



Building The Home of Homes: Delivery and Ambition

Dunelm Group plc
Annual Report and Accounts 2025



Contents

Strategic report

1	Performance highlights 2025
2	About us
4	Our investment proposition
5	Our strategy
6	Strategy in action: Elevate our product offer
8	Chair's statement
10	Our business model
13	Navigating an evolving landscape

14	Strategy in action: Connect with more customers
16	Stakeholder engagement
21	Section 172(1) statement
22	Strategy in action: Harness our operational capabilities
24	CEO's review
30	Key performance indicators
32	CFO's review
36	Risks and risk management
38	Principal risks & uncertainties
44	TCFD report
53	Non-financial and sustainability information statement FY25
57	Going concern and viability statement

Governance report

59	Chair's introduction to corporate governance
61	Directors and officers
64	Board dashboard and activities
68	Our culture and values
70	Governance framework
74	Nomination Committee report
80	Audit and Risk Committee report
87	Remuneration at a glance
88	Remuneration Committee report
114	Compliance with the UK Corporate Governance Code
115	Directors' report
119	Statement of Directors' responsibilities

Financial statements

121	Independent auditors' report
127	Consolidated financial statements
152	Parent Company financial statements

Other information

158	Alternative performance measures (APMs)
159	Advisers and contacts

How to use this Annual Report



Where you see QR codes,
scan to watch videos online



Links to other content within this report



Link to content within
the Sustainability Report 2025



Link to content online



Relevant products
See our latest ranges
for the upcoming
season, with
innovative new
styles and designs



Growing sustainably

Understand how we are applying our Good &
Circular approach to sustainability



Read our Sustainability Report 2025 here and find
out more at
corporate.dunelm.com/sustainability



**Our investment
proposition**
See how we are
driving sustainable
growth on **page 4**

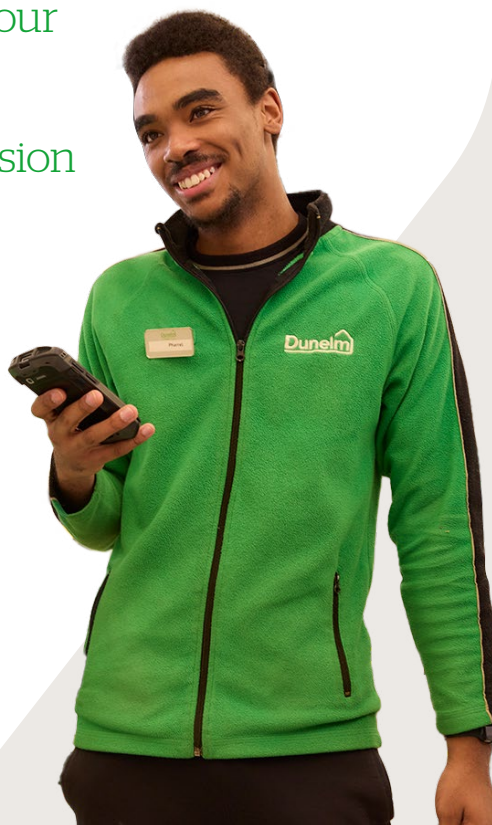


Building The Home of Homes: Delivery and Ambition

We have delivered good and sustainable growth in sales, profit and market share.

Putting our strategy into action, we've also made strong progress with our growth plans, through multiple improvements to our customer offer.

As an ambitious company, with a vision to build the UK's most trusted and valued brand for homewares and furniture, we continue to see many opportunities for our business.



Performance highlights 2025

Financial

Total sales

£1,771m

FY24 £1,706m

Total sales growth

+3.8%

FY24 +4.1%

Gross margin

52.4%

FY24 51.8%

Profit before tax

£211m

FY24 £205m

Free cash flow¹

£127m

FY24 £132m

Ordinary dividend per share

44.5p

FY24 43.5p

Non-financial

Market share²

7.9%

FY24 7.7%

Active customer growth³

+0.8%

FY24 +5.1%

Employee net promoter score⁴

+7pts

FY24 -10pts

Ethnic diversity of role-model leaders⁵

6.5%

FY24 5.8%

Scope 1 carbon intensity vs FY19⁶

-54%

FY24 -53%

Own-brand products 'Conscious Choice'⁷

52%

FY24 26%

1. Net cash generated from operating activities less capex (net of disposals), net interest paid (including leases) and loan transaction costs, and repayment of principal element of lease liabilities.
2. Based on GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2025.
3. Year-on-year growth in unique active UK customers who have transacted at least once in the 12 months to June 2025. Management estimates using Barclays data.
4. Score based on responses to the question 'How likely are you to recommend Dunelm as a place to work' from our colleague survey which we conduct bi-annually (score does not include Republic of Ireland).
5. 'Role-model leaders' are defined as 'Heads of' and above and include regional and store coaches but at present do not include the Republic of Ireland.
6. The reduction in Scope 1 carbon emissions in tonnes per £m of revenue, compared to our baseline of FY19.
7. Own-brand products meeting our 'Conscious Choice' criteria, made using more sustainable materials.



Our Performance

Read more about our key performance indicators on **page 30**

About us

Helping our customers to feel at home

Everything we do is centred on helping customers to create the joy of truly feeling at home, guided by our core principles and ways of working.

Our vision:

To build the UK's most trusted and valued brand for homewares and furniture

Our shared values:

Our four key values remain at the heart of our business.

Our values evolved from key business principles developed more than 20 years ago, and reflect the attitudes and behaviours we encourage at Dunelm



Stronger together



Long-term thinking



Keep listening & learning



Act like owners



Read how we embed and monitor our culture and values in our Governance report from page 68

Our purpose:

To help create the joy of truly feeling at home, now and for generations to come

Being Good & Circular:

We manage sustainable growth through a good & circular approach, looking after all of our homes:

Our **home** the Planet
Our **home** in Communities
A **home** for our People



Learn more about our Good & Circular approach to sustainability on page 11

About us continued

The UK's market leader

With an unrivalled offer that appeals to a broad range of customers, we continue to extend our specialist expertise.

Whether they are refreshing the living room, or seeking bedroom storage, we have a broad proposition across a range of homewares and furniture categories, catering for all styles and tastes.

As the UK's market leader, we are trusted for our expertise in creating beautiful, stylish, and quality products, providing unrivalled choice and value for money.

This is combined with an easy and convenient shopping experience which includes advice and inspiration across our stores and digital channels.

We are an ambitious multi-channel and multi-category specialist, with customers at our heart. We are The Home of Homes.

>200**Stores**

We serve millions of customers each year from over 200 stores across the UK and Ireland

40%**Digital sales¹**

Our digital sales continue to grow as we improve the online customer experience

>100k**Products**

We now offer more than 100,000 products across our homewares and furniture categories

c.12k**Colleagues**

We now have around 12,000 dedicated colleagues working across our stores and support sites

7.9%**Market share²**

We operate in a £24bn² market in the UK and have ambition to extend our market share to 10% and beyond over the medium term

1. Digital includes home delivery, Click & Collect orders and tablet-based sales in store.
2. Based on GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2025. Market includes VAT.



Scan the QR code to watch the video on our 200th store opening at Merthyr Tydfil



Our investment proposition

Delivering strong returns

Dunelm offers an investor proposition focused on growth, with sustainable profits and strong cash returns.

Our resilient business model features a unique, specialist product proposition which appeals across all customer demographics and tastes. This is supported by a 'total retail system', encompassing thriving stores and digital channels, and offering our customers the combined benefits of physical and digital retail.

Dunelm delivers strong cash conversion and a well-established framework for returning cash to shareholders. We maintain stable operating margins through strong operational grip, whilst continuing to invest for future growth and productivities.

We have shown a resilient track record of performing well across all economic cycles, underpinned by financial strength and a capital-light growth model.

Good & Circular approach to sustainable growth

We apply long-term decision-making and continue to ingrain sustainability into our day-to-day operations. This is a key part of our Good & Circular approach, which considers our impact on the Planet, in our Communities and for our People.

Our competitive advantages

Market-leading brand

Low share of a c.£24bn¹ highly fragmented market

Specialist product proposition

Broad appeal across income and age groups

Total retail system

Thriving stores and digital channels

Unique operating model

Own-brand product design and committed supplier partners

Well-established values

Growth mindset, frontline focus and long-term decisions

Financial strength

Strong balance sheet and capital-light growth model

 Read more on our competitive advantages on page 12

What our advantages mean for investors

Growth

Compelling runway to grow share of a large, fragmented addressable market

Consistent track record of share gains over recent and long-term history

Sustainable profits

Continued investment for sustainable growth, maintaining stable operating margins

Resilient track record of performing through all economic cycles

Cash returns

High cash conversion

Well-established framework for returning cash to shareholders



1. GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2025, including VAT.

Our strategy

An ambitious strategy in action

We are the market leader in a large and fragmented market, totalling c.£24bn¹ across a broad range of homewares and furniture categories.

This year has seen the business make significant progress under the three strategic pillars presented a year ago to help Dunelm unlock its full potential.

In the last 12 months we have increased our product range, taken our first step outside the UK, opened our 200th store, turbo-charged our Click & Collect channel, overhauled our Made-to-Measure business, and optimised our website through AI.

These are just a few of the many examples of our strategy in action. Colleagues across the business have been working hard to develop, innovate and progress our plans at pace, and it's rewarding to see the results coming through. These plans are helping us to build a stronger offer for our customers whilst ensuring we operate as efficiently as possible to generate long-term, sustainable growth.

Going forward, our strategic priorities continue to be framed by our three pillars, but are evolving and accelerating as we continue on our journey to build The Home of Homes.

 **Read about our strategy in our CEO review on page 24**

1. GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2025, including VAT.

Our three strategic pillars

Elevate our product offer

Increasing relevance and appeal using our product mastery to extend our choice, value, design and style

 **Read our case study on page 6**

Connect with more customers

Developing and expanding our channels to offer an easier, more personalised experience

 **Read our case study on page 14**

Harness our operational capabilities

Leveraging our skills and systems to transform our proposition, processes and productivity

 **Read our case study on page 22**

Led by brilliant colleagues, powered by our growing technology and data capabilities

Case Study:
Elevate
our product
offer

Backing UK Manufacturing

Made-to-Measure represents a significant opportunity which we are capturing through a wider offer, increasingly manufactured ourselves.

We are elevating our product offer across our categories, using product mastery to extend choice, value, design and style.

In Made-to-Measure, we saw an opportunity to fully leverage our multi-channel and expert service proposition, alongside our existing UK manufacturing capabilities, and have been developing our offer across the full range of window dressings.

With our heritage offer previously focused on curtains and Roman blinds, we now manufacture bespoke shutters and both Venetian and roller blinds. These changes have resulted in a bigger and better offer for customers and significantly reduced lead times.

Championing a multi-generational workforce

across our Made-to-Measure manufacturing sites, where half our skilled colleagues are over 50.

Bringing more of our Made-to-Measure offer in-house has given greater end-to-end control of the supply chain, whilst ensuring better product quality and fantastic value for money.

Recent expansion has also created many new jobs, increasing the number of colleagues at our manufacturing sites to over 300, alongside the 120 skilled fitters who support our Made-to-Measure business, installing curtains, blinds and shutters in customer homes across the UK.



New shutter-making technology

installed to improve quality and speed.



Made-to-Measure consultations available in store

where customers can seek inspiration and get expert advice.



Our manufacturing journey

“

Made-to-Measure has long been a part of Dunelm's heritage, having manufactured bespoke curtains in the Midlands for over two decades, and the transformation we've gone through over the past year or so has been an exciting journey.

At the heart of it has been a team of very talented colleagues, living our 'Stronger Together' core value, and all committed to pushing the offer forwards.

We excel in producing over 70,000 sets of hand-crafted, bespoke curtains each year, and have applied our specialist skills to a wider range of options for customers.

By bringing the manufacturing of more of our products in-house, we now have direct control of the customer journey from the moment the order is made, through to delivery and fitting.

The team are proud to be part of a fantastic UK manufacturing story, where new technology is being harnessed alongside the amazing technical skills our colleagues possess.

Chris McHugh,
Manufacturing

“

The Made-to-Measure curtains I ordered arrived today and they are stunning, really well made, correct size and look great in my living room. They were delivered within the given date discussed when I ordered them and I had regular updates from the delivery company as to when they would arrive. Very satisfied customer.

Chair's statement

Continuing to deliver value, choice and relevance for our customers

“

We delivered another good performance and made strong progress against our strategic priorities, with a number of exciting developments.



Introduction

In the last financial year, Dunelm has continued to demonstrate its strength and resilience, making good strategic progress and continuing to grow sales, profit and market share despite the challenging consumer and macroeconomic environment.

Our focus remains on providing the best value, choice and relevance for our customers, combined with an easy and convenient shopping experience, in order to drive sustainable growth for the long term, whatever the market conditions.

Strategic progress

During FY25 we made strong progress against our strategic priorities, with a number of exciting developments. As well as continuing to open more superstores, we opened a small format store in Westfield White City, bringing our specialist homewares offer to inner London for the first time.

We also made our first strategic international acquisition with the purchase of 13 Home Focus stores in Ireland. This gives us the opportunity to connect to more customers in a new geography with a homewares market of more than £1bn.

In April we acquired the brand and design archive of Designers Guild, enhancing our product and design capabilities with opportunities to bring the Designers Guild's heritage designs to a wider audience.

In the year we have also continued to develop our digital customer experience through the implementation of more advanced AI-led tools on dunelm.com. With more progress to come in FY26 and beyond, these various initiatives stand us in good stead to continue to grow and gain market share.

Full-year results and dividend

In the year, we delivered another good performance. Sales were up 3.8% to £1,771m, and we again strengthened our gross margin. Notwithstanding significant investment in the business, and despite facing additional inflationary pressures, diluted earnings per share were up 3.2% to 76.8 pence.

We invested a higher level of capex in FY25; as well as the investments noted above we also took advantage of opportunities to purchase two freehold properties in strong locations in the south-east of England. Our capital allocation policy continues to balance such investment in the business with delivering cash returns for shareholders and during the year we paid a special dividend of 35 pence per share.

Given the strategic progress made this year and the Board's confidence in Dunelm's future growth strategy, the Board is recommending a final ordinary dividend of 28 pence per share, resulting in a total ordinary dividend for the year of 44.5 pence per share (up 2.3%).

Being Good & Circular

Our approach to sustainable growth is embedded throughout the business and framed through three pillars: our Planet, our Communities, and our People. Across each of these we continue to develop our approach and understanding, including the most appropriate measurement and targeting of key metrics. You can read more about this in our Sustainability Report 2025.

Under our Planet pillar we use our 'Conscious Choice' criteria to improve raw materials sourcing across our product ranges, and now have over half (52%) of our Dunelm own-brand products made from more sustainable materials. We have also reduced our Scope 1 carbon intensity by 54% since FY19.

Once again, our 'Delivering Joy' campaign was a wonderful example of Dunelm's important role in the Communities where we operate. This year we more than doubled the number of gifts donated to local good causes, to around 270,000. This campaign also demonstrates the passion of our c.12,000 colleagues.

I'm delighted that we've seen positive progress in colleague engagement scores and ethnic diversity amongst our leadership population, and I thank all of our colleagues for their ongoing commitment to making Dunelm a bigger, better and more inclusive business.

CEO succession

Earlier this year Nick Wilkinson announced his intention to retire from full-time executive life, having been CEO at Dunelm since 2018. In Nick's customary way, this was well planned to ensure a smooth transition for Dunelm and his successor.

Nick has been a fantastic leader of Dunelm, preserving the very best of the Company's history and values whilst also modernising and developing its capabilities.

Beyond Dunelm's strong financial performance, Nick has overseen a significant transformation in the business. Having taken over what was a relatively immature online operation, Dunelm is now a truly multi-channel retailer; our stores remain at the heart of the business, whilst 'digital' now contributes 40% of total sales.

Chair's statement continued

Alongside our shopping channels, our ongoing commitment to elevate our product offer and improve the customer experience has driven significant growth in customer numbers and market share, positioning us strongly for sustained growth in the years ahead.

This has all been delivered whilst managing some incredibly challenging external conditions. Most notable was the Covid-19 pandemic, but Nick has also led the business through periods of recession, political instability, high inflation, disruption to global supply chains and an evolving technological landscape. Dunelm's continued performance through such conditions is testament to Nick's excellent leadership, as well as the business' inherent strengths.

Nick leaves us in early October 2025 and on behalf of the Board I want to thank him for his enormous contribution to Dunelm over his seven-year tenure and wish him every success for the future.

The very high standard of candidates considered to succeed Nick highlights both the quality of the business and the exciting opportunities ahead. I am delighted that we have appointed Clodagh ('Clo') Moriarty into the role of Chief Executive from October 2025. Clo brings significant leadership experience and an impressive range of skills from her 15 years with Sainsbury's, where she has played a prominent leadership role in driving market share gains. Clo's blend of retail, digital and strategic expertise will be a significant asset as we move into Dunelm's next phase of growth. I'm thrilled we have been able to attract an executive of Clo's calibre, and I'm really excited for her to get started and continue to develop and deliver Dunelm's strategic priorities.

Board

As previously announced, William Reeve and Arja Taaveniku stepped down from the Board during the year. William was succeeded as Senior Independent Director by Ian Bull and as Chair of the Remuneration Committee by Ajay Kavan.

In May 2025 we appointed Katharine Poulter as a Non-Executive Director. Katharine brings a broad set of skills to the Board, including her significant experience in retail and other consumer-facing businesses.

I share further detail on these changes in my introduction to the Governance section of this report. I look forward to continuing to work with the Board, who collectively support Dunelm with a strong and complementary range of skills and experience.

Looking forward

As we start the new financial year, we are excited and optimistic about the future for Dunelm and remain focused on our strategic priorities. We have exciting plans in place to continue to delight our customers as The Home of Homes. These plans, along with our strong business fundamentals, give us confidence in continuing our strong track record of delivering long-term sustainable growth for the benefit of all our stakeholders.

**Alison Britain
Chair**

9 September 2025

Our new CEO**Introduction
to Clo
Moriarty****What attracted you to Dunelm?**

I'm both thrilled and privileged to be joining Dunelm, a business I've followed for many years.

I've always had a deep admiration for businesses that are passionately driven by a unifying purpose. Dunelm has that in spades, embracing its central role in the Home, the heartbeat of its customers' lives.

It's also a business that clearly cares about its colleagues and has developed a unique culture and set of values which define its strong growth mindset, all of which is evident from the outside.

There's a fantastic platform to build on, both in terms of the capabilities which have been developed, and the advantages that come from having both stores and digital channels. This all brings an amazing opportunity to build an even closer connection with customers.

**What experience do you bring to the role?**

I see a lot of parallels between my previous roles and Dunelm, so I'm certain that my learnings from 15 years with a major UK supermarket will help me to explore ways of serving customers even more effectively.

I've been lucky enough to have had wide-ranging roles, covering Strategy, Commercial, Stores, Digital Channels, Customer Experience, and Tech, so I'm confident that breadth of retail understanding will be valuable as I get stuck in at Dunelm.

Working as a team, valuing different views and perspectives, and co-creating new plans and strategies is really important to me, and I've been lucky enough to work with some incredible people in my career to date.

Dunelm is full of amazing talent, and I'm really looking forward to harnessing that passion, energy and expertise to help take the business forward.



Read more about Clo in Directors and officers on page 63

Our business model

Building The Home of Homes for the long term

Our business model delivers competitive advantage and combines our strategy with our Good & Circular approach to sustainable growth. This creates stakeholder value, guided by our purpose, vision and values, guided by our purpose, vision and values, and strong governance.



Our business model continued**Our customer proposition**

Customers are always at the very centre of our thinking and we are building from strong foundations, with opportunities to continue developing an even stronger offer.

Strong foundations

We are a trusted brand and established specialists in our sector. At the heart of our offer is great product, bringing customers quality and unrivalled choice when buying for their home. We obsess about bringing that product to customers at consistently great value, through fair and competitive prices.

We also ensure our offer is accessible, through the breadth of our range and styles, and a friendly store environment. Across our proposition we are committed to expert and high-quality service, which attracts a broad range of home-makers.

Opportunities

Whilst well known in our core textiles categories, we see opportunities to extend our category leadership, building our appeal and trust in other key categories that help make a house a home.

In tandem, we are widening our appeal as a 'one stop shop', broadening our ranges across existing and new categories to satisfy customers' needs and wants for their homes.

As our channels develop, we are also creating easier, more convenient shopping journeys, so customers have a more seamless and intuitive experience.

We are also exploring ways to give our customers more help, through both inspiration and advice. At the same time, we are identifying ways to build a more personalised experience, so that every customer interaction is relevant, friendly and engaging.

Our Strategy

Elevate our product offer



Connect with more customers



Harness our operational capabilities

**Led by brilliant colleagues,
powered by our growing technology
and data capabilities**

Being Good & Circular

As the UK's leading homewares retailer, we have both a passion and an obligation to do the right thing, recognising the social and environmental journey of our products. This means remaining ambitious about being a company that focuses on growing sustainably, combining short-term actions with long-term thinking and achievable goals.

- Being Good & Circular is central to Dunelm's business model.
- We integrate sustainability goals into our operational plans and have introduced science-based targets.
- We focus on materials sourcing, product innovation and circular design to develop our proposition.
- By modernising our sites and operations, we drive both cost and energy efficiencies.
- Adhering to global sustainability regulations mitigates compliance risks and strengthens our market position.
- By focusing on sustainable supply chains, we build resilience and reduce disruption.
- Our community engagement enhances brand loyalty and reputation, positioning Dunelm for long-term success.
- Helping our colleagues feel at home drives a better and more inclusive workforce.



Read more about our approach in our Sustainability Report 2025

Our home the Planet

We are mindful that the Planet provides the resources we use to create our products.

Our home in Communities

We have a home in Communities where our stores and sites operate.

A home for our People

We create a home for the People working in our business.

Protecting our Business

Our strong corporate and ESG governance frameworks protect our business for the benefit of all our stakeholders and preserve value in our business.

Our business model continued

Our competitive advantages

Market-leading brand

We are the market leader in a large and fragmented homewares and furniture market, with a total share of 7.9%¹, and significant scope to continue growing across our categories.

Specialist product proposition

Our wide assortment of products offer quality, choice and value, appealing to a broad range of customers across different regions, ages and incomes. We offer good, better and best options across our assortment and appeal to a variety of styles, needs and budgets.

Total retail system

Our total retail system combines friendly and knowledgeable service across our 202 stores, with the convenience of browsing and shopping online. This gives customers options to shop their way and also brings services including Made-to-Measure, Home Delivery and Click & Collect.

Unique operating model

We are a homewares specialist with largely own-brand product ranges, giving us a high degree of control over specification and sourcing, through long-standing relationships with our committed supplier partners.

Well-established values

Our colleagues are the heart of our business and feel a strong sense of belonging. Driven by our shared values, we create an inclusive environment for all to thrive.

Financial strength

We have a strong balance sheet and a capital-light growth model, with a track record of delivering sustainable, profitable growth and strong shareholder returns, whilst continuing to invest for the future.

 **Read more on our investment proposition on page 4**

Stakeholder value creation

**Customers**

We offer a comprehensive range of relevant homewares and furniture products, at outstanding value, with a purpose to help our customers create the joy of truly feeling at home, now and for generations to come.

+0.8%

increase in active customers²

**Communities**

Our stores and sites are a key part of their local communities, providing friendly service and advice, a place to refuel and relax in our Pausa cafes, and contributing to local good causes. We are opening in new locations, creating employment and extending our positive impact on communities across the UK.

c.270k

gifts donated to local causes through our Delivering Joy Winter campaign

**Shareholders**

We deliver long-term sustainable growth, strong cash generation, a progressive ordinary dividend and excess cash returns to shareholders in the form of special dividends.

£159m

total dividends paid in the year

**Colleagues**

We strive to be a diverse and inclusive employer for our c.12,000 colleagues, with a strong focus on progression and a supportive environment.

+7pts

increase in employee net promoter score³

**Suppliers**

We work closely with our suppliers to create and grow long-term value through mutually beneficial partnerships, whilst maintaining the highest ethical standards.

99%

invoices paid on time³

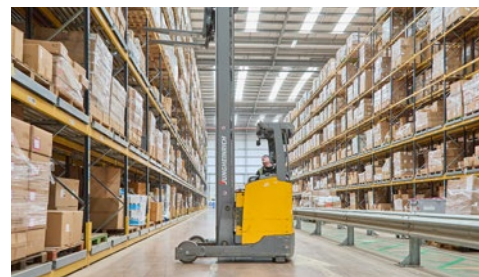
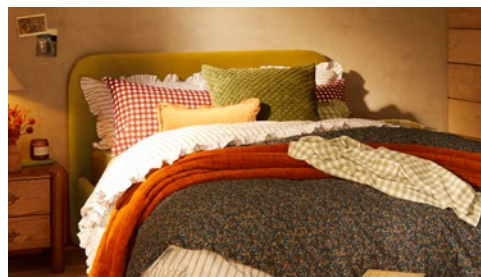


Read more on how we engage with our stakeholders on pages 16 to 20

1. Based on GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the period 12 months to June 2025.
2. Growth in unique active UK customers who have transacted at least once in the 12 months to June 2025. Management estimates using Barclays data.
3. Excludes Republic of Ireland.

Market overview: Navigating an evolving landscape

In a fast-changing external environment, our resilient business model and strong track record of navigating through periods of change give us confidence in continuing to deliver with ambition as we build The Home of Homes



UK consumer environment

We've consistently grown our broad UK customer base, with active customers up 0.8%¹ in FY25 as we further strengthened our position as The Home of Homes.

On average, customers shop with us around three times per year. Whilst trading patterns have remained relatively stable, overall consumer confidence has been lacklustre due to inflation, interest rates, political uncertainty, and other external pressures.

Despite this, we remain focused on our strategic priorities and are embracing how consumers are feeling. Our aim is to grow relevance by offering better value, quality, choice and style for every home.

-  **Elevate our product offer**
-  **Connect more with customers**

Homewares and furniture market

We sell homewares and furniture across the UK and Ireland, and in the UK's £24bn² market we are the market leader, with an overall share of 7.9%².

Our share varies across our broad range of categories – from low single digits in newer areas like furniture, to close to 20% in those such as textiles where we have deep expertise. In this highly fragmented market, we see clear opportunities to grow across all categories.

Historically, our growth has been driven by market share gains, and we remain confident in our plans to continue towards our next milestone of 10% share in the medium term.

-  **Elevate our product offer**
-  **Connect more with customers**

Global supply chains

Whilst our retail operations serve customers in the UK and Ireland, we utilise global supply chains – importing around one-third of our products directly (mainly from the Far East), and more indirectly via our UK-based suppliers.

We are very experienced at managing this supply chain with our suppliers, many of whom are long-term committed partners. However, we can be impacted by changes in input costs, as well as disruption to supply chain routes.

We have responded well to such challenges in recent years, applying our strong commercial and operational grip to manage availability and convenience for our customers, whilst managing our cost of goods alongside a strengthening gross margin.

-  **Elevate our product offer**
-  **Harness our operational capabilities**

Inflationary pressures

We employ around 12,000 colleagues across our stores, distribution centres, customer contact centres, and support sites. These colleagues are at the heart of Dunelm and play a vital role in delivering our customer proposition.

With employee costs now representing just over 40% of our operating cost base, recent increases in the National Living Wage and employer National Insurance Contributions have had a significant impact.

To manage these pressures, we're driving efficiency across the business – through continuous improvement in stores and supply chains, smarter performance marketing, and new technologies like assisted self checkouts, which are now being rolled out across our estate.

-  **Harness our operational capabilities**

1. Growth in unique active UK customers who have transacted at least once in the 12 months to June 2025. Management estimates using Barclays data.

2. Based on GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2025. Market size includes VAT.

Case Study:
Connect
with more
customers

Developing and expanding our channels

We connect with more customers through our inter-linked channels (our 'Total Retail System') and this year we've taken significant strides to expand and improve the shopping experience.

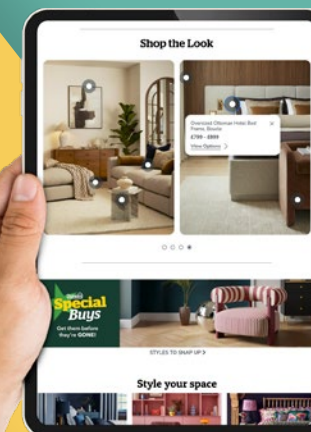
This has involved some 'firsts' for the business and various new innovations, including our first step outside the UK, through the acquisition of 13 stores in Ireland, our first deployment of AI to create personalised results on our website, and our first inner London store, at Westfield White City. We also opened our 200th store in Merthyr Tydfil, Wales.

In our digital channels, development has centred on driving a better user experience, so customers can easily find the products they are looking for, enjoy more personalised recommendations, and receive more inspiration for their homes.

We have also continued to grow and refresh our store estate, opening in new locations with a variety of store sizes and formats, whilst refreshing others to improve their look and feel.

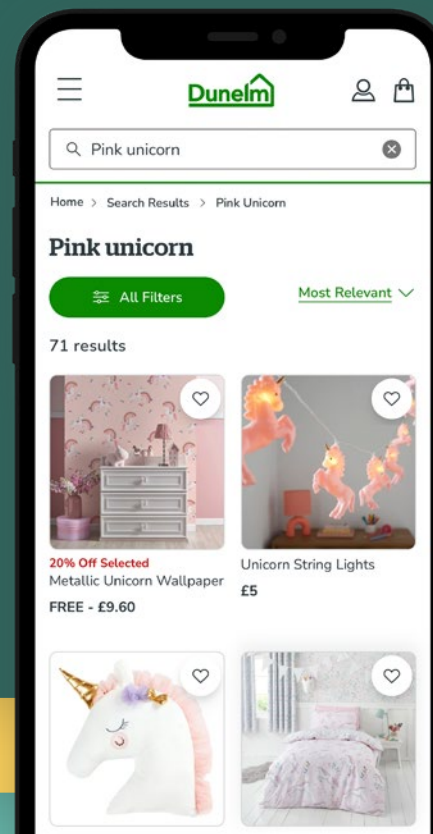
Better personalisation

with 60% of dunelm.com customers now seeing bespoke product ideas.



Using AI tooling

to give customers a better experience in searching for the products they want online.



More store openings

in different sizes and formats, including at Westfield in inner London.



A significant milestone

“

Having joined Dunelm as a store colleague and progressed through to Store Coach, there's been numerous rewarding moments and achievements, but to be a part of our 200th store opening was a real highlight.

We had over 200 eager customers queuing outside our brand new store first thing, a local business giving away free Welsh cakes, a local Merthyr hero to cut the ribbon, and lots of goodie bags and golden tickets up for grabs too.

The store is fantastic and really puts our customers first, with easy-to-shop categories, low level fixtures and beautiful features, complemented by an amazing Pausa Kitchen Cafe, and the feedback from customers (as well as the sales!) has been amazing. I'm so proud of Team Merthyr and what we've achieved.

Sam Thomas,
Store Coach, Merthyr Tydfil



Watch a video on
the opening of our
200th store here

“

The website was very easy to navigate, which also made it very easy to view all the products.

Stakeholder engagement

Understanding our stakeholders

By understanding what our key stakeholders care about, and considering their views, we can build more meaningful relationships and take fully informed decisions that deliver value for the long term.

Key stakeholders

We engage with a wide range of stakeholders at Board level and in the day-to-day running of our business, seeking to build long-term relationships based on mutual growth and respect, consistent with our Code of Business Conduct, and our shared values and culture. Our key stakeholders are those who we know are highly likely to be affected by our actions and decisions, and vice versa.

Responsibility for engagement at an operational level sits with the Executive Team and is described on the following pages 17 to 20. We also set out how the Board is kept informed about the interests of our key stakeholders, as well as how our Board members engage with them directly.

Pages 66 to 67 in the Governance report provide further detail and examples of how stakeholder feedback is presented to the Board for discussion, debate and consideration as part of its decision-making, alongside metrics, such as those set out on this page.

 **Read our s172(1) Companies Act 2006 statement on page 21**

Examples of metrics used by the Board to measure the effectiveness of our engagement:



Customers

- Unique active customer growth
- Total revenue
- Product reviews
- Customer satisfaction (CSAT)



Colleagues

- eNPS
- RIDDOR¹ incidents
- Retention
- Whistleblowing
- Diversity



Communities

- Fundraising and charity contributions
- Facebook community group followers
- Takeback schemes uptake



Suppliers

- % Tier 1 factories audited
- % products with responsibly sourced raw materials
- Payment terms
- CO₂ emissions
- Whistleblowing



Shareholders

- Total shareholder returns
- Share price movements
- Profitability
- AGM voting outcomes

1. Reporting of Injuries, Diseases and Dangerous Occurrence Regulations

Stakeholder engagement continued



Customers

What they care about

- Value, style, choice and quality
- An easy shopping experience combined with great service
- Product and store safety
- Responsible use and protection of personal data
- Ethical and sustainable sourcing

Key management responsibility

Executive Team

Why we engage

Our business revolves around our customers. We are customer-focused in everything we do, striving to improve our proposition. We seek to achieve this by delivering great products, services and experiences. Engagement provides customer insight which contributes to our decision-making and the evolution of our customer proposition. Ongoing investment in customer data and analysis allows us to respond more quickly and accurately to develop relevant product ranges and services, helps drive brand awareness and grow our customer base.

How we engage day-to-day

- During the shopping experience and at point of sale in store, with feedback being shared as appropriate within the business.
- By means of our customer service team and the channels by which it communicates with our customers.
- Social media channels.
- Customer focus groups/panels.
- Customer surveys.

How the Board engages

- Conducts store visits and reviews online experience.
- Receives customer insights report at every Board meeting.
- Monitors customer KPIs (including CSAT) and challenges management to ensure the customer proposition remains at the forefront of all development activities.
- Receives regular updates on health and safety, product quality and ethics, sustainability and data protection.

How we have listened and learned – highlights in FY25

- Focused on creating easier and more convenient shopping journeys online and in store, such as improved search on our website, a new in-store check in system for Click & Collect and continued rollout of our assisted self-checkouts.
- Opened a further seven new stores in the year in different sizes and formats, including an inner London store at Westfield.
- Broadened our product range to more than 100,000 SKUs and transformed our Made-to-Measure offer.
- Extended our reach beyond the UK, acquiring 13 stores in Ireland.
- Identified further ways to personalise the customer experience with tailored product recommendations and content.
- Increased proportion of own-brand products meeting our 'Conscious Choice' criteria, made using more sustainable materials, to c.52%.
- Improved packaging to reduce waste and damage to products on delivery.

+0.8%¹
active customer growth



1. Year-on-year growth in unique active UK customers who have transacted at least once in the 12 months to June 2025. Management estimate using Barclays data.

Stakeholder engagement continued



Colleagues

What they care about

- Fair pay and reward
- Opportunities for progression
- A safe, inclusive and diverse workplace
- Personal data protection
- Opportunities to be listened to and make a difference
- Being part of a business that does the right thing

Key management responsibility

Stores and People Director

Why we engage

Committed and ambitious colleagues are at the heart of our business. We engage to understand how best to recruit, retain, motivate and reward, including helping colleagues with their mental and financial wellbeing. We also use this information to make better decisions for our customers and communities and to support our strategic growth.

How we engage day-to-day

- Bi-annual colleague engagement survey, alongside targeted pulse surveys.
- Regular communication via our Home Comforts intranet and newsletters.
- Regular CEO updates – ‘Nick’s Note’.
- Colleagues represented through our National Colleague Voice (see right) and our Local and Regional Colleague Voice networks (see our Sustainability Report 2025 for more details).
- Leadership conference and store coach roadshows.

- Regular colleague ‘huddles’, including live Q&As.
- 24/7 independent, confidential whistleblowing hotline.
- End of year events to reflect on the past year and look ahead to the new financial year.

How the Board engages

- Visits stores and other sites.
- Designated NED for colleague matters and CEO attend NCV meetings and report to the Board.
- Receives People update in each CEO report to the Board.
- Receives overview of whistleblowing reports.
- Reviews key outcomes and actions from colleague engagement surveys.
- Reviews a more detailed colleague dashboard and metrics presented by the Stores and People Director at least twice per year.
- Discusses the gender pay gap disclosure.

How we have listened and learned – highlights in FY25

- Ongoing investment in colleague learning and career development opportunities, including a focus on data fluency and introduction of a new tool to provide colleagues with greater visibility of different potential career paths.
- Launched new Home Comforts (intranet) app.
- Introduced new policies to support colleagues wellbeing, such as Neonatal care leave policy, Trans inclusion at work policy and Neurodiversity policy.
- Conducted review of in-store colleague safety and stock loss measures, with new initiatives and trials being implemented in FY26.
- Commenced review of engagement and training for our new Irish colleagues.

- Launched our second ‘Reach’ leadership development programme for colleagues from underrepresented ethnic groups.
- Delivered mental health and financial wellbeing webinars.
- Celebrated key moments across the business with all colleagues, such as our 200th store opening.
- Recognised key dates during the year with communications and events run by our four colleague networks: Gender Equality, Disability & Neurodiversity, Pride and Race and Ethnicity.
- Launched electric car salary sacrifice scheme.

National Colleague Voice (NCV)

Our colleague representative body, NCV, has been running for six years. Members represent a range of ages, ethnicities, genders, locations, tenures and levels of seniority across Dunelm. During FY25, we held four meetings, led by Nick Wilkinson and the People team. Marion Sears, who is our designated Non-Executive Director (NED) for colleague matters, attended and other NEDs joined.

Each meeting comprises three parts: a business performance update, a ‘What’s on your mind?’ item for members to raise concerns, and a ‘Big Topic’ where we communicate and seek feedback on important matters. In FY25, these were plans for the financial year, colleague safety and wellbeing, learning and development and reward. The aim is to stimulate discussion and debate, with representatives acting as strong advocates for their colleagues. This is achieved by encouraging reps to ask their colleagues for views both generally and on the chosen



‘Big Topic’ in advance of meetings. After each meeting, reps share feedback with colleagues and views and concerns raised are presented to the Board.

During FY25, NCV representatives received training focused on their role as a consultative body, which was well-received.

The NCV remains a valuable forum for colleagues to engage, be listened to and see action as a result. Financial wellbeing seminars delivered during the year were a direct result of addressing concerns raised by the NCV, and feedback from colleagues via the NCV is informing our approach to colleague safety in our stores, as well as our continued rollout of new technology.

The NCV also continues to be an important part of the dialogue on colleague pay and reward, as detailed further on page 104.

Stakeholder engagement continued



Communities

What they care about

- A business they are proud to have in their community
- Local employment opportunities
- Charitable initiatives and support for local causes
- Takeback and recycling services
- A community hub for events

Key management responsibility

Chief Executive

Why we engage

By understanding local community needs and concerns we build awareness and trust, help evolve our customer offer, strengthen our local reputation and provide another reason for people to shop with us. We have also learned how much our customers and colleagues benefit from being involved in meaningful local initiatives and by having direct means of communication with their local store.

How we engage day-to-day

- Regional community champions facilitate the sharing of internal and external feedback, learnings and ideas, whilst driving community initiatives.
- Regular interaction with local store communities via store Facebook groups.
- Dialogue with local businesses and community groups who use space in stores and Pausa cafes.
- Regular meetings with our Group charity partner, Age UK.
- New store opening events, involving the local community.

How the Board engages

- Receives updates on charity and community initiatives.
- Reviews community-related KPIs, including level of takeback and monies raised for good causes.

How we have listened and learned – highlights in FY25

- Total fundraising and Group cash charity contributions of £1.2m.
- Over 270,000 gifts donated to local good causes through 'Delivering Joy' campaign.
- Supported Age UK in providing advice and support for c.900 older people through our 'Home Sweet Home' initiative.
- Relaunched our 'Knit & Stitch' groups, now present in 45 stores.
- Collected c.1,500 tonnes through our textile takeback scheme.
- Provided c.87,000 surprise food bags via our 'Too Good To Go' partnership.
- Completed 48 makeovers of community spaces, donating over 800 products.




Suppliers

What they care about

- A growth opportunity for their business
- Fair trading and prompt payment terms
- Collaborating to maintain high ethical standards and deliver on sustainability initiatives
- Long-term relationships

Key management responsibility

Director of Commercial and Supply Chain

Why we engage

We work closely with our suppliers and manufacturers worldwide to develop relationships and business growth opportunities through regular engagement, and to ensure that we are aligned on the importance of upholding our high quality, ethical and environmental standards.

How we engage day-to-day

- Hold annual stock supplier conference and regular webinars.
- Regular supplier meetings.
- Regular contact for our key stock suppliers with our design and commercial teams, as well as our product quality, compliance and sustainability teams.
- Dedicated procurement function engages with non-stock suppliers.

How the Board engages

- Receives updates on ethical trading, product quality, modern slavery, supplier payment terms and whistleblowing reports.

- Receives updates on progress against sustainability metrics.
- Ad hoc supplier meetings.

How we have listened and learned – highlights in FY25

- Held webinars with our key suppliers on 'Supplier transparency' and 'Tier 2 due diligence'.
- Provided webinars on sourcing renewable energy at the direct request of suppliers.
- Introduced Tier 2 suppliers to our Better Manufacturing programme.
- Held sustainability conference with key suppliers to introduce them to our sustainability team, discuss supplier action plans and identify further decarbonisation opportunities.
- Launched homeworker policy.
- Taken learnings from whistleblower reports to help guide our spot check strategy.
- 99% of invoices paid on time.



Stakeholder engagement continued



Shareholders

What they care about

- Strategy, performance and outlook
- Total shareholder returns
- Strong leadership
- Culture and shared values conducive to good governance and high standards of business ethics
- Fair Executive remuneration
- ESG opportunities and risks

Key management responsibility

Chief Executive and Chief Financial Officer

Why we engage

Meaningful engagement is key to building trust and driving long-term success. It enables us to better understand our investors' priorities and concerns. We help our shareholders and their representatives to have a good understanding of our business model, strategy, investment opportunities and culture, and we aim to be transparent and comply with shareholder governance requirements.

How we engage day-to-day

- Executive Directors meet with investors during the year.
- Trading updates and results webinars.
- Arrange store and site visits.
- Discuss ESG-related matters on request.
- Via our corporate website.

How the Board engages

- Chair is available to engage with major shareholders on governance and performance against strategy.
- Consults as appropriate.
- Attends results presentations and the AGM.
- Non-Executive Directors are available to discuss any matter with shareholders on request.
- Reviews AGM voting, shareholder comments and proxy reports.
- Reviews investor roadshow and conference feedback.
- Governance and other meetings arranged as appropriate.

How we have listened and learned – highlights in FY25

- Held 67 meetings with shareholders (excluding the Adderley family) during the year, covering a broad range of topics including performance, strategy, capital allocation and the impact of external factors on the business.
- Attended investor conferences to meet a wide variety of institutional investors.
- Arranged ad hoc store and site visits for institutional investors, which also included meetings with members of the Dunelm leadership team.
- 88.73% of issued share capital voted at the FY24 Annual General Meeting.
- Continued strong cash returns, with £159m paid in dividends.



Other stakeholders

We work with a number of other stakeholders where relationships are important to the day-to-day running of our business. These stakeholders tend to impact our business more than we impact theirs and, in some cases, engagement may be one-way. We monitor and evaluate these relationships regularly and the Board is informed as required. In all cases, our approach is to seek to build long-term trusted relationships based on fairness and respect, consistent with our Code of Business Conduct and our values.

Other stakeholders with whom we engage include:

- Local and national UK Government bodies, including HMRC.
- Industry bodies and working groups such as Textiles 2020, Better Cotton and British Retail Consortium.

- Regulators, including Leicestershire County Council and Charnwood Borough Council with whom we have a Primary Authority relationship, and other bodies such as the Health and Safety Executive, Trading Standards and Environmental Health officers.
- Banks and other financial institutions.
- A trusted team of professional advisers (for example, brokers, financial PR, accountancy and recruitment firms, environment and sustainability advisers).
- Shareholder representative bodies, ESG investment and credit ratings agencies and potential investors.
- Other business support providers (e.g. logistics, landlords (as the majority of our stores are leased) etc).

Section 172(1)

Balanced decision-making

Board decisions must balance the occasional conflicting needs and priorities of our key stakeholders, whilst also considering the likely consequences of such decisions in the long term.



By aligning our decisions with the Company's purpose, values and strategic goals, whilst understanding the respective views of our stakeholders, we aim to make sure that our decision-making is fair and consistent.

The preceding pages on stakeholder engagement along with pages 66 to 67 of the Governance report demonstrate how the Directors performed their s.172(1) duties during the year.

Section 172(1) of the Companies Act 2006 requires a director of a company to act in good faith and promote the success of the company for the benefit of its members as a whole. In doing so, they must also have regard (amongst other things) to a range of factors set out in section 172(1) of the Companies Act, including the interests of stakeholders.

Stakeholder engagement is a vital part of helping our Directors understand a range of perspectives and make sound, well-informed decisions that consider both aligned and competing priorities. We acknowledge that not every decision will serve the interests of every stakeholder, and at times we must strike a balance between these diverse needs across stakeholder groups.

The Board confirms that during the year under review, it has acted to promote the long-term success of the Company for the benefit of its shareholders whilst having due regard to the factors set out in section 172(1) (a) to (f) of the Companies Act 2006.

Signed for and on behalf of the Board

Nick Wilkinson
Chief Executive

The table below outlines other areas of this report that set out how the Board has had regard to s.172(1) factors when making decisions:

s.172(1) factor	Where to find more information	Page
(a) likely consequences of any decisions in the long term	• Chair's statement	8
	• Our business model	10
	• CEO review	24
	• Stakeholder engagement	16
	• Board dashboard and activities	64
(b) interests of the company's employees	• Stakeholder engagement	16
	• Non-financial and sustainability information statement	53
	• Board dashboard and activities	64
	• Remuneration Committee report	88
(c) need to foster the company's business relationships with suppliers, customers and others	• Our business model	10
	• Stakeholder engagement	16
	• Non-financial and sustainability information statement	53
(d) impact of the company's operations on the community and environment	• CEO review	24
	• Our business model	10
	• TCFD report	44
	• Non-financial and sustainability information statement	53
(e) desirability of the company maintaining a reputation for high standards of business conduct	• Our business model	10
	• Risks and risk management	36
	• TCFD report	44
	• Non-financial and sustainability information statement	53
	• Governance report	59
(f) need to act fairly as between members of the company	• Our business model	10
	• Stakeholder engagement	16
	• Directors' report	115

Case Study:
Harness our
operational
capabilities

Transforming our Click & Collect proposition

Combining better choice and service for customers with improved operational efficiency

Click & Collect is a great example of us harnessing our operational capabilities, leveraging our skills and systems to transform our proposition, processes and productivity. Our previous Click & Collect service was only available for a limited proportion of the range, and had a set-up which didn't provide the smoothest experience for customers.

Over the past 12 months, we've embarked on a full transformation of our proposition, ensuring a better customer journey and unlocking greater efficiencies in our operations.

At the heart of this has been increasing the range of centrally fulfilled products available for Click & Collect, by onboarding multiple suppliers. Around 70% of products (by value) are now available through this channel, significantly increasing choice for customers, and we're making the in-store experience for collection much simpler.

Looking ahead we have further productivity opportunities, including optimising logistics to improve how stock reaches our stores and how our stores operationally manage higher order volumes.



1000s more products available for Click & Collect

giving customers much greater choice in this channel.



A better collection journey in-store

making it clear where customers need to go to retrieve their orders.

Greater efficiencies

including through self service and lower cost fulfilment channels



Choice, ease and convenience

“

It's been exciting to be a part of Dunelm's Click & Collect development over recent years. Much earlier in our digital journey, we began with a 'Reserve & Collect' option for customers, which then developed into a more comprehensive Click & Collect service.

The Covid-19 pandemic brought accelerated demand for this channel and we adapted the service in line with social distancing requirements, as house-bound customers sought to make their homes a sanctuary in difficult times.

This latest transformation is a result of listening and learning, bringing much more choice to customers by making thousands more of our products available for collection in store.

The customer demand on the back of this expansion has been incredible and it's a great driver of footfall into our stores. We're now focused on making that end-to-end experience as easy and convenient as possible.

Chloe Parkin,
In Store Customer Experience

Check in using the link in your
'ready to collect' email or text.
Enter the collection code.

COLLECTION CODE
0166

Please wait here
We will bring
your items to you

“

Signage in the store of where to collect my items was very clear and easy to follow. The member of staff at the Click & Collect point was friendly, helpful and efficient. All in all a very positive experience.

CEO's review

Committed to sustainable and profitable growth

“

Dunelm has always had great ambition. With customers at our heart, and an ingrained focus on long-term sustainable growth, there is more opportunity than ever.



Introduction

I am pleased to report another successful year in which we delivered a strong financial performance, with good sales and profit growth, more investment in the business, and further cash returns to shareholders.

We have continued to gain share in a homewares and furniture market which grew slightly for the first time since FY22. So far, however, we are yet to see signs of a wider consumer recovery, and consumer confidence has remained lacklustre. Against this backdrop, we will carry on embracing the reality of how consumers are feeling, and through continually raising the bar on our products and the proposition we offer, we are helping more customers create the joy of truly feeling at home.

We have put our growth plans into action across our three strategic pillars as we continue to build Dunelm as The Home of Homes. We are elevating our product offer, expanding the breadth and relevance of our ranges across more categories, with furniture a good example of our progress. We are connecting to more customers through our total retail system, opening more new stores, making further improvements to our digital channels, and expanding our Click & Collect offer.

In addition, we are finding more ways to harness our operational capabilities, delivering further efficiencies in areas including our supply chain and store operating model, maintaining the operational grip which continues to be a core strength of the Dunelm business model.

We have also taken the business into some new areas, which, although initially small, support our future growth plans. During the year we opened our first inner London store; took our first steps outside the UK with the acquisition of Home Focus in Ireland; acquired the brand and design archive of Designers Guild; and extended UK manufacturing within our Made-to-Measure business.

These exciting developments are bringing new capabilities and new opportunities to extend our position as a multi-channel, multi-category specialist.

Implementing our ambitious plans, whilst delivering a consistent performance over many years, makes me appreciate the skills and values of my colleagues, and I thank all of them for their continued commitment and ambition to deliver for our customers.

FY25 Review

We delivered another good financial performance in FY25, growing sales alongside market share and customer numbers, combined with a stable PBT margin and higher earnings. We also continued to invest in the business while delivering strong shareholder returns.

Total sales increased by 3.8% in the year, through a combination of higher volumes and increased average item values. The rise in average item values was primarily due to the mix of products sold, rather than headline price increases, as we continue to work hard on broadening the appeal of our ranges whilst offering outstanding value for our customers. With our higher sales also supported by increased customer numbers¹ and shopping frequency, our growth was well-balanced.

The combined homewares and furniture market grew slightly in the year, having declined since FY22, with the second half benefiting from stronger growth in outdoor furniture categories. We again increased our market share, up 20bps during the year to 7.9%², and as ever we see headroom for further share gains as we progress towards our next milestone of 10% share in the medium term.

1. Year-on-year growth in UK unique active customers who have transacted at least once in the 12 months to June 2025. Management estimates using Barclays data.
2. Based on GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2025.

CEO's review continued

We have again demonstrated strong operational grip, absorbing further inflationary cost pressures and delivering a PBT margin of 11.9%, broadly in line with the prior year. Gross margin strengthened by 60bps to 52.4%, reflecting continued tight control of input costs. Our operating costs as a proportion of sales increased due to another year of labour cost headwinds and continued investment in the business, partly offset by meaningful productivity gains. Overall, and including slightly higher finance costs year-on-year, our profit before tax of £211m was up 2.7% against FY24; a strong result. Our diluted earnings per share increased by 3.2% to 76.8p, largely due to the profit before tax growth and a small benefit from a lower effective tax rate.

We continue to be highly cash generative; FY25 operating cash flow of £256m (FY24: 232m) was up 10.2% year-on-year, reflecting trading performance and improved working capital. After taking into account capex, which was higher than usual due to two freehold property purchases, our conversion of operating profit to free cash flow was below last year, at 57%. Our ability to invest for growth and efficiency, alongside an ongoing commitment to returning surplus cash to shareholders, demonstrates the underlying financial strength of the business. We again increased our ordinary dividend, and are proposing a final dividend of 28 pence per share, bringing the full-year ordinary dividend to 44.5 pence per share, up 2.3% year-on-year. Including a special dividend announced at our interim results, we declared total dividends of 79.5 pence per share during the year.

Growing sustainably

Dunelm has always been a business with a strong focus on making a positive difference through its operations and I am proud of our ongoing commitment to growing sustainably. We do this through our Good & Circular approach, focused on doing the right thing for our Planet; our Communities; and our People.

As we look to reduce our negative impact on the planet, we relish the opportunities that come with new materials and technology. 52% of our own-brand products now meet our 'Conscious Choice' criteria, using more sustainably sourced materials. We have also made further progress in reducing our Scope 1 carbon emissions (intensity now down 54% since FY19) and our primary plastic packaging for own-brand products now contains more than 30% recycled content.

Our stores, distribution centres and support sites continue to play an important role in their communities. We have 1.4m Facebook followers across our store community pages, which have helped us to organise campaigns to connect generous customers with good local causes, including this winter's 'Delivering Joy' campaign, where 270,000 gifts were donated. In FY25 we raised more than £1m in total for charitable causes, and our partnership with Age UK is thriving.

We now have c.12,000 colleagues driving the business forward, and we remain committed to their ongoing development and wellbeing. During the year we saw an improvement in colleague engagement scores, and a further increase in our high level of retention. Whilst we have more work to do on diversity, we have made progress, with greater representation from ethnic minority backgrounds in our leadership population.

Our progress against our sustainability pillars

Our home the Planet

We are mindful that the Planet provides the resources we use to create our products



The progress we are making

- 54% reduction in Scope 1 intensity emissions from FY19 baseline
- 84% of tier 1 suppliers providing environmental (Higg FEM) data
- >30% recycled content present in primary plastic packaging for own-brand products
- 52% own-brand products now meet our 'Conscious Choice' criteria, made using more sustainable materials

Our home in Communities

We have a home in Communities where our stores and sites operate



The progress we are making

- >£1m in fundraising for our charity partner AgeUK and other causes in FY25
- 1.4m customers in our community Facebook groups
- c.270k gifts donated to local causes in our biggest ever 'Delivering Joy' winter campaign
- 48 outdoor community spaces transformed by Dunelm colleagues in summer campaign

A home for our People

We create a home for the People working in our business



The progress we are making

- 7pts improvement in our colleague engagement score¹
- 70bps increase in role-model leaders from ethnic minority backgrounds, now at 6.5%²
- c.90 colleagues involved in 'Reach' development programme for under-represented ethnic groups
- 90% colleague retention, which has continued to strengthen¹

Protecting our Business

Our strong corporate and ESG governance frameworks protect our business for the benefit of all our stakeholders and preserve value in our business.



1. Excluding Republic of Ireland.
2. 'Role-model leaders' are defined as 'Heads of' and above and include regional and store coaches, but at present do not include Republic of Ireland.

