



Information Brochure

Nordic Factoring Fund AB (publ)

March 2020

Finserve Nordic AB

“Historical returns are no guarantee of future returns. Money invested in the fund may both increase or decrease in value, and there is no guarantee that you will be repaid all of your invested capital.”

INFORMATION BROCHURE – Nordic Factoring Fund

This information brochure has been prepared in accordance with the Alternative Investment Funds Act (2013: 561) and the Swedish Financial Supervisory Authority's regulations (FFFS 2013: 10) on alternative investment funds. For each alternative investment fund there must be a current information brochure, and this document constitutes the information brochure for the fund, Nordic Factoring Fund AB (publ), hereinafter referred to as the Fund. The Fund is an alternative investment fund managed by Finserve Nordic AB (the AIF Manager). The Fund is a closedend type which means that the Fund is managed according to the principle of risk spreading and that the units at the request of the holder of such units, can be repurchased or redeemed, directly or indirectly, out of the assets of the Fund.

It is incumbent on anyone who is interested in investing in the Fund to ensure that the investment is in accordance with applicable laws and other regulations. Foreign law may imply that an investment cannot be made by investors outside Sweden. The AIF Manager has no responsibility for checking whether an investment from abroad is made in accordance with the law of that country. Disputes or claims regarding the Fund shall be settled according to Swedish law and exclusively by the Swedish courts.

This information brochure is not to be deemed as a recommendation regarding the purchase of units in the Fund. It is at the discretion of investors to make their own assessment of the Fund and the risks associated with it.

1. DESCRIPTION OF THE PROGRAM

1.1. Background

Credit access has been a challenge for small and medium-sized companies in Europe. However, according to the Fund's assessment, the challenge is greater now than ever before. Higher capital adequacy requirements imposed on banks imply that banks primarily allocate their lending to customers other than those seeking credit for small- and medium-sized companies. As lending has become less profitable for banks, such companies' access to traditional bank loans has declined in Europe over the past decade. In the United States, similar developments have been ongoing since the 1990s, which has led to an established market for direct loans to small- and medium-sized companies outside the banking system. This is considered to be part of a restructuring of the financial markets where banks and insurance companies have reduced or set aside part of their traditional operations for the benefit of new entrants.

At the same time as the decrease in credit availability from the banking system, demand from companies has increased following the economic downturn during the recent financial crisis which has created a high demand for credit. The imbalance between supply and demand for loans to SMEs has created a scope for alternative players in the lending markets in Scandinavia, the rest of Europe and, to some extent, globally. The Fund therefore intends to devote itself in its operations to providing direct lending to companies and other forms of association that are undergoing development or expansion, investment, restructuring, refinancing, generational shift financing, or for

other requirements, as well as the seasonal need for loan capital which is deemed to be a long-term trend.

The Fund estimates that there is currently a high demand for loan capital that complements or replaces bank loans, for example with regard to the development of companies, some forms of expansion, significant investment initiatives, restructuring, refinancing, generational shift financing or due to seasonal needs. This capital is particularly in demand by small and medium-sized companies which do not have access to alternative sources of capital, such as the issuing of public bonds. In addition, due to the size of these companies, there is a highly limited market to issue preference shares, which is often a capital source for larger listed companies as an addition to or in preference of bank loans.

With the high demand and limited access to such capital, loans can be made available to SMEs at an attractive price. This ratio utilizes the Fund to create an attractive risk-adjusted return on investment.

1.2. Profit Participating Loan Program

The Fund's program for the Profit Participating Loan (the "Program") provides a framework within which the Fund has the opportunity to continuously raise loans in Swedish Crowns (SEK) from Investors by way of the issuance of a Profit Participating Loan. The program constitutes the Fund's debt financing and is aimed at Investors in the Swedish, Norwegian and Finnish capital markets.

The offer relates to the Profit Participating Loan, which is issued within a framework amount of four billion Swedish Crowns (4 000 000 000 SEK). The offer is aimed at Investors in Sweden, Norway and Finland.

The Fund reserves the right to withdraw the offer if the Fund finds that the issue is no longer appropriate nor feasible. Such a decision is notified by sending a notice of withdrawal to those who were granted an allocation in the Profit Participating Loan subscription offer.

The Profit Participating Loan is issued and repaid in SEK at a nominal amount of (1) SEK. The lowest investment threshold is one hundred thousand Swedish Crowns (100 000 SEK). The maximum amount to invest is 20 per cent of the Profit Participating Loan issued as per the respective issue date. However, the Board may decide on a different allocation from time to time. The program covers four billion (4 000 000 000) Profit Participating Loans.

1.3. General Terms

The General Terms and Conditions that apply to the Profit Participating Loan issued by the Fund are set out in the General Terms and Conditions for Nordic Factoring Fund AB (publ). The General Terms and Conditions form part of this Information Brochure. The General Terms and Conditions stipulate the conditions under which the terms may be amended. Amendments to the Terms may affect aspects of the Fund e.g. investment orientation, fees and the risk profile.

1.4. Risk profile

The risk profile for the Profit Participating Loan is balanced or speculative, and the investment objective is to generate continual income from, or value growth on, the invested capital.

1.5. Investing Strategy

The Fund's strategy is to find investment opportunities through Lending. Possible Lenders are, for example, companies whose operations are based mainly on so-called invoice lending. The fund lends out capital and receives invoices as collateral for the borrower's loan, i.e. the creditor lends his invoices, credit claims. Investment can also be made, for example, as a tripartite agreement, where the invoice company, the creditor, takes on an administrative role for handling the invoice business or some other form.

Loans which are granted are normally secured by a mortgage, guarantee or other form of security interest. All invoices are always denominated, that is, pledged, for the benefit of the Fund in these transactions. The invoices can be taken over with or without a right of recourse. In special cases, unsecured loans may be made. The Fund always conducts a careful assessment of the Borrower and any pledged security and mortgage.

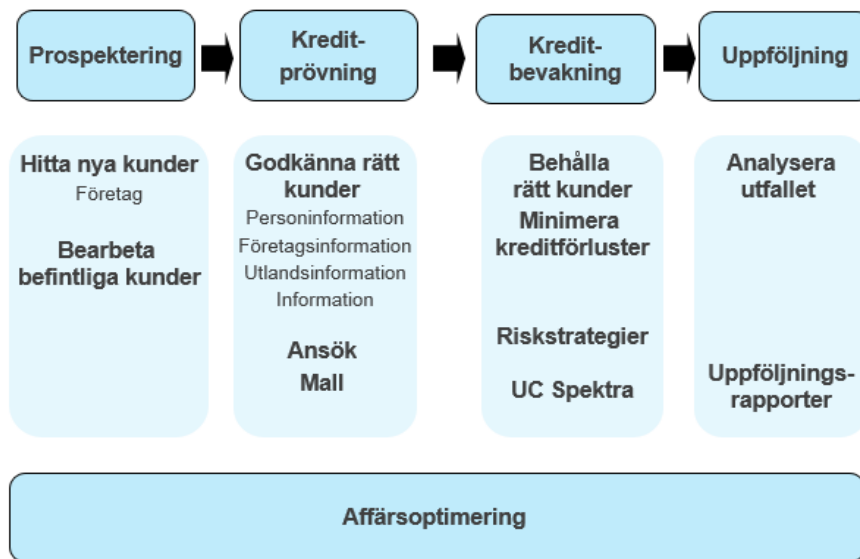
The investment strategy is to have at least 50 per cent of the Portfolio invested in Lending. The term for the loan agreements is up to 10 years. The total risk thus depends on the Borrowers' profiles and other investments made by the Fund. The Fund applies risk diversification to its portfolio composition, directly or indirectly by way of an underlying security interest.

