

# Factoring agreement (the Agreement)

## General Terms and Conditions



### Terms and Definitions used:

**Terms Against Prohibited Conduct** – principles drafted by the Bank with the aim of preventing certain prohibited conduct in the activities of the Client, a participant of the Client's Group or their representatives, officers and BO, available on the Bank's website:

[https://www.citadele.lv/storage/app/media/files/terms/Terms\\_against\\_prohibited\\_conduct\\_en.pdf](https://www.citadele.lv/storage/app/media/files/terms/Terms_against_prohibited_conduct_en.pdf).

**Bank** – akciju sabiedrība "Citadele banka", uniform registration No. 40103303559, registered office: Republikas laukums 2A, Rīga, LV-1010, Latvia.

**Bank's Group** – the Bank, all foreign branches of the Bank, subsidiaries of the Bank, including the Factor, and subsidiaries of the Bank's subsidiaries.

**Base Rate** – the EURIBOR rate for the period of time specified in the Agreement, being part of the Factoring Interest. EURIBOR is the average interbank EUR lending rate for the duration specified as the Base Rate period in the Agreement. EURIBOR rate setting is managed by the European Money Market Institute (EMMI) or another internationally recognised organisation. The EURIBOR rate for the first Base Rate period is determined on the date of entry into force of the Agreement and shall remain in force until the first day of a subsequent Base Rate period, not inclusive. For subsequent Base Rate periods the Factor shall unilaterally, without sending a separate notification to the Client, determine the Base Rate on the first date of each subsequent Base Rate period.

If EURIBOR rate is a negative at the time of determination, the Base Rate for the relevant Base Rate period is deemed to be "0" (zero). If the day of determining the Base Rate falls on an official holiday in countries that determine the relevant money index, the Base Rate shall be determined on the last business day preceding the holiday. If the EURIBOR rate is not published in an electronic information system on the date of updating the Base Rate, the last available EURIBOR rate published prior to the date of updating the Base Rate shall apply.

In the event the EURIBOR calculation principles and/or methodology are changed or is no longer maintained (published), the Factor has the right to unilaterally set a new Base Rate, which is internationally recognized in the financial sector and most closely corresponds to the previous Base Rate. If the Factor determines a new Base Rate unilaterally, it shall notify the Client about the new Base Rate.

**Price List** – schedule of standard fees and charges for factoring services published at [www.citadele.lv](http://www.citadele.lv) website.

**Trade Agreement** – an arrangement between the Client and the Buyer whereby the Client sells the Goods to the Buyer.

**Factor** - SIA "Citadele Factoring", uniform registration No.50003760921, VAT registration No.LV50003760921, registered office: Rīga, Republikas laukums 2A, LV-1010.

**Factoring Advance** – the amount calculated from the approved Invoice amount using the Factoring Advance Rate and paid by the Factor to the Client in accordance with the procedure specified in the Agreement.

**Factoring Advance Rate** – the rate specified in the Special Conditions and used for calculating the amount of the Factoring Advance.

**Factoring Limit** – the maximum amount of the Factoring

Advance granted by the Factor to the Client.

**Factoring Limit Term** – the last day on which the Factor accepts the documents for the approval of the Invoice and disbursement of the Factoring Advance.

**Factoring Portal** – the Factor's online system located at: [www.citadele.lv/factoringportal](http://www.citadele.lv/factoringportal) and used by the Parties to exchange Agreement related information (limits, transactions and etc.).

**Factoring Interest** – the remuneration for the use of the Factoring Advance which the Client is obliged to pay to the Factor.

**Factoring Reserve** - the difference between the Invoice amount and the disbursed Factoring Advance which is paid by the Factor to the Client only after the receipt of the total Invoice amount from the Buyer, unless otherwise is specified in the Agreement.

**Client** - an entity who performs commercial activity and is defined as the Client under the Special Conditions.

**Client's Group** – the Client, its BOs and all legal entities with regard to which any BO of the Client, severally or in combination with other parties, can directly or indirectly exercise decisive influence in the interpretation of the applicable legislation of the State. This refers to the capacity to, either directly or indirectly:

- control (regularly or irregularly) the decision-making of a legal entity's executive bodies, whether by exercising participation or not,
- appoint a number of members of a legal entity's supervisory or executive body that would provide the party exercising decisive influence a majority of votes in said body.

**Client's Liability** - Client's obligation to the Factor for the Monetary Claim that was financed by the Factor but not paid by the Buyer. It is calculated from the unpaid Invoice amount applying the percentage indicated in the Special Conditions. If total unpaid amount of one or more outstanding Invoices is less than EUR 1 000 (one thousand euro), the Client's Liability shall be equal to the entire amount owed by the Buyer.

**Fees** – all fees, including Factoring Interest, that the Client must pay to the Factor in accordance with the Price List and the Agreement.

**Fee for Invoice Processing** – the fee (commission fee) specified in the Special Conditions, which is calculated for each Invoice administered by the Factor.

**Agreement** – the Factoring Agreement, concluded between the Factor and the Client, which consists of the Special Conditions, the General Terms and Conditions and the List of Buyers, which are integral parts to the Agreement, and all subsequent amendments and annexes thereto.

**Contractual Penalty** – a payment the Client undertakes to pay to the Factor for improper performance of its obligations under the Agreement, including payment obligations, and in the amount calculated according to the Agreement.

**Maximum Deferred Payment Term** - the maximum acceptable Invoice payment period set forth under the Special Conditions.

**Monetary Claim** - the right of claim for payment of the Invoice which the Client assigns to the Factor, as well as ancillary claims, if such are due in accordance with the provisions of the Trade Agreement and applicable laws and

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regulations. The transfer of the Monetary Claim is valid regardless of whether the Factoring Advance has been paid according to the Invoice or not.

**Margin** – the part of the Factoring Interest stated as percent per annum and specified in the Special Conditions.

**Buyer** – the person that purchases the Goods from the Client according to and on the basis of the Trade Agreement and for whom the Buyer's Limit is set in the List of Buyers by the Factor. Hereinafter 'Buyer' in the singular means all Buyers jointly as well as each of them severally, unless stated otherwise in the Agreement.

**Buyer's Limit** – the maximum amount of the Monetary Claims (total amounts of the Invoices) set by the Factor for the particular Buyer in exchange for which the Factor intends to grant financing.

**List of Buyers** – Annex to the Agreement where each Buyer's identification data, each Buyer's Limit, deferred payment term and other information or terms that the Parties deem necessary are specified.

