



Dunelm Group plc

Capital and dividend policy

Ordinary dividend

The Group will operate with a modest amount of leverage such that net debt, measured as daily average liquid funds over the most recent six month period, should fall within the range 0.2x - 0.6x last twelve months' EBITDA (on a post IFRS16 basis).

We will normally make an annual and interim dividend payment each year. We would expect to maintain or steadily increase the absolute amount of each dividend payment in line with the growth of the business.

The Board intends that ordinary dividend cover (by which we mean the Group's earnings per share divided by the total amount paid to shareholders by way of ordinary dividend) should be between 1.75 and 2.25x in the full year in respect of which the dividend is paid. The Board may allow a temporary fall in the dividend cover requirements in order to maintain the dividend.

Special distributions

The Board will consider returning cash to shareholders by way of a special distribution if average net debt over a period consistently falls below the minimum target level of 0.2x EBITDA, subject to known and anticipated investment plans at the time.

Share buyback

Our policy is to purchase shares in the market for re-issue under employee share schemes to avoid dilution of existing shareholder interests. We do not cancel shares purchased or use share buybacks as a way of returning cash to shareholders or for treasury management.

Distributable reserves

The Board ensures that the parent company has sufficient distributable reserves available from which to make distributions.

Duration of this policy

Absent significant changes in our business model, a requirement to invest capital to support the growth of our business, or deterioration of our profitability we would expect this policy to apply for the foreseeable future.

Approved by the Board on 29 August 2019.