



Winning **Hearts & Homes**

Dunelm Group plc
Annual Report and Accounts 2026



Winning Hearts & Homes

This year we've continued to build on the strong foundations of our great colleagues, trusted brand, fantastic products and loyal customers. As we reflect on the achievements of the year just gone, we also look ahead with confidence.

Our new 'Winning Hearts & Homes' strategy sets out how we will earn an even bigger place in customers' hearts and homes, unlocking our next phase of sustainable growth and long-term value creation.



Growing sustainably

Find out more about our continued commitment to sustainability
corporate.dunelm.com/sustainability

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Stronger Together

Read about our culture and values on page 69

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Quality products

Learn more about our Dorma Archive Collection on page 28

“ We’re building emotional connections

to win customers’ hearts and
earn the privilege of playing
a larger role in their homes.



Clo Moriarty
Chief Executive Officer



Winning Hearts & Homes

Find out more about our new
strategic plans in the CEO's review
from page 16

Performance highlights FY26

Financial

Total sales

£1,825m

FY25 £1,771m

Gross margin

52.5%

FY25 52.4%

Profit before tax

£211m

FY25 £211m

Free cash flow¹

£155m

FY25 £127m

Return on capital employed²

30.8%

FY25 32.4%

Ordinary dividend per share

45.5p

FY25 44.5p

Non-financial

Store-enabled LFL sales growth³

0.8%

FY25 0.6%

Market share⁴

7.9%

FY25 7.8%

Customer satisfaction (CSAT)⁵

+2.4ppts

FY25 n/a

Employee net promoter score⁶

-12pts

FY25 +7pts

Scope 1 carbon intensity vs FY19⁷

-58%

FY25 -54%

Ethnic diversity of role-model leaders⁸

7.4%

FY25 6.5%

1. Net cash generated from operating activities less capex (net of disposals), net interest paid (including leases) and loan transaction costs, and repayment of principal element of lease liabilities.
2. Operating profit after tax as a proportion of total assets excluding non-current liabilities and current lease liabilities.
3. Year-on-year sales for all stores trading in comparable periods in the reported year and the preceding year. Includes completed in-store transactions, sales transacted through in-store tablets, and Click & Collect orders.
4. GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2026. Market share for the 12 months to June 2025 was 7.8% (restated by GlobalData UK from 7.9%).
5. Of the UK customers who complete our survey, the percentage who rate their experience with us as 5/5, weighted based on transaction volumes by fulfilment channel (Stores, Home Delivery and Click & Collect). Reported as a year-on-year movement. FY25 was the first year of measurement and has therefore been used as the base year.
6. Score based on responses to the question 'How likely are you to recommend Dunelm as a place to work' from our survey of UK colleagues which we conduct bi-annually. Reported as a year-on-year movement.
7. The reduction in Scope 1 carbon emissions in tonnes per £m of revenue, compared to our baseline of FY19.
8. 'Role-model leaders' are defined as 'Heads of' and above and include regional and store coaches. Does not include colleagues in the Republic of Ireland.

AI-powered personalisation in your pocket

Our App gives customers a new
way of engaging with our products.
Find out more on page 14



About us

Strong foundations

Building on our strong foundations and guided by our core principles, we want to play an even bigger role for customers across the UK and Ireland and create long-term value for all our stakeholders.

Our vision

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

Our purpose

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

Our shared values

Our four key values remain at the heart of our business

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



Stronger together



Long-term thinking



Keep listening & learning



Act like owners

Being Good & Circular

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

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

Good & Circular

Learn more about our approach on page 44 and in our Sustainability Report 2026

About us continued

Becoming the homewares specialist

We hold a strong position as the UK's market leader in homewares but see significant opportunity to extend our reach.

With a broad and differentiated offer spanning homewares and furniture, we combine style, quality and value with inspiring shopping experiences and specialist expertise. Whether they shop in-store or online, our focus is on making every interaction easy, seamless and joyful to inspire more loyalty from our customers.

As we look to the future, our ambition is to become *the* homewares specialist – the first choice for customers at every stage of home life. By offering the best products, outstanding value and great shopping experiences, we see real opportunity to extend our leadership position.

 **Becoming the homewares specialist**
Read more on page 21



204

Stores

We serve millions of customers each year from 204 stores across the UK and Ireland

42%

Digital sales¹

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

7.9%

Market share²

We operate in a £25bn² combined homewares and furniture market in the UK, and have an ambition for further growth

>19m

Customers³

We have universal appeal with a broad base of customers across the UK

c.12k

Colleagues

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

1. Includes home delivery, Click & Collect orders and tablet-based sales in store.
2. GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2026. Market share for the 12 months to June 2025 was 7.8% (restated by GlobalData UK from 7.9%).
3. Based on management estimates using Barclays UK data.

Chair's statement

“

Our business is exceptionally well positioned to build on its strengths, win the hearts and homes of more customers and continue creating long-term value for all our stakeholders.

Alison Brittain
Chair

Putting our
hearts into
serving the customer

FY26 was an important year for Dunelm. The business delivered a solid performance while also beginning its next chapter under the leadership of our new CEO, Clo Moriarty.

As the business transitions to new leadership, the strength of the foundations we have built over many years continue to serve the business well. However, we are also aware that, in a competitive environment, we must continue to develop, to ensure we can thrive. With that in mind, the CEO, Board and management team have devoted significant time and energy to developing our strategy and building plans to capture the full opportunity available to us.

We welcomed Clo to Dunelm in October 2025, following a comprehensive recruitment process led by the Board. We met a number of strong candidates through the process, but Clo consistently stood out due to her combination of strategic capability, commercial judgement, customer focus and leadership experience. The Board was unanimous in its decision to appoint her and believes that she is the right person to lead Dunelm through its next phase of growth.

Since joining the business, Clo has spent considerable time listening and learning, engaging with colleagues, customers, suppliers and shareholders to understand Dunelm's considerable strengths, whilst also developing a clear view of the opportunities for improvement and value creation. After a comprehensive diagnostic of the business, she has introduced an exciting long-term ambition for Dunelm and set out a new strategic plan to help us deliver long-term value for all stakeholders. The Board is excited by both the vision for Dunelm and the clear plans to fulfil it.

I would also like to take the opportunity to thank Nick Wilkinson again for his contribution to the business during his seven and a half years as CEO, and wish him every success for the future.

Delivering amidst uncertainty

The wider environment remained challenging throughout FY26. Consumer confidence was subdued for much of the year as households continued to navigate economic uncertainty and pressure on disposable incomes. Geopolitical instability remained a feature of the global landscape, creating ongoing volatility across supply chains and international markets.



Chair's statement continued

Against this backdrop, Dunelm delivered a solid performance. Sales increased by 3.1%, profit before tax was flat year-on-year at £211m, and the business once again generated strong levels of cash. Reflecting both our financial strength and confidence in the future, the Board is recommending a final ordinary dividend of 28.5 pence per share. This will take our full-year ordinary dividend to 45.5 pence per share, up 2.2% year-on-year, alongside a special dividend of 25 pence per share paid in April 2026.

These results reflect the resilience of our business model and the continued appeal of our proposition to our broad customer base.

To maintain our distinctive customer proposition, we delivered a number of important initiatives during the year. We launched the Dunelm App, providing customers with an even more convenient and personalised way to engage with our brand, later adding AI-powered conversational search functionality to make it easier to discover products and inspiration.

We also continued to develop and improve our store proposition, opening our second inner London store in Wandsworth, as well as a new Kingston-upon-Thames superstore at the end of the year.

We also continued to deliver on our good and circular approach to sustainability, across our three pillars of Planet, Communities and People. This included making further and important commitments to materials sourcing, reaching a £2m milestone in our national charity partnership with Age UK, and further enhancements to the ways we reward and support our colleagues.

Winning Hearts & Homes

We see significant scope to build on the foundations that have made Dunelm successful to date and, over the year, have spent significant time exploring how we can accelerate our trajectory for sustainable, long-term growth. We believe we have a strong combination of complementary strengths, each of which also presents an opportunity for further growth.

As you will read in this year's Strategic report, Clo and her team have developed a new, customer-led growth strategy, focused on winning the hearts and homes of our customers across three key growth engines: becoming *the* homewares specialist; delivering seamless omnichannel experiences; and transforming our capabilities.

Detailed, multi-year plans, supported by investment, sit beneath each of these key areas and the Board sees a clear route to sustainable mid-to-high single digit growth, the removal of cost and continued generation of strong cash returns. The investment required is self-funded and focused on unlocking a materially bigger, better and bolder Dunelm.

Disciplined investment and capital allocation

This greater emphasis on investment in future growth opportunities remains in line with our clear and consistent approach to capital allocation and reflects both the scale of the opportunities we see and the confidence we have in our ability to generate attractive returns from those investments over the long term.

Alongside this, we remain committed to maintaining a growing ordinary dividend, reflecting the confidence we have in the cash-generative nature of the business.

Where surplus capital exists beyond the requirements of the business, we will continue to return that capital to shareholders.

Importantly, the disciplined approach that has characterised Dunelm remains firmly in place. We will continue to assess investment opportunities rigorously, ensuring that capital is allocated responsibly and with a clear focus on creating sustainable long-term value.

A strong Board to support the next phase of growth

The Board remained stable throughout FY26, and continues to focus on effective governance, long-term stewardship and supporting delivery of the Company's strategy. I would like to thank my fellow Directors for their continued commitment and excellent contribution throughout the year.

Confidence in Dunelm's future

As we enter FY27, we do so from a position of strength. We have a market-leading position, a trusted brand, strong customer relationships, a highly cash-generative business model and a talented leadership team. We have also established a clear strategic direction for the years ahead and are excited by the opportunities before us.

None of this would be possible without the dedication and commitment of our colleagues. On behalf of the Board, I would like to thank our c.12,000 colleagues across stores, fulfilment centres and support functions. Their hard work, energy and commitment to serving our customers is what makes Dunelm so special.

I would also like to thank our customers for choosing Dunelm, our suppliers and partners for their continued support, and our shareholders for their ongoing trust and engagement.

While the external environment remains uncertain, the Board is confident in Dunelm's future. We believe the business is exceptionally well positioned to build on its strengths, win the hearts and homes of more customers, and continue creating long-term value for all our stakeholders.

Alison Brittain

Chair



Q&A with Clo Moriarty, CEO

“

At its heart the strategy is about customers. We want Dunelm to earn an even bigger place in customers' hearts and homes by becoming the specialist destination they choose.

Clo Moriarty
CEO



*Our approach
is grounded in
customer
obsession*



▶ **Scan to watch**
Clo talk through our
Winning Hearts & Homes
growth plan

Q&A

Q

What has your first year taught you about Dunelm as a business?

What struck me most when I joined Dunelm was that our greatest strengths and our greatest opportunities are often the same thing. We already have a much-loved brand, loyal customers, a distinctive product offer, strong physical and digital reach, high customer satisfaction and fantastic colleagues. The challenge, and opportunity, is how we build on those strengths to earn an even bigger place in customers' hearts and homes in the years ahead.

Q

What have been the key achievements over the past year?

I'm incredibly proud of what the business has achieved over the past year, particularly given the challenging retail environment. We've continued to make good progress for customers while delivering a solid financial performance.

A real highlight has been the launch of our Dunelm App. We've already seen strong customer engagement, and it's given us a platform to introduce great new features, including an AI-powered shopping assistant. It's an example of how we're making it easier and more enjoyable for customers to shop with us, whenever and however they choose.

Q&A with Clo Moriarty, CEO continued

I'm also proud of the work that's gone into developing our long-term strategy. We've taken a deep and honest look at our business, its strengths and the opportunities ahead. That process has given us real confidence in our Winning Hearts & Homes plan and the significant potential we see for Dunelm over the years ahead.

And on a more personal note, one of the highlights of my first year has been spending time in our stores and meeting colleagues across the business. I've now visited over 150 of our stores, and every visit reinforces just how special Dunelm is. For those I haven't reached yet, I'll be there soon!

**What's the thinking behind 'Winning Hearts & Homes', the new strategy?**

When I joined Dunelm, one thing became very clear, very quickly: customers already love what we do. Winning Hearts & Homes is about building on that foundation. At its heart, the strategy is about customers. We want Dunelm to earn an even bigger place in customers' hearts and homes by becoming the specialist destination they choose. That's about more than products or transactions; it's about creating trusted experiences, building emotional connections and being there for customers wherever and however they want to shop.

**With lots to do, what is your biggest priority?**

My priority is making sure we turn our ambition into action. We have a clear plan built around becoming *the* homewares specialist, delivering seamless omnichannel experiences and transforming our capabilities. Across all three growth engines, the focus is on delivering a better experience for customers.

That means strengthening our proposition and brand, investing in our stores and digital ecosystem, and continuing to develop the technology, data and people capabilities that will help us move faster and operate more effectively.

We have a fantastic business with significant potential, and what excites me most is the opportunity ahead. If we remain focused on customers and execute with discipline, I'm confident we will become a bigger, better and bolder Dunelm.

**What excites you most about the year ahead?**

I'm excited by the opportunity to build on everything that already makes Dunelm special. We have a much-loved brand, a strong market position and a talented team, but I believe we're still at the beginning of what we can achieve.

Over the coming year, we'll be accelerating our store opening programme, investing in more renewals across our existing estate and expanding our digital ecosystem to reach more customers across the UK. At the same time, we'll be continuing to strengthen the brand, helping more customers discover what we stand for and why we're different.

What makes this particularly exciting is that it's not about one big initiative – it's about making progress on multiple fronts at once.

We're investing across the business, all with the aim of winning more hearts and homes. That's hugely exciting.

**How do you define customer obsession?**

For me, customer obsession is more than caring about our customers – it's actively championing them in every decision we make. It's being curious enough to really understand their needs, frustrations and aspirations; proactive enough to anticipate what will make their lives easier; and thoughtful enough to consider the whole end-to-end journey, not just the part directly in front of us.

When thousands of colleagues make decisions through that lens every day, it doesn't just improve the customer experience, it helps us win hearts and homes.

**And finally, what's your favourite product?**

That's easy... having been a long-term fan of our Amalfi dining range, my table was lacking a matching gravy boat, which we just didn't cater for. In a CEO role, I think we're really privileged that we get to make big decisions but I'm thrilled that sometimes it's all about the little things and our Amalfi range now has a gravy boat, and my table is complete!

Winning Hearts & Homes

Grounded in a mindset of customer obsession, our new strategy is focused on winning the hearts and homes of our customers to accelerate our growth trajectory over the coming years.

For more details of our strategic plans see the CEO's review from page 16



Our business model

How we create long-term value

Putting customers at the heart of every decision, we combine our unique strengths, strategic focus and responsible business practices to drive sustainable growth.



Our business model continued

Our strengths

The Dunelm business model is built on a unique combination of assets that have supported our success for almost 50 years. These enduring strengths position us well to capture future opportunities and deliver sustainable growth.



Universal appeal

We have broad appeal reflecting the general UK population and the Dunelm brand enjoys high awareness across the country.

We continue to develop our product and brand proposition to stay relevant.

c.90%

awareness of Dunelm brand¹



Physical and digital reach

We combine an expanding store portfolio, reaching 60% of the UK population within a 15-minute drive, with an expanding digital platform, allowing customers to shop how they wish.

We are building omnichannel excellence to make shopping easy.

42%

of total sales are through our digital platforms³



Loyal customers

We have a large and growing base of deeply loyal customers and we continue to build our knowledge and understanding of this important group.

We find new ways to engage and delight our customers to drive loyalty and share of wallet.

c.60%

sales from c.20% of customers across key cohorts²



Great colleagues & platforms

We employ thousands of dedicated colleagues across our sites, all focused on serving our customers, and have made significant investments in data and technology platforms.

We build people and systems capabilities to support growth.

c.12,000

colleagues



Outstanding product choice

We offer a specialist product proposition and balance continuity in our core ranges with regular newness inspiring fresh styles and designs each season.

We harness our master brand and make our ranges more shoppable.

c.100k

SKUs across our product range



Strong customer satisfaction

We have high and growing Customer Satisfaction (CSAT) scores and continue to track this metric to understand where we can deliver a better experience for our customers.

We drive repeat purchases by continually looking to improve the customer experience.

2.4ppts

increase in overall CSAT in FY26⁴

1. Based on BrandVue Retail Tracker (Savanta), Dec 2025 data. Percentage of respondents who know Dunelm (do not select "Do not know them").

2. Management estimates using Barclays UK data.

3. Includes home delivery, Click & Collect and tablet-based sales in store.

4. Of the UK customers who complete our survey, the percentage who rate their experience with us as 5/5, weighted based on transaction volumes by fulfilment channel (Stores, Home Delivery and Click & Collect). Reported as a year-on-year movement.

Our investment proposition

A three-year plan to build a bigger, better and bolder Dunelm

We have a strong track record of sustained growth, attractive profitability, robust cash generation and consistently high shareholder returns. By accelerating top-line growth, structurally reducing the cost base and maintaining disciplined investment, we expect to restore sustainable operating leverage and drive profit growth over time, supported by robust cash generation and balance sheet capacity.



1. Compared to FY26 base. Before growth in volume-related costs and inflation.
 2. 52-week statutory PBT excluding adjusting items, expressed as a percentage of total sales.
 3. Cash and cash equivalents less total borrowings. Excludes IFRS 16 lease liabilities.

4. 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.
 5. Adjusted net operating profit after tax as a proportion of total assets excluding non-current liabilities and current lease liabilities.

Our investment proposition continued

Creating shared value

Our success is closely linked to the success of all our stakeholders. Through the choices we make, we create shared value for customers, colleagues, communities, suppliers and shareholders.



For customers

We offer quality, style and choice at an affordable price for our broad base of over 19m¹ customers, allowing them to create homes they love.

Through our stores and digital channels, we provide an easy, convenient and increasingly inspiring shopping experience.

Customers can also access tailored specialist services, like Made-to-Measure curtains, and enjoy hot drinks and snacks in our Pausa cafes.



For colleagues

We are focused on providing a safe, inclusive and diverse workplace for our c.12,000 colleagues where everyone can feel at home.

We offer fair pay and reward alongside opportunities for development.

We invest in apprenticeships and leadership schemes, while our National Colleague Voice and discounted Sharesave plan empower everyone to shape and own our future.



For communities

We provide a range of employment opportunities across our stores and sites as we continue to expand into new communities.

We also ensure we have a meaningful impact in the local area, through charitable initiatives such as our 'Delivering Joy' campaign.

We also offer a range of takeback and recycling services to support a more circular local economy.



For suppliers

We pride ourselves on strong, long-term supplier partnerships to create shared growth opportunities.

Alongside fair trading and prompt payment terms, we collaborate to promote ethical standards and progress sustainability initiatives like our Better Manufacturing programme, helping our partners raise the bar on ethical and environmental standards together.



For shareholders

We continue to deliver strong, long-term returns for our shareholders and have distributed c.£1.7bn² in shareholder distributions since our IPO in 2006.

Sustainability continues to be a key priority for the business and we are taking further steps to embed our Good & Circular approach into everything that we do.

1. Management estimates using Barclays UK data.
2. Ordinary dividends plus special distributions.

For more details of how we engage with our stakeholders and for our Section 172 statement see from page 54

Market overview

Navigating an evolving landscape

A unique moment to accelerate

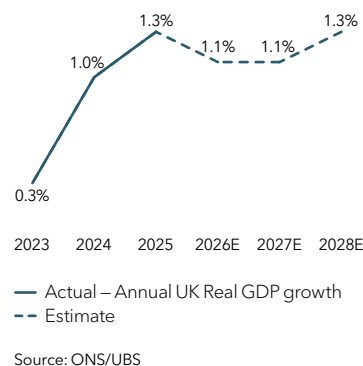
The environment in which we operate, together with the current position and performance of the business, creates a compelling opportunity for our ambitious, customer-led growth plan.

The external landscape remains uncertain, with inflation and interest rates elevated, ongoing geopolitical and economic instability, and consumers continuing to be cautious in their discretionary spending. Against this backdrop, both UK GDP and the homewares market have been characterised by low to modest growth.

While our own rate of growth has moderated, our business has a distinctive set of strengths, including our market-leading proposition, strong brand, extensive store network, digital capabilities and highly cash-generative business model. These foundations provide a strong platform from which to capture future growth opportunities and create long-term value for customers and shareholders.

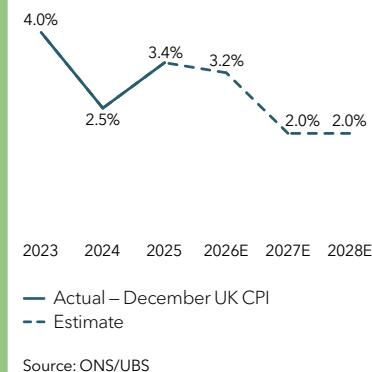
UK GDP

Overall domestic GDP growth has been modest in recent years, and is forecast to continue to grow below inflation, remaining subject to an uncertain geopolitical environment.



UK inflation

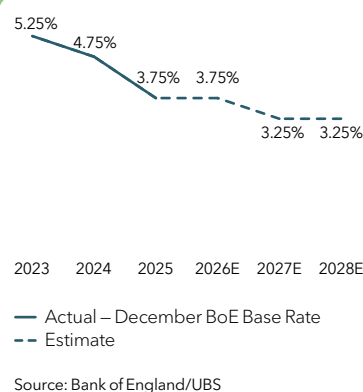
UK CPI has been elevated in recent years, and whilst expected to somewhat moderate after 2026, the impact of geopolitical instability is yet to be fully seen.



To date, this has impacted Dunelm particularly in the form of wages, due to above CPI increases to National Living Wage.

UK interest rates

UK base interest rates have remained high and are expected to continue at similar levels.



This has a relatively small direct impact on Dunelm, due to relatively low levels of borrowing. However, it has further weighed on consumers' discretionary spend.

GfK consumer confidence

Consumer confidence has remained subdued for several years.

Following a period of relative stability, confidence fell sharply amidst the mounting economic fallout from the war in the Middle East.



Market overview continued

Homewares specialist in a large and fragmented market

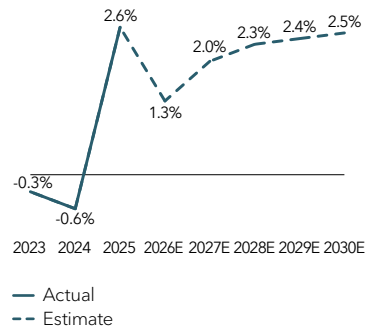
We are the UK's market leader in the £25bn homewares and furniture market. With a total share of only 7.9%¹, we therefore have significant opportunity to grow.

1. Market share of the combined UK homewares and furniture markets (excluding kitchen cabinetry and bathroom furniture) as reported by GlobalData UK for the 12 months to June 2026. Market share for the 12 months to June 2025 was 7.8% (restated by GlobalData UK from 7.9%).

Market growth

We operate in a large market, but one where growth has historically been modest and is expected to remain broadly in line with inflation.

Consistent with our track record, we expect future growth to come predominantly from winning a greater share of customer spend rather than relying on market expansion.



Source: GlobalData UK combined homewares and furniture markets.

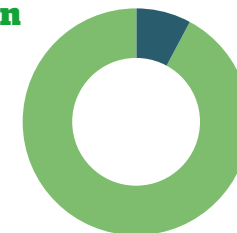
Nature of the market

The £25bn combined homewares and furniture market is highly fragmented, with a diverse competitor set by category and subcategory.

Our relatively small share of this large market, which also varies across our categories, gives significant headroom for growth.

Total market

£25bn



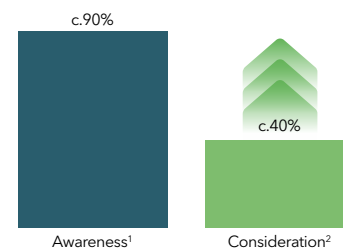
● Dunelm 7.9%

Source: GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2026, including VAT.

Customer awareness and consideration

As the UK's homewares specialist, we do, and would expect to have, very high awareness amongst consumers.

Despite this, consideration lags what we would expect for the market leader. Closing this gap represents a significant growth opportunity.



Source: Based on BrandVue Retail Tracker (Savanta), Dec 2025 data.

1. Percentage of respondents who know Dunelm (do not select "Do not know them").
2. Percentage of aware respondents who would consider shopping at Dunelm

Competitive intensity

Customer expectations continue to evolve, with competition increasingly intensifying across a broad range of players: established retailers; global marketplaces; and emerging technology-enabled channels.

With clear authority in homewares and a strong omnichannel proposition, we are well positioned to compete and win in this environment.



Established retailers



Global marketplaces

Emerging technology-enabled channels



Social platforms



Tech agents



Case study

AI-powered personalisation

in your pocket

Since fulfilling our first online order in 2006, we've spent the last 20 years continuing to evolve how customers can shop with us digitally. Through our focus on delivering seamless omnichannel experiences, we want to make it easier and more inspiring for customers to create homes they love.

This year brought another important milestone on that journey with the launch of our Dunelm App.

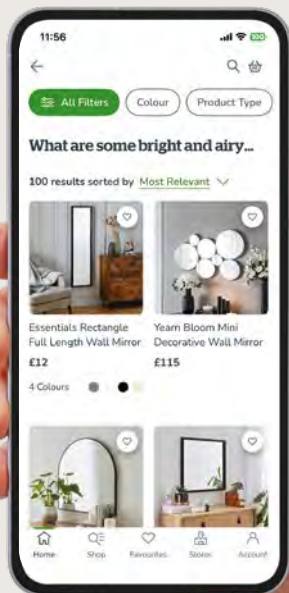
This new way of engaging with customers has brought personalised inspiration, shopping convenience and in-store support to their pockets.



Case study continued

The App builds on the AI-powered capabilities which have already transformed the experience on our website. Using intelligent search, recommendations and product discovery, customers can browse and shop in a way that feels more relevant to their tastes, styles and needs. Whether they're looking to refresh a room, discover new trends, or find the perfect finishing touch, the App helps create a more personalised experience every time they shop. We've also added an AI-powered shopping assistant, bringing even more features, including the ability to visualise products in your home.

The App reflects our ambition to create a seamless connection between online and in-store shopping, giving customers the flexibility to engage with Dunelm however they choose.



Today, customers can use the App to check product availability in their local store, check in for Click & Collect orders and access additional product information while browsing. As adoption grows, the App will become an increasingly important platform for delivering inspiration, convenience and personalisation throughout the customer journey.

With digital sales participation now at more than 40%, the App represents the next step in bringing together our physical and digital capabilities.

“

The App is the next chapter in our digital journey, giving customers new ways to interact with our products and services wherever they are. It's only the beginning, and we'll continue adding innovative features that make shopping with Dunelm even easier, more convenient and more inspiring.

John Gahagan
Chief Technology and
Transformation Officer

Connecting the physical and digital

Our new Kingston store

The launch of the App is closely aligned with our vision for an omnichannel future – where store and digital experiences work seamlessly together to create a fantastic customer journey.

Our new Kingston-upon-Thames superstore starts to bring this ambition to life. Designed as our most inspirational store concept yet, it offers customers more ways to explore, discover and interact with our ranges, extending our shopping experience beyond the store itself.



The Dunelm App acts as a personal shopping companion within that experience. Customers can move seamlessly between browsing room sets in store and accessing product information, checking stock availability or collecting orders through their phone. The result is a more connected shopping journey that combines the inspiration of a physical store with the convenience and personalisation of digital.

Together, Kingston and the Dunelm App demonstrate how we're continuing to evolve our omnichannel offer – creating richer experiences for customers while bringing our Winning Hearts & Homes strategy to life through technology, innovation and inspiration.

740k
App downloads since launch

42%
digital sales participation¹



Scan to download the Dunelm App

1. Includes home delivery, Click & Collect and tablet-based sales in store.

CEO's review

“

We have a compelling combination of strengths, and have confidence in our plans to build a bigger, better and bolder Dunelm. I'm excited by what comes next.

Clo Moriarty
CEO

Winning the hearts and homes of the customer

Having joined Dunelm in October 2025, I have spent much of my first year immersing myself in our stores and sites and spending time meeting with colleagues, suppliers and customers. What have seen and heard has reinforced my conviction both in the strength of this business and also in the significant opportunities ahead.

FY26 itself was a solid year, in a retail environment which continues to present challenges, but I know this business is capable of delivering much more. Dunelm has a compelling combination of strengths: universal appeal, deeply loyal customers, outstanding products, physical and digital reach, great colleagues and platforms and strong customer satisfaction.

FY26 review

During the year we grew our sales by 3.1% to £1,825m, gained 10bps of market share to 7.9%¹, and improved overall customer satisfaction by 2.4pts², against an often unpredictable macroeconomic backdrop. Profit before tax remained flat at £211m as higher sales and an expanded gross margin were offset by inflationary pressures and volume-related costs, alongside continued investment in the business. Our cash performance was strong; we converted nearly 70% of operating profit into free cash flow, up from 57% in the prior year.

Reflecting both our full year performance, and confidence in the future, the Board has recommended a final dividend of 28.5 pence that brings the full-year ordinary dividend to 45.5 pence per share, up 2.2% year-on-year. We also paid a 25 pence per share special dividend in April.

Our solid performance was delivered against a challenging backdrop. Geopolitical uncertainty, elevated interest rates and inflation, and a changing UK political landscape continued to weigh on consumer confidence, with customers shopping more selectively and increasingly seeking value through promotions, particularly in discretionary categories such as homewares. Unseasonably hot weather towards the end of the year also affected customers' shopping patterns. Against this context, our continued focus on our customers, products and the development of our omnichannel proposition remained central to our performance.

1. GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2026. Market share for the 12 months to June 2025 was 7.8% (restated by GlobalData UK from 7.9%).
2. Of the UK customers who complete our survey, the percentage who rate their experience with us as 5/5, weighted based on transaction volumes by fulfilment channel (Stores, Home Delivery and Click & Collect). Reported as a year-on-year movement.



CEO's review continued

A focus on our customers is absolutely key to what we stand for at Dunelm, and we were pleased to see customer satisfaction improve by 2.4ppts year-on-year, from an already strong base. This was driven by particularly strong results across stores and Click & Collect, following a renewed focus on customer service. Developments include the rollout of self-checkouts, improved promotional walkways and better processes to make Click & Collect orders quicker and easier to fulfil. Home delivery remains an area of focus: satisfaction with our own two-person furniture delivery service improved, however performance across third-party courier services declined during the year. Strengthening the operating model across our supply chain is therefore an important priority going forward, as we continue to make shopping with Dunelm easier and more enjoyable for customers.

Our brilliant products are a significant driver of customer loyalty and we saw growth across our categories during the year. Made-to-Measure, lighting and storage stood out particularly strongly, and we demonstrated our seasonal relevance with outperformance from our Summer Living ranges. Alongside relevance, our specialist perspective on design remains critical: our Yinka Ilori collaboration progressed from initial concept to products in stores and online within 18 months, demonstrating the pace and precision of our execution, with the rug ranges selling out within a month of launch. Campaigns have also continued to play an important role in engaging customers, with strong Sale events and a particularly successful student campaign, the learnings from which have informed our approach into FY27.

We continued to strengthen our omnichannel proposition during the year, investing across both our physical and digital channels to make shopping with Dunelm easier and more enjoyable. We opened two new stores in London and the South-East, reopened a further store following its closure after fire damage, and continued our programme of store refits. Together, these investments enabled us to bring the latest iteration of our proposition, flow and format to more customers, while applying the learnings to our future plans.

We also made good progress in developing our digital proposition. The Dunelm App has attracted 740k downloads to date and is driving encouraging engagement. Since launching fully in February 2026, customers shopping through the App already spend c.40% more per transaction, with conversion more than one percentage point higher. We also increased our activity across social channels, particularly TikTok and YouTube, where we see further scope to grow customer discovery and engagement.

During the year, we bolstered our Executive team with two new hires to support the next phase of growth. Laura Harricks joined as Chief Customer Officer, bringing a wealth of experience from major UK retailers including Ocado Retail, Monsoon Accessorize, and Currys. Laura's remit extends across Customer and Digital, as we seek to drive even deeper relationships with customers. Caroline Angell also joined as Chief People Officer, following leadership roles at Kingfisher, Currys and Sainsbury's, and brings expertise in driving organisational development to support growth ambitions.

Our Good & Circular approach to sustainability continues to drive progress across our three pillars of Planet, Communities and People. During the year, we made further progress in responsible sourcing, particularly with key raw materials such as cotton, polyester, timber and steel. In cotton, for example, we continued to increase the proportion of more responsibly sourced cotton in our products. We also hit a significant milestone in our national charity partnership with Age UK, raising £2m to help build communities that feel like home for older people.

Our Good & Circular approach to sustainability
Find out more in our
Sustainability Report 2026

Outlook

Since I joined Dunelm, we've undertaken a deep analysis of our customers and business. What we've found has given us real confidence that the opportunities ahead of us are bigger than we previously understood. This has informed our future plans, and we start FY27 with confidence in the road ahead.

These plans are underpinned by a mindset of customer obsession, which we are beginning to embed in the business. As customer behaviours and shopping habits continue to evolve at pace, we want to ensure that the customer continues to be at the very heart of our decision-making.



CEO's review continued

While the recent extended period of hot weather drove significantly softer sales in the first six weeks of FY27, we have seen better trading in recent weeks, and are encouraged by strong online conversion and store footfall. Our focus is on executing our strategy, investing with discipline and unlocking the growth we know we can capture to deliver sustainable growth for all our stakeholders.

We are energised by the opportunities ahead and have confidence in the detailed investment and delivery plans which we have developed to capture them.

I'd like to thank all of our colleagues for their tremendous efforts and commitment over the course of the year. There is a lot to do – we know this – but our business is mobilised and motivated to deliver. We see a clear path to a bigger, better and bolder Dunelm and I'm excited by what comes next.

Our plan: Winning Hearts & Homes

Dunelm is a special business with a long and impressive track record of growth. It has delivered sustained success over many years, continues to perform solidly today, and is well positioned for the future.

As the market leader in the UK's combined £25bn¹ homewares and furniture market, we operate from a position of strength. Yet despite our scale and leadership, we still only capture a small proportion of the total market opportunity and of our customers' overall spend on their homes. Therefore, significant headroom for growth remains.

Our customer-led strategy is designed to capture that opportunity. By sharpening our specialist proposition, enhancing the omnichannel customer experience and simplifying how we operate, we believe we can return the business to sustainable

mid-to-high single digit sales growth; and continue to generate strong cash returns, all whilst delighting our customers.

Importantly, the investment required to deliver this strategy is disciplined, bounded and self-funded. It is focused on creating a materially larger, more productive and more valuable Dunelm for our customers, colleagues, suppliers and shareholders.

We see multiple avenues for growth: through product innovation, design and quality; through new stores and existing stores; through digital channels, both within and beyond our current ecosystem; and through the intelligent application of technology across the business.

The result will be a Dunelm that is bigger, better, bolder, and well positioned to create long-term value for all stakeholders.

The opportunity

At our Interim Results in February, I shared my initial assessment of the opportunity ahead for Dunelm. This assessment reinforced the inherent strengths of this business: we have universal appeal, loyal customers, fantastic products, extensive physical and digital reach, great people and platforms and a highly cash-generative business model.

It also confirmed that, despite our market-leading position, we are not yet capturing the full opportunity available to us. Around 85%² of the UK population does not yet shop with Dunelm frequently, while even our most loyal customers continue to direct approximately 80%³ of their spend on the home elsewhere.

There is also significant potential within our product ranges. Simplifying the long tail of less productive SKUs will improve the shopping experience for customers, strengthen ranging and support larger baskets.

We can also build on our strengths as an omnichannel retailer. We see clear, attractive white space to bring Dunelm to more locations, and our digital opportunity is similarly compelling. While ecommerce transactions have grown strongly, we have yet to realise the full potential of digital engagement to inspire customers, increase frequency and build basket sizes across our omnichannel proposition.

Finally, by becoming more end-to-end process-led, whilst continuing to focus on productivities across the business, we can create a leaner and more effective business. This will support the permanent removal of our least productive costs to fund reinvestment into the areas which matter most.

Taken together, these opportunities provide a clear pathway to accelerate sustainable growth and returns, underpinned by a more consistent and disciplined focus on the customer.

A unique moment to accelerate

The case for acting now is compelling. Our rate of growth has slowed in recent years, while competition has intensified and the external environment has become more challenging. Inflation and interest rates remain elevated, global uncertainty persists and consumers are understandably more cautious in their spending.

1. GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2026. Market size includes VAT.
2. Management estimates using Barclays UK data.
3. Management estimates using Barclays and Kantar UK data.



CEO's review continued



At the same time, the way customers discover, consider and shop for products for the home is changing rapidly. Digital channels are playing an increasingly important role in inspiration and engagement, while advances in data and AI are creating new opportunities to understand customers, personalise experiences and operate more effectively.

Against this backdrop, our strengths enable us to withstand external pressures and invest with confidence. Crucially, our understanding of the customer is sharper than it has ever been, giving us both the confidence and the imperative to accelerate now.

The choice before us is therefore not whether Dunelm can continue to perform, but whether we act with sufficient ambition to capture the full potential available. A lesser ambition would risk leaving value unrealised and allow competitors to gain ground in areas where we believe Dunelm is best placed to serve customers.

A customer-led strategy

Our strategy is centred on one simple ambition: to win more customers' hearts and homes. Realising this opportunity depends on building a deeper emotional connection with customers: understanding their tastes, aspirations and the role their homes play in their lives, and earning the right to become their homewares specialist.

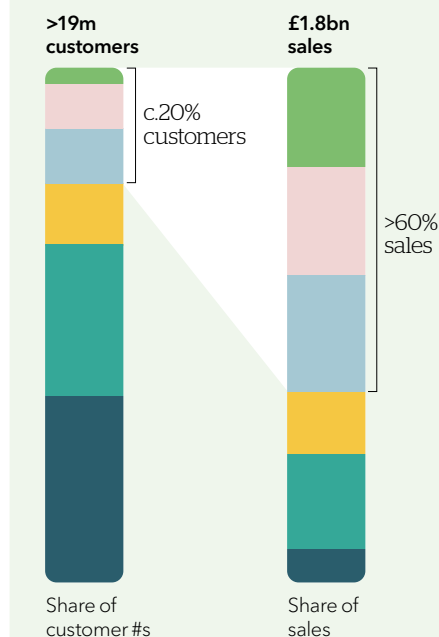
Our improved customer insight¹ has identified distinct patterns of frequency, spend, category participation and channel behaviour, giving us a clearer view of how different cohorts engage with Dunelm. This enables us to personalise how we inspire, serve and communicate with customers according to the frequency, value and purpose of their visits.

Three of our customer cohorts, each contributing c.20% of sales, show very different types of customer behaviour. The "Little and often" cohort, representing c.10% of customers, visits frequently and values the experience of shopping and discovery in our stores. While individual item values are typically lower than average, these customers build baskets regularly, creating an opportunity to deepen engagement through a more inspiring and convenient experience.

"Big dippers" account for a similar proportion of customers, who shop less frequently, but undertake purposeful, higher-value missions. Improving discovery and inspiration, particularly in higher-ticket categories, should enable us to serve this valuable cohort more effectively.

Our "Dunelm devotees" represent only c.3% of customers but also contribute c.20% of sales. They shop frequently across categories and have an established relationship with the brand. We will recognise and reward this highly valued group more consistently, while continuing to give them more reasons to return.

The customer segments are broadly consistent across geographies, reinforcing the universal appeal of our proposition, but their purchasing behaviours differ materially by category, frequency and channel. We will use these insights to shape the role of categories and channels, target investment more precisely and tailor how we inspire, engage and serve each group.