**BO** – beneficial owner, an individual who owns over 25 per cent of capital shares or voting stocks in the Client through direct or indirect participation, or who controls it either directly or indirectly, or in the name, interest, or for the benefit of whom business relations with the Bank are established. If the Law on the Prevention of Money Laundering and Financing of Terrorism and Proliferation establishes other criteria for determining the beneficial BO, then the requirements of this law are applied to determine the BO.

**Goods** – the goods sold and/or services provided by the Client to the Buyer under the Trade Agreement.

**Parties** – the Factor and the Client.

**Recourse** – the Client's obligation to settle the Monetary Claim to the Factor instead of the Buyer.

**Invoice** - the invoice which the Client issues to the Buyer for sale of the Goods in accordance with the Trade Agreement. Hereinafter 'Invoice' in the singular means all Invoices jointly as well as each of them severally, unless stated otherwise in the Agreement.

**List of Invoices** – a document prepared as required by the Factor or information on Invoices submitted by the Client using the Factoring Portal.

**Invoice Due Date** – payment due date indicated in the Invoice which shall not exceed the Maximum Deferred Payment Term and the deferred payment term set for each Buyer individually.

**Sanctions Regulation** – the Law on International Sanctions and National Sanctions of the Republic of Latvia and/or the related international and national legal provisions and/or documents issued by the competent institution.

**Sanctions** - any financial, civil or other restrictive measures and/or embargoes (including "sectorial sanctions"), implemented fully or partially, directly or indirectly against particular persons, goods or services, countries or territories or any other entities or activities by:

- a) United Nations Security Council;
- b) European Union;
- c) Latvia, Lithuania or Estonia;
- d) United States of America (including U.S. Department of the Treasury Office of Foreign Assets Control (OFAC));
- e) by any other country with regards to any person, business relationship, transaction, dealing or other activity

involving nexus with the particular country; and/or  
f) any public institution of the aforementioned countries or organizations.

**Event of Default** - any event or circumstances specified in Clause 13.1 of the General Terms and Conditions and in the Special Conditions (if any).

**Special Conditions** – part of the Agreement that defines principal conditions applicable to particular Agreement signed by the Parties, which is an integral part of the Agreement.

**State** – the Republic of Latvia.

**General Terms and Conditions** – these general terms and conditions which are an integral part of the Agreement. The latest version of the General Terms and Conditions of the Agreement is available on the website [www.citadele.lv](http://www.citadele.lv).

### 1. Subject of the Agreement

1.1. The Client assigns the Monetary Claim to the Factor and undertakes to pay all Fees to the Factor. The Factor undertakes to pay the Factoring Advance (and in cases specified in the Agreement - Factoring Reserve) to the Client in exchange of the Monetary Claim.

1.2. The Monetary Claim is considered as assigned to the Factor from the moment when the Client issues the particular Invoice to the Buyer.

### 2. List of Buyers

2.1. Upon signing the Special Conditions, the Parties sign the List of Buyers where they specify Buyers, each Buyer's Limit, and other information relevant at the time of entering into the Agreement.

2.2. If change in the List of Buyers is requested by the Client, the Factor assesses the Buyer's Limit and informs the Client about its decision to include or not to include the respective Buyer to the List of Buyers.

2.3. The Factor is entitled to unilaterally make changes to the List of Buyers, including, but not limited to, reducing the Buyer's Limit or excluding a Buyer from the List of Buyers completely.

2.4. The Factor's decision to make changes to the List of Buyers take effect on the date when its adopted (unless otherwise is provided in a certain decision), The Factor informs the Client about decision in accordance with the procedure specified in Clause 15 of the General Terms and Conditions.

2.5. The Client, providing information to the Factor about the Buyer, is fully responsible for the right to provide such information, as well as the fact that there are no restrictions or prohibitions, and in case the consent of the Buyer is required for providing information, the Client has received it.

### 3. Invoice

3.1. The Invoice shall be issued to the Buyer not later than 30 (thirty) days after delivery of the goods or performance of the services.

3.2. The Invoice shall meet the requirements of the applicable legal acts, the Trade Agreement and the Agreement, and shall include the following information:

- the number and issuance date of the Invoice;
- the name and surname of the Client's representative, the Client's name, its registration number

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and legal address;

- the Buyer's name, its registration number and legal address;
- a reference to the Trade Agreement, proforma invoice or purchase order for which the Invoice is issued;
- the description, quantity and unit of measurement of the Goods (commodity or service);
- the price of the Goods (commodity or service) without VAT;
- the rate and the amount of VAT;
- the Invoice amount in the currency of the Factoring Limit;
- the Invoice Due Date;
- the note specified in Clause 3.3 of the General Terms and Conditions. The note of the assignment of the Monetary Claim to the Factor must be included in all Invoices, regardless of whether it was submitted to the Factor for financing or not. Absence of the assignment note does not revoke the transfer of Monetary claims to the Factor.

3.3. The note of the assignment of the Monetary Claim to the Factor shall be as follows:

3.3.1. If the Invoice is issued in Latvian language:

"Maksājuma prasījuma tiesības par šo Rēķinu ir nodotas SIA "Citadele Factoring", vienotais reģ. nr. 50003760921, uz kuras kontu Nr. LV41PARX0008230150010, SWIFT kods: PARXLV22, AS "Citadele banka" jāpārskaita visa summa rēķinā norādītajā valūtā un termiņā, maksājot norādot rēķina numuru Maksāšana par šo rēķinu citām personām nav uzskatāma par pamatu prasījumam dzēšanai. Pretenziju pret piegādātāju gadījumā to kopija nekavējoties jānosūta SIA "Citadele Factoring" uz e-pastu [faktorings@citadele.lv](mailto:faktorings@citadele.lv)".

3.3.2. If the Invoice is issued in English language:

"The monetary claim arising from this invoice has been assigned and is owned by SIA "Citadele Factoring" (uniform registration No 50003760921). This invoice shall be paid to the account No LV41PARX0008230150010, SWIFT Code: PARXLV22 at AS "Citadele banka" according to the payment terms specified in the invoice. Please indicate the number of the invoice in your payment details. In the event of any disputes or claims in relation to this invoice, please notify SIA "Citadele Factoring" (email [faktorings@citadele.lv](mailto:faktorings@citadele.lv)) immediately. Payments to any other party will not constitute a valid discharge of the debt."

3.3.3. If the Invoice is issued for a Buyer established in the Federal Republic of Germany or the United Kingdom of Great Britain and Northern Ireland, the note mentioned in the Clause 3.3.2 of the General Terms and Conditions shall be supplemented with the following text:

"The goods shall remain property of the Seller until the Buyer has paid all sums due to the Seller, whether under this agreement or under any prior or subsequent agreements."

