

---

## RULES FOR RELIABILITY ASSESSMENT OF THE PROJECT OWNERS

### 1. GENERAL PROVISIONS

- 1.1. The Rules for Reliability Assessment of the Project Owners ("**Rules**") of UAB Crowdpear ("**Company**") establishes the requirements for assessing the reliability of project owners, including the criteria for assessing the reputation and creditworthiness of project owners.
- 1.2. The definitions used in the Rules are understood as they are defined in the Law on Crowdfunding of the Republic of Lithuania, unless the Rules provide otherwise.
- 1.3. The Rules are prepared in accordance with the Law on Crowdfunding of the Republic of Lithuania and accompanying implementing legislation.
- 1.4. The Company confirms, implements and maintains the appropriate and effective measures, processes and methods to ensure the continuous compliance with the following Rules. The Company must take the necessary measures to prevent the use of the Company's platform for criminal purposes.

### 2. DEFINITIONS

- 2.1. Unless the context requires otherwise, the capitalized definitions in the present Plan have the following meanings:
  - 2.1.1. **Company** – UAB Crowdpear, code of legal entity 305888586, seat address: Kareiviu g. 11B, Vilnius, Lithuania;
  - 2.1.2. **Platform** – the information system administered by the Company and used for crowdfunding;
  - 2.1.3. **Member** – the member of the Project Owner who directly or indirectly owns a share of voting rights or share capital equal to or greater than 20 percent or who can have a direct and/or indirect decisive influence on the Project Owner;
  - 2.1.4. **Project Owner** or **Client** – the entity who initiates the Project that the Company publishes to the investors through the Company's platform;
  - 2.1.5. **Law** – the Law on Crowdfunding of the Republic of Lithuania;
  - 2.1.6. **Reliability assessment** – the assessment of the reputation and creditworthiness of the Project Owner carried out by the Company;
  - 2.1.7. **Supervisory authority** – the bank of Lithuania;
  - 2.1.8. **Project** – the project prepared and published on the Company's platform for business, professional, scientific, research and other needs, except for consumption, for the implementation of which the Project Owner seeks to attract the crowdfunding funds;
  - 2.1.9. **Rules** – the present document;
  - 2.1.10. **Appraiser** – the employee of the Company appointed by the order of the Manager who performs the reputation and creditworthiness assessments provided for in the following Rules.

### 3. REPUTATION ASSESSMENT CRITERIA AND PROCEDURE

- 3.1. During the reputation assessment, the Company addresses the Project Owner to assess the information about the Project Owner's manager and its Members. If the Project Owner is an individual person (entrepreneur), the information about the Project Owner is collected and assessed.
- 3.2. For the purpose of assessing the reputation of the Project Owner, the requested information is presented in a standardized form by filling the questionnaire provided in the Annex No. 1 of the present Rules. If necessary, the Appraiser can ask the Project Owner for an additional information necessary for reputation assessment.
- 3.3. During the reputation assessment, it is considered appropriate in the absence of evidence to the contrary and there are no reasonable grounds to doubt the person's reputation.

