

RULES ON THE ENTRY KNOWLEDGE TEST FOR INVESTORS AND THE SIMULATION OF THE ABILITY TO BEAR LOSS

1. GENERAL PROVISIONS

- 1.1. These Rules on the Entry Knowledge Test for Investors and the Simulation of the Ability to Bear Loss of UAB Finance EU (the "Company") (the "Rules") establish the procedure for conducting the entry knowledge test for investors and simulating their ability to bear loss.
- 1.2. The Company provides intermediation services in relation to lending transactions.
- 1.3. The Rules have been prepared in accordance with Regulation (EU) 2020/1503 of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 (the "Regulation"), as well as other applicable legislation.

2. DEFINITIONS

- 2.1. The terms used in these Rules shall have the meanings assigned to them in the Regulation and other legislation applicable to the Company's activities and/or the Company's internal documents, unless a term is defined differently in this section of the Rules.
- 2.2. Unless the context requires otherwise, the principal capitalised terms used in these Rules shall have the following meanings:
 - 2.2.1. **Company** – UAB Finance EU, legal entity code 306726092, registered office at Debesijos g. 8-38, Vilnius, Lithuania;
 - 2.2.2. **Directive** – Directive 2014/65/EU;
 - 2.2.3. **Director** – the head of the Company;
 - 2.2.4. **Investor** – a natural or legal person who has submitted an investment offer through the Platform and has duly registered on the Platform;
 - 2.2.5. **Non-sophisticated Investor** – an Investor who is not a Sophisticated Investor;
 - 2.2.6. **Sophisticated Investor** – an Investor who meets the criteria set out in Clause 3.1 of the Rules and has received confirmation from the Company that the Investor will be treated as a Sophisticated Investor in accordance with the procedure set out in Section 3 of the Rules;
 - 2.2.7. **Platform** – the publicly accessible online information system (www.florrid.com) administered and operated by the Company;
 - 2.2.8. **Project** – one or more business activities of a small or medium-sized enterprise (SME) for which the Project Owner seeks financing by submitting a crowdfunding offer;
 - 2.2.9. **Project Owner** – a legal person or a natural person (entrepreneur) seeking financing through the Platform;
 - 2.2.10. **Regulation** – Regulation (EU) 2020/1503 of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937;
 - 2.2.11. **Large Transaction** – a single transaction with a value equal to or exceeding EUR 10,000;
 - 2.2.12. **Rules** – this document.
- 2.3. Other terms used in these Rules shall have the meanings assigned to them in the Regulation. Unless the context requires otherwise, words used in the singular in the Rules shall include the plural, and vice versa.

3. SOPHISTICATED INVESTORS

- 3.1. The following persons shall be regarded as Sophisticated Investors in respect of all crowdfunding services provided by the Company:
 - 3.1.1. legal persons meeting at least one of the following criteria:
 - 3.1.1.1. own funds of at least EUR 100,000;
 - 3.1.1.2. net turnover of at least EUR 2,000,000;
 - 3.1.1.3. balance sheet total of at least EUR 1,000,000;
 - 3.1.1.4. an entity operating in the financial markets that has obtained the relevant authorisations (licences) from supervisory authorities and is subject to supervision by supervisory authorities. Such entities include: (i) credit institutions; (ii) investment firms; (iii) other authorised or regulated financial institutions; (iv) insurance companies; (v) collective investment schemes and the management companies of such schemes; (vi) pension funds and the management companies of such funds; (vii) commodity and commodity derivatives dealers; (viii) locals; and (ix) other institutional investors;
 - 3.1.1.5. national and regional governments, including public bodies that manage public debt at national or regional level, central banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank and other similar international organisations;
 - 3.1.1.6. another institutional investor whose main activity is investment in financial instruments, including entities engaged in the securitisation of assets or other financing transactions.
 - 3.1.2. natural persons meeting at least two of the following criteria:
 - 3.1.2.1. personal gross income of at least EUR 60,000 per fiscal year or a financial instrument portfolio, defined as including cash deposits and financial assets, exceeding EUR 100,000;
 - 3.1.2.2. the Investor works or has worked in the financial sector for at least one year in a professional position requiring knowledge of the transactions or services envisaged, or the Investor has held an executive position for at least 12 months in a legal person meeting the criteria set out in Clause 3.1.1;
 - 3.1.2.3. during the previous four quarters, the Investor has carried out transactions of a significant size on capital markets or through crowdfunding service providers at an average frequency of 10 per quarter.
- 3.2. The Company may treat an Investor as a Sophisticated Investor only if the Investor meets the criteria set out in Clause 3.1 and submits to the Company a request, in the form set out in Annex 1 to these Rules, to be treated as a Sophisticated Investor, together with relevant evidence confirming compliance with the applicable criteria.
- 3.3. The Company shall approve the Investor's request to be treated as a Sophisticated Investor unless it has reasonable doubts as to the accuracy of the information provided in the request. Once the Investor's status has been confirmed, the Company shall clearly inform the relevant Investor thereof.
- 3.4. The confirmation referred to in Clause 3.3 of the Rules shall remain valid for two years. Investors wishing to retain Sophisticated Investor status after the expiry of that period shall submit a new request to the Company using the form set out in Annex 1 to the Rules.
- 3.5. Sophisticated Investors shall be responsible for informing the Company of any changes that may affect their categorisation.