3.4. The Client shall be fully and unconditionally responsible for ensuring that the Invoices are issued in compliance with all requirements of the Agreement, even in cases when the Factor has paid the Factoring Advance in accordance with an Invoice that does not meet all these requirements specified in Clause 3 of the General Terms and Conditions.

## 4. Acceptance of Invoices

4.1. The Factor shall start acceptance of the Invoices after following conditions are met:

4.1.1. the Client has submitted all documents according to the requirements of the Factor as it is stated in Special Conditions and

4.1.2. the Fee for preparing the Agreement is received.

4.2. The Client may submit documents for financing to the Factor not later than the Factoring Limit Term.

4.3. The Factor decides if submitted Invoice is acceptable for financing within 3 (three) working days after following conditions are met:

4.3.1. all documents for financing under the Special

Conditions have been submitted to the Factor;

4.3.2. a relevant Trade Agreement has been submitted to the Factor (if any);

4.3.3. a trilateral agreement has been concluded between the Factor, the Client and the respective Buyer regarding execution of the Agreement and the terms of settlement of Invoices, or the respective Buyer has been informed about the assignment of Monetary Claims to the Factor in other way acceptable to the Factor.

4.4. In case the Factor does not accept the Invoice(s), the Factor shall notify the Client thereof within 2 (two) business days after the date of the respective decision was made.

4.5. The Factor is not obliged to specify the reasons for non-acceptance of the Invoice.

4.6. The Factor shall not be held liable for any loss incurred by the Client as a result of non-acceptance of Invoice.

4.7. By submitting the documents for financing the Client confirms:

4.7.1. the sale of the goods/performance of services that constitute the basis of the Invoice has been provided in accordance with the Trade Agreement and in line with the regular business of the Client, the Buyer has accepted the Goods and does not have any complaints, the Trade Agreement is valid and the Client has no knowledge of circumstances that would affect the validity of the Trade Agreement;

4.7.2. the Client has informed the Buyer about entering into an Agreement with the Factor, the assignment of the Monetary Claim to the Factor and the related Buyer's obligation to pay the amount of the Invoice to the Factor on the Invoice Due Date;

4.7.3. the Client and the Buyer have agreed on the final amount of the Invoice (the price of the Goods, including VAT) and the Invoice Due Date;

4.7.4. the Buyer has not failed to make any payments to the Client for more than 30 (thirty) days during the last 12 months;

4.7.5. there is an existing Monetary Claim, the Buyer has not paid the Invoice, and the Client is not prohibited/restricted to transfer it to the Factor, including no pledge rights have been established in favour of third parties;

4.7.6. the Buyer is not a subject to sanctions within the meaning of the Sanction Regulation and is not an associated person with the Client within the meaning of

legal acts of the State.

### 5. Advancing of Invoices

5.1. The Factor shall pay the Factoring Advance to the Client's current account specified in the Agreement within 3 (three) business days after the respective Invoice was accepted.

5.2. If in accordance with the requirements of legal acts the payment of VAT must be made by the Buyer, the Factoring Advance shall be calculated from the Invoice amount less VAT.

5.3. The Factor may suspend and/or refrain from the payment of the Factoring Advance in case of any circumstances/events indicated hereunder:

5.3.1. payment of the Factoring Advance will exceed the Buyer's Limit and/or the Factoring Limit. The Factor shall pay the Factoring Advance as soon as the Factoring Limit and the Buyer's Limit are available for the amount of the Factoring Advance;

5.3.2. less than 3 (three) calendar days remain until the respective Invoice Due Date;

5.3.3. the Buyer and/or the Client fails to pay taxes;

5.3.4. the Buyer and the Client have become the associated persons within the meaning of legal acts of the State, including, but not limited to, the Buyer becoming a member of the Client's Group;

5.3.5. any Event of Default exists;

5.3.6. the Client fails to meet its obligations under the Agreement or has not fulfilled its obligations stipulated by any agreement between the Factor or the Bank, or the Bank's Group company and the Client;

5.3.7. the particular Buyer fails to pay the Invoices or has not fulfilled its obligations stipulated by any agreement between the Factor or the Bank, or the Bank's Group company and the Buyer;

5.3.8. according to the information available in the public databases the Buyer has failed or insufficiently performed its obligations with third parties;

5.3.9. the Factor has other reasons to believe that acquiring of the Monetary Claim harms or may harm its interests, including that the Factor has reasonable doubts regarding the fulfilment of the Buyer's obligations under the Trade Agreement (for example, suspension of the Buyer's operating activities, insolvency, reorganization, liquidation, etc.);

5.3.10. any claim, measure, proceedings or similar activity which is related to applicable Sanctions Regulations is directed against the Buyer;

5.4. The Factor may resume paying the Factoring Advance provided the circumstances specified in Clause 5.3 of the General Term and Conditions have been eliminated.

5.5. If the Factor pays the Factoring Advance according to more than one Invoice, the Factor will arrange the sequence of the respective Invoices without prior or separate approval of the Client.

5.6. If the Factor exercises its right to deduct the Client's payments under the Agreement from the Factoring advance, the deducted sum shall be considered as the Factoring advance paid to the Client in the amount of the deducted sum on the day of deduction.

### 6. Payment of the Factoring Reserve

6.1. After the Buyer has paid the full Invoice amount to the Factor, the Factor shall transfer the Factoring Reserve to the Client's current account specified in the Agreement within 2 (two) business days.

6.2. If the Buyer pays the Invoice amount or a part thereof directly to the Client and the Factor has disbursed the Factoring Advance, the Client shall transfer it to the Factor immediately, but no later than within 2 (two) business days after the date of receipt of the Invoice amount or a part thereof. The Client is obliged to submit to the Factor the documents requested by the Factor regarding the payment made by the Buyer within the term specified by the Factor.

6.3. If the Client issues a credit invoice to the Buyer with regard to the Invoice, the Client shall pay to the Factor credit invoice amount within 2 (two) business days after the credit invoice is issued, providing to the Factor such credit invoice. The Factor is entitled to charge the Fee for Invoice Processing, calculated it from the amount of the credit invoice.

6.4. The Client shall ensure that the Buyer pays the Invoices in chronological order. This shall also apply in the case where several factoring agreements have been entered into between the Parties with the same Buyer. If the Buyer has paid Invoices without observing the chronological order, the Factor has the right to redirect the payments received from the Buyer in the chronological order to discharge the oldest Invoices.