Borrowers are evaluated and then approved by an investment committee following a systematic credit process (the "Credit Process"). The Fund's yield depends, among other things, on the level of lending in the Portfolio and may vary over time. The Fund strives to systematically engage with Borrowers whose expected return is positive in relation to the credit risk that the commitment entails. These individual commitments are weighed against each other in order to achieve an efficiently balanced credit risk for the Fund as a whole. Borrowers' business operations have a low correlation with other markets, and, furthermore, it is possible to take derivative positions with exposure to the Borrowers. Read more about how the Fund takes derivative positions and acts with leverage in the section "Derivative Instruments and Leverage".

1.6. The Credit Process

The companies to which the Fund intends to lend, i.e. the potential Borrowers ("Company"), undergo an evaluation process (the "Credit Process") to ensure that the Company is suitable. The credit process is conducted on the basis of the Company's financial situation, whereby cash flow, liquidity, repayment capacity and the security offered are evaluated and assessed in order to ascertain the Company's repayment capacity. Reports and information are directly obtained from both the Company as well as from external sources regarding business operations and the financial situation, but also with regard to the Company's management. In addition to financial analyses, the Company's business model and management are also evaluated within the framework of the Credit Process. If necessary, the Company's external auditor may be contacted for further information. The credit assessment is carried out by the AIF Manager who makes an objective assessment of the Company and the security provided in each individual case. Within the framework of the Credit Process, the AIF manager also monitors the loans that are awarded and how the Borrower's business develops.

The Credit Process is illustrated schematically in the diagram below.



(Translation of expressions used in the diagram above)

Prospektering	Prospecting
Kreditprövning	Credit Check
Kreditbevakning	Credit Monitoring
Uppföljning	Follow-up
Hitta nya kunder - Företag	Finding new customers - Companies
Bearbeta befintliga kunder	Processing existing customers
Godkänna rätt kunder	Approve the right customers
Personinformation	personal Information
Företagsinformation	Company Information
Utlandsinformation	Overseas Information
Information	Information
Ansök Mall	Application Template
Behålla rätt kunder	Retaining the right customers
Minimera kreditförluster	Minimize borrowing losses
Riskstrategier	Risk Strategies
UC Spektra	UC Spektra Service
Analysera utfallet	Result Analysis
Uppföljningsrapporter	Follow-up reports
Affärsoptimering	Business Optimisation

1.7. Steps in the Credit Process

The credit review process includes the following steps:

1. Initial customer validation,
2. In-depth credit analysis, commercial overview, and assessment of the security offered,

3. Credit risk assessment summary,
4. Description of loan proposal,
5. Loan decision.

1.8. Credit Policy

Below are the Fund's rules for lending and the granting of loans ("Credit Policy"). The Credit Policy consists of the Fund's general minimum requirements for Lenders.

It is important that companies to which the Fund intends to lend should be able to show a positive operating profit history and cash flow, or alternatively have an experienced group of owners who are deemed to be trustworthy and that have solid experience in their respective sector.

The Fund intends to turn their lending offer to Companies with a strong position within its business sector, and whose owners have a significant personal commitment to the company. Preference may be given to companies listed on a stock exchange or other regulated market as it facilitates the analysis of the Company itself, its regulatory compliance as well as its transparency. Representatives of the Fund may, if necessary, make site visits and interview management in order to further their knowledge about the Company. As part of the Credit Process, the Company is to provide regular credit information from external sources.

Furthermore, requirements are laid down regarding the business operations of the Company, the Borrower, to be conducted in accordance with the law and other regulations. Furthermore, there should be a well-developed legal system and capital market in the country where the company is based and where the business is conducted.

The size of the capital that is to be lent to the individual company is determined based on the available managed capital of the Fund as well as other factors to be applied in the credit assessment. Credit is provided as loans with fixed or variable interest rates and the term of the loan can be up to 60 months.

For the loans and credits that are provided to the Borrower, the Fund requests collateral or insurance. The fund mainly takes collateral such as invoices and credit claims but the Fund also accepts security such as a floating charge, mortgage on real estate, shares, promissory notes and other realizable assets. Additionally, the Fund accepts security in the form of a personal or parent company's guarantee. The Fund does not accept so-called "soft" security such as intellectual property rights or software. Furthermore, inventory and equipment are excluded except in those cases where appropriate disposal and realization of the security can be executed.

2. ADMISSIBLE ASSETS

The portfolio may consist of the following assets:

- (i) invoices and other entitlements;
- (ii) credit claims (direct lending in accordance with the Fund's Credit Policy);
- (iii) Fund units,

- (iv) interest rate and credit-related derivatives;
- (v) shares and share-related derivatives;
- (vi) interest-bearing instruments such as bonds;
- (vii) currency and currency-related derivatives; and
- (viii) bank deposits.

The Fund manager has the right to create leverage in the Portfolio not only on the basis of the above derivative instruments, but also by way of loans and the lending of securities, as described in more detail in the section below regarding 'Derivative Instruments and Leverage'.

2.1. Derivative Instruments and Leverage

The Fund has greater latitude than traditional funds and special funds regarding placement rules including the possibility of using derivative instruments. The purpose of using such instruments is to provide exposure to certain assets and/or markets with less capital investment, thus freeing up capital for other investments. Derivatives can create leverage in the Portfolio's market exposure in order to provide benefit to the Fund Manager's faith in the market at that time, and to more effectively expose the Fund's Portfolio to the direct market risks the Fund wishes to have. Derivatives can also be used to reduce the risk in the Portfolio. The Fund may invest in currency derivatives to reduce any currency risks in the Portfolio, or tighten predictability for interest payments by investing in interest rate derivatives. By using derivative instruments, the return on the Profit Participating Loan can be positively or negatively affected, and the risk can increase or decrease.

The Fund may use loans and derivative instruments to create leverage. Leverage implies that exposure may be greater than if the underlying exposure had been fully funded with the Fund's own resources.

The Fund may use unsecured cash loans, secured cash loans, convertible loans, securities loans, options, repurchases and CFD contracts. The fund will primarily trade in derivatives that are cleared at a clearing house, such as Nasdaq or Euroclear. As regards trading in cleared derivatives, the Fund places marginal security against the clearing house. If such derivatives are not available, the Fund may in some cases trade derivatives that are not cleared (OTC, or "over the counter"). In such cases, the Fund provides security directly to the counterparty in the transaction. In such cases, the Fund and the counterparty enter into an agreement (ISDA or the equivalent) prior to the derivative transaction being executed.

For example, a mortgage facility can be utilized to bridge liquidity in the execution of a loan transaction. The fund can further create leverage by creating a SPV (Special Purpose Vehicle), or alternatively create synthetic investments by way of credit derivatives thereby increasing the returns. When the Fund operates with leverage, the aggregate credit risk and the market risk in the Portfolio increase. Derivative instruments may be used both for the purpose of increasing or decreasing the Fund's sensitivity to market movements, for example to protect the Portfolio against potential credit losses or a general decline in credit markets in particular. Thus, derivative instruments can be used as a step in the direction of placement and to make the Fund management more effective.

