

STATISTICAL INFORMATION DISCLOSURE PROCEDURE

1. GENERAL PROVISIONS

- 1.1. This Statistical Information Disclosure Procedure (the "Procedure") of UAB Finance EU (the "Company") establishes the process by which the Company, as a crowdfunding service provider, prepares, verifies, approves, publishes and retains statistical information on the default rates of crowdfunding projects offered on the crowdfunding platform operated by the Company.
- 1.2. The purpose of this Procedure is to ensure that:
 - 1.2.1. defaults are identified consistently and in accordance with the criteria laid down by law;
 - 1.2.2. default rates are calculated in accordance with the methodology prescribed by law;
 - 1.2.3. the published Statistical Information is complete, accurate, consistent, appropriate and up to date;
 - 1.2.4. Statistical Information is published within the prescribed time limits and in a prominent location on the Platform's website;
 - 1.2.5. appropriate internal controls are maintained over the preparation, verification, approval and publication of Statistical Information.
- 1.3. This Procedure has been prepared in accordance with:
 - 1.3.1. Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937 (the "Regulation");
 - 1.3.2. Commission Delegated Regulation (EU) 2022/2115 of 13 July 2022 supplementing the Regulation with regulatory technical standards specifying the methodology for calculating default rates of projects offered on a crowdfunding platform (the "Delegated Regulation");
 - 1.3.3. other legislation applicable to the Company and guidance issued by supervisory authorities.
- 1.4. Statistical Information shall be prepared and disclosed on equal and non-discriminatory terms and presented fairly, clearly and in a manner that is not misleading.

2. DEFINITIONS

- 2.1. For the purposes of this Procedure:
 - 2.1.1. Responsible Person means the Director or another person appointed by a written decision of the Director and responsible for preparing, verifying and publishing Statistical Information;
 - 2.1.2. Company means UAB Finance EU, legal entity code 306726092, with its registered office at Debesijos g. 8-38, Vilnius, Republic of Lithuania;
 - 2.1.3. Delegated Regulation means Commission Delegated Regulation (EU) 2022/2115 of 13 July 2022;
 - 2.1.4. Director means the chief executive officer of the Company;
 - 2.1.5. Default means a default in respect of a specific loan offered on the Platform that meets the criteria set out in Section 3 of this Procedure;
 - 2.1.6. Platform means the crowdfunding platform operated by the Company under the Florrid brand at <https://florrid.com/>;
 - 2.1.7. Project Owner means a natural or legal person seeking financing through the Platform;
 - 2.1.8. Regulation means Regulation (EU) 2020/1503 of the European Parliament and of the Council of 7 October 2020;
 - 2.1.9. Material Amount means the threshold for an amount past due, expressed as an absolute amount and/or a percentage of the outstanding loan balance, set by the Responsible Person, above which an obligation more than 90 days past due is considered material;
 - 2.1.10. Risk Category means a loan risk category established in the Company's risk management framework, to which an individual loan is assigned on the basis of sound and clearly defined criteria and having regard to all relevant factors that may adversely affect the performance of the loan;

2.1.11. Statistical Information means the default rates and outcome statement calculated and published in accordance with Article 20 of the Regulation and the Delegated Regulation.

- 2.2. Other terms used in this Procedure shall have the meanings assigned to them in the Regulation, the Delegated Regulation or other internal documents of the Company, unless the context requires otherwise.