6.5. If the Buyer makes the payment to the Factor for the Invoice under which the Factor has not paid the Factoring Advance to the Client, the Factor undertakes to transfer the amount payable to the Client within 3 (three) business days after receipt of the respective amount and the respective Invoice or a copy thereof and/or other documents requested by the Factor. The Factor will charge the Fee for Invoice Processing and other costs relevant to performing this obligation.

In case the Client does not submit the above-mentioned documents within 7 (seven) business days, the Factor shall have the right to return the payment to the Buyer and the Client shall be obliged to pay the Fee to the Factor for the above-mentioned activities in accordance with the Price List.

### 7. Rights of the Recourse

7.1. The Recourse may be applied to a part or all of the Monetary Claim at the Factor's own discretion in the following cases:

7.1.1. the Invoice issued to the Buyer does not comply with any of the conditions of the Agreement or the applicable law;

7.1.2. the Factor has reasonable doubts regarding the authenticity of the Monetary Claim;

7.1.3. a pledge right has been established on the Monetary Claim in favour of a third party;

7.1.4. the Factor has received information that there is a dispute between the Client and the Buyer regarding the Goods for which the specific Invoice has been issued and which has not been settled within 30 (thirty) days, and/or information that the Buyer has withdrawn from the Trade

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7.1.5. the trade credit insurer, if any, refuses to pay the indemnity and such refusal is not based on the Factor's actions or negligence;

7.1.6. the Buyer reduces payable amount due to arising counterclaims, setoffs or any other reasons (the equity and legitimacy of the reduction shall not affect the right of the Recourse);

7.1.7. the Client fails to provide the Factor with any documents proving existence of the Monetary Claim as requested by the Factor;

7.1.8. the Client does not make a payment in accordance with the provisions of Clause 6.2 of the General Terms and Conditions;

7.1.9. any Event of Default has occurred;

7.1.10. the Factor receives information that the Buyer is subject to sanctions within the meaning of the Sanctions Regulation;

7.1.11. if the total outstanding of Invoice issued to particular Buyer is less than the Client's Liability and the payment due date is delayed for more than 30 (thirty) days;

7.1.12. the Factor finds out that any of the confirmation in accordance with Clause 4.7 of the General Terms and Conditions do not correspond to the actual circumstances;

7.1.13. the Client fails to fulfil any of the obligations referred to in Clause 6.3 or Clause 6.4 of the General Terms and Conditions.

7.2. If the Buyer fails to pay the whole part of the financed Invoice amount, but does not dispute this obligation, and the Factor's right to apply the Recourse in accordance with Clause 7.1 or 7.3 of General Terms and Conditions has not arisen, nor is it expected that such right may arise in the future, the Factor within 320 (three hundred and twenty) days from the Invoice Due Date shall pay the Client the Factoring Reserve under such Invoice and apply the Client's Liability.

7.3. In case the Client's Liability is set at 100% (one hundred percent) in the Special Conditions the Client shall be fully liable towards the Factor for the performance of the Buyer's payment obligation under the Invoice (atbildība par prasījuma drošumu). Therefore the Factor has a right to apply the Recourse to a part or all of the Monetary Claim at the Factor's own discretion also in the following cases:

7.3.1. the Buyer does not properly fulfil its obligations arising from the Monetary Claim assigned to the Factor;

7.3.2. the Buyer's bankruptcy protection proceedings or insolvency proceedings, or similar proceedings have been initiated in the court in accordance with the laws and regulations of the Buyer's country;

7.3.3. circumstances arise that reasonably cause the Factor to believe the economic and financial standing of the Buyer is in real jeopardy which may result in the Buyer's inability to properly fulfil its obligations arising from the Monetary Claim.

7.4. In case of Recourse the Factor at its own discretion, deducts the necessary amounts from any amount (including the Factoring advance and/or Factoring reserve) payable to the Client and/or to notifies the Client of exercising the right of Recourse and the Client is obliged, within the period specified in the notice to pay the Factor the amount indicated in the notice.

7.5. In case of Recourse the Buyer and the Client are

liable to the Factor for the settlement of the respective Monetary Claim as joint debtors, unless the Buyer has no obligations to settle the respective Monetary Claim – in such case all liability shall be assumed by the Client.

7.6. Only after all payments are made in accordance with the Clause 7.4 of the General Terms and Conditions and the Factor has paid the Client the relevant Factoring Reserve, if any, the Monetary Claim is automatically reassigned to the Client.

7.7. The Client undertakes to inform the Buyer about the fact that the Money Claim has been returned to the Client.

## 8. Payments and payment procedure

8.1. The Fees are reimbursed in accordance with Clause 2.9 of the Special Conditions.

8.2. The Client makes payments to the bank account specified by the Factor within the due date specified in the invoice. The Factor has the right, at its own discretion, to deduct the Client's payments under the Agreement from any amount (including the Factoring advance and/or Factoring reserve) payable to the Client, including before the payment due date.

8.3. The Factoring Interest is calculated from the Factoring Advance amount per each calendar day as of the date on which the Factor disbursed the Factoring Advance to the Client until the entire disbursed Factoring Advance is repaid to the Factor, applying the annual interest rate specified in the Special Conditions and assuming that there are 360 days in a year.

8.4. The Fee for Invoice Processing is calculated on each Invoice included in the List of Invoices (including non-financed Invoices) and on each Invoice paid by the Buyer to the Factor even if the Invoice was not included in the List of Invoices, and regardless of whether the Monetary Claim is assigned to the Factor or not. The Fee for Invoice Processing is calculated by applying the amount specified in the Special Condition. The Fee for Invoice Processing, expressed as a percentage, is calculated from the amount of the Invoice and shall not be less than the minimum fee, if such is specified in the Special Conditions.

8.5. Payments specified in the Agreement must be made in the currency of the Factoring Limit.

8.6. If the payments under the Agreement are made in other currency than the currency of the Factoring Limit the Factor is entitled to exchange the received amounts into the currency of the Factoring Limit at the non-cash currency exchange rate specified by the Bank on the date when the funds are received into the account specified by the Factor. The currency exchange expenses and any difference arising between the amount payable and the amount actually paid as a result of the exchange, shall be paid by the Client.

8.7. The Factor uses the funds received from the Client for making payments under this Agreement in the following order: (1) for payment of any unpaid Fee for Invoice Processing; (2) for payment of the outstanding Factoring Interest; (3) for repayment of the Factoring Advance; (4) for payment of the outstanding Contractual Penalties; (5) for making other payments stipulated in the Agreement that have not been paid to the Factor. The Factor may define a different order of allocation of the received funds, provided it does not contradict with the applicable laws and

regulations.

