RULES FOR ASSESSING THE CREDIBILITY OF PROJECT OWNERS

1. GENERAL PROVISIONS

1.1. These Rules for the assessment of the credibility of Project Owners of the crowdfunding service provider Trečia diena UAB (hereinafter referred to as the "**Company**") (hereinafter referred to as the "**Rules"**) regulate the Company's actions to assess the credibility of the Project Owners of the Projects (including the criteria for the assessment of the reputation and creditworthiness of the Project Owners of the Projects) and to identify the potential risks associated with the Projects published on the Platform.

1.2. The company provides intermediation services for lending and investment transactions (acquisition of bonds or equity and other equity-based crowdfunding projects).

1.3. These Rules are made pursuant to Regulation (EU) 2020/1503 of 7 October 2020 on European Business Crowdfunding Providers, amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937, 8 December 2021. European Banking Authority Guidelines EBA/CP/2021/39 on credit assessment and loan pricing disclosures, credit risk assessment and risk management requirements for crowdfunding services pursuant to Article 19(7) of Regulation (EU) 2020/1503 and other legislation applicable to the Company.

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 Platform for criminal purposes.

2. DEFINITIONS

2.1. Unless the context otherwise requires, capitalised terms used in these Rules shall have the meanings given below:

2.1.1. **"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.

2.1.2. "**Regulation**" means Regulation (EU) 2020/1503 of 7 October 2020 on European providers of business crowdfunding services and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937.

2.1.3. **Platform** - the information system (https://rontgen.lt/lt) managed by the Company and used for crowdfunding.

2.1.4. **Supervisory authority** - Bank of Lithuania.

2.1.5. **A project** is one or more types of business activity for which the Project Owner seeks funding by submitting a crowdfunding proposal;

2.1.6. **Project owner** - a legal entity or a physical person (entrepreneur) seeking funding through the Platform;

2.1.7. **Assessor** - an employee of the Company appointed by order of the Company's Manager to carry out assessments of the reliability (reputation and creditworthiness) of the Project Owners in accordance with the procedures set out in these Rules.

2.2. Other terms used in these Rules shall have the meaning given to them in the Regulation.

3. ASSESSING THE CREDIBILITY OF LENDING AND BOND-BUYING PROJECT OWNERS

3.1. The Company shall take all necessary measures to ensure that crowdfunding transactions conducted through the Platform and the Project Owners comply with the statutory requirements.

3.2. The Company's assessment of the Project Owner's credibility consists of:

3.2.1. Assessment of the reputation of the Project Owner, Project Manager and Participants (in accordance with the Chapter 4);

3.2.2. Assessment of the creditworthiness of the project owner (in accordance with the Chapter 5).

3.3. If the Project Owner does not meet the Company's and the legislation's reputation and creditworthiness requirements, the Company shall immediately terminate the publication of the Project on the Platform.

3.4. The Company shall assess objectively foreseeable significant factors that may affect the reliability of the Project Owner, taking into account both the information provided by the Project Owner and the information available to the Company.

3.5. The information, data and documents collected and evaluated in the course of the assessment of the Project Owner's credibility shall be retained by the Company for a period of 10 years from the date of the crowdfunding transaction concluded with the relevant Project Owner (if such a transaction has been concluded), or from the date on which such data was received (if no such transaction has been concluded. Legislation governing the legal protection of personal data and the retention of documents may provide for longer retention periods.

3.6. The Company shall ensure that the Rules 3.5 The information collected and evaluated during the Project Owner's due diligence assessment can be reviewed and verified at any time during the retention period. The relevant information shall be kept in an electronic file of the Project Owner's credibility assessment.

