fund will monitor progress on the bond issuers' progress on reducing their negative environmental footprint, and the targets they have set for themselves in this regard.

When lending directly to company management teams, the Fund also collects carbon footprint information as part of general information undertakings to the borrower. It may further improve its environmental and social data collection process going forward.

Above and beyond actions taken as part of the ordinary course of the investment process described above, no particular corrective actions were required during the reporting period.

Where can I find more product specific information online?

More product-specific information can be found on the website: https://pcapital.se/our-funds/

Stockholm, on the day indicated by our electronic signature

Anders Thelin

Anna Ramel

Åsa Hansdotter

Christian Reiner

Daniel Sachs

Our audit report was submitted on the day indicated by my electronic signature

Öhrlings PricewaterhouseCoopers AB

Daniel Algotsson