

DEBT RECOVERY PROCEDURE OF THE PLATFORM PROFITUS

1. GENERAL PROVISIONS

- 1.1. This Debt Recovery Procedure of Sutelktinio finansavimo platforma Profitus UAB (hereinafter referred to as the "**Platform**") (hereinafter referred to as the "**Procedure**") shall be aimed at establishing the principles, measures and procedures applied by the Platform in respect of the Project Owners failing to perform their obligations (indebted) to the Investors.
- 1.2. For the purposes of this Procedure, the capitalised terms shall have the same meanings as defined in the General Terms of Use of the Platform. Other terms used herein shall be construed as defined in the Republic of Lithuania Law on Crowdfunding and other related legal acts unless otherwise expressly provided for herein.
- 1.3. The Procedure has been prepared in accordance with the provisions of the Republic of Lithuania Law on Crowdfunding, the Civil Code of the Republic of Lithuania, the Code of Civil Procedure of the Republic of Lithuania, the instruction on enforcement of decision and other applicable legal requirements.

2. DEBT RECOVERY PRINCIPLES

- 2.1. When carrying out the debt recovery procedures, the Platform shall follow the principles of prevention, binding nature of debt recovery, lawfulness, cost-efficiency and effectiveness of recovery actions and accountability:
 - 2.1.1. **Principle of debt prevention.** The Platform shall assume any objectively possible measures with a view to preventing debts. To this end, the Platform shall, inter alia, analyse and assess the creditworthiness, economic situation, credit references, debts of the Project Owner and other objective circumstances helping to assess if the Project Owner is capable of performing his obligations to the Investors in due time already before publication of the Project. Contracts shall be concluded by describing clear and precise obligations of the Project Owner to the Investors, the terms and conditions and procedure for performance thereof, liability for a failure to perform the contractual obligations, method of security of the obligations and other terms and conditions securing proper performance of the contract which shall not be in conflict with the laws in force. The Platform shall execute control of performance of the concluded contracts and expeditiously respond to any circumstances which result or may result in a failure to perform the obligations to the Investors.
 - 2.1.2. **Principles of the binding nature of debt recovery.** The debt recovery procedures shall be binding upon the Platform. In all cases, the Platform shall be obliged to assume measures aimed at performance of the obligations towards the Investors by the Project Owner to the maximum extent possible. No exclusive exemptions or discounts shall be applicable to any Project Owner due to non-timely performance of the obligations if this results in a material infringement of the interests of the Investors. None Project Owner shall be released from performance of the obligations to the Investors.
 - 2.1.3. **Principle of lawfulness.** The recovery actions carried out by the Platform cannot be in conflict with the laws in force, they must be carried out in accordance with the procedures prescribed in the contracts and legal acts.
 - 2.1.4. **Principle of cost-efficiency and effectiveness.** The Platform shall assume measures so that debts were recovered from the Project Owner quickly, efficiently and at the lowest costs as soon as possible. The Platform acting in the best interests of the Investors shall have discretion to choose the measures and procedures of recovery of debts from the Project Owner which, in its opinion, are most effective and most favourable to the Investors.

2.1.5. **Principle of accountability.** The Platform shall notify the Investor of the carried out actions of recovery from the Project Owner in detail. Information on the recovery actions carried out by the Platform shall be provided in the news section of the Platform by logging in to own account.

2.2. When choosing the measures and procedures applied by the Platform in respect of the Project Owners failing to perform their obligations (indebted) to the Investors in due time, the Platform shall act in a good faith, with due care, in a proper, professional manner and in accordance with the terms and conditions which are best to the Investors and in the best interests of the Investors.

3. DEBT RECOVERY PROCEDURE

3.1. In each particular case, when making a decision on the measures and method of recovery of the debt from the Project Owner, the Platform shall assess all related circumstances including but not limited to the Project Owner's intentions to act in good faith with a view to performing the obligations to the Investors, the likely scope of performance of the obligations, the objective possibilities to further properly perform the obligations to the Investors, the economic situation and other circumstances.

3.2. In case if the Project Owner fails to perform his obligations to the Investors in due time, the Platform shall address the Project Owner with a call to perform the not performed obligations to the Investors (hereinafter referred to as the "Call").

3.3. If the platform has reason to believe that the project owner may act dishonestly and take action to conceal or destroy the property, and if it is anticipated that other circumstances may arise that will prevent us from recovering the debt, the Platform may apply for interim measures. The decision on interim measures is made by the court on the basis of the creditor's request. If the court decides to apply interim measures and makes an appropriate order, the Platform must apply to the bailiff within 14 days, who enforces the order (seizes the accounts and assets for the amount of the debt, etc.). For the execution of interim protection measures, the bailiff is paid the necessary enforcement costs, which are later recovered from the Project Owner with other recoverable amounts.

3.4. Should the Project Owner breach his duties to make the payments and pay the interest to the Investors, default interest and increased interest rate provided for in the Financing Transaction shall be charged to the Project Owner.