Leverage is calculated according to Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012, and is stated as the ratio of the Fund's exposure to the Fund's net asset value. The Fund's leverage may not exceed 100 per cent according to the gross method.

3. THE MAIN LEGAL CONSEQUENCES OF AN INVESTMENT

The rights arising from the Profit Participating Loan include repayment of the Profit Participating Loan's principal amount and the Interest that has accrued. The Fund's capacity to meet the obligation to repay the Profit Participating Loan and Interest depends on the value of the Portfolio from time to time. Interest is based on the return from the Portfolio. The assets included in the Portfolio are defined in the General Terms and Conditions.

The Fund's obligations (including in relation to the Profit Participating Loan, which includes the payment of Interest and repayment of the loan) constitute direct, contingent, unsecured and non-subordinated obligations for the Fund and are deemed in preferential legal terms to be equal.

The Profit Participating Loan is not secured. In the event of insolvency or bankruptcy, the Profit Participating Loan will be treated *pari passu* with other non-subordinated and unsecured claims. Therefore, in the event of a bankruptcy, there may be secured receivables that are entitled to priority payment before that of the Investors.

The rights that result from the securities in the offer do not otherwise contain any preference rankings nor restrictions.

Holders of the Profit Participating Loan have no voting rights at the Fund's AGM.

4. APPRAISAL

The Fund has appointed an independent appraiser, Sirpa Brathall Andersson at Finserve Nordic AB. The appraiser's task is to ensure that the Fund's assets are properly evaluated in an independent manner. Evaluation principles are further stated in the General Terms and Conditions.

Information on historical earnings, development and volatility is provided in regular reports to Investors. The information is also available on the Fund's website, www.finserve.se.

5. LIQUIDITY RISK

Liquidity risk for a company is the risk that the company will not be able to meet its payment obligations by the due date, i.e. the Fund lacks cash to pay, for example, invoices or redemption amounts to Investors on time. The risk arises by dint of the fact that the Fund is financed by issuing the Profit Participating Loan, which entails payment obligations towards the Investors. The risk may increase if the Fund finds it difficult to raise capital.

Liquidity risk may also arise in the Fund's Portfolio if the assets the Fund has invested in would be difficult to sell, or if the Fund will find it difficult to liquidate the Portfolio, or if it takes longer than expected to liquidate positions and sell investments.

Liquidity risk for a bond implies that the bond cannot be sold prior to maturity. Under normal market conditions, the Market Maker offers a purchase price for those who wish to sell early. Although bonds in the form of a Profit Participating Loan have become more established in recent times, the

secondary market is still limited. Therefore, there is a risk that the liquidity in the Profit Participating Loan is low, and that they are traded at a price below the issue price. Sometimes it can be difficult or impossible to sell the Profit Participating Loans during the term and it is then deemed illiquid. This can occur, for example, in the event of significant market movements, liquidity changes, regulation changes, hedging of positions, market disruptions, communication interruptions or other events that may cause difficulties in trading at reasonable prices or due to the closure of the affected market place, or that trading is subject to restrictions for a certain period of time.

6. LIABILITY INSURANCE

The AIF manager has effected liability insurance to cover any claims for damages of up to SEK 50,000,000 per year at an aggregate level.

7. FEES AND COSTS ETC.

7.1. General

Certain costs incurred by the Fund in connection with the Profit Participating Loan will be charged to the Portfolio. The fees and expenses that may be charged to the Fund and thus the Portfolio ("Allowable Costs") are described below. No costs other than those that are Allowable Costs can be charged to the Fund.

The portfolio should be valued on the last Banking Day of each calendar month. Once the Portfolio has been evaluated, a NAV rate will be set. The NAV rate is the total Net Asset Value being managed, i.e. the value of the portfolio. The difference between the previous calendar month's NAV rate and the current calendar month's NAV rate is in effect the result for that calendar month. Deductions for Administrative Fees and Allowable Costs must be made, and then the NAV rate is calculated for the Profit Participating Loan.

7.2. Fund Management Fees

The AIF Manager's total fixed remuneration (Management Fees) may not exceed 1.6 per cent of the Portfolio's value, calculated as of the last Banking Day of each calendar month. The fixed cost is taken out of the Portfolio and thus affects the return. Remuneration is taken out of the Portfolio monthly in arrears. The AIF Manager is responsible for taxes and charges, which are included in the Management Fees.

7.3. Performance-based Remuneration

Performance-based remuneration is paid at 20 per cent of the total return on the Portfolio that exceeds the minimum interest rate. This remuneration is calculated monthly and is taken out of the Portfolio at the end of each calendar month. The variable remuneration is deducted after the deduction of the Management fees and Allowable Costs. The performance-based remuneration shall be calculated in accordance with the High Watermark principle and after deduction of the Minimum Interest Rate. The minimum interest rate must never be lower than zero per cent, even in the event that the reference rate is negative: the so-called "negative interest rate".

The remaining 80 per cent shall accrue to the Investors as Interest and remain in the Portfolio. Investors thus undertake to reinvest Interest and no cash payment will be made. Performance-based remuneration shall accrue to the Owners as Net Profit and is to be promptly separated from the Portfolio upon calculation. Thereafter, the performance-based remuneration shall no longer form part of the Portfolio. Thus, any return on such an amount will accrue solely to the Owners.

No compensation is provided in the event that Investors request the redemption of the Profit Participating Loan that has an accumulated return or sub-return. In such cases, the redemption rules apply to the calculation.

7.4. Interest

The return and value of the Profit Participating Loan is dependent on the Issuer's result regarding the Portfolio management. The Issuer aims to achieve a 7-9 per cent annual return to the unit holders of the Profit Participating Loan. Therefore, the Interest payable is not a fixed interest rate but depends on the returns that the Issuer generates, and thus on the assets that are in the Issuer's Portfolio. When the Issuer lends capital, these assets constitute Credit Receivables, but the Issuer may also have other assets. The issuer is an alternative investment fund that has a more flexible investment focus than traditional mutual funds or special funds, and it is an actively managed fund that does not follow any index. The Issuer can have different types of assets in the Portfolio, and as a result Investors are invited to take note of the Issuer's Credit Policy, information on permitted assets as well as on investment strategy, and how the Issuer places capital in the Portfolio. This provides Investors with a complete picture of the risks involved in investing in the Profit Participating Loan.

The return on the funds received by way of the offer that constitutes the Portfolio, and which is received by the Issuer during an Interest Period, shall be distributed between the Owner and the Investors. What accrues to Investors shall constitute Interest on an Investor's invested capital ("Interest") and is calculated as set out below.

The interest rate which the Investors are entitled to is distributed equally based on the number of Profit Participating Loans held by each Investor. The interest is paid to the Investors by issuing additional Profit Participating Loans on the Interest Maturity Date. Each holder thus undertakes to reinvest the Interest in their additional Profit Participating Loans. Payment of Interest shall be made to the person who is the Creditor on the Record Date i.e. on the fifth Banking Day before each Interest Maturity Date.

The Interest Maturity Date occurs after the end of each calendar year, and the corresponding date of the fifteenth (15th) banking day after each Interest Period. The repayment date will be the final date for the last Interest Period.

