UAB „FinoMark“
Rules for Evaluating the Reliability of Project Owners

1. General Provisions

1.1. These Rules for Evaluating the Reliability of Project Owners (hereinafter referred to as the **Rules**) regulate the actions of the company UAB "FinoMark" (hereinafter referred to as the **Company**) to assess the reliability of Project Owners (including criteria for evaluating the reputation and creditworthiness of Project Owners) and to identify possible risks related to the Projects published on the platform.

1.2. The Rules are prepared in accordance with the Regulation (EU) 2020/1503 of the European Parliament and of the Council on European crowdfunding service providers, amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 (hereinafter referred to as the **Regulation**), following the European Banking Authority guidelines EBA/CP/2021/39 of December 8, 2021, on creditworthiness assessment and disclosure of loan pricing, credit risk assessment, and risk management requirements applicable to crowdfunding services under Regulation (EU) 2020/1503, Article 19(7), and other relevant legislation applicable to the Company.

1.3. The Company confirms, implements, and maintains appropriate and effective measures, processes, and methods to ensure continuous compliance with these Rules. The Company must take necessary measures to prevent the Platform's use for criminal purposes.

1.4. The Company's director is responsible for the proper implementation of the Rules.

2. Definitions

2.1. Unless the context requires otherwise, capitalized terms used in these Rules have the meanings specified below:

2.1.1. **Avietė** – UAB "Investicijų ir verslo garantijos" financial engineering instrument "Concentrated Loan 'Avietė'";

2.1.2. **Company** – UAB "FinoMark," legal entity code 305538582, registered office address Ulonų str. 5, Vilnius, Lithuania;

2.1.3. **Participant** – a participant of the Project Owner, whose directly or indirectly owned voting rights or share of statutory capital are equal to or exceed 20 percent or who can exert direct and/or indirect decisive influence on the Project Owner;

2.1.4. **Investor** – a natural or legal person who has submitted an investment proposal through the Platform and has properly registered on the Platform;

2.1.5. **Regulation** – Regulation (EU) 2020/1503 of October 7, 2020, on European crowdfunding service providers, amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937;

2.1.6. **Platform** – a publicly accessible online information system (https://www.finomark.lt/), administered and managed by the Company;

2.1.7. **Supervisory Authority** – Bank of Lithuania;

2.1.8. **Project** – one or more types of business activities for which the Project Owner seeks financing by submitting a crowdfunding proposal;

2.1.9. **Project Owner** – a legal entity or natural person (entrepreneur) seeking financing through the Platform;

2.1.10. **Evaluator** – a Company employee appointed by the Company's director, performing evaluations of the reliability (reputation and creditworthiness) of Project Owners in accordance with these Rules;

2.1.11. **Rules** – this document.

3. General Principles and Criteria for Evaluating Project Owners' Reliability

3.1. The Company takes necessary measures to prevent the Platform from being used for criminal purposes, and in case of well-founded suspicions of such use, the Company promptly informs the relevant authorities.

3.2. The Company implements organizational, administrative, legal, or other necessary measures to ensure that the evaluation of the Project Owner is carried out responsibly and that Crowdfunding Transactions conducted through the Company's platform comply with the Rules, laws, and other regulatory enactments governing crowdfunding activities. If it is determined that the Project does not comply with legal requirements, the Company does not publish it. In such a case, if it is found that a Project published on the Platform does not meet legal requirements, the Company immediately cancels it and informs the relevant authorities and Investors who sought to finance it.

3.3. The evaluation of Project Owners' reliability includes:

3.3.1. Evaluation of Project Owners' reputation;

3.3.2. Evaluation of Project Owners' creditworthiness;

3.4. Alongside the evaluation of Project Owners' reliability, an additional external and independent evaluation by the Company's mentor/expert may be performed, and their recommendation may be provided.

3.5. A Project Owner seeking to have their Project published on the Platform undertakes to provide accurate and comprehensive information necessary for the reliability assessment. A Company employee may request the Project Owner to clarify or supplement the provided information.

3.6. For the reliability of Project Owners to be assessed as positive and for the Project to be published on the Platform, Project Owners must receive both a positive reputation assessment and a positive creditworthiness indicator. If one of these aspects is negative, the Project cannot be published by the Company.

3.7. Company employees responsible for evaluating Project Owners and their submitted Projects are accountable for accurately entering data into the computer programs used, data storage, and proper evaluation of Project Owners' reliability in accordance with the provisions of these Rules.

4. Evaluation of Project Owners' Reliability

4.1. The Company takes all necessary measures to ensure that crowdfunding transactions and Project Owners on the Platform comply with the requirements set by laws.

4.2. The evaluation of the Project Owner's reliability at the Company consists of:

4.2.1. Evaluation of the Project Owner's, their leader's, and Participants' reputation (according to the provisions of Section 5 of the Rules);

4.2.2. Evaluation of the Project Owner's creditworthiness (according to the provisions of Section 6 of the Rules).

4.3. If the Project Owner does not meet the reputation and creditworthiness requirements set by the Company and laws, the Company immediately terminates the publication of the Project on the Platform.

4.4. The Company objectively assesses possible foreseeable factors that may influence the Project Owner's reliability, taking into account both the information provided by the Project Owner and the information available to the Company.

4.5. The Company will commence business relations with Project Owners only after the Company, following established internal procedures, performs a proper check of the Project Owner in accordance with the laws of the Republic of Lithuania on the prevention of money laundering and terrorism financing, and implementing acts thereof. In any case, the Company does not intend to initiate business relations with clients presenting a higher/significant risk of money laundering and/or terrorism financing. Accordingly, in assessing the creditworthiness of Project Owners, the Company will not take into account the money laundering and/or terrorism financing risks or threats posed by them, as they, in the Company's assessment, will not have a significant impact on the creditworthiness of the Project Owner.

4.6. Information, data, and documents collected and evaluated during the assessment of the Project Owner's reliability at the Company are stored for 10 years from the date of the crowdfunding agreement concluded with the respective Project Owner (if such an agreement was concluded) or from the date of receipt of this data (if no agreement was concluded). The laws governing the legal protection of personal data and document storage may establish longer data retention periods.

