



11 February 2025
Dunelm Group plc

Interim Results for the 26 weeks ended 28 December 2024

Good performance and strategic progress in a challenging environment

Dunelm Group plc ("Dunelm" or "the Group"), the UK's leading homewares retailer, today announces its interim results for the 26 weeks to 28 December 2024.

	H1 FY25	H1 FY24	YoY
Total sales	£893.7m	£872.5m	+2.4%
Digital % total sales ¹	39%	36%	+3ppts
Gross margin	52.8%	52.7%	+10bps
Operating costs:sales ratio	38.6%	38.1%	+50bps
Profit before tax ("PBT")	£123.2m	£123.0m	+0.2%
Diluted earnings per share	45.0p	44.6p	+0.9%
Free cash flow ²	£168.5m	£91.1m	+£77.4m
Net cash ³	£57.1m	£6.2m	+£50.9m
Interim dividend per share	16.5p	16.0p	+3.1%
Special dividend per share	35.0p	35.0p	n/a

Highlights

- Good performance in a challenging environment, again underpinned by the quality of our customer proposition and advantaged business model
- Sales growth of 2.4%, driven by volume, with total sales increasing to £894m (FY24 H1: £872m)
- Another strong digital performance, with 39% of total sales generated through digital channels (FY24 H1: 36%)
- Market share increased to 7.8%, up 30bps on a calendar year basis⁴
- Growth in active customers of 4.3% in 2024⁵
- Further progress with our strategic priorities: elevate our product offer; connect with more customers; and harness our operational capabilities
- Continued to improve our digital proposition, whilst expanding our store portfolio to inner London, and also Ireland via our Home Focus acquisition

- Over 270,000 gifts donated to local communities through our record-breaking ‘Delivering Joy’ campaign, more than double last year

Financial highlights

- Delivered a strong gross margin of 52.8% (FY24 H1: 52.7%), up 10bps, whilst maintaining our value proposition
- Tight operational grip and productivity initiatives partly offsetting inflationary impacts and investment
- Profit before tax (“PBT”) up 0.2% to £123m (FY24 H1: £123m)
- Diluted earnings per share (“EPS”) up 0.9% to 45.0p (FY24 H1: 44.6p)
- Free cash flow of £169m (FY24 H1: £91m), including £88m timing benefit²
- Strong cash generation and confidence in future plans driving shareholder returns:
 - Interim dividend of 16.5p (FY24 H1: 16.0p); an increase of 3.1%
 - Special dividend of 35.0p to return to target leverage range of 0.2× - 0.6× net debt : annualised EBITDA^{6,7}

Current trading and outlook

- We remain confident in our advantaged business model and are progressing with our strategic plans, whilst staying mindful of a challenging sector backdrop and a cautious consumer
- We are encouraged by early trading in the second half
- Our PBT expectations for the full year are unchanged and in line with consensus⁸

Nick Wilkinson, Chief Executive Officer, commented:

“Our performance over the first half reflects the growing attraction of the Dunelm offer for a wide range of customers, and the quality and resilience of our business model. Amidst a challenging backdrop for retail, those attributes have helped us deliver increased sales, a strong gross margin, and both customer and market share growth.

“We have also pressed ahead with our strategy. Whether our customers prefer maximalist prints or neutral plains, the elevation of our product is apparent through the diverse range of styles on offer for all tastes, with quality once again endorsed through the awarding of a Royal Warrant to our Dorma brand. Our thriving total retail system is connecting that product with more customers, and we saw further growth in our increasingly personalised digital channels, as well as some exciting firsts for our store portfolio; we arrived in inner London at Westfield, acquired 13 stores in Ireland, and we will open our 200th store in the second half.

“As ever, whilst pleased with our results, we are eager to move faster and with greater purpose. Customers love Dunelm, but we can grow to become a destination for more customers, across more categories, more of the time. With our dedicated colleagues, who have shown incredible adaptability in a difficult trading environment, this gives us a renewed confidence in unlocking our full potential as The Home of Homes.”

¹ Digital includes home delivery, Click & Collect and tablet-based sales in store

² 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 in the CFO review. Free cash flow in the half included timing benefit of £88m due to a payment in transit which cleared on the first working day of H2

³ Excluding lease liabilities. Full definition provided in the table of alternative performance measures

⁴ GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the period January 2024 to December 2024. Prior year comparative restated from 7.6% to 7.5%

⁵ Year-on-year growth in unique active customers who have transacted at least once in the 12 months to December 2024. Management estimates using Barclays data

⁶ 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 on right-of-use assets

⁷ Within target range at the end of H1 after interim and special dividend commitments and excluding £88m timing benefit due to a payment in transit which cleared on the first working day of H2

⁸ Company compiled average of analysts' expectations for FY25 PBT is £209m, with a range of £204m to £214m

Analyst presentation:

There will be an in-person presentation for analysts and institutional investors this morning at 9.30am, hosted at Peel Hunt LLP, 100 Liverpool Street, London, EC2M 2AT, as well as a webcast and conference call with a facility for Q&A. For details, please contact hugo.harris@mhpgroup.com. A copy of the presentation will be made available at corporate.dunelm.com.

Separately today, the Group has made an announcement relating to CEO succession.

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Next scheduled event:

Dunelm will release its third quarter trading update on 17 April 2025.

Quarterly analysis:

	52 weeks to 28 June 2025						
	Q1	Q2	H1	Q3	Q4	H2	FY
Total sales	£403.2m	£490.5m	£893.7m				
Total sales growth	+3.5%	+1.6%	+2.4%				
Digital % total sales	37%	40%	39%				

	52 weeks to 29 June 2024						
	Q1	Q2	H1	Q3	Q4	H2	FY
Total sales	£389.6m	£482.9m	£872.5m	£434.5m	£399.5m	£834.0m	£1,706.5m
Total sales growth	+9.2%	+1.0%	+4.5%	+2.6%	+5.0%	+3.8%	+4.1%
Digital % total sales	35%	37%	36%	37%	40%	39%	37%

Notes to Editors:

Dunelm is the UK's market leader in homewares with a purpose 'to help create the joy of truly feeling at home, now and for generations to come'. Its specialist customer proposition offers value, quality, choice and style across an extensive range of c.85,000 products, spanning multiple homewares and furniture categories and including services such as Made-to-Measure window treatments.