- 3.6. If the Company becomes aware that an Investor no longer meets the initial conditions under which the Investor was recognised as a Sophisticated Investor, the Company shall inform the Investor that the Investor will be treated as a Non-sophisticated Investor.
- 3.7. By way of derogation from the procedure set out in this Section, the entities referred to in points 1–4 of Section I of Annex II to the Directive shall be regarded as Sophisticated Investors if they provide the Company with evidence of their Sophisticated Investor status.

4. ENTRY KNOWLEDGE TEST AND SIMULATION OF THE ABILITY TO BEAR LOSS

- 4.1. In all cases, before giving a prospective Non-sophisticated Investor full access to invest in crowdfunding projects on the Platform, the Company shall assess whether, and which, crowdfunding services offered are appropriate for the prospective Non-sophisticated Investor.
- 4.2. For the purposes of the assessment referred to in Clause 4.1, the Company shall request information regarding the prospective Non-sophisticated Investor's experience, investment objectives, financial situation and basic understanding of the risks involved in investing generally and in the types of investments offered on the Platform. The information required for the assessment is detailed in Section 5 of the Rules and the assessment procedure is set out in Section 6.
- 4.3. For each Non-sophisticated Investor, the Company shall review the assessment referred to in Clause 4.1 every two years after the initial assessment.
- 4.4. For the purposes of the assessment referred to in Clause 4.1, the Company shall also require prospective Non-sophisticated Investors to simulate their ability to bear loss, calculated as 10% of the Investor's net worth. The simulation shall be performed in accordance with the procedure set out in Section 8 of the Rules.
- 4.5. For each Non-sophisticated Investor, the Company shall review the simulation referred to in Clause 4.4 annually after the initial simulation.
- 4.6. Each time before a prospective Non-sophisticated Investor or a Non-sophisticated Investor accepts an individual crowdfunding offer and invests an amount exceeding EUR 1,000 or 5% of that Investor's net worth calculated in accordance with Section 8, whichever is higher, the Company shall ensure that the Investor:
 - 4.6.1. receives a risk warning;
 - 4.6.2. provides explicit consent to the Company; and
 - 4.6.3. demonstrates to the Company that the prospective Non-sophisticated Investor understands the investment and its risks. The completed entry knowledge test and the simulation of the ability to bear loss may be used as evidence that the prospective Non-sophisticated Investor or Non-sophisticated Investor understands the investment and its risks.

5. INFORMATION REQUIRED FOR THE ENTRY KNOWLEDGE TEST AND ITS COLLECTION

- 5.1. In assessing whether, and which, crowdfunding services offered are appropriate for a prospective Non-sophisticated Investor, the Company shall consider whether:
 - 5.1.1. the prospective Non-sophisticated Investor has the necessary experience and knowledge to understand the risks involved in investing generally;
 - 5.1.2. the prospective Non-sophisticated Investor has the necessary experience and knowledge to understand the risks involved in the types of investments offered on the Platform.
- 5.2. For the purposes of Clause 5.1.2 of the Rules, the Company shall assess the prospective Non-sophisticated Investor's understanding of crowdfunding services and the risks associated with them.