- 3.4. During the reputation assessment, the following circumstances are assessed:
  - 3.4.1. Whether the Project Owner meets the conditions specified in Article 8 (1) of the Law;
  - 3.4.2. whether there is data confirming that the assessed person does not fulfil or has not fulfilled creditor obligations;
  - 3.4.3. 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 person;
  - 3.4.4. whether there are other factors of negative reputation specified in the Annex No. 3 of the Rules.
- 3.5. To assess the reputation of the Project Owner, the Appraiser:
  - 3.5.1. Must collect and assess the information about the manager of the Project Owner and its Members who directly or indirectly own voting rights or the share of the authorized capital equal to or exceeding 20 percent, or who may have a direct and/or indirect decisive influence on the Project Owner. If the Project Owner is an individual person (entrepreneur), the information about the Project Owner is collected and assessed.
  - 3.5.2. After having collected and assessed the data received according to the Clause 3.5.1 of the present Rules, before publishing the project on the Company's platform, in all cases, the Company must have sufficient grounds to believe that all persons listed in Clause 3.5.1 of the Rules meet all the minimum reputation assessment criteria, i. e., that the persons listed in the Clause 3.5.1 of the Rules:
    - 3.5.2.1. Do not meet the conditions of the Article 8(1)(1) of the Law, i. e., it is necessary to ensure that the Project Owner, its managers and/or Members have not been found guilty of a crime or misdemeanour related to money laundering or terrorist financing, a serious, very serious crime or a crime or misdemeanour against the property, property rights and property interests, the economy and business order, financial system or corresponding criminal acts according to the criminal laws of other countries, if their criminal record has not expired or 3 years have not passed since the entry into force of the court judgment by which such person is found guilty of the specified criminal acts;
    - 3.5.2.2. Do not meet the other conditions specified in Annex No. 3 of the Rules, in the presence of which it is automatically considered that the reputation of the Project Owner cannot be assessed as adequate.
- 3.6. For the purposes of performing the reputation assessment of the Project Owners, the Company relies on:
  - 3.6.1. The documents submitted by the Project Owners, their managers and Members;
  - 3.6.2. The written explanations submitted by the project Owners, their managers and Members;
  - 3.6.3. The publicly available and published information about the Project Owners, their managers and Members;
  - 3.6.4. The data submitted through Creditinfo system (hereinafter – Creditinfo) administered by UAB “Creditinfo Lietuva”;
  - 3.6.5. The registers administered by SE “Centre of Registers” (Register of Real Estate, Register of Legal Entities, Register of Acts of Seizure of Property, etc.);
  - 3.6.6. The data provided by the Official Register of the Searched Persons administered by the Department of Informatics and Communications, as well as other reliable databases legally available to the Company.
- 3.7. During the assessment of reputation of the Project Owners when they seek to republish the Project through the Company's platform, the Company must receive a written confirmation from the Project Owner that the essential information about the Project Owner has not changed. In such case, the Company must not repeatedly verify the information provided by the Project Owners, unless the Company has a reason to doubt the reliability of the answers provided.
- 3.8. After having collected enough information from the Project Owner to assess the reputation of the project Owner, its managers and Members, the Appraiser assesses the totality of the collected information and decides whether the reputation of the Project Owner is suitable for the purpose of

publishing its Project on the Company's platform. The reputation assessment process of the Project Owner takes place in two stages:

- 3.8.1. At first, it is verified whether all persons listed in point 3.5.1 of the Rules meet all the **minimum reputation assessment criteria** (as provided in the Clause 3.5.2 of the Rules), i. e., the Company must make sure that the persons listed in the Clause 3.5.1 of the Rules: (i) do not meet the condition specified in the Article 8(1)(1) of the Law; (ii) are not established or resident in a country or territory that is considered a non-cooperative country or territory according to the relevant policy of the European Union, or in a high-risk third country in accordance with Article 9(2) of the Directive (EU) 2015/849; and (iii) do not meet the conditions specified in the Annex No. 3 of the Rules in the presence of which it is automatically considered that the reputation of the Project Owner cannot be assessed as adequate. If the Appraiser determines that the Project Owner, its manager and/or the Member do not meet all the minimum reputation evaluation criteria, the Project of the Project Owner cannot be published on the Company's platform. Only if the Appraiser can reasonably be sure that all the minimum reputation assessment criteria are met, the second stage of reputation assessment can be carried out (as provided in the Clause 3.8.2 of the Rules);
- 3.8.2. Second, once the Appraiser is satisfied that the minimum criteria for reputation assessment are met, the **additional reputation assessment criteria** are considered that may affect the final rating of the Project Owner's reliability assessment, i. e., the final assessment rating of the Project Owner (assigned risk class) may be reduced (i. e., the higher risk class is assigned), if the additional negative factors or reputation assessment indicated in the Annex No. 3 of the Rules exist. The reduction procedure of the final assessment rating of the Project Owner (assigned risk class) is also provided in the Annex No. 3 of the Rules.

