



9 September 2025
Dunelm Group plc

Preliminary Results for the 52 weeks ended 28 June 2025

Building the Home of Homes: delivery and ambition

Dunelm Group plc ("Dunelm" or "the Group"), the UK's leading homewares retailer, today announces its preliminary results for the 52 weeks to 28 June 2025.

	FY25	FY24	YoY
Total sales	£1,771.0m	£1,706.5m	+3.8%
Digital % total sales ¹	40%	37%	+3ppts
Gross margin	52.4%	51.8%	+60bps
Net operating costs:sales ratio ²	39.9%	39.3%	+60bps
Profit before tax ("PBT")	£211.0m	£205.4m	+2.7%
PBT margin %	11.9%	12.0%	(10bps)
Diluted earnings per share	76.8p	74.4p	+3.2%
Free cash flow ³	£127.4m	£132.2m	(£4.8m)
Net debt ⁴	£102.0m	£55.6m	+£46.4m
Net debt: EBITDA ⁵	0.3x	0.2x	n/a
Ordinary dividend per share	44.5p	43.5p	+2.3%
Special dividend per share	35.0p	35.0p	n/a

Highlights

- Sales of £1,771m, up 3.8% on FY24, delivered with a clear focus on relevance for our customers:
 - Increased share of the combined homewares and furniture markets to 7.9%⁶ (FY24: 7.7%)
 - Balanced sales growth, with increases in both volumes and average item values driven by product and category mix
 - Growth in active customers of 80bps⁷ year-on-year, alongside higher frequency
 - Digital sales 40% of total sales (FY24: 37%), with strong growth in Click & Collect
- Strong gross margin of 52.4% (FY24: 51.8%) demonstrating our commercial and operational grip
- Profit before tax up 2.7% to £211m; stable PBT margin of 11.9% (FY24: 12.0%) after absorbing inflationary headwinds

- Free cash flow of £127m (FY24: £132m); improved operating cash flows offset by higher capital investment
- Final ordinary dividend per share of 28.0 pence (FY24: 27.5 pence), bringing total ordinary dividend per share to 44.5 pence (FY24: 43.5 pence). Total dividends declared of 79.5 pence per share (FY24: 78.5 pence), including special dividend paid in April
- Further strategic progress as we continue to invest for long-term growth:
 - Opened six new superstores (including one relocation); plus first store in inner London
 - Completed two acquisitions; a 13-store retailer in Ireland, and the brand and archive of Designers Guild
 - Invested in our own Made-to-Measure blinds and shutters manufacturing facility

Current trading and outlook

- Pleased with early trading in the new financial year, although yet to see signs of a sustained consumer recovery
- Continuing to raise the bar on our customer offer, with a positive response to our new Autumn / Winter product ranges
- Excited about our future plans, with a Dunelm app available to customers in the autumn, more new stores, and further investment in growth and productivity drivers
- Confident of gaining further market share as we progress towards our next milestone of 10% in the medium term
- Well-placed to continue to deliver sustainable, profitable growth

Nick Wilkinson, Chief Executive Officer, commented:

“In my final set of results at Dunelm, I’m pleased to report another successful year, marked by growth in sales and profits, increased market share and meaningful strategic progress. Having had the privilege of being a part of this awesome business, I want to thank our incredible colleagues, whose commitment and adaptability has driven our performance this year and throughout our history.

“We’ve learned to navigate a volatile consumer environment, raising the bar on what really matters to our customers – delivering amazing value and helping them to create stylish, joyful and hard-working homes. With a thriving digital offer, vibrant stores, and a broadening category offer, we’re finding new and meaningful ways to be relevant in our customers’ lives.

“This has also been a year of milestones for our business; opening our 200th store and first inner London location, expanding Click & Collect, extending our UK Made-to-Measure manufacturing, entering our first market outside the UK, and buying the brand and archive of Designers Guild. All these investments are centred on creating a better offer and experience for our customers.

“As I move on, I leave behind a special business, with a strong business model, well positioned for the future. Dunelm is evolving as a multi-category and multi-channel specialist, The Home of Homes, making good progress towards its next market share milestone of 10%. With customers at our heart, and a commitment to long-term, sustainable growth, Dunelm is still *just getting started*.”

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

² Net operating cost is defined as other operating income less operating costs. Other income includes rental income and insurance income

³ 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

⁴ Cash and cash equivalents less total borrowings (as shown in note 16). Excludes IFRS 16 lease liabilities

⁵ EBITDA defined as operating profit plus depreciation and amortisation of property, plant and equipment and intangible assets plus loss on disposal and impairment of property, plant and equipment and intangible assets plus depreciation of right-of-use assets

⁶ Based on GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2025

⁷ Year-on-year growth in UK unique active customers who have transacted at least once in the 12 months to June 2025. Management estimates using Barclays data

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.

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Next scheduled event:

Dunelm will release its first quarter trading update on 23 October 2025.