8.8. Payments stipulated in the Agreement are deemed as paid to the Factor when the respective funds are credited to the Factor's account in the amount and in accordance with the procedure stipulated in the Agreement.

8.9. If the date of the payment under the Agreement falls on a holiday (Saturday, Sunday or another official holiday specified by the State), the relevant payment shall be paid on the business day following the holiday.

8.10. All payments under the Agreement shall be made to the Factor in full amount thereof without any deductions or tax allocations. In case the Factor must make any deductions or tax allocations from any of the payments under the Agreement, the Client reimburses them in accordance with the invoice issued by the Factor.

8.11. If, upon the Client's request, amendments are made to this Agreement, the List of Buyers and/or any related documents, or the Factor prepares, reviews documents or takes other actions related to this Agreement, the Client undertakes to pay to the Factor the extra Fees in accordance with the effective Price List effective, as well as to reimburse the Factor for all direct justified costs related to the abovementioned actions.

8.12. If the Client defaults on any payment under the Agreement, the Factor shall be entitled to receive a Contractual Penalty in the amount of 0.175% of the overdue amount for each day of delay until the final payment thereof.

8.13. The Factor is entitled to receive the Contractual Penalty for insufficient performance of obligations under the Agreement, precisely, for failure to submit information and/or documents to the Factor not later than the due date and in accordance with the procedure stipulated in the Agreement - in the amount of 0.05% of the Factoring Limit, but not less than EUR 10 and not more than EUR 700 for each day of insufficient performance of obligations; for insufficient performance of the Client's obligations under the Agreement other than specified in this clause above, in Clause 8.12 of the General Terms and Conditions, or in the clause of the Special Conditions concerning the application of Contractual Penalties, if any, - in the amount of 0.25% of the Factoring Limit for each case of insufficient performance of obligations.

8.14. The Client shall pay the above-mentioned Contractual Penalty to the Factor not later than the due date specified by the Factor, which may not be shorter than 10 (ten) days after sending the relevant Contractual Penalty request to the Client.

8.15. The Factor shall have the right to demand the Client to compensate the Factor for the increased costs that were and/or will be incurred by the Factor during the Agreement validity period as a result of or in relation to (i) the introduction of or any change in (or in the interpretation, administration or application of) any binding legislation or regulation, and/or (ii) compliance with such mandatory legislation which came into force after the Agreement was entered into or where changes in interpretation, administration or application thereof occurred after the Agreement was entered into. Increased costs shall mean (i) reduction of the amount receivable by the Factor under the Agreement, and (ii) additional or increased costs of the

Factor related to issuance, funding or administration and monitoring of the financing hereunder and the Client. The provisions of this clause shall not apply if the legislation establishes additional taxes on the Factor's gross or net income and when the Base Rate decreases. If the Factor requests for the compensation of the increased costs, the Client within 20 (twenty) business days after receiving Factor's request shall: (i) pay or compensate it to the Factor or (ii) unilaterally withdraw from the Agreement by notifying the Factor in writing and fulfilling all obligations arising from the Agreement, including but not limited to the Client's payment of all Invoices subject to which the Factoring Advance has been paid, regardless of the Invoice Due Date, but without the obligation to compensate the increased costs.

## 9. Factoring Portal

9.1. The Client shall have the access to the information about the Factoring Limit, Buyers' Limits, submitted Invoices, payments made by the Buyers, as well as other information related to its Factoring transactions on the Factoring Portal. The Factoring Portal is available during the Agreement validity period.

9.2. Access to the Factoring Portal is initially granted to the person specified by the Client in the Special Conditions (the Portal Administrator). The Portal Administrator is entitled to register other users in the Factoring Portal, specifying the necessary information about the user of the Factoring portal in accordance with the Factor's instructions. The Client is fully responsible for the right to provide information about users of the Factoring Portal and the correctness of the data provided.

9.3. The Portal administrator can be changed under written request of the Client during the validity of the Agreement. The rights for other users of the Factoring Portal are granted, restricted and cancelled by the Portal Administrator. The Factor has the right to cancel the access rights to the Factoring Portal for the user of the Factoring Portal (incl. the Portal administrator) at the written request of the Client or at the Factor's discretion.

9.4. The Client is responsible for granting, restricting and cancelling the rights for all users of the Factoring Portal (incl. the Portal administrator).

9.5. The Client shall be fully responsible for the activities of the Portal Administrator and other users on the Factoring Portal, including their right to perform such actions on behalf of the Client, and undertakes not to raise any claims against the Factor in this regard.

9.6. The Client ensures that the Portal Administrator and other users, when using the Factoring Portal on behalf of the Client, comply with the conditions of the Agreement.

9.7. The information submitted in the Factoring Portal regarding the Invoices that the Client submits to the Factor for financing (List of Invoices) shall be considered as a request submitted by the Client to the Factor for disbursement of financing. The Client is fully liable for the activities of the users of the Factoring Portal (incl. the Portal administrator) regarding submitting the List of Invoices, including for the accuracy of the information included in the List of Invoices and compliance to the Invoices thereof.

9.8. The Factor may unilaterally make changes to the

scope and procedure of activities performed within the Factoring Portal. If the Factor provides technical options to perform such additional activities within the Factoring Portal that were not possible at the time when the Client started using the Factoring Portal, the performance of such activities automatically become available to all users of the Factoring Portal (incl. the Portal administrator).

9.9. The Factor may register and record the activities performed using the Factoring Portal and store this information in the databases of the Factor and/or third parties. These records shall be the confirmation and the proof of the will of the Client/Portal Administrator/Factoring Portal user and may serve as evidence for the settlement of disputes between the Factor and the Client, including in court.

9.10. The Factor shall not be held financially liable for loss which has been/may be incurred by the Client due to damage or disruption of communication lines or in cases when access to the Factoring Portal or some of its functions cannot be used/are not available to the Portal Administrator or other users due to technical reasons.

9.11. If the Factoring Portal is not available, the Client shall submit the List of Invoices (template located: [www.citadele.lv](http://www.citadele.lv)) to the Factor via email according to the Special Conditions.

### 10. Rights and obligations of the Factor

10.1. The Factor is entitled:

10.1.1. to verify the documents submitted by the Client and the Buyer, collect data and request and obtain the opinion of the competent persons regarding the activity, financial standing and legal status of the Client and the Buyer, to evaluate the economic purpose of the Trade Agreement and lawfulness of the Trade Agreement. The Client shall reimburse the Factor's expenses, if any, in connection with the above-mentioned activities;

10.1.2. to request and obtain the information from the Client on issues related to the economic activity, financial standing, legal status of the Client and the Buyer and payments to be made in accordance with the Agreement and the Trade Agreement;

10.1.3. to communicate with the Buyer, to ascertain validity of the transaction between the Buyer and the Client, whereon the Invoice was issued and the progress thereof;

10.1.4. to assign Monetary Claims to a third party;

10.1.5. to assign the rights and obligations under the Agreement to a third party.

