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Document developer: Management Board

**AS „DelfinGroup”  
Dividend Policy 12PL10 – 0**

**1. GENERAL INFORMATION**

- 1.1. Dividend policy (hereinafter referred to as the Policy) determines the principles for preparation of offer to the Shareholders' Meeting in order to make a decision for distribution of profit;
- 1.2. The Shareholders' Meeting makes a decision on volume and payout procedures of dividends.

**2. PRINCIPLES OF THE DIVIDEND POLICY**

- 2.1. Dividend amount and payout regularity:
  - 2.1.1. Disbursement of dividends (quarterly dividends) is performed **once per quarter in the volume of up to 50%** from the company's consolidated profit earned during the previous quarter;
  - 2.1.2. Disbursement of additional dividends is performed **once per year** (annual dividends) after approval of the Company's annual report in such an amount that ensures an optimal capital structure in accordance with conditions mentioned in Clause 3.4 and in accordance with the conditions mentioned in Clause 3.1;
- 2.2. Predictability and balance of dividends: regular and predictable disbursement of dividends promotes balance between the long-term development goals of the Company and the shareholders' interest in gaining regular and predictable yield, as well as promotes financial stability of the Company;
- 2.3. Transparency: the Company explains the considerations for determining the dividends to their shareholders and other stakeholders.

**3. PROCEDURES FOR CALCULATING THE DIVIDENDS**

- 3.1. The Management Board of the Company prepares a proposal to the Shareholders' Meeting in relation to the volume of dividends and the payout procedures, considering:
  - 3.1.1. The Articles of Association and laws and regulations of the Republic of Latvia;
  - 3.1.2. DelfinGroup long-term development goals;
  - 3.1.3. Financial situation of the Company;
  - 3.1.4. Legal obligations and duties of the Company (if any), e.g., contractual obligations stipulated by the Company's financing terms and conditions;
  - 3.1.5. Balance of the capital structure;
  - 3.1.6. Other principles stated in the Policy.
- 3.2. Dividends are calculated on the basis of the Company's consolidated profit volume included in the financial statements. The Company prepares financial statements in accordance with the International Financial Reporting Standards.
- 3.3. Net profit volume intended for payout of dividends may be changed (reduced or increased) with the reasoning provided for such a proposal of the Management Board.
- 3.4. Optimal capital structure balance is ensured if the rate of the Company's consolidated equity to total consolidated assets of the Company is equal to or exceeding 20% (twenty per cent).

**4. PROCEDURES FOR PAYOUT OF DIVIDENDS**

- 4.1. Dividends are calculated and paid out only for fully paid-up shares;

- 4.2. The part of profit which remains after the payout of dividends is kept as retained profit;
- 4.3. The dividends paid out by the Company are taxed in accordance with the laws of the Republic of Latvia and/or laws of the residence country of the beneficiary;
- 4.4. The Company's Articles of Association provide for an option to pay out extraordinary dividends to the shareholders. Extraordinary dividends are paid out in accordance with the provisions of the legislation of the Republic of Latvia, which inter alia prescribes a period of 3 months from the previous decision on payout of dividends and requirements in relation to tax payment.

**5. TYPE AND DUE DATES FOR PAYOUT OF DIVIDENDS**

- 5.1. Accrual of dividends and payment date is recommended by the Company's Management Board, reviewed by the Supervisory Board, and approved by the Shareholders' Meeting;
- 5.2. Dividends are paid out in cash via wire transfer to the respective shareholder.
- 5.3. Quarterly dividends are paid out during the following reporting quarter;
- 5.4. Annual dividends are paid out once per quarter when the Shareholders' Meeting approves the Company's annual results or in the following quarter after approval of the Company's annual results together with the payout of the quarterly dividends.

**6. DISCLOSURE OF INFORMATION**

- 6.1. The Policy and all changes thereto are published and available on the Company's website.

Effective date: 2021.03.03.

Document approved by: Shareholders' Meeting

**Information on the version of documents**

| <b>Date of the version</b> | <b>Number of the version</b> | <b>Changes</b>  |
|----------------------------|------------------------------|---|
| 2021.03.03.                | 1.                           | Changes to the wording of the policy. (Principles remain unchanged.)<br>Defined optimal capital structure balance of the Company. |
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