7.5. High Watermark

The Fund applies the so-called High Watermark principle. This implies that performance-based remuneration may only be paid once a possible under-return in relation to the return threshold from the previous period has been recovered. For example, if the value per Profit Participating Loan, i.e. the Fund's NAV rate per share, rises from 100 to 120 and then falls back to 110, the performance-based remuneration may not be charged until the Fund's NAV rate again exceeds 120 plus the risk-

free interest rate, the Minimum Interest Rate, the so-called return threshold. This principle protects Investors by preventing performance-based remuneration from being taken out in sporadic months.

The High Watermark is reset at the Annual Reconciliation Day each calendar year.

7.6. Allowable Costs

In addition to the Management fees, the following are Allowable Costs. All these costs can be taken out of the Portfolio and thus affect the return. However, as stated in (iii), this does not apply to taxes regarding the Management fees and the Owners' profits.

(i) fees for legal costs and auditors, consulting fees, fees to the Board of Directors and the CEO, and any other fees attributable to the Profit Participating Loan and the Fund's operations;

(ii) custody and management fees, evaluation costs, listing costs and costs incurred in conjunction with the issue;

(iii) all taxes and charges imposed on the Fund with regard to the Profit Participating Loan and the Portfolio, except for taxes appertaining to the Management Fees as well as taxes regarding the Owners' profits for which the AIF Manager and the Owners are respectively responsible;

(iv) costs for permit applications, fees to the Swedish Tax Agency and similar fees;

(v) other costs and fees associated with the Profit Participating Loan which are reasonable, including but not limited to, charges and fees for banking services, costs associated with credit referred to in Derivative Instruments and Leverage, depositories, mediation, registration, "finder's fee", deposits;

(vi) transaction costs e.g. the commission paid by the Fund for transactions with financial instruments;

(vii) credit insurance costs; and

(viii) liquidation costs.

8. EQUAL TREATMENT OF PARTICIPANTS ETC.

The AIF-manager ensures fair treatment of the unit holders by observing the applicable regulations and equal treatment of Investors and providing information about more favourable conditions that apply to certain unit holders. In special cases, the AIF Manager may provide a rebate to unit holders who have invested significant sums in the Fund or have extensively collaborated with the AIF Manager.

9. SUBSCRIPTION

9.1. Subscription period

The closing date for subscriptions is four (4) Banking days prior to each Issue Day, see the above preliminary issue schedule. The Fund's Board of Directors reserve the right to extend the period during which applications can be made. Notification of any extension to the subscription period is issued by press release.

9.2. Subscription instructions

The subscription application is made on a special application form which is available on the Fund's website, under the Investment tab, but can also be ordered from the Fund. Subscriptions can also be made directly via the Issuing Agent's website, under the Current Issues tab.

The application form is to be sent or submitted to the Issuing Agent in accordance with instructions set out in the application form.

The application form must be submitted to the Issuing Agent no later than 11.59 pm on the last day of subscription for each issue. Only one application form per subscriber will be considered. In the event that more than one application form is received from a sole subscriber, then only the most recent form will be considered. Incomplete or incorrectly completed application forms will be left unanswered. No changes or additions may be made to the text printed on the application form. The application is binding and by accepting the offer, the Investor undertakes to pay the subscription proceeds.

Anyone who signs up for a Profit Participating Loan subscription must either have a Swedish VP Account or a Swedish securities deposit to which the Profit Participating Loan can be delivered. Persons who do not have a VP Account nor a securities deposit must arrange this with their bank or a securities institution before submitting a subscription application. It should be noted that the procedure may take some time, so the Investor should act in this regard well in advance of applying for the subscription.

9.3. Payment

Full payment for the allocated Profit Participating Loan shall be available as liquid funds in the account to which the Profit Participating Loan shall be sent. Alternatively, payment can be made in cash to the Issuing Agent in accordance with instructions in the application form no later than two (2) Banking Days prior to each Issue Date.

Investment in the Profit Participating Loan can be made by subscription to pay the Interest Compensation at a rate that is not known at the time of subscribing. The rate is determined upon each completed issue.

10. ALLOCATION

A decision on the allocation of Profit Participating Loans within the framework of each issue within the Program is made by the Fund's Board after the subscription period for each issue has expired. In the event of over-subscription, the Board will decide on the allocation, taking into account the time for payment of the Subscription amount, i.e. priority is given to an earlier payment, the number of Profit Participating Loans to which the application relates and the time of receipt of the correctly completed application form. Allocation may be nullified or occur with a lower number of Profit Participating Loans than stated on the submitted application. In the event of over-subscription, the Fund will repay the excess amount to those who have not received an allocation in the issue.

Once an allocation is established, a settlement note will be sent to the applicant as confirmation. Notifications of allocation will not be provided in any other way. Those who are awarded the Profit

Participating Loans are expected to receive settlement notes within one week of the allocation decision being made. Persons not awarded the Profit Participating Loan will not receive any notification thereof.

10.1. Registration of Delivery

Registration with Euroclear Sweden of the Profit Participating Loan issue is expected to take place within two weeks after payment has been paid. Delivery of the Profit Participating Loan is made to the designated VP Account or securities deposit within Sweden as soon as practicable after the payment has been registered. The result of each completed issue will be published on the Fund's website www.finserve.se and on www.kreditfonden.se when the new Profit Participating Loan has been registered and delivered.

10.2. Preference Rights

The offer is valid without any preferential right unless the Fund's Board decides on another allocation which may arise from time to time.

11. ISSUING AGENT

The issuing agent is Mangold Fondkommission AB. The Issuing Agent has undertaken to handle administration such as receiving subscription notifications and payment of subscriptions in cash.

12. REFUND AND REDEMPTION RIGHTS

Terms regarding refund and redemption rights can be found in the General Terms and Conditions, which also sets forth the restrictions that apply to redemption, and under what conditions the Fund may cease to operate.

13. TARGET GROUP

The following assessment of target group and target market is only meant as a guideline for product management purposes. Each distributor that is subject to product management compliance is responsible for its own assessment.

The Fund's assessment is that the Profit Participating Loan's target market and target group both include investors categorized as equal counterparties, professional clients or non-professional clients with some knowledge and experience of investing in financial instruments or good knowledge and/or experience of investing in financial instruments and which have a medium to long-term investment outlook.

The risk profile for the Profit Participating Loan is balanced or speculative, and the investment objective is to generate continual income from, or value growth on, the invested capital.

The Fund has assessed that the Profit Participating Loan can be distributed in all channels such as consulting, investors' independent trading and within the framework of discretionary portfolio management.

The Profit Participating Loan is not suitable for all investors. Each prospective investor must assess him- or herself, together with a financial advisor, the suitability of investing in the Profit Participating Loan in relation to their individual circumstances. Above all, every investor should:

- (i) have sufficient knowledge and experience to be able to make an assessment of the properties of the Profit Participating Loan and of the risks associated with investing in the Profit Participating Loan, and to take advantage of the contents of this Information Brochure, the Fund's fact sheet and the Fund's General Terms and Conditions;
- (ii) have access to, or knowledge of, appropriate analytical tools to evaluate and assess the impact of an investment in the Profit Participating Loan on the Investor's investment portfolio as a whole;
- (iii) have sufficient financial resources to bear the risks of investing in the Profit Participating Loan;
- (iv) understand the terms that apply to the Profit Participating Loan and related markets;
- (v) have an investment outlook which is consistent with the terms of the Profit Participating Loan;
- (vi) be able to assess possible events of an economic, fiscal or other nature that could adversely affect the Fund and the Profit Participating Loan.

