



Annual results FY22

14 September 2022

Annual Results FY22

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Introduction

Nick Wilkinson
CEO

Introduction

FY22 highlights

| | | | |
|---|---|--|---|
| +16% | +41% | +140bps | +8.5% |
| Total YoY sales growth¹ | Total 3YoY sales growth² | Homewares market share YoY growth³ | Active customer YoY growth⁴ |
| 51.2% | +32% | £153m | 40p |
| Gross margin | Profit before tax YoY growth¹ | Free cash flow⁵ | Ordinary dividends⁶ |

Financial results are for the comparable 52 week period to 25 June 2022. Results for the statutory 53 week period are shown in the financial review

¹ On a 53 week basis, total sales grew by 18% and PBT grew by 35%

² Total sales growth vs FY19 on a comparable 52-week basis

³ GlobalData UK homewares market. Market share for the period July 2021 to June 2022 was 10.2%

⁴ Unique active customers who have transacted at least once in the 12 months to June 2022. Source: Barclays. The basis of calculation for this metric has been updated in FY22 and the prior years restated on a consistent basis, as we believe that this is a more accurate estimate

⁵ 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 lease liabilities.

⁶ Ordinary dividends paid and proposed in respect of the period. Total dividends of £282m paid in the year, including special dividends of £207m

ANNUAL RESULTS FY22



Delivering for all our stakeholders

Colleagues



- Created >800 new colleague roles
- Increased support for colleague financial well-being (including through pay reviews)
- Committed to developing home grown talent (e.g. >900 colleagues trained in Inclusion and Diversity)

Suppliers



- Continue to offer opportunities for significant volume growth
- Paid 99% of invoices on time
- Worked together through supply chain disruption

Customers



- Managed impact of higher cost prices to ensure products offer great value
- Improved 'perfect order rate' for home deliveries
- Achieved consistently high customer reviews on own brand products 4.6/5.0

Planet



- Extended take-back scheme to textiles, nationwide
- Introduced 'Conscious Choice' label to help customers make more informed buying decisions
- Achieved annual targets for Scope 1 carbon emissions and reduced plastic packaging

Communities



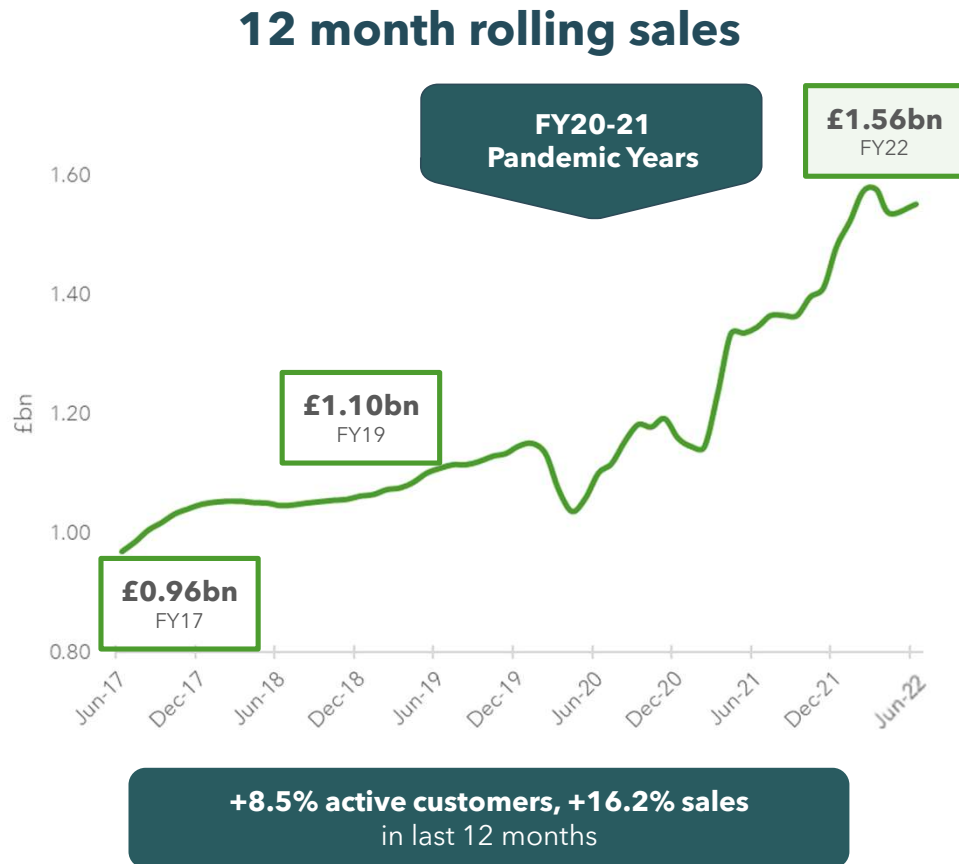
- Reached over 1 million followers of local community initiatives
- Raised over £600k for charities, including over £450k for our national charity partner, Mind
- 'Delivering Joy' campaign distributed 19k gifts to local care homes, schools and women's refuges

Shareholders



- Record sales and profits, and strong cash generation
- Paid dividends of £282m in the year
- Strengthened the Board with new appointments incl. Chair Designate

Post pandemic: stronger and more ambitious



Stronger

- Digitising the business continues at pace
- Building new capabilities in engineering, data, product, insight & analytics
- Added capacity in home delivery & furniture fulfilment
- Continuing to evolve core capabilities in product development and operations

More ambitious about

- Our Brand: able to reach more customers and grow frequency
- Being a good company: positive social & environmental impact now part of customer offer
- Profitable growth: strong returns give confidence to continue investing for long-term growth

Introduction

Looking forward: what do we see?