4. ASSESSING THE REPUTATION OF PROJECT OWNERS

4.1. The Company relies on the following data and information to assess the reputation of Project Owners, their managers and Participants:

4.1.1. Documents and/or information provided by Project Owners, their managers and Participants (for the purpose of assessing the reputation of the Project Owner, the information requested shall be provided in a standardised format in accordance with the following Rules and Regulations Annex 1 to UAB "Trečia diena"The questionnaire provided for in Annex 1. If necessary, the Evaluator may request from the Project Owner additional information and/or documents necessary for the assessment of the Project Owner's reputation);

4.1.2. Written explanations provided by project owners, their managers and Participants;

4.1.3. publicly available and published information about Project owners, their managers and Participants;

4.1.4. data provided by credit bureaux (e.g. UAB "Creditinfo Lietuva", UAB "Okredo", etc.);

4.1.5. information contained in the registers administered by the State Enterprise Centre of Registers (the Real Estate Register, the Register of Legal Entities, the Information System of Participants in Legal Entities, the Register of Acts of Arrest of Property, etc.);

4.1.6. if necessary (e.g. in case of doubts about the reliability or sufficiency of the available information), data from the Register of Suspects, Accused Persons and Convicted Persons administered by the Department of Informatics and Communications (if the Project Owner, its manager and/or Participant is not a citizen/resident of the Republic of Lithuania, the Company shall, in all cases, ask the Project Owner to provide data from analogous registers in other countries in which the Project Owner, its manager and/or Participant resides or of which the Project Owner, its manager and/or Participant is a national);

4.1.7. data contained in other reliable databases legally accessible to the Company.

4.2. In assessing the reputation of the Project Owner, the following considerations are taken into account:

4.2.1. Whether the Project owner has any 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 liability;

4.2.2. whether the Project Owner is established in a country or territory which is considered a non-cooperative country or territory under the relevant Union policy or in a high-risk third country in accordance with Article 9(2) of Directive (EU) 2015/849;

4.2.3. whether there is evidence that the person being assessed is in default or has defaulted on creditors' obligations;

4.2.4. whether there are and/or have been any civil actions, administrative or criminal proceedings, investments or risks and loans taken that may have a material impact on the financial soundness of the Project Owner;

4.2.5. Project owner's experience and knowledge of the Project owner's field of activity;

4.2.6. publicly available information about the reputation of the Project Owner, its manager and the Participants;

4.2.7. other circumstances affecting the assessment of the Project owner's reputation.

4.3. Before a Project is published on the Platform, the Evaluator shall carry out the following steps to assess the reputation of the Project Owner:

4.3.1. collect and assess information on the Project Owner's manager and the Project Owner's 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 on the Project Owner (in the case of a Project Owner who is a natural person (entrepreneur), the information collected and assessed shall be information on the Project Owner itself);

4.3.2. after collection and assessment of the information and data referred to in paragraph 4.3.1 of the Rules, the Evaluator shall be satisfied that all the persons referred to in paragraph 4.3.1 of the Rules **meet the minimum criteria for assessing the reputation** of the persons concerned (the "**Minimum Reputation Requirements**"), that is:

4.3.2.1. the Project Owner has no criminal record for breaches of national rules in the areas of commercial law, insolvency law, financial services law, anti-money laundering law, anti-fraud law or professional responsibility obligations;

4.3.2.2. The project owner is not established in a country or territory which is considered a non-cooperative country or territory under the relevant Union policy or in a high-risk third country in accordance with Article 9(2) of Directive (EU) 2015/849;

4.3.2.3. there are no other negative reputational factors associated with the Project Owner, its manager and/or the Participant, i.e.:

4.3.2.3.1. at the time of the assessment, significant arrears are overdue (total amount of arrears exceeds EUR 5,000), unless the Company has sufficient reasonable and objective information to conclude that the Project Owner's reputation should not be viewed negatively due to the arrears (e.g, the obligations are disputed (e.g. there are pending pre-litigation/litigation disputes regarding the relevant obligations); the Project Owner is seeking to refinance existing obligations and its creditworthiness is such that it has a reasonable expectation of its ability to repay the loan, and other similar cases);

4.3.2.3.2. at the time of the assessment, the person has 5 or more arrears, unless the Company has sufficient reasonable and objective information to conclude that the Project Owner's reputation should not be adversely affected by the arrears (e.g, the obligations are disputed (e.g. there are ongoing pre-litigation/litigation disputes in relation to the relevant obligations; the Project Owner is seeking to refinance existing obligations and its creditworthiness is such that it has a reasonable expectation of its ability to repay the loan, and other similar cases);