3.5. The Platform shall send at least three Calls to the Project Owner failing to perform the obligations unless the actual situation requires otherwise:

3.5.1. 10 working days before the end of the Loan Agreement, the Project Owner will receive an e-mail. A reminder of the termination of the contract is sent by post and registered post. Also to the Project Owner on the 14th until each interest payment email. Email remind you of an upcoming payment.

3.5.2. The project owner who fails to fulfil his obligations to the Investors, e-mail an invitation is sent and registered mail by post calling for the fulfilment of overdue obligations no later within 10 calendar days from the date of receipt of the invitation.

3.5.3. In case of non-receipt of any response to the Call referred to in paragraph **Error! Reference source not found.** hereof from the Project Owner and/or if the Project Owner fails to perform his overdue obligations to the Investors, the Platform:

3.5.3.1. If the Project owner is late in transferring the contractual Interest – e. a repeated Request to fulfill overdue obligations shall be sent by post and registered mail no later than within 5 calendar days from the date of receipt of the Request.

- 3.5.3.2. If the project owner is late in transferring the payment related to the Loan repayment (Interest, Loan amount, its past, etc.), the Platform apply to a notary of an executive record.
- 3.5.4. If the Project Owner is late in paying the contractual Interest for more than 25 calendar days, e-mail and registered mail will be sent notice of Termination and an additional 10 calendar days shall be provided for the fulfilment of obligations. If the obligations are not fulfilled within the provided additional term, a Notice of termination shall be sent by e-mail and registered mail. The agreement shall be terminated unilaterally without going to court in accordance with the procedure provided for in the Financing Transaction.
- 3.6. In addition to information provided for in paragraph 3.5 hereof, the Call shall specify (unless the actual situation or circumstances require otherwise) the not performed obligation to the Investors specifying the rights and duties of the Project Owner in relation to non-performance of the obligation to the Investors, the consequences arising as a result of non-performance of own obligations including the legal measures which may be assumed by the Platform if the overdue obligations to the Investors are not performed. The Call shall also set the time limit for provision of clarifications by the Project Owner specifying the circumstances which have resulted or result in non-performance of the obligations towards the Investors and indicating till when, to what extent and/or how the Project Owner is planning to perform the obligations to the Investors. It is also indicated that the data on the outstanding obligation are transferred to the Credit Bureau Infobank administered by UAB Creditinfo Lietuva.
- 3.7. The Platform shall seek to ensure that the obligations to the Investors were performed by the Project Owner in the most expeditious and cost-efficient manner and in a good faith manner. To achieve this objective, the Platform may conduct negotiations with the Project Owner over the procedure for, time limits and conditions of performance of not performed obligations.
- 3.8. If, in the opinion of the Platform, all possibilities to agree with the Project Owner on the time limits for and conditions of performance of the obligations favourable to the Investors have been exhausted or there are other circumstances suggesting that the obligations shall not be performed to the Investors or the obligations shall be performed under the terms and conditions unfavourable to the Investors (for example, particularly low scope, unreasonably missed time limit for performance of the obligations etc.), the Platform acting on behalf of the Investors shall be entitled to satisfy the Investors' claims from the value of the objects pledged by the Project Owner for the benefit of the Investors.
- 3.9. Should the Project Owner delay to perform his obligations longer than provided for in the Financing Transaction and where it is impossible to recover the amounts payable to the Project Owner in good faith, a notice of termination of the Financing Transaction due to a material breach thereof and the duty to repay the total amount granted by the Financing Transaction, interest and other payments alongside with the calls provided for in paragraph 3.4 hereof to the Project Owner.
- 3.10. If the project owner fails to fulfil its obligations within the set notice period, the Platform shall apply to a notary for the executive entry, as provided for in Article 4.192 (1) and (or) Article 4.219 (2) of the Civil Code of the Republic of Lithuania may defer the application for an enforcement document to the bailiff if the Project Owner applies for permission to refinance the indebtedness. The platform has issued a written consent to refinance the liability and sets a specific deadline to cover the debt. During the entire period prior to the fulfilment of obligations, the Project Owner is charged increased interest provided for in the Financing Transaction. If the project owner fails to pay the debt within the deadline, the recovery proceeding will continue as provided in this procedure.
- 3.11. The writ of execution made by the notary public shall be enforceable and the enforcement document shall be provided to a bailiff for enforcement in accordance with the procedure established in the Code of Civil Procedure of the Republic of Lithuania after receipt thereof.