3. DISCLOSURE AND IDENTIFICATION OF DEFAULT RATES

- 3.1. In the course of providing crowdfunding services, including facilitating the granting of loans, the Company shall:
- 3.1.1. calculate and disclose annually the default rates of crowdfunding projects offered on the Platform over at least the preceding 36 months;
 - 3.1.2. publish an outcome statement on the Platform's website within four months after the end of each financial year. Where applicable, the outcome statement shall include:
 - 3.1.2.1. the expected and actual default rates of all loans facilitated by the Company, broken down by Risk Category, together with the Risk Categories established in the Company's risk management framework;
 - 3.1.2.2. a summary of the assumptions used to determine the expected default rates;
 - 3.1.2.3. where the Company has offered a target rate in connection with individual portfolio management of loans, the actual return achieved.
- 3.2. Where any information referred to in paragraph 3.1.2 is not applicable to the Company, this shall be clearly stated in the outcome statement and, where appropriate, briefly explained.
- 3.3. The Company shall consider a specific loan offered on the Platform to be in default where one or both of the following events has occurred:
- 3.3.1. the Company considers that the Project Owner is unlikely to pay the relevant loan in full or otherwise meet its credit obligations without recourse to actions such as enforcement of security;
 - 3.3.2. the Project Owner is more than 90 days past due on any Material Amount relating to the relevant loan.
- 3.4. In assessing whether a Project Owner is unlikely to meet its financial obligations, at least the following indicators shall be considered:
- 3.4.1. a distressed restructuring of a credit obligation relating to the loan has occurred and is likely to result in a diminished financial obligation caused by a material forgiveness or postponement of principal, interest or, where applicable, related fees;
 - 3.4.2. the Project Owner has applied for or has been placed in bankruptcy or granted similar protection that would enable it to avoid or postpone repayment of a credit obligation relating to the loan to investors.
- 3.5. A distressed restructuring shall be deemed to have occurred where concessions have been granted to a Project Owner that is experiencing or is about to experience difficulties in meeting its financial obligations.
- 3.6. For the purposes of paragraph 3.3.2, where the loan agreement expressly allows the Project Owner to change the payment schedule or suspend or postpone payments subject to specified conditions, and the Project Owner acts within the rights granted under the agreement, the modified, suspended or postponed payments shall not be considered past due.
- 3.7. In the circumstances referred to in paragraph 3.6, days past due shall be counted by reference to the revised payment schedule from the date on which it is amended. Nevertheless, the Company shall analyse the reasons for changing the schedule or suspending or postponing payments and assess whether the Project Owner is likely to be unable to meet its financial obligations.
- 3.8. Together with the Statistical Information, the Company shall disclose on its website the materiality threshold, namely the Material Amount, used to determine whether an obligation of a Project Owner that is more than 90 days past due is material.

- 3.9. A Default shall be identified at the level of an individual loan. Different loans granted for the same crowdfunding project shall not automatically be considered to have defaulted at the same time.
- 3.10. The Company shall assess whether indicators of default relate only to a specific loan or to the crowdfunding project as a whole. Where a material share of loans relating to the same project is in default, the Company shall assess whether the remaining loans relating to that project are likely to be repaid in full without additional action, including enforcement of security.
- 3.11. Once a Default has been identified in respect of a specific loan, the Company shall immediately inform the investors who invested in that loan.

4. DATA COLLECTION AND PREPARATION

- 4.1. To prepare Statistical Information, the Company shall use data stored on the Platform and in the Company's other information and accounting systems concerning:
 - 4.1.1. loans offered and granted through the Platform;
 - 4.1.2. the origination, repayment and final maturity dates of each loan;
 - 4.1.3. payment schedules and amendments to them;
 - 4.1.4. payments made and payments past due;
 - 4.1.5. identified Defaults and the dates on which they were identified;
 - 4.1.6. Risk Categories assigned to loans and changes to those categories;
 - 4.1.7. loan restructurings;
 - 4.1.8. insolvency, bankruptcy or similar proceedings initiated against Project Owners;
 - 4.1.9. the performance of individual portfolios of loans where the Company offers a target rate of return in connection with such a service;
 - 4.1.10. other data required to calculate the information to be published under the Regulation and the Delegated Regulation.
- 4.2. The Responsible Person shall ensure that the data used to calculate Statistical Information are consistent and appropriate.
- 4.3. Before calculations are performed, at least the following shall be verified:
 - 4.3.1. whether the dataset includes all loans observed during the relevant period;
 - 4.3.2. whether loan status and Defaults have been recorded correctly;
 - 4.3.3. whether loans have been assigned to the appropriate Risk Categories;
 - 4.3.4. whether the data contain duplicates, omissions or inconsistencies;
 - 4.3.5. whether the correct observation periods are used for the calculations.
- 4.4. Any deficiencies or inconsistencies identified in the data shall be corrected before the Statistical Information is calculated and published. Corrections and the reasons for them shall be documented.

5. METHODOLOGY FOR CALCULATING THE DEFAULT RATE

- 5.1. For the purpose of disclosing the information referred to in paragraph 3.1.1, the Company shall calculate the arithmetic mean of the one-year default rates observed over the entire preceding observation period, using non-overlapping 12-month observation windows.
- 5.2. When calculating the one-year default rate for each 12-month observation window:
 - 5.2.1. the denominator shall consist of the number of performing loans observed at the beginning of the 12-month observation window;
 - 5.2.2. the numerator shall include all loans in the denominator in respect of which at least one Default occurred during the relevant 12-month observation window.
- 5.3. Loans for which no payment is scheduled during the relevant 12-month observation period shall be excluded from the dataset used to calculate the default rate for that period.
- 5.4. The Company shall use at least 36 months of historical data when calculating default rates. Where a longer observation period is available, data for that longer period shall be used.