4.3.2.3.3. a pre-trial investigation has been opened against the person;

4.3.2.3.4. the person has been the subject of bankruptcy or restructuring proceedings within the last 2 years and/or there are reasonable indications that bankruptcy or restructuring proceedings are planned;

4.3.2.3.5. If requested by the Company, written explanations shall be refused (or not provided within a reasonable period of time set by the Company) in respect of any negative information found by the Company about a person.

4.3.3. Where the persons referred to in paragraph 4.3.1 of the Rules meet the minimum reputational criteria referred to in paragraph 4.3.2 of the Rules, the Evaluator shall also take into account additional reputational criteria that may adversely affect the final rating of the Project Owner's credibility. In assessing the **additional reputational criteria**, consideration shall be given to whether the Project Owner, its manager or the Participant:

4.3.3.1. at the time of the evaluation, medium arrears are overdue (the total amount of arrears in arrears is up to EUR 5000);

4.3.3.2. seizure against their property or assets owned by them;

4.3.3.3. has defaulted more than 5 times in the last year on its financial obligations (regardless of the amount of the obligations);

4.3.3.4. has been involved in at least 2 legal proceedings in the last 5 years as a defendant or has lost at least one legal case (as a defendant), the amount of the claim amounting to at least 30% of the amount of the Platform's funding;

4.3.3.5. within the last 10 years, the (legal) person concerned or the companies owned, managed or owned by that person have been declared bankrupt or restructured, an investigation has been opened under Article 2.124 of the Civil Code, or the relevant procedures have been opened under the laws of a foreign state;

4.3.3.6. in the last 10 years, the person concerned has been subjected to an administrative penalty or other measure provided for by law for a serious violation of a requirement of a law or other legal act regulating the provision of financial services or the activities of financial institutions, or a violation of the Law on the Prevention of Money Laundering and the Financing of Terrorism;

4.3.3.7. the person is the subject of negative information in reliable media (journalistic investigations into possible breaches of the law, etc.), and the person does not substantially contradict this information with his/her additional explanations;

4.3.3.8. there is a significant amount of negative publicity about the person (as an entrepreneur) and the legal entities owned or controlled by the person concerned, and the person concerned does not substantially contradict this information by his or her additional explanations;

4.3.3.9. there is other information about the Project Owner, its manager or the Participant that poses a reputational risk, and the person concerned does not materially contradict that information by his or her additional explanations.

4.3.4. Following the reputational assessment, the Company shall take one of the following decisions:

4.3.4.1. If the Project Owner, his/her manager and/or the Participant does not meet the Minimum Reputation Requirements, the **Project Owner** shall be deemed **not to be of good repute** and the relevant **Project may not be published on the Platform**;

4.3.4.2. Where it is established that the Minimum Reputational Requirements set out in paragraph 4.3.2 of the Rules are met, but that there are additional negative reputational factors relating to the Project Owner, the Project Owner's Principal and/or the Participant, as set out in paragraph 4.3.3 of the Rules, an assessment shall be made as to the negative impact these factors have had on the Project Owner's final Project Owner's creditworthiness score (in the form set out in Annex 2 to the Rules);

4.3.4.3. Where the Company's staff has determined that the Minimum Reputational Requirements set out in Clause 4.3.2 of the Rules are met and there are no additional adverse reputational factors as set out in Clause 4.3.3 of the Rules, the ultimate riskiness of the Project Owner shall be deemed to be determined solely by the subsequent creditworthiness assessment process.

4.4. When reassessing the reputation of Project Owners seeking to raise crowdfunding funds on the Platform, the Company must reassess the reputation of the Project Owner in accordance with the requirements set out in these Rules.

