

NOTICE ON INVESTMENT RISKS

Investment in crowdfunding projects published by UAB "Finance EU" (the "**Company**"), administered via the crowdfunding platform Florrid (the "**Platform**"), involves risk and the assumption thereof.

Your investments are not covered by the deposit guarantee schemes established by Directive 2014/49/EU of the European Parliament and of the Council, nor by the investor compensation schemes established by Directive 97/9/EC of the European Parliament and of the Council. In the Republic of Lithuania, these schemes are implemented by the Law on Insurance of Deposits and Liabilities to Investors of the Republic of Lithuania, the protection of which likewise does not extend to crowdfunding services.

The Company does not guarantee either the return of invested funds or the planned return. The Company applies risk management and mitigation measures, including **the project selection criteria set out in the project owner reliability assessment rules published on the Platform** and additional means of securing the performance of obligations, however investment risk remains, and Funders may therefore lose part or all of their invested funds and (or) fail to receive the planned return.

This notice describes the main investment risks associated with investing on the Platform. Each crowdfunding offer has risks specific to it, which are disclosed in the key investment information sheet for the particular offer (the "**KIIS**") and in the project description. We recommend that you review them before making each investment decision.

This notice does not constitute investment advice, a recommendation or an offer to invest, and does not replace individual financial, legal or tax advice.

The Company identifies the following main risks associated with investing on the Platform:

1. **Default (credit) risk of the Project Owner.** Before publishing a project, the Company assesses the reliability and creditworthiness of the project owner and of the persons providing security measures; however, this does not guarantee the proper performance of obligations. Due to increased project costs, poorly planned cash flows, delays in project implementation, a decrease in the project owner's income or other circumstances, the project owner may delay performance or fail entirely to perform its obligations, and the Funder may therefore fail to receive part or all of the interest and (or) the loan amount.
2. **Risk related to security measures.** Projects published on the Platform may be secured by a mortgage on real estate and (or) other security measures (suretyship, promissory note, etc.). The security measures applicable to a particular project are indicated in the project application and the KIIS. The value of a security measure may decrease during the implementation of the project or the recovery process (due to changes in the real estate market, the economic or tax environment, or damage to or destruction of the asset), and insurance proceeds, if the asset is insured, may not be paid out or may be insufficient. A decrease in the value of a security measure may mean that the amount recovered will not be sufficient to cover all of the project owner's obligations. The value of the asset is determined at the time of valuation and may differ from the price at which the asset can actually be sold.
3. **Recovery risk.** If the project owner fails to perform its obligations, recovery from the pledged asset may take time, involve additional costs (notary, bailiff, court, asset valuation, legal service costs), and the asset may be sold for a lower price than expected. The course of the recovery process depends on the law and institutional practice of the state where the asset is located. Recovered funds are distributed in the order of priority set out in the loan agreement.
4. **Cross-border and legal risk.** Some of the projects published on the Platform may be implemented and (or) secured by real estate located in Poland or other countries. Such transactions or security measures may be governed by foreign law, and recovery is carried out in accordance with the procedures of the relevant state, which may be longer, more expensive and harder to predict than in

Lithuania. Changes in legal regulation, the tax system or court practice in any of these states may affect the return on the investment and the possibility of recovery.

5. **Economic, legal and tax environment risk.** Macroeconomic changes (inflation, rising interest rates, a downturn in the real estate market), changes in the legal acts regulating lending activity or crowdfunding, and changes in the tax environment may reduce project owners' solvency, the value of security measures, and the Funder's actual after-tax return. The Funder is itself responsible for performing its own tax obligations.
6. **Liquidity risk.** The Funder must take into account that it will not be able to withdraw its invested funds at any time. Invested funds will be returned in accordance with the conditions set for the particular project, which, in turn, may not always be duly performed given other possible risks.
7. **Risk of insufficient diversification.** If a significant portion of funds is invested in a single project, a single project owner, a single type of asset (e.g. real estate) or a single region, the failure of a single project may cause disproportionately large losses. We recommend diversifying investments across several unrelated projects
8. **Risk relating to the credit rating and the setting of the interest rate.** The Company assigns a credit rating to projects and sets the interest rate for crowdfunding offers in accordance with its own approved methodology, a description of which is published on the Platform. The credit rating and the interest rate reflect the Company's credit risk assessment, but do not constitute a guarantee that the project owner will perform its obligations.
9. **Risk of Individual Portfolio Management of Loans (Automated Investing).** Where a Funder chooses the Individual Portfolio Management of Loans (Automated Investing) service, the Company allocates the Funder's funds to projects without exceeding the parameters set by the Funder, and the Funder does not separately assess each project and its KIIS before investing; it therefore assumes the risk that the automatically assembled portfolio will incur losses, and that the portfolio's result will depend on the criteria chosen by the Funder itself. Before starting to use this service, the Funder is provided with a platform-level key investment information sheet. The Reflection Period applies to the initial investment mandate granted to the Company and does not apply to subsequent investments in specific projects made automatically under that mandate.

Before investing, Funders should pay attention to the fact that:

- it is necessary to assess one's own investment experience, knowledge, financial situation, investment objectives and ability to bear losses;
- a 4 calendar day reflection period applies to Non-sophisticated Investors, during which an investment offer may be revoked without any consequences and without giving reasons;
- each crowdfunding transaction may have risks specific to it, so we suggest that the Funder assess not only the description of general risks but also other circumstances that may affect the particular crowdfunding transaction being concluded;
- the crowdfunding platform administered by the Company is merely a technical tool assisting the parties to crowdfunding in concluding crowdfunding transactions;
- statistical information published on the Platform about past transactions should not be regarded as a reliable indicator for forecasting future investment returns. You should not rely on any past results as a guarantee of future investment results;
- if they do not understand the risks associated with a particular transaction, Funders should consult an independent financial, legal or tax professional, or refrain from entering into such a transaction.

If you have any questions regarding risks, please contact us by e-mail at info@florrid.com.