14. PRIMARY AGENT

The Fund does not engage primary agents.

15. TRADING

The Profit Participating Loan is listed on the regulated market NGM Main Regulated, which is operated by Nordic Growth Market (NGM) and are freely transferable according to Swedish law. The Profit Participating Loan's ISIN code is SE 0012116382. However, there may be restrictions that apply from laws in other countries or under Swedish law.

Under normal market conditions, the Market Maker will offer buy and sell prices to anyone wishing to trade the Profit Participating Loan outside the redemption framework. However, the second-hand market and liquidity may be limited.

The Fund offers investors the opportunity to redeem their Profit Participating Loan once a year.

It should be noted that the difference between the purchase price and the selling price ("spread") for the Profit Participating Loan can change continuously. It should also be noted that during certain time periods it may be difficult or impossible to set purchase prices and sales prices, which may make it difficult or impossible to buy or sell the Profit Participating Loans in advance.

16. MARKET MAKER

The Market Maker is ABG Sundal Collier ASA ("Market Maker"). In accordance with a contractual agreement, the Market Maker has undertaken to provide a secondary market for the Profit Participating Loan under normal market conditions and ordinary trading hours. The Market Maker provides liquidity by continuously offering buy and sell prices for Investors who wish to buy or sell the Profit Participating Loan.

17. PERIODIC INFORMATION

Information on the Fund's risk and liquidity management, non-liquid assets and the Fund's current risk profile and information on financial leverage are provided biannually in conjunction with annual and interim reports published on the Fund's website, www.kreditfonden.se.

18. TAX

18.1. General

Interest payments and capital gains from the Profit Participating Loan are subject to withholding tax. The rules differ depending on the country in which the Investor is domiciled for tax purposes. A summary of tax consequences for Investors is set out below for those who are unlimited taxpayers in Sweden, Finland and Norway, unless stated otherwise. The summary is not intended to exhaustively address all tax consequences that may arise as a result of the offer e.g. the summary does not include rules that apply to the Profit Participating Loan held by trading companies or which constitute inventory in business operations.

Specific tax consequences that are not described may also apply to other categories of Investors. Investors are urged to consult a tax advisor, or in the event of any uncertainty: an accountant or tax lawyer regarding the tax consequences that may arise from regulations in other jurisdictions, tax treaties or any other special rules that may apply.

Please note that tax rules and rates may change and that the information below applies only at the time of approval of the relevant supplementary prospectus. The Fund is not responsible for any tax consequences that may arise in connection with an investment in the Profit Participating Loan. The Fund is not liable for or otherwise liable to pay any tax, penalty, cost, fee etc. that may arise for the Investor due to ownership, transfer or utilization of the Profit Participating Loan. Investors are responsible for all such expenses and taxes that may be incurred in connection with their holding, unless otherwise stated.

18.2. Sweden

Natural persons and estates of the deceased who are unlimited tax payers in Sweden are taxed for capital income such as income from interest and capital gains at a tax rate of currently 30 per cent. Capital losses from the Profit Participating Loan are deductible against other income from capital with certain restrictions applying. The preliminary tax is withheld by Euroclear for natural persons domiciled in Sweden and for Swedish estates of the deceased. Deductions are normally implemented by the trustee with regard to trustee-registered holdings.

No tax in advance (Sw: preliminärskatt) is levied on natural persons and estates of the deceased which are limited taxpayers in Sweden. Please note that for recipients from abroad, the respective country's tax rules also apply.

For Swedish limited liability companies, all capital gains and income from interest are taxed at a tax rate of 22.4 per cent at present. Capital losses on the Profit Participating Loan are normally deductible, but the deduction right may be limited under certain conditions. Specific tax rules may

apply to specific business categories or specific legal entities, such as investment funds and investment companies. For Swedish legal persons, no tax in advance is included.

18.3. Finland

Investors in Finland are normally taxed in Finland for capital income earned in Sweden. However, for Finnish legal persons with a permanent place of business in Sweden, tax liability may arise in Sweden, as well as for natural persons who are connected to Sweden. However, no Swedish withholding tax applies to income from interest for legal entities or natural persons without a connection or a permanent place of business in Sweden.

Natural persons and estates of the deceased that are liable to tax in Finland are taxed for capital income such as income from interest and capital gains, with a tax rate of currently 30% up to 30 000 EUR and 34% for capital gains exceeding 30 000 EUR. Capital losses can be deducted against capital income under certain conditions.

Finnish companies are liable to tax in Finland for capital income such as income from interest and capital gains. The tax rate is currently 20 per cent of the annual result.

18.4. Norway

Investors in Norway are normally taxed in Norway for capital income earned in Sweden. However, tax liability in Sweden may arise for Norwegian legal persons with a permanent place of business in Sweden. However, no Swedish withholding tax applies to income from interest for limited tax payers, legal entities or natural persons, without a connection or permanent place of business in Sweden.

Natural persons who are liable to tax in Norway are taxed for capital income such as income from interest and capital gains on the sale or redemption of fund units at a current tax rate of 22 per cent. Capital losses are normally deductible against capital gains. Note that under certain conditions, income from interest may be tax-exempt in Norway and consequently any loss regarding income from interest cannot be deducted.

Norwegian legal entities are liable to tax in Norway for income on interest, including such earnings in Sweden, at a tax rate that is currently set at 22 per cent. Please note that the Fund's holdings and investments may affect taxation under Norwegian tax law.

18.5. Extension to the USA

The United States has special tax legislation, the Foreign Account Tax Compliance Act ("FATCA"), which allows payments, with or without connection to the United States, to be subject to taxation in the United States under certain conditions. Sweden and the United States have entered into agreements for the implementation of FATCA in Sweden, which implies that no deduction for such tax can be made.

19. INTERIM REPORT

The fund was commenced in 2019 and consequently no yearly report has yet been issued. However, the report for the second half of 2019 is enclosed, see appendix.

20. HISTORICAL RETURNS AND MARKET VALUE

The Fund's annual return during the 2019 fiscal year was 2,86 per cent. This return exceeds the Minimum Interest Rate by the same percentage. The NAV rate amounted to 102,86 as of 31 December, 2019.

21. INFORMATION REGARDING AIF MANAGER ETC.

21.1. AIF-Management

The fund is managed by Finserve Nordic AB (AIF Manager), org. no. 556695-9499, with a share capital of 1 500 000 SEK. The AIF manager is a Swedish limited liability company that is under the supervision of the Swedish Financial Supervisory Authority (SW: Finansinspektionen). All members of the Board and the CEO of the AIF manager have therefore been vetted and approved by the Swedish Financial Supervisory Authority.

The AIF Manager was formed on 5th December, 2005.

The AIF Manager's address is Riddargatan 30, 114 56 Stockholm.

Tel: +46 707 15 42 5

Email: info@finserve.se

Website: www.finserve.se

21.2. The Board

The AIF-Management Board: Michael Gunnarsson (Chairman), Christer Lindström (Member of the Board), Peter Norman (Member of the Board), Inge Heydorn (Member of the board) and Henrik Sundin (CEO and Member of the Board).