5. ASSESSING THE CREDITWORTHINESS OF PROJECT OWNERS

5.1. Prior to publishing the Project on the Platform, the Assessor shall carry out the following steps to assess the creditworthiness of the Project Owner:

5.1.1. collect information on the financial situation of the Project Owner, including information on its liabilities;

5.1.2. 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;

5.1.3. ensure that the Project owner is not facing bankruptcy or restructuring proceedings.

5.2. For the purpose of assessing the creditworthiness of the Project Owner (and guarantors or sureties, if any) in accordance with these Rules 5.1 p., the Evaluator shall:

5.2.1. directly or through third parties, including credit bureaus, collect, process and rely on information obtained from external databases (e.g. the State Enterprise Centre of Registers, the Loan Risk Database administered by the Bank of Lithuania);

5.2.2. assesses the information and confirmations provided by the Project Owner:

5.2.2.1. by completing a standardised questionnaire (registration form) prepared by the Company;

5.2.2.2. completing the Project Owner's application for a financing transaction;

5.2.2.3. responding to other inquiries, if any, made by the Company to the Project Owner.

5.2.3. assesses the data collected:

5.2.3.1. lending and bond-buying Projects:

5.2.3.2. the financial situation of the project owner (and of the guarantor and/or surety, if any) (amount of income, sources of income, diversity, sustainability, cash flow, profitability, liabilities (including the amount of loans and liabilities, the currency of the loans, the maturity of the loans and liabilities, the timing of repayments, the interest or other compensation (e.g. forfeitures), the possible future evolution of these indicators, etc.);

5.2.3.3. the history of the project owner (and the guarantor and/or surety, if any) and information on current and past financial defaults;

5.2.3.4. the existing and projected liabilities of the Project Owner (and the guarantor and/or surety, if any), if the Company knows or ought to know of them;

5.2.3.5. the impact of circumstances identified by the Project Owner or known to the Company on the economic and financial situation of the Project Owner (and the guarantors and/or sureties, if any) and the Project Owner's ability to properly meet its financial obligations throughout the term of the Contract.

5.2.3.6. Equity and Other Securities-based Crowdfunding Projects:

5.2.3.7. the financial situation of the owner of the project who is established and operating (and of the guarantor and/or surety, if any) (level of income, sources of income, diversity of income, sustainability, profitability, possible future changes, etc.);

5.2.3.8. the history of the owner of the project who is established and operating (and the guarantor and/or surety, if any) and information on current and past defaults on financial obligations;

5.2.3.9. the existing and projected liabilities of the owner of the project who is established and operating (and the guarantor and/or surety, if any), if the Company knows or ought to know of them;

5.2.3.10. A business plan (profitability, etc.) for the project owner who is not established and has not started operating;

5.2.3.11. the impact of circumstances identified by the Project Owner or known to the Company on the economic and financial situation of the Project Owner (and the guarantors and/or sureties, if any) and the Project Owner's ability to properly meet its financial obligations throughout the term of the Contract.

5.3. The project owner is required to complete a standardised questionnaire (registration form) at the request of the Evaluator and to provide the following data and information:

5.3.1. the most recent certified audited financial statements of the Project Owner (and guarantors and/or sureties, if any), unless the Project Owner is not established and has commenced operations, for the last two (2) years of operation, comprising balance sheets and profit and loss accounts. If the Project Owner (and the third party guarantor or surety) does not have audited financial statements, the Company must require financial statements signed by both the manager of the relevant legal entity and the accountant of that legal entity;

5.3.2. the Project Owner's projected income and cash flows related to the Project to be financed. The Company estimates the Project Owner's projected revenues and cash flows under (i) the optimistic, (ii) the baseline and (iii) the pessimistic scenarios (with each scenario reducing the projected revenues and cash flows by up to 30%, taking into account the specificities of the particular Project). 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 algorithm for calculating the creditworthiness scores of Project Owners;

5.3.3. additional information (in the form prescribed by the Company) explaining the owner of the Project (and the guarantors and/or sureties, if any; except where the owner of the Project is not established and has commenced operations):

5.3.3.1. fixed assets;

5.3.3.2. short-term assets;

5.3.3.3. receivables due within one year;

5.3.3.4. long-term liabilities;

5.3.3.5. short-term liabilities;

5.3.3.6. amounts payable within one year;

5.3.3.7. depreciation;

5.3.3.8. the amount of the loan to be repaid and the interest paid;

5.3.3.9. list of shareholders.