CEO's review continued

Building The Home of Homes

Our vision is for Dunelm to be the most trusted and valued brand for customers in homewares and furniture. In short, we want to truly become 'The Home of Homes'. Throughout our history we have grown by winning market share, and from our current 7.9%¹ we are targeting a medium-term milestone of 10%, with significant opportunity beyond. To achieve this, our growth plans are underpinned by three broad focus areas, which in combination frame our priorities and investments:

1. To elevate our product offer
2. To connect with more customers
3. To harness our operational capabilities

These focus areas are interconnected, and their strength lies in their compounding benefits. This is illustrated by the successful expansion of our Click & Collect proposition, which grew by around 30% in FY25, through the combination of a greater product range being available, the benefit of both a physical and digital shopping experience, and improved processes to increase efficiency for both customers and colleagues.

As we start the new financial year, we are accelerating and evolving the parts of our plan that play to our strengths as a multi-channel and multi-category specialist, demonstrated through the following examples.

1. Based on GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2025.

Our progress against our strategic pillars**Strategic pillar 1****Elevate our product offer**

Increase relevance and appeal using our product mastery to extend our choice, value, design and style

The progress we are making

We have continued to improve the product offer across our assortment, developing newer categories whilst maintaining focus on heritage ranges:

- Doubled the size of our overall range in three years to more than 100,000 SKUs
- More than doubled market share in upholstered chairs and sofas over the past five years, through product development and sourcing
- Increased quality in core ranges, including Egyptian Cotton towels, Fogarty quilts and hanging pack curtains, whilst maintaining value
- Extended specialist authority and unique ability to cross-coordinate colour across textiles and many other product categories

**Strategic pillar 2****Connect with more customers**

Developing and expanding our channels to offer an easier, more personalised experience

The progress we are making

Our focus remains on combining the benefits of physical and digital shopping to increase our reach and improve customer experience:

- Continued to improve digital shopping experience, driving digital sales up to 40% of total sales, from <20% in FY19
- Opened landmark 200th store in Merthyr Tydfil, with more superstores planned in new locations
- Expanded London presence, opening first inner London store in Westfield White City, with a similar sized store opening in Wandsworth planned for FY26
- Improved our Click & Collect customer journey
- Developed new app, available to customers autumn 2025

**Strategic pillar 3****Harness our operational capabilities**

Leverage our skills and systems to transform our proposition, processes and productivity

The progress we are making

We continue to see opportunities, especially driven by technology, to be more productive:

- Driven efficiencies in performance marketing, using data and experimentation to drive transaction profitability
- Rolled-out assisted self-checkouts to more stores across our estate, and improved our forecasting and replenishment system
- Optimised store colleague deployment whilst protecting customer service levels
- Realised benefits through small-scale automation and the optimisation of customer returns in our supply chain
- Ongoing discovery in areas such as RFID in textiles, deployment of AI, and mechanisation of our logistics operations



CEO's review continued

1. Elevate our product offer

Product remains at the heart of our customer offer and, as a specialist, we draw on our experience to increase our relevance and appeal to a broad customer base. The size of our overall range has also increased over time, and we now offer more than 100,000 SKUs, almost double the number we had three years ago. We take care to maintain a curated and coordinated offer, blending choice, value, design and style across our collections.

Our furniture offer has been a strong contributor to our growth for several years, benefiting from building capabilities in product design and sourcing. There is no better example of this than upholstered chairs and sofas, where in the last five years we have more than doubled our market share in a £3bn¹ addressable market, with significantly more opportunity ahead. We now have a well-curated range of best-sellers, including our popular Beatrice snuggle chairs, available in a variety of colourways and materials, at very competitive prices.



In our supply chain we are balancing efficiency with customer choice, and most of our chairs and sofas are now available for quick delivery throughout the UK. With work also underway on testing an improved furniture presentation in store, we see plenty of headroom for further growth in this category.

As well as developing newer categories, we maintain an unrelenting focus on our heritage ranges, working to extend our leadership in areas such as textiles, where our market shares are much higher. Here, product development remains the starting point for raising the bar on our customer offer. In our Egyptian Cotton towels range, we have invested in more quality in the yarn and manufacturing, enabling us to introduce a slightly higher but competitive price point, while remaining better value than comparable quality elsewhere. These changes have delivered good results, with increased sales and gross margins. Similarly, in curtains, where our collections already span multiple price/quality tiers, we have now added more quality in the better tier of hanging pack curtains, with weighted corners, deeper headings, and a wider colour selection helping to differentiate our specialist proposition from alternatives.

Doubling down on our specialist authority gives us the opportunity to increasingly attract customers from non-specialists. Our 'Home of Colour' campaign showcases the breadth and depth of our ranges, as well as demonstrating our unique ability to coordinate colour across textiles and many other product categories, enabling customers to create the look they want.

1. GlobalData UK upholstered furniture market, for the calendar year 2024.



CEO's review continued

**2. Connect with more customers**

We connect with more customers through our total retail system, combining the benefits of physical and digital shopping to increase our reach and improve customer experience. Our connected channels help to drive frequency and differentiate our proposition from single channel players.

In recent years we have seen significant growth in our digital sales, which combine home delivery sales with Click & Collect and tablet-based selling in stores, and now represent 40% of total sales. Back in FY19, when digital sales were less than 20% of our total, we were catching up with other retailers. We had a reliable website, but only relatively basic search tools and limited customer data. Since then, we have made significant progress in optimising and scaling this channel. We have aligned payment systems between stores and online sales; improved our use of data and experimentation; and delivered better personalisation, including through the introduction of AI-driven search, all with the aim of better understanding and improving the shopping experience for our customers.

As we move forward, there is a much greater opportunity to grow. Our app, which becomes available to customers later this year, is our next significant development. We deliberately chose not to launch an app until our data and digital capabilities were sufficiently developed. With those foundations now in place, we will have the ability to offer relevant, personalised and inspirational product content to our customers, without the significant costs that come with generating website traffic to dunelm.com.

In time, the app will also allow us to develop better cross-channel experiences, making it easier to check stock availability in your local store and access more product information.

As well as enhancing the online customer experience, we are connecting to more customers through our physical footprint. We now have 202 stores across the UK and Ireland, having opened our landmark 200th store in Merthyr Tydfil earlier this year.

London is a significant addressable market where Dunelm remains underrepresented, therefore offering an exciting growth opportunity. We opened our first store in inner London in FY25, a 5,000 sq ft site in Westfield White City, and we will open a similar sized store in Wandsworth in FY26. We also acquired two freehold properties in London and the South East, which will be converted to Dunelm stores in the future. These developments are meaningful steps to connect us to more customers in this part of the country.

The different sizes and locations of our stores are a function of site availability and catchment size. Where practical, we prefer our standard larger superstore format of c.30,000 sq ft, which typically pays back in less than three years. Where this is not possible, we look to smaller alternatives, often around half the size and in infill catchment areas, and which still provide a very healthy return. In FY25 we opened six superstores, split evenly between larger and smaller stores. We expect to open 5–10 new superstores this year, the majority of which will be larger stores.

CEO's review continued

3. Harness our operational capabilities

Harnessing our operational capabilities refers to how we think about improving efficiency and effectiveness throughout the business, in order to drive both growth and productivity.

We continue to see opportunities to be more productive, especially in areas driven by technology. Whilst ongoing inflationary headwinds partly mask the visibility of the benefits delivered to date, we have confidence that our ongoing initiatives support long-term sustainable and profitable growth, without compromising the customer proposition.

Continuous improvement initiatives contributed the majority of the £22m of operating cost productivities in FY25. These included further

efficiencies in performance marketing, where we use data and experimentation to drive customer level transaction profitability. Meanwhile, in store operations our teams are introducing new processes and technology to improve colleague efficiency and customer service levels, in growth areas such as Click & Collect. Similarly, in our supply chain, we continue to drive incremental benefits through small-scale automation, and the optimisation of customer returns.

We also continue to invest in larger programmes, underpinned by technology and data, such as the roll-out of assisted self-checkouts across our stores, and a new forecasting and replenishment system; both moderately sized programmes that have grown our skills and confidence in delivering technology and business change.

Looking forward, we are exploring other opportunities that will offer future potential benefits. This includes further deployment of AI; the use of RFID to improve stock accuracy and store processes; and the potential for further mechanisation of our logistics operations. In our usual way, we will approach these by testing and learning as we go, ensuring we build confidence in our investment plans.

Summary and outlook

As I look back on my tenure with Dunelm, the unique strengths of this business have been a constant in an ever-changing world. We have seen significant political and economic changes both domestically and internationally, technology advancing at pace, high levels of inflation, disruption to global supply chains, and, of course, the Covid-19 pandemic. Through all this change, Dunelm has continued to grow and continued to thrive.

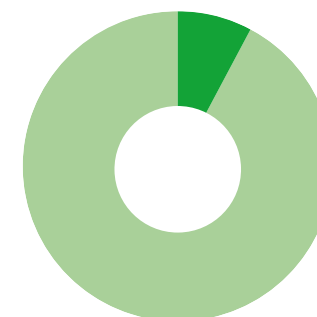
Our digital offer has matured but still has significant potential, and our stores remain the heartbeat of the business. Alongside broader appeal across more product categories, these competitive advantages position the business very well for the future. Dunelm is differentiated through the role it has in customers' lives, our communities and with our suppliers. We are continuing to build the positive impact we have as The Home of Homes, as we further strengthen the business and build greater trust with all of our stakeholders.

Significant market share opportunity

£24bn¹

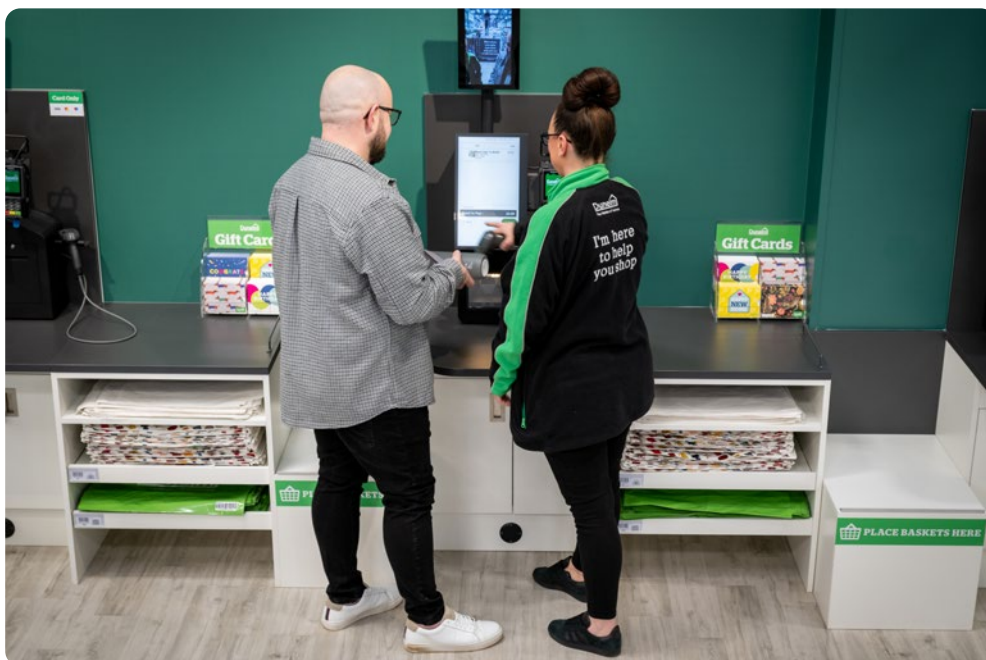
Total market

● Dunelm 7.9%



Dunelm has always had great ambition, which has seen it go from strength to strength throughout its history. We are as ambitious and restless now as we ever have been, and our next milestone of 10% market share is firmly within sight. With customers at our heart, and an ingrained focus on long-term, sustainable growth, there is more opportunity than ever.

Nick Wilkinson
Chief Executive
9 September 2025



1. Based on GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2025. Market size includes VAT.

Key performance indicators

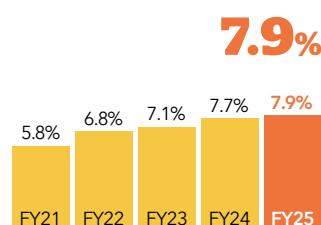
Tracking delivery

The Board uses a range of financial and non-financial key performance indicators (KPIs) to measure overall Group performance and progress against our strategic priorities.

In addition to these KPIs the Group also strives to make a positive social and environmental impact by focusing on a series of sustainability metrics. Full details of these can be found in our Sustainability Report 2025.

Non-financial

Market share %



Definition

Market share of the combined UK homewares and furniture markets (excluding kitchen cabinetry and bathroom furniture) as reported by GlobalData UK. Dunelm categories which are not part of the Globaldata UK homewares and furniture markets are also excluded, such as rugs and Pausa.

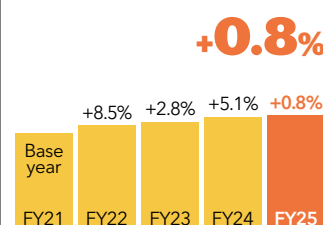
Reason for measurement

Demonstrates our performance relative to the wider homewares and furniture markets. Measuring this supports our ambition to reach a medium-term milestone of 10% market share.

Progress

We continued our strong track record of growth being driven by market share by gaining 20bps in FY25, driven by the relevance and appeal of our homewares and furniture offer.

Customer numbers Year-on-year movement %



Definition

Growth in total UK unique active customers who have shopped in the last 12 months, based on management estimates using Barclays data.

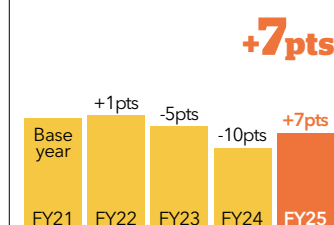
Reason for measurement

Measures our ability to reach new customers, which supports our long-term growth opportunity.

Progress

Unique active customers further increased by 0.8%, demonstrating our continued customer relevance and reach.

Employee net promoter score (eNPS) Year-on-year pts movement



Definition

Score based on responses to the question 'How likely are you to recommend Dunelm as a place to work' from our colleague survey which we conduct bi-annually. The above results are from May each year. Excluding colleagues in the Republic of Ireland.

Reason for measurement

Rates our colleagues' experience with us and the survey helps us understand where we need to improve to ensure that Dunelm is a great place to work.

Progress

eNPS has improved by 7pts year-on-year, particularly driven by an improvement in questions regarding managers' support across our stores.

Customer Satisfaction (CSAT) %



Definition

Of the customers who complete our survey, the percentage who rate their experience with us as 5/5. Overall CSAT is weighted based on transaction volumes by fulfilment channel (Stores, Home Delivery and Click & Collect).

Why have we done this

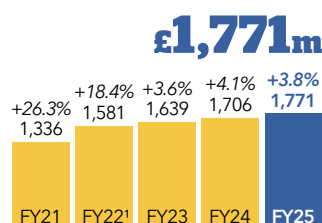
CSAT provides an accurate view of satisfaction of customers' specific touchpoints, with supporting data which enables us to better understand the drivers of satisfaction and take action as appropriate.

In its first year of measurement, CSAT has driven a more granular understanding of where we're succeeding, alongside the ability to target specific issues. Accordingly, we have implemented changes to our Click & Collect collection processes, and are focusing on friendliness training in our stores.

Key performance indicators continued

Financial

Bonus

Revenue
£m and growth %

Definition

Total Group revenue and year-on-year growth on a statutory reporting basis.

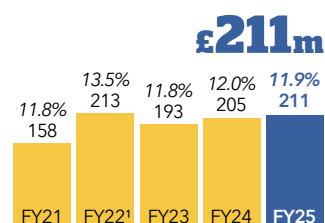
Reason for measurement

Consistent growth is key to our success, and this measures the absolute size of the Group.

Progress

FY25 sales growth was 3.8%, with full year revenue of £1,771m.

Bonus

Profit before tax (PBT)
£m and margin %

Definition

Group profit before tax and PBT margin on a statutory reporting basis.

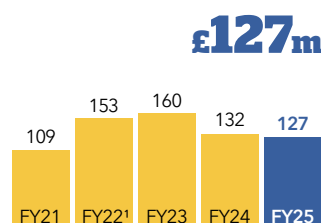
Reason for measurement

Reflects the underlying performance of the Group and our focus on delivering broadly stable PBT margins over the medium term.

Progress

FY25 PBT of £211m, at a PBT margin of 11.9%.

LTIP

Free cash flow
£m

Definition

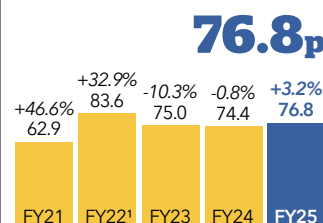
Free cash flow is net cash generated from operating activities less capex (net of disposals), net interest paid (including leases) and loan transaction costs, and repayment of lease liabilities.

Reason for measurement

Strong cash generation is a key business strength. We monitor cash flows to ensure that we meet business needs, make appropriate investment decisions for long-term profitability and return any surplus cash to shareholders.

Progress

Free cash flow was £127.4m, slightly below the prior year despite higher operating cash flows. Capital expenditure was higher year-on-year due to investments, including the purchase of two freehold stores. Investing in the business is the priority of our capital allocation policy; we have also returned cash to shareholders by way of ordinary and special dividends.

Diluted earnings per share
Pence and growth %

Definition

Profit after tax attributable to shareholders divided by the average number of dilutive outstanding shares (as per note 8 on page 140).

Reason for measurement

Reflects the total earnings in the Group attributable to each share.

Progress

FY25 dEPS was 76.8p, up 3.2% year-on-year. The year-on-year increase primarily reflects the growth in profit before tax, as well as benefiting from a lower effective tax rate.

Details of measures used for FY25 bonus and LTIP outcomes can be found in the Remuneration Committee report on pages 93 to 96. Further information on the performance criteria that apply to the FY26 bonus and FY26–28 LTIP award can be found on pages 102 to 103.

Bonus

LTIP

Changing our KPIs

Each year, we review our Group KPIs to ensure that they remain the most relevant indicators of the overall success of the company and provide sufficient clarity on performance.

The following metrics were previously reported as Group KPIs and can be found in our Sustainability Report 2025. These are presented, for clarity, alongside our full cohort of sustainability metrics and targets.

- Scope 1 intensity reduction
- Diversity of our role-model leaders

1. FY22 included a 53rd week for statutory reporting purposes.

CFO's review

Growth and operational grip whilst investing for the long-term

“

We will continue to invest in our strategic priorities, and are confident in our plans to drive long-term, sustainable growth and efficiencies.



Total Group sales

£1,771m

FY24 £1,706m

Profit before tax

£211m

FY24 £205m

Free cash flow¹
£127m

FY24 £132m

Ordinary dividend per share

44.5p

FY24 43.5p

Income Statement

	FY25	FY24	YoY
Revenue	£1,771.0m	£1,706.5m	+ 3.8%
Gross profit	£928.3m	£883.3m	+5.1%
Gross margin %	52.4%	51.8%	+60bps
Net operating costs	(£706.3m)	(£670.0m)	+5.4%
Operating profit	£222.0m	£213.3m	+4.1%
Net finance costs	(£11.0m)	(£7.9m)	+39.2%
Profit before tax	£211.0m	£205.4m	+2.7%
PBT margin %	11.9%	12.0%	(10bps)
Taxation	(£54.7m)	(£54.2m)	+0.9%
Profit after tax	£156.3m	£151.2m	+3.4%
Effective tax rate	25.9%	26.4%	(50bps)

Revenue

Total sales for the full year increased by 3.8% to £1,771m (FY24: £1,706m). We were pleased with the strength of our trading performance, in a market which despite growing slightly in the year, is yet to demonstrate sustained signs of consumer recovery. We gained further market share through our high quality sales growth, increasing by 20bps in the full year to 7.9%².

Digital participation increased again, up 3ppts year-on-year to 40%, reflecting the success of our ongoing focus on enhancing customers' digital experience. Digital participation includes the benefits of our improved Click & Collect proposition, where we have significantly expanded the number of products available, whilst simultaneously improving and simplifying in-store collection processes.

Through fast and convenient channels, we are connecting more customers to more products and the appeal of our ranges drove increased sales volumes in the year. We also increased our average item value, driven by product and category mix, with particularly strong growth in our furniture and Made-to-Measure categories. With our usual focus on outstanding value, we approach pricing through a rigorous focus on our good, better and best price and quality tiers, ensuring that we offer great value at all price points. This year we have continued to hold retail prices broadly stable, without passing on significant inflation to our customers.

1. Free cash flow is defined as net cash generated from operating activities less capex (net of disposals), net interest paid (including leases) and loan transaction costs, and repayment of principal element of lease liabilities. A reconciliation of operating profit to free cash flow is included on page 34.

2. Based on GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2025.

CFO's review continued

Revenue

	FY25	FY24	YoY
Total Group sales	£1,771.0m	£1,706.5m	+3.8%
Digital % total sales	40%	37%	+3ppts
Combined market share ¹	7.9%	7.7%	+20bps
Active customer growth ²	N/A	N/A	+80bps

1. Based on GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2025.
2. Year-on-year growth in UK unique active customers who have transacted at least once in the 12 months to June 2025. Management estimates using Barclays data.

Our ability to offer value across our product ranges drives very broad customer appeal. We have continued to offer relevance across categories with our curated seasonal ranges, from student essentials to outdoor inspiration, designed to cater to our customers' evolving needs. The number of active customers was up 80bps¹ in the year, contributing to overall sales growth, alongside higher shopping frequency. We saw particularly strong growth in our youngest customer cohort of 16–24 year-olds, as well as in the London region, reflecting our increasingly broad proposition.

Gross margin

We have again executed with commercial and operational grip, to deliver a very strong full year gross margin of 52.4%, up 60bps year-on-year, largely without passing on inflationary cost increases to our customers. We maintained tight control of input costs, including proactive management of freight and FX, which were broadly neutral across the full year (although FX became a small margin tailwind in the final quarter). Towards the end of the financial year, we also benefitted from a particularly strong sell-through of our seasonal ranges, and throughout our Summer Sale we managed our promotional activity effectively, delivering a strong full price sales performance.

Looking ahead, we will continue to apply a tight grip to our management of gross margin. We expect a moderate tailwind from FX and a small headwind from freight in FY26, and other input costs are currently broadly stable. We will retain optionality over pricing decisions and discounting, whilst prioritising our overall value proposition through our good, better and best range architecture, to ensure that we deliver sustainable and profitable growth.

Net operating costs

Net operating costs were £706m (FY24: £670m), representing a net operating costs:sales ratio of 39.9%. This was up 60bps on the prior year (FY24: 39.3%), primarily driven by inflation and our commitment to continued investment in the business to support our long-term strategic priorities. The increase in costs was partly offset by productivity gains which accelerated from the previous year.

Our volume-driven costs added £18m to operating costs in FY25, driven particularly by performance marketing and logistics. These cost increases were especially impacted by Click & Collect and two-person furniture deliveries, both areas where we have seen strong growth.

Net operating costs

	FY25	FY24	YoY
Operating costs	(£711.0m)	(£670.0m)	(£41.0m)
Other operating income	£4.7m	–	+£4.7m
Net operating costs	(£706.3m)	(£670.0m)	(£36.3m)
Net operating costs:sales %	39.9%	39.3%	+60bps

We continue to operate in an inflationary environment, which added a further £21m to our cost base. This was primarily driven by labour cost inflation linked to increases in the National Living Wage, as well as increased employer National Insurance contributions in the final quarter of our financial year. The annualisation of these increases will also impact FY26, when we expect overall inflation to be 3–4% of our operating cost base.

Investment in the business, to support long-term growth and ongoing efficiencies, remains a priority. We invested £17m through operating costs in the full year, including the cost of six new superstore openings and the embedding of the Home Focus business in Ireland into our Group operations.

Cost increases from inflation and continued investment were partly offset by further productivity gains of £22m. These included performance marketing efficiencies, where we have benefitted from investment in more advanced AI technology to improve on-site conversion, whilst enhancing the customer proposition. To drive efficiencies in our operations, we have reviewed our in-store operating model to deliver incremental improvements, and have implemented various tactical initiatives across our supply chain, for example improving processes associated with customer returns.

To ensure these decisions are made without impacting the customer experience, we have also introduced a customer satisfaction (CSAT) tool, giving us timely and granular feedback to which we can appropriately respond.

We are reporting £5m of other operating income, comprising insurance receipts related to two store fires in FY25, and rental income. Costs associated with both the store fires and freehold properties are included within operating expenses.

As we have always done, in FY26 we will continue to invest in the business to support our strategic priorities, despite inflationary headwinds. We are confident in our plans to drive long-term, sustainable growth and efficiencies.

Profit before tax

In FY25, operating profit increased to £222m, £9m higher than the prior year (FY24: £213m) as our expanded gross margin and productivity gains more than offset inflationary cost headwinds and ongoing investment activity. Net finance costs of £11m (FY24: £8m) were £3m higher year-on-year, reflecting a higher net debt level. Finance costs included interest on IFRS 16 lease liabilities of £7m (FY24 H1: £6m).

Overall, profit before tax in the period was £211m (FY24: £205m), up £6m year-on-year and representing a PBT margin of 11.9% (FY24: 12.0%).

CFO's review continued

This continued our track record of applying operational grip to deliver sustainable profitable growth. To achieve this over time, we take decisions on pricing, value and investment whilst managing costs that may be driven by external factors or associated with growth, and which my impact either gross profit or operating expenses. Overall we have flexibility across the P&L to manage to a broadly stable PBT margin over time.

Earnings

Profit after tax of £156m (FY24: £151m) reflects an effective tax rate of 25.9% (FY24: 26.4%). As reported at our half year, we saw a normalisation of the effective tax rate, in line with our historic range of 50–100bps above the headline rate – the prior year included the impact of a one-off deferred tax adjustment. The difference between the effective tax rate and the headline rate reflected the disallowable expenditure related to property purchases and intangible asset additions. The impact of the Irish tax rate on the Group is immaterial.

Basic earnings per share (EPS) for the period was 77.2 pence (FY24: 74.7 pence). Diluted EPS was 76.8 pence (FY24: 74.4 pence), growing 3.2% primarily due to the increase in profit before tax, with a small benefit from the lower effective tax rate.

Cash generation and net debt

Operating cashflow for the period was £256m, up 10.2% year-on-year, reflecting our trading performance and neutral working capital, compared to an outflow in the prior year. Inventory was broadly flat year-on-year, despite sales and volume growth, as we saw the benefit of our forecasting and replenishment system implementation.

Capital expenditure for the year of £67m (FY24: £40m) was higher than our long-term average, predominantly due to £38m of strategic investment in acquisitions. These included two freehold property purchases in areas of white space in London and the South East, the Home Focus business, and the Designers Guild brand and archive. The freehold properties will be converted to Dunelm stores in the future, with works commencing later this year. Other capital expenditure included £22m investment in our store estate, including six new superstores and one inner London store, eight refits of existing stores, and our ongoing decarbonisation programme.

We expect FY26 capital expenditure to be around £50m, including 5–10 new superstore openings, at least one inner London store and around ten store refits. This does not assume any further freehold acquisitions. As previously guided, we expect the majority of our new store openings to be leasehold, but will consider freehold investment opportunities in areas where we are underrepresented, and where financial returns are sufficiently attractive.

Cash tax paid in the year was £55m (FY24: £50m).

Total dividend payments in the period were £159m (FY24: £158m). The Group also periodically makes share repurchases to hold in treasury to satisfy obligations under employee share schemes, and in the year repurchased £15m of shares (FY24: nil). The Group held 2.1m shares in treasury as at 28 June 2025 (FY24: 1.2m).

As a result, free cash flow for the year was £127m (FY24: £132m), reflecting an operating profit to free cash flow conversion of 57% (FY24: 62%); maintaining a strong overall free cash flow despite the higher capital expenditure in FY25.

Cash generation and net debt

	FY25	FY24	YoY
Operating profit	£222.0m	£213.3m	+£8.7m
Depreciation and amortisation ¹	£83.4m	£82.0m	+£1.4m
Net movement in working capital	(£0.5m)	(£17.7m)	+£17.2m
Share-based payments	£5.5m	£4.3m	+£1.2m
Tax paid	(£54.5m)	(£49.6m)	(£4.9m)
Net cash generated from operating activities	£255.9m	£232.3m	+£23.6m
Capex & business combination	(£67.3m)	(£39.9m)	(£27.4m)
Net interest and loan transaction costs ²	(£10.6m)	(£9.4m)	(£1.2m)
Repayment of principal element of lease liabilities	(£50.6m)	(£50.8m)	+£0.2m
Free cash flow	£127.4m	£132.2m	(£4.8m)
Net debt³	£102.0m	£55.6m	+£46.4m

1. Including impairment and loss on disposal.

2. Including interest on lease liabilities.

3. Cash and cash equivalents less total borrowings (as shown in note 19). Excludes IFRS 16 lease liabilities.

Banking agreements

At 28 June 2025, the Group had in place a £250m unsecured revolving credit facility (RCF). The terms of the RCF included covenants in respect of leverage (net debt¹ to be no greater than 2.5× adjusted EBITDA²) and fixed charge cover (EBITDAR³ to be no less than 1.75× fixed charges⁴), both of which were met comfortably as at 28 June 2025. A one-year extension to the facility was agreed in August 2025, with a maturity date of September 2029. The terms are consistent with normal business practice and the covenants are unchanged. The Group also maintains £10m of uncommitted overdraft facilities.

Going concern

At the time of approving the financial statements, the Board of Directors is required to formally assess that the business has adequate resources to continue in operation and as such can continue to adopt the 'going concern' basis of accounting. To support this assessment, the Board is required to consider the Group's current financial position, its strategy, the market outlook and its principal risks.

The key judgement that the Directors have considered in forming their conclusion is the potential impact on future revenue, profits and cashflows of a downturn in consumer spending away from the homewares and furniture markets, due to ongoing macroeconomic uncertainty and subdued consumer confidence. This scenario could result in lower than planned growth in Year 1, followed by a lower sales growth trajectory and higher costs to sales ratios throughout the review period.

1. Cash and cash equivalents less total borrowings (as shown in note 19). Excludes IFRS 16 lease liabilities.
2. Adjusted EBITDA defined as EBITDA less depreciation of right-of-use assets.
3. EBITDAR defined as EBITDA plus rent.
4. Fixed charges are defined as net interest costs plus right-of-use asset depreciation plus rent.

CFO's review continued

Our tax strategy

	FY25 £m	FY24 £m
Net VAT collected	183.9	173.0
Payroll taxes including National Insurance ¹	64.6	60.8
Corporation tax	54.8	49.5
Plastic packaging tax	0.1	0.0
Total tax contributions	303.5	283.3

1. All Dunelm colleagues are based in the United Kingdom, except for c.200 colleagues employed in our Home Focus business, based in the Republic of Ireland, and our store in Jersey.

Dunelm is committed to full compliance with all statutory obligations and full disclosure to tax authorities. The Group's tax affairs are managed in a way that is consistent with the Group's commitment to high standards of governance. The Board has established a set of principles that form the basis of the management philosophy and the tax policy of the Group. These principles can be found in full in our Group Tax Strategy which is published on our corporate website and reviewed each year. Our Group Tax Strategy sets out one shared vision within the Group of tax compliance and one view of performance.

The Directors have also considered a deeper downturn in consumer spending away from homewares, resulting in negative growth in Year 1, again followed by a lower sales growth trajectory and higher costs to sales ratios throughout the review period.

In these downside scenarios Dunelm has sufficient liquidity to continue trading, to maintain the payment of dividends, and to comfortably meet financial covenants. The Directors continue to assess the risks that climate change poses to the business.

Reverse stress modelling has demonstrated that a prolonged sales reduction of 30% in Year 1 and 32% in Year 2 would be required to breach covenants by the end of FY27; and a 45% sales reduction in each year would be required to breach the RCF limit by the end of FY27, assuming reasonable mitigating actions have been implemented.

Additionally, the Directors have also reviewed the potential impact of material disruption to trading in our digital channel (including home delivery, tablet-based sales in store, and Click & Collect sales) in Year 1 reflecting the ongoing cyber security risk to retailers. The Directors are satisfied the Group maintains appropriate access to short-term cash in the event of such a circumstance.

Currently, climate change is not expected to have a significant impact on the Group's going concern assessment or on the viability of the Group over the next three years.

The Board believes that the Group is well placed to manage its financing and other significant risks satisfactorily and that the Group will be able to operate within the level of its facilities and meet its liabilities as they fall due, for at least the next three years. For this reason, the Board considers it appropriate for the Group to adopt the going concern basis in preparing its financial statements.

Capital and dividend policies

The Board policy on capital structure targets an average net debt level (excluding lease obligations and short-term fluctuations in working capital) of between 0.2× and 0.6× the last 12 months' EBITDA¹.

The Group's dividend policy targets ordinary dividend cover² of between 1.75× and 2.25× earnings per share during the financial year to which the dividend relates, and expects to maintain or progress, the absolute amount of each dividend payment in line with the growth of the business. The Board may allow a temporary fall in dividend cover requirements to maintain the dividend.

The Board will continue to consider returning surplus cash to shareholders if average net debt, excluding lease liabilities, over a period, consistently falls below the minimum target of 0.2× EBITDA¹, subject to known and anticipated investment and expenditure plans at the time.

Capital and dividend policies

- Target average net debt between 0.2× and 0.6× the last 12 months' EBITDA.¹
- Ordinary dividend cover of between 1.75× and 2.25× earnings per share during the financial year to which the dividend relates.
- Return surplus cash if net debt consistently falls below the minimum target of 0.2× EBITDA.¹

The Group's full capital and dividend policies are available on our website at corporate.dunelm.com.

1. EBITDA defined as operating profit plus depreciation and amortisation of property, plant and equipment and intangible assets plus loss on disposal and impairment of property, plant and equipment and intangible assets plus depreciation of right-of-use assets.
2. Dividend cover is calculated as earnings per share divided by the total ordinary dividend relating to the financial year.

Dividends

Recognising our performance for the full year and ongoing confidence in the business, the Board has proposed a final ordinary dividend of 28 pence per share. This takes the full year ordinary dividend to 44.5 pence per share, an increase of 2.3% compared to the prior year (FY24: 43.5 pence per share). Dividend cover of 1.73× is very slightly below the Group's targeted minimum of 1.75×. The Board considers this level appropriate in order to reflect ordinary dividend growth broadly aligned to PBT growth of 2.7%. The final dividend will be paid on 25 November 2025. The ex-dividend date is 30 October 2025 and the record date is 31 October 2025. Including a special dividend of 35 pence per share announced at our interim results, we declared total dividends of 79.5 pence per share during the year.

Total dividends paid within the year were £159m, including a special dividend of £70m (35 pence per share).

Karen Witts
Chief Financial Officer
9 September 2025

Risks and risk management

Effective risk management

The Board as a whole is responsible for the management of risk throughout the Group and ensures that our ambition and strategic objectives are in line with our risk appetite.

Risk Governance

The Board is supported by the Audit and Risk Committee, which monitors the ongoing effectiveness of our risk management framework. The Committee receives independent assurance on the effectiveness of our approach to risk management and internal control systems through the activities of internal audit.

 For more information on the management of our internal controls see pages 85 and 86

There is a formal process for setting the risk appetite and for identifying, assessing, and reviewing risks, as described further on the following pages. Risks inevitably evolve and change over time and the Board acknowledges that the risk management framework, and our system of internal controls, are designed to manage such risks appropriately, rather than eliminate them.

Risk management

We have an established Risk and Resilience Committee ('R&R Committee'), chaired by the CFO which meets monthly. It comprises risk owners from various business areas, representatives from our compliance functions and the Head of Internal Audit.

The R&R Committee's key purpose is to review the risk management framework, ensuring it remains effective, and to support the Board and Audit and Risk Committee in their oversight of risk management. At each meeting, the R&R Committee reviews the leading and lagging key risk indicators (KRIs) associated with Dunelm's principal risks, enabling risk owners to highlight concerns, identify trends and explain the mitigations in place.

Individual members of the Executive Team and senior leadership are responsible for managing the risks and controls in their respective business areas. They are also expected to identify and monitor new and emerging risks both within their areas of the business and from an enterprise-wide perspective. This is done through the maintenance of operational risk registers. Any material issues, trends or emerging risks are escalated to the R&R Committee as appropriate. In addition, they are responsible for ensuring that there has been appropriate consideration of all relevant risks when defining strategy, proposing business cases and implementing decisions.

The R&R Committee also considers regular reports from key compliance areas (such as data protection and information security, regulated credit, health and safety, ethical sourcing, store security and business conduct) as well as status updates on any outstanding internal audit actions. A summary of the R&R Committee's activities and findings is reported on a regular basis to the Audit and Risk Committee.

Risk identification and prioritisation

We adopt a top-down and bottom-up approach to ensure that there is an overarching view of Group risks. This is considered monthly by way of the KRIs presented to the R&R Committee, and also more formally by way of a biannual review of the key operational risks (presented by each respective operational risk register owner), as well as the Group's principal risks (presented by each respective principal risk owner). As part of the assessment, the key operational risks are mapped to the principal risks to enable appropriate challenge to those previously identified as most material to the Group.

The assessment considers both the inherent risk (before mitigation) and residual risk (after mitigation is applied). The output of the assessment is reported to the Audit and Risk Committee for challenge and consideration ahead of being presented to the Board for review and approval.

“We adopt a top-down and bottom-up approach to ensure that there is an overarching view of Group risks.”

Risk appetite

The Board sets the risk appetite for the Group, taking into consideration the expectations of its shareholders and other stakeholders. The clear articulation of our risk appetite provides for an effective mechanism to inform investment decisions, facilitate the discussion of risk, set parameters within which objectives must be delivered, and support the awareness of risk by our colleagues and partners. The Board reviewed the Group risk appetite in the year and confirmed that it remains appropriate.

Risks and risk management continued

Risk management framework

Independent assurance

Internal audit

- Provides independent assurance to the Board, Audit and Risk Committee and management on the effectiveness of risk management and internal control systems.
- Conducts independent audits of risks to the business in accordance with risk-based internal audit programme.

Risk-based reviews

- Specialist reviews performed by third parties as required.

Top-down review of risks

Risk governance

Group Board

- Overall responsibility for the risk management framework.
- Sets the risk appetite for the Group.
- Responsible for ensuring that effective internal control and risk management systems are embedded within the business.
- Conducts assessment of principal risks.

Audit and Risk Committee

- Responsible for assessing the ongoing effectiveness of the Group's risk management framework, controls and processes.
- Approves the internal audit programme and undertakes an independent review of action plans to mitigate and manage material risks.
- Reviews principal risks for presentation to the Board.

Bottom-up review of risks

Risk and Resilience Committee

- Responsible for developing and reviewing the risk management framework and processes.
- Supports the Board and Audit and Risk Committee in their oversight of risk management.
- Conducts reviews of the principal risks.
- Identifies and manages risks as they arise.
- Monitors Key Risk Indicators.

- Provides a forum to assess progress under action plans to mitigate and manage risks.
- Conducts deep dives into areas of operational risk.
- Reviews reports on key compliance areas: health and safety; data protection and information security; regulated credit; ethical sourcing; store security and business conduct.

Risk and control owners

Individual members of Executive Team or senior leadership

- Primary responsibility for identifying, assessing and managing risk in area of responsibility within risk appetite.
- Maintains operational risk register in area of responsibility.
- Escalates key risks and concerns as appropriate.

Principal risks & uncertainties

At a glance

Principal risks	Risk trend
Geopolitical uncertainty	N
Customer offer	↔
Product reputation and trust	↔
Business change	↑
People and culture	↔
IT systems, data and cyber security	↑
Regulatory and compliance	↔
Supply chain resilience	↔
Finance and treasury	↔
Climate change and environment	↔

Risk trend



Stable



Increasing



Decreasing



New

Principal risks and uncertainties

The Board confirms that a robust assessment of the principal risks facing the Group has been carried out, including emerging risks and those that would threaten its business model, future performance, solvency, or liquidity. In conducting such a review, one new principal risk was identified in the year. Additionally, there were two principal risks where the potential impact is deemed to be increasing and one principal risk where the impact has been downgraded to stable as described below.

The introduction of 'geopolitical uncertainty' as a new principal risk reflects ongoing global tensions, trade disputes and regional conflicts, exposing vulnerabilities in retail supply chains and putting additional pressure on margins and costs. The overall impact, if not managed appropriately, could lead to detrimental impact on performance and disrupt our operations. We continue to closely monitor key developments in our external environment to assess potential impacts and act accordingly to mitigate risks.

The increased risk in 'IT systems, data, and cyber security' risk is driven by the increasing volume and sophistication of attacks targeting organisations across all sectors, with recent incidents in the retail industry highlighting this threat. These challenges pose a serious risk to the security and integrity of our infrastructure. Significant work has been undertaken, but further strengthening defences remains a top priority, and we continue to invest in proactive measures to safeguard the business and mitigate potential impacts.

The 'business change' risk reflects our ongoing investment in change programmes that are key to our strategy and the delivery of further growth and efficiencies. We consider this an increasing risk in the medium term as we continue to take

on larger and more complex projects. However, it is anticipated that the risk will stabilise as we continue to deliver.

A series of proactive and strategic steps taken in FY25 to actively manage the impact of supply chain disruption alongside efforts to improve our operational resilience has led to the downgrading of the supply chain resilience risk to stable.

The Board's assessment of the principal risks and uncertainties facing the Group as at the date of this report and how we mitigate them is set out on pages 39 to 43. The principal risks are not set out in any order of priority and do not represent all risks associated with the Group's activities. Additional risks that are not currently deemed principal risks are nevertheless monitored for their impact on the Group.

Emerging risks and opportunities

Risks are constantly evolving, and an awareness of emerging risks is important in shaping effective strategic planning. Understanding and monitoring their potential implications enables us to consider emerging risks appropriately within our decision-making processes.

We identify emerging risks by analysing customer and market metrics and insights, relevant publications and consultation papers, and drawing on the expertise of both internal and external subject matter experts.

We continue to consider the effects of technological developments, most notably the opportunities and risks presented by AI, as well as the pace of regulatory change. We also remain focused on the evolution of stakeholder expectations around sustainability-related matters on a broader basis than our existing 'climate-change and environment' risk.

Task Force on Climate-related Financial Disclosures

Climate change remains a principal risk for the Group as identified in FY19 and continues to inform our strategy and governance. The preparation of our TCFD report (found on page 44) enabled us to assess our progress during FY25 and identify areas for further improvement.

We have maintained a strong governance framework, and robust controls, while further integrating climate-related considerations into our day-to-day operations. This includes expanding the use of lower-impact materials in product design and improving supplier engagement through enhanced data collection and performance dashboards.

Our scenario modelling and financial impact assessments have become more sophisticated, using updated external data sources and internal forecasts to better understand the implications of climate-related risks and opportunities. We have made continued progress in emissions reporting, with Scope 1 emissions reduced by 26% from our FY19 baseline. Investments in renewable energy and low-emission vehicle fleets remain a focus.

We acknowledge the challenges ahead, particularly in reducing Scope 3 emissions and adapting to evolving regulatory frameworks. We have plans during FY26 to refresh several metrics and targets, including those for cotton, timber, water and packaging (details of which are set out on page 52), to reflect our sustainability ambitions and commitment to building long-term resilience in the face of climate change.

 **For more information on how we manage our climate-related risks see our TCFD report on pages 44 to 52**

Principal risks & uncertainties continued

Geopolitical uncertainty

Description of risk

The geopolitical landscape is complex and unpredictable. Global tensions, trade disputes and regional conflicts continue to disrupt supply chains, driving up costs and creating uncertainty across key markets. These pressures are compounded by shifting domestic regulations, economic weakness and expectations around ethical sourcing and social responsibility.

Our ability to anticipate and respond to these pressures is essential to protecting operations, supporting our colleagues, and sustaining growth.

Stakeholder groups



Risk trend



Link to strategy



Risk owner

Chief Executive

How we mitigate

- Monitor geopolitical developments, regulatory changes and trade developments to allow for timely assessment of potential impacts on business operations and inform response planning.
- A strong and diverse senior leadership team actively contributes to strategic planning, scenario testing, and decision-making processes, ensuring agile responses to a broad spectrum of operational challenges.
- Maintain a mature and embedded risk management and governance structure to provide consistent oversight, accountability, and timely escalation of emerging risks.
- Utilise lessons learned from past events in planning and to drive actions as appropriate to enhance preparedness and further build resilience.
- Review and test disaster recovery, crisis management and business continuity plans to minimise disruption caused by unexpected geopolitical and other global events.
- Maintain strong supplier relationships and communication.
- Ongoing review of reliance on suppliers in specific jurisdictions.

Customer offer

Description of risk

Ongoing macroeconomic uncertainty and inflationary pressure on consumers has led to significant change in consumer behaviour. Failure to respond to changing consumer needs and to maintain a competitive offer will undermine our ambition to increase market share and drive profitable and sustainable growth.

Stakeholder groups



Risk trend



Link to strategy



Risk owner

Chief Executive

How we mitigate

- Leverage customer and market insights to better understand our existing and potential new customers and adapt our offer as appropriate to their changing needs.
- Continually refine our strategy to become a more trusted and valuable brand (see pages 10 to 12 for business model).
- Invest in initiatives specifically aimed at enhancing the user experience and strengthen multichannel engagement.
- Drive new product development, with an emphasis on own-brand innovation and design, in both existing and new categories, embed sustainability principles to differentiate and enhance our customer proposition.
- Ongoing review of supply chain capacity and capability, investing where needed to support growth and resilience.
- Expand product range to appeal to every budget and style and regular price point review to maintain competitiveness.
- Deepen customer engagement through social media activity and community involvement.
- Consider wider market opportunities to extend our customer offer and unlock new growth channels.

Key

Strategic pillars



Elevate our product offer



Connect with more customers



Harness our operational capabilities

Stakeholder groups



Customers



Colleagues



Communities



Suppliers



Planet



Shareholders

Principal risks & uncertainties continued

Product reputation and trust

Description of risk

Our stakeholders expect us to deliver products that are safe, compliant with legal and regulatory requirements, and fit for purpose. Our customers are increasingly aware of the environmental and social impact of their purchases and want to know that our products have been responsibly sourced and that their environmental impact is minimised.

Failure by our suppliers to uphold our approach to business ethics, regulatory compliance, human rights (including safety and modern slavery) and the environment may undermine or damage our reputation as a responsible retailer and result in a loss of confidence in Dunelm.

Stakeholder groups



Risk trend



Link to strategy



Risk owner

Director of Commercial and Supply Chain

How we mitigate

- Mandatory training, a range of policies and our Ethical Code of Conduct for Suppliers and Partners govern, amongst other things, the quality of products and production processes, and our expectations in relation to responsible sourcing, anti-corruption and anti-bribery and modern slavery.
- A dedicated and experienced team, supported by third-party specialists, monitors compliance with our policies, codes and applicable regulations.
- Ongoing expansion of our ethical audit programme to increase oversight and assurance across supply chains.
- Provision of targeted training to commercial teams and suppliers on sourcing and integrating sustainable materials into our products and packaging.
- Host an annual supplier conference, awareness training and webinars at which compliance with policies and the Ethical Code of Conduct for Suppliers and Partners are a key topic.
- Gather and analyse data from suppliers to track progress against sustainability targets for products and packaging.
- Regular review by senior colleagues of product recalls and product safety-related issues, with clear procedures in place for rapid response.
- Whistleblowing procedure and independently administered hotline to enable concerns to be raised in confidence.
- Enhanced third-party mapping and risk assessment of our cotton and timber supply chains.

Business change

Description of risk

Dunelm recognises that there is significant opportunity in digitalising the business and has invested and will continue to invest in system improvements to drive growth and efficiency.

Failing to successfully introduce, deliver, and leverage new technology and systems, along with the associated process, organisational and people

related changes across the business could result in reduced operational efficiency, competitiveness, relevance and growth. Furthermore, failure to deliver the expected objectives on time and on budget and without effective engagement, training and support for colleagues could risk delivery of the planned business benefits.

Stakeholder groups



Risk trend



Link to strategy



Risk owner

Chief Technology and Information Officer

How we mitigate

- Continue investing in digital and technology initiatives aligned to strategic priorities to enable sustainable, long-term growth.
- Apply a structured and disciplined delivery methodology applied to business change programmes, led by experienced project managers to ensure consistency and accountability.
- Executive Team transformation forum to oversee delivery of the strategic benefits (both customer and efficiency driven).
- Refreshed ways of working and allocation of resource to key change programmes (supported by external expertise as needed) to ensure clear ownership of projects and agile development.
- Regular review of roadmaps and workstream prioritisation by cross-functional leaders to ensure ongoing alignment with delivery of strategy.
- Focus on building and strengthening third-party relationships to support collaborative, transparent, and consistent programme delivery.
- Committed resources to support colleague communications, training, and change management.
- Ongoing simplification and rationalisation of processes and systems to reduce complexity and improve agility.
- Track progress through regular reviews using appropriate KPIs with all stakeholders, identifying risks to delivery and implementing mitigation actions as needed.

Principal risks & uncertainties continued

People and culture

Description of risk

Our business could be adversely impacted if we fail to attract, retain, and develop diverse colleagues with the appropriate skills and capabilities. Failing to embed and live our values could impact business performance, the delivery of our purpose and the long-term sustainability of our business.

Stakeholder groups



Risk trend



Link to strategy



Risk owner

Stores and People Director

How we mitigate

- Regular review by the Executive Team and the Group Board of colleague 'dashboard' and KPIs, including attrition and recruitment rates. Such reviews also include an assessment of capabilities to ensure that we continue to have the right skillsets in the business to deliver our strategy.
- Drive training, development, and mentoring opportunities with an emphasis on cultivating internal talent pipelines.
- Maintain active succession planning for Executive Team and senior leadership roles to support long-term organisational continuity.
- Continuously review and evolve our employee value and reward proposition, informed by external benchmarking.
- Advance diversity across the Group through targeted initiatives, education and inclusive leadership training.
- Enhanced mental and financial wellbeing programmes and initiatives to support colleagues including targeted support relating to parenthood, pregnancy loss, and menopause.
- Facilitate regular colleague communication through engagement surveys, Colleague Voice meetings (National, Regional and Local), diversity and inclusion networks and team huddles. Using feedback to understand colleague perception of culture and implement actions based on the output.
- Embed Group values through our behavioural framework.
- Hold Group Board and Executive Team discussions on culture and the vision for the business in the short, medium and longer term.

IT systems, data and cyber security

Description of risk

Our IT systems and infrastructure are critical to managing our operations, interacting with customers, and trading successfully. A key system being unavailable or suffering a security breach could lead to operational difficulties, loss of sales and productivity, legal and regulatory penalties due to loss of personal data, reputational damage, and loss of stakeholder trust.

Stakeholder groups



Risk trend



Link to strategy



Risk owner

Chief Technology and Information Officer

How we mitigate

- Review and test incident response, crisis management, and business continuity plans, including IT disaster recovery protocols, to ensure operational resilience.
- Continued investment in systems development and security, guided by a strategic roadmap that prioritises growth and resilience.
- Ongoing programme of work to decommission outdated applications, platforms, and infrastructure to reduce security vulnerabilities.
- Assess robustness of security and data protection controls required when onboarding new suppliers and at contract renewal.
- Maintain robust data protection and information security policies and procedures, governed by subject matter experts, including a dedicated specialist information security team, data protection officer and head of data management.
- Deliver mandatory training and ongoing awareness campaigns to equip colleagues with knowledge of data protection, artificial intelligence and cyber security risks.
- Enforce strict access controls to safeguard sensitive data and prevent unauthorised access.
- Operate a Security Operations Centre and utilise vulnerability management tools to monitor events, detect threats and resolve vulnerabilities promptly. Regular penetration testing and internal audit reviews of security-related practices further strengthens defences.
- Use data and reporting to monitor system utilisation and performance, detect vulnerabilities and track delivery of remediation actions across the IT estate.

Principal risks & uncertainties continued

Regulatory and compliance

Description of risk

We operate in an increasingly regulated environment and must comply with a wide range of laws, regulations, and standards. Failure to comply with or take appropriate steps to prevent a breach of these requirements could result in formal investigations, legal and financial penalties, reputational damage and loss of business.

Stakeholder groups



Risk trend



Link to strategy



Risk owner

Group General Counsel and Company Secretary

How we mitigate

- Maintain a suite of compliance policies, regularly reviewed and governed by subject matter experts to ensure relevance and rigour.
- Deliver Group-wide mandatory training in high-risk compliance areas such as health and safety, regulated credit, anti-corruption and anti-bribery, data protection and cyber security, with tailored training provided for role-specific requirements.
- Monitor data trends and key compliance KPIs through the Risk and Resilience Committee and cross-functional steering groups (such as Good & Circular) to drive oversight and challenge.
- Operate dedicated teams for product quality and ethics, sustainability and health and safety, supported by an in-house legal team.
- Maintain a whistleblowing policy and procedure supported by an independent helpline, enabling colleagues and suppliers to raise concerns confidentially.
- Assess compliance with internal policies and Ethical Code of Conduct for Suppliers and Partners through our ethical audit programme.
- Hold regular health and safety meetings for each of the retail and distribution centres, with health and safety incidents, including audit outcomes, reviewed by the Risk and Resilience Committee and the Board on a regular basis. Includes an in-depth presentation made by the Head of Health & Safety to the Board at least annually.
- Maintain focus on food hygiene and allergen awareness in our Pausa cafes by way of operating guidelines, compulsory training and regular audits.
- Actively monitor developments in the corporate reporting and legislative landscape implementing roadmaps and action plans to ensure timely compliance.

Supply chain resilience

Description of risk

We are dependent on complex global supply chains and fulfilment solutions to deliver products to our customers. Instability in the global supply chain or failure of a key supplier may impact our ability to effectively manage stock and satisfy customer demand.

Stakeholder groups



Risk trend



Link to strategy



Risk owner

Director of Commercial and Supply Chain

How we mitigate

- Regular review of supply chain strategy to ensure capacity aligns with long-term financial plans and growth objectives.
- Ongoing monitoring to identify emerging risks that may lead to disruption in our supply chain. Supported by scenario planning to enable a swift response and adjustment to strategic and operational plans as appropriate.
- Conduct weekly cross-functional reviews of budgeting and forecasting processes to align supply and demand effectively.
- Continuous monitoring of demand and stock visibility to support responsive inventory management.
- Routinely test and update crisis management, and business continuity plans to maintain operational robustness.
- Proactively manage and monitor key supplier relationships to enable early warnings of disruption and agree mitigating actions.
- Dedicated procurement team leads the process for tendering and negotiating with suppliers, ensuring robust due diligence on existing and prospective third-party partners.
- Engage actively with suppliers and partners to uphold our ethical standards and compliance with regulatory and contractual requirements.
- Drive continuous improvement initiatives in customer delivery processes to enhance efficiency and service.

Principal risks & uncertainties continued

Finance and treasury

Description of risk

Progress against business objectives may be constrained by a lack of short-term funding or access to long-term capital.

