

P Capital Partners IV B AB

Org nr 559116-2580

INTERIM REPORT FOR THE PERIOD 2023-01-01 - 2023-06-30

The Board of Directors and Chief Executive Officer of P Capital Partners IV B AB hereby present the interim report for the period 1 January 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 B AB operates a corporate lending business. The company is an alternative investment fund within the meaning of the Swedish Alternative Investment Fund Managers Act (2013:561) and has since 18 June 2014 been managed by the parent company, P Capital Partners AB, which holds a license from the Swedish Financial Supervisory Authority for the management of alternative investment funds under the Alternative Investment Fund Managers Act (2013:561).

Investments are focused on direct loans to businesses, listed bonds and other debt securities. The company's main currency is euro (EUR) and any investments made in other currencies are normally hedged back to EUR.

The operations are funded with capital contributed by the owner and through profit-participating debentures from primarily institutional investors. The total funding commitments at the end of the period are EUR 1 233 million. At the end of the reporting period, a total of EUR 1,043 million had been contributed to the fund, corresponding to 85 per cent of total funding.

Profit-sharing in the company is in EUR. This interim report is prepared in Swedish kronor.

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

Investment activities were initiated in December 2018 and are in the build-up phase. The investment portfolio at the end of the reporting period comprised thirty-one (twenty-nine) debt engagements and four (four) bonds. The portfolio was 96 per cent invested in direct loans to corporations and 4 per cent invested in listed corporate bonds.

The lending portfolio, including accrued interest, was at the end of the reporting period EUR 964 million (889). The portfolio of listed bonds including accrued interest and currency forward contracts amounted to EUR 42 (31) million at the end of the period.

RESULTS AND FINANCIAL POSITION

The profit for the period was SEK 3 (9) million and equity was SEK 44 (43) million. The cumulative return on the portfolio since its inception was EUR 228 (137) million.

OUTLOOK

The company's target is to generate an 8 per cent net annual return for the holders of profit participation debentures. The business situation is currently favourable, and there is nothing to suggest that the company will not be able to deliver a return to investors that is in line with expectations.

OTHER

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

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

INCOME STATEMENT

	Note	2023-01-01- <u>2023-06-30</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	570,507	325,071	812,564
Interest income and similar income	3	790,622	491,250	980,346
		1,361,129	816,320	1,792,910
Operating costs				
Interest expenses and similar charges	3	-1,140,258	-730,555	-1,676,364
Credit losses net		-146,559	-13,367	-34,712
Administrative expenses	2	-71,697	-63,406	-66,864
		-1,358,514	-807,327	-1,777,940
Operating profit		2,615	8,993	14,970
Group contributions received		0	0	70,591
Group contributions made		0	0	-82,733
Profit/loss before tax		2,615	8,993	2,828
Tax	4	0	0	0
Profit/loss and total comprehensive income for the period		2,615	8,993	2,828

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		410,935	410,935	410,935
Non-current financial assets	5	5,314,319	8,213,878	6,735,441
Total non-current assets		5,725,254	8,624,813	7,146,376
Current assets				
<i>Current receivables</i>				
Short-term loans		5,586,160	2,033,201	2,325,210
Trade receivables		61	493	1,872
Receivables from group companies		55,604	39,207	20,079
Short-term investments	6	577,210	575,452	353,943
Accrued expenses and deferred income		122	118	66
		6,219,157	2,648,471	2,701,170
<i>Cash and cash equivalents</i>		2,979	68,780	1,598
Total current assets		6,222,136	2,717,251	2,702,768
TOTAL ASSETS		11,947,390	11,342,064	9,849,143

BALANCE SHEET

EQUITY AND LIABILITIES

	<u>Note</u>	<u>2023-06-30</u>	<u>2022-12-31</u>	<u>2022-06-30</u>
Equity				
Restricted equity				
Share capital (5,000 shares with a quotient value of SEK 100)		500	500	500
		500	500	500
Non-restricted equity				
Retained earnings		40,805	36,964	33,742
Profit/loss for the period		2,615	2,828	8,993
		43,420	39,792	42,735
Total equity		43,920	40,292	43,235
Non-current liabilities				
Other non-current liabilities	7	11,746,166	10,912,271	9,568,159
Total non-current liabilities		11,746,166	10,912,271	9,568,159
Current liabilities				
Trade payables		494	614	1,922
Liabilities to credit institutions	8	54,716	268,270	144,709
Liabilities to group companies		80,150	119,536	66,913
Tax liabilities		12	10	0
Other current liabilities		21,790	771	23,930
Accrued expenses and deferred income		141	300	275
Total current liabilities		157,303	389,501	237,749
TOTAL EQUITY AND LIABILITIES		11,947,390	11,342,064	9,849,143