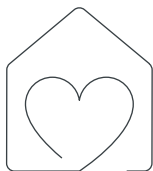
Targeting customer value through insight**Key**

- Dunelm devotees**
8x shops per annum; shopping larger ticket items
- Big dippers**
3x shops per annum; shopping curtains, sofas and furniture
- Little and often**
3x shops per annum; smaller missions
- Big debuts**
1x shops per annum; shopping quilts & pillows, curtains and rugs
- Now and then**
3x shops per annum; shopping bedding and quilts & pillows
- One and done**
1x shop per annum; campaign-driven

1. Management estimates using Barclays UK data.

CEO's review continued

Our strategy



Winning Hearts & Homes

Our growth engines

**Become *the* homewares specialist**

with something
for everyone

**Deliver seamless omnichannel experiences**

that customers love

**Transform our capabilities**
to drive sustainable
growth

Our mindset

Customer obsession

When we act with genuine customer obsession, we won't just be driving performance – we'll be building connection, earning trust, and securing a lasting place in the hearts and homes of the customers we serve.



CEO's review continued



Become *the* homewares specialist
with something
for everyone

c.25%

**of store space identified
for higher-productivity
categories and home
missions¹**

Our growth engines

To unlock this opportunity, our plan is built around three growth engines:

1. **Become *the* homewares specialist**, with something for everyone
2. **Deliver seamless omnichannel experiences** that customers love
3. **Transform our capabilities** to drive sustainable growth

Become *the* homewares specialist

To establish Dunelm as the homewares specialist for more customers, we will sharpen our authority by making our ranges simpler, more inspiring and more productive, helping customers complete more missions around the home.

Central to this will be a more disciplined approach to category management, store space and range complexity. Our in-depth analysis shows that, in selected areas, we can remove up to 40%¹ of the store range, with limited impact on sales, releasing c.25%¹ of space for higher-productivity categories, destination ranges and more compelling home missions.

We will also strengthen customers' trust in our affordability. This will not require a broad-based investment in price; however, we must step-change our value perception. Most fundamentally we will introduce a clearer Good, Better, Best architecture, communicate our price-quality equation more effectively and use sharper price-matching tools where they matter most. This will be supported by stronger range and supply execution to improve relevance, availability and efficiency.

Early trials of revised pricing architecture have delivered a 9ppt outperformance in category sales. We have also tested merchandising and flow changes in plain-dye bedding, with year-on-year sales up double-digits in our St Albans refit. These tests are helping us determine what to scale across the estate and where the proposition requires further refinement.

We will also evolve our trading model to reflect how customers now shop, whilst maintaining strong margin discipline. Our two established Winter and Summer Sale events will remain, but will be complemented by clearer, more focused activity through the year, enabling us to engage customers at the moments and on the missions that matter most.

Finally, we see an opportunity to strengthen Dunelm as both a retail brand and a product brand. Over time, we believe products under our owned brands could represent approximately 90% of sales, increasing customer recognition and consistency while supporting margin discipline. We will continue to leverage our owned and third-party brands where they can play a role in individual products or categories and add to our position as a homewares authority.

Together, these actions will create a clearer, more distinctive and more productive specialist proposition, supporting both sales growth and disciplined margins.



1. Management estimates using external benchmarking.

CEO's review continued



Deliver seamless omnichannel experiences
that customers love

c.25%

stores planned for renewals
in next two years

Deliver seamless omnichannel experiences

Our best customers already shop across both stores and digital channels; our opportunity is to make that experience more joined-up, easier and more inspiring.

We will extend our reach by expanding the store portfolio and increasing our digital presence. At the same time, we will optimise our existing estate and platforms, and create more connected experiences through inspirational formats, personalised and assisted selling. Everything will be designed with omnichannel customers and their missions for the home in mind.

Stores remain a major competitive advantage for Dunelm: they extend our reach, showcase our offer and reinforce customer trust. We have already identified c.100 locations¹ for potential new stores and have confidence that we can open up to ten each year over the next three years, while maintaining disciplined returns. Each new store contributes on average approximately 0.2ppts to annual sales growth, subject to location, format and maturity. Our new Kingston store, which opened in June, has started very strongly, trading with the highest volume of transactions across the estate.

We will also accelerate investment in the existing estate. Around 25% of stores are not at the standard they should be and are not delivering their full potential. We therefore plan to invest

a moderate level of capex over the next two years, intending to reverse longer term sales decline. Alongside this, we will continue to undertake a small number of larger refits, incorporating our latest developments in store format, merchandising and customer experience. St Albans is an early example of this approach, and its post-refit high-single digit sales growth demonstrates the potential of these targeted investments.

Across digital channels, we will invest to improve both reach and engagement. This includes preparing for the stronger emergence of generative engine optimisation (GEO) and increasing our presence on the platforms where customers spend their time, including social commerce, with further developments launching shortly.

Within our own digital ecosystem, the focus will shift from presence to deeper engagement and better basket-building through improved search, recommendations and bundles. Having fully launched in February 2026, customers shopping through our App already spend approximately 40%² more per transaction and shop more frequently. We have also led the UK market in AI-enabled search and, in partnership with Google, introduced conversational commerce through our 'Ask Dunelm' shopping assistant in the App.

Across stores and digital, we will make complete home missions easier and more inspiring. By showcasing real home spaces and complete solutions for customers, there is an opportunity to make our ranges much more shoppable. Being more inspiration-led, we can move customers from single-item purchases towards mission-based shopping that drives higher spend.

By connecting stores, digital platforms and customer data more effectively, we aim to deliver more visits, better conversion, larger baskets and higher repeat purchase.

1. Management information using proximity to existing Dunelm and competitor locations.
2. Sales since the full launch of our App in February 2026.



CEO's review continued



Transform our capabilities
to drive sustainable growth

c.£100m

least productive costs removed
by FY29; fully reinvested in
growth initiatives²

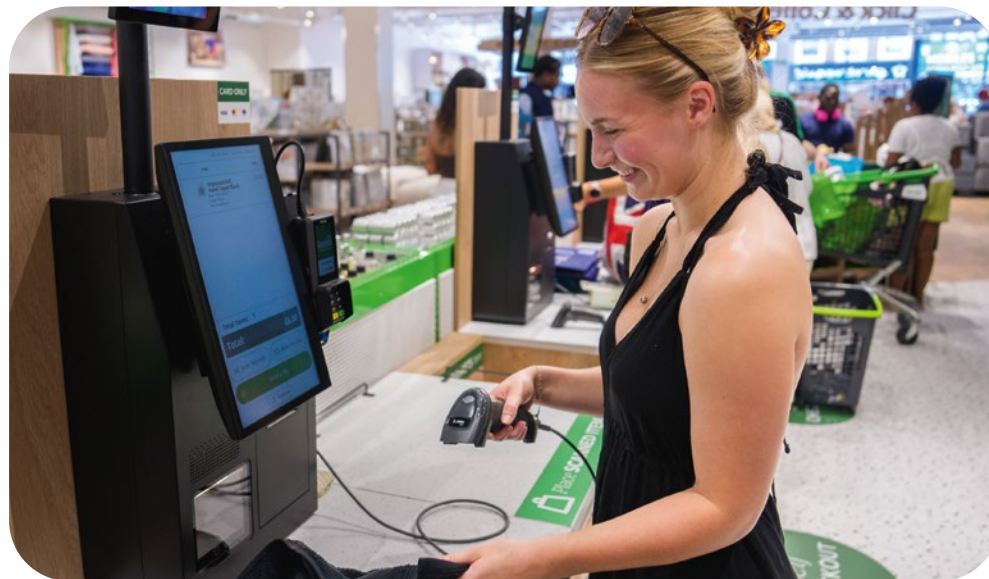
Transform our capabilities

To deliver faster, sustainable growth, we need a business that is simpler, more agile and more productive. Dunelm has always operated with financial discipline, and that will not change. As we scale, however, our cost base, processes, systems and ways of working must be fit for the next phase of growth.

We are therefore taking action to remove organisational complexity and redirect resources towards the areas that matter most for long-term performance. This includes upweighting capabilities in data and analytics, change delivery, and bringing together functions to strengthen our customer focus. Since the year end, we have taken initial action to reduce our central teams by c.8%¹, whilst maintaining our focus on the productivity and efficiency of our most critical resource: our people.

We have also launched a programme focused on end-to-end process reengineering to deliver productivity across the business, targeting a reduction in our overall cost to serve whilst improving experiences for customers and colleagues. In combination with restructuring activity, this programme is expected to remove c.£100m² of our least productive costs from the FY26 base over the next three years, to be reinvested in the business over the same timeframe.

Technology will be a critical enabler of this transformation. We will invest in a focused set of foundational systems, make greater use of AI and automation, work with a smaller number of strategic suppliers and partners, and transition towards fewer, better-connected platforms.



The objective of this growth engine is not technology or cost reduction for its own sake. It is to enable better decisions, faster execution, a lower cost to serve and a more personalised customer experience, creating the capacity, pace and efficiency required to grow profitably.

Winning Hearts & Homes

We recognise the ambition and breadth of this plan. Focus, sequencing and disciplined execution will therefore be critical. Activity will be phased carefully, balancing initiatives that deliver near-term value with pilots that can be tested and scaled, alongside building longer-term capabilities required to support sustainable growth.

We are not changing the fundamentals of our business – we are strengthening them to unlock a real opportunity to accelerate our growth trajectory. We will retain the financial discipline that has always characterised Dunelm. But we are also increasing our ambition: we will be bigger, better and bolder.

1. Salaried colleagues across support functions and distribution.
2. Compared to FY26 base. Before growth in volume-related costs and inflation.

CEO's review continued

The financial plan

Dunelm enters this next phase from a position of financial strength. We have a strong track record of sustained growth, attractive profitability, robust cash generation and consistently high shareholder returns.

In recent years, however, our rate of growth has moderated. Sales have continued to increase despite a challenging market, but at a low to mid-single-digit rate, with slowing market share gains. This growth in itself generates operating leverage, however throughout the same period, cost inflation has become a structural feature of the operating environment. Wage inflation has been a particular headwind, and in total employee costs increased by £85m between FY22 and FY26, equivalent to a CAGR of c.8%. Whilst we have continued to invest, generate productivity savings, and deliver PBT margins above 11%, we have seen limited absolute profit growth.

Our growth plan is designed to reverse this trajectory. By accelerating top-line growth, structurally reducing the cost base and maintaining disciplined investment, we expect to restore sustainable operating leverage and drive profit growth over time, supported by robust cash generation and balance sheet capacity.

Across the next three years, we will:

- Return to mid-to-high single digit year-on-year sales growth;
- Remove c.£100m¹ of unproductive costs from the FY26 base, to be fully reinvested in initiatives that drive sustainable growth;
- Deliver adjusted PBT margins² of c.11%;
- Maintain our strong cash generation and ROCE³ of c.30%;
- Continue our track record of paying an increasing ordinary dividend;
- Retain our disciplined approach to capital allocation, by holding net debt⁴: EBITDA⁵ within our targeted 0.2–0.6x range.

Our plan will deliver a materially bigger, better and bolder Dunelm in the next three years, with scope for further sales growth, profits and cash returns beyond the plan period.

1. Compared to FY26 base. Before growth in volume-related costs and inflation.
2. 52-week statutory PBT excluding adjusting items, expressed as a percentage of total sales.
3. Adjusted net operating profit after tax as a proportion of total assets excluding non-current liabilities and current lease liabilities.
4. Cash and cash equivalents less total borrowings. Excludes IFRS 16 lease liabilities.
5. 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. Management information using proximity to existing Dunelm and competitor locations.
7. Year-on-year sales for all stores trading in comparable periods in the reported year and the preceding year. Includes completed in-store transactions, sales transacted through in-store tablets and Click & Collect orders.

Driving stronger sales growth

Our plan is to increase the current rate of sales growth from c.3% to mid-to-high single digits within three years, bringing performance closer to Dunelm's long-term historical average. The business has evolved through two broad phases: initially through the expansion of the store estate and, more recently, through the development of our digital proposition. The next phase will bring these strengths together,

combining a seamless omnichannel proposition with the authority, scale and trust of the UK's leading homewares specialist.

We will accelerate the expansion of our store estate. Following only two openings in FY26, we expect to open up to ten stores each year. We have identified c.100 potentially attractive locations⁶, providing a substantial pipeline for disciplined expansion over time.



CEO's review continued

Within the existing estate, store-enabled¹ like-for-like sales (including Click & Collect and assisted sales through in-store tablets) grew by 0.8% in FY26; however, store-only sales declined. We are addressing stores' performance through a combination of targeted investment in stores which do not currently meet our standards, alongside initiatives to strengthen category authority, including range simplification and enhancing customers' perception of value. Together, these actions are expected to return the existing estate to growth.

Our digital channels also provide a significant opportunity to extend our reach and deepen customer engagement. As product discovery evolves, we will adapt our content and product data for generative engine optimisation, ensuring Dunelm remains visible and relevant across both established and emerging digital channels, including social commerce.

We will complement this with a broad programme of innovation focused on discovery, inspiration and personalisation. It will be easier for customers to discover more of our range and complete larger missions as we strengthen recommendations and make curated collections discoverable. We will also continue to develop the Dunelm App, creating stronger connections between customers and colleagues and a more seamless omnichannel experience.

Collectively, these initiatives will create a stronger, more connected proposition for customers and position Dunelm to capture a greater share of a large and fragmented market.

Self-funded investment to deliver growth

Realising our growth ambitions will require an increase in investment across the business, funded through a combination of business-generated cash flows and structural cost savings. Our plans include:

- A programme to remove c.£100m¹ unproductive costs from the FY26 base by FY29, which will be fully reinvested in growth initiatives;
- Non-recurring expenditure totalling around £30m–£40m across FY27 and FY28, primarily to strengthen our foundational infrastructure, and to be reported as adjusting items; and
- Elevated capital expenditure, totalling c.£125m above our recent run-rate across the next three years, as we expand and renew the store estate and invest in our supply chain and technology infrastructure.

Over the next three years, our plans will deliver an adjusted PBT margin² of c.11% and ROCE³ of c.30%.

1. Compared to FY26 base. Before growth in volume-related costs and inflation.
2. 52-week statutory PBT excluding adjusting items, expressed as a percentage of total sales.
3. Adjusted net operating profit after tax as a proportion of total assets excluding non-current liabilities and current lease liabilities.



CEO's review continued

**Removal of least productive costs**

Through a programme of productivity and simplification, we will remove c.£100m¹ of our least productive costs from the FY26 base over the next three years, to reinvest in building a more efficient and scalable operating model.

The programme is built around four interconnected levers: organisational design and cost reduction; end-to-end process re-engineering; operating model optimisation; and range efficiency. Together, these initiatives will reduce structural cost, improve productivity, and create capacity to reinvest in the areas that deliver the greatest value for customers.

Execution is already underway and beginning to deliver cost savings to fund investment in our growth engines. In the first quarter of the year, we have taken action to simplify the organisation and reduce central costs, through the removal of c.8%² of central roles, with an associated one-off charge. We estimate that these changes, in addition to further targeted cost removal over the next three years, will deliver annualised savings of c.£40m.

We see significant opportunity to simplify and improve end-to-end processes across the business, including product lifecycle management, inventory and stock flow, merchandising, trading, fulfilment and returns. FY27 delivery is focused on the areas expected to deliver the greatest and fastest productivity benefits, with an estimated cost saving of

c.£35m by FY29. This is complex work, which will see us redesign processes across functional boundaries, remove manual activity, reduce complexity, improve data quality, simplify decision-making and increase automation.

Continuous improvement has long been embedded within our operating model, particularly across stores and supply chain. Building on this foundation, we will deploy targeted technology investments to unlock a step-change in efficiency. This includes the rollout of RFID, following encouraging early trials, which will streamline store and logistics processes, improve stock accuracy and availability, and enhance the customer experience. We will also introduce more advanced workforce management capabilities to optimise scheduling and labour deployment. These initiatives are expected to deliver c.£15m of annualised benefits by FY29.

Simplifying and rationalising our product ranges creates benefits for both customers and the business. As well as improving navigation and ease of shopping for customers, range simplification will reduce operational complexity, with an estimated c.£10m annual benefit by the end of the plan period. Reducing the long tail of less efficient SKUs helps us further improve our stock disciplines and be purposeful about clearance and product churn, enabling a more efficient and considered approach to managing stock throughout its lifecycle.

The outcome of all of the above will be a simpler, faster and more productive organisation, built for the future and capable of supporting the scale required to deliver our ambition.

c.30%
sustained strong ROCE
performance across the
plan period

1. Compared to FY26 base. Before growth in volume-related costs and inflation.
2. Salaried colleagues across support functions and distribution.

CEO's review continued

Investment for profitable and sustainable growth

Throughout our history, we have consistently invested in our business to capture opportunities. Reflecting the scale of the opportunity ahead, we expect incremental P&L investment of c.£100m¹ compared to the FY26 base by FY29. This investment will sustain innovation and support the expansion of our growth engines, including marketing and customer engagement, the continued development of our technology platforms, including a future update to our ERP system, and investment in organisational effectiveness.

In addition, over the next two years we expect to incur approximately £30m to £40m of non-recurring costs. These are clearly defined in scope and relate principally to restructuring activities, delivering our change programme and the implementation of foundational systems. Given their one-off, time-bound nature, they will be reported as adjusting items to our statutory profit, which we believe will provide a clearer view of the underlying performance of the business. We have established clear criteria and approval processes to identify, monitor and control expenditure of this nature.

Overall incremental capital expenditure over the three-year plan period is expected to be c.£125m, over and above our recent average of c.£40m per annum. This will support investment in our stores through an accelerated programme of up to ten new openings per annum and the renewal of more than 50

underperforming stores in the first two years, where we believe the customer experience does not fully reflect the strength of the Dunelm brand. We will also continue to develop our supply chain infrastructure, including exploring opportunities to deploy automation at greater scale to enhance the customer experience, improve service levels and drive operational efficiency.

As we have always done, we will invest with discipline, maintaining a strong ROCE² of c.30% throughout the plan period.

Clear capital allocation priorities

Our capital allocation policy remains unchanged and our priorities are clear: first, to invest in the business to drive growth; second, to deliver sustainable long-term shareholder distributions through a growing ordinary dividend; and finally, to return surplus cash to shareholders.

We invest in the business where we see attractive opportunities to drive long-term value creation. This plan includes higher investment than in recent years, reflecting our bolder ambition for growth, with increased recurring operating expenditure, time-bound non-recurring costs reported as adjusting items, and additional capital expenditure across the store estate and supply chain.

Our second priority is to continue growing our ordinary dividend. Our policy targets ordinary dividend cover of between 1.75x and 2.25x earnings per share. During the plan period, we expect cover to be slightly below the lower end of this range, which the Board considers appropriate given its confidence in the opportunities ahead and our ongoing strong cash generation.

Finally, where we have surplus cash on the balance sheet, we will return it to shareholders through share buybacks or special dividends.

Clo Moriarty

Chief Executive Officer
8 September 2026



We are not changing the fundamentals of our business – we are strengthening them to unlock a real opportunity to accelerate our growth trajectory, and we are increasing our ambition.

1. Compared to FY26 base. Before growth in volume-related costs and inflation.
2. Adjusted net operating profit after tax as a proportion of total assets excluding non-current liabilities and current lease liabilities.



Case study

Dorma: A century of design, *reimagined*

Harnessing Dorma's heritage archive showcases our commitment to quality and design.

The Dorma Archive Collection

In a world of fast-moving trends, customers are increasingly seeking products that stand the test of time. This year, we responded with the launch of our Dorma Archive Collection, a curated range that draws on more than a century of design heritage to bring timeless elegance into contemporary homes.

The collection celebrates the rich history of one of Britain's most iconic bedding brands, which we acquired in 2008. The range reimagines original Dorma artworks and textile references. From intricate florals inspired by 19th-century Parisian prints, to sophisticated jacquard-style patterns, each design has been carefully revived for modern living while remaining true to its original character.

The result is a collection that combines authentic heritage with contemporary luxury. Crafted from premium cotton sateen, the range features thoughtful details including concealed zips and French seams, alongside Dorma's hallmark commitment to lasting quality, backed by a 10-year guarantee.

The launch reinforces the strength of Dorma as one of our most distinctive brands and builds on the growing customer appetite for elevated, quality products that bring lasting style into the home.

Bringing the archive back to life

Behind every design lies a story. Dorma's extensive archive contains hundreds of original artworks, fabric samples and design references collected throughout the brand's history. For the design team, the challenge was finding ways to honour these treasured pieces while ensuring they felt relevant for today's customer.

By carefully selecting, adapting and recolouring historical patterns, the team created a collection that connects customers with over 100 years of design craftsmanship.

Among the standout designs is Romeo, a sophisticated floral pattern inspired by traditional woven jacquard fabrics, which quickly emerged as a customer favourite thanks to its timeless appeal and versatility across a range of interiors.



Case study continued

**Dorma: A heritage of quality**

Founded in 1921, Dorma has built its reputation on exceptional craftsmanship, luxury materials and enduring style. This heritage was again recognised in 2024 when Dorma was re-awarded a Royal Warrant of Appointment as a supplier of Linen Drapery and Soft Furnishings to His Majesty King Charles III – an honour that reflects the brand's longstanding commitment to quality and excellence.



Find out more online
Scan to view our Dorma
Archive Collection video

Q&A

Senior Dorma Buyer, Rebecca Holmes, on reviving the Dorma archive

**What inspired the Dorma Archive Collection?**

Dorma has such a rich design heritage and we wanted to celebrate that history in a way that felt relevant for today. The archive is full of beautiful artworks and textile references, many of which have never been seen by modern customers. This collection gave us the opportunity to bring some of those designs back to life while staying true to what makes Dorma special – timeless style, quality and craftsmanship.

**How did you approach updating historic designs for contemporary homes?**

The key was striking the right balance between preservation and innovation. We started with original archive designs and then carefully adapted colours, scales and details to make them feel fresh and relevant. We wanted each piece to feel sophisticated and luxurious while retaining the character and authenticity of the original artwork.

**Do you have a favourite design from the collection?**

Romeo is probably my favourite. It's inspired by classic jacquard styling and has a beautifully understated floral pattern that works across a range of interiors. It captures everything we wanted the collection to represent – heritage, elegance and timeless appeal.

**What do you hope customers will love most about the range?**

I hope they appreciate the stories behind the designs. Every piece has a genuine connection to Dorma's history, but they're also designed to be lived with and enjoyed every day.



Dorma timeline

1921

Meaning 'sleep' in Latin, the Dorma name is registered and a commitment to quality sleep begins

1961

First Royal Warrant awarded for services to Queen Elizabeth II

1967

Dorma is the first company to bring the easy-care qualities of polycotton to the UK

1972

Innovation strikes again with the launch of new 'continental quilts', now known as duvets

2008

As one of the world's leading bed linen brands, Dorma joins the Dunelm family

2024

Re-appointed as a supplier of Linen Drapery and Soft Furnishings to His Majesty King Charles III

CFO's review

“

We delivered a solid performance in FY26, and saw more customers shopping multiple channels, demonstrating the strength and opportunity of our omnichannel model.

Karen Witts
CFO

Total Group sales

£1,825m

FY25 £1,771m

Profit before tax

£211m

FY25 £211m

Free cash flow¹

£155m

FY25 £127m

Ordinary dividend
per share

45.5p

FY25 44.5p

1. Free cash flow is defined as net cash generated from operating activities less capex (net of disposals), net interest paid (including leases) and loan transaction costs, and repayment of principal element of lease liabilities. A reconciliation of operating profit to free cash flow is included on page 32.

We're investing in our customers for the *Long term*

Income Statement

	FY26	FY25	YoY
Revenue	£1,825.5m	£1,771.0m	+£54.5m
Gross profit	£959.0m	£928.3m	+£30.7m
Gross margin %	52.5%	52.4%	+10bps
Net operating costs ¹	(£734.1m)	(£706.3m)	(£27.8m)
Operating profit	£224.9m	£222.0m	+£2.9m
Net finance costs	(£13.9m)	(£11.0m)	(£2.9m)
Profit before tax	£211.0m	£211.0m	-
PBT margin %	11.6%	11.9%	(30bps)
Taxation	(£55.5m)	(£54.7m)	(£0.8m)
Profit after tax	£155.5m	£156.3m	(£0.8m)
Effective tax rate	26.3%	25.9%	+40bps

1. Other operating income less operating costs. Other income includes rental income and insurance income.

We delivered a solid performance in FY26, with total sales up 3.1% to £1,825m (FY25: £1,771m). Digital participation increased by a further 2ppts to 42%, leveraging the benefits of investment in digital capabilities over time. Alongside this, we further expanded and enhanced the store estate, opening two new stores during the year, plus one reopening, with new space contributing c.100bps to sales growth, including the full-year impact of our Ireland acquisition.

Though customer numbers remained broadly stable across the year, we saw more customers shopping multiple channels¹, demonstrating the strength and opportunity of our omnichannel model. The launch of the Dunelm App has

further strengthened our omnichannel proposition, helping customers move more easily between our stores and digital channels. This joined-up model is reflected in our performance: while sales through store checkouts alone declined, store-enabled like-for-like sales, which also include in-store tablet and Click & Collect orders, grew by +0.8%². Together with home delivery, digital sales participation increased by 2ppts to 42%.

1. Management estimates using Barclays UK data.
2. Year-on-year sales for all stores trading in comparable periods in the reported year and the preceding year. Includes completed in-store transactions, sales transacted through in-store tablets and Click & Collect orders.

CFO's review continued

Revenue

	FY26	FY25	YoY
Digital % total sales ¹	42%	40%	+2ppts
Store-enabled LFL sales growth ²	+0.8%	+0.6%	+0.2ppts
Market share ³	7.9%	7.8%	+10bps

1. Includes home delivery, Click & Collect and tablet-based sales in store.
2. Year-on-year sales for all stores trading in comparable periods in the reported year and the preceding year. Includes completed in-store transactions, sales transacted through in-store tablets and Click & Collect orders.
3. GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2026. Market share for the 12 months to June 2025 was 7.8% (restated by GlobalData UK from 7.9%).

We saw broad-based growth across our categories. Made-to-Measure window treatments again grew strongly, demonstrating the value of our specialist expertise and the benefits of targeted investment in high-growth categories. Our heritage categories, where we have well-established authority, also continue to underpin sales momentum.

Overall, we continued to outperform the combined homewares and furniture market, increasing market share by 10bps year-on-year to 7.9%¹. Looking forward we see clear opportunities, set out in our three-year strategic plans, to accelerate this growth.

Gross margin

Gross margin remained strong at 52.5% (FY25: 52.4%), up 10bps year-on-year. This performance reflects the resilience of our business model, even during a period of global uncertainty, and was supported by our embedded sourcing strengths and long-term, committed supplier relationships. The year-on-year expansion reflected an FX tailwind, partly

offset by increased customer participation in promotional events, particularly during the second half of the year.

Net operating costs

Net operating costs were £734m (FY25: £706m), up 3.9% year-on-year. This represented 40.2% of sales, up 30bps year-on-year, reflecting the balance of volume-driven cost growth, ongoing inflation, and continued investment for growth, partially offset by delivery of productivity gains and other cost reductions.

Volume-driven costs, primarily variable logistics and performance marketing expenses associated with growth in digital channels, added £19m year-on-year. Inflationary pressures continued, driving £23m of incremental cost. Wage inflation remained the most significant headwind, although it began to moderate in the final quarter of the year. We also experienced cost pressure in our supply chain, including higher fuel costs, driven by geopolitical events, and increases in distribution property expenses.

Net operating costs

	FY26	FY25	YoY
Operating costs	(£741.4m)	(£711.0m)	(£30.4m)
Other operating income	£7.3m	£4.7m	+£2.6m
Net operating costs	(£734.1m)	(£706.3m)	(£27.8m)
Net operating costs:sales %	40.2%	39.9%	+30bps

We invested an incremental £10m during the year, primarily in our store estate. This included investment in new stores and refits, together with the annualised impact of prior year activity, specifically from store openings and the acquisition of our business in Ireland.

Productivity gains delivered £15m over the year. Savings were driven by operational improvements across the business, particularly labour optimisation in stores, supported by the further rollout of self-serve checkouts, alongside efficiencies in carriage and logistics processes across the supply chain.

Other items drove a full year net cost benefit of £10m. This included a £3m increase in net operating income, related to insurance receipts in respect of two store fires, compensating for the associated loss of trade and store rebuild. Performance-related remuneration costs were also lower than in the prior year.

Profit before tax

Operating profit of £225m (FY25: £222m) was up 1.3% year-on-year, with higher gross profit partly offset by increased operating costs. Net financing costs grew to £14m (FY25: £11m), driven by a higher IFRS 16 lease interest charge of £10m (FY25: £7m). Underlying interest costs remained broadly stable. Profit before tax was £211m (FY25: £211m), reflecting a PBT margin of 11.6% (FY25: 11.9%).

Earnings

Profit after tax of £155m (FY25: £156m) reflects an effective tax rate of 26.3% (FY25: 25.9%). This is higher than our guided range and historical average of around 50–100bps above the headline rate, largely due to a prior-year adjustment in respect of non-qualifying depreciation.

As a result, basic earnings per share was 77.0 pence (FY25: 77.2 pence) and diluted earnings per share was flat year-on-year, at 76.8 pence (FY25: 76.8 pence).

1. GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2026. Market share for the 12 months to June 2025 was 7.8% (restated by GlobalData UK from 7.9%).

CFO's review continued

Cash generation and net debt

	FY26	FY25	YoY
Operating profit	£224.9m	£222.0m	+£2.9m
Depreciation and amortisation ¹	£88.5m	£83.4m	+£5.1m
Net movement in working capital	£9.1m	(£0.5m)	+£9.6m
Share-based payments	£5.9m	£5.5m	+£0.4m
Tax paid	(£58.0m)	(£54.5m)	(£3.5m)
Net cash generated from operating activities	£270.4m	£255.9m	+£14.5m
Capex & business combination	(£42.7m)	(£67.3m)	+£24.6m
Net interest and loan transaction costs ²	(£13.9m)	(£10.6m)	(£3.3m)
Repayment of principal element of lease liabilities	(£59.0m)	(£50.6m)	(£8.4m)
Free cash flow	£154.8m	£127.4m	+£27.4m
Net debt³	£94.6m	£102.0m	(£7.4m)

1. Including impairment and loss on disposal.

2. Including interest on lease liabilities.

3. Cash and cash equivalents less total borrowings. Excludes IFRS 16 lease liabilities.

Cash generation and net debt

Operating cash flow increased by 5.7% to £270m (FY25: £256m), benefiting from a £9m working capital inflow (FY25: £0.5m outflow) and slightly higher operating profit. The working capital inflow was largely driven by lower inventory, partially offset by a corresponding reduction in stock-related payables. Lease liability repayments were £8m higher year-on-year, primarily reflecting the expansion of the lease portfolio and the renewal of lease agreements.

Capital expenditure of £43m (FY25: £67m) for the year was in line with our guidance and lower than the prior year, which had included investment in freehold property purchases and two small acquisitions. During the year we invested £27m in the store estate, including the opening of two new stores, the reopening of our Yeovil store, seven refits and the rollout of self-service checkouts and a refreshed front-of-store experience.

Cash tax paid in the year was £58m (FY25: £55m).

Total dividend payments in the period were £141m (FY25: £159m). The Group also periodically makes share repurchases to hold in treasury to satisfy obligations under employee share schemes and in the year repurchased £16m of shares (FY25: £15m). The Group held 1.9m of shares in treasury as at 27 June 2026 (FY25: 2.1m).

Overall strong cash generation drove free cash flow of £155m (FY25: £127m), with operating profit conversion improving to 69% (FY25: 57%), supporting a reduction in year-end net debt to £95m¹ (FY25: £102m).

Banking agreements

At the year end, the Group had in place a £250m unsecured revolving credit facility ("RCF") with a maturity date of September 2029. The terms of the RCF included covenants in respect of leverage (net debt¹ to be no greater than 2.5x adjusted EBITDA²) and fixed charge cover (EBITDAR³ to be no less than 1.75x fixed charges⁴), both of which were met comfortably as at 27 June 2026. The Group also maintains £10m of uncommitted overdraft facilities.

Going concern

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

The key judgement that the Directors have considered in forming their conclusion is a 'downside' scenario that assumes a lower rate of sales growth than reflected in the Group's strategic plans, extending the more subdued trading momentum experienced in recent years. Lower sales growth is assumed throughout the assessment period, together with a higher cost-to-sales ratio than planned.

The Directors have also considered a 'severe but plausible' downside scenario that assumes a more pronounced deterioration in overall UK consumer demand, resulting in a sustained period of weaker trading conditions. This leads to lower sales growth and a more significant increase in the cost-to-sales ratio throughout the assessment period.

In both these downside scenarios Dunelm has sufficient liquidity to continue trading, continue to pay dividends in line with its policy, and to comfortably meet financial covenants.

Reverse stress modelling has demonstrated that a scenario of prolonged sales reduction of 26% in both FY27 and FY28 would be required to breach covenants by the end of FY28; and a 39% sales reduction in each year would be required to breach the RCF limit by the end of FY28, assuming reasonable mitigating actions have been implemented.

Additionally, the Directors have reviewed the potential impact of material disruption to trading in our digital channel (including home delivery, tablet-based sales in store, and Click & Collect sales), in FY27 reflecting the continued 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.

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

1. Cash and cash equivalents less total borrowings. Excludes IFRS 16 lease liabilities.

2. EBITDA less depreciation of right-of-use assets.

3. EBITDA plus rent.

4. Net interest costs plus right-of-use asset depreciation plus rent.

CFO's review continued

Our tax strategy

	FY26 £m	FY25 £m
Net VAT collected	182.9	183.9
Payroll taxes including National Insurance ¹	76.9	64.6
Corporation tax	58.0	54.8
Plastic packaging tax	0.3	0.1
Total tax contributions	318.1	303.5

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

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

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 0.2x and 0.6x the last 12 months' EBITDA¹.

The Group's dividend policy targets ordinary dividend cover² of between 1.75x and 2.25x 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.

1. Operating profit plus depreciation and amortisation of property, plant and equipment and intangible assets plus loss on disposal and impairment of property, plant and equipment and intangible assets plus depreciation of right-of-use assets.
2. Earnings per share divided by the total ordinary dividend relating to the financial year.

The Board will continue to consider returning any surplus cash to shareholders, 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.

Dividends

The Board has recommended a final ordinary dividend of 28.5 pence per share (FY25: 28.0 pence), bringing the full year ordinary dividend to 45.5 pence per share, an increase of 2.2% on the prior year. Dividend cover of 1.69x is moderately below the Group's targeted minimum of 1.75x. Having considered the

Group's capital allocation framework and with confidence in the significant long-term growth opportunities available to the business, as outlined in our strategic update, the Board believes this level of distribution is appropriate.

The final dividend will be paid on 17 November 2026. The ex-dividend date is 22 October 2026 and the record date is 23 October 2026. Including a special dividend of 25 pence per share announced at our interim results, we declared total dividends of 70.5 pence per share during the year.

Karen Witts

Chief Financial Officer
8 September 2026

FY27 guidance

FY27 will be a 53-week year. To enable comparison with prior and future years we will report relevant metrics on a 52-week basis. The Group last reported a 53-week financial year in FY22. Any income statement guidance is given on a 52-week basis. In pursuit of our plans, we expect the following for FY27:

- Inflation of c.3% on FY26 operating cost base
- Cost removal of £25–30m, funding a similar amount of reinvestment for growth
- Total adjusting items of £30–40m through the income statement, combined across FY27 and FY28. These costs are primarily cash investments that support the growth plan and are expected to be non-recurring beyond its first two years
- Adjusted profit before tax broadly in line with FY26
- Effective tax rate 50–100bps above the headline rate of UK corporation tax
- Working capital broadly neutral across the year, with a timing benefit of c.£90m expected at the half year due to a cash payment in transit at the period end
- Capital expenditure of c.£60–70m:
 - Up to ten new store openings during the year
 - Within the existing estate, up to 30 renewals focused on stores that don't meet our standards, in addition to our continued programme of refits.
- Net debt¹ to remain within targeted range of 0.2x–0.6x EBITDA².

1. Cash and cash equivalents less total borrowings. Excludes IFRS 16 lease liabilities.
2. 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.

Key performance indicators

Our updated strategic priorities are supported by a focused set of outcomes that are directly linked to the actions we take and can be measured consistently over time.

As part of the refresh of our strategic priorities, we have reviewed and updated our key performance indicators to ensure they remain aligned with the outcomes that matter most to the business. The resulting changes are set out below:

KPIs removed:

- **Market share:** whilst this is an important indicator of our competitive position, it is influenced by factors beyond our direct control. We will therefore continue to report our market share performance within our wider commentary. In FY26, our market share increased by 10bps to 7.9%¹.
- **Customer numbers:** our focus is on customer obsession, which goes beyond the number of customers we serve. CSAT is the primary measure we use to assess the quality of the customer experience and is a key driver of action across the business. While presented here at an aggregate level, we analyse the metric in greater detail to understand how different customers experience Dunelm and where we can improve.

KPIs added:

- New store openings and digital participation: reflects our ambition to offer customers seamless omnichannel experiences.
- Return on capital employed (ROCE): an important measure of value creation, reflecting both profitability and capital discipline.

Future measurements:

- Quality of customer base: we will introduce a new measure, currently under development, drawing on the insights generated through our recent customer segmentation work.
- Structural cost removal: progress towards our three-year target of c.£100m².
- Store-enabled LFL sales: demonstrating our plans to grow sales through our existing store portfolio.

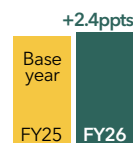
1. GlobalData UK combined homewares and furniture markets, excluding kitchen cabinetry and bathroom furniture, for the 12 months to June 2026. Market share for the 12 months to June 2025 was 7.8% (restated by GlobalData UK from 7.9%).
2. Compared to FY26 base. Before growth in volume-related costs and inflation.

Non-financial

Bonus

Customer Satisfaction (CSAT) %

+2.4ppts



Definition

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

Reason for measurement

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

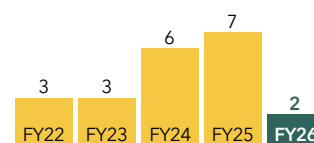
Progress

CSAT has improved 2.4ppts year-on-year, with notable improvements in Click & Collect and Stores. Customer feedback highlighted shorter collection waiting times and increased colleague friendliness.

New

New store openings Number

2



Definition

Number of new stores opened in the financial year.

Reason for measurement

Expanding our store estate supports future growth by increasing customer reach and strengthening our omnichannel offer.

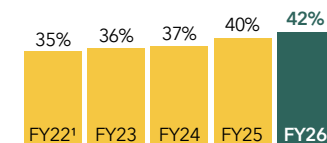
Progress

We opened two new stores in FY26: a smaller inner London store in Wandsworth and a superstore in Kingston-upon-Thames.

New

Digital participation %

42%



Definition

Total digital sales, defined as sales from Home Delivery, Click & Collect and tablet-based sales in stores, as a percentage of total sales.

Reason for measurement

Digital participation is a key indicator of progress in connecting with customers by providing a seamless omnichannel experience.

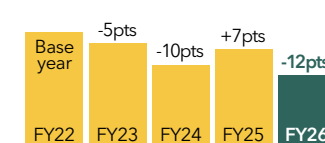
Progress

Digital participation grew by 2ppts reflecting continued investment in our digital ecosystem, including the launch of our App.

Employee net promoter score (eNPS)

Year-on-year pts movement

-12pts



Definition

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

Reason for measurement

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

Progress

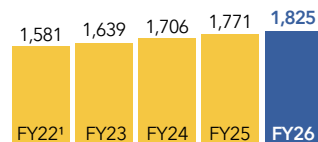
Whilst our eNPS remains in the top quartile for the consumer retail sector, we saw a decline in FY26, driven primarily by colleagues' concerns about the tools and systems available to support them in their roles. Addressing these issues is a key priority to improve colleague experience.