5.3.4. A valuation of the assets of the collateral to be provided by the project owner (in all cases, the Company shall verify, to the maximum extent possible, that the valuation is up-to-date as at the date of the transaction).

5.3.5. a business plan or a loan disbursement and repayment plan, which clearly indicates what the crowdfunding raised on the Platform will be used for and how the crowdfunding raised will affect the performance of the Project Owner by the end of the repayment period;

5.3.6. if necessary, a statement of the Project owner's main current account for at least 6 months, unless the Project owner has been active for less than 6 months. If the Project owner has been active for less than 6 months, a statement of the Project owner's main current account for the entire period of its activity is requested. If the guarantor or surety is a natural person, his/her consent to the verification of his/her personal data in external databases shall be provided, as well as a statement of his/her main bank account for a period of at least 6 months, except in the case of an activity of less than 6 months;

5.3.7. contact details:

5.3.7.1. Project owner: name, company code where applicable, registered and de facto office address, email address, telephone number;

5.3.7.2. Project owner's manager: name, surname, residential address, email, phone;

5.3.7.3. Project owner Participants: company name, company code, registered office address, shareholding, contact details (email, phone, etc.) (if physical person Participant: name, surname, personal code, shareholding, contact details (email, phone, etc.));

5.3.7.4. if the safeguards are provided by a third party, the same contact details are collected for the third party as for the Project Owner.

5.3.8. such other documents and/or information as the Company may require at its sole discretion.

5.4. If the data provided by the Project Owner differs from the data obtained by the Company from the databases, the data used for the assessment of the Project Owner's creditworthiness shall be the data on the basis of which the assessment of the creditworthiness of the Project Owner is more conservative.

5.5. 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, Register of Mortgages, Register of Real Estate, Register of Acts of Arrest of Property / Creditinfo credit bureau system / Publicly available information online
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
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 Inspectorate (Project owner (and/or third party guarantor or surety) must submit certified income declarations) / Creditinfo credit bureau system
a written explanation of the circumstances currently known (or suspected) to exist which may adversely affect the Project Owner's financial performance or future performance	Project owner

5.6. The Company shall update the information on the collateral pledged to secure the loan (i.e. require the Project Owner (or a third party if the third party is pledging security for the Project Owner's obligations) to provide an updated valuation of the collateral) if it has reasonable grounds to believe that the value of the collateral securing the loan may have changed or may change. In the same manner, the Company is also required to update information on persons who have provided other forms of security for the Project Owner's obligations (e.g. surety, promissory note, guarantee, etc.).

5.7. 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 in accordance with the procedure established by law, which shall include at least the following information:

5.7.1. for financial assets, the last current price and the average price over the last 12 months on a liquid market;

5.7.2. in the case of physical collateral, the last available market value;

5.8. The Company shall use its best endeavours to satisfy itself that there is a market for the collateral where it can be easily liquidated, and to assess any possible deviations in the value of the collateral.

5.9. 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.

5.10. Where the Project Owner's obligations are guaranteed or guaranteed by a third party, the Company must identify such third party and assess its creditworthiness and reliability (as well as that of the Project Owner) in accordance with the procedures set out in these Terms and Conditions, thereby determining whether it will be possible to recover the amount of the Loan from the relevant third party in the event of a default by the Project Owner, that is to say, whether the relevant third party has sufficient assets to meet the Project Owner's obligations.

5.11. The Company individually assesses each Project Owner, guarantors or sureties, collaterals (if any) - the creditworthiness assessment is carried out in an expert manner.

5.12. The Company's credit assessment seeks to assess the likelihood of loss to financiers. The Company classifies the credit risk of the Project Owners as: low (1), medium (2), higher (3), high (4), too high (5).