Stakeholder groups



Risk trend



Link to strategy



Risk owner

Chief Financial Officer

How we mitigate

- Maintain strong relationships with a syndicate of committed partner banks to ensure appropriate and diversified funding sources.
- Revolving credit facility of £250m in place, extended until September 2029, providing flexible liquidity.
- Group treasury policy governs debt levels, cash management strategies and foreign exchange exposures to safeguard financial stability.
- Apply hedging strategies in advance for foreign exchange and freight and energy prices, to manage margin volatility.
- Continued focus on cost discipline through capital investment approval process and close oversight of discretionary expenditure.
- Treasury and Capital Committee provides oversight on funding strategy, dividend policy and hedging activities.
- Continued focus on strengthening controls around stock and cash management, stock purchasing and forecasting.

Climate change and environment

Description of risk

Failure to positively change our impact on the environment would fall short of the expectations of our customers, colleagues, shareholders, and other stakeholders which could lead to reputational damage and financial loss.

In addition, an inability to anticipate and mitigate climate change and other environmental risks could cause disruption in the availability and quality of raw materials such as cotton and timber, affecting production capacity, product quality, and overall supply chain resilience. This, and potential transition risks related to environmental taxation, could result in higher costs, delays, and potential loss of customers.

Stakeholder groups



Risk trend



Link to strategy



Risk owner

Chief Executive

How we mitigate

- Annualised targets (for Scope 1 and 2) in place to reduce emissions, energy usage and waste to landfill, and increase recycling in our operations. Longer-term targets in place for Scope 3 carbon emissions.
- Oversight provided by Good & Circular Steering Group of our progress against environmental targets and climate change work.
- Updates on progress towards targets, including emerging risks, challenges and opportunities under our climate change roadmap, which is shared with the Board for discussion and challenge.
- Active engagement with suppliers and partners via conferences and webinars to support the reduction of their carbon emissions through setting aligned carbon reduction targets and sourcing better quality data.
- Regular review of standards and policies that govern our approach to high-risk raw material types and routes.
- Focus on increasing the use of lower-impact raw materials in products and collaborating with suppliers and internal teams to move towards a more circular design and business model.
- Sustainability targets built into Executive Director variable pay.
- Dedicated internal resource and ongoing upskilling to support delivery, review targets and measure progress.
- Proactive horizon scanning of regulatory and stakeholder developments to inform strategic planning.
- Membership and involvement with industry working groups.

The following pages 44 to 52 present the full TCFD report for FY25.

TCFD report

Task Force on Climate-related Financial Disclosures (TCFD)

The Board recognises the risks and opportunities posed by climate change to the Group's business model and strategy.

Introduction

Climate change has been managed as a principal risk for the Group since FY19; the current view of this risk is described in detail on page 43. Following publication of our first full TCFD report in FY22 we have continued to develop our approach to assessing risks and opportunities and improving disclosures in line with evolving requirements and practice. We continue to dedicate resource to the assessment of financial impact for climate-related risks and opportunities, and to improving the data and assumptions used.

Our report is compliant with TCFD disclosures and UK Listing Rules. We continue to consider the potential financial impacts of climate change in the cash flow scenario modelling within our viability statement on page 57 and in our accounting policies note on page 137 of the financial statements.



Governance

Governance a) Board's oversight of climate-related risks and opportunities

The Board takes overall responsibility for our climate change roadmap. It considers our approach, strategy, risk management and performance, receiving updates on progress against our climate-related KPIs, as well as other related topics such as water reduction and product circularity. It continues to listen and learn about the implications of climate change on the Group's business model.

This year the Board received a detailed update on our carbon reduction plans and roadmap, and our broader Good & Circular strategy. This included circularity, carbon and responsible sourcing, as well as our overall approach to governance and reporting (which is explained in more detail on the following page).

The Board is supported by the Audit and Risk Committee, Remuneration Committee and Nomination Committee.

The Audit and Risk Committee formally reviews principal risks twice a year, and ESG processes and reporting (including TCFD), to verify non-financial KPIs, annually. It receives updates on upcoming sustainability reporting requirements and our planned approach to meeting them. In FY25, it also received an internal audit report on an assessment of Dunelm's processes, controls, data flows, performance measurement and reporting in relation to non-financial remuneration measures. The report concluded that no material issues had been identified through the substantive testing; it included several recommendations to further strengthen governance and oversight in this area.

The Remuneration Committee reviews and approves Executive Director and Executive Team remuneration, including sustainability-related targets in performance-related pay.

The Nomination Committee sets specifications for new Board roles and has oversight of the Talent Committee to ensure necessary talent and skills are available to deliver our sustainability strategy.

TCFD report continued

Governance b) Management's role in assessing and managing climate-related risks and opportunities

Our Chief Executive leads on the Group's climate-related activities and chairs the Good & Circular Steering Group. This was renamed (from Pathway to Zero Steering Group) and reconstituted in FY24 following completion of our FY23 materiality assessment, to reflect a wider remit across sustainability, community and customer initiatives. Meetings are held six times a year and include the CFO, Commercial and Supply Chain Director, Group General Counsel and Company Secretary and the Head of Responsible Sourcing.

The Executive Team receives regular updates on our climate-related KPIs and reviews the principal risks prior to Group Board review. The management level Risk and Resilience Committee is chaired by our CFO, and provides oversight and review of risks, including climate change and environment risk. The Talent Committee is chaired by our Stores and People Director and ensures that we have the right capabilities in place to meet our ambitions.

Climate change considerations continue to be integrated into day-to-day business activities: an assessment of energy efficiency and carbon impact is included in all new store and store refit proposals; our product design team is focused on increasing the use of less carbon intensive materials such as recycled cotton and polyester; and we continue to explore ways to reduce packaging or use more sustainable packaging.

We continue to embed our sustainability strategy, including climate-related considerations, within the business. This year we have focused on strengthening governance processes, linking reporting, ensuring there are regular discussions on sustainability KPIs, including climate change,

by the Executive Team alongside business performance and continuing to communicate our strategy and initiatives to colleagues and externally. We also continue to evolve communication and work with our suppliers to ensure that everyone with whom we partner is clear on the importance to Dunelm of delivering on our sustainability goals.

Strategy**Strategy a) Climate-related risks and opportunities identified over the short, medium and long term**

Our purpose – To help create the joy of truly feeling at home, now and for generations to come – is deliberately forward-looking, and when combined with our business model (see pages 10 to 12), is designed to encapsulate our desire to have a positive impact on the planet, now and in the future. It is underpinned by our commitment to building sustainability into all that we do. A key component of our business model and customer proposition is being 'Good & Circular' which we describe as making 'positive choices for our Planet, Communities and People.'

During FY25 we have reviewed our identified climate-related risks and opportunities, and considered any further risks and opportunities presented in our risk registers or based on systematic peer comparison and sector review. Each risk and opportunity was assessed based on potential impact, likelihood and velocity to determine its relative materiality. The top-ranked risks and opportunities were selected for climate scenario analysis and financial impact modelling. Climate-related risks and opportunities were assessed using internal and external data.

To further understand and explore how specific climate-related risks and opportunities could evolve and impact our business over the short, medium and long term, we have carried out climate scenario analysis and financial impact modelling on six risks and opportunities, as set out on the following pages.

We worked closely with internal stakeholders to update baseline data, in addition to leveraging external data sources, including the Network for Greening the Financial System (NGFS) v3.4 and the International Energy Agency (IEA) World Economic Outlook 2024. By exploring the latest developments and insights, several assumptions that we had previously used were improved and applied to our modelling, improving

specificity of predicted financial impact. For example, we utilised the latest published report from the Waste and Resources Action Programme (WRAP) to appropriately calculate the financial impact of packaging-style Extended Producer Responsibility obligations upon textile products. This approach has ensured that our assessments are based on the most current and relevant data available.

Although such modelling still has a high level of uncertainty, improvements have and will continue to be made. This modelling uses medium and long-term internal forecasts, market research and climate forecasts to explore the potential impacts of climate change on the Group's financial position and performance.

Financial impact ranges

We have used financial impact ranges, which are the same as we use for our corporate risk management process.

Impact	Financial range (annual profit before tax)
Low	Less than £5m
Medium	Between £5m and £50m
High	Greater than £50m

Time horizons

We have used the three time horizons described below:

Time period	Years	Reason
Short	2025–2030	Aligned to our 50% carbon reduction target and strategic plan
Medium	2030–2040	Aligned to our net zero target and to capture transition risks and opportunities
Long	2040–2050	Longer term to capture physical risks and opportunities

TCFD report continued

Climate scenarios: We undertook climate risk and opportunity analysis under three climate scenarios outlined below:

Global Net Zero 2050

**Scenario**

Limits global warming to 1.5°C by 2100, with stringent and immediately introduced climate policies and emissions reductions to achieve net zero emissions by 2050.

Transition risk

Transition risks are extreme under this scenario in the short to medium terms, unless mitigated.

Physical risk

Physical risks will be the least extreme under this scenario.

Delayed Transition

**Scenario**

Action taken to limit emissions growth, but Paris targets missed resulting in greater than 2°C warming by 2050.

Transition risk

This scenario presents a significant transition risk in the medium to long term, given the speed and severity of the response required when implemented.

Physical risk

Physical risks will be higher than the Global Net Zero 2050 scenario due to warming greater than 2°C instead of well below.

Business as usual (BAU)

**Scenario**

World takes no/limited action, equivalent to a 3.5-4.5°C warming.

Transition risk

Limited transition risks expected due to lack of policy changes and regulation.

Physical risk

The most extreme physical risk impacts in this scenario.

Strategy b) Impact of climate-related risks and opportunities on business, strategy and financial planning

In preparing the financial statements, the Directors have considered the cash flow impacts of climate change. This includes:

- The impact of climate change on the going concern basis of preparation and the viability of the Group over the next five years.
- The impact on potential impairment triggers, and where a trigger is identified, the impact on the value in use of the related non-current assets.

Despite the significant projected impacts of climate change on the UK and Ireland, Dunelm's exposure is limited due to our assets not being in flood-prone areas and the nature of our assets being typically 'hard' which are resilient to (anticipated) climatic conditions. Consequently, there is not likely to be any material impact as a result of climate change on financial reporting judgements or estimates applied in the preparation of the FY25 financial statements.

We are committed to transitioning to a net zero future, and this is reflected within our strategic pillars and planning both in our direct operations and our value chain, which accounts for c.99% of our carbon emissions (see the table on page 50 for the breakdown of our emissions).

Our product categories have plans in place to reduce the impact and carbon intensity of the products we sell in support of our carbon reduction goals.

We work in partnership with our suppliers to support them in various ways to help reduce supply chain emissions, holding sustainability action plan meetings with our key stock suppliers at least every year. We also continue our Better Manufacturing programme which focuses on lowering carbon emissions during the product manufacturing stage.

In FY24 we began using the Higg Facilities Environmental Management (FEM) platform to gather supplier environmental data. We have maintained a high percentage, at over 80% at the end of FY25, of our Tier 1 stock suppliers who have completed the environmental questionnaire on the platform. Insights from this data capture have been used to create supplier performance dashboards, to support our commercial team with decision-making, as well as supporting the suppliers themselves to identify potential areas of improvement.

We continue to advocate at an industry level through organisations such as the British Retail Consortium, Better Cotton and WRAP to accelerate the reduction of carbon emissions in our supply chains.

Additionally, we have continued to invest in a tool to assess scalable options for product carbon footprinting, to focus our attention on reducing carbon in the most impactful areas, to improve the robustness of data and to enhance the accuracy of our emissions reporting.

Strategy c) Resilience of strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Our commitment to building sustainability into all that we do ensures that climate change considerations are integrated into our business activities. As we better understand the impact of climate change on the Group, we commit to continuing to assess and respond to material risks and explore opportunities.

The analysis carried out has considered three climate scenarios, including a '2°C or lower scenario', aligned with the 2015 Paris Agreement. This has been examined across various timeframes, bringing confidence in the long-term resilience of the business.

The table on the following page summarises the material climate change risks and opportunities that we have considered and the actions we are taking to mitigate or manage risks and enhance opportunities.

It confirms that we should continue to identify and explore mitigating actions in alignment with each risk identified. We will continue to work with relevant internal and external stakeholders to address these risks and identify any new risks or opportunities upon horizon scanning.

TCFD report continued

Transition risks and opportunities – FY25

Risks and opportunities summary description	Potential impact (pre-mitigation)	Potential impact (post-mitigation)	Specific mitigants in place	Related metrics and targets
Policy & Legal				
Global Net Zero scenario – most significant impact in long term				
Impact of carbon taxes on Dunelm suppliers				
Introduction of a carbon price could lead to an increase in the cost of products with high GHG emissions; this could negatively impact profits due to taxation on Dunelm or taxation on suppliers passed on to Dunelm in product cost.	High in Global Net Zero scenario across all timeframes, low in business as usual (BAU) across all timeframes.	Low in all timeframes.	- Actively engaging with our suppliers to support the reduction of their carbon emissions through setting aligned carbon reduction targets and sourcing better quality data. - Designing products to use lower carbon materials, such as recycled polyester. - In FY24 we joined Cascale and started collecting data using the Higg FEM tool from our Tier 1 suppliers. Throughout FY25, we have used this information to create supplier performance dashboards to support suppliers and our commercial team in making more informed sourcing and manufacturing decisions.	Carbon emissions metrics and targets
Extension of producer responsibility: increased cost of existing packaging regime and extension to additional product categories such as textiles				
Extended Producer Responsibility (EPR) fees are being implemented in the UK from October 2025. It is also predicted that a EPR type scheme for textiles will be introduced before 2030.	Medium across all timeframes.	Not yet fully modelled for textiles as scheme not currently proposed (but no exemptions assumed).	- Engaging with industry groups and specialists and closely monitoring development of the Packaging EPR charging mechanism and rates. Well informed estimated costs are included in Dunelm's financial plans. - Increasing recycled content in packaging (both plastic and cardboard). - Working collaboratively with BRC and UK Textiles Pact to be prepared for EPR extension to textiles. - Through designing our textile products to become more circular we are aiming to reduce the impact that an EPR extension would have. - Monitoring extension to other categories beyond textiles.	Nature and packaging metrics and targets
Market				
BAU scenario is most impactful for this risk as fuel prices increase the most in the outer year				
Changes to fuel prices caused by climate-related market disruption or increased taxation				
Changing market dynamics and decarbonisation trends impact both fuel prices and the transition to non-fossil fuel alternatives, leading to increased fuel costs across the delivery network.	Medium or low across all timeframes.	Medium or low across all timeframes.	- We continue to implement a low-carbon transition strategy for stores and home delivery fleets. In FY26, we have plans to increase the number of CNG vehicles in our home delivery fleet. - We continue to further review and assess the viability of electric vehicles in our small van fleet. - We continue to increase the share of electric and hybrid vehicles in our company car fleet, with over half now being fully electric vehicles. - Working with our key logistics suppliers to support their transition from diesel to lower emission fuel alternatives.	Carbon emissions metrics and targets

TCFD report continued

Transition risks and opportunities – FY25 continued

Risk and opportunities summary description	Potential impact (pre-mitigation)	Potential impact (post-mitigation)	Specific mitigants in place	Related metrics and targets
Reputation				
Global Net Zero scenario most significant impact in medium to long term				
Reputational damage due to failure to act on sustainability trends				
If Dunelm fails to continue to move towards using more sustainable raw materials and reduce carbon emissions then we might lose customers who switch to retailers who they consider to be more sustainable; we could also struggle to retain and attract colleagues and to secure funding.	No impact in the short term in all scenarios, reflecting Dunelm's current position versus the market. High in the medium to long term in both the Global Net Zero and Delayed Transition scenarios if other retailers outpace Dunelm in sustainability.	See opportunity below in relation to increasing market share by demonstrating leadership in addressing climate change and sustainability.	• We have set ambitious climate change reduction targets. • We continue to progress our customer-facing sustainability proposition, including how we help customers identify products that are made from more sustainable materials than conventional. • We keep up to date with the CMA green claims code and adhere to this to avoid any greenwashing.	Carbon, nature, water stress, packaging and circular metrics and targets
Increased market share by demonstrating leadership in addressing climate change and sustainability				
If Dunelm demonstrates leadership in addressing climate change and delivering its climate change reduction targets, whilst other retailers do not, we might gain market share from customers actively moving towards shopping at Dunelm.	Medium in the short term in all scenarios. Medium in the medium and long term in the BAU scenario, but not a differentiator in the medium or long term in the Global Net Zero or Delayed Transition scenarios as it is assumed that other retailers also take similar action.	n/a	• Working in collaboration with our suppliers to reduce their carbon emissions and create a more circular sourcing model. • Followed the LEAP process to review and set internal nature-related targets for our cotton and timber sourcing. These targets are aligned to our internal net zero roadmap actions. • Increasingly using lower-impact materials in our products and moving towards a more circular sourcing model to enhance our competitive advantage.	Carbon, nature, water stress, packaging and circular metrics and targets

Physical risk – FY25

Risk and opportunities summary description	Potential impact (pre-mitigation)	Potential impact (post-mitigation)	Specific mitigants in place	Related metrics and targets
Physical risks				
BAU scenario most impactful				
Physical risks (drought, flooding, wildfires, etc.) impact the availability of raw materials such as cotton or timber, or impact manufacturing sites and logistics in countries from which we source our products				
Physical risks mainly manifest themselves in our supply chain as none of our UK store or depot footprints are in areas at high risk of flooding.	Medium across all timeframes (dependent on extreme weather).	Not modelled as changes in sourcing strategy are not currently defined.	• Followed the LEAP process to review and set internal nature-related targets for our cotton and timber sourcing. These targets are aligned to our internal net zero roadmap actions. • Working with the UK Textiles Pact group of retailers to support actions to mitigate these risks and to move towards a more circular sourcing model, which is being built into our product design process. • Overall our sourcing strategy is across multiple locations, to reduce the risk any in-country disruption may cause.	Nature and water stress metrics and targets

TCFD report continued

Risk management**Risk Management a) Processes for identifying and assessing climate-related risks**

Climate-change and environment is considered a principal risk within our risk register.

Throughout FY25, we have continued to review and revalidate the identified risks to ensure that we maintain and improve understanding of the potential financial impacts and have effective mitigations in place now and for the future.

In FY21, we implemented a comprehensive change risk register with the support of the Carbon Trust. During FY22 and FY23, we worked with external TCFD consultants to quantify the most significant risks by likelihood and potential impact. We also conducted an external materiality assessment in FY23 using both quantitative and qualitative information via surveys and interviews.

Risk management b) Processes for managing climate-related risks

Climate-change and environmental risk is a principal risk owned by our Chief Executive. The detailed climate-related risks identified fall under this principal risk. Our Good & Circular Steering Group assesses and recognises these risks, and shares them with our Executive Team more broadly, enabling performance management and planning of mitigating actions.

Our Chief Executive, Head of Responsible Sourcing and other senior colleagues within the Group continue to engage with external advisers such as British Retail Consortium (BRC), WRAP, UK Textiles Pact, the Aldersgate Group and others. This has allowed us to improve business resilience through understanding best practice and broadening our market understanding.

Risk Management c) Processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

As an identified principal risk, climate change and the environment is formally assessed twice a year by the Risk and Resilience Committee, and is then presented to the Executive Team as a whole. This approach supports both the Audit and Risk Committee and Group Board in assessing and reviewing climate change and environmental risk bi-annually. Our overall risk management framework and supporting processes can be found on pages 36 and 37.

The principal risks are considered by management in connection with the assessment of the viability of the business over the longer term, with these considerations informing the viability statement on page 57 of this Annual Report. Further details on the assessment of our climate change and environment risk can be found on page 43.

Metrics and targets**Metrics and Targets a) Metrics used to assess climate-related risks and opportunities in line with its strategy and risk management process**

The metrics we use as part of managing climate-related risks and opportunities are set out in the table on page 51. We have chosen these metrics because they relate directly to our material climate risks and opportunities, and because they are where we can make the biggest potential impact. In setting our GHG metrics and targets, we have ensured that they are in line with the 2015 Paris Agreement and aligned to a 1.5°C pathway, the UK's commitment in the Climate Change Act 2008 (2050 Target Amendment) Order 2019 and other relevant legislation and we continue to support the BRC's Climate Action Roadmap.

The carbon, cotton and water metrics support the UK Textiles Pact, which we have signed up to as a partner. These topics are also important to our colleagues, customers and society.

Metrics and Targets b) Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions and the related risks

In FY25 our overall Scope 1 carbon emissions were down by 26% from our FY19 baseline despite strong sales growth of 61% over the same period.

During FY25, we brought some of our previously leased store delivery fleet into direct ownership. This moved reported emissions into Scope 1 (from Scope 3.4) and necessitated a restatement of FY19 base year emissions for Scope 1.

Compared to FY24 (restated), Scope 1 carbon emissions for FY25 saw a 1%pt reduction despite sales growth of 4%.

FY25 Scope 1 reductions were driven by additional gas boiler replacements in stores, fuel efficiency savings in our store fulfilment fleet and the ongoing transition of our company car fleet to lower carbon options. This activity helped to offset increased emissions in our home delivery network due to continued sales growth. We intend to mitigate against further increases in the year ahead by introducing more low emission vehicles into our home delivery fleet.

We continue to purchase 100% renewable electricity and to install solar PVs across our sites where technically and commercially viable. This means that we typically report zero Scope 2 emissions using the market-based approach. We have a small level of emissions in market-based for FY25 as a result of our acquisition in Ireland and the timing required to move legacy energy supply contracts to renewable sources. On a location-based basis, our FY25 Scope 2 emissions were 21% lower than in FY19.

On-site solar generation increased year-on-year and now covers 2% of the electricity requirement across all Dunelm sites.

We report the majority of our Scope 3 emissions using a spend-based methodology as set out in the GHG Protocol Scope 3 Standard. Consistent with this approach, the Scope 3 emissions within our target boundary have increased by 66% since FY19, driven mostly by the 61% increase in sales over the same period. Versus FY24, Scope 3 emissions increased by 1% despite sales growth of 4% year-on-year.

TCFD report continued

In FY25 we used a hybrid of activity and spend-based calculation methodologies and applied a continuous improvement approach to develop the accuracy and specificity of reporting methodologies. For our most material category of purchased goods and services, we apply a spend-based methodology at a product level, enabling the most representative spend-based emissions calculations through granular country of origin and emissions factor matching.

In line with our Base Year Emissions Recalculation and Prior Year Restatement Policy we are reporting some small changes to Scope 3 emissions for both FY19 and FY24. These changes relate to (i) a movement of some store fulfilment vehicles into direct ownership necessitating these emissions being moved out of Scope 3 and now being accounted for in Scope 1, and (ii) an update to more current emissions factors being applied in our calculation of the direct use of sold products.

In FY25, we have made good progress in our transition away from a spend-based approach for the measurement of emissions from our purchased goods. We have significantly increased the quality and detail of the product and packaging attribute data we collect from suppliers and have used this to begin assessing a broad range of our products. We have completed over 8,000 product assessments using this improved data. We intend to scale further in FY26 and are working through the technicalities of application of this approach to our base year as well as current reporting year. We intend to incorporate this more precise data into our reporting from FY26 onwards.

Greenhouse Gas Emissions¹

	FY19 Emissions (tCO ₂ e)	FY24 Emissions (tCO ₂ e)	FY25 Emissions (tCO ₂ e)
Scope 1 ²	12,429	9,320	9,258
Scope 2 (location-based)	10,861	8,568	8,589
Scope 2 (market-based)	10,861	0	162
Scope 3			
Purchased goods and services	536,177	850,919	861,370
Use of sold products (direct use phase only) ³	236,920	440,853	416,750
End-of-life treatment of sold products	26,873	32,016	53,463
Upstream transportation and distribution	24,090	27,830	34,255
Employee commuting	6,713	6,532	5,516
Capital goods	4,326	7,543	11,745
Fuel- and energy-related activities	2,811	3,735	5,298
Downstream transportation and distribution	490	3,188	3,899
Total Scope 3 within target boundary⁴	838,400	1,372,616	1,392,296

1. Reported emissions cover all operations within Dunelm Group plc and are aligned with operations covered by the consolidated financial statement for the Group.
2. Restated: change in ownership of some vehicles, increased baseline and FY24 mobile combustion emissions & energy by source. There is an associated reduction in upstream transportation in both years.
3. Restated: change to emissions factor (EF). New more recent and representative EF became available. Increased emissions for FY24.
4. Excludes indirect use of sold products, waste generated in operations and business travel (both previously measured but removed based on de minimis materiality), upstream leased assets, processing of sold products, downstream leased assets, franchises and investments (assessed and deemed as not relevant).

Streamlined Energy and Carbon Reporting (energy by source)

	FY24 MWh	FY25 MWh
Purchase of energy (electricity)	41,383	44,718
Purchase of energy (stationary combustion)	6,018	4,649
Use of fuel for vehicles (mobile combustion)	37,756	34,827

TCFD report continued

Metrics and Targets c) Targets used to manage climate-related risks and opportunities and performance against targets

The table on the right sets out the metrics and targets used to manage climate-related risks and opportunities and our performance against them. More detail on our work in relation to each risk is set out below.

During FY26, several targeted metrics are due for renewal, presenting an opportunity to refresh our performance indicators and ensure ongoing alignment with our evolving ethical and sustainability strategy. This also enables us to refine our metrics and targets to reflect continuous improvement, including the improved visibility and precision of our data.

Executive Director variable pay includes climate-related metrics which vary from year to year. Further information can be found in this year's Remuneration Committee report found on page 88. We continue to review this remuneration approach for future financial years.

Carbon emissions

We have set ambitious climate-related net zero 1.5°C aligned targets across all Greenhouse Gas scopes which have been validated by the Science-based Targets initiative (SBTi). We are supporters of the BRC industry Net Zero Carbon Target and the UK Textiles Pact industry carbon and water reduction targets.

Climate-related risk	Metric and target	Baseline	Progress
Carbon emissions	Reduce absolute Scope 1 carbon emissions by 50% against an FY19 baseline by FY30	12,429 tCO ₂ e in FY19	9,258 tCO ₂ e in FY25, 26% reduction versus FY19 baseline
	Reduce Scope 1 carbon emission intensity against FY19 baseline	11.3 tCO ₂ e/£1m Group revenue in FY19	54% reduction in FY25 to 5.2 tCO ₂ e/£1m Group revenue versus FY19 baseline
	Purchase 100% renewable electricity every year	n/a	We continue our commitment to purchase 100% renewable electricity
	Reduce absolute Scope 3 carbon emissions in our target boundary by 50% against an FY19 baseline by FY30	838,399 tCO ₂ e in FY19	1,392,296 tCO ₂ e in FY25, 66% increase versus FY19 baseline
Water stress	Reduce aggregate water footprint in own brand textile products by 30% by 2030	116.5m M ³ in calendar year (CY)19	204m M ³ in CY24 (CY23: 195mM ³)
Nature	100% of own brand cotton more responsibly sourced by 2025	n/a	53% in FY25 (FY24: 71%)
	50% more responsibly sourced timber by FY25	n/a	39% in FY25 (FY24: 37%)
Packaging	30% less virgin packaging in own brand range by 2025 measured by weight per £1 sales packaging	2.2g per £1 sales in FY20	43% reduction in FY25 (FY24: 42% reduction)
Circular economy	Easy to use take-back service in place for 50% of our own brand products	n/a	61% in FY25 (FY24: 62%)
Supply chain	85% of key Tier 1 suppliers submitting factory environmental data through Higg Facilities Environmental Management Platform (FEM)	n/a	84% in FY25 (FY24: 85%)

TCFD report continued

Water stress

We continue to strengthen our understanding of water impacts across our textile supply chain.

Cotton represents the highest water footprint found in our raw material inputs. Therefore, we are introducing a recycled cotton sourcing metric. This will monitor both the percentage mix and tonnage of recycled cotton sourced. By reducing reliance on virgin cotton feedstocks, this metric supports our water footprint reduction target and enhances resilience against climate-related supply risks.

In addition to this, we will move to reporting our overall water footprint impacts using an intensity metric. This will help us track progress more accurately and identify hotspots for targeted action.

These changes reflect our commitment to continuous improvement and our ambition to monitor and reduce our water footprint. They also demonstrate our continued support for the reduction of water used in industry within the UK Textiles Pact voluntary agreement.

Nature – cotton

We have continued our journey to source cotton more responsibly, transitioning all our core cotton product lines to more responsibly sourced alternatives. We have mapped 100% of our cotton supply chain to cotton fibre source level (with two routes disengaged as a result of this exercise). This reflects our continued investment in supplier engagement and improved traceability and positions us well to meet our long-term sourcing goals.

We will now focus more clearly on the distinct ethical and environmental dimensions of our cotton sourcing and have introduced two new cotton focused metrics designed to enhance the clarity, focus and effectiveness of our cotton sourcing strategy and support our broader ethical and environmental commitments.

The first focuses on ethical sourcing by tracking the number of cotton routes mapped annually, with ownership by our ethical team. This will help us deepen transparency and accountability across our supply chain.

The second focuses on environmental impact and we are shifting from a sales unit-based to a tonnage-based reporting metric for cotton. This change enables us to prioritise high-impact product transitions and better monitor our carbon and water footprint.

Nature – timber

We have continued to strengthen our approach to responsible timber sourcing. This is reflected by the growing number of products passing our assessments and the increasing rigour of our sourcing standards.

As part of the evolution of our sustainability strategy and reporting, we are now introducing two new metrics. These changes are designed to improve transparency, sharpen focus, and enhance our ability to drive meaningful change across our timber supply chain.

The first of these focuses on compliance and we will now separately measure compliance with UK and EU Timber Regulations.

The second focuses on environmental impact where we will track the percentage of products achieving full Forest Stewardship Council (FSC) Chain of Custody (CoC) certification. This will help us increase the number of products with verified sustainable sourcing and strengthen traceability across our timber supply base.

These metrics will shift from a product-sold basis to one based on number of products assessed, providing a clearer view of progress and enabling more targeted supplier engagement.

These changes reflect our ambitions in responsible sourcing and our commitment to continuous improvement. They also support our broader climate and nature-related targets.

Packaging

We have seen continued success in reducing the levels of virgin plastic in our packaging. Looking forward, we intend to develop new packaging metrics in alignment with Extended Producer Responsibility (pEPR) Recycling Accessibility Methodology (RAM). By focusing on improved recyclability in-line with pEPR RAM, we can not only have a positive climate impact but also mitigate future cost risks. These changes reflect our ambitions in sustainable packaging and our commitment to continuous improvement in line with evolving regulatory and environmental expectations.

Circular economy

We continue to provide takeback services, via our stores and trusted third parties, for textiles, furniture and electricals, maintaining more than 50% coverage for our own-brand product range.

Supply chain

We continue to focus on collection of supplier data using the Higg Facilities Environmental Management (FEM) platform. We have established a high-level of response rate over the last two years and intend to maintain and annually measure the percentage of key suppliers sharing their data. Through building improved visibility for our suppliers, we can better engage and support them in discussing plans for carbon reduction.

UK Listing Rule 6.6.6R(8) Compliance Statement

Dunelm Group plc has complied with all of the requirements of UK LR 6.6.6R(8) by including climate-related financial disclosures in this section (and in the information available at the locations referenced in it) consistent with the TCFD Recommendations and Recommended Disclosures.

Non-financial and sustainability information statement FY25

Being 'Good & Circular' is central to our business model. It covers our commitment to protecting our business for the benefit of all our stakeholders whilst recognising our responsibility to contribute to a more circular and sustainable economy.

In accordance with sections 414CA and 414CB of the Companies Act 2006, this statement summarises how Dunelm manages and reports on key environmental and social matters, and the impact on our business and key stakeholders, as well as the Planet.

Further details, policies, and outcomes are referenced throughout this report and on our website. In addition, our business model can be found on pages 10 to 12 and our principal risks, which are linked to each stakeholder group (as appropriate), are set out on pages 38 to 43.



Customers

Some of our relevant policies (see website: corporate.dunelm.com)

- Data Security and Privacy Policy
- Health and Safety Policy

Where to find more information and outcomes in this report	Page/s
• Our business model	10
• Stakeholder engagement and s.172(1) statement	16
• Customer Satisfaction Score	30
• Principal risks and uncertainties	38

Additional information outside this report

- Sustainability Report 2025

Our approach

Our vision is to build the UK's most trusted and valued brand for homewares and furniture. We are committed to developing and selling high-quality, good value products that are safe to use (and safe to eat from our Pausa cafes) and that are accurately and fairly labelled and marketed to our customers. We also aim to provide a safe environment for our customers to shop – whether in store, online or receiving home deliveries.

We have a responsibility to protect our customers' personal data and ensure that it is processed in a manner that is fair, lawful and transparent.

This year, we have made a number of changes to improve our customer offer, including broadening our product ranges, enhancing our digital experience and launching a new in-store Click & Collect journey.

Measuring our outcomes

We measure customer outcomes through the Customer Satisfaction Score (CSAT), a metric that we introduced in FY25. CSAT provides a more granular breakdown of the customer experience which helps us understand what we are doing well and identifies specific areas for improvement.



Non-financial and sustainability information statement continued



Colleagues

Some of our relevant policies (see website: corporate.dunelm.com)

- Data Security and Privacy Policy
- Health and Safety Policy
- Equality and Diversity Policy
- Whistleblowing Policy
- Anti-corruption and Anti-bribery Policy
- Code of Business Conduct

Where to find more information
and outcomes in this report

Page/s

• Chair's statement	8
• CEO's review	24
• Stakeholder engagement and s.172(1) statement	16
• Employee net promoter score	30
• Principal risks and uncertainties	38
• Our culture and values	68
• 'Diversity and inclusion' in Nomination Committee report	77
• Remuneration Committee report	88

Additional information outside this report

- Sustainability Report 2025
- Gender Pay Report 2025
- Slavery and Human Trafficking Statement 2025

Our approach

We are committed to treating our colleagues fairly, to reward them appropriately for the work they do, and provide opportunities for them to develop and learn. We want them to feel heard, connected to our business, and truly feel 'at home' in a safe and inclusive working environment.

We continue to support our colleagues' mental and financial wellbeing through initiatives such as the colleague support fund, wellbeing buddy support and mental health first aiders.

We continue to focus on achieving diversity and gender balance across all levels of the business. Our median gender pay gap of 2.8% and mean pay gap of 15.2% reflect that 70% of our colleagues are women, 85% of whom are in hourly-paid, predominantly store roles.

Our four colleague network groups ensure lived experience informs positive-change within our business.

We support the development of our leaders, including those from under-represented groups and continue to promote apprenticeships as part of our early careers programme.

Measuring our outcomes

Alongside a number of colleague and culture metrics (including colleague retention and positions filled internally) we predominantly measure the outcome of the above through our employee net promoter score (eNPS).

Gender breakdown, year-end FY25 versus year-end FY24

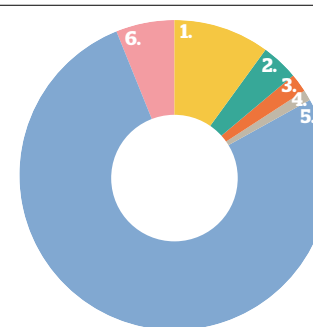
	Female			Male			Total FY25
	FY25	FY24	Change	FY25	FY24	Change	
Group Board	4	5	-1	6	7	-1	10
	40%	42%	-2%pts	60%	58%	+2%pts	
Senior leadership ¹	14	12	2	17	18	-1	31
	45%	40%	-5%pts	55%	60%	-5%pts	
Store colleagues ²	6,517	6,376	+141	2,537	2,433	+104	9,054
	72%	72%	–	28%	28%	–	
All colleagues ²	7,792	7,582	+210	4,070	3,990	+80	11,862
	66%	66%	–	34%	34%	–	

1. Senior leadership for these purposes means our Executive Team (excluding Executive Directors who sit on the Group Board) and members of our Dunelm leadership team.

2. Data does not include colleagues in the Republic of Ireland.

Ethnicity data

- 1. Asian 10%
- 2. Black 4%
- 3. Mixed 2%
- 4. Other 1%
- 5. White 77%
- 6. White – Other 6%



Note: This data covers 94% of all UK colleagues. It does not include colleagues in the Republic of Ireland.

Colleague network groups



Non-financial and sustainability information statement continued



Communities

Some of our relevant policies
(see website: corporate.dunelm.com)

- Tax Strategy
- Responsible Cotton Policy
- Responsible Timber Policy

Where to find more information and outcomes in this report	Page/s
• Chair’s statement	8
• Our business model	10
• Stakeholder engagement and s.172(1) statement	16
• CEO’s review	24
• Principal risks and uncertainties	38

Additional information outside
this report

- Sustainability Report 2025

Our approach

We are committed to maintaining meaningful connections that support thriving, purpose-driven communities in and around our stores and other sites. We want to be known as a brand that places community at the heart of its business – helping people feel more at home through community initiatives and services, including take-back services.

Alongside promoting Group-wide fundraising activities, we encourage colleagues to support local charities, businesses and community groups.

We are fully cognisant of our responsibilities to comply with statutory tax obligations and disclosure to tax authorities.

Measuring our outcomes

At Group level we track colleague and corporate fundraising totals, as well as Group cash charity contributions. Informally, we monitor the number of store Facebook group followers and the number of small businesses and community groups that we support. These insights help us understand our local impact and inform future plans.



Suppliers

Some of our relevant policies
(see website: corporate.dunelm.com)

- Whistleblowing Policy
- Anti-corruption and Anti-bribery Policy
- Ethical Code of Conduct Policy
- Responsible Animal Welfare Policy
- Responsible Cotton Policy
- Responsible Palm Oil Sourcing Policy
- Responsible Timber Policy
- Competition Law Policy

Where to find more information and outcomes in this report	Page/s
• Stakeholder engagement and s.172(1) statement	16
• Principal risks and uncertainties	38

Additional information outside
this report

- Sustainability Report 2025
- Slavery and Human Trafficking
Statement 2025

Our approach

We uphold high ethical standards in our supply chains, setting out clear expectations in our Ethical Code of Conduct for Suppliers and Partners that applies to all businesses involved in the production of goods for Dunelm. We apply a risk-based approach in our ethical auditing programme to monitor supply chain practices against our standards.

We aim to work collaboratively with suppliers to achieve continuous improvement in ethical, environmental and product quality standards through increased engagement and education.

We are committed to treating all our suppliers properly in accordance with agreed terms and conditions and to paying them promptly.

Measuring our outcomes

Progress is assessed against performance under our ethical audit programme and sustainability targets set across key materials and supply chain practices. We also review levels and quality of engagement across our stock and non-stock suppliers.

Non-financial and sustainability information statement continued



Planet

**Some of our relevant policies
(see website: corporate.dunelm.com)**

- Environmental Policy
- Plastic and Packaging Policy

Where to find more information and outcomes in this report	Page/s
• s.172(1) statement	21
• Principal risks and uncertainties	38
• Task Force on Climate-related Financial Disclosures report	44
• Greenhouse gas emissions and Streamlined Energy and Carbon Reporting	50
• 'Our approach to s.172(1)' in the Governance report	66
• 'Sustainability reporting' in Audit and Risk Committee report	83
• ESG metrics within Executive remuneration	93, 95

**Additional information outside
this report**

- Sustainability Report 2025

Our approach

We are committed to protecting our planet, by mitigating environmental impacts in our business and supply chains. We have set various targets, validated by the Science Based Targets initiative (SBTi), to reduce emissions. We also support the British Retail Consortium's Climate Action Roadmap and are active members of The UK Textiles Pact (formerly Textiles 2030), run by WRAP.

We remain focused on reducing operational waste, including plastics and other packaging, and exploring product circularity solutions.

Measuring our outcomes

Key metrics are tracked and reported, including carbon emissions, water footprint, packaging reduction, and supplier data coverage, with ongoing improvements in data quality and transparency.



Shareholders

**Some of our relevant policies
(see website: corporate.dunelm.com)**

- Capital and Dividend Policy
- Employment of Former Employees of the
External Auditor Policy
- Use of Statutory Auditor to Provide
Non-audit Services Policy
- Tax Strategy
- Anti-corruption and Anti-bribery Policy

Where to find more information and outcomes in this report	Page/s
• Stakeholder engagement and s.172(1) statement	16
• Principal risks and uncertainties	38
• 'Our approach to s.172' in the Governance report	66
• 'Sustainability reporting' in Audit and Risk Committee report	83
• ESG metrics in Executive remuneration	93, 95

**Additional information outside
this report**

- Sustainability Report 2025

Our approach

We aim to provide shareholders with clear, transparent information on our financial and non-financial performance, enabling informed investment decisions.

We maintain shareholder engagement through regular meetings, opportunities for management meetings and site visits on request. Meetings may include matters of governance and progress in non-financial reporting, as well as financial performance.

Measuring our outcomes

We have returned c.£1.5bn since IPO to shareholders through dividends and special distributions.

Going concern and viability statement

At the time of approving the financial statements, the Board of Directors is required to formally assess that the business has adequate resources to continue in operational existence and can therefore continue to adopt the 'going concern' basis of accounting. The Board is also required to state that it 'has a reasonable expectation that the Group will continue in operation and meet its longer-term liabilities as they fall due' (the 'Viability Statement'). To support this statement, the Board has considered the Group's current financial position, its strategy, the market outlook and its principal risks. Note that the Board reviews viability over a three-year period. This review also informs its evaluation of whether the Group has adequate resources to continue operating for at least 12 months from the date of signing the Consolidated Financial Statements, and therefore whether it is appropriate to adopt the going concern basis in preparing the financial statements. The base case for this review is the three-year plan that was presented to and approved by the Directors in May 2025.

The Group is operationally and financially strong and has a long track record of consistently generating profits and cash, which is expected to continue throughout the plan period.

Modelling potential downside scenarios

In their consideration of going concern and the future viability of the Group, the Directors have reviewed future profit forecasts and cash projections, reflecting their experience in managing the business. Two downside scenarios have been modelled, both of which assume that variable costs would reduce as sales reduce.

The 'market downturn' scenario assumes consumer spending moves away from homewares due to the impact of ongoing economic uncertainty and geopolitical instability. In this scenario a 4%pts lower growth rate is assumed in FY26 and FY27, as well as a higher costs to sales ratio. This 'market downturn' scenario does not include any mitigating cost reduction actions, which would be taken if such a downturn occurred, and assumes the continuation of dividend payments in line with our current dividend policy. In this 'market downturn' scenario, the Group would not breach any of its financial covenants and would have sufficient funds to meet obligations as they fall due.

The 'deeper downturn' scenario assumes a 5% sales decline in FY26 compared to FY25 and 8%pts lower growth rate in FY27 than in the base case with a more significant increase in the costs to sales ratio. Similar to the 'market downturn' scenario, we have assumed no cost mitigation and the continuation of dividend payments in line with our current dividend policy. As with the 'market downturn' scenario, the Group would not breach any of its financial covenants and would have sufficient funds to meet obligations as they fall due.

The Directors continue to assess the risks that climate change poses to the business via modelling and disclosures in line with the Taskforce on Climate-related Financial Disclosures. The Group will actively manage and mitigate these risks as required within the existing enterprise risk management processes (as outlined on page 49). Currently, climate change is not expected to have a significant impact on the Group's going concern assessment or on the viability of the Group over the next three years.

Reverse stress testing

To provide additional assurance around the Group's viability, two reverse stress tests have been modelled. In both of these reverse stress tests it is assumed that variable costs reduce in line with sales, £20m per annum of fixed costs would be saved, there would be a reduction in capital investment lowering uncommitted spend across FY26 and FY27 by c.£50m and the payment of dividends would be suspended. In the first reverse stress test, the sales decline required to breach either of the current covenants in the Revolving Credit Facility (RCF) has been modelled. A sales reduction of 30% in FY26 and 32% in FY27 from the base case would be required for covenants to be breached by the end of FY27. In the second reverse stress test scenario, the level of sales reduction required to breach the RCF limit of £250m has been modelled. This would require a reduction in sales of 45% in both FY26 and FY27 from the base case to effectively run out of funding by the end of FY27, assuming reasonable mitigating actions have been implemented.

Lastly, the Directors have reviewed the potential impact of material disruption to trading in our digital channel (including home delivery, tablet-based sales in store, and Click & Collect sales), in FY26 reflecting the ongoing cyber security risk to retailers. The Directors are satisfied the group maintains appropriate access to short-term cash in the event of such a circumstance.

Financing

The Group's banking agreements and associated covenants are set out in the CFO's Review and include a £250m RCF (maturing in September 2029 having exercised a one-year extension option in August 2025), an accordion option with a maximum facility of £100m and a £10m uncommitted overdraft.

The Group ended the financial year with net debt of £102m. The financial covenants are tested in line with our December interim reporting and June year-end reporting. These covenants are met with significant headroom.

In all downside scenarios, the Group continues to forecast compliance with all financial covenants throughout the going concern and viability period. In all downside scenarios Dunelm has sufficient liquidity to continue trading, including maintaining the payment of dividends in line with its dividend policy and comfortably meeting its financial covenants. The reverse stress modelling has demonstrated that a significant, prolonged sales reduction of 30% in FY26 and 32% in FY27 is required to breach covenants by the end of FY27 and a 45% sales reduction in each year is required to breach the RCF limit by the end of FY27, assuming reasonable mitigating actions have been implemented. Such actions could include reductions in discretionary spend (e.g. marketing and travel), headcount and capital investment in new stores and refits.

The Board believes that the Group is well placed to manage its financing and other significant risks satisfactorily and that the Group will be able to operate within the level of its facilities and meet its liabilities as they fall due, for at least the next three years. For this reason, the Board also considers it appropriate for the Group to adopt the going concern basis in preparing its financial statements.

Strategic report

This report was reviewed and signed on behalf of the Board on 9 September 2025.

Nick Wilkinson
Chief Executive
9 September 2025

Governance report

59	Chair's introduction to corporate governance
61	Directors and officers
64	Board dashboard and activities
68	Our culture and values
70	Governance framework
74	Nomination Committee report
80	Audit and Risk Committee report
87	Remuneration at a glance
88	Remuneration Committee report
114	Compliance with the UK Corporate Governance Code
115	Directors' report
119	Statement of Directors' responsibilities



Chair's introduction to corporate governance

How governance supports delivery and ambition

On behalf of the Board I am pleased to present our Governance report for the year ended 28 June 2025.



Alison Brittain
Chair

Our performance in FY25, as set out in the Strategic report, reflects our resilience and continued focus on delivering outstanding value, quality and choice for our customers. This Governance report supplements the story of that performance. It provides details of how the Board has provided oversight, guidance and challenge to the Executive team in executing our strategy, navigating challenges and maintaining our focus on delivering growth in sales, profit and market share.

Appointment of new CEO

Following Nick Wilkinson's notification to the Board in February 2025 of his intention to retire from full-time executive life, we commenced a formal and thorough recruitment process for his successor. We drew on our existing succession plans to inform and guide the search, further details of which can be found on page 60. The process culminated in July's announcement of Clodagh ('Clo') Moriarty as our new Chief Executive. Clo was the Board's unanimous choice and joins the business and our Board on 1 October 2025.

Nick steps down from the position of Chief Executive and from the Board at the end of September. He will leave the business in early October, with our thanks for his leadership and strong contribution over the past seven and a half years.

 **See page 63 for Clo's biography and page 9 for her initial thoughts on joining the business**

Other Board changes and diversity

There have been a number of changes to our Board composition over the course of the year. William Reeve stood down in November 2024, having completed his nine-year term as a Board Director. Ian Bull was subsequently appointed Senior Independent Director and Ajay Kavan our Remuneration Committee Chair. Arja Taaveniku left the Board at the end of December 2024 having accepted a role with another retailer. In May 2025, we welcomed Katharine Poulter as independent Non-Executive Director.

 **See page 76 for more information on Katharine's appointment and induction**

Our appointments this year continue to reflect our focus on promoting diversity and the need to ensure that the Board and its Committees have the right combination of skills, experience and knowledge.

An engaged and effective Board delivering strong leadership

Supporting strategic ambition

The Board met in May 2025 for its annual strategy review. The structure of the day enabled detailed discussions on our short, medium and longer-term strategy and growth ambitions. There was challenge to management on the potential for further acceleration, a session dedicated to our customer proposition and lively debate on potential wider growth opportunities.

 **Read more on page 66**



Delivering strategic progress

The Board approved a number of initiatives during the year, supporting our further strategic progress as we continue to invest for the long term. This included opening six new superstores (including one relocation) plus our first store in inner London, completing two strategic acquisitions and investing in our Made-to-Measure blinds and shutters manufacturing facility.

 **Read more on page 67**



A strong and collaborative Board

The external Board effectiveness review was undertaken by Manchester Square Partners. It found that the Board is functioning well and in line with good corporate governance. The breadth and depth of complementary skills and experiences was noted, alongside a high level of respect, trust, collaboration and open discussion and debate.

 **Read more on page 79**



Chair's introduction to corporate governance continued

The Board continues to support initiatives to promote talent with diverse knowledge, skills and experience at the senior management level and more broadly across the colleague population. We see this as an essential part of developing internal talent to deliver our growth ambitions.

 **See page 77 for more information on our approach to diversity and inclusion**

Culture and values

It is important to the Board that we uphold the values that are the foundations of our business, recognising that our strong culture is fundamental to our continued success. We understand that as our business evolves, our culture also needs to do so, shaped by our customers and colleagues. We are committed to ensuring that our strategic goals and actions continue to be aligned to our purpose and values.

 **More information about how we monitor, assess and promote a strong culture can be found on page 68**

Colleague engagement

Ongoing feedback from colleagues is an essential contributor to our decision-making. Along with input from other key stakeholders, it informs our discussions and enables the Board to ensure that its approach remains appropriate to Dunelm. With this in mind, the Board was particularly pleased to see the high-level of engagement, at 74%, from colleagues participating in this year's employee survey. Our Non-Executive Directors obtained further insight more directly from colleagues during the year by attending National Colleague Voice meetings and visiting our stores and other sites.

 **See pages 16 to 20 for details of how we engage with colleagues and other key stakeholders**

Board and Committee evaluation

Manchester Square Partners undertook our externally facilitated Board and Committee evaluation this year. The review concluded that the Board and each of its Committees are operating effectively.

 **Further details about the evaluation process and its findings can be found on page 79**

AGM

Our AGM this year takes place on 19 November 2025. In line with the UK Corporate Governance Code, all Directors will be seeking re-election. In accordance with the UK Listing Rules, each of the Non-Executive Directors will also be subject to a vote of shareholders independent of the Adderley family.

In addition this year, in line with market practice, we are seeking a broader share buyback authority. As in previous years, in light of the Adderley family holding, we are required to seek a Rule 9 waiver to allow us to buy back shares without triggering an obligation on the Adderley family to make an offer to buy all the shares in the Company. Further details of the share buyback authority being sought and the Rule 9 waiver can be found on page 72.

The year ahead

I would like to take this opportunity on behalf of the Board to thank all our colleagues in the business for their continued hard work, dedication and focus on delivery for Dunelm and its stakeholders. I would also like to thank my fellow Directors for their invaluable contribution this year.

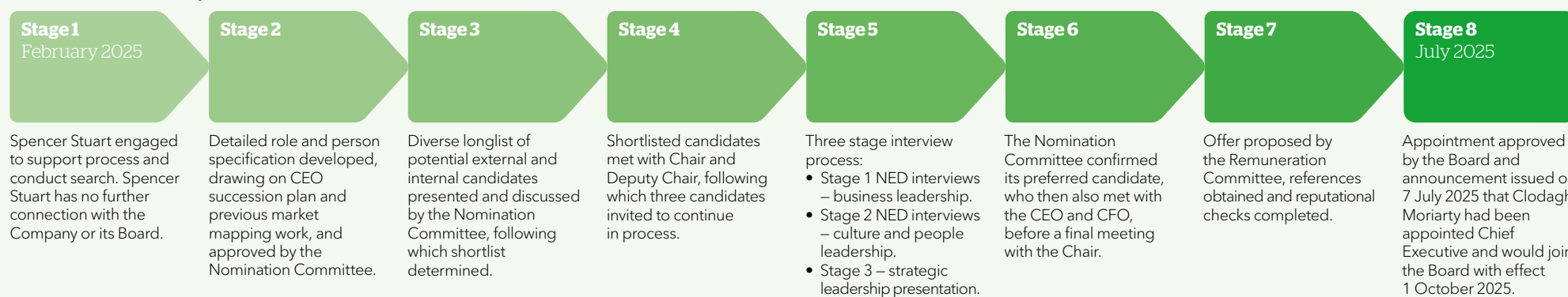
The focus of the Board for the year ahead is to ensure a smooth transition as we welcome our new Chief Executive and to ensure that our governance framework continues to be effective in supporting the delivery of our growth ambitions. We remain committed to the generation of sustainable long-term value for all our stakeholders.

Alison Brittain

Chair

9 September 2025

Chief Executive search process



Directors and officers



Alison Brittain N R I
Chair

Independent on appointment
Appointed: September 2022 and as Chair in January 2023

Skills and contribution: Alison is an experienced business leader who brings considerable expertise to the Board as NED and former Chief Executive of a range of consumer-facing companies. Her skillset enables her to provide valuable insight on strategic matters and a strong focus on execution, which are key to our continued growth. In addition, she has successfully scaled businesses in the UK and internationally, has longstanding plc experience and a deep understanding of stakeholder perspectives. This positions her perfectly to facilitate constructive challenge and debate as our Chair.

Previous roles: Alison was CEO of Whitbread PLC from 2015 to 2023. Prior to that, she held several senior roles in the UK banking industry, serving as Group Director in the Retail Division of Lloyds Banking Group PLC (2011–2015), Board Director at Santander UK PLC (2007–2011) and Barclays PLC (1987–2007). Alison was a Non-Executive Director of Marks & Spencer Group PLC from 2014 to 2020.

Other commitments: Chair of English football's Premier League. Senior Independent Director at Experian plc. Non-executive Director at British Airways plc. Chair of the King's Trust Group of Charities (formerly The Prince's Trust).



Sir Will Adderley N
Deputy Chair

Non-independent
Appointed: April 2003

Skills and contribution: Will brings a unique perspective to the Board as a result of his broad and deep understanding of the business and his in-depth knowledge of its corporate history. This adds significant value to Board debate and informed decision-making. Will also plays a key role in contributing to the ongoing development of our purpose and culture, which has been built from the shared values instilled by the Adderley family when the business was founded. Will retains an executive role to support the business in matters agreed with the Chief Executive, as required.

Previous roles: Will has worked for Dunelm his whole career since joining in 1992. He took over the day-to-day running of the Group from his father in 1996 and remained as Chief Executive through the Group's IPO in 2006. Will became Deputy Chair in February 2011 and was reappointed Chief Executive in September 2014 for an interim period until 31 December 2015.

Other commitments: Owner of WA Capital Limited and Trustee of Stoneygate Trust.



Nick Wilkinson
Chief Executive

Non-independent
Appointed: February 2018

Skills and contribution: Nick is an experienced Chief Executive, with a proven track record in multichannel retail businesses operating across a number of consumer brands and geographies. His leadership is pivotal in developing and overseeing delivery of our strategy, driving growth and ongoing transformation, increasing market share, and continuing to strengthen our customer offer and experience. Nick chairs our Good & Circular Committee, leading our plans to build sustainability into all that we do.

Nick Wilkinson will retire from the Board on 30 September 2025.

Previous roles: Nick was the Chief Executive of Evans Cycles from 2011 to 2016 and the Chief Executive of Maxeda DIY from 2007 to 2010. Prior to that, he was Group Buying Director and MD of Currys at Dixons Retail Group (1999 to 2006). Nick spent his early career at Unilever and McKinsey & Co.