10.2. Notwithstanding other provisions of the Agreement, the Factor may without prior notice unilaterally and unconditionally refuse acceptance of a Monetary Claim and respectively payment of the Factoring Advance related to any or all Invoices submitted by the Client. The Factor may also unilaterally reduce the Factoring Limit, the Factoring Advance rate, the Buyer's Limit or exclude the Buyer from the List of Buyers, or change the Maximum Deferred Payment Term. The Factor shall inform the Client about the reduction of Factoring Limit, Factoring Advance rate, or Buyer's Limit, or exclusion of particular Buyer from the List of Buyers, or changed Maximum Deferred Payment Term in accordance with the procedure specified in Clause 15 of the General Terms and Conditions. The Factor shall not be held liable for any loss incurred by the Client and/or any

third parties in this regard.

10.3. The Factor upon the Client's request shall submit to the Client the information on the payments made by the Buyer and other information related to this Agreement that is available to the Factor, which the Factor is entitled to provide to the Client in accordance with legislation of the State.

10.4. In case the Factoring Limit has not been used for 90 (ninety) days, the Factor is entitled to unilaterally terminate the Agreement and demand payment of all unpaid payments specified in the Agreement by sending a notice to the Client in accordance with the procedure specified in Clause 15 of the General Terms and Conditions at least 14 (fourteen) days in advance.

### 11. Rights and obligations of the Client

11.1. The Client shall have the following obligations during the validity of the Agreement:

11.1.1. upon the Factor's request, to submit to the Factor all documents related to the Buyer's obligation to pay the Invoice, including, but not limited to, the original Trade Agreement and/or Invoices;

11.1.2. not to transfer (including by means of assignment) its rights and/or obligations stipulated in the Agreement and/or the Trade Agreement to a third party (including to the Buyer);

11.1.3. to maintain its accounting in accordance with applicable legislation and to ensure the submission of annual report – or annual income return if the Client's accounts are maintained according to a simplified records system – to the State Revenue Service and/or the Factor no later than the deadline specified in the laws and regulations;

11.1.4. to allow representatives of the Factor to inspect the Client's business operations and to get acquainted with the necessary documents. The Factor shall notify the Client about the planned visit at least 3 (three) business days in advance;

11.1.5. to maintain positive equity over the entire validity of the Agreement;

11.1.6. upon Factor's request, which cannot be more often than once a year, submit to the Factor a relevant written confirmation in accordance with the form specified by the Factor regarding compliance with health protection, competition regulatory acts, occupational safety, labour rights and environmental protection regulatory acts;

11.1.7. immediately, within no more than 3 (three) business days, notify the Factor about accidents or events related to the Client's activities when violations of legislation and/or Sanctions may be applied to the Client or where a significant unfavourable impact on the environment, the health or safety of the public or employees, has occurred or might occur, and to take every feasible action towards remedying/eliminating unfavourable consequences, informing the Factor thereof;

11.1.8. to take appropriate measures to ensure that the Client and members of the Client's Group, their representatives and BO comply with the requirements set out in the Sanctions Regulations;

11.1.9. to comply with the legislation of the EU and the Republic of Latvia, as well as other legislation applicable to the Client, if the Client carries out economic or any other

activity outside the EU;

11.1.10. to take appropriate measures to ensure that the Client and members of the Client's Group, officers, their representatives and BO in their actions observe and are following Terms Against Prohibited Conduct;

11.1.11. to ensure that the Client obtains all necessary permits/licenses and other decisions of institutions, which are necessary to carry out the Client's business and that they are valid during the effective term of the Agreement;

11.1.12. The Client, in dealing with the Buyer, is obliged (i) without breaching the Agreement, to be as careful and responsible as it would be if the Agreement had not been concluded and Monetary Claims were owned by the Client without the credit risk insurance of Buyers, and (ii) to take measures to reduce the possible loss resulting from the Buyer's failing to pay and follow the substantiated instructions of the Factor with regard to the Buyer who is late with payments (e.g. to reclaim the Goods supplied to the Buyer and resell them).

11.2. The Client shall not, without written consent of the Factor, perform the following activities:

11.2.1. conclude transactions involving receipt or issue of credit (loans, borrowings, letters of credit, guarantees etc.), receive or issue credit (loans, borrowings, letters of credit, guarantees etc.), conclude leasing or factoring transactions and/or guarantee the performance of obligations by third parties, or conclude other transactions and assume any obligations including whereby the fulfilment of obligations is secured, except for transactions within the Client's ordinary course of business;

11.2.2. make decisions and pay any dividends or other distributions of a similar nature in respect of the Client's share capital and profit;

11.2.3. conclude a concern agreement or management agreement, or an agreement on management and transfer of profit;

11.2.4. allow adoption of any decision regarding liquidation, restructuring and/or substantial change of business activity of the Client or any member of the Client's Group (legal entity) in which the Client's participation exceeds 50% or which the Client otherwise controls either directly or indirectly;

11.2.5. allow any modifications to be made to the number and proportional allocation of capital shares/stocks in the Client or any participant of the Client's Group (legal entity) in which the Client's participation exceeds 50% or which the Client otherwise controls either directly or indirectly;

11.2.6. allow any decrease/increase in the share capital and/or the nominal value of capital shares/stocks in the Client or any participant of the Client's Group (legal entity) in which the Client's participation exceeds 50% or which the Client otherwise controls either directly or indirectly;

11.2.7. permit a situation whereby the Buyer becomes a member of the Client's Group;

11.2.8. amend the Trade Agreement or terminate it before its expiry;

11.2.9. insure the credit risk of Buyers;

11.2.10. to transfer all or a part of the Client's business to a country that is not part of the European Economic Area;

11.2.11. to not create or grant to any person mortgage, pledge or similar interest in any of Client's property, even in the ordinary course of Client's business.

11.3. The Client shall not pledge Monetary Claim in favour of third parties, including the pledge of them as a part of a property complex;

11.4. The Client is entitled to terminate the Agreement unilaterally by notifying the Factor in writing 30 (thirty) days in advance and simultaneously fulfilling all its obligations towards the Factor arising from the Agreement, including but not limited to the Client's payment of all Invoices subject to which the Factoring Advance has been paid, regardless of the Invoice Due Date.

