

13 June 2024

ASX: DRR

Dividend Policy Adjustment – Payout Ratio¹

Deterra Royalties Limited (ASX: DRR) (**Deterra** or **Company**) announces an adjustment to its dividend policy within its existing capital management strategy balancing shareholder returns and capital growth.

Deterra currently plans to maintain a dividend payout ratio of 100% of Net Profit After Tax (**NPAT**) for the FY24 final dividend.

For subsequent periods, the Deterra Board is targeting a minimum dividend payout ratio of 50% of NPAT, subject to balance sheet management and anticipated investment requirements, franked to the extent possible.

In addition, Deterra confirms it intends to adopt a Dividend Reinvestment Plan (**DRP**) at or before the declaration of the FY24 final dividend, to allow investors to automatically reinvest dividends to purchase additional shares. Further details of the DRP will be released in due course.

Deterra's Managing Director, Julian Andrews, said, "We have a strong history of disciplined capital management, having delivered more than A\$480 million of fully franked dividends to shareholders since our listing in late 2020. While consistent with our well established and overarching capital management strategy, today's adjustment to our dividend policy is designed to better align it with Deterra's targeted longer-term balance between capital growth and income returns. Importantly, our discipline to return capital when not required for investment or balance sheet management remains unchanged.

Our DRP will provide shareholders with the flexibility to automatically reinvest dividends without the need to incur brokerage."

This document was approved and authorised for release by Deterra's Managing Director.

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Company Secretary

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¹ Deterra's dividend policy remains subject to the Deterra Board's discretion and may change over time.

Capital management strategy balancing returns and growth

Capital management framework

Updated setting

Liquidity



- Cash flow and access to funding an important competitive advantage
- Maintain flexibility to invest counter-cyclically



- Existing bi-lateral facilities of A\$500 million (at BBSY + weighted avg. ~135 b.p. margin)
- Net cash A\$24.9 million (31 December 2023)
- Intention to adopt a Dividend Reinvestment Plan

Leverage



- Optimise use of debt funding for future acquisitions
- Target leverage of 0 - 15% of enterprise value



- No drawn debt

Cash flow allocation



- Dividend payout ratio balancing returns to shareholders with capacity to invest in growth
- Discipline to return capital when not required for investment or balance sheet management



- Interim FY24 dividend of 100% of NPAT, fully franked
- Expected final FY24 dividend of 100% of NPAT, fully franked
- Target growth in FY25 to be funded within capital management framework
- Target future minimum dividend payout ratio of 50% of NPAT, subject to balance sheet management and investment requirements, franked to extent possible

Forward-Looking Statements

This document may contain forward look statements such as, without limitation, statements regarding plans; strategies and objectives of management; anticipated performance; estimates of future expenditure; expected costs; estimates of future royalty income, product supply, demand and consumption; and statements regarding future product prices.

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