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

Key performance indicators continued

Financial

Bonus

Revenue
£m and growth %**£1,825m****Definition**

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

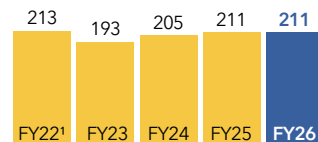
Reason for measurement

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

Progress

FY26 sales grew by 3.1% year-on-year, increasing to a record £1,825m.

Bonus

Profit before tax (PBT)
£m and margin %**£211m****Definition**

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

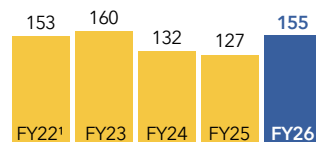
Reason for measurement

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

Progress

FY26 PBT of £211m at a PBT margin of 11.6%.

LTIP

Free cash flow
£m**£155m****Definition**

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

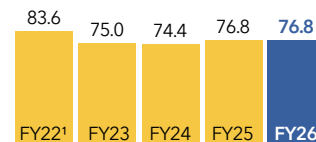
Reason for measurement

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

Progress

Free cash flow of £155m was £28m higher than the prior year with capital expenditure £25m lower year-on-year due to prior year investments in two freehold stores.

New

Diluted earnings per share
Pence and growth %**76.8p****Definition**

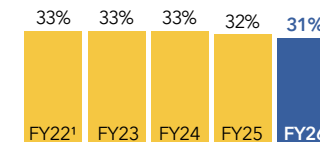
Profit after tax attributable to shareholders divided by the average number of dilutive outstanding shares.

Reason for measurement

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

Progress

FY26 dEPS was in line with the prior year, reflecting stable profit before tax, and a higher effective tax rate due to a prior year adjustment.

Return on capital employed (ROCE)
%**31%****Definition**

ROCE refers to net operating profit after tax as a proportion of total assets excluding non-current liabilities and current lease liabilities.

Reason for measurement

ROCE helps us assess the effectiveness of our investment decisions and our ability to generate attractive long-term returns from the capital deployed.

Progress

ROCE remains well ahead of industry norms. The slight year-on-year reduction primarily reflected an increase in right-of-use assets following the signing of new lease agreements during the year.

Details of measures used for FY26 bonus and LTIP outcomes can be found in the Remuneration Committee report on pages 97 to 100. Further information on the performance criteria that apply to the FY27 bonus and FY27–29 LTIP award can be found on page 108.

Bonus

LTIP

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



Risks and risk management

Effective risk management

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

Risk governance

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

For more information on the management of our internal controls
see pages 87 and 88

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

As the Group's risk management maturity continues to evolve, focus during the year has been on enhancing the quality and consistency of risk reporting to support effective Board oversight. This included strengthened processes for the review of operational and principal risk registers.

Risk appetite

The Board sets the risk appetite for the Group, taking into consideration the expectations of its shareholders and other stakeholders. The clear articulation of our risk appetite provides an effective mechanism to inform investment decisions, facilitate the discussion of risk, set parameters within which objectives must be delivered, and support the awareness of risk by our colleagues and suppliers. During the year, the Board approved proposed changes to the risk appetite statement to align the narrative more closely with the principal risks and confirmed that it is an appropriate reflection of the current enterprise risk appetite.

Risk management

We have an established Risk and Resilience Committee (R&R Committee), which meets monthly. The R&R Committee is chaired by the Chief Financial Officer and its other members are the Chief Executive Officer, Group General Counsel and Company Secretary and Chief Technology and Transformation Officer. Meetings are also attended by business area risk owners, representatives from our compliance functions and the Head of Internal Audit. The R&R Committee's Terms of Reference were refreshed during the year.

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

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

The R&R Committee also considers regular reports from key compliance areas (such as data protection, information security, regulated credit, health and safety, ethical sourcing, store security and business conduct) as well as status updates on any internal audit actions.



As the Group's risk management maturity continues to evolve, focus during the year has been on enhancing the quality and consistency of risk reporting to support effective Board oversight.

A summary of the R&R Committee's activities and findings is reported on a regular basis to the Audit and Risk Committee.

Risk identification and prioritisation

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

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

Risk management continued

Risk management framework

Independent assurance**Internal audit**

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

Risk-based reviews

- Specialist reviews performed by third parties as required.

Risk governance**Group Board**

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

Audit and Risk Committee

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

Top-down review of risks**Risk and Resilience Committee**

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

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

Risk and control owners**Individual members of Executive Team**

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

Bottom-up review of risks

Principal risks and uncertainties

At a glance

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

Risk trend



Stable



Increasing



Decreasing

Principal risks and uncertainties

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

The 'Geopolitical uncertainty' risk which was included last year 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 have a detrimental impact on performance and disrupt our operations. The risk has increased slightly during the year, reflecting heightened geopolitical uncertainty and the increasing frequency of disruptive global events. Established crisis management and business continuity capabilities support the monitoring, assessment and management of such events and their potential impacts on the Group.

The 'Business change' risk reflects our ongoing investment in change programmes that are key to our strategy and the delivery of further growth and efficiencies. We consider this an increasing risk in the medium term as we continue to take on larger and more complex projects. However, it is anticipated that the risk will stabilise as we continue to deliver.

The external environment for 'IT systems, data and cyber security' continues to evolve, particularly across the retail sector. Following the increase in risk level in the prior year, we consider the risk to be stable during the current year, while remaining an area of significant ongoing focus. We continue to take a disciplined approach to strengthening our control environment, progressing a programme of enhancements across prevention, detection and response capabilities. We also recognise the developing role of AI in shaping the cyber threat landscape and are monitoring this closely as part of our broader risk management approach. Through these actions, we aim to further enhance resilience over time while maintaining an appropriate level of vigilance.

The Board's assessment of the principal risks and uncertainties facing the Group as at the date of this report and how we mitigate them is set out on pages 37 to 41. The principal risks are not set out in any order of priority and do not

represent all risks associated with the Group's activities. Additional risks that are not currently deemed principal risks are nevertheless monitored for their impact on the Group.

Emerging risks and opportunities

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

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

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

Task Force on Climate-related Financial Disclosures

Climate change remains a principal risk for the Group, as identified in FY19 and continues to inform our strategy, governance and decision-making. The preparation of our TCFD report enabled us to assess our overall progress during FY26 and identify areas for further improvement.

During the year, we further strengthened governance, data quality, emissions measurement, supply chain traceability and risk assessment processes, enhancing our ability to identify, assess and respond to climate-related risks and opportunities. Climate-related considerations continue to be integrated into day-to-day operations, including product design, sourcing decisions and supplier engagement.

Scenario modelling and financial impact assessments were refreshed using updated external data sources, improved internal data and revised assumptions to support our understanding of future risks and opportunities. Scope 1 emissions are now 31% lower than our FY19 baseline despite significant business growth, while enhancements to Scope 3 methodologies have improved the accuracy and robustness of reporting.

We continue to focus on reducing emissions, strengthening resilience and responding to evolving regulatory requirements. During FY26, we also refreshed several metrics and targets, including those relating to polyester, cotton, timber and packaging (details of which are set out on pages 52 and 53), reflecting our sustainability ambitions and commitment to sustainable long-term value creation.

For more information on how we manage our climate-related risks see our TCFD report on pages 44 to 53



Principal risks and uncertainties continued

Growth engines

- 1 Become *the* homewares specialist
- 2 Deliver seamless omnichannel experiences
- 3 Transform our capabilities

Stakeholder groups



Geopolitical uncertainty

Description of risk

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

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

For more information see:
Market overview – page 12
CEO's review – page 16
Going concern and viability statement – page 55

Stakeholder groups



Risk trend



Link to strategy



Risk owner

Chief Executive Officer

How we mitigate

- Monitor geopolitical developments, regulatory changes and trade developments to allow for timely assessment of potential impacts on business operations and inform response planning.
- A strong and diverse senior leadership team actively contributes to strategic planning, scenario testing and decision-making processes, ensuring agile responses to a broad spectrum of operational challenges.
- An established crisis management and business continuity framework enables the rapid formation of cross functional groups to respond to complex and evolving geopolitical events.
- Maintain a mature and embedded risk management and governance structure to provide consistent oversight, accountability and timely escalation of emerging risks.
- Maintain strong supplier relationships and communication, undertake regular audits and conduct third-party risk monitoring.

Customer offer

Description of risk

Economic, political, social and technological changes, consumer trends, and competitor behaviours, all contribute to constantly changing consumer expectations and behaviours. 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.

For more information see:
Our business model – page 8
CEO's review – page 16

Stakeholder groups



Risk trend



Link to strategy



Risk owner

Chief Customer Officer

How we mitigate

- Leverage customer and market insights to better understand our existing and potential new customers and adapt our offer to accommodate their changing needs.
- Continually refine our strategy to become a more trusted and valuable brand.
- Invest in initiatives specifically aimed at enhancing the user experience and strengthen multichannel engagement.
- Drive new product development, with an emphasis on own-brand innovation and design, in both existing and new categories, and embed sustainability principles to differentiate and enhance our customer proposition.
- Expand product range to appeal to every budget and style and regular price point review to maintain competitiveness.

Principal risks and uncertainties continued

Product reputation and trust

Description of risk

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

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

For more information see:
NFSIS – page 54
Sustainability Report 2026

Stakeholder groups



Link to strategy



Risk trend



Risk owner

Chief Commercial Officer

How we mitigate

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

Business change

Description of risk

Dunelm recognises that there is significant opportunity in the continued improvement of systems, processes and people capabilities to drive growth and efficiency. Failing to successfully introduce, and leverage new technology, processes, and organisational capability could result in reduced operational efficiency, competitiveness, relevance and growth. Furthermore, failure to effectively prioritise, execute and realise the benefits of business change could impede delivery of planned growth and strategic objectives.

For more information see:
CEO's review – page 16

Stakeholder groups



Link to strategy



Risk trend



Risk owner

Chief Technology and Transformation Officer

How we mitigate

- Executive Team transformation/business change forum to oversee delivery of strategic priorities and initiatives.
- Apply a structured and disciplined delivery methodology to business change programmes, led by experienced project managers to ensure consistency and accountability.
- Regular review of roadmaps and workstream prioritisation by cross-functional leaders to ensure ongoing alignment with delivery of strategy.
- Focus on building and strengthening third-party relationships to support collaborative, transparent and consistent programme delivery.
- Committed resources to support colleague communications, training and change management.
- Ongoing simplification and rationalisation of processes and systems to reduce complexity and improve agility.
- Track progress through regular reviews using appropriate KPIs with all stakeholders, identifying risks to delivery and implementing mitigation actions as needed.

Principal risks and uncertainties continued

People and culture

Description of risk

Our business could be adversely impacted if we fail to attract, retain and develop colleagues with the appropriate skills, capabilities and diverse background.

Failing to embed and live our values could impact business performance, the delivery of our purpose and the long-term sustainability of our business.

For more information see:
Stakeholder engagement and Section 172 – page 64
Culture and values – page 69
Nomination Committee report – page 76
Remuneration Committee report – page 90

Stakeholder groups



Risk trend



How we mitigate

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

Link to strategy

3

Risk owner

Chief People Officer

IT systems, data and cyber security

Description of risk

Our IT systems and infrastructure are critical to managing our operations, interacting with customers and trading successfully.

A key system being unavailable or suffering a security breach could lead to operational difficulties, loss of sales and productivity, legal and regulatory penalties due to loss of personal data, reputational damage and loss of stakeholder trust.

For more information see:
Audit and Risk Committee report – page 82

Stakeholder groups



Risk trend



How we mitigate

- Operate a Security Operations Centre and utilise vulnerability management tools to monitor events, detect threats and resolve vulnerabilities promptly. Regular penetration testing and internal audit reviews of security-related practices further strengthens defences.
- Review and test incident response, crisis management, and business continuity plans, including IT disaster recovery protocols, to ensure operational resilience.
- Continuous investment in systems development and security, guided by a strategic roadmap that prioritises growth and resilience.
- Maintain robust data protection and information security policies and procedures, governed by subject matter experts.
- Deliver mandatory training and ongoing awareness campaigns to equip colleagues with knowledge of data protection, artificial intelligence and cyber security risks.
- Apply strict access controls to safeguard sensitive data and prevent unauthorised access.
- Use data performance reporting to monitor system utilisation and performance, detect vulnerabilities and track delivery of remediation actions across the IT estate.
- Maintain strong governance processes and forums to assess specific risks, such as our AI Hub, which is attended by members of the Tech senior leadership, information security, data management and legal teams.

Link to strategy

2 3

Risk owner

Chief Technology
and Transformation Officer

Principal risks and uncertainties continued

Regulatory and compliance

Description of risk

We operate in an increasingly regulated environment and must comply with a wide range of laws, regulations and standards.

Failure to comply with or to take appropriate steps to prevent a breach of these requirements could result in formal investigations, legal and financial penalties, reputational damage and loss of business.

For more information see:
Sustainability Report 2026
TCFD report – page 44
Audit and Risk Committee report – page 82

Stakeholder groups



Link to strategy



Risk trend



Risk owner

Group General Counsel
and Company Secretary

How we mitigate

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

Supply chain resilience

Description of risk

We are dependent on complex global supply chains and fulfilment solutions to deliver products to our customers.

Instability in the global supply chain or failure of a key supplier may impact our ability to effectively manage stock and satisfy customer demand.

For more information see:
Stakeholder engagement and Section 172
– page 64

Stakeholder groups



Link to strategy



Risk trend



Risk owner

Chief Operations Officer

How we mitigate

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

Principal risks and uncertainties continued

Finance and treasury

Description of risk

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

For more information see:
CFO's review – page 30
Key performance indicators – page 34
Going concern and viability statement – page 55

Stakeholder groups



Risk trend



How we mitigate

- Group treasury policy governs debt levels, cash management strategies and foreign exchange exposures to safeguard financial stability.
- Revolving Credit Facility of £250m in place, extended until September 2029, providing flexible liquidity.
- Maintain strong relationships with a syndicate of committed partner banks to ensure appropriate and diversified funding sources.
- Apply hedging strategies in advance for foreign exchange and freight and energy prices, to manage margin volatility.
- Continued focus on cost discipline through capital investment approval process and oversight of discretionary expenditure, supported by a Delegation of Authority and contract approval processes that control financial commitments and protect cash flow and liquidity.
- Treasury and Capital Committee provide oversight on funding strategy, dividend policy and hedging activities.

Link to strategy



Risk owner

Chief Financial Officer

Climate change and environment

Description of risk

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

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

For more information see:
Sustainability Report 2026
TCFD report – page 44
NFSIS – page 54
Audit and Risk Committee report – page 82

Stakeholder groups



Risk trend



How we mitigate

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

Link to strategy



Risk owner

Group General Counsel
and Company Secretary

Task Force on Climate-related Financial Disclosures

Risks and opportunities

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

Introduction

Climate change has been managed as a principal risk since FY19; the current description of this risk and how we mitigate is described on page 43.

Following publication of our first full TCFD report in FY22 we have continued to develop our approach to assessing our climate-related risks and opportunities and improving disclosures in line with evolving requirements and practice. We continue to dedicate resource to improving our understanding of how climate-related risks and opportunities could affect future revenue growth, operating costs, supply chain resilience, capital allocation and long-term shareholder value.

During FY26 we significantly enhanced our climate-related capabilities through improvements in governance, emissions measurement, supply chain traceability, data quality and risk assessment processes. These developments have increased management's confidence in the climate-related information, data and analysis used to support business decision-making and strengthened our ability to identify, assess and respond to climate-related risks and opportunities.

Our report is compliant with TCFD disclosure requirements and the UK Listing Rules. We continue to consider the potential financial impacts of climate change in the cash flow scenario modelling within our viability statement on page 55 and in our accounting policies note on page 141 of the financial statements.



Read more in our
Sustainability Report 2026

Governance structure

Group Board

Board Committees

Audit and Risk Committee

Remuneration Committee

Nomination Committee

Executive Committees

Chief Executive Officer

Executive Team

Good and Circular
Steering Group

Risk and Resilience
Committee

Talent Committee

TCFD report continued

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

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

This year the Board received a detailed update on our Good & Circular framework, which captures all elements of our sustainability programme across the pillars of Planet, Communities and People, alongside our focus on Protecting our Business. This included carbon reduction, responsible sourcing, supplier transparency and product lifecycle, as well as an update on our overall approach to governance and reporting.

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

The Audit and Risk Committee formally reviews principal risks twice a year, and ESG processes and reporting (including TCFD), to verify non-financial KPIs, annually. It receives updates on upcoming sustainability reporting requirements and our planned approach to meeting them.

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

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

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

The Executive Team receives regular updates from the Good & Circular Steering Group and on our climate-related metrics. It also receives regular updates from the Risk and Resilience Committee and the Talent Committee and reviews our principal risks prior to Group Board review.

During FY26 governance arrangements were further strengthened through refreshed Terms of Reference for the Good & Circular Steering Group, enhanced Executive Team oversight of sustainability performance and increased integration of climate-related considerations into commercial decision-making processes.

The Good & Circular Steering Group meets regularly throughout the year – it holds responsibility for leading on the Group's climate-related activities. The Steering Group is chaired by the Group General Counsel & Company Secretary and its other members are the CEO, CFO and Chief Commercial Officer. Meetings are also attended by the leads on each of our programme pillars of Planet, Communities and People and representatives from other business areas such as data and communications.

The Risk and Resilience Committee is chaired by our CFO, and provides oversight and review of risks, including climate change and environment risk. More information about this Committee can be found on page 36. The Talent Committee is chaired by our Chief People Officer and ensures that we have the right capabilities in place to meet our ambitions.

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

We continue to embed our approach to sustainability including climate-related considerations, within the business. This includes reviewing governance processes, refreshing our sustainability framework and strengthening the link between initiatives and our corporate strategy. We also ensure that there are regular discussions on sustainability metrics, including climate-related metrics, by the Executive Team alongside business performance. Communication continues to be important, enabling plans and progress to be shared with customers, colleagues and other stakeholders. This also includes suppliers, as we are focused on ensuring that they are clear on the importance to Dunelm of delivering on our sustainability goals.

TCFD report continued

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

Our purpose – To help create the joy of truly feeling at home, now and for generations to come – is deliberately forward-looking, and when combined with our business model (see pages 8 and 9), is designed to encapsulate our desire to reduce our impact on the planet, now and in the future. It is underpinned by our commitment to building sustainability into all that we do. A key component of our business model is being 'Good & Circular' which we describe as making 'positive choices for our Planet, Communities and People.'

During FY26 we have again reviewed our identified climate-related risks and opportunities, and considered any further risks and opportunities presented in our risk registers, systematic peer comparison and from general sector reviews. Each risk and opportunity is assessed based on potential impact, likelihood and velocity to determine its relative materiality. The top-ranked risks and opportunities are selected for climate scenario analysis and financial impact modelling. Climate-related risks and opportunities are assessed using a combination of internal business data, supplier information, market intelligence and external climate scenarios.

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

Impact assessments consider potential effects on annual profit before tax through changes in operating costs, sourcing costs, product demand, logistics expenditure and other relevant financial variables.

We worked closely with internal stakeholders to update baseline data, and continued to leverage external data sources, including the Network for Greening the Financial System (NGFS) v3.4 and the International Energy Agency (IEA) World Economic Outlook 2024. We continue to explore the latest developments and insights to update the assumptions used in our modelling, improving specificity of predicted financial impact. For example, this year, with increased insight available on the development of textiles-related Extended Producer Responsibility-type obligations, we have updated our view on the potential cost risks this could pose for the business.

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

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

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

This includes:

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

Despite the projected climate-related impacts on the UK and Ireland, Dunelm's exposure is limited due to our assets not being in flood-prone areas and the nature of our assets being typically 'hard', which are resilient to (anticipated) climatic conditions. Consequently, there is not likely to be any material impact as a result of climate change on financial reporting judgements or estimates applied in the preparation of the FY26 financial statements.

We are committed to transitioning to a net zero future, and this is reflected within our planning both in our direct operations and our value chain, which accounts for c.99% of our carbon emissions (see the table on page 51 for the breakdown of our emissions).

Financial impact ranges

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

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

Time horizons

We have used the three time horizons described below:

Time period	Years	Reason
Short	2026–2030	Aligned to our 50% carbon reduction target and strategic plan
Medium	2030–2040	Aligned to our net zero target and to capture transition risks and opportunities
Long	2040–2050	Longer term to capture physical risks and opportunities

TCFD report continued

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

Our analysis continues to indicate that the most significant climate-related impacts are concentrated within the value chain, particularly in raw material production and manufacturing activities associated with cotton, timber and polyester-based products.

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

Since FY24 we have been using the Higg Facilities Environmental Management (FEM) platform to gather supplier environmental data. We have maintained a high percentage response rate again in FY26 with 88% of our Tier 1 stock suppliers having completed the environmental questionnaire on the platform. Insights from this data capture are being used to create supplier performance dashboards, to support our Commercial team with decision-making, as well as supporting the suppliers themselves to identify potential areas of improvement.

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

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

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

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

This confidence reflects the Group's diversified sourcing model, limited UK exposure to high-risk flood locations, strong balance sheet and ability to adapt sourcing, product and logistics strategies over time.

Across all scenarios analysed, no individual climate-related risk was assessed as threatening the viability of the Group. However, a number of transition and physical risks could become financially material without continued mitigation and adaptation measures.

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

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

Climate scenarios

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

Global Net Zero 2050



Scenario

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

Transition risk

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

Physical risk

Physical risks will be the least extreme under this scenario.

Delayed transition



Scenario

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

Transition risk

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

Physical risk

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

Business as usual (BAU)



Scenario

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

Transition risk

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

Physical risk

The most extreme physical risk impacts in this scenario.

TCFD report continued

Transition risks and opportunities – FY26

Risk and opportunities summary description	Potential impact (pre-mitigation)	Potential impact (post-mitigation)	Specific mitigants in place	Related metrics and targets
Policy and legal				
Global Net Zero scenario – most significant impact in the long term				
Impact of carbon taxes on Dunelm suppliers				
Introduction of a carbon price could lead to an increase in the cost of products with high GHG emissions; this could negatively impact profits due to taxation on Dunelm or taxation on suppliers passed on to Dunelm in product cost.	High in Global Net Zero scenario across all timeframes, low in Business as Usual across all timeframes.	Low in all timeframes.	– Actively engaging with our suppliers to support emissions reductions, setting aligned reduction targets, improving product- and supplier-level emissions data and increasing visibility of carbon hotspots within the value chain. – Enhancing emissions measurement through hybrid product carbon footprint methodologies to support better informed sourcing and product design decisions. – Designing products to use lower carbon materials, such as recycled polyester and recycled cotton. – Continued engagement via Cascale to collect data using the Higg FEM and using this information to create supplier performance dashboards, supporting suppliers and our Commercial team in making better informed sourcing and manufacturing decisions.	Carbon emissions metrics and targets
Extension of producer responsibility: extension to additional product categories such as textiles				
Following the implementation of the Packaging Extended Producer Responsibility (EPR) in the UK, it is also predicted that an EPR type scheme for Textiles will be introduced before 2030. This risk now focuses on that potential cost impact.	Medium to High across all timeframes in the Global Net Zero Scenario. Low to Medium across all timeframes in the BAU scenario.	Not yet fully modelled as scheme not yet proposed (but no exemptions assumed).	– Engaging with industry groups and specialists and closely monitoring developments of Textiles EPR charging mechanisms and rates both in the UK and in Europe. – Increasing recycled content in textiles, particularly polyester and cotton. – Working collaboratively with BRC and UK Textiles Pact to be prepared for EPR extension to textiles. – Through designing our textile products to become more circular we are aiming to reduce the impact of future EPR liabilities. – Continuing our Textile Takeback scheme in the majority of our stores.	Nature metrics and targets
Market				
BAU scenario is most impactful for this risk as fuel prices increase the most in the outer year				
Changes to fuel prices caused by climate-related market disruption or increased taxation				
Changing market dynamics and decarbonisation trends impact both fuel prices and the transition to non-fossil fuel alternatives, leading to increased fuel costs across the delivery network.	Medium across all timeframes.	Low across all timeframes.	– Reducing exposure to fossil fuel price volatility through ongoing investment in renewable electricity procurement and on-site solar generation. – Continued implementation of a low-carbon transition strategy for stores and home delivery fleets and continuing to increase the number of CNG vehicles in our home delivery fleet. – Ongoing review and assessment of the viability of electric vehicles in our small van fleet. – Continuing to increase the share of electric and hybrid vehicles in our company car fleet, with over half now being fully electric vehicles. – Working with our key logistics suppliers to support their transition from diesel to lower emission fuel alternatives.	Carbon emissions metrics and targets

TCFD report continued

Transition risks and opportunities – FY26 – continued

Risk and opportunities summary description	Potential impact (pre-mitigation)	Potential impact (post-mitigation)	Specific mitigants in place	Related metrics and targets
Reputation				
Global Net Zero scenario most significant impact in medium to long term				
Reputational damage due to failure to act on sustainability trends				
If Dunelm fails to continue to move towards using more sustainable raw materials and reduce carbon emissions then we might lose customers who switch to retailers who they consider to be more sustainable; we could also struggle to retain and attract colleagues and to secure funding.	No impact in the short term in all scenarios, reflecting Dunelm's current position in the market. High in the medium to long term in both the Global Net Zero and Delayed Transition scenarios if other retailers outpace Dunelm in their approach to sustainability.	See opportunity below in relation to increasing market share by demonstrating leadership in addressing climate change and sustainability.	– Strengthening climate-related governance, reporting methodologies, controls and data quality to support transparent and credible stakeholder communications. – Progressing our customer-facing sustainability proposition, including how we help customers identify products that are made from more sustainable materials than conventional. – Keeping up to date with the CMA green claims code and adhere to this to avoid any greenwashing.	Carbon, nature, water stress, packaging and circular metrics and targets
Increased market share by demonstrating leadership in addressing climate change and sustainability				
If Dunelm demonstrates leadership in addressing climate change and delivering its climate change reduction targets, whilst other retailers do not, we might gain market share from customers actively moving towards shopping at Dunelm.	Low to Medium in the short term in all scenarios. Medium in the medium and long term in the BAU scenario, but not a differentiator in the medium or long term in the Global Net Zero or Delayed Transition scenarios as it is assumed that other retailers also take similar action.	n/a	– Setting and maintaining ambitious greenhouse gas emissions reduction targets. – Working in collaboration with our suppliers to reduce their carbon emissions and create more circular products. – Improving supply chain traceability and responsible sourcing assurance to support confidence in sustainability claims. – Increasing the proportion of responsibly sourced and lower-impact materials in our products to strengthen customer proposition and support long-term competitive differentiation.	Carbon, nature, water stress, packaging and circular metrics and targets

Physical risk – FY26

Risk and opportunities summary description	Potential impact (pre-mitigation)	Potential impact (post-mitigation)	Specific mitigants in place	Related metrics and targets
Physical risks				
BAU scenario most impactful				
Physical risks (drought, flooding, wildfires, etc.) impact the availability of raw materials such as cotton or timber, or impact manufacturing sites and logistics in countries from which we source our products				
Physical risks primarily manifest within our supply chain through potential impacts on raw material availability, manufacturing locations and logistics networks, while exposure across our UK store and depot footprint remains relatively limited.	Medium across all timeframes (dependent on extreme weather).	Not modelled as changes in sourcing strategy are not currently defined.	– Improving supplier- and product-level data, enhancing traceability and strengthening governance support earlier identification and management of climate-related risks. – Enhancing fibre-source traceability for cotton and increasing certified timber chain-of-custody coverage improve visibility of physical climate risks within key raw material supply chains. – Collaborating on industry initiatives to support climate adaptation and circular practices. – Diversifying sourcing across multiple countries and suppliers enhances resilience to localised climate-related disruption.	Nature and water stress metrics and targets

TCFD report continued

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

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

Throughout FY26, we have continued to review and revalidate the identified risks to ensure that we maintain and improve understanding of the potential financial impacts and have effective mitigations in place now and for the future.

Over recent years, we have continued to mature our climate-related risk management framework through enhancements to governance, data quality, modelling approaches and assessment methodologies. This has improved our understanding of both transition and physical climate-related risks and opportunities and strengthened the integration of climate considerations into business planning and decision-making.

We maintain our assessments internally and refresh them annually, or sooner where there is a material trigger such as significant regulatory, market, technological or physical climate developments. Stakeholder engagement, materiality assessments and ongoing horizon scanning also support identification of emerging risks and opportunities.

Risk Management b) Processes for managing climate-related risks

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

Our Chief Executive Officer, Group General Counsel & Company Secretary, Head of Responsible Sourcing and other senior colleagues within the Group continue to engage with external advisers such as British Retail Consortium (BRC), WRAP, UK Textiles Pact and others. Insights and information from such engagement is shared with the Good & Circular Steering Group. This has allowed us to improve business resilience through understanding best practice and broadening our market understanding.

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

As an identified principal risk, climate-change and the environment is formally assessed twice a year by the Risk and Resilience Committee and is then presented to the Executive Team as a whole. This approach supports both the Audit and Risk Committee and Group Board in assessing and reviewing climate change and environmental risk bi-annually. Our overall risk management framework and supporting processes can be found on pages 36 and 38.

The principal risks are considered by management in connection with the assessment of the viability of the business over the longer term, with these considerations informing the viability statement on page 55 of this Annual Report. Further details on the assessment of our climate-change and environment risk can be found on page 43.

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

The metrics we use as part of managing climate-related risks and opportunities are set out in the table on page 52. We have chosen these metrics because they relate directly to our material climate-related risks and opportunities, and because they are where we can make the biggest potential impact. In setting our emissions metrics and targets, we have ensured that they are in line with the 2015 Paris Agreement and aligned to a 1.5°C pathway, the UK's commitment in the Climate Change Act 2008 (2050 Target Amendment) Order 2019 and other relevant legislation and we continue to support the BRC's Climate Action Roadmap.

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

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

Our overall Scope 1 carbon emissions have reduced 31% compared to our FY19 baseline despite strong sales growth of more than 60% over the same period. Compared to baseline this was a further 6ppts reduction on FY25 despite sales growth of 3.1%.

In FY26, Scope 1 reductions were seen across multiple areas of fleet operations including a 10% year-on-year decrease in emissions from our owned fleet delivering to our stores. We intend to invest further in the years ahead by introducing more low emission vehicles into our home delivery fleet including more compressed natural gas (CNG), and exploring options to introduce hydrotreated vegetable oil (HVO) for our store deliveries.

We continue to purchase 100% renewable electricity and to install solar PVs across our sites where technically and commercially viable, which means that we typically report zero Scope 2 emissions using the market-based approach.

On a location-based basis, our FY26 Scope 2 emissions were 37% lower than in FY19, a further reduction of 15ppts compared to FY25.

On-site solar generation increased again year-on-year with the addition of three new installations and now covers 2.5% of the electricity requirement across all Dunelm sites.

We continue to use a hybrid of activity and spend-based calculation methodologies across Scope 3 overall and apply a continuous improvement approach to developing the accuracy and specificity of reporting methodologies.

For our most material category of purchased goods and services, prior to FY26, we reported entirely using a spend-based method as set out in the GHG Protocol Scope 3 Standard. Having significantly improved available product data and invested in capability to better assess the emissions impacts of our products, we have now moved to incorporating hybrid, materials-based product carbon footprints (PCFs) in our reporting for this Scope 3 category.

We have assessed over 30,000 products for materials-based hybrid PCFs across both legacy and current ranges and have incorporated these across our baseline year and reporting for current and prior years, meaning a significant proportion of product-level emissions are now represented using primary product data.

TCFD report continued

Improvements have also been made through FY26 to how we report our second most material Scope 3 area, the direct use of sold products. We have simplified our approach to usage assumptions to improve transparency and consistency and have improved our use of emissions factors to better represent the lifetime usage emissions.

A re-baseline and restatements were completed in line with our Base Year Emissions Recalculation & Prior Year Restatement Policy.

Following methodology improvements and baseline recalculation, FY26 Scope 3 emissions represent a 20% reduction in emissions intensity compared with FY19 despite significant business growth over the period. The results also show that we are now able to report a much lower, 32%, absolute increase in overall Scope 3 since FY19, down from a previously reported 66%.

Data, processes and controls over emissions accounting were again subject to internal audit over FY26 with an overall 'Satisfactory' outcome.

Through FY27 we will use enhanced product-level emissions data to continue refining our understanding of Scope 3 reduction pathways and potential reduction outcomes over the near and longer term.

Greenhouse gas emissions (tCO₂e)¹

	FY19	FY25	FY26
Scope 1 ²	12,585	9,428	8,694
Scope 2 ³ (location-based)	10,986	8,593	6,972
Scope 2 ³ (market-based)	10,986	162	–
Scope 3			
Purchased goods and services ⁴	577,323	864,206	848,065
Use of sold products (direct use phase only) ⁵	160,069	120,765	96,003
End-of-life treatment of sold products	26,873	53,463	59,956
Upstream transportation and distribution	24,090	34,255	29,981
Employee commuting	6,713	5,516	5,811
Capital goods	4,326	11,745	6,978
Fuel- and energy-related activities	2,811	5,298	5,302
Downstream transportation and distribution	490	3,899	3,534
Total Scope 3 within target boundary⁶	802,695	1,099,147	1,055,631

1. Reported emissions cover all operations within Dunelm Group plc and are aligned with operations covered by the consolidated financial statement for the Group.
2. Restated: Improvements in use of activity data for some areas of fleet previously using mileage, now using fuel consumption.
3. Restated: Improvements in granularity of data.
4. Restated: Now uses a combination of spend-based methodology and hybrid, materials-based product carbon footprinting.
5. Restated: Simplified data and methods related to usage assumptions and updated emissions factors to better represent lifetime usage.
6. Excludes indirect use of sold products, waste generated in operations and business travel (both previously measured but removed based on de minimis materiality), upstream leased assets, processing of sold products, downstream leased assets, franchises and investments (assessed and deemed as not relevant).

Streamlined energy and carbon reporting (energy by source)

	FY25 MWh	FY26 MWh
Purchase of energy (electricity)	44,725	45,011
Purchase of energy (stationary combustion)	4,649	3,381
Use of fuel for vehicles (mobile combustion)	34,827	34,515

FY26 reporting enhancements

Enhanced representation of product level emissions using primary data

30,000+

products assessed for hybrid materials-based PCFs

Enhanced Scope 3 methodologies

Introduced hybrid PCFs for purchased goods and services and refined direct use of sold products calculations

Improved consistency and comparability across reporting years

Completed full baseline recalculation for Scopes 1, 2 and 3

Strengthened reporting governance and controls

Emissions reporting, processes and controls subject to Internal Audit review with a satisfactory outcome

TCFD report continued

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

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

During FY26, we have taken the opportunity to review our strategy and will complete this review in FY27. Further to the work completed so far, the intention is to focus on key areas, including cotton sourcing and recycled polyester which together represent the largest contributors to our material carbon and water footprints.

Climate-related reporting maturity

In FY26 we continued to enhance not only our environmental performance metrics but also the governance, methodologies, controls and data that underpin them.

Enhancements include improved emissions methodologies, greater use of primary supplier and product-level data, strengthened governance and controls, enhanced supply chain traceability and continued review of scenario analysis assumptions.

Across a number of topic areas, we improved supply chain traceability, strengthened data collection processes, increased assurance over reported information and clarified ownership for delivery.

These developments support more robust reporting, improve our ability to identify and manage climate- and nature-related risks and opportunities, and strengthen strategic decision-making, capital allocation and long-term resilience.

Climate-related risk	Metric and target	Baseline	Progress
Carbon emissions	Reduce absolute Scope 1 carbon emissions by 50% against an FY19 baseline by FY30	12,585 tCO ₂ e in FY19	8,694 tCO ₂ e in FY26, 31% reduction versus FY19 baseline
	Reduce Scope 1 carbon emission intensity against FY19 baseline	11.3 tCO ₂ e/£1m Group revenue in FY19	58% reduction in FY26 to 4.8 tCO ₂ e/£1m Group revenue versus FY19 baseline
	Purchase 100% renewable electricity every year	n/a	We continue our commitment to purchase 100% renewable electricity
	Reduce absolute Scope 3 carbon emissions in our target boundary by 50% against an FY19 baseline by FY30	802,695 tCO ₂ e in FY19	1,055,631 tCO ₂ e in FY26, 32% increase versus FY19 baseline (20% reduction in emissions intensity)
	Reduce Scope 3 carbon emission intensity against FY19 baseline	722 tCO ₂ e/£1m Group revenue in FY19	20% reduction in FY26 to 578 tCO ₂ e/£1m Group revenue versus FY19 baseline
Responsible materials sourcing	90% of own brand polyester to be recycled by FY30	n/a	64% in FY26
	100% of own brand cotton to be More Responsibly sourced by FY30	n/a	78% in FY26
	Year-on-year improvement in the % of own brand timber with full FSC Chain of Custody	n/a	60% in FY26
Packaging	% which is rated as 'Green' under the Packaging Extended Producer Responsibility – Recyclability Assessment Methodology	n/a	78% in FY26
Circular economy	Easy to use take-back service in place for 50% of our own brand products	n/a	60% in FY26 (FY25: 61%)
Supply chain	85% of key Tier 1 suppliers submitting factory environmental data through Higg Facilities Environmental Management Platform (FEM)	n/a	88% in FY26 (FY25: 84%)

TCFD report continued

Carbon emissions

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

Polyester

Increasing recycled polyester content remains an important lever in reducing the carbon intensity of our product portfolio and supporting progress towards our Scope 3 emissions reduction ambitions. During FY26, we continued to improve visibility of recycled content across product ranges and strengthen engagement with suppliers to support delivery against our targets. As one of our most significant source materials, increasing recycled polyester use supports both emissions reduction and resilience by reducing reliance on fossil fuel-based feedstocks.

Nature – cotton

FY26 marked a significant step forward in both the traceability and governance of our cotton sourcing programme.

We completed 100% mapping of our cotton supply chain to fibre-source level and strengthened supply chain due diligence through independent isotope testing of selected product ranges. These activities not only improved supply chain transparency but also enhanced the quality and reliability of the data underpinning our responsible sourcing metrics.

The increased visibility provided by source-level mapping allows clearer ownership of sourcing decisions, more effective management of supplier performance and stronger controls over responsible sourcing claims. Together with ongoing improvements in responsibly sourced and recycled cotton volumes, this supports more robust monitoring of climate-, water- and nature-related impacts associated with cotton production.

We continue to introduce recycled cotton into our products, supporting carbon and water reduction, and reducing reliance on virgin cotton feedstocks, which enhances resilience against climate-related supply risks.

Nature – timber

During FY26, we continued to strengthen both the transparency and governance of our timber sourcing programme. A particular focus was placed on increasing full FSC and PEFC Chain of Custody certification across the supply chain, providing improved traceability of certified materials from source through to finished product.

Alongside preparations for EUDR compliance, we have enhanced the processes and controls used to assess sourcing risks and monitor supplier compliance. This has improved the quality of the information available to decision-makers and strengthened our ability to manage nature-related risks associated with forest-based commodities.

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

Packaging

During FY26, significant effort was focused on improving the completeness, consistency and governance of packaging data in support of pEPR compliance requirements. Enhancements to data collection processes have increased confidence in reported packaging metrics and improved visibility of packaging material composition across the product portfolio.

These improvements provide a stronger control environment for regulatory reporting and enable more targeted decision-making to reduce higher-impact packaging materials.

As data quality continues to improve, we expect packaging metrics to play an increasingly important role in monitoring performance and informing opportunities for future reduction and redesign initiatives.

This reflects our ambitions in sustainable packaging, our focus on cost mitigations, and our commitment to continuous improvement in line with evolving regulatory and environmental expectations.

