

# MICHAEL HILL

INTERNATIONAL LIMITED

## DIVIDEND DISTRIBUTION POLICY

1040

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Michael Hill International Limited ACN 610 937 598 (Company)

## DIVIDEND DISTRIBUTION POLICY

POLICY 1040

### 1. Purpose

Michael Hill International Limited (**Michael Hill, The Group or Company**) Board is committed to providing a consistent, sustainable, and reliable annual dividend program to shareholders while maintaining a strong balance sheet and retaining flexibility to meet the business' financial needs.

### 2. Scope and application

This Policy applies to Michael Hill and its subsidiaries.

### 3. Statement

Prior to declaring a dividend, the Board will seek a recommendation from the Chief Executive Officer and Chief Financial Officer. Any recommendation to declare a dividend will consider:

- a) Current year earnings, and forecast earnings based on trading outlook in our various markets;
- b) Availability of funds for distribution including consideration of debt facility capacity;
- c) Impact on any banking or other funding requirements by which the Group is bound;
- d) Capital requirements;
- e) Desired long term capital structure;
- f) The requirements specified in the Company's Constitution, the *Corporations Act 2001* (Cth), the Australian Accounting Standards and any other legal or regulatory requirements relating to dividends; and
- g) Any other matter that the Board should be made aware of before making their decision.

The annualised target Dividend Payout Ratio is in the range of 50% to 75%. However, abnormal circumstances or events could take the dividend payout ratio outside this range from time to time.

In order to deliver a sustainable and reliable annual dividend program, consideration will be given to the seasonality of earnings between H1 and H2 (e.g. H1 interim dividend might be a higher proportion of the total annual dividends).

Other relevant economic factors can also impact the company's Dividend Distribution Policy and the Board reserves the right to set dividends taking into account any external factors affecting the business. Wherever possible dividends will be fully imputed, fully franked and paid from conduit foreign income, however this is dependent on the level of imputation credits, franking credits and foreign conduit income available to attach at the time of payment.

Subject to the Constitution and the *Corporations Act 2001* (Cth), after considering capital requirements to meet strategic objectives, a Special Dividend may be declared based on an aggregation of retained earnings or funds inflow from a corporate transaction (or series of transactions). A Special Dividend may be declared in a single period or pooled for release over a series of periods. Based on the nature of the Special Dividend, timing of declaration and payment can coincide with an interim or final dividend; or, out of cycle with an interim or final dividend.

### 4. Accountability

The Board has ultimate accountability for ensuring Michael Hill develops, implements and regularly reviews processes and frameworks to support this Policy.

### 5. Responsibilities

# MICHAEL HILL

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Responsibilities under this Policy are delegated as follows:

## Responsible Persons

The Chief Financial Officer and Company Secretary (**Responsible Persons**) are responsible for the development, implementation and ongoing review and oversight of an appropriate framework.

## 6. Definitions

In this Policy, unless the context otherwise requires:

**Accountability** means the obligation to answer for an action; where an individual is held liable for meeting / not meeting agreed targets, objectives, their responsibilities, and the responsibilities for persons whom they are answerable for.

**Dividend(s)** means either an interim or final dividend, or both, as the context requires.

**Dividend Payout Ratio** means annual Dividends paid/payable as a percentage of full year NPAT (on a pre-AASB16 basis)

**Michael Hill Group** means Michael Hill International Limited including its subsidiaries, retail brands and related bodies corporate.

**Responsibility** means the obligation to act; where an individual has been allocated a task to undertake, where a target or objective has been set in which the individual will be measured against.

**Special dividend** means a non-recurring dividend.

## 7. Review

This Policy shall be reviewed at a minimum of two years by the Chief Financial Officer and Company Secretary.

## 8. Policy information

Date approved:	August 2025
Responsible department:	Company Secretary
Version number:	1.0
Next review date:	August 2027
Approval body:	Board
Related policies, procedures and forms	N/A
Linkage to RJC COPs	N/A
Policy classification	Compliance