Other commitments: Trustee of Rewilding Britain.



Karen Witts
Chief Financial Officer

Non-independent
Appointed: June 2022

Skills and contribution: Karen is a highly experienced Chief Financial Officer with a strong background in finance and management across global retail and consumer-facing businesses. She plays an important role in developing and overseeing delivery of our strategic initiatives, driving innovation, and ensuring that we maintain strong operational grip. In addition to leading on financial management, Karen regularly engages with our investors and corporate advisers. Karen chairs the Risk and Resilience Committee, providing oversight of risk management and ensuring the business is operating within our risk appetite.

Previous roles: Karen was Chief Financial Officer of Compass Group plc from 2019 to 2021 and CFO of Kingfisher Group plc from 2012 to 2019. Before that, she held various senior finance, strategic and operational roles with Vodafone Group plc (2010 to 2012), and at BT Group plc (1999 to 2010). Karen qualified as a Chartered Accountant with Ernst & Whinney.

Other commitments: Non-Executive Director of Ipsen Pharma, SA.

Key

- A Audit and Risk Committee member
- N Nomination Committee member
- R Remuneration Committee member
- Committee Chair

- I Independent Director
- D Designated NED for colleague matters

Directors and officers continued



Ian Bull (A)(N)(R)(I)
Senior Independent Non-Executive Director

Independent
Appointed: July 2019

Skills and contribution: Ian has over 30 years' experience as a strategy and finance specialist built from executive and non-executive roles at online and multi-site consumer-facing businesses. He has longstanding plc experience, with a deep understanding of audit practices and risk management frameworks, which enables him to promote open and frank discussions and challenge, as well as ensure strong relationships with management, auditors, and other stakeholders. Ian is a Fellow of the Chartered Institute of Management Accountants.

Previous roles: Ian was Chief Financial Officer of Parkdean Resorts Group from 2016 to 2018 and Chief Financial Officer of Ladbrokes plc from 2011 to 2016. He was Group Finance Director of Greene King plc (2006 to 2011), having spent his early finance career at Whitbread PLC, Walt Disney Company and BT Group plc. Ian is a former Non-Executive Director and Audit Chair of Paypoint Limited, Senior Independent Director and Audit Committee Chair of St. Modwen Properties plc and Chair of Lookers plc.

Other commitments: Chair of Domino's Pizza Group plc and Non-Executive Director and Chair of the Audit Committee at Croda International plc. Member of Chapter Zero, the Directors' Climate Forum.



Ajay Kavan (A)(N)(R)(I)
Non-Executive Director

Independent
Appointed: March 2024

Skills and contribution: Ajay is an accomplished business leader with strong digital and retail credentials and experience driving organic growth, strategic partnerships, and M&A. Ajay's expertise in delivering online and multi-channel propositions, together with his in-depth understanding of operations and relationships from his work as an adviser and mentor, strengthens the Board's skills as we continue to drive growth across our total retail system.

Previous roles: Ajay was Chief Executive at Matches Fashion from 2020 to 2021 and Vice President at Amazon from 2011 to 2020. Prior to that, he was Marketing and Strategy Director, Homebase at Home Retail Group (2004–2011) and Multi-Channel Director, B&Q at Kingfisher (2000–2004).

Other commitments: Senior Advisor at KKR, member of advisory panel to Piper Private Equity, Non-Executive at Rohlik Group, mentor to CEOs of high growth US/EU digital businesses and Vice Chair of In Kind Direct.



Katharine Poulter (A)(N)(R)(I)
Non-Executive Director

Independent
Appointed: May 2025

Skills and contribution: Katharine is a seasoned leader with a strong retail background developed through experience at large and entrepreneurial consumer-facing businesses. Her expertise in product development, commercial and retail operations and business transformation adds strategic insight and complementary skills to the Board.

Previous roles: Katharine was Chief Commercial Officer at Indigo Books and Music Inc. from 2021 to 2024. Before that, she was Chief Executive at Laura Ashley Holdings Plc prior to its sale in 2020. Other roles include Managing Director and Commercial Director at Wilko from 2017 to 2020, Commercial Director at Hobbycraft Limited from 2015 to 2018 and Commercial Director at Dobbies Garden Centres from 2012 to 2015. Her earlier career included roles at other well-known retailers.

Other commitments: Chief Commercial Officer at McCarthy & Stone.



Marion Sears (N)(D)
Non-Executive Director and Designated NED for colleague matters

Non-Independent
Appointed: July 2004

Skills and contribution: A long-standing Board Director, Marion brings expertise from her City, investment and banking career including M&A. Utilising her significant plc experience and stakeholder understanding, enhanced by her role as the Designated NED for colleague matters, Marion plays an important role in facilitating informed Board decision-making.

Previous roles: Marion was Dunelm's Senior Independent Director and Chair of the Remuneration Committee from 2006 to 2015 and was Chair of the Nomination Committee until 2016. She had an executive career in the City in investment banking at Flemings, Chase and JP Morgan, prior to which she worked in corporate finance, as an investment analyst and in industry. Marion's previous Non-Executive Director experience includes WHSmith plc and Keywords Studios plc where she chaired the remuneration committees.

Other commitments: Senior Independent Director at Schroder Asian Total Return Investment Company plc, Non-Executive Director of BlackRock World Mining Trust plc, Senior Independent Director and Chair of the Remuneration Committee at Shepherd Neame Ltd and Director of WA Capital Limited. Member of Chapter Zero, the Directors' Climate Forum.

Directors and officers continued



Vijay Talwar A N R I
Non-Executive Director

Independent
Appointed: October 2021

Skills and contribution: Vijay is a proven business leader in driving significant digital and operational transformations. He has broad international executive experience developed at consumer-facing, omni-channel businesses, bringing a different dimension to Board discussions. Further, as a former Certified Public Accountant and CFO, he provides depth to the Audit and Risk Committee's oversight.

Previous roles: Vijay was Chief Executive Officer of ContextLogic Inc from February to September 2022. Prior to that, he was Chief Executive Officer of Footlocker EMEA from 2019 to 2022 and President of Digital at Foot Locker Inc from 2016 to 2019. Previously, he was President of Gifts/Special Occasions at Sears Holdings (2014 to 2016), held C-suite positions at Blue Nile (2010 to 2014) and was Chief Executive Officer at William J Clinton Foundation India (2008 to 2010). Vijay was COO for EMEA at Nike from 2002 to 2008.

Other commitments: Chief Commercial Officer and Chief Digital Officer at Avolta AG.



Dan Taylor A N R I
Non-Executive Director

Independent
Appointed: March 2024

Skills and contribution: Dan is an experienced CEO, with a recognised track record of delivering strategic plans to drive growth in digital and consumer-facing brands and leading on M&A and integration programmes, both in the UK and internationally. His experience adds further depth and understanding to Board debate as we continue to evolve our customer proposition and ambition.

Previous roles: Dan held senior Executive roles at PaddyPowerBetfair from 2015 to 2020; he was Chief Executive (2018–2020), MD, UK & Ireland (2017–2018) and MD, Retail (2015–2017). Before that, he was Managing Director of Teletext Holidays (2013–2014), Director of Strategy and Commercial Development at DMG Media (2009–2013) and Associate Partner at OC&C Strategy Consultants (2001–2009).

Other commitments: CEO of Flutter International at Flutter Entertainment plc.



Luisa Wright
Group General Counsel & Company Secretary

Appointed: November 2022

Skills and contribution: Luisa is an accomplished general counsel, company secretary and regulatory adviser, with extensive plc experience built at consumer-facing digital, retail and technology companies. She attends Board and Board Committee meetings, ensures that legal and governance matters are not only anticipated but also considered and addressed, and offers invaluable support and advice to the Board.

Previous roles: Luisa was Group General Counsel & Company Secretary of The Rank Group Plc from 2018 to 2022 and Group General Counsel & Company Secretary of Sportech Plc from 2011 to 2017. Prior to that, Luisa was a private practice lawyer at Olswang LLP (now CMS Cameron McKenna Nabarro Olswang LLP) from 2000 to 2011. Luisa qualified as a lawyer with Olswang LLP.

Other commitments: None



Clodagh ('Clo') Moriarty
Incoming Chief Executive

To be appointed: 1 October 2025

Skills and contribution: Clo is an established retail leader, having spent 15 years at J Sainsburys plc, most recently in the role of Chief Retail and Technology Officer. She brings strategic and operational experience across stores, digital and enterprise-wide technology systems, with a particular focus on the customer experience. Her leadership will be instrumental in delivering our growth ambitions and accelerating innovation across all areas of our business.

Previous roles: Clo held senior leadership roles at J Sainsburys plc prior to her current role, including Retail and Digital Director and Chief Digital Officer. She also represented Sainsburys on the Board of Sainsbury's Bank PLC (2020–2023). Her earlier career was spent at Bain & Company (2001–2010).

Other commitments: Non-Executive Director of Taylor Wimpey plc and sits on their Nomination and Governance and Remuneration Committees.

 **See page 60 for more information on our CEO search process and page 9 for a brief introduction to Clo**

Changes to the Board during FY25:

1. Kelly Devine stepped down from the Board on 5 July 2024.
2. William Reeve stepped down from the Board on 21 November 2024.
3. Arja Taaveniku stepped down from the Board on 31 December 2024.
4. Katharine Poulter joined the Board on 6 May 2025.

Key

- A Audit and Risk Committee member
- N Nomination Committee member
- R Remuneration Committee member
- Committee Chair

I Independent Director

D Designated NED for colleague matters

Board dashboard and activities

A balanced, diverse
and committed Board

Board overview as at 28 June 2025

Independence*

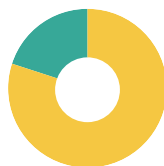
● Non independent 44%
● Independent 56%



* Number excludes the Chair who was independent on appointment.

Ethnicity

● White 80%
● Asian 20%



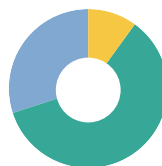
Length of tenure

● 0–3 years 40%
● 3–6 years 30%
● 6–9 years 10%
● 9+ years 20%



Age range

● 40–50 10%
● 50–60 60%
● 60+ 30%



Gender

● Male 60%
● Female 40%



Senior Board positions

Chair

Senior
Independent
Director

Chief Executive

Chief Financial
Officer

● Female
● Male

FY25 Board and Committee attendance

The table below sets out Board and Committee meeting attendance during the year to 28 June 2025. The number of meetings attended is shown next to the maximum number of meetings that each Director was entitled to attend.

Director	Committee memberships	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Will Adderley	(N)	9/9	n/a	n/a	3/3
Alison Brittain	(R) (N)	9/9	n/a	3/3	3/3
Ian Bull	(A) (R) (N)	9/9	4/4	3/3	3/3
Kelly Devine ¹	n/a	0/0	n/a	n/a	n/a
Ajay Kavan	(A) (R) (N)	9/9	4/4	3/3	3/3
Katharine Poulter ²	(A) (R) (N)	2/2	1/1	0/0	0/0
William Reeve ³	(A) (R) (N)	4/4	2/2	2/2	2/2
Marion Sears	(N)	9/9	n/a	n/a	3/3
Arja Taaveniku ⁴	(A) (R) (N)	4/4	2/2	2/2	2/2
Vijay Talwar	(A) (R) (N)	9/9	4/4	3/3	3/3
Dan Taylor	(A) (R) (N)	9/9	4/4	3/3	3/3
Nick Wilkinson	n/a	9/9	n/a	n/a	n/a
Karen Witts	n/a	9/9	n/a	n/a	n/a

- Kelly Devine stepped down from the Board on 5 July 2024. No Board meetings were held between the start of FY25 and the date on which she stepped down from the Board. Kelly had stepped down from the Committees in FY24.
- Katharine Poulter joined the Board on 6 May 2025.
- William Reeve stepped down from the Board on 21 November 2024.
- Arja Taaveniku stepped down from the Board on 31 December 2024.



For more information on our Board appointment process see page 76

For more information on diversity and inclusion at Dunelm see page 77

Maintaining effective governance to support delivery

Board meetings follow a rolling agenda of strategic, operational and governance matters, which is refreshed during the year as necessary to ensure the Board continues to focus on areas of priority.

The Board discharges its responsibilities through an annual programme of Board and Committee meetings, with additional ad hoc meetings as required to meet business needs. These are supplemented by visits to stores and other sites.

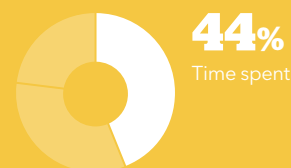
Agendas are determined in advance to ensure that meetings are well-planned, and time is allocated as appropriate. Papers are circulated ahead of time to ensure that Directors are able to review and arrive at meetings fully prepared.

At each meeting in the year, the CEO reports on strategic progress and operational performance (including customers, colleagues and health and safety) and the CFO reports on financial performance. A rolling agenda of other strategic, operational, sustainability, risk

FY25 Board meetings

The Board held nine formally scheduled meetings in FY25, as well as a full day dedicated to strategy. Its activities were broadly split between strategy, operational performance & governance.

Strategy



Operational performance



Governance



and governance matters is refreshed during the year as necessary to ensure the Board continues to focus on areas of priority, whilst also continuing to meet regulatory requirements.

The Chair meets with the Non-Executive Directors at the end of each Board meeting. This is a useful way of exchanging views and dealing with any concerns or questions. In addition to this, the Chair and the other Non-Executive Directors regularly have informal, individual meetings with the Executive Directors, other members of the Executive Team and other senior leaders in the business.

- Annual strategy review
- Received presentations on strategic plans for stores, digital and commercial
- Review of tech roadmap and transformation plans
- Overview of responsible sourcing
- Discussed digital growth plans
- Received customer and business development updates
- Deepdive and updates on 'Good & Circular'
- Furniture strategy update
- Store format development update
- Approved property acquisitions
- Approved acquisition of Home Focus business in Ireland
- Received Made-to-Measure strategy update
- Approved acquisition of Designers Guild brand and intellectual property
- CEO and CFO reports (which include trading updates, KRIs, people and H&S updates, customer and market trends etc)
- Reviewed incident reports on store fires (crisis management, business recovery and lessons learnt)
- Received feedback from the National Colleague Voice
- Discussed colleague dashboard and received people plan updates
- Reviewed interim and preliminary results
- Approved final, interim and special dividends
- Discussed feedback on results and investor engagement
- Reviewed principal risks
- Received updates on cyber and data protection
- Approved tax strategy
- Received corporate governance and legislative updates
- Annual health and safety update
- Approved delegation of authorities
- Conducted external Board evaluation and discussed report
- Received modern day slavery update and approved annual statement
- Approved share awards
- Approved Notice of Meeting, received AGM results and discussed feedback
- Reviewed NED and Chair fees
- Reviewed conflicts of interest register
- Confirmed risk appetite
- Approved gender pay gap report
- Reviewed forward agenda planner

Board dashboard and activities continued

Our approach to Section 172(1)

Each of our Directors is mindful of their duties under section 172(1) of the Companies Act 2006 ('s.172(1)') to run the Company for the long-term benefit of its shareholders and, in doing so, to consider the interests of its key stakeholders during its decision-making, and the impact of its decisions on stakeholder relationships, on the Company's reputation for high standards of business conduct, and on the environment.

The matters encompassed in s.172(1) touch on everything we do, at a Board level in our discussions and decision-making, and also at a business level by members of our Executive Team and the senior leadership team. Examples of the 'Board in action' are set out on this page and on page 67. On pages 16 to 20 we describe our key stakeholders and summarise how and why we engage with them more generally, what matters most to them, allocation of responsibility within the business and how we consider the effectiveness of our engagement.

A key consideration when making decisions is for the Board to balance the needs of our various stakeholders, which may not themselves always be aligned, while considering the Company's purpose, values and strategic priorities. The Board acknowledges that not all decisions that it makes will result in a positive outcome for all stakeholders, but it remains focused on ensuring that its decision-making is consistent and in the best interests of the Company.

We ensure that the requirements of s.172(1) Companies Act 2006 are met and the interests of our stakeholder groups are considered, challenged and debated through a combination of practical approaches (all of which were applied during FY25).

This includes the following:

- the Board carries out an annual review of strategy which assesses the long-term sustainable success of the Group and our impact on key stakeholders. Agenda items for the following year are based on the decisions and next steps agreed at this meeting;
- the Board's risk management procedures identify the principal and emerging risks facing the Group, and the mitigation in place to manage their impact. We also consider these through a stakeholder lens as set out on pages 16 to 20;
- the Group General Counsel and Company Secretary references relevant s.172(1) factors against each agenda item in the minutes to ensure they remain at the forefront of Directors' minds when reflecting on discussions;
- the rolling Board agenda includes standing items to ensure that stakeholders are fully considered, including investor roadshow feedback, updates on people matters, the annual health and safety presentation, modern slavery and anti-bribery reporting and sustainability updates;
- there is a formal review of many of these topics through standard Audit and Risk Committee and Remuneration Committee agenda items, as described later in this report;
- the Board considers impact on key stakeholders when it reviews Group KPIs and requests additional information as appropriate; and
- all Directors attend our AGM, which provides a valuable opportunity each year for all shareholders to hear from the Board, and for the Board to hear from our shareholders.

Board in action

Supporting strategic ambition

The Board met in May 2025 for its annual strategy review. The day commenced with a presentation of the three-year plan, followed by sessions led by members of the Executive Team focused on 'Bringing the plan to life', enabling an engaging discussion on areas such as our customer proposition, category elevation, app development, systemisation and productivity and Made-to-Measure. Lively debate enabled the Board and Executive Team to challenge each other on the balance of ambition versus appetite for risk, and the prospect of further acceleration on delivery versus capacity and capability.

The Board reflected on the ongoing importance of continued investment in technology and data as key drivers to sustainable growth, as well as the value of ongoing engagement with our key stakeholders so as to ensure we really understand their views, how our actions are likely to impact them and consider this within our decision-making. This was particularly apparent in relation to discussions on the customer proposition, with a desire to ensure that we put the customer at the heart of all that we do.



The second part of the day was dedicated to exploring broader long-term strategic opportunities. The scale of ambition and innovation was welcomed, alongside an acknowledgement of the further potential opportunities for the business. There was recognition of the need to constantly learn, adapt, develop new skillsets and consider additional opportunities for growth with a longer-term horizon in mind.

The agreed actions and takeaways for the Executive Team were noted with updates to be provided by way of further presentations and deep dives by business area built into the Board agenda over the course of the next 12 months.

Delivering strategic progress

The Board reviewed and approved a number of strategic initiatives during the year as we continue to invest for the long term. These investments, which included new superstore openings, our first store in inner London, two strategic acquisitions, and the expansion of our Made-to-Measure business, bring us both new capabilities and new opportunities.

Strategic acquisitions

The Board approved two strategic acquisitions during the year – Homefocus Group Limited, an Irish soft furnishings retailer with 13 stores, and the brand and design archive of Designers Guild Limited. Whilst different in nature, and not material financially to the Group, they reflect Dunelm's continued focus on product mastery and customer choice, whilst remaining true to our culture and values.

Entering the Irish market

In November 2024, the Board approved the acquisition of Homefocus Group Limited, a soft furnishings retailer with 13 stores in the Republic of Ireland, with a shared heritage in home textiles and strong values which stem from family ownership.

The acquisition presented an attractive opportunity for Dunelm to connect with more customers by entering a new geography, with a homewares market of more than £1bn¹. It immediately provided the Group with good coverage across the Republic of Ireland.

The Board also recognised the potential to offer a broader range of products in Home Focus stores, in line with the Group's existing smaller format stores in the UK, giving customers wider choice and a more comprehensive offer for the home. A further consideration was the opportunity in due course to introduce a more comprehensive online proposition and, over time, assess new store opportunities across Ireland.

The Board acknowledged in completing the deal the learnings for Dunelm in taking its first steps internationally, including in relation to new customers, colleagues and suppliers, and providing the opportunity to support local communities in line with our approach in the UK. Whilst not material to our financial performance, the acquisition seeks to widen Dunelm's appeal as a specialist homewares retailer in a market with clear opportunity for growth.

Investing in heritage designs

During the year, the Board approved the acquisition of the Designers Guild brand and design archive from Designers Guild Limited and, in a strategic collaboration, licensed the brand and archive back to the business, enabling it to continue operating independently. The transaction, which completed in April 2025, appealed to the Board on the basis of the opportunity it presents to bring Designers Guild's designs to a broader audience, drawing inspiration from the extensive design archive and guided by a shared commitment to creativity, innovation, and quality.



Made-to-Measure expansion

The Board toured our Made-to-Measure manufacturing facility during the year. Directors received a deepdive on the opportunities for our blinds and shutters business, with management presenting ambitious plans to fully leverage our multichannel and expert service proposition alongside our existing UK manufacturing capabilities.

The Board supported the proposed investment, it being evident that the expansion plans would, amongst other things, enhance our product offer, reduce our lead times and create new jobs. More detail on the accelerated growth of our Made-to-Measure business can be found on page 6.

1. GlobalData Ireland homewares market, for the calendar year 2024, including VAT.

Our culture and values

Why is culture important to the Board?

We consider our strong culture to be fundamental to the ongoing success of Dunelm. It provides a framework within which our colleagues work together to deliver our ambitions.

Dunelm has an open and straightforward culture, with a focus on doing the right thing. This reflects the values instilled by the Adderley family, who founded our business 45 years ago and are still our major shareholders.

Our shared values – ‘stronger together’, ‘act like owners’, ‘keep listening and learning’ and ‘long-term thinking’ – represent our culture and underpin our purpose and strategy. They have developed from business principles formulated by Sir Will Adderley, our Deputy Chair, more than 20 years ago.

“

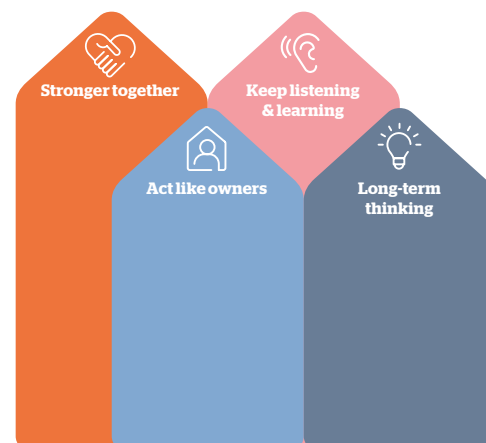
We very much believe in setting the tone from the top... we are committed to ensuring that the Company's actions are in keeping with our culture, values and purpose to drive long-term success.

Nick Wilkinson
Chief Executive

As the business has grown and become more complex, these values have evolved, shaped by our colleagues, customers and other stakeholders. However, that they have not changed significantly is testament to their strength and importance to the business.

We believe that our shared values are an essential contributor towards driving the right behaviours and maintaining a positive culture of mutual respect, trust, transparency and constructive challenge.

As a Board, we recognise a responsibility to protect our culture and ensure that our shared values continue to resonate with colleagues as a key driver of success. We also believe in setting the tone from the top and expect our Directors and senior leadership team to role model our shared values and consider them when making decisions and communicating with stakeholders.



How does the Board embed a culture that is aligned with our purpose, values and strategy throughout the Group?

Our purpose ‘To help create the joy of truly feeling at home, now and for generations to come’ is the thread that runs through our strategy, our shared values and culture. This is brought to life every day by our colleagues whose ideas, actions and ways of working shape our business in real and meaningful ways.

We are deeply committed to creating an environment where colleagues can thrive, learn and belong. Our ‘People Plan’ is central to this, and we are proud to invest in programmes that support growth, celebrate contributions, and demonstrate that we keep listening and learning – one of our core values. Initiatives such as the ‘Home of Ideas’ (where impactful ideas are recognised and rewarded); ‘Back to the Floor’ (connecting support functions with store colleagues); and our reverse mentoring programme demonstrate how two-way communication makes us stronger and keeps our culture authentic and inclusive.

Our governance framework helps to embed a culture that aligns our purpose, values and strategy. It provides transparency and accountability, and encourages thoughtful decision-making.

Our shared values are also reflected in our Group policies, which are an important expression of how we look after our colleagues and how they should expect to be treated by others.

Leadership plays a key role in setting the tone. The presence and input from the Board and the Executive Team, especially during in-person presentations, Q&A sessions and huddles, has been repeatedly highlighted as a source of building a stronger understanding of how colleagues contribute to the performance of the business and feel connected. Our annual leadership Peak Performance Event, end of year events and other celebrations also enable colleagues to feel closer to our purpose, values and strategic plans.

Culture in action: 200th store celebration

In March 2025 we opened our 200th store in Merthyr Tydfil, Wales. We celebrated this milestone by sending out selfie frames, balloons and other decorations to stores and sites. We hosted a ‘town hall’ event at our head office and shared a video of the store opening on our intranet, Home Comforts, to introduce our new store colleagues and enable everyone to celebrate our new store.



Our culture and values continued

When we recruit we look for individuals who understand and will add to our culture – bringing fresh ideas, embracing diversity of thought, respecting our values and able to find their place in our multigenerational workforce.

Our culture also has a wider impact. It influences how we treat our business partners and other stakeholders – whether that's making timely payments to suppliers or choosing to expand our business, like our recent acquisition of the Home Focus business in Ireland, and our decision to acquire the Designers Guild brand and design archive and then license them back to the business. For more information, see page 67.

Culture in action: Introducing the business to our incoming Chief Executive

Support centre colleagues and store coaches were invited to join Alison Brittain, our Chair, for a Company-wide online meeting where she introduced our incoming Chief Executive, Clo Moriarty. Alison invited questions from colleagues about Clo's experience, her passion for retail, and her decision to join Dunelm. See page 63 for Clo's bio.



Clo Moriarty
Incoming CEO

What does the Board do to assess and monitor culture?

We aim to provide an environment that inspires, engages and develops all of our colleagues to reach their full potential. Monitoring and assessing our 'cultural health' is an important part of that.

Culture is monitored by way of regular reporting to the Group Board and Executive Team via a colleague dashboard (covering engagement, retention, gender pay and diversity, amongst other things) and other updates that are indicative of culture, such as trends in health and safety and whistleblowing reports. The Board also considers colleague engagement survey results.

The Nomination Committee supports the Board in reviewing diversity and inclusion and talent management and the Remuneration Committee in assessing executive performance and ensuring that our approach to pay and reward remains aligned with our values and purpose.

Engagement remains fundamental to the Board's understanding, with our colleague representative body, the National Colleague Voice (NCV), playing an important role.

Our Designated NED for colleague matters, Marion Sears, attends NCV meetings and ensures that updates and insights are shared with the full Board. Marion has a wealth of workforce experience and an in-depth understanding of Dunelm's culture, values and people, having been on the Board since 2004. This places her in an ideal position to understand colleague views and ensure that these are represented at the Board and fed into its decision-making.

 **For more information on NCV see page 18**

We also encourage our Directors, Executive Team and senior leadership to regularly interact in person with colleagues working in all areas of our business.

By engaging with, listening to, respecting and responding to our colleagues, we facilitate an open working environment, encourage a sense of belonging and develop a strategy that resonates, all of which supports our ongoing ambition to deliver continuous improvement and further growth.

Directors also meet regularly with other stakeholders to understand how Dunelm is perceived externally. This assists the Board in assessing whether the Company's values are reflected in how it is perceived by others and can inform changes in approach to our relationships, communication and engagement.

Culture in action: Colleague engagement survey

We undertook our engagement survey in May 2025 which had a 74% participation rate (FY24: 79%)¹. We see strong response rates to our colleague engagement surveys throughout the year, which give us detailed and extensive feedback, from which we build positive action plans across the business.

We saw an increase in our employee net promoter score (eNPS) by 7pts year-on-year, particularly driven by an improvement in managers' support across our stores.

74% +7pts

participation rate YoY movement in eNPS

1. This survey did not include our colleagues in the Republic of Ireland.



Governance framework

We have always believed that good governance helps companies make better decisions for the benefit of all stakeholders. Our framework enables informed decision-making, effective oversight and clear accountability. It also allows for delegation of specific matters to the appropriate committees. A high-level summary of our approach, illustrating where responsibilities fall, is set out on the right.

The Board believes that good governance supports Dunelm's purpose, shared values and strategy, and is satisfied that these elements and Dunelm's culture are aligned.

Group Board

Group Board reviews/challenges/approves decisions from the Executive Team

The Board as a whole is responsible for the overall direction, performance and long-term success of the Group. It is responsible for setting and role modelling our purpose and shared values. It provides effective challenge to management on the execution of the strategy and is responsible for ensuring that the Group maintains effective risk management and internal control systems.

Board Committees

The Board is supported by three committees to which it has delegated certain matters in order to ensure that they receive the appropriate level of consideration. These committees support the Board in discharging its duties. Each of the committees operates under terms of reference approved by the Board, which are reviewed annually and can be found on the corporate website: corporate.dunelm.com.

Nomination Committee

Recommends appointments to the Board, keeps the composition of the Board under review, oversees succession plans for the Board, Executive Team and senior leadership and promotes diversity on the Board and across the Group.

 **See page 74 for the Nomination Committee report**

Audit and Risk Committee

Maintains oversight of the Group's financial and narrative reporting, assesses the effectiveness of internal control and risk management systems, monitors the independence of internal and external audit and manages the relationship with the external auditor.

 **See page 80 for the Audit and Risk Committee report**

Remuneration Committee

Establishes the Remuneration Policy, determines the remuneration of the Executive Directors and Chair, oversees implementation of the Remuneration Policy and related policies and practices across the Group.

 **See page 88 for the Remuneration Committee report**

Executive Team Committees

The Executive Team is supported by three executive-led committees, which provide updates to the Board, Audit and Risk Committee, Remuneration Committee and Executive Team as appropriate.

Risk and Resilience Committee

Oversees and reviews principal and operational risks, tracks key risk indicators, receives updates on key compliance areas such as data protection, regulated credit, ethical sourcing, store security, and business conduct and monitors trends. Chaired by the CFO.

 **See page 36 for more information**

Good & Circular Steering Group

Oversees initiatives focused on achieving our Good & Circular goals, tracks progress against targets and reviews proposals such as new circular business models and further improvements to data collection and monitoring. Chaired by the CEO.

 **See Sustainability Report 2025 for more information**

Talent Committee

Oversees and develops succession planning at all levels of the business and monitors progress against our 'Know-Grow-Flow' talent management initiative. Chaired by the Stores and People Director.

 **See Sustainability Report 2025 for more information**

Executive Team

Executive Team informs/recommends/reports to the Group Board

The Board delegates responsibility for the day-to-day operational management of the Company to the CEO.

The CEO is supported by a team of executives each of whom heads a key function and together form the Executive Team, which operates under the CEO's direction and leadership.

The Executive Team holds regular meetings to discuss performance, operational matters and progress of business change and other transformation initiatives.

Governance framework continued

Roles and Responsibilities

The Chair and Chief Executive have clearly defined roles which are separate and distinct. The specific duties and division of responsibilities between them have been agreed by the Board and are summarised here, together with an overview of the roles of the Deputy Chair, the Senior Independent Director, the Executive Directors, the Non-Executive Directors, the Group General Counsel and Company Secretary and the Designated NED for colleague matters.

 **Written statements setting out the full responsibilities for each role are set out on the corporate website: corporate.dunelm.com**

Executive

Chief Executive

- Proposing the strategic objectives of the Group for approval by the Board and delivering the strategic and financial objectives in line with the agreed purpose and strategy.
- Leading the Executive Team and senior leadership in managing the operational requirements of the business.
- Leading on climate change and sustainability objectives of the Group.
- Providing clear and visible leadership of our shared values.
- Effective and ongoing communication with colleagues and shareholders.

Chief Financial Officer

- Working with the CEO to develop and deliver the Group's strategic objectives, including business development opportunities.
- Focusing on the financial delivery and performance of the Group.
- Ensuring that the Group remains appropriately funded to pursue its strategic objectives.
- Ensuring proper financial controls and risk management of the Group and compliance with associated regulations.
- Leading on investor relations activities and communications with shareholders.

Deputy Chair

- Maintaining close dialogue with the Chair and CEO.
- Contributing to the development of the Group's purpose, culture and values by promoting and visibly demonstrating the Company's long-established shared values.
- Assisting the CEO in strategic and operational activities as needed.
- Supporting and deputising for Chair as required.

Non-Executive

Chair

- Leading the Board and responsible for its effectiveness. Leading on governance.
- Setting the agenda, style and tone of Board discussions with a particular focus on strategic matters.
- Ensuring each Non-Executive Director makes an effective contribution to the Board.
- Ensuring that the Directors receive accurate, timely and clear information.
- Promoting a culture of openness and debate.
- Facilitating constructive Board relations.

Senior Independent Non-Executive Director

- Acting as a 'sounding board' for the Chair and an intermediary for the other Directors.
- Leading the Non-Executive Directors in their annual assessment of the Chair's performance.
- Available to shareholders, particularly if they have concerns that the normal channels have failed to resolve, or for which such contact would be inappropriate.
- Leading the Chair succession process.

Non-Executive Directors

- Providing constructive contribution and challenge to the development of strategy and ensuring that decisions are taken so as to promote the success of the Company in the interests of all stakeholders.
- Monitoring operational and financial performance and scrutiny of management performance in the delivery of strategic objectives.
- Providing oversight of financial and other control processes for risk management.

Governance

Company Secretary

- Supporting the Chair and the Non-Executive Directors with their responsibilities.
- Advising on corporate governance matters and regulatory compliance.
- Facilitating individual induction programmes for Directors and assisting with training needs as required.
- Assisting with communications to shareholders and organising the AGM.

Designated Non-Executive Director for colleague matters

- Engaging with colleagues (for example, through the National Colleague Voice) to represent the 'Colleague Voice' at the Board.
- Monitoring the effectiveness of colleague engagement initiatives.
- Providing regular updates to the Board.

Governance framework continued**About our Board**

The Board has agreed that our optimum number of Board Directors is between nine and eleven. As at the date of this report it currently comprises ten, with an independent Chair, four Executives/non-independent Non-Executive Directors, and five independent Non-Executive Directors. We consider that this structure provides a good mix of backgrounds and skills, enables the right level of independent challenge, and is one that allows for effective decision-making. We maintain a clear division of responsibilities between the leadership of the Board and the executive leadership of the business, as articulated on the preceding page.

Schedule of Matters Reserved

Certain key matters requiring Board approval are set out in a formal schedule of matters reserved, which the Board reviews periodically. Examples of such matters include Group strategy and budget, Group capital structure, approval of financial results and Annual Report and Accounts, significant capital or contractual commitments, ensuring maintenance of internal control and risk management systems and approval of significant Group-wide policies.

 **The schedule of matters reserved for the Board is available on corporate.dunelm.com**

Managing conflicts of interests

Directors are required to disclose any actual or potential conflicts of interest to the Board immediately as and when they arise throughout the year. These are considered by the Board and any authorisations given are recorded in the Board minutes and reviewed annually. In addition, a formal process is undertaken each year when all Directors confirm to the Board details of any other directorships and relevant information in connection with related parties.

The Board takes action to ensure that the influence of third parties does not compromise or override the independent judgement of the Board. Should Directors have any concerns about the operation of the Board or Dunelm management that cannot be resolved, these can be recorded in the Board minutes. If, upon resignation, any Non-Executive Director has concerns of this nature, they may provide a written statement to the Chair for circulation.

The Board considers that its procedures to approve actual and potential conflicts of interest, to ensure that any related party transactions involving Directors or their connected persons are conducted on an arm's length basis and to provide a communications channel for any unresolved concerns, are in place and operating effectively.

Director independence

The Board considers that Alison Brittain was independent on her appointment to the Board and subsequently as Chair. All Non-Executive Directors with the exception of Marion Sears, are considered to be independent.

The Board has treated Marion Sears as a non-independent Non-Executive Director since September 2015 in view of her tenure of more than nine years on the Board, and her subsequent appointment as a Director of WA Capital Limited in March 2016. WA Capital Limited is a private limited company established by Sir Will Adderley (the Deputy Chair, and major shareholder) to act as a long-term holding company for his beneficial interest in the Company and various other investments. The Board determined that this appointment does not affect her judgement as a Non-Executive Director of Dunelm, and that any potential conflict of interest has been cleared on the basis that WA Capital Limited and Sir Will Adderley are parties to a Relationship Agreement, details of which can be found in the Directors' Report on pages 115 and 116.

Re-election

In accordance with the UK Corporate Governance Code, all Directors will stand for re-election at the 2025 AGM.

Independent Non-Executive Directors will be subject to a separate vote by shareholders independent of the Adderley family as required by the UK Listing Rules. Marion Sears will put herself forward for reappointment at the AGM by shareholders, independent of the Adderley family, as well as under a full shareholder vote.

Time commitment

The Board recognises the importance of individual members having sufficient time to discharge their duties. On behalf of the Board, the Nomination Committee reviews the time commitment of the Chair and each Non-Executive Director. The Board is satisfied that they each commit sufficient time to their duties to discharge their responsibilities effectively.

None of the Executive Directors hold any non-executive board positions at a FTSE 100 company. Karen Witts is a non-executive director of Ipsen Pharma SA which is listed on Euronext Paris.

 **Please see pages 61 to 63 for each Director's biography, which includes details of their other key commitments**

Governance framework continued

Induction and training

Upon joining the Board, each new Director is offered a comprehensive and tailored induction programme with visits to key sites and meetings with the Executive Team, senior leadership and other colleagues.

 **See page 76 for an overview of our most recently appointed NED's induction process**

The Group General Counsel and Company Secretary reports to the Board at each meeting on any legal, regulatory and governance developments that affect the Group and actions are agreed where needed. Directors attend seminars provided by independent organisations which cover a wide range of governance topics. As part of the annual Board evaluation, any additional training or development needs are addressed by the Chair with each Director.

 **For details of the specific skills and contribution of each Director see the Directors' biographies on pages 61 to 63**

Advice and insurance

All Directors have access to the advice and services of the Group General Counsel and Company Secretary. In addition, Directors may seek legal advice at the Group's expense if they consider it necessary in connection with their duties. The Group purchases Directors' and Officers' liability insurance cover for its Directors and officers.

Risk

The Board has overall responsibility for the management of risk and for setting the risk appetite. During the year, the Board conducted a review of the Company's principal risks and approved the Group's risk appetite.

 **See pages 36 to 43 for the risk management framework and the Group's principal risks and uncertainties**

Share buyback and Rule 9 waiver

Since the time of flotation of the Company, the members of the Adderley family, including Bill and Jean Adderley, Lady Nadine Adderley and Sir Will Adderley, have been considered to be acting in concert ('a Concert Party') for the purposes of Rule 9 of the City Code on Takeovers and Mergers (the 'Takeover Code').

At the date of this report, Sir Will Adderley is beneficially interested in 26.17% of the issued share capital of the Company, and the Concert Party controls 37.10%. Bill and Jean are no longer Directors of the Company or actively involved, although Sir Will Adderley is a Director and Deputy Chair.

We will again be requesting authority for the Company to buy back shares at the AGM. In line with standard market practice and to provide flexibility on the return of surplus cash to shareholders, the Directors consider it appropriate to increase the maximum percentage of Ordinary Shares that can be purchased under such authority to 10% from the previous 2.5%.

Where Directors utilise the buyback authority to satisfy future exercises of share options under employee share schemes, the Company intends to hold any Ordinary Shares that it purchases pursuant to such authority as treasury shares for re-issue to employees exercising their share options, because the Board believes that this gives the Company the ability to cost-effectively fulfil share option entitlements.

The Board considers that purchasing shares in the market to satisfy share option entitlements (as opposed to issuing shares) remains appropriate; we believe it is in the interests of our shareholder base as a whole, and is supported by the majority of our institutional shareholders.

In certain circumstances it might be in the best interests of shareholders for Dunelm to purchase its own shares. Any purchases would only be made should the prevailing market conditions make such purchases in the best interests of shareholders generally.

If shareholders grant this authority, the Company's capital and dividend policy will be updated accordingly.

As the Concert Party has an interest of above 30% of our share capital, and less than 50%, in line with previous years we are asking shareholders to approve a waiver of Rule 9 of the Takeover Code. This waiver permits the Company to exercise its authority to buy back shares without triggering an obligation on the Concert Party to make an offer to buy all the shares in the Company.

We ask that shareholders support the waiver in line with the Board's recommendation, notwithstanding any internal voting policy. In this regard we confirm that:

- The present intention of exercising the buyback authority is to allow the Company to purchase shares in order to satisfy future share option entitlements for colleagues, excluding Sir Will Adderley. Given that it is expected that shares bought by Dunelm in the market in such circumstances will be reissued, then no dilution or change of control should occur either for the Concert Party or for other shareholders. Any other purchases would only be made should the prevailing market conditions make such purchases in the best interest of shareholders generally.
- Since 2012, Sir Will Adderley no longer participates in the Long-Term Incentive Plan or any other share-based incentive plan, and therefore his shareholding will not increase through that mechanism.
- Since flotation of the Company in 2006, the Adderley family has reduced its holding (from 67% to 37.10% currently).
- There has been a Relationship Agreement in place since flotation which provides safeguards to other shareholders – for details please see the Directors' Report on pages 115 and 116.

Nomination Committee report

Composition, succession and evaluation



Alison Brittain
Chair of the Nomination Committee

Committee membership

Alison Brittain (Committee Chair)
Sir Will Adderley
Ian Bull
Ajay Kavan
Katharine Poulter
Marion Sears
Vijay Talwar
Dan Taylor

 See page 64 for meeting attendance

FY25 highlights/key activities

- Conducted a thorough recruitment process for the appointment of a new CEO.
- Recommended the appointment of Clodagh Moriarty as CEO.
- Recommended the appointment of Katharine Poulter as NED.
- Reviewed Board composition and Director independence.
- Continued focus on diversity and inclusion.
- Conducted an externally-facilitated Board performance review.

FY26 focus/priorities

- Evolving our senior leadership succession plans.
- Implementing and tracking progress of actions agreed from external Board evaluation.
- Internal Board effectiveness review.

On behalf of the Nomination Committee ('Committee'), I am pleased to present the Nomination Committee report for the year ended 28 June 2025.

In February 2025 we announced that Nick Wilkinson would be retiring and stepping down from the Board once his successor had been appointed. As such, our main priority this year has been the recruitment of our new CEO. We were delighted to announce on 7 July 2025 the appointment of Clodagh ('Clo') Moriarty as our new Chief Executive.

CEO search process

We announced on 11 February 2025 that Nick Wilkinson had informed the Board of his intention to step down as Chief Executive and retire from full-time executive life. It was agreed with Nick that he would remain in role until his successor was appointed to enable a smooth transition.

Further to this news, the Committee commenced a formal recruitment process for his successor, with the support of Spencer Stuart who had completed a CEO mapping exercise for the Committee at the beginning of FY25, as part of the ongoing development of our succession plans.

A formal and thorough process, which considered both internal and external candidates, was undertaken, resulting in the appointment of Clo Moriarty, who will join the Company and the Board on 1 October 2025. Further details about the recruitment process and Clo's experience can be found on pages 60 and 63 respectively.

NED appointment

Following a number of Board changes during the course of 2024, we commenced a search for a new Non-Executive Director. Our focus was core retail and product expertise and we commenced the search with this in mind. We were also mindful that at the end of the calendar year, and as anticipated in last year's report, the Board fell below the FTSE Women Leaders Review target to have at least 40% female Board members. Our search culminated in the appointment of Katharine Poulter to the Board in May 2025.

Katharine brings extensive expertise in retail with a broad, transferable skillset, developed through experience at large and entrepreneurial consumer-focused businesses in the UK and internationally. More information about Katharine's recruitment process and her induction can be found on page 76.

Diversity and inclusion

The diversity of our Board is on page 77, and we have exceeded the target set in the UK Listing Rules and Parker Review guidelines to have at least one Board member from a minority ethnic background. Similarly, we have exceeded the requirement to have at least one senior Board position held by a woman. As mentioned above, for a few months of FY25 we fell below 40% female Board members, but had re-met this target by our reference date of the financial year end as required under the UK Listing Rules. Furthermore, with the appointment of Clo Moriarty as Chief Executive, from 1 October 2025 three of the four Listing Rule-referenced senior positions on our Board will be held by women and our Board will be split 50:50 from a gender perspective.

Nomination Committee report continued

Diversity and inclusion remain a central and vital area of focus for the Committee. We received a progress update against commitments that management made during the year including new initiatives. For more details see page 77.

External Board evaluation

Each year we undertake a formal performance review of the Board, its Committees and individual Directors. This year we undertook an external evaluation facilitated by Manchester Square Partners. The review concluded that the Board functions well and Board dynamics are good, with trust, respect and openness between all Directors. More information on the process, recommended actions and progress taken to address actions agreed from last year's internal effectiveness review can be found on pages 78 and 79.

It has been a busy year and I would like to thank the members of the Committee for their continued support and commitment and, in particular this year, their significant contribution to the CEO recruitment process. Ensuring that our new Chief Executive has the right skills, experience and ambition to develop and deliver our growth strategy in the years ahead was critical. We were also strongly focused on ensuring fit with our culture and upholding our values, the importance of which is explained further on pages 68 and 69.

I look forward to meeting shareholders at the Annual General Meeting on 19 November 2025.

Alison Brittain

Chair of the Nomination Committee

9 September 2025

“This year we undertook an external Board evaluation... the review concluded that the Board functions well and Board dynamics are good, with trust, respect and openness between all Directors.”

Committee composition and governance

The majority of the Committee was independent throughout FY25 and it remains so as at the date of this report. Its members comprise six independent Non-Executive Directors, the independent Chair of the Board, one non-independent Non-Executive Director¹ and the Board's non-independent Deputy Chair².

 **See pages 64 and 72 for more information on the independence of Directors**

Only members of the Committee have the right to attend Committee meetings. Other individuals, such as the Chief Executive and People and Stores Director, are invited to attend all or part of the meetings as appropriate. No Director attends that part of a meeting during which his or her own position is discussed. The Group General Counsel and Company Secretary acts as secretary to the Committee and attends all meetings.

In FY25, the Committee met formally on three scheduled occasions. Four additional ad hoc meetings were held to discuss and recommend the appointment of our new Chief Executive and new Non-Executive Director. The agenda for each scheduled meeting is based on a standing agenda for the financial year, which is updated as appropriate.

Role and principal duties

The Nomination Committee is responsible for leading the process for Board appointments, ensuring appropriate succession plans are in place, and overseeing the development of a diverse talent pipeline. Its principal duties include:

- reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board, ensuring it remains effective and suited to the Company's strategic priorities;
- ensuring plans are in place for an orderly succession to Board, Executive Team and senior leadership positions and overseeing the development of a diverse pipeline for succession;
- keeping under review the leadership needs of the business with a view to ensuring its continued ability to compete effectively in the marketplace;
- identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- leading a rigorous and transparent process for Board appointments; and
- keeping under review demands on Directors' time.

 **The Committee's full terms of reference can be found at: corporate.dunelm.com**

1. Marion Sears is not considered independent due to the length of her tenure and her role as a Director of WA Capital Limited.
2. Sir Will Adderley is not considered independent as he is a significant shareholder and due to the length of his tenure and his role as Deputy Chair.

Nomination Committee report continued

NED succession – review of skills, experience and knowledge

During the year the Committee undertook a detailed skills review, utilising the framework introduced in 2023 for considering each Director's skills and experience.

The Committee considered the impact of recent Board departures from a skills perspective, alongside other areas where additional experience might be beneficial in light of the Group's strategic aims and ambition. The same framework was used to review how Directors identify from a gender and ethnicity perspective. This was then used to guide the search brief for recruiting Katharine Poulter, who was appointed in May 2025.

Executive Director succession

During the first half of the year, the Committee reviewed and refreshed succession plans. This included a new CEO market mapping exercise, which spanned different sectors, experience and backgrounds, with a clear focus on diversity. It provided an opportunity for the Committee to consider skillsets of potential internal and external candidates against the Group's growth plans and strategic initiatives.

The work undertaken on succession planning proved invaluable in developing the new CEO role profile and working through the long and shortlists of candidates in the second half of the year, following Nick's notification to the Board of his intended retirement. For details of the CEO recruitment process see page 60.

Senior leadership succession

In FY25, the Committee reviewed the composition, skills and areas for development for each member of the Executive Team. The Committee considered how their respective succession plans are being managed and discussed how the organisational structure should develop in terms of capability and capacity to best deliver our growth ambitions.

An update was also provided on our progress in building capability and succession at the level below the Executive Team (the 'DLT') by means of our established 'Know, Grow, Flow' talent approach. It was noted that succession plans have now been implemented for all DLT roles, with consideration given to the advantages of promoting internally balanced with the need to refresh and bring in new talent and skills in some areas.

**Induction process for our new NED**

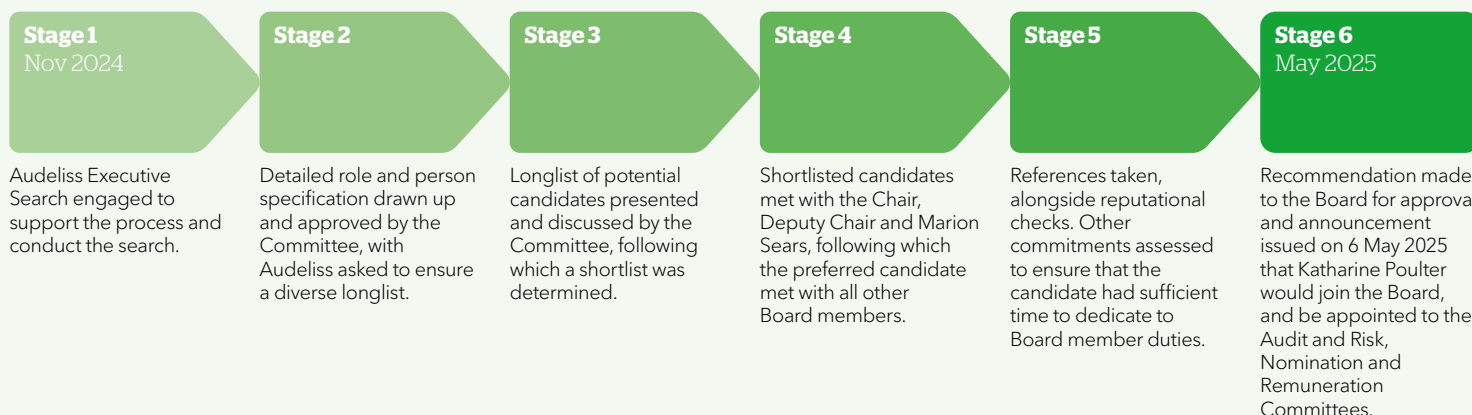
Each new Board Director receives a full and tailored induction, led by the Chair and Group General Counsel and Company Secretary. Katharine Poulter joined just before our annual May strategy day, providing her with insight ahead of her more formal induction which followed thereafter. The induction included an overview of the Board and its annual programme of meetings from the Chair, discussions with each Committee Chair on how the Committees operate and their respective key focus areas, the Chief Executive on strategy and 'Good & Circular' and the CFO in relation to the Group's financial performance and future plans. Katharine also met with the other Directors who provided their own perspectives on the Company, its risks and opportunities, and with the Group General Counsel and Company Secretary, who provided an overview of the governance framework and corporate structure.

After meeting the CEO and CFO, Katharine met with the rest of the Executive Team and members of the senior leadership team, which provided her with an introduction to the management structure and business operations.

The final part of her induction involved store and site visits, attending a National Colleague Voice meeting and meeting key external advisers, including the external auditors.

Non-Executive Director appointment process

We follow a well-established process for Board appointments as set out below, adapted where necessary to account for specific skills required and circumstances. In the most recent appointment process the search criteria focused on core product and retail expertise. An initial search conducted in Spring 2024 was considered unsuccessful, with a revised process commencing in November 2024.



Nomination Committee report continued

Diversity and Inclusion Policy

Our overriding aim is to ensure that the Board, its Committees and the Company comprise outstanding people and teams who can lead the business effectively in a manner aligned to our purpose, shared values and strategy. We believe that the Group's best interests are served by ensuring that our colleagues represent a range of skills, experiences, backgrounds and perspectives. This is encapsulated in our 'stronger together' shared value.

To achieve this aim, we remain focused on three broad principles:

- refining the way we recruit;
- identifying, supporting and mentoring existing diverse talent in the business; and
- increasing diversity amongst senior appointments as they are made, including to our Board and each of its Committees.

In line with this approach, the Committee is committed to ensuring that the Board is at least 40% female¹, that at least one of the Chair, Senior Independent Director, CEO and CFO positions is held by a woman and at least one Board Director is from an ethnically diverse background.

In addition, the Committee receives updates on our approach to recruitment at all levels of the business as part of its oversight of colleague policies and practices. It continues to require that specific effort is made to bring forward diverse candidates for senior leadership and Board appointments and monitors the Group's approach to people development to ensure that it continues to enable talented individuals, regardless of gender, marital status, sexual orientation, disability, race, religion, colour, nationality, ethnic origin, or age to enjoy career progression within Dunelm.

Board

At a Board level, the UK Listing Rules prescribe diversity targets. As at 28 June 2025, these were met as follows:

Target	Compliance
At least 40% of the Board are women.	40% of our Board were women.
At least one of the senior Board positions is held by a woman.	Alison Brittain is Chair and Karen Witts is CFO.
At least one member of the Board is from a minority ethnic background.	Vijay Talwar joined the Board in October 2021 and Ajay Kavan joined the Board in March 2024.

Group

We have strong representation of women at a senior leadership level. As at 28 June 2025, 56% of our Executive Team (FY24: 50%) and 47% of our senior leadership² roles (FY24: 38%) were held by women. Dunelm published its eighth Gender Pay report in April 2025 and an overview is provided in our Sustainability Report 2025. Both documents are available to download at corporate.dunelm.com.

Following the recommendation of the Parker Review to set targets for ethnic minority representation across senior management teams, we have set an ethnic diversity target of 8% of our senior leadership² to achieve by FY27. This sits alongside the ethnic diversity target of 8% of role-model leaders³ by the end of FY26 that was included in the FY24 LTIP grant (see page 116 of the 2023 Annual Report and Accounts for more details) and a similar target of 7% of role-model leaders that was included in the FY25 bonus targets (see page 93 of this Annual Report for more details). At year-end, ethnic minority representation was 2.9% (FY24: 2.9%) for the senior leadership and 6.5% (FY24: 5.5%) for role-model leaders.

Our annual statement on Board diversity targets can be found on page 117.

FY25 initiatives and progress

The Committee was updated during the year on the ongoing work to link our diversity and inclusion aims to initiatives within the business and to our values, purpose and strategy. We continue to collect data to inform our plans and to review and track from a pay gap perspective. This data is also being used to provide stores with a picture of the demographic of their team compared to their local community, with the aim of further developing a sense of belonging, understanding and engagement.

Other key initiatives have included the launch of our second Reach Ethnicity Talent Programme, designed to support colleagues from underrepresented ethnic groups as they develop their careers at Dunelm. Further focus on our approach to recruitment has included building our apprenticeship programmes to break down barriers to getting into the workplace and aiding social mobility, and our 'Women in Tech' development programme which provided one to one coaching to build confidence, career planning, resilience and leadership skills.

