

UAB INRENTO RULES FOR ASSESSING THE CREDIBILITY OF PROJECT OWNERS

1. GENERAL PROVISIONS

- 1.1. The Rules for the Assessment of the Reliability of Project Owners of Inrento UAB (the "**Company**") (the "**Rules**") set out the requirements for the assessment of the reliability of project owners, including the criteria for the assessment of the reputation and creditworthiness of the project owners.
- 1.2. Terms used in the Rules shall have the meaning given to them in Regulation (EU) 2020/1503, unless otherwise specified in the Rules.
- 1.3. The Rules are drawn up in accordance with the Regulation and its accompanying implementing legislation.
- 1.4. The Company shall adopt, implement and maintain appropriate and effective measures, processes and methods to ensure that these Rules are complied with at all times. The Company shall take the necessary measures to prevent the use of the Company Platform for criminal purposes.

2. CONNECTIONS

- 2.1. Unless the context otherwise requires, capitalised terms used in these Rules shall have the meanings given below:
 - 2.1.1. **Company** - UAB Inrento, legal entity code 305519977, registered office address Kauno g. 22-501, Vilnius, LT-03212, Lithuania;
 - 2.1.2. **"Participant"** means a participant of the Project Owner who holds, directly or indirectly, a share of voting rights or share capital equal to or exceeding 20 per cent or who is in a position to exercise a direct and/or indirect decisive influence over the Project Owner;
 - 2.1.3. **Credibility Assessment** - The Company's assessment of the reputation and creditworthiness of the Project Owner;
 - 2.1.4. **Platform** - an information system managed by the Company through which crowdfunding is conducted;
 - 2.1.5. **Supervisory authority** - Bank of Lithuania;
 - 2.1.6. **A project** is one or more business activities for which the project owner seeks funding by submitting a crowdfunding proposal on the Platform;

- 2.1.7. **Project Owner** or **Client** - the person who initiates the Project, which is made available by the Company to the Funders via the Company's platform;
- 2.1.8. **Regulation** - Regulation (EU) 2020/1503;
- 2.1.9. **Rules** - this document;
- 2.1.10. **Assessor** means an employee of the Company appointed by order of the Company's Chief Executive Officer to carry out the reputational and creditworthiness assessments provided for in these Rules.

3. **CRITERIA AND PROCEDURES FOR ASSESSING REPUTATION**

- 3.1. As part of the reputational assessment, the Company shall contact the Project Owner to assess information about the Project Owner's manager and its Participants. If the Project Owner is a natural person (entrepreneur), information about the Project Owner itself shall be collected and assessed.
- 3.2. For the purpose of assessing the reputation of the project owner, the information requested shall be provided in a standardised format by completing the questionnaire set out in Annex 1 to these Rules. The Evaluator may, if necessary, request additional information from the Project Owner for the purpose of the reputational assessment.
- 3.3. It should be noted that the Company will enter into business relations with the Project Owners only after the Company, in accordance with the established internal procedures, conducts due diligence of the Project Owner in accordance with the procedure established by the Law on Prevention of Money Laundering and Terrorist Financing of the Republic of Lithuania and the legal acts implementing the Law on Money Laundering and Terrorist Financing. The Company does not intend in all cases to enter into business relationships with clients who pose a higher/significant risk of money laundering and/or terrorist financing. Accordingly, the Company will not take into account the money laundering and/or terrorist financing risks or threats posed by the Project Owners when assessing their creditworthiness, as these will not, in the Company's assessment, have a material impact on the creditworthiness of the Project Owner.
- 3.4. For the purposes of assessing reputation, it is presumed to be adequate if there is no evidence to the contrary and there is no reasonable cause to doubt the person's reputation.
- 3.5. The following considerations are taken into account when assessing reputation:

- 3.5.1. whether the owner of the Project has been convicted of a serious or very serious crime or a crime or criminal offence against property, property rights and interests, the economy and business order, the financial system, or public security, public service and public interests, or corresponding offences under the criminal laws of other States, provided that his/her criminal record for the above-mentioned offences has not been extinguished or revoked, or that three years have not elapsed since the entry into force of the judgment of the court by which the natural person was convicted of the offences referred to in this paragraph;
 - 3.5.2. whether there is evidence that the person being assessed is in default or has defaulted on creditors' obligations;
 - 3.5.3. whether there are and/or have been any civil actions, administrative or criminal proceedings, investments or risks taken and loans taken that could have a material impact on the financial soundness of the person;
 - 3.5.4. whether the Project owner has a criminal record for breaches of national rules in the fields of commercial law, insolvency law, financial services law, anti-money laundering law, anti-fraud law or professional responsibility obligations;
 - 3.5.5. whether the Project Owner is established in a country or territory that is considered a non-cooperative country or territory under the relevant EU policy, or in a high-risk third country in accordance with Article 9(2) of Directive (EU) 2015/849;
 - 3.5.6. whether there are any other reputational factors specified in the Company's approved algorithm.
- 3.6. In order to assess the reputation of the Project Owner, the Evaluator shall:
- 3.6.1. must collect and assess information on the Project Owner's manager and its Participants who directly or indirectly hold a share of voting rights or share capital equal to or exceeding 20 per cent, or who is in a position to exercise a direct and/or indirect decisive influence over the Project Owner. If the Project Owner is a natural person (entrepreneur), information on the Project Owner itself shall be collected and assessed.
 - 3.6.2. after collection and assessment in accordance with these Rules 3.6.1 p. 6.2.1.1, before publishing the project on the Company's platform, shall in all cases have reasonable grounds to believe that all the data and information required by these Rules 3.6.1 the persons listed in paragraph 6.6.3. above meet all the minimum criteria for the assessment of reputation, i.e. that the persons listed in paragraph 6.6.3. of the Rules 3.6.1 the persons listed in paragraph 6.6.3:

- 3.6.2.1. have not been found guilty of a serious or very serious criminal offence, or of a criminal offence or misdemeanour against property, property rights and property interests, the economy and business order, the financial system, public security, the civil service or public interests, or of equivalent offences under the criminal laws of other countries, if their convictions for the above-mentioned offences have not expired or have been revoked, or if three years have not elapsed since the entry into force of the judgment of the court by which the natural person was convicted of the criminal offences referred to in this point;
 - 3.6.2.2. does not comply with the Rules 3.5.4-3.5.5 p. numatytų sąlygų, kurioms esant automatiškai laikoma, jog Projekto savininko reputacija negali būti vertintina kaip tinkama;
 - 3.6.2.3. does not meet the other conditions set out in the Company's approved algorithm, which automatically deem that the Project Owner's reputation cannot be considered as adequate.
- 3.7. For the purposes of assessing the reputation of project owners, the Company relies on:
 - 3.7.1. Documents provided by project owners, their managers and Participants;
 - 3.7.2. Written explanations provided by project owners, their managers and Participants;
 - 3.7.3. publicly available and published information about Project owners, their managers and Participants;
 - 3.7.4. data provided by the Creditinfo system ("**Creditinfo**") administered by Creditinfo Lietuva UAB (if the Project Owner is established/resides in Poland, the Bik.pl system is used; if the Project Owner is established/resides in Spain, the Axesor system is used);
 - 3.7.5. Registers administered by the State Enterprise "Centre of Registers" (Real Estate Register, Register of Legal Entities, Register of Property Arrest Acts, etc.) (in case the owner of the Project is established/resides in Poland or Spain, registers administered by the respective countries, which contain data as similar as possible, are used);
 - 3.7.6. data provided by the public register of Wanted Persons administered by the Department of Informatics and Communications, as well as other reliable databases legally available to the Company (in the event that the Project Owner is established/resides in Poland, it is requested that the Project Owner provide a certificate issued by the relevant authorities of

the relevant countries, duly certified by the relevant authorities, with the stamp of "apostille").

- 3.8. The Company shall, in accordance with the Rules 3.5.4 The Company shall also require the Project Owner to provide up-to-date (not older than 2 months) extracts/certificates from the records of criminal and/or administrative convictions, which would support the provisions of these Rules 3.5.4 the absence of the circumstances provided for in paragraph 5.5.3:
 - 3.8.1. if the owner of the Project is a legal entity established in Lithuania or a Lithuanian citizen/resident (in the case of a natural person) - the relevant extract/certificate from the registers administered by the Department of Informatics and Communications under the Ministry of the Interior of the Republic of Lithuania (<https://ird.lt/>) is requested;
 - 3.8.2. if the owner of the Project is a legal entity established in a country other than the Republic of Lithuania, or if the owner of the Project is a citizen/resident of a country other than the Republic of Lithuania (in the case of a natural person) - the relevant extract/certificate from the relevant registers/information centres administered by these countries shall be requested.
- 3.9. Where possible, the Company shall also take steps to obtain access to the relevant registers where it can verify the information about the Project Owner in relation to the Rules 3.5.4 Article 5.3.
- 3.10. In assessing the reputation of Project Owners for the purpose of republishing a Project through the Company's platform, the Company shall reassess the reputation of the Project Owners in accordance with the procedures set out in these Terms and without any exceptions.
- 3.11. The Evaluator shall collect sufficient information from the Project Owner to assess the reputation of the Project Owner, its managers and the Participants, and shall assess the totality of the information collected and decide whether the Project Owner's reputation is suitable for the publication of its Project on the Company Platform. The process of assessing the reputation of a Project Owner shall take place in two stages:
 - 3.11.1. firstly, to ensure that all the Rules 3.6.1 paragraph 6.6.2.1. of the Rules, all of the persons listed in the **minimum criteria for the assessment of reputation** (as set out in the Rules) 3.6.2 p. 6.6.3), i.e. the Company shall satisfy itself that the 3.6.1 the persons listed in paragraph 6.6.3: (i) have not been convicted of a serious or very serious crime or a crime or criminal offence against property, property rights and interests, economic and business order, the financial system, public security, public service

and public interests, or equivalent offences under the criminal laws of other states, if their convictions for the above-mentioned offences have not expired or have been revoked, or if three years have not elapsed since the entry into force of the judgment of the court by which the natural person was convicted of the criminal offences referred to in this point; and (ii) does not meet the conditions set out in the algorithm approved by the Company, under which the Project Owner's reputation shall automatically be deemed not to be adequate. If the Evaluator determines that the Project Owner, the Project Owner's manager and/or the Participant do not meet all of the minimum criteria for the assessment of reputation, the Project Owner's Project may not be published on the Company's platform. Only if the Evaluator can be reasonably satisfied that the minimum Reputation Assessment Criteria are met in full, may a second stage of the Reputation Assessment be carried out (in accordance with the provisions of the Rules 3.12 p.);

3.11.2. Second, once the Evaluator is satisfied that the minimum reputational criteria are met, **additional reputational criteria** are taken into account which may affect the final rating of the Project Owner's Credibility Assessment / Project Rating, i.e. the final rating of the Project Owner's Credibility Assessment / Project Rating (assigned risk class) may be reduced (i.e. assigned a higher risk class) in the event that additional negative reputational factors as specified in the Company's approved algorithm exist. The procedure for the reduction of the final Project Owner Rating / Project Rating (assigned risk class) is also set out in the algorithm approved by the Company.