Circular economy

We continue to maintain takeback services across more than 50% of our own-brand product range while embedding circular design principles into product development through training and capability building across our buying and design functions.

Supply chain

We continue to focus on collection of supplier data using the Higg Facilities Environmental Management (FEM) platform.

We have established a consistently high response rate over the last two years and intend to maintain and annually measure the percentage of key suppliers sharing their data.

As coverage and data quality have improved, our focus has increasingly shifted from data collection towards data utilisation.

Environmental performance data is now being used to support supplier engagement and decarbonisation planning, with three major suppliers developing decarbonisation plans informed by information gathered through our programmes. This evolution represents an important step towards more outcome-focused supplier engagement and stronger management of value-chain climate risks.

UK Listing Rule 6.6.6R(8) Compliance Statement

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

Non-financial and sustainability information statement

Winning hearts and homes, sustainably

This statement is prepared in accordance with sections 414CA and 414CB of the Companies Act 2006 and forms part of the Strategic report. It should be read alongside the relevant sections of this Annual Report, as set out in the table on the right. Together, these disclosures provide insight into how Dunelm manages key environmental and social matters, and the impact on our business and key stakeholders.

Further details on our approach, including policies, and a description of the outcome of such policies are provided throughout this report and on our website: corporate.dunelm.com.

Our business model, including our investment proposition, is set out on pages 8 to 11. Principal risks relating to people and culture, reputation and trust and climate change, including those arising from the supply chain are described on pages 40 to 43 together with how these risks are managed on page 36.

Non-financial key performance indicators used to monitor performance and progress against our strategic priorities are presented on page 34. Climate-related financial disclosures are set out in the TCFD report on pages 44 to 53. Additional information outside this report can also be found in the Sustainability Report 2026.

Statutory requirement	Summary of our approach	More information in this report	Additional information outside of this report
Environmental	The Group's Environmental policy and supporting standards set out our approach to managing environmental impacts, including climate change and resource use. We are committed to reducing the environmental impact of our operations and supply chain, supported by SBTi-validated emissions reduction targets. Climate-related risks, opportunities, governance and performance are reported in our TCFD disclosures. Progress is monitored through regular reviews of environmental metrics including emissions, waste, packaging and supplier reporting.	– CEO's review – page 16 – Principal risks and uncertainties – page 38 – TCFD report – page 44 – Stakeholder engagement and s.172 statement – page 64	– Environmental policy – Plastic and packaging policy – Responsible sourcing policies¹
Social matters	We seek to operate responsibly across our supply chain and communities. Through our Ethical code of conduct for suppliers and partners and risk-based ethical auditing programme, we monitor and promote compliance with our standards and work collaboratively with suppliers to drive continuous improvement. We also support local communities through charitable activity, partnerships and colleague initiatives. Progress is monitored through our ethical audit programme, supplier engagement and fundraising targets.	– CEO's review – page 16 – Principal risks and uncertainties – page 38 – Stakeholder engagement and s.172 statement – page 64	– Ethical code of conduct for suppliers and partners – Slavery and human trafficking statement 2026
Employees	We promote fair treatment and growth in a safe, inclusive environment where colleagues can thrive. We invest in colleague wellbeing, learning and development, particularly in leadership development and early careers. We continue to focus on increasing diversity within our business and achieving gender balance at all levels. Progress is monitored through colleague engagement surveys, retention, internal hires, diversity and inclusion metrics, and health and safety performance.	– CEO's review – page 16 – Principal risks and uncertainties – page 38 – Stakeholder engagement and s.172 statement – page 64 – Culture and values – page 69 – Nomination Committee report – page 76 – Remuneration Committee report – page 90	– Health and safety policy – Equality and diversity policy – Code of conduct – Whistleblowing policy – Data protection policy – Wellbeing policies²
Human rights and anti-corruption and anti-bribery matters	We are committed to conducting business ethically and with integrity. Through our policies, training, supplier due diligence processes and whistleblowing arrangements, we seek to prevent human rights abuses, slavery, corruption and bribery in our operations and supply chains. We monitor compliance through training pass rates, whistleblowing reports and supply chain due diligence activities.	– Principal risks and uncertainties – page 38 – Stakeholder engagement and s.172 statement – page 64	– Slavery and human trafficking statement 2026 – Ethical code of conduct for suppliers and partners – Whistleblowing policy – Anti-corruption and anti-bribery policy

1. Includes responsible cotton, timber, animal welfare and palm oil sourcing policies.

2. We provide a range of policies and resources to support colleagues' financial, physical and emotional wellbeing, all of which are accessible via the Company intranet.

Going concern and viability statement

At the time of approving the financial statements, the Board of Directors is required to formally assess that the business has adequate resources to continue for at least 12 months and can therefore continue to adopt the going concern basis of accounting. The Board is also required to state that it has a reasonable expectation that the Group will continue in operation and meet its longer-term liabilities as they fall due (the 'Viability Statement'). To support these statements, the Board has considered the Group's current financial position, its strategy, the market outlook and its principal risks.

The Board reviews viability over a three-year period. This review also informs the Board's evaluation of whether the Group has adequate resources to continue operating for at least 12 months from the date of signing the Consolidated Financial Statements and therefore whether it is appropriate to adopt the going concern basis in preparing the financial statements. The base case model is anchored to the Group's strategic plans, which cover the three-year assessment period, and is supported by consideration of longer-term assumptions beyond the formal planning horizon.

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

Modelling potential downside scenarios

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

The 'downside' scenario assumes a lower rate of sales growth than reflected in the Group's strategic plans, extending the more subdued trading momentum experienced in recent years. Lower sales growth is assumed throughout the assessment period, together with a higher cost-to-sales ratio than planned. The scenario assumes no mitigating management actions and the continuation of dividend payments in line with the Group's current dividend policy. Under this scenario, the Group would not breach any financial covenants and would retain sufficient liquidity to meet its obligations as they fall due.

The 'severe but plausible' downside scenario assumes a more pronounced deterioration in overall UK consumer demand, resulting in a sustained period of weaker trading conditions. This leads to lower sales growth and a more significant increase in the cost-to-sales ratio throughout the assessment period. Consistent with the downside scenario, the Directors have assumed no mitigating management actions and the continuation of dividend payments in line with the Group's current dividend policy. Even under this severe but plausible scenario, the Group would not breach any financial covenants and would retain sufficient liquidity to meet its obligations as they fall due.

The Directors continue to assess the risks that climate change poses to the business via modelling and disclosures in line with the Task Force on Climate-related Financial Disclosures. The Group will actively manage and mitigate these risks as required within its existing enterprise risk management processes. 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.

Stress testing

To provide additional assurance around the Group's viability, two reverse stress tests have been modelled. In both reverse stress tests it is assumed that variable costs reduce in line with sales, £20m per annum of fixed costs would be saved, there would be a reduction in capital investment lowering uncommitted expenditure, and the payment of dividends would be suspended. In the first reverse stress test, the sales decline required to breach either of the current covenants within the Group's Revolving Credit Facility (RCF) has been modelled. A sales reduction of 26% in both FY27 and FY28 from the base case would be required for covenants to be breached by the end of FY28. In the second reverse stress test scenario, the level of sales reduction required to breach the RCF limit of £250m has been modelled. This would require a reduction in sales of 39% in both FY27 and FY28 from the base case to effectively run out of funding by the end of FY28, assuming reasonable mitigating actions have been implemented.

Lastly, the Directors have reviewed the potential impact of material disruption to trading in the Group's digital channels (including home delivery, tablet-based sales in store, and Click & Collect sales) in FY27, reflecting the ongoing cyber security risks faced by retailers. The Directors are satisfied that the Group maintains appropriate access to short-term liquidity in the event of such a circumstance.

Financing

The Group's banking agreements and associated covenants are set out in the CFO's review and include a £250m RCF (maturing in September 2029), an accordion option with a maximum facility of £100m and a £10m uncommitted overdraft.

The Group ended the financial year with net debt of £95m. The financial covenants are tested in line with interim and year-end reporting requirements and continue to be met with significant headroom.

In all downside scenarios, the Group continues to forecast compliance with all financial covenants throughout the going concern and viability periods. In all downside scenarios, the Group has sufficient liquidity to continue trading, including maintaining the payment of dividends in line with its dividend policy, whilst comfortably meeting its financial covenant requirements.

The reverse stress modelling has demonstrated that a significant, prolonged sales reduction of 26% in both FY27 and FY28 is required to breach covenants by the end of FY28 and a 39% sales reduction in each year is required to breach the RCF limit by the end of FY28, assuming reasonable mitigating actions have been implemented. Such actions could include reductions in discretionary spend (e.g. marketing and travel), headcount and capital investment in new stores and refits.

The Board believes that the Group is well placed to manage its financing and other significant risks satisfactorily and that the Group will be able to operate within the level of its facilities and meet its liabilities as they fall due for at least 12 months. For this reason, the Board considers it appropriate for the Group to adopt the going concern basis in preparing its financial statements.

Strategic report

This report was reviewed and signed on behalf of the Board on 8 September 2026.

Clodagh Moriarty

Chief Executive Officer
8 September 2026

Governance report

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Chair's introduction to corporate governance

Governance for Winning Hearts & Homes

On behalf of the Board I am pleased to present our Governance report for the year ended 27 June 2026.



Alison Brittain
Chair

In a year of transition for Dunelm, the Board played an important role in navigating the business towards its next phase of growth. Alongside a solid performance in a challenging environment, we welcomed a new Chief Executive and spent significant time considering how we can build on our strengths and capture the opportunities ahead.

We were delighted to welcome Clo Moriarty as Chief Executive Officer on 1 October 2025. She embarked on a detailed induction programme and spent considerable time engaging with our key stakeholders, immersing herself in the business and developing a clear view of the strategic priorities. The Board was committed to ensuring a smooth leadership transition while providing support as Clo and her team developed their plans for the future.

The development of our new Winning Hearts & Homes strategy was one of the most significant areas of focus for the Board during the year. As a Board, our role is to support and challenge management in equal measure; we spent considerable time exploring the opportunities available to Dunelm and how we can strengthen our position as the UK's market leader in homewares whilst continuing to create value for all our stakeholders over the long term.

The Board is excited by both the ambition of the strategy and the clear plans that sit behind it. At the same time, we have challenged and tested the thinking carefully, ensuring that our strategy will be supported by the right capabilities, investment and governance to enable successful delivery.

The strategy is important not simply because of its growth aspirations, but because it builds on what has always made Dunelm distinctive: a deep understanding of and commitment to our customers, a values-led culture and a long-term approach to value creation. We believe these qualities provide a strong platform for the Company's next phase of growth.

As the business evolves and our ambitions grow, the Board is committed to ensuring that Dunelm remains well governed, makes thoughtful decisions considering the views of our stakeholders and continues to balance opportunity with discipline.

Our Committees continue to play an important role in supporting the Board. During the year, they provided oversight and challenge across a broad range of matters, including succession planning, remuneration, risk management, internal controls and regulatory readiness. Further details of their work can be found throughout this Governance report.

We also completed an internal evaluation of the Board and its Committees following last year's externally facilitated review. The evaluation confirmed that the Board and each of its Committees continue to operate effectively and support the long-term success of the Company.

As we look ahead, the Board is confident that Dunelm is well placed to deliver on its ambitions. We have a clear strategy, a strong leadership team and a business built on solid foundations. Our focus will be on supporting the successful delivery of our Winning Hearts & Homes strategy while continuing to uphold the high standards of governance that are essential to creating sustainable long-term value.

“

The Board is committed to ensuring that Dunelm remains well-governed and makes thoughtful decisions, considering the views of our stakeholders.

On behalf of the Board, I would like to thank all our colleagues for their continued hard work, commitment and contribution during the year. Their energy, dedication and focus on customers are what make Dunelm such a special business. I would also like to thank my fellow Directors for their insight, support and constructive challenge throughout a year of significant change and progress.

This year's AGM will take place on 10 November 2026. In accordance with the UK Corporate Governance Code, all Directors will stand for re-election and I look forward to engaging with shareholders at the meeting.

Alison Brittain
Chair
8 September 2026

Directors and officers



Alison Brittain 
Chair

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

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

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

Other commitments: Chair of English football's Premier League. Senior Independent Director at Experian plc. NED of British Airways plc. Chair of the King's Trust Group of Charities.



Sir Will Adderley 
Deputy Chair

Non-independent
Appointed: April 2003

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

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

Other commitments: Owner of Greenhill Holdings Limited and Trustee of Stoneygate Trust.



Clodagh ('Clo') Moriarty
Chief Executive Officer

Non-independent
Appointed: October 2025

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

Previous roles: Clo was the Chief Retail and Technology Officer at J Sainsbury plc from 2023 to 2025, prior to which she was the Chief Retail and Digital Director (2020–2023) and Chief Digital Officer (2018–2020). She also represented Sainsbury's on the Board of Sainsbury's Bank (2020–2023). Her earlier career, prior to joining Sainsbury's, was spent at Bain & Company (2001–2010). Clo was a NED of Director of Taylor Wimpey plc (2022–2026) where she also sat on the Nomination and Governance Committee and Remuneration Committee.

Other commitments: None.



Karen Witts
Chief Financial Officer

Non-independent
Appointed: June 2022

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

Past experience: Karen was Chief Financial Officer of Compass Group plc from 2019 to 2021 and CFO of Kingfisher Group plc from 2012 to 2019. Before that, she held various senior finance, strategic and operational roles with Vodafone Group plc (2010–2012), and at BT Group plc (1999–2010). Karen qualified as a Chartered Accountant with Ernst & Whinney. Karen was a NED and Audit Committee Chair of Ipsen Pharma SA from 2022 to 2026.

Other commitments: None.



Ian Bull 
Senior Independent
Non-Executive Director

Independent
Appointed: July 2019

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

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

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

Directors and officers continued



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

Independent
Appointed: March 2024

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

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

Other commitments: Adviser at KKR, advisory panel member at Piper Private Equity, NED of Zooplus, NED of Rohlík Group, NED of Breadfast, mentor to CEOs of high growth US/EU digital businesses and Vice Chair of In Kind Direct.



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

Independent
Appointed: May 2025

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

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

Other commitments: Chief Commercial Officer at McCarthy & Stone.



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

Non-Independent
Appointed: July 2004

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

Previous roles: Marion was Dunelm's SID and Chair of the Remuneration Committee from 2006 to 2015 and was Chair of the Nomination Committee until 2016. She had an executive career in the City in investment banking at Flemings, Chase and JP Morgan, prior to which Marion worked in corporate finance, as an investment analyst and in industry. Her previous NED roles include WHSmith plc and Keywords Studios plc.

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



Vijay Talwar (N A R I)
Non-Executive Director

Independent
Appointed: October 2021

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

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

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



Dan Taylor (N A R I)
Non-Executive Director

Independent
Appointed: March 2024

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

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

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

Key

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

- (I) Independent Director
- (D) Designated NED for colleague matters

Changes to the Board during FY26:

Nick Wilkinson stepped down from the Board on 30 September 2025.

Clo Moriarty joined the Board on 1 October 2025.

Board composition

Strong foundations for effective governance

Board overview as at 27 June 2026

Independence*

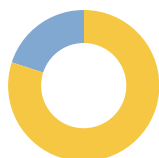
- Non-independent 44%
- Independent 56%



* Number excludes the Chair who was independent on appointment.

Ethnicity

- White 80%
- Asian 20%



Length of tenure

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



Age range

- 40–49 20%
- 50–59 40%
- 60+ 40%

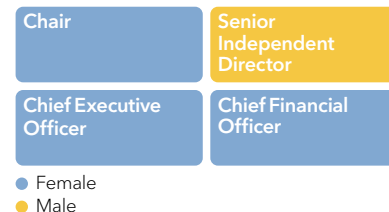


Gender

- Male 50%
- Female 50%



Senior Board positions



FY26 Board and Committee attendance

The table below sets out Board and Committee meeting attendance during the year to 27 June 2026. The number of meetings attended is shown next to the maximum number of meetings that each Director was entitled to attend.

Director	Committee memberships	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Executive Directors					
Clo Moriarty ¹	n/a	7/7	n/a	n/a	n/a
Karen Witts	n/a	9/9	n/a	n/a	n/a
Will Adderley	N	9/9	n/a	n/a	3/3
Nick Wilkinson ²	n/a	2/2	n/a	n/a	n/a
Non-Executive Directors					
Alison Brittain	N R	9/9	n/a	3/3	3/3
Ian Bull	N A R	9/9	4/4	3/3	3/3
Ajay Kavan	N A R	9/9	4/4	3/3	3/3
Katharine Poulter	N A R	9/9	4/4	3/3	3/3
Marion Sears	N	9/9	n/a	n/a	3/3
Vijay Talwar	N A R	9/9	4/4	3/3	3/3
Dan Taylor	N A R	9/9	4/4	3/3	3/3

- Clo Moriarty joined the Board on 1 October 2025.
- Nick Wilkinson stepped down from the Board on 30 September 2025.



Board activities

Governance in action

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



The Board discharges its responsibilities through an annual programme of Board and Committee meetings, with additional ad hoc meetings as required to meet business needs. These are supplemented by visits to stores and other sites. The infographic opposite provides a high-level summary of how the Board allocated its time during FY26.

Agendas are determined in advance to ensure that meetings are well planned, with time appropriately allocated to each item. Papers are circulated ahead of meetings to help Directors prepare and ensure meetings are focused and efficient.

At each Board meeting, the CEO reports on strategic progress and operational performance (including customers, colleagues, security and health and safety). The CFO reports on financial performance. The Board also receives regular horizon-scanning updates on emerging governance, regulatory and reporting developments.

A rolling annual agenda that covers other strategic, operational, sustainability, risk and governance matters is reviewed and refreshed during the year as necessary to ensure that the Board continues to focus on areas of priority, whilst also continuing to meet regulatory requirements.

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

How the Board spent its time

Meetings

Board

9

Audit and Risk Committee

4

Remuneration Committee

3+3

Three additional scheduled meetings to accommodate Remuneration Policy review. All Committee members attended all meetings.

At different sites

4

Nomination Committee

3

Time spent in meetings

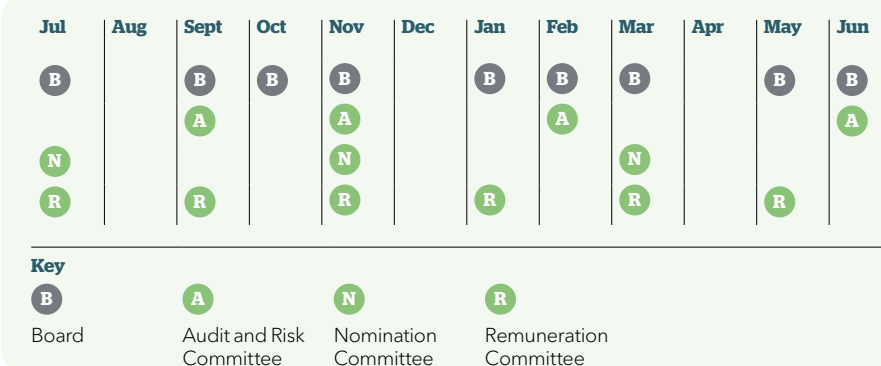


● **Strategy** **51%**

- **Performance** **26%**

● **Governance** **23%**

Timeline of meetings held during the year



Board activities continued

Key Board activities and decisions in FY26

Throughout the year, the Board provided oversight and challenge across a broad range of strategic, operational and financial matters. In doing so, the Board considered the views and interests of our stakeholders and the potential long-term impact of its decisions, helping to support the sustainable success of the business. Key Board activities and decisions during the year are set out below.

Key



Customers



Colleagues



Communities



Suppliers



Shareholders

Theme	What the Board considered	Key focus areas and decisions	Stakeholders considered
Strategy and longer-term value	- Strategic priorities and long-term ambitions - Evolution of customer proposition - Opportunities for sustainable growth across stores, digital and omnichannel - Customer insights, behaviours and market trends - Innovation and technology developments	In July 2025, the Board approved the appointment of Clo Moriarty as CEO. It subsequently devoted significant time to reviewing and shaping the Group's strategic direction, considering how the business can continue to create value for all its stakeholders over the long term. Discussions focused on strategic priorities and investment opportunities, underpinned by a detailed discussion on customer insights and behaviours, market trends and the competitor landscape and resulting in approval of the corporate strategy – for more detail, see page 63.	    
Operational performance	- Trading performance and outlook - Product, proposition and customer experience - Operational delivery and supply chain performance - Progress against FY26 plans - Key operational risks and opportunities	The Board regularly reviewed the Company's operational performance, discussing trading updates, customer trends and performance by channel and by category. Through these discussions and considering performance against KPIs, the Board monitored how effectively the business was executing its plans, delivering for customers and responding to changing market conditions. The Board reviewed progress against delivery of in-year strategic initiatives, which included enhancements to our digital channel, delivering new customer experiences through the launch of our App and opening our new superstore in Kingston.	  
Financial performance	- Financial performance against plans - Profitability and margin performance - Cash flow and liquidity - Capital allocation, dividend policy and shareholder returns	The Board closely monitored the Company's financial performance, reviewing revenue, profitability, cash generation and performance against budget and forecasts. The Board also considered the Company's financial resilience, capital allocation priorities and investment plans to support sustainable long-term growth. The Board approved the interim and final dividends payable to shareholders.	  
Risk, governance and compliance	- Principal and emerging risks, risk appetite and risk management framework - Regulatory requirements and developments - Internal controls and assurance activities - Business continuity and resilience - Governance structures and Board effectiveness - Shareholder communications	The Board maintained oversight of the Group's principal and emerging risks, governance arrangements and compliance obligations. Through regular reviews of the risk profile, internal controls framework and regulatory developments, the Board assessed the Company's resilience and its ability to operate effectively within an evolving external environment. The Board also reviewed and approved the Group's principal corporate reports and shareholder communications, including the Annual Report and Accounts, trading updates and other market announcements, to ensure they provided a fair, balanced and understandable assessment of the Company's performance, position and prospects.	   
Sustainability	- Progress against Good & Circular commitments - Sustainability reporting and disclosures - Colleague wellbeing and inclusion - Responsible sourcing - Health and safety and security matters	The Board maintained oversight of the Group's sustainability priorities throughout the year. This included reviewing progress against the Group's Good & Circular pillars, monitoring developments in sustainability reporting and disclosure requirements, and assessing the Group's readiness for an evolving regulatory landscape. The Board also approved the Slavery and Human Trafficking Statement, reviewed health and safety performance and considered security trends, supporting the Group's commitment to responsible business practices and the wellbeing of colleagues and customers.	    
People, culture and workforce	- Development of organisational capabilities to support growth - Colleague engagement - Workforce trends - Evolution of our culture	The Board maintained oversight of the Group's people and culture agenda, reviewing colleague engagement survey results, National Colleague Voice feedback and the actions being taken in response. Alongside this year's strategy review, the Board spent significant time discussing organisational capability. It also monitored progress on diversity and inclusion initiatives and considered the continued evolution of the Group's culture, helping to support an inclusive, engaged and high-performing workforce.	  

Board activities continued

Building sustainable growth

The Board's strategy meeting in May 2026 marked an important milestone following a comprehensive business review led by Clo Moriarty and the Executive Team to identify the opportunities to support the Group's next phase of growth.

The meeting provided the Board with the opportunity to consider the outcome of this work and the renewed long-term ambition that emerged from it. During the session, the Executive Team presented a new customer-led growth strategy focused on winning the hearts and homes of our customers through three growth engines: (i) become *the* homewares specialist, (ii) deliver seamless omnichannel experiences, and (iii) transform our capabilities.

The Board welcomed the long-term ambition of the strategy and the clarity of the plans underpinning it. Detailed multi-year initiatives were presented across key growth priorities, spanning the customer proposition, category elevation, digital, stores and omnichannel development, processes and productivity. The Board recognised the fresh thinking reflected in the plans and the opportunity they present to support sustainable growth.

Constructive challenge and discussion focused on how best to realise this ambition, including the balance between growth opportunities and risk, the sequencing of strategic initiatives, and the investment (and returns) required to support delivery. The Board considered how investment decisions could remain disciplined and aligned to create a stronger, more productive and more valuable Dunelm over time.

The Board also discussed the critical role of technology, data and capability building in enabling future success, recognising that

continued investment in these areas will support more seamless and compelling customer experiences and improved operational effectiveness. The importance of maintaining engagement with key stakeholders remained central to these discussions, reflecting the Board's commitment to taking their views into account when shaping the future direction of the business.

The meeting included a dedicated session on culture, recognising that this had been a consistent theme throughout the presentations and remains an important part of what makes Dunelm special. The Board discussed the cultural shifts required to deliver the renewed strategy, alongside the importance of protecting the strengths that have underpinned Dunelm's success to date. It provided support for proposed initiatives to further develop a high-performance, customer-oriented culture, noting that this work will be underpinned by new processes and ways of working, which in turn will assist the Board in monitoring how the evolved culture is embedded as the strategy is delivered.

The review concluded with clear agreement on the overall ambition and shape of the plans, alongside a programme of follow-up work providing a route to final approval. There were proposals for future updates and deepdives to enable the Board to monitor progress, provide ongoing challenge and support, and ensure continued focus on delivery of the Group's long-term vision. The final version of the plans was approved by the Board in September 2026.

“

The Board welcomed the long-term ambition of the strategy and the clarity of the plans underpinning it.



Stakeholder engagement and section 172

Stakeholder perspectives informing Board decisions

The Board recognises that long-term success depends on understanding the interests and perspectives of our stakeholders. By considering stakeholder views alongside strategic, financial and operational factors, the Board is better equipped to make informed decisions that support the sustainable long-term success of the Company.

Key stakeholders

Our key stakeholders are those who are most significantly affected by our decisions, and whose interests and actions can influence the evolution and delivery of our strategy. Responsibility for day-to-day stakeholder engagement rests with management, whilst the Board receives regular insight into stakeholder priorities, concerns and expectations through a combination of direct engagement and reporting from across the business.

In carrying out their duties under section 172(1) of the Companies Act 2006, Directors consider the likely long-term consequences of decisions, the interests of our stakeholders, the importance of maintaining high standards of business conduct and the impact of decisions on the Company's reputation and wider environment.

Stakeholder considerations form an integral part of Board discussions throughout the year and are embedded within our governance and decision-making processes.

The Board recognises that the interests of stakeholders are not always fully aligned. Effective decision-making therefore requires careful judgement, balancing a range of perspectives whilst remaining focused on the Company's purpose, values, strategic priorities and long-term success. Whilst not every decision will result in a positive outcome for every stakeholder group, the Board seeks to ensure that decisions are fair, consistent and made in the best interests of the Group.

The Board's activities and decisions during FY26, as described in the preceding pages, were informed by regular engagement with, and insight into, the views of our key stakeholders. The following pages explain how stakeholder perspectives are brought into the boardroom, how the Board engages with key stakeholder groups and how this insight supports Directors in fulfilling their duties under section 172(1).

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

s.172(1) factor	Where to find more information	Page
(a) likely consequences of any decisions in the long term	– Chair's statement	4
	– Our business model	8
	– CEO's review	16
	– Board activities	61
(b) interests of the company's employees	– Non-financial and sustainability information	54
	– Board activities	61
	– Remuneration Committee report	90
(c) need to foster the company's business relationships with suppliers, customers and others	– Our business model	8
	– CEO's review	16
(d) impact of the company's operations on the community and environment	– CEO's review	16
	– TCFD report	44
	– Non-financial and sustainability information	54
	– Board activities	61
(e) desirability of the company maintaining a reputation for high standards of business conduct	– Our approach to risk management	36
	– TCFD report	44
	– Non-financial and sustainability information	54
	– Board activities	61
(f) need to act fairly as between members of the company	– Our business model	8
	– Directors' report	119



Stakeholder engagement and section 172 continued



Customers

What they care about

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

Board insight and engagement

- Receives customer insights and updates from the CEO at each Board meeting.
- Monitors customer KPIs, including customer satisfaction scores.
- Conducts store visits and reviews the online customer experience.
- Receives updates on safety and security, product quality, ethical sourcing, sustainability and data protection.
- Considers market trends, competitor activity and changing customer expectations.

How this informed Board decisions

Customer insights informed Board discussions on the continued evolution of our customer proposition, most notably the new corporate strategy, but also initiatives such as the launch of the App and our new superstore format in Kingston. Refreshed monthly customer scorecards and performance trackers provided the Board with enhanced visibility of customer behaviours and key customer metrics, enabling it to challenge management on our ability to respond in the short, medium and longer term to customer needs and how customer understanding is embedded across the business. Using these insights the Board also supported investment in technology and data capabilities to support further customer growth.

Key Metrics

- Revenue*
- Market share
- CSAT*
- Safety data

* Group KPIs.

More information

- **Market overview**
page 12
- **CEO's review**
page 16
- **Customer offer and product, reputation and trust principal risks**
page 38

Customer

satisfaction

2.4ppts

increase in CSAT in FY26¹

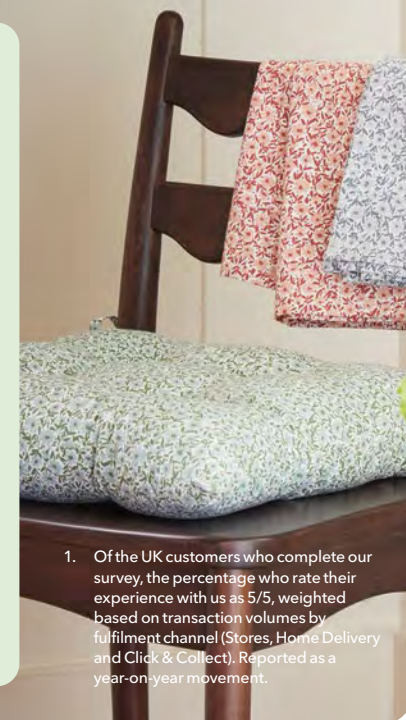
Chief Customer Officer

The appointment of Laura Harricks as our Chief Customer Officer reflected the Board's commitment to accelerating our digital and omni-channel ambitions and embedding a customer obsessed mindset across the business. Laura has a strong background in e-commerce, marketing, and strategy and brings particular expertise in developing customer journeys that drive growth.

Customer satisfaction score (CSAT)

We measure customer outcomes through CSAT. In FY26 this was introduced as a bonus measure due to the importance of understanding how customers rate their overall experience with us. It applies to all UK colleagues eligible to receive a bonus, enabling it to be discussed in the business on an ongoing basis and supporting a renewed focus on our customer proposition. It remains a bonus measure for FY27. See our Remuneration Committee report on page 90 for more detail.

1. Of the UK customers who complete our survey, the percentage who rate their experience with us as 5/5, weighted based on transaction volumes by fulfilment channel (Stores, Home Delivery and Click & Collect). Reported as a year-on-year movement.



Stakeholder engagement and section 172 continued



Colleagues

What they care about

- Fair pay and reward
- Opportunities for progression and development
- A safe, inclusive and diverse workplace
- Personal data protection
- Opportunities to be listened to and make a difference
- Being part of a responsible business

Board insight and engagement

- Visits stores and other sites.
- Designated NED for colleague matters, other NEDs and CEO attend National Colleague Voice (NCV) meetings and report key themes to the Board.
- Receives regular updates on people matters.
- Receives overview of whistleblowing reports.
- Considers key outcomes and actions arising from colleague engagement surveys.
- Reviews colleague dashboard and metrics including gender pay gap reporting.

How this informed Board decisions

Colleague engagement survey outcomes, workforce metrics and feedback from NCV representatives helped the Board assess the effectiveness of the Group's culture and the extent to which its values are embedded across the business. These insights informed discussions on leadership capability, colleague development, diversity and inclusion initiatives, how we communicate with our colleagues and actions to strengthen opportunities for colleague feedback and engagement. The Board also considered how colleagues are supported through periods of business transformation and change. The safety and security of our colleagues remains of paramount importance to our Board and is discussed at every meeting.

Key metrics

- eNPS*
- Retention
- Whistleblowing reports
- Safety and security data, including RIDDOR incidents
- Gender and ethnicity representation

* Group KPI.

More information

- **People and culture risk**
page 41
- **Our culture and values**
page 69
- **Nomination Committee report**
page 76
- **Sustainability Report 2026**

**National Colleague Voice**

Our colleague representative body, NCV, has been operating for seven years. Members have a range of ages, ethnicities, genders, locations, tenures and levels of seniority across Dunelm, and provide representation to cover all parts of the business.

During FY26, we held five meetings, led by senior leaders from the People team. Marion Sears, our designated Non-Executive Director (NED) for colleague matters, attended each meeting, alongside our CEO, with other NEDs joining throughout the year.

Each meeting comprises three parts: a business performance update, a 'What's on your mind?' session for members to raise concerns, and a 'Big Topic' focused on gathering feedback on key business initiatives. In FY26, these topics included cyber security, store safety, customer obsession and strategy/business change.

Representatives are encouraged to seek views from colleagues in advance of meetings and act as advocates for their areas. Following each meeting, they share updates with colleagues, and the feedback and concerns raised are presented to the Board.

During FY26, colleague feedback informed actions to improve colleague safety in stores, and influenced our approach to communicating changes to the hybrid working policy. Representatives also provided input on engaging colleagues with updates to our strategy. The NCV remains a valuable forum for colleagues to engage with the business, raise concerns and see action taken as a result, while also enabling the business to test ideas and understand how key messages are received and understood across the organisation.

The NCV also continues to play an important part of the dialogue on colleague pay and reward, as detailed further on page 109.



Stakeholder engagement and section 172 continued



Communities

What they care about

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

Board insight and engagement

- Receives updates on fundraising activities.
- Visit stores and other sites.
- Receives updates on initiatives under our 'Communities' pillar as part of 'Good & Circular' sustainability updates.
- Reviews local news and events (internal and external) impacting the communities in which we operate.

**How this informed Board decisions**

Community updates informed Board discussions on how the Group delivers positive social impact through charitable partnerships, community projects and circular economy programmes. The Board received updates on initiatives such as our Delivering Joy campaign, our Age UK partnership and take-back schemes, helping it assess how we contribute to the local communities that we serve and strengthen our reputation as a responsible business. These updates also added to the Board's understanding of the role of our stores in their communities and what matters to our customers and colleagues on a more localised basis.

Key Metrics

- Fundraising and charity contributions
- Facebook community group followers
- Take-back scheme uptake
- Community engagement in new store openings

More information
 [Sustainability Report 2026](#)



Suppliers

What they care about

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

Board insight and engagement

- Receives updates on ethical trading, product quality, responsible sourcing, supplier payment terms and whistleblowing reports.
- Receives updates on progress against sustainability metrics and Scope 3 progress.

1,500+
**stock and non-stock
suppliers**

How this informed Board decisions

Risk and Resilience Committee updates informed discussions on risks and mitigations within our supply chain. 'Good & Circular' updates informed discussions on sustainability initiatives and metrics. These contributed to wider strategic discussions, as well as more specific matters, such as the Board's approval of the Slavery and Human Trafficking Statement and the review of its risk appetite. The Board considered the ongoing need to balance stakeholder expectations, ongoing regulatory developments and the practical challenges faced within our supply chain.

Key Metrics

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

More information

-  [Supply chain resilience and product reputation and trust principal risks page 40 and 42](#)
-  [Slavery and Human Trafficking Statement](#)
-  [Sustainability Report 2026](#)



Stakeholder engagement and section 172 continued

★ Shareholders

What they care about

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

Board insight and engagement

- Chair seeks engagement with shareholders as appropriate.
- Consults with shareholders as appropriate.
- Attends results presentations and the AGM.
- Reviews AGM voting, shareholder comments and proxy reports.
- Reviews investor roadshow and conference feedback.



How this informed Board decisions

Feedback from investors and analysts informed Board discussions on strategy, performance, governance and capital allocation. These insights were also considered when making decisions on shareholder returns, including approval of dividends. AGM voting outcomes provided valuable feedback on shareholder priorities and reinforced support for the Board's approach. The Board also considered feedback from consulting with major shareholders and proxy advisers and meetings held by the Chair and Remuneration Committee Chair in finalising the new remuneration policy.

Key Metrics

- Total shareholder returns (TSR)
- Share price movements
- Revenue*
- Profit before tax*
- AGM voting outcomes

* Group KPIs.

More information

- **Investment proposition**
page 10
- **Principal risks and uncertainties**
page 38
- **Remuneration Committee report**
page 90
- **Sustainability Report 2026**

Other stakeholders

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

Other stakeholders with whom we engage include:

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

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



Our culture and values

Why is culture important to the Board?

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

Dunelm has an open and straightforward culture, with a focus on doing the right thing. This reflects the values instilled by the Adderley family, who founded our business 47 years ago and are still our major shareholders.

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

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

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

Our Values



Stronger together



Long-term thinking



Keep listening & learning



Act like owners



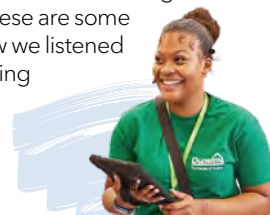
We believe that our shared values are an essential contributor towards driving the right behaviours and maintaining a positive culture of mutual respect, trust, transparency and constructive challenge.

Clo Moriarty

Chief Executive Officer

Listening and learning

Listening and learning is one of our shared values. We seek feedback from our key stakeholders through a range of formal and informal channels and use the insights gained to inform decision-making across the business. These are some examples of how we listened and learned during the year:



Customers

- Trends in shopping behaviours and customer insight informed the development of the Dunelm App.
- Feedback from customers on in-store experience supported the development of our new superstore format in Kingston.
- Evolving customer preferences led to introduction of new ways to pay.



Communities

- Continued to receive positive feedback from customers on our Delivering Joy campaign, which donated more than c.200,000 gifts to local causes in FY26.
- Understanding demand from customers for our takeback schemes continued to inform our offer.
- Community engagement during FY26 helped us reach our £2m target for Age UK, our national charity partner.



Suppliers

- Meetings with our key suppliers ensured ongoing two-way dialogue on expectations, opportunities and challenges and informed strategy and sustainability discussions at Board and management levels.
- Learnings from reports made via our whistleblowing process informed our spot check and sourcing strategy.
- 99% of invoices paid on time.



Colleagues

- Feedback from colleagues contributed to a review of store security measures and working patterns over peak.
- Colleagues seeking new ways to engage led to the ‘Connect with Clo’ forum, a further route to share views and ideas.
- Our programme for non-store colleagues to work in stores enabled knowledge-sharing and deepened understanding of in-store challenges and opportunities.



Shareholders

- Held 77 meetings with shareholders during the year which provided valuable insight into investor priorities, including through a number of site visits.
- Shareholder consultation on the new Remuneration Policy informed the changes being proposed.
- Engagement on remuneration, sustainability and other matters reflected in strong support at the FY25 AGM.

Our culture and values continued

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

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

We are committed to creating an environment where colleagues can thrive, learn and belong. Our 'People Plan' is central to this, and we are proud to invest in programmes that support growth, celebrate contributions, and demonstrate that we keep listening and learning – one of our shared values. Initiatives such as 'Back to the Floor' (connecting support functions with store colleagues, resulting in greater understanding and feedback that informs decision-making) and our mentoring and reverse mentoring programmes demonstrate how two-way communication makes us stronger and keeps our culture authentic and inclusive.

Our shared values are also reflected in our policies, which are an important expression of how we look after our colleagues, expected colleague behaviours and how colleagues should expect to be treated by others. During the year we conducted a review of our policy library, with a particular focus on streamlining our approach and ensuring clarity, relevance and accessibility to ensure compliance and further foster a positive and productive workplace culture. The Executive Team receives regular updates on mandatory training completion rates and this is discussed at the Risk and Resilience Committee as necessary.

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

Leadership also plays a key role in setting the tone. The presence and input from the Board and the Executive Team, especially during in-person presentations, Q&A sessions and huddles, has been repeatedly highlighted as a source of building a stronger understanding of how colleagues feel connected.