4.7. The Company ensures that during the data storage period specified in Section 4.6 of the Rules, it is possible to review and verify the information collected and evaluated during the assessment of the Project

Owner's reliability at any time. The relevant information is stored in the electronic file of the Project Owner's reliability assessment.

5. Procedure for Evaluating the Reputation of Project Owners

5.1. When assessing the reputation of Project Owners, their leaders, and Participants, the Company relies on the following data and information:

5.1.1. Documents and/or information provided by Project Owners, their leaders, and Participants (for the purpose of evaluating the reputation of the Project Owner, information is requested to be provided in a standardized form by completing the questionnaire provided in Annex 1 to these Rules. If necessary, the Evaluator may request additional information and/or documents from the Project Owner necessary for assessing the reputation of the Project Owner);

5.1.2. Written explanations provided by Project Owners, their leaders, and Participants;

5.1.3. Publicly available and published information about Project Owners, their leaders, and Participants;

5.1.4. Data provided by the system administered by UAB "Scorify";

5.1.5. Information in the registers administered by the Center of Registers (Real Estate Register, Register of Legal Entities, Information System of Legal Entities Participants, Register of Property Arrest Acts, etc.);

5.1.6. Data provided by the Information and Communication Department's administered Wanted Persons Information Register;

5.1.7. Other reliable data available to the Company through legitimate means.

5.2. When evaluating the reputation of the Project Owner, the following circumstances are considered:

5.2.1. Whether the Project Owner has not been convicted of a serious or very serious crime or a crime or offense against property, property rights and interests, the economy, and business order, the financial system, public safety, public service, and public interests, or corresponding criminal actions under the criminal laws of other countries, if their conviction for the above-mentioned crimes has not been extinguished or annulled, or if 3 years have not passed since the court decision where the person is found guilty of committing the offenses referred to in this paragraph (for this purpose, the Project Owner provides a certificate/excerpt from the Register of Suspects, Accused, and Convicted Persons, administered by the Information and Communication Department under the Ministry of the Interior of the Republic of Lithuania);

5.2.2. Whether the Project Owner is established in a country or territory considered a non-cooperative country or territory according to the relevant EU policy or is a high-risk third country under Directive (EU) 2015/849 Article 9(2)(d);

5.2.3. Whether there is data confirming that the assessed person does not fulfill or has not fulfilled credit obligations;

5.2.4. Whether there are and/or have been civil lawsuits, administrative or criminal cases, investments or assumed risks and taken loans that may have a significant impact on the financial reliability of the Project Owner;

5.2.5. The experience and recognition of the Project Owner in the field of their business activity;

5.2.6. Publicly available information about the reputation of the Project Owner, their leader, and Participants;

5.2.7. Other circumstances affecting the assessment of the Project Owner's reputation.

5.3. Before publishing a Project on the Platform, the Evaluator, in order to assess the reputation of the Project Owner, takes the following actions:

5.3.1. Gathers and evaluates information about the leader of the Project Owner and the Participants of the Project Owner, to whom directly or indirectly the voting rights or the share of statutory capital equal to or exceeding 20 percent belongs, or who can directly and/or indirectly exert a decisive influence on the Project Owner (if the Project Owner is a natural person (entrepreneur), information about the Project Owner is collected and evaluated);

5.3.2. After collecting and evaluating the information and data specified in Section 5.3.1. of the Rules, the Evaluator must ensure that all persons specified in Section 5.3.1. of the Rules meet the minimum reputation assessment criteria applicable to them (hereinafter – **Minimum Reputation Requirements**), i.e., that:

5.3.2.1. The relevant persons do not meet the conditions specified in Sections 5.2.1.-5.2.2. of the Rules;

5.3.2.2. There are no other negative reputation factors related to the Project Owner, their leader, and/or Participant, i.e.:

- During the assessment, there is a delay in repaying significant amounts of overdue debts (the total amount of improperly executed debts exceeds EUR 5000);
- The person has 5 or more late payments of debts;
- A pre-trial investigation has been initiated against the person;
- In the last 2 years, the person has initiated bankruptcy or restructuring proceedings, and/or there is reliable information about the planned initiation of bankruptcy or restructuring proceedings;
- Upon the Company's request, a written explanation regarding the negative information found by the Company about the person is refused to be provided (or is not provided within a reasonable period set by the Company).

5.3.3. If the persons specified in Section 5.3.1. of the Rules meet the Minimum Reputation Requirements specified in Section 5.3.2. of the Rules, the Evaluator takes into account additional reputation assessment criteria that may have a negative impact on the final credit rating of the Project Owner. When evaluating additional reputation assessment criteria, it is considered whether the Project Owner, their leader, or Participant:

5.3.3.1. Is delayed in fulfilling medium-sized debts (the total amount of improperly executed debts is up to EUR 5000) during the assessment;

5.3.3.2. Has applied arrests against their or their controlled assets;

5.3.3.3. Has been late in fulfilling their financial obligations more than 5 times in the last year (regardless of the amount of obligations);

5.3.3.4. In the last 5 years, has been involved in legal proceedings as a defendant or has lost at least one legal dispute (being a defendant) whose claim amount constituted at least 30 percent of the amount sought to be financed on the Platform;

5.3.3.5. In the last 10 years, the relevant (legal) person or a company controlled, managed, or owned by this person has declared bankruptcy or restructuring, an investigation has been initiated under Article 2.124 of the Civil Code or the corresponding procedures under the laws of a foreign country;

5.3.3.6. In the last 10 years, an administrative penalty or another legally prescribed measure for gross violation of the law or other legal act regulating the provision of financial services or the activities of financial institutions, a violation of the Republic of Lithuania Law on Money Laundering and Terrorist Financing, has been applied against the relevant person;

5.3.3.7. Negative information about the person is found in reliable media (journalistic investigations into possible violations of laws, etc.), and in their additional explanations, the person does not essentially deny this information;

5.3.3.8. A significant amount of negative feedback from other individuals about the person (as an entrepreneur) is found in the public domain, controlling or controlled legal entities of the relevant person, and in their additional explanations, the person does not essentially deny this information;

5.3.3.9. Other information about the Project Owner, their leader, or Participant is available that poses a reputational risk, and in their additional explanations, the person does not essentially deny this information.