The business was founded in 1979 by the Adderley family, beginning as a curtains stall on Leicester market before expanding its store footprint. The business has grown to 198 stores across the UK and Ireland and has developed a successful online offer through dunelm.com which includes home delivery and Click & Collect options. 155 UK stores now include *Pausa* coffee shops, where customers can enjoy a range of hot and cold food and drinks.

From its textiles heritage in areas such as bedding, curtains, cushions, quilts and pillows, Dunelm has built a comprehensive offer as The Home of Homes including furniture, kitchenware, dining, lighting, outdoor, decoration and DIY. The business predominantly sells specialist own-brand products sourced from long-term, committed suppliers.

Dunelm is headquartered in Leicester and employs c.12,000 colleagues. It has been listed on the London Stock Exchange since October 2006 (DNLM.L) and the business has returned c.£1.5bn in distributions to shareholders since IPO⁹.

⁹ Ordinary dividends plus special distributions

CHIEF EXECUTIVE OFFICER'S REVIEW

Introduction

We had a good first half in what has remained a challenging environment for the sector. Our performance was underpinned by the strength of our advantaged business model and the quality of our offer, delivering volume-driven sales growth, strong gross margins and continued progression in both customer numbers¹⁰ and market share.¹¹

We are mindful of what has been a prolonged period of weak consumer confidence and cost inflation, and as always recognise the importance of being level-headed and disciplined. We also know from Dunelm's history that in times like this, by maintaining our customer focus and investing wisely, we can build a bigger and better business, to the benefit of all our stakeholders.

To achieve these ambitions, we are maintaining a laser focus on the customer. In a world of evolving consumer habits and an increasingly diverse range of shopping missions for the home, understanding our customers, through data and insight, allows us to develop and improve our specialist proposition. We continue to develop that proposition through our three strategic focus areas, on which I provide further detail below.

As well as responding to the consumer environment, we will continue to adapt to this period of sustained wage inflation. We have a good track record of managing cost pressures in recent years, with a clear focus on operational grip helping us to maintain stable margins. We will continue to focus on cost mitigation through tactical and operational improvements, alongside targeted investment in longer-term productivity opportunities. At the same time, our growth ambitions, and the capabilities we have built to drive them, will deliver further benefits through operational leverage. Through our unique business model, we will continue to prioritise our value proposition whilst carefully managing our 'good, better, best' range architecture. Overall, this gives us confidence in maintaining broadly stable margins going forward.

As ever, our performance would not have been possible without our dedicated colleagues. I would like to thank them all for their adaptability and commitment, and the amazing work they have been doing in their communities, as demonstrated by this year's record-breaking Delivering Joy campaign.

¹⁰ Year-on-year growth in unique active customers who have transacted at least once in the 12 months to December 2024. Management estimates using Barclays data

¹¹ GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the period January 2024 to December 2024. Prior year comparative restated from 7.6% to 7.5%

H1 Review

Sales increased by 2.4% in the first half, in a soft homewares and furniture market which has continued to see volatility in weekly trading patterns. As in recent periods, volume has continued to be the driver of our sales growth, with prices held broadly stable in the period. Our sales growth was again delivered alongside a strong gross margin, which was up 10bps year-on-year as we continued to exercise discipline in our pricing and promotional activity, whilst carefully managing our input costs.

Our operating costs:sales ratio was 38.6% (FY24 H1: 38.1%). Despite inflationary headwinds in our cost base, we have continued to invest in the business, in both growth and productivity drivers. This incremental investment in the first half was more than offset by operational productivity savings.

Overall, profit before tax was up 0.2% to £123.2m, reflecting a strong PBT margin for the first half of 13.8% (FY24 H1: 14.1%). With a normalised effective tax rate following a one-off deferred tax adjustment last year, diluted earnings per share was up 0.9% to 45.0p (FY24 H1: 44.6p).

Our strong cash generation continued in the first half, which, alongside ongoing confidence in our future plans, has resulted in the Board declaring an interim dividend of 16.5p per share (FY24 H1: 16.0p) and a special dividend of 35.0p per share.

Unlocking our full potential as The Home of Homes

Our growth opportunity can be viewed through the lens of multiple product category runways. The homewares and furniture markets comprise dozens of product categories, and in each we have significant headroom in terms of awareness, consideration and overall market share. The weighting of the opportunity, and therefore the levers we pull, differ by category. We are increasingly becoming a multi-category specialist: The Home of Homes.

Our approach to this growth opportunity is framed by our three strategic priorities: **elevate** our largely own brand, exclusive product; develop our channels to offer better shopping experiences which **connect** with more customers; and **harness** our operational capabilities to drive both growth and productivity. With these interconnected focus areas delivering significant compounding benefits, our sights are firmly set on achieving our medium-term milestone of 10% market share.

Elevate our product offer

Elevating our product means creating products and collections that delight and surprise our customers, alongside a relentless focus on offering them value. We do this through our ‘good, better, best’ product hierarchy which we have adopted across all categories and which provides a framework to manage our ranges, raising the bar on quality and choices whilst maintaining appropriate price points at all levels.

As an example, in our towels collection we are continuing to extend the range at both the ‘good’ and ‘best’ ends of our hierarchy, with nine value tiers of bath towels from the £4 ‘good tier’ to the new £24 ‘best tier’ to soon be launched. In the middle of this assortment is our best-selling Egyptian cotton towel, where we recently upgraded the quality with better finishing and a greater choice of longer lasting colours to offer better value. This demonstrates the way in which we elevate a core category, making multiple detailed range improvements to offer quality, choice and value to our customers.

We are also elevating through design, which is built over time with deep capabilities and expertise. In our core textile categories, that expertise is the combination of our long-term committed suppliers and our in-house design team. Dorma is an example of this, recently recognised for its quality by receiving a Royal Warrant from the King. More recently, in furniture we have built design skills in-house alongside a growing network of UK and Asia manufacturing partners and have seen strong sales growth across our collections.

Our 'Beatrice' furniture range has been particularly successful, where we have been bolder in our design choices and have now extended this collection into our other sub-categories in various colourways.

We also seek out collaborations, which both inspire customers and give our products further reach, particularly for newer customers who may not have previously considered Dunelm. Our latest is with Sophie Robinson, where we have developed a unique maximalist collection which has just launched for the upcoming season. This year we are extending and elevating some of our long-term collaborations, notably with the Natural History Museum. We are also extending designs from the William Morris archive into finished products, in addition to Made-to-Measure blinds and curtains.