3.12. In the event that the Project is financed in instalments (phases), the Company shall re-assess the reputation of the Project Owner for each phase in accordance with the procedures set out in these Rules.

4. **CRITERIA AND PROCEDURES FOR ASSESSING THE CREDITWORTHINESS OF PROJECT OWNERS**

4.1. The Company uses the following in its assessment of the Project Owner's creditworthiness:

4.1.1. statistical models (e.g. past financial performance);

4.1.2. assessment models (e.g. assessment of the business plan and its prospects, assessment of financial forecasts, assessment of reputation);

4.1.3. automated models (e.g. reports generated by Creditinfo).

4.1.4. The Company continuously assesses the effectiveness of the credit assessment process and compliance with applicable requirements, as

well as the quality of the credit assessment and models used. The Company's internal audit function is responsible for this assessment/verification.

- 4.2. Before publishing the Project on the Company's platform, the Valuer must assess the creditworthiness of the Project Owner.
- 4.3. In assessing the creditworthiness of the Project Owner, the Assessor:
 - 4.3.1. collect information on the financial situation of the Project Owner, including information on its liabilities;
 - 4.3.2. assess whether the Project Owner's ability to meet its financial obligations to the financiers within the timeframe is realistic, i.e. whether the Project Owner's expected income from the Project will be sufficient to meet the obligations undertaken in the crowdfunding transaction;
 - 4.3.3. ensure that the Project owner is not facing bankruptcy or restructuring proceedings;
 - 4.3.4. assess the condition, value, degree of collateralisation, liquidity, liquidation value and other relevant parameters of the collateral, which shall be further detailed 4.12 point 12.12;
 - 4.3.5. assesses the Project itself, its scale and its feasibility in the Project owner's operations;
 - 4.3.6. assesses the purpose of the loan sought;
 - 4.3.7. assesses the ownership (shareholder) structure of the Project owner;
 - 4.3.8. assess the business plan submitted by the Project Owner in relation to the Project to be financed, including but not limited to: (i) the Project Owner's knowledge of the relevant sector and experience in the implementation/development of projects of a similar nature; (ii) the soundness and credibility of the business plan; (iii) the analysis of the Project's strengths and *weaknesses*; (iv) the competition within the relevant sector of the business; and (v) the type of customers of the Project Owners and their geographic location.
- 4.4. If, in assessing the creditworthiness of the Project Owner in accordance with the Rules 4.3 p. 4, the Assessor determines that the Project Owner's creditworthiness is high, the Project Owner would be offered to provide additional collateral,

- 4.5. In order to assess the creditworthiness of the Project Owner, guarantors or guarantors (if any) in accordance with the procedures set out in these Terms and Conditions, the Assessor shall - directly or by using the services of third parties (including credit bureaus) - collect, process and rely on information obtained from external databases (data of the State Enterprise Centre of Registers (VĮ Registrų centras), data of the Credit Risk Database administered by the Bank of Lithuania, etc.).
- 4.6. For the purpose of assessing the creditworthiness of the Project Owner in accordance with these Rules 4.3 p. 4.3, the Evaluator shall also evaluate the information and confirmations provided by the Project Owner:
 - 4.6.1. by completing a standardised questionnaire (registration form) prepared by the Company;
 - 4.6.2. completing the Project Owner's application for a financing transaction;
 - 4.6.3. responding to other inquiries, if any, made by the Company to the Project Owner.
- 4.7. The evaluator asks the project owner to fill in a standardised questionnaire (registration form) with the following data and information:
 - 4.7.1. the most recent certified audited financial statements of the project owner and the guarantor or surety (if any) for the last three (3) years of operation, comprising balance sheets and profit and loss accounts, including cash flow information. If the Project Owner (and the third party guarantor or surety) does not have audited financial statements, the Company shall require the submission of documents supporting the Project Owner's financial position prepared by a certified person subject to a professional quality assurance system (e.g. tax consultant, accountant, etc.);
 - 4.7.2. information on the amount of loans and other liabilities held by the Project Owner, their currency, the maturity and repayment schedules of the relevant loans and liabilities, and the interest or other compensation applicable;
 - 4.7.3. the Project Owner's projected income and cash flows related to the Project to be financed. The Company assesses the Project Owner's projected revenues and cash flows under (i) an optimistic scenario, (ii) a baseline scenario and (iii) a pessimistic scenario (the optimistic scenario is the Company's projections of the Project Owner's own revenues and cash flows, while the baseline scenario and the pessimistic scenario are calculated by the Company by scaling down the optimal scenario by 15 % and 30 % respectively). The Company then averages the income and

cash flows projected under all three scenarios and uses the resulting figures to calculate the creditworthiness in accordance with its approved procedure (algorithm) for the calculation of the creditworthiness scores of the project owners;