- 5.5. For as long as the Company has operated for less than 36 months, it shall use data covering its actual operating period. The Statistical Information shall clearly state the length of the period used for the calculations.
- 5.6. Together with the overall default rate, the Company shall disclose:
 - 5.6.1. the observation period used for the calculations;
 - 5.6.2. the start and end dates of each 12-month observation window;
 - 5.6.3. the denominator used to calculate the rate for each window;
 - 5.6.4. the numerator used to calculate the rate for each window;
 - 5.6.5. the one-year default rate for each window;
 - 5.6.6. the arithmetic mean of the one-year default rates for the entire observation period.

6. ACTUAL DEFAULT RATES BY RISK CATEGORY

- 6.1. For the purpose of disclosing the information referred to in paragraph 3.1.2.1, the Company shall calculate, by Risk Category, the arithmetic mean of the one-year default rates observed over the entire preceding observation period, using non-overlapping 12-month observation windows.
- 6.2. Individual loans shall be assigned to the relevant Risk Category on the basis of sound and clearly defined criteria and having regard to all relevant factors that may adversely affect their performance.
- 6.3. When calculating the one-year default rate for a specific Risk Category, the Company shall ensure that:
 - 6.3.1. the denominator consists of the number of performing loans assigned to that Risk Category and observed at the beginning of the 12-month observation period;
 - 6.3.2. the numerator includes all loans in the denominator in respect of which at least one Default occurred during the relevant 12-month observation period.
- 6.4. Loans for which no payment is scheduled during the relevant 12-month observation period shall be excluded from the dataset used to calculate the rate for that period.
- 6.5. At least 36 months of historical data shall be used for the purposes of this Section. Where the Company has operated for less than 36 months, data covering its actual operating period shall be used.
- 6.6. For each Risk Category, the Company shall disclose the denominators and numerators used to calculate the rate.

7. EXPECTED DEFAULT RATES BY RISK CATEGORY

- 7.1. When publishing expected default rates for all loans pursuant to paragraph 3.1.2.1, the Company shall include in the outcome statement the expected default rates of all loans facilitated by the Company, broken down by the Risk Categories established in its risk management framework.
- 7.2. Estimates of expected default rates by Risk Category shall be based on the actual default rates by Risk Category calculated in accordance with Section 6 of this Procedure.
- 7.3. The historical observation period used to determine expected default rates shall be at least 36 months. Where a longer observation period is available, the longer period shall be used.
- 7.4. For as long as the Company has operated for less than 36 months, the expected default rates shall be based on data covering its actual operating period.
- 7.5. Together with the expected default rates, the Company shall provide a summary of the assumptions used to determine them. The summary shall specify at least:
 - 7.5.1. the data sources and observation period used;
 - 7.5.2. the relationship between expected and actual default rates;
 - 7.5.3. the principal assumptions and adjustments made;
 - 7.5.4. other factors considered in determining the expected rates.

8. PUBLICATION OF STATISTICAL INFORMATION

- 8.1. Statistical Information shall be updated at least annually and published in a prominent, clearly marked and easily accessible location on the Platform's website.
- 8.2. The Company shall publish the overall default rates and outcome statement no later than four months after the end of the relevant financial year.
- 8.3. Statistical Information shall be published in a clear and comprehensible form that enables investors and prospective investors to assess the performance of crowdfunding projects offered on the Platform and the risk of loan default.
- 8.4. The published Statistical Information shall clearly specify:
 - 8.4.1. the reporting and observation periods;
 - 8.4.2. the date of publication;
 - 8.4.3. the definition of default applied;
 - 8.4.4. the materiality threshold applied;
 - 8.4.5. the denominators and numerators used in the calculations;
 - 8.4.6. the Risk Categories used by the Company;
 - 8.4.7. any circumstances that may materially affect the understanding or comparability of the reported rates.
- 8.5. Statistical Information shall not be presented in a manner that misleads as to the past performance of the Company or individual crowdfunding projects or creates the impression that past performance guarantees future results.
- 8.6. Until the Company has data covering a full 36-month operating period, the published information shall clearly state:
 - 8.6.1. the length of the Company's actual operating period;
 - 8.6.2. that the rates were calculated using data covering a period shorter than 36 months;
 - 8.6.3. that the rates may be less representative because of the limited observation period.
- 8.7. Statistical Information for earlier periods shall be retained and remain available on the Platform's website to enable comparison across periods, unless otherwise required by law or objectively justified technical circumstances.
- 8.8. The Company may publish additional statistical information about the Platform's activities on the Platform's website, including the amount and number of loans funded, number of investors, portfolio performance, average loan and investment amounts, average loan-to-value ratio and interest paid.
- 8.9. Information published under paragraph 8.8 shall comply with the requirements applicable to marketing communications and shall not be presented in a manner that misleads as to returns or risks.