#### 4. ASSESSMENT CRITERIA AND PROCEDURE OF THE PROJECT OWNERS' CREDITWORTHINESS

- 4.1. The Appraiser must assess the creditworthiness of the Project Owner before publishing the Project on the Company's platform.
- 4.2. During the creditworthiness assessment of the Project Owner, the Appraiser:
  - 4.2.1. Collects the information about the financial condition of the Project Owner, including the information about its obligations;
  - 4.2.2. Assesses whether the Project Owner's ability to fulfil the financial obligations to the investors within the established terms is real, i. e., whether the income planned to be earned by the Project Owner from the Project will be enough to fulfil the obligations assumed with the crowdfunding transaction;
  - 4.2.3. makes sure that no bankruptcy or restructuring case has been filed against the Project Owner.
- 4.3. If, during the creditworthiness assessment of the Project Owner according to the Clause 4.2 of the Rules, the Appraiser establishes that the Project Owner's risk is high, the Project Owner would be offered to provide the additional security measures.
- 4.4. To assess the creditworthiness of the Project Owner or the guarantors (if any) according to the Clause 4.2 of the present Rules, the Appraiser collects, processes and relies on information received from external databases (details of SE "Centre of Registers", Loan Risk Database administered by the Bank of Lithuania, etc.) directly or by using the services of third parties (including credit bureaus).
- 4.5. To assess the creditworthiness of the Project Owner according to the Clause 4.2 of the present Rules, the Appraiser also assesses the information and confirmations that the Project Owner provides:
  - 4.5.1. by filling in a standardized form prepared by the Company (registration form);
  - 4.5.2. by filling in the Project Owner's application for a financing transaction;
  - 4.5.3. by responding to other inquiries made by the Company to the Project Owner, if any.
- 4.6. The Appraiser asks the Project Owner to complete the questionnaire in a standardized form (registration form) and submit the following details and information:

- 4.6.1. the last approved financial statements of the Project Owner or the guarantor (if any) for the last 2 (two) years of activity consisting of the balance sheet and profit (loss) accounts;
- 4.6.2. additional information (according to the form established by the Company) with explanations regarding:
  - 4.6.2.1. Property (fixed and current);
  - 4.6.2.2. Liabilities (long-term and short-term);
  - 4.6.2.3. Profit (including EBIT and EBITDA);
  - 4.6.2.4. Cash and cash equivalent;
  - 4.6.2.5. Change in sales revenue;
  - 4.6.2.6. Income;
  - 4.6.2.7. Depreciation and amortization;
  - 4.6.2.8. Equity capital;
- 4.6.3. In respect of the property to be mortgaged of the Project Owner and the guarantor (if any) – the property valuation by property appraisers and inspection report on property value with photos (or the valuation equivalent);
- 4.6.4. A short business plan or a short loan use and repayment plan according to the form provided or the information provided by the Project Owner;
- 4.6.5. If necessary, the statement of the main current account of the Project Owner for at least 6 months, except the cases when the Project Owner has been operating for less than 6 months. If the Project Owner has been operating for less than 6 months, it is requested to submit a statement of the Project Owner's main current account for the entire period of its activity. If the guarantor is a natural person, his/her consent to check his/her personal data in external databases and a statement of his/her main bank account for a period of at least 6 months are provided, except in cases where the activity is carried out for less than 6 months;
- 4.6.6. Contact details (name, surname, place of residence, email address, phone number (if any), mobile phone number, position) of the Project Owner's manager, guarantor's manager where the guarantor is a legal entity or the guarantor's details (if the guarantor is an individual person);
- 4.6.7. Contact details (name, surname, place of residence, email address, phone number (if any), mobile phone number, position) and personal and/or company code of each Member of the Project Owner (the contact details, the personal code and the part of owned shares are provided);
- 4.7. To assess the information about the financial condition of the Project Owner and the guarantor (if any) and the ability to fulfil the financial obligations of the Project Owner and guarantor (if any), based on the collected data, the Appraiser assesses:
  - 4.7.1. The financial situation of the Project Owner and the guarantor (amount of income, sources of income, their diversity, sustainability, profitability, possible change in the future, etc.);
  - 4.7.2. The history and information on current and past financial defaults of the Project Owner and the guarantor;
  - 4.7.3. The current and planned obligations of the Project Owner and the guarantor, if the Company knows or should know about them;
  - 4.7.4. The impact of circumstances specified by the Project Owner or known to the Company on the Project Owner's economic and financial situation and the Project Owner's ability to properly fulfil the financial obligations throughout the contract period.
- 4.8. If the data provided by the Project Owner differs from the data obtained by the Company from the databases, the data based on which the Project Owner's creditworthiness assessment will be more conservative will be used for the assessment of the Project Owner's creditworthiness.
- 4.9. The Company assesses each Project Owner, guarantor and security measures (if any) individually – the creditworthiness assessment will be carried out in an expert manner.