- 3.12. The Investors' claims shall be first satisfied from the property pledged under the Financing Transactions. The platform may decide to take over the collateral in the enforcement process when the assets fail to be sold during the auction or the assets are sold at the auction or the assets are sold at the auction for a disproportionately lower than the market value of the assets and to organize the sale of the Investor's requirements.
- 3.13. Unless the contracts with the Project Owner and/or the Investors provide for otherwise, when the bailiff initiates the procedures of forced recovery from the property pledged by the Project Owner, they shall, exclusively at the discretion of the Platform and to the maximum extent permitted by the valid laws, be carried out by any of the methods or a combination of several methods permitted by the legislation:
- 3.13.1. The pledged object shall be sold in a public auction; or
- 3.13.2. The pledged property shall be sold to the third party chosen by the Project Owner provided that a prior written consent of the Platform is obtained (the Platform may refuse to give its consent if the sales price of the pledged object is not sufficient to cover all amounts payable to the Investors under the obligations and related thereto and/or the Platform is satisfied that the purchaser is solvent. The duty of proving conformity of the afore-mentioned conditions shall fall within the Project Owner); or
- 3.13.3. in any other way permitted by the law.
- 3.14. The responsible employee of the Platform shall control the enforcement proceedings conducted by a bailiff: organisation of sale of the pledged property, the sales price, other procedures.
- 3.15. The amounts recovered by a bailiff shall be transferred to the Platform. The Platform shall be entitled to deduct the remuneration of the Platform for the services in relation to debt recovery from the Project Owner provided by it including the services rendered by the Platform in exercise of the rights of the collateral taker or the mortgage creditor and other direct costs in relation to debt recovery from the Project Owner (for example, costs of the services provided by the notary public, enforcement costs etc.) from the funds and/or other property received by the Project Owner and/or third parties. The Platform shall transfer the remaining funds and/or other property to the Investors.
- 3.16. If the funds and other property received by the Project Owner and/or third parties are not sufficient to fully covering all obligations of the Project Owner towards the Investors, the funds and other property received from the Project Owner and/or third parties shall be proportionately distributed among the Investors taking into account the amount of the Project Owner's debt to each Investor (*on a pro rata basis*). And the bailiff shall continue recovery from the Project Owner's property.
- 3.17. Unless the contract concluded with the Investors provide for otherwise, the Platform shall be entitled to assign the Investors' rights of claim against the Project Owner. The Platform shall assign the rights of claim (i) if the amount of funds received for the assigned rights of claim is sufficient to cover the obligations of the Project Owner towards the Investors, (ii) in other cases where after assignment of the Investors' rights of claim against the Project Owner, the obligations towards the Investors shall be likely to cover to a greater extent than in case if the Platform continues debt recovery actions against the Project Owner (the principle of cost-efficiency and effectiveness).
- 3.18. Unless the contract concluded with the Investors provide for otherwise, the Platform shall be entitled to transfer performance of debt recovery from the Project Owners and other related functions to third parties.
- 3.19. If at any time in the course of debt recovery it is established that the actions of the Project Owner constitute the actus reus of a criminal act, the information collected by the Platform shall be transferred to the respective law enforcement authorities.
- 3.20. In cases where the Financing Transaction is subordinated to other credits granted by the credit institution and a related subordination agreement(s) has been signed with the credit institution,

regardless of whether the provisions of the Financing Transaction are contrary to this, whether the due date for repayment of the Financing Transaction and / or payment of other amounts payable under the Financing Transaction have expired, the Platform shall not demand repayment of the loan granted to the Project Owner under the Financing Transaction until the Project Owner defaults on all its obligations to the credit institution under a subordinated credit agreement with the credit institution. The debt recovery procedure shall be initiated by Platform in accordance with the provisions of the subordination agreement and the Financing Transaction. Execution of subsequent mortgage securing the Financing Transaction is carried out in accordance with the procedure established by law requirements.

4. ACTIONS OF THE PLATFORM IN BANKRUPTCY PROCEEDINGS

- 4.1. If the Project Owner (legal person) is insolvent, the Platform shall be entitled to initiate bankruptcy proceedings against it.
- 4.2. In the course of the bankruptcy proceedings the Investors' interests shall be represented by the Platform, i.e. it shall bring the creditors' claims, vote at the meetings of creditors etc.
- 4.3. During the bankruptcy proceedings the Investors' interests shall be satisfied from the property pledged by the Project Owner for the benefit of the Investors in accordance with the procedure established in the legal acts. If the property pledged by the Project Owner is not sufficient to fully covering all obligations of the Project Owner towards the Investors, the funds and other property received from the Project Owner and/or third parties shall be proportionately distributed among the Investors taking into account the amount of the Project Owner's debt to each Investor (on a pro rata basis).
- 4.4. The remaining claims of the Investors shall be third in line for satisfaction from the other property of the Project Owner.
- 4.5. The Platform shall be entitled to take other actions necessary for protection of the Investors' interests and security of performance of the obligations towards them (e.g. raise the issue concerning fraudulent/criminal bankruptcy etc.).

5. FINAL PROVISIONS

- 5.1. The Procedure shall come into force from the date of approval thereof and shall remain in force till the date of its amendment, supplement or annulment.
- 5.2. Liability for performance of conducting the Procedure shall fall within the employees of the Platform to whom the manager has assigned the function of debt recovery from the Project Owner or other duly authorised third parties.
- 5.3. The Procedure may be amended and supplemented only by a decision of the CEO of the Platform. The amendments and supplements to the Procedure shall come into force from the date of approval thereof unless the amendments and supplements provide for otherwise.
- 5.4. The Procedure shall be published on the website, internal server of the Platform and shall be accessible to its employees in a paper form for familiarisation. The Procedure must be complied with by all employees of the Platform.