

Normative internal legal act	Dividend policy of AB “Ignitis grupė” subsidiaries
Name of the process	Dividend allocation and payment
Approving company	AB “Ignitis grupė”
Owner – the department	Treasury Department
Approving person / body	Board of AB “Ignitis grupė”
Date of approval and entry into force	15/12/2020

DIVIDEND POLICY OF AB “IGNITIS GRUPĖ” SUBSIDIARIES

1. PURPOSE AND SCOPE OF APPLICATION

- 1.1. The purpose of the dividend policy of AB “Ignitis grupė” subsidiaries (hereinafter referred to as the Policy) is to define the principles of awarding and paying dividends to AB “Ignitis grupė” (hereinafter referred to as the Company) subsidiaries (including subsequent subsidiaries) (hereinafter referred to as the Subsidiary) and to ensure the implementation of the Company's dividend policy.
- 1.2. This Policy shall apply to Subsidiaries.

2. TERMS

- 2.1. General terms are defined in the [Glossary of Terms: Group, Company, GEN, ESO](#).
- 2.2. **Dividend policy of the Company** shall mean the dividend policy of the Company, approved by the decision of the Board of the Company of 3 September 2020.

3. GENERAL PROVISIONS

- 3.1. The purpose of the Policy is to define the main principles that must be ensured when the Subsidiary's management bodies submit proposals to the general meetings of shareholders regarding the allocation of the Subsidiary's dividends. The Policy aims to implement the requirements for the payment of dividends set out for the Company in the Company's dividend policy.
- 3.2. The Policy has been prepared in accordance with the Company's dividend policy and the legal acts of the Republic of Lithuania.

4. DIVIDEND SIZE

- 4.1. The management bodies of the Subsidiary propose to allocate the share of profit to dividends for the financial year or for a period shorter than the financial year – at least 80 percent of the Subsidiary's net profit received during the reporting period for which dividends are proposed.
- 4.2. The management bodies of the Subsidiary may propose to allocate a share of profit to dividends for the financial year or for a period shorter than the financial year, if the Subsidiary has incurred a loss during the reporting period, but has accumulated retained earnings from previous reporting periods. This provision shall apply only when there is a necessary need for the Company to receive dividends in the implementation of the Company's dividend policy.
- 4.3. The management bodies of the Subsidiaries may propose to set a lower share of the profit for dividends set for the Subsidiaries specified in Sub-Clause 4.1 of the Policy, or to propose not to pay dividends for the reporting period if at least one of the following conditions is met:
 - 4.3.1. The Subsidiary implements green generation investment projects in accordance with the Group's strategy;
 - 4.3.2. The Subsidiary's ability to pay dividends is limited by the covenants set out in the financing agreements;
 - 4.3.3. The Subsidiary implements or participates in the implementation of an economic project of state importance recognised by the decision of the Government of the Republic of Lithuania;
 - 4.3.4. The Subsidiary's equity, after payment of dividends, would become less than the amount of the Subsidiary's authorized capital, mandatory reserve, revaluation reserve and reserve for acquisition of own shares;
 - 4.3.5. The Subsidiary is insolvent, or would become insolvent upon payment of dividends;
 - 4.3.6. The Subsidiary's net financial debt at the end of the reporting period for which dividends are proposed is equal to or greater than the Subsidiary's EBITDA for the last twelve

months (from the end of the reporting period) multiplied by six (i.e. net financial debt \geq 6 EBITDA for the last 12 months);

4.3.7. The Subsidiary has received the written consent of the Head of the Treasury Function and the Director of Finance and Treasury of the Company to apply Sub-Clause 4.3 in cases not provided for in Sub-Clauses 4.3.1–4.3.6.

5. DIVIDEND AWARD AND PAYMENT PROCEDURE

- 5.1. The governing bodies of the Subsidiary shall, taking into account the provisions of the Policy, decide on the proposed draft profit distribution for the financial year or the draft decision on dividends for the period shorter than the financial year and submit them to the Subsidiary's Supervisory Board for feedback and proposals, if any, and for approval by the General Meeting of Shareholders.
- 5.2. The decision on the payment of dividends and the amount of dividends shall be made by the General Meeting of Shareholders of the Subsidiary.
- 5.3. The Subsidiary must pay dividends no later than one month after the date of the decision to distribute the profit or the decision to allocate dividends for a period shorter than the financial year.
- 5.4. Dividends determined by the decision of the General Meeting of Shareholders shall be a liability of the Subsidiary to the shareholders. A shareholder shall have the right to claim a dividend from the Subsidiary as its creditor.
- 5.5. The principles set out in this Policy shall also apply to the payment of dividends for a period shorter than the financial year. Shareholders of the Subsidiary, whose shares entitle them to at least 1/3 of all votes, shall have the right to initiate the payment of dividends for a period shorter than the financial year.
- 5.6. The Subsidiary must coordinate with the Head of the Treasury Function the draft profit (loss) distribution for the reporting period, the draft decision on dividends for the period shorter than the financial year.

6. FINAL PROVISIONS

- 6.1. The Policy is approved and amended by the decision of the Board of the Company.
- 6.2. The Head of the Treasury Function is responsible for the preparation and amendment of the Policy.
- 6.3. The Head of the Treasury Function is responsible for the implementation and control of the measures of the Policy.
- 6.4. The Policy is publicly available on the websites of the Company, GEN and ESO.

7. RELATED LEGAL ACTS

[AB "Ignitis grupė" dividend policy](#)

Resolution of the Government of the Republic of Lithuania of 14 January 1997 No. 20 "Concerning Dividends on State-Owned Company Shares and Profit Contributions of State-Owned Enterprises".

Resolution of the Government of the Republic of Lithuania of 2 September 2020 No. 963 "Concerning Dividends Paid by AB "Ignitis grupė"

[Law on Companies](#)