Quarterly analysis:

	52 weeks to 28 June 2025						
	Q1	Q2	H1	Q3	Q4	H2	FY
Total sales	£403.2m	£490.5m	£893.7m	£461.9m	£415.4m	£877.3m	£1,771.0m
Total sales growth	+3.5%	+1.6%	+2.4%	+6.3%	+4.0%	+5.2%	+3.8%
Digital % total sales	37%	40%	39%	41%	42%	42%	40%

	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 more than 100,000 SKUs, 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 202 stores across the UK and Ireland and has developed a successful online offer through dunelm.com which includes home delivery and Click & Collect options. 159 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 more than £1.5bn in distributions to shareholders since IPO⁸.

Metrics reported from the financial statements are on a consolidated basis; other metrics are presented on a UK-only basis unless otherwise stated.

⁸ Ordinary dividends plus special distributions

CHIEF EXECUTIVE OFFICER'S REVIEW

Introduction

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

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

We have put our growth plans into action across our three strategic pillars as we continue to build Dunelm as *The Home of Homes*. We are elevating our product offer, expanding the breadth and relevance of our ranges across more categories, with furniture a good example of our progress. We are connecting to more customers through our total retail system, opening more new stores, making further improvements to our digital channels, and expanding our Click & Collect offer. In addition, we are finding more ways to harness our operational capabilities, delivering further efficiencies in areas including our supply chain and store operating model, maintaining the operational grip which continues to be a core strength of the Dunelm business model.

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

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

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

FY25 Review

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

Total sales increased by 3.8% in the year, through a combination of higher volumes and increased average item values. The rise in average item values was primarily due to the mix of products sold, rather than headline price increases, as we continue to work hard on broadening the appeal of our ranges whilst offering outstanding value for our customers. With our higher sales also supported by increased customer numbers⁹ and shopping frequency, our growth was well-balanced.

The combined homewares and furniture market grew slightly in the year, having declined since FY22, with the second half benefiting from stronger growth in outdoor furniture categories. We again increased our market

share, up 20bps during the year to 7.9%¹⁰, and as ever we see headroom for further share gains as we progress towards our next milestone of 10% share in the medium term.

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

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

⁹ Year-on-year growth in UK unique active customers who have transacted at least once in the 12 months to June 2025. Management estimates using Barclays data

¹⁰ Based on GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2025

Growing sustainably

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

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

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

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

Building The Home of Homes

Our vision is for Dunelm to be the most trusted and valued brand for customers in homewares and furniture. In short, we want to truly become 'The Home of Homes'. Throughout our history we have grown by winning market share, and from our current 7.9%¹¹ we are targeting a medium-term milestone of 10%, with significant opportunity beyond. To achieve this, our growth plans are underpinned by three broad focus areas, which in combination frame our priorities and investments:

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

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

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

¹¹ Based on GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2025

1. Elevate our product offer

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

Our furniture offer has been a strong contributor to our growth for several years, benefiting from building capabilities in product design and sourcing. There is no better example of this than upholstered chairs and sofas, where in the last five years we have more than doubled our market share in a £3bn¹² addressable market, with significantly more opportunity ahead. We now have a well-curated range of best-sellers, including our popular *Beatrice* snuggle chairs, available in a variety of colourways and materials, at very competitive prices.

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

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

weighted corners, deeper headings, and a wider colour selection helping to differentiate our specialist proposition from alternatives.

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

¹² GlobalData UK upholstered furniture market, for the calendar year 2024

2. *Connect with more customers*

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

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

As we move forward, there is a much greater opportunity to grow. Our app, which becomes available to customers later this year, is our next significant development. We deliberately chose not to launch an app until our data and digital capabilities were sufficiently developed. With those foundations now in place, we will have the ability to offer relevant, personalised and inspirational product content to our customers, without the significant costs that come with generating website traffic to dunelm.com. In time, the app will also allow us to develop better cross-channel experiences, making it easier to check stock availability in your local store and access more product information.

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

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

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

between larger and smaller stores. We expect to open 5 – 10 new superstores this year, the majority of which will be larger stores.

3. *Harness our operational capabilities*

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

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

Continuous improvement initiatives contributed the majority of the £22m of operating cost productivities in FY25. These included further efficiencies in performance marketing, where we use data and experimentation to drive customer level transaction profitability. Meanwhile, in store operations our teams are introducing new processes and technology to improve colleague efficiency and customer service levels, in growth areas such as Click & Collect. Similarly, in our supply chain, we continue to drive incremental benefits through small-scale automation, and the optimisation of customer returns.

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

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

Summary and outlook

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

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

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

Nick Wilkinson
Chief Executive Officer
9 September 2025

CHIEF FINANCIAL OFFICER'S REVIEW

Income Statement

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

Revenue

	FY25	FY24	YoY
Digital % total sales	40%	37%	+3ppts
Combined market share ¹³	7.9%	7.7%	+20bps
Active customer growth ¹⁴	N/A	N/A	+80bps

Total sales for the full year increased by 3.8% to £1,771m (FY24: £1,706m). We were pleased with the strength of our trading performance, in a market which despite growing slightly in the year, is yet to demonstrate sustained signs of consumer recovery. We gained further market share through our high quality sales growth, increasing by 20bps in the full year to 7.9%¹³.