Uncertain and changing environment

- Operating and economic environment is extremely challenging
- High inflation will continue
- Cost of living pressures mounting on consumers and many are fearful

Requiring

**Outstanding value for our customers,
however they choose to adapt**

Strong relationships with all stakeholders

**Listening, learning and long-term decision
making**

Continue to **adapt** and **evolve** our resilient
and advantaged business model



A cozy living room scene featuring a stone fireplace with a glowing fire. A wooden chair with a white seat cushion and a red blanket draped over it is positioned in front of the fireplace. A potted plant sits on a stone ledge to the left, and a small glowing candle is on the floor next to the chair. The background is a rustic stone wall.

Financial Review

Karen Witts
CFO

First impressions

Strength in our business model

- Strong brand with broad appeal, in a large fragmented market
- Distinctive & relevant product offer, that is largely own brand
- High quality relationships with long term, committed suppliers
- A 'total retail system' that combines the advantages of digital and local shopping
- Highly cash generative with ability to invest
- A focus on operational grip and controlling the controllables



Financial Review

Financial summary

| | FY22 (52 weeks) | FY21 (52 weeks) | YoY (52w vs 52w) | Memo: | |
|----------------------------|--------------------|--------------------|---------------------|--------------------|---------------|
| | | | | FY22 (53 weeks) | YoY |
| Sales | £1,553.1m | £1,336.2m | +16.2% | £1,581.4m | +18.4% |
| Gross margin | 51.2% | 51.6% | -40 bps | 51.2% | -40 bps |
| Operating cost % sales | 37.5% | 39.1% | -160 bps | 37.4% | -170 bps |
| Profit before tax | £209.0m | £157.8m | +32.4% | £212.8m | +34.9% |
| Diluted earnings per share | 82.1p | 62.9p | +30.5% | 83.6p | +32.9% |

| | FY22 (53 weeks) | FY21 (52 weeks) | YoY |
|--------------------------------|--------------------|--------------------|----------|
| Free cash flow ¹ | £153.0m | £108.5m | +£44.5m |
| Net (debt)/cash ² | (£23.8m) | £128.6m | -£152.4m |
| Ordinary dividend ³ | 40.0p | 35.0p | +14.3% |
| Special dividend ⁴ | 37.0p | 65.0p | n/a |

¹ 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 lease liabilities.

² Excluding lease liabilities

³ Ordinary dividends declared relating to the financial year

⁴ FY21 special dividend of 65p declared with the FY21 financial results and paid in FY22. FY22 special dividend of 37p declared with the FY22 interim results and paid in FY22

Financial Review

Sales and market share gains

| | FY22 | FY21 | YoY | Memo: | |
|-------------------------------------|-------------------|-------------------|---------------------|-------------------|------------|
| | (52 weeks) | (52 weeks) | (52w vs 52w) | FY22 | YoY |
| | | | | (53 weeks) | |
| Total sales | £1,553.1m | £1,336.2m | +16.2% | £1,581.4m | +18.4% |
| Digital % total sales ¹ | 35% | 46% | -11ppts | 35% | -11ppts |
| Homewares market share ² | 10.2% | 8.8% | +1.4ppts | | |
| Furniture market share ² | 1.9% | 1.7% | +0.2ppts | | |