- 5.3. To obtain the information required for the assessment, the Company shall provide the prospective Non-sophisticated Investor with the Company's entry knowledge test questionnaire (Annex 2 to these Rules), in which each question is assigned a corresponding score.
- 5.4. The Investor shall complete the questionnaire set out in Annex 2 to the Rules electronically and directly on the Company's Platform.
- 5.5. Where the Investor is a legal person, the questionnaire set out in Annex 2 to the Rules shall be completed by a person representing that Investor, such as its manager.
- 5.6. The Company shall take reasonable steps to ensure that the information collected from prospective Non-sophisticated Investors through the questionnaire set out in Annex 2 to these Rules is reliable and accurately reflects their knowledge, skills, experience and financial situation, investments, objectives and understanding of the relevant risks.
- 5.7. For the purposes of Clause 5.6 of the Rules, the Company shall take at least the following steps:
 - 5.7.1. ensure that the questions used in the questionnaire are comprehensible to prospective Non-sophisticated Investors and sufficiently detailed to collect information that properly and accurately reflects their circumstances;
 - 5.7.2. ensure that the means used to collect information are fit for purpose and designed for use by prospective Non-sophisticated Investors;
 - 5.7.3. draw prospective Non-sophisticated Investors' attention to the importance of providing accurate and up-to-date information.

6. RULES FOR THE ENTRY KNOWLEDGE TEST

- 6.1. Each question in the questionnaire set out in Annex 2 to the Rules has a number of possible answers. Each selected answer carries a certain number of points, as indicated next to the relevant answer in Annex 2 to the Rules.
- 6.2. Upon receiving the prospective Non-sophisticated Investor's answers to the questionnaire set out in Annex 2 to the Rules, the Company's information systems shall automatically calculate the Investor's total score.
- 6.3. If a prospective Non-sophisticated Investor scores at least 16 points, the crowdfunding transaction shall be deemed appropriate for that Investor. If the prospective Non-sophisticated Investor scores fewer than 16 points or selects at least one answer indicating that crowdfunding transactions are inappropriate (such answers are marked in red next to the relevant answer in Annex 2 to the Rules), the crowdfunding transaction shall be deemed inappropriate for the prospective Non-sophisticated Investor.
- 6.4. When assessing the financial situation of prospective Non-sophisticated Investors, the Company shall take into account the results of the simulation detailed in Section 8.

7. WARNING TO A NON-SOPHISTICATED INVESTOR

- 7.1. If a prospective Non-sophisticated Investor does not provide the information required under Annex 2, or if the Company determines from the information received under Annex 2 that the prospective Non-sophisticated Investor has scored fewer than 32 points or selected at least one answer indicating that crowdfunding transactions are inappropriate, the Company shall provide that prospective Non-sophisticated Investor with a warning stating that:
 - 7.1.1. the services offered on the Platform may be inappropriate for the prospective Non-sophisticated Investor;
 - 7.1.2. investing in a crowdfunding project entails risks, including the risk of partial or total loss of the money invested;
 - 7.1.3. the prospective investments are not covered by the deposit guarantee schemes established in Directive 2014/49/EU of the European Parliament and of the Council;

- 7.1.4. the prospective investments are also not covered by the investor compensation schemes established in accordance with Directive 97/9/EC of the European Parliament and of the Council;
- 7.1.5. the following wording shall also be included in the risk warning to the Investor: "Investment in this crowdfunding project entails the risk of losing the entirety of the money invested."
- 7.2. The warning referred to in Clause 7.1 shall be presented to Non-sophisticated Investors in an easily readable and prominent manner on the Company's website.
- 7.3. The window displaying the warning referred to in Clause 7.1 must remain visible on the Non-sophisticated Investor's screen until the Investor expressly acknowledges that the warning issued by the Company has been received and understood.