Our annual leadership event, end of year events and other moments of recognition over the course of the year enable colleagues to feel closer to our purpose, values and strategic plans.

Diverse perspectives strengthen decision-making, encourage innovation and help us better serve our customers and communities. We continue to focus on improving diversity and representation across all levels of the business with targeted initiatives and programmes, such as our 'Reach' leadership development programme for colleagues from underrepresented ethnic groups.

When we recruit, we look for individuals who will strengthen our culture – bringing fresh perspective, new skills, diversity of thought, and alignment with our values, as well as curiosity and a desire to learn, collaborate and contribute.

For further information on our diversity targets and progress during the year see page 81

Our culture also has a wider impact. It influences how we work and engage with our suppliers and other stakeholders and therefore plays an important role at every level of the business from Board decision-making to our day-to-day operation interactions.

Culture in action Strategy, culture and capability

It was evident at the FY26 Board strategy review (details of which can be found on page 63) that culture remains an important part of what makes Dunelm special, with it being mentioned throughout the day's presentations. In addition, the Board took the time to reflect in detail how the Company's purpose, values and culture support strategic delivery and discussed the capabilities that will be required across the business as it continues to grow.

The discussion was informed by wider work that had been undertaken by the Nomination Committee on talent, succession and organisational capability. This included consideration of leadership development and behaviours, future skills requirements and the extent to which the Company's culture supports colleague growth, inclusion and long-term career progression.



The Board confirmed its support for initiatives to enable our culture to evolve alongside the strategy, including a refresh of our shared values and further strengthening our listening and engagement to identify and remove barriers to delivery. The Board challenged management to ensure that these actions are underpinned by clear processes and ways of working to ensure that any change is embedded and sustainable.



Our culture and values continued

What does the Board do to assess and monitor culture?

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

The Board uses a range of quantitative and qualitative indicators to assess behaviours and whether our culture remains aligned with Dunelm's purpose, values and strategic objectives. The Board and Executive Team monitor this via a colleague dashboard (covering engagement, retention, gender pay and diversity, amongst other things) and other updates that are indicative of culture, such as trends in health and safety, security, customer themes and whistleblowing reports. The Board also considers colleague engagement survey results and challenges management as to any trends and themes emerging from the scores and comments raised.

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

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

Our Designated NED for colleague matters, Marion Sears, attends NCV meetings and ensures that updates and insights are shared with the full Board. Marion has a wealth of

workforce experience and an in-depth understanding of Dunelm's culture, values and people, having been on the Board since 2004. This places her in an ideal position to understand colleague views and ensure that these are represented at the Board and fed into its decision-making.

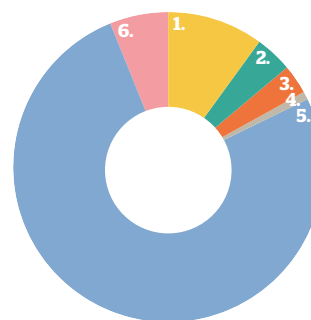
For more information on NCV
see page 66

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

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

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

Ethnicity data



1. Asian **10%**
2. Black **4%**
3. Mixed **3%**
4. Other **1%**
5. White **76%**
6. White - Other **6%**

Note: This data covers 94% of all UK colleagues. Data not currently available for colleagues in the Republic of Ireland.



Gender breakdown, year-end FY26 versus year-end FY25¹

	Female			Male			Total FY26
	FY26	FY25	Change	FY26	FY25	Change	
Group Board	5	4	1	5	6	-1	10
	50%	40%	10%pts	50%	60%	-10%pts	
Senior leadership ²	17	14	+3	17	17	0	34
	50%	45%	5%pts	50%	55%	-5%pts	
Store colleagues	6,276	6,517	-241	2,420	2,537	-117	8,696
	72%	72%	0	28%	28%	0	
All colleagues	7,596	7,792	-196	3,971	4,070	-99	11,567
	66%	66%	0	34%	34%	-	

1. FY26 data includes colleagues in the Republic of Ireland.

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

Governance framework

Our governance structure

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

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



Group Board

Group Board reviews, challenges and approves decisions from the Executive Team

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

Board Committees

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

Nomination Committee

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

➡ See page 76 for Nomination Committee report

Audit and Risk Committee

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

➡ See page 82 for Audit and Risk Committee report

Remuneration Committee

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

➡ See page 90 for Remuneration Committee report

Executive Team Committees

The Executive Team is supported by three executive-led committees, which provide updates to the Board, its Committees and the Executive Team as appropriate.

Risk and Resilience Committee

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

➡ See page 36 for more information

Good & Circular Steering Group

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

➡ See page 45 for more information

Talent Committee

Oversees and develops succession planning and talent management at all levels of the business. Chaired by the Chief People Officer.

Executive Team

Executive Team informs, recommends and reports to the Group Board

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

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

➡ For members of the Executive Team and their biographies see corporate.dunelm.com

Governance framework continued

Roles and responsibilities

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

Written statements setting out the full responsibilities for each role can be found on the corporate website: corporate.dunelm.com

Supporting the Board



Luisa Wright
Group General
Counsel &
Company Secretary

Appointed: November 2022

Skills and contribution: Luisa is an accomplished general counsel, company secretary and regulatory adviser, with extensive plc experience built at consumer-facing digital, retail and technology companies. She is a member of our Executive Team, and ensures that legal, compliance and governance matters are not only anticipated but also considered and addressed. Luisa attends all Board and Committee meetings and offers invaluable support to the Board. She also chairs the Good & Circular Steering Group.

Executive Directors

Chief Executive Officer

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

Chief Financial Officer

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

Deputy Chair

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

Non-Executive Directors

Chair

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

Senior independent Non-Executive Director

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

Non-Executive Directors

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

Governance

Company Secretary

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

Designated Non-Executive Director for colleague matters

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

Governance framework continued**About our Board**

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

Schedule of Matters Reserved

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

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

Managing conflicts of interests

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

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

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

Director independence

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

The Board has treated Marion Sears as a non-independent Non-Executive Director since September 2015 in view of her tenure of more than nine years on the Board, and her subsequent appointment as a Director of WA Capital Limited in March 2016. WA Capital Limited was established by Sir Will Adderley (the Deputy Chair, and major shareholder) to act as the ultimate holding company for certain of his beneficial interests in the Company and various other investments. Whilst it is no longer the ultimate holding company of certain of Sir Will Adderley's beneficial interests in the Company following a holding company reorganisation, it remains an associate (as defined in the UK Listing Rules) of Sir Will Adderley. The Board determined that this appointment does not affect Marion Sears' judgement as a Non-Executive Director of Dunelm, and that any potential conflict of interest has been cleared on the basis that WA Capital Limited and Sir Will Adderley are parties to a Relationship Agreement, details of which can be found in the Directors' report on page 119.

Re-election

In accordance with the UK Corporate Governance Code, all Directors will stand for re-election at the 2026 AGM.

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

Time commitment

The Board recognises the importance of individual members having sufficient time to discharge their duties. The Board is satisfied that they each commit sufficient time to their duties to discharge their responsibilities effectively.

None of the Executive Directors hold any non-executive board positions at a FTSE 100 company.

 **Please see pages 58 to 59 for each Director's biography, which includes details of their other key commitments**

Governance framework continued**Induction and training**

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

➤ **For details of the CEO's induction see page 78**

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

Advice and insurance

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

Risk

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

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

Share buyback and Rule 9 waiver

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

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

We will once again be requesting authority for the Company to buy back shares at the AGM. If granted, this authority would permit the repurchase of up to 20 million shares (approximately 10% of our capital). This authority aligns with standard market practice and provides flexibility on the return of surplus cash to shareholders in accordance with the Company's capital and dividend policy.

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

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

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

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

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

- The present intention of exercising the buyback authority is to allow the Company to purchase shares in order to satisfy future share option entitlements for colleagues, excluding Sir Will Adderley. Given that it is expected that shares bought by Dunelm in the market in such circumstances will be reissued, then no dilution or change of control should occur either for the Concert Party or for other shareholders. Any other purchases would only be made should the prevailing market conditions make such purchases in the best interest of shareholders generally.
- Since 2012, Sir Will Adderley no longer participates in the Long-Term Incentive Plan or any other share-based incentive plan, and therefore his shareholding will not increase through that mechanism.
- Since flotation of the Company in 2006, the Adderley family has reduced its holding (from 67% to 37.10% currently).
- There has been a Relationship Agreement in place since flotation which provides safeguards to other shareholders – for details please see the Directors' report on pages 119 and 120.

Nomination Committee report

Composition, succession
and evaluation

Committee membership

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

Meeting attendance
See page 60

FY26 highlights/key activities

- CEO appointment and induction.
- Refreshed succession plans.
- Reviewed organisational capability and leadership development.
- Diversity and inclusion update.
- Board effectiveness review, comprising annual performance review and assessing progress against FY25 external review.

FY27 priorities

- Review and advance Board and Executive Team succession plans.
- Embed the organisational capability framework.
- Refresh the Group diversity and inclusion strategy and policy.
- Continued focus on Board and Committee effectiveness.

Alison Brittain

Chair of the Nomination
Committee

On behalf of the Nomination Committee ('Committee'), I am pleased to present the Nomination Committee report for the year ended 27 June 2026.

FY26 has been an important year for the Committee. Our focus has been on supporting the transition to new leadership, strengthening succession plans, and ensuring that the Group has the capabilities and culture required to deliver its strategy, alongside continued oversight of Board effectiveness and diversity and inclusion.

CEO induction

Clo Moriarty's appointment as Chief Executive Officer was approved in July 2025 and she took up the role on 1 October 2025. The Committee oversaw her appointment process and supported the design and delivery of a comprehensive induction programme. This was tailored to provide a deep understanding of the business, its culture and strategic priorities, and included extensive engagement with Board Directors, senior leadership and key operational areas across the Group. Clo also undertook an extensive programme of store and logistics centre visits in her first few months, meeting our customers, suppliers and colleagues from all areas of the business and building a swift connection with our operations. Further details of her induction programme are set out on page 78. For details of the recruitment process leading to her appointment, see page 60 of the FY25 Annual Report and Accounts.

Board development
and succession planning

We currently have a stable Board with strong and able contributors. The Committee continued to evolve its approach to Board succession planning during the year, supported by a review of Director capabilities and detailed skills matrices. This work has given greater clarity on future requirements for Board development over the coming year.

Executive Team succession
planning, organisational capability
and leadership development

Upon joining the Company, Clo reviewed and realigned Executive Team roles and responsibilities, which she discussed with the Committee. This also resulted in two new external appointments to the roles of Chief Customer Officer and Chief People Officer. We continue to consider succession plans for Executive Team roles and remain focused on identifying and growing talent to fill leadership and business-critical positions in the future.

Another key area of focus during the year was wider organisational capability. The Committee undertook a detailed review of the Group's capability framework to better understand current strengths and areas for development across the senior leadership population. This included consideration of leadership, business change and capabilities and the introduction of a refreshed behavioural framework aligned to the Group's performance and customer ambitions. This work supports the development of a sustainable internal pipeline for succession and ensures alignment with the Group's long-term strategic priorities. It also informed discussions at our Board strategy review, details of which can be found on page 63 and 70.

Nomination Committee report continued**Diversity and inclusion**

Diversity and inclusion continue to be an area of focus. The Committee monitored progress against internal diversity commitments and considered the alignment between the Group's Equality and diversity policy and broader strategy, noting that further progress is required to meet internal targets for role model leaders.

Encouragingly, the Board continues to meet the diversity targets set out in the UK Listing Rules and the Parker Review. The Group also continues to make progress against the aspirations of the FTSE Women Leaders Review, with strong female representation across senior leadership populations and an increase in female representation on the Executive Team to 78% during the year. Further details are set out on page 80.

Board performance review

Each year the Board undertakes a formal performance review covering the Board, its Committees and individual Directors. During FY26, an internal Board performance review was undertaken with a focus on the key areas identified from last year's external evaluation, as well as responses to some high-level standard questions in respect of FY26 and whether there should be any new areas of focus for FY27. The review concluded that the Board and its Committees continue to operate effectively and support the long-term success of the Company. The review also informed ongoing priorities for the Board and its Committees. Further details on the performance review process, outcomes and actions are provided on pages 79 to 80.

It has been a productive year for the Committee, and I would like to thank my fellow members for their continued support and engagement.

I look forward to meeting shareholders at the Annual General Meeting on 10 November 2026.

Alison Brittain

Chair of the Nomination Committee
8 September 2026

Committee composition and governance

The majority of the Committee was independent throughout FY26. It remains so as at the date of this report, its members comprising five independent Non-Executive Directors, the independent Chair of the Board, one non-independent Non-Executive Director¹ and the Board's non-independent Deputy Chair².

➤ See pages 60 and 74 for more information on the independence of Directors

Only members of the Committee have the right to attend Committee meetings. Other individuals, such as the CEO and Chief People Officer, are invited to attend all or part of the meetings as appropriate. No Director attends that part of a meeting during which his or her own position is discussed. The Group General Counsel and Company Secretary acts as secretary to the Committee and attends all meetings.

In FY26, the Committee met formally on three scheduled occasions. The agenda for each scheduled meeting is based on a standing agenda for the financial year, which is updated as appropriate.

Role and principal duties

The Nomination Committee is responsible for leading the process for Board appointments, ensuring appropriate succession plans are in place, and overseeing the development of a diverse talent pipeline. Its principal duties include:

- reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board, ensuring it remains effective and suited to the Company's strategic priorities;
- ensuring plans are in place for an orderly succession to Board, Executive Team and senior leadership positions and overseeing the development of a diverse pipeline for succession;
- keeping under review the leadership needs of the business with a view to ensuring its continued ability to compete effectively in the marketplace;
- identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;
- leading a rigorous and transparent process for Board appointments; and
- keeping under review demands on Directors' time.

➤ The Committee's full terms of reference can be found at: corporate.dunelm.com

1. Marion Sears is not considered independent, due to the length of her tenure and her role as a Director of WA Capital Limited (see page 74).

2. Sir Will Adderley is not considered independent as he is a significant shareholder and due to the length of his tenure and his executive Deputy Chair role.

Nomination Committee report continued**FY26 Committee activities****Board appointment process**

The Committee follows a well-established process for Board appointments, supported by an external search agency where appropriate and adapted where necessary to account for specific skills required and circumstances. A detailed role and person specification is drawn up and approved by the Committee, with the search firm instructed to ensure a diverse longlist of candidates. The Committee reviews the longlist and determines a shortlist, with shortlisted candidates meeting the Chair, Deputy Chair and selected Board members, and the preferred candidate meeting the wider Board. Referencing and reputational checks are undertaken, alongside an assessment of external commitments to ensure sufficient capacity to fulfil the role. Following this process, the Committee makes a recommendation to the Board for approval.

The appointment of Clo Moriarty as our new CEO was approved by the Board in July 2025. For details of the search and appointment process, see page 60 of the FY25 Annual Report and Accounts.

**Induction process for our new CEO**

Each new Board Director receives a tailored induction led by the Chair and Group General Counsel and Company Secretary. In the case of our new CEO, the Committee was keen to ensure that she was able to join the business as well-informed as possible.

Following Clo's appointment, the Committee supported the design and delivery of a comprehensive induction programme, including meetings with Board members, a series of one-to-one meetings with members of the Executive Team and senior leadership, as well as broad engagement with colleagues across all functions.

To build a strong understanding of the Group's operations and customer offer, the induction programme included extensive time spent in different locations. This included:

- time working in and visiting stores;
- visits to logistics and supply chain sites;
- visiting our colleagues in Ireland; and
- engagement with the Customer Contact Centre.

Clo also met with a broad cross-section of colleagues through forums such as the National Colleague Voice and Store Voice meetings, providing her with an early initial insight into our colleague experience and culture.

In addition, the induction programme included meetings with key stakeholders, including shareholders, brokers, advisers and suppliers, providing Clo with a rounded perspective of the Group's external environment and relationships.

Board succession – composition and skills review

The Committee reviewed the composition of the Board and its Committees during the year to ensure that an appropriate balance of diverse thought and experience is maintained. It discussed skills, experience, tenure and gender and ethnic representation. The review confirmed that the current composition remains well-balanced and identified areas for future succession consideration.

As part of the skills review, Directors were invited to provide feedback to the Chair on any areas where further training or additional skills development may be useful (whether personal to them or more generally for the Board), such as AI and cyber security. The Committee also discussed ways to further stimulate strategic debate at meetings by way of third-party presentations.

Executive Director succession

During the year, the Committee reviewed and refreshed the CFO succession plan over the medium and long term. In doing so, it considered the Group's strategic ambitions. The Committee agreed actions to further develop the plan, strengthening the robustness of the succession pipeline and ensuring that it remains aligned to future requirements.

Senior leadership succession

In FY26, the Committee considered how the organisational structure should develop in terms of capability and capacity to best deliver our growth ambitions. A detailed exercise was undertaken to assess capabilities across people, processes and systems and identify maturity level and development needs to build teams that can support our longer-term strategy.

Three priority areas were identified:

- Leadership: strengthening clarity of accountability, decision-making and empowerment.
- Transformation and change: building the organisation's ability to deliver business change.
- Culture: embedding customer-centricity and fostering a high-performing culture.

During the year, Executive Team accountabilities were realigned, and the team was further strengthened with two new external appointments to the roles of Chief Customer Officer and Chief People Officer.

The Committee reviewed this work and the resulting actions and discussed the specific areas of focus that are essential to support the ongoing development of a sustainable leadership pipeline aligned to the Group's growth ambitions.

Re-election

The Chair reviews the performance and contribution of each Director during the year, and the Senior Independent Directors reviews the performance of the Chair. This process, supported by the annual Board review, enabled the Committee to confirm that all Directors continue to be effective and demonstrate the necessary commitment to their roles.

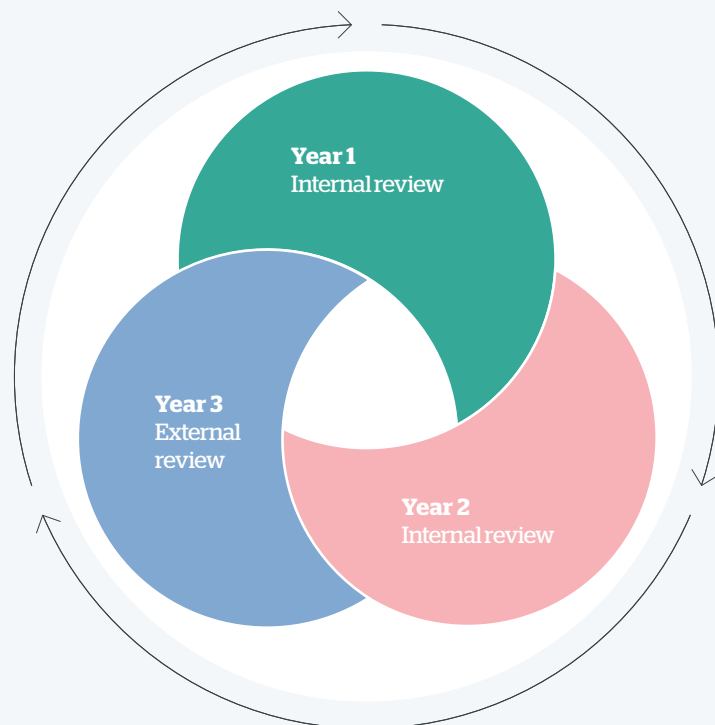
Accordingly, the Committee recommended that all serving Directors be put forward for re-election at the AGM in November 2026.

Nomination Committee report continued**Assessing Board effectiveness**

A performance review of the Board, its Committees and Directors is carried out each year. The review helps to identify areas for improvement, informs training plans and identifies areas of knowledge, expertise or diversity to be considered in our succession plans. The Committee reviews the time commitment of the Chair and each Non-Executive Director during the year as appropriate.

Reviews follow a three-year cycle, where every third year an external review is undertaken. FY26 represented the first year of our cycle, an internal review, and the findings from that review are set out on the following page.

Details of the external evaluation conducted in FY25 can be found on page 79 of the FY25 Annual Report and Accounts. Progress against the recommendations from last year's external review are set out in the table to the right.

Board performance review: three-year cycle**Progress against FY25 external performance review recommendations
Year 3**

Theme	Outcome and recommendations	Actions implemented in FY26
Strategy for growth	– Review strategic ambitions and refine following the CEO transition. – Maintain a flexible and responsive approach, evolving focus and ways of working as the market, technology, business and Executive Team continue to develop. – Strengthen customer understanding and embed a customer obsessed mindset across the business.	– Full strategy review completed. – Board agenda items adapted during the year to reflect strategic priorities, market conditions and performance focus areas. – Inclusion of focused 'Customer' update in each CEO report and presentation from new Chief Customer Director. – Customer satisfaction included as a bonus metric.
Talent, capability and culture	– Support the new CEO and wider leadership team through the transition to ensure the team remain aligned. – Assess capability and succession plans across the senior leadership team, to continue to drive growth, noting that as opportunities continue to be explored, additional capacity and capability may be needed. – Consider whether aspects of the Group's culture need to evolve and monitor progress against agreed actions.	– Successful onboarding of new CEO. Smooth transition process recognised by Directors in FY26 Board performance review. – Organisational capability assessed and discussed alongside the strategy review. – Dedicated Board session on culture aligned with strategy review.
Further build as a team	– Increase opportunities for Board and Executive Team engagement, including offsites, site visits and informal events, to strengthen relationships and effectiveness. – Encourage greater use of the Non-Executive Directors insight and experience to support the Executive Team, fostering open and robust debate in the boardroom.	– Offsites and store visits took place during the year. – Non-Executive Director input to specific strategic workstreams aligned with core skills and experience.

Nomination Committee report continued

FY26 internal performance review findings
Year 1

The FY26 performance review was conducted internally via a questionnaire that primarily built on the key focus areas identified under the previous year's external review. The Group General Counsel and Company Secretary collated the responses and shared them with the Chair of the Board. An executive summary and the findings were then shared with the Board for discussion.

Key findings/Theme	Outcome and recommendations
Strategy for growth	– Adopt and maintain a clear and consistent approach to monitoring progress on delivery of strategic priorities. – Ensure appropriate guidance, support and challenge for the Executive Team as we move into this next phase of growth. – Focus on innovation, technology and data.
Capability and culture	– Review organisational capability to support future success and ensure focus is maintained on building a diverse pipeline of high-potential colleagues. – Monitor evolution of the Group's culture.
Further build as a team	– Continue to find opportunities for more Board and Executive Team engagement to strengthen relationships and effectiveness. – Review opportunities for further site visits and engagement with stakeholders.
Committee areas of focus	Nomination Committee: – Review Board and senior leadership succession plans to ensure the Company maintains the skills, experience and leadership required to support its strategic ambitions. – Support a refresh of the ED&I policy. Remuneration Committee: – Oversee the implementation and effectiveness of the new Remuneration Policy. – Ensure remuneration structures continue to be appropriate to motivate and reward colleagues and align with the Group's strategy, performance and long-term success. Audit and Risk Committee: – Monitor business change risk. – Maintain oversight of cyber security, technology risk and operational resilience. – Deliver the Board's first Provision 29 declaration.

Diversity and inclusion
Policy

The Committee's aim is to ensure that the Board, its Committees and the wider Group are comprised of outstanding people with a diverse range of skills, experiences, backgrounds and perspectives, enabling effective decision-making and alignment with the Group's purpose, shared values and strategy. This reflects our 'Stronger Together' value and our belief that diversity of thought contributes to the long-term success of the Group.

To support this, we remain focused on three key principles:

- refining the way we recruit;
- identifying, supporting and developing diverse talent within the business; and
- increasing diversity in senior appointments, including to our Board and its Committees.

In line with this approach, the Committee is committed to ensuring that the Board is at least 40% female, that at least one of the Chair, Senior Independent Director, CEO and CFO positions is held by a woman and at least one Director is from an ethnically diverse background.

The Committee receives updates on our approach to recruitment at all levels of the business as part of its oversight of colleague policies and practices. It continues to require that specific effort is made to bring forward diverse candidates for senior leadership and Board appointments and monitors the Group's approach to people development to ensure that it continues to enable talented individuals, regardless of gender, marital status, sexual orientation, disability, race, religion, colour, nationality, ethnic origin or age to enjoy career progression within Dunelm.

Board diversity – targets and outcomes

At a Board level, the UK Listing Rules prescribe diversity targets. As at 27 June 2026, these were met as follows:

Target	FY26 position	Status
At least 40% of the Board are women	50% (FY25: 40%)	Met
At least one of the senior Board roles is held by a woman	Chair, CEO and CFO are women	Met
At least one Director is from an ethnic minority background	Two Directors (FY25: two)	Met

Nomination Committee report continued**Annual statement on Board diversity targets**

Our Board and Executive Team gender and ethnicity data as at 27 June 2026 is provided below in accordance with UK Listing Rule 6.6.6R(9). Diversity data is collected for Executive Team members via the annual engagement survey. Each Director has confirmed the categories with which they identify.

Gender

	Dunelm Group plc Board			Executive Team ¹	
	No. of Board members	% on the Board	No. of senior positions on the Board (CEO, CFO, Chair and SID)	No. in the Executive Team	% of Executive Team
Men	5	50%	1	2	22%
Women	5	50%	3	7	78%
Not specified/prefer not to say	–	–	–	–	–

Ethnicity

	Dunelm Group plc Board			Executive Team ¹	
	No. of Board members	% on the Board	No. of senior positions on the Board (CEO, CFO, Chair and SID)	No. in the Executive Team	% of Executive Team
White British or other white (including minority-white groups)	8	80%	4	9	100%
Mixed/Multiple ethnic groups	2	20%	–	–	–
Asian/British Asian	–	–	–	–	–
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Group leadership diversity – targets and outcomes

At a Group level, the Committee monitors gender representation across the Executive Team and senior leadership population to support the development of a sustainable and diverse pipeline, in line with the expectations of the FTSE Women Leaders Review and broader UK governance requirements. Targets for ethnic minority representation across senior management have been informed by the expectations of the Parker Review. Our progress against these targets as at 27 June 2026 is set out below:

Target	FY26 position	Met
At least 40% women on Executive Team ¹	78% (FY25: 56%)	Met
At least 40% women in senior leadership ²	53% (FY25: 47%)	Met
8% of senior leadership ² from ethnic minority background by FY27	6% (FY25: 2.9%)	In progress
8% of role-model leaders ³ from ethnic minority background by FY26	7.4% (FY25: 6.5%)	Not met

At a leadership level, representation of women has remained strong, with further progress at Executive Team level following recent appointments. While gender diversity outcomes at Board and Executive Team levels are encouraging, progress against the Group's ethnic diversity ambitions within the senior leadership population and more widely across the Group is less advanced and continues to be an area of focus.

The Committee was updated during the year on initiatives supporting diversity and inclusion across the Group, aligned to our values, purpose and strategy. These include the continued use of data to inform decision-making, including pay gap reporting and workforce demographics and targeted actions at a store level to support colleague belonging, understanding and engagement. Dunelm published its ninth Gender Pay report in April 2026 and an overview is provided in our Sustainability Report 2026. Both documents are available to download at: corporate.dunelm.com.

Next year the Committee will undertake a more detailed review of our diversity policy, refreshing our ED&I strategy and targets and reflecting further on its link to culture and our business strategy.

 **Our equality and diversity policy can be found at: corporate.dunelm.com**

1. 'Executive Team' does not include Sir Will Adderley (Deputy Chair).

2. 'Senior leadership' for these purposes means our Executive Team (including the CEO and CFO) and members of our Dunelm leadership team.

3. 'Role-model leaders' is a wider definition than 'senior leadership' to reflect leadership roles more broadly. It includes 'Heads of' roles and regional and store coaches in the UK, but does not include colleagues in the Republic of Ireland. The ethnic minority diversity target of 8% of role-model leaders by the end of FY26 was a performance measure for the FY24 LTIP grant.

Audit and Risk Committee report

Composition, succession and evaluation

Committee membership

Ian Bull (Committee Chair)

Ajay Kavan

Katharine Poulter

Vijay Talwar

Dan Taylor

Meeting attendance
See page 60

FY26 highlights/key activities

- Reviewed and challenged the financial judgements made during the year.
- Reviewed Annual Report to confirm that it was fair, balanced and understandable.
- Monitored adequacy of the internal controls framework and its effectiveness.
- Approved FY26 internal audit plan.
- Increased focus on cyber security and business continuity.
- Reviewed management's preparations for the adoption of IFRS 18.
- Completed preparatory work ahead of application of Provision 29 in FY27.

FY27 priorities

- Oversee the Board's first declaration on the effectiveness of material controls under Provision 29.
- Continued focus on cyber security and business continuity.
- Support delivery of the FY27 internal audit plan.
- Oversee implementation of IFRS 18.
- Monitor proposed changes in regulatory reporting requirements.

Ian Bull

Chair of the Audit and Risk Committee

On behalf of the Audit and Risk Committee ('Committee') I am pleased to present the Audit and Risk Committee report for the year ended 27 June 2026.

Consideration of significant issues and judgements

The Committee has reviewed and constructively challenged the accounting methodologies, judgements and disclosures set out in papers prepared by management during the year. It has determined their appropriateness and assessed for consistency, with input from PwC, our external auditors.

Our review of key judgements and financial reporting matters included inventory provisions, store impairment assessments and going concern considerations. Further details of this work can be found on page 84 of this report.

Fair, balanced and understandable

On behalf of the Board, the Committee undertook a review of whether the FY26 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the necessary information to shareholders to assess the Group's position and performance, business model and strategy. We concluded that it is and does, and this is described in more detail on page 84.

Corporate, sustainability and financial reporting

A significant area of focus during the year was oversight of management's programme to enhance the Group's internal control framework in preparation for the Board's FY27 declaration on the effectiveness of material internal controls. During the year, management completed a risk-based assessment of the Group's material controls, undertook testing and developed remediation plans where improvements were identified. This work provided valuable insight into the effectiveness of the framework and informed further enhancements ahead of formal reporting in FY27. More details can be found on page 86.

The Committee has also monitored the ongoing development of management's approach to sustainability reporting, both in respect of current requirements and future disclosure obligations such as the UK Sustainability Reporting Requirements. As last year, we can confirm that we are reporting on all areas of the Task Force on Climate-related Financial Disclosures (TCFD) framework.

See page 44 for our TCFD report

FRC review of the Annual Report and Accounts

During the year, the Committee oversaw management's response to the FRC's review of the FY25 Annual Report and Accounts. We were pleased that the review did not identify any significant concerns regarding the Group's reporting. The Committee considered the observations raised and ensured that appropriate enhancements have been reflected in this year's disclosures where relevant. For more information see page 85.

Audit and Risk Committee report continued**Risk management, internal controls and internal audit**

During the year, the Committee received regular updates on work to further strengthen the Group's risk management processes and internal control environment. This included a summary of the activities of the executive-led Risk and Resilience Committee which continues to evolve and provide accountability, increased visibility and challenge on higher risk areas across the Group.

➤ **See page 36 for more information about our Risk and Resilience Committee**

Cyber security remains a key area of focus for the Board and the Committee and is a standard agenda item at each Committee meeting. Throughout the year, the Committee received updates on the evolving threat landscape, security monitoring, incident response capabilities, business continuity and resilience activities. The Committee fully supports the continued investment in cyber security capabilities and the commitment of the business to maintaining a strong control environment in this critical risk area.

Internal audit remained an important source of independent assurance for the Committee during the year. The FY26 internal audit plan provided assurance across a broad range of operational, compliance and reporting processes while also identifying opportunities for further control enhancements. Sixteen internal audits were completed during the year, covering areas such as ESG reporting, supply chain and stock management controls and GDPR compliance. During the year the internal audit function operated well with strong engagement with the Committee. More detail can be found on page 88.

Committee effectiveness

This year the Committee's annual effectiveness review was undertaken internally via a questionnaire. I am pleased to note that the review confirmed that the Committee continues to operate effectively.

➤ **Further information on the process and recommendations is set out on page 80**

Engagement

Throughout the year, the Committee benefited from open and constructive engagement with senior colleagues and our external auditors, PwC. This engagement has supported effective oversight of the Group's financial reporting, risk management and internal control environment.

I would like to thank members of the Committee, Executive Team and senior leadership for their commitment and constructive engagement during the year. I look forward to meeting shareholders at the AGM and answering any questions on the activities of the Committee.

Ian Bull

Chair of the Audit and Risk Committee
8 September 2026

Committee composition and governance

The Committee comprises solely independent Non-Executive Directors and did so throughout FY26. The Board is satisfied that they demonstrate a breadth of knowledge and experience, including sector expertise, to enable the Committee to fulfil its duties. Ian Bull is considered by the Board to have recent and relevant financial experience and to be competent in auditing and accounting. Ian, who has chaired the Committee since joining the Board in 2019, is a Fellow of the Chartered Institute of Management Accountants with over 30 years' business and financial experience in leading consumer-facing businesses.

Only members of the Committee have the right to attend meetings. Other Board Directors, as well as the Group Finance Director, Head of Internal Audit, Chief Technology and Transformation Officer, Head of Cyber Security and PwC, our external auditors, are invited to attend, as appropriate. The Group General Counsel and Company Secretary acts as secretary to the Committee and attends all meetings.

The Committee met four times as planned in FY26. It has also met once since the end of the financial year prior to the signing of this Annual Report. Meetings are generally scheduled in line with key times in the Company's financial reporting calendar. The Committee maintains a rolling calendar of items for consideration at each meeting and reviews and updates it regularly. The external auditors and the Head of Internal Audit are provided with the opportunity at each meeting to discuss matters without the presence of management, and the Committee Chair meets regularly with the external audit partner and Head of Internal Audit outside of meetings.

Role and principal duties

The Committee's role is to support the Board in fulfilling its corporate governance and reporting obligations as to the effectiveness of our risk management systems, internal controls, and financial reporting. Its principal duties include monitoring, reviewing and challenging:

- the integrity of the Group's financial statements and public announcements relating to financial performance;
- key accounting policies and judgements;
- the effectiveness of internal controls and process for identifying and managing risk;
- statements concerning internal control, risk management (including assessment of principal risks), and the viability statement and approving them for inclusion in the annual report;
- the internal audit plan and the role and effectiveness of the internal audit function and, ensuring its ability to exercise independent judgement; and
- the relationship with the external auditors, its reports, effectiveness and independence.

The Committee's full terms of reference can be found at: corporate.dunelm.com.

Audit and Risk Committee report continued**Key judgements and financial reporting matters**

An important aspect of the Committee's work is monitoring the integrity of the annual and interim reports, including a review of the significant financial reporting matters and judgements contained in them prior to recommending them to the Board for approval.

Key accounting judgements relating to the financial statements considered by the Committee during the year under review are set out below.

Provisions for inventory

The Committee discussed the approach taken by management to provisions for inventory. It noted that there continues to be a high level of consistency in the methodology applied by management. Furthermore, following previous challenge and reviews by the external auditor, the business has continued to implement improvements to the model in line with the external auditor's recommendations, and maintained its focus on reporting and data quality during the year. Following discussion, the Committee concurred with management's conclusions that the values recorded in the financial statements are appropriate.

Store impairment assessment

The Committee received updates on management's assessment of impairment triggers as required under IFRS. The external auditor confirmed that it was comfortable with management's process for identifying impairment triggers. The Committee was satisfied that appropriate impairments and reversals of tangible assets have been recognised.

Going concern and viability statement

The Directors must determine that the business has adequate resources to continue in operational existence and can continue to adopt the 'going concern' basis of accounting. Furthermore, the Directors are required to make a statement in this Annual Report as to the longer-term viability of the Company.

The Committee conducted an assessment based on the Group's current financial position, its strategy, the market outlook and its principal risks. It also considered the Group's available facilities, including the £250m revolving credit facility which was extended last year to September 2029. The Committee reviewed financial models (including downside scenarios and two reverse stress tests), taking time to understand and challenge, where necessary, significant judgements and assumptions in the modelling, the reverse stress test model and covenant and liquidity headroom.

The Committee also evaluated management's work in conducting a robust assessment of the Company's longer-term viability. It affirmed the reasonableness of the assumptions and considered the appropriateness of a viability period of three financial years.

Further to this, the Directors were able to conclude that it is appropriate to prepare the financial statements on a going concern basis.

➤ See page 55 for going concern and viability statements

Fair, balanced and understandable

At the request of the Board, the Committee considered whether the Annual Report and Accounts 2026, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

To form its opinion, the Committee reviewed the financial statements set out in the Company's annual and interim results and reflected on the information and reporting received from management and the external auditors and the discussions that took place during the year. In carrying out its review, the Committee had regard to the following:

Fairness and balance

- Is the report open and honest with the whole story presented and difficulties/challenges presented alongside successes/opportunities?
- Is the review of business performance in the narrative reporting consistent with that used for the financial reporting in the financial statements?
- Do we provide clear explanations of our KPIs and is there strong linkage between our KPIs and our strategy? Are the KPIs disclosed at an appropriate level based on the financial reporting?
- Do we show our progress over time and is there consistency in our metrics, KPIs and measurements?
- How do the key judgements identified compare with the risks that PwC plans to include in its report?

Understandable

- Do we explain our business model, strategy and accounting policies simply, using precise and clear language?
- Do we have a consistent tone across the Report & Accounts?
- Are the important messages highlighted appropriately throughout the document?
- Are we clearly 'signposting' to where additional information can be found?
- Is the layout clear with good linkage throughout in a manner that reflects the whole story?

The Board considered the recommendations of the Committee and concluded that, taken as a whole, the FY26 Annual Report and Accounts is fair, balanced and understandable. The Board further believes that the 2026 Annual Report and Accounts provide sufficient clarity for shareholders to adequately assess our business model, strategy, financial position and performance.

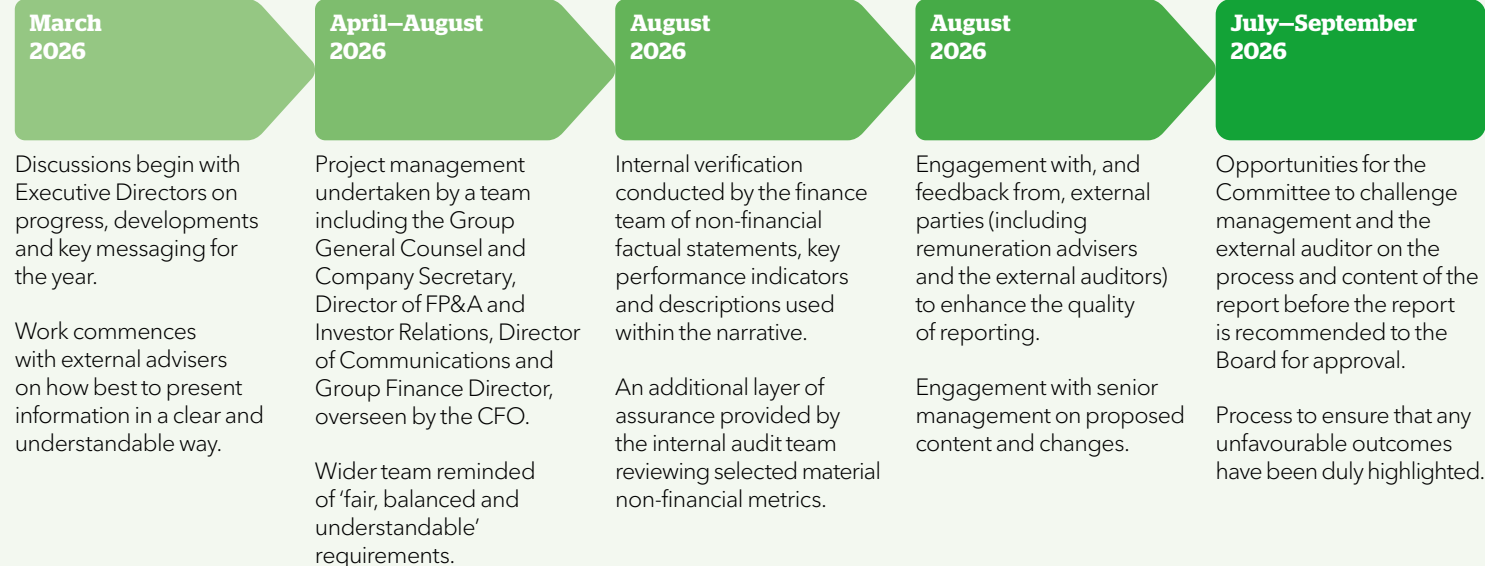
Audit and Risk Committee report continued**Year end review process**

The Committee noted the robust year end governance processes that are performed in parallel with the formal process undertaken by the external auditors, as set out on the right.