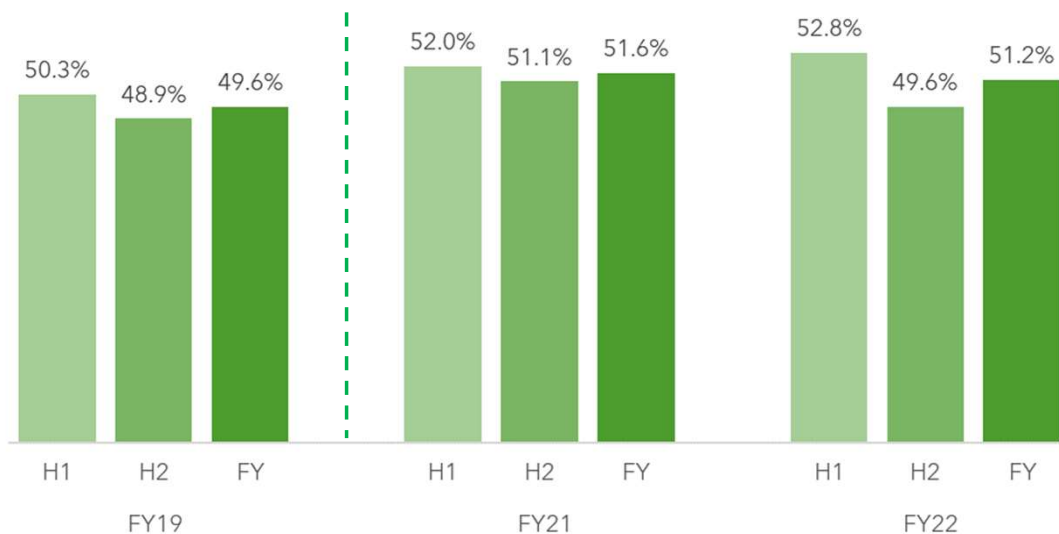
- Total sales +16.2% YoY and 41% higher than FY19
- Digital sales 35% of total sales and 2.5x higher than FY19
- Q1 benefited from extra Summer Sale (and pent-up demand)
- Increase in customer numbers of 8.5%
- Growth driven by market share gains with significant further headroom in both homewares and furniture

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

² GlobalData UK homewares and furniture markets, July 2021 to June 2022. Furniture excludes kitchen and bathroom furniture. Our homewares market share for FY21 has been restated by GlobalData UK to 8.8% (previously reported 9.1%).



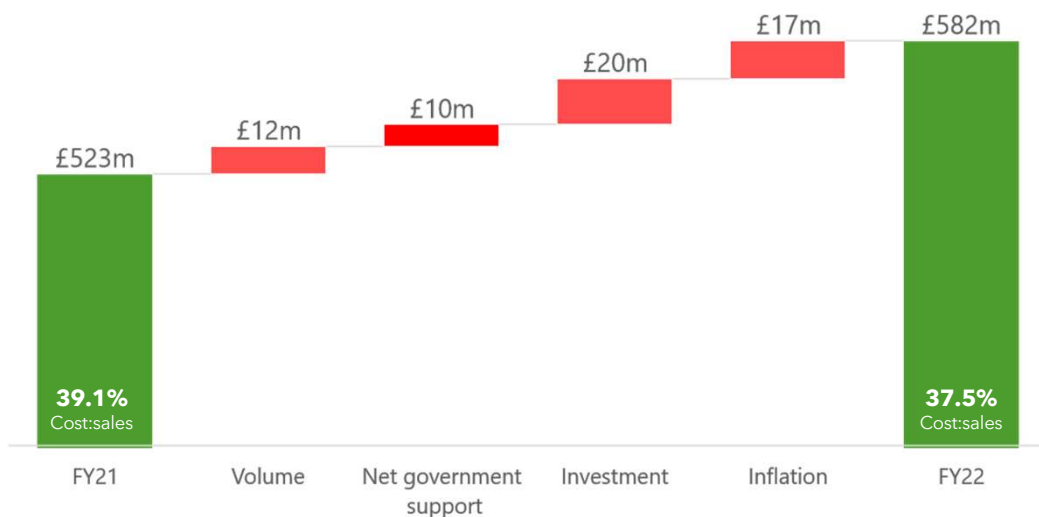
Strong gross margin performance



- Strong gross margin of 51.2%
- Tight operational grip on cost price pressures
- Gross margin in FY21 and FY22 higher than historic averages due to lower customer participation in events
- June 2022 Summer Sale participation returned to more normal levels, driving 40bps YoY reduction in margin
- Expect to return to long-term average of c.50% in FY23



Operating costs supporting growth



- Operating cost:sales of 37.5%
- Strong operating leverage in stores in H1, despite reduction in government support
- Inflation mainly driven by pay increases (energy a small proportion of operating costs)
- Continued to invest:
 - Building capabilities in digital, tech and data
 - New supply chain operations - increased capacity and improved customer experience
- Maintain thoughtful investment, strong operational grip and focus on efficiency as investments mature

| | FY22 | FY21 | YoY | Memo | |
|---------------------------------------|-------------------|-------------------|---------------------|-------------------|---------------|
| | (52 weeks) | (52 weeks) | (52w vs 52w) | FY22 | YoY |
| | | | | (53 weeks) | |
| Sales, marketing & distribution costs | £462.8m | £423.9m | +9.2% | £469.4m | +10.7% |
| Tech and support costs | £118.9m | £98.6m | +20.6% | £122.3m | +24.0% |
| Total operating costs | £581.8m | £522.5m | +11.3% | £591.7m | +13.2% |
| Total sales | £1,553.1m | £1,336.2m | +16.2% | £1,581.4m | +18.4% |
| <i>Operating costs % sales</i> | 37.5% | 39.1% | (160) bps | 37.4% | (170) bps |