Connect with more customers

We are improving both the reach and customer experience of our channels, optimising each one as a part of our total retail system. Across our digital channels, we benefit from the insights we gain from millions of visits, all of which give greater direct visibility of customer behaviour, allowing for faster experimentation and adaptation. Our stores remain an integral part of the total retail system, driving awareness and engagement in their local communities, whilst playing a key role in supporting the growth in Click & Collect sales in the first half.

In digital, we have multiple examples of where we have tailored our offer for customers. In isolation these may feel small, but the aggregate impact is significant. We have recently improved the search functionality on dunelm.com through the introduction of new AI-powered tooling, and we are now expanding this capability to power more personalised customer recommendations. Social proofing is also driving conversion on the site, by helping customers to see others positively engaging with our products. We plan to expand this functionality to new use cases, with some encouraging early signs. Our digital proposition will continue to be enhanced through rigorous programmes of experimentation to accurately test incrementality, in each case ensuring that there is meaningful customer value relative to the cost to the business.

Later this year we will also be launching our first customer mobile app. Initially this will offer a transactional shopping experience, from which we will learn and develop further functionality and personalisation.

The optimisation of our channels extends to stores. In the first half we opened our first inner London store in Westfield London. As well as the store itself, the broader opportunity is to build awareness for consumers who may not have come across Dunelm before, and to drive consideration for those who may know of Dunelm, but do not currently shop with us. This means merchandising the store differently to a typical Dunelm superstore, surprising customers, demonstrating the quality and value of individual products, and showcasing the ease of coordinating across categories to create a stylish interior. We are pleased with early trading. As well as welcoming a good proportion of new customers, we are seeing strong take up of our digital offer to order for home delivery, and for Click & Collect.

We are rolling out more superstores, across both smaller and larger formats. We anticipate opening five stores in the second half of the year; in catchments we have targeted since we began rolling out superstores, in some smaller catchments we have not previously targeted, and also to infill densely populated areas where we are underrepresented.

In November we took our first step into an international market with the acquisition of Home Focus in Ireland. This gave us a portfolio of 13 small stores focused on soft textiles in high-quality locations, with a small online operation and a 'reserve in store' offer. We are pleased with the early trading of the business, and have already started selling key Dunelm lines in stores.

This acquisition is small, but gives us a good opportunity to raise the bar on the customer offer, including in time setting up our own digital platform to serve customers in Ireland. As ever, we will approach this with a view to building profitable and sustainable growth for the long term. Looking further ahead, this also gives us the opportunity to build the capability to connect our product to customers in other countries.

Harness our operational capabilities

Our operational capabilities are, first and foremost, enablers for developing a great customer proposition and driving growth. Leveraging this growth alongside our capabilities creates opportunities to yield benefits greater than simply doing what we do today more efficiently.

Click & Collect is a good example of where we can make propositional changes to benefit the customer, with the opportunity to improve efficiency as we grow. For our customers, we have significantly increased the number of lines available for customer collection in local stores – products accounting for around three quarters of our digital sales are now available for collection. Click & Collect sales grew significantly the first half and as we grow, we are learning how to become more productive, with the opportunity now to improve how and when the stock reaches our stores, and how our stores operationally manage these higher volumes.

Another example of where we have already leveraged our scale is in our digital channels, where we have increased the efficiency of performance marketing. Our growth, as well as the skills we have built in customer data, experimentation and analytics, has enabled us to optimise spend across more of the customer journey by targeting consideration earlier through paid social advertising. The continuous improvement we are making to dunelm.com also improves conversion, and thus our paid advertising efficiency.

As well as tactical efficiency improvements, we are targeting programmatic investments for longer term productivity. One example already underway is the roll out of self-serve checkouts for our customers, which are now being implemented in some of our larger stores following a successful trial. We expect these checkouts to be in over 100 stores by the end of next financial year, remodelling the store space at the same time. With the technology well developed, and labour costs rising, this programme will pay back in less than three years and delivers a solution we know appeals to many customers.

Summary and outlook

We remain confident in our advantaged business model and are progressing with our strategic plans. We are pleased with the quality of our sales growth in the first half, underpinned by higher volumes, more customers and market share gains, alongside further gross margin expansion. Overall, we have had a good first half, with profits broadly flat year-on-year in a challenging environment.

Ongoing consumer caution and sustained labour cost headwinds are continuing to impact all businesses in our sector. It is important that we face these challenges with a long-term perspective, adapting in ways that keep the customer front and centre, whilst delivering sustainable growth.

We are encouraged by early trading in the second half. Our expectations for full-year PBT are therefore unchanged and in line with consensus¹².

¹² Company compiled average of analysts' expectations for FY25 PBT is £209m, with a range of £204m to £214m

Nick Wilkinson
Chief Executive Officer
11 February 2025

CHIEF FINANCIAL OFFICER'S REVIEW

Revenue

	H1 FY25	YoY
Total Group sales	£893.7m	+2.4%
Digital % total sales	39%	+3ppts
Combined market share ¹³	7.8%	+30bps
Active customer growth ¹⁴	N/A	+4.3%

Total sales for the first half of £894m (FY24 H1: £872m) were 2.4% higher than FY24; a good performance delivered against a market backdrop that continues to be volatile amidst ongoing consumer caution. Growth in the first half continued to be driven by volume, with prices broadly stable.

The proportion of revenue from digital sales increased by 3ppts to 39%. Customers responded well to the ongoing improvements to our digital proposition, as we maintained our focus on making shopping online easier. Notably, we improved the search functionality on dunelm.com, resulting in a greater level of personalisation in search results, and a much lower level of searches returning no results. Click & Collect performed strongly in the first half, as we extended the breadth of products now available through this channel, and made more items available for collection within two hours (previously three hours) to improve the overall customer convenience of our multi-channel offer.

The breadth and relevance of our offer continues to be a key part of our customer proposition. We saw our furniture categories perform particularly well in the first half as we extended our most popular designs across a wider range of products. We also saw the benefits of our developments in Made-to-Measure window treatments, where our improving capabilities and investment in vertical integration has driven strong growth.