- 4.7.4. Project owner's forecast financial statements;
- 4.7.5. additional information (in a form prescribed by the Company) explaining:
 - 4.7.5.1. Assets (both fixed and short-term);
 - 4.7.5.2. Liabilities (both long-term and short-term);
 - 4.7.5.3. Profit (including EBIT and ETBIDA);
 - 4.7.5.4. Cash and cash equivalents;
 - 4.7.5.5. Change in sales revenue;
 - 4.7.5.6. Income;
 - 4.7.5.7. Depreciation and amortisation;
 - 4.7.5.8. Equity;
 - 4.7.5.9. other financial or related indicators.
- 4.7.6. in respect of the property to be pledged by the project owner and the guarantor or surety (if any), an appraisal of the property and a photographic record of the value of the property (or the equivalent of an appraisal) by property valuers and an inspection report;
- 4.7.7. a short business or short loan utilization and repayment plan in accordance with the form provided or the information provided by the Project Owner;
- 4.7.8. contact details (name, surname, residential address, email, telephone (if any), mobile phone, job title) of the Project Owner's manager, the manager of the guarantor or guarantor's manager in the case of a legal person, and the guarantor's or guarantor's details (in the case of a natural person as guarantor);
- 4.7.9. contact details (name, surname, residential address, email, telephone (if any), mobile phone, job title) and personal and/or company number of each Project Owner Participant (contact details, personal number and shareholding to be provided);

- 4.8. In order to assess the information on the financial situation of the Project Owner, guarantor or surety (if any) and the ability of the Project Owner, guarantor or surety (if any) to meet its financial obligations, the Valuer shall assess the following on the basis of the data collected:
- 4.8.1. The financial situation of the project owner, guarantor or surety (income level, sources of income, diversity, sustainability, profitability, possible future changes, etc.);
 - 4.8.2. the history of the project owner, guarantor or surety and information on current and past financial defaults;
 - 4.8.3. the existing and projected liabilities of the project owner, guarantor or surety, if the Company knows or ought to know of them;
 - 4.8.4. the impact of circumstances identified by the Project Owner or known to the Company on the Project Owner's economic and financial situation, and the Project Owner's ability to adequately meet its financial obligations throughout the term of the Agreement.
- 4.9. If the data provided by the Project Owner differs from the data obtained by the Company from the databases, the data which is more conservative in assessing the creditworthiness of the Project Owner will be used to assess the creditworthiness of the Project Owner.
- 4.10. The sources of data collected for the purpose of assessing the creditworthiness of a company are detailed in the table below:

Data collection	Data source(s)
information on the Project owner's financial situation, including information on its liabilities and assets, profitability, etc.	Project owner / Register of Legal Entities, Mortgage Register, Real Estate Register, Register of Arrest Warrants / Creditinfo credit bureau system / Publicly available information on the Internet (where the Project owner is established/resides in Poland or Spain - databases/registers administered by the relevant authorities of the respective countries)
Contact details of the project owner	Project owner

information and documentation on the ownership of assets and cash flows, certified (audited) financial statements of the project owner (and of the third party guarantor or surety, if any, for the last three years)	Project owner (and third party guarantor or surety) / Register of legal entities / Real estate register / Creditinfo credit bureau system / Publicly available information on the internet / Registers providing similar information in other countries If the project owner is established/resident in Spain or Poland (e.g. Axesor, Bik.pl, etc)
Project owner's projected income and cash flows related to the Project to be financed	Project owner
Project owner's forecast financial statements	Project owner
Collateral provided by the project owner, including information on the value and valuation of the collateral	Project owner / Land Registry / independent property valuer
if the owner of the Project (and/or the third party guarantor or surety) is a natural person who is an entrepreneur, documents justifying the structure of income and expenditure generated by the activities carried out over the last three years	Project owner / State Tax Office (Project owner (and/or third party guarantor or surety) must submit certified income tax returns) / Creditinfo credit bureau system / Registers in other countries providing similar information If the project owner is established/resident in Spain or Poland (e.g. Axesor, Bik.pl, etc).
a written explanation of the circumstances currently known (or suspected) to exist which may adversely affect the Project Owner's financial performance or future operations	Project owner

4.11. The Company shall periodically update the information on the collateral pledged to secure the loan (i.e. at least once a year, the Company shall require the Project Owner (or a third party, if the third party is pledging collateral for the Project Owner's obligations) to provide an updated valuation of the collateral.

- 4.12. Where assets are pledged to secure the Project Owner's obligations, the Company shall require the Project Owner to provide a valuation of the assets by an independent valuer, carried out in accordance with the procedure established by law, which includes at least the following information:
- 4.12.1. Maturity of the project owner's obligations (term of the pledge/collateral);
 - 4.12.2. for financial assets, the last current price and the average price over the last 12 months on a liquid market;
 - 4.12.3. in the case of physical collateral, the last available market value;
 - 4.12.4. whether there is a market where assets can be easily liquidated;
 - 4.12.5. possible deviations in the value of the collateral.
- 4.13. The Company shall not accept collateral (pledged assets) for which the value cannot be determined and/or for which there is no appropriate market for realisation. The Company shall also ensure that the assets are pledged for the full term of the loan agreement until the Project Owner has duly fulfilled its obligations.
- 4.14. The Company will individually assess each Project Owner, guarantors or sureties, collaterals (if any) - the creditworthiness assessment will be carried out using expert judgment.
- 4.15. The Company's objective in conducting a credit assessment is to assess the likelihood of loss to the financier. The Company classifies the credit risk of Project Owners as: low (1), medium (2), higher (3), high (4), too high (5). Project Owners are classified according to their creditworthiness risk based on the following criteria (according to the formula set out in the algorithm approved by the Company):
- 4.15.1. the history of commitments of the *Project* owner, which has a weight of 7% in the final credit risk assessment (i.e. a weight of 0.07 is applied);
 - 4.15.2. Information on the sector in *which* the Project owner operates (including macroeconomic conditions and competition), which carries a weight of 7% in the final credit risk assessment (i.e. a weighting of 0.07);
 - 4.15.3. information on business *plan*, which carries a weight of 7 % in the final credit risk assessment (i.e. a weighting of 0,07);
 - 4.15.4. the projected profitability *of* the Project, which has a weighting of 6% in the final credit risk assessment (i.e. a weighting of 0.06);