5.13. The Company shall use a financial economic model (e.g., the Rules) to assess the Project Owner's credit risk. 5.14.1-5.14.7, 5.14.11), as well as an assessment-based model (e.g. Rules 5.14.8-5.14.10, 5.14.12-5.14.13 points). The Company also partly relies on automated models (e.g. reports generated by Creditinfo or similar service providers on the financial health of the Project Owner).

5.14. Project owners are categorised by credit risk based on the criteria listed below (and the procedure set out in Annex 2 to the Rules):

5.14.1. Debt Service Coverage Ratio = *EBITDA / (Principal Amount* + *Interest Amount*);

5.14.2. the *loan-to-value* (LTV) ratio;

5.14.3. EBITDA margin;

5.14.4. the ratio between the current and expected value of the asset;

5.14.5. Equity *to Asset Ratio = Equity / Assets*;

5.14.6. the maximum delay in implementing the project;

5.14.7. The capital structure of the project owner;

5.14.8. Project location;

5.14.9. Type of project;

5.14.10. the estimated duration of the project;

5.14.11. market trends;

5.14.12. The experience and expertise of the Project Owner (including experience in similar types of Projects, knowledge of the relevant business sector);

5.14.13. The Project Owner's business plan (taking into account the soundness of the business plan, an analysis of strengths and weaknesses, the level of competition in the market for the relevant Project, the types and geographical location of the Project Owner's potential customers, etc.);

5.14.14. The project owner's track record of delivering on its commitments;

5.14.15. the projected profitability of the Project;

5.14.16. the Project Owner's projected cash flows;

5.14.17. Collateral provided by (or for the benefit of) the project owner;

5.14.18. Return on Equity (Roe) - RoE=(EBIT-Tax-Interest Paid)/(Average Equity);

5.14.19. Sales to Total Assets (STA) - STA=Sales/(Average Total Assets);

5.14.20. Debt Ratio (DR) - DR=(Total Debt)/(Total Assets);

5.14.21. Interest Coverage Ratio (ICR) - ICR=EBIT/Interest Expenses;

5.15. Where objectively reasonable and practicable in relation to a particular Project/Project Owner, the Company may also use the following criteria in addition to those set out in these Rules 5.14 p.:

5.15.1. Return on Assets (RoA) - RoA=(EBIT-Tax)/(Average Total Assets);

5.15.2. Debt to Equity Ratio (DER) - DER=(Debt+Value of Leases)/Equity;

5.15.3. Debt Yield (DY) - DY=EBITDA/Loan Amount;

5.15.4. Loan to Value (LV) - LV=(Loan Amount)/(Value of the Property);

5.15.5. Cash Flow to Debt Ratio (CFD) - CFD=(Cash Flow)/Debt;

5.15.6. Cash Ratio (CR) - CR=(Cash+Marketable Securities)/(Current Liabilities);

5.15.7. Net Working Capital to Total Assets (NWCTA) - NWCTA=(Current Assets(Cash, Short-Term Securities, Receivables, Inventories, Other Current Assets))/Assets);

5.15.8. Capitalisation Rate (CR) - CR=(Net Operating Income)/Capital;

5.15.9. Profit Yield (PY) - PY=(Net Income)/Capital.

5.16. For each indicator, an appropriate level of importance is set, a weighting is provided and a scoring formula is derived.

5.17. The value calculated from this credit scoring formula describes the financier's probability of loss, which is reported as the Company's opinion. The assessment scale is set out below:

5.17.1. **Category 10 (D) (unsatisfactorily poor condition)** - too high credit risk;

5.17.2. **Category 9 (C-)** - high credit risk;

5.17.3. **Category 8 (C)** - high credit risk;

5.17.4. **Category 7 (C+)** - high credit risk;

5.17.5. **Category 6 (B-)** - medium credit risk;

5.17.6. **Category 5 (B)** - medium credit risk;

5.17.7. **Category 4 (B+)** - relatively low credit risk;

5.17.8. **Category 3 (A-)** - low credit risk;

5.17.9. **Category 2 (A)** - low credit risk;

5.17.10. **Category 1 (A+)** - very low credit risk.