Below is a brief overview of the Board members' experience and employment outside AIF Manager activities.

Michael Gunnarsson, Chairman of the Board

Michael has twenty years of experience working in the financial sector. Michael has held a number of senior positions within the Skandia Group. He has also held senior positions within Movestic, both as CEO of Movestic Kapitalförvaltning AB och Movestic Livförsäkring AB. Michael's most recent position was as CEO of ODIN Fonder.

Employment outside the AIF Manager: CEO and owner of Pure Common Sense Consulting AB, Member of the Board of Ägarna, Member of the Board of Movestic Kapitalförvaltning AB, Deputy Member of the Board of BrandSign AB, partner and Member of the Board of Infra Group Nordic AB and partner in Advisafe AB.

Peter Norman, Member of the Board

Peter has twenty-five years of experience working with financial services and insurance. Among other things, Peter has worked in various positions within the Skandia Group, as CEO of Direct

Financial Services and Insurance, Söderberg & Partners and as CEO of the Monyx Financial Group. For a large part of his professional life, Peter has worked with the development of strategy, business and operations in financial services and insurance, sales and distribution, product development as well as structural issues and processes.

Employment outside the AIF-Manager: CEO and Member of the Board of the Scandinavian Credit Fund (Sw: Skandinaviska Kreditfonden). Member of the board of the 2022 Initiative Foundation, Vasagatan 36, 111 20 Stockholm

Previous assignments: Member of the Board of Factor Insurance Brokers AB, Nordic Brokers Association AB (Hjerta), MeChamp AB, NewChamp AB as well as Direct Kapitalförvaltning AB.

Henrik Sundin, CEO and Member of the Board

Henrik is a lawyer and has 20 years of experience in the finance industry. He has held several positions as a compliance officer, Member of the Board and CEO of financial companies. He has held management positions at a number of well-known companies such as Alfred Berg Asset Management, the UBS Stockholm Branch, Movestic Kapitalförvaltning och Exceed Capital Sweden AB

Employment outside the AIF Manager: Henrik has assignments in the following companies. Intra Group Nordic, Slätten Invest AB, Intra Group Nordic Investments AB, Suddenly Consulting AB, Real Estate AB and BrightSave AB.

Christer Lindström, Member of the Board

Christer is an economist and has more than 30 years of experience in the finance industry. He is specialised in trading in securities. He has worked at a number of well-known companies such as Carnegie, Götabanken, Fulton Preborn, Handelsbanken and United Brokers.

He has no assignments outside the AIF Manager.

Inge Heydorn, Member of the Board

Inge is an economist and has 20 years of experience in the finance industry. He has worked as an analyst at several well-known companies such as Carnegie, Alfred Berg, Deutsche Bank and ABN Amro Bank.

Employment outside the AIF manager: Inge has board assignments in Rusk Investments AB a property company and in Gävle Padel AB and Sundsvalls Padel AB. The latter two both operate sport facilities.

21.3. Senior Executive

Henrik Sundin, CEO.

21.4. Fund Manager

The Fund's manager is CIO, Chief Investment Officer, Fredrik Sjöstrand.

21.5. Risk Management

Joakim Agerback is the responsible for risk management.

21.6. Compliance

The law firm DLA Piper Sweden KB is responsible for compliance and has also assisted in the preparation of this Information Brochure.

21.3. Auditor

Daniel Algotsson at PwC has been the auditor performing the statutory audit since the Fund company was formed. Daniel is an authorized public auditor and is a member of FAR SRS, the Swedish branch organisation for accounting consultants, auditors and advisors.

The auditing company's address is c/o PwC Sweden, 113 97 Stockholm, Sweden.

21.4. Internal Auditing

Leif Lüscher at Lüscher & Co Revision AB. Leif Lüscher is an authorized auditor and a FAR licensed accountant in financial companies. The address is Box 1024, 101 38 Stockholm.

Register of Unit Holders

The Register of Unit Holders is maintained by Euroclear Sweden AB.

21.5. Fund Management Institute

The Fund Management Institute is Danske Bank A/S (Swedish Subsidiary).

21.6. Owner

The owner of the AIF-management is Skandinaviska Kreditfonden AB.

22. FUND MANAGEMENT LIST

Finserve Nordic AB manages the following funds:

- Thyra Hedge
- World Equity Replication Fund
- Scandinavian Credit Fund I AB (publ)
- Nordic Factoring Fund AB (publ)
- The Single Malt Fund AB (publ)

GENERAL TERMS AND CONDITIONS
FOR THE PROFIT PARTICIPATING LOAN PROGRAM ISSUED BY
NORDIC FACTORING FUND AB (publ)

INTRODUCTION

These General Terms and Conditions together with information provided prior to subscription in the form of the Information Brochure and Fact Sheet, as well as the terms of the subscription notification, constitute contractual content for the Profit Participating Loan ("Profit Participating Loan") issued by Nordic Factoring AB (publ) (Company Registration No. 559175-1317 ("the Fund")).

The Fund is an alternative investment fund and is managed by a registered manager of alternative investment funds in accordance with the Managers of Alternative Investment Funds Act (2013: 561).

Up-to-date information on any change in conditions or similar information is always available on the Fund's website. With regard to the Fund's website, always refer to www.kreditfonden.se

Submitted information regarding forward-looking assumptions constitutes subjective estimates and forecasts for the future which are associated with uncertainty. Expressions similar to the words "expected", "assumed", "should", "judged" and other such expressions are used to indicate that the information is to be considered as estimates and forecasts. Estimates and forecasts are made on the basis of information that contains both known and unknown risks as well as uncertainties. No assurance is made, expressly or implied, that any estimates and forecasts regarding the future will be realized. An investment in securities is always associated with a degree of risk.

1. GENERAL TERMS

Nordic Factoring Fund AB (publ)

Profit Participating Loan

The following General Terms and Conditions shall apply to loans issued by Nordic Factoring Fund AB (publ) by issuing debt securities in Swedish Crowns.

1. Definitions

AIF	An EEA-based alternative investment fund in accordance with the Managers of Alternative Investment Funds Act (2013: 561)
AIF-Manager	Finserve Nordic AB, Box 16357, 103 26 Stockholm, Sverige
Record Date	The fifth Bank Day prior to each Interest Maturity Date
Bank Day	A day that is not Saturday, Sunday, or other public holiday, or which in respect of payment of promissory notes is not equivalent to public holidays as banks are generally open
Issue Date	The date on which each Profit Participating Loan is issued
Issuing Agent	Mangold Fondkommission AB, Engelbrektsplan 2, 114 34 Stockholm
Fund	Nordic Factoring Fund AB (publ), Company Registration No. 559175-1317, Box 16357, 103 26 Stockholm Visiting address: Riddargatan 30, 114 57 Stockholm
Euroclear	Euroclear Sweden AB, Box 191, Klarabergsviadukten 63, 101 23 Stockholm, Sweden
Creditors/Investors	Anyone who is registered with a VP account as a creditor or who is otherwise entitled to receive payment under a Profit Participating Loan
Fund Management Fee	The fee to be paid to the AIF Manager in accordance with these terms as compensation for the administration of the Fund and for the management of the Portfolio

