

P Capital Partners IV AB (publ)

Org nr 556981-8619

INTERIM REPORT FOR THE PERIOD 1 JANUARY 2023 – 30 JUNE 2023

The Board of Directors and Chief Executive Officer of Proventus Capital Partners IV AB (publ) hereby present the interim report for the period 1 January 2023 – 30 June 2023.

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Unless otherwise stated, all amounts refer to thousands of Swedish kronor (SEK '000). Figures in parentheses refer to the previous year.

DIRECTORS' REPORT

OPERATIONS

P Capital Partners IV AB (publ) , which is a subsidiary of P Capital Partners AB (556930-7027), operates a corporate lending business. The company is an alternative investment fund within the meaning of the Swedish Alternative Investment Fund Managers Act (2013:561) and is managed by the parent company, P Capital Partners AB, which since 18 June 2014, holds a license from the Swedish Financial Supervisory Authority for the management of alternative investment funds under the Alternative Investment Fund Managers Act (2013:561).

The business is focused on direct loans to businesses, listed bonds and other debt securities. The fund's base currency is Euro (EUR). Any investments made in other currencies are normally hedged to Euro.

The operations are funded with capital contributed by the owner and through issuing profit participating debentures to primarily institutional investors. The total funding commitments at the end of the period are EUR 387 million. At the end of the period a total of EUR 332 million have been called, representing 86 per cent of the total commitments.

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

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

The investment operations began in December 2018 and has been gradually built up since then. At the end of the reporting period the portfolio consists of thirty-one (twenty-nine) loans and four (four) listed corporate bonds. 96 per cent of the portfolio was invested in private loans and 4 per cent in listed corporate bonds.

The lending portfolio, including accrued interest, was at the end of the reporting period EUR 378 million (349). The portfolio of listed bonds including accrued interest and currency forward contracts amounted to EUR 16 (12) million at the end of the period.

RESULTS AND FINANCIAL POSITION

The net profit and loss for the period was SEK 0.8 (3.4) million and equity amounts to SEK 13.9 (15.2) million. The cumulative return of the portfolio since inception is EUR 89 (54) million.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

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

OUTLOOK

The company's target is to generate a 10 per cent net annual return for the holders of profit participation debentures. Business is currently good and there is currently nothing to suggest that the company will not be able to deliver a return to investors that is in line with expectations.

OTHER

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

The results of the operations during the period and the financial position at the end of the period are shown in the following income statements and balance sheets, with accompanying notes.

INCOME STATEMENT

	Note	2023-01-01 <u>2023-12-31</u>	2022-01-01 <u>2022-06-30</u>	2022-01-01 <u>2022-12-31</u>
Operating income				
Interest income using the effective interest method	3	223,804	118,906	310,272
Interest income and similar income	3	312,016	214,625	420,503
		535,820	333,530	730,775
Operating costs				
Interest expense and similar charges	3	-450,348	-300,023	-684,429
Credit losses net	5	-57,496	-5,243	-13,618
Administrative expenses	2	-27,222	-24,820	-27,797
		-535,066	-330,086	-725,844
Operating profit		754	3,444	4,931
Group contributions received		0	0	27,693
Group contributions made		0	0	-31,620
Profit/loss before tax		754	3,444	1,004
Tax	4	0	0	0
Profit/loss and total comprehensive income for the period		754	3,444	1,004

BALANCE SHEET

ASSETS	<u>Note</u>	<u>2023-06-30</u>	<u>2022-12-31</u>	<u>2022-06-30</u>
Non-current assets				
Investments in group companies		161,211	161,211	161,211
Non-current financial assets	5	2,084,828	3,222,339	2,642,182
Total non-current assets		2,246,040	3,383,550	2,803,393
Current assets				
<i>Current receivables</i>				
Short-term loans		2,191,475	797,633	912,190
Trade receivables		0	0	356
Receivables from group companies		21,785	15,726	7,871
Short-term investments	6	226,441	225,754	138,853
Accrued expenses and deferred income		99	97	66
		2,439,800	1,039,210	1,059,336
<i>Cash and cash equivalents</i>		938	22,950	676
Total current assets		2,440,738	1,062,160	1,060,013
TOTAL ASSETS		4,686,777	4,445,710	3,863,406

BALANCE SHEET

EQUITY AND LIABILITIES

	<u>Note</u>	<u>2023-06-30</u>	<u>2022-12-31</u>	<u>2022-06-30</u>
Equity				
<i>Restricted equity</i>				
Share capital (5,000 shares with a quotient value of SEK 100)		500	500	500
		500	500	500
<i>Non-restricted equity</i>				
Retained earnings		12,674	11,344	11,247
Profit/loss for the period		754	1,004	3,444
		13,429	12,348	14,691
Total equity		13,929	12,848	15,191
Non-current liabilities				
Other non-current liabilities	7	4,488,028	3,487,828	3,301,570
Liabilities to credit institutions			712,211	
Total non-current liabilities		4,488,028	4,200,039	3,301,570
Current liabilities				
Trade payables		23	115	284
Liabilities to credit institutions	8	145,706	186,533	512,076
Liabilities to group companies		30,305	45,894	26,064
Tax liabilities		0	0	0
Other current liabilities		8,548	28	7,993
Accrued expenses and deferred income		239	253	229
Total current liabilities		184,821	232,823	546,646
TOTAL EQUITY AND LIABILITIES		4,686,777	4,445,710	3,863,407