SR More information on our work in this area can be found in our Sustainability Report 2025

SR Our equality and diversity policy can be found at: corporate.dunelm.com

1. For a few months during the year we fell below the target of 40% women on our Board but this target was re-met with the appointment of Katharine Poulter.

2. 'Senior leadership' for these purposes means our Executive Team (including Executive Directors) and members of our Dunelm leadership team).

3. 'Role-model leaders' is a wider definition than 'senior management' to reflect leadership roles more broadly. It includes 'Heads of' roles and regional and store coaches in the UK, but at present does not include the Republic of Ireland.

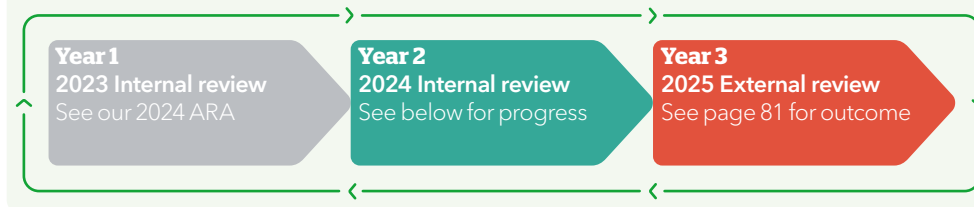
Nomination Committee report *continued*

Assessing Board effectiveness

An evaluation of the Board, its Committees and Directors is carried out each year. The review helps to identify areas for improvement, informs training plans and identifies areas of knowledge, expertise or diversity to be considered in our succession plans. The Chair engages with each individual Director during the year on their performance and contribution and the Senior Independent Director and Deputy Chair review the performance of the Chair. The Committee reviews the time commitment of the Chair and each Non-Executive Director during the year as appropriate.

The Board and Committees evaluation last year was conducted internally, and details of the process can be found on page 78 of the FY24 Annual Report and Accounts. Progress against the recommendations from last year's review are set out in the table to the right.

Board performance review cycle: The process



Progress against FY24 evaluation recommendations

Year 2

Theme

Board size and composition

Outcome and recommendations

- Acknowledgement that the Board is going through a period of change.
- Gender balance is a consideration in light of recent and forthcoming changes.
- Continue to focus on succession plans.

Actions implemented in FY25

- Continued focus on succession planning, culminating in the appointment of new CEO.
- Appointment of Katharine Poulter as independent Non-Executive Director.

Monitoring of culture and behaviours

- Further reflect on how we assess and monitor culture, how our desired culture has been embedded and how we will continue to align behaviours with our purpose, values and strategy.

- People updates to the Board include engagement and inclusion initiatives. The Board also received updates on how we celebrated milestones during the year, such as our annual long-service afternoon tea and 200th store celebrations.
- Approach to monitoring to be reviewed with a deepdive planned in forthcoming year.

Stakeholder engagement

- Develop an even deeper understanding of key stakeholders.

- Investor roadshow and conference feedback presented at Board meetings.

ESG-related risks and opportunities

- Noted to still be a maturing area, with a need to continue to develop and maintain clarity of plans and reporting.

- Presentations to the Board on the evolution of our plans, targets and reporting, including how we continue to listen and learn.

Testing the Company's strategy

- Include key topics raised by the Board at the Strategy Day in May on the agenda for the forthcoming year.
- Request for deeper understanding of how leveraging technology will continue to drive our growth.

- Standing agenda items reviewed and all key topics addressed over the course of FY25.
- Technology deepdives and roadmap presented and discussed during the year, including at the May strategy day.

Nomination Committee report continued

FY25 external Board evaluation

Process

This year the Board performance evaluation was externally facilitated. To identify a suitable partner, recommendations were sought from our Non-Executive Directors and professional networks. After reviewing proposals from four companies and meeting with each of them, Elaine Sullivan from Manchester Square Partners was appointed to carry out the review. Elaine has no previous connection with the Company, although she has previously worked with some members of the Board in their capacity as a Director of another Company undergoing a similar process.

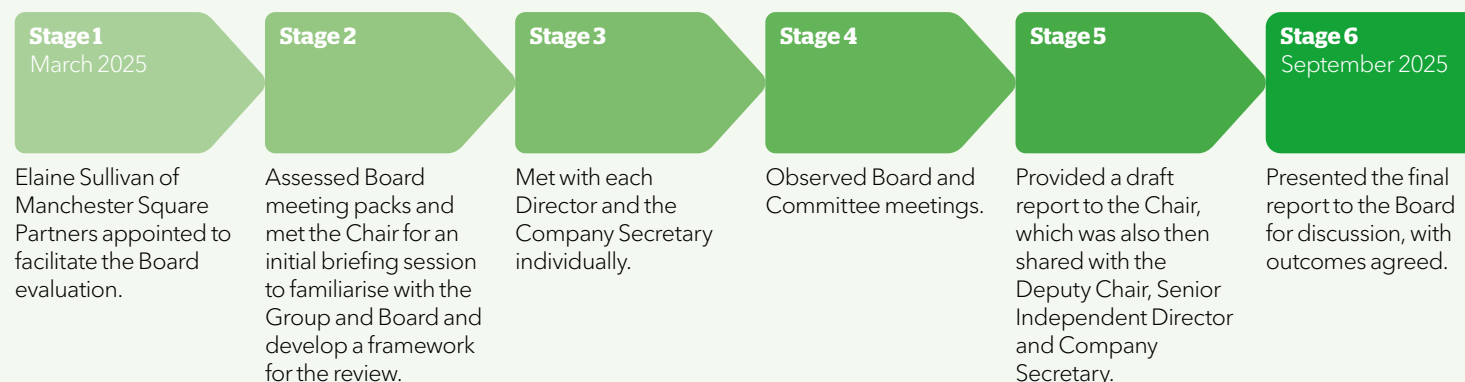
A framework for the review was developed and discussed with the Chair to ensure that the objectives of the exercise would be met. This was then evolved into a set of questions to frame the individual discussions with each participant, as well as shape the final report.

Outcome

The evaluation process concluded that overall the Board functions well, and Board dynamics are good, with trust, respect and openness between all Directors, and alignment around the immediate strategic and operational priorities. The effectiveness of each Committee was also considered as part of the review, which concluded that each Committee continues to operate effectively.

In particular, the review recognised that there is a breadth and depth of complementary skills and experiences around the Board table with good diversity of insight, thinking, gender and ethnicity. It was noted that Directors are invested in the business and its success. There is clarity and alignment that the role of the Board over the coming few years is to continue to ensure good oversight of strategy, execution, talent, culture and governance with increased emphasis in the short term on strategic direction.

External Board evaluation process



The key areas for ongoing focus are set out in the table below.

FY25 Board performance review findings

Year 3

Key focus areas

Strategy for growth

Commentary

- Transitioning to a new CEO considered a good catalyst to further review the Company's strategic ambitions while ensuring continued delivery performance.
- Remain ready to evolve emphasis and dynamics as the market, technology, business and Executive Team develop.
- Continue to seek a deeper customer understanding and focus on customer in the business.

Talent, capability and culture

- Strong and clear desire to support the new CEO, with recognition of the need also to support the leadership team through the upcoming transition.
- Retain focus on having the right talent and capabilities within the senior leadership team, and succession plans, to continue to drive growth, noting that as growth opportunities continue to be explored, capacity and capability may need to be added.
- Maintain the Company's culture and shared values, and discuss where the culture may need to evolve, how best to achieve this and monitor progress.

Further build as a team

- Board dynamics are good and there is an open and constructive relationship with the Executive Directors. Consider additional offsites, site visits and events for the Board itself, with the Executive Team and with rising talent to continue to build relationships.
- Consider whether the Executive Team could leverage the Non-Executive Directors more for insight and advice, which would further build relationships and facilitate even more open and robust debate in the Boardroom.

Audit and Risk Committee report

Audit, risk and internal control



Ian Bull
Chair of the Audit and Risk Committee

Committee membership

Ian Bull (Committee Chair)
Ajay Kavan
Katharine Poulter
Vijay Talwar
Dan Taylor

 See page 64 for meeting attendance

FY25 highlights/key activities

- Reviewed and challenged financial judgements made during the year.
- Reviewed Annual Report to confirm that it was fair, balanced and understandable.
- Monitored adequacy of internal controls framework and its effectiveness.
- Approved FY25 internal audit plan and oversaw successful move to co-source model.
- Increased focus on cyber security including completion of external cyber maturity review.
- Received updates on work underway to comply with Provision 29 of the Corporate Governance Code 2024 (applicable FY27).

FY26 priorities

- Oversee work to meet the requirements of the Corporate Governance Code 2024.
- Continued focus on cyber security and business continuity.
- Monitor ongoing integration of controls systems across the Group.
- Support delivery of FY26 internal audit plan.
- Monitor proposed changes in regulatory reporting requirements.

On behalf of the Audit and Risk Committee ('Committee') I am pleased to present the Audit and Risk Committee report for the year ended 28 June 2025. This report provides an overview of the Committee's main activities during FY25, and priorities for FY26.

Consideration of significant issues and judgements

The Committee has reviewed and constructively challenged the accounting methodologies, judgements and disclosures set out in papers prepared by management during the year. It has determined their appropriateness and assessed for consistency, with input from PwC, our external auditors.

Our review of key judgements and financial reporting matters included inventory provisions, store impairment assessments, acquisition accounting, deferred tax and going concern considerations.

 Further details of this work are described on page 82 of this report

Fair, balanced and understandable

On behalf of the Board, the Committee undertook a review of whether the FY25 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the necessary information to shareholders to assess the Group's position and performance, business model and strategy. We concluded that it is and does, and this is described in more detail on pages 82 and 83.

Corporate, sustainability and financial reporting

We remain cognisant of upcoming changes to reporting requirements and during the year reviewed management's proposed approach to the revised Provision 29 of the 2024 UK Corporate Governance Code. The new provision will require the Board to make a declaration in the FY27 Annual Report and Accounts as to the effectiveness of our material internal controls. In addition, the Committee has discussed the presentational impact of IFRS18 from FY28 and the preparatory work that is underway to meet this new requirement.

 For more details see pages 83 and 84

The Committee has also monitored the ongoing development of management's approach to sustainability reporting, both in respect of current requirements and future disclosure obligations such as the UK Sustainability Reporting Requirements. The Company's ESG reporting team has continued to refine and streamline our processes and modelling around sustainability disclosures with progress in the year including a re-baseline of Scope 1 emissions and progress towards replacing spend-based data for Scope 3 purchased goods. As last year, we can confirm that we are reporting on all areas of the Task Force on Climate-related Financial Disclosures (TCFD) framework. The report can be found on pages 44 to 52.

Audit and Risk Committee report continued

Risk management, internal controls and internal audit

During the year, the Committee received regular updates on work to further improve and strengthen our risk management processes and internal control environment. The Executive-led Risk and Resilience Committee continues to evolve and provide clearer accountability, increased visibility and challenge on higher risk aspects of the Group's operations for both management and the Committee.

 **See page 36 for more information about our Risk and Resilience Committee**

A specific area of focus this year has been cyber security. The Committee has spent a significant amount of time discussing lessons learnt from incidents affecting other businesses, as well as our own approach to security, business continuity and crisis management with our Chief Technology and Information Officer and Head of Cyber Security.

The Committee concluded the year by confirming the effectiveness of our internal audit function. This marked the successful completion of the first year of internal audit managed in-house by our Head of Internal Audit and supported by a co-sourcing arrangement with KPMG. Eleven internal audits were completed during the year, covering areas such as regulated credit, IT business resilience and cyber maturity. More detail can be found on page 86.

Committee effectiveness

This year the Committee's annual effectiveness review was undertaken as part of the external Board evaluation. I am pleased to note that the review confirmed that the Committee continues to operate effectively.

 **Further information on the process and its outcomes is set out on page 79**

Minimum Audit Standard

The Committee has complied with the FRC's Minimum Standard. This report includes examples of the activities the Committee has undertaken to demonstrate our compliance, such as overseeing the external audit process, and focusing on auditor independence, audit quality and effective challenge.

Engagement

The Committee has been pleased with the high level of engagement throughout the year, including with senior colleagues, and our external auditors, PwC, to ensure our processes and controls remain robust.

It has again been a busy year, and I would like to take this opportunity to recognise the valuable input and support provided by members of the Committee, Executive Team and senior leadership and thank them for their constructive engagement. I would be happy to answer any shareholder questions on the activities of the Committee at the AGM.

Ian Bull

Chair of the Audit and Risk Committee
9 September 2025

Committee composition and governance

The Committee comprises solely independent Non-Executive Directors and did so throughout FY25. The Board is satisfied that they demonstrate a breadth of knowledge and experience, including sector expertise, to enable the Committee to fulfil its duties. Ian Bull is considered by the Board to have recent and relevant financial experience and to be competent in auditing and accounting. Ian, who has chaired the Committee since joining the Board in 2019, is a Fellow of the Chartered Institute of Management Accountants with over 30 years' business and financial experience in leading consumer-facing businesses. Vijay Talwar, who joined the Committee in October 2021 and is a former Certified Public Accountant, provides further depth to the financial and technical skills of the Committee.

Only members of the Committee have the right to attend meetings. Other Board Directors, as well as the Group Finance Director, Head of Internal Audit, Chief Technology and Information Officer, Head of Cyber Security and PwC, our external auditors, are invited to attend, as appropriate. The Group General Counsel and Company Secretary acts as secretary to the Committee and attends all meetings.

The Committee met four times in FY25. It has also met once since the end of the financial year prior to the signing of this Annual Report. Meetings are generally scheduled in line with key times in the Company's financial reporting calendar. The Committee maintains a rolling calendar of items for consideration at each meeting and reviews and updates it regularly.

The external auditors and the Head of Internal Audit are provided with the opportunity at each meeting to discuss matters without the presence of management, and the Committee Chair meets regularly with the external audit partner and Head of Internal Audit outside of meetings.

Role and principal duties

The Committee's role is to support the Board in fulfilling its corporate governance and reporting obligations as to the effectiveness of our risk management systems, internal controls, and financial reporting. Its principal duties include monitoring, reviewing and challenging:

- the integrity of the Group's financial statements and public announcements relating to financial performance;
- key accounting policies and judgements;
- the effectiveness of internal controls and process for identifying and managing risk;
- statements concerning internal control, risk management (including assessment of principal risks), and the viability statement and approving them for inclusion in the annual report;
- the internal audit plan and the role and effectiveness of the internal audit function and, ensuring its ability to exercise independent judgement; and
- the relationship with the external auditors, its reports, effectiveness and independence.

 **The Committee's full terms of reference can be found at: corporate.dunelm.com**

Audit and Risk Committee report continued**Key judgements and financial reporting matters**

An important aspect of the Committee's work is monitoring the integrity of the annual and interim reports, including a review of the significant financial reporting matters and judgements contained in them prior to recommending them to the Board for approval.

Key accounting judgements relating to the financial statements considered by the Committee during the year under review are set out below.

Provisions for inventory

The Committee discussed the approach taken by management to provisions for inventory. It noted that there continues to be a high level of consistency in the methodology applied by management. Furthermore, the business has continued to adapt its mechanical approach in line with the external auditor's previous comments and recommendations, with a view to enhance the model and has focused on reporting and data quality during the year to drive further improvements.

Particular attention was given to reviewing the provision for obsolete, slow-moving or discontinued inventories including the utilisation of provisions reported in prior periods. The external auditors challenged management's assumptions on what they deemed to be the 'at risk' inventory lines and corroborated this position with the commercial team.

Following discussion, the Committee concurred with management's conclusions that the values recorded in the financial statements are appropriate.

Store impairment assessment

The Committee received updates on management's assessment of impairment triggers as required under IFRS. It was satisfied that appropriate impairments and reversals of assets have been recognised. The external auditor confirmed that management's process for identifying impairment triggers was consistent with previous periods.

Other accounting matters

The Committee considered the treatment of acquisitions during the year. The external auditors confirmed that they had tested the approach taken by management, with no concerns identified.

The Committee also discussed guidance and emerging practice in relation to the Extended Producer Responsibility, which means businesses placing packaging on the UK market are now financially responsible for managing that packaging once it becomes waste.

The Committee noted that there is no material change in deferred tax assets, and the Group has no uncertain tax provisions.

Going concern and viability statement

The Directors must determine that the business has adequate resources to continue in operational existence and can continue to adopt the 'going concern' basis of accounting. Furthermore, the Directors are required to make a statement in this Annual Report and Accounts as to the longer-term viability of the Company.

The Committee conducted an assessment based on the Group's current financial position, its strategy, the market outlook and its principal risks. It also considered the Group's available facilities, including the £250m revolving credit facility, which was extended post year-end to September 2029. The Committee reviewed financial models (including downside scenarios over a three-year period and a reverse stress test), taking time to understand and challenge, where necessary, significant judgements and assumptions in the modelling, the reverse stress test model and covenant and liquidity headroom.

The Committee also evaluated management's work in conducting a robust assessment of the Company's longer-term viability. It affirmed the reasonableness of the assumptions and considered the continued appropriateness of a viability period of three financial years.

Further to this, the Directors were able to conclude that it is appropriate to prepare the financial statements on a going concern basis.

 **See page 57 for going concern and viability statements**

Fair, balanced and understandable

At the request of the Board, the Committee considered whether the Annual Report and Accounts 2025, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

To form its opinion, the Committee reviewed the financial statements set out in the Company's annual and interim results and reflected on the information and reporting received from management and the external auditors and the discussions that took place during the year. In carrying out its review, the Committee had regard to the following:

Fairness and balance

- Is the report open and honest with the whole story presented and difficulties/challenges presented alongside successes/opportunities?
- Is the review of business performance in the narrative reporting consistent with that used for the financial reporting in the financial statements?
- Do we provide clear explanations of our KPIs and is there strong linkage between our KPIs and our strategy? Are the KPIs disclosed at an appropriate level based on the financial reporting?
- Do we show our progress over time and is there consistency in our metrics, KPIs and measurements?
- How do the key judgements identified compare with the risks that PwC plans to include in its report?

Audit and Risk Committee report continued

Understandable

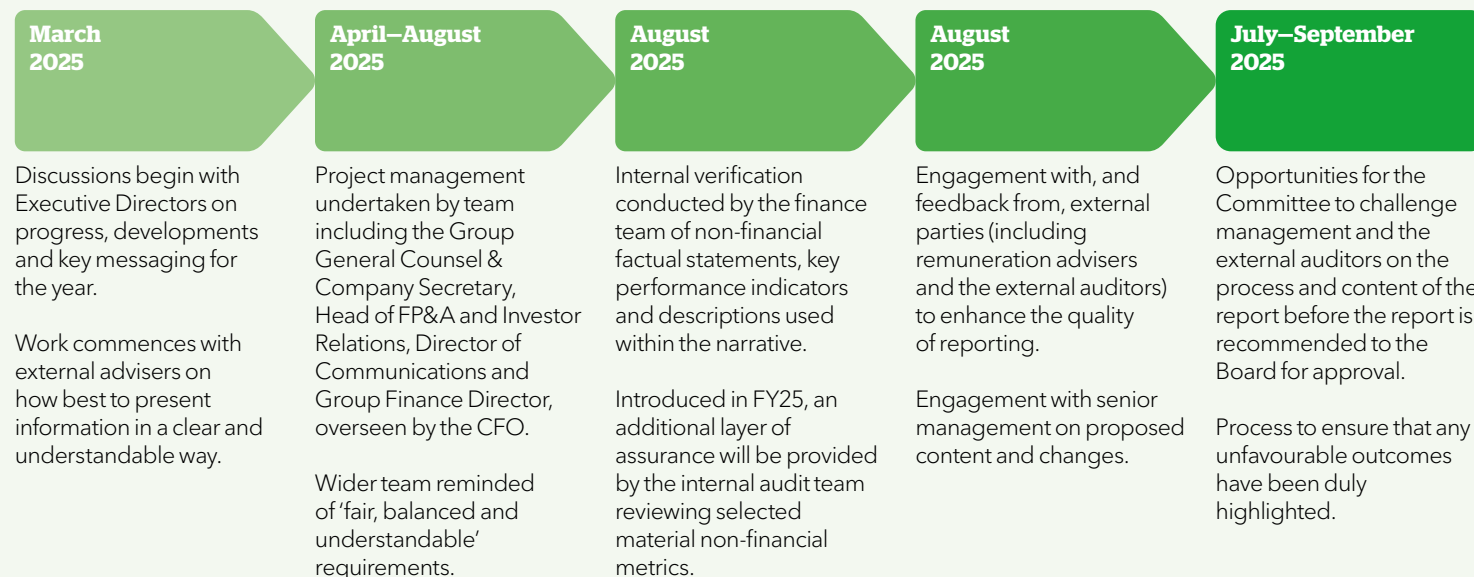
- Do we explain our business model, strategy and accounting policies simply, using precise and clear language?
- Do we have a consistent tone across the Report & Accounts?
- Are the important messages highlighted appropriately throughout the document?
- Are we clearly 'signposting' to where additional information can be found?
- Is the layout clear with good linkage throughout in a manner that reflects the whole story?

The Board considered the recommendations of the Committee and concluded that, taken as a whole, the Annual Report and Accounts 2025 is fair, balanced and understandable. The Board further believes that the Annual Report and Accounts 2025 provides sufficient clarity for shareholders to adequately assess our business model, strategy, financial position and performance.

Year end review process

The Committee noted the robust year end governance processes that are performed in parallel with the formal process undertaken by the external auditors, as set out on the right. The ongoing improvements arising from compliance automation, prior year's introduction of Blackline and use of dashboards was noted.

Year end review process



Sustainability reporting

The Committee seeks assurance from management that the effects and consequences of climate change are being adequately reflected in our financial statements and valuations, we are applying appropriate standards and rigour when reporting progress against our Greenhouse Gas (GHG) reduction commitments and are fulfilling our mandatory disclosure obligations.

Throughout FY25 our internal ESG reporting team has continued to refine and streamline our GHG Reporting and TCFD processes. This dedicated team supports the various sustainability-related workstreams across the business and ensures ongoing efficiency and clarity of reporting for disclosure purposes.

FY25 Scope 1 and Scope 2 emissions are activity-based whilst Scope 3 emissions are primarily calculated on a spend-based basis. This is consistent with our baseline and in full compliance with the TCFD recommendations.

All GHG measurement and reporting is in line with the GHG Protocol. Progress has been made in efforts to transition away from a spend-based approach for emissions from purchased goods, but further system changes are needed, and there is a key dependency on suppliers, which means that we have not yet been able to deliver a scalable reporting foundation for product carbon footprinting. This work continues into FY26.

 See pages 44 to 52 for more detailed information about TCFD and GHG reporting

Audit and Risk Committee report continued

The Committee is aware that as our understanding and processes continue to evolve, there is a need to enable ongoing data consistency and meaningful comparisons. Following the introduction last year of a baseline recalculation policy, during FY25 the Committee determined it was appropriate to restate the Scope 1 baseline following a change in the financial ownership model of certain fleet vehicles.

The Committee will continue to monitor the Company's progress against forthcoming sustainability-related disclosure requirements, such as the UK Sustainability Reporting Standards (currently anticipated to come into effect in FY28), and consider further developments in best practice, seeking training/guidance when required, to ensure that it continues to effectively oversee our reporting in this area. To support the Committee in its oversight, during the year management presented a progressive assurance plan around processes, governance and data for our material ESG-related measures.

Corporate and financial reporting developments

The Committee has considered the impact of key findings from the FRC's thematic reviews of corporate reporting issued during the year, alongside other relevant matters affecting corporate reporting. The Committee has also reviewed changes to accounting standards and interpretations, both those adopted during the year and future changes for FY26 and beyond.

The Committee is satisfied that the required changes have been adopted as appropriate and that none have had a material impact on the Company during the period reported. However, the Committee is aware that IFRS18¹ will introduce significant presentation changes that will start to impact from FY28. In preparation, management has established a project team to focus on this matter and commenced a detailed analysis of the impact.

During the year management presented an overview of the framework developed to support Dunelm's compliance with Provision 29 of the UK Corporate Governance Code, which will apply to the Company in respect of FY27 onwards. To ensure a robust attestation process management has worked closely with control owners to clearly define both the controls and their respective ownership and agree a practical approach to assessment aligned with the business and its operations. The framework is designed not only to meet regulatory expectations but also to enhance our overall understanding of risk management, helping to embed a more mature and transparent risk culture.

Preparation will continue during FY26, and the internal audit team will provide assurance over the programme, ensuring strong governance and integrity in both the design and delivery.

External auditors

The Committee is responsible for overseeing the relationship with the external auditors, including recommending to the Board their appointment, reappointment and removal, assessing their independence on an ongoing basis, and approving the statutory audit fees.

Tenure

PwC have been the Group's external auditors since 2014. They were reappointed at the Company's 2023 AGM following a formal tender process. Gill Hinks has been the lead audit partner since FY24.

The Committee recommended, and the Board intends to propose, the reappointment of PwC as the Company's auditors for FY26. It believes the independence and objectivity of the external auditors and the effectiveness of the audit process are safeguarded and remain strong.

The Committee considers that the Company has complied with the Competition and Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review. There are no contractual obligations that restrict the Committee's choice of external auditors.

The external audit

PwC is engaged to express an opinion on the financial statements. It reviews the data contained in the financial statements, discusses with management the reporting of results and the financial position of the Company and presents its findings to the Committee. Where it makes recommendations in its reports to the Committee, the Committee reviews them and agrees with management the manner and extent to which they should be implemented.

None of the Directors in office at the date of this report is aware of any relevant information that has not been made available to PwC and each Director has taken steps to be aware of all such information and to ensure it is available to PwC.

PwC did not report any significant deficiencies in controls nor did it disagree with any of the Group's accounting judgements and estimates in relation to FY25. PwC's audit report is published on pages 121 to 126.

Fees paid to PwC for its FY25 audit work were £395,480 (2024: £359,000).

Audit quality and auditor effectiveness

The Committee is responsible for ensuring audit quality is maintained, and reviews and challenges PwC's proposed external audit plan, including its scope and materiality, before approval.

1. IFRS18 is a new accounting standard issued by the International Accounting Standards Board and will replace IAS1 Presentation of Financial Statements for annual reporting periods beginning on or after 1 January 2027.

Audit and Risk Committee report continued

It is also the Committee's responsibility to assess the effectiveness and independence of the external audit process. The assessment is conducted in accordance with a process agreed with the Committee. It involves seeking the views of the Committee, as well as those of colleagues who have regular interactions with the external auditors and considering them alongside both the five Audit Quality Indicators which have been developed with PwC and are measured and tracked annually and the FRC's Audit Quality Inspection and Supervision Report.

The Committee was provided with a summary of the responses received in respect of the FY24 audit to assist with its considerations. Feedback was positive, consistent with previous years and no material concerns were raised. Whilst the desire to find ways to make year-end processes even more efficient remains, the Committee noted that there is a good relationship with PwC and the respective teams work well together, with a good and robust level of challenge.

Having conducted its review and also considered the quality of interactions during the year, the Committee concluded that PwC had applied appropriately robust challenge and professional scepticism throughout the audit to demonstrate independence, that it possessed the skills and experience required to fulfil its duties effectively and efficiently, and that the audit was effective.

The Committee will formally assess PwC's performance in relation to the FY25 audit following its completion. This assessment will also include review of the aforementioned Audit Quality Indicators to ensure that they remain appropriate in assisting the Committee in its review of the quality of the audit going forwards.

Safeguarding auditor independence and objectivity

The Committee recognises the importance of ensuring that the independence and objectivity of the external auditors is not impaired through the provision of non-audit services. We have in place robust policies on the use of auditors for non-audit work and the recruitment of former employees of the external auditors, which were reviewed during the year and approved by the Committee post year-end. The policies which are available at corporate.dunelm.com include the following:

- fees for non-audit services provided by the statutory auditor in any year may not exceed 70% of the average fees for the Group statutory audit in the three previous years;
- the external auditors can only provide permitted non-audit services as defined in Section B of the Ethical Standard such as services required by statute or regulation and other audit or assurance services;
- the external auditors may not be engaged to provide any non-audit services without the approval of the Committee; and
- time restrictions on employees of the external auditors involved in our audit joining the Company.

During the period PwC received £53,000 (2024: £50,000) for their review of the interim financial statements, £5,850 for viewpoint licences and £8,000 for turnover certificates (which are non-audit services). This was 14.46% of the total audit fees, and the three-year average is 13.01%. No other non-audit services were provided by the external auditors.

The Committee can confirm that the policies referred to above were complied with throughout the year with no issues raised and, in its opinion, the external auditors remain independent.

Risk management and internal controls**Risk management**

Whilst the Board has overall responsibility for risk management, it delegates to the Committee responsibility for assessing the effectiveness of systems to identify, assess, manage and monitor financial and non-financial risks. The Committee considers that the processes in place to manage risk by the Board and management are robust and working effectively. For details on our overall approach to risk management see page 36.

During the year, the Committee undertook the following risk management and assurance activities, which enabled it to maintain oversight and discuss risks and challenges faced by the Company:

- reviewed principal risks, associated assurance maps and the Company's formal risk appetite statement ahead of submission to the Board for approval (for more information see pages 38 to 43);
- considered and challenged management's key risk indicators to ensure they remain appropriate and monitored performance against them;
- received regular reports and updates on the activities of the Risk and Resilience Committee;
- received reports from management on developments and improvements to the control environment during the year;
- reviewed internal and external audit reports and progress on delivering management actions;
- received updates on data protection, credit, anti-bribery, payment practices, tax and material litigation;
- approved the annual fraud risk assessment and considered improvements to fraud monitoring and the actions taken by management to mitigate;

- received updates on whistleblowing reports made in the year and an overview of how such reports are investigated; and
- noted that a satisfactory insurance programme is in place.

In addition, there was continued focus on IT systems and cyber security with updates provided to the Committee from the Chief Technology and Information Officer and Head of Cyber Security at each meeting. Topics covered included updates on testing conducted during the year on the capabilities and responsiveness of our security operations centre and resultant actions, developments in tooling and controls (including the introduction of a new AI policy and governance 'hub') and updates on resources and training to further build in-house capability.

There was also a repeat of the cyber maturity review undertaken in 2023, with the improvements made noted and welcomed by the Committee.

Whilst the Committee recognised the significant progress in enhancing controls, it also discussed opportunities for continuous improvement. For example, a full review of our business continuity, disaster recovery and crisis management plans, and how they inter-relate, is a priority for the forthcoming year, as is an increased focus on colleague accountability.

Audit and Risk Committee report continued**Internal control framework**

Management is responsible for establishing and maintaining an effective system of internal controls and the Committee has responsibility for ensuring its effectiveness.

The Group has established internal controls and risk management systems in relation to the process for preparing consolidated financial statements. Examples of the controls in operation include regular balance sheet reconciliations, monthly analysis and reviews, technical accounting papers and review and approval of externally reported financial information. A status update on the monitoring programme for internal controls over financial reporting is provided on a regular basis to the Committee. The Committee is satisfied as to the effectiveness of these controls.

We continue to invest in the modernisation of our key business systems to ensure that we have the right foundations in place to support our ambitious strategic growth plans. This includes our finance transformation plan, which will deliver operational efficiencies and provide the scalable platform required to support our growth strategy through the standardisation and systemisation of operational processes. The Committee continues to monitor its progress.

Internal audit

The internal audit function provides independent and objective assurance to all levels of management up to the Board. Its responsibilities include evaluating and reporting on the adequacy and effectiveness of the systems of risk management and internal controls.

Early in the financial year, as planned, we transitioned from a fully outsourced to a co-sourced arrangement. This approach is already delivering a more effective model – a third line function that is considered part of the business, which has capacity to enable a broader plan to be delivered and can include more technical expertise in specific areas as needed.

The internal audit plan is developed by the Head of Internal Audit, with input from management and approved by the Committee. The plan is reviewed periodically throughout the year to confirm it remains relevant and retains sufficient flexibility to be adapted as needed and enable the internal audit team to participate in other projects benefiting from its skillset.

Each internal audit concludes with a formal report with graded recommendations, management responses and actions. These are communicated to the Committee by the Head of Internal Audit and rigorously tracked through to completion. The Committee as a whole and the Committee Chair each meet with the Head of Internal Audit without management present to allow for open discussion.

Internal auditor effectiveness

During the year the Committee carried out a review of the effectiveness of the internal audit function. This was undertaken by way of a questionnaire, and feedback was sought from members of the Committee and senior management. The Committee concluded that overall the function operates effectively, with the main area noted for further consideration being to improve processes when working with the co-source partner.

Internal audit reviews undertaken in FY25

The following risk-based internal audit reviews were conducted in FY25 (under a co-sourced arrangement with KPMG):

Internal audit reviews	Overview of scope
Long-term credit: Consumer Duty	Review of key controls and processes to support compliance with the Consumer Duty.
Key financial controls: fixed assets	Review of processes and controls within core fixed asset processes, including assessing whether appropriate use is made of available technology.
Cyber maturity assessment	Repeat of KPMG cyber maturity assessment (previously conducted in 2023), which benchmarks controls maturity against peers.
Conscious Choice traceability	Assessment of the processes and controls in place to ensure that Conscious Choice reporting is transparent and products appropriately meet the defined criteria.
Supply chain data integrity	Review of processes that support accuracy and completeness of product master data so far as it relates to weights and dimensions.
IT business resilience	Assessment of the effectiveness of key processes and controls related to IT business continuity planning and disaster recovery across our IT environment.
Stock and cash management	Review of processes and controls in our web returns processes.
Business transformation	Requested by the Committee during the year, review of our approach to managing risks associated with transformation programme delivery, including governance, spend and delivery of objectives.
Pausa cafes: food health and safety	Assessment of the management of food health and safety and allergens (in Pausa cafes and in the supply chain) and review of the scope of second line monitoring.
Corporate governance reforms response progress	Review of work being undertaken on our material controls framework ahead of regulatory change.
ESG reporting	Review of processes, controls, data flow controls and KPIs relating to GHG Scope 3.1 emissions, and FY25 vesting of non-financial LTIP measures.

Remuneration at a glance

Remuneration principles

Our remuneration principles guide our approach to reward, ensuring that it remains aligned with our vision, values and purpose, and clearly linked to the successful delivery of our strategic plans and ambition.



Simple and transparent



Pay fairly for an individual's role and responsibilities



Rewards strong performance and sustainable growth over the long term



Consistently applied throughout business



Aligned to shared values and ownership structure



Enshrined in Remuneration Policy

Summary of Executive Remuneration Structure under 2023 Policy

Base Pay

- Median or below

Pension

- Aligned to workforce average

Benefits

- Median

Variable pay – annual cash bonus and LTIP

- Maximum opportunity 375% for CEO and 325% for CFO

Annual cash bonus

- Median
- Up to 150% of salary*
- Linked to performance: sales, profit, strategic/personal
- Clawback and malus apply

LTIP

- Upper quartile
- Up to 250% of salary*
- Three-year performance period
- Two-year retention period
- Mix of performance conditions
- Clawback and malus apply

Lifetime lock-in

- Two-thirds of bonus and LTIP outcome retained in shares for the duration of employment

Shareholding requirements

- During employment retain shares worth maximum LTIP opportunity
- Two-year post-employment holding requirement

* Subject to maximum variable pay opportunity.

Remuneration Committee report

Remuneration



Ajay Kavan
Chair of the
Remuneration
Committee

Committee membership

Ajay Kavan (Committee Chair)
Alison Brittain
Ian Bull
Katharine Poulter
Vijay Talwar
Dan Taylor

 See page 64 for meeting attendance

FY25 highlights/key activities

- Proposed and approved remuneration package for incoming Chief Executive.
- Confirmed leaving arrangements for Nick Wilkinson.
- Approved measures and targets for FY25 bonus and LTIP grant and assessed performance against FY25 incentive outcomes.
- Approved gender pay gap report for publication.

FY26 priorities

- Remuneration policy review.
- Review measures and targets proposed for FY26 bonus and LTIP grant.
- Continue to consider the evolution of our reward structure in line with our principles.

On behalf of the Remuneration Committee ('Committee') I am pleased to present the Remuneration Committee report for the year ended 28 June 2025, my first since I took over the role of Chair of the Committee from William Reeve on 21 November 2024. This report comprises:

- my Annual Statement as Chair of the Committee (pages 88 to 90);
- the Annual Report on Remuneration (pages 91 to 104), describing how the Directors' Remuneration Policy has been applied for the year ended 28 June 2025 and how we intend to implement the policy for FY26; and
- the Directors' Remuneration Policy ('Policy') approved at the 2023 AGM (pages 105 to 113).

The Remuneration Committee report (excluding the Policy) will be subject to an advisory shareholder vote at the 2025 AGM.

FY25 business performance and incentive outcomes

Our Executive Team delivered another good performance during the year and made strong progress against our strategic priorities, despite the challenging consumer and macroeconomic environment. This year's financial performance resulted in sales of £1.8bn, and profit before tax of £211m. The Committee's decision-making on the remuneration outcome for our Executive Directors has been shaped by this performance, as well as recognition of the opportunities and challenges for our business that lie ahead. We remain committed to ensuring that we reward sustainable, profitable growth over the longer term on a consistent basis and that our approach is aligned with the delivery of our strategy and our shared values.

The overall formulaic vesting level for the FY25 annual bonus is 56.3% of maximum opportunity for Nick Wilkinson and 55.1% of maximum opportunity for Karen Witts. Full details of performance against the FY25 measures and objectives are set out on pages 93 and 94.

Each of Nick Wilkinson and Karen Witts was granted an LTIP award in October 2022 with vesting subject to performance conditions assessed over the three-year period FY23 to FY25. These awards will vest at 15% as set out on page 95.

The Committee considered whether to use its discretion to adjust either the bonus outcomes or the LTIP award outcome. We concluded that the outcomes of the annual bonus and the LTIP were fair and reflect both the performance of the business and the overall stakeholder experience, including the wider workforce, and therefore no discretion should be applied. As part of this assessment, the Committee considered the proportion of the vesting value of the LTIP attributable to appreciation of the share price since the grant in 2022 and concluded that given the underlying strong performance of the business and the value delivered to shareholders over the period none of the value constituted a 'windfall gain'.

At least two-thirds of Nick and Karen's respective cash bonuses (after payment of tax and National Insurance contributions) must be invested in shares which must be retained as required for the purposes of our in- and post-employment shareholding guidelines. Two-thirds of their vesting LTIP awards (after payment of tax and National Insurance contributions) must similarly be retained, and they are, in any event, subject to a two-year hold on the full amount.

Remuneration Committee report continued

CEO remuneration

As announced on 7 July 2025 and discussed elsewhere in this report, Clodagh ('Clo') Moriarty will join Dunelm as Chief Executive with effect from 1 October 2025, following Nick Wilkinson's retirement from the Board at the end of September.

Clo's remuneration package is in line with the Directors' Remuneration Policy approved by shareholders in 2023. In setting the package we took into account her significant skills and experience and her package at her former employer, along with appropriate market benchmarks.

- Her base salary of £825,000 is higher than Nick Wilkinson's but is positioned around median compared to the largest 50 companies in the FTSE 250 and takes into account her package at her former employer and that her salary will not be reviewed until August 2027.
- Her pension of 3% of salary is in line with the wider workforce.
- For FY26 she will participate in our annual bonus and LTIP at the level of 150% and 225% of salary respectively, pro-rated to reflect her joining date.
- She will receive a travel and accommodation allowance of 5% of salary and a contribution of up to £50,000 towards the cost of purchasing and furnishing a home in the Leicester area, on the understanding that the majority of any furnishings should be purchased from Dunelm.
- Other benefits will be provided in line with our usual approach for Executive Directors.

- The shareholding requirements in the Directors' Remuneration Policy will apply, including the requirement that at least two thirds of any bonus (after tax) must be invested in shares and that these shares, along with two thirds of the shares acquired from the LTIP (after sales for tax), must be retained for the duration of employment (with all of the vested shares acquired from the LTIP being retained for two years from vesting, after sales for tax).

To ensure that Clo is not disadvantaged by joining, we have agreed to buy-out incentives that she will forfeit from her former employer. Details will be included in the FY26 Directors' Remuneration Report and, where relevant, in the regulatory announcement when share-based awards are granted. The principles we adopted are as follows.

- The form of the buy-out award (cash or shares) will match the form of the corresponding forfeited award.
- Where a forfeited award was subject to performance conditions, the buy-out award will also be subject to performance conditions. These will be based on either former employer or Dunelm performance depending upon the vesting timeline of the forfeited award, with details to be included in the FY26 Directors' Remuneration Report.
- Buy-out awards will vest no earlier than the corresponding forfeited award.
- Shares acquired from a buy-out award will be subject to the requirement that two-thirds of them (after sales for tax) must be retained for the duration of employment.

In retiring from the Board, and reflecting his long service and significant contribution to the business, Nick Wilkinson has been treated as a 'good leaver' for the purposes of his incentives. The vesting outturn of his FY25 bonus and his LTIP granted in 2022 have been assessed in the usual way, as referred to earlier in this letter.

As a good leaver, Nick has retained his LTIP awards granted in 2023 and 2024. Each will vest on its usual timescale, subject to satisfaction of the applicable performance conditions and a pro-rata reduction having regard to the proportion of the performance period for which Nick is employed.

FY26 Remuneration

Our review of salaries for Executive Directors in FY25 and intended operation of the Policy for the financial year ending 27 June 2026 is as follows:

Salary

Clo Moriarty's salary from appointment is set out above.

In line with usual practice, when considering Karen Witts' salary, the Committee was mindful of her performance, our remuneration principles as set out on page 87 and the wider colleague experience. We also considered feedback on Executive pay received from our National Colleague Voice. Further to this, we approved a 3% increase in base salary for Karen in line with the average percentage increase for senior management. The median pay award made to the wider colleague population (not including our colleagues in the Republic of Ireland) was 6.4%.

Variable pay/incentives

We apply a consistent pay structure throughout the business, with the remuneration of Executive Directors more heavily weighted towards variable pay and share-based incentives than other colleagues, so that a greater part of their pay is linked to successful delivery of strategy and aligned with shareholders.

Awards under the Long-Term Incentive Plan are expected to be made in October 2025. The performance measures will be consistent with those applied to the FY25 awards, with 100% of the awards based on financial measures, split between EPS (with a 75% weighting) and relative TSR (with a 25% weighting). Further details in relation to the measures and targets are set out on page 103.

Having reflected on the performance conditions, we are proposing a minor change to the FY26 bonus. 75% of the bonus will continue to be based on financial measures (50% PBT and 25% sales) and 15% on achievement of strategic and personal targets aligned to the Group strategy, consistent with FY25. For the remaining 10%, we have introduced a measure based on customer satisfaction (CSAT), more details of which can be found on page 30. The CSAT measure replaces the 10% of the bonus that was attributable to ESG in FY25 – with ESG now more firmly embedded in the business and therefore included more specifically in colleagues' personal and strategic measures according to their role and function, the Committee concluded that a separate ESG measure is not needed in addition to the strategic and personal element of the bonus.

Remuneration Committee report continued

The new CSAT measure was considered appropriate due to the importance of understanding how customers rate their overall experience with us; we consider this to be fundamental to retaining and acquiring customers and informing how we develop our customer offer going forward. It will apply to all colleagues employed by our UK subsidiaries that are eligible to receive a bonus, enabling it to be discussed in the business on an ongoing basis and supporting a renewed focus on our customer proposition. Further details on the measures and targets are set out page 102.

Clo Moriarty's participation in the FY26 annual bonus and LTIP will be pro-rated to reflect her period of service, as explained above. Karen Witts will be eligible to receive an annual bonus of up to 125% of salary and be granted an LTIP award at 200% of salary. Nick Wilkinson will be eligible to participate in the FY26 annual bonus at the level of 150% of salary, pro-rated to reflect the period for which he is with the business, but he will not receive an FY26 LTIP grant.

Two-thirds of variable pay will continue to be invested in Dunelm shares, to be held for the duration of employment.

Non-Executive fees

It is the responsibility of the Board to review Non-Executive Director fees, and the responsibility of this Committee to review Chair fees. The Board considered the former at its meeting in June 2025 and determined that an increase of 3% was appropriate, in line with the average percentage increase for senior colleagues and below the median pay award made to the wider colleague population as referenced earlier in this letter.

In relation to our Chair's fee, the Committee recommended an increase of 3%, again in line with the average percentage increase for senior colleagues and below the median pay award made to the wider colleague population, which was approved by the Board.

Our Directors' Remuneration Policy

Our current Directors' Remuneration Policy was approved at the 2023 AGM with over 99% of votes cast in favour. In line with the usual timetable, we will be seeking shareholder approval for a new Policy at the 2026 AGM.

During the course of FY26, the Committee will review the existing Policy in full and the way in which we implement it to ensure that it remains effective and aligned to our ongoing strategy. As part of the review, the Committee will consider continuing developments in corporate governance and best practice. We will engage with shareholders in relation to our proposed approach to the new Policy in advance of its finalisation and publication in the FY26 Directors' Remuneration Report.

Committee effectiveness

This year the Committee effectiveness review was undertaken as part of the external Board and Committee evaluation. Further details can be found on page 79.

Finally, I would like to take this opportunity to thank my fellow Directors for their support and that of the Executive Team and other colleagues as I have transitioned to the role of Committee Chair. I look forward to welcoming you to the 2025 AGM and hope you will support the resolution relating to remuneration.

Ajay Kavan

Chair of the Remuneration Committee
9 September 2025

“

Our decision-making on remuneration outcomes has been shaped by this year's financial performance, as well as recognition of the opportunities and challenges that lie ahead.

Remuneration Committee report continued

Annual Report on Remuneration

This report has been prepared on behalf of the Board by the Committee, chaired by Ajay Kavan. It sets out how the Directors' Remuneration Policy which was approved by shareholders on 16 November 2023 has been applied in FY25 and how the policy will be applied in FY26.

Together with the Chair's statement on pages 88 to 90, it will be put to shareholders for an advisory vote at the FY25 AGM.

The information contained in this report is unaudited unless expressly stated otherwise.

Committee members and meeting attendance during the year

Member	Attendance	Notes
Ajay Kavan	3/3	Ajay took up the role of Chair of the Remuneration Committee on 21 November 2024.
William Reeve	2/2	William stepped down from the Committee on 21 November 2024.
Alison Brittain	3/3	
Ian Bull	3/3	
Kelly Devine	0/0	Kelly stepped down from the Committee on 11 March 2024 and from the Board on 5 July 2024.
Katharine Poulter	0/0	Katharine joined the Board and the Committee on 6 May 2025.
Arja Taaveniku	2/2	Arja stepped down from the Board and Committee on 31 December 2024.
Vijay Talwar	3/3	
Dan Taylor	3/3	

Composition of the Committee

The Committee comprises solely independent Non-Executive Directors (including the Chair, who was independent on appointment) and did so throughout FY25. Ajay Kavan has chaired the Committee since November 2024 (succeeding William Reeve on his retirement from the Board and as Chair of the Remuneration Committee).

Ajay had served nearly nine months on the Remuneration Committee by the time of his appointment as Chair of the Committee and had completed a full annual cycle of Committee meetings. He brings a wealth of executive retail experience and mentors other CEOs which stands him in good stead as Chair of this Committee. In the lead up to taking on the role, Ajay engaged with colleagues, including attending the remuneration focused National Colleague Voice meeting, and participating in a series of other relevant meetings with the Group General Counsel and Company Secretary, the People and Stores Director and other senior leaders in the people and finance teams, as well as with our external remuneration consultants.

Only members of the Committee have the right to attend meetings. Other Directors and individuals such as the CEO and People and Stores Director are invited to attend all or part of meetings, as appropriate. No Director participates when his or her own remuneration is discussed. The Group General Counsel and Company Secretary acts as secretary to the Committee and attends all meetings.

Role and principal duties

The Committee is responsible for determining the policy for Directors' remuneration and setting the remuneration for the Chair of the Board, Executive Directors and members of the Executive Team in accordance with the Principles and Provisions of the UK Corporate Governance Code ('Code'). Its other principal duties include:

- establishing remuneration schemes that support alignment with long-term shareholder interests;
- designing remuneration policies and practices to support strategy and promote long-term sustainable success;
- reviewing the design of all share incentive plans for approval by the Board, and for any such plans, determine whether awards will be made each year; and
- reviewing workforce remuneration and related policies.

 **The Committee's full terms of reference can be found at: corporate.dunelm.com**

Remuneration Committee report continued

Single figure for total remuneration (audited)

The following table sets out total remuneration for Directors for the period ended 28 June 2025:

Table 1: Directors' remuneration – single figure table

Director	Salary/fees £'000 ¹		Benefits £'000 ²		Pension £'000 ³		Total fixed remuneration £'000 ⁴		Bonus £'000 ⁵		LTIP award £'000 ⁶		Total Variable remuneration £'000 ⁷		Total £'000	
	FY25	FY24	FY25	FY24	FY25	FY24	FY25	FY24	FY25	FY24	FY25	FY24	FY25	FY24	FY25	FY24
Nick Wilkinson	627	609	54	53	19	18	700	680	529	331	256	727	785	1,058	1,485	1,738
Karen Witts	484	471	40	40	15	14	539	525	334	218	198	614	532	832	1,071	1,357
Sir Will Adderley	–	–	21	21	–	–	21	21	–	–	–	–	–	–	21	21
Sub-total	1,111	1,080	115	114	34	32	1,260	1,226	863	549	454	1,341	1,317	1,890	2,577	3,116
Non-Executive Director																
Alison Brittain	347	337	–	–	–	–	347	337	–	–	–	–	–	–	347	337
Ian Bull	82	70	–	–	–	–	82	70	–	–	–	–	–	–	82	70
Kelly Devine	3	58	–	–	–	–	3	58	–	–	–	–	–	–	3	58
Ajay Kavan	70	20	–	–	–	–	70	20	–	–	–	–	–	–	70	20
Katharine Poulter	9	–	–	–	–	–	9	–	–	–	–	–	–	–	9	–
William Reeve	33	77	–	–	–	–	33	77	–	–	–	–	–	–	33	77
Marion Sears	61	58	–	–	–	–	61	58	–	–	–	–	–	–	61	58
Arja Taaveniku	30	58	–	–	–	–	30	58	–	–	–	–	–	–	30	58
Vijay Talwar	61	58	–	–	–	–	61	58	–	–	–	–	–	–	61	58
Dan Taylor	61	20	–	–	–	–	61	20	–	–	–	–	–	–	61	20
Total	1,868	1,836	115	114	34	32	2,017	1,982	863	549	454	1,341	1,317	1,890	3,334	3,872

1. Ajay Kavan and Dan Taylor were appointed on 1 March 2024, Katharine Poulter was appointed on 6 May 2025, Kelly Devine, William Reeve and Arja Taaveniku stepped down on 5 July 2024, 21 November 2024 and 31 December 2024 respectively. Base fees for Ajay Kavan, Dan Taylor, Katharine Poulter, Kelly Devine, William Reeve and Arja Taaveniku are pro-rated over the relevant year as appropriate, as are fees paid to Ian Bull and Ajay Kavan following their respective appointments as Senior Independent Director and Remuneration Committee Chair with effect from 21 November 2024. Sir Will Adderley's base salary was held at £1 per annum.
2. Benefits include the cost of a car allowance and private health insurance for the individual and their family. Nick Wilkinson is also entitled to an allowance of 5% of his annual salary towards the cost of travel from home to Leicester. Karen Witts is entitled to an allowance of £1,500 per month to cover the cost of rent on a property close to the office in Leicester and travel costs.
3. Pension entitlement is 3% of contractual salary to a defined contribution plan or cash allowance in lieu. Sir Will Adderley waived his entitlement to a pension from 1 July 2015.
4. Total fixed remuneration includes salary/fees, benefits and pension.
5. Nick Wilkinson and Karen Witts were awarded an annual performance-related bonus for FY25 with a maximum opportunity of (i) 150% of contractual salary for Nick Wilkinson and (ii) 125% of contractual salary for Karen Witts. The performance conditions which applied to the bonus were set in September 2024 and are described on pages 93 and 94.
6. The figure for Nick Wilkinson and Karen Witts is the value of the FY23-25 LTIP award, the three-year performance period for which ended on the last day of the financial period being reported on; information on how the values are calculated is set out in Table 4 and its notes. The prior year figures have been updated to reflect the actual closing share price of the day before the vesting date of 1,213p for Nick and 1,193p for Karen, compared to last year's report which was based on the average closing share price over the last three months of FY24. Sir Will Adderley was not considered for an LTIP award.
7. Total variable remuneration includes bonus and LTIP awards.

Remuneration Committee report continued

FY25 annual bonus (audited)

Nick Wilkinson was eligible to earn an annual bonus of up to 150% of base salary during the year and Karen Witts was eligible to earn an annual bonus of up to 125% of base salary during the year, in each case subject to meeting the performance targets set out below. Sir Will Adderley was not considered for an annual bonus.

The bonus was based on challenging targets set by the Committee at the start of the financial year, with 75% based on financial targets and 25% based on non-financial targets. The 'sales' and personal elements of the bonus would only be paid if the threshold PBT was achieved. Information on the targets set and the performance against them is set out in Table 2. Based on performance against those targets, Nick Wilkinson earned a bonus of £529,041 and Karen Witts earned a bonus of £333,610 as set out in Table 3. The full bonus is paid in cash, with two-thirds of the after-tax amount being subject to a requirement that it is invested in shares.

Table 2: Annual bonus 2025 payout (audited)

Performance measures	% of bonus opportunity	Threshold performance ²	On-target performance ³	Maximum performance (100%)	FY25 actual performance	% outcome for each measure
Financial measures¹						
– Profit before tax	50%	£188m	£209m	£226m	£211m	58.90%
– Sales	25%	£1,648m	£1,791m	£1,881m	£1,771m	44.25%
Non-financial personal and strategic targets						
– Personal and strategic	15%	(see page 94 for details)				CEO–83% CFO–75%
– ESG	10%					CEO–33.33% CFO–33.33%

1. Bonus is earned between threshold and on-target and between on-target and maximum on a straight-line basis.

2. For threshold, vesting is at 10% of maximum for sales and 5% of maximum for PBT.

3. For on-target, vesting is at 50% of maximum for sales and 50% of maximum for PBT.

Table 3: Overall 2025 bonus earned (audited)

	Base salary £'000	Maximum bonus % of salary	2025 bonus outcomes % of maximum	Overall 2025 bonus earned £'000	2025 bonus outcome % of salary
Nick Wilkinson	627	150%	56.30	529	84.44
Karen Witts	484	125%	55.10	334	68.87

Non-financial personal and strategic objectives

15% of the bonus opportunity is linked to performance against objectives, both personal and strategic and 10% linked to environment, social and governance measures. Payment of these elements of the bonus is subject to meeting threshold on the PBT financial metric for the year (which has been achieved).

For the personal and strategic element (15%), the targets, which are specific to each of the Chief Executive and Chief Financial Officer, were set by the Committee to reflect personal and strategic priorities for FY25. Assessment against them (including consideration of relevant KPIs) was considered by the Committee following the end of the financial year, and a bonus outcome determined accordingly.

In assessing the attainment of personal and strategic objectives, the Committee considered that a score of 50% represents that an objective has been 'met in line with expectations' and that the maximum of 100% means an objective has been 'met and expectations significantly exceeded'. Taking each of the objectives in turn, applying this framing, and weighting the objectives as shown on the next page, resulted in an assessment against personal and strategic targets of 83% for the Chief Executive and 75% for the Chief Financial Officer respectively. Details of their respective personal and strategic objectives and key achievements against them are set out on the following page.