Derivative Assets	Securities or other assets acquired or managed by the Fund in respect of Credit Receivables and the Management of the Portfolio and any proceeds thereof
Principal Amount	The total amount to be repaid, i.e. the Nominal Amount and, where applicable, the Investor's Profit participation
Accounting Institute	Bank or other institute in Sweden that has been granted the right to be an account-holding institution in accordance with the Accounting of Financial Instruments Act (1998: 1479), and with which the Creditors opened a VP account regarding the Profit Participating Loan
Credit Claims	The credit claims that arise from funds being lent as part of the Fund's direct lending operations
Granting of Loans	The business operation of the Fund lending to companies
Borrower	Borrower in relation to the Fund, i.e. a person who has borrowed from the Fund as part of the Fund's direct lending operations
Settlement Date	The date when payment/liquidation is to be paid regarding the Profit Participating Loan
Loan	The sum of the nominal amount of all the outstanding Profit Participating Loans
Minimum Interest	For the current period, the average three-month government debt, SSVX3M, at a minimum of 0 per cent
Net Profit	The profit that accrues to the Owner, from the date the profit is separated from the Portfolio (performance-based remuneration)
Nominal Amount	The amount to be repaid, i.e. the nominal amount of the Profit Participating Loan or, where applicable, a quota portion of the respective share of the funds allocated to the Fund by way of the subscription amount
Independent Appraiser	Sirpa Brathall Andersson, Finserve Nordic AB
Portfolio	(i) Credit Receivables and Derivative Assets, (ii) Investment Capital and Derivative Assets and (iii) any amounts or assets to be repaid or distributed (but not yet repaid or distributed) to the Creditors or Owner (thus not including Net Profit or Return on Net Profit in the Portfolio)

Interest Maturity Date	The fifteenth (15) banking day of each calendar year with the last time being in January 2049
SEK	Swedish Crown(s); the official currency of Sweden
Register of Creditors	The Register of Creditors regarding the Profit Participating Loan maintained by Euroclear
Subscription Amount	The amount, calculated at the time of issue, to be paid to the Fund under these Terms and Conditions by subscribing to the Profit Participating Loan.
Allowable Costs	The costs in addition to the Management Fees which the Fund, as stated, is entitled to charge the Portfolio
Profit Participation	The amount that at the appropriate time of measurement corresponds to the Investor's share of the Portfolio's value exceeding the nominal amount, after deduction of accrued Interest, Net profit (performance-based remuneration) and Allowable Costs
Profit Participating Loan	The debt commitment that certifies that the Fund has borrowed from Investors, i.e. the Profit Participating Loan that the Investor has provided to the Fund
VP Account	The account for dematerialized securities maintained by Euroclear Sweden in accordance with the Accounting of Financial Instruments Act (1998: 1479) in which (i) an owner of such securities is directly registered or (ii) an owner's holding of securities is registered in the name of a trustee
Interest/Profit Participation Interest	The Interest on the Loan which is due to the Investors in accordance with these Terms
Repayment Date	The Interest Maturity Date of 2049 or, any earlier dates are construed as Early Redemption of the Profit Participating Loan by way of the Early Termination of the Loan.
Owner	Skandinaviska Kreditfonden AB

2. Loan and payment commitments

- 2.1 Profit Participating Loan is issued within the framework amount, which for the Loan amounts to a maximum of 4 billion SEK.

2.2 The Loan is represented by the Profit Participating Loan. The nominal amount for each Profit Participating Loan is one (1) SEK.

2.3 The Profit Participating Loan is freely transferable in accordance with Swedish law. Any restrictions can apply from other regulations in Sweden or in another country.

3. Repayment of Loan and (where applicable) payment of Interest

3.1 The rights arising from the Profit Participating Loan include repayment of the Profit Participating Loan's capital amount and accrued Interest. The Fund's capacity to fulfil the obligation to repay the Profit Participating Loan and Interest is from time to time dependent on the value of the Portfolio. Interest is based on the return from the Portfolio. The assets included in the Portfolio are defined in the General Terms and Conditions.

3.2 The Fund's obligations (including the obligations regarding the Profit Participating Loan consisting of the payment of Interest and repayment of the loan) constitute direct, contingent, unsecured and non-subordinated obligations for the Fund which are of mutual and equal legal preference.

3.3 The Profit Participating Loan is not secured. In the event of insolvency or bankruptcy, the Profit Participating Loan will be treated *pari passu* with other non-subordinated and unsecured claims. This implies that in the event of a bankruptcy, there may be secured receivables that are entitled to payment prior to the Investors.

3.4 The rights that result from the securities in the offer do not otherwise contain any priorities or restrictions.

3.5 Holders of the Profit Participating Loan have no voting rights at the AGM.

3.6 The loan is due for payment of its Principle Amount on the Repayment Date.

3.7 The Fund can, upon repayment of the Capital Amount, and, if applicable, upon the payment of Interest, deduct any taxes that the Fund deems necessary with respect to Swedish and foreign tax rules.

3.8 Payment of the Principal Amount and/or Interest shall be paid to the Creditors on the Record Date. Interest is paid on the Interest Payment Date by issuing a new Profit Participating Loan.

4. Redemption

Redemption on the Payment Date

- 4.1 The Portfolio shall be liquidated in a timely manner and in a manner that, in the opinion of the Fund, provides the best possible result for the investors.
- 4.2 Investors shall receive the Principal Amount, i.e. the Nominal Amount and Profit Participation as repayment upon the loan being due. The repayment is to be made in cash to the investors.
- 4.3 Upon the Portfolio being liquidated, Allowable Costs must first be deducted including the Fund Management Fee, or provisions are to be made for accrued, but unpaid, costs prior to calculating the amount to be received by the Investors and Owner.
- 4.4 The nominal amount of the Profit Participating Loan shall be repaid when the Portfolio is liquidated and the Allowable Costs have been deducted.
- 4.5 The Owner shall be paid thereafter a performance-based remuneration of 20 per cent of the portion of the total return on the Portfolio that exceeds the Minimum Interest Rate. The performance-based remuneration shall be calculated in accordance with the High Watermark principle and after deduction of the Minimum Interest Rate. Performance-based remuneration shall accrue to the Owner and be separated from the Portfolio. After this separation, the performance-based remuneration shall belong to the Owner and no longer form part of the Portfolio. Thus, any return on this amount shall also accrue to the Owner.
- 4.6 The remaining 80 per cent of the portion of the total return on the Portfolio that exceeds the Minimum Interest Rate, and after calculating the performance-based remuneration, shall accrue to the Investors as Interest.
- 4.7 If funds are not available for repayment of the nominal amount in accordance with paragraph 4.2, the funds available for repayment shall be distributed *pro rata* between the Profit Participating Loans, that is to say in equal amounts on the basis of the number of Profit Participating Loans held by each Investor.
- 4.8 Upon the Fund having paid all the amounts to the Profit Participating Loan Holder in accordance with the above, the Profit Participating Loan shall be deemed to be fully repaid and the Fund shall have no further obligations to the Investors.

Early redemption at the request of the investor

- 4.9 Investors can request redemption of the Profit Participating Loan in advance. Redemption is to be made on the first Banking Day of each year that falls prior to the Repayment Date. The request for redemption must reach the Fund no later than fifteen (15) days before the beginning of the

month during which the investor intends to be repaid. A request for early redemption may only be revoked if the Fund so permits.