We are pleased with the quality of our sales growth, delivered in a furniture and homewares market that has remained soft. Our market share increased by 30bps¹³ year-on-year, and is now at 7.8%. We also continued to extend our customer reach and saw growth in our active customer base of +4.3%¹⁴. Encouragingly, we once again saw strong growth across our customer cohorts, with increasing customer numbers in all age groups, all geographical regions and all income groups up to £100k.

¹³ GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the period January 2024 to December 2024. Prior year comparative restated from 7.6% to 7.5%

¹⁴ Year-on-year growth in unique active customers who have transacted at least once in the 12 months to December 2024. Management estimates using Barclays data

Gross margin

Our unrelenting focus on operational grip has again delivered a strong gross margin. For the first half, gross margin was 52.8% (FY24 H1: 52.7%), an improvement of 10bps. We have effectively managed input costs, whilst maintaining promotional discipline and prioritising our value proposition for our customers, across all value tiers.

For the full year, we now expect gross margin to be between 51.5% and 52.0%, the upper half of our previously guided range. We have good visibility of the main components of our cost of goods in the second half, and a strong plan for maintaining value for our customers.

Operating costs and income

Total operating costs were £345m (FY24 H1: £333m). Our operating costs:sales ratio was 38.6% (FY24 H1: 38.1%) in the first half, which excludes operating income of £2m (FY24 H1: nil). The increase in operating costs:sales ratio was largely driven by inflation, mainly from higher labour costs. We have continued to invest in the business, though the incremental investment in the first half was more than offset by operational productivity savings.

Our sales growth in the first half continued to be driven by volume. Associated variable costs, predominantly in our distribution network and performance marketing, were up £7m in the period. Inflation added a further £9m of cost year-on-year, largely driven by labour costs linked to higher National Living Wage rates.

We remain committed to investing in tools and capabilities to support our long-term growth. We invested an incremental £8m in the first half, the increase including manufacturing and capabilities in Made-to-Measure and investment in stores.

Our investments in the first half were more than offset by productivity gains of £11m. These included tactical initiatives delivered across the business, with particular savings from optimising store scheduling. We also saw the results of previous investments in digital capability through performance marketing, a key area of spend where we have increased efficiency at the same time as driving sales growth.

Profit before tax

Net finance costs of £5m (FY24 H1: £4m) were £1m higher year-on-year, reflecting higher underlying net debt. Finance costs included interest on IFRS 16 lease liabilities of £4m (FY24 H1: £3m).

Profit before tax in the period was £123m (FY24 H1: £123m), up 0.2% year-on-year and reflecting a broadly stable PBT margin of 13.8% (FY24 H1: 14.1%). Our FY25 PBT expectations are unchanged and in line with consensus¹⁵.

Looking ahead, we are mindful of the further increases to labour costs following the Autumn Budget announcement. In particular, the overall impact of increases to employer National Insurance Contributions from April 2025 was not anticipated. We have a good track record of delivering efficiencies to offset cost increases, and will continue to do so through both operational improvements and targeted longer-term productivity opportunities. We will drive benefits through the ongoing leverage of our scale and capabilities, and will carefully manage the architecture and pricing of our ranges whilst maintaining our overall value proposition. We are confident these levers give us the ability to deliver broadly stable PBT margins going forward.

¹⁵ Company compiled average of analysts' expectations for FY25 PBT is £209m, with a range of £204m to £214m

Earnings

Profit after tax of £92m (FY24 H1: £91m) reflects an effective tax rate of 25.6% (FY24 H1: 26.3%). This is a normalisation of the effective tax rate, in line with our historic range of 50-100bps above the headline rate, as 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. The effective tax rate for the full year is expected to be broadly in line with the first half.

Basic earnings per share (EPS) for the period was 45.2 pence (FY24 H1: 44.9 pence). Diluted earnings per share was 45.0 pence (FY24 H1: 44.6 pence), growing 0.9% year-on-year due to the reduction in the effective tax rate.

Cash generation and net debt

	H1 FY25	H1 FY24
Operating profit	£128.6m	£126.9m
Depreciation and amortisation ¹⁶	£40.9m	£40.4m
Net movement in working capital	£93.6m	(£3.0m)
Share-based payments	£1.5m	£2.6m
Tax paid	(£25.5m)	(£24.7m)
Net cash generated from operating activities	£239.1m	£142.2m
Capex & business combination	(£39.0m)	(£19.8m)
Net interest and loan transaction costs ¹⁷	(£1.7m)	(£2.6m)
Interest paid on lease liabilities	(£3.5m)	(£3.0m)
Repayment of principal element of lease liabilities	(£26.4m)	(£25.7m)
Free cash flow	£168.5m	£91.1m
Net cash¹⁸	£57.1m	£6.2m

¹⁶ Including impairment and loss on disposal

¹⁷ Excluding interest on lease liabilities

¹⁸ Excluding lease liabilities

The Group continues to generate strong cash flows, with free cash flow of £169m in the first half (FY24 H1: £91m). This includes a timing benefit of £88m, due to a payment in transit which cleared on the first working day of the second half, the impact of which on our reported numbers is shown below:

	Reported	Underlying
Net movement in working capital (£m)	£93.6m	£5.5m
Free cash flow (£m)	£168.5m	£80.4m
Free cash flow to operating profit (%)	131.0%	62.5%
Net cash / (debt) (£m)	£57.1m	(£31.0m)
Net cash / (debt) : annualised EBITDA (x)	0.2x	(0.1)x

We saw a £6m underlying cash inflow from net working capital in the first half, and expect a small inflow for the full year. Inventory was £229m at the half year (FY24 H1: 232m), having been well controlled throughout the year so far, reflecting roll out of our forecasting and replenishment system.

Total capital investment for the first half was £39m (FY24 H1: £20m), with the year-on-year increase due to a £22m freehold retail property acquisition, as previously guided. Other capital spend in the half included £11m on our existing store estate including six refits, and the acquisition cost of Home Focus.

We continue to expect the majority of our new store openings to be leasehold, however we have the capacity to take advantage of freehold opportunities where the returns are attractive, including in locations where we are currently underrepresented. In Greater London, one such location, we are currently in legals for a further freehold property acquisition, which if successful, would open as a Dunelm superstore in FY26. If this transaction completes, capex for the full year will be ahead of our initial guidance, at £60m – £70m.

After adjusting for the impact of timing in working capital, the underlying conversion of operating profit to free cash flow was good at 63% (FY25 H1: 72%). The variance year-on-year was primarily driven by the increase in capital investment.

