



STO Policy

Dividend Policy

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At STO, we are committed to delivering consistent value—ensuring fair returns to shareholders through responsible, transparent dividend practices.

The Dividend Policy of State Trading Organization Plc (STO), effective from 19 December 2016, outlines the company's approach to profit distribution to shareholders. Key points include:

- *Applicability:* The policy applies to STO and is governed by its Board of Directors.
- *Dividend Forms:* Dividends can be paid in cash or stock.
- *Minimum Payout:* The company shall distribute a minimum of 10% of profit after tax (PAT) as dividends.
- *Reserves Requirement:* A minimum of 20% of PAT must be allocated to reserves.
- *Board Discretion:* The Board retains the authority to withhold dividends based on company performance.
- *Governance:* Dividend decisions must be appropriate for both the company and shareholders and must comply with reporting requirements to CMDA and MSE.
- *Support Process:* The Finance Department provides scenario-based justifications, and the Company Secretary maintains records.



Dividend Policy

Purpose

To set out the approach for distributing profits back to its shareholders.

Effective date

Since December 2016

Scope

This Policy applies to State Trading Organization Pic. (STO).

Policy Statement

This Policy shall guide the Company on deciding how much of its earnings shall be paid to its shareholders and in what form.



Dividend Policy Principles

- a. Dividend may be paid in cash or stock.
- b. The Board may choose to pay annual or interim dividend.
- c. The Board must ensure that dividend decided is both appropriate for the Company and for its shareholders.
- d. Dividend shall only be paid from the profit after tax.
- e. The Company shall pay a total dividend of not less than 10% of profit after tax.
- f. Having said this, the Board has the full force authority not to offer a dividend on a particular year, based on the performance of the Company.
- g. A minimum of 20% of the profit after tax must be allocated to reserves of the Company.
- h. Finance Department shall submit to the Board, scenarios and justifications on the percentages of dividend allocations, worked out for each year.
- i. The Board shall inform the Capital Market Development Authority and Maldives Stock Exchange on the date for setting dividend, five working days prior to the decision date and shall also inform on the dividend once finalized.
- j. Company Secretary shall maintain appropriate records regarding the discussions and decisions made on finalizing dividend.



Dividend Policy Procedures

1. Dividend may be paid in cash or stock. This include but is not limited to;
 - Stock dividend
 - Bonus dividend
 - Stock split
 - Reverse stock split
 - Repurchase of stock
2. The Board may choose to pay an annual dividend or declare to pay an interim dividend, no frequent than per quarter in a year Dividend amount and frequency of its pay, must be declared at the Annual General Meeting.
3. Board shall decide a dividend, based on the recommendations submitted by the management.
4. Dividend must be declared after considering factors such as the following. Finance Department must provide a paper to the Board with this information.
 - Legal issues
 - Liquidity position
 - Future expansion of business
 - Cost of external funding o Debt
 - Capital Market
 - Tax position
 - General state of economy
5. The Company must ensure that once the dividend is declared, the payment is made to its owners, not less than within 4 months from declaration.
6. The dividend payment procedure of the Company shall be as follows;
 - Declaration date: The Board shall meet and decide the amount to be paid, the holder-of-record date and the payment date on this day. The Board must inform CMDA and MSE on deciding to confirm the said issues on this particular date, at least 5 working days prior to the said date. The Board must also inform of its decision to CMDA promptly. Furthermore, Board must disclose of the said issues, as soon as possible.



Dividend Policy *Principles*

- Holder-of-record date: This is the date the Company opens the ownership books to make a list of shareholders who are entitled to receive the dividend for the year. All shareholders of the record date are entitled to receive dividend declared by the board of directors.
 - Ex-dividend date: This date is usually declared by the Stock Exchange. Ex-dividend date is usually 2 business days prior to record date. Shares purchased after the ex-dividend date are not entitled to the dividend.
 - Payment date: This is the date the Company starts to pay dividend to its shareholders.
7. Appropriate records must be kept on declaration and decision of dividend.
 8. Dividend shall be decided at the Annual General Meeting by vote of shareholders.



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