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Profit/loss for the year	Total capital
Opening balance, 1 January 2022	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 period		-10,915	11,919	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
Transfer of previous year's profit/loss		1,004	-1,004	0
Profit/loss and total comprehensive income for the year			754	754
Total comprehensive income for the period		1,004	-250	754
Transactions with shareholders				
Shareholder contributions received *)		706		706
Shareholder contributions repaid *)		-380		-380
Total transactions with shareholders		326		326
Closing balance, 30 June 2023	500	12,674	754	13,928

*) 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

	2023-01-01 <u>2023-12-31</u>	2022-01-01 <u>2022-06-30</u>	2022-01-01 <u>2022-12-31</u>
Interest paid	-21,541	-4,848	-15399
Interest received	187,486	143,381	324,535
Financial transactions net	59,331	-2,507	14,221
Paid administration costs	-11,412	-13,355	-27,797
Cash flow from operations	213,864	122,671	295,560
Change in current receivables	-2	3,057	3,383
Change in current liabilities	-107	208	48
Change in group receivables/liabilities	66,892	24,397	-39,109
Increase of short-term investments	0	-44,874	-111,571
Decrease of short-term investments	0	0	0
Increase of non-current financial assets	-86,995	-809,562	-1,327,677
Decrease of non-current financial assets	36,964	19,030	213,405
Cash flow from operating activities	16,752	-807,743	-1,261,521
Change short-term debt credit institution	-40,827	80,975	-244,568
Received shareholders contributions	706	2,753	2,851
Repaid shareholder contributions	-380	0	-4
Change in liabilities to credit institutions	0	0	663,020
Increase in non-current liabilities	149,090	719,559	785,217
Decrease in non-current liabilities	-124,880	0	0
Paid interest in non-current liabilities	-231,085	-127,244	-255,375
Cash flow from financing activities	-247,376	676,044	951,141
Cash flow for the period	-16,760	-9,028	-14,820
Cash and cash equivalents at beginning of period	22,950	12,935	12,935
Exchange rate difference, cash and cash equivalents	-5,252	-3,231	24,835
Cash and cash equivalents at end of period	938	676	22,950

NOTES TO THE ACCOUNTS AND ACCOUNTING POLICIES

Note 1 Accounting policies

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, accounting for the exemptions from and additions to IFRS indicated in RFR 2 Accounting for legal entities.

The same accounting policies and grounds for assessments as in the latest Annual Report have been used.

Receivables and liabilities in foreign currency

Receivables and liabilities in foreign currency have been valued at closing rates and profits from currency movements are reported as part of interest income and similar income and losses from currency movements are reported as part of interest expenses and similar charges. The following exchange rates have been used in valuation of assets and liabilities:

EUR 11.7917 (10.6801); USD 10.8509 (10.2194); GBP 13.7202 (12.4127)

Note 2 Administrative expenses

Intercompany purchases and sales:

Included in administrative expenses are costs for administration and offices invoiced from P Capital Partners AB of SEK 10.8 (12.2) million during the first half of 2023.

Average number of employees: As in the preceding year, the company had no employees.

Note 3 Interest income, interest expense and similar profit/loss items

	2023-01-01 2023-06-30	2022-01-01 2022-06-30
<i>Interest income in accordance with the effective interest method</i>		
Interest income from loans	223,804	118,906
Total	<u>223,804</u>	<u>118,906</u>
<i>Interest income and similar income</i>		
Interest income from bonds	9,404	3,584
Change of value bonds	5,992	0
Change of value preference shares	3,678	3,962
Other interest income	8,754	6,612
Dividend	2,647	472
Currency profits	277,163	181,692
Other financial income	4,378	18,303
Total	<u>312,016</u>	<u>214,625</u>
<i>Interest expense and similar charges</i>		
Interest expenses profit participation debentures	-150,671	-108,106
Change of value bonds	-778	-4,899
Other interest expenses	-21,541	-4,848
Currency losses	-277,358	-182,170
Total	<u>-450,348</u>	<u>-300,023</u>
Interest income from assets at fair value	18,158	3,584
Interest income from assets at amortised cost.	<u>223,804</u>	<u>125,517</u>
	241,962	129,101
Interest expenses from liabilities at fair value	-21,541	-4,848
Interest expenses from liabilities at amortised cost	<u>-150,671</u>	<u>-108,106</u>
	-172,211	-112,953

Note 4 Tax

	<u>2023-06-30</u>	<u>2022-06-30</u>
Reported profit before tax	754	3,444
Tax calculated at applicable rate (20.6%)	-155	-709
Tax effect of group contributions to parent company	155	709
Reported tax expense	<u>0</u>	<u>0</u>

Any tax earnings are settled against the parent company through group contributions at year-end. No tax has therefore been calculated on earnings, since the group contribution is fixed at the end of the financial year.