Financial Review

Interest, tax and EPS

| | FY22 (52 weeks) | FY21 (52 weeks) | Memo FY22 (53 weeks) |
|-------------------------------|----------------------------------|----------------------------------|---|
| Financial income and expenses | (£4.8m) | (£8.6m) | (£4.9m) |
| Profit before tax | £209.0m | £157.8m | £212.8m |
| Tax | (£40.9m) | (£28.9m) | (£41.6m) |
| <i>Effective tax rate</i> | 19.5% | 18.3% | 19.5% |
| Profit after tax | £168.2m | £128.9m | £171.2m |
| Basic earnings per share | 83.0p | 63.7p | 84.5p |
| Diluted earnings per share | 82.1p | 62.9p | 83.6p |

- Financial income and expenses returns to more usual level (FY21 impacted by appreciation in GBP vs USD)
- Effective tax rate of 19.5% was 1.2ppts higher than FY21 which benefitted from the timing of R&D claims
- Diluted EPS increased by 30.5% to 82.1p



Strong cash generation

| | FY22 (53 weeks) | FY21 (52 weeks) |
|---|----------------------------------|----------------------------------|
| Operating profit | £217.7m | £166.4m |
| Depreciation & amortisation ¹ | £79.3m | £80.8m |
| Working capital outflow | (£14.8m) | (£35.0m) |
| Share-based payments expense | £4.8m | £7.5m |
| Tax paid | (£35.2m) | (£35.5m) |
| Net cash generated from operating activities | £251.8m | £184.2m |
| Capex and business combination | (£41.7m) | (£15.7m) |
| Net interest and loan transaction costs | (£2.1m) | (£0.7m) |
| Interest on lease liabilities | (£4.8m) | (£5.3m) |
| Repayment of principal element of lease liabilities | (£50.2m) | (£54.0m) |
| Free cash flow | £153.0m | £108.5m |
| Net cash / (debt) | (£23.8m) | £128.6m |
| Memo: dividends paid | (£282.1m) | (£24.3m) |

¹ Including impairment and loss on disposal

² On 3 May 2022, the Group acquired the trade and assets of Sunflex, a division of Hunter Douglas (UK) Limited, for cash consideration of £20.8m of which £17.7m had been paid at 2 July 2022.

- Strong cash generation with free cash flow: operating profit ratio of 70% (FY21: 65%)
- Working capital:
 - FY22 outflow due to decision to build inventory levels
 - FY21 outflow due to rebuilding inventory levels following Covid disruption in FY20
- Capital investment:
 - New supply chain capacity
 - 3 new stores, 9 refits and decarbonisation initiatives
 - £18m purchase of the trade and assets of Sunflex²
- Dividends payments include special dividends of £207m. FY21 only included interim dividend

Capital allocation framework delivers attractive returns

- Final dividend of 26p recognising our very strong performance in the year and our confidence in the business
- Total ordinary dividend for the year of 40p, an increase of 14.3% compared to FY21
- £282m returned to shareholders during the year
- Expect to remain highly cash generative and we are committed to published policies

Capital and dividend policies

- Target average net debt between 0.2× and 0.6× the last 12 months' EBITDA (post IFRS 16 basis)
- 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

FY23 guidance

- Consumer behaviour highly unpredictable in current environment
- Delayed Summer Sale and pent up demand in Q1 FY22 mean Q1 sales will be below last year
- Gross margin: return to c.50% for the full year
- Tight management of operating costs
- Capex c.£20-30m, predominantly new stores and refits
- Small working capital inflow as a result of reduced inventory levels as supply chain disruption eases
- Effective tax rate 50 - 80bps above headline rate of Corporation Tax





1st Choice for Home

Nick Wilkinson
CEO

Our plan to become our customers' 1st Choice for Home

Our purpose is 'to help create the joy of truly feeling at home, now and for generations to come'.

Now, more than ever, we are ambitious about **learning, adapting and striving** to do this brilliantly



For a more comprehensive summary of our purpose, ambitions, values, and plans on digitisation and proposition, see 'Plan on a Page' in appendix

Growing our product offer

Continued growth across all categories (in FY22)



| | Dunelm | | | | |
|---|--|--|---|--|---|
| Customer missions (in home) | Everyday necessities... <i>used day to day but not on show</i> | Rewarding essentials... <i>where comfort matters</i> | Decorative enhancements... <i>that enhance the look</i> | Room refreshes... <i>to keep the home up to date and refreshed</i> | Considered permanents... <i>to make the home comfortable and secure</i> |
| Product examples | Pots & pans, utensils, everyday crockery & glassware | Duvets & pillows, bed linen, towels & bath mats | Cushions & throws, candles, vases & dried flowers, pictures | Ready made curtains & blinds, rugs, mirrors, occasional chairs | Dining, living & bedroom furniture, made to measure |
| Average item value | £7 | £13 | £7 | £28 | £129 |
| Contribution to YoY sales growth | 12% | 36% | 13% | 21% | 18% |
| Current market share¹ | <5% | >10% | 5-10% | >10% | <5% |

¹ Source: Internal management estimates

More customers, shopping more frequently

More Customers



- 8.5% more customers shopped with us in last 12 months¹



- All regions contributing² (London & South accounting for 40% of growth)



- All income levels contributing² (Customers earning <£20k up 10.4%, >£100k up 11.4%)



- All age groups contributing² (Customers aged 16-24 up 8.5%, 65 & over up 16.2%)

Appealing to a wide range of consumers - whatever their budget and style

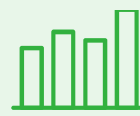
Shopping more frequently



- Store channel grew strongly in FY22, driving 12-month shopping frequency +10.4%³



- Multi-channel, multi-category shoppers shop 5x as often and spend 7x as much⁴ (as single channel/category customers)



- 'Most valuable' customers grew +16% in the year, and are spending 6% more⁵

Two thriving channels and innovating for our customers where digital meets physical

¹ Unique active customers who have transacted at least once in the 12 months to June 2022. Source: Barclays.