FRC review of Annual Report and Accounts

The FRC's Corporate Reporting Review team carried out a review of the FY25 Annual Report and Accounts during the year, with no material matters raised. The FRC noted observations to improve reporting, and these have been duly considered and addressed in this year's disclosures where relevant.

The FRC requests that we make clear the limitations of their review, namely that it was based solely on the Annual Report and Accounts and did not benefit from a detailed knowledge of our business, or an understanding of the underlying transactions entered into. They also noted that their review provided no assurance that the report and accounts are correct in all material respects and that the FRC's role is not to verify the information provided but to consider compliance with reporting requirements. Finally, it is noted that none of the FRC, its officers, employees or agents accept liability for reliance on their letter by the Company or any third party, including but not limited to investors and shareholders.

Year end review process**Sustainability reporting**

The Committee seeks assurance from management that the effects and consequences of climate change are appropriately reflected in the Group's financial statements and valuations, that progress against our Greenhouse Gas (GHG) reduction commitments is measured and reported with appropriate rigour and that we continue to meet our mandatory disclosure obligations.

Throughout FY26 our internal sustainability reporting team continued to enhance and streamline GHG Reporting and TCFD processes. The team supports sustainability-related

workstreams across the business and helps to maintain efficient, consistent and transparent reporting. FY26 Scope 1 and Scope 2 emissions were calculated using activity-based data. During the year management continued to improve the quality of Scope 3 emissions reporting through improved data and processes, supporting efforts to move away from a spend-based approach towards the use of Hybrid Product Carbon Footprint (PCF) methodologies for purchased goods. All GHG measurement and reporting remain aligned to the GHG Protocol.

➤ **See pages 44 to 53 for more detailed information about TCFD and GHG reporting**

The Committee will continue to monitor the Company's progress against forthcoming sustainability-related disclosure requirements, such as the UK Sustainability Reporting Standards which are planned to come into effect in FY28. The Committee will also continue to monitor developments in best practice, seeking training/guidance when required, to ensure that it continues to effectively oversee our reporting in this area. To support the Committee in its oversight management presented an updated assurance plan for processes, governance and data targeted at addressing our most material external commitments.

Audit and Risk Committee report continued**Corporate and financial reporting developments**

The Committee considered the impact of key findings from the FRC's thematic reviews of corporate reporting issued during the year, alongside other relevant matters affecting corporate reporting. The Committee also reviewed changes to accounting standards and interpretations, both those adopted during the year and upcoming requirements such as IAS 21 and amendments to IFRS 7 and IFRS 9. The Committee was satisfied that applicable requirements had been appropriately implemented and that none had a material impact on the Company during the period under review.

As previously reported IFRS 18 will introduce significant presentation changes from FY28. Following completion of an impact assessment and mapping exercise against the new requirements, management has commenced detailed implementation planning, including redesign of the Group's profit and loss presentation and related disclosures.

The Committee received regular updates on the programme of work undertaken to support compliance with Provision 29 of the UK Corporate Governance Code, which applies to the Group from FY27. To ensure a robust attestation process management established a detailed framework and worked closely with control owners to identify and assess the Group's material controls using a risk-based approach aligned to the Group's principal risks.

The Committee reviewed management's approach to identifying material controls together with the results of testing performed during the year, remediation activities and other sources of assurance. The exercise provided the Committee with valuable insight into the effectiveness of the framework and further identified additional enhancements ahead of formal reporting in FY27.

The involvement of risk owners throughout the process has helped to further embed a culture of accountability for risk management and internal controls across the business. During FY27, management will continue to implement targeted remediation activities and strengthen the control environment in support of the Board's first formal declaration on the effectiveness of material controls.

External auditors

The Committee is responsible for overseeing the relationship with the external auditors, including recommending to the Board their appointment, reappointment and removal, assessing their independence on an ongoing basis, and approving the statutory audit fees.

Tenure

PwC has been the Group's external auditors since FY14. They were reappointed at the Company's 2023 AGM following a formal tender process. Gill Hinks has been the lead audit partner since FY24.

The Committee recommended, and the Board intends to propose, the reappointment of PwC as the Company's auditor for FY27. It believes the independence and objectivity of the external auditor and the effectiveness of the audit process are safeguarded and remain strong.

The Committee considers that the Company has complied with the Competition and Markets Authority's Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year under review. There are no contractual obligations that restrict the Committee's choice of external auditors.

The external audit

PwC is engaged to express an opinion on the financial statements. It reviews the data contained in the financial statements, discusses with management the reporting of results and the financial position of the Company and presents its findings to the Committee. Where it makes recommendations in its reports to the Committee, the Committee reviews them and agrees with management the manner and extent to which they should be implemented.

None of the Directors in office at the date of this report is aware of any relevant information that has not been made available to PwC, and each Director has taken steps to be aware of all such information and to ensure it is available to PwC.

PwC did not report any significant deficiencies in controls nor did it disagree with any of the Group's accounting judgements and estimates in relation to FY26. PwC's audit report is published on pages 125 to 130.

Fees paid to PwC for its FY26 audit work were £378,000 (2025: £395,480). The year-on-year decrease in fees reflects audit efficiencies and the absence of non-reoccurring scope changes that arose in FY25.

Audit quality and auditor effectiveness

The Committee is responsible for ensuring audit quality is maintained, and reviews and challenges PwC's proposed external audit plan, including its scope and materiality, before approval.

It is also the Committee's responsibility to assess the effectiveness and independence of the external audit process. The assessment is conducted in accordance with a process agreed with the Committee. It involves seeking the views of the Committee, as well as those of colleagues who have regular interactions with the external auditors and considering them alongside five Audit Quality Indicators (AQIs) which have been developed with PwC and are measured and tracked annually and the FRC's Audit Quality Inspection and Supervision report.

Audit and Risk Committee report continued

The Committee was provided with a summary of the responses received in respect of the FY25 audit to assist with its considerations. Feedback was positive, with some areas for improvement agreed between PwC and management. This included increased face-to-face engagement to strengthen collaboration, support the timely resolution of audit matters, and ongoing discussions with the Finance team to identify further opportunities to improve the efficiency of audit deliverables. The Committee noted that there is a good relationship with PwC and the respective teams work well together, with a good and robust level of challenge.

Having conducted its review and also considered the quality of interactions during the year, the Committee concluded that PwC had applied appropriately robust challenge and professional scepticism throughout the audit to demonstrate independence, that it possessed the skills and experience required to fulfil its duties effectively and efficiently, and that the audit was effective.

The Committee will formally assess PwC's performance in relation to the FY26 audit following its completion. This assessment will also include review of the five AQLs to ensure that they remain appropriate in assisting the Committee in its review of the quality of the audit going forwards.

Minimum Audit Standard

The Committee has complied with the FRC's Minimum Standard. Throughout the year the Committee focused on auditor independence, audit quality and effective challenge and oversight of the external audit process, details of which are set out in this report.

Safeguarding auditor independence and objectivity

The Committee recognises the importance of ensuring that the independence and objectivity of the external auditors is not impaired through the provision of non-audit services. We have in place robust policies on the use of auditors for non-audit work and the recruitment of former employees of the external auditors, which were reviewed during the year. The policies which are available at: corporate.dunelm.com include the following:

- fees for non-audit services provided by the statutory auditor in any year may not exceed 70% of the average fees for the Group statutory audit in the three previous years;
- the external auditors can only provide permitted non-audit services as defined in Section B of the Ethical Standard such as services required by statute or regulation and other audit or assurance services;
- the external auditors may not be engaged to provide any non-audit services without the approval of the Committee; and
- time restrictions on employees of the external auditors involved in our audit joining the Company.

During the period we paid PwC £54,590 (2025: £53,000) for their review of the interim financial statements, £5,850 for Viewpoint licences and £5,000 for turnover certificates (which are non-audit services). This was 14.76% of the total audit fees, and the three-year average is 13.81%. No other non-audit services were provided by the external auditors.

The Committee can confirm that the policies referred to above were complied with throughout the year with no issues raised and, in its opinion, the external auditors remain independent.

Risk management and internal controls**Risk management**

Whilst the Board has overall responsibility for risk management, it delegates to the Committee responsibility for assessing the effectiveness of systems to identify, assess, manage and monitor financial and non-financial risks. The agendas for the Committee meetings are designed to ensure that it receives effective oversight of the Company's risks management processes. The Committee considers that the processes in place to manage risk by the Board and management are robust and working effectively. For details on our overall approach to risk management see page 36.

During the year, the Committee undertook the following risk management and assurance activities, which enabled it to maintain oversight and discuss risks and challenges faced by the Company:

- reviewed principal risks, associated assurance maps and the Company's formal risk appetite statement ahead of submission to the Board for approval (for more information see pages 36 to 43);
- considered and challenged management's key risk indicators to ensure they remain appropriate and monitored performance against them;
- received regular reports and updates on the activities of the Risk and Resilience Committee;
- received reports from management on developments and improvements to the control environment during the year;
- reviewed internal and external audit reports and progress on delivering management actions;

- received updates on the refresh and testing of the Group's business continuity and disaster recovery framework, together with plans to strengthen training, preparedness and incident response capabilities across the leadership team;
- received updates on data protection, anti-bribery, payment practices, tax and material litigation;
- received update on fraud risk management including improvements to fraud monitoring and the actions taken by management to mitigate;
- received updates on whistleblowing reports made in the year and an overview of how such reports are investigated;
- received an overview of the second line monitoring undertaken for credit and confirmation that operations are working as planned with no breaches reported;
- received updates on completion of compliance training; and
- noted that a satisfactory insurance programme is in place.

Cyber security remains a key area of focus for the Board and the Committee. Comprehensive updates were provided at each Committee meeting from management. The Committee monitored the technology and cyber risk through relevant KRIs and reviewed the results of assurance activities undertaken during the year together with management's progress in addressing identified actions.

Audit and Risk Committee report continued

The Committee also received updates on resilience activities and management's preparedness to respond to incidents, including cyber incidents. This included oversight of initiatives to strengthen disaster recovery arrangements and the establishment of a Disaster Recovery Steering Group in the year, which reports to the Risk and Resilience Committee and supports the ongoing development and implementation of the Group's disaster recovery strategy.

Cyber security is a critical business risk. The Committee remains satisfied that appropriate governance, monitoring and oversight arrangements are in place whilst also recognising that this risk continues to evolve.

Internal control framework

Management is responsible for establishing and maintaining an effective system of internal controls and the Committee has responsibility for ensuring its effectiveness.

The Group has established internal controls and risk management systems in relation to the process for preparing consolidated financial statements. Examples of the controls in operation include regular balance sheet reconciliations, monthly analysis and reviews, technical accounting papers and review and approval of externally reported financial information. A status update on the monitoring programme for internal controls over financial reporting is provided on a regular basis to the Committee. The Committee is satisfied as to the effectiveness of these controls.

Internal audits

The internal audit function provides independent and objective assurance to all levels of management up to the Board. Its responsibilities include evaluating and reporting on the adequacy and effectiveness of the systems of risk management and internal controls. The function operates under a co-sourced arrangement with BDO. This approach delivers an effective third line function that is considered part of the business, which has capacity to enable a broader plan to be delivered and can include more technical expertise in specific areas as needed.

The internal audit plan is developed by the Head of Internal Audit, with input from management and approved by the Committee. The plan typically will cover the key risks facing the business, specific areas requested by management as well as routine cyclical areas. The plan is reviewed periodically throughout the year to confirm it remains relevant and retains sufficient flexibility to be adapted as needed and enable the internal audit team to participate in other projects benefitting from its skillset.

Each internal audit concludes with a formal report with graded recommendations, management responses and actions. These are communicated to the Committee by the Head of Internal Audit and rigorously tracked through to completion. The Committee as a whole and the Committee Chair each meet with the Head of Internal Audit without management present to allow for open discussion.

Sixteen internal audits were completed during the year, providing assurance across a broad range of operational, financial, technology, compliance and reporting processes. Areas reviewed included treasury controls, AI governance, digital processes, data protection, sustainability reporting, inventory management and people processes.

Internal auditor effectiveness

During the year, the Committee carried out a review of the effectiveness of the internal audit function. This was undertaken by way of a questionnaire, and feedback was sought from members of the Committee and senior management. The Committee concluded that overall, the function operates effectively.

Remuneration at a glance

Aligning reward with performance

Remuneration principles

Our remuneration principles guide our approach to reward, ensuring that it remains aligned with our vision, values and purpose, and clearly linked to the successful delivery of our strategic plans and ambition.



Simple and transparent



Pay fairly for an individual's role and responsibilities



Rewards strong performance and sustainable growth over the long term



Consistently applied throughout business

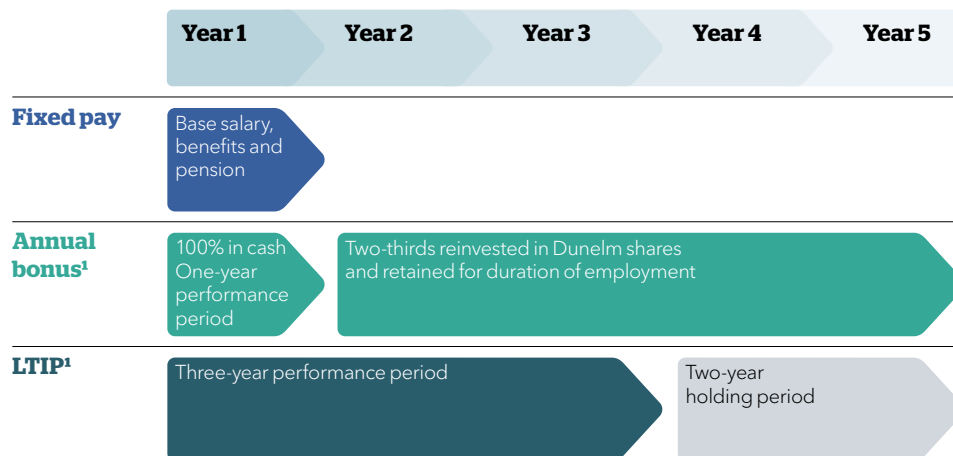


Aligned to shared values and ownership structure



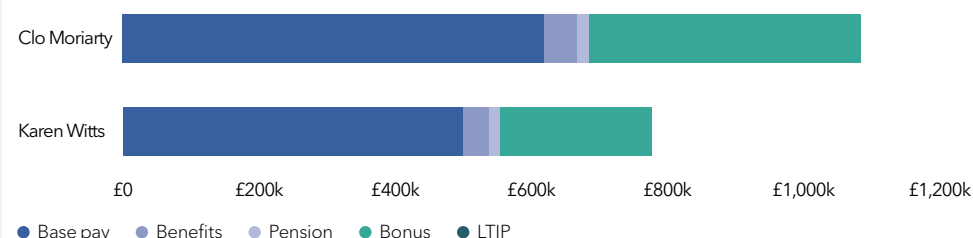
Enshrined in Remuneration Policy

Total pay over five years under 2023 Remuneration Policy



1. Annual bonus and LTIP linked to financial and non-financial performance targets. Malus and clawback apply.

FY26 total remuneration²



2. Excludes CEO buy-out awards. Clo Moriarty's total remuneration reflects her joining date of 1 October 2025.

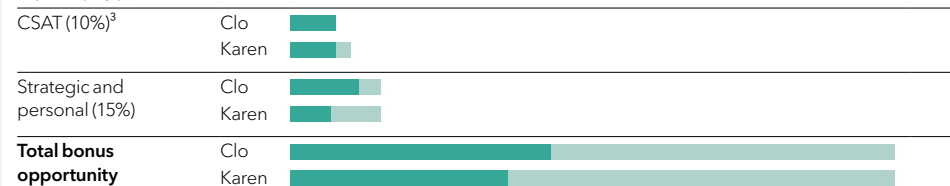
Alignment of performance and remuneration FY26

Annual bonus: rewards and incentivises delivery of annual targets

Financial:



Non-financial:



● Actual outcome ● Maximum opportunity

3. Clo Moriarty was only eligible for the last three-quarters of FY26. Karen Witts was eligible for all four quarters.

Long-term incentive plan FY24-26: rewards financial performance and shareholder value over the long term



● Actual outcome ● Maximum opportunity

Remuneration Committee report

Remuneration

Committee membership

Ajay Kavan (Committee Chair)

Alison Brittain

Ian Bull

Katharine Poulter

Vijay Talwar

Dan Taylor

 Meeting attendance
See page 60

FY26 highlights/key activities

- Directors' Remuneration Policy renewal.
- Approved measures and targets for FY26 bonus and LTIP grant and assessed performance against FY26 incentive outcomes.
- Approved gender pay gap report for publication.

FY27 priorities

- Review measures and targets proposed for FY27 bonus and LTIP grant.
- Oversee the implementation and effectiveness of the Directors' Remuneration Policy.
- Review our reward structure to ensure it continues to be appropriate to motivate and reward colleagues and aligned with the Group's strategy and performance.

Ajay Kavan

Chair of the Remuneration Committee



On behalf of the Remuneration Committee (the 'Committee'), I am pleased to present the Committee report for the year ended 27 June 2026. This report describes the work of the Committee, how it has applied our Remuneration Policy (the 'Policy'), which was approved by shareholders at the 2023 AGM, and sets out the Committee's proposals for changes to that Policy, which will be subject to a binding shareholder vote at the 2026 AGM.

This report comprises:

- my Annual Statement as Chair of the Committee (pages 90 to 94);
- the Annual Report on Remuneration (pages 95 to 109), describing how the Policy has been applied for the year ended 27 June 2026 and how we intend to implement the proposed new Directors' Remuneration Policy (the 'New Policy') for the year ending 26 June 2027; and
- the New Policy, which will be presented to shareholders at the 2026 AGM for approval by a binding vote (pages 110 to 117).

The Annual Report on Remuneration will be subject to an advisory shareholder vote at the 2026 AGM.

CEO transition

As reported last year, Clo Moriarty joined Dunelm as Chief Executive Officer with effect from 1 October 2025, following Nick Wilkinson's retirement from the Board at the end of September 2025. Details of Clo's remuneration arrangements were set out in last year's Directors' Remuneration Report, with further details of her buy-out awards set out on page 101 of this report. Details of Nick's remuneration on cessation of employment were also set out in last year's Directors' Remuneration Report.

FY26 business performance and incentive outcomes

FY26 was a year of transition for Dunelm, with a change in CEO during the year and the development of our strategy under her new leadership. In a fast-changing macroeconomic and consumer environment, the Executive Team has remained focused on serving our customers and building the foundations for future sustainable growth. We have continued our relentless focus on delighting our customers and are pleased to have seen our customer satisfaction score increase across the year, from an already high base.

We have delivered a solid performance this year, with sales of £1.8bn, representing growth of 3.1% on the prior year, and profit before tax of £211.0m. This reflects the continued benefits of investment in our digital ecosystem, including the launch of the Dunelm App, further enhancing the customer experience and supporting growth across our channels.

The formulaic outcome for the FY26 annual bonus is 42.98% of the maximum opportunity for Clo Moriarty, pro-rated to reflect her joining date of 1 October 2025, and 35.97% of the maximum opportunity for Karen Witts. Nick Wilkinson earned 30.47% of the maximum opportunity, pro-rated to reflect time served during the year, reflecting his contribution during the period he remained in role and the support he provided during the transition to his successor. Details of performance against all FY26 measures are set out on pages 97 and 98 of this report.

Remuneration Committee report continued

For FY26, two-thirds of the Executive Directors' respective cash bonuses (after payment of tax and National Insurance contributions) must be invested in shares, which must be retained as required for the purposes of our in- and post-employment shareholding guidelines.

Nick Wilkinson and Karen Witts were granted LTIP awards in November 2023 with vesting subject to performance conditions assessed over the three-year period FY24 to FY26. These awards will lapse in full.

The Committee considered whether to use its discretion to adjust either the bonus outcomes or the LTIP award outcome. We concluded that the incentive outcomes were appropriate and reflect both the performance of the business and the overall stakeholder experience, including the wider workforce, and therefore no discretion should be applied. The Committee was comfortable that the current Remuneration Policy operated as intended. We can also confirm that malus and clawback provisions were not used in the reporting period.

FY27 remuneration

Our review of salaries for Executive Directors and intended operation of the New Policy (subject to shareholder approval) for the financial year ending 3 July 2027 are set out below. In determining our approach to FY27 remuneration, the Committee was mindful of our remuneration principles as set out on page 89 and the wider colleague experience. We also considered feedback on Executive pay received from our National Colleague Voice.

Salary

As outlined in the Remuneration Report last year, Clo Moriarty was appointed on a base salary of £825,000. This is higher than her predecessor, Nick Wilkinson, but was positioned around median compared to the largest 50 companies in the FTSE 250, and took into account her package at her former employer and the fact that her salary will not be reviewed until August 2027.

The Committee reviewed Karen Witts' salary in line with usual practice. It approved a 2.5% increase in base salary in line with the average percentage increase for senior management and lower than the median pay award made to the wider UK colleague population, which was 4.1%.

Variable pay/incentives

We apply a consistent pay structure throughout the business, with the remuneration of Executive Directors more heavily weighted towards variable pay and share-based incentives than that of other colleagues – a greater part of their pay is linked to successful delivery of strategy and aligned with shareholders.

As described in the summary of the New Policy on pages 90 to 91, no changes are proposed to the annual bonus and LTIP opportunities for FY27 for Clo Moriarty and Karen Witts. Clo Moriarty's maximum bonus and LTIP will remain at 150% of salary and 225% of salary respectively. Karen Witts' maximum bonus and LTIP will remain at 125% of salary and 200% of salary respectively.

For FY27, we are proposing a minor change to the annual bonus performance measures, with an increased weighting on financial measures from 75% of maximum to 80% of maximum. 50% of the maximum bonus will be based on adjusted PBT and 30% on sales. The balance of the bonus will be based on customer satisfaction (CSAT) at 10% and strategic initiatives at 10%. In line with the proposed New Policy, 50% of any bonus earned after tax must be held in shares for at least three years.

LTIP awards under our New Policy are expected to be made in November 2026. 75% of the award will be based on adjusted EPS targets and 25% of the award will be subject to relative TSR against the constituents of the FTSE 250, excluding financial services companies and investment trusts.

Adjusted PBT and adjusted EPS are being used to ensure the measures reflect the underlying operational performance of the business. Further details in relation to the measures and targets are set out on page 108.

Non-Executive Director fees

It is the responsibility of the Board to review Non-Executive Director fees, and the responsibility of this Committee to review Chair fees. The Board considered the former at its meeting in July 2026 and determined that an increase of 2.5% was appropriate, in line with the average percentage increase for senior colleagues and below the median pay award made to the wider colleague population as referenced earlier in this letter.

In relation to our Chair's fee, the Committee recommended an increase of 2.5%, again in line with the average percentage increase for senior colleagues and below the median pay award made to the wider colleague population, which was approved by the Board.

We are also now placing more emphasis on Non-Executive Director share ownership by encouraging Non-Executive Directors to hold shares at 100% of their annual base fee.

New Directors' Remuneration Policy

We are grateful for the strong support for our current Policy, which was approved by shareholders at the 2023 Annual General Meeting with over 99% of votes cast in favour. At the meetings in 2024 and 2025, high levels of support were also given to our Directors' Remuneration Reports, reflecting our responsible approach to executive pay.

During FY26, the Committee reviewed the current Policy, taking into account: (i) feedback provided by shareholders as part of previous consultations; (ii) the views of the Non-Executive Directors and management; (iii) feedback on Executive Director pay given by our National Colleague Voice; (iv) the Group's evolving strategy; and (v) market practice, which included a detailed benchmarking exercise to assess our current Policy versus the market. The primary comparator group considered for the purpose of reviewing the market competitiveness of the Policy is the top 50 companies in the FTSE 250, excluding financial services companies and investment trusts. This is consistent with Dunelm's approach in the past and recognises our growth aspirations.

The review indicated that, while the overall structure of the current Policy remains appropriate, certain elements are no longer fully aligned with our remuneration philosophy: fixed pay for our top executives should be positioned around median, with annual bonus opportunity around median and LTIP opportunity at upper quartile.

Remuneration Committee report continued

The proposals outlined on the following pages represent an evolution of the current Policy, designed to:

- align the New Policy with market practice and our pay philosophy, while retaining a responsible, performance-based approach that remains closely aligned with shareholders' interests;
- support our strategy and growth ambitions, reflecting the size and complexity of the business today and providing appropriate flexibility to attract and retain high-calibre talent to deliver those ambitions; and
- simplify the approach while maintaining strong alignment with shareholders, retaining our longstanding emphasis on meaningful executive share ownership and making the New Policy easier to operate and explain.

A small number of other changes have been proposed to ensure there is sufficient flexibility built into the New Policy for the next three-year cycle, including the addition of flexibility to grant share awards to Non-Executive Directors in lieu of fees. This is considered future-proofing and is not intended to increase the quantum of Non-Executive Director fees or create any form of share award with a performance condition. As mentioned above, we are also placing more emphasis on Non-Executive Director share ownership by encouraging the holding of shares at 100% of annual base fee.

The New Policy will retain the current Policy's requirement that, for the bonus, ordinarily at least 50% will be subject to financial objectives and, for the LTIP, at least 75% of an award will be subject to the satisfaction of financial and/or Total Shareholder Return (TSR) measures. No substantive changes are proposed to current vesting schedules, save that the wording of the New Policy has been simplified to provide flexibility and future-proof.

We have consulted with major shareholders and proxy advisers on the proposed changes. We are grateful for the engagement and feedback received, and we have finalised the New Policy having regard to that feedback. During the consultation, we confirmed that the annual bonus and LTIP headroom outlined would only be used in relevant circumstances, such as to facilitate the recruitment or retention of an Executive Director or in the event of a significant increase in the size or complexity of the business. Where practicable, we would consult with investors in advance of increasing the current maximum annual bonus or LTIP awards. The Committee would also provide a full rationale for any use of the higher limit in the following year's Directors' Remuneration Report.

I look forward to receiving your support at our 2026 AGM where I will be available to respond to any questions that shareholders may have on the proposed New Policy, this report or in relation to the Committee's activities. In the meantime, if you would like to discuss any aspect of our approach to remuneration, please feel free to contact me via our Company Secretary.

Ajay Kavan

Chair of the Remuneration Committee
8 September 2026

The table below and on the following page summarises the changes to the policy approved in 2023 for which approval will be sought at the 2026 AGM.

Element	Proposed New Policy	Rationale
Structure	Retain the current approach of fixed pay, an annual bonus with deferral, and a performance-based LTIP vesting over three years with a further two-year holding period.	Supports delivery of our strategy, reinforces our shared values and aligns Executive Directors with shareholders through meaningful share ownership.
Separate annual bonus and LTIP caps	Under the current Policy, the combined annual bonus and LTIP maximum opportunities for any year may not exceed 375% of salary in the case of the Company's CEO and 325% of salary in the case of any other Executive Director. The Policy also includes individual maximum opportunities of 150% of salary for the annual bonus and 250% of salary for the LTIP. The new Policy will not include the combined limit but will retain separate limits, as detailed on the next page.	Simplifies our approach and ensures the New Policy is sufficiently flexible for the next three-year cycle.
Annual bonus opportunity	No change to overall annual bonus opportunity. The maximum annual opportunity under the New Policy will remain at 150% of salary.	Aligns with our pay philosophy of positioning bonus at around median of the market. Although we had flexibility in the current Policy, we have not used this headroom for our current CFO, whose annual bonus opportunity is 125% of salary, and there is no current intention to use this headroom.

Remuneration Committee report continued

Element	Proposed New Policy	Rationale
LTIP opportunity	Increased LTIP headroom for CEO. The New Policy introduces headroom to increase the maximum LTIP opportunity to 275% of salary for the CEO. No change to overall LTIP maximum opportunity for any other Executive Director. For any other Executive Director, the maximum LTIP opportunity under the new Policy remains at 250% of salary.	Aligns with our pay philosophy of positioning LTIP at the upper quartile of the market. We have no current intention to use the existing or additional headroom for the current CEO, whose award is granted at the level of 225% of salary. Although we had flexibility in the current Policy, we have not used this headroom for our current CFO, whose award is granted at the level of 200% of salary, and there is no current intention to use this headroom.
In-service shareholding guideline	Under the current Policy, our lifetime shareholding approach required that two-thirds of after-tax variable pay must be held in shares for the duration of employment. We are replacing the current lifetime lock-in with: – An increased in-service shareholding guideline (which was previously aligned to the LTIP grant) of 300% of salary for all Executive Directors, to be achieved over five years. – 50% of bonus (after tax) to be deferred into shares for three years. This will not be reduced once the shareholding guideline is met. – The two-year LTIP holding period and two-year post-cessation shareholding guidelines will continue to apply. – Executive Directors must retain at least 50% of the shares acquired from an LTIP award after tax until such time as the in-service shareholding guideline is met.	Aligns with our longstanding ethos of alignment via executive equity holdings, which remains an important principle for the Committee, but with flexibility to support succession and diverse individual backgrounds and circumstances. Although we have no current intention to increase the LTIP, we are introducing a 300% of salary in-service shareholding guideline, which is upper quartile compared to the top 50 companies in the FTSE 250 and is above both the intended LTIP grant levels and the New Policy's maximum LTIP grant level.

Element	Proposed New Policy	Rationale
Bonus deferral	Under the New Policy, at least 50% of any bonus earned after tax must be held in shares for at least three years.	Maintains alignment between Executive Directors' and shareholders' interests, having regard to the market positioning of the bonus opportunity and the proposed increase in the in-service shareholding guideline. Although this is a reduction in the proportion of bonus deferred and in the length of the mandatory holding period, the proportion deferred will remain at the upper end of market practice, with the deferral period in line with typical market practice.
LTIP retention	Under the current Policy, all the shares acquired from an LTIP award (after sales to cover tax) must be retained for a holding period of two years. This will not change in the New Policy. Our current requirement, reflecting our 'lifetime lock-in', is that following the end of the holding period, an Executive Director must retain at least two-thirds of the shares acquired (after tax). Under the New Policy, Executive Directors must retain at least 50% of the shares acquired from an LTIP award after tax until such time as the in-service shareholding guideline is met.	Two-year LTIP holding period post vesting aligns with best practice. The requirement to retain at least 50% of the shares acquired from an LTIP award after tax until such time as the in-service shareholding guideline is met is a proportionate approach to maintaining alignment between Executive Directors' and shareholders' interests, having regard to the proposed increase in the in-service shareholding guideline to be achieved over five years.
Post-employment shareholding guideline	This will be aligned with the proposed changes to the in-service guideline such that 100% of the in-service requirement (i.e. 300% of salary) or the actual holding if lower must be retained for two years post cessation of employment.	Two-year post-employment shareholding guideline aligns with best practice.

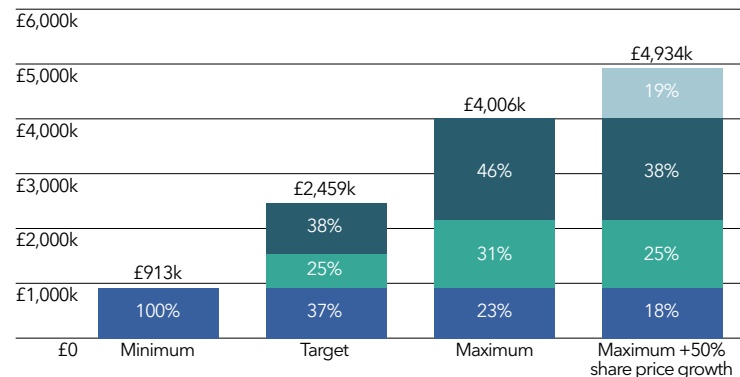
Remuneration Committee report continued

Illustrative performance scenarios

The graphs on this page set out what Clo Moriarty and Karen Witts, the CEO and CFO respectively in office at the date of this report, could earn in FY27 under the scenarios set out on the right. These illustrative performance scenarios form part of the Remuneration Policy, which can be found on page 110.

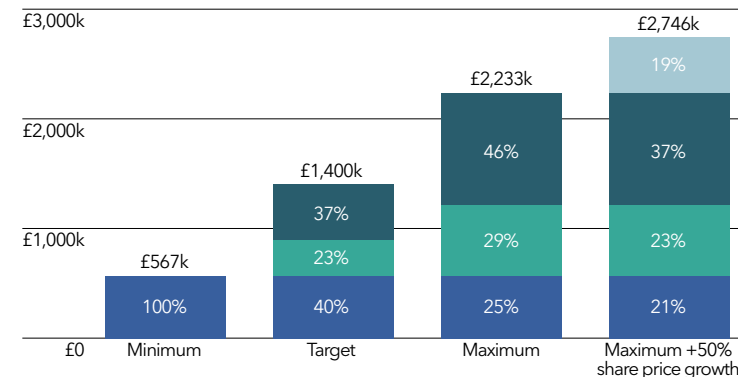
At his request, Sir Will Adderley does not receive any remuneration apart from an annual salary, car allowance and healthcare benefits. Therefore, his remuneration has not been included in the scenarios.

Clo Moriarty



● Fixed pay ● Annual bonus ● Long-term incentives ● Share price appreciation

Karen Witts



The following assumptions have been made in respect of the scenarios above:

Fixed pay (base salary, benefits and pension only)	Base (last known salary) £'000	Benefits (as in single figure table) £'000	Pension (3% of salary) £'000
Clo Moriarty	825	63 ¹	25
Karen Witts	513	39	15

1. The benefits figure for Clo Moriarty is a full time equivalent.

Performance level	Fixed pay	Annual Bonus	LTIP
Minimum (performance below threshold)	As above	Nil	Nil
In line with expectations	As above	50% of bonus earned (75% of salary for Clo Moriarty, 62.5% of salary for Karen Witts).	50% of the LTIP award vests (112.5% of salary for Clo Moriarty and 100% of salary for Karen Witts), based on face value of the award at the date of grant.
Maximum performance	As above	100% of bonus earned (150% of salary for Clo Moriarty, 125% of salary for Karen Witts).	100% of the LTIP award vests (225% of salary for Clo Moriarty and 200% of salary for Karen Witts), based on face value of the award at the date of grant.
Maximum performance, plus share price increase	As above	100% of bonus earned (150% of salary for Clo Moriarty, 125% of salary for Karen Witts).	100% of the LTIP award vests (225% of salary for Clo Moriarty and 200% of salary for Karen Witts), plus an increase in the value of the LTIP of 50% across the relevant performance period to reflect possible share price appreciation.

Remuneration Committee report continued

Annual Report on Remuneration

This report has been prepared on behalf of the Board by the Committee, chaired by Ajay Kavan. It sets out how the Directors' Remuneration Policy which was approved by shareholders on 16 November 2023 has been applied in FY26 and how the proposed policy will be applied in FY27.

Together with the Chair's statement on pages 90 to 94, it will be put to shareholders for an advisory vote at the FY26 AGM.

The information contained in this report is unaudited unless expressly stated otherwise.

Committee members and meeting attendance during the year

Member	Attendance	Notes
Ajay Kavan	3/3	Chair of the Remuneration Committee
Alison Brittain	3/3	
Ian Bull	3/3	
Katharine Poulter	3/3	
Vijay Talwar	3/3	
Dan Taylor	3/3	

Composition of the Committee

The Committee comprises solely independent Non-Executive Directors (including the Chair, who was independent on appointment) and did so throughout FY26. Ajay Kavan has chaired the Committee since November 2024.

Only members of the Committee have the right to attend meetings. Other Directors and individuals such as the CEO and Chief People Officer are invited to attend all or part of meetings, as appropriate. No Director participates when his or her own remuneration is discussed. The Group General Counsel and Company Secretary acts as secretary to the Committee and attends all meetings.

During FY26, three additional meetings were scheduled (a total of six during the year) to provide additional time for the Committee to discuss the proposed new Remuneration Policy. These meetings were attended by all members of the Committee.

Role and principal duties

The Committee is responsible for determining the policy for Directors' remuneration and setting the remuneration for the Chair of the Board, Executive Directors and members of the Executive Team in accordance with the Principles and Provisions of the UK Corporate Governance Code ('Code'). Its other principal duties include:

- establishing remuneration schemes that support alignment with long-term shareholder interests;
- designing remuneration policies and practices to support strategy and promote long term sustainable success;
- reviewing the design of all share incentive plans for approval by the Board and for any such plans determine whether awards will be made each year; and
- reviewing workforce remuneration and related policies.

 The Committee's full terms of reference can be found at: corporate.dunelm.com

Remuneration Committee report continued

Single figure for total remuneration (audited)

The following table sets out total remuneration for Directors for the period ended 27 June 2026

Table 1: Directors' remuneration – single figure table

Director	Salary/fees ¹ £'000		Benefits ² £'000		Pension ³ £'000		Bonus ⁴ £'000		LTIP ⁵ £'000		Other £'000		Total £'000	
	FY26	FY25	FY26	FY25	FY26	FY25	FY26	FY25	FY26	FY25	FY26	FY25	FY26	FY25
Clo Moriarty	619	–	47	–	19	–	399	–	–	–	4,068 ⁶	–	5,152 ⁶	–
Karen Witts	499	484	39	40	15	15	224	334	0	205	9 ⁷	–	786	1,078
Sir Will Adderley	–	–	21	21	–	–	–	–	–	–	–	–	21	21
Nick Wilkinson	164	627	14	54	5	19	75	529	0	266	7 ⁷	–	265	1,495
Sub-total	1,282	1,111	121	115	39	34	698	863	–	471	4,084	–	6,224	2,594
Non-Executive Director														
Alison Brittain	357	347	–	–	–	–	–	–	–	–	–	–	357	347
Ian Bull	89	82	–	–	–	–	–	–	–	–	–	–	89	82
Ajay Kavan	78	70	–	–	–	–	–	–	–	–	–	–	78	70
Katharine Poulter	63	9	–	–	–	–	–	–	–	–	–	–	63	9
Marion Sears	63	61	–	–	–	–	–	–	–	–	–	–	63	61
Vijay Talwar	63	61	–	–	–	–	–	–	–	–	–	–	63	61
Dan Taylor	63	61	–	–	–	–	–	–	–	–	–	–	63	61
Total	2,058	1,802	121	115	39	34	698	863	0	471	4,084	–	7,000	3,285

- For FY26, Clo Moriarty was appointed on 1 October 2025 and Nick Wilkinson stepped down from the Board on 30 September 2025, leaving the Company on 3 October 2025. For FY25, Katharine Poulter was appointed on 6 May 2025. Basic salary/fees are pro-rated over the relevant year as appropriate. Sir Will Adderley's base salary was held at £1 per annum.
- Benefits include the cost of a car allowance and private health insurance for the individual and their family. The figure for Clo Moriarty is pro-rated to reflect her time employed in FY26. Clo is entitled to an allowance 5% of annual salary towards the costs of travel and accommodation. Karen Witts is entitled to an allowance of £1,500 per month to cover the cost of rent on a property close to the office in Leicester and travel costs. Nick Wilkinson was also entitled to an allowance of 5% of his annual salary towards the cost of travel from home to Leicester.
- Pension entitlement is 3% of contractual salary to a defined contribution plan or cash allowance in lieu. Sir Will Adderley waived his entitlement to a pension from 1 July 2015.
- Clo Moriarty, Nick Wilkinson and Karen Witts were awarded an annual performance-related bonus for FY26 with a maximum opportunity of (i) 150% of contractual salary for Clo Moriarty and Nick Wilkinson (pro-rated for time employed) and (ii) 125% of contractual salary for Karen Witts. The performance conditions which applied to the bonus were set in September 2025 and are described on pages 97 and 98.
- The FY26 figures for Nick Wilkinson and Karen Witts are the value of the FY24–26 LTIP award which lapsed in full due to the performance conditions not being met. The three-year performance period for this award ended on the last day of the financial period being reported on. Further information is set out in Table 4 and its notes. The FY25 figures have been updated to reflect the actual closing share price of the day before the vesting date of 1,142p for Nick and Karen, compared to last year's report which was based on the average closing share price over the last three months of FY25, which was 1,101 pence per share. Sir Will Adderley asked not to be considered for an LTIP award.
- For Clo Moriarty this figure includes the value of buy-out awards including cash bonus and share option awards in respect of long-term incentive and deferred bonus awards forfeited from her previous employer. It includes all share option awards that have vested and share option awards that are not subject to performance conditions that have not yet vested. This figure includes the vesting of Clo's LTIP 2023 buy-out award on 10 July 2026 at a vesting rate of 72.5%, resulting in 98,362 vested shares and 3,069 additional shares by way of 'special dividend equivalents'. The 'special dividend equivalent' was calculated using a value of 25p per vested share in respect of the special dividend paid on 8 April 2026, the share price used to calculate the number of shares is 801p per share, being the closing share price the working day before the special dividend payment date. Further details are set out in Tables 6 and 10.
- For Karen Witts and Nick Wilkinson this figure relates to the all-employee sharesave scheme with no performance conditions and the valuation is based on the gain on maturity of the sharesave options. Valuation represents the difference between the exercise price and the market value of shares on the maturity date, multiplied by the number of shares subject to the option. For more information see Table 10.