- 4.15.5. the projected *cash* flows of the Project owner, which has a weighting of 6 % in the final credit risk assessment (i.e. a weighting of 0,06);
 - 4.15.6. the knowledge and experience of the Project owner *in* the relevant business sector, which has a weighting of 6 % in the final credit risk assessment (i.e. a weighting of 0,06);
 - 4.15.7. (*Return on (pledged) Assets (RoA)*), which has a weight of 7% in the final credit risk assessment (i.e. a weighting of 0.07);
 - 4.15.8. *Net Profit Margin (NPM)*, which has a weighting of 6% in the final credit risk assessment (i.e. a weighting of 0.06);
 - 4.15.9. *Debt Ratio (DR)*, which has a weighting of 6% in the final credit risk assessment (i.e. a weighting of 0.06);
 - 4.15.10. Assessment of the project's legal documentation, which has a weight of 6% in the final credit risk assessment (i.e. a weight of 0.06 is applied);
 - 4.15.11. The type of use of the property (commercial or residential rental), which has a weight of 6% in the final credit risk assessment (i.e. a weight of 0.06 is applied);
 - 4.15.12. Existing lease agreements (for long-term leases), which has a weighting of 6% in the final credit risk assessment (i.e. a weighting of 0.06);
 - 4.15.13. the need for renovation of the property and the date of the last renovation carried out, which has a weight of 6 % in the final credit risk assessment (i.e. a weighting of 0,06);
 - 4.15.14. Micro real estate, which has a weighting of 6 % in the final credit risk assessment (i.e. a weighting of 0,06 is applied);
 - 4.15.15. Whether the property has parking (only for long-term rentals), which has a weight of 6% in the final credit risk assessment (i.e. a weight of 0.06 is applied);
 - 4.15.16. Whether the Project owner has all the documents, registrations and permits required for the leasing activity and the validity of these documents, which has a weight of 6% in the final credit risk assessment (i.e. a weight of 0.06).
- 4.16. For each indicator, an appropriate level of importance is set, a weighting is provided and a scoring formula is derived.

- 4.17. The value calculated according to this credit scoring formula describes the probability of loss of the financier, which is presented as the opinion of the Platform Operator. The rating scale is set out below:
- 4.17.1. **Class 5 (E)** (Very poor condition, unsatisfactory) - too high credit risk
 - 4.17.2. **Class 4 (D)** (Poor standing) - high credit risk
 - 4.17.3. **Class 3 (C)** (Medium condition) - higher credit risk
 - 4.17.4. **Class 2 (B)** (Good standing) - medium credit risk
 - 4.17.5. **Class 1 (A)** (Very good standing) - low credit risk
- 4.18. In the case of guarantors or guarantors, their creditworthiness is assessed in the same way as that of the Project Owners. Once the creditworthiness of the guarantors or guarantors of the Project Owner's obligations has been assessed, the Project Owner's final credit risk would be calculated by averaging the sum of the risk class (score) assigned to the Project Owner and the risk class (score) assigned to the guarantor or guarantor of the Project Owner's obligations (e.g. If the Project Owner scores 4 points (Class 4 (D)) in the credit assessment and the guarantor or surety scores 2 points (Class 2 (B)), the Project Owner's final credit risk would be assessed as Class 3 (C)), unless the Project Owner is assigned too high a credit risk (Class 5 (E)), in which case the Company would not announce the Project Owner's Project.
- 4.19. If the Project Owner is a newly established company (e.g. for the development of a specific project or operating for less than 2 financial years), the Company will always require that the obligations of the relevant Project Owner are fully guaranteed. The assessment of the guarantor is carried out as follows:
- 4.19.1. collecting information on the guarantor's assets (this information is provided by the guarantor from external databases (the State Enterprise Centre of Registers, etc.); in addition, information on non-registerable assets (e.g. funds in bank accounts (by requesting a bank statement), securities held (by requesting a securities account statement, etc.), etc.) may also be requested;
 - 4.19.2. collecting information on the guarantor's liabilities (using the same data available in external databases as for the collection of information on assets, as well as the guarantor's bank statements for the last 2 years, certified by a bank employee);
 - 4.19.3. after collecting information on the guarantor's assets and liabilities, the Company calculates the guarantor's "net worth", i.e. the difference between the assets held and the liabilities (this difference must always be

positive, otherwise the Company requires that the Project Owner's liabilities are guaranteed by another person with sufficient assets);