² Analysis of Dunelm customers FY21 to FY22. Source: Barclays

³ Number of visits per retained customer in FY22. Retained customers defined as those who shopped with Dunelm in FY21 and FY22. Source: Barclays

⁴ Internal analysis based on active customers for the 12 months to June 2022.

⁵ Internal analysis of 'most valuable' customers based on number of visits and total expenditure.

Strengthening: Choice and value

'Value, Dun Your Way'

Good



More volume into new lower-priced microfibre option

Better



More volume into 100% cotton option, available in more colours

Best



Highest sales growth in Dorma 'best' option, despite small price increase

Fitted sheets SS22 update: all tiers grow in H2 FY22 as customers seek value in different ways

Winter Warm



Bigger seasonal campaign to help customers stay warm this winter

Every Pound Counts



Special buy programme continues (here testing a £4 bath towel) while impulse lines will be displayed in 50 additional locations in each store

Strengthening: Good and circular

Textile take-back



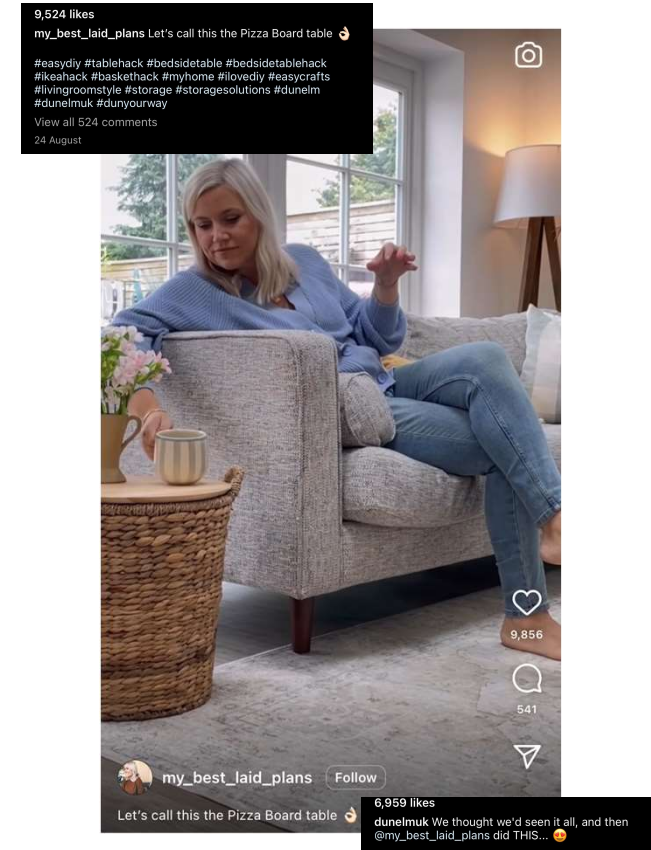
Continuing strong customer response to second life textile take-back service

Conscious Choice collection



Conscious Choice 'collection' to help customers make more informed purchasing decisions

Strengthening: Friendly and expert



Product content and friendly services amplified through own channels: email, local store community channels (which have reached 1m followers), and re-posted customer generated content

Strengthening: Easy and convenient



Comfort-test our sofas and beds

Pop into our new furniture showrooms
Now in-store at Oldbury, Trafford,
Greenford, Bridgend, and Rugby

[Learn more >](#)

Our most recent store opening: Rugby. A re-site of a superstore opened 29 years ago. Using our colleagues and technology to help customers find, buy and fit everything they need for their home

Summary and Outlook

- Very strong performance in FY22
- We are a bigger, more resilient and more ambitious business than three years ago
- Cost of living pressures will continue to mount, with high inflation this year and maybe beyond
- Consumer reaction unpredictable; our primary focus remains on offering outstanding value
- Required response plays to the proven strengths of our resilient and advantaged business model
- Sales have remained robust in the first ten weeks of the financial year
- On track to deliver FY23 results in line with analysts' expectations¹

¹ Company compiled consensus average of analysts' expectations for FY23 PBT of £178m, with a range £130m to £193m