- 4.10. During the creditworthiness assessment, the Company seeks to assess the probability of the investor's losses. The Company classifies the credit risk of the Project Owners as low (1), medium (2), higher (3), high (4), and too high (5). The Project Owners are classified according to credit risk by evaluating the criteria listed below (according to the formula provided in the Annex No. 3 of the Rules):
- 4.10.1. Debt-service coverage ratio (DSCR);
  - 4.10.2. Earnings before interest, taxes, depreciation and amortization (EBITDA);
  - 4.10.3. Rate of change in sales revenue;
  - 4.10.4. Rate of operational profitability;
  - 4.10.5. Rate of equity ratio;
  - 4.10.6. Rate of current liquidity ratio;
  - 4.10.7. Rate of evaluation of the branch of economy;
  - 4.10.8. Rate of business plan evaluation;
  - 4.10.9. Rate of fulfilment of previous obligations.
- 4.11. The corresponding level of importance, the expected coefficient and the derived assessment formula are determined for each rate.
- 4.12. The value calculated according to this creditworthiness assessment formula describes the probability of loss of the investor that is presented as the opinion of the Platform Operator. The assessment scale is provided below:
- 4.12.1. **5 class (E)** (Very poor condition, unsatisfactory) – creditworthiness risk is too high
  - 4.12.2. **4 class (D)** (Poor condition) – creditworthiness risk is high
  - 4.12.3. **3 class (C)** (Medium condition) – creditworthiness risk is higher
  - 4.12.4. **2 class (B)** (Good condition) – creditworthiness risk is medium
  - 4.12.5. **1 class (A)** (Very good condition) – creditworthiness risk is low
- 4.13. If there are guarantors, their creditworthiness is evaluated in the same way as that of the Project Owners. After having assessed the creditworthiness of the persons guaranteeing the obligations of the Project Owner, the final credit risk of the Project Owner would be calculated by deriving the average of the risk class (score) assigned to the Project Owner and the sum of the risk class (score) assigned to the person guaranteeing the obligations of the Project Owner (for instance, if the Project Owner's score is 4 during the creditworthiness assessment (4 class (D)) and guarantor's score is 2 (2 class (B)), the final creditworthiness risk of the Project Owner would be assessed as 3 class (C)), except for cases where the Project Owner would be assigned too high credit risk (5 class (E)). In this case, the Company would not publish the Project Owner's Project.
- 4.14. If the Project Owner is the newly established company (for instance, for the development of a specific project or performing activities for less than 1 financial year), the Company always requires that the obligations of the relevant Project owner be guaranteed in full. In this case, the credit score of both the Project Owner and the guarantor for its obligations is calculated in accordance with the procedure set forth in the following Rules. After having calculated the credit scores of these entities, they are added together and the final credit score of the Project owner is calculated as the average of the received amount, i. e.:
- $$\text{GPSKB} = \frac{\text{PSKB} + \text{LAKB}}{2}, \text{ where}$$
- GPSKB – final credit score of the Project Owner;
- PSKB – credit score of the Project Owner calculated according to the procedure specified herein;
- LAKB – credit score of the entity who guarantees the obligations assumed by the Project Owner calculated according to the procedure specified herein.
- 4.15. During the assessment of the value of the real estate proposed to be mortgaged, the Company relies on relevant conclusions of independent property appraisers and/or other reliable external sources (for instance, the details of the Register of Real Estate). In all cases, the Appraiser additionally collects the publicly available information about the real estate proposed to be mortgaged (its location, condition, purpose, etc.) and critically assesses the content of the provided

data about the value of this real estate. If there are any doubts regarding the data provided about the real estate value, the Appraiser must rely on the most conservative data.