- 4.19.4. the guarantor's "net worth" is taken into account in assessing the extent to which the guarantor's assets could potentially cover the Project Owner's obligations under the financing transaction to be entered into, i.e.:
- 4.19.4.1. if the guarantor's assets (net of liabilities) exceed the amount of financing the Project Owner is seeking to raise, the guarantor is assigned a **Class 1 (A) credit score (very good standing - low credit risk)**;
 - 4.19.4.2. if the guarantor's assets (net of liabilities) amount to between 50% and 100% of the amount of financing the project owner is seeking to raise, the guarantor shall be assigned a **creditworthiness score of class 2 (B) (good standing - medium credit risk)**;
 - 4.19.4.3. if the guarantor's assets (net of liabilities) amount to between 25% and 50% of the amount of financing the project owner is seeking to raise, the guarantor will be assigned a **credit score of Class 3 (C) (medium condition - higher credit risk)**;
 - 4.19.4.4. if the guarantor's assets (net of liabilities) amount to between 0% and 25% of the amount of financing the project owner seeks to raise, the guarantor is assigned a **creditworthiness score of Class 4 (D) (poor standing - high credit risk)**;
 - 4.19.4.5. if the guarantor's assets (net of liabilities) are less than 0% of the amount of financing the project owner is seeking to raise, the guarantor shall be assigned a **creditworthiness score of Class 5 (E) (very poor condition, not acceptable - too high credit risk)**.

- 4.20. Once the credit scores of the Project Owner and the Guarantor have been calculated, they are added together and the final credit score of the Project Owner is calculated as the average of the sum of the two, i.e.:

$GPSKB = PSKB + LAKB2$, where

GPSKB - the Project Owner's final credit score;

PSCB - the Project Owner's credit score calculated in accordance with the procedures set out in these Rules;

LACB - the creditworthiness score of the person who guarantees the obligations assumed by the Project Owner, calculated in accordance with the procedure set out in these Rules.

- 4.21. In assessing the value of the proposed mortgaged real estate, the Company relies on current independent valuation reports and/or other reliable external sources (such as data from the Real Estate Registry). In all cases, the Valuer shall additionally gather publicly available information on the real estate offered for pledge (its location, condition, use, etc.) and shall critically assess the content of the data provided on the value of such real estate. In case of doubt as to the value of the property, the valuer shall use the most conservative data available.
- 4.22. In addition, the Company provides financiers with the value of the mortgaged real estate and assesses the reduced probability of loss for the financier. The platform also uses a *loan to value* (LTV) indicator to assess the credit risk class assigned, the value of which may change the final credit risk class:
- 4.22.1. In such case, if the ratio of the collateral to the total loan amount is up to 50% (LTV <50%), the collateral ratio is considered to be sound and may improve the Project Owner's credit assessment score by up to 0.4 of the final credit score;
- 4.22.2. In this case, if the ratio of the collateral to the total loan amount is between 50% and 65% (LTV 50-65%), the collateral ratio is considered to be good and may improve the Project Owner's credit assessment score by up to 0.2 of the final credit score;
- 4.22.3. in which case, if the ratio of the collateral to the total loan amount exceeds 65% (LTV >51%), the collateral ratio is considered to be adequate but does not affect the Project Owner's final creditworthiness assessment score.
- 4.23. In any case, the LTV indicator can only influence the final credit score if the 4.15 the criteria set out in point 4.15 above does not indicate that the Project Owner's creditworthiness risk is too high (Class 5 (E)). In the event that the Project Owner's financial data (as measured by 4.15 criteria set out in clause 5.4), the final creditworthiness of the Project Owner shall not be affected by the LTV indicator and the Project Owner shall be deemed to be an over-creditworthy Project Owner, in which case the Project Owner's Project shall be refused to be posted on the Platform.
- 4.24. The company enters into an agreement with UAB Creditinfo Lietuva and thus gains access to the Creditinfo credit bureau system. Using this system, the Platform Operator checks the data on the Project Owner's existing and overdue debts, which are not yet reflected in the financial reporting documents submitted by the Project Owner (the Company also connects to the systems of other countries if the Project Owner is from another country). Where additional information on arrears is found, the Operator shall use such data to recalculate

4.15 15.15.1 shall be used to recalculate the indicators referred to in Article 15.15 and reassess the creditworthiness.

4.25. The final creditworthiness class of the Project Owner (the assigned risk class) may also be adjusted taking into account additional reputational criteria for the Project Owner, its managers and/or Participants set out in the algorithm approved by the Company. The procedure for the final evaluation of the Project Owner / downgrading of the Project Rating (assigned risk class) is also set out in the algorithm approved by the Company.

4.26. The credit rating of the Project Owner/Project, as determined by the Company, shall not affect the maximum loan amount that may be granted to the Project Owner, but in any event the maximum loan amount shall not exceed EUR 5 million. The Company shall also take into account the maximum asset to loan ratio (LTV) to determine the loan amount of the Proposal:

Credit rating	Maximum Loan-to-Value (LTV) to determine the loan amount of the offer
A (low risk)	90%.
B (medium risk)	80%.
C (higher risk)	75%.
D (high risk)	60%.

4.27. However, the credit rating of the Project Owner/Project affects the maximum term of the loan agreement, i.e.:

Credit rating	Maximum loan term
A (low risk)	10 years
B (medium risk)	5 years

C (higher risk)	3 years
D (high risk)	18 months

4.28. The Company shall disclose at least the following information to investors after the creditworthiness assessment of the Project Owner has been carried out and a positive decision has been taken on the publication of the Project on the Platform:

- 4.28.1. the credit rating of the project owner/project;
- 4.28.2. a clear description and detail of how the creditworthiness assessment of the Project Owner was carried out;
- 4.28.3. the likelihood of default by the project owner.

4.29. The Company shall update the creditworthiness of the Project Owner on a regular basis (at least once a year). The Company shall also promptly inform investors of any changes to the credit assessment process that may materially affect the outcome of the credit assessment process.