Q&A

Appendices



Appendix

Income statement

| | FY22 (52 weeks) | FY21 (52 weeks) | YoY (52w vs 52w) | FY22 (53 weeks) | YoY |
|---------------------------|----------------------------------|----------------------------------|-----------------------------------|----------------------------------|----------------|
| Revenue | £1,553.1m | £1,336.2m | £216.9m | £1,581.4m | £245.2m |
| Cost of Sales | (£757.5m) | (£647.3m) | (£110.2m) | (£772.0m) | (£124.7m) |
| Gross Profit | £795.6m | £688.9m | £106.7m | £809.4m | £120.5m |
| <i>Gross margin %</i> | 51.2% | 51.6% | (40) bps | 51.2% | (40) bps |
| Operating costs | (£581.8m) | (£522.5m) | (£59.3m) | (£591.7m) | (£69.2m) |
| Operating profit | £213.9m | £166.4m | £47.5m | £217.7m | £51.3m |
| Financial income | £1.2m | £0.1m | £1.1m | £1.2m | £1.1m |
| Financial expenses | (£6.0m) | (£8.7m) | £2.7m | (£6.1m) | £2.6m |
| Profit before tax | £209.0m | £157.8m | £51.2m | £212.8m | £55.0m |
| <i>PBT margin %</i> | 13.5% | 11.8% | +170 bps | 13.5% | +170 bps |
| Taxation | (£40.9m) | (£28.9m) | (£12.0m) | (£41.6m) | (£12.7m) |
| Profit after tax | £168.2m | £128.9m | £39.3m | £171.2m | £42.3m |
| <i>Effective tax rate</i> | 19.5% | 18.3% | +130 bps | 19.5% | +130 bps |
| Basic earnings per share | 83.0p | 63.7p | 19.3p | 84.5p | 20.8p |
| Diluted earnings per shar | 82.1p | 62.9p | 19.2p | 83.6p | 20.7p |

Appendix

Balance sheet

| | FY22 (53 weeks) | FY21 (52 weeks) |
|--|----------------------------------|----------------------------------|
| Right-of-use assets | £248.5m | £262.0m |
| Other non-current assets | £192.3m | £189.1m |
| Inventories | £223.0m | £172.4m |
| Cash | £30.2m | £128.6m |
| Other current assets | £46.2m | £14.6m |
| Total assets | £740.2m | £766.7m |
| Lease liabilities | (£278.1m) | (£293.3m) |
| Bank loans | (£52.8m) | - |
| Other current liabilities | (£225.5m) | (£186.9m) |
| Other non-current liabilities | (£5.5m) | (£5.3m) |
| Total liabilities | (£561.9m) | (£485.5m) |
| Net assets | £178.3m | £281.2m |
| Hedging reserve | £20.2m | (£4.3m) |
| Share capital/share premium/other reserves | £46.9m | £46.8m |
| Retained earnings | £111.2m | £238.7m |
| Total equity | £178.3m | £281.2m |



Appendix

5-year financial summary

| | FY18 | FY19 | FY20¹ | FY21 | FY22 |
|--------------------------------|-------------------|-------------------|-------------------------|-------------------|-------------------|
| | (52 weeks) | (52 weeks) | (52 weeks) | (52 weeks) | (53 weeks) |
| Total sales | £1,050.1m | £1,100.4m | £1,057.9m | £1,336.2m | £1,581.4m |
| Total sales growth | 9.9% | 4.8% | (3.9%) | 26.3% | 18.4% |
| Gross margin % | 48.0% | 49.6% | 50.3% | 51.6% | 51.2% |
| Profit before tax ² | £102.0m | £125.9m | £109.1m | £157.8m | £212.8m |
| Free cash flow ³ | £51.0m | £152.8m | £174.7m | £108.5m | £153.0m |
| Net cash / (debt) ⁴ | (£124.0m) | (£25.3m) | £45.4m | £128.6m | (£23.8m) |
| Diluted EPS ² | 40.0p | 49.9p | 42.9p | 62.9p | 83.6p |
| Dividends paid | £53.4m | £54.6m | £106.0m | £24.3m | £282.1m |

¹ FY20 and subsequent periods reported on an IFRS 16 basis. All prior years reported under IAS 17

² FY18 presented before exceptional items

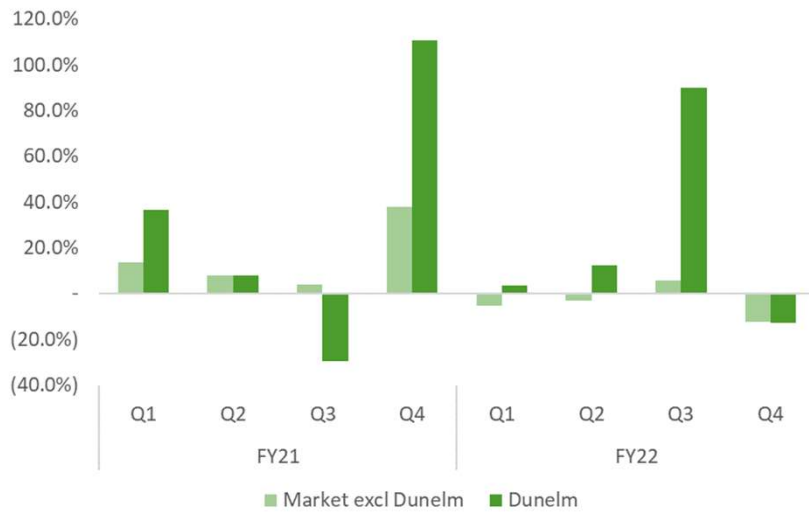
³ Free cash flow is defined as net cash generated from operating activities less capex (net of disposals) and business combinations, net interest paid (including leases) and loan transaction costs, and repayment of lease liabilities.