9. PREPARATION VERIFICATION AND APPROVAL OF STATISTICAL INFORMATION

- 9.1. After the end of each financial year, the Responsible Person shall collect the data required to prepare the Statistical Information and perform the calculations specified in this Procedure.
- 9.2. The preparation of Statistical Information shall be organised so that it is verified, approved and published no later than four months after the end of the financial year.
- 9.3. Before submitting Statistical Information for approval, the Responsible Person shall verify:
 - 9.3.1. the completeness, consistency and appropriateness of the data used in the calculations;
 - 9.3.2. the appropriateness of the observation periods and the loans included in the datasets;
 - 9.3.3. the correctness of the classification of Defaults;
 - 9.3.4. the correctness of the numerators, denominators and calculated rates;
 - 9.3.5. the justification for assigning loans to Risk Categories;
 - 9.3.6. the completeness of the outcome statement;

- 9.3.7. the compliance of the Statistical Information with the Regulation, the Delegated Regulation and this Procedure.
- 9.4. Statistical Information shall be approved by the Director before publication.
- 9.5. Approved Statistical Information shall be published on the Platform's website by the Responsible Person or, on their instructions, by the person administering the Platform.
- 9.6. After publication, the Responsible Person shall verify that:
 - 9.6.1. the approved version of the Statistical Information has been published;
 - 9.6.2. the information has been published in a prominent and easily accessible location on the Platform's website;
 - 9.6.3. the published information is clearly legible and technically accessible;
 - 9.6.4. all links and documents relating to the Statistical Information function correctly.
- 9.7. The preparation, verification, approval and publication of Statistical Information shall be documented.

10. CORRECTION OF ERRORS AND UPDATING OF INFORMATION

- 10.1. Where errors, inaccuracies or omissions are identified in published Statistical Information, the Responsible Person shall immediately assess their nature and materiality.
- 10.2. A material error that may affect the decisions of investors or prospective investors or the understanding of published rates shall be corrected without undue delay.
- 10.3. Corrected Statistical Information shall specify:
 - 10.3.1. the date of correction;
 - 10.3.2. the corrected data;
 - 10.3.3. the reason for the correction;
 - 10.3.4. whether the correction affected previously published default rates.
- 10.4. Where an error affects data for several reporting periods, all affected periods shall be corrected.
- 10.5. The Responsible Person shall assess whether the identified error requires changes to data collection, calculation or control processes and shall ensure that the identified deficiencies are remedied.

11. RETENTION OF DOCUMENTS AND DATA

- 11.1. The Company shall retain:
 - 11.1.1. the source data used to calculate Statistical Information;
 - 11.1.2. calculation files and intermediate calculations;
 - 11.1.3. information on identified Defaults;
 - 11.1.4. data on the assignment of loans to Risk Categories;
 - 11.1.5. assumptions used to calculate expected default rates;
 - 11.1.6. published versions of Statistical Information;
 - 11.1.7. records of verification and approval of Statistical Information;
 - 11.1.8. evidence of publication on the Platform's website;
 - 11.1.9. information on corrections made and the reasons for them.
- 11.2. The data and documents referred to in paragraph 11.1 shall be retained for the periods established in the Company's Data Retention Policy, but for no less than five years from the date on which the relevant Statistical Information is published, unless applicable law requires a longer period.
- 11.3. Documents and data shall be retained in a manner that allows the default rate calculation to be reconstructed, the data sources used to be identified and the accuracy of the published information to be verified.

12. FINAL PROVISIONS

- 12.1. The Responsible Person shall be responsible for implementing this Procedure and monitoring compliance with its requirements.
- 12.2. Employees of the Company and other persons involved in collecting and verifying data, identifying Defaults, or calculating, approving or publishing Statistical Information shall acknowledge this Procedure in writing.
- 12.3. The Responsible Person shall review this Procedure at least annually and without delay where:
 - 12.3.1. the Regulation, the Delegated Regulation or other applicable legislation changes;
 - 12.3.2. the Company's business model, Risk Categories or risk management framework changes;
 - 12.3.3. the data sources or information systems used to calculate Statistical Information change;
 - 12.3.4. material deficiencies are identified in the preparation or publication of Statistical Information.
- 12.4. This Procedure and any amendments or supplements to it shall be approved by the Director.