

## ARRANGEMENTS FOR MANAGING OUTSTANDING COMMITMENTS

### 1. GENERAL PROVISIONS

- 1.1. This Procedure for the Management of Defaulted Obligations ("**Procedure**") of UAB Inrento, legal entity code 305519977, registered office address Sporto g. 12-114, Vilnius, Lithuania ("**Company**" or "**Inrento**"), sets out the procedures and measures to be taken by the Company in the event that the Project Owner breaches the terms of the Loan Agreement and/or fails to perform its obligations under the Loan Agreement.
- 1.2. The Procedures have been drawn up in accordance with Regulation (EU) 2020/1503 of 7 October 2020 on European providers of crowdfunding services for business and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 (the "**Regulation**"), and with the other legislation applicable to the Company and regulating its activities.
- 1.3. The Company's Chief Executive Officer or his/her nominee shall be responsible for the implementation of the Procedure.

### 2. CONNECTIONS

- 1.1. Unless the context otherwise requires, capitalised terms used in these Rules shall have the meanings set out below:
  - 2.1.1. **Company** or **Inrento** - UAB Inrento, legal entity code 305519977, registered office address Sporto g. 12-114, Vilnius, Lithuania;
  - 2.1.2. **Financier** - a client of the Company who invests in a Project published on the Platform through the Platform administered by the Company;
  - 2.1.3. **Loan Agreement** - an agreement concluded through the Platform between the Project Owner and the Financier, on the basis of which the Financier finances the Project and makes the crowdfunding funds available to the Project Owner, and the Project Owner undertakes to repay the received crowdfunding funds, together with interest and other applicable fees, within the timeframe set out in the agreement;
  - 2.1.4. **Platform** - an information system managed by the Company through which crowdfunding is conducted;
  - 2.1.5. **Project** - one or more types of business activity for which the Project owner seeks funding by submitting a crowdfunding proposal on the Platform;
  - 2.1.6. "**Project Owner**" means the person who initiates a Project, which the Company publishes on the Platform it administers;
  - 2.1.7. **The procedure** is this document.

### 3. DEFAULT BY PROJECT OWNERS

- 3.1. The Company shall deem the Project Owner to be in default under the Loan Agreement when one or both of the following events occur:
  - 3.1.1. The Company believes that the Project Owner is unlikely to pay in full or otherwise meet its credit obligations under the relevant Loan Agreement without taking certain actions (e.g. realisation of collateral). The Company has reason to believe that the Project Owner will not be in a position to adequately perform its obligations under the Loan Agreement when:
    - 3.1.1.1. a necessary restructuring of a loan commitment has occurred where it was probable that the financial liability would be reduced as a result of a significant cancellation or deferral of principal repayments, interest or related fees;
    - 3.1.1.2. The Project Owner has applied for or been granted bankruptcy or similar protection to avoid or defer repayment to the Financiers of the credit obligation in respect of the relevant loan.

- 3.1.2. the Project Owner is more than 90 days in default on any material credit obligation under the Loan Agreement.
- 3.2. If the Company becomes aware of any of the circumstances referred to in Clauses 3.1.1 to 3.1.2 of this Procedure, the Company shall take the following measures and actions:
  - 3.2.1. **first**, promptly inform the Financiers of the relevant circumstances, together with information as to what measures the Company will take to manage the Project Owner's outstanding obligations;
  - 3.2.2. **secondly**, terminate the Loan Agreement with the Project Owner in accordance with the procedures set out in the Loan Agreement;
  - 3.2.3. **thirdly**, initiate the procedures and actions for the recovery of the debt from the Project Owner as provided for in Section 9 of these Procedures.

#### **4. METHODOLOGY FOR CALCULATING THE DEFAULT RATE**

- 4.1. The Company uses non-overlapping 12-month observation intervals to calculate the arithmetic mean of the one-year default rates observed over the entire previous observation period. The Company shall ensure that all of the following conditions are met when calculating the relevant indicator:
  - 4.1.1. that the denominator is the number of defaulted loans monitored at the beginning of the 12-month observation interval;
  - 4.1.2. that the numerator includes all loans included in the denominator that have been subject to at least one default during the 12-month monitoring interval.
- 4.2. For the purposes of the calculations set out in point 4.1 of this Procedure, loans that are not scheduled to be paid during the 12-month observation period shall not be included in the dataset used to calculate the default rate for that period.
- 4.3. For the purposes of the calculations set out in paragraph 4.1 of this Schedule, the Company shall ensure that the duration of the historical data tracking used is at least 36 months for at least one source. If the available observation period for any source is longer, the longer period shall be used; if shorter, the maximum possible period shall be used.
- 4.4. All information relating to the methodology for calculating the default rate shall be clearly disclosed to investors through the Company's website

#### **5. METHODOLOGY FOR CALCULATING THE ACTUAL LOAN DEFAULT RATE BY RISK CATEGORY**

- 5.1. When publishing actual default rates for all loans, the Company calculates the arithmetic averages of the one-year default rates observed over the entire previous monitoring period by risk category, using non-overlapping 12-month observation intervals.
- 5.2. In calculating the one-year default rate by risk category, the Company shall ensure that all the following conditions are met:
  - 5.2.1. the denominator would be the number of defaulted loans monitored at the beginning of the 12-month observation period for the risk category for which the default rate is calculated;
  - 5.2.2. the numerator would include all loans included in the denominator that have experienced at least one default during the 12-month observation period.
- 5.3. For the purposes of paragraph 5.2 of this Procedure, loans that are not scheduled to be paid during the 12-month observation period shall not be included in the dataset used to calculate the default rate for that period.
- 5.4. For the purposes of paragraph 5.2 of this Schedule, the Company shall ensure that the duration of the historical data tracking used by at least one source is at least 36 months for at least one source. If the available observation period for any source is longer, the longer period shall be used; if shorter, the maximum possible period shall be used.