⁴ Excluding lease liabilities. Definition updated in December 2021 to exclude unamortised debt issue costs. The new definition has been applied prospectively to FY21 and FY22 comparative information only

Appendix

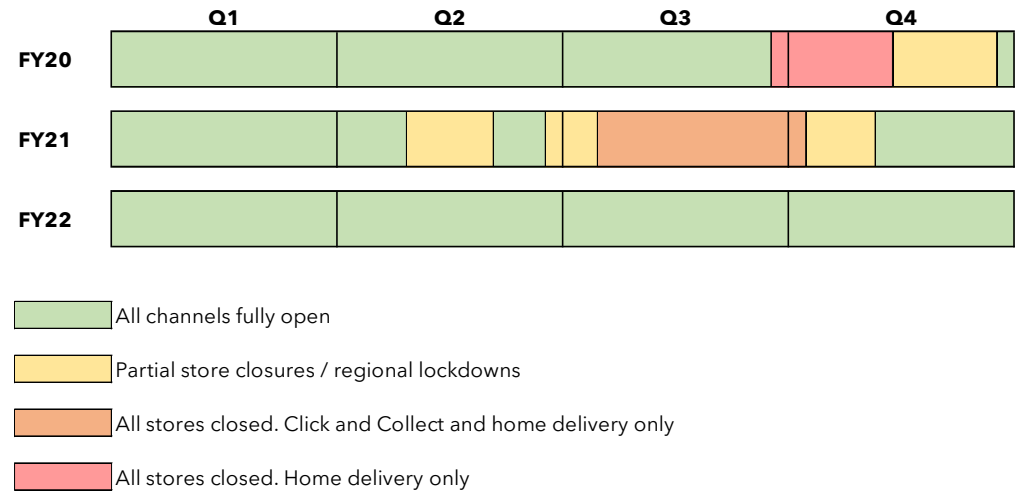
Performance vs GfK homewares panel and Covid disruption

Dunelm vs GfK homewares panel



GfK weekly homewares panel excluding Dunelm. Dunelm growth shown for comparable categories

Covid disruption



Appendix

10-year dividend history

| | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------|---------------|--------------|
| Ordinary dividend <small>per share</small> | | | | | | | | | | |
| Interim | 4.5p | 5.0p | 5.5p | 6.0p | 6.5p | 7.0p | 7.5p | - | 12.0p | 14.0p |
| Final | 11.5p | 15.0p | 16.0p | 19.1p | 19.5p | 19.5p | 20.5p | - | 23.0p | 26.0p |
| Total | 16.0p | 20.0p | 21.5p | 25.1p | 26.0p | 26.5p | 28.0p | - | 35.0p | 40.0p |
| Special dividend <small>per share</small> | 25.0p | - | 70.0p | 31.5p | - | - | 32.0p | - | 65.0p | 37.0p |
| Total dividend <small>per share</small> | 41.0p | 20.0p | 91.5p | 56.6p | 26.0p | 26.5p | 60.0p | - | 100.0p | 77.0p |
| <i>Ordinary dividend cover</i> | 2.5x | 2.2x | 2.2x | 2.0x | 1.4x | 1.4x | 1.8x | - | 1.8x | 2.1x |

Investment proposition

| | |
|----------------------------|--|
| Brand purpose | A brand appealing to a wide range of customers, market leader in a large fragmented market, with a challenger brand mentality |
| Product proposition | A distinctive and specialist product portfolio - offering quality, value and style - largely own brand and sourced from long-term committed suppliers |
| Total retail system | A total retail system that combines the advantages of digital and local shopping experiences to better serve UK homewares shoppers, and benefits from our convenient, low-cost store portfolio |
| Financial position | A highly cash generative business with agility to invest |
| Shared values | Shared values, strong relationships and a commitment to doing the right thing for the long term, for all our stakeholders |
| Future growth | A clear runway for attracting more customers and increasing their frequency |

Plan on a Page (1 of 2)

Our plan to become our customers' 1st choice for home



Our purpose is

TO HELP CREATE THE JOY OF TRULY FEELING AT HOME, NOW AND FOR GENERATIONS TO COME.

Truly feeling at home is one of the greatest joys in life. We want to help find ways to make everyday home life better for our customers. To bring more contentment, comfort, belonging, fun and laugh out loud joy to people's homes. And to do it in a way where everyone feels included, and we make good long-term decisions which value our environment and future relationships



Our ambitions

AMBITIOUS ABOUT OUR BRAND

Grow as the #1 destination for home, with more savvy home lovers shopping more frequently.

