



financing and
circular retail

AS DelfinGroup
Remuneration Report 2023

Introduction

AS *DelfinGroup* (hereinafter *DelfinGroup* or Company) *Remuneration Report* of the Management Board and Supervisory Board for the year 2023 has been prepared in accordance with the requirements of Chapter III¹ of Section D of the Financial Instrument Market Law of the Republic of Latvia and *DelfinGroup* Remuneration Policy, which is available on the Company's website www.delfingroup.lv

The *DelfinGroup* Remuneration Policy aims to promote the implementation of *DelfinGroup* strategy, sustainability, and transparency of the use of finances, as well as to retain, attract, motivate and develop professional and talented employees, Management Board and Supervisory Board members. *DelfinGroup* applies the following principles when determining the remuneration of the Management Board and Supervisory Board members:

1. Remuneration is commensurate with the performance and personal contribution of Management Board and Supervisory Board members;
2. Remuneration is in line with the terms of the employment or authorisation relationship as well as *DelfinGroup* actual performance;
3. The remuneration of the Management Board and Supervisory Board members is proportional to the remuneration of employees;
4. Remuneration is competitive in the labour market;
5. The remuneration structure is balanced and does not encourage excessive risk-taking;
6. Remuneration is not contrary to the long-term interests of *DelfinGroup* and stakeholders;
7. To avoid conflicts of interest, *DelfinGroup* ensures that its employees, Management Board and Supervisory Board members do not participate in determining their remuneration (unless the shareholder is a Supervisory Board member).

The fixed and variable remuneration paid to the *DelfinGroup* Management Board and Supervisory Board members in 2023 complies with the provisions of the Company's remuneration policy.

The previous remuneration report for 2022 was unanimously adopted on 01.06.2023 at the Annual General Meeting without further shareholder comments.

The remuneration report is a part of the Annual Report prepared by the Company's Management Board and reviewed by the Company's Supervisory Board. A sworn auditor has reviewed the Remuneration Report and will be approved at the shareholders' meeting with other components of the Annual Report. As a separate part of the Annual Report, the Remuneration Report is available in Latvian and English on the Company's website www.delfingroup.lv and on the *Nasdaq Riga* website www.nasdaqbaltic.com/.

Didzis Ādmīdiņš
Chairman of the
Management Board

Aldis Umblejs
Member of the
Management Board

Sanita Pudnika
Member of the
Management Board

Nauris Bloks
Member of the
Management Board

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Remuneration of the Management Board

Remuneration of Management Board is determined by the Supervisory Board of *DelfinGroup*. Salary or time remuneration and a bonus are determined for Management Board members, and other benefits are provided. When determining time remuneration for a Management Board member various factors are taken into account, such as, education, professional skills and competencies, job responsibilities, as well as the level of responsibility, the situation in the labour market, and *DelfinGroup* financial position.

The bonus for Management Board members shall be determined in an amount not exceeding 100% of the amount of time remuneration. The bonus amount is related to the implementation of *DelfinGroup* strategy, the fulfilment of the overall objectives set by the Supervisory Board, as well as the objectives and key performance indicators (KPIs) of individual members of the Management board as defined by the Supervisory Board, and *DelfinGroup* financial results, including profits. The supervisory board may reduce or not pay bonuses if *DelfinGroup* financial results have not been achieved or if the overall financial situation of *DelfinGroup* does not allow it.

In addition to time remuneration, as well as the bonus, the supervisory board may set other benefits for Management board members:

- a bonus for the successful implementation of strategically important projects determined by the Supervisory Board with the total bonus budget not exceeding 20% of the total amount of remuneration for the Management Board member in the last 12 months. If the Management Board member has been in office for 3 to 6 months, then the total bonus budget does not exceed 80% of the total remuneration of the Management Board member in the last 3 months. If the Management Board member has been in office for 6 to 12 months, then the total bonus budget does not exceed 40% of the total remuneration of the Management Board member in the last 6 months;
- the use of one non-luxury car and the payment of related expenses;
- once a year the Supervisory Board approves the package of other rational benefits with the total budget not exceeding 5% of the amount of time remuneration.
- no termination payments are set for Management Board members. However, if it is deemed necessary in specific circumstances, the amount of such payment determined by the Supervisory Board may not exceed the amount of time remuneration of the Management Board member for 6 months.