For the ESG element (10%), it was assessed that 33.33% of the ESG measures had been met by the Chief Executive and Chief Financial Officer.

ESG measure and target	Achieved/Outcome
Reduction in Scope 1 emissions per £m of sales – 57.4% intensity reduction v baseline	Not met
% role-model leaders filled by ethnic minority colleagues – 7%	Not met
YoY increase in the number of new SKUs covered by Conscious Choice – 40%	Met

Remuneration Committee report continued

Non-financial personal and strategic objectives (continued)

Chief Executive

FY25 performance against objectives – outcome 83% of maximum

Objectives	Key achievements during FY25
Deliver the core strategy c.33.3% weighting	- Delivered customer growth, market share gains and met margin targets. - Opened seven new stores in the UK, and acquired two freehold sites. - Oversaw delivery of new store concepts, including Westfield in London and refit programme. - Elevated product offer through range growth, collaborations and acceleration of furniture development.
Develop and communicate the growth strategy c.33.3% weighting	- Embedded strategic framework and focus areas. - Accelerated Made-to-Measure sales and profitability. - Received positive investor reaction to plans and transition planning. - Oversaw completion of two acquisitions: Homefocus Group Limited in Ireland; and the brand and intellectual property of Designers Guild.
Build capability and organisation effectiveness, including a focus on succession plans c.33.3% weighting	- High-level of engagement from Executive Team. - Significant progress building tech capability and confidence in transformation plans. - Maintained a positive performance environment during a period of change. - Strong Company engagement scores.

Chief Financial Officer

FY25 performance against objectives – outcome 75% of maximum

Objectives	Key achievements during FY25
Financial planning c.20% weighting	- Refreshed operational KPIs to drive budgeted performance. - Adapted plans throughout the year to deliver continued growth. - Maintained strong free cash flow performance, allowing continued investment and shareholder returns in line with capital allocation policy. - Created financial plans to support monitoring of progress against the business strategy.
Finance transformation projects c.20% weighting	- Leading on finance transformation roadmap and oversaw commencement of initiatives. - Leading on systemisation, and delivered process improvements.
Business development and strategy c.20% weighting	- Oversaw completion of two acquisitions: Homefocus Group Limited in Ireland; and the brand and intellectual property of Designers Guild, as well as acquisition of two freehold sites. - Developed procurement function and processes. - Continued to support inclusion and diversity initiatives.
Regulatory and control environment c.20% weighting	- Further developed understanding, capability and reportable metrics within the business in relation to non-financial reporting. - Oversaw ongoing 'no regrets' work and planning ahead of the introduction of new regulatory requirements. - Successfully brought internal audit in-house and established co-sourcing model.
Investor relations c.20% weighting	- Developed a strong and capable team. - Delivered clear investor communications throughout year. - Received positive investor reaction to plans and transition planning.

Remuneration Committee report continued

LTIP awards granted in respect of performance in FY23-25 (audited)

Nick Wilkinson and Karen Witts were granted LTIP awards on 27 October 2022 with vesting subject to performance conditions assessed over the three-year period FY23 to FY25. These awards were subject to performance conditions based on a Diluted EPS (with an 80% weighting) and sustainability measures (with a 20% weighting in aggregate). The four sustainability-based measures each accounted for a quarter of this element of the award, on a simple pass or fail basis against target. These awards have vested at 15% as set out in the table below. Sir Will Adderley does not have an LTIP award vesting in respect of performance in FY23 to FY25.

Table 4: LTIP awards due to vest for performance period ended 28 June 2025 (audited)

Director	Options over ordinary shares granted	Performance condition and outturn											
		FY25 Diluted EPS (80% of opportunity)				Sustainability element (20% opportunity)							
		Threshold (10% vesting)	On target (50% vesting)	Maximum (100% vesting)	FY25 outturn	ESG metric 1 (1/4)	ESG metric 2 (1/4)	ESG metric 3 (1/4)	ESG metric 4 (1/4)	Vesting percentage	Vested shares	Dividend equivalent shares ¹	Total vesting shares ²
Nick Wilkinson	139,765					Reduction in Scope 1 greenhouse gas emissions per £m sales against a FY19 base	Percentage of own brand cotton products which meet our 'More Responsibly Sourced Cotton' standard	Reduction in plastic packaging of own brand products against FY20 base	Percentage of own brand products for which we offer an easy-to-use take-back service with a credible end-of-life solution in at least 90% of our superstore estate.	15%	20,964	2,299	23,263
		83.4p	87.6p	103.4p	76.8p								
Karen Witts	108,043					Target: 32% Met	Target: 100% Not met	Target: 30% Met	Target: 50% Met	15%	16,206	1,776	17,982

1. Nick Wilkinson and Karen Witts will also receive additional shares by way of 'special dividend equivalents'. The number of additional shares to vest for Nick as a result is 2,299 and for Karen is 1,776, based on a 'special dividend equivalent' of 40p per vested share in respect of the special dividend paid on 11 April 2023, 35p per vested share in respect of the special dividend paid on 9 April 2024 and 35p per vested share in respect of the special dividend paid on 8 April 2025. The share price used to calculate the number of shares in Nick and Karen's 'special dividend equivalent' was 1,081p per share in respect of the April 2023 special dividend, 1,095p per share in respect of the April 2024 special dividend and 859p per share in respect of the April 2025 special dividend, in each case being the closing share price the working day before the special dividend date.
2. The value of this number of shares is included in the single figure for total remuneration for FY25 as set out in Table 1 on page 92, based on the average of Dunelm's closing share price over the last three months of FY25, which was 1,101 pence per share. The value of a share when the award was granted was 833p; therefore £58,380 of the value of Nick Wilkinson's award and £45,130 of the value of Karen Witts' award is attributable to an increase in the share price. No discretion was applied to adjust the performance conditions or outcome of the FY23–FY25 LTIP for share price appreciation or depreciation or for any other reason. Vested shares must be retained in accordance with the shareholding guidelines set out in the Remuneration Policy.

Remuneration Committee report continued

Awards made to Directors under share incentive schemes in FY25 (audited)

LTIP awards were made on 31 October 2024 to Nick Wilkinson and Karen Witts as set out below:

Table 5: LTIP awards made to Directors during FY25 (audited)

Director	Award	Shares under award ²	Basis of award	Face value	Performance conditions ³				Performance period end date	Vesting date
Nick Wilkinson ¹	Nil-cost options under LTIP	121,687	225% of salary	£1,412,786	FY27 Diluted EPS (75% of opportunity)				3 July 2027	31 October 2027
					Nil	Threshold 10% vesting	On-target (50% vesting)	Maximum (100% vesting)		
					Less than 77p	77p	82p	99p or more		
					Relative TSR ⁴ (25% of opportunity)					
					Nil	Threshold 25% vesting	On-target (50% vesting)	Maximum (100% vesting)		
					Below median	Median	n/a	Upper quartile		
Karen Witts	Nil-cost options under LTIP	83,633	200% of salary	£970,986	As above				As above	

1. Nick Wilkinson's award will be reduced to reflect his period of service, as referred to in the Annual Statement from the Chair of the Committee.

2. Based on the average closing share price on 28, 29 and 30 October 2024 of 1,161p per share.

3. Performance between each of these percentage thresholds will be calculated on a straight-line basis.

4. Relative Total Shareholder Return versus the constituents of the FTSE 350 excluding financial services companies and investment trusts, with a three-month averaging period applied at the start and end of the performance period.

All shares vesting (after payment of tax and National Insurance) must be held for two years from the vesting date, and thereafter at least two-thirds of these must be held for the duration of employment. The Executive Directors are eligible to receive a 'special dividend equivalent' in relation to these awards, in respect of a special dividend of 35 pence per share paid on 8 April 2025 and any other special dividend paid before the awards vest.

Payments to past Directors (audited)

No payments were made to any former Director in the financial year or to any Director in respect of loss of office or the termination of his or her employment.

The remuneration decisions in relation to Nick Wilkinson's retirement are set out in the Chair of the Committee's Annual Statement earlier in this report.

Remuneration Committee report continued

Service contracts

In accordance with the Group's policy, the service contracts of the Executive Directors have no fixed term. The notice period for termination is 12 months from either party for Sir Will Adderley, and six months for each of Nick Wilkinson and Karen Witts respectively. Service contracts for the Executive Directors include a non-compete arrangement. The Committee may apply mitigation in respect of any termination payment. Copies of the Executive Directors' service contracts are available for inspection at the Company's registered office.

The Non-Executive Directors have letters of appointment for an initial period of three years with a provision for termination on one month's notice from either party, or three months' notice from either party in the case of Alison Brittain, the Chair.

Table 6: Directors' service contracts

Executives	Start date	Expiry of current term	Notice period
Nick Wilkinson	1 February 2018	n/a	6 months
Karen Witts	9 June 2022	n/a	6 months
Sir Will Adderley	28 September 2006	n/a	12 months
Non-Executives			
Alison Brittain	7 September 2022	7 September 2028	3 months
Ian Bull	10 July 2019	10 July 2028	1 month
Ajay Kavan	1 March 2024	1 March 2027	1 month
Katharine Poulter	6 May 2025	6 May 2028	1 month
Marion Sears ¹	22 July 2004	22 July 2025	1 month
Vijay Talwar	1 October 2021	1 October 2027	1 month
Dan Taylor	1 March 2024	1 March 2027	1 month

1. Marion Sears has served more than nine years on the Board. Her contract is renewed for a one-year term (rather than three), with the notice period referred to above.

Directors' shareholdings and share interests

Directors' share interests

The interests of the Directors and their connected persons in the Company at 29 June 2024 and at year end, or their date of cessation, if earlier are set out in table 7.

There have been no changes in the interests of each Director in the period from 29 June 2025 to the date of this report.

Table 7: Shareholdings of Directors and Persons Closely Associated (audited)

	At 28 June 2025 1p Ordinary shares	At 29 June 2024 1p Ordinary shares
Executives		
Nick Wilkinson	470,541	428,940
Karen Witts	69,043	33,449
Sir Will Adderley	66,371,779	76,371,779
Non-Executives		
Alison Brittain	37,500	37,500
Ian Bull	11,000	11,000
Kelly Devine ¹	–	–
Ajay Kavan	7,542	4,921
Katharine Poulter ²	–	n/a
William Reeve ¹	22,000	22,000
Marion Sears	105,000	105,000
Arja Taaveniku ¹	6,000	6,000
Vijay Talwar	9,670	9,670
Dan Taylor	–	–

1. Kelly Devine stepped down from the Board on 5 July 2024, William Reeve stepped down on 21 November 2024 and Arja Taaveniku stepped down on 31 December 2024.
2. Katharine Poulter joined the Board on 6 May 2025.

Remuneration Committee report continued

Executive shareholdings

Executive Directors are subject to a shareholding target which requires them to build a holding of Dunelm shares with a value equal to the higher of their normal LTIP grant and 200% of salary (measured by reference to share price at the financial year end). Ordinarily, Executive Directors are expected to achieve this holding requirement within five years of appointment.

Nick Wilkinson had substantially exceeded the minimum shareholding requirement within a five-year period from his appointment. At 28 June 2025 Karen Witts had acquired shares with a value of 162% of salary, such that she is on track to meet the minimum shareholding requirement within the ordinarily expected five-year period. Achievement against this requirement is set out in Table 8, other than in the case of Sir Will Adderley who only receives a salary of £1 per year and for whom the requirement is therefore not relevant.

Table 8: Executive Director shareholdings (audited)

Executive Director	Shareholding requirement as a % of salary	Number of shares owned outright	Value of shareholding as at 28 June 2025	Shares owned outright as a % of salary ¹
Nick Wilkinson	225%	470,541	£5,519,446	879%
Karen Witts	200%	69,043	£809,874	162% ²

1. Based on the closing share price of 1,173p on 28 June 2025 and base salary at 1 August 2025.

2. Karen Witts is just over three years into her five-year period to meet the shareholding requirement. She is on track to meeting this requirement.

Table 9: Movements in Directors' interests in share options during FY25 (audited)

All share awards and options held at the beginning of the financial year and at year end by the Executive Directors who served during the year, together with any movements, are shown below:

	Date of award	Name of award	Type of award	Share options held at 30 June 2024	Share options granted during the year ²	Share options vested and exercised during the year	Share options lapsed/cancelled during the year	Share options at 28 June 2025	End of performance period	Option price
Nick Wilkinson	31 October 2024	FY25–27 LTIP ¹	Nil-cost options	–	121,687	–	–	121,687	3 July 2027	–
	21 November 2023	FY24–26 LTIP ^{1,4}	Nil-cost options	126,725	–	–	–	126,725	27 June 2026	–
	27 October 2022	FY23–25 LTIP ⁴	Nil-cost options	139,765	–	–	–	139,765	28 June 2025	–
	20 October 2021	FY22–24 LTIP ⁴	Nil-cost options	89,078	7,874	(59,896) ³	(37,056) ³	–	29 June 2024	–
	22 November 2022	FY23 Sharesave	Share options	2,698	–	–	–	2,698	n/a	667p
Karen Witts	31 October 2024	FY25–27 LTIP	Nil-cost options	–	83,633	–	–	83,633	3 July 2027	–
	21 November 2023	FY24–26 LTIP ⁴	Nil-cost options	87,096	–	–	–	87,096	27 June 2026	–
	27 October 2022	FY23–25 LTIP ⁴	Nil-cost options	108,043	–	–	–	108,043	28 June 2025	–
	22 November 2022	FY23 Sharesave	Share options	2,698	–	–	–	2,698	n/a	667p
	9 June 2022	FY22–24 LTIP ⁴	Nil-cost options	73,979	8,300	(51,496) ³	(30,783)	–	29 June 2024	–

1. Nick Wilkinson's FY24–FY26 LTIP and FY25–27 LTIP will be reduced to reflect his period of service, as referred to in the Annual Statement from the Committee Chair.

2. LTIP awards are eligible to receive a 'special dividend equivalent' in respect of any special dividend paid during the performance period applicable to the award and up to the date of vesting. Dividend equivalent shares have been included where quantified.

3. During the year Nick Wilkinson exercised 59,896 nil-cost share options with a market value of 1,213p per share equalling a gain of £726,538. The number of shares exercised/lapsed reflects the final rounded number determined at exercise. During the year Karen Witts exercised 51,496 nil-cost options with a market value of 1,193p per share equalling a gain of £614,347.

4. Performance conditions in respect of the LTIP awards granted in FY22, FY23 and FY24 are set out in the FY22, FY23 and FY24 Annual Reports respectively.

Remuneration Committee report continued

Share options and dilution limits

The Committee considers the provisions of the Investment Association's Guidelines on Executive Remuneration when determining the number of shares over which share scheme incentive awards may be made.

As at 28 June 2025 over the last ten-year period options have been granted over 4.5% of the Company's issued share capital (adjusted for share issuance and cancellation). The Group does not hold any shares in an employee benefit trust.

Total shareholder return performance and historic CEO remuneration

The graph below shows the Group's historic performance over ten years, measured by total shareholder return, compared with the FTSE 350 General Retail Index and the FTSE 250. The Committee has chosen these indices for comparison because they provide a range of comparator companies which have similar market capitalisation, which are in the same sector and face similar market and economic challenges in the long term. We have also included the FTSE 350 excluding financial services and investment trusts as that is the comparator group we use for the relative TSR element of LTIP awards.

Table 10: Total shareholder return performance graph (rebased to 2 July 2015 = 100)

The shares traded in the range of 837p to 1,279p during the year and stood at 1,173p at 28 June 2025.

Total shareholder return
(Rebased to 100)



Factset as of 8 August 2025. Last ten year's data on weekly frequency. FTSE 350 General Retail Index includes Dunelm.

Table 11: Historic Chief Executive pay

The table below sets out the prescribed remuneration data for each of the individuals undertaking the role of Chief Executive during each of the last ten financial years.

		CEO single figure of total remuneration £'000	Annual bonus payment against maximum opportunity %	Long-term incentive vesting rates against maximum opportunity %
FY25	Nick Wilkinson	1,485	56.3%	15%
FY24	Nick Wilkinson	1,738	36.2%	58.4%
FY23	Nick Wilkinson	1,946	46.0%	83.3%
FY22	Nick Wilkinson	2,511	90.0%	100.0%
FY21	Nick Wilkinson	3,756	81.2%	100.0%
FY20	Nick Wilkinson ¹	885	20.0%	19.8%
FY19	Nick Wilkinson	1,365	97.9%	n/a
FY18	Nick Wilkinson ²	308	13.3%	n/a
FY18	John Browett ^{2,3}	429	n/a	n/a
FY17	John Browett	722	14.0%	n/a
FY16	John Browett ⁴	489	57.7%	n/a
FY16	Sir Will Adderley ⁴	10	n/a	n/a

- During the period April to June 2020 inclusive, Nick Wilkinson took a voluntary 90% reduction in base salary.
- John Browett left the Group on 29 August 2017. He was succeeded by Nick Wilkinson on 1 February 2018. The total figure for John Browett includes £322,120 in respect of salary and benefits paid for his six-month notice period. The data for each Director for FY18 is pro-rated by time of service as Chief Executive.
- No LTIP awards vested to John Browett during his tenure.
- Sir Will Adderley was succeeded by John Browett as Chief Executive on 1 January 2016. The data for each Director for FY16 is pro-rated by time of service as Chief Executive. Sir Will Adderley's base salary was reduced to £1 on 1 July 2015.

Remuneration Committee report continued

Statement of change in pay

The table below sets out the increase or decrease in total remuneration for each Director compared with other colleagues.

Table 12: Change in Directors' pay compared with annual change in average employee's pay

	Percentage change in remuneration between FY24 and FY25 ¹			Percentage change in remuneration between FY23 and FY24 ¹			Percentage change in remuneration between FY22 and FY23 ¹			Percentage change in remuneration between FY21 and FY22 ¹			Percentage change in remuneration between FY20 and FY21 ¹		
	Salary and fees ⁴	Benefits	Short-term incentive/Bonus ^{5,6}	Salary and fees ⁴	Benefits	Short-term incentive/Bonus ^{5,6}	Salary and fees ⁴	Benefits	Short-term incentive/Bonus ^{5,6}	Salary and fees ⁴	Benefits	Short-term incentive/Bonus ^{5,6}	Salary and fees ⁴	Benefits	Short-term incentive/Bonus ^{5,6}
All colleagues ^{2,3}	6.4%	0.0%	55%	7.8%	0.7%	1.8%	7.2%	1.9%	(36.6%)	4.9%	0.8%	(4.7%)	4.4%	0%	145.4%
Executives															
Nick Wilkinson ⁷	2.9%	2.0%	59.9%	4.6%	5.8%	(1.1%)	0.3%	0.0%	(48.8%)	3.4%	(4.3%)	14.6%	1.8%	3.6%	313.0%
Karen Witts	2.9%	0.0%	53.3%	4.6%	0.0%	(13.6%)	0.0%	0.0%	(33.7%)	n/a	n/a	n/a	n/a	n/a	n/a
Sir Will Adderley	0.0%	0.0%	–	0.0%	0.0%	–	0.0%	0.0%	–	0.0%	0.0%	–	0%	(4.8%)	–
Non-Executives															
Alison Brittain	2.9%	–	–	4.6%	–	–	n/a	–	–	n/a	–	–	n/a	–	–
Ian Bull ¹⁰	17.8%	–	–	4.9%	–	–	3.9%	–	–	2.7%	–	–	0%	–	–
Kelly Devine	n/a	–	–	4.9%	–	–	3.9%	–	–	n/a	–	–	n/a	–	–
Ajay Kavan ¹⁰	19.2%	–	–	n/a	–	–	n/a	–	–	n/a	–	–	n/a	–	–
Katharine Poulter	n/a	–	–	n/a	–	–	n/a	–	–	n/a	–	–	n/a	–	–
William Reeve ^{8,9}	11.9%	–	–	4.9%	–	–	3.9%	–	–	4.5%	–	–	8.4%	–	–
Marion Sears	4.0%	–	–	4.9%	–	–	4.0%	–	–	3.2%	–	–	0%	–	–
Arja Taaveniku ⁹	4.0%	–	–	4.9%	–	–	3.7%	–	–	3.2%	–	–	n/a	–	–
Vijay Talwar	4.0%	–	–	4.9%	–	–	3.7%	–	–	n/a	–	–	n/a	–	–
Dan Taylor	4.0%	–	–	n/a	–	–	n/a	–	–	n/a	–	–	n/a	–	–

1. N/a refers to a nil value in the previous year or an incomplete prior year, meaning that the year-on-year change cannot be calculated.

2. All colleagues' salary increases are calculated only for colleagues employed by the Group for the whole of the financial year.

3. Comparisons have been made against colleague pay across the entire Group (excluding Irish subsidiaries) as the parent company employs only one person other than the Directors and, accordingly, the percentage change is not considered a meaningful disclosure.

4. Directors' remuneration is based on contractual salary or fees as appropriate and does not take account of the voluntary salary reductions of 90% of Nick Wilkinson between April and June 2020 inclusive, or the waiver by all other Directors of 100% of their fees for this period.

5. Short-term incentive percentage has been calculated in relation to only those colleagues eligible to receive a bonus in the period as this is considered a more appropriate comparator group. All colleagues' short-term incentives include a one-off £250 'thank you' payment to all colleagues not usually eligible for a bonus in respect of FY20 and the 'thank you' payment of between £250 and £350 made to colleagues not usually eligible for a bonus in respect of FY21.

6. The difference between the increase in short-term incentives of the Directors and the 'all colleagues' rate reflects the strong performance of the business, and the fact that a higher proportion of the Directors' pay is performance-related.

7. The decrease in benefits for Nick Wilkinson in FY22 is due to benefits received in lieu of holiday in FY21 which were not received in FY22.

8. The increase in William Reeve's fee in FY21 is due to the assumption of responsibilities as Senior Independent Director.

9. William Reeve and Arja Taaveniku stepped down from the Board on 21 November 2024 and 31 December 2024 respectively. Their FY25 fees have been annualised for the purposes of this calculation.

10. The increase in Ian Bull's and Ajay Kavan's fee in FY25 is due to the assumption of responsibilities as Senior Independent Director and Chair of the Remuneration Committee respectively.

Remuneration Committee report continued

CEO pay ratio

There are three permissible methods available to calculate the CEO pay ratio. We have used 'Option A' which is considered the most statistically accurate method.

Table 13 shows the ratio of actual pay of Nick Wilkinson, CEO, to other colleagues (not including those in the Republic of Ireland). The data used to identify the colleagues at 25th percentile, 50th percentile and 75th percentile was taken on 28 June 2025. Full-year pay data has been used to calculate these ratios and the elements included are based on the CEO single figure remuneration in Table 1. We have used a 40-hour week in order to consistently calculate the annual salary for everyone, converting hourly rate of pay into a full-time equivalent salary, to ensure a direct comparison.

Table 13: CEO pay ratio

Financial year	Method	25th percentile pay	50th percentile pay	75th percentile pay
FY25	Option A	60:1	59:1	54:1
FY25 base salary	Option A	£24,025	£25,267	£27,744
FY25 total pay and benefits	Option A	£24,593	£25,267	£27,744
FY24	Option A	73:1	70:1	64:1
FY23	Option A	93:1	87:1	67:1
FY22	Option A	124:1	121:1	112:1
FY21	Option A	204:1	204:1	186:1
FY20 (based on actual remuneration – including Nick's 90% pay reduction during the period April to June 2020)	Option A	54:1	47:1	38:1
FY20 (based on contractual remuneration)	Option A	62:1	53:1	43:1

Commentary:

- The pay ratio has seen a further reduction, compared to the previous year. The main difference is in the projected LTIP outcome for FY25, which at 15% is lower than last year.
- The colleagues at the 25th, 50th and 75th percentile continue to be hourly paid colleagues, reflective of the fact that c.80% of our colleague base are employed in hourly-paid roles.
- The median pay ratio is considered appropriate and consistent with the pay and reward policies for the Company's UK employees. Our remuneration strategy is based on paying median or below vs the market for salary, to reward strong performance and focus on long-term value creation. The CEO remuneration is reflective of this, as a larger proportion of the overall CEO package is variable pay.
- In comparison we pay our hourly-paid colleagues median or above versus the market.

Relative spend on pay

The table below shows the all employee pay cost, returns to shareholders by way of dividends (including special dividends) and share buyback for FY25 and FY24.

Table 14: Relative spend on pay

	FY25 £'m	FY24 £'m	% change
Total spend on pay	258.3	237.0	9
Ordinary dividend to shareholders	89.0	86.8	2.5
Distributions to shareholders via treasury share purchase	14.7	–	100
Special distributions to shareholders	70.4	70.8	-0.6
Total distributions to shareholders	174.1	157.6	10.5

This information is based on the following:

- Total spend on pay – total employee costs excluding car and travel allowances and bonuses from note 4 on pages 138 to 139.
- Dividends taken from note 7 on page 140.

Executive Director external board appointments

Nick Wilkinson is a trustee of Rewilding Britain. Karen Witts is a Non-Executive Director of Ipsen Pharma SA. Sir Will Adderley is a Director of WA Capital Limited.

Remuneration Committee report continued

Advisers

The UK Executive Compensation practice of Deloitte provides general advice on executive remuneration to the Committee and access to external information and research on market data and trends. They were appointed by the Committee following a review against other providers in the market. Deloitte are signatories to the Remuneration Consultants' Code of Conduct, which requires their advice to be impartial, and they have confirmed their compliance with the Code to the Committee.

Total fees paid to Deloitte for advice to the Committee in the year were £32,975 (FY24: £18,000) which was a mixture of fixed fees and time spent, depending on the work conducted. Deloitte provided other remuneration-related advice to the Company in the year, including in relation to the operation of its share plans. Consulting teams within Deloitte (outside of its UK Executive Compensation practice) provided non-remuneration-related consultancy services in the year. The appointment of Deloitte was made based on Deloitte's expertise in the particular area, on an arm's length basis and without reference to the fact that Deloitte also provides remuneration advice.

Having considered the fees paid to Deloitte for non-remuneration-related work, the Committee is satisfied that the remuneration advice that they have received from Deloitte in the year has been objective and independent.

Statement of implementation of policy in FY26

Base salary and benefits for each of the Executive Directors with effect from 1 August 2025 are set out in the table below.

Table 15: Executive Directors fixed remuneration

	Base salary	Increase in base salary YoY	Benefits	Increase to benefits YoY	Pension	Change to pension contribution YoY
Clo Moriarty ¹	£825,000	n/a	£62,799	n/a	3%	n/a
Karen Witts	£500,058	3%	£39,779	0%	3%	0%
Sir Will Adderley	£1	Nil	£21,549	Nil	Nil	n/a
Nick Wilkinson ¹	£627,905	0%	£53,242	0%	3%	0%

1. Nick Wilkinson and Clo Moriarty's remuneration in the above table is based on their respective rates of remuneration, and not the actual amounts that they will earn for the portion of FY26 for which they are in service.

Base salary

Our approach to salaries for FY26 is summarised in the table above and described in the Annual Statement from the Chair of the Committee.

Pension

The pension entitlement for Nick Wilkinson, Clo Moriarty and Karen Witts is 3% of base salary, which is in line with the current workforce average.

FY26 annual bonus

Clo Moriarty will participate in the FY26 annual bonus at the level of 150% of salary, pro-rated to reflect her period of service. Karen Witts has been awarded a bonus opportunity of up to 125% of base salary. Nick Wilkinson has been awarded a bonus opportunity of up to 150% of salary pro-rated to reflect the period for which he is with the business. As described in the Committee Chair's Annual Statement, the previous ESG measure has been replaced with a Customer Satisfaction measure. The Committee has also decided to align the threshold vesting for the PBT and sales measures at 10%, compared to the FY25 approach of 10% for sales and 5% for PBT.

Measure	Weighting	Vesting
PBT	50%	10% at threshold increasing to 50% at target.
Sales	25%	As above.
Customer satisfaction	10%	Assessed on a quarterly basis. An equal weighting will be given to each quarter, with vesting based on a simple 'pass/fail' approach.
Strategic and personal targets aligned to the Group strategy	15%	Vesting determined by the Committee's assessment of the extent to which targets have been met.

The sales and PBT targets are set taking into account market consensus and broker expectations. The Customer Satisfaction measure requires a year-on-year improvement compared to the score for the corresponding quarter in the previous year. The actual financial and strategic/personal targets have not been disclosed at this time as they are commercially sensitive. The targets and an assessment of the extent to which they have been achieved will be disclosed in next year's Remuneration Committee report.

Clo Moriarty and Karen Witts have contractually committed that two-thirds of the bonus earned (after payment of income tax and National Insurance) will be invested in Dunelm shares, to be held for the duration of employment. This is also in line with our Policy. Shares held on termination of employment will be retained for up to a minimum of two years as required by the shareholding requirements set out in the Policy.

Sir Will Adderley has asked that he not be considered for a bonus award.

Remuneration Committee report continued

LTIP FY26–28

In line with our 2023 Remuneration Policy, an award is expected to be made in October 2025 under the LTIP over shares to the value of 225% of salary to Clo Moriarty pro-rated to reflect her period of service and 200% of salary to Karen Witts. No LTIP award will be granted to Nick Wilkinson. The award will vest, subject to continued employment, on the third anniversary of the grant date, to the extent that the performance conditions have been met. All of the vested shares (after sales to cover tax and National Insurance liability on exercise) must be retained for two years after vesting, after which one-third of these may be sold and the remainder must be retained for the duration of employment. Shares held on termination of employment will be retained for a minimum of two years as required by the shareholding requirements set out in the Policy. Our current intention is that the FY26-28 LTIP awards will be granted in line with our standard approach (with the number of shares to be awarded based on the average share price for the three business days preceding grant). This is in addition to the performance underpin and review of the final outturn to ensure it is warranted based on shareholder experience over the performance period.

The performance criteria that will apply to the award were set by the Committee in line with the 2023 Remuneration Policy. The targets are as follows:

Performance measures

Percentage of this element of the FY26-28 award vesting ¹	Nil	Threshold (10% vesting in the case of the EPS measure, 25% vesting in the case of the TSR measure)	On-target 50%	Maximum 100%
FY28 Diluted EPS (75%)	Less than 79.2p	79.2p	89.9p	101.7p
Relative Total Shareholder Return ² (25%)	Below median	Median	n/a	Upper quartile

1. Performance between each of these percentage thresholds will be calculated on a straight-line basis.

2. Relative Total Shareholder Return versus the constituents of the FTSE 350 excluding financial services companies and investment trusts, with a three-month averaging period applied at the start and end of the performance period.

The LTIP targets themselves were chosen because they are aligned to our strategy and long-term ambitions.

Sharesave

An invitation will be issued in October 2025 to all eligible employees to apply for options to be granted under the Sharesave scheme at a 20% discount to the average closing market price of Dunelm shares on the three dealing days preceding the issue of the invitation. The maximum monthly savings will be £500 per month. Executive Directors employed at the eligibility date may apply for Sharesave options, subject to the plan rules.

Non-Executive Directors fees for FY26

Fees for the Non-Executive Directors were increased with effect from 1 August 2025 to the fee levels set out below.

Table 16: Non-Executive Directors fees

Position	Base fee £	Increase in fee YoY
Chair	358,264	3%
Non-Executive Director base fee	62,830	3%
Audit and Risk Committee Chair ¹	15,450	3%
Remuneration Committee Chair ²	15,450	3%
Senior Independent Director ¹	11,330	3%

1. Ian Bull receives the fee for holding the role of Senior Independent Director in addition to receiving the fee for chairing the Audit and Risk Committee.

2. Ajay Kavan receives the fee for chairing the Remuneration Committee.

Remuneration Committee report continued

Statement of shareholder voting at AGM

At the Annual General Meeting on 21 November 2024, the total number of shares in issue with voting rights (excluding treasury shares) was 202,570,647. Details of voting on the FY24 Directors' Remuneration Report are set out below:

Resolution	Votes for	% of votes cast	Votes against	% of votes cast	Votes withheld	% withheld
Approve Directors' Remuneration Report	178,411,057	99.29%	1,283,066	0.71%	71,397	0.04%

At the Annual General Meeting on 16 November 2023, the total number of shares in issue with voting rights (excluding treasury shares) was 201,949,888. Details of voting on the Directors' Remuneration Policy are set out below:

Resolution	Votes for	% of votes cast	Votes against	% of votes cast	Votes withheld	% withheld
Approve Directors' Remuneration Policy	178,045,253	99.12	1,573,989	0.88	402,092	0.20

Gender pay disclosures

Dunelm's purpose is 'To help create the joy of truly feeling at home, now and for generations to come.' We want everyone to feel that Dunelm is a place for them, and this applies as much to our colleagues as to our customers. Diversity, inclusion, and more generally the wellbeing of our colleagues, are high on our agenda. We want all colleagues to feel they can grow with Dunelm and that they are welcome. Improving our gender balance remains one of our commitments.

The Committee supports gender pay reporting and the actions taken in the business to drive gender balance, supporting a culture of inclusion. Dunelm published its seventh Gender Pay Gap Report in April 2025, and an overview is provided in our Sustainability Report 2025. Both documents are available to download at corporate.dunelm.com.

Engaging with our colleagues on pay

The National Colleague Voice (NCV) allocated a full meeting in May 2025 to a discussion on pay and reward. The meeting was well attended by representatives from across the business with an equal gender split of male/female and ethnic diversity representation of 20%. The meeting was led by members of our People Team who were joined by Alison Brittain, Chair of our Board and Ajay Kavan, Chair of the Committee.

The meeting was arranged in three segments. The People and Stores Director provided some context around the economy and the retail industry. Ajay Kavan then explained the role of the Remuneration Committee and how it operates. He explained how the Committee considers strategy, performance and the external environment when setting Executive remuneration and aligns its decision-making with our remuneration principles, with a view to ensuring that these principles are applied throughout the business. Finally, there was a broader update on pay and reward, followed by a discussion on key observations from the colleague 'pulse' survey on that topic.

The group then broke into smaller sessions to explore the following focus areas: Executive remuneration, pay reviews and the value of colleagues' benefits packages. Key feedback from the breakout sessions included a positive response to pay reviews and the quality and timeliness of its communication. There was recognition of health benefits as being the most valued by colleagues, alongside a desire for greater flexibility and enhanced provisions, especially around dental support and parental leave.

A summary of the discussions was shared with the Board, which welcomed the high level of participation and openness of the debate. For more information on the NCV and its other activities during the year see page 18.

Approved by the Board on 9 September 2025.

Ajay Kavan

Chair of the Remuneration Committee

Remuneration Committee report continued

Directors' Remuneration Policy

Our current binding Remuneration Policy was approved by shareholders at the Annual General Meeting on 16 November 2023 with over 99% of votes in favour. We remain confident that it aligns with our strategic goals, investor sentiment and market practice, as well as our shared values, which include 'long-term thinking' and to 'act like owners', in keeping with the family origin of the business.

The Committee has ensured that the Policy and practices are consistent with the factors set out in Provision 40 of the UK Corporate Governance Code:

Clarity and Simplicity

- We operate a simple, sustainable, and transparent remuneration structure.
- Performance targets for variable pay are linked to our strategy.
- Performance requirements are clearly disclosed and transparent and we provide detailed disclosures of the relevant performance assessments and outcomes for our stakeholders to consider.
- Engagement is welcomed from stakeholders throughout the year.
- A National Colleague Voice meeting (see page 104) is dedicated to providing clarity to colleagues and inviting discussion on our approach to executive pay.

Risk

- The Committee is comfortable that the Company's incentive arrangements do not encourage inappropriate risk-taking.
- Our Policy includes (i) balanced use of short- and long-term incentives, (ii) the ability for the Committee to apply discretion and judgement to outcomes, (iii) malus and clawback provisions, and (iv) the majority of the variable remuneration of the Executive Directors is paid in shares which are subject to in-employment and post-employment shareholding requirements.
- Our variable pay arrangements include the ability on the part of the Committee to adjust formulaic vesting outturns so that vesting levels can be aligned with overall performance.
- Shareholding requirements apply both during and after employment to promote alignment with the longer-term interests of shareholders and longer-term performance.
- Variable pay arrangements include malus and clawback provisions.

Alignment to culture

- The Committee ensures that our incentive structure drives the right behaviours and reinforces the Group's purpose and shared values.
- Alignment is reflected in the approach to performance measures used in our incentive schemes, for example (i) financial targets under the annual bonus and LTIP are the same for all management, regardless of seniority, linking everyone's contribution to a shared Group financial outcome; (ii) strategic targets require our Executive Directors and senior leadership to work together to deliver growth and value to the benefit of our stakeholders; and (iii) non-financial performance measures continue to focus on ensuring that participants 'do the right thing', including delivery of our sustainability strategy.

Predictability

- Where discretion may be exercised, this is clearly stated in the Policy.

Proportionality

- Our Policy is drafted with clear consideration of the need to ensure that total remuneration fairly reflects performance and enables meaningful and appropriate targets to be set with a significant proportion linked to long-term shareholder value.
- A significant proportion of the Executive Directors' remuneration is subject to performance conditions and awarded in shares to ensure alignment with shareholders' interests.

Remuneration Committee report continued

The policy report

The Policy sets out the structure of remuneration for Directors of the Company. It was approved by shareholders at the 2023 AGM and is set out in full below except that, in line with the applicable regulations, the illustrative performance scenarios have not been included and other changes have been made to reflect elements of Karen Witts' recruitment remuneration that are no longer relevant. Sir Will Adderley has requested that he not be considered for participation in the annual bonus or LTIP.

The full policy can also be found on our corporate website: corporate.dunelm.com

Executive Directors

Base Salary

Purpose and link to strategic objectives	- Fixed remuneration for the role. - To attract and retain the high calibre talent necessary to develop and deliver the business strategy. - Reflects the size and scope of the Executive Director's responsibilities.
Operation	- Normally paid monthly. - Base level set in the context of: - Pay for similar roles in companies of similar size and complexity in the relevant market. - Scale and complexity of the role. - Should comprise a minority of potential remuneration.
Maximum opportunity	- Reviewed annually, with percentage increases usually in line with or below the Group-wide review unless other circumstances apply, such as: - A significant change in the size, scale or complexity of the role or of the Group's business. - Development and performance in role (for example, on a new appointment, base salary might be initially set at a lower level with the intention of increasing over time). - The Committee does not consider it to be appropriate to set a monetary limit on the maximum base salary that may be paid to an Executive Director within the terms of this Policy.
Performance metrics	None, although performance of the individual is considered at the annual salary review.

Retirement benefits

Purpose and link to strategic objectives	- To provide a competitive post-retirement benefit. - To attract and retain the high calibre talent necessary to develop and deliver the business strategy.
Operation	Contribution to a defined contribution plan or a cash allowance in respect of some or all of the contribution that would otherwise be made to a pension plan.
Maximum opportunity	An amount as a percentage of base salary not exceeding the maximum rate available to the majority of the wider workforce (currently 3%).
Performance metrics	None.

Benefits

Purpose and link to strategic objectives	- To provide a competitive benefits package. - To attract and retain the high calibre talent necessary to develop and deliver the business strategy.
Operation	- A range of benefits are provided which may include car or allowance; private health insurance for the individual and their family; permanent health cover; life assurance; mobile phone; use of a car and driver in connection with the role or an appropriate travel allowance; and colleague discount. - Additional benefits, such as relocation expenses, housing allowance and school fees may also be provided in certain circumstances if considered reasonable and appropriate by the Committee. - For non-UK Executives (none at present) the Committee may consider additional allowances in accordance with standard practice.
Maximum opportunity	- The Committee reserves the right to provide such benefits as it considers necessary to support the strategy of the Group. - The Committee does not consider it to be appropriate to set a maximum cost to the Group of benefits to be paid.
Performance metrics	None.

Remuneration Committee report continued

Executive Directors continued

Bonus

Purpose and link to strategic objectives

- Rewards and incentivises delivery of annual financial, strategic and personal targets.

Operation

- The amount of the bonus earned is determined after the results for the financial year have been audited, subject to performance targets having been met. The Committee has discretion to adjust the bonus payout upwards or downwards if it considers that the formulaic outturn does not reflect its assessment of the overall financial or non-financial performance of the participant or the Group, or is inappropriate in the context of circumstances that were unexpected or unforeseen at the start of the relevant year, or is inappropriate for any other reason.
- At least two-thirds of any bonus earned will be either subject to a requirement that the after-tax amount is invested in Dunelm shares or will be granted in the form of a share bonus award on a pre-tax basis. Any shares acquired pursuant to such a requirement are subject to retention provisions as set out in the 'Shareholding requirements' section below.

Maximum opportunity

- Maximum opportunity: 150% of base salary per annum.
- The combined annual bonus and LTIP opportunities for any year may not exceed: (a) 375% of salary in the case of the Company's CEO; and (b) 325% of salary in the case of any other Executive Director.
- Where bonus awards are granted as share awards, dividend accruals may be made in respect of dividends paid during the vesting period applicable to an award. Any such dividend equivalents will ordinarily be paid in shares.

Bonus

Performance metrics

- Stretching performance targets are set each year. Performance targets for the Executive Directors may be based on financial objectives and/or strategic objectives and/or personal goals set by the Committee annually.
- Financial objectives may include, but are not limited to, budgeted PBT for the financial year.
- The strategic objectives will vary depending on the specific business priorities in a particular year.
- The Committee will determine the weighting of performance measures for any year based on specific business priorities for the year. Ordinarily, at least 50% of the annual bonus for Executive Directors will be subject to financial objectives.
- Subject to the Committee's discretion to override formulaic outturns, for financial measures typically up to 10% of the maximum opportunity will be earned for threshold performance, and for on-target performance up to 50% of the maximum opportunity will be earned, and for exceeding on-target performance up to 100% of the maximum opportunity will be earned. Bonuses will typically be earned between threshold and on-target and between on-target and maximum on a straight-line basis.
- For strategic measures and personal goals, vesting of the bonus will be determined by the Committee between 0% and 100% based on its assessment of the extent to which the relevant metrics or objectives have been met.
- Awards are subject to recovery provisions (malus and clawback) as set out below.

Remuneration Committee report continued

Executive Directors continued

Long-Term Incentive Plan

Purpose and link to strategic objectives

- Supports delivery of strategy by requiring the achievement of appropriate targets and objectives which will normally include a measure based on EPS.
- Rewards strong financial performance and sustained increase in shareholder value over the long term.
- Aligns with shareholder interests through the delivery of shares, with share retention requirements as set out below.

Operation

- Awards (which can take the form of a conditional award, nil-cost option or nominal value option) are made annually, with vesting subject to performance, usually assessed following the end of a performance period of three years, followed by a 'Holding Period' of two years. The Holding Period may operate on the basis of: (i) the award vesting following assessment of performance but that, other than as regards sales of shares to cover tax liabilities, shares acquired must be retained until the end of the Holding Period; or (ii) vesting being deferred until the end of the Holding Period.
- Shares acquired are then subject to retention provisions as set out in the 'Shareholding requirements' section below.
- The Committee has discretion to adjust the LTIP vesting outturn upwards or downwards if it considers that the formulaic output does not reflect its assessment of the overall financial or non-financial performance of the participant or the Group, or is inappropriate in the context of circumstances that were unexpected or unforeseen at grant, or is inappropriate for any other reason.

Maximum opportunity

- The maximum award for an Executive Director in respect of any financial year is an award over shares with a value (as determined by the Committee) of 250% of salary.
- The combined annual bonus and LTIP opportunities for any year may not exceed: (i) 375% of salary in the case of the Company's CEO; and (ii) 325% of salary in the case of any other Executive Director.
- Dividend accruals may be made in respect of dividends paid during the performance period applicable to an award and up to the vesting date. Payment would only be made in respect of shares vesting after applying performance criteria. Any such dividend equivalents will ordinarily be paid in shares.

Long-Term Incentive Plan

Performance metrics

- The Committee will determine the weighting of performance measures for any year. For at least 75% of an award, vesting will be subject to the satisfaction of one or more financial measures, which will normally include a measure based on EPS. The balance of the award vesting will be subject to one or more other financial, strategic, environmental, social or governance measures.
- The Committee considers the targets annually taking into account a range of factors which will include the Group's plans, external forecasts and the overall business environment.
- Subject to the Committee's discretion to override formulaic outturns, for financial measures typically up to 10% of an award will vest for threshold performance (the lowest level of performance at which awards will vest), rising to up to 50% for achieving a stretching level of 'on-target' performance and to 100% for achieving or exceeding a stretch level of performance. Vesting between threshold and on target and between on-target and maximum will typically be on a straight-line basis.
- For strategic, environmental, social or governance measures, vesting will be determined by the Committee between 0% and 100% based on its assessment of the extent to which the relevant measures have been met.
- Awards are subject to recovery provisions (malus and clawback) as set out below.

Remuneration Committee report continued

Executive Directors continued

All employee share plan (Sharesave)

Purpose and link to strategic objectives	Promotes share ownership by all eligible colleagues (including Executive Directors).
Operation	- All UK employees with a minimum service requirement are eligible to join the UK tax qualifying Dunelm Group Savings Related Share Option Plan (the Sharesave). Employees outside the UK are eligible to join an equivalent plan which is not tax qualifying. - Monthly savings are made over a period of three years (or such other period as may be permitted by the applicable UK tax legislation) linked to the grant of an option over Dunelm shares at a discount of up to 20% to the market price (or such other amount as permitted by the applicable UK tax legislation) at the date of invitation to join the plan. - Invitations are normally issued annually at the discretion of the Committee, which also has discretion to set the minimum service requirement, maximum discount, maximum monthly savings and any other limits within the terms of the plan rules.
Maximum opportunity	Maximum participation limits reflect the limits prescribed by the applicable UK tax legislation from time to time. Currently the maximum limit is savings of £500 per month.
Performance metrics	None.

Shareholding requirements

To align the interests of Executive Directors with those of shareholders and to promote long-term thinking, the Committee has adopted shareholding requirements which apply both during employment and for a period following employment, as set out below. The Committee retains the right to waive or relax the retention requirements in respect of shares acquired pursuant to annual bonus deferral arrangements or following the end of the Holding Period applying to any LTIP award granted after 1 July 2020 if the Executive Director meets the required level of shareholding during employment. The Committee also retains the right to waive or relax any element of the shareholding requirements in exceptional circumstances, such as death, divorce, ill health or severe financial hardship.

Shareholding requirements during employment

- Executive Directors are expected to make a personal investment in Dunelm shares on appointment as an Executive Director (subject to closed periods).
- Each Executive Director is required to build a beneficial holding of shares with a value (as a percentage of salary) equal to the higher of: (i) their normal annual LTIP grant; and (ii) 200% of salary. Executive Directors are ordinarily expected to achieve this holding within five years from appointment. Shares subject to: (i) LTIP awards which are exercisable but which have not been exercised; (ii) LTIP awards for which the performance assessment has been carried out but for which vesting is deferred until the end of the Holding Period; and (iii) share bonus awards, count towards this requirement on a net of assumed tax basis.

- Any shares acquired pursuant to required annual bonus deferral arrangements must be retained during employment, other than any shares sold to cover associated tax liabilities.
- Following the end of the Holding Period applying to any LTIP award granted after 1 July 2020, an Executive Director must retain at least two-thirds of the shares acquired, other than any shares sold to cover associated tax liabilities.

Shareholding requirements following termination of employment

Following termination of their employment for any reason, an Executive Director must retain for two years shares equal to the lower of the shareholding requirement applicable to them during employment, and their actual shareholding on departure. This is a contractual requirement set out in each Director's service contract. The Company also reserves the right to require share certificates to be lodged in its custody.

Payment of fixed remuneration in shares

The Company may deliver any element of fixed remuneration for an Executive Director in shares rather than in cash or any other form in which it is usually provided. The number of shares delivered would have a value equal at the relevant time to the value of the fixed remuneration being delivered in shares.

Remuneration Committee report continued

Recovery provisions (malus and clawback)

The annual bonus (including any granted as a share award) and LTIP are subject to recovery provisions as set out below.

Malus provisions apply which enable the Committee to determine before the payment of an annual bonus or the vesting of an LTIP award, that the bonus opportunity or LTIP award may be cancelled or reduced.

Clawback provisions apply which enable the Committee to determine for up to three years following the payment of a cash bonus or the assessment of the performance outturn for an LTIP award, that the amount of the bonus paid may be recovered and the LTIP or share bonus award may be cancelled or reduced (if it has not been exercised) or recovery may be applied to it (if it has been exercised).

The malus and clawback provisions may be applied in the event of:

- a material misstatement of any Group company's financial results;
- a material error in assessing a performance condition applicable to the award or in the information or assumptions on which the award was granted or vests;
- a material failure of risk management in any Group company or a relevant business unit;
- serious reputational damage to any Group company or a relevant business unit;
- serious misconduct or material error on the part of the participant;
- a material corporate failure as determined by the Board;
- fraud; or
- any other circumstances which the Committee in its discretion considers to be similar in their nature or effect to those set out above.

Salary, pension, benefits and Sharesave options are not subject to recovery.

Non-Executive Directors**Fees and appropriate benefits**

Purpose and link to strategic objectives	• To attract and retain a high calibre Chair and Non-Executive Directors by offering competitive fee levels and, where relevant, appropriate benefits.
Operation	• Fees for the Chair are set by the Committee. Fees for Non-Executive Directors are set by the Board. No Director participates in any decision relating to their own remuneration. • The Chair is paid an all-inclusive fee for all Board responsibilities. The Non-Executive Directors receive a basic fee, with supplemental fees for additional Board responsibilities. • The level of fee reflects the size and complexity of the role and the time commitment. • Fees are normally reviewed annually, having regard to a range of factors, including increases in remuneration across the Group. In addition, a periodic review is undertaken against market rates and taking into account time commitment and any change in size, scale or complexity of the business. • The Group's colleague discount is available to the Chair and Non-Executive Directors. In addition, they may receive benefits such as travel, accommodation and other reasonable expenses incurred in the fulfilment of their duties, which may be 'grossed up' to reflect any tax liabilities associated with the benefits. Additional benefits may be provided where considered appropriate. The Chair and Non-Executive Directors do not participate in any incentive scheme.
Maximum opportunity	• The maximum to be paid by way of fees to the Non-Executive Directors is set out in the Company's Articles of Association as amended from time to time.
Performance metrics	• None.

The Committee may make minor changes to this Policy which do not have a material advantage to Directors, to aid its operation or implementation without seeking shareholder approval but taking into account the interests of shareholders.

Remuneration Committee report continued

Performance measures and how they are set

The Committee selects performance measures that it believes are:

- aligned with the Group's strategic goals and set, where relevant, taking into account market consensus and individual broker expectations. For the LTIP, financial measures will normally include EPS which the Committee considers to be the most appropriate measure for medium-term performance, aligned with our growth ambitions and continuing to win market share;
- unambiguous and easy to calculate; and
- transparent to Directors and shareholders.

For both the annual bonus and the LTIP, the Committee reserves the right to vary or substitute any performance measure if justified by the circumstances, for example if there was a significant transaction.

Performance measures for the annual bonus for FY26 are set out on page 102. Performance measures for the LTIP awards proposed to be granted in respect of FY26 are set out on page 103.

Service contracts and loss of office payments

All of the Executive Directors have service contracts. The notice period for termination for Sir Will Adderley is 12 months from either party, and for Nick Wilkinson and Karen Witts is six months from either party.

In connection with her joining Dunelm and as disclosed in the Directors' Remuneration Report for the year ended 2 July 2022, Karen Witts is entitled to an allowance of £1,500 per month to cover the cost of rent on a property close to Dunelm's offices in Leicester and/or other expenses and travel costs.

If the Company terminates the employment of an Executive Director it would honour its contractual commitments. If termination was with immediate effect, a payment in lieu of notice may be made. The Committee may apply mitigation in respect of any termination payment.

Details in relation to the service contracts for Executive Directors are set out in Table 6 on page 97 of the Annual Report on Remuneration.

Bonus

The Committee has discretion to make a payment to a 'good leaver' (as determined by the Committee) in respect of any annual bonus. Any such bonus would normally be pro-rated to the period of active service during the relevant financial year. Ordinarily, any bonus would be subject to deferral into shares in the usual way; however, the Committee retains discretion not to apply deferral in appropriate circumstances.

Share bonus awards will lapse on termination of employment before vesting other than in the event of death, serious ill health and any other reason at the discretion of the Committee. If an award does not lapse, the Committee will determine whether it vests on termination or at the ordinary vesting date.

LTIP

If a participant leaves the employment of the Group, the following provisions apply to awards granted under the LTIP:

- awards in the form of options that have vested but have not yet been exercised may be exercised within six months of cessation of employment (12 months in the case of death);
- except in the case of dismissal for gross misconduct, awards which have not yet vested, but where the performance period has elapsed, may vest at the relevant vesting date. The Committee has discretion to vest the award earlier but would only use this in exceptional circumstances (such as ill-health). In the event of death, unless the Board determines otherwise, vesting will be as soon as practicable. In the case of an option, the option must be exercised within six months of vesting (or 12 months in the case of death), to the extent that the performance conditions have been met; and

- if the participant leaves the Group before an award has vested and before the performance period has elapsed, the award will usually lapse. However, if the participant ceases employment due to ill-health, injury or disability or if the Committee exercises its discretion to treat the participant as a 'good leaver', the award will be retained and vest at the normal vesting date. The Committee has discretion to vest the award earlier, but would only use this in exceptional circumstances (such as ill-health). In the event of death, unless the Board determines otherwise, vesting will be as soon as practicable. In the case of an option, the option may be exercised within six months of the relevant vesting date (or 12 months in the case of death). Any vesting would be subject to assessment of the performance conditions (and the exercise of any discretion to vary formulaic outturns in line with the Policy) and, unless the Committee determined otherwise, a reduction to reflect the proportion of the performance period that had elapsed at cessation.

In all cases, LTIP awards would be subject to the applicable malus and clawback provisions.

Sharesave

If a participant leaves the Group, options granted under the Sharesave will normally lapse, but may be exercised within six months from the cessation of employment due to injury, disability, retirement, or redundancy (or 12 months in the case of death), or the employing company leaving the Group or, provided that the option has been held for at least three years, cessation for any other reason (apart from dismissal by the Company).

Remuneration Committee report continued

Non-Executive Directors' letters of appointment

Non-Executive Directors have letters of appointment. The term is for an initial period of three years with a provision for termination on one month's notice from either party, or three months' notice from either party in the case of the Chair. Letters are renewed for up to two additional three-year terms, and then renewed annually. The letter of appointment will terminate without compensation if the Director is not reappointed at the AGM.

Details in relation to the letters of appointment are set out in Table 6 on page 97 of the Annual Report on Remuneration.

Other payments

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's office or employment or for any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with their cessation of office or employment. In appropriate circumstances, the Committee may continue the provision of certain benefits (for example health insurance) for a period following cessation.

Change of control and other corporate events**Share bonus awards**

Share bonus awards will vest on a change of control or winding up of the Company before the originally anticipated vesting date.