Cash tax paid was £26m (FY24 H1: £25m), broadly in line year-on-year.

Total dividend payments in the period were £56m (FY24 H1: £55m). The Group ended the first half with net cash of £57m¹⁹ including the benefit of timing noted above (FY24 H1: £6m). After adjusting for the impact of working capital timing, net debt was £31m.

¹⁹ Excluding lease liabilities. Full definition provided in the table of alternative performance measures

Banking agreements

At 28 December 2024, the Group had in place a £250m unsecured revolving credit facility (“RCF”), which was undrawn at the half year end. The terms of the RCF included covenants in respect of leverage (net debt²⁰ to be no greater than 2.5× adjusted EBITDA²¹) and fixed charge cover (EBITDAR²² to be no less than 1.75× fixed charges²³), both of which were met comfortably as at 28 December 2024. The maturity date is September 2028 and there is an option to extend by another year at Dunelm’s request, subject to lender consent. The Group also maintains £10m of uncommitted overdraft facilities.

²⁰ Excluding lease liabilities. Full definition provided in the table of alternative performance measures

²¹ Adjusted EBITDA defined as EBITDA less depreciation on right-of-use assets

²² EBITDAR defined as EBITDA plus rent

²³ Fixed charges are defined as net interest costs plus right-of-use asset depreciation plus rent

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’ EBITDA²⁴. The Group’s dividend policy targets ordinary dividend cover²⁵ of between 1.75× and 2.25× earnings per share during the financial year to which the dividend relates.

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× EBITDA²⁴, subject to known and anticipated investment and expenditure plans at the time.

The Group makes share repurchases from time to time to hold in treasury to satisfy obligations under employee share schemes. The Group held 0.9m shares in treasury as at 28 December 2024 (FY24 H1: 1.3m).

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

²⁴ 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 on right-of-use assets

²⁵ Dividend cover is calculated as earnings per share divided by the total ordinary dividend relating to the financial year

Dividends

Recognising our performance and ongoing confidence in the business, the Board has declared an interim ordinary dividend of 16.5 pence per share, an increase of 3.1% compared to FY24 (FY24 H1: 16.0p). The interim dividend will be paid on 8 April 2025. The ex-dividend date is 13 March 2025 and the record date is 14 March 2025.

In addition to this, the strong cash generation in the period has enabled the Board to declare a special dividend of 35.0 pence per share. The special dividend will also be paid on 8 April 2025. The ex-dividend date is 13 March 2025 and the record date is 14 March 2025. Whilst the period ended in a net cash position, excluding the working capital timing benefit of £88m, net debt of £31m represented 0.1x annualised EBITDA. After the committed dividend payments, the Group is within its target leverage range.

Principal risks and uncertainties

The Board regularly reviews and monitors the risks and uncertainties which could have a material effect on the Group's results. The principal risks and uncertainties that could lead to a material impact have not changed from those listed in the FY24 Annual Report.

A summary of the principal risks has been provided below:

Risk	Impact
Customer offer	Ongoing external 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 (value & choice, friendly & expert, fast & convenient and good & circular) will undermine our ambition to increase market share and drive profitable and sustainable growth.
Product reputation and trust	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, 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.
People and culture	Our business could be adversely impacted if we fail to attract, retain, and develop colleagues with the appropriate skills, capabilities and diverse background. Failing to embed and live our values could impact business performance, the delivery of our purpose and the long-term sustainability of our business.
IT systems, data and cyber security	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.
Business change	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 and organisational changes across the business to further improve our proposition and operations could result in reduced operational efficiency, competitiveness, relevance and growth. Furthermore, failure to deliver the expected objectives on time and on budget, could impact the delivery of the planned business benefits.
Regulatory and compliance	We operate in an increasingly regulated environment and must comply with a wide range of laws, regulations, and standards. Failure to comply with or to 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.
Supply chain resilience	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.
Finance and treasury	Progress against business objectives may be constrained by a lack of short-term funding or access to long-term capital.
Climate change and environment	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 against 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.

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.
Operating costs to sales ratio	Operating costs expressed as a percentage of revenue. To measure the growth of costs relative to sales growth.
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.
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), 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 16). Excludes IFRS 16 lease liabilities.
Cash conversion	Free cash flow expressed as a percentage of operating profit.

Karen Witts

Chief Financial Officer

11 February 2025

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that these condensed interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The maintenance and integrity of the Dunelm Group Plc website is the responsibility of the directors; the work carried out by the authors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that might have occurred to the interim financial statements since they were initially presented on the website.

The directors of Dunelm Group Plc are listed in the Company's annual report for 29 June 2024. A list of current directors is maintained on the Company's website: www.corporate.dunelm.com.

By order of the board

Nick Wilkinson
Chief Executive Officer
11 February 2025

Karen Witts
Chief Financial Officer
11 February 2025

INDEPENDENT REVIEW REPORT TO DUNELM GROUP PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Dunelm Group Plc's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Results of Dunelm Group Plc for the 26 week period ended 28 December 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the consolidated statement of financial position as at 28 December 2024;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Results of Dunelm Group plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review**Our responsibilities and those of the directors**

The Interim Results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Interim Results, including the interim financial statements, the directors are responsible for assessing the group'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 to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

PricewaterhouseCoopers LLP

Chartered Accountants

East Midlands

11 February 2025

CONSOLIDATED INCOME STATEMENT

(UNAUDITED)

For the 26 weeks ended 28 December 2024

		26 weeks ended 28 December 2024 £'m	26 weeks ended 30 December 2023 £'m	52 weeks ended 29 June 2024 £'m
	Note			
Revenue	5	893.7	872.5	1,706.5
Cost of sales		(421.8)	(413.0)	(823.2)
Gross profit		471.9	459.5	883.3
Other operating income		1.6	-	-
Operating costs		(344.9)	(332.6)	(670.0)
Operating profit		128.6	126.9	213.3
Financial income		0.6	1.2	2.0
Financial expenses		(6.0)	(5.1)	(9.9)
Profit before taxation		123.2	123.0	205.4
Taxation	6	(31.6)	(32.3)	(54.2)
Profit for the period		91.6	90.7	151.2
Earnings per Ordinary Share - basic	8	45.2p	44.9p	74.7p
Earnings per Ordinary Share - diluted	8	45.0p	44.6p	74.4p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(UNAUDITED)