Below, in the table, the remuneration of the Management Board and other benefits paid out in 2023 are reflected in EUR:

Name, surname, position	Fixed remuneration			Variable remuneration	Total remuneration	Proportion of fixed and variable remuneration %	Notes
	Base salary	Other benefits*	Total				
Didzis Ādmīdiņš , Chairman of the Management Board	133 819	396	134 215	32 808	167 023	76 / 24	
Aldis Umblejs , Member of the Management Board, Chief Financial Officer	84 190	465	84 655	8 426	93 081	90 / 10	
Sanita Pudnika , Member of the Management Board, Chief Commercial Officer	88 488	465	88 953	8 161	97 114	91 / 9	
Nauris Bloks , Member of the Management Board, Chief Innovation Officer	53 043		53 043	5 644	58 687	89 / 11	Remuneration since the appointment to management board position in 08.06.2023

*Other benefits include health insurance.

Remuneration of the Supervisory Board

Remuneration of Supervisory Board members is determined by the shareholders' meeting of *DelfinGroup*. No variable part of remuneration or bonus is determined for Supervisory Board members. Remuneration of the Chairperson of the Supervisory Board is calculated with the shareholder's meeting setting the basic remuneration of no more than 50% of the time wage of the Chairperson of the Management Board of *DelfinGroup*, and the shareholders' meeting may determine that the basic remuneration of a Supervisory Board member is calculated as not exceeding 50% of the basic remuneration of the Chairman of the Supervisory Board. The Supervisory Board may set bonuses for members and/or the Chairperson of the Supervisory Board for work in committees or working groups established by the Supervisory Board, the total amount of the bonuses not exceeding 50% of the basic remuneration of the member and/or the Chairperson of the Supervisory Board, respectively.

It is possible to set additional bonuses for Supervisory Board members only per the decision of the shareholders' meeting. No termination payments are set for Supervisory Board members. However, if it is deemed necessary in specific circumstances, the amount of such payment determined by the shareholders' meeting shall not exceed the amount of the fixed remuneration of the Supervisory Board member for 6 months.

Below, in the table, the remuneration of the Supervisory Board and other benefits paid out in 2023 are reflected in EUR:

Name, surname, position	Fixed remuneration				Variable remuneration	Total remuneration	Proportion of fixed and variable remuneration %
	Base salary	Allowances for work in Supervisory Board committees	Other benefits*	Total			
Agris Evertovskis , Chairman of the Supervisory Board	62 700	5 700	312	68 712	0	68 712	100 / 0
Gatis Kokins , Deputy Chairman of the Supervisory Board	31 450	10 400	312	42 162	0	42 162	100 / 0
Mārtiņš Bičevskis , Member of the Supervisory Board	26 105	6 070	312	32 487	0	32 487	100 / 0
Jānis Pizičs , Member of the Supervisory Board	24 500	8 800	465	33 765	0	33 765	100 / 0
Edgars Voļskis , Member of the Supervisory Board	26 105	6 070	312	32 487	0	32 487	100 / 0

*Other benefits include health insurance.

Changes in remuneration and Company performance results

The comparative data summarizes the remuneration of the Management Board and Supervisory Board, company performance indicators (all company performance indicators are available in the financial report), and the average full-time salary of the Company's employees, excluding Management Board and Supervisory Board members. In addition, heads of departments of *DelfinGroup* have been selected as the reference group for employee compensation.

In 2023, *DelfinGroup* achieved record-high income and profit results. Revenues in 2023 increased by 41% compared to 2022, reaching 50,4 million euros. In addition, the Company's profit in 2023 grew along with the increase in income, which resulted in profit before taxes reaching 8.3 million euros and an increase of 14%, while net profit increased by 11% to 6.6 million euros.

Management Board remuneration, EUR	2023	2022
Management Board fixed remuneration	360 866	257 511
Management Board variable remuneration	55 038	115 571
Management Board total remuneration	415 905	373 082
Supervisory Board fixed remuneration	209 613	134 600
Supervisory Board variable remuneration	0	0
Supervisory Board total remuneration	209 613	134 600
Company performance, EUR		
Revenue	50 423 151	35 775 886
Profit before tax	8 289 635	7 257 561
Net profit	6 627 971	5 961 453
The annual average salary of employees for full-time work, EUR		
Remuneration of department heads	44 904	39 996

Remuneration related to stock options

The *DelfinGroup* employee share options program was approved by the shareholders' meeting on September 9, 2021, while the amendments to the option program were approved by the extraordinary shareholders' meeting on March 28, 2022.

The purpose of issuing the Company's share options is to reward the Company's employees, Management Board, and Supervisory Board members for successful work results, significant investment in the Company, and loyalty to the Company. Also, to motivate the Company's employees and management to take care of the development of the Company's activities in the long term, as well as to increase the number of employees of the Company and to increase the interest of the Management and Supervisory board members in the effective management of the Company.