- 4.10 Redemption is set at the NAV rate which is determined at the end of the month closest to the redemption date.
- 4.11 The Profit Participating Loan shall, upon request, be redeemed on the seventh (7) Business Day following Redemption Day. If the Fund does not have sufficient liquid funds, redemption funds must be acquired by divesting portions of the Portfolio. If such divestment due to prevailing market conditions or in the opinion of the Fund, would substantially disadvantage other Investors, the Fund may wait for such time as when the divestment is deemed appropriate. The Fund must have sufficient liquidity to handle the Investors' request for redemption under normal circumstances. See Paragraph 10 regarding market disruptions and market interruptions.
- 4.12 The redemption amount shall be paid in cash to Investors who have requested repayment.
- 4.13 If funds for redemption need to be obtained through the sale of property that is part of the Fund, the sale shall take place and redemption will be effected as soon as possible. The Fund may postpone the sale and redemption of the units, if there are special reasons for the measure and it is justified by the interests of the Investors.

Early redemption at the request of the Fund

- 4.14 The Fund has the right to cancel the loan in whole or in part with at least twenty (20) Banking days' notice and request that the Profit Participating Loan be redeemed. Investors are then entitled to early repayment of the nominal amount plus accrued interest on the due date specified by the Fund. The Fund is entitled to such termination if any of the following conditions are fulfilled:
- (i) It is the reasonable judgment of the Fund that there are no longer any conditions for the Fund or the Owner to conduct the business in accordance with applicable laws or other rules in its current corporate form and/or without special permission from the Swedish Financial Supervisory Authority or other authority, or whether the Fund or the AIF Manager would suffer from governmental action that would make it difficult or impossible to continue operations;
 - (ii) Due to a change of law or other regulatory change, it is no longer possible or appropriate to continue to conduct the business; or
 - (iii) The Fund's operations are subject to taxes or other costs that could not reasonably be foreseen when the Profit Participating Loan was issued.

- 4.15 The Fund is also entitled to terminate the loan (in whole or in part) with advance payment with at least eighty (80) days' notice and shall then repay the Capital Amount. If funds are not available for repayment of the nominal amount, the funds available for repayment shall be distributed *pro rata* between the Profit Participating Loans, i.e. equal to the number of Profit Participating Loans held by each Investor.
- 4.16 In the event of termination at the request of the Fund, the amount for repayment shall be calculated as if it had occurred on the Repayment Date. Repayment shall be paid in cash to the Investors.

5. Registration of the Profit Participating Loan

- 5.1 The Profit Participating Loan shall be registered on the Swedish VP Account on behalf of the Creditors. No physical securities will be issued.
- 5.2 Requests for specific registration measures are to be addressed to The Institute of Accounting.
- 5.3 The Fund has the right to access information in the Register of Creditors, reconciliation register and other registers maintained by Euroclear.
- 5.4 Anyone that has acquired the right to receive a payment from the Profit Participating Loan, on the grounds of an assignment, pledge, provisions set forth in the Parental Code, the terms of a will, a deed of gift or otherwise, must register their right to receive payment.

6. Interest

- 6.1 The Interest Rate on the Profit Participating Loan is dependent on the return from the Portfolio. Thus, interest to Investors is paid only on positive earnings.
- 6.2 Interest is paid to Investors in the form of additional Profit Participating LoanS. Investors thus undertake to reinvest any interest payments.
- 6.3 The Profit Participating LoanS issued pursuant to Paragraph 6.2 is issued on the Interest Maturity Date, but Investors are entitled to any proceeds from the Profit Participating Loan from and including 1st January of the same calendar year as the Profit Participating Loan was issued.

7. Interest on late payment

- 7.1 In the event of late payment, the interest rate on the due amount shall be calculated from the due date up to and including the date on which payment is made at an annual interest rate corresponding to the average of one week's STIBOR.

8. Appraisal

- 8.1 The Fund has appointed an Independent Appraiser, KPMG AB. The Appraiser's task is to ensure that the Fund's assets are properly evaluated in an independent manner.
- 8.2 The value of the Portfolio is determined on objective grounds in accordance with generally accepted accounting principles.
- 8.3 The value of the Portfolio shall be calculated by deducting the Allowable Costs from the assets. Financial instruments should be valued at market value. Listed securities should be valued at the closing price of the respective securities on the last banking day of the current calendar month.
- 8.4 The Fund shall publish the value of the Portfolio on a monthly basis by way of its website.

9. Information to Investors

- 9.1 Investors are entitled to information about the Fund. In compliance with AIF regulations, there is a current information brochure and a fact sheet that provides the investor with the opportunity to assess the fund and the associated investment risk. Information is provided to investors prior to the conclusion of the agreement, and is also available on the Fund's website. Information can be sent via email at the request of the Investor.

10. Market Disruptions and Market Interruptions

- 10.1 In the event of market disruptions or market interruptions, placements and disposals within the Portfolio may be hindered to the disadvantage of other investors, or may even be impossible to execute. A market interruption may occur, for example, if a stock is to cease trading or if there are significant fluctuations in the market, for example, due to external events. Should such placements and disposals be hampered due to prevailing market conditions, then the Fund may make a determination to delay such disposals until such disposals can take place without substantially affecting other investors in an adverse manner.
- 10.2 Paragraph 10.1 may result in the Fund not being able to pay those Investors who have requested early redemption within the time prescribed under these terms.
- 10.3 In such a case as set out under paragraph 10.2, the redemption amount that Investors shall receive is to be calculated at the same time as if payment were to be made within the prescribed time.

11. Limitation

- 11.1 The right to receive payment of the Principal Amount is limited to ten (10) years after the Repayment Date. The right to Interest expires three (3) years after the respective Interest Maturity Date. The funds are set aside for payment and barred from being used by the Fund.
- 11.2 If a limitation period is interrupted, a new limitation period of ten (10) years shall apply in respect of the Principal Amount and for three (3) years in respect of interest payments, and in both cases calculation commences from the date stated in the provisions of the Limitation Act (1981: 130) regarding the incidence of such limitation periods.

12. Representation and change of conditions

- 12.1 The Fund, or the representative thereof, is entitled to act on behalf of investors in all court or executive authority matters relating to the Profit Participating Loan, even without any specific assignment provided by the investors.
- 12.2 The Fund reserves the right to amend the conditions without the consent of investors, if required due to, for example, regulatory changes. The Fund also reserves the right to amend the terms, without the consent of investors in order to correct any inaccuracies or other errors. The Fund shall, in the event of a change in conditions, inform the investors accordingly in writing by publishing information on their website in connection therewith.

13. Disclaimer

- 13.1 Neither the Fund, the Owner nor any of its representatives is responsible for any damage or loss caused by Investors' decisions or failure to make decisions. Neither is the Fund, the Owner nor any of its representatives responsible for the Fund's administration or management of the Portfolio, unless the damage or loss was caused by fraud, or wilful neglect, or gross negligence, or violation of these Terms.

14. Processing of personal data

- 14.1 The Fund will not process the personal data of Investors with regard to the Profit Participating Loan transactions.

15. Applicable law and jurisdiction

- 15.1 Swedish law shall apply when interpreting these Terms.
- 15.2 The Profit Participating Loan shall be deemed issued under Swedish law.

15.3 Any dispute shall be settled in Sweden, and in the first instance, settled in the District Court of Stockholm.

Stockholm, 5 March, 2020

Nordic Factoring Fund AB (publ)