5.3.4. After conducting a reputation assessment, the Company makes one of the following decisions:

5.3.4.1. If the Project Owner, their leader, and/or Participant do not meet the Minimum Reputation Requirements, it is considered that the Project Owner does not have an impeccable reputation, and the corresponding Project cannot be published on the Platform;

5.3.4.2. If it is determined that the Minimum Reputation Requirements set out in Section 5.3.2. of the Rules are satisfied, but there are additional negative reputation factors related to the Project Owner, their leader, and/or Participant as specified in Section 5.3.2. of the Rules, the negative impact of these factors on the final credit rating of the Project Owner is assessed;

5.3.4.3. If the Company's employees determine that the Minimum Reputation Requirements set out in Section 5.3.2. of the Rules are satisfied and there are no additional negative reputation factors specified in Section 5.3.2. of the Rules, it is considered that the final riskiness of the Project Owner is determined only by the subsequent credit rating assessment process.

5.4. For Project Owners seeking to republish a Project on the Company's platform, the Company re-evaluates the reputation of Project Owners in the manner specified in these Rules, without applying any exceptions.

6. Model of Project Owners' Creditworthiness Assessment, Procedure

6.1. The Company uses the following in the Project Owner's creditworthiness assessment model:

6.1.1. statistical models (e.g., past financial results);

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

6.1.3. automatic models (e.g., reports generated by UAB "Scorify").

6.2. The Company constantly evaluates the effectiveness and compliance with applicable requirements of the creditworthiness assessment process, as well as the quality of the creditworthiness assessment and models used. The internal audit function is responsible for this evaluation/check.

6.3. Before publishing a Project on the Platform, the Evaluator assesses the creditworthiness of the Project Owner, which includes evaluating the financial situation of the Project Owner, the evaluation of the Project, and collateral.

6.4. Before publishing a Project on the Platform, the Evaluator performs the following actions to assess the creditworthiness of the Project Owner:

6.4.1. collects information about the financial condition of the Project Owner, including information about its obligations and assets, profitability, etc.;

6.4.2. evaluates whether the Project Owner's ability to meet financial obligations to financiers within specified periods is realistic, i.e., whether the Project Owner's planned earnings from the Project will be sufficient to fulfill the obligations assumed in the consolidated financing transaction;

6.4.3. ensures that no bankruptcy or restructuring proceedings have been initiated against the Project Owner, its leader, or Participants;

6.4.4. if third parties intend to provide collateral (e.g., guarantee, pledge, bill, etc.) on behalf of the Project Owner, the creditworthiness of such person is assessed mutatis mutandis as the Project Owner;

6.4.5. if the loan agreement is secured by collateral – assesses the condition, value, degree of encumbrance, liquidity, liquidation value, and other relevant parameters of the pledged property;

6.4.6. evaluates the Project itself, its scale, and its justification in the Project Owner's activities;

6.4.7. assesses the purpose of the loan sought;

6.4.8. assesses the ownership (shareholders') structure of the Project Owner;

6.4.9. evaluates the business plan submitted by the Project Owner related to the Project to be financed, including, but not limited to: (i) the Project Owner's knowledge of the relevant sector and experience in implementing/developing similar projects; (ii) the viability and reliability of the business plan; (iii) an analysis of the strengths and weaknesses of the Project; (iv) competition in the relevant business sector; (v) the type and geographical location of the Project Owner's customers.

6.5. In order to assess the creditworthiness of the Project Owner (and guarantors or third-party guarantors, if any), the Evaluator:

6.5.1. directly or by using third parties, including credit bureaus, collects, processes, and relies on information obtained from external databases (e.g., the Register of Legal Entities, the Loan Risk Data Register administered by the Bank of Lithuania);

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

6.5.2.1. by completing the Company's prepared standardized form (registration form);

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

6.5.2.3. by responding to other questions posed by the Company to the Project Owner, if any.

6.5.3. based on the collected data, assesses:

6.5.3.1. the financial situation of the Project Owner (and of the guarantor and/or pledging person, if any) (amount of income, sources of income, their diversity, sustainability, profitability, possible future changes, etc.);

6.5.3.2. the history of the Project Owner (and the guarantor and/or pledging person, if any) and information about improper performance of existing and past financial obligations;

6.5.3.3. existing and planned obligations of the Project Owner (and the guarantor and/or pledging person, if the Company knows or should know about them);

6.5.3.4. the impact of circumstances specified by the Project Owner or known to the Company on the economic and financial situation of the Project Owner (and the guarantors and/or pledging persons, if any) and the ability of the Project Owner to properly fulfill financial obligations throughout the contract period.

6.5.4. At the request of the Evaluator, the Project Owner must complete the standardized form (registration form) and provide the following data and information:

6.5.4.1. for the Project Owner (and guarantors or third-party guarantors, if any), unless the Project Owner is not established and has not started operations, the last audited financial statements for the last three years, as well as information and documents on property owned by right of ownership and cash flows. Among other things, information is collected about the amount of loans and other obligations of the Project Owner, their currency, terms of the corresponding loans and obligations, repayment schedules, and applicable interest rates or other types of compensation. If the Project Owner (and the guarantor or third-party guarantor) does not have audited financial statements, the Company must require financial statements signed by both the respective legal entity manager and the accountant;

6.5.4.2. planned income and cash flows of the Project Owner related to the Project to be financed. The Company evaluates the planned income and cash flows of the Project Owner (i) in an optimistic, (ii) baseline, and (iii) pessimistic scenario (the Company considers the income and cash flow forecasts provided by the Project Owner as optimistic; meanwhile, the baseline and pessimistic scenarios are calculated by reducing the optimistic scenario by 15 and 30 percent, respectively). Then the Company calculates the average of income and cash flows predicted by all three scenarios and uses the obtained figures to calculate creditworthiness according to its approved procedure for calculating the creditworthiness scores of Project Owners (algorithm);