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Profit/loss for the year	Total capital
Opening balance, 1 January 2022	500	50,856	-24,642	26,714
Transfer of previous year's profit/loss		-24,642	24,642	0
Profit/loss and total comprehensive income for the year			2,828	2,828
Total comprehensive income for the period		-24,642	27,470	2,828
Transactions with shareholders				
Shareholder contributions received *)		11,926		11,926
Shareholder contributions repaid *)		-1176		-1,176
Total transactions with shareholders		10,750		10,750
Closing balance, 31 December 2022	500	36,964	2,828	40,292
Transfer of previous year's profit/loss		2,828	-2,828	0
Profit/loss and total comprehensive income for the year			2,615	2,615
Total comprehensive income for the period		2,828	-213	2,615
Transactions with shareholders				
Shareholder contributions received *)		1,013		1,013
Total transactions with shareholders		1,013	0	1,013
Closing balance, 30 June 2023	500	40,805	2,615	43,920

*) 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>2023-06-30</u>	2022-01-01 <u>2022-06-30</u>	2022-01-01 <u>2022-12-31</u>
Interest paid	-4,942	-2,765	-6,153
Interest received	443,772	357,585	827,409
Financial transactions net	185,401	1,503	36,255
Paid administration costs	-28,552	-34,181	-66,864
Cash flow from operations	595,679	322,142	790,647
Change in current receivables	428	7,175	8,502
Change in current liabilities	-978	1,054	-3,082
Change in group receivables/liabilities	14,283	20,089	-8,268
Increase of short-term investments	0	-114,386	-284,399
Decrease of short-term investments	0	0	0
Increase of non-current financial assets	18,445	-2,077,030	-3,384,305
Decrease of non-current financial assets	-145,977	61,931	543,977
Cash flow from operating activities	-113,798	-2,101,166	-3,127,575
Received shareholders contributions	1,013	7,543	11,925
Repaid shareholder contributions	0	0	-1,176
Change in liabilities to credit institutions	-213,554	68,110	191,672
Increase in non-current liabilities	290,657	2,005,620	3,184,902
Decrease in non-current liabilities	0	0	-322,346
Paid interest in non-current liabilities	-618,237	-334,849	-685,047
Cash flow from financing activities	-540,120	1,746,425	2,379,930
Cash flow for the period	-58,241	-32,600	43,002
Cash and cash equivalents at beginning of period	68,780	33,283	33,283
Exchange rate difference, cash and cash equivalents	-7,560	916	-7,505
Cash and cash equivalents at end of period	2,979	1,598	68,780

NOTES TO THE ACCOUNTS AND ACCOUNTING POLICIES

Note 1 Accounting policies

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

In all other respects, the same accounting policies and grounds for assessments as in the latest Annual Report have been used.

Receivables and liabilities in foreign currency

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

EUR 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 management fees invoiced from the parent P Capital Partners AB of SEK 27.8 (29.0) million during the period.

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

Note 3 Interest income, interest expense and similar income charges

	2023-01-01 2023-06-30	2022-01-01 2022-06-30
Interest income in accordance with the effective interest method		
Interest income from loans	570,507	325,071
Total	<u>570,507</u>	<u>325,071</u>
<i>Interest income and similar income</i>		
Interest income from bonds	23,973	9,135
Change in value of bonds	15,274	0
Change of value preference shares	9,374	10,100
Other interest income	22,316	16,853
Dividend	6,748	1,203
Currency profits (re-valuations and currency forwards)	701,777	407,309
Other financial income	11,160	46,649
Total	<u>790,622</u>	<u>491,250</u>
<i>Interest expense and similar charges</i>		
Interest expenses, profit participation debentures	-431,442	-285,172
Change of value bonds	-1,983	-12,488
Other interest expenses	-4,942	-2,765
Currency losses (re-valuations and currency forwards)	-701,891	-430,129
Total	<u>-1,140,258</u>	<u>-730,555</u>
Interest income from assets recognised at fair value	46,289	9,135
Interest income from assets recognised at amortised cost.	570,507	341,924
	<u>616,796</u>	<u>351,059</u>
Interest expenses from liabilities recognised at fair value	-4,942	-2,765
Interest expenses from liabilities at amortised cost	-431,442	-285,172
	<u>-436,385</u>	<u>-287,938</u>