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

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

Our ability to offer value across our product ranges drives very broad customer appeal. We have continued to offer relevance across categories with our curated seasonal ranges, from student essentials to outdoor inspiration, designed to cater to our customers' evolving needs. The number of active customers was up 80bps¹⁴ in the year,

contributing to overall sales growth, alongside higher shopping frequency. We saw particularly strong growth in our youngest customer cohort of 16–24 year-olds, as well as in the London region, reflecting our increasingly broad proposition.

¹³ Based on GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2025

¹⁴ Year-on-year growth in UK unique active customers who have transacted at least once in the 12 months to June 2025. Management estimates using Barclays data

Gross margin

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

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

Net operating costs

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

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

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

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

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

Cost increases from inflation and continued investment were partly offset by further productivity gains of £22m. These included performance marketing efficiencies, where we have benefitted from investment in more advanced AI technology to improve on-site conversion, whilst enhancing the customer proposition. To drive efficiencies in our operations, we have reviewed our in-store operating model to deliver incremental improvements, and have implemented various tactical initiatives across our supply chain, for example improving processes associated with customer returns. To ensure these decisions are made without impacting the customer experience, we have also introduced a customer satisfaction (CSAT) tool, giving us timely and granular feedback to which we can appropriately respond.

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

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

Profit before tax

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

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

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

Earnings

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

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

Cash generation and net debt

	FY25	FY24	YoY
Operating profit	£222.0m	£213.3m	+£8.7m
Depreciation and amortisation ¹⁵	£83.4m	£82.0m	+£1.4m
Net movement in working capital	(£0.5m)	(£17.7m)	+£17.2m
Share-based payments	£5.5m	£4.3m	+£1.2m
Tax paid	(£54.5m)	(£49.6m)	(£4.9m)
Net cash generated from operating activities	£255.9m	£232.3m	+£23.6m
Capex & business combination	(£67.3m)	(£39.9m)	(£27.4m)
Net interest and loan transaction costs ¹⁶	(£10.6m)	(£9.4m)	(£1.2m)
Repayment of principal element of lease liabilities	(£50.6m)	(£50.8m)	+£0.2m
Free cash flow	£127.4m	£132.2m	(£4.8m)
Net debt¹⁷	£102.0m	£55.6m	+£46.4m

¹⁵ Including impairment and loss on disposal

¹⁶ Including interest on lease liabilities

¹⁷ Cash and cash equivalents less total borrowings (as shown in note 16). Excludes IFRS 16 lease liabilities

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

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

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

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

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

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

Banking agreements

At 28 June 2025, the Group had in place a £250m unsecured revolving credit facility (RCF). The terms of the RCF included covenants in respect of leverage (net debt¹⁸ to be no greater than 2.5× adjusted EBITDA¹⁹) and fixed

charge cover (EBITDAR²⁰ to be no less than 1.75× fixed charges²¹), both of which were met comfortably as at 28 June 2025. A one-year extension to the facility was agreed in August 2025, with a maturity date of September 2029. The terms are consistent with normal business practice and the covenants are unchanged. The Group also maintains £10m of uncommitted overdraft facilities.

¹⁸ Cash and cash equivalents less total borrowings (as shown in note 16). Excludes IFRS 16 lease liabilities

¹⁹ Adjusted EBITDA defined as EBITDA less depreciation of right-of-use assets

²⁰ EBITDAR defined as EBITDA plus rent

²¹ Fixed charges are defined as net interest costs plus right-of-use asset depreciation plus rent

Going concern

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

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

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

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

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

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

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

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

Capital and dividend policies

The Board policy on capital structure targets an average net debt level (excluding lease obligations and short-term fluctuations in working capital) of between 0.2× and 0.6× the last 12 months' EBITDA²².

The Group's dividend policy targets ordinary dividend cover²³ of between 1.75× and 2.25× earnings per share during the financial year to which the dividend relates, and expects to maintain or progress, the absolute amount of each dividend payment in line with the growth of the business. The Board may allow a temporary fall in dividend cover requirements to maintain the dividend.

The Board will continue to consider returning surplus cash to shareholders if average net debt, excluding lease liabilities, over a period, consistently falls below the minimum target of 0.2× EBITDA²², subject to known and anticipated investment and expenditure plans at the time.

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

²² EBITDA defined as operating profit plus depreciation and amortisation of property, plant and equipment and intangible assets plus loss on disposal and impairment of property, plant and equipment and intangible assets plus depreciation of right-of-use assets

²³ Dividend cover is calculated as earnings per share divided by the total ordinary dividend relating to the financial year

Dividends

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

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

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 Board confirms that a robust assessment of the principal risks facing the Group has been carried out, including emerging risks and those that would threaten its business model, future performance, solvency, or liquidity. In conducting such a review, one new principal risk was identified in the year.

The introduction of 'geopolitical uncertainty' as a new principal risk reflects ongoing global tensions, trade disputes and regional conflicts, exposing vulnerabilities in retail supply chains and putting additional pressure on margins and costs. The overall impact, if not managed appropriately, could lead to detrimental impact on performance and disrupt our operations.