For the 26 weeks ended 28 December 2024

	26 weeks ended 28 December 2024 £'m	26 weeks ended 30 December 2023 £'m	52 weeks ended 29 June 2024 £'m
Profit for the period	91.6	90.7	151.2
Other comprehensive (expense)/income:			
Items that may be subsequently reclassified to profit or loss:			
Movement in fair value of cash flow hedges	0.6	(1.2)	0.2
Deferred tax on hedging movements	(1.6)	0.3	(1.0)
Other comprehensive (expense)/income for the period, net of tax	(1.0)	(0.9)	(0.8)
Total comprehensive income for the period	90.6	89.8	150.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

As at 28 December 2024

	Note	28 December 2024 £'m	30 December 2023 £'m	29 June 2024 £'m
Non-current assets				
Intangible assets	9	5.2	4.7	3.8
Property, plant and equipment	9	171.8	174.9	173.0
Right-of-use assets	11	218.8	222.7	222.9
Investment Property	10	29.6	-	7.5
Deferred tax assets		3.4	5.5	1.8
Derivative financial instruments		1.2	-	0.1
Total non-current assets		430.0	407.8	409.1
Current assets				
Inventories	12	228.5	231.5	223.0
Trade and other receivables	13	37.0	25.2	26.2
Derivative financial instruments		1.7	0.4	0.3
Cash and cash equivalents		57.1	56.2	23.4
Total current assets		324.3	313.3	272.9
Total assets		754.3	721.1	682.0
Current liabilities				
Trade and other payables	14	(311.9)	(226.6)	(205.0)
Lease liabilities	11	(52.2)	(52.7)	(52.1)
Current tax liability		(7.6)	(6.5)	(1.5)
Derivative financial instruments		(1.2)	(8.6)	(4.9)
Total current liabilities		(372.9)	(294.4)	(263.5)
Non-current liabilities				
Bank loans	16	-	(47.7)	(77.0)
Lease liabilities	11	(192.2)	(196.2)	(197.5)
Provisions		(5.5)	(5.5)	(5.5)
Derivative financial instruments		-	(2.3)	(0.6)
Total non-current liabilities		(197.7)	(251.7)	(280.6)
Total liabilities		(570.6)	(546.1)	(544.1)
Net assets		183.7	175.0	137.9
Equity				
Issued share capital		2.0	2.0	2.0
Share premium account		1.7	1.7	1.7
Capital redemption reserve		43.2	43.2	43.2
Hedging reserve		1.3	(7.9)	(3.8)
Retained earnings		135.5	136.0	94.8
Total equity		183.7	175.0	137.9

Karen Witts

Chief Financial Officer

11 February 2025

CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the 26 weeks ended 28 December 2024

	Note	26 weeks ended 28 December 2024 £'m	26 weeks ended 30 December 2023 £'m	52 weeks ended 29 June 2024 £'m
Cash flows from operating activities				
Profit before taxation		123.2	123.0	205.4
Net financial expense		5.4	3.9	7.9
Operating profit		128.6	126.9	213.3
Depreciation and amortisation of property, plant and equipment and intangible assets	9	15.8	15.1	30.4
Depreciation on right-of-use assets	11	24.9	25.2	50.2
Loss on disposal and impairment of property, plant and equipment and intangible assets	9	0.2	0.1	0.5
Loss on disposal and impairment of right-of-use assets	11	-	-	0.9
Share-based payments expense		1.5	2.6	4.3
Operating cash flow before movements in working capital		171.0	169.9	299.6
Increase in inventories	12	(3.5)	(20.5)	(12.0)
Increase in receivables	13	(8.3)	(0.9)	(1.9)
Increase/(decrease) in payables	14	105.4	18.4	(3.8)
Net movement in working capital		93.6	(3.0)	(17.7)
Tax paid		(25.5)	(24.7)	(49.6)
Net cash generated from operating activities		239.1	142.2	232.3
Cash flows from investing activities				
Acquisition of intangible assets	9	(3.0)	(1.5)	(2.6)
Acquisition of property, plant and equipment	9	(13.2)	(18.3)	(29.8)
Acquisition of Investment Property	10	(22.3)	-	(7.5)
Acquisition of subsidiary, net of cash acquired		(0.5)	-	-
Interest received		0.6	0.7	1.6
Net cash used in investing activities		(38.4)	(19.1)	(38.3)
Cash flows from financing activities				
Proceeds from issue of treasury shares and Ordinary Shares		0.1	0.1	0.1
Purchase of treasury shares		-	-	-
Drawdowns on Revolving Credit Facility		36.0	79.0	110.0
Repayments of Revolving Credit Facility		(115.0)	(106.0)	(108.0)
Interest paid and loan transaction costs		(2.3)	(3.3)	(4.9)
Interest paid on lease liabilities	11	(3.5)	(3.0)	(6.1)
Repayment of principal element of lease liabilities		(26.4)	(25.7)	(50.8)
Ordinary dividends paid	7	(55.7)	(54.5)	(157.6)
Net cash flows used in financing activities		(166.8)	(113.4)	(217.3)
Net increase in cash and cash equivalents		33.9	9.7	(23.3)
Foreign exchange revaluations		(0.2)	0.2	0.4
Cash and cash equivalents at the beginning of the period		23.4	46.3	46.3
Cash and cash equivalents at the end of the period		57.1	56.2	23.4

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(UNAUDITED)

