

AS VALMIERAS STIKLA ŠĶIEDRA DIVIDEND POLICY

Approved by
Akciju sabiedrība "VALMIERAS STIKLA ŠĶIEDRA"
Management Board resolution
No. 04/2019 of 29 May 2019



AKCIJU SABIEDRĪBA "VALMIERAS STIKLA ŠĶIEDRA"
DIVIDEND POLICY

1. GENERAL PROVISIONS

- 1.1. This Dividend policy (hereinafter - **the Policy**) defines the principles followed by Management Board of Akciju sabiedrība "VALMIERAS STIKLA ŠĶIEDRA" (hereinafter - **the Company**) when preparing recommendations to the Company's General Meeting for a decision on distribution of profit.
- 1.2. The Company aims to create a transparent and methodological Dividend pay-out policy that ensures balance between regular cash distribution to shareholders as a return for their investment and Company's operational sustainability goals.
- 1.3. The General Meeting has the sole discretion and flexibility to determine the amount of Dividend to be distributed to shareholders of the Company. This Policy includes key considerations for Dividend payment recommendations.

2. TERMS AND DEFINITIONS

- 2.1. For the purposes of this Policy the following terms and definitions are used:
- 2.2. **Articles of Association** – articles of association of the Company, as amended from time to time based on the resolution of the Company's General Meeting.
- 2.3. **Capitalization** – the market value of the Company's share capital calculated as the price of the Company's ordinary shares circulating on the Nasdaq Baltic Stock Exchange multiplied by the price of the Company's shares issued.
- 2.4. **Dividend** – a portion of the Company's net profit distributed among shareholders based on the decision by the General Meeting.
- 2.5. **Extraordinary Dividend** – a portion of the Company's net profit distributed among shareholders based on the decision by the General Meeting which has been calculated from the profits made in the period after the end of the previous financial (reporting) year.
- 2.6. **General Meeting** – the general meeting of shareholders of the Company.
- 2.7. **Management Board** – the management board of the Company.
- 2.8. **Supervisory Board** – the supervisory board of the Company.

3. DIVIDEND AMOUNT CALCULATION PRINCIPLES

- 3.1. The Dividend amount shall be calculated on the basis of the net profit reflected in the Company's annual report (annual financial statements) prepared in compliance with the applicable laws and regulations of the Republic of Latvia. The annual report of the Company may be prepared in accordance with International Financial Reporting Standards.
- 3.2. The following principles shall be observed for the purposes of Dividend amount calculation:
 - 3.2.1. maintenance of balance between short-term (profit making) and long-term (corporate development) shareholder interests;
 - 3.2.2. orientation towards higher investment attractiveness and market Capitalization of the Company;
 - 3.2.3. the principle of ensuring transparency applies at all times.

4. DIVIDEND AMOUNT CALCULATION PROCEDURE

- 4.1. Dividends are calculated and payable only for fully paid-up shares.
- 4.2. Subject to compliance with any other applicable statutory or contractual obligations of the Company, up to 40 (forty) per cent of the Company's net profit for the prior financial year is expected to be paid out as Dividend to the shareholders of the Company.
- 4.3. The amount of net profit of the Company remaining following distribution of Dividend shall be retained in the Company for further investment and development of the Company's business.
- 4.4. The amount of net profit intended for Dividend distribution according to sub-clause 4.2 of this Policy may be adjusted (reduced or increased) whereas in each particular case the Management Board shall provide reasoning for its recommendation.
- 4.5. Dividends distributed by the Company are subject to taxation according to laws of the Republic of Latvia and may be subject to taxation of the country of tax residence of the recipient of the Dividend.
- 4.6. The Articles of Association of the Company do not set out the possibility to pay Extraordinary Dividends to the shareholders of the Company.

5. DIVIDEND PAY-OUT DECISION MAKING

- 5.1. In the event the Company's operations have generated a net profit pursuant to the annual report of the Company the Management Board of the Company shall prepare a recommendation of distribution of Dividend to the annual General Meeting for consideration.
- 5.2. When preparing the recommendation, the Management Board shall follow the provisions of applicable Latvian laws and contractual undertakings and commitments of the Company, including but not limited to contracts with credit institutions in respect to Company financing.
- 5.3. The Management Board shall first submit the recommendation of distribution of Dividend to the Supervisory Board for review and shall render explanations as the Supervisory Board may require. The Supervisory Board may prepare and make available to the General Meeting its opinion about the Management Board's recommendation.
- 5.4. The Dividend amount defined by the General Meeting should not exceed the amount recommended by the Management Board of the Company.

6. DIVIDEND PAY-OUT FORM AND TIMING

- 6.1. Dividends shall be paid out in cash by bank transfer to the accounts of respective Company shareholders as of the payment date announced by the Company via the stock exchange information system.
- 6.2. The pay-out and payment date shall be determined by the General Meeting; however, Dividends shall be paid out within the same financial year when the respective decision is made.
- 6.3. Dividends that have not been successfully paid to the bank accounts of the Company's shareholders within 10 (ten) years are transferred back to the Company, except when the statute of limitation is considered to be interrupted or suspended. No interest shall be paid on Dividends not retained in time, if any, due to the failure of the shareholder.

7. INFORMATION DISCLOSURE

This Policy and any amendments hereto are published and available on the Company's website at: www.valmiera-glass.com.