Remuneration Committee report continued

FY26 annual bonus (audited)

Clo Moriarty and Nick Wilkinson were eligible to earn an annual bonus of up to 150% of base salary during the year (pro-rata for time employed during the year) and Karen Witts was eligible to earn an annual bonus of up to 125% of base salary during the year, in each case subject to meeting the performance targets set out below. Sir Will Adderley asked not to be considered for an annual bonus.

The bonus was based on challenging targets set by the Committee at the start of the financial year, with 75% based on financial targets and 25% based on non-financial targets. The 'sales' and personal elements of the bonus would only be paid if we achieved the threshold PBT. Information on the targets set and the performance against them is set out in Table 2. Based on performance against those targets (and pro-rated in the case of Clo Moriarty and Nick Wilkinson to reflect time in role during the financial year), Clo Moriarty earned a bonus of £398,862, Karen Witts earned a bonus of £224,324 and Nick Wilkinson earned a bonus of £74,876 as set out in Table 3. The full bonus is paid in cash, with two-thirds of the after-tax amount being subject to a requirement that it is invested in shares.

Table 2: Annual bonus 2026 payout (audited)

Performance measures	% of bonus opportunity	Threshold (10%)	On-target (50%)	Maximum (100%)	FY26 actual performance	% outcome for each measure
Financial measures¹						
Profit before tax (PBT)	50%	£201m	£218m	£240m	£211m	30.90%
Sales	25%	£1,752m	£1,904m	£1,999m	£1,826m	25.10%
Non-financial, personal and strategic targets						
Customer satisfaction	10%	(see page 98 for details)				Clo – CEO – 100% ² Nick – CEO – 0.00% ² CFO – 75.00%
Personal and strategic	15%					Clo – CEO – 75.00% Nick – CEO – 58.33% CFO – 45.00%

1. The performance range shown in the table has been simplified for ease of presentation and includes an additional 20% vesting point for achieving PBT of £207m and sales of £1,809m. Bonus is earned between each vesting point on a straight-line basis.

2. Clo Moriarty was only eligible for the last three quarters of FY26. Nick Wilkinson was only eligible for the first quarter of FY26.

Table 3: Overall 2026 bonus earned (audited)

	Base salary £'000	Maximum bonus % of salary	2026 bonus outcomes % of maximum	Overall 2026 bonus earned £'000	2026 bonus outcome % of salary
Clo Moriarty ¹	£619	150%	42.98%	£399	64.46%
Karen Witts	£499	125%	35.97%	£224	44.97%
Nick Wilkinson ²	£164	150%	30.47%	£75	45.71%

1. The base salary and bonus for Clo Moriarty has been pro-rated to reflect the commencement of her employment on 1 October 2025.

2. The base salary and bonus for Nick Wilkinson has been pro-rated to reflect the cessation of his employment on 3 October 2025.

Remuneration Committee report continued**Non-financial personal and strategic objectives**

10% of the bonus opportunity is linked to customer satisfaction and 15% is linked to performance against objectives, both personal and strategic. Payment of these elements of the bonus is subject to meeting threshold on the PBT financial metric for the year which has been achieved.

The customer satisfaction measure (10%) requires a year-on-year improvement compared to the score for the corresponding quarter in the previous year. An equal weighting was given to each quarter, with vesting based on a simple 'pass/fail' approach. It was assessed that the customer satisfaction measure for the last three quarters of FY26 had been met. Nick Wilkinson was eligible for the first quarter only, Clo Moriarty was eligible for the last three quarters only and Karen Witts was eligible for all four quarters.

Targets for the personal and strategic element (15%) were set by the Committee and were specific to each Executive Director. Assessment against them (including consideration of relevant KPIs) was considered by the Committee following the end of the financial year, and a bonus outcome determined accordingly.

For Clo Moriarty, current CEO, her objectives were determined upon her joining the business at the start of October and reflective of the immediate priorities for her first nine months in role. Taking each of the objectives in turn, and weighting them as shown on the right, resulted in an assessment of 75% against personal and strategic targets.

For Karen Witts, CFO, her objectives were determined at the start of the financial year and reflective of the strategy and key priorities at that time. Taking each of the objectives in turn, and weighting them as shown on the right, resulted in an assessment of 45% against personal and strategic targets.

Details of Clo and Karen's key achievements against their respective objectives are set out on the right.

For Nick Wilkinson, former CEO, the Committee set his objectives at the start of the financial year, specific to the three-month period for which he would be in role. The objectives had equal weighting and were focused on ensuring an orderly and effective transition to the new CEO, the development and communication of the FY26 strategy and delivery of the plans for the first quarter of FY26. Taking each of the objectives in turn, resulted in an assessment of 58.33% against personal and strategic targets.

Non-financial personal and strategic objectives (continued)**CEO – Clo Moriarty – FY26 performance against objectives**

Objectives	Key achievements during FY26
Onboarding and transition c.25% weighting	– Ensured successful handover from previous CEO – Swiftly understood Dunelm's business, operating model and culture – Participated in thorough and detailed induction, with a strong focus on engagement and building relationships
Business review c.25% weighting	– Presented clear diagnostic of the business – Identified key performance and capability focus areas – Engaged with key stakeholders and ensured views were represented
Corporate strategy c.25% weighting	– Developed and presented corporate strategy to the Board, with a high-level of engagement from the Executive Team – Clarified levers for growth, profit and long-term sustainable performance and prioritised workstreams for delivery – Drove review of communication plans with all stakeholders
FY26 delivery c.25% weighting	– Retained focus on performance in challenging trading environment – Challenged the business to deliver improved customer satisfaction – Oversaw delivery of key in-year initiatives, including a new superstore format at Kingston and the launch of the app

CFO – Karen Witts – FY26 performance against objectives

Objectives	Key achievements during FY26
Business development and strategy c.25% weighting	– Strong contribution to development and presentation of the new corporate strategy – Created the corporate plan to support the new corporate strategy – Ongoing engagement in relation to non-core opportunities
Finance transformation c.25% weighting	– Continued to plan and ensure readiness for business systems transformation, including reviewing capability to deliver roadmap – Prioritised system upgrade workstreams
Business efficiency (finance-focus) c.25% weighting	– Drove efficiencies in finance processes – Strong delivery of financial grip – Maintained strong free cash flow performance
Team development and engagement c.25% weighting	– Continued to develop capability within the finance function, including recognising and promoting internal talent – Reviewed skills within the team

Remuneration Committee report continued

LTIP awards granted in respect of performance in FY24–26 (audited)

Nick Wilkinson and Karen Witts were granted LTIP awards on 21 November 2023 with vesting subject to performance conditions assessed over the three-year period FY24 to FY26. These awards were subject to performance conditions based on a Diluted EPS (with an 80% weighting) and sustainability measures (with a 20% weighting in aggregate), three sustainability-based measures, each accounting for a third of this element of the award, on a simple pass or fail basis against target. These awards have lapsed in full following performance against all measures below threshold or not being met as set out in the table below. Sir Will Adderley does not have an LTIP award vesting in respect of performance in FY24 to FY26.

Table 4: LTIP awards due to vest for performance period ended 27 June 2026 (audited)

Director	Options over ordinary share granted	Performance condition and outcome								
		FY26 Diluted EPS (80% of opportunity)				Sustainability element (20% opportunity)				
		Threshold (10% vesting)	On target (50% vesting)	Maximum (100% vesting)	FY26 outcome	ESG metric 1 (1/3)	ESG metric 2 (1/3)	ESG metric 3 (1/3)	Vesting percentage	Total vesting shares
Nick Wilkinson	95,043 ¹	78.0p	83.0p	100.0p	76.7p	Reduction in Scope 1 greenhouse gas emissions per £m sales	Percentage of own brand cotton products which meet our 'More Responsibly Sourced Cotton' standard	Percentage of role model leadership roles filled by ethnic minority colleagues	0.0%	0
Karen Witts	87,096					Target: 59.3% Not met	Target: 100% Not met	Target: 8% Not met	0.0%	0

1. As disclosed in last year's Directors' Remuneration Report, Nick Wilkinson's award was pro-rated to reflect the time elapsed between the start of the performance period and cessation of employment.

Remuneration Committee report continued

Awards made to Directors under share incentive schemes in FY26 (audited)

LTIP awards were made on 30 October 2025 to Clo Moriarty and Karen Witts as set out below:

Table 5: LTIP awards made to Directors during FY26 (audited)

Director	Award	Shares under award ²	Basis of award	Face value	Performance conditions ³				Performance period end date	Vesting date
Clo Moriarty ¹	Nil-cost options under LTIP	146,981	225% of salary	£1,701,563	FY27 Diluted EPS (75% of opportunity)				1 July 2028	30 October 2028
					Nil	Threshold 10% vesting	On-target (50% vesting)	Maximum (100% vesting)		
					Less than 79.2p	79.2p	89.9p	101.7p or more		
					Relative TSR ⁴ (25% of opportunity)					
					Nil	Threshold 25% vesting	On-target (50% vesting)	Maximum (100% vesting)		
					Below median	Median	n/a	Upper quartile		
Karen Witts	Nil-cost options under LTIP	86,390	200% of salary	£1,000,116	As above				As above	

1. Clo Moriarty's award was pro-rated to reflect the period from her start date to the end of the performance period.

2. Based on the average closing share price on 27, 28 and 29 October 2025 of 1,158p per share.

3. Performance between each of these percentage thresholds will be calculated on a straight-line basis.

4. Relative Total Shareholder Return versus the constituents of the FTSE350 excluding financial services companies and investment trusts, with a three-month averaging period applied at the start and end of the performance period.

All shares vesting (after payment of tax and National Insurance) must be held for two years from the vesting date, and thereafter at least two-thirds of these must be held for the duration of employment. The Executive Directors are eligible to receive a 'special dividend equivalent' in relation to these awards, in respect of a special dividend of 25 pence per share paid on 8 April 2026 and any other special dividend paid before the awards vest.

Remuneration Committee report continued**Buy-out awards granted to Clo Moriarty**

As disclosed in last year's report, on appointment, Clo Moriarty received awards to compensate for remuneration she forfeited on leaving her previous employer. Following the principles set out in last year's Directors' Remuneration Report, the following 'buy-out' awards were granted on 1 October 2025.

Cash bonus

A cash payment of £454,272, was made in respect of the FY25 cash bonus forfeited. A further cash bonus of £259,445 was made, equivalent to the cash element of the FY26 bonus forfeited, pro-rated to reflect the proportion of the FY26 bonus forfeited (based on the value of the annual bonus disclosed in J Sainsbury plc's Directors' Remuneration Report).

The value for both awards is based on the value that would have otherwise been received as determined by the Committee based on the disclosures in the J Sainsbury plc's Directors' Remuneration Report.

Share awards

The following nil cost option awards were made in respect of forfeited share awards:

Table 6: Buy-out awards made to Clo Moriarty (audited)

Award ¹	Shares under award ¹	Basis of award	Face value ^{2,3}	Performance conditions ⁴	Performance period end date	Vesting date
Nil cost options under the LTIP	108,436 ⁶	Value of forfeited FY22 LTIP	£1,196,772	None	n/a	1 October 2025
	56,478 ⁶	Value of forfeited 2024 bonus share award	£623,329	None	n/a	6 March 2026
	135,672 ^{5,6}	Value of forfeited 2023 LTIP award	£1,497,367	Based on the Committee's determination of the vesting of the 2023 J Sainsbury plc's LTIP awards (these performance conditions are set out in the J Sainsbury plc's Directors' Remuneration Report)	28 February 2026	10 July 2026
	41,160 ⁶	Value of forfeited 2025 bonus share award	£454,269	None	n/a	6 March 2027
	183,557	Value of forfeited 2024 LTIP award	£2,025,857	The same performance conditions as the FY25 LTIP awards and as set out in last year's Directors' Remuneration Report	3 July 2027	31 October 2027
	33,966 ⁶	Value of forfeited 2026 bonus share award	£259,445	None	n/a	6 March 2028
	24,376	Value of forfeited 2025 LTIP award ⁷	£269,030	The same performance conditions as the FY26 LTIP awards as set out above	1 July 2028	30 October 2028

1. All awards were granted on 1 October 2025 other than the 33,966 shares in respect of the forfeited 2026 bonus shares which were granted on 10 June 2026.

2. Based on the average closing share price on 26, 29 and 30 September 2025 of 1,104p per share, save for the 10 June 2026 award which was based on the average closing share price on 5, 8 and 9 June 2026 of 764p per share.

3. 'Face value' for these purposes is calculated according to value at grant. It also assumes 100% vesting, which may not be the case where performance conditions apply. The outcome will be determined at vesting.

4. Where the underlying forfeited awards were not subject to additional performance conditions the corresponding buy-out is also not subject to performance conditions.

5. The buy-out award for the forfeited 2023 LTIP award vested on 10 July 2026 and its valuation at vesting is incorporated in Table 1.

6. Share awards included in the single figure table on page 96.

7. Pro-rated to reflect the proportion of the J Sainsbury plc's performance period that had elapsed upon commencement of employment at Dunelm (7 of 36 months).

Remuneration Committee report continued**Director leaving arrangements (audited)**

As disclosed in last year's Directors' Remuneration Report and in the s430(2B) Companies Act 2006 disclosure on our corporate website, in retiring from the Board, and reflecting his long service and significant contribution to the business, Nick Wilkinson has been treated as a 'good leaver' for the purposes of his incentives. As set out on page 97, Nick was entitled to a FY26 bonus pro-rated to reflect the three months from the start of FY26 to cessation of employment. His outstanding LTIP awards were also pro-rated to reflect the portion of the performance period for which he was employed and continue to be subject to the respective performance conditions and vesting at the normal vesting dates (as set out in Table 10 on page 104). Nick did not receive any further payments or benefits in respect of his retirement.

Payments to past directors/loss of office (audited)

No other payments were made to any former Director in the financial year or to any Director in respect of loss of office or the termination of his or her employment.

Service contracts

In accordance with the Group's policy, the service contracts of the Executive Directors have no fixed term. The notice period for termination is 12 months from either party for Sir Will Adderley and Clo Moriarty respectively and six months for Karen Witts. Service contracts for the Executive Directors include a non-compete arrangement. The Committee may apply mitigation in respect of any termination payment. Copies of the Executive Directors' service contracts are available for inspection at the Company's registered office.

The Non-Executive Directors have letters of appointment for an initial period of three years with a provision for termination on one month's notice from either party, or three months' notice from either party in the case of Alison Brittain, the Chair.

Table 7: Directors' service contracts

Executives	Start date	Expiry of current term	Notice period
Clo Moriarty	1 October 2025	N/A	12 months
Karen Witts	9 June 2022	N/A	6 months
Sir Will Adderley	28 September 2006	N/A	12 months
Non-Executives			
Alison Brittain	7 September 2022	7 September 2028	3 months
Ian Bull	10 July 2019	10 July 2028	1 month
Ajay Kavan	1 March 2024	1 March 2027	1 month
Katharine Poulter	6 May 2025	6 May 2028	1 month
Marion Sears ¹	22 July 2004	22 July 2027	1 month
Vijay Talwar	1 October 2021	1 October 2027	1 month
Dan Taylor	1 March 2024	1 March 2027	1 month

1. Marion Sears has served more than nine years on the Board. Her contract is renewed for a one-year term (rather than three), with the notice period referred to above.

Remuneration Committee report continued**Directors' shareholdings and share interests****Directors' share interests**

The interests of the Directors and their connected persons in the Company at 28 June 2025 and at year end, or their date of cessation if earlier, are set out in Table 8.

There have been no changes in the interests of each Director in the period from 27 June 2026 to the date of this report.

Executive shareholdings

Executive Directors are subject to a shareholding target which requires them to build a holding of Dunelm shares with a value equal to the higher of their normal LTIP grant and 200% of salary (measured by reference to share price at the financial year end). Ordinarily, Executive Directors are expected to achieve this holding requirement within five years of appointment.

At 27 June 2026 Clo Moriarty and Karen Witts had acquired shares with a value of 86% and 146% of salary respectively. Achievement against the minimum shareholding requirement is set out in Table 9, other than in the case of Sir Will Adderley who only receives a salary of £1 per year and for whom the requirement is therefore not relevant.

Table 8: Shareholdings of Directors and Persons Closely Associated with them (audited)

	At 27 June 2026 1p Ordinary shares	At 28 June 2025 1p Ordinary shares
Executives		
Clo Moriarty ¹	87,169	n/a
Karen Witts	92,036	69,043
Sir Will Adderley	66,371,779	66,371,779
Nick Wilkinson ²	470,541	470,541
Non-Executives		
Alison Brittain	50,000	37,500
Ian Bull	11,000	11,000
Ajay Kavan	14,709	7,542
Katharine Poulter	–	–
Marion Sears	105,000	105,000
Vijay Talwar	9,670	9,670
Dan Taylor	7,000	–

1. Clo Moriarty joined the Board on 1 October 2025.

2. Nick Wilkinson stepped down from the Board on 30 September 2025 and his shareholding is shown as at this date.

Table 9: Executive Director shareholdings (audited)

Executive Director	Shareholding guideline as a % of salary	Number of shares owned outright	Value of shareholding as at 27 June 2026	Shares owned outright as a % of salary ¹
Clo Moriarty	225%	87,169	£708,684	86% ²
Karen Witts	200%	92,036	£748,253	146% ²

1. Based on the closing share price of 813p on 27 June 2026 and base salary at 1 August 2026.

2. As at 27 June 2026, Karen Witts was four years into her five-year period to meet the shareholding guideline as stated under the current Remuneration Policy and Clo Moriarty was nine months into her five-year period to meet the same guideline.

Remuneration Committee report continued

Table 10: Movements in Directors' interests in share options during FY26 (audited)

All share awards and options held at the beginning of the financial year and at year end by the Executive Directors who served during the year, together with any movements, are shown below:

	Date of award	Name of award ¹	Type of award	Share options/ awards held at 28 June 2025	Share options/ awards granted during the year ³	Share options/ awards vested and exercised during the year	Share options/ awards lapsed/ cancelled during the year	Share options/ awards at 27 June 2026 ⁶	End of performance period	Option price
Clo Moriarty	30 October 2025	FY26–28 LTIP	Nil-cost options	–	146,981	–	–	146,981	1 July 2028	–
	1 October 2025	LTIP 2022 Buy-out award	Nil-cost options	–	108,436	(108,436)	–	–	n/a	–
	1 October 2025	2024 Bonus Share Buy-out award	Nil-cost options	–	56,478	(56,478)	–	–	n/a	–
	1 October 2025	LTIP 2023 Buy-out award	Nil-cost options	–	135,672 ⁶	–	–	135,672 ⁶	28 February 2026	–
	1 October 2025	2025 Bonus Share Buy-out award	Nil-cost options	–	41,160	–	–	41,160	n/a	–
	1 October 2025	LTIP 2024 Buy-out award	Nil-cost options	–	183,557	–	–	183,557	3 July 2027	–
	1 October 2025	LTIP 2025 Buy-out award	Nil-cost options	–	24,376	–	–	24,376	1 July 2028	–
	10 June 2026	2026 Bonus Share award	Nil-cost options	–	33,966	–	–	33,966	n/a	–
	24 November 2025	FY26 Sharesave	Share options	–	984	–	–	984	n/a	927p
Nick Wilkinson	31 October 2024	FY25–27 LTIP ^{2,5}	Nil-cost options	121,687	–	–	(70,579)	51,108	3 July 2027	–
	21 November 2023	FY24–26 LTIP ^{2,5}	Nil-cost options	126,725	–	–	(31,682)	95,043	27 June 2026	–
	27 October 2022	FY23–25 LTIP ⁵	Nil-cost options	139,765	2,299	(23,263) ⁴	(118,801) ⁴	–	28 June 2025	–
	22 November 2022	FY23 Sharesave	Share options	2,698	–	(2,623)	(75)	–	n/a	667p
Karen Witts	30 October 2025	FY26–28 LTIP	Nil-cost options	–	86,390	–	–	86,390	1 July 2028	–
	31 October 2024	FY25–27 LTIP	Nil-cost options	83,633	–	–	–	83,633	3 July 2027	–
	21 November 2023	FY24–26 LTIP ⁵	Nil-cost options	87,096	–	–	–	87,096	27 June 2026	–
	27 October 2022	FY23–25 LTIP ⁵	Nil-cost options	108,043	1,777	(17,983) ⁴	(91,837) ⁴	–	28 June 2025	–
	22 November 2022	FY23 Sharesave	Share options	2,698	–	(2,698)	–	–	n/a	667p
	24 November 2025	FY26 Sharesave	Share options	–	1,968	–	–	1,968	n/a	927p

1. Further details of Clo Moriarty's buy-out awards are provided on page 101. Performance conditions apply to all awards with a stated end of performance period date.

2. Nick Wilkinson's FY24 – FY26 LTIP and FY25 – 27 LTIP were reduced to reflect his period of service, as referred to in last year's Directors' Remuneration Report.

3. LTIP awards are eligible to receive a 'special dividend equivalent' in respect of any special dividend paid during the performance period applicable to the award and up to the date of vesting. Dividend equivalent shares have been included where quantified.

4. During the year Nick Wilkinson exercised 23,263 nil-cost share options with a market value of 1,142p equalling a gain of £265,663. The number of shares exercised/lapsed reflects the final rounded number determined at exercise. During the year Karen Witts exercised 17,983 nil-cost options with a market value of 1,142p equalling a gain of £205,366.

5. Performance conditions in respect of the LTIP awards granted in FY23, FY24 and FY25 are set out in the FY23, FY24 and FY25 Annual Reports respectively.

6. At the year end, there were no vested and unexercised share options or awards. Following the year end, Clo's LTIP 2023 Buy-out award vested on 10 July 2026 at a rate of 72.5% reflecting the vesting outcome determined and published by her previous employer. The award remained unexercised as at the date of this report. Further details are set out in Table 1.

Remuneration Committee report continued

For the LTIP awards granted in FY25–27 and FY26–28 LTIP, and in line with the LTIP rules, in assessing EPS performance in FY27 and FY28 respectively, the Committee intends to exclude non-recurring exceptional costs not anticipated at the time of grant. This is to ensure underlying EPS performance is measured on a fair and consistent like-for-like basis and maintains the stretch in the EPS targets. To ensure alignment of pay with performance, at vesting of all LTIP awards, the Remuneration Committee will consider whether the pay-outs are appropriate and justified in the context of the wider stakeholder experience.

Share options and dilution limits

The Committee considers the provisions of the Investment Association's Guidelines on Executive Remuneration when determining the number of shares over which share scheme incentive awards may be made.

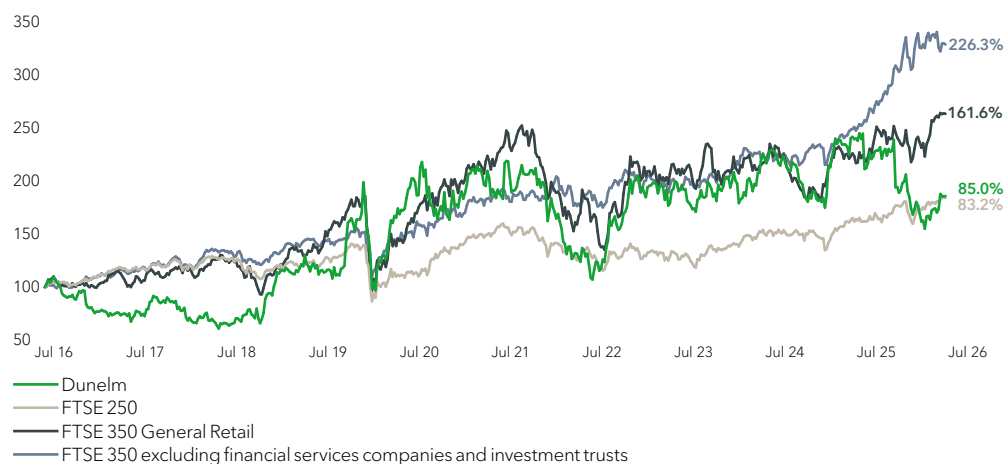
As at 27 June 2026 over the last ten-year period options have been granted over 5.0% of the Company's issued share capital (adjusted for share issuance and cancellation). The Group does not hold any shares in an employee benefit trust.

Total shareholder return performance and historic CEO remuneration

The graph to the right shows the Group's historic performance over ten years, measured by total shareholder return, compared with the FTSE 350 General Retail Index and the FTSE 250. The Committee has chosen these indices for comparison because they provide a range of comparator companies which have similar market capitalisation, which are in the same sector and face similar market and economic challenges in the long term. We have also included the FTSE 350 excluding financial services and investment trusts as that is the comparator group we use for the relative TSR element of LTIP awards.

Table 11: Total shareholder return performance graph (rebased to 2 July 2016 = 100)

The shares traded in the range of 715p to 1,241p during the year and stood at 813p at 27 June 2026.

Total shareholder return
(Rebased to 100)

Factset as of 26 July 2026. Last ten years' data on weekly frequency. FTSE 350 General Retail Index includes Dunelm.

Remuneration Committee report continued

Table 12: Historic Chief Executive Officer pay

The table below sets out the prescribed remuneration data for each of the individuals undertaking the role of Chief Executive Officer during each of the last ten financial years.

		CEO single figure of total remuneration £'000	Annual bonus payment against maximum opportunity %	Long-term incentive vesting rates against maximum opportunity %
FY26	Clo Moriarty ¹	5,152	42.98%	N/A
FY26	Nick Wilkinson ¹	265	30.47%	0%
FY25	Nick Wilkinson	1,495	56.3%	15.0%
FY24	Nick Wilkinson	1,738	36.2%	58.4%
FY23	Nick Wilkinson	1,946	46.0%	83.3%
FY22	Nick Wilkinson	2,511	90.0%	100.0%
FY21	Nick Wilkinson	3,756	81.2%	100.0%
FY20	Nick Wilkinson ²	885	20.0%	19.8%
FY19	Nick Wilkinson	1,365	97.9%	N/A
FY18	Nick Wilkinson ³	308	13.3%	N/A
FY18	John Browett ^{3,4}	429	N/A	N/A
FY17	John Browett	722	14.0%	N/A

1. Nick Wilkinson stepped down from the Board on 30 September 2025, leaving the business on 3 October 2025. Clo Moriarty's appointment as CEO and to the Board took effect on 1 October 2025.
2. During the period April to June 2020 inclusive, Nick Wilkinson took a voluntary 90% reduction in base salary.
3. John Browett left the Group on 29 August 2017. He was succeeded by Nick Wilkinson on 1 February 2018. The total figure for John Browett includes £322,120 in respect of salary and benefits paid for his six-month notice period. The data for each Director for FY18 is pro-rated by time of service as Chief Executive Officer.
4. No LTIP awards vested to John Browett during his tenure.

CEO pay ratio

There are three permissible methods available to calculate the CEO pay ratio. We have used 'Option A' which is considered the most statistically accurate method. The data used to identify the colleagues at 25th percentile, 50th percentile and 75th percentile was taken on 27 June 2026.

Table 13a shows the ratio of the combined pay of Nick Wilkinson and Clo Moriarty, as CEO, to other colleagues. Full-year pay data has been used to calculate these ratios and the elements included are based on the CEO single figure remuneration in Table 1. We have used a 40-hour week in order to consistently calculate the annual salary for everyone, converting hourly rate of pay into a full-time equivalent salary, to ensure a direct comparison. Table 13b shows the ratio on an underlying basis, excluding buyout arrangements.

Table 13a: CEO pay ratio

Financial year	Method	25th percentile pay	50th percentile pay	75th percentile pay
FY26	Option A	203:1	198:1	181:1
FY26 base salary	Option A	£26,625	£26,625	£29,140
FY26 Total pay and benefits	Option A	£26,625	£27,402	£29,935
FY25	Option A	58:1	56:1	51:1
FY24	Option A	74:1	71:1	65:1
FY23	Option A	93:1	87:1	67:1
FY22	Option A	124:1	121:1	112:1
FY21	Option A	204:1	204:1	186:1
FY20 (based on actual remuneration – including Nick's 90% pay reduction during the period April to June 2020)	Option A	54:1	47:1	38:1
FY20 (based on contractual remuneration)	Option A	62:1	53:1	43:1

Table 13b: CEO pay ratio

Below shows the underlying CEO pay ratio at each of the relevant percentile:

Financial year	Method	25th percentile pay	50th percentile pay	75th percentile pay
FY26	Option A	50:1	49:1	45:1

Commentary:

- The CEO pay ratio increased significantly in FY26, driven primarily by one-off buy-out arrangements associated with the appointment of the CEO. These arrangements reflect remuneration forfeited at a previous employer, rather than reward for performance at Dunelm. As a result, the statutory CEO pay ratio temporarily overstates the underlying level of CEO remuneration relative to the wider workforce. The Committee therefore considers it appropriate to provide an additional underlying pay ratio to support transparency and aid interpretation of the statutory figure.
- Excluding buy-out arrangements, the CEO pay ratio has reduced year on year, reflecting lower variable remuneration outcomes and no historic LTIP for the new CEO.
- The colleague pay points used in the ratio (25th, median and 75th percentiles) continue to be hourly paid colleagues and remain broadly consistent, reflecting the structure of our workforce, with c.80% of colleagues in hourly-paid roles.
- The Committee believes that, on an underlying basis, the CEO pay ratio remains consistent with the Company's approach to pay, reward and progression.

Remuneration Committee report continued**Relative spend on pay**

The table below shows the all employee pay cost, returns to shareholders by way of dividends (including special dividends) and share buyback for FY26 and FY25.

Table 14: Relative spend on pay

	FY26 £'m	FY25 £'m	% change
Total spend on pay	268.7	258.3	4.0
Ordinary dividend to shareholders	90.7	89.0	1.9
Distributions to shareholders via treasury share purchase	15.6	14.7	5.9
Special distributions to shareholders	50.3	70.4	-28.6
Total distributions to shareholders	156.6	174.1	-10.1

This information is based on the following:

- Total spend on pay – total employee costs excluding car and travel allowances and bonuses from note 4 on page 144.
- Dividends taken from note 7 on page 145.

Executive Director external board appointments

Sir Will Adderley is a Director of Greenhill Holdings Limited.

Advisers

The UK Executive Compensation practice of Deloitte provides general advice on executive remuneration to the Committee and access to external information and research on market data and trends. They were appointed by the Committee following a review against other providers in the market. Deloitte are signatories to the Remuneration Consultants' Code of Conduct, which requires their advice to be impartial, and they have confirmed their compliance with the Code to the Committee.

Total fees paid to Deloitte for advice to the Committee in the year were £25,000 (FY25: £32,975) which was a mixture of fixed fees and time spent basis, depending on the work conducted. Deloitte provided other remuneration related advice to the Company in the year, including in relation to the operation of its share plans.

Risk Advisory and Consulting teams within Deloitte (outside of its UK Executive Compensation practice) provided non-remuneration-related consultancy services in the year. In each case, the appointment of Deloitte was made based on Deloitte's expertise in the particular area, on an arm's length basis and without reference to the fact that Deloitte also provides remuneration advice. Having considered the fees paid to Deloitte for non-remuneration-related work, the Committee is satisfied that the remuneration advice that they have received from Deloitte in the year has been objective and independent.

Statement of implementation of policy in FY27

Base salary and benefits for each of the Executive Directors with effect from 1 August 2026 are set out in the table below.

Table 15: Executive Directors' fixed remuneration

	Base salary	Increase in base salary YoY	Benefits	Increase to benefits YoY	Pension	Change to pension contribution YoY
Clo Moriarty	£825,000	Nil	£62,799	Nil	3%	Nil
Karen Witts	£512,560	2.5%	£39,239	Nil	3%	Nil
Sir Will Adderley	£1	Nil	£21,549	Nil	Nil	N/A

Base salary

Our approach to salaries for FY27 is summarised in the table above and described in the Annual Statement from the Chair of the Committee.

Pension

The pension entitlement for both Clo Moriarty and Karen Witts is 3% of base salary, which is in line with the current workforce average.

Remuneration Committee report continued**FY27 annual bonus**

Clo Moriarty's maximum bonus for FY27 will be 150% of salary. Karen Witts' maximum bonus for FY27 will be 125% of base salary.

Measure	Weighting	Vesting
PBT	50%	10% at threshold increasing to 50% for on target.
Sales	30%	As above.
Customer satisfaction	10%	Assessed on a quarterly basis. An equal weighting will be given to each quarter, with vesting based on a simple 'pass/fail' approach.
Strategic initiatives	10%	Vesting determined based on the Committee's assessment of the extent to which targets have been met.

The budget sales and PBT are set taking into account market consensus and broker expectations. The customer satisfaction measure requires a year-on-year improvement compared to the score for the corresponding quarter in the previous year and is subject to an underpin that no channel declines year-on-year across the full financial year. The strategic initiatives targets (which are the same for both the CEO and the CFO) will not be disclosed at this time as they are commercially sensitive. The targets and an assessment of the extent to which they have been achieved will be disclosed in next year's Remuneration Committee report.

In line with the New Policy, 50% of any bonus earned after tax by the Executive Directors must be held in shares for at least three years.

Sir Will Adderley has asked that he not be considered for a bonus award.

LTIP FY27–29

LTIP awards are expected to be made in November 2026 over shares to the value of 225% of salary to Clo Moriarty and 200% of salary to Karen Witts. The awards will vest, subject to continued employment, on the third anniversary of the grant date, to the extent that performance conditions have been met. All of the vested shares (after sales to cover tax and National Insurance liability on exercise) must be retained for two years after vesting.

Our current intention is that the FY27–29 LTIP awards will be granted in line with our standard approach (with the number of shares to be awarded based on the average share price for the three business days preceding grant). This is in addition to the performance underpin and review of the final outturn to ensure it is warranted based on shareholder experience over the performance period.

Performance measures

The performance criteria that apply to the award will be set by the Committee in line with the New Policy as described on pages 110 to 117. The targets are as follows:

Percentage of this element of the FY27–29 award vesting ¹		Threshold (10% vesting in the case of the EPS measure, 25% vesting in the case of the TSR measure)			
		Nil	50%	75%	100%
FY29 Adjusted Diluted EPS growth (75%) ²	Less than 79.1p	79.1p	85.7p	89.9p	102.2p
Relative Total Shareholder Return ³ (25%)	Below median	Median	N/A	N/A	Upper quartile

1. Performance between each of the percentage thresholds will be calculated on a straight-line basis.
2. The EPS targets have been set based on Adjusted Diluted EPS to ensure the measure reflects underlying operational performance of the business.
3. Relative Total Shareholder Return versus the constituents of the FTSE 350 excluding financial services companies and investment trusts, with a three-month averaging period applied at the start and end of the performance period.

The LTIP targets were chosen because they are aligned to our strategy and long-term ambitions.

Sharesave

An invitation will be issued in October 2026 to all eligible employees to apply for options to be granted under the Sharesave scheme at a 20% discount to the average closing market price of Dunelm shares on the three dealing days preceding the issue of the invitation. The maximum monthly savings will be £500 per month. Executive Directors employed at the eligibility date may apply for Sharesave options, subject to the plan rules.

Non-Executive Directors fees for FY27

Fees for the Non-Executive Directors are increased with effect from 1 August 2026 to the fee levels set out below.

Position	Fee £	Increase in fee YoY
Chair	367,220	2.5%
Non-Executive Director base fee	64,400	2.5%
Audit and Risk Committee Chair	15,800	2.3%
Remuneration Committee Chair	15,800	2.3%
Senior Independent Director	11,600	2.4%

Remuneration Committee report continued**Statement of shareholder voting at AGM**

At the Annual General Meeting on 19 November 2025, the total number of shares in issue with voting rights (excluding treasury shares) was 203,426,835. Details of voting on the FY26 Directors' Remuneration Report are set out below:

Resolution	Votes for	% of votes cast	Votes against	% of votes cast	Votes withheld	% withheld
Approve Directors' Remuneration Report	173,016,103	96.67	5,953,622	3.33	526,396	0.26

At the Annual General Meeting on 16 November 2023, the total number of shares in issue with voting rights (excluding treasury shares) was 201,949,888. Details of voting on the Directors' Remuneration Policy are set out below:

Resolution	Votes for	% of votes cast	Votes against	% of votes cast	Votes withheld	% withheld
Approve Directors' Remuneration Policy	178,045,253	99.12	1,573,989	0.88	402,092	0.20

Gender pay disclosures

Dunelm's purpose is 'To help create the joy of truly feeling at home, now and for generations to come.' We want everyone to feel that Dunelm is a place for them, and this applies equally for our colleagues and customers. Diversity, inclusion, and more generally the wellbeing of our colleagues, are high on our agenda. We want all colleagues to feel they can grow with Dunelm and that they are welcome. Improving our gender balance remains one of our commitments.

The Committee supports gender pay reporting and the actions taken in the business to drive gender balance, supporting a culture of inclusion. Dunelm published its seventh Gender Pay Gap Report in April 2026, and an overview is provided in our Sustainability Report 2026. Both documents are available to download at corporate.dunelm.com.

Engaging with our colleagues on pay

The National Colleague Voice (NCV) discussed pay and reward at its April 2026 meeting. Representatives from across the business attended with gender representation of 44% male and 56% female, and ethnic diversity representation of 19%. The session was led by members of the People Team who were joined by Clo Moriarty, Sir Will Adderley, Deputy Chair, Ajay Kavan, Chair of the Committee and Marion Sears, the Designated NED for Colleague matters alongside members of the Executive Team.

Ajay Kavan provided an overview of the Remuneration Committee's role in overseeing Executive remuneration and how the Committee seeks to balance company performance, shareholder expectations/interests with internal fairness. He explained how the Committee considers Group strategy, performance and the wider market environment when making remuneration decisions, and how these decisions are guided by Company's remuneration principles.