For the 26 weeks ended 28 December 2024

	Note	Issued share capital	Share premium account	Capital redemption reserve	Hedging reserve	Retained earnings	Total equity attributable to equity holders of the Parent £'m
		£'m	£'m	£'m	£'m	£'m	£'m
As at 29 June 2024		2.0	1.7	43.2	(3.8)	94.8	137.9
Profit for the period		-	-	-	-	91.6	91.6
Movement in fair value of cash flow hedges		-	-	-	0.6	-	0.6
Deferred tax on hedging movements		-	-	-	(1.6)	-	(1.6)
Total comprehensive income for the period		-	-	-	(1.0)	91.6	90.6
Proceeds from issue of treasury shares		-	-	-	-	0.1	0.1
Share-based payments		-	-	-	-	1.5	1.5
Deferred tax on share-based payments		-	-	-	-	3.0	3.0
Current tax on share options exercised		-	-	-	-	0.2	0.2
Movement on cash flow hedges transferred to inventory		-	-	-	6.1	-	6.1
Ordinary dividends paid	7	-	-	-	-	(55.7)	(55.7)
Total transactions with owners, recorded directly in equity		-	-	-	6.1	(50.9)	(44.8)
As at 28 December 2024		2.0	1.7	43.2	1.3	135.5	183.7
As at 1 July 2023		2.0	1.7	43.2	(6.9)	97.5	137.5
Profit for the period		-	-	-	-	90.7	90.7
Movement in fair value of cash flow hedges		-	-	-	(1.2)	-	(1.2)
Deferred tax on hedging movements		-	-	-	0.3	-	0.3
Total comprehensive income for the period		-	-	-	(0.9)	90.7	89.8
Proceeds from issue of treasury shares		-	-	-	-	0.1	0.1
Share-based payments		-	-	-	-	2.6	2.6
Deferred tax on share-based payments		-	-	-	-	(0.6)	(0.6)
Current tax on share options exercised		-	-	-	-	0.2	0.2
Movement on cash flow hedges transferred to inventory		-	-	-	(0.1)	-	(0.1)
Ordinary dividends paid	7	-	-	-	-	(54.5)	(54.5)
Total transactions with owners, recorded directly in equity		-	-	-	(0.1)	(52.2)	(52.3)
As at 30 December 2023		2.0	1.7	43.2	(7.9)	136.0	175.0

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the 26 weeks ended 28 December 2024 (UNAUDITED)

1 General information

Dunelm Group plc and its subsidiaries ('the Group') are 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.

The primary business activity of the Group is the sale of homewares in the UK, in stores and online.

The Group's financial results and cash flows are subject to seasonal trends between the first and second half of the financial period. Traditionally, revenue and profit are higher in the first half of the financial period due to the performance of seasonal lines and the timing of sale events.

These condensed interim financial statements do not comprise statutory accounts as per the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 29 June 2024 were approved by the Board of Directors on 11 September 2024 and delivered to the Registrar of Companies. The independent auditors' report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act.

2 Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 28 December 2024 has been prepared in accordance with the UK-adopted International Accounting Standard 34 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 29 June 2024, which has 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 and any public announcements made by Dunelm Group Plc during the interim reporting period.

3 Going concern basis

The interim financial statements have been prepared on a going concern basis. In adopting the going concern basis, the Board of Directors have considered the current financial position of the Group, its strategy, the market outlook, and its principal risks. The Directors have also considered the Group's current cash position and its available facilities, including the Group's Revolving Credit Facility ('RCF') committed until 6 September 2028, which may be extended by a further one year at Dunelm's request, subject to lender consent. Furthermore, cash flow forecasts have demonstrated that covenants will continue to be comfortably met even in downside scenarios such as a general economic downturn resulting in consumers switching away from spending on homewares. Following this review, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing these interim financial statements.

4 Accounting policies

The condensed financial statements have been prepared under the historical cost convention, except for derivative financial instruments and share-based payments which are stated at their fair value.

The accounting policies adopted, as well as significant and key estimates and critical judgements applied, are consistent with those in the annual financial statements for the period ended 29 June 2024, as described in those financial statements, except as described below:

- Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual profit or loss.

5 Revenue

The Group has one reportable segment, in accordance with IFRS 8 — Operating Segments, which is the retail of homewares in the UK and Ireland.

Customers access the Group's offer across multiple channels and often their journey involves more than one channel. Therefore, internal reporting focuses on the Group as a whole and does not identify individual segments.

6 Taxation

The taxation charge for the interim period has been calculated on the basis of the estimated effective tax rate for the full year of 25.6% (26 weeks ended 30 December 2023: 26.3%, 52 weeks ended 29 June 2024: 26.4%).

7 Dividends

Dividend type	In respect of period ended	Pence per share	26 weeks ended 28 December 2024	26 weeks ended 30 December 2023	52 weeks ended 29 June 2024
			£'m	£'m	£'m
Final	1 July 2023	27.0	-	54.5	54.5
Interim	29 June 2024	16.0	-	-	32.3
Special	29 June 2024	35.0	-	-	70.8
Final	29 June 2024	27.0	55.7	-	-
Total dividends			55.7	54.5	157.6

The Directors have declared an interim dividend of 16.5 pence per Ordinary Share for the financial year ending 28 June 2025. This equates to an interim dividend of £33.4m. The Directors have also declared a special dividend of 35 pence per Ordinary Share for the period ending 28 June 2025 which equates to £70.8m. These dividends will be paid on 8 April 2025 to shareholders on the register at the close of business on 14 March 2025.

The interim and special dividends have not been recognised as a liability in these interim financial statements. They will be recognised in the Consolidated Statement of Changes in Equity in the period ending 28 June 2025.

8 Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Group by the weighted average number of Ordinary Shares in issue during the period excluding ordinary shares purchased by the Group and held as treasury shares.

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.

Weighted average numbers of shares:	26 weeks ended 28 December 2024 '000	26 weeks ended 30 December 2023 '000	52 weeks ended 29 June 2024 '000
Weighted average number of shares in issue during the period	202,691	202,191	202,355
Impact of share options	1,049	1,162	893
Number of shares for diluted earnings per share	203,740	203,353	203,248

	26 weeks ended 28 December 2024	26 weeks ended 30 December 2023	52 weeks ended 29 June 2024
Profit for the period (£'m)	91.6	90.7	151.2
Earnings per Ordinary Share - basic	45.2p	44.9p	74.7p
Earnings per Ordinary Share - diluted	45.0p	44.6p	74.4p

9 Intangible assets and property, plant and equipment

	Intangible assets £'m	Property, plant and equipment £'m
Cost		
At 29 June 2024	65.9	432.9
Additions	1.8	12.8
Arising on Acquisition	1.2	0.4
Disposals	-	(1.4)
At 28 December 2024	68.9	444.7
Accumulated amortisation / depreciation		
At 29 June 2024	62.1	259.9
Charge for the financial period	1.6	14.2
Disposals	-	(1.2)
At 28 December 2024	63.7	272.9
Net book value		
At 29 June 2024	3.8	173.0
At 28 December 2024	5.2	171.8

All amortisation and depreciation charges have been included within operating costs in the Consolidated Income Statement.

In November 2024 the Group acquired 100% shareholding in Home Focus Group a group whose principal activity is the retail of homewares textiles in Ireland. Home Focus Group trade under the "Home Focus at Hickey's" brand name.