8. RULES FOR SIMULATING THE ABILITY TO BEAR LOSS

- 8.1. The Company shall make available on its website a tool enabling prospective Non-sophisticated Investors to simulate their ability to bear loss ([link to tool]). The tool shall in all cases be easy to use and shall not require prospective Non-sophisticated Investors to perform any tasks other than providing the information specified in Clauses 8.5–8.8.
- 8.2. The ability-to-bear-loss simulation tool shall operate in such a way that the Company cannot access the information entered into the tool by a prospective Non-sophisticated Investor. The Company shall also be unable to enter additional information or otherwise affect the results of the tool. However, the tool may include a function enabling a prospective Non-sophisticated Investor to transmit the simulation result to the Company.
- 8.3. In addition to the tool made available on the Company's website, the Company may allow the ability to bear loss to be simulated using another method disclosed to prospective Non-sophisticated Investors.
- 8.4. For the purposes of the ability-to-bear-loss simulation, the net worth of prospective Non-sophisticated Investors shall be calculated as follows:

Investor's net worth =

(net annual income) + (total liquid assets) – (annual financial commitments)

- 8.5. Net annual income means the total annual income received by a Non-sophisticated Investor after deducting associated costs, social contributions and taxes. Net annual income consists of:
 - 8.5.1. employment income, comprising wages, unemployment benefits and pension payments received by the Non-sophisticated Investor, excluding exceptional payments;
 - 8.5.2. interest on bank deposits or other debt instruments, comprising payments on bank deposits or other debt instruments received by the Non-sophisticated Investor during the preceding calendar year, excluding payments of an exceptional nature;
 - 8.5.3. dividend payments, comprising payments received by the Non-sophisticated Investor by virtue of holding shares or units in a collective investment scheme or other equity instruments, excluding any capital gain realised by selling all or part of such holdings;
 - 8.5.4. income from immovable property, comprising any payments received in relation to the letting of immovable property, excluding any capital gain realised by selling all or part of such immovable property.
- 8.6. Total liquid assets means the sum of all cash held by a Non-sophisticated Investor in savings and current accounts and the value of assets that can be easily and swiftly converted into cash, including but not limited to:

- 8.6.1. savings products that can be converted into cash within no more than 30 calendar days;
- 8.6.2. financial instruments traded on a regulated market as defined in Article 4(1)(21) of the Directive;
- 8.6.3. shares and units in collective investment schemes offering redemption rights at least weekly.
- 8.7. Liquid assets shall not include:
 - 8.7.1. immovable property;
 - 8.7.2. amounts paid into an occupational pension scheme;
 - 8.7.3. company shares that are not freely redeemable or transferable, including previous crowdfunding investments.
- 8.8. Annual financial commitments means all expenses for which a Non-sophisticated Investor has undertaken a commitment in a given calendar year, including but not limited to:
 - 8.8.1. alimony and child maintenance payments;
 - 8.8.2. rent and mortgage payments;
 - 8.8.3. loan repayments;
 - 8.8.4. insurance premium payments;
 - 8.8.5. utility payments, including electricity, heating and water expenses;
 - 8.8.6. service subscription payments;
 - 8.8.7. income and property taxes.
- 8.9. The liquid assets referred to in Clause 8.6 and the annual financial commitments referred to in Clause 8.8 shall be valued as at 31 December of the calendar year preceding the year in which the simulation is performed, unless a valuation as at that date would not accurately reflect the current circumstances of the prospective Non-sophisticated Investor. In that case, the valuation shall be made as at a later date. The later date may be any date between 31 December of the calendar year preceding the year in which the simulation is performed and the date of the simulation. In all cases, liquid assets and annual financial commitments shall be valued as at the same date. When determining that date, prospective Non-sophisticated Investors must consider whether the selected date will allow all three values referred to in Clause 8.4 to be accurately assessed.
- 8.10. The net annual income referred to in Clause 8.5 shall be the income for the calendar year preceding the year in which the simulation is performed. However, where liquid assets and annual financial commitments are valued as at a later date in accordance with Clause 8.9, net annual income shall be the income received during the twelve months preceding that later date.
- 8.11. In all cases, the Company shall request prospective Non-sophisticated Investors to provide the Company with the results of their ability-to-bear-loss simulation.