6.5.4.3. forecast financial statements of the Project Owner;

6.5.4.4. collateral measures provided by the Project Owner, including information on the value and evaluation of collateral measures and opportunities to realize the relevant collateral measures in case of forced recovery;

6.5.4.5. a business plan or a plan for the use and repayment of the loan, which clearly indicates how the funds raised through the consolidated financing will be used on the Platform, how the funds raised through the consolidated financing will affect the performance indicators of the Project Owner until the end of the repayment period;

6.5.4.6. if the Project Owner (and/or guarantor or pledging person) is a natural person – a businessman, documents supporting the ownership of the pledged property and, in the case of a pledge of a business (enterprise) – documents confirming the ownership of the business (enterprise) and its registration with the relevant authority (entities of the Republic of Lithuania) in accordance with the procedure established by law. Documents submitted by the Project Owner must be accompanied by their certified translations into the Lithuanian language;

6.5.4.7. documents certifying the right to use the land plot where the financed Project will be implemented, in accordance with the procedure established by law.

6.5.4.8. Contact Information:

- Project Owner: name, when applicable - company code, registered and actual residence address, email, phone number;
- Project Owner's Manager: name, surname, residential address, email, phone;

- Project Owner's Participants: company name, company code, registered address, ownership share, contact information (email, phone, etc.) (if Participant is a natural person: name, surname, personal code, ownership share, contact information (email, phone, etc.));
- if third party provides collateral, the same contact information is collected about that person as about the Project Owner.

6.5.4.9. Other documents and/or information required by the Company at its discretion.

6.6. If the data provided by the Project Owner differs from the data obtained by the Company from its databases, the data used for the creditworthiness assessment of the Project Owner is based on the more conservative data.

6.7. For the purposes of Company's creditworthiness assessment, the following data is collected:

6.7.1. information about the financial condition of the Project Owner, including information about its obligations and assets, profitability, etc.;

This data is collected from the Project Owner / Register of Legal Entities, Mortgage Register, Real Estate Register, Property Arrest Acts Register / UAB "Scorify" system / Publicly available information online;

6.7.2. contact information of the Project Owner;

This data is collected from the Project Owner;

6.7.3. Project Owner's (and guarantor or pledging third party, if any) approved (audited) financial statements for the last three years, information and documents about property owned by right of ownership and cash flows;

This data is collected from the Project Owner (and guarantor or pledging third party / Register of Legal Entities / Real Estate Register / UAB "Scorify" system / Publicly available information online);

6.7.4. Project Owner's planned income and cash flows related to the Project to be financed;

This data is collected from the Project Owner;

6.7.5. Forecast financial statements of the Project Owner;

This data is collected from the Project Owner;

6.7.6. Collateral measures provided by the Project Owner, including information about the value and evaluation of collateral measures;

This data is collected from the Project Owner / Real Estate Register / independent property appraiser;

6.7.7. if the Project Owner (and/or guarantor or pledging person) is a natural person – a businessman, documents supporting the structure of income and expenses obtained from the business over the last three years;

This data is collected from the Project Owner / State Tax Inspectorate (the Project Owner (and/or guarantor or pledging third party) must submit certified income declarations) / UAB "Scorify" system;

6.7.8. a written explanation of currently known (or anticipated) circumstances that may have a negative impact on the Project Owner's financial indicators or future performance;

This explanation is provided by the Project Owner.

6.8. The Company periodically updates information about the collateral measures provided for the loan (i.e., at least once a year requires the Project Owner (or a third party, if a third party provides collateral for the Project Owner's obligations) to provide an updated assessment of the encumbered property. With the same periodicity, the Company must also update information about individuals providing different types of collateral for the Project Owner's obligations (e.g., guarantee, promissory note, guarantee, etc.).

6.9. When assets are pledged as collateral for the Project Owner's obligations, the Company requires the Project Owner to provide an appraisal of the assets performed by an independent property appraiser in accordance with the laws. This appraisal should include at least this information:

6.9.1. in the case of a financial asset – the latest fair value and average price over the last 12 months in the liquid market;

6.9.2. in the case of a physical asset – the latest market value;

6.9.3. whether there is a market where the asset can be easily liquidated;

6.9.4. possible deviations in the value of the encumbered assets.

6.10. The Company does not accept collateral (encumbered property) whose value cannot be determined and/or which cannot be realized in a corresponding market. The Company also ensures that the collateral is encumbered for the entire loan period until the Project Owner properly fulfills its obligations.

6.11. When a third party guarantees or guarantees the Project Owner's obligations, the Company must identify such third party, assess their creditworthiness and reliability (as well as the Project Owner) in the manner specified in these Rules, thereby determining whether the loan amount can be recovered from the respective third party if the Project Owner fails to fulfill its obligations properly, i.e., whether the relevant third party has sufficient assets to cover the Project Owner's obligations.

6.12. The Company individually assesses each Project Owner, guarantors or pledging persons, collateral measures (if any) – the creditworthiness assessment is carried out in an expert manner.

7. Credit Risk Levels of Projects

7.1. Having collected the necessary information, the Company individually assesses each Project Owner, persons ensuring the obligations of the Project Owner, and collateral measures (if any). The creditworthiness assessment is conducted in accordance with the evaluation methodology approved in these Rules. Company employees must ensure the objectivity of the creditworthiness assessment, i.e., that each Project Owner is assessed based on the same evaluation criteria and standards approved in these Rules.