A summary of the principal risks has been provided below:

Risk	Impact
Geopolitical uncertainty	The geopolitical landscape is complex and unpredictable. Global tensions, trade disputes and regional conflicts continue to disrupt supply chains, driving up costs and creating uncertainty across key markets. These pressures are compounded by shifting domestic regulations, economic weakness and expectations around ethical sourcing and social responsibility. Our ability to anticipate and respond to these pressures is essential to protecting operations, supporting our colleagues, and sustaining growth.
Customer offer	Ongoing macroeconomic uncertainty and inflationary pressure on consumers has led to significant change in consumer behaviour. Failure to respond to changing consumer needs and to maintain a competitive offer will undermine our ambition to increase market share and drive profitable and sustainable growth.
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, regulatory compliance, human rights (including safety and modern slavery) and the environment may undermine or damage our reputation as a responsible retailer and result in a loss of confidence in Dunelm.
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, organisational and people related changes across the business could result in reduced operational efficiency, competitiveness, relevance and growth. Furthermore, failure to deliver the expected objectives on time and on budget and without effective engagement, training and support for colleagues could risk delivery of the planned business benefits.
People and culture	Our business could be adversely impacted if we fail to attract, retain, and develop diverse colleagues with the appropriate skills and capabilities. Failing to embed and live our values could impact business performance, the delivery of our purpose and the long-term sustainability of our business.
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.
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 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	<p>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.</p> <p>In addition, an inability to anticipate and mitigate climate change and other environmental risks could cause disruption in the availability and quality of raw materials such as cotton and timber, affecting production capacity, product quality, and overall supply chain resilience. This, and potential transition risks related to environmental taxation, could result in higher costs, delays, and potential loss of customers.</p>

Alternative performance measures (APMs)

APM	Definition, purpose and reconciliation to statutory measure
Total sales	Equivalent to revenue (from all channels). This is net of customer returns.
Digital sales	Digital sales include home delivery, Click & Collect and tablet-based sales in store.
Digital % total sales	Digital sales (as defined above) expressed as a percentage of revenue. This is not a measure that we seek to maximise in itself, but we measure it to track our adaptability to changing customer behaviours.
Ordinary dividend cover	Ordinary dividend cover is calculated as earnings per share divided by the total ordinary dividend relating to the financial year. This measure is used in our capital and dividend policy.
Gross margin %	Gross profit expressed as a percentage of revenue. Measures the profitability of product sales prior to operating costs.
Net operating costs	Other operating income less operating costs. Measures the total cost base net of operating income, which comprises rent from investment property and insurance payments.
EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment. Operating profit plus depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets plus loss on disposal and impairment of property, plant and equipment and intangible assets. Used in our capital and dividend policy.
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

9 September 2025

Consolidated Income Statement

For the 52 weeks ended 28 June 2025

	Note	2025 52 weeks £'m	2024 52 weeks £'m
Revenue	1	1,771.0	1,706.5
Cost of sales		(842.7)	(823.2)
Gross profit		928.3	883.3
Other operating income		4.7	-
Operating costs	2	(711.0)	(670.0)
Operating profit	3	222.0	213.3
Finance income	5	1.4	2.0
Finance costs	5	(12.4)	(9.9)
Profit before taxation		211.0	205.4
Taxation	6	(54.7)	(54.2)
Profit for the period		156.3	151.2
Earnings per Ordinary Share - basic	8	77.2p	74.7p
Earnings per Ordinary Share - diluted	8	76.8p	74.4p

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 28 June 2025

	Note	2025 52 weeks £'m	2024 52 weeks £'m
Profit for the period		156.3	151.2
Other comprehensive (expense) / income:			
Items that may be subsequently reclassified to profit or loss:			
Movement in fair value of cash flow hedges		(21.5)	0.2
Deferred tax on hedging movements		3.0	(1.0)
Other comprehensive expense for the period, net of tax		(18.5)	(0.8)
Total comprehensive income for the period		137.8	150.4

Consolidated Statement of Financial Position

As at 28 June 2025

	Note	28 June 2025 £'m	29 June 2024 £'m
Non-current assets			
Intangible assets	9	10.8	3.8
Property, plant and equipment	10	178.7	173.0
Right-of-use assets	11	221.1	222.9
Investment property	12	29.5	7.5
Deferred tax assets		3.2	1.8
Derivative financial instruments		-	0.1
Total non-current assets		443.3	409.1
Current assets			
Inventories	13	226.3	223.0
Trade and other receivables	14	40.1	26.2
Derivative financial instruments		-	0.3
Current tax asset		1.8	-
Cash and cash equivalents		30.0	23.4
Total current assets		298.2	272.9
Total assets		741.5	682.0
Current liabilities			
Trade and other payables	15	(220.0)	(205.0)
Lease liabilities	11	(53.1)	(52.1)
Current tax liability		-	(1.5)
Derivative financial instruments		(13.3)	(4.9)
Total current liabilities		(286.4)	(263.5)
Non-current liabilities			
Bank loans	16	(130.2)	(77.0)
Lease liabilities	11	(194.4)	(197.5)
Provisions		(7.7)	(5.5)
Derivative financial instruments		(4.0)	(0.6)
Total non-current liabilities		(336.3)	(280.6)
Total liabilities		(622.7)	(544.1)
Net assets		118.8	137.9
Equity			
Issued share capital		2.0	2.0
Share premium account		1.7	1.7
Capital redemption reserve		43.2	43.2
Hedging reserve		(13.0)	(3.8)
Retained earnings		84.9	94.8
Total equity attributable to equity holders of the Parent		118.8	137.9