The main, but not only, terms of the employee share option program are as follows:

1. The Company issues 450 000 employee options.
2. 450 000 dematerialized bearer shares of the same category with a nominal value of EUR 0.10 per share, which does not exceed 10% of the Company's paid-up share capital at the time when the decision of the Management or Supervisory Board on granting staff options, is intended to cover all personnel options.
3. Each share of the new issue of the Company obtained as a result of the conversion of the personnel option gives the shareholder the same rights as the existing shares of the Company, i.e., equal rights to receive dividends, liquidation quota, and voting rights in the Company.
4. The right to receive employee options belongs to those members of the Company's Management Board and Supervisory Board members who meet the following conditions:
 - 4.1. The Management Board member has been a member of the Company's Management or Supervisory Board for at least 3 of the last calendar months;
 - 4.2. The Management or Supervisory Board member has achieved the individual goals set for him by the Supervisory Board, and the Management / Supervisory Board member has contributed to achieving the common business goals.
5. Upon exercising their personnel options, option holders are entitled to receive the Company's newly issued shares for a fee. The price of one bearer share of the Company's new issue is EUR 0.10 (10 cents).
6. The minimum term of holding employee options from their allocation to the day the option holder is entitled to exercise the option rights is 12 months.

Below, in the table, the number of granted and realized options, price, and grant date in 2023 are indicated:

Name, surname, position	Option grant date	Effective date of the conversion right	Conversion price of the share, EUR	Exercise period	Information about the financial year			
					Opening balance	During the year		Closing balance
					Share options at the beginning of the year	Share options granted	Share options converted	Share options granted but not converted
Didzis Ādmīdiņš , Chairman of the Management Board	30.06.2023. 30.12.2023.	30.06.2024. 30.12.2024.	0.1	30.06.2024.-30.07.2024. 30.12.2024.-30.01.2025.	5 000	5 000	5 000	5 000
Aldis Umblejs , Member of the Management Board, Chief Financial Officer	30.06.2023. 30.12.2023.	30.06.2024. 30.12.2024.	0.1	30.06.2024.-30.07.2024. 30.12.2024.-30.01.2025.	5 000	5 000	5 000	5 000
Sanita Pudnika , Member of the Management Board, Chief Commercial Officer	30.06.2023. 30.12.2023.	30.06.2024. 30.12.2024.	0.1	30.06.2024.-30.07.2024. 30.12.2024.-30.01.2025.	5 000	5 000	5 000	5 000
Nauris Bloks , Member of the Management Board, Chief Innovation Officer	30.06.2023. 30.12.2023.	30.06.2024. 30.12.2024.	0.1	30.06.2024.-30.07.2024. 30.12.2024.-30.01.2025.	0	5 000	0	5 000
Agris Evertovskis , Chairman of the Supervisory Board	30.06.2023. 30.12.2023.	30.06.2024. 30.12.2024.	0.1	30.06.2024.-30.07.2024. 30.12.2024.-30.01.2025.	1 250	1 250	1 250	1 250
Gatis Kokins , Deputy Chairman of the Supervisory Board	30.06.2023. 30.12.2023.	30.06.2024. 30.12.2024.	0.1	30.06.2024.-30.07.2024. 30.12.2024.-30.01.2025.	1 250	1 250	1 250	1 250
Mārtiņš Bičevskis , Member of the Supervisory Board	30.06.2023. 30.12.2023.	30.06.2024. 30.12.2024.	0.1	30.06.2024.-30.07.2024. 30.12.2024.-30.01.2025.	1 250	1 250	1 250	1 250
Jānis Pizičs , Member of the Supervisory Board	30.06.2023. 30.12.2023.	30.06.2024. 30.12.2024.	0.1	30.06.2024.-30.07.2024. 30.12.2024.-30.01.2025.	1 250	1 250	1 250	1 250
Edgars Vojskis , Member of the Supervisory Board	30.06.2023. 30.12.2023.	30.06.2024. 30.12.2024.	0.1	30.06.2024.-30.07.2024. 30.12.2024.-30.01.2025.	1 250	1 250	1 250	1 250

The remuneration received from another company which is part of the same group of companies within the meaning of the Law on the Annual Financial Statements and Consolidated Financial Statements.

None.

Information on cases when the variable part of the remuneration has been reclaimed

None.

The applied temporary derogations, inter alia, an explanation of the nature of the exceptional case and a reference to specific components of the remuneration policy to which a temporary derogation has been applied.

None.