- 4.16. In addition, the company indicates the value of the mortgaged real estate to the investors and assesses the reduced probability of the investor's losses. By assessing the assigned credit risk class, the Platform also uses LTV (*loan to value*) rate, depending on the value of which the final credit rating may be changed:
  - 4.16.1. if the ratio of the mortgaged property to the total loan amount is up to 25% (LTV <25%), it is considered that the collateral ratio is reliable and the result of the creditworthiness assessment towards the Project Owner can be improved up to 0.4 of the final creditworthiness score;
  - 4.16.2. if the ratio of the mortgaged property to the total loan amount is from 26% to 50% (LTV 26-50%), it is considered that the collateral ratio is good and the result of the creditworthiness assessment towards the Project Owner can be improved up to 0.2 of the final creditworthiness score;
  - 4.16.3. if the ratio of the mortgaged property to the total loan amount exceeds 51% (LTV >51%), the collateral ratio is considered to be appropriate, but it does not affect the final credit score of the Project Owner's creditworthiness assessment.
- 4.17. In any case, LTV rate can affect the final credit score only, if the credit risk of the Project Owner is not determined to be too high (5 class (E)) according to the criteria set out in Clauses 4.10.1-4.10.9. If too high credit risk is determined (5 class (E)) according to the financial details of the Project Owner (by assessing according to the criteria in Clauses 4.10.1-4.10.9), the LTV rate has no effect on the final credit risk of the Project Owner, the credit risk of the Project Owner is considered too high and in this case its Project is refused to be published on the Platform.
- 4.18. The Company enters into contract with UAB "Creditinfo Lietuva" and thus gain access to the Creditinfo credit bureau system. By using this system, the Platform Operator verifies the data on the Project Owner's existing and overdue debts that are not yet reflected in the financial reporting documents submitted by the Project Owner. If an additional information about the debts is found, the Operator recalculates the rates specified in Clause 4.10 by using such data and conducts a re-assessment of creditworthiness.
- 4.19. The company also enters into contract with Creditinfo on the exchange of debtors' data and uploads data on the loan received by the Project Owner to the Creditinfo system, thus ensuring the greater investor security.
- 4.20. The final credit class of the project Owner (assigned risk class) can also be adjusted by taking into account the additional reputation assessment criteria of the Project Owner, its managers and/or Members specified in the Annex No. 3 of the Rules. The reduction procedure of the final assessment rating of the Project Owner (assigned risk class) is also provided in the Annex No. 3 of the Rules.

## **5. VERIFICATION OF THE RELIABILITY ASSESSMENT PROCESS OF THE PROJECT OWNER**

- 5.1. The Company implements the following measure to ensure that the reliability of the Project Owner would be properly assessed and human error would be eliminated as much as possible (for instance, by calculating a credit score):
  - 5.1.1. A standardized automatic credit score calculation form is used. The Appraiser calculates the creditworthiness score of the Project Owner by using the standardized Excel form approved by the Company (the financial indicators are added by hand and the credit score is calculated automatically);
  - 5.1.2. The four eyes principle is implemented. After the calculation of the credit score of the Project Owner and the final assessment of the reliability of the Project Owner by the Appraiser, the performed and recorded calculations with the supporting sources (documents) are submitted to another employee of the Company appointed by the Manager. The latter carries out a verification of the calculations and evaluation submitted to him/her (it is ensured that the credit score has been calculated correctly based on the available data). If inaccuracies are noticed during the verification, the employee of the Company performing the verification will hand them over to the original Appraiser for correction (the repeated verification procedure is carried out after the correction).
  - 5.1.3. Assessment process approval. After the final inspection of the reliability assessment process, both the Assessor and the employee of the Company who performed the

verification sign the final form for assessing the reputation and creditworthiness of the Project Owner with the specified calculation. In this case, it is considered that the Company has performed the procedure for assessing the reliability of the Project Owner properly.

## **6. REFUSAL TO PUBLISH THE PROJECT**

- 6.1. The Company refuses to publish the Project in the Company's platform, if:
  - 6.1.1. The Project Owner does not meet the minimum reputation assessment criteria for Project Owners approved by the Company, or the credit risk class is determined to be too high (class 5) for the Project Owner in accordance with the Company's approved Project Owner creditworthiness assessment criteria;
  - 6.1.2. The Company lacks information to perform the assessments described in the Rules;
  - 6.1.3. If the information available to the Company gives reason to believe that the publication of the Project on the Company's platform would threaten the interests of the investors.

## **7. FINAL PROVISIONS**

- 7.1. The present Rules come into force from the date of their approval and may be canceled or amended only by the order of the Manager of the Company.
- 7.2. The Appraiser is responsible for the implementation of the present Rules. If the Appraiser cannot implement the Rules, the Manager of the Company is responsible for the implementation of the Rules.
- 7.3. The Manager of the Company or his/her authorised person is liable for the compliance of the present Rules.