4.30. In the event that the Project is financed in instalments (phases), the Company shall reassess the creditworthiness of the Project Owner for each phase in accordance with the procedures set out in these Rules.

5. VERIFICATION OF THE PROJECT OWNER'S CREDIBILITY ASSESSMENT PROCESS

5.1. In order to ensure that the credibility of the Project Owner is properly assessed and to eliminate human error as far as possible (e.g. in the calculation of the credit score), the Company shall implement the following measures:

- 5.1.1. **a standardised automatic credit score calculation form.** The assessor calculates the Project Owner's credit score using a standardised internal tool adopted by the Company (manual input of financial indicators and automatic calculation of the credit score);
- 5.1.2. **introducing the "four eyes" principle.** After the Assessor has calculated the Project Owner's credit score and finalised the Project Owner's credibility assessment, the calculations made and recorded, together with the supporting sources (documentation), shall be submitted to the next Company employee designated by the Manager. The latter shall carry out a verification of the calculations and assessment submitted

to him/her (including ensuring that the creditworthiness score has been properly calculated on the basis of the available data). If inaccuracies are noted during the verification, the Company's employee conducting the verification shall refer the inaccuracies to the original Evaluator for correction (after correction, the review procedure shall be repeated);

- 5.1.3. **Validation of the assessment process.** Following the final verification of the credibility assessment process, the final Project Owner Reputation and Creditworthiness Assessment Form with the specified calculation shall be signed by both the Assessor and the verifying Company employee. In this case, the Company shall be deemed to have duly carried out the Project Owner's due diligence process.

6. THE PROCEDURE FOR SETTING THE LOAN PRICE AND OTHER CONDITIONS

- 6.1. For a project owner seeking financing on the Platform, the cost of the loan is determined taking into account the credit risk. The Company shall not take into account criteria such as (i) the term of the loan; (ii) the principal amount of the loan; or (iii) the time structure of the repayment instalments in determining the loan price.
- 6.2. The Company shall take into account the credit risk of the Project Owner in calculating the cost of the loan and shall determine the base cost of the loan in accordance with the table below:

Credit rating	Interest rate
A (low risk)	up to 7.5 %.
B (medium risk)	7.5-8.5 %.
C (higher risk)	8.5-10.5 %.
D (high risk)	from 10.5% to 10.5%.

- 6.3. It should be noted that the provisions of the Regulation and its implementing legislation also provide for the possibility to take into account other criteria when calculating the cost of the loan, including: (i) the risk-free rate of return; (ii) the existence of collateral; (iv) the fees related to the services provided by the Company; (v) other risks associated with the Project and/or the Project owner

(including market conditions at the time of the origination of the loan, the business strategy, and the loan value).

- 6.4. The Company does not take into account the risk-free rate of return or any fees related to the Company's services in calculating the cost of the Loan (such fees are borne by the Project Owner and/or the Investors, depending on to whom the relevant fees are applied, but do not relate to the Loan itself, the amount of the Loan or the applicable interest rate), nor does the Company discount the future payments under the Loan Agreement. Meanwhile, the existence of collateral is assessed in the determination of the credit rating of the Project Owner/Project and is therefore implicitly included in the pricing of the Loan.
- 6.5. Other risks associated with the Project and/or the Project Owner are assessed where relevant and the Company may deviate from the general rules for pricing and other terms and conditions of the Loan set out above as provided for in Clause 6.8 of these Conditions. Such risks could be, for example:
 - 6.5.1. The financial situation of the project owner is good, taking into account the information gathered during the credit assessment, but the Company has doubts about the feasibility of the business plan or the projected cash flows and projected income;
 - 6.5.2. certain economic conditions relevant to an individual sector, in the Company's assessment at a particular time, may have a material impact on the development of the Project and/or the ability of the Project Owner to meet its obligations;
 - 6.5.3. The financial situation of the project owner is good, the prospects for the project are also realistic, but the project owner has no experience in implementing similar or similar projects, etc.
- 6.6. The Company may also adjust the price of the Loan after the loan has been issued to the Project Owner, i.e. the Company may apply an interest indexation mechanism to the Loan, in particular for longer term loans (exceeding 2 years), whereby the fixed interest on the Loan is indexed to the Eurozone annual average consumer price index ("CPI"). The Fixed Interest on the Loan shall be indexed at the beginning of each new year (after the Loan has been issued) and, in each case, during the current Loan Year, the Project Owner shall undertake to pay the Loan Interest on a monthly basis, indexed in accordance with the CPI for the relevant year. Subsequent indexations of the Loan Interest shall always be made on the Loan Interest already indexed. In all cases, the specific conditions for the indexation of the Loan Interest shall be set out in the Loan Agreement.
- 6.7. After the Loan has been issued, the Loan may also become more expensive for the Project Owner due to other events (e.g. the application of interest or

compensatory interest in the event of delay in the timely and proper fulfilment of the obligations, etc.) as provided for in the Loan Agreement.

- 6.8. The criteria for pricing and other terms and conditions of a loan set out in the above Rules are generic, and the Company shall be entitled to deviate from these procedures in individual cases and to apply individual conditions for pricing and other terms and conditions of a loan. In any event, investors are always informed in advance of such cases, with full details of the reasons for the deviation from the standard loan pricing requirements, thereby ensuring fair and equitable pricing as required by the Regulation and its implementing legislation.
- 6.9. The Company shall take into account and assess the following circumstances, among others, to ensure that the loan price charged to the Project Owner is fair:
 - 6.9.1. credit risk rating;
 - 6.9.2. the net present value of the loan:
 - 6.9.2.1. the principal amount of the loan;
 - 6.9.2.2. the term of the loan;
 - 6.9.2.3. frequency of loan companies;
 - 6.9.2.4. an appropriate interest rate to discount future repayments.
- 6.10. the prevailing market conditions at the time the loan is granted and during the life of the loan;
- 6.11. The business strategy of the project owner;
- 6.12. other circumstances, if any, relevant to the loan in question.