5.18. If there were guarantors or sureties, their creditworthiness is assessed in the same way as that of the Project Owners. If the Project Owner's risk is medium, but the Project Owner's obligations to the Financiers are guaranteed or guaranteed by a third party with a low risk, the Project Owner's final credit risk would be assessed as low.

5.19. 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. The Company shall also critically assess the likelihood of realisation (e.g. in the event of foreclosure) and the likelihood of recovering the crowdfunding funds provided by the investors in the event of realisation of the relevant property.

5.20. The company enters into an agreement with a credit bureau (e.g. UAB "Creditinfo Lietuva", UAB "Okredo", etc.) and thus obtains access to the system of the credit bureau concerned. Using this system, the Company shall check 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. If additional information on arrears is found, the Company shall use such data to recalculate 5.13 reassess the creditworthiness.

5.21. The Company also enters into an agreement with a credit bureau to exchange borrowers' data and uploads the Project Owner's loan data to the credit bureau's system to ensure greater investor security.

5.22. In certain cases, the Company may decide to apply additional criteria for assessing the creditworthiness of the Project Owner, taking into account the specific nature of the Project Owner's project to be published on the Platform.

5.23. The final creditworthiness class of the Project Owner (risk class) may also be adjusted taking into account additional reputational criteria for the Project Owner, its managers and/or Participants set out in Annex 2 to the Rules. The procedure for the reduction of the Project Owner's final assessment rating (assigned risk class) is also set out in Annex 2 to the Rules.

5.24. It should be noted that the Company will not take into account any 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.

5.25. The credit rating of the Project Owner does not affect the maximum loan amount to be granted to the Project Owner or the term of the loan agreement.

5.26. 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:

5.26.1. the credit rating of the project owner;

5.26.2. an explanation of how the Project Owner's creditworthiness assessment was carried out;

5.26.3. the likelihood of default by the project owner (e.g. according to Creditinfo, Scorify, etc.).

5.27. 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 changes in the credit assessment process that may have a material impact on the outcome of the credit assessment process.

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

6.1. 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:

6.1.1. **A standardised automatic credit score calculation form is used.** The assessor shall calculate the Project Owner's credit score using a standardised *excel* form approved by the Company (manual input of financial indicators and automatic calculation of credit score);

6.1.2. **The "four eyes" principle is introduced.** After the assessor has calculated the creditworthiness score of the Project Owner and the assessment of the Project Owner's creditworthiness has been finalised, the calculations made and recorded, together with the sources/documents supporting them, shall be submitted to the next Company officer designated by the Company's Chief Executive Officer, in accordance with the form set out in Annex 2 to the Rules. The latter shall carry out a verification of the calculations and assessment submitted to him/her (including ensuring that the creditworthiness score has been correctly 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 Assessor for correction (after correction, a re-review procedure shall be carried out);

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

7. REFUSAL TO PUBLISH A PROJECT

7.1. The Company shall refuse to publish a Project on the Platform if:

7.1.1. The Project Owner does not meet the Company's criteria for assessing the reputation and creditworthiness of Project Owners;

7.1.2. The company lacks information to carry out the assessments described in the Rules;

7.1.3. the credit risk category (category D) is set too high;

7.1.4. The information available to the Company gives reason to believe that the publication of the Project on the Platform would jeopardise the interests of funders.

8. PROCEDURES FOR SETTING THE PRICE AND OTHER TERMS OF THE LOAN

8.1. The cost of a loan to a Project Owner seeking financing on the Platform shall be determined taking into account the following criteria: (*i*) credit risk; (*ii*) the term of the loan; (*iii*) the principal amount of the loan; (*iv*) the repayment payment structure over time; and (v) the market situation and the prices of loans offered by other lenders. The Company provides below an explanation of how these elements are evaluated in determining the cost of the loan to the Project Owner.

8.2. **Firstly**, the Company shall take into account the credit risk of the Project Owner and the expected term of the loan when calculating the loan price and shall determine the base loan price in accordance with the table below, which shall be from 6% per annum (on average) for the lowest credit risk (rating) - A+ and from 10% per annum (on average) for the highest credit risk (rating) - C-.

