



Approved by
AS VIRŠI-A
extraordinary shareholders' meeting
on 28 July 2021,
Minutes No. A/2021-2

AS VIRŠI-A DIVIDEND POLICY

1. General terms and purpose

- 1.1. The Dividend Policy of the Joint Stock Company "VIRŠI-A" determines the principles for the pay-out of dividends and the procedure for the pay-out of dividends to the Shareholders.
- 1.2. The purpose of the policy is to ensure a balance between the regular pay-out of funds to Shareholders, the strategic objectives of the Company and the financial stability of the Company.
- 1.3. The policy enters into force on the day when the sale of the shares of the Company is listed on the *Nasdaq Baltic* stock exchange.

2. Terms and definitions

- 2.1. **Shareholder** - a person who owns one or more shares in the Company;
- 2.2. **Dividend** - a part of the profit of the Company, which, based on the decision of the Shareholders' Meeting, is distributed between the Shareholders according to the number of shares owned by them;
- 2.3. **Extraordinary dividend** - a part of the profit of the Company, which, based on the decision of the Shareholders' Meeting, is distributed among the Shareholders and which is calculated from the profit earned during the period after the end of the previous financial (reporting) year;
- 2.4. **Capitalisation** - the market value of the share capital of the Company, calculated by multiplying the price of the Company's shares traded on the *Nasdaq Baltic* stock exchange by the price of the shares issued by the Company;
- 2.5. **Council** - the Council of the Company;
- 2.6. **Policy** - this Dividend Policy;
- 2.7. **Company** - joint stock company VIRŠI-A, registration No. 40003242737.

3. Procedure for calculation of the amount of dividends

- 3.1. The following main principles are observed in determining and calculating the amount of dividends:
 - 3.1.1. Maintenance of a balance of short-term (profit-making) and long-term (development of the Company) interests of shareholders;
 - 3.1.2. Increase of the market capitalisation of the Company;
 - 3.1.3. ensuring transparency in profit distribution.
- 3.2. Dividends may only be calculated and paid to the Shareholder for fully paid-up shares.
- 3.3. Dividends will only be paid from the funds available to the Company.
- 3.4. The Management Board prepares a proposal to the Shareholders' Meeting regarding the amount of

dividends, evaluating the following circumstances and considerations:

- 3.4.1. The financial situation of the Company;
 - 3.4.2. The legal obligations and responsibilities of the Company, including, but not limited to, those set forth in agreements with credit institutions regarding funding of the Company;
 - 3.4.3. the balance of the capital structure;
 - 3.4.4. strategic goals of the Company.
- 3.5. In compliance with any other obligations of the Company specified in regulatory enactments or in the agreement binding to the Company, it is expected that **up to 20% (twenty percent)** of the profit of the financial reporting year, determined in the audited consolidated annual report of the group, which is prepared in accordance with the requirements of the International Financial Reporting Standards approved in the European Union, shall be paid to the Shareholders of the Company in the form of dividends.
- 3.6. The part of the profit of the Company that remains after the pay-out of dividends shall be retained by the Company for further investments and development of the commercial activity of the Company.
- 3.7. The amount of profit intended for the pay-out of dividends may be changed (reduced or increased) in accordance with Sub-Paragraph 3.4 of this Policy, provided that in such case the Management Board of the Company justifies each relevant proposal.
- 3.8. Dividends paid by the Company are taxable in accordance with the laws and regulations of the Republic of Latvia, as well as may be subject to taxes in the country, where the Shareholder is a tax resident.
- 3.9. Extraordinary dividends may only be paid if the Articles of Association of the Company provide for such.

4. Making and execution of decisions on pay-out of dividends

- 4.1. If, according to the Company's annual report, a profit has been made as a result of the Company's operations, the decision on the payment of dividends shall be made in the following order:
- 4.1.1. The Management Board prepares a proposal for the payment of dividends;
 - 4.1.2. the proposal on the payment of dividends shall be submitted by the Management Board to the Council for review;
 - 4.1.3. the Council prepares a report and submits it to the Shareholders' Meeting;
 - 4.1.4. the regular Shareholders' Meeting shall make a decision regarding the pay-out of dividends and the date of payment, which shall be in the same financial year as when the relevant decision was made.
- 4.2. Dividends shall be paid by wire transfer to the current accounts of the Shareholders on the payment date, with the Company providing notification of such in the stock exchange information system.
- 4.3. Dividends that are not withdrawn within 10 years shall become the property of the Company, except for in the cases, when the limitation period is deemed to be interrupted or suspended by law. No interest shall be paid on dividends not withdrawn in time, if this is due to the fault of the Shareholder.

5. Disclosure of information

- 5.1. The Company publishes this Policy on the Company's website.

Chair of the Shareholders' Meeting of
28 July 2021
Jānis Riekstiņš