7.2. After the creditworthiness assessment of the Project Owner by the Company's employees, the Company discloses to Investors the credit group to which the Project is assigned, indicating the Company's calculated insolvency risk indicator:

Class A	high reliability
Class B	above average reliability
Class C	average reliability
Class D	low reliability
Class E	lowest reliability

7.3. Project Owners are categorized according to credit risk by evaluating the following criteria (and the Company's approved Project Owner creditworthiness evaluation algorithm):

7.3.1. History of the Project Owner's commitment fulfillment – this indicator has an 8% impact on the final credit risk;

7.3.2. Information about the sector in which the Project Owner operates, including macroeconomic conditions and competition – this indicator has an 8% impact on the final credit risk;

7.3.3. Information about the business plan – this indicator has a 16% impact on the final credit risk;

7.3.4. Project profitability projection – this indicator has a 14% impact on the final credit risk;

7.3.5. Project owner's projected cash flows – this indicator has an 8% impact on the final credit risk;

7.3.6. Project owner's knowledge and experience in the relevant business sector – this indicator has a 4% impact on the final credit risk;

7.3.7. Return on Equity (RoE) – this indicator has a 3% impact on the final credit risk;

7.3.8. Return on Assets (RoA) – this indicator has a 3% impact on the final credit risk;

7.3.9. Net Profit Margin (NPM) – this indicator has a 3% impact on the final credit risk;

7.3.10. Sales to Total Assets (STA) – this indicator has a 3% impact on the final credit risk;

7.3.11. Debt to Equity Ratio (DER) – this indicator has a 3% impact on the final credit risk;

7.3.12. Debt Ratio (DR) – this indicator has a 3% impact on the final credit risk;

7.3.13. Debt Yield (DY) – this indicator has a 3% impact on the final credit risk;

7.3.14. Interest Coverage Ratio (ICR) – this indicator has a 3% impact on the final credit risk;

7.3.15. Debt Service Coverage Ratio (DSCR) – this indicator has a 3% impact on the final credit risk;

7.3.16. Cash Flow to Debt Ratio – this indicator has a 3% impact on the final credit risk;

7.3.17. Cash Ratio (CR) – this indicator has a 3% impact on the final credit risk;

7.3.18. Net Working Capital to Total Assets (NWCTA) – this indicator has a 3% impact on the final credit risk;

7.3.19. Capitalization Rate (CR) – this indicator has a 3% impact on the final credit risk;

7.3.20. Profit Yield – this indicator has a 3% impact on the final credit risk.

7.4. In order to safeguard the interests of Investors and considering each specific situation, the Company may request financing security measures from the Project Owner (legal entity), such as real estate collateral, guarantee, etc. The procedure for requesting security measures and the requirements for these measures are detailed in the Requirements for Guarantors and Other Security Measures provided in Appendix No. 3 to these Rules.

7.5. In the case of real estate collateral, the Project Owner and the Project remain the main assessment objects, but the value of the real estate is also taken into account. In the case of real estate collateral, the Loan granted cannot exceed 90 percent of the value of the encumbered property.

7.6. When assessing the proposed value of the real estate to be mortgaged, the Company relies on current conclusions of independent property appraisers and/or other reliable external sources (such as Real Estate Registry data). In all cases, the Appraiser additionally gathers publicly available information about the proposed mortgaged real estate (its location, condition, purpose, etc.) and critically evaluates the content of the provided data on the value of this real estate. In case of doubts about the provided data on the value of the real estate, the Appraiser must rely on the most conservative data.

7.7. If Guarantors or third-party guarantors are involved in securing the performance of the Concentrated Financing Agreement, the Company assesses their creditworthiness similarly to the Project Owner.

> ***Example.***
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> *It is determined that the risk of the Project Owner is moderate. The execution of the Concentrated Financing Agreement of the Project Owner is secured by a third-party guarantor. It is determined that the risk of this person is low. Then, the final credit risk of the Project Owner is assessed as low.*

7.8. If the Project Owner applies for a Project that was evaluated by another crowdfunding platform, credit institution, or other competent legal entity before submitting it to the Company, the Company has the right to base the evaluation of the Project Owner on the credit rating recommendations or final decision of another company. However, the Company must verify whether the assessment complies with the requirements of these Rules.

7.9. In certain cases, considering the specificity of the Project sought to be published by the Project Owner on the Platform, the Company may decide not to apply certain credit assessment criteria set out in Section 7.3 of these Rules or apply additional criteria when assessing the creditworthiness of the Project Owner.

7.10. When Project Owners seek to republish a Project on the Company's platform, the Company re-evaluates the creditworthiness of Project Owners in accordance with the procedures set out in these Rules, without applying any exceptions.

7.11. Once the Company establishes the credit rating of the Project Owner, the maximum loan amount to be granted to the Project Owner is determined as follows:

Credit Rating	Maximum Loan Amount (calculated as a certain percentage of the Project Owner's mortgaged property (LTV))
A (low credit risk)	75 – 80 percent LTV
B (moderate credit risk)	65 – 70 percent LTV
C (high credit risk)	55 – 60 percent LTV
D (very high credit risk)	-
E (excessive credit risk)	-

7.12. In all cases, the final decision regarding the publication of the Project on the Platform is made by the Company. Projects belonging to the D or E risk class are not published on the Platform.

7.13. The credit rating of the Project Owner does not affect the maximum term of the loan agreement; however, in any case, the maximum term of the loan agreement cannot exceed 36 months.

7.14. After conducting the creditworthiness assessment of the Project Owner and making a positive decision on the publication of the Project on the Platform, the Company discloses to investors at least the following information:

7.14.1. Project Owner's credit rating;

7.14.2. a clear description and details of how the creditworthiness assessment of the Project Owner was conducted;

7.14.3. the probability of the Project Owner failing to fulfill obligations.

7.15. The Company regularly (at least once a year) updates information about the creditworthiness of the Project Owner. The Company also promptly informs investors about changes in the credit rating process that may have a significant impact on the results of the credit rating process.

8. Procedure for Determining Loan Rates and Other Conditions

8.1. For the Project Owner seeking financing on the Platform, the loan rate is determined based on the following criteria: (i) credit risk; (ii) loan period; (iii) principal loan amount; (iv) loan repayment installment structure over time. Below, the Company provides an explanation of how these elements are evaluated in determining the loan rate for the Project Owner.