- 5.5. All information relating to the methodology for calculating the actual loan default rate by risk category is clearly disclosed to investors on the Company's website.

## **6. METHODOLOGY FOR CALCULATING THE EXPECTED LOAN DEFAULT RATE BY RISK CATEGORY**

- 6.1. In publishing expected default rates for all loans, the Company shall base its estimates of expected default rates by risk category on actual default rates by risk category calculated in accordance with Chapter 5 of these Procedures.
- 6.2. For the purposes of paragraph 6.1 of this Procedure, the Company shall ensure that the duration of the historical tracking used is at least 36 months for at least one source. If the available observation period for any source is longer, the longer period shall be used; if shorter, the maximum possible period shall be used.

## **7. RISK CATEGORISATION**

- 7.1. The Company shall, in accordance with Sections 5-6 of this Schedule, classify individual loans into the appropriate risk category as set out in the Company's internal documents, taking into account, among other things, all relevant factors that may adversely affect loan performance.

## **8. PRE-TRIAL DEBT RECOVERY PROCEEDINGS**

- 8.1. The Company reminds the Project Owner by SMS of the upcoming payment due date. The Project Owner shall be advised that the 5th, 15th, 25th day of the month (as may be specified in the payment schedule of the particular Loan Agreement) is the last date for payment of the instalment.
- 8.2. The Company informs by e-mail that the applicable default interest and any further delay in meeting its obligations will result in the Project Owner's personal data being placed in the systems of the credit bureau UAB Creditinfo Lietuva / UAB Scorify.
- 8.3. The company sends an SMS message urging you to pay the instalment as soon as possible to avoid debt collection action.
- 8.4. The Company sends by e-mail a warning regarding the registration of the debt in the databases of UAB Creditinfo Lietuva / UAB Scorify and the intention to transfer the administration of the debt to the Company's internal Debt Collection Department.
- 8.5. The Company makes an automated call to remind the Project Owner of the unpaid instalment.
- 8.6. If the Project Owner defaults for 30 days, the Company will refer the arrears process to the Company's internal Debt Collection Department. In order to prevent the Project Owner from incurring further financial obligations, information on the debt is recorded in the databases of UAB Creditinfo Lietuva / UAB Scorify.
- 8.7. The Company shall terminate the Loan Agreements with the defaulting Project Owners after 3 unpaid instalments in accordance with the Loan Payment Schedule. Termination of the Loan Agreement may be postponed if an instalment agreement has been reached with the Project Owner.

## **9. JUDICIAL/ENFORCED DEBT RECOVERY PROCEEDINGS**

- 9.1. Upon termination of the Loan Agreement, the Company shall commence debt recovery from the Project Owner. The Company may use an external lawyer or debt recovery specialist with appropriate expertise and experience in debt recovery to carry out the debt recovery procedures.
- 9.2. The Company or its nominee shall contact the Project Owner within 2 working days after termination of the Loan Agreement to discuss the possibility of settling the Project Owner's arrears.
- 9.3. In the event that no mutual agreement is reached on the settlement of the Project Owner's arrears in the manner provided for in Article 9.2 of the Procedure, compulsory debt recovery shall be initiated, i.e.:
  - 9.3.1. immediately apply to the notary for the issuance of an enforcement document under the mortgage agreement concluded by the Project owner;

- 9.3.2. upon receipt of the enforcement document from the notary, the document is submitted to the bailiff, who initiates recovery from the assets pledged by the Project Owner in favour of the Company.
- 9.4. If the value of the assets pledged by the Project Owner in favour of the Company is not sufficient to cover the Project Owner's indebtedness under the Loan Agreement, the Company shall have the right to apply to the court for the enforcement of the debt. When applying to the court, the Company shall also apply to the court for interim measures of protection and seizure of the Project Owner's assets.
- 9.5. The Company shall also carry out all other procedural steps that are possible and necessary for the recovery of the Project Owner's arrears - for example:
  - 9.5.1. go to court to enforce the debt under the surety agreement (if any);
  - 9.5.2. apply to a notary public for the execution of a promissory note issued by the Project Owner (if the Project Owner has issued such a note);
  - 9.5.3. take any other action that may be permitted under any security issued by the Project Owner in favour of the Company.
- 9.6. In the event that the Project Owner is subject to bankruptcy or restructuring proceedings, the Company shall prepare a credit claim and submit it to the insolvency administrator of the Project Owner.
- 9.7. If the Company engages an external service provider (e.g. lawyer, debt collection specialist, etc.) to collect the Project Owner's debts, the Company shall ensure that all debt collection activities carried out by the external service provider are coordinated with the Company and ensure maximum protection of the interests of the Financiers.
- 9.8. All Project Owner debt recovery actions discussed in this section of the Procedures shall be based on the financial situation of each Project Owner and may be modified and/or adjusted accordingly.

## **10. FINAL PROVISIONS**

- 10.1. These Rules shall come into force on the date of their approval, unless the resolution of the Company's Chief Executive Officer approving the Rules provides for a different effective date.
- 10.2. Decisions on the approval, cancellation, amendment and/or supplementation of the Regulations shall be taken by the Company's CEO.