10 Investment Property

	Investment Property £'m
Cost	
At 29 June 2024	7.5
Additions	22.3
At 28 December 2024	29.8
Accumulated amortisation / depreciation	
At 29 June 2024	-
Charge for the financial period	0.2
At 28 December 2024	0.2
Net book value	
At 29 June 2024	7.5
At 28 December 2024	29.6

In July 2024, the Group purchased a freehold tenanted retail property in an attractive location for £22.3m. We expect to convert this into a Dunelm store in the future.

All amortisation and depreciation charges have been included within operating costs in the Consolidated Income Statement.

11 Leases

Right-of-use assets included in the Consolidated Statement of Financial Position at 28 December 2024 were as follows:

	Land and buildings £'m	Motor vehicles, plant and equipment £'m	Total £'m
At 29 June 2024	201.7	21.2	222.9
Additions	11.9	3.2	15.1
Additions upon acquisition	5.8	-	5.8
Disposals	(0.1)	-	(0.1)
Depreciation	(21.9)	(3.0)	(24.9)
At 28 December 2024	197.4	21.4	218.8

Lease liabilities included in the Consolidated Statement of Financial Position at 28 December 2024 were as follows:

	Land and buildings £'m	Motor vehicles, plant and equipment £'m	Total £'m
At 29 June 2024	(228.1)	(21.5)	(249.6)
Additions	(13.2)	(3.2)	(16.4)
Additions upon acquisition	(5.8)	-	(5.8)
Disposals	0.1	-	0.1
Interest	(2.9)	(0.6)	(3.5)
Repayment of lease liabilities	27.4	3.4	30.8
At 28 December 2024	(222.5)	(21.9)	(244.4)

The discount rate applied to lease liabilities ranged between 0.9% and 6.8% (FY24 H1: 0.9% and 6.7%, FY24: 0.9% and 6.76%).

The following amounts have been recognised in the Consolidated Income Statement:

	26 weeks ended 28 December 2024 £'m	26 weeks ended 30 December 2023 £'m	52 weeks ended 29 June 2024 £'m
Depreciation of right-of-use assets	24.9	25.2	50.2
Impairment of right-of-use assets	-	-	0.9
Interest expenses (included in financial expenses)	3.5	3.0	6.1
Expense relating to short-term leases	2.3	1.4	3.7

The total cash outflow for the leases in the 26 weeks ended 28 December 2024 was £29.9m (26 weeks ended 30 December 2023: £28.7m, 52 weeks ended 29 June 2024: £56.9m).

12 Inventories

	28 December 2024 £'m	30 December 2023 £'m	29 June 2024 £'m
Raw materials	1.1	1.5	1.3
Work in progress	0.1	0.1	0.1
Goods for resale	227.3	229.9	221.6
Total inventories	228.5	231.5	223.0

Goods for resale includes a net realisable value provision of £20.3m (FY24 H1: £21.8m, FY24: £21.3m). Write-downs of inventories to net realisable value in the 26 weeks ended 28 December 2024 amounted to £11.4m (26 weeks ended 30 December 2023: £15.3, 52 weeks ended 29 June 2024: FY24 £30.7m). These were recognised as an expense during the period and were included in cost of sales in the Consolidated Income Statement.

13 Trade and other receivables

	28 December 2024 £'m	30 December 2023 £'m	29 June 2024 £'m
Current			
Trade receivables	8.7	2.7	3.7
Other receivables	1.6	0.2	0.4
Prepayments and accrued income	24.6	22.3	22.1
Unamortised debt issue costs	2.1	-	-
Total trade and other receivables	37.0	25.2	26.2
	28 December 2024 £'m	30 December 2023 £'m	29 June 2024 £'m
Current			
Trade receivables	8.7	2.7	3.7
Other receivables	1.6	0.2	0.4
Prepayments and accrued income	24.6	22.3	22.1
Unamortised debt issue costs	2.1	-	-
Total trade and other receivables	37.0	25.2	26.2

14 Trade and other payables

	28 December 2024 £'m	30 December 2023 £'m	29 June 2024 £'m
Current			
Trade payables	89.3	103.4	92.3
Items in the course of clearing	88.1	-	-
Accruals	70.7	61.3	67.3
Deferred income	15.4	17.2	12.5
Taxation and social security	48.0	44.2	32.3
Other payables	0.4	0.5	0.6
Total trade and other payables	311.9	226.6	205.0

15 Financial risk management and financial instruments

Financial risk factors

The Group's activities expose it to a variety of financial risks including foreign currency risk, fair value interest rate risk, credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 29 June 2024. There have been no changes in any risk management policies since the year end.

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 the present value of future cash flows based on the forward exchange rates at the reporting date.

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)
- 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.

16	Bank loans	28 December 2024 £'m	30 December 2023 £'m	29 June 2024 £'m
	Total borrowings	-	50.0	79.0
	Less: unamortised debt issue costs*	(2.1)	(2.3)	(2.0)
	Net borrowings	(2.1)	47.7	77.0

*unamortised debt issue costs included in other receivables as at 28 December 2024 as there is no debt at the period end

Net cash/(debt) represented by	28 December 2024	30 December 2023	29 June 2024
Cash and cash equivalents	57.1	56.2	23.4
Total borrowings	-	(50.0)	(79.0)
Net cash/(debt)	57.1	6.2	(55.6)

The Group has medium term bank facilities of £250.0m (FY24 H1: £250.0m; FY24: £250.0m) committed until 6 September 2028, which may be extended by a further year at Dunelm's request, subject to lender consent. This is with an associated accordion facility of £100.0m, subject to lender consent (FY24 H1: £100.0m; FY24: £100.0m). As at 28 December 2024 none of this facility was drawn down (FY24 H1: £50.0m; FY24: £79.0m). The Group also has an uncommitted overdraft facility of £10.0m.

17 Commitments & Contingent liabilities

As at 28 December 2024 the Group had entered into capital contracts amounting to £3.9m (FY24 H1: £2.2m; FY24: £1.5m).

The Group had no contingent liabilities at the period end date (FY24 H1: £nil; FY24: £nil).

18 Announcement

The Interim Results, comprising the Interim Report and Financial Statements, was approved by the Board on 11 February 2025. Copies are available from www.corporate.dunelm.com.