Consolidated Statement of Cash Flows

For the 52 weeks ended 28 June 2025

	Note	2025 52 weeks £'m	2024 52 weeks £'m
Cash flows from operating activities			
Profit before taxation		211.0	205.4
Net financial expense	5	11.0	7.9
Operating profit		222.0	213.3
Depreciation and amortisation of investment property, property, plant and equipment, and intangible assets	9,10,12	31.3	30.4
Depreciation of right-of-use assets	11	50.9	50.2
Loss on disposal and impairment of property, plant and equipment and intangible assets	9,10	0.5	0.5
Impairment of right-of-use assets	11	0.7	0.9
Share-based payments expense		5.5	4.3
Operating cash flows before movements in working capital		310.9	299.6
(Increase) in inventories		(1.4)	(12.0)
(Increase) in trade and other receivables		(13.5)	(1.9)
Increase / (decrease) in trade and other payables		14.4	(3.8)
Net movement in working capital		(0.5)	(17.7)
Tax paid		(54.5)	(49.6)
Net cash generated from operating activities		255.9	232.3
Cash flows from investing activities			
Acquisition of intangible assets		(9.3)	(2.6)
Acquisition of property, plant and equipment		(35.2)	(29.8)
Acquisition of Investment Property		(22.3)	(7.5)
Acquisition of subsidiary, net of cash		(0.5)	-
Interest received		1.4	1.6
Net cash used in investing activities		(65.9)	(38.3)
Cash flows from financing activities			
Proceeds from issue of treasury shares and Ordinary Shares		0.7	0.1
Purchase of treasury shares		(14.7)	-
Drawdowns on Revolving Credit Facility		152.0	110.0
Repayments of Revolving Credit Facility		(99.0)	(108.0)
Interest paid and loan transaction costs		(4.7)	(4.9)
Interest paid on lease liabilities	11	(7.3)	(6.1)
Repayment of principal element of lease liabilities		(50.6)	(50.8)
Dividends paid	7	(159.4)	(157.6)
Net cash used in financing activities		(183.0)	(217.3)
Net increase/(decrease) in cash and cash equivalents		7.0	(23.3)
Foreign exchange revaluations		(0.4)	0.4
Cash and cash equivalents at the beginning of the period		23.4	46.3
Cash and cash equivalents at the end of the period		30.0	23.4

Consolidated Statement of Changes in Equity
For the 52 weeks ended 28 June 2025

	Note	Issued share capital £'m	Share premium account £'m	Capital redemption reserve £'m	Hedging reserve £'m	Retained earnings £'m	Total equity attributable to equity holders of the Parent £'m
As at 1 July 2023		2.0	1.7	43.2	(6.9)	97.5	137.5
Profit for the period		-	-	-	-	151.2	151.2
Movement in fair value of cash flow hedges		-	-	-	0.2	-	0.2
Deferred tax on hedging movements		-	-	-	(1.0)	-	(1.0)
Total comprehensive income for the period		-	-	-	(0.8)	151.2	150.4
Proceeds from issue of treasury shares		-	-	-	-	0.1	0.1
Purchase of treasury shares		-	-	-	-	-	-
Share-based payments		-	-	-	-	4.3	4.3
Deferred tax on share-based payments		-	-	-	-	(1.3)	(1.3)
Current tax on share options exercised		-	-	-	-	0.6	0.6
Movement on cash flow hedges transferred to inventory		-	-	-	3.9	-	3.9
Dividends paid	7	-	-	-	-	(157.6)	(157.6)
Total transactions with owners, recorded directly in equity		-	-	-	3.9	(153.9)	(150.0)
As at 29 June 2024		2.0	1.7	43.2	(3.8)	94.8	137.9
Profit for the period		-	-	-	-	156.3	156.3
Movement in fair value of cash flow hedges		-	-	-	(21.5)	-	(21.5)
Deferred tax on hedging movements		-	-	-	3.0	-	3.0
Total comprehensive income for the period		-	-	-	(18.5)	156.3	137.8
Proceeds from issue of treasury shares		-	-	-	-	0.7	0.7
Purchase of treasury shares		-	-	-	-	(14.7)	(14.7)
Share-based payments		-	-	-	-	5.5	5.5
Deferred tax on share-based payments		-	-	-	-	1.0	1.0
Current tax on share options exercised		-	-	-	-	0.7	0.7
Movement on cash flow hedges transferred to inventory		-	-	-	9.3	-	9.3
Dividends paid	7	-	-	-	-	(159.4)	(159.4)
Total transactions with owners, recorded directly in equity		-	-	-	9.3	(166.2)	(156.9)
As at 28 June 2025		2.0	1.7	43.2	(13.0)	84.9	118.8

Consolidated Accounting Policies

For the 52 weeks ended 28 June 2025

Basis of preparation

The financial statements presented cover a 52-week trading period for the financial period ended 28 June 2025 (2024: 52-week period ended 29 June 2024).