9. FINAL PROVISIONS

- 9.1. The Director shall be responsible for the proper implementation of and compliance with the Rules.
- 9.2. The Policy shall be reviewed when necessary and in light of best practices, but in any event at least annually. The employee responsible for compliance in the Company's activities shall be responsible for reviewing the Policy and proposing improvements to it where necessary, while the Director shall be responsible for final approval of a new version of the Policy.

- 9.3. The Director or a person appointed by the Director shall ensure that the Company's employees are informed in a timely manner of any amendments and/or supplements to this Policy.
- 9.4. Amendments and/or supplements to these Rules shall enter into force on the day following their adoption unless another effective date is specified.
- 9.5. All employees of the Company shall acknowledge these Rules and any amendments thereto by signature and shall comply with them.

to the Rules on the Entry Knowledge Test for Investors and the Simulation of the Ability to Bear Loss

(confidential and not publicly disclosed)

REQUEST FORM FOR CLASSIFICATION AS A SOPHISTICATED INVESTOR

Date and place of submission of the request:	
Investor's full name / company name:	
Investor's registration code and LEI code, if applicable:	
Investor's residential address or registered office address:	
Investor's contact details: Address: Telephone number: Email address:	

I request to be treated as a Sophisticated Investor on the following basis or bases (mark the criteria met by the Investor and provide relevant evidence demonstrating compliance with those criteria):

1.	Legal persons meeting at least one of the following criteria:	
1.1.	own funds of at least EUR 100,000;	☐
1.2.	net turnover of at least EUR 2,000,000;	☐
1.3.	balance sheet total of at least EUR 1,000,000;	☐
1.4.	an entity operating in the financial markets that has obtained the relevant authorisations (licences) from supervisory authorities and is subject to supervision. Such entities include: (i) credit institutions; (ii) investment firms; (iii) other authorised or regulated financial institutions; (iv) insurance companies; (v) collective investment schemes and their management companies; (vi) pension funds and their management companies; (vii) commodity and commodity derivatives dealers; (viii) locals; and (ix) other institutional investors;	☐
1.5.	national and regional governments, including public bodies managing public debt at national or regional level, central banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank and other similar international organisations;	☐

1.6.	another institutional investor whose main activity is investment in financial instruments, including entities engaged in asset securitisation or other financing transactions.	☐
2.	Natural persons meeting at least two of the following criteria:	
2.1.	personal gross income of at least EUR 60,000 per fiscal year or a financial instrument portfolio, including cash deposits and financial assets, exceeding EUR 100,000;	☐
2.2.	the Investor works or has worked in the financial sector for at least one year in a professional position requiring knowledge of the transactions or services envisaged, or has held an executive position for at least 12 months in a legal person meeting the criterion in point 1;	☐ ☐
2.3.	during the previous four quarters, the Investor has carried out an average of 10 transactions of a significant size per quarter on capital markets.	☐

By signing this request, I declare and confirm that:

1. I understand the consequences of losing the investor protection afforded to Non-sophisticated Investors;
2. I accept responsibility for the accuracy of the information provided in this request.

Documents attached:

1. [...]

2. [...]

Full name and signature

to the Rules on the Entry Knowledge Test for Investors and the Simulation of the Ability to Bear Loss

(confidential and not publicly disclosed)

ENTRY KNOWLEDGE TEST FORM FOR INVESTORS

Investor's full name: Full name	
1.	_____
2.	Current or former profession(s): finance; (4) economics; (3) business and management; (3) law; (3) other – please specify (0)
3.	What is your level of education? post-secondary education; [1] higher education; [2] other – please specify [0]
4.	Your age: Age
5.	How much professional or self-employment experience do you have? up to 5 years; (1) from 5 to 10 years; (2) more than 10 years; (3) I have no experience (-3)
6.	Have you invested in business lending transactions, including transactions secured by various forms of security such as surety, guarantee or pledge? yes; (2) no. (0)
7.	Which financing instruments are you familiar with? You may select more than one option. loans of any form to other persons, including loan agreements and promissory notes; (1) peer-to-peer lending platforms; (1) bonds; (1) refinancing; (1) I am not familiar with any of the financing instruments listed above. (-1)
8.	If you are familiar with at least one financing instrument listed above, indicate how many times in total you have used it or them: 1–2 times; (1) 3–5 times; (2) more than 6 times; (3) I have not used any of the financing instruments listed above. (-1)
9.	If you have used at least one financing instrument listed above, indicate the average amount of financing you provided:

	up to EUR 1,000; (1) more than EUR 1,000. (2)
10.	If you have used at least one financing instrument listed above, indicate how long it has been since your most recent financing transaction: less than 1 year; (2) 1–3 years; (1) more than 3 years. (0)
11.	Are you familiar with investment opportunities offered by crowdfunding service providers? 11.1. yes; (3) 11.2. no. (-3)
12.	How long have you been investing in crowdfunding projects? I have not invested previously; (-1) less than 6 months; (0) from 6 months to 2 years; (1) more than 2 years; (2)
13.	What percentage of your available funds do you plan to invest? More than half of my available funds; (0) 31–50%; (1) 16–30%; (2) 1–15%. (3)
14.	What is your investment objective? I seek to protect my savings from depreciation; (0) I seek to earn an investment return and use the proceeds for purchases; (0) After receiving an investment return, I intend to reinvest the proceeds; (0) Other. (0)
15.	Will your investment return depend on the amount you invest? yes; (1) no. (0)
16.	For what period do you intend to make each investment, i.e. what loan maturities do you seek to finance? loans with a maturity of up to 2 years; (-1) loans with a maturity of 2–4 years; (1) loans with a maturity of more than 4 years. (2)
17.	If a project published on the Platform is cancelled, could you face a risk of losing the funds invested? yes; (0) no. (2)
18.	Have you read the description of crowdfunding risks available on the Platform's website? yes; (1) no. (X)
19.	Can the stage of the economic cycle, whether expansion or downturn, significantly affect the ability of small and medium-sized enterprises to meet their obligations to creditors?

	yes; (1) no. (X)
20.	What risks arise when investing in projects published on a crowdfunding platform? there are no risks, as the Company assumes all risks; (X) I may lose all funds lent; (0) I may not receive an investment return; (0) total loss of funds is possible even for projects assigned the highest credit rating; (0) all risks referred to in points 20.2–20.4. (1)
21.	Is the crowdfunding platform operator responsible if a Project Owner fails to perform its obligations? yes; (X) no – the Investor assumes the risk that Project Owners may fail to perform their obligations properly. (1)
22.	Before publishing a crowdfunding project on the Platform, are the Company and other crowdfunding service providers required to perform a comprehensive assessment of the Project Owner's reliability? yes – crowdfunding service providers must assess both the reputation and creditworthiness of Project Owners; (1) no – only Investors independently assess whether a Project Owner is reliable. (X)
23.	When financing the project of an SME, must a crowdfunding service provider obtain an additional authorisation from the institutions of the European Union? yes; (X) no. (1)
24.	Does the auto-invest function guarantee the Investor a return of at least 2% on the investment? yes; (X) no. (1)
25.	Does financing a Project always confer a right to acquire shares in the Project Owner? yes; (X) no. (1)
26.	Are sustainability factors important to you when investing in Projects? yes; (1) no. (0)
27.	Which sustainability factors are important to you when investing in Projects? environmental and other similar social matters; (1) respect for working conditions and other similar social matters; (1) respect for human rights, anti-corruption and anti-bribery matters and other similar matters; (1) none of the above. (1)

Where an Investor successfully completes the entry knowledge test, scores 16 or more points and does not select any answer that automatically indicates that the Investor lacks sufficient knowledge and experience (X), the Investor's knowledge and experience shall be deemed sufficient to finance Projects published on the Company's Platform.

If an Investor scores fewer than 16 points or selects at least one answer that automatically indicates that the Investor lacks sufficient knowledge and experience (X), the Investor shall be warned that, in the Company's assessment, the Investor's knowledge and experience are insufficient to invest in projects published through the Company's Platform. The Investor shall also be provided with a description of the risks associated with financing transactions, including the possibility of losing all funds invested, in accordance with Article 13(1)(2) of the Law.