Note 5 Non-current financial assets

	<u>2023-06-30</u>	<u>2022-12-31</u>
Loans	1,951,222	3,092,628
Preference shares	133,606	129,711
Total	<u>2,084,828</u>	<u>3,222,339</u>

Change, IFRS 9 reserve	2023-01-01	2022-01-01	2022-01-01
	<u>2023-06-30</u>	<u>2022-06-30</u>	<u>2022-12-31</u>
Opening reserve	-36,223	-22,606	-22,606
Change for the period	-57,496	-5,243	-13,617
Closing reserve	<u>-93,719</u>	<u>-27,849</u>	<u>-36,223</u>

The change during the period of the IFRS 9 reserve has been recognised in the income statement. The closing reserve for future credit losses has been recognised in the balance sheet under non-current financial assets. The change during the period is due to increased uncertainty regarding the macro environment and a reservation made against one holding with consumer exposure.

Loans refer to direct loans to businesses. At the end of the period, the portfolio comprised of thirty loans and the maturities for the loans vary from one year up to five years. Loans that are expected to be repaid within 12 months are accounted for in current receivables.

Note 6 Short-term investments

	<u>2023-06-30</u>		<u>2022-12-31</u>	
	Cost	Fair value	Cost	Fair value
Derivatives	-	33,889	-	38,681
Bonds	188,388	189,875	188,388	184,663
Accrued interest	-	2,678	-	2,410
Total	<u>188,388</u>	<u>226,442</u>	<u>188,388</u>	<u>225,754</u>

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

Composition of the portfolio

2023-06-30	Nominal value local currency	Average price	Fair value local currency	Currency rate	Fair value SEK
Bonds (SEK)	201,317	94.3%	189,875	1.0000	<u>189,875</u> 189,875
2022-12-31	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	<u>184,661</u> 184,661

Note 7 Other non-current liabilities

Profit participation debentures

The holders of profit participation debentures have committed to provide funding of up to EUR 385.6 million. The owners' contribution under the same agreement amount to EUR 1.4 million. The capital can be accessed on ten days' notice and at the end of the period 86 percent had been called.

The change of the accounted for amortized cost by the company issued profit participation debentures is dependent on the underlying performance of the company's assets. No part of the performance of the profit participation debentures is guaranteed by the company and profit participation debenture holders bear the same risk as shareholders of the company with regards to invested capital, but shareholders have a greater responsibility for the business and a duty to distribute profits to profit participation debenture holders according to the contractual terms. All investors will receive a return of 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 is paid quarterly to holders of the profit participation debentures in accordance with the fund terms and condition where the size of the interest is dependent on the profits realized during the quarter with deduction of the period's costs.

Return, profit participation debentures

SEK	Maturity	<u>2023-06-30</u>		<u>2022-12-31</u>	
		Nominal value	Book value	Nominal value	Book value
Profit participation debentures	2018-2028	3,674,652	3,733,359	3,386,171	3,487,828
Unrealised gain			58,707		101,657
Realised gain			<u>714,357</u>		<u>483,272</u>
Total accumulated income, profit participation debentures			773,064		584,929
EUR	Maturity	<u>2023-06-30</u>		<u>2022-12-31</u>	
		Nominal value	Book value	Nominal value	Book value
Profit participation debentures	2018-2028	311,630	316,609	304,285	313,420
Unrealised gain			4,979		9,135
Realised gain			<u>60,581</u>		<u>43,427</u>
Total accumulated income, profit participation debentures			65,560		52,562

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

Note 8 Liabilities to credit institutions

	<u>2023-06-30</u>	<u>2022-12-31</u>
Long-term credit facility	754,669	712,211
Utilised overdraft facility with SEB	<u>134,268</u>	<u>186,533</u>
Total	888,937	898,744

The company has an overdraft facility of EUR 38,7 million. The credit is being used for the short-term financing of new business before new capital is raised from holders of profit participation certificates and to give the portfolio some leverage.

Note 9 Contingent liabilities

	<u>2023-06-30</u>	<u>2022-12-31</u>
Funding commitments made to existing borrowers	<u>518,806</u>	<u>604,149</u>
	518,806	604,149

Note 10 Related party transactions

P Capital Partners IV AB (publ) is owned by P Capital Partners AB (556930-7027). The parent company provides services to the company and is paid a management fee based on total capital where the fee is invoiced quarterly. The management fee is part of administrative expenses and during the first half of 2023 the fee was SEK 10.8 (12.2) million.

Stockholm as of the day of our digital signature

Anders Thelin
Chairman

Daniel Sachs
Chief Executive Officer

Christian Reiner

Åsa Hansdotter

Anna Ramel

This interim report has been reviewed by the company's auditor.