8.2. First, the Company, when calculating the loan rate, takes into account the credit risk of the Project Owner and the projected loan period and establishes the baseline loan rate according to the table below:

	Loan Period			
Credit Risk (Rating)	Up to 12 months	12 to 24 months	24 to 36 months	36 months and above
A (Low credit risk)	4-7 %	5-8 %	6-9 %	7-10 %
B (Medium credit risk)	7-10 %	8-11 %	9-12 %	10-13 %
C (High credit risk)	10-13 %	11-14 %	12-15 %	13-16 %
D (Very high credit risk)	-	-	-	-
E (Excessive credit risk)	-	-	-	-

8.3. Second, the Company takes into account the principal loan amount, and additional interest rates may be added to the baseline interest rate (considering the credit rating), as indicated in the table below:

	Principal Loan Amount, EUR			
Credit Risk (Rating)	Up to 50,000	50,000 to 100,000	100,000 to 200,000	Over 200,000
A (Low credit risk)	+0,1 %	+0,2 %	+0,3 %	+0,4 %
B (Medium credit risk)	+0,4 %	+0,5 %	+0,6 %	+0,7 %
C (High credit risk)	+0,7 %	+0,8 %	+0,9 %	+1 %
D (Very high credit risk)	-	-	-	-
E (Excessive credit risk)	-	-	-	-

8.4. Third, the Company also considers the structure of loan repayment over time. The Company essentially applies two methods for the loan repayment structure: (i) the loan can be repaid in equal periodic installments (e.g., monthly payments), or (ii) the principal loan amount can be repaid at the end of the loan term. When applying the second method, the Company assumes that various circumstances (including economic changes) may occur during the loan term, leading to additional risk that the Project owner may not be able to fulfill their obligations properly. Accordingly, when applying the second method, the Company adds an additional 0.5% interest to calculate the loan price.

8.5. It is noteworthy that the provisions of the Regulation and implementing legislation also allow for the possibility of calculating the loan price based on other criteria, including: (i) the risk-free return rate; (ii) the presence of collateral; (iv) taxes related to the Company's services; (v) other risks related to the Project and/or Project owner (including market conditions at the time of loan issuance, business strategy, loan value).

8.6. It should be noted that when calculating the loan price, the Company does not consider the risk-free return rate or taxes related to the Company's services (these taxes are covered by the Project owner and/or investors' accounts, depending on to whom the taxes apply, but are not related to the Loan itself, its amount, or the applicable interest rates). Additionally, the presence of collateral is evaluated when determining the Project owner's credit rating, so it is indirectly included in the loan pricing system. Other risks related to the Project and/or Project owner are assessed when relevant, and the Company, as provided in these Rules 8.8, may deviate from the above-established general loan pricing and other condition-setting rules. Such risks could include, for example:

8.6.1. The financial position of the Project owner, based on the information collected during the credit assessment, is good, but the Company has doubts about the feasibility of the business plan or projected cash flows.

8.6.2. Certain economic conditions relevant to a specific industry, in the Company's assessment, may have a significant impact on the development of the Project and/or the Project owner's ability to fulfill their obligations at a specific time.

8.6.3. The financial position 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 comparable Projects, etc.

8.7. The Company also does not adjust the loan price after issuing the loan to the Project owner. The loan to the Project owner can only become more expensive due to the cases specified in the loan agreement (e.g., application of late fees or compensatory interest for late and proper fulfillment of obligations, etc.).

8.8. The loan pricing and other condition-setting criteria provided in these Rules are general, so the Company has the right to deviate from this procedure in individual cases and apply individual loan pricing and other condition-setting conditions. In any case, investors are always informed in advance of such cases, providing full information about the reasons for deviating from standard loan pricing requirements, thereby ensuring fair and equitable price determination, as required by the Regulation and implementing legislation.

9. Evaluation Procedure for Each Loan

9.1. The Company conducts an evaluation of each loan under at least the following circumstances:

9.1.1. at the time of loan approval;

9.1.2. when the Company deems it unlikely that the Project owner will fully fulfill the obligation to repay the loan, and the Company does not take any corresponding security measures for realization or other similar actions;

9.1.3. in the event of the Project owner's failure to fulfill obligations;

9.1.4. when the Company assists the investor in withdrawing before the loan maturity date.

9.2. The Company ensures that the evaluation of the loan provided in Section 9.1. of these Rules is based on fair and relevant information at the time and that the evaluation is timely and no older than 3 months before loan issuance (when the evaluation is performed before loan issuance).

9.3. During loan issuance, the Company, in performing the loan evaluation, takes into account at least the following criteria/circumstances:

9.3.1. loan term;

9.3.2. periodicity/frequency of loan payments (payment schedule) and projected cash flows;

9.3.3. any prepayment options specified in the loan agreement;

9.3.4. risk-free interest rate for discounting payments related to the loan;

9.3.5. interest rate specified in the loan agreement;

9.3.6. nature of the Project owner's risk, assessing their reliability in accordance with these Rules;

9.3.7. net present value of the loan;

9.3.8. prevailing market conditions;

9.3.9. business strategy;

9.3.10. likelihood of the Project owner's failure to fulfill obligations;

9.3.11. value of collateral (if applicable);

9.3.12. presence and level of guarantees securing the performance of obligations.

9.4. When conducting a loan evaluation after loan issuance, the Company, in addition to the criteria specified in Section 9.3. of these Rules, also considers:

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

9.4.2. remaining loan amount;

9.4.3. frequency of loan payments;

9.4.4. applicable loan interest rate;

9.4.5. prevailing market conditions;

9.4.6. likelihood of potential losses.

9.5. When conducting a loan evaluation in the case specified in Section 9.1.3. of these Rules, the Company takes into account the following criteria:

9.5.1. conservative assessment of security measures and/or guarantees;

9.5.2. other taxes and expenses related to debt recovery.

9.6. The Company establishes and approves the loan evaluation algorithm discussed in this section of the Rules, which includes the weight and evaluation methodology for each criterion, and is used to calculate and determine the results of the loan evaluation. Information about the algorithm is disclosed to Platform investors by publishing it on the Company's website.