The annual report and financial statements for the period ended 28 June 2025 were approved by the board of directors on 9 September 2025 along with this preliminary announcement but have not yet been delivered to the Registrar of Companies. The financial information contained in this preliminary announcement does not constitute the Group's statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The auditor's report on the statutory accounts for the period ended 28 June 2025 was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

The statutory accounts of Dunelm Group plc for the period ended 29 June 2024 have been delivered to the Registrar of Companies. The auditor's report on the statutory accounts for the period ended 29 June 2024 was unqualified and did not contain a statement under section 498 of the Companies Act 2006.

1. Revenue

The Group has one reportable segment, which is the operations to enable the retail of homewares in the UK and Ireland.

The Group operates a unified retail business model, offering homewares and furniture products through an integrated multichannel platform. Customers engage with the Group across various touchpoints including physical stores, the website, and customer service channels and their journeys can span multiple channels before completing a purchase. Given this interconnected customer experience, the Group does not distinguish between the different operations. Instead, performance is monitored and reported at the Group level, reflecting the holistic nature of the retail proposition.

This approach aligns with how strategic decisions are made, resources are allocated, and performance is evaluated by the Chief Operating Decision-maker. All activities—whether in-store, online, or via support functions—contribute to a single, cohesive retail offering aimed at delivering value and convenience to customers.

The Chief Operating Decision-maker is the Executive Board of Dunelm Group plc. The Executive Board reviews internal management reports on a monthly basis and performance is assessed based on a number of financial and non-financial KPIs as well as on profit before taxation.

Management believes that these measures are the most relevant in evaluating the performance of the Group and for making resource allocation decisions.

All material operations of the Group are carried out in the UK. The Group's revenue is driven by the consolidation of individual small value transactions and as a result, Group revenue is not reliant on a major customer or group of customers.

At the period end the Group had £15.8m (2024: £12.5m) of sales orders placed that will be recognised in the Consolidated Income Statement when the goods are despatched in the following financial period.

2. Operating costs

	2025 52 weeks £'m	2024 52 weeks £'m
Selling and distribution costs	560.5	528.6
Tech and Support expenses	150.5	141.4
	711.0	670.0

3. Operating profit

Operating profit is stated after charging the following items:

	2025 52 weeks £'m	2024 52 weeks £'m
Cost of inventories included in cost of sales	831.6	812.3
Amortisation of intangible assets	2.3	4.1
Depreciation of owned property, plant and equipment	28.7	26.3
Depreciation of Investment Property	0.3	-
Depreciation of right-of-use assets	50.9	50.2
Loss on disposal and impairment of property, plant and equipment and intangible assets	0.5	0.5
Impairment of right-of-use assets	0.7	0.9
Expense related to short-term leases	4.7	3.7

The cost of inventories included in cost of sales includes the impact of a net decrease in the provision for obsolete inventory of £6.0m (2024: £0.6m increase).

The analysis of the auditor's remuneration is as follows:

	2025 52 weeks £'000	2024 52 weeks £'000
Fees payable to the Group's auditor for the audit of the Parent and consolidated annual financial statements	43	37
Fees payable to the Group's auditor and its associates for other services to the Group		
- Audit of the Company's subsidiaries pursuant to legislation	352	322
- Other assurance services	67	50

4. Employee numbers and costs

The average monthly number of people employed by the Group (including Directors) was:

	2025 52 weeks Number of heads	2025 52 weeks Full time equivalents	2024 52 weeks Number of heads	2024 52 weeks Full time equivalents
Selling	9,973	5,420	9,591	5,258
Distribution	1,139	1,105	1,148	1,110
Administration	1,196	1,178	1,170	1,153
	12,308	7,703	11,909	7,521

The aggregate remuneration of all employees (including Directors) comprises:

	2025 52 weeks £'m	2024 52 weeks £'m
Wages and salaries	275.4	248.0
Social security costs	21.2	17.6
Share-based payment expense	5.5	4.3
Other pension costs	7.3	6.9
	309.4	276.8

5. Finance income and costs

	2025 52 weeks £'m	2024 52 weeks £'m
Finance income		
Interest on bank deposits	1.4	1.6
Net foreign exchange gains	-	0.4
	1.4	2.0
Finance costs		
Interest on bank borrowings	(4.1)	(3.0)
Net foreign exchange losses	(0.4)	-
Amortisation of issue costs of bank loans	(0.6)	(0.8)
Interest on lease liabilities	(7.3)	(6.1)
	(12.4)	(9.9)
Net finance expense	(11.0)	(7.9)

6. Taxation

	2025 52 weeks £'m	2024 52 weeks £'m
Current taxation		
UK corporation tax charge for the period	53.2	51.8
Adjustments in respect of prior periods	(1.4)	(0.4)
	51.8	51.4
Deferred taxation		
Origination of temporary differences	2.9	2.9
Adjustments in respect of prior periods	-	(0.1)
	2.9	2.8
Total tax expense	54.7	54.2

The tax expense is reconciled with the standard rate of UK corporation tax as follows:

	2025 52 weeks £'m	2024 52 weeks £'m
Profit before taxation	211.0	205.4
UK corporation tax at standard rate of 25.0% (2024: 25.0%)	52.8	51.4
Factors affecting the charge in the period:		
Non-deductible expenses	3.3	3.2
Adjustments in respect of prior periods	(1.4)	(0.5)
Profit on disposal of ineligible assets	-	0.1
Tax expense	54.7	54.2

The taxation expense for the period as a percentage of profit before tax is 25.9% (2024: 26.4%).

Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions in which the Group operates. The legislation is effective for the Group's financial year beginning 30 June 2024. The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes. This assessment is based on the most recent information available regarding the financial performance of the constituent entities in the Group. Based on the assessment performed the Group meets the requirements for safe harbour provisions for Ireland in which the tax rate is currently 12.5% and as such no top up tax is due here. All other jurisdictions in which the Group operates are above 15% and management is not currently aware of any circumstances under which this might change. Therefore, the Group does not expect a potential tax liability in relation to Pillar Two top up taxes. The Group applies the exception to recognising the and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS12 issued in May 2023.

7. Dividends

The dividends set out in the table below relate to the 1 pence Ordinary Shares:

Dividend type	In respect of period ended	Pence per share	2025 52 weeks £'m	2024 52 weeks £'m
Final	1 July 2023	27.0	-	54.5
Interim	29 June 2024	16.0	-	32.3
Special	29 June 2024	35.0	-	70.8
Final	29 June 2024	27.5	55.6	-
Interim	28 June 2025	16.5	33.4	-
Special	28 June 2025	35.0	70.4	-
			159.4	157.6

The Board is proposing a final dividend of 28 pence per Ordinary Share for the period ended 28 June 2025 which equates to £56.4m. Subject to shareholder approval at the AGM this will be paid on 25 November 2025 to shareholders on the register at the close of business on 31 October 2025. The Ordinary Shares will be quoted ex dividend on 30 October 2025. The proposed dividend is not recognised as a liability at year end.

8. Earnings per Ordinary Share

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

For diluted earnings per share, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all dilutive potential Ordinary Shares. These represent share options granted to employees where the exercise price is less than the average market price of the Group's Ordinary Shares during the period.

	2025 52 weeks £'m	2024 52 weeks £'m
Profit for the period	156.3	151.2
	2025 52 weeks '000	2024 52 weeks '000
Weighted average number of shares in issue during the period	202,366	202,355
Impact of share options	1,019	893
Number of shares for diluted earnings per share	203,385	203,248
Earnings per Ordinary Share	2025 52 weeks £p	2024 52 weeks £p
Basic (pence)	77.2	74.7
Diluted (pence)	76.8	74.4

9. Intangible assets

	Software development and licences	Rights to brands and customer lists	Total
	£'m	£'m	£'m
Cost			
At 1 July 2023	52.0	11.5	63.5
Additions	2.6	-	2.6
Disposals	(0.2)	-	(0.2)
At 29 June 2024	54.4	11.5	65.9
Additions	2.3	7.0	9.3
At 28 June 2025	56.7	18.5	75.2
Accumulated amortisation			
At 1 July 2023	47.1	11.1	58.2
Charge for the financial period	4.0	0.1	4.1
Disposals	(0.2)	-	(0.2)
At 29 June 2024	50.9	11.2	62.1
Charge for the financial period	2.1	0.2	2.3
At 28 June 2025	53.0	11.4	64.4
Net book value			
At 1 July 2023	4.9	0.4	5.3
At 29 June 2024	3.5	0.3	3.8
At 28 June 2025	3.7	7.1	10.8

All amortisation is included within operating costs in consolidated income statement.

Management's review of indicators of impairment did not result in the recognition of any impairment in the period (2024: £nil).

Within software development and licences there were £2.2m additions (2024: £2.4m additions) relating to internally generated assets.

Within rights to brands and customers lists £7.0m additions (2024: £nil) relating to acquired intellectual property and brands.

10. Property, plant and equipment

	Freehold land and buildings	Leasehold land and buildings	Leasehold improvements	Fixtures, fittings and equipment	Total
	£'m	£'m	£'m	£'m	£'m
Cost					
At 1 July 2023	107.0	-	167.2	140.3	414.5
Transfer	(0.2)	-	0.2	-	-
Additions	0.3	-	13.4	15.8	29.5
Disposals	-	-	(6.8)	(4.3)	(11.1)
At 29 June 2024	107.1	-	174.0	151.8	432.9
Transfer	-	-	0.2	(0.2)	-
Additions	8.9	0.2	10.7	15.1	34.9
Disposals	(0.1)	-	(1.2)	(1.3)	(2.6)
At 28 June 2025	115.9	0.2	183.7	165.4	465.2
Accumulated depreciation					
At 1 July 2023	21.8	-	105.1	117.7	244.6
Charge for the financial period	1.8	-	14.0	10.5	26.3
Disposals	-	-	(6.7)	(4.1)	(10.8)
Impairment	-	-	(0.1)	(0.1)	(0.2)
At 29 June 2024	23.6	-	112.3	124.0	259.9
Charge for the financial period	2.7	-	13.9	12.1	28.7
Disposals	(0.1)	-	(0.2)	(0.4)	(0.7)
Impairment	-	-	(0.6)	(0.8)	(1.4)
At 28 June 2025	26.2	-	125.4	134.9	286.5
Net book value					
At 1 July 2023	85.2	-	62.1	22.6	169.9
At 29 June 2024	83.5	-	61.7	27.8	173.0
At 28 June 2025	89.7	0.2	58.3	30.5	178.7

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

The impairment charge of £(1.4)m recognised in the period (2024: £(0.2)m) is for assets currently not in use.