11.5. The Client is entitled:

11.5.1. to request and receive the information on the payments made by the Buyer and other information related to this Agreement that is available to the Factor, which the Factor is entitled to provide to the Client in accordance with legal acts of the State;

11.5.2. in case the EURIBOR calculation principles and/or methodology are changed or it is no longer maintained (published), and the Factor sets a new Base Rate, which the Client does not agree with, within 30 (thirty) days following receipt of the Factor's notification about the new Base Rate to unilaterally withdraw from the Agreement by notifying the Factor in writing and fulfilling all obligations arising from the Agreement, including but not limited to the Client's payment of all Invoices subject to which the Factoring Advance has been paid, regardless of the Invoice Due Date.

## 12. Reporting to the Factor

12.1. The Client shall submit to the Factor, not later than the due date specified by the Factor, but no less than 5 (five) business days following the Factor's request, any documents and other information regarding:

12.1.1. the Client (including its owners/shareholders, BO), its financial standing, accounts and transactions and/or business activities, which the Factor deems necessary or which the Factor must obtain in accordance with the applicable laws and regulations;

12.1.2. measures taken by a participant, representative and/or BO of the Client's Group for prevention of corruption, fraud and/or illegal business activities;

12.1.3. fulfilment of the obligations specified in the Agreement.

12.2. The Client shall be obliged to immediately, within no more than 5 (five) business days following the occurrence of relevant circumstances or the Client becoming aware of such circumstances, notify the Factor about/that:

12.2.1. occurrence of any circumstances due to which the Buyer might not pay the Invoice amount, including, but not limited to, if the Goods are returned to the Client and/or the Trade Agreement is terminated, or a dispute related to the Trade Agreement has occurred or may occur, or any legal proceedings have been initiated against the Buyer for a debt recovery or other adverse information about the Buyer's financial standing, reputation or debt payment is known;

12.2.2. changes to the Client's Articles of Association, correspondence address, e-mail address or similar documents or data;

12.2.3. planned or implemented changes in the composition of the Client's owners changes in the proportion of held stocks/capital shares or share capital



owned by them. The aforementioned obligation of the Client shall not apply to public joint-stock companies, whose shares are listed on the stock exchanges of the Member States of the European Union or of the European Economic Area.

12.2.4. planned or implemented changes in the composition of the BO;

12.2.5. any situation, allegation or information when applicable Sanctions or Sanctions Regulations and/or in the Terms Against Prohibited Conduct may be applied to activity or status of Client and/or any member of the Client's Group, its shareholder, responsible and/or authorized employee (e.g. member of management board, head of department or division, chief accountant, etc.), representative or BO;

12.2.6. any circumstances have occurred that affect or may affect the Client's ability to properly fulfil its obligations under the Agreement and/or the Buyer's ability to properly fulfil its obligations under the Trade Agreement;

12.2.7. changes to the Client's activities, the Client's performance indicators (criteria) and/or representations provided to the Factor.

12.3. The Client shall be obliged to, immediately upon becoming aware, notify the Factor about changes in the composition of shareholders/stockholders, proportion of held stocks/capital shares or share capital among shareholders/stockholders of the Client's Group (legal entities) in which the Client and another member of the Client's Group have one and the same BO or in which the Client has decisive influence (according to applicable law). The aforementioned obligation of the Client shall not apply to public joint-stock companies.

### 13. Liability

13.1. Event of Default. The following events and circumstances shall constitute an Event of Default:

13.1.1. the Client delays a payment under the Agreement for more than 30 (thirty) days;

13.1.2. the business activities of the Client, its shareholder holding a stake exceeding 50% or otherwise possessing direct or indirect control of the Client, is terminated or suspended, or the Client, its shareholder holding a stake exceeding 50% or otherwise possessing direct or indirect control of the Client, commences liquidation.

13.1.3. the insolvency proceedings of the Client are declared;

13.1.4. before entering into the Agreement or during the validity thereof the Client submits to the Factor forged/falsified documents or provides to the Factor false or incomplete information;

13.1.5. any statement made by the Client is or proves to have been incorrect or misleading;

13.1.6. the Client fails to comply with its obligations specified in Clause 3 of the Special Conditions (if any) and/or Clause 11.1, 11.3 and/or 12 of the General Terms and Conditions and fails to comply thereof within 10 (ten) days after sending of a warning by the Factor;

13.1.7. any activities referred to in Clause 11.2 of the General Terms and Conditions are performed without prior approval of the Factor;

13.1.8. the Factor unilaterally terminates any other agreement (arrangement) between the Factor and the

Client, determines a new final settlement day and/or a new final settlement day is determined unilaterally, or an agreement (arrangement) between the Client and the Bank's Group company is terminated, or other financial institution unilaterally terminates any other agreement (arrangement) in respect of money borrowed, concluded with the Client, regardless of whether such agreements (arrangements) are entered into prior or subsequently to the entering into the Agreement, and / or any of the creditors mentioned in this clause become entitled to declare any financial indebtedness of the Client due and payable prior to its maturity as a result of an event of default;

13.1.9. the Factor has information that the Client and/or another participant of the Client's Group, its responsible and/or authorized employee (e.g. member of management board, head of department or division, chief accountant, etc.), BO and/or representative:

13.1.9.1. is a person against whom directly or indirectly, fully or partially Sanctions have been imposed or are applicable;

13.1.9.2. has directly or indirectly violated and/or performed activities with the aim to violate or evade Sanctions and/or binding normative acts in the field of Sanctions or prevention of money laundering, terrorist financing or proliferation financing;

13.1.9.3. is directly or indirectly engaged in activities that entail increased sanctions risk factors as defined by the Factor;

13.1.10. the Factor has information that the Client and/or company of the Client's Group, its responsible and/or authorized employee (e.g. member of management board, head of department or division, chief accountant, etc.), BO and/or representative has violated or does not observe Terms against Prohibited Conduct;

13.1.11. the Client has agreed with the Buyer on a procedure of payment other than stipulated by the Agreement;

13.1.12. circumstances are discovered during the period of validity of this Agreement that allow the Factor to reasonably believe that the economic and financial standing of the Client as well as its ability to repay the Factoring advance and/or to deliver other financial liabilities as stipulated in this Agreement is in real jeopardy (the Client operates at a loss, the Client's financial indicators drop compared to the financial indicators of the Client as of the date of signing this Agreement, key business partners of the Client refuse to cooperate with the Client, the Client is in violation of the legislation of the State and is facing sanctions as a result, the Client's assets or any portion thereof are seized, etc.).