10.Evaluation Process Verification of the Project Owner's Reliability

10.1. To ensure that the reliability of the Project owner is assessed properly and to eliminate human errors as much as possible (e.g., when calculating the credit score), the Company implements the following measures:

10.1.1. A standardized automatic credit score calculation form is used.

10.1.2. After the Company's employees calculate the Project owner's credit score and complete the final evaluation of the Project owner's reliability, the calculations, along with supporting sources (documents), are documented and presented to another Company employee appointed by the Supervisor. The latter performs an audit of the calculations and evaluation provided to him (among other things, ensuring that the credit score was calculated correctly based on the available data). If inaccuracies are noticed during the audit, the

Company employee conducting the audit forwards them to be corrected by the initial Evaluator (after correction, a repeat review procedure is carried out). The "four-eyes" principle is also mutatis mutandis applied to the verification of the Project owner's reputation assessment.

10.1.3. Confirmation of the Evaluation Process. Upon completion of the reliability evaluation process verification, both the Evaluator and the Company employee who conducted the verification of the Evaluator's work sign the final form of the Project owner's reputation and creditworthiness assessment with the specified calculation. In this case, it is considered that the Company has properly performed the Project owner's reliability assessment procedure.

10.2. The reliability assessment model applied by the Company for the Project owner is reviewed and, if necessary, modified by the Company's Chief Risk Officer no less than once a year.

11.Mentor/Expert Evaluation

11.1. To provide investors with additional information about the Project, the Company may engage an independent expert (hereinafter referred to as the Mentor) to conduct an additional assessment of the Project. Additional Mentor evaluation will be carried out when the Projects meet all of the following criteria:

11.1.1. The amount sought to be raised for the Project exceeds EUR 30,000;

11.1.2. Based on the reliability assessment of the Project conducted by the Company's employees, the Project is assigned a risk class of B or C;

11.1.3. The Project has a term of 18 months or longer.

11.2. Mentors are selected by the Company based on their knowledge and expertise in the field of focused financing and business. In all cases, the Mentor must meet the following minimum requirements:

11.2.1. Have a higher education in finance or economics;

11.2.2. Have at least 3 years of experience in financial management;

11.2.3. Have experience in business and/or asset valuation.

11.3. When evaluating the Mentor's knowledge and expertise, the following are also considered:

11.3.1. Their knowledge of financial planning, forecasting, and cash flow management;

11.3.2. Their proficiency in accounting.

11.4. An independent third-party evaluation is conducted using the Mentor network, which consists of all Mentors selected and evaluated by the Company (individuals).

11.5. The Mentor analyzes the Project owner's "viability" and current position in the economic market.

11.6. After completing the assessment of the Project owner, the Mentor provides general conclusions about:

11.6.1. Credit risk;

11.6.2. Liquidity risk;

11.6.3. Trade and market change risk;

11.6.4. Settlement risk;

11.6.5. Seasonal risk;

11.6.6. Business sector risk.

11.7. Following the external and independent evaluation by the Company's Mentor/Expert (if conducted), the Company discloses to investors which credit group the Project belongs to, indicating the calculated indicator and conclusions of the Mentor's insolvency risk assessment.

Class A	High Reliability
Class B	Above Average Reliability
Class C	Average Reliability
Class D	Low Reliability
Class E	Lowest Reliability

11.8. The evaluation conducted by the Mentor is provided in all cases as additional information about the advertised Project and serves as an informative opinion of independent experts on the Project, providing their opinion on the insolvency risk of the Project.

11.9. The Mentor's evaluation also serves as a review (audit) of the additional evaluation performed by the Company. In such a case, if the evaluation of the Project by the Mentor (its result) significantly differs from the evaluation conducted by the Company, the Company reviews its evaluation and determines the reasons for such discrepancies. If necessary for this purpose, the Company consults and collaborates with the Mentor who performed the evaluation.

11.10. The questionnaire form completed during the Mentor's evaluation is provided as Appendix No. 2 to these Rules.

12. Unpublished Project Categories

12.1. The Company has the right not to initiate or to terminate the evaluation of an already initiated Project owner and their Project or not to publish the Project after the evaluation of the Project owner has been performed if at least one of the following circumstances is identified (including but not limited to):

12.1.1. The Project owner, their manager, and/or authorized person fail to provide the documents requested by the Company necessary for the evaluation of the Project owner and the Project;

12.1.2. Due to the fault of the Project owner, the Company and/or the Company's clients have previously experienced losses related to lending;

12.1.3. If the Project owner does not confirm their identity;

12.1.4. If, based on publicly available information, there is a reasonable suspicion that the Project owner is or has been involved in financial crimes;

12.1.5. When the Company or its employee evaluating Project owners and their submitted Projects reasonably believes that the publication of the Project on the Platform could negatively impact the Company's reputation and/or results;

12.1.6. When the Project owner does not specify measures on how, after receiving funds from crowdfunding, the Project goals will be achieved.

12.2. The Company refuses to publish a project on the Platform if, during the reliability assessment, it is determined that:

12.2.1. The Project owner does not meet the Company's approved criteria for the reputation and/or creditworthiness assessment of project owners;

12.2.2. The Company lacks information about the Project and/or Project owner, and there is insufficient basis to conduct the assessment of the Project owner described in these Rules;

12.2.3. The information available to the Company provides grounds to believe that publishing the Project on the Platform would pose a threat to the interests of Investors.

13. Evaluation of Financing Transaction Acceptability for Investors

13.1. The Company, in accordance with these Rules, evaluates the acceptability of the type of crowdfunding transaction (loan) for the Investor before providing the Investor with the opportunity to provide crowdfunding funds to the Project owner through the Company's Platform. The person responsible for conducting the acceptability assessment in the Company is the Investor Relations Manager or another person appointed by the decision of the Company's management.

13.2. When evaluating the acceptability of the type of transaction for the Investor, the Investor is required to complete the Company's prepared questionnaire on the acceptability of crowdfunding for the Investor and provide information about their knowledge and experience related to the planned crowdfunding transaction type. For an Investor without experience in crowdfunding, the questionnaire and the procedure for its evaluation and scoring are provided in the Company's Crowdfunding Transaction Suitability Assessment and Loss Assumption Modeling Procedure.