AMBITIOUS ABOUT BEING A GOOD COMPANY

A great place to work - making a positive social and environmental impact in all of our communities.

AMBITIOUS ABOUT PROFITABLE GROWTH

Focusing on quality of growth and long-term value creation by using our resources wisely and efficiently.

Our shared values

ACT LIKE OWNERS

KEEP LISTENING & LEARNING

STRONGER TOGETHER

LONG-TERM THINKING

Plan on a Page (2 of 2)

Strengthening our customer proposition for savvy home lovers

We pride ourselves on making **every pound count** and being good housekeepers. We spend wisely where it matters and minimise unnecessary waste. This means we can provide **unbeatable value products at every price point**, supported by colleagues who care and technology that makes things seamless and efficient.

CHOICE & VALUE

Great value and quality for every style, space and budget.

GOOD & CIRCULAR

Positive choices for people and the environment.

FRIENDLY & EXPERT

Service that is knowledgeable, non-judgmental and warm.

EASY & CONVENIENT

Easy to find, buy and fit everything you need for your home.

Building capabilities & digitising in six focus areas

How we prioritise our investment in people and tech with two objectives. **Firstly**, to build and improve our customer proposition through developing our customer understanding, enabling innovation and continuous improvements in our selling and post sales experience. **Secondly** to build the data and tech foundations to digitally optimise all our operations efficiently.

0

SUSTAINABILITY

Our pathway to zero, building sustainability into all that we do and making it easy for our customers.

1

PRODUCT DEVELOPMENT

Develop our market leading product offer, supported by brilliant commercial processes.

2

CUSTOMER UNDERSTANDING

Deeply understand attitudes and behaviors to optimize our acquisition and retention.

3

SHOPPING EXPERIENCE

Offer the best, seamless online and in-store digital CX in the market.

4

DATA & INSIGHT

Build foundational capabilities in data and accelerate customer insight.

5

POST SALES EXPERIENCE

Provide personal, high quality and efficient delivery, service and support.

Appendix

Dunelm ESG highlights

| | |
|---------------------------------------|---|
| Key performance indicators | <ul style="list-style-type: none"> • Reduced our scope 1 carbon emission intensity (per £1m revenue) by 19.6% vs FY19 baseline • Reduced plastic packaging on own brand products (by weight per £1 of sales) by 22.7% vs FY20 baseline • 61.3% of own brand products for which we offer an easy to use take back service • 30% of own brand cotton products which meet our 'more responsibly sourced cotton' criteria • Improved our employee net promoter score by 1ppt |
| Colleagues | <ul style="list-style-type: none"> • Enhanced financial wellbeing support, including 1-1 meeting with manager, education, interest free salary advance and Colleague Support Fund • Continued to expand our inclusion & diversity programme, including targeted recruitment and training, and support for colleague network groups • Mental health and wellbeing buddies in place throughout the business • Continued to invest in colleague personal safety protection; supporting British Retail Consortium campaign • Domestic abuse campaign in partnership with Retail Trust and Domestic Abuse Alliance and enhanced support for colleagues impacted • One or more NEDs engage with National Colleague Voice 6x p.a. |
| Communities | <ul style="list-style-type: none"> • Continued to work with charity partner Mind, raising awareness, and linking to the charity's resources and fundraising • Stores and support sites helping local communities via Facebook groups and campaigns e.g. 'Delivering Joy', with the support of our customers • Space provided in Pausa cafes for community groups free of charge |
| Climate change and environment | <ul style="list-style-type: none"> • Sustainability and commitment to Net Zero Pathway integrated into company purpose, ambitions, customer proposition, plans and measures • Stretching science-based scope 1, 2 and 3 targets - 50% reduction by 2030 vs 2019 base • First quantified risk assessment completed against three climate scenarios • Full TCFD report on climate change in FY22 • Sustainability linked RCF signed in December 2021 • Supporters of Textiles 2030 - industry approach to reduce carbon & water emissions and increase circularity in textile production • "Conscious choice" product range, continue to increase more responsibly sourced materials, reduce packaging and lower manufacturing emissions • Offering products to help customers repair and upcycle |
| Suppliers | <ul style="list-style-type: none"> • Strong supplier relationships, fair trading terms built on mutual trust • Working closely to manage supply chain disruption and inflation • Robust ethical trading, anti-slavery, anti-bribery policies and audits, including unannounced visits and greater supply chain transparency |
| Governance | <ul style="list-style-type: none"> • Code compliant Board, Chair plus 7 independent, 4 non-independent (from 7 September 2022) • Chair and CFO succession completed, plus 2 additional NEDs in FY22 • Diverse gender, nationality, ethnicity, background and experience - 42% female (from 7 September 2022) • Executive and senior management variable pay linked to financial / non-financial KPIs and sustainable long-term value creation • Sustainability KPIs now in management LTIP • Continuing to strengthen stakeholder engagement, talent and succession, and risk management |

Thank you