7. THE APPRAISAL PROCESS FOR EACH LOAN

- 7.1. The Company carries out an assessment of each loan in at least the following circumstances:
 - 7.1.1. at the time the loan is granted;
 - 7.1.2. where the Company considers that it is unlikely that the Project Owner will meet its obligations to repay the loan in full and the Company is not taking any appropriate foreclosure or other similar action;
 - 7.1.3. In case of default by the project owner;

- 7.1.4. where the Companies assist the investor to exit before the maturity date of the loan.
- 7.2. The Company shall ensure that, in the performance of these Terms and Conditions 7.1 The Company shall ensure that the valuation of the Loan referred to in clause 7.1 is based on correct and contemporaneous information and that the relevant valuation is timely and not more than 3 months prior to the origination of the Loan (where the valuation is carried out prior to the origination of the Loan).
- 7.3. At the time of loan origination, the Company shall take into account at least the following criteria/circumstances in its loan evaluation:
 - 7.3.1. the term of the loan;
 - 7.3.2. the frequency of loan repayments (payment schedule) and expected cash flows;
 - 7.3.3. any prepayment option in the loan agreement;
 - 7.3.4. a risk-free interest rate for discounting the payments on the loan;
 - 7.3.5. the interest rate stipulated in the loan agreement;
 - 7.3.6. the likelihood of default by the project owner;
 - 7.3.7. the value of the collateral (if applicable);
 - 7.3.8. the existence and level of guarantees to ensure the fulfilment of obligations.
- 7.4. In addition to the criteria set out in paragraph 7.3 of these Rules, the Company shall take into account the following when assessing a loan after origination:
 - 7.4.1. the remaining term of the loan (until the end of the loan agreement);
 - 7.4.2. the likelihood of potential losses.
- 7.5. For the purposes of loan appraisal, the following Rules 7.1.3 7.7.2, the Company shall take into account the following criteria:
 - 7.5.1. a conservative assessment of the collateral/guarantee;
 - 7.5.2. other fees and costs related to debt recovery.
- 7.6. The Company shall establish and approve a loan scoring algorithm for the purposes of this section of the Terms and Conditions, which shall set out the

weighting and scoring methodology for each criterion and the means by which the results of the loan scoring are calculated and determined. Information on this algorithm shall be disclosed to Platform Investors by posting it on the Company's website.

8. REFUSAL TO PUBLISH A DRAFT

8.1. The Company shall refuse to publish a Project on the Company's platform if:

- 8.1.1. The Project Owner does not meet the minimum reputational criteria for Project Owners approved by the Company, or the creditworthiness criteria for Project Owners approved by the Company result in an excessively high credit risk class (Class E) being assigned to the Project Owner;
- 8.1.2. The company lacks information to carry out the assessments described in the Rules;
- 8.1.3. If the information available to the Company gives reason to believe that the publication of the Project on the Company's platform would jeopardise the interests of funders.

9. INTEGRATING SUSTAINABILITY RISKS

9.1. Sustainability risk is defined as an environmental, social or governance event or situation that would have a real or potential significant adverse impact on the value of an investment. Sustainability risk is relevant as a separate risk category and may be relevant as a component of other risks (including market, credit and liquidity risks). The Company follows its own approved risk management procedures in its assessment process for project owners and loans and, accordingly, assesses all risks, including sustainability risks, and factors that may affect the value of investors' investments and performance. Therefore, environmental, social welfare and governance ("ESG") criteria may be relevant in specific cases, including sustainability risks related thereto, which, as a composite of all other risks and factors, may have a real or potential adverse impact on the Company's business or the value of investors' investments if the likelihood that a particular loan advertised on the Platform would be subject to a sustainability risk materialized.

9.2. The Company's objective is not sustainable investments as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector. In addition, the Company's activities do not promote environmental or social performance or any combination thereof. For these reasons, sustainability risk is not relevant in the Company's assessment for its provision of crowdfunding services. The investments related to this financial product do not take into account the EU criteria for environmentally sustainable economic activity in

accordance with Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

- 9.3. The Company considers that the impact of sustainability risk is consistent with the impact of general investment risks (including market, credit, liquidity risks) and does not specifically affect the performance and/or the amount of risk borne by the Company or the loans published on its Platform.
- 9.4. Principal adverse impact (PIA) is defined as the impact of investment decisions that result in a negative impact on sustainability factors. As the Company does not promote environmental or social features and the Company does not aim to make sustainable investments, the negative impact of investment decisions on sustainability factors as defined in Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector is not taken into account.

10. **FINAL PROVISIONS**

- 10.1. These Rules shall come into force on the date of their approval and may be repealed or amended only by order of the Chief Executive Officer of the Company.
- 10.2. The Evaluator is responsible for the implementation of these Rules. In the event that the Valuer is unable to implement the Rules, the Company's Chief Executive Officer shall be responsible for the implementation of the Rules.
- 10.3. The compliance with these Rules shall be the responsibility of the Company's CEO or his/her authorised representative.