Note 4 Tax

	2023-01-01	2022-01-01
	<u>2023-06-30</u>	<u>2022-06-30</u>
Recognised profit/loss before tax	2,615	8,993
Tax according to applicable tax rate (20.6%)	-539	-1,853
Tax effect of group contributions to parent company	539	1,853
Reported tax expense	<u>0</u>	<u>0</u>

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

Note 5 Non-current financial assets

	<u>2023-06-30</u>	<u>2022-12-31</u>
Loans	4,973,747	7,883,235
Preference shares	340,572	330,643
Total	<u>5,314,319</u>	<u>8,213,878</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	-70,990	-57,623	-57,623
Change for the period	-146,559	-13,367	-34,710
Closing reserve	<u>-217,549</u>	<u>-70,990</u>	<u>-92,333</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	-	86,385	-	98,600
Bonds	480,208	483,999	480,208	470,709
Accrued interest	-	6,826	-	6,143
Total	<u>480,208</u>	<u>577,210</u>	<u>480,208</u>	<u>575,452</u>

Derivatives are currency forwards for the purpose of hedging 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)	513,166	94.3%	483,999	1.0000	<u>483,999</u>
					483,999

2022-12-31	Nominal value local currency	Average price	Fair value local currency	Currency rate	Fair value SEK
Bonds (SEK)	513,166	91.7%	470,709	1.0000	<u>470,709</u>
					470,709

Note 7 Other non-current liabilities

Profit participation debentures

The holders of profit participation debentures have undertaken to provide funding of up to EUR 1 228.5 million. Owner contributions under the same agreement amount to EUR 4.6 million. The capital can be accessed on ten days' notice and 85 per cent has been called at the end of the period.

The change of the accounted for amortized cost by the company issued profit participation debentures is dependent on the underlying performance of the company's assets. No part of the performance of the profit participation debentures is guaranteed by the company and profit participation debenture holders bear the same risk as shareholders of the company with regards to invested capital, but shareholders have a greater responsibility for the business and a duty to distribute profits to profit participation debenture holders according to the contractual terms. All investors will receive a return of EURIBOR + 2 percent, min. 4.5 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 Serie A	2018-2028	5,565,945	5,649,626	5,123,136	5,248,483
Profit participation debentures Serie B	2018-2028	<u>6,003,874</u>	<u>6,096,540</u>	<u>5,526,226</u>	<u>5,663,789</u>
Total income, profit participation debentures		11,569,819	11,746,166	10,649,362	10,912,272
Unrealised gain Serie A			83,681		125,346
Realised gain Serie A			894,109		600,278
Unrealised gain Serie B			92,666		137,563
Realised gain Serie B			<u>1,015,788</u>		<u>691,382</u>
Total accumulated income, profit participation debentures			2,086,244		1,554,569

EUR	Maturity	<u>2023-06-30</u>		<u>2022-12-31</u>	
		Nominal value	Book value	Nominal value	Book value
Profit participation debentures Serie A	2018-2028	472,022	479,119	460,370	471,634
Profit participation debentures Serie B	2018-2028	<u>509,161</u>	<u>517,020</u>	<u>496,592</u>	<u>508,954</u>
Total income, profit participation debentures		981,183	996,139	956,962	980,587
Unrealised gain Serie A			7,097		11,264
Realised gain Serie A			75,825		12,362
Unrealised gain Serie B			7,859		53,942
Realised gain Serie B			<u>86,144</u>		<u>62,128</u>
Total accumulated income, profit participation debentures			176,925		139,695

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>
Utilised overdraft facility with SEB	<u>25,590</u>	<u>268,270</u>
	25,590	268,270

The company has an overdraft facility of EUR 60 million. The credit is being used for the short-term financing of new business before new capital is raised from holders of profit participation certificates.

Note 9 Contingent liabilities

	<u>2023-06-30</u>	<u>2022-12-31</u>
Funding commitments made to existing borrowers	<u>1,322,457</u>	<u>1,540,000</u>
	1,322,457	1,540,000

Note 10 Related party transactions

P Capital Partners IV B AB is owned by P Capital Partners AB (556930-7027). The parent company provides services to the company and quarterly receives a management for this, which is based on total capital. The fee is included in administrative expenses and during the period the fee was SEK 27.8 million (29.0).

Stockholm as of the day of our digital signature

Anders Thelin
Chairman

Daniel Sachs
Chief Executive Officer

Christian Reiner
Director

Åsa Hansdotter
Director

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