Following the discussion, colleagues participated in breakout sessions focused on: (1) opportunities and development for progression at Dunelm; (2) the benefits that colleagues value most; and (3) access to the wellbeing hub.

Feedback highlighted that colleagues value the development opportunities available at Dunelm, while recognising that more work was needed to support the pipeline for progression. Colleagues were positive about the range of benefits on offer but noted that clearer and more-timely communication would help maximise awareness and engagement. The wellbeing hub was well received and recognised as an accessible source of support and information for colleagues.

A summary of the discussions was shared with the Board, which welcomed the high level of participation and the openness of feedback received. Further information on the NCV and its activities during the year can be found on page 66.

Approved by the Board on 8 September 2026.

Ajay Kavan

Chair of the Remuneration Committee

Remuneration Committee report continued

Directors' Remuneration Policy 2026

The policy report

Future policy table

The following table sets out the structure of remuneration for Directors of the Company under the proposed new Remuneration Policy which will be presented to shareholders at the 2026 Annual General Meeting for approval by way of a binding vote. The Policy has been determined by the Company's Remuneration Committee (the 'Committee').

Executive Directors¹

Base salary

Purpose and link to strategic objectives	– Fixed remuneration for the role. – To attract and retain the high calibre talent necessary to develop and deliver the business strategy. – Reflects the size and scope of the Executive Directors' responsibilities.
Operation	– Normally paid monthly. – Base level set in the context of: – Pay for similar roles in companies of similar size and complexity in the relevant market. – Scale and complexity of the role. – Should comprise a minority of potential remuneration.
Maximum opportunity	– Normally reviewed annually, with percentage increases usually in line with or below the Group-wide review unless other circumstances apply, such as: – A significant change in the size, scale or complexity of the role or of the Group's business. – Development and performance in role (for example, on a new appointment, base salary might be initially set at a lower level with the intention of increasing over time). – Significant market movement. – Increases may be implemented over such time period as the Committee deems appropriate.
Performance metrics	– None, although market competitiveness and the performance of the individual and the Group are considered at the annual salary review.

Retirement benefits

Purpose and link to strategic objectives	– To provide a competitive post-retirement benefit. – To attract and retain the high calibre talent necessary to develop and deliver the business strategy.
Operation	– Contribution to a defined contribution plan or a cash allowance in respect of some or all of the contribution that would otherwise be made to a pension plan. – No element other than base salary is pensionable.
Maximum opportunity	– An amount as a percentage of base salary not exceeding the maximum rate available to the majority of the wider workforce (currently 3%). – The Committee retains discretion to determine the approach to and calculation of the workforce pension level, including if relevant the methodology for non-UK directors (none at present).
Performance metrics	– None.

Benefits

Purpose and link to strategic objectives	– To provide a competitive benefits package. – To attract and retain the high calibre talent necessary to develop and deliver the business strategy.
Operation	– A range of benefits are provided, which may include car or car allowance; private health insurance for the individual and their family; permanent health cover; life assurance; mobile phone; use of a car and driver in connection with the role or an appropriate travel allowance; and colleague discount. – Additional benefits, such as relocation expenses, housing allowance and school fees may also be provided in certain circumstances if considered reasonable and appropriate by the Committee. – For non-UK Executives (none at present) the Committee may consider additional allowances. – Reimbursed expenses may include a gross-up to reflect any tax or social security due in respect of the reimbursement.
Maximum opportunity	– The Committee reserves the right to provide such benefits as it considers necessary to support the strategy of the Group.
Performance metrics	– None.

1. Sir Will Adderley has requested that he not be considered for participation in the annual bonus or LTIP.

Remuneration Committee report continued**Executive Directors** continued

Annual bonus	
Purpose and link to strategic objectives	– Rewards and incentivises delivery of annual financial, strategic and personal targets. – To facilitate share ownership, aid retention and provide further alignment with shareholders.
Operation	– The amount of the bonus earned is normally determined after the results for the financial year have been audited, subject to performance targets having been met. The Committee has discretion to adjust the bonus payout upwards or downwards if it considers that the formulaic outturn does not reflect its assessment of overall financial or non-financial performance of the participant or the Group, or is inappropriate in the context of circumstances that were unexpected or unforeseen at the start of the relevant year, or is inappropriate for any other reason. – At least 50% of any bonus earned will normally be subject to a requirement that the after tax amount is invested in Dunelm shares or will be granted in the form of a share bonus award on a pre-tax basis. Any shares acquired pursuant to such a requirement will normally be required to be held for at least three years.
Maximum opportunity	– Maximum opportunity: 150% of base salary per annum. – Where bonus awards are granted as share awards, dividend accruals may be made in respect of dividends paid during the vesting period applicable to an award. Any such dividend equivalents will ordinarily be paid in shares (this payment may assume that dividends had been reinvested in Dunelm shares on a cumulative basis).

Annual bonus	
Performance metrics	– Stretching performance targets are set each year. Performance targets for the Executive Directors may be based on financial objectives and/or strategic objectives and/or personal goals set by the Committee annually. – Financial objectives may include, but are not limited to, budgeted PBT for the financial year. – Strategic objectives will vary depending on the specific business priorities in a particular year. – The Committee will determine the weighting of performance measures for any year based on specific business priorities for the year. Ordinarily, at least 50% of the annual bonus for Executive Directors will be subject to financial objectives. – Subject to the Committee's discretion to override formulaic outturns, for financial measures: for threshold performance typically up to 10% of the maximum opportunity will be earned, and, for on-target performance typically up to 50% of the maximum opportunity will be earned. A sliding scale determines payment between the maximum and minimum bonus payable. – For strategic measures and personal goals, vesting of the bonus will be determined by the Committee between 0% and 100% based on its assessment of the extent to which the relevant metrics or objectives have been met. – Awards are subject to recovery provisions (malus and clawback) as set out on page 114.

Remuneration Committee report continued**Executive Directors** continued**Long Term Incentive Plan ('LTIP')****Purpose and link to strategic objectives**

- Supports delivery of strategy by requiring the achievement of appropriate targets and objectives which will normally include a measure based on EPS.
- Rewards strong financial performance and sustained increase in shareholder value over the long term.
- Aligns with shareholder interests through the delivery of shares, with share retention requirements as set out below.

Operation

- Awards (which can take the form of a conditional award, nil-cost option or nominal value option) are normally made annually, with vesting subject to performance, usually assessed following the end of a performance period of three years, followed by a 'Holding Period' of two years. The Holding Period may operate on the basis of: (1) the award vesting following assessment of performance but that, other than as regards sales of shares to cover tax liabilities, shares acquired must be retained until the end of the Holding Period; or (2) vesting being deferred until the end of the Holding Period.
- The Committee has discretion to adjust the LTIP vesting outturn upwards or downwards if it considers that the formulaic output does not reflect its assessment of overall financial or non-financial performance of the participant or the Group, or is inappropriate in the context of circumstances that were unexpected or unforeseen at grant, or is inappropriate for any other reason.

Maximum opportunity

- The maximum award for an Executive Director in respect of any financial year is an award over shares with a value (as determined by the Committee) of 275% of salary for the Chief Executive Officer and 250% of salary for any other Executive Director.
- Dividend accruals may be made in respect of dividends paid during the performance period applicable to an award and up to the vesting date and, if the Holding Period is operated on the basis shares cannot be acquired until the end of it, over the Holding Period. Payment would only be made in respect of shares vesting after applying performance criteria. Any such dividend equivalents will ordinarily be paid in shares (this payment may assume that dividends had been reinvested in Dunelm shares on a cumulative basis).

Long Term Incentive Plan**Performance metrics**

- The Committee will determine the weighting of performance measures for any year. For at least 75% of an award, vesting will be subject to the satisfaction of one or more financial measures, which will normally include a measure based on EPS. The balance of the award vesting will be subject to one or more other financial, strategic, personal, environmental, social or governance measures.
- The Committee considers the targets annually taking into account a range of factors which will include the Group's plans, external forecasts and the overall business environment.
- Subject to the Committee's discretion to override formulaic outturns, for Total Shareholder Returns (TSR) or share price measures no more than 25% of the award will vest for threshold performance. For other financial measures typically up to 10% of an award will vest for threshold performance. A sliding scale determines payment between the minimum and maximum award payable.
- For strategic, environmental, social or governance measures, vesting will be determined by the Committee between 0% and 100% based on its assessment of the extent to which the relevant measures have been met.
- Awards are subject to recovery provisions (malus and clawback) as set out on page 114.

Remuneration Committee report continued**Executive Directors** continued**All employee share plan**

Purpose and link to strategic objectives	– Promotes share ownership by all eligible colleagues (including Executive Directors).
Operation	– Executive Directors are eligible to participate in any all-employee share scheme operated by the Group. – All UK employees with a minimum service requirement are eligible to join the UK tax qualifying Dunelm Group Savings Related Share Option Plan (the Sharesave). Employees outside the UK are eligible to join an equivalent plan which is not tax qualifying. – Monthly savings are made over a period of three years (or such other period as may be permitted by the applicable UK tax legislation) linked to the grant of an option over Dunelm shares at a discount of up to 20% to the market price (or such other amount as permitted by the applicable UK tax legislation) at the date of invitation to join the plan. – Invitations are normally issued annually at the discretion of the Committee, which also has discretion to set the minimum service requirement, maximum discount, maximum monthly savings and any other limits within the terms of the plan rules.
Maximum opportunity	– Participation in any all-employee share scheme is in line with the rules of the scheme, including the permitted maximum levels of participation. – Maximum participation limits in the Sharesave plan reflect the limits prescribed by the applicable UK tax legislation from time to time. Currently the maximum limit is savings of £500 per month.
Performance metrics	– None.

Shareholding requirements

To align the interests of Executive Directors with those of shareholders and to promote long-term thinking, the Committee has adopted shareholding requirements which apply both during employment and for a period following employment, as set out below. The requirements replace the lifetime lock-in provisions under the previous Remuneration Policy. The Committee retains the right to waive or relax the shareholding requirements in appropriate circumstances.

Shareholding requirements during employment

- Executive Directors are expected to make a personal investment in Dunelm shares on appointment as an Executive Director (subject to closed periods).
- Each Executive Director is required to build a beneficial holding of shares with a value (as a percentage of salary) equal to the higher of: (i) their normal annual LTIP grant; and (ii) 300% of salary. Executive Directors are ordinarily expected to achieve this holding within five years from appointment. Shares subject to: (i) LTIP awards which are exercisable but which have not been exercised; (ii) LTIP awards for which the performance assessment has been carried out but for which vesting is deferred until the end of the Holding Period; and (iii) share bonus awards, count towards this requirement on a net of assumed tax basis. Following the end of the Holding Period applying to any LTIP award, an Executive Director must retain at least 50% of the shares acquired, other than any shares sold to cover associated tax liabilities, until the above shareholding requirement has been met.

Shareholding requirements following termination of employment

Following termination of their employment for any reason, an Executive Director must retain for two years shares equal to the lower of the shareholding requirement applicable to them during employment, and their actual shareholding on departure. This is a contractual requirement set out in each Director's service contract. The Company reserves the right to require share certificates to be lodged in its custody.

Payment of fixed remuneration in shares

The Company may deliver any element of fixed remuneration for an Executive Director in shares rather than in cash or any other form in which it is usually provided. The number of shares would be such number as have a value at the relevant time equal to the value of the fixed remuneration being delivered in shares.

Remuneration Committee report continued**Recovery provisions (malus and clawback)**

The annual bonus (including any granted as a share award) and LTIP are subject to recovery provisions as set out below.

Malus provisions apply which enable the Committee to determine before the payment of an annual bonus or the vesting of an LTIP award, that the bonus opportunity or LTIP award may be cancelled or reduced.

Clawback provisions apply which enable the Committee to determine for up to three years following the payment of a cash bonus or the assessment of the performance outturn for an LTIP award, that the amount of the bonus paid may be recovered and the LTIP or share bonus award may be cancelled or reduced (if it has not been exercised) or recovery may be applied to it (if it has been exercised).

The malus and clawback provisions may be applied in the event of:

- a material misstatement of any Group company's financial results;
- a material error in assessing a performance condition applicable to the award or in the information or assumptions on which the award was granted or vests;
- a material failure of risk management in any Group company or a relevant business unit;
- serious reputational damage to any Group company or a relevant business unit;
- serious misconduct or material error on the part of the participant;
- a material corporate failure as determined by the Board;
- fraud; or
- any other circumstances which the Committee in its discretion considers to be similar in their nature or effect to those set out above.

These provisions are set to reflect a timeframe in which the Company's financial reporting, audit and risk procedures would typically identify one of the malus and clawback trigger events. The Committee retains the discretion to extend the clawback period in the event of an ongoing investigation.

Salary, pension, benefits and Sharesave options are not subject to recovery.

Non-Executive Directors**Fees and appropriate benefits**

Purpose and link to strategic objectives	– To attract and retain a high calibre Chair and Non-Executive Directors by offering competitive fee levels and, where relevant, appropriate benefits.
Operation	– Fees for the Chair are set by the Committee. Fees for Non-Executive Directors are set by the Board. No Director participates in any decision relating to their own remuneration. – The Chair is paid an all-inclusive fee for all Board responsibilities. The Non-Executive Directors receive a basic fee, with supplemental fees for additional Board responsibilities. – In exceptional circumstances, additional fees may also be paid to the Chair or any Non-Executive Director to reflect additional time commitments. – The level of fee reflects the size and complexity of the role and the time commitment. – Fees may be paid in cash or shares (which may include a non-performance based nil or nominal cost award over Company shares, which may incorporate a right to 'dividend equivalents' over the award's vesting period). – Fees are normally reviewed annually, having regard to a range of factors, including increases in remuneration across the Group. In addition a periodic review is undertaken against market rates and taking into account time commitment and any change in size, scale or complexity of the business. – The Group's colleague discount is available to the Chair and Non-Executive Directors. In addition, they may receive benefits such as travel, accommodation and other reasonable expenses incurred in the fulfilment of their duties, which may be 'grossed up' to reflect any tax liabilities associated with the benefits. Additional benefits may be provided where considered appropriate. The Chair and Non-Executive Directors do not participate in any incentive scheme.
Maximum opportunity	– Maximum fees to be paid by way of fees to the Non-Executive Directors are set out in the Company's Articles of Association as amended from time to time.
Performance metrics	– None.

The Committee may make minor changes to this Policy which do not have a material advantage to Directors, to aid its operation or implementation without seeking shareholder approval, but taking into account the interests of shareholders.

Remuneration Committee report continued**Performance measures and how targets are set**

The Committee selects performance measures that it believes are:

- aligned with the Group's strategic goals and set, where relevant, taking into account market consensus and individual broker expectations. For the LTIP, financial measures will normally include EPS which the Committee considers to be the most appropriate measure for medium-term performance, aligned with our growth ambitions and continuing to win market share.
- unambiguous and easy to calculate.
- transparent to participants and shareholders.

For both the annual bonus and the LTIP, the Committee retains the discretion to retrospectively amend the measures, weightings, targets and/or method of assessment to take into account a change in the business strategy, significant acquisition or disposal, change in accounting treatment or the occurrence of other exceptional events or circumstances to ensure that the scheme is able to fulfil its original purpose.

Performance measures for the annual bonus for FY27 and for the LTIP awards proposed to be granted in FY27 are set out on page 108.

Illustrative performance scenarios

These can be found on page 94.

Service contracts and loss of office payments

All of the Executive Directors have service contracts. The notice period for termination for Clo Moriarty and Sir Will Adderley is 12 months from either party, and for Karen Witts is six months from either party.

In connection with her joining Dunelm and as disclosed in the Directors' Remuneration Report for the year ended 2 July 2022, Karen Witts is entitled to an allowance of £1,500 per month to cover the cost of rent on a property close to Dunelm's offices in Leicester and/or other expenses and travel costs.

In connection with her joining Dunelm and as disclosed in the Directors' Remuneration Report for the year ended 28 June 2025, Clo Moriarty is entitled to: (i) A contribution of up to £50,000 towards the cost of purchasing and furnishing a home close to Dunelm's offices in Leicester on the understanding that the purchase completes within two years of the commencement of her employment. The majority of any furnishings should be purchased from Dunelm. Approvable expenses will include stamp duty and any agents' fees plus furnishings, fixtures and fittings or (ii) An allowance of 5% of salary to cover the cost of rent on a property close to Dunelm's offices in Leicester and/or other expenses and travel costs. This will apply until Clo purchases a home close to Leicester, or for the duration of employment should Clo choose not to do so (in which case the £50,000 contribution to relocation expenses referred to in (i) will not be paid).

If the Company terminates the employment of an Executive Director it would honour its contractual commitments. If termination was with immediate effect, a payment in lieu of notice may be made. The Committee may apply mitigation in respect of any termination payment.

Details in relation to the service contracts for Executive Directors are set out in Table 7 on page 102 of the Annual Report on Remuneration.

Bonus

The Committee has discretion to make a payment to a 'good leaver' (as determined by the Committee) in respect of any annual bonus. Any such bonus would normally be pro-rated to the period of active service during the relevant financial year. Ordinarily, any bonus would be subject to deferral into shares in the usual way; however, the Committee retains discretion not to apply deferral in appropriate circumstances.

Share bonus awards will lapse on termination of employment before vesting other than in the event of death, serious ill health and any other reason at the discretion of the Committee. If an award does not lapse, the Committee will determine whether it vests on termination or at the ordinary vesting date.

LTIP

If a participant leaves the employment of the Group, the following provisions apply to awards granted under the LTIP:

- awards in the form of options that have vested but have not yet been exercised may be exercised within six months of cessation of employment (12 months in the case of death).
- except in the case of dismissal for gross misconduct, awards which have not yet vested, but where the performance period has elapsed, may vest at the relevant vesting date and then, in the case of an award taking the form of an option, be exercised within six months of vesting (or 12 months in the case of death), to the extent that the performance condition has been met. The Committee has discretion to vest the award earlier but would only use this in exceptional circumstances (such as death or ill health retirement).

- if the participant leaves the Group before an award has vested and before the performance period has elapsed, the award will usually lapse. However, if the participant ceases employment due to ill-health, injury or disability or if the Committee exercises discretion in other circumstances to treat the participant as a 'good leaver', such an award will be retained and vest at the normal vesting date and, in the case of an option, may be exercised within six months of the relevant vesting date (or 12 months in the case of death). The Committee also has discretion to vest the award earlier, but would only use this discretion in exceptional circumstances (such as death or ill health retirement). Any vesting would be subject to assessment of the performance condition (and the exercise of any discretion to vary formulaic outturns in line with the policy table) and, unless the Committee determined otherwise, a reduction to reflect the proportion of the performance period that had elapsed at cessation.

In all cases, bonus and LTIP awards would be subject to the applicable malus and clawback provisions.

Remuneration Committee report continued**Sharesave**

If a participant leaves the Group, options granted under the Sharesave will normally lapse, but may be exercised within six months from the cessation of employment that is due to injury, disability, retirement, or redundancy (or 12 months in the case of death), or the employing company leaving the Group or, provided that the option has been held for at least three years, cessation for any other reason (apart from dismissal by the Company).

Other

Where a 'buy-out' or other one-off award is made, the leaver provisions would be determined at the time of the award.

Non-Executive Directors' letters of appointment

Non-Executive Directors have letters of appointment. The term is for an initial period of three years with a provision for termination on one month's notice from either party, or three months' notice from either party in the case of the Chair. Letters are renewed for up to two additional three-year terms, and then renewed annually. The letter of appointment will terminate without compensation if the Director is not re-elected at the AGM.

Details in relation to the letters of appointment are set out in Table 7 on page 102 of the Annual Report on Remuneration.

Other payments

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement of any claim arising in connection with the cessation of a Director's

office or employment or for any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with their cessation of office or employment. In appropriate circumstances, the Committee may continue the provision of certain benefits (for example health insurance) for a period following cessation.

Change of control and other corporate events**Share bonus awards**

Share bonus awards will vest on a change of control or winding up of the Company before the originally anticipated vesting date.

LTIP

The following provisions apply to awards made under the LTIP in accordance with the LTIP rules if there is a change of control or winding up of the Company:

- Any vested but unexercised options may be exercised.
- Any unvested awards in respect of which the performance period has ended and to which the performance condition has been applied will vest and, in the case of options, may be exercised.
- Any unvested awards in respect of which the performance period has not ended may vest and, in the case of options, be exercised at the discretion of the Committee, subject to any adjustment to take into account the amount of time that has elapsed through the performance period (unless the Committee decides not to apply a time based reduction) and the extent to which any performance criteria have been met (and the exercise of any discretion to vary formulaic outturns in line with the Policy table).
- The Executive Director may agree that their awards are 'rolled over' into shares of the acquiring company as an alternative.

If the Company has been or will be affected by any demerger, dividend in specie, special dividend or other transaction which will adversely affect the current or future value of any awards under the LTIP or any share bonus awards, the LTIP rules allow the Committee, acting fairly and reasonably, to determine the extent to which any awards should vest and the period within which options may be exercised.

Sharesave

Sharesave options may be exercised within six months following a change of control or winding up of the Company, using savings in the participant's account at the date of exercise. The participant may agree that their awards are 'rolled over' into shares of the acquiring company as an alternative.

Operation of share plans

All discretions available under the Company's LTIP rules will be available under this Policy, except where explicitly limited under this Policy. This includes that:

- The Committee may amend the terms of awards and options under the Company's share plans in accordance with the plan rules in the event of a variation of Dunelm's share capital or a demerger, special dividend or other similar event or otherwise in accordance with the rules of those plans.
- Awards may be settled, in whole or in part, in cash, although the Committee would only settle an Executive Director's award in cash in exceptional circumstances, such as where there is a regulatory restriction on the delivery of shares, or in connection with the settlement of tax liabilities arising in respect of the award.

Executive pay and the pay of other colleagues

The principles set out on the remuneration strategy on page 89 are applied consistently to pay throughout the Group.

Pay for all colleagues is set at a level that is fair for the role and responsibilities of the individual, and is designed to attract and retain high calibre talent that is needed to deliver the Group's strategy, without paying too much.

The remuneration of Executive Directors is more heavily weighted towards variable pay than other colleagues, so that a greater part of their pay is linked to successful delivery of strategy and aligned with shareholders. They are also required to build and maintain a shareholding in the Company as set out above.

The remuneration of colleagues below the Board reflects the seniority of the role, market practice and the ability of the individual to influence Group performance.

All colleagues are encouraged to participate in the Sharesave plan, which enables them to become shareholders at a discounted rate. Participation is usually offered annually at the maximum price discount permitted (currently 20%), at the discretion of the Committee.

In setting the policy for the Executive Directors' remuneration, the Committee takes note of the overall approach to remuneration in the Group. Although the Committee does not formally consult with employees when setting the Policy, details of how it engages with colleagues on pay are set out on page 109.

Remuneration Committee report continued**Shareholder views**

The Board is committed to ongoing engagement with shareholders in respect of all governance matters, including executive remuneration.

We consulted with shareholders in relation to the new Policy including, in particular, our approach to variable pay and shareholding requirements for Executive Directors. We were pleased with the level of engagement from shareholders and for the support shown for our proposals, which we have finalised having regard to feedback received.

Approach to recruitment remuneration

The Committee will apply the principles set out below when agreeing a remuneration package for a new Executive Director (whether an external candidate or an internal promotion). The package must be sufficient to attract and retain the high calibre talent necessary to develop and deliver the Group's strategy:

- No more should be paid than is necessary.
- Pension provision will be in line with the Policy table.
- The Committee reserves the discretion to make appropriate remuneration decisions outside the Policy to meet the individual's needs provided that the Committee believes the relevant decisions are in the best interests of the Group.

Circumstances in which the Committee might apply this discretion include:

- Where an interim appointment is made on a short-term basis, including where the Chair or another Non-Executive Director has to assume an executive position.
- Where employment commences at a time in the year when it is inappropriate to provide a bonus or share incentive award as there is insufficient time to assess performance, the quantum for the subsequent year might be increased proportionately instead.
- An executive is recruited from a business or location that offered benefits that the Committee considers it appropriate to 'buy out', or which the Committee considers it appropriate to offer.

Examples of remuneration decisions that the Committee may make are set out below:

- It may be appropriate to offer a lower salary initially, with a series of increases to reach the desired salary over a period of time, subject to performance.
- The Committee may alter the performance criteria applicable to the initial annual bonus or LTIP award so that they are more applicable to the circumstances of the recruitment.
- An internal candidate would be able to retain any outstanding variable pay awarded in respect of their previous role that pays out in accordance with its terms of grant.
- Appropriate costs and support will be provided if the recruitment requires the relocation of the individual.

The maximum level of variable pay that could be awarded to a new Executive Director in the first year of employment, excluding any buy-out arrangements, would be 425% of salary. The Committee would explain the rationale for the remuneration package in the next Annual Report of the Company.

In addition, on hiring an external candidate the Committee may make arrangements to buy out remuneration that the individual has forfeited on leaving a previous employer. The Committee will generally seek to structure buy-out awards and payments on a comparable basis to remuneration arrangements forfeited. These awards or payments are excluded from the maximum level of variable pay referred to in the Policy table; however, the Committee's intention is that the value awarded or paid would be no higher than the expected value of the forfeited arrangements.

In order to implement the arrangements described, the Committee retains discretion to grant awards under a new arrangement where required, in accordance with the Listing Rules, which allow for the grant of awards to facilitate, in unusual circumstances, the recruitment of a Director.

The Committee does not intend to use any discretion in this section to make a non-performance-related incentive payment (for example a 'golden hello').

On the appointment of a new Chair the fee will be set taking into account the experience and calibre of the individual and pay for similar roles in companies of similar size and complexity in the market. The fees for any newly appointed Non-Executive Director will normally be set in accordance with the Policy table on page 114. No share incentives or performance related incentives would be offered.

Legacy remuneration arrangements

The Committee reserves the right to make remuneration payments and payments for loss of office (including exercising any discretion available to it in connection with any such payment) notwithstanding that they are not in line with the Policy set out above where the terms of payments were agreed:

- Before the Policy came into effect (provided that, in the case of any payments agreed on or after 11 November 2014 they are in line with any applicable shareholder approved Directors' remuneration policy in force at the time they were agreed or were otherwise approved by shareholders); or
- At a time when the relevant individual was not a Director of the Company (or other person to whom the Policy set out above applies) and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company (or other such person).

For these purposes, 'payments' includes the satisfaction of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' no later than the time the award is granted.

Compliance with the UK Corporate Governance Code

How we comply with the UK Corporate Governance Code 2024

The Board is responsible for demonstrating how the governance of the Company contributes to its long-term sustainable success.

This Governance report from page 56 to 123 explains how we have applied the Principles of the UK Corporate Governance Code 2024 (the 'Code') issued by the Financial Reporting Council and available at www.frc.org.uk. These Principles are applied to the Company's principal trading subsidiary through the Group's governance, risk management and internal control structure.

The Board is pleased to confirm that during the year ended 27 June 2026, the Company applied the principles and complied fully with all the provisions of the Code throughout the year.

Further information on compliance with the Code can be found throughout this Corporate Governance report, the Strategic report and Committee reports signposted as follows:

Board leadership and company purpose

An effective and entrepreneurial Board which promotes the long-term sustainable success of the Company.

Stakeholder engagement and Section 172 – page 64
Directors and officers – page 58
Assessing Board effectiveness – page 79

Alignment of our purpose, values and culture and strategic objectives.

CEO's review – page 16
Our strategy – page 20
Board activities – page 61
Our culture and values – page 69

Significant decisions and related outcomes in the context of the strategy.

Board activities – page 61
Stakeholder engagement and Section 172 – page 64

Effective engagement by the Board with stakeholders.

Stakeholder engagement and Section 172 – page 64

Alignment of workforce policies and practices which are consistent with values and long-term sustainable success.

NFSIS – page 54
National Colleague Voice – page 66

Division of responsibilities

Role of the Chair.

Chair's statement – page 4
Directors and officers – page 58
Roles and responsibilities – page 73
Assessing Board effectiveness – page 79

Composition of the Board and division of responsibilities.

Directors and officers – page 58
Roles and responsibilities – page 73
Director independence – page 74

Non-Executive Directors' commitments and role.

Directors and officers – page 58
Roles and responsibilities – page 73
Time commitment – page 74

The Board and its Committees have the policies, information and processes needed to operate effectively.

Board activities – page 61
Assessing Board effectiveness – page 79

Composition, succession and evaluation

Formal, rigorous and transparent appointment process and effective succession plans.

Board succession – page 78
Diversity and inclusion – page 80

Skills, experience and knowledge on the Board and Committees.

Directors and officers – page 58
NED succession – page 78

Evaluating the performance and effectiveness of Board and Committee.

Assessing Board effectiveness – page 79

Remuneration

Policies and practices designed to support strategy, long-term success and aligned to purpose and values.

Remuneration Committee report – page 90

Formal and transparent procedure for developing the remuneration policy.

Annual Statement of Chair of Remuneration Committee – page 90
Remuneration Policy – page 110

Exercise of independent judgement and discretion in respect of outcomes.

Annual Statement of Remuneration – page 95

Audit, risk and internal controls

Formal and transparent arrangements for financial and corporate reporting and for maintaining an appropriate relationship with the auditor.

Year end review process – page 85
External auditor – page 86
Internal audits – page 88

Fair, balanced and understandable assessment of position and prospects.

Fair, balanced and understandable – page 82

Monitoring management of risk and internal control systems and setting risk appetite.

Risks and risk management – page 36
Principal risks and uncertainties – page 38
Risk management and internal controls – page 87
Internal audits – page 88

Directors' report

The Directors present their report together with the audited consolidated financial statements for the period ended 27 June 2026.

Disclosures that are relevant to the Directors' report have been incorporated by reference and can be found elsewhere within the Annual Report and Accounts as noted below.

Strategic report

The Group's Strategic report is set out on pages 1 to 55. It contains an indication of likely future developments in the business of the Company and the Group.

Corporate governance

Our Governance report on pages 56 to 123 explains how we have applied the Principles set out in the UK Corporate Governance Code published in January 2024 (the 'Code'). Our Code compliance statement can be found on page 118.

Information to be disclosed under UK Listing Rule (UKLR) 6.6.1R

The majority of the disclosures required under UKLR 6.6.1R are not applicable to Dunelm. The table below sets out the location of those requirements that are applicable:

Applicable sub-paragraph within UKLR 6.6.1R	Disclosure provision (pages)
(3) Long-term incentive schemes	100, 108
(13) A statement made by the Board that the Company continues to comply with the requirements in UKLR 6.2.3R	'Shareholder and voting rights' below.

Sustainability reporting

For information on the Group's approach to environmental, social and governance matters, see our TCFD report on pages 44 to 53 which includes the Streamlined Energy and Carbon Reporting disclosures. Further information can be found in our Sustainability Report 2026, available at: corporate.dunelm.com.

Results and dividend

The consolidated profit of the Group for the year after taxation was £155.5m (2025: £156.3m). The results are discussed in greater detail in the CFO's review on pages 30 to 33.

A final ordinary dividend of 28.5p per share (2025: 28p per share) is proposed in respect of the period ended 27 June 2026, to add to a special dividend of 25p per share paid on 8 April 2026 (2025: 35 pence per share) and an interim ordinary dividend of 17p per share paid on 8 April 2026 (2025: 16.5p per share). The final dividend will be paid on 17 November 2026 to shareholders on the register at 23 October 2026.

Stakeholder engagement

The stakeholder engagement and s.172 statement can be found in the Governance report on pages 64 to 68.

Shareholder and voting rights

All members who hold Ordinary Shares are entitled to attend and vote at the Annual General Meeting. On a show of hands at a general meeting every member present in person shall have one vote and, on a poll, every member present in person or by proxy shall have one vote for every Ordinary Share held. There are no special voting rights attached to any of the Company's shares.

In order to be passed, an ordinary resolution of the Company must be supported by at least 50% of the votes cast at a shareholders' meeting, and a special resolution by at least 75% of votes cast.

On 2 October 2006, Jean Adderley, Bill Adderley and Sir Will Adderley (all shareholders at that time) entered into a Relationship Agreement with the Company, pursuant to which each of Jean Adderley, Bill Adderley and Sir Will Adderley undertook to the Company that, for so long as, individually or together, they are entitled to exercise, or to control the exercise of, 30% or more of the rights to vote at general meetings of the Company or they are able to control the appointment of Directors who are able to exercise a majority of votes at Board meetings of the Company, they will and so far as possible will ensure that any of their associates (as defined in the UK Listing Rules) will:

- conduct all transactions and relationships with any member of the Group on arm's length terms and on a normal commercial basis;
- not take any action which precludes or inhibits any member of the Group from carrying on its business independently of Jean Adderley, Bill Adderley, Sir Will Adderley or their associates (as defined in the UK Listing Rules);
- not exercise any of their voting rights or other powers to procure any amendment to the Articles of Association of the Company which would be inconsistent with or undermine any of the provisions of the Relationship Agreement;
- abstain from voting on any resolution required under the UK Listing Rules in connection with a related party transaction (as defined in the UK Listing Rules) involving themselves or any of their associates as the related party (noting that, since 29 July 2024, such transactions require Board approval (excluding associates of the related party) rather than a shareholder vote); and
- not carry on (other than through their holding of securities of the Company) or have any financial interest (other than a financial interest in securities which are held for investment purposes only) in any person who carries on a business as a homewares retailer, to the extent that it would be inconsistent with or undermine any provisions of the Relationship Agreement.

Directors' report continued

WA Capital Limited and Lady Nadine Adderley (together with Jean Adderley, Bill Adderley and Sir Will Adderley (the "Adderley Shareholders"), subsequently became parties to the Relationship Agreement at or around the time at which they became interested in shares in the Company.

In July 2014, the Relationship Agreement was amended so as to comply with amendments to the UK Listing Rules then in force and the following additional undertakings were given by the Adderley Shareholders:

- no action will be taken that would have the effect of preventing the Company from complying with its obligations under the UK Listing Rules; and
- no resolution will be proposed, or procured to be proposed, which is intended to, or appears to be intended to circumvent the proper application of the UK Listing Rules.

Greenhill Holdings Limited recently replaced WA Capital Limited as the ultimate holding company of certain of Sir Will Adderley's beneficial interests in the Company, with WA Capital Limited itself becoming a subsidiary of Greenhill Holdings Limited and a sister company of WA Capital Investment Limited (the company through which certain of Sir Will Adderley's interests in the Company are held) following a holding company reorganisation. Pursuant to the terms of the Relationship Agreement, Sir Will Adderley (alongside certain of the other Adderley Shareholders) is obliged to ensure so far as possible that Greenhill Holdings Limited complies with the terms of the Relationship Agreement.

In addition, the Articles of Association of the Company provide that election and re-election of Independent Directors must be conducted in accordance with the election provisions set out in UKLR 6.2.8R and UKLR 6.2.9R.

The Company confirms that it has complied with its obligations under the Relationship Agreement during the financial period under review, and that so far as it is aware, all other parties to that agreement have complied with it.

The Board is satisfied that, throughout the period under review, the Company has been capable of carrying on its business independently of the controlling shareholders.

The Company confirms that there are no contracts of significance between any member of the Group and any of the parties to the Relationship Agreement, with the exception of Sir Will Adderley's service agreement as a Director of the Company, the terms of which are outlined in the Remuneration Committee report.

There are no restrictions on the transfer of Ordinary Shares in the Company other than certain restrictions imposed by laws and regulations (such as insider trading and marketing requirements relating to closed periods) and requirements of the UK Listing Rules whereby Directors and certain employees of the Company require Board approval to deal in the Company's securities.

Change of control

The Company is not party to any significant agreements which take effect, alter or terminate solely on a change of control of the Company following a takeover bid.

There are no agreements between the Company and its Directors or employees providing for additional compensation for loss of office or employment (whether through resignation, redundancy or otherwise) that occurs because of a takeover bid.

Details of the rights of employees to exercise options on a change of control of the Company are set out in the Remuneration Policy found on page 110 of this report.

Directors and officers

Biographies of the Directors and officers of the Company who served on the Board during the year, together with changes to the Board, are set out on pages 58, 59 and 73. Details of the interests of the Directors in shares of the Company can be found in the Annual Report on Remuneration on page 103.

Power of Directors

The business of the Company is managed by the Board, which may exercise all the powers of the Company, subject to the requirements of the Companies Act, the Articles of Association of the Company and any special resolution of the Company. As stated in the Governance report on page 72, the Board has adopted internal delegations of authority in accordance with the Code and these set out matters which are reserved to the Board or Committees and the powers and duties of the Chair, the Deputy Chair and the Chief Executive Officer respectively.

Appointment and removal of Directors

The Articles of Association of the Company provide that a Director may be appointed by ordinary resolution of the Company's shareholders in a general meeting, or by the Board so long as the Director stands down and offers him or herself for election at the next Annual General Meeting of the Company.

The Board's policy is that all Directors are subject to annual re-election and therefore should stand down and offer themselves for re-election at each Annual General Meeting. The Articles also provide that each Director must stand down and offer him or herself for re-election by shareholders at the Annual General Meeting at least every three years.

The Nomination Committee makes recommendations to the Board on the appointment and removal of Directors.

Directors may be removed by a special resolution of shareholders, or by an ordinary resolution of which special notice has been given in accordance with the Companies Act 2006. The Articles also provide that the office of a Director shall be vacated if they are prohibited by law from being a Director or are declared bankrupt, and that the Board may resolve that his or her office be vacated if he or she is of unsound mind or is absent from Board meetings without consent for six months or more. A Director may also resign from the Board.

Directors' report continued**Share capital and treasury shares**

The Company has only one class of shares, Ordinary Shares of 1p each. As at 27 June 2026, its capital comprised 203,426,835 (2025: 203,426,835) fully paid Ordinary shares of 1p each.

At the 2025 Annual General Meeting, shareholders renewed the Directors' authority to allot shares in the Company. No shares were allotted during the year. Resolutions to renew the standard authorities (within the limits prescribed by the Pre-Emption Group's most recent Statement of Principles) will be proposed at the 2026 Annual General Meeting.

At 27 June 2026, the Company held 1,916,626 Ordinary Shares in treasury (2025: 2,144,012).

During the year ended 27 June 2026 the Company purchased 1,600,000 Ordinary Shares for a total consideration of £15.6m and these shares are held in treasury with no voting or dividend rights.

Since the financial year end, 105,621 Ordinary Shares have been moved out of treasury to employees who exercised options under a share incentive scheme. Details of option exercises by Directors are set out in the Remuneration Committee report.

 **Further details on the Company's share capital are set out in note 21 to the financial statements**

Substantial shareholders

At 27 June 2026 the Company had been notified of the notifiable interests in the Company's issued share capital as set out in the table below. This information was correct at the date of notification. These holdings are likely to have changed since the Company was notified; however, notification of any change is not required until the next notifiable threshold is crossed. The Company did not receive any notifications between 27 June 2026 and 8 September 2026 (being the date of this report).

Notifiable interests	Ordinary shares	Percentage of share capital
Sir Will Adderley ¹	55,371,779	27.38
Lady Nadine Adderley	11,000,000	5.41
Jean Adderley	9,968,500	4.92
Jupiter Fund Management PLC	10,044,063	4.95
Royal London Asset Management Limited	9,907,809	4.91
abrdn plc	9,565,468	4.74

1. This includes: 1,967,250 Ordinary Shares held by the Stoneygate Trust and 172,750 Ordinary Shares held by the Paddocks Discretionary Trust, which Sir Will Adderley is deemed to hold a legal interest in by virtue of the fact that he is a trustee of those trusts.

Indemnities and insurance

The Company has granted indemnities to each of its Directors and the Company Secretary to the extent permitted by law in respect of costs