8.3. **Second**, once the base rate has been set, the Company may adjust it by up to 2% (on average) taking into account the following criteria:

8.3.1. the term of the loan;

8.3.2. the principal amount of the loan;

8.3.3. the repayment payment structure;

8.3.4. the market situation (e.g. EURIBOR, interest rates offered by other market participants, etc.);

8.3.5. other circumstances relevant and influential to the Project.

8.4. 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).

8.5. It should be noted that the Company does not take into account the risk-free rate of return or fees related to the Company's services when calculating the cost of the Loan (these fees are borne by the Project Owner and/or the Investors, depending on to whom the respective fees apply, but are not related to the Loan itself, the amount of the Loan or the applicable interest rate), and does not discount future payments under the Loan Agreement. Meanwhile, the existence of collateral is assessed in the determination of the credit rating of the Project Owner and is therefore implicitly included in the pricing of the loan. Other risks related to the Project and/or the Project Owner are assessed where relevant and the Company shall, therefore, as provided for in these Rules 8.6 The Company may deviate from the general loan pricing and other terms and conditions set out above in accordance with Article 8.7. Such risks could be, for example:

8.5.1. 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;

8.5.2. 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;

8.5.3. 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.

8.6. The Company also does not adjust the price of the loan after the loan is issued to the Project Owner. The loan to the Project Owner may only increase in price due to circumstances provided for in the loan agreement (e.g., the application of late or compensatory interest in the event of delay in the timely and proper performance of obligations, etc.).

8.7. 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.

9. THE APPRAISAL PROCESS FOR EACH LOAN

9.1. The Company carries out an assessment of each loan in at least the following circumstances:

9.1.1. at the time the loan is granted;

9.1.2. 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;

9.1.3. In case of default by the project owner;

9.1.4. where the Companies assist the investor to exit before the maturity date of the loan.

9.2. The Company shall ensure that the valuation of the Loan referred to in Clause 9.1 of these Terms and Conditions is based on correct and up-to-date information and that the relevant valuation is timely and no more than 3 months prior to the origination of the Loan (where the appraisal is carried out before the loan is issued).

9.3. At the time of loan origination, the Company shall take into account at least the following criteria/circumstances in its loan evaluation:

9.3.1. the term of the loan;

9.3.2. the frequency of loan repayments (payment schedule) and expected cash flows;

9.3.3. any prepayment option in the loan agreement;

9.3.4. the interest rate stipulated in the loan agreement;

9.3.5. the likelihood of default by the project owner;

9.3.6. the value of the collateral (if applicable);

9.3.7. the existence and level of guarantees to ensure the fulfilment of obligations.

9.4. For the purposes of post-issuance loan appraisal, the Company shall, in addition to the following Terms and Conditions 9.3 p., the following criteria shall be taken into account in addition:

9.4.1. the remaining term of the loan (until the end of the loan agreement);

9.4.2. the likelihood of potential losses.

9.5. For the purposes of loan appraisal, the following Rules 9.1.3 the Company shall take into account the following criteria:

9.5.1. a conservative assessment of the collateral/guarantee;

9.5.2. other fees and costs related to debt recovery.

9.6. 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.

10. INTEGRATING SUSTAINABILITY RISKS

10.1. 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.

10.2. 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.

10.3. The Company considers that the impact of sustainability risks is consistent with the impact of general investment risks (including market, credit and liquidity risks) and does not specifically affect the performance and/or the amount of risk taken by the Company or the loans published on the Platform.

10.4. 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.

11. FINAL PROVISIONS

11.1. These Terms and Conditions shall take effect from the date of their approval and may only be revoked or amended by the Company Director by resolution of the Company.

11.2. The Evaluator is responsible for the implementation of these Rules at the time of the evaluation of a particular Project. The Company's Manager shall be responsible for the overall control of the procedures set out in these Rules and for the final implementation of the requirements set out in these Rules.