LTIP

The following provisions apply to awards made under the Long-Term Incentive Plan in accordance with the plan rules if there is a change of control or winding up of the Company:

- any vested but unexercised options may be exercised;
- any unvested awards in respect of which the performance period has ended and to which the performance condition has been applied will vest and, in the case of options, may be exercised;
- any unvested awards in respect of which the performance period has not ended may vest and, in the case of options, be exercised at the discretion of the Committee, subject to any adjustment to take into account the amount of time that has elapsed through the performance period (unless the Committee decides not to apply a time-based reduction) and the extent to which any performance criteria have been met (and the exercise of any discretion to vary formulaic outturns in line with the Policy table); and
- the Executive Director may agree that their awards are 'rolled over' into shares of the acquiring company as an alternative.

If the Company has been or will be affected by any demerger, dividend in specie, special dividend or other transaction which will adversely affect the current or future value of any awards under the LTIP or any share bonus awards, the plan rules allow the Committee, acting fairly and reasonably, to determine the extent to which any awards should vest and the period within which options may be exercised.

Sharesave

Sharesave options may be exercised within six months following a change of control or winding up of the Company, using savings in the participant's account at the date of exercise. The participant may agree that their awards are 'rolled over' into shares of the acquiring company as an alternative.

Operation of share plans

All discretions available under the Company's share plan rules will be available under this Policy, except where explicitly limited under this Policy. This includes that:

- the Committee may amend the terms of awards and options under the Company's share plans in accordance with the plan rules in the event of a variation of Dunelm's share capital or a demerger, special dividend or other similar event or otherwise in accordance with the rules of those plans; and
- awards may be settled, in whole or in part, in cash, although the Committee would only settle an Executive Director's award in cash in exceptional circumstances, such as where there is a regulatory restriction on the delivery of shares, or in connection with the settlement of tax liabilities arising in respect of the award.

Executive pay and the pay of other colleagues

The remuneration principles set out on page 87 are applied consistently to pay throughout the Group.

Pay for all colleagues is set at a level that is fair for the role and responsibilities of the individual, and is designed to attract and retain high calibre talent that is needed to deliver the Group's strategy, without paying too much.

The remuneration of Executive Directors is more heavily weighted towards variable pay than for other colleagues, so that a greater part of their pay is linked to successful delivery of strategy and aligned with shareholders. They are also required to build and maintain a shareholding in the Company as set out above.

The remuneration of colleagues below the Board (including participation in the LTIP) reflects the seniority of the role, market practice and the ability of the individual to influence Group performance.

All colleagues who have met a minimum service requirement (usually three months or less) are encouraged to participate in the Sharesave plan, which enables them to become shareholders at a discounted rate. Participation is usually offered annually at the maximum price discount permitted (currently 20%), at the discretion of the Committee.

In setting the policy for the Executive Directors' remuneration, the Committee takes note of the overall approach to remuneration in the Group. Although the Committee does not formally consult with employees when setting the Policy, details of how it engages with colleagues on pay are set out on page 104.

Remuneration Committee report continued

Shareholder views

The Board is committed to ongoing engagement with shareholders in respect of all governance matters, including executive remuneration.

We consulted with shareholders in relation to the current Policy including, in particular, our approach to variable pay and shareholding requirements for Executive Directors. We were pleased with the level of engagement from shareholders and for the support shown for our proposals, which we finalised having regard to feedback received.

Approach to recruitment remuneration

The Committee will apply the principles set out below when agreeing a remuneration package for a new Executive Director (whether an external candidate or an internal promotion).

- the package must be sufficient to attract and retain the high calibre talent necessary to develop and deliver the Group's strategy;
- no more should be paid than is necessary;
- pension provision will be in line with the Policy table; and
- the Committee reserves the discretion to make appropriate remuneration decisions outside the standard policy to meet the individual needs of the recruitment provided the Committee believes the relevant decisions are in the best interests of the Group.

Circumstances in which the Committee might apply its discretion to make appropriate remuneration decisions as referenced above include:

- where an interim appointment is made on a short-term basis, including where the Chair or another Non-Executive Director has to assume an executive position;
- where employment commences at a time in the year when it is inappropriate to provide a bonus or share incentive award as there is insufficient time to assess performance, the quantum for the subsequent year might be increased proportionately instead; and
- an executive is recruited from a business or location that offered benefits that the Committee considers it appropriate to 'buy out', or which the Committee considers it appropriate to offer.

Examples of remuneration decisions that the Committee may make are set out below:

- it may be appropriate to offer a lower salary initially, with a series of increases to reach the desired salary over a period of time, subject to performance;
- the Committee may also alter the performance criteria applicable to the initial annual bonus or LTIP award so that they are more applicable to the circumstances of the recruitment;
- an internal candidate would be able to retain any outstanding variable pay awarded in respect of their previous role that pays out in accordance with its terms of grant; and/or
- appropriate costs and support will be provided if the recruitment requires the relocation of the individual.

The maximum level of variable pay that could be awarded to a new Executive Director in the first year of employment, excluding any buyout arrangements, would be 375% of salary as set out in the Policy table. The Committee would explain the rationale for the remuneration package in the next Annual Report of the Company.

In addition, on hiring an external candidate the Committee may make arrangements to buy out remuneration that the individual has forfeited on leaving a previous employer. The Committee will generally seek to structure buyout awards and payments on a comparable basis to remuneration arrangements forfeited. These awards or payments are excluded from the maximum level of variable pay referred to in the Policy; however, the Committee's intention is that the value awarded or paid would be no higher than the expected value of the forfeited arrangements.

In order to implement the arrangements described, the Committee may rely on the exemption in UK Listing Rule 9.3.2, which allows for the grant of share or share option awards to facilitate, in unusual circumstances, the recruitment of a Director.

The Committee does not intend to use any discretion in this section to make a non-performance-related incentive payment (for example a 'golden hello').

On the appointment of a new Chair the fee will be set taking into account the experience and calibre of the individual and pay for similar roles in companies of similar size and complexity in the market. The fees for any newly appointed Non-Executive Director would be set in accordance with the Policy table on page 110. No share incentives or performance-related incentives would be offered.

Legacy remuneration arrangements

The Committee reserves the right to make remuneration payments and payments for loss of office (including exercising any discretion available to it in connection with any such payment) notwithstanding that they are not in line with the Policy set out above where the terms of payments were agreed:

- before the Policy came into effect (provided that, in the case of any payments agreed on or after 11 November 2014 they are in line with any applicable shareholder approved Directors' remuneration policy in force at the time they were agreed or were otherwise approved by shareholders); or
- at a time when the relevant individual was not a Director of the Company (or other person to whom the Policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company (or other such person).

For these purposes, 'payments' includes the satisfaction of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' no later than the time the award is granted.

Compliance with the UK Corporate Governance Code

How we comply with the UK Corporate Governance Code 2018

The Board is responsible for demonstrating how the governance of the Company contributes to its long-term sustainable success.

This Governance report from pages 59 to 119 explains how the Company has applied the Principles of the UK Corporate Governance Code 2018 (the 'Code') issued by the Financial Reporting Council and available at www.frc.org.uk. These Principles are applied to Dunelm (Soft Furnishings) Ltd through the Group's governance, risk management and internal control structure. The Corporate Governance Code 2024 will apply to the Company from FY26, and compliance with the 2024 code will be reported in next year's Annual Report and Accounts.

The Board acknowledges that with Ajay Kavan's appointment as Chair of the Remuneration Committee on 16 November 2024 the Company did not comply with provision 32 of the Code. Ajay had served less than 12 months on a remuneration committee prior to his appointment. For further details see page 91.

Save for the above, the Board is pleased to confirm that during the year ended 28 June 2025, the Company applied the Principles and complied fully with all the Provisions of the Code throughout the year.

Further information on compliance with the Code can be found throughout this Corporate Governance report, the Strategic report and Committee reports signposted as follows:

Board leadership and company purpose

An effective and entrepreneurial Board which promotes the long-term sustainable success of the Company.

s.172(1) statement – page 21
Directors and officers – page 61
Assessing Board effectiveness – page 78

Alignment of our purpose, values, culture and strategic objectives.

Our strategy – page 5
CEO's review – page 24
Board dashboard and activities – page 64
Our culture and values – page 68

Our governance and risk management framework.

Governance framework – page 70
Risks and risk management – page 36

Effective engagement by the Board with stakeholders.

Stakeholder engagement – page 16
s.172(1) statement – page 21

Our colleagues and alignment of our policies to support long-term sustainable success.

National Colleague Voice – page 18
NFSIS – page 53

Division of responsibilities

The role of the Chair.

Chair's statement – page 8
Directors and officers – page 61
Roles and responsibilities – page 71
Assessing Board effectiveness – page 78

Composition of the Board and division of responsibilities.

Directors and officers – page 61
Roles and responsibilities – page 71
Director independence – page 72

Non-Executive Directors' external commitments and role.

Directors and officers – page 61
Roles and responsibilities – page 71
Board dashboard and activities – page 64

Effective and efficient functioning of the Board.

Time commitment – page 72
Assessing Board effectiveness – page 78

Composition, succession and evaluation

Formal, rigorous and transparent appointment procedure and effective succession plans.

NED succession – page 76
Diversity and inclusion – page 77

A combination of skills, experience and knowledge on the Board and Committees.

Directors and officers – page 61
NED succession – page 76

Annual evaluation.

Assessing Board effectiveness – page 78

Remuneration

Policies and practices designed to support strategy, long-term success and aligned to culture and values.

Remuneration Committee report – page 88

Formal and transparent procedure for developing policy.

Remuneration policy – page 105

Exercise of independent judgement in respect of 2024 outcomes.

Annual Statement of Remuneration – page 88

Audit, risk and internal controls

Transparent policies and procedures to ensure independence and effectiveness of auditors and integrity of the Annual Report and Accounts.

Year end review process – page 83
External auditors – page 84
Internal audits – page 86

Fair, balanced and understandable assessment of position and prospects.

Fair, balanced and understandable – page 82

Internal controls and management of risk.

Risks and risk management – page 36
Principal risks and uncertainties – page 38
Risk management and internal controls – page 85

Directors' report

The Directors present their report together with the audited consolidated financial statements for the period ended 28 June 2025

Disclosures that are relevant to the Directors' report have been incorporated by reference and can be found elsewhere within the Annual Report and Accounts as noted below.

Strategic report

The Group's Strategic report is set out on pages 1 to 57. It contains an indication of likely future developments in the business of the Company and the Group.

Corporate governance

Our Governance report on pages 58 to 119 explains how we have applied the Principles set out in the UK Corporate Governance Code published in July 2018 (the 'Code'). Our Code compliance statement can be found on page 114.

Information to be disclosed under UK Listing Rule (UKLR) 6.6.1R

The majority of the disclosures required under UKLR 6.6.1R are not applicable to Dunelm. The table below sets out the location of those requirements that are applicable:

Applicable sub-paragraph within UKLR 6.6.1R	Disclosure provision (pages)
(3) Long-term incentive schemes	95,95,103
(13) A statement made by the Board that the Company continues to comply with the requirements in UKLR 6.2.3R	'Shareholder and voting rights' in this report.

Sustainability reporting

For information on the Group's approach to environmental, social and governance matters, see our TCFD report on pages 44 to 52 which includes the Streamlined Energy and Carbon Reporting disclosures, and our Sustainability Report 2025, available at corporate.dunelm.com.

Results and dividend

The consolidated profit of the Group for the year after taxation was £156.3m (2024: £151.2m). The results are discussed in greater detail in the CFO's review on pages 32 to 35.

A final ordinary dividend of 28p per share (2024: 27.5p per share) is proposed in respect of the period ended 28 June 2025, to add to a special dividend of 35p per share paid on 8 April 2025 (2024: 35 pence per share) and an interim ordinary dividend of 16.5p per share paid on 8 April 2025 (2024: 16p per share). The final dividend will be paid on 25 November 2025 to shareholders on the register at 31 October 2025.

Treasury and risk management

The Group's approach to treasury and financial risk management, including its use of hedging instruments, is explained in the Principal Risks and Uncertainties section on page 38 and note 18 of the financial statements.

Stakeholder engagement

Details of how the Directors have engaged with employees and other stakeholders, and had regard to the interests of colleagues and the need to foster the Company's business relationships with suppliers, customers and others and the effect of that regard, including on the principal decisions taken by the Company during the financial year, are set out in the Strategic report on pages 16 to 20, with complementary information in the Governance report on pages 66 to 67. Our s172(1) Companies Act 2006 statement can be found on page 21.

Employee information

The Company is clear in its policy that people with health conditions, both visible and non-visible, will have full and fair consideration for all vacancies. Dunelm continues to demonstrate its commitment to interviewing applicants with disabilities who fulfil the minimum criteria for the role and endeavours to retain colleagues in roles in the business if they become disabled during their employment. Dunelm will actively look to put into place reasonable adjustments that may be required by the colleague to allow them to thrive and belong at Dunelm.

Share incentive schemes in which employees participate are described in the Remuneration Committee report on page 112.

More information on our colleagues can be found in our Sustainability Report 2025.

Shareholder and voting rights

All members who hold Ordinary Shares are entitled to attend and vote at the Annual General Meeting. On a show of hands at a general meeting every member present in person shall have one vote and, on a poll, every member present in person or by proxy shall have one vote for every Ordinary Share held. There are no special voting rights attached to any of the Company's shares.

In order to be passed, an ordinary resolution of the Company must be supported by at least 50% of the votes cast at a shareholders' meeting, and a special resolution by at least 75% of votes cast.

On 2 October 2006, Jean Adderley, Bill Adderley and Sir Will Adderley (all shareholders at that time) entered into a Relationship Agreement with the Company, pursuant to which each of Jean Adderley, Bill Adderley and Sir Will Adderley undertook to the Company that, for so long as, individually or together, they are entitled to exercise, or to control the exercise of, 30% or more of the rights to vote at general meetings of the Company or they are able to control the appointment of Directors who are able to exercise a majority of votes at Board meetings of the Company, they will:

Directors' report continued

- conduct all transactions and relationships with any member of the Group on arm's length terms and on a normal commercial basis;
- not take any action which precludes or inhibits any member of the Group from carrying on its business independently of Jean Adderley and Bill Adderley, Sir Will Adderley or their associates (as defined in the UK Listing Rules);
- not exercise any of their voting rights or other powers to procure any amendment to the Articles of Association of the Company which would be inconsistent with or undermine any of the provisions of the Relationship Agreement;
- only enter into, amend or terminate any transaction, agreement or relationship between themselves or any of their associates and any member of the Group with the approval of a majority of the independent Non-Executive Directors; and
- not carry on (other than through their holding of securities of the Company) or have any financial interest (other than a financial interest in securities which are held for investment purposes only) in any person who carries on a business as a homewares retailer, to the extent that it would be inconsistent with or undermine any provisions of the Relationship Agreement.

WA Capital Limited and Lady Nadine Adderley, to whom Sir Will Adderley transferred shares by way of a gift, have subsequently become parties to the Relationship Agreement.

In July 2014, the Relationship Agreement was amended so as to comply with amendments to the UK Listing Rules and the following additional undertakings were given by the parties:

- no action will be taken that would have the effect of preventing the Company from complying with its obligations under the UK Listing Rules; and
- no resolution will be proposed, or procured to be proposed, which is intended to, or appears to be intended to circumvent the proper application of the UK Listing Rules.

In addition, the Articles of Association of the Company provide that the election and re-election of Independent Directors must be conducted in accordance with the election provisions set out in UKLR 6.2.8R and UKLR 6.2.9R.

The Company confirms that it has complied with its obligations under the Relationship Agreement during the financial period under review, and that so far as it is aware, all other parties to that agreement have complied with it.

The Company confirms that there are no contracts of significance between any member of the Group and any of the parties to the Relationship Agreement, with the exception of Sir Will Adderley's service agreement as a Director of the Company, the terms of which are outlined in the Remuneration Committee report.

There are no restrictions on the transfer of Ordinary Shares in the Company other than certain restrictions imposed by laws and regulations (such as insider trading and marketing requirements relating to closed periods) and requirements of the UK Listing Rules whereby Directors and certain employees of the Company require Board approval to deal in the Company's securities.

Change of control

The Company is not party to any significant agreements which take effect, alter or terminate solely on a change of control of the Company following a takeover bid.

There are no agreements between the Company and its Directors or employees providing for additional compensation for loss of office or employment (whether through resignation, redundancy or otherwise) that occurs because of a takeover bid.

Details of the rights of employees to exercise options on a change of control of the Company are set out in the Remuneration Policy found on page 112 of this report.

Directors and officers

Details of the Directors of the Company who served on the Board during the year, together with changes to the Board are set out on page 64. The biographies of the Directors on the Board at the date of this report are set out on pages 61 to 63. Details of the interests of the Directors in shares of the Company can be found in the Annual Report on Remuneration on page 97.

Power of Directors

The business of the Company is managed by the Board, which may exercise all the powers of the Company, subject to the requirements of the Companies Act, the Articles of Association of the Company and any special resolution of the Company. As stated in the Governance report on page 70, the Board has adopted internal delegations of authority in accordance with the Code and these set out matters which are reserved to the Board or Committees and the powers and duties of the Chair, the Deputy Chair and the Chief Executive respectively.

Appointment and removal of Directors

The Articles of Association of the Company provide that a Director may be appointed by ordinary resolution of the Company's shareholders in a general meeting, or by the Board so long as the Director stands down and offers him or herself for election at the next Annual General Meeting of the Company.

The Board's policy is that all Directors are subject to annual re-election and therefore should stand down and offer themselves for re-election at each Annual General Meeting. The Articles also provide that each Director must stand down and offer him or herself for re-election by shareholders at the Annual General Meeting at least every three years.

The Nomination Committee makes recommendations to the Board on the appointment and removal of Directors.

Directors may be removed by a special resolution of shareholders, or by an ordinary resolution of which special notice has been given in accordance with the Companies Act 2006. The Articles also provide that the office of a Director shall be vacated if they are prohibited by law from being a Director or are declared bankrupt, and that the Board may resolve that his or her office be vacated if he or she is of unsound mind or is absent from Board meetings without consent for six months or more. A Director may also resign from the Board.

Directors' report continued

Annual Statement on Board diversity targets

Our Board and Executive Team gender and ethnicity data as at 28 June 2025 is provided below in accordance with UK Listing Rule 6.6.6R(9). Diversity data is collected for Executive Team members via the annual engagement survey. Each Director has confirmed the categories with which they identify.

Gender

	Dunelm Group plc Board			Executive Team	
	No. of Board members	% on the Board	No. of senior positions on the Board (CEO, CFO, Chair and SID)	Number in Executive Team	Percentage of Executive Team
Men	6	60%	2	4	44%
Women	4	40%	2	5	56%
Not specified/prefer not to say	–	–	–	–	–

Ethnicity

	Dunelm Group plc Board			Executive Team	
	No. of Board members	% on the Board	No. of senior positions on the Board (CEO, CFO, Chair and SID)	Number in Executive Team	Percentage of Executive Team
White British or other white (including minority-white groups)	8	80%	4	9	100%
Mixed/Multiple ethnic groups	–	–	–	–	–
Asian/British Asian	2	20%	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Share capital and treasury shares

The Company has only one class of shares, Ordinary Shares of 1p each. As at 28 June 2025, its capital comprised 203,426,835 (2024: 203,426,835) fully paid Ordinary shares of 1p each.

At the 2024 Annual General Meeting, shareholders renewed the Directors' authority to allot shares in the Company. No shares were allotted during the year. Resolutions to renew the standard authorities (within the limits prescribed by the Pre-Emption Group's most recent Statement of Principles) will be proposed at the 2025 Annual General Meeting.

At 28 June 2025, the Company held 2,144,012 Ordinary Shares in treasury (2024: 1,226,461).

During the year ended 28 June 2025 the Company purchased 1,500,000 Ordinary Shares for a total consideration of £14.7m and these shares are held in treasury with no voting or dividend rights.

Since the financial year end, 26,000 Ordinary Shares have been moved out of treasury to employees who exercised options under a share incentive scheme. Details of option exercises by Directors are set out in the Remuneration Committee report.

 Further details on the Company's share capital are set out in note 21 to the financial statements.

Substantial shareholders

At 28 June 2025 the Company had been notified of the following notifiable interests in the Company's issued share capital. The information provided below was correct at the date of notification. These holdings are likely to have changed since the Company was notified; however, notification of any change is not required until the next notifiable threshold is crossed. The Company did not receive any notifications between 28 June 2025 and 9 September 2025 (being the date of this report).

Notifiable interests	Ordinary shares	Percentage of share capital
Sir Will Adderley ¹	55,371,779	27.38
Lady Nadine Adderley	11,000,000	5.41
Jean Adderley	9,968,500	4.92
JP Morgan Asset Management Holdings Inc	10,369,851	5.13
Jupiter Fund Management PLC	10,044,063	4.95
Royal London Asset Management Limited	9,907,809	4.91
abrdn plc	9,565,468	4.74

1. This includes: 1,967,250 Ordinary Shares held by the Stoneygate Trust and 172,750 Ordinary Shares held by the Paddocks Discretionary Trust, which Sir Will Adderley is deemed to hold a legal interest in by virtue of the fact that he is a trustee of those trusts.

Directors' report continued**Indemnities and insurance**

The Company has granted indemnities to each of its Directors and the Company Secretary to the extent permitted by law in respect of costs of defending claims against them and third-party liabilities. A deed of indemnity in favour of Katharine Poulter was entered into during the year following her appointment as Non-Executive Director.

All indemnities, the provisions of which are deemed to be qualifying third-party indemnity provisions pursuant to section 234 of the Act, were in force throughout FY24 (or, in the case of Katharine Poulter from the date of her appointment and thereafter for the remainder of FY25) and remain in force as at the date of this report.

A copy of each indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Company's Annual General Meeting.

The Group maintained Directors' and Officers' liability insurance cover for its Directors and officers as permitted under the Company's Articles of Association and the Companies Act 2006 throughout the financial year.

Managing conflicts of interest and related party matters

The Companies Act 2006 allows the board of a public company to authorise conflicts and potential conflicts of interest of individual Directors where the Articles of Association contain a provision to that effect. The Company's Articles of Association give the Board this authority subject to the following safeguards:

- Directors who have an interest in matters under discussion at a Board meeting must declare that interest and abstain from voting;
- only Directors who have no interest in the matter being considered are able to approve a conflict of interest and, in taking that decision, the Directors must act in a way they consider, in good faith, would be most likely to promote the success of the Company; and
- the Directors are able to impose limits or conditions when giving authorisation if they feel this is appropriate.

Directors are required to disclose any actual or potential conflicts of interests to the Board immediately when they arise. In addition, a formal process is undertaken each year when all Directors confirm to the Board details of any other directorships and confirm relevant information in connection with related parties.

Further to the above, the Board believes it has effective procedures in place to monitor and manage conflicts of interest and ensure that any related party transactions involving Directors or their connected persons are conducted on an arm's length basis.

Donations

The Group does not make any political donations.

Public Policy

Dunelm is a member of the British Retail Consortium and supports relevant campaigning activity by that body. During the year the Company has not taken part in any direct lobbying or public policy activity.

Articles of Association

The Company's Articles of Association may only be amended, or new articles adopted, by a special resolution of shareholders.

Independent auditors

In accordance with section 489 of the Companies Act 2006 and the recommendation of the Audit and Risk Committee, a resolution will be proposed at the 2025 AGM to reappoint PricewaterhouseCoopers LLP as external auditors of the Group.

Important events since 28 June 2025

There have been no important events affecting the Company or any subsidiary since 28 June 2025.

Disclaimer

This Directors' report, Strategic report and the financial statements contain certain forward-looking statements with respect to the financial condition, results, operations and business of Dunelm Group plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future.

There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this Directors' report, the Strategic report or in these financial statements should be construed as a profit forecast.

This document also contains non-financial information and data. While reasonable steps have been taken to ensure that this is correct, it has not been externally audited or verified unless specifically stated in this document.

Annual General Meeting

The 2025 Annual General Meeting will be held at Dunelm Store Support Centre, Watermead Business Park, Syston, Leicester, Leicestershire, LE7 1AD on Wednesday 19 November 2025 at 11:30am.

A formal notice of meeting, explanatory circular and a form of proxy will accompany this Annual Report and Accounts.

This report was reviewed and signed by the order of the Board on 9 September 2025.

Luisa Wright
Company Secretary
9 September 2025

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Accounts 2025 and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the parent company financial statements, subject to any material departures disclosed and explained in the financial statements;

- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the Directors, whose names and functions are listed in the Governance report confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the parent company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the parent company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and parent company's auditors are aware of that information.

Nick Wilkinson
Chief Executive
9 September 2025

Financial statements

121	Independent auditors' report
127	Consolidated financial statements
152	Parent Company financial statements



Independent auditors' report

to the members of Dunelm Group plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Dunelm Group plc's group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the parent company's affairs as at 28 June 2025 and of the group's profit and the group's cash flows for the 52 week period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated Statement of Financial Position and Parent Company Statement of Financial Position as at 28 June 2025; the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity and Parent Company Statement of Changes in Equity for the period then ended; the Consolidated Accounting Policies and Parent Company Accounting Policies; and the notes to the financial statements.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 3, we have provided no non-audit services to the parent company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The group is structured with one segment which comprises a consolidation of the parent company and twelve additional components.
- For the purposes of the group financial statements, we conducted an audit of the complete financial information of one financially significant component, together with additional procedures performed centrally including the group consolidation.
- We separately audited the parent company financial statements.

Key audit matters

- Inventory provisions (group)
- Recoverability of investments in subsidiary undertakings (parent)

Materiality

- Overall group materiality: £10,600,000 (2024: £10,300,000) based on 5% of profit before tax.
- Overall parent company materiality: £1,506,000 (2024: £1,550,000) based on 1% of total assets.
- Performance materiality: £7,950,000 (2024: £7,700,000) (group) and £1,129,500 (2024: £1,150,000) (parent company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Independent auditors' report continued

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Inventory provisions (group) Refer to the Audit and Risk Committee Report, the Accounting Policies, Note 3 (Operating Profit) and Note 14 (Inventories) to the Consolidated Financial Statements. Inventory represents a significant asset on the Group's balance sheet and is carried at the lower of cost and net realisable value ("NRV"). The Group's accounting policy is to determine a provision based upon: the historic negative margin of the type of inventory, by ageing category, which is calculated by analysing the historic sales price compared to the cost of inventory, and applying a percentage provision to each line of inventory; and also a further provision for 'at risk' lines where the calculated provision was not considered to be sufficient.	We tested sales made post period-end to assess whether inventory items were held at the lower of cost and NRV. We examined inventory write-offs in the financial period to assess whether they are consistent with the key assumptions used in the inventory provision model at the year end. We tested the inputs to the provision calculation, including the classification of inventory and sales data for each of the ageing categories from the Buying department, which is segregated from the Finance department. We tested the average cost of inventory by agreeing a sample of inputs to source documentation and testing freight and duty costs. We tested the integrity of the provision model to ensure that it was using the underlying data correctly and calculating provision amounts accurately. We challenged management's assumptions on what they deemed the 'at risk' inventory lines were, and corroborated whether these lines were at risk with the Merchandising team. We also independently challenged the completeness of the 'at risk' lines based on our understanding of the nature of the group's inventory lines. We found that the NRV provision recognised against inventory was consistent with the evidence obtained.
Recoverability of investments in subsidiary undertakings (parent) Refer to note 4 (Investments) to the Parent Company Financial Statements. In accordance with IAS 36 (Impairment of assets), the Parent Company's investments balance should be carried at no more than its recoverable amount, being the higher of fair value less costs to sell and its value in use. IAS 36 requires an entity to determine whether there are indications that an impairment loss may have occurred and if so, make a formal estimate of the recoverable amount.	We evaluated whether there are any indications that an impairment loss may have occurred in relation to the Parent Company's investments balance with specific consideration given to the following: • the market capitalisation of the Group is significantly in excess of the investments balance, noting that substantially all of the market capitalisation is considered to be in relation to one indirect subsidiary (Dunelm (Soft Furnishings) Ltd) of the Parent Company; • the trading results of Dunelm Soft Furnishings Limited are not worse than expected and are not expected to be worse in future periods; and • there have not been and are not expected to be any significant changes with an adverse impact in relation to the technological, market, economic or legal environment in which this indirect subsidiary operates. We consider management's conclusion that there are no indicators of impairment to be appropriate.

Independent auditors' report continued**How we tailored the audit scope**

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate.

The group is structured with one reporting segment which comprises a consolidation of the parent company and twelve additional components.

In establishing the overall approach to the group audit, we identified two components: Dunelm (Soft Furnishings) Limited which required an audit of its complete financial information due to its financial significance to the group and Dunelm (Soft Furnishings) Holdings Limited which required an audit of one financial statement line item.

Further specific audit procedures over central functions including the Group consolidation, equity and taxes were performed.

All audit procedures were performed by the Group Engagement Team. The scoping above gave us the evidence we needed for our opinion on the group financial statements as a whole.

The Parent Company is comprised of one component which was subject to a full scope audit for the purposes of the Parent Company financial statements.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the process adopted to assess the extent of the potential impact of climate risk on the financial statements and to support the disclosures made within the Annual Report.

Our risk assessment was based on enquiry, as well as the review of Dunelm's corporate responsibility reporting and climate related commitments. As detailed in the group accounting policies, management considers that there is no material risk to the financial statements in respect of climate change.

We challenged, based on our knowledge of the business, the impact of climate risk on right-of-use assets, property, plant and equipment and investment properties, which were considered to be the assets at most risk of the effects of climate change.

We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) section) within the Annual Report with the financial statements and our knowledge obtained from our audit.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters for the 52 week period ended 28 June 2025.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – parent company
Overall materiality	£10,600,000 (2024: £10,300,000).	£1,506,000 (2024: £1,550,000).
How we determined it	5% of profit before tax	1% of total assets
Rationale for benchmark applied	Profit before tax is the primary measure used by the shareholders in assessing the performance of the group and is a generally accepted auditing benchmark.	The parent company does not trade and therefore total assets is considered to be the most appropriate benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was £9,000,000 to £10,100,000.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £7,950,000 (2024: £7,700,000) for the group financial statements and £1,129,500 (2024: £1,150,000) for the parent company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £530,000 (group audit) (2024: £500,000) and £75,000 (parent company audit) (2024: £75,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditors' report continued**Conclusions relating to going concern**

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's going concern assessment and ensured that this was consistent with board approved budgets;
- We have evaluated management's forecasting accuracy based on historical budgets versus actual performance;
- We obtained confirmation from lenders of the level of drawn and undrawn revolving credit facilities and tested the actual and forecast covenant compliance associated with these facilities; and
- We considered the mitigating actions available to Dunelm to increase liquidity, if required, with the key actions being reductions in stock purchases and capex, as well as cessation of dividends.
- We assessed the adequacy of the going concern disclosures in the accounting policies.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the parent company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 28 June 2025 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and parent company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Remuneration Committee report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Independent auditors' report continued

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Strategic report and Governance report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and parent company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the parent company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and parent company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and parent company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and parent company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the parent company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit**Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and taxation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of journals with unexpected account combinations, which manipulate revenue or profits, and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

Independent auditors' report continued

- Discussions with management, internal audit and the Company Secretary, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Assessment of matters reported on the Group's whistleblowing log;
- Searches for news articles which would highlight potential non-compliance with laws and regulations;
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations which manipulate revenue or profits; and
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular in relation to inventory provisions (see related key audit matter).

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the parent company financial statements and the part of the Remuneration Committee report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit and Risk Committee, we were appointed by the members on 14 January 2014 to audit the financial statements for the year ended 28 June 2014 and subsequent financial periods. The period of total uninterrupted engagement is eleven years, covering the years ended 28 June 2014 to 28 June 2025.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Gillian Hinks**(Senior Statutory Auditor)**

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

9 September 2025

Consolidated Income Statement

For the 52 weeks ended 28 June 2025

	Note	2025 52 weeks £'m	2024 52 weeks £'m
Revenue	1	1,771.0	1,706.5
Cost of sales		(842.7)	(823.2)
Gross profit		928.3	883.3
Other operating income		4.7	–
Operating costs	2	(711.0)	(670.0)
Operating profit	3	222.0	213.3
Finance income	5	1.4	2.0
Finance costs	5	(12.4)	(9.9)
Profit before taxation		211.0	205.4
Taxation	6	(54.7)	(54.2)
Profit for the period		156.3	151.2
Earnings per Ordinary Share – basic	8	77.2p	74.7p
Earnings per Ordinary Share – diluted	8	76.8p	74.4p

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 28 June 2025

	Note	2025 52 weeks £'m	2024 52 weeks £'m
Profit for the period		156.3	151.2
Other comprehensive (expense)/income:			
Items that may be subsequently reclassified to profit or loss:			
Movement in fair value of cash flow hedges	18	(21.5)	0.2
Deferred tax on hedging movements	13	3.0	(1.0)
Other comprehensive expense for the period, net of tax		(18.5)	(0.8)
Total comprehensive income for the period		137.8	150.4

Consolidated Statement of Financial Position

As at 28 June 2025

	Note	28 June 2025 £'m	29 June 2024 £'m
Non-current assets			
Intangible assets	9	10.8	3.8
Property, plant and equipment	10	178.7	173.0
Right-of-use assets	11	221.1	222.9
Investment property	12	29.5	7.5
Deferred tax assets	13	3.2	1.8
Derivative financial instruments	18	–	0.1
Total non-current assets		443.3	409.1
Current assets			
Inventories	14	226.3	223.0
Trade and other receivables	15	40.1	26.2
Derivative financial instruments	18	–	0.3
Current tax asset		1.8	–
Cash and cash equivalents	16	30.0	23.4
Total current assets		298.2	272.9
Total assets		741.5	682.0
Current liabilities			
Trade and other payables	17	(220.0)	(205.0)
Lease liabilities	11	(53.1)	(52.1)
Current tax liability		–	(1.5)
Derivative financial instruments	18	(13.3)	(4.9)
Total current liabilities		(286.4)	(263.5)
Non-current liabilities			
Bank loans	19	(130.2)	(77.0)
Lease liabilities	11	(194.4)	(197.5)
Provisions	20	(7.7)	(5.5)
Derivative financial instruments	18	(4.0)	(0.6)
Total non-current liabilities		(336.3)	(280.6)
Total liabilities		(622.7)	(544.1)
Net assets		118.8	137.9

	Note	28 June 2025 £'m	29 June 2024 £'m
Equity			
Issued share capital	21	2.0	2.0
Share premium account		1.7	1.7
Capital redemption reserve		43.2	43.2
Hedging reserve		(13.0)	(3.8)
Retained earnings		84.9	94.8
Total equity attributable to equity holders of the Parent		118.8	137.9

The financial statements on pages 127 to 151 were approved by the Board of Directors on 9 September 2025 and were signed on its behalf by:

Karen Witts
Chief Financial Officer
9 September 2025

Consolidated Statement of Cash Flows

For the 52 weeks ended 28 June 2025

	Note	2025 52 weeks £'m	2024 52 weeks £'m
Cash flows from operating activities			
Profit before taxation		211.0	205.4
Net financial expense	5	11.0	7.9
Operating profit		222.0	213.3
Depreciation and amortisation of investment property, property, plant and equipment and intangible assets	9,10,12	31.3	30.4
Depreciation of right-of-use assets	11	50.9	50.2
Loss on disposal and impairment of property, plant and equipment and intangible assets	9,10	0.5	0.5
Impairment of right-of-use assets	11	0.7	0.9
Share-based payments expense		5.5	4.3
Operating cash flows before movements in working capital		310.9	299.6
(Increase) in inventories		(1.4)	(12.0)
(Increase) in trade and other receivables		(13.5)	(1.9)
Increase/(decrease) in trade and other payables		14.4	(3.8)
Net movement in working capital		(0.5)	(17.7)
Tax paid		(54.5)	(49.6)
Net cash generated from operating activities		255.9	232.3
Cash flows from investing activities			
Acquisition of intangible assets		(9.3)	(2.6)
Acquisition of property, plant and equipment		(35.2)	(29.8)
Acquisition of Investment Property		(22.3)	(7.5)
Acquisition of subsidiary, net of cash		(0.5)	–
Interest received		1.4	1.6
Net cash used in investing activities		(65.9)	(38.3)

	Note	2025 52 weeks £'m	2024 52 weeks £'m
Cash flows from financing activities			
Proceeds from issue of treasury shares and Ordinary Shares	22	0.7	0.1
Purchase of treasury shares	22	(14.7)	–
Drawdowns on Revolving Credit Facility		152.0	110.0
Repayments of Revolving Credit Facility		(99.0)	(108.0)
Interest paid and loan transaction costs		(4.7)	(4.9)
Interest paid on lease liabilities	11	(7.3)	(6.1)
Repayment of principal element of lease liabilities		(50.6)	(50.8)
Dividends paid	7	(159.4)	(157.6)
Net cash used in financing activities		(183.0)	(217.3)
Net increase/(decrease) in cash and cash equivalents		7.0	(23.3)
Foreign exchange revaluations		(0.4)	0.4
Cash and cash equivalents at the beginning of the period	16	23.4	46.3
Cash and cash equivalents at the end of the period	16	30.0	23.4

Consolidated Statement of Changes in Equity

For the 52 weeks ended 28 June 2025

	Note	Issued share capital £'m	Share premium account £'m	Capital redemption reserve £'m	Hedging reserve £'m	Retained earnings £'m	Total equity attributable to equity holders of the Parent £'m
As at 1 July 2023		2.0	1.7	43.2	(6.9)	97.5	137.5
Profit for the period		–	–	–	–	151.2	151.2
Movement in fair value of cash flow hedges	18	–	–	–	0.2	–	0.2
Deferred tax on hedging movements	13	–	–	–	(1.0)	–	(1.0)
Total comprehensive income for the period		–	–	–	(0.8)	151.2	150.4
Proceeds from issue of treasury shares	22	–	–	–	–	0.1	0.1
Purchase of treasury shares	22	–	–	–	–	–	–
Share-based payments	23	–	–	–	–	4.3	4.3
Deferred tax on share-based payments	13	–	–	–	–	(1.3)	(1.3)
Current tax on share options exercised		–	–	–	–	0.6	0.6
Movement on cash flow hedges transferred to inventory	18	–	–	–	3.9	–	3.9
Dividends paid	7	–	–	–	–	(157.6)	(157.6)
Total transactions with owners, recorded directly in equity		–	–	–	3.9	(153.9)	(150.0)

	Note	Issued share capital £'m	Share premium account £'m	Capital redemption reserve £'m	Hedging reserve £'m	Retained earnings £'m	Total equity attributable to equity holders of the Parent £'m
As at 29 June 2024		2.0	1.7	43.2	(3.8)	94.8	137.9
Profit for the period		–	–	–	–	156.3	156.3
Movement in fair value of cash flow hedges	18	–	–	–	(21.5)	–	(21.5)
Deferred tax on hedging movements	13	–	–	–	3.0	–	3.0
Total comprehensive income for the period		–	–	–	(18.5)	156.3	137.8
Proceeds from issue of treasury shares	22	–	–	–	–	0.7	0.7
Purchase of treasury shares	22	–	–	–	–	(14.7)	(14.7)
Share-based payments	23	–	–	–	–	5.5	5.5
Deferred tax on share-based payments	13	–	–	–	–	1.0	1.0
Current tax on share options exercised		–	–	–	–	0.7	0.7
Movement on cash flow hedges transferred to inventory	18	–	–	–	9.3	–	9.3
Dividends paid	7	–	–	–	–	(159.4)	(159.4)
Total transactions with owners, recorded directly in equity		–	–	–	9.3	(166.2)	(156.9)
As at 28 June 2025		2.0	1.7	43.2	(13.0)	84.9	118.8

Consolidated Accounting Policies

For the 52 weeks ended 28 June 2025

General information

The Group financial statements consolidate those of Dunelm Group plc ('the Company') and its subsidiaries (together referred to as 'the Group'). The Company financial statements on pages 152 to 157 present information about the Company as a separate entity and not about its Group.

Dunelm Group plc is incorporated and domiciled in the UK, and registered in England and Wales. Dunelm Group plc is a listed public Company, limited by shares and the Company registration number is 04708277. The registered office is Dunelm Store Support Centre, Watermead Business Park, Syston, Leicester, Leicestershire, England, LE7 1AD.

The primary business activity of the Group is the sale of homewares in the UK and Ireland in stores and online.

Basis of preparation

The financial statements presented cover a 52-week trading period for the financial period ended 28 June 2025 (2024: 52-week period ended 29 June 2024).

The financial statements of Dunelm Group plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. These financial statements are presented on pages 127 to 151.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

The annual financial statements are prepared under the historical cost convention except for financial assets and financial liabilities (including derivative financial instruments and share-based payments), which have been stated at fair value. The financial statements are prepared in pounds sterling, rounded to the nearest 0.1 million.

Going concern

At the time of approving the financial statements, the Board of Directors is required to formally assess that the business has adequate resources to continue in operational existence and can therefore continue to adopt the 'going concern' basis of accounting. To support this statement, the Board has considered the Group's current financial position, its strategy, the market outlook, and its principal risks.

The key judgement that the Directors have considered in forming their conclusion is the potential impact on future revenue, profits and cash flows of a downturn in consumer spending away from homewares due to the current economic environment. This downside scenario assumes 4% lower growth in Year 1 and Year 2 and higher costs to sales ratio and no mitigating reduction actions. They have also considered a deeper downturn in consumer spending, which assumes a 5% sales decline in Year 1 and 8% sales decline in Year 2, again assuming no mitigating cost reduction actions.

In both downside scenarios Dunelm Group plc has sufficient liquidity to continue trading, including maintaining the payment of dividends in line with its dividend policy, and to comfortably meet its financial covenants. The Directors continue to assess the risks that climate change poses to the business and based on current legislation, climate change is not expected to have a significant impact on the Group's going concern assessment or on the viability of the Group over the next five years. Therefore, no incremental impact has been modelled in either of the downturn scenarios.

Reverse stress modelling has demonstrated that a prolonged sales reduction of 30% in Year 1 and 32% in Year 2 is required to breach covenants by the end of FY27 and a reduction of 45% in both FY26 and FY27 is required to breach the RCF limit by the end of FY27, assuming reasonable mitigating actions have been implemented.

Even in such an event, management would follow a similar course of action to that initially undertaken during the COVID-19 pandemic. Such actions could include further reductions in discretionary spend (e.g. marketing and travel), headcount, and capital investment in new stores and refits.

Lastly, the Directors have reviewed the potential impact of material disruption to trading in our digital channel (including home delivery, tablet-based sales in store and Click & Collect sales), in FY26 reflecting the ongoing cyber security risk to retailers. The Directors are satisfied the Group maintains appropriate short-term cash in the event of such a circumstance.

As a result, the Board believes that the Group is well placed to manage its financing and other significant risks satisfactorily and that the Group will be able to operate within the level of its facilities and meet its liabilities as they fall due, for at least the next three years. For this reason, the Board considers it appropriate for the Group to adopt the going concern basis in preparing its financial statements.

Further detail in respect of the Directors' going concern assessment is included in the going concern statement on page 57.

Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Strategic report on pages 1 to 57. In addition, note 18 includes the Group's objectives, policies, and processes for managing its capital, its financial risk management objectives and its exposures to credit risk and liquidity risk.

Consolidated Accounting Policies continued**Critical accounting judgements and sources of significant estimation uncertainty**

Based on the IAS 1 definitions, there are no significant estimates or critical judgements used in the Financial Statements.

The inventory provision is not considered a significant estimate as there is not a significant risk of a material adjustment to the level of the provision in the next 12 months. Management does, however, consider the inventory provision to be a key estimate as it is based on assumptions relating to a highly material balance (gross inventory) and is subject to uncertainty. It is therefore disclosed as an other estimate in line with IAS 1.

Inventory provisions

The Group provides against the carrying value of the inventories held where it is anticipated that net realisable value (NRV) will be below cost. NRV is based on estimated selling price with future price reductions assumed to be in line with historic margin analysis on a line-by-line basis and applied to the inventory population as deemed appropriate given the expected sell through period and discontinuation status. A 100 basis points change in the provision rate of each stock discontinuation category would lead to a change in the provision of £1.9m (2024: £2.0m). Consideration is also given to whether any stock categories require additional provision due to specific circumstances in place at the period end date.

Basis of consolidation**Subsidiaries**

Subsidiaries are entities controlled by the Company. The Financial Statements of subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements. Consistent accounting policies have been adopted across the Group.

Revenue

Revenue is generated from the sale of homewares and related goods and services through the Group's stores and website, excluding sales between Group companies, and is after deducting returns, relevant discounts and VAT. Revenue is recognised when the Group has satisfied its performance obligations to its customers and the customer has obtained control of the goods and services being transferred.

In general, these conditions for store and website sales are met at the point of sale. The exceptions to this are custom-made products and Click & Collect sales, where revenue is recognised at the point that the goods are collected, and gift cards, where revenue is deferred and subsequently recognised when redeemed or expired. Gift card obligations are recognised as deferred income as shown in note 17.

An estimate of breakage is made on outstanding gift card balances based on historical data and estimates of future usage patterns, and recognised in line with the pattern of utilisation of the gift card balances. Revenue on home delivery sales is recognised at the point of delivery. Revenue is settled in cash at the point of sale for all revenue channels.

The Group has two types of products; stocked products and products which are sent directly from suppliers to customers. Management has established that the Group acts as a principal for both types of products and thus should recognise revenue as the gross amount of consideration to which it expects to be entitled.

The Group holds a sales return provision in the Consolidated Statement of Financial Position to provide for expected levels of returns on sales made before the period end but returned after the period end. The Group recognises the expected value of revenue relating to returns within sales provisions and the expected value of cost of sales relating to the returned items is included within inventories.

Expenses**Operating costs**

The Group analyses operating costs into two main categories: Sales and distribution costs and Tech and support expenses. Sales and distribution costs includes all operating costs relating to direct sale and distribution, including related marketing costs. Tech and support expenses includes all digital and technology costs alongside other costs such as product design, legal and other similar head office costs.

Financial income and expenses

Financial income and expenses comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested and related foreign exchange gains and losses.

Retirement benefits

The Group operates a defined contribution pension plan using a third-party provider. Obligations for the contributions to this plan are recognised as an expense in the Consolidated Income Statement as incurred.

Consolidated Accounting Policies continued**Share-based payments**

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance condition (for example, an entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- Including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Consolidated Income Statement, with a corresponding adjustment to equity.

When options are exercised, the Company either issues new shares, or uses treasury shares purchased for this purpose. For newly issued shares, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and the share premium account.

Social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Foreign currencies

Transactions in foreign currencies are recorded at the prevailing rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rates ruling at the Consolidated Statement of Financial Position date. Resulting exchange gains or losses are recognised in the Consolidated Income Statement for the period in financial income and expenses, except when deferred as qualifying cash flow hedges.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax represents the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the Consolidated Statement of Financial Position date, together with any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recognised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividends

Dividends are recognised as a liability in the period in which they are approved such that the Group is obligated to pay the dividend.

Consolidated Accounting Policies continued**Intangible assets**

Intangible assets comprise of software development, licences, rights to brands and customer lists and are stated at cost less accumulated amortisation and impairment. Costs incurred in developing the Group's own brands are expensed as incurred.

Separately acquired brands and customer lists are shown at historical cost. Software, brands and customer lists acquired in a business combination are recognised at fair value at the acquisition date. These assets are deemed to have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

Amortisation

Amortisation is charged to the Consolidated Income Statement on a straight-line basis over the estimated useful life of the asset. These are as follows:

Software development and licences	3 to 5 years
Rights to brands and customer lists	5 to 15 years

Property, plant and equipment**Owned assets**

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Investment properties

Property held by the Group to earn rental income or for capital appreciation is classified as investment property. Property occupied by the Group is recognised within property, plant and equipment. Judgement is applied in determining classification when management's future plans for properties include possible changes in future use.

Investment property is initially measured at cost being purchase price and directly attributable expenditure. Subsequently investment properties are held at cost less accumulated depreciation and impairment losses. Depreciation is provided on a consistent basis with that applied to property, plant and equipment.

Depreciation

Depreciation is charged to the Consolidated Income Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, to write down the cost to its estimated residual value. Land is not depreciated.

The estimated useful lives are as follows:

Freehold buildings	50 years
Long Leasehold Buildings	over the remaining period of the lease
Leasehold improvements	over the remaining period of the lease, or useful life if shorter
Fixtures, fittings, and equipment	3 to 10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Consolidated Accounting Policies continued**Leases****Lease recognition**

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis. Right-of-use assets are subject to, and reviewed regularly for, impairment. Depreciation of right-of-use assets is included in operating costs in the Consolidated Income Statement.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. Lease payments include fixed payments less any lease incentives receivable.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the fixed lease payments. Interest charges are included in finance costs in the Consolidated Income Statement.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery and equipment that have a lease term of less than 12 months and leases of low-value assets (defined as assets with a value, when new, of £5,000 or less). Lease payments relating to short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Subsequent measurement

The lease liability and right-of-use asset is subsequently remeasured to reflect changes in:

- The lease term (using a revised discount rate);
- The assessment of a purchase option (using a revised discount rate); and
- Future lease payments resulting from a change in an index, or a rate used to determine those payments (using an unchanged discount rate).

Lease modifications may also prompt remeasurement of the lease liability unless they are determined to be separate leases.

The payments related to leases are presented under cash flow from financing activities in the Consolidated Cash Flow Statement.

Financial instruments**Recognition and measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the Consolidated Income Statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the Consolidated Income Statement and presented in other gains/(losses) together with foreign exchange gains and losses.
- **FVPL:** All other financial assets that do not meet the criteria for amortised cost are measured at FVPL, unless the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the Consolidated Income Statement in the period in which it arises.

Consolidated Accounting Policies continued**Impairment of financial assets**

The Group uses a forward-looking approach to assess the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Derivatives

Derivative financial instruments used are forward foreign exchange contracts. These are measured at fair value. The fair values are determined by reference to the market prices available from the market on which the instruments are traded.

Certain derivative financial instruments are designated as hedges in line with the Group's treasury policy. These are instruments that hedge exposure to variability in cash flows that is attributable to a particular risk associated with a highly probable forecasted transaction.

Any gains or losses arising from changes in fair value derivative financial instruments not designated as hedges are recognised in the Consolidated Income Statement.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Income Statement, within operating costs.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options and time value of options are recognised in the cash flow hedge reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. The gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in the Consolidated Income Statement as the hedged item affects profit or loss (for example, through cost of sales).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain/loss and deferred costs of hedging in equity at that time remain in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain/loss and deferred costs of hedging that were reported in equity are immediately reclassified to the Consolidated Income Statement.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and then carried at amortised cost using the effective interest method, net of impairment provisions.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is derived using the average cost method and includes costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price less cost to sell in the ordinary course of business. Provisions are made for obsolete, slow-moving or discontinued stock and for stock losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances including credit card receipts and deposits. All cash equivalents have an original maturity of three months or less.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

Bank borrowings and borrowing costs

Interest-bearing bank loans are initially recorded at their fair value and subsequently held at amortised cost. Transaction costs incurred are amortised over the term of the loan.

Borrowings are classed as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the Consolidated Statement of Financial Position date.

Consolidated Accounting Policies continued**Impairment of non-financial assets**

The carrying amounts of the Group's assets are reviewed annually at each Consolidated Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount is the greater of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for assets grouped at the lowest levels for which there are largely independent cash flows, i.e. the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount. A cash-generating unit has been defined as an individual store or the online business. If an impairment loss is identified for a cash-generating unit, the loss shall be allocated to reduce the carrying amount of the assets of the unit pro-rated on the basis of the carrying amount of each asset in the unit for both property, plant and equipment and right-of-use assets. Impairment losses are recognised in the Consolidated Income Statement.

Share capital

Where the Group purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a current legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount has been reliably measured.

A provision for onerous contracts is recognised when the expected benefit to be derived by the Group from a contract is lower than the unavoidable costs of meeting its obligations under the contract.

A dilapidations provision is recognised when there is an expectation of future obligations relating to the maintenance of leasehold properties arising from events such as lease renewals or terminations.

Climate change

Climate change risks including the impact of achieving the Group's carbon emissions reduction targets and the risks identified in the TCFD disclosures on pages 44 to 52 have been considered and assessed in the preparation of the Consolidated Financial Statements for the period to 28 June 2025.

There has been no material impact identified on the financial reporting judgements and estimates applied in the preparation of the Group's Consolidated Financial Statements as a result of climate change risks.

Given that the identified risks of climate change are expected to be present in the medium to long term our focus has been on the non-current assets within the Consolidated Statement of Financial Position. Specifically, for the material non-current assets, we note the following:

- The plant, property and equipment, and the right-of-use assets have relatively short useful lives (the average remaining lease term of our leasehold land and buildings is 4.5 years (2024: 5.2 years)). The longer life assets relate to freehold stores, investment properties and our head office, none of which are located in areas identified as being at significant risk to climate change.
- The intangible assets, which consist of a brand, internally generated and other software, have a useful life of 3 to 5 years and therefore we would not expect the identified risks to impact these assets.

The other non-current assets were also reviewed, and no risk was identified. Current assets, by their nature, are expected to be fully utilised within the business in the short term and no climate risk has been identified in this time horizon.

New standards and interpretations

The Group has applied the following new standards and interpretations for the first time for the annual reporting period commencing 30 June 2024:

- amendments to IAS 1: Classification of Liabilities as Current and Non-Current;
- amendments to IAS 7 and IFRS 7: Supplier finance arrangements; and
- amendments to IFRS 16: Lease liability in a sale and leaseback.

The adoption of the standards and interpretations listed above has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group.

New accounting standards in issue but not yet effective

New standards and interpretations that are in issue, but not yet effective, are listed below:

- IAS 21 The Effects of Changes in Foreign Currency;
- IFRS 19 Subsidiaries without Public Accountability: Disclosures;
- IFRS 18 Presentation and Disclosure in Financial Statement;
- amendments to IFRS 9 Financial Instruments;
- amendments to IFRS 7 Financial Instruments: Disclosures;

The adoption of the above standards and interpretations is not expected to lead to any material impact on the financial position or performance of the Group. However, the adoption of IFRS 18 is expected to lead to presentational changes within the financial statements.

Notes to the Consolidated Financial Statements

For the 52 weeks ended 28 June 2025

1. Revenue

The Group has one reportable segment, which is the operations to enable the retail of homewares in the UK and Ireland.

The Group operates a unified business model, offering homewares and furniture products through an integrated multichannel platform. Customers engage with the Group across various touchpoints including physical stores, the website, and customer service channels and their journeys can span multiple channels before completing a purchase. Given this interconnected customer experience, the Group does not distinguish between the different operations. Instead, performance is monitored and reported at the Group level, reflecting the holistic nature of the retail proposition.

This approach aligns with how strategic decisions are made, resources are allocated, and performance is evaluated by the Chief Operating Decision-maker. All activities – whether in-store, online, or via support functions – contribute to a single, cohesive retail offering aimed at delivering value and convenience to customers.

The Chief Operating Decision-maker is the Executive Board of Dunelm Group plc. The Executive Board reviews internal management reports on a monthly basis and performance is assessed based on a number of financial and non-financial KPIs as well as on profit before taxation. The list of our financial and non-financial KPIs can be found on pages 30 to 31.

Management believes that these measures are the most relevant in evaluating the performance of the Group and for making resource allocation decisions.