13.2. The Client is responsible for fulfilment of its obligations under the Agreement, including repayment of the Factoring Advance, payment of the Fees, Contractual Penalties and making other payments before due dates stipulated in the Agreement, with all movable and immovable property and funds owned by the Client in accordance with the applicable laws and regulations.

13.3. If any Event of Default occurs, the Factor is entitled, by sending a notice to the Client in accordance with the procedure specified in Clause 15 of the General Terms and Conditions not less than 5 (five) business days in advance,

to exercise the right of Recourse at the Factor's discretion in respect of all or part of the Monetary Claims transferred to the Factor for which the Factor has paid the Factoring Advance and for which the Buyer has not paid to the Factor regardless of the Invoice Due Date of respective Invoices, as well as to demand payment of all outstanding payments under the Agreement.

13.4. If any Event of Default occurs and the Client does not make the payment in connection with exercising of the right of Recourse and/or does not make all the payments specified in the Agreement in the entirety thereof before the due dates specified by the Factor, the Factor shall have the right to unilaterally terminate the Agreement and direct recovery to all movable and immovable property and funds owned by the Client, in accordance with the applicable laws and regulations and agreements entered into with the Factor. Furthermore, the Factor shall have the right to alienate (including, assign) the right of claim against the Buyer at the same time or at another time at the discretion of the Factor, if it belongs to the Factor at the time of alienation.

13.5. The funds received for the fulfilment of the Client's obligations under the Agreement are utilised in the same order as specified in Clause 8.7 of the General Terms and Conditions, except all expenses related to the debt recovery shall be covered first. The Factor may determine another order of utilisation of the received funds provided it does not contradict the laws and regulations applicable in the State.

#### 14. Processing of personal data and confidentiality

14.1. During the validity of the Agreement, the Factor will process personal data for the following purposes: providing of factoring services (incl. administration of various payments), communication related with the mentioned services, fulfilment of the obligations under the Agreement, as well as ensuring operation of the Factoring Portal, ensuring that a person's rights are exercised in accordance with the Factor's Privacy Protection Rules available at [www.citadele.lv](http://www.citadele.lv) website.

14.2. The Client may obtain information on the credit information bureaus with which the Factor has entered into agreements on providing and receiving data from the Factor.

14.3. The Client is aware and agrees that the Factor is entitled to request and receive information from the Bank and the Bank's Group companies and the Bank and the Bank's Group companies are entitled to provide information about the Client and its transactions, as well as the Factor is entitled to provide the information about the Client and its transactions to the Bank and the Bank's Group companies.

14.4. Conditions of the Agreement and information obtained by the Parties in implementing the Agreement shall be confidential and not subject to disclosure to third persons without the other Party's consent, excluding the cases provided for in the Agreement and / or laws of the State. Information disclosure shall not be considered as a violation of this clause when the information is supplied (i) to the audit firm which performs the audit of activities or financial statements of the Factor or the Client, (ii) to the persons securing the fulfilment of the Client's obligations

under the Agreement, (iii) to the lawyers providing legal services to any Party, (iv) an insurer which carries out trade credit insurance and companies related to the insurer as well as an insurance broker.

14.5. Should the Factor has established any Event of Default, the Factor shall have the right without a separate consent of the Client, to publicly announce or provide to third persons the information about conditions of the Agreement, the subject of Client's performance security (including its encumbrances), the Client and default on obligations to the Factor.

#### 15. Correspondence

Unless otherwise expressly provided for in the Agreement in relation to the specific situation, all communication between the Client and the Factor in connection with the Agreement (applications, notifications, warnings, etc.) shall be in writing and shall: (a) be personally delivered (the time of delivery shall be deemed to be the time of receipt); or (b) sent by registered mail to the address specified in the Agreement or to another address notified in accordance with the Agreement (the date of receipt shall be deemed to be the 5th day following submission of the dispatch at the post office), or (c) notice about the Buyer's Limit or documents signed with a safe electronic signature shall be sent to the e-mail address specified in the Agreement (the date of receipt shall be deemed to be the next business day), or (d) sent via the Factoring Portal (the date of receipt shall be deemed to be the next business day).

#### 16. Final provisions

16.1. The Agreement enters into force on the date when the last Party has signed the Special Conditions and is valid until final fulfilment of the obligations under the Agreement.

16.2. All amendments and supplements to the Special Conditions shall be made by mutual written agreement, except for amendments, which may be made unilaterally by the Factor in accordance with the procedures specified in the Agreement, and amendments to the List of Buyers in accordance with the procedures specified in the Agreement. The Factor is entitled to unilaterally amend the General Terms and Conditions.

16.3. The Factor is entitled to unilaterally amend the Price List.

16.4. Information regarding any planned amendments to the General Terms and Conditions and the Price List shall be available on the website [www.citadele.lv](http://www.citadele.lv) before their entry into force. The Client can also receive it by calling the Bank's contact centre. The Factor shall send a relevant notice regarding amendments to the General Terms and Conditions to the Client 30 (thirty) days prior to their entry into force.

16.5. If the Client does not agree with the changes made by the Factor to the Price List and/or to the General Terms and Conditions, the Client is entitled to unilaterally withdraw from the Agreement by notifying the Factor in writing and fulfilling the full obligations arising from the Agreement, including but not limited to the Client's payment of all Invoices subject to which the Factoring Advance has been paid, regardless of the Invoice Due Date.

# Factoring agreement (the Agreement)

## General Terms and Conditions



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If the Client has not notified the Factor of the withdrawal from the Agreement and has made a settlement with the Factor by the effective date of the amendments to the Price List and/or the General Terms and Conditions, it is deemed that the Client has agreed to the changes made by the Factor.

16.6. Headings of parts, clauses and sub-clauses of the Agreement are provided for the convenience of reference only and shall not affect interpretation of the Agreement.

16.7. If one or several conditions of the Agreement become invalid, unlawful or unenforceable in any manner whatsoever, it will not affect or restrict the validity, lawfulness or enforceability of other terms of the Agreement.

16.8. If any of Special conditions of the Agreement

contradict with any of the General Terms and Conditions of the Agreement, the respective Special condition of the Agreement shall prevail.

16.9. This Agreement shall be construed pursuant to the applicable laws and regulations of the State.

16.10. The Parties have agreed that the UNIDROIT CONVENTION On International Factoring (Ottawa, 28 May 1988) do not apply to the relationship between the Factor, the Client and Buyers.

16.11. If the Agreement is written in the Latvian and foreign languages and there are discrepancies between texts of the Agreement written in different languages or any contradictions arise with regard to understanding the texts of the Agreement written in different languages, the text of the Agreement in the Latvian language shall prevail.