

Release date: 04.09.2020

Revised and approved on: \_\_\_\_

Developed by: Management Board

Approved by AS DelfinGroup shareholders  
meeting of \_\_\_\_

Minutes No 2023/\_\_\_\_

Confirmed at the AS DelfinGroup Supervisory board meeting  
of 24 January 2023, Minutes No 01/2023

## AS DELFINGROUP DIVIDEND POLICY 12PL10 – 3

1. GENERAL INFORMATION .....	1
2. POLICY PRINCIPLES.....	1
3. PROCEDURE FOR DISTRIBUTION OF DIVIDENDS.....	1
4. DIVIDEND PAYOUT PROCEDURE .....	2
5. TAXES .....	2
6. DISCLOSURE OF INFORMATION .....	2

### 1. GENERAL INFORMATION

- 1.1. The Dividend policy (further referred to as Policy) establishes the principles of how the Management Board makes recommendations to the shareholders' meeting regarding the distribution of profit.
- 1.2. The Supervisory board reviews the Management board's recommendations pertaining to the amount and payment procedure of dividends and provides an opinion thereon.
- 1.3. The shareholders' meeting decides on the amount and payment procedure of dividends.

### 2. POLICY PRINCIPLES

- 2.1. AS DelfinGroup (further referred to as Company) pays two types of dividends: annual (further referred to as **Annual dividends**) and extraordinary (further referred to as **Extraordinary dividends**).
- 2.2. Both Annual and Extraordinary dividends are decided upon in accordance with the procedure described in Paragraph 3 of the Policy and paid out in accordance with the procedure described in Paragraph 4 of the Policy.
- 2.3. Predictability and sustainability of dividends: the dividends are decided upon in a predictable manner and paid out regularly to facilitate a balance between the long-term developmental goals of the Company, the interests of the shareholders for regular and predictable income, and the financial stability of the Company.
- 2.4. Transparency: the Company shall explain the considerations regarding the distribution of dividends to shareholders and other stakeholders.
- 2.5. Dividends are only calculated and paid out for shares that have been fully paid for.
- 2.6. The remaining portion of the profit after dividend pay-out is retained as undistributed profit.

### 3. PROCEDURE FOR DISTRIBUTION OF DIVIDENDS

- 3.1. The Management Board shall draft a proposal for the shareholders' meeting regarding the amount and pay-out procedure of dividends, considering:
  - 3.1.1. the Articles of Association of the Company and regulations of the Republic of Latvia;
  - 3.1.2. long-term developmental goals of the Company;
  - 3.1.3. the financial situation of the Company;

- 3.1.4. legal obligations and liabilities (if any) of the Company, such as the contractual obligations of company financing terms;
- 3.1.5. the adequacy of capital structure;
- 3.1.6. other principles laid out in the Policy.
- 3.2. Dividends are calculated based on the amount of consolidated profit of the Company included in financial statements. The Company shall prepare financial statements in accordance with the International Financial Reporting Standards.
- 3.3. Annual dividends are distributed after the approval of the Company's annual report.
- 3.4. Extraordinary dividends are determined once a quarter based on the recommendation of the Management Board after the quarterly financial statements have been prepared. Extraordinary dividends can amount up to 50% of the reporting quarter's consolidated profit of the Company.
- 3.5. The portion of the profit to be distributed in dividends may vary (decrease or increase) if the Management Board can substantiate the proposition.
- 3.6. Adequate balance of the capital structure is attained if the ratio of the Company's total consolidated equity versus the total consolidated assets of the Company exceeds or is equal to 20% (twenty percent).

#### **4. DIVIDEND PAY-OUT PROCEDURE**

- 4.1. Annual dividends shall be paid after the General meeting has approved the audited annual report of the Company.
- 4.2. Extraordinary dividends shall be paid out quarterly after the shareholders' meeting has approved the financial statements of the previous reporting quarter.
- 4.3. Dividends shall be paid out in money via bank transfer to the respective shareholder.

#### **5. TAXES**

- 5.1. Dividends paid out by the Company shall be taxed in accordance with the laws of the Republic of Latvia and/or the laws of the country of residence of the recipient of dividends.

#### **6. DISCLOSURE OF INFORMATION**

- 6.1. The Policy and all changes therein are published and available on the website of the Company — <https://www.delfingroup.lv/governance>.

Effective as of: [...]

Approved by: shareholders' meeting

**Versions of the document**

<b>Version date</b>	<b>Version No.</b>	<b>Change description</b>
03.03.2021	1.	Changes in wording (underlying ideas remain unchanged); the defined optimal capital structure of the Company.
27.08.2021	2.	Changes in the pay-out procedure of extraordinary dividends; specification of policy terms.
2023.01.05	3	Amendments to annual dividends pay-out procedure, Clause 4.1.