All material operations of the Group are carried out in the UK. The Group's revenue is driven by the consolidation of individual small value transactions and as a result, Group revenue is not reliant on a major customer or group of customers.

At the period end the Group had £15.8m (2024: £12.5m) of sales orders placed that will be recognised in the Consolidated Income Statement when the goods are despatched in the following financial period.

2. Operating costs

	2025 52 weeks £'m	2024 52 weeks £'m
Selling and distribution costs	560.5	528.6
Tech and Support expenses	150.5	141.4
	711.0	670.0

3. Operating profit

Operating profit is stated after charging the following items:

	2025 52 weeks £'m	2024 52 weeks £'m
Cost of inventories included in cost of sales	831.6	812.3
Amortisation of intangible assets	2.3	4.1
Depreciation of owned property, plant and equipment	28.7	26.3
Depreciation of Investment Property	0.3	–
Depreciation of right-of-use assets	50.9	50.2
Loss on disposal and impairment of property, plant and equipment and intangible assets	0.5	0.5
Impairment of right-of-use assets	0.7	0.9
Expense related to short-term leases	4.7	3.7

The cost of inventories included in cost of sales includes the impact of a net decrease in the provision for obsolete inventory of £6.0m (2024: £0.6m increase).

The analysis of the auditor remuneration is as follows:

	2025 52 weeks £'000	2024 52 weeks £'000
Fees payable to the Group's auditor for the audit of the Parent and consolidated annual financial statements	43	37
Fees payable to the Group's auditor and its associates for other services to the Group		
– Audit of the Company's subsidiaries pursuant to legislation	352	322
– Other assurance services (See Audit and Risk Committee report on page 85 for further information)	67	50

4. Employee numbers and costs

The average monthly number of people employed by the Group (including Directors) was:

	2025 52 weeks Number of heads	2025 52 weeks Full time equivalents	2024 52 weeks Number of heads	2024 52 weeks Full time equivalents
Selling	9,973	5,420	9,591	5,258
Distribution	1,139	1,105	1,148	1,110
Administration	1,196	1,178	1,170	1,153
	12,308	7,703	11,909	7,521

Notes to the Consolidated Financial Statements continued

4. Employee numbers and costs continued

The aggregate remuneration of all employees (including Directors) comprises:

	2025 52 weeks £'m	2024 52 weeks £'m
Wages and salaries	275.4	248.0
Social security costs	21.2	17.6
Share-based payment expense (note 23)	5.5	4.3
Other pension costs	7.3	6.9
	309.4	276.8

Details of Directors' remuneration, share options, long-term incentive schemes and pension entitlements are disclosed in the Remuneration Committee report on pages 88 to 113 and in the Related Parties note on page 151.

5. Finance income and costs

	2025 52 weeks £'m	2024 52 weeks £'m
Finance income		
Interest on bank deposits	1.4	1.6
Net foreign exchange gains	–	0.4
	1.4	2.0
Finance costs		
Interest on bank borrowings	(4.1)	(3.0)
Net foreign exchange losses	(0.4)	–
Amortisation of issue costs of bank loans	(0.6)	(0.8)
Interest on lease liabilities	(7.3)	(6.1)
	(12.4)	(9.9)
Net finance expense	(11.0)	(7.9)

6. Taxation

	2025 52 weeks £'m	2024 52 weeks £'m
Current taxation		
UK corporation tax charge for the period	53.2	51.8
Adjustments in respect of prior periods	(1.4)	(0.4)
	51.8	51.4
Deferred taxation		
Origination of temporary differences	2.9	2.9
Adjustments in respect of prior periods	–	(0.1)
	2.9	2.8
Total tax expense	54.7	54.2

The tax expense is reconciled with the standard rate of UK corporation tax as follows:

	2025 52 weeks £'m	2024 52 weeks £'m
Profit before taxation	211.0	205.4
UK corporation tax at standard rate of 25.0% (2024: 25.0%)	52.8	51.4
Factors affecting the charge in the period:		
Non-deductible expenses	3.3	3.2
Adjustments in respect of prior periods	(1.4)	(0.5)
Profit on disposal of ineligible assets	–	0.1
Tax expense	54.7	54.2

The taxation expense for the period as a percentage of profit before tax is 25.9% (2024: 26.4%).

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation is effective for the Group's financial year beginning 30 June 2024. The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes. This assessment is based on the most recent information available regarding the financial performance of the constituent entities in the Group. Based on the assessment performed the Group meets the requirements for safe harbour provisions for Ireland in which the tax rate is currently 12.5% and as such no top up tax is due here. All other jurisdictions in which the Group operates are above 15% and management is not currently aware of any circumstances under which this might change. Therefore, the Group does not expect a potential tax liability in relation to Pillar Two top up taxes. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS12 issued May 2023.

Notes to the Consolidated Financial Statements continued

7. Dividends

The dividends set out in the table below relate to the 1 pence Ordinary Shares:

Dividend type	In respect of period ended	Pence per share	2025 52 weeks £'m	2024 52 weeks £'m
Final	1 July 2023	27.0	—	54.5
Interim	29 June 2024	16.0	—	32.3
Special	29 June 2024	35.0	—	70.8
Final	29 June 2024	27.5	55.6	—
Interim	28 June 2025	16.5	33.4	—
Special	28 June 2025	35.0	70.4	—
			159.4	157.6

The Board is proposing a final dividend of 28 pence per Ordinary Share for the period ended 28 June 2025 which equates to £56.4m. Subject to shareholder approval at the AGM this will be paid on 25 November 2025 to shareholders on the register at the close of business on 31 October 2025. The Ordinary Shares will be quoted ex dividend on 30 October 2025. The proposed dividend is not recognised as a liability at year end.

8. Earnings per Ordinary Share

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of Ordinary Shares in issue during the period, excluding Ordinary Shares purchased by the Company and held as treasury shares (note 22).

For diluted earnings per share, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all dilutive potential Ordinary Shares. These represent share options granted to employees where the exercise price is less than the average market price of the Group's Ordinary Shares during the period.

	2025 52 weeks £'m	2024 52 weeks £'m
Profit for the period	156.3	151.2

	2025 52 weeks '000	2024 52 weeks '000
Weighted average number of shares in issue during the period	202,366	202,355
Impact of share options	1,019	893
Number of shares for diluted earnings per share	203,385	203,248

	2025 52 weeks £p	2024 52 weeks £p
Earnings per Ordinary Share		
Basic (pence)	77.2	74.7
Diluted (pence)	76.8	74.4

9. Intangible assets

	Software development and licences £'m	Rights to brands and customer lists £'m	Total £'m
Cost			
At 1 July 2023	52.0	11.5	63.5
Additions	2.6	—	2.6
Disposals	(0.2)	—	(0.2)
At 29 June 2024	54.4	11.5	65.9
Additions	2.3	7.0	9.3
At 28 June 2025	56.7	18.5	75.2
Accumulated amortisation			
At 1 July 2023	47.1	11.1	58.2
Charge for the financial period	4.0	0.1	4.1
Disposals	(0.2)	—	(0.2)
At 29 June 2024	50.9	11.2	62.1
Charge for the financial period	2.1	0.2	2.3
At 28 June 2025	53.0	11.4	64.4
Net book value			
At 1 July 2023	4.9	0.4	5.3
At 29 June 2024	3.5	0.3	3.8
At 28 June 2025	3.7	7.1	10.8

All amortisation is included within operating costs in consolidated income statement.

Management's review of indicators of impairment did not result in the recognition of any impairment in the period (2024: £nil).

Within software development and licences there were £2.2m additions (2024: £2.4m) relating to internally generated assets.

Within rights to brands and customer lists £7.0m additions (2024: £Nil) relating to acquired intellectual property and brands.

Notes to the Consolidated Financial Statements continued

10. Property, plant and equipment

	Freehold land and buildings £'m	Leasehold land and buildings £'m	Leasehold improvements £'m	Fixtures, fittings and equipment £'m	Total £'m
Cost					
At 1 July 2023	107.0	–	167.2	140.3	414.5
Transfer	(0.2)	–	0.2	–	–
Additions	0.3	–	13.4	15.8	29.5
Disposals	–	–	(6.8)	(4.3)	(11.1)
At 29 June 2024	107.1	–	174.0	151.8	432.9
Transfer	–	–	0.2	(0.2)	–
Additions	8.9	0.2	10.7	15.1	34.9
Disposals	(0.1)	–	(1.2)	(1.3)	(2.6)
At 28 June 2025	115.9	0.2	183.7	165.4	465.2
Accumulated depreciation					
At 1 July 2023	21.8	–	105.1	117.7	244.6
Charge for the financial period	1.8	–	14.0	10.5	26.3
Disposals	–	–	(6.7)	(4.1)	(10.8)
Impairment	–	–	(0.1)	(0.1)	(0.2)
At 29 June 2024	23.6	–	112.3	124.0	259.9
Charge for the financial period	2.7	–	13.9	12.1	28.7
Disposals	(0.1)	–	(0.2)	(0.4)	(0.7)
Impairment	–	–	(0.6)	(0.8)	(1.4)
At 28 June 2025	26.2	–	125.4	134.9	286.5
Net book value					
At 1 July 2023	85.2	–	62.1	22.6	169.9
At 29 June 2024	83.5	–	61.7	27.8	173.0
At 28 June 2025	89.7	0.2	58.3	30.5	178.7

All depreciation charges have been included within operating costs in the Consolidated Income Statement.

The impairment charge of £(1.4)m recognised in the period (2024: £(0.2)m) is for assets currently not in use.

11. Leases

Right-of-use assets included in the Consolidated Statement of Financial Position at 28 June 2025 were as follows:

	2025 Land and buildings £'m	2025 Motor vehicles, plant and equipment £'m	2025 Total £'m	2024 Total £'m
At the beginning of the period	201.7	21.2	222.9	231.3
Additions	40.0	9.9	49.9	44.6
Disposals	(0.1)	–	(0.1)	(1.9)
Impairment	(0.7)	–	(0.7)	(0.9)
Depreciation	(44.6)	(6.3)	(50.9)	(50.2)
At the end of the period	196.3	24.8	221.1	222.9

Right-of-use additions included £(0.6)m of lease modifications in the period (2024: £5.2m).

The impairment charge of £(0.7)m (2024: £(0.9)m) relates to impairment in respect of leases for properties currently not in use.

Lease liabilities included in the Consolidated Statement of Financial Position at 28 June 2025 were as follows:

	2025 Land and buildings £'m	2025 Motor vehicles, plant and equipment £'m	2025 Total £'m	2024 Total £'m
At the beginning of the period	(228.1)	(21.5)	(249.6)	(258.2)
Additions	(42.4)	(9.5)	(51.9)	(46.2)
Disposals	0.1	–	0.1	1.9
Interest	(6.2)	(1.1)	(7.3)	(6.1)
Repayment of lease liabilities	54.7	6.5	61.2	59.0
At the end of the period	(221.9)	(25.6)	(247.5)	(249.6)

The discount rate applied across all lease liabilities ranged between 0.90% and 6.76% (2024: 0.90% and 6.76%). The discount rate is determined at the inception of the lease and the rate reflects our incremental borrowing rate which we assess by considering the marginal rate on the Group's Revolving Credit Facility (RCF), the Bank of England base rate, the yield on Government bonds and the term of the lease.

Notes to the Consolidated Financial Statements continued

11. Leases continued

The lease liability, as split between current and non-current liabilities in the Statement of Financial Position, is as follows:

	2025 £'m	2024 £'m
Current	(53.1)	(52.1)
Non-current	(194.4)	(197.5)
	(247.5)	(249.6)

The remaining contractual maturities of the lease liabilities, which are gross and undiscounted, are as follows:

	2025 £'m	2024 £'m
Less than one year	(62.7)	(59.2)
One to two years	(53.8)	(50.9)
Two to five years	(116.8)	(104.1)
Five to ten years	(55.8)	(63.2)
More than ten years	(0.8)	(1.7)
Total undiscounted lease liability	(289.9)	(279.1)

The average remaining lease term of our leasehold land and buildings is 4.5 years (2024: 4.2 years).

The following amounts have been recognised in the Consolidated Income Statement:

	2025 52 weeks Land and buildings £'m	2025 52 weeks Motor vehicles, plant and equipment £'m	2025 52 weeks Total £'m	2024 52 weeks Total £'m
Depreciation of right-of-use assets	44.6	6.3	50.9	50.2
Impairment of right-of-use assets	0.7	–	0.7	0.9
Interest expenses (included in financial expenses)	6.2	1.1	7.3	6.1
Expense relating to short-term leases	3.4	1.3	4.7	3.7

The total cash outflow for leases during the financial period was £57.9m (2024: £56.9m).

12. Investment properties

	Investment Properties £'m
Cost	
At 29 June 2024	7.5
Additions	22.3
At 28 June 2025	29.8
Accumulated amortisation/depreciation	
At 29 June 2024	–
Charge for the financial period	0.3
At 28 June 2025	0.3
Net book value	
At 29 June 2024	7.5
At 28 June 2025	29.5

In July 2024, the Group purchased a freehold tenanted retail property in an attractive location for £22.3m, as it was acquired in the year, no external valuation has been performed for the period ended 28 June 2025. We expect to convert this into a Dunelm store in the future.

Investment properties are stated at cost less accumulated depreciation. As at 28 June 2025, all amortisation and depreciation charges have been included within operating costs in the Consolidated Income Statement.

The external valuation for the property purchased in 2024 was performed by a professionally qualified, independent valuer. The valuation conforms to International Valuation Standards and UK national supplement (the 'Red Book'). The valuation was arrived at by reference to market evidence of the transaction prices paid for similar properties. In estimating the fair value of the properties, the valuers consider the highest and best use of the properties.

The fair value of each property has been assessed as being materially in line with the historical costs.

At 28 June 2025 investment properties rental income was £1.5m included within other operating income in the Consolidated Income Statement.

13. Deferred tax assets/liabilities

Deferred tax is provided in full on temporary differences under the liability method using a taxation rate of 25.0%.

Notes to the Consolidated Financial Statements continued

13. Deferred tax assets/liabilities continued

Deferred taxation assets and liabilities are attributable to the following:

	Assets		Liabilities		Net assets/(liabilities)	
	2025 £'m	2024 £'m	2025 £'m	2024 £'m	2025 £'m	2024 £'m
Property, plant and equipment	0.3	–	(5.3)	(2.7)	(5.0)	(2.7)
Share-based payments	3.7	3.0	–	–	3.7	3.0
Hedging	4.3	1.3	–	–	4.3	1.3
Other temporary differences	0.4	0.4	(0.2)	(0.2)	0.2	0.2
	8.7	4.7	(5.5)	(2.9)	3.2	1.8

	Assets		Liabilities		Net assets/(liabilities)	
	2025 £'m	2024 £'m	2025 £'m	2024 £'m	2025 £'m	2024 £'m
Deferred tax recoverable/ (payable) after more than 12 months	0.6	1.9	(5.5)	(2.9)	(4.9)	(1.0)
Deferred tax recoverable/ (payable) within 12 months	8.1	2.8	–	–	8.1	2.8
	8.7	4.7	(5.5)	(2.9)	3.2	1.8

The movement in the net deferred tax balance is as follows:

	Balance at 1 July 2023 £'m	Recognised in income £'m	Recognised in equity £'m	Balance at 29 June 2024 £'m
Property, plant and equipment	(0.8)	(1.9)	–	(2.7)
Share-based payments	5.1	(0.8)	(1.3)	3.0
Hedging	2.3	–	(1.0)	1.3
Other temporary differences	0.3	(0.1)	–	0.2
	6.9	(2.8)	(2.3)	1.8

	Balance at 29 June 2024 £'m	Recognised in income £'m	Recognised in equity £'m	Balance at 28 June 2025 £'m
Property, plant and equipment	(2.7)	(2.6)	0.3	(5.0)
Share-based payments	3.0	(0.3)	1.0	3.7
Hedging	1.3	–	3.0	4.3
Other temporary differences	0.2	–	–	0.2
	1.8	(2.9)	4.3	3.2

14. Inventories

	2025 £'m	2024 £'m
Raw materials	0.9	1.3
Work in progress	0.1	0.1
Goods for resale	225.3	221.6
	226.3	223.0

Goods for resale includes a net realisable value provision of £15.3m (2024: £21.3m). Write-downs of inventories to net realisable value amounted to £20.9m (2024: £30.7m). These were recognised as an expense during the period and were included in cost of sales in the Consolidated Income Statement.

15. Trade and other receivables

	2025 £'m	2024 £'m
Trade receivables	9.6	3.7
Other receivables	3.6	0.4
Prepayments	13.8	11.6
Accrued income	13.1	10.5
	40.1	26.2

All trade receivables are due within one year from the end of the reporting period.

No impairment was incurred on trade and other receivables during the period and the expected credit loss provision held at period end is £nil (2024: £nil). No material amounts are overdue (2024: £nil).

16. Cash and cash equivalents

	2025 £'m	2024 £'m
Cash at bank and in hand	30.0	23.4

The Group deposits funds only with institutions that have a credit rating of 'A' and above and the term is less than three months.

Notes to the Consolidated Financial Statements continued

17. Trade and other payables

	2025 £'m	2024 £'m
Trade payables	93.7	92.3
Accruals	79.6	67.3
Deferred income	15.8	12.5
Taxation and social security	30.8	32.3
Other payables	0.1	0.6
	220.0	205.0

Deferred income includes contract liabilities of £12.1m (2024: £8.8m) where payment has been received in respect of performance obligations which will be met in future periods. Performance obligations associated with contract liabilities relating to unfulfilled sales orders of £8.9m (2024: £7.5m) are expected to be met within twelve months of the reporting date.

Contract liability for gift cards of £3.2m (2024: £1.3m) may be met over a period of up to two years from the reporting date, consistent with the term of the gift cards in issue. Movement in the gift card deferred income balance is as follows:

	2025 £'m	2024 £'m
Opening balance	1.3	1.1
Issued in the year	16.6	5.6
Released to income statement	(14.7)	(5.4)
Closing balance	3.2	1.3

18. Financial risk management

The Board of Directors has overall responsibility for the oversight of the Group's risk management framework. A formal process for reviewing and managing risk in the business is in place.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's deposits with banks and financial institutions as well as foreign exchange hedging agreements with its banking counterparties. The Group only deals with creditworthy counterparties and uses publicly available financial information to rate its counterparties, therefore credit risk is considered to be low.

Group policy is that surplus funds are placed on deposit with counterparties approved by the Board, with a minimum of an 'A' credit rating. The credit limit for the syndicate banks is £60m. All other parties are limited to £25m.

The Group's maximum exposure to credit risk is represented by the carrying amount of financial assets. No collateral is held (2024: £nil). At the period end the maximum exposure is detailed in the table below:

	2025 £'m	2024 £'m
Current		
Cash and cash equivalents	30.0	23.4
Trade and other receivables	13.2	4.1
Accrued income	13.1	10.2
Derivative financial instruments	–	0.3
Total current financial assets	56.3	38.0
Non-current		
Derivative financial instruments	–	0.1
Total financial assets	56.3	38.1

Credit risk

Trade and other receivables include rebates due from suppliers recognised as a reduction to cost of sales in the period to which they relate. The rebates are recovered through deductions from future payments to suppliers and therefore management is confident of the recoverability of these balances.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade and other receivables and accrued income. To measure the expected credit losses, trade and other receivables and accrued income have been grouped based on shared credit risk characteristics and the days past due. There is limited exposure to ECL due to the way the Group operates.

The Group will write off, either partially or in full, the gross carrying amount of a financial asset when there is no realistic prospect of recovery. This is usually the case when it is determined that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, the Group may still choose to pursue enforcement in order to recover the amounts due.

On that basis, the loss allowance as 29 June 2024 and 28 June 2025 was determined to not be significant for trade and other receivables, accrued income and cash and cash equivalents.

Notes to the Consolidated Financial Statements continued**18. Financial risk management** continued**Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and extreme circumstances. The Group manages this risk by continuously monitoring cash flow forecasts. Further details of the Group's available facilities can be found in the capital management section of this note.

All cash flows on financial liabilities for 2025 and 2024 are contractually due within one year with the exception of provisions, bank loans, certain derivative financial liabilities and lease liabilities. The details of lease liabilities are shown in note 11.

Total borrowings of £132.0m (2024: £79.0m) reflect the level of facility drawdown at the period end on the Group's committed RCF.

Interest rate risk

The Group's bank borrowings incur variable interest rate charges. The Group's policy aims to manage the interest cost of the Group within the constraints of its financial covenants. The Group will continue to monitor movements in the interest rate swap market.

During the period, if Sterling Overnight Index Average (SONIA) interest rates had been 100 basis points higher with all other variables held constant, post-tax profit would have been £0.5m lower (2024: £0.3m lower).

Foreign currency risk

All of the Group's revenues are in sterling and euros. The majority of purchases are also in pounds sterling, but some goods purchased direct from overseas suppliers are paid for in US dollars, accounting for just over 30.0% (2024: 30.0%) of stock purchases in the period ended 28 June 2025.

The Group uses various means to cover its exposure to US dollars including holding US dollar cash balances and taking out forward foreign exchange contracts for the purchase of US dollars. All the Group's foreign exchange transactions are designed to satisfy US dollar denominated liabilities. The maximum level of hedging coverage which will be undertaken is 100% of anticipated expenditure on a three-month horizon, stepping down to 75% on a four- to 12-month horizon and 50% on a 13- to 18-month horizon. There is a low level of coverage beyond the 18-month horizon.

Cash flow hedges are in place to manage foreign exchange rate risk arising from forecast purchases denominated in US dollars. At the Consolidated Statement of Financial Position date, the fair value of US dollar foreign exchange forward contracts held in cash flow hedges was a £17.3m liability (2024: £5.1m liability) which relates to a commitment to purchase

\$414.0m (2024: \$368.0m) for a fixed sterling amount. A fair value loss of £21.5m (2024: gain of £0.2m) was recognised in other comprehensive income and no loss (2024: nil) was recognised on cash flow hedges during the period. In the period, a loss of £9.3m (2024: £3.9m loss) was recycled from the cash flow hedge reserve to inventory to offset foreign exchange movements on purchases. The remaining hedge reserve balance will be recycled to the Consolidated Income Statement to offset future purchases occurring after the Consolidated Statement of Financial Position date, the majority of which expire in the next 12 months.

The outstanding US dollar liabilities at the period end were \$0.1m (2024: \$0.1m).

At the period end if GBP had strengthened by 10% against US dollar with all other variables held constant, post-tax profit would have been £0.1m lower (2024: £0.1m higher) as a result of foreign exchange gains on translation of US dollar denominated trade payables and cash and cash equivalents. Other components of equity would have been £1.7m higher (2024: £0.5m higher) as a result of a decrease in fair value of derivatives designated as cash flow hedges.

Conversely, if GBP had weakened by 10% against US dollar with all other variables held constant, post-tax profit for the period would have been £0.1m higher (2024: £0.1m lower) and other components of equity would have been £1.7m lower (2024: £0.5m lower).

The US dollar period end exchange rate applied in the above analysis is £1=\$1.2372 (2024: £1=\$1.2644).

Capital management

The Group considers equity plus debt as capital. There are no externally imposed capital requirements on the Group.

The Board's objective with respect to capital management is to ensure the Group continues as a going concern in order to optimise returns to shareholders. The Board regularly monitors the level of capital in the Group to ensure that this can be achieved.

The Company has a syndicated RCF of £250m which is committed until 6 September 2029. There is also an optional accordion facility of £100m. The terms of the RCF are consistent with normal practice and include covenants in respect of leverage (Group net debt to be no greater than 2.5x Group EBITDA before exceptional items) and fixed charge cover Group Earnings before interest, tax, depreciation, amortisation and restructuring (EBITDAR) before exceptional items to be no less than 1.75x Group fixed charges), both of which were met comfortably as at 28 June 2025 as shown below. In addition, the Company maintains £10m of uncommitted overdraft facilities with one syndicate partner bank.

Notes to the Consolidated Financial Statements continued

18. Financial risk management continued

The gearing ratio and banking covenants were as follows:

	2025 £'m	2024 £'m
Total borrowings (note 19)	132.0	79.0
Less: cash and cash equivalents (note 16)	(30.0)	(23.4)
Net debt	102.0	55.6
Less: unamortised debt issue costs (note 19)	(1.8)	(2.0)
Net debt including unamortised debt issue costs	100.2	53.6
Total equity	118.8	137.9
Total capital	219.0	191.5
Gearing ratio	45.8%	28.0%

	2025 52 weeks £'m	2024 52 weeks £'m
Operating profit	222.0	213.3
Add: Depreciation and amortisation of property, plant and equipment and intangible assets (note 3)	31.0	30.4
Add: Loss on disposal and impairment of property, plant and equipment and intangible assets (note 3)	0.5	0.5
Adjusted EBITDA	253.5	244.2
Leverage ratio	0.40	0.22

Adjusted EBITDA	253.5	244.2
Add: RoUA depreciation	50.9	50.2
Add: RoUA impairment	0.7	0.9
EBITDA	305.1	295.3
Add: Rent	6.9	4.3
EBITDAR	312.0	299.6
Net interest (note 5)	11.0	7.9
Rent plus RoUA depreciation	57.8	54.5
Fixed charges	68.8	62.4
Fixed charge cover	4.5	4.8

Derivatives: Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty.

Market risk

The Group uses a combination of foreign currency options and foreign currency forwards to hedge its exposure to foreign currency risk.

The Group only designates the spot component of foreign currency forwards in hedge relationships. The spot component is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points. It is discounted where material.

The changes in the forward element of the foreign currency forwards that relate to hedged items are deferred in the hedging reserve.

Effects of hedge accounting on the financial position and performance

	2025 £'m	2024 £'m
Foreign currency forwards		
Carrying amount of liability	(17.3)	(5.1)
Notional amount	329.9	295.5
Maturity date	July 2025– March 2027	July 2024– April 2026
Hedge ratio	1:1	1:1
Change in value of hedged item used to determine hedge effectiveness	£21.5m	£0.2m
Change in the value of hedging instruments	£(21.5)m	£(0.2)m
Weighted average hedged rate for the year (including forward points)	£1:US\$1.2508	£1:US\$1.2445

Notes to the Consolidated Financial Statements continued

18. Financial risk management continued

Fair values

The fair value of the Group's financial assets and liabilities are equal to their carrying value.

The fair value of foreign currency contracts are amounts required by the counterparties to cancel the contracts at the end of the period.

Fair value hierarchy

Financial instruments carried at fair value are required to be measured by reference to the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All derivative financial instruments carried at fair value have been measured by a Level 2 valuation method, based on observable market data.

Financial assets/(liabilities)

The carrying value of all financial assets and financial liabilities was materially equal to their fair value.

	Financial assets at amortised cost £'m	Financial liabilities at amortised cost £'m	Derivatives used for hedging £'m	Total £'m
At 29 June 2024				
Cash and cash equivalents	23.4	–	–	23.4
Trade and other receivables	4.1	–	–	4.1
Accrued income	10.2	–	–	10.2
Derivative financial instruments	–	–	0.4	0.4
Total financial assets	37.7	–	0.4	38.1
Trade and other payables	–	(92.9)	–	(92.9)
Accruals	–	(67.3)	–	(67.3)
Lease liabilities	–	(249.6)	–	(249.6)
Bank loans	–	(77.0)	–	(77.0)
Derivative financial instruments	–	–	(5.5)	(5.5)
Total financial liabilities	–	(486.8)	(5.5)	(492.3)
Net financial assets/(liabilities)	37.7	(486.8)	(5.1)	(454.2)

	Financial assets at amortised cost £'m	Financial liabilities at amortised cost £'m	Derivatives used for hedging £'m	Total £'m
At 28 June 2025				
Cash and cash equivalents	30.0	–	–	30.0
Trade and other receivables	13.2	–	–	13.2
Accrued income	13.1	–	–	13.1
Total financial assets	56.3	–	–	56.3
Trade and other payables	–	(93.8)	–	(93.8)
Accruals	–	(79.6)	–	(79.6)
Lease liabilities	–	(247.5)	–	(247.5)
Bank loans	–	(130.2)	–	(130.2)
Derivative financial instruments	–	–	(17.3)	(17.3)
Total financial liabilities	–	(551.1)	(17.3)	(568.4)
Net financial assets/(liabilities)	56.3	(551.1)	(17.3)	(512.1)

The currency profile of the Group's cash and cash equivalents is as follows:

	2025 £'m	2024 £'m
Sterling	29.6	22.2
US dollar	0.1	0.9
Euro	0.3	0.3
	30.0	23.4

19. Bank loans

	2025 £'m	2024 £'m
Total borrowings	132.0	79.0
Less: unamortised debt issue costs	(1.8)	(2.0)
Net borrowings	130.2	77.0

Borrowings relate to the Group's syndicated Revolving Credit Facility, as described in note 18.

Notes to the Consolidated Financial Statements continued

19. Bank loans continued

The analysis below shows the reconciliation of net debt:

	2025 52 weeks £'m	2024 52 weeks £'m
Net debt at 30 June 2024 and 2 July 2023	(55.6)	(30.7)
Net Increase/(decrease) in cash and cash equivalents (excluding foreign exchange revaluations)	7.0	(23.3)
Effect of foreign exchange (note 5)	(0.4)	0.4
Repayments of Revolving Credit Facility	99.0	108.0
Drawdowns of Revolving Credit Facility	(152.0)	(110.0)
Movement in net debt	(46.4)	(24.9)
Net debt represented by		
Cash and cash equivalents (note 16)	30.0	23.4
Non-current borrowings (note 19)	(132.0)	(79.0)
Net debt at 28 June 2025 and 29 June 2024	(102.0)	(55.6)
Lease liabilities (note 11)	(247.5)	(249.6)
Net debt at 28 June 2025 and 29 June 2024 (including lease liabilities)	(349.5)	(305.2)

20. Provisions

	Balance at 29 June 2024 £'m	Utilised in the period £'m	Created in the period £'m	Released in the period £'m	Balance at 28 June 2025 £'m
Property related	5.5	(0.1)	1.2	(1.1)	5.5
Legal related and other	—	—	2.2	—	2.2
	5.5	(0.1)	3.4	(1.1)	7.7

Property-related provisions consist of costs associated with vacant property and dilapidations. Legal-related and other provisions include potential costs for legal disputes with the business. All provisions are based on the Directors' best estimate of the Group's future liabilities.

21. Issued share capital

	2025 Number of Ordinary Shares of 1p each	2024 Number of Ordinary Shares of 1p each
In issue at the start of the period	203,426,835	203,426,835
In issue at the end of the period	203,426,835	203,426,835

	2025 Number of shares	2025 £'m	2024 Number of shares	2024 £'m
Ordinary shares of 1p each:				
Authorised	500,000,000	5.0	500,000,000	5.0
Allotted, called up and fully paid	203,426,835	2.0	203,426,835	2.0

Proceeds received in relation to shares issued during the period were £nil (2024: £nil).

22. Treasury shares

	2025 Number of shares	2025 £'m	2024 Number of shares	2024 £'m
Outstanding at the beginning of the period	1,226,461	11.5	1,712,790	16.0
Purchased during the period	1,500,000	14.7	—	—
Reissued during the period in respect of share option schemes	(582,449)	(5.6)	(486,329)	(4.5)
Outstanding at the end of the period	2,144,012	20.6	1,226,461	11.5

Proceeds from the issue of treasury shares included in the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity of £0.7m (2024: £0.1m) is the amount employees contributed.

The Group has the right to reissue the remaining treasury shares at a later date.

Notes to the Consolidated Financial Statements continued

23. Share-based payments

The Group operates a number of share-based payment schemes as follows:

Dunelm Group Savings Related Share Option Plan (Sharesave)

The Dunelm Group plc Savings Related Share Option Plan (Sharesave) scheme is open to all colleagues with eligible length of service. Invitations to participate in the scheme are issued annually and the scheme is 'approved' under HMRC rules. The current maximum monthly savings for the schemes detailed below is £500. Options are granted at the prevailing market rate less a discount of 20.0%. Options may be exercised under the scheme within six months of the completion of each three-year savings contract (from the grant date). There is provision for early exercise in certain circumstances such as death, disability, redundancy, and retirement. Sharesave options are accounted for as equity-settled awards under IFRS 2.

The following table summarises the movement in Dunelm Group plc Sharesave options during the period:

Sharesave Plans	2025 No. of options	2025 Weighted average exercise price (p)	2024 No. of options	2024 Weighted average exercise price (p)
Outstanding at beginning of period	2,435,045	735.95	2,214,266	717.67
Granted	459,799	929.00	614,293	810.00
Exercised	(78,695)	932.51	(22,174)	658.94
Forfeited	(373,250)	867.83	(371,340)	754.03
Outstanding at end of period	2,442,899	745.81	2,435,045	735.95
Exercisable at end of period	2,044	1,046.00	78,984	1,167.00

Exercisable at end of period refers to all share options not exercised which have passed their vesting date, but not yet reached their expiry date. The figure of 2,044 options (2024: 78,984 options) excludes the provisions for early exercise explained above.

Options outstanding at 28 June 2025 are exercisable at prices ranging between 667.00p and 1,046.00p (2024: 667.00p and 1,167.00p) and have a weighted average remaining contractual life of 1.5 years (2024: 2.1 years), as analysed in the table below:

Sharesave Plans	2025 No. of options	2025 Weighted average remaining contractual life (years)	2024 No. of options	2024 Weighted average remaining contractual life (years)
Exercise price (pence):				
667.00	1,536,869	1.0	1,683,046	2.0
810.00	445,636	2.0	537,082	3.0
929.00	390,610	3.0	—	—
1,046.00	69,784	—	135,195	1.0
1,167.00	—	—	79,722	—
	2,442,899	1.5	2,435,045	2.1

Long-Term Incentive Plan (LTIP)

As explained in the Remuneration Committee report, the Group operates an equity-settled LTIP scheme for Executive Directors and other senior colleagues. Performance conditions for the LTIP awards are detailed in the Remuneration Committee report. LTIP options are also accounted for as equity-settled awards under IFRS 2.

The following table summarises the movements in nil-cost LTIP awards during the period:

LTIP awards	2025 No. of options	2024 No. of options
Outstanding at beginning of period	1,991,911	1,897,942
Granted	656,910	579,517
Dividend equivalent awarded in the period	96,169	67,275
Exercised	(349,808)	(348,727)
Forfeited	(132,369)	(204,096)
Outstanding at end of period	2,262,813	1,991,911
Exercisable at end of period	4,717	4,717

Exercisable at end of period refers to all share options not exercised which have passed their vesting date, but not yet reached their expiry date.

The weighted average remaining contractual life of these options is 8.0 years (2024: 8.1 years).

Notes to the Consolidated Financial Statements continued

23. Share-based payments continued

Restricted Stock Award (RSA)

These awards are granted to particular individuals and are dependent on continuing employment. The only performance condition is that the threshold diluted earnings per share as per the LTIP conditions is met as detailed in the Remuneration Committee report on pages 88 to 113. RSA options are also accounted for as equity-settled awards under IFRS 2.

The following table summarises the movements in nil-cost RSA options during the period:

	2025 No. of options	2024 No. of options
Restricted Stock Awards		
Outstanding at beginning of period	334,747	316,446
Granted	336,113	155,032
Dividend equivalent awarded in the period	16,377	9,928
Exercised	(153,786)	(115,428)
Forfeited	(20,033)	(31,231)
Outstanding at end of period	513,418	334,747
Exercisable at end of period	35,239	12,437

Exercisable at end of period refers to all share options not exercised which have passed their vesting date, but not yet reached their expiry date.

The weighted average remaining contractual life of these options is 5.4 years (2024: 7.9 years).

Bonus Deferred Shares Award

The Bonus Deferred Shares Award provides options over shares in Dunelm Group plc for colleagues of the Group as a discretionary bonus. This is an equity-settled share option scheme and there are no performance conditions attached to these awards, they are only dependent on continued employment. Under this arrangement, colleagues are awarded a number of options which is based on the cash value of the earned bonus award, determined by their achievement of a mixture of Group and individual performance metrics, divided by a share price value of 1,189.00p which was approved at the November 2020 AGM. The deferred shares awarded vested in September 2021 and/or September 2022, depending on colleague level.

The Bonus Deferred Shares Award is structured as nil-cost options and the following table summarises their movement during the period:

	2025 No. of options	2024 No. of options
Bonus Deferred Shares Award		
Outstanding at beginning of period	2,709	2,783
Dividend equivalent awarded in the period	–	–
Exercised	–	–
Forfeited	–	(74)
Outstanding at end of period	2,709	2,709
Exercisable at end of period	2,709	2,709

The weighted average remaining contractual life of these options is nil years (2024: nil years).

Fair value calculations

The fair values of all share options granted are calculated at the date of grant using a Black-Scholes option pricing model except for the LTIPs granted in October 2024 for which fair values are calculated at the date of grant using a Monte-Carlo option pricing model. Expected volatility is determined by calculating the historical volatility of the Group's share price over a period equivalent to the expected life of an option which is aligned to its vesting period.

The following tables list the inputs to the model used for options granted in the periods ended 28 June 2025 and 29 June 2024 based on information at the date of grant:

Sharesave plans	2025	2024
Share price at date of grant	1,161.00p	1,086.00p
Exercise price	929.00p	810.00p
Volatility	31.42%	34.55%
Expected life	3 years	3 years
Risk-free rate	4.13%	3.31%
Dividend yield	3.90%	3.88%
Fair value per option	359.70p	342.80p

Notes to the Consolidated Financial Statements continued

23. Share-based payments continued

LTIP awards	2025	2024
Share price at date of grant	1,078.00p–1,161.00p	1,086.00p
Exercise price	0.00p	0.00p
Volatility	31.80%–31.97%	34.55%
Expected life	3 years	3 years
Risk-free rate	4.13%	3.93%
Dividend yield	3.90%	3.88%
Fair value per option	544.0p–988.0p	736.90p

Restricted Stock awards	2025	2024
Share price at date of grant	1,161.00p	1,086.00p–1,111.00p
Exercise price	0.00p	0.00p
Volatility	28.90%–31.80%	27.43%–34.55%
Expected life	1–3 years	1–2 years
Risk-free rate	4.13%	3.93%–3.97%
Dividend yield	3.90%	3.88%
Fair value per option	786.10–1,116.50p	736.90–1,086.20p

The charge to the Income Statement for all share option schemes is disclosed in note 4.

24. Commitments

As at the period end date, the Group had entered into capital contracts for technology, new stores and refits amounting to £5.9m (2024: £1.5m).

25. Contingent liabilities

The Group had no contingent liabilities at the period end date (2024: £nil).

26. Related parties

Identity of related parties

The Group has related party relationships with its subsidiaries and with its Directors. Transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation for the Group. A list of subsidiaries can be found in note C4 to the Parent Company Financial Statements.

Key management personnel

The key management personnel of the Group comprise members of the Board of Directors and the Executive Board.

Directors of the Company and their close relatives control 37.5% (2024: 42.7%) of the voting shares of the Company.

Disclosures relating to remuneration of Directors are set out in the Remuneration Committee report on pages 88 to 113. The remuneration of the key management personnel is set out below:

	2025 52 weeks £'m	2024 52 weeks £'m
Wages and salaries	4.0	3.7
Termination benefits	–	–
Short-term employee benefits	2.9	2.0
Post-employment benefits	0.1	0.1
Share-based payments (including NI)	2.1	1.0
	9.1	6.8

The amount of gains made by Directors on the exercise of share options are disclosed in the Remuneration Committee report on page 98.

From time to time Directors of the Group, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees and values involved are trivial.

27. Ultimate controlling party

The Directors consider that there is no ultimate controlling party of Dunelm Group plc.

Parent Company Statement of Financial Position

As at 28 June 2025

	Note	28 June 2025 £'m	29 June 2024 £'m
Non-current assets			
Investments in subsidiary undertakings	C4	77.4	72.5
Deferred tax assets	C5	0.2	0.4
Total non-current assets		77.6	72.9
Current assets			
Trade and other receivables	C6	72.8	84.7
Total current assets		72.8	84.7
Total assets		150.4	157.6
Current liabilities			
Trade and other payables	C7	(0.2)	(0.2)
Total current liabilities		(0.2)	(0.2)
Total liabilities		(0.2)	(0.2)
Net assets		150.2	157.4
Equity			
Issued share capital	C11	2.0	2.0
Share premium account		1.7	1.7
Non-distributable reserves		32.3	27.4
Capital redemption reserve		43.2	43.2
Retained earnings		71.0	83.1
Total equity attributable to equity holders of the Parent		150.2	157.4

The Company recorded a profit after tax of £160.8m (2024: £79.3m).

The financial statements on pages 152 to 157 were approved by the Board of Directors on 9 September 2025 and were signed on its behalf by:

Karen Witts

Director

Company number 04708277

9 September 2025

Parent Company Statement of Changes in Equity

For the 52 weeks ended 28 June 2025

	Note	Issued share capital £'m	Share premium account £'m	Non-distributable reserves £'m	Capital redemption reserve £'m	Retained earnings £'m	Total equity attributable to equity holders of the Parent £'m
As at 1 July 2023		2.0	1.7	23.6	43.2	160.9	231.4
Profit for the period		–	–	–	–	79.3	79.3
Total comprehensive income for the period		–	–	–	–	79.3	79.3
Proceeds from issue of treasury shares	C12	–	–	–	–	0.1	0.1
Share-based payments	C13	–	–	3.8	–	0.5	4.3
Deferred tax on share-based payments	C5	–	–	–	–	(0.1)	(0.1)
Dividends	C3	–	–	–	–	(157.6)	(157.6)
Total transactions with owners, recorded directly in equity		–	–	3.8	–	(157.1)	(153.3)
As at 29 June 2024		2.0	1.7	27.4	43.2	83.1	157.4
Profit for the period		–	–	–	–	160.8	160.8
Total comprehensive income for the period		–	–	–	–	160.8	160.8
Purchase of Treasury Shares		–	–	–	–	(14.7)	(14.7)
Proceeds from issue of Treasury Shares	C12	–	–	–	–	0.7	0.7
Share-based payments	C13	–	–	4.9	–	0.6	5.5
Deferred tax on share-based payments	C5	–	–	–	–	(0.1)	(0.1)
Dividends	C3	–	–	–	–	(159.4)	(159.4)
Total transactions with owners, recorded directly in equity		–	–	4.9	–	(172.9)	(168.0)
As at 28 June 2025		2.0	1.7	32.3	43.2	71.0	150.2

The non-distributable reserves' purpose is to reflect movements in share-based payments in respect of awards given by the Parent Company to employees of its subsidiaries.

At the time of declaring dividends, the Directors assessed the level of available distributable reserves with reference to relevant accounts and considered there to be sufficient levels to support the dividend.

Parent Company Accounting Policies

For the 52 weeks ended 28 June 2025

General information

Dunelm Group plc (the 'Company') is incorporated and domiciled in the UK. Dunelm Group plc is a listed public Company, limited by shares and the Company registration number is 04708277. The registered office is Dunelm Store Support Centre, Watermead Business Park, Syston, Leicester, Leicestershire, England, LE7 1AD.

Basis of preparation

These financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' (FRS101).

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to standards not yet effective, presentation of a cash flow statement and requirements to disclose related party transactions entered into between two or more members of a group.

The accounting policies adopted for the Parent Company, Dunelm Group plc, are otherwise consistent with those used for the Group which are set out on pages 131 to 137.

The annual financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 and other applicable law. The financial statements are prepared in pounds sterling, rounded to the nearest 0.1 million.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Additional considerations relating to the potential downturn in the homewares market on the going concern assumptions are set out in the Consolidated Financial Statements on page 131.

Use of estimates and judgements

Based on the IAS 1 definitions, there are no significant estimates or critical judgements used in the Company Financial Statements

Share-based payments

Employees of the Company have been granted options for two equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions (for example, an entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- Including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity.

When the options are exercised, the Company either issues new shares, or uses treasury shares purchased for this purpose. For newly issued shares, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Parent Company Accounting Policies continued**Taxation**

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax represents the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the Statement of Financial Position date, together with any adjustment to tax payable in respect of previous periods.

Deferred tax provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the Statement of Financial Position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recognised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividends

Dividends are recognised as a liability in the period in which they are approved such that the Company is obligated to pay the dividend.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and then carried at amortised cost, net of impairment provisions.

Share capital

Where the Company purchases its own equity share capital (treasury shares) the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Investments

Investments in subsidiary undertakings are stated at the adjusted cost of the investment. IFRS 2 requires the Parent Company to recognise an increase in the cost of its investment in a subsidiary, when that subsidiary has issued share options in the Parent Company's shares to its employees.

Notes to the Parent Company Financial Statements

For the 52 weeks ended 28 June 2025

C1. Income Statement

The Company made a profit after tax of £160.8m (2024: £79.3m). The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and have not presented an Income Statement for the Company.

Disclosures relating to the fees paid to the Company's auditors are set out in note 3 in the Group's consolidated financial statements on page 138.

C2. Employee costs

The Company's employees are the three Executive Directors and the Non-Executive Directors. Full details of the Directors' remuneration and interests are set out in the Remuneration Committee report on pages 88 to 113. Share-based payments details are given in note C13 on page 157.

C3. Dividends and special distributions to shareholders

Disclosures relating to dividends and special distributions to shareholders are set out in note 7 in the Group's consolidated financial statements on page 140.

C4. Investments in subsidiary undertakings

Shares in subsidiary undertakings:

	£'m
As at 1 July 2023	68.8
Share-based payments	3.7
As at 29 June 2024	72.5
Share-based payments	4.9
As at 28 June 2025	77.4

The share-based payment adjustment to investments reflects share option awards given by the Parent Company to employees of its subsidiaries.

C4. Investments in subsidiary undertakings continued

The following were subsidiaries as at 28 June 2025:

Subsidiary	Proportion of ordinary shares held	Nature of business
Dunelm Limited	100%	Holding company
Dunelm (Soft Furnishings) Ltd*	100%	Retailer of soft furnishings
Dunelm Estates Limited*	100%	Dormant company
Zoncolan Limited*	100%	Dormant company
Fogarty Holdings Limited*	100%	Non-trading company
Globe Online Limited*	100%	Dormant company
Dunelm (Soft Furnishings) Holdings Limited*	100%	Retailer of soft furnishings
Homefocus Group Limited*	100%	Retailer of soft furnishings
Hickey's & Co Limited*	100%	Retailer of soft furnishings
Fashion Fabric Limited*	100%	Retailer of soft furnishings
Dunelm IP (Ireland) Limited*	100%	IP Assets
Dunelm (Soft Furnishings) Londonderry Ltd*	100%	Non-trading company

* Share capital held by subsidiary undertaking.

Dunelm Group plc, the Parent Company, and its subsidiaries (excluding Dunelm (Soft Furnishings) Londonderry Ltd, Homefocus Group Limited, Dunelm (Soft Furnishings) Holdings Limited, Dunelm IP (Ireland) Limited, Hickey's & Co Limited and Fashion Fabric Limited) are incorporated and domiciled in the UK. The registered office is Dunelm Store Support Centre, Watermead Business Park, Syston, Leicester, Leicestershire, England, LE7 1AD.

The registered address for Dunelm (Soft Furnishings) Londonderry Ltd is Faustina Retail Park, 35 Buncrana Road, Londonderry, Northern Ireland, BT48 8QN.

The registered address for Dunelm (Soft Furnishings) Holdings Limited, Dunelm IP (Ireland) Limited, Homefocus Group Limited, Hickey's & Co Limited and Fashion Fabric Limited is Unit 41, Hawthorn Road, Western Industrial Estate Dublin 12, Dublin 12, Dublin, Ireland D12 WR25.

Notes to the Parent Company Financial Statements continued

C5. Deferred tax assets

	2025 £'m	2024 £'m
Employee benefits	0.2	0.4

The movement in deferred tax assets is as follows:

	Balance at 1 July 2023 £'m	Recognised in income £'m	Recognised in equity £'m	Balance at 29 June 2024 £'m
Employee benefits	0.6	(0.1)	(0.1)	0.4

	Balance at 29 June 2024 £'m	Recognised in income £'m	Recognised in equity £'m	Balance at 28 June 2025 £'m
Employee benefits	0.4	(0.1)	(0.1)	0.2

C6. Trade and other receivables

	2025 £'m	2024 £'m
Amounts owed by subsidiary undertakings	72.8	84.7

Amounts owed by subsidiary undertakings are repayable on demand. Interest is charged monthly on all intercompany balances at an annual rate of 2.0%. There is no security on these balances.

These amounts pose no liquidity or credit risk as they are owed by other Group undertakings and are expected to be settled by Group transactions.

C7. Trade and other payables

	2025 £'m	2024 £'m
Accruals and deferred income	0.2	0.2

C8. Taxation

	2025 £'m	2024 £'m
Current taxation		
UK corporation tax charge for the period	–	–
Deferred taxation		
Origination of temporary differences	0.1	0.1
Tax expense	0.1	0.1

The tax charge is reconciled with the standard rate of UK corporation tax as follows:

	2025 £'m	2024 £'m
Profit before taxation	160.8	79.4
UK corporation tax at standard rate of 25.0% (2024: 25.0%)	40.2	19.9
Factors affecting the charge in the period:		
Income not subject to tax	(40.8)	(20.4)
Impact of change in tax rate	(0.1)	–
Group relief	0.8	0.6
Tax expense	0.1	0.1

C9. Interest-bearing loans and borrowings

The Company's only interest-bearing borrowings relate to amounts owed by subsidiary undertakings which have interest charges of 2.0% and are not affected by changes in SONIA.

C10. Financial risk management

Capital management

The Board's objective with respect to capital management is to ensure the Company continues as a going concern in order to optimise returns to shareholders. The Board's policy is to retain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development. The Board regularly monitors the level of capital in the Group to ensure that this can be achieved.

Notes to the Parent Company Financial Statements continued**C11. Issued share capital**

Disclosures relating to issued share capital are set out in note 21 in the Group's consolidated financial statements on page 148.

C12. Treasury shares

Disclosures relating to treasury shares are set out in note 22 in the Group's consolidated financial statements on page 148.

C13. Share-based payments

The Company operates the following share-based payment schemes for the CEO and CFO:

a. Dunelm Group Savings Related Share Option Plan (Sharesave)

The Dunelm Group plc Savings Related Share Option Plan (Sharesave) scheme is open to all colleagues with eligible length of service. Invitations to participate in the scheme are issued annually and the scheme is 'approved' under HMRC rules. The current maximum monthly savings for the schemes is £500. Options are granted at the prevailing market rate less a discount of 20%. Options may be exercised under the scheme within six months of the completion of each three-year savings contract (from the grant date). There is provision for early exercise in certain circumstances such as death, disability, redundancy, and retirement. Sharesave options are accounted for as equity-settled awards under IFRS 2.

b. Long-Term Incentive Plan (LTIP)

As explained in the Remuneration Committee report, the Company operates an equity-settled LTIP scheme. Performance conditions for the LTIP awards are detailed in the Remuneration Committee report. LTIP options are also accounted for as equity-settled awards under IFRS 2.

C14. Contingent liabilities

The Company had no contingent liabilities at the period end date (2024: £nil).

C15. Related parties**Key management personnel**

All employees of the Company are key management personnel.

Directors of the Company and their close relatives control 37.5% (2024: 42.7%) of the voting shares of the Company.

	2025 52 weeks £'m	2024 52 weeks £'m
Wages and salaries	1.9	1.9
Short-term employee benefits	1.4	1.0
Share-based payments (including NI)	0.7	0.6
	4.0	3.5

There were no termination benefits for employees of the Company.

The amount of gains made by Directors on the exercise of share options are disclosed in the Remuneration Committee report on page 98.

Alternative performance measures (APMs)

APM	Definition, purpose and reconciliation to statutory measure
Total sales	Equivalent to revenue (from all channels). This is net of customer returns.
Digital sales	Digital sales include home delivery, Click & Collect and tablet-based sales in store.
Digital % total sales	Digital sales (as defined above) expressed as a percentage of revenue. This is not a measure that we seek to maximise in itself, but we measure it to track our adaptability to changing customer behaviours.
Ordinary dividend cover	Ordinary dividend cover is calculated as earnings per share divided by the total ordinary dividend relating to the financial year. This measure is used in our capital and dividend policy.
Gross margin %	Gross profit expressed as a percentage of revenue. Measures the profitability of product sales prior to operating costs.
Net operating costs	Other operating income less operating costs. Measures the total cost base net of operating income, which comprises rent from investment property and insurance payments.
EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment. Operating profit plus depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets plus loss on disposal and impairment of property, plant and equipment and intangible assets. Used in our capital and dividend policy.

APM	Definition, purpose and reconciliation to statutory measure
Adjusted EBITDA	EBITDA less depreciation on right-of-use assets. To measure compliance with bank covenants.
EBITDAR	EBITDAR is calculated as EBITDA plus rent. To measure compliance with bank covenants.
Effective tax rate	Taxation expressed as a percentage of profit before taxation. To measure how close we are to the UK corporation tax rate and understand the reasons for any differences.
Capex (net of disposals)	Acquisition of intangible assets, property, plant and equipment and investment properties, less proceeds on disposal of intangible assets, property, plant and equipment and investment properties.
Free cash flow	Free cash flow is defined as net cash generated from operating activities less capex (net of disposals) and business combinations, net interest paid (including leases) and loan transaction costs, and repayment of principal element of lease liabilities. Measures the cash generated that is available for disbursement to shareholders.
Net cash/(debt)	Cash and cash equivalents less total borrowings (as shown in note 19). Excludes IFRS 16 lease liabilities.
Cash conversion	Free cash flow expressed as a percentage of operating profit.

Advisers and contacts

Corporate brokers	Barclays Bank plc 1 Churchill Place London E14 5HP Tel: 020 7623 2323		Peel Hunt LLP 100 Liverpool Street London EC2M 2AT Tel: 020 7418 8900
Financial advisers	UBS Investment Bank 5 Broadgate London EC2M 2QS Tel: 020 7567 8000	Financial public relations	MHP Communications 60 Great Portland Street London W1W 7RT Tel: 020 3128 8100
Independent auditors	PricewaterhouseCoopers LLP Pegasus Business Park Castle Donnington East Midlands DE74 2UZ Tel: 01509 604 000	Registered office	Dunelm Store Support Centre Watermead Business Park Syston Leicester Leicestershire England LE7 1AD Company registration no: 4708277
Principal bankers	Barclays Bank plc 1 Churchill Place London E14 5HP Tel: 020 7623 2323	Investor relations	corporate.dunelm.com Tel: 0116 264 4400 Email: investorrelations@dunelm.com
Registrars	Equiniti Aspect House Spencer Road, Lancing West Sussex BN99 6DA Tel: 0371 384 2030 ¹		

1. If dialling internationally, call +44 121 415 7047. The helpline is open Monday to Friday 8.30 am to 5.30 pm, excluding bank holidays.

Designed and produced by **Gather.London**
Printed by **Park Communications**



The material used in this Report is from 100% recycled material. The paper mill and printer are both registered with the Forestry Stewardship Council (FSC)[®] and additionally have the Environmental Management System ISO 14001.

It is recyclable and bio-degradable.

It has been printed using 100% offshore wind electricity sourced from UK wind.



Tel: 0116 264 4400
Email: investorrelations@dunelm.com
corporate.dunelm.com