13.3. Taking into account the characteristics of the Investor, the nature and scope of the planned service, the type of crowdfunding transaction expected, including its degree of complexity and inherent risk, the Company seeks at least the following information from the Investor:

13.3.1. Investor's education;

13.3.2. Current (and previous) profession of the Investor;

13.3.3. Investor's work experience;

13.3.4. Investor's experience in the investment field (types of transactions or financial instruments with which the Investor is familiar);

13.3.5. Typical size, frequency, and period of transactions made by the Investor.

13.4. Based on the information received from the Investor, the Company must assess whether a specific type of crowdfunding transaction is acceptable to the Investor.

13.5. After the Investor completes the questionnaire and submits it to the Company, the acceptability assessment of the transaction is carried out:

13.5.1. If, after evaluating the acceptability of the specific crowdfunding transaction type for the Investor, it is determined that such a type of crowdfunding transaction is acceptable to the Investor, it is allowed to conclude a crowdfunding transaction of the respective type on the Platform.

13.5.2. If, after evaluating the acceptability of the specific crowdfunding transaction type for the Investor, it is determined that such a type of crowdfunding transaction is not acceptable to the Investor, the Company:

13.5.2.1. informs the Investor in writing about it;

13.5.2.2. additionally provides the Investor with information about the risks associated with the crowdfunding transaction.

13.6. In this case, if the Investor wishes to execute the crowdfunding transaction, they receive confirmation from the Investor that they are familiar with the evaluation results and risks and voluntarily want to conclude the crowdfunding transaction.

13.7. If the Investor refuses to provide the Company with the requested information or provides insufficient information about their knowledge and experience in the specific type of crowdfunding transaction, the Company:

13.7.1. Informs the Investor in writing that the Investor's refusal to provide the required information or incomplete provision of information does not allow the Company to determine whether the specific crowdfunding transaction type is suitable for the Investor;

13.7.2. Provides a description of the risks associated with the crowdfunding transaction;

13.7.3. In this case, if the Investor wishes to execute the crowdfunding transaction, they receive confirmation from the Investor that they are familiar with the evaluation results and risks and voluntarily want to conclude the crowdfunding transaction.

13.8. The Company has the right to rely on the information provided by the Investor, unless it is known or should be known to the Company that such information is obviously outdated, inaccurate, and/or incomplete.

13.9. The Company must store the information, data, and documents collected (evaluated) during the evaluation of the acceptability of the crowdfunding transaction type for the Investor for 10 years from the date of receipt, unless other legal acts regulating the legal protection of personal data and document storage do not establish a longer document storage period.

14. Additional Evaluation of the Project Owner to Utilize Aviete

14.1. In the event that the Project owner seeks to utilize Aviete's funds on the Platform for financing their Project, the Company must additionally assess and determine whether the Project owner meets the following conditions:

14.1.1. Whether the Project owner meets the conditions of a small and medium-sized enterprise, as specified in Article 3 of the Republic of Lithuania Law on the Development of Small and Medium-Sized Enterprises;

14.1.2. Whether the purpose of the loan intended to be financed through the Company's platform is for investments or working capital deficiency financing;

14.1.3. Whether the purpose of the loan intended to be financed through the Company's platform is not the refinancing of financial obligations, financial activities, and/or residential real estate.

14.2. After evaluating the circumstances specified in Clause 14.1 of the Rules, the Company also assesses whether one or more of the following conditions exist:

14.2.1. Whether insolvency proceedings have been initiated (or could be initiated) against the Project owner in accordance with the Republic of Lithuania Law on Insolvency of Legal Entities;

14.2.2. Whether the Project has a credit rating lower than "C."

14.3. In order to utilize Aviete's funds, the Project owner and the Project must meet the conditions specified in Clauses 14.1 and 14.2 of the Rules. If the Project owner does not meet these conditions, the Project owner's Project may be listed on the Platform but cannot utilize Aviete's funds.

15. Integration of Sustainability Risk

15.1. Sustainability risk is understood as an environmental, social, or governance event or situation that, when it occurs, could have a real or potential significant negative impact on the value of investments. Sustainability risk is relevant as a separate risk category and can be relevant as part of other risks (including market, credit, liquidity risks). The Company, in the process of evaluating project owners and loans, follows its approved risk management procedures and, accordingly, assesses all risks, including sustainability risk, and factors that may impact the value of investors' investments and business results. Therefore, specific cases may involve environmental, social, and governance (ESG) criteria, including related sustainability risks, which as an integral part of all other risks and factors, may have a real or potential negative impact on the Company's activities or the value of investors' investments if there is a probability that a certain loan announced on the Platform would be associated with sustainability risk.

15.2. The Company's goal is not sustainable investments, as defined in the 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. Additionally, the Company's activities do not promote environmental or social characteristics or any combinations of these characteristics. For these reasons, sustainability risk is not relevant, in the Company's assessment, when providing crowdfunding services. Investments related to this financial product do not consider EU criteria for environmentally sustainable economic activities according to the 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, amending Regulation (EU) 2019/2088.

15.3. The Company evaluates that the impact of sustainability risk corresponds to the general risks of investment (including market, credit, liquidity risks) and does not have a specific impact on the Company's or its Platform's announced loan results or the extent of risks assumed.

15.4. Principal adverse impact is understood as the impact of investment decisions that results in a negative impact on sustainability factors. Since the Company does not encourage environmental or social characteristics, and the Company's goal is not sustainable investments, the negative impact of investment decisions on sustainability factors, as defined in the 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.

16. Final Provisions

16.1. The CEO of the Company is responsible for the implementation, periodic review, and effectiveness assessment of these Rules in accordance with the procedures established by law. Employees appointed by the decision of the CEO are responsible for the implementation of the rules (their parts) in the Company's activities.

16.2. The rules are public (published on the Platform) and submitted to the Supervision Service of the Bank of Lithuania.

16.3. The rules are reviewed once a calendar year, and if there is a need, they are supplemented or changed only by the decision of the Company's CEO.

16.4. These Rules come into effect on the next business day after their approval by the order and are valid indefinitely.