11. Leases

Right-of-use assets included in the Consolidated Statement of Financial Position at 28 June 2025 were as follows:

	2025	2025	2025	2024
	Land and buildings £'m	Motor vehicles, plant and equipment £'m	Total £'m	Total £'m
At the beginning of the period	201.7	21.2	222.9	231.3
Additions	40.0	9.9	49.9	44.6
Disposals	(0.1)	-	(0.1)	(1.9)
Impairment	(0.7)	-	(0.7)	(0.9)
Depreciation	(44.6)	(6.3)	(50.9)	(50.2)
At the end of the period	196.3	24.8	221.1	222.9

Right-of-use additions included £(0.6)m of lease modifications in the period (2024: £5.2m).

The impairment charge of £(0.7)m (2024: £(0.9)m) relates to impairment in respect of leases for properties currently not in use.

Lease liabilities included in the Consolidated Statement of Financial Position at 28 June 2025 were as follows:

	2025	2025	2025	2024
	Land and buildings £'m	Motor vehicles, plant and equipment £'m	Total £'m	Total £'m
At the beginning of the period	(228.1)	(21.5)	(249.6)	(258.2)
Additions	(42.4)	(9.5)	(51.9)	(46.2)
Disposals	0.1	-	0.1	1.9
Interest	(6.2)	(1.1)	(7.3)	(6.1)
Repayment of lease liabilities	54.7	6.5	61.2	59.0
At the end of the period	(221.9)	(25.6)	(247.5)	(249.6)

The discount rate applied across all lease liabilities ranged between 0.90% and 6.76% (2024: 0.90% and 6.76%). The discount rate is determined at the inception of the lease and the rate reflects our incremental borrowing rate which we assess by considering the marginal rate on the Group's Revolving Credit Facility ('RCF'), the Bank of England base rate, the yield on Government bonds and the term of the lease.

12. Investment Properties

	Investment Properties £'m
Cost	
At 29 June 2024	7.5
Additions	22.3
At 28 June 2025	29.8
Accumulated amortisation / depreciation	
At 29 June 2024	-
Charge for the financial period	0.3
At 28 June 2025	0.3
Net book value	
At 29 June 2024	7.5
At 28 June 2025	29.5

In July 2024, the Group purchased a freehold tenanted retail property in an attractive location for £22.3m, as it was acquired in the year, no external valuation has been performed for the period ended 28 June 2025. We expect to convert this into a Dunelm store in the future.

Investment properties are stated at cost less accumulated depreciation. As at 28 June 2025, all amortisation and depreciation charges have been included within operating costs in the Consolidated Income Statement.

The external valuation for the property purchased in 2024 was performed by a professionally qualified, independent valuer. The valuation conforms to International Valuation Standards and UK national supplement (the 'Red Book'). The valuation was arrived at by reference to market evidence of the transaction prices paid for similar properties. In estimating the fair value of the properties, the valuers consider the highest and best use of the properties.

The fair value of each property has been assessed as being materially in line with the historical costs.

At 28 June 2025 investment properties rental income was £1.5m included within other operating income in the Consolidated Income Statement.

13. Inventories

	2025 £'m	2024 £'m
Raw materials	0.9	1.3
Work in progress	0.1	0.1
Goods for resale	225.3	221.6
	226.3	223.0

Goods for resale includes a net realisable value provision of £15.3m (2024: £21.3m). Write-downs of inventories to net realisable value amounted to £20.9m (2024: £30.7m). These were recognised as an expense during the period and were included in cost of sales in the Consolidated Income Statement.

14. Trade and other receivables

	2025	2024
	£'m	£'m
Trade receivables	9.6	3.7
Other receivables	3.6	0.4
Prepayments	13.8	11.6
Accrued income	13.1	10.5
	40.1	26.2

All trade receivables are due within one year from the end of the reporting period.

No impairment was incurred on trade and other receivables during the period and the expected credit loss provision held at period end is £nil (2024: £nil). No material amounts are overdue (2024: £nil).

15. Trade and other payables

	2025	2024
	£'m	£'m
Trade payables	93.7	92.3
Accruals	79.6	67.3
Deferred income	15.8	12.5
Taxation and social security	30.8	32.3
Other payables	0.1	0.6
	220.0	205.0

16. Bank loans

	2025	2024
	£'m	£'m
Total borrowings	132.0	79.0
Less: unamortised debt issue costs	(1.8)	(2.0)
Net borrowings	130.2	77.0

17. Commitments & Contingent liabilities

As at the period end date, the Group had entered into capital contracts for technology, new stores and refits amounting to £5.9m (2024: £1.5m).

The Group had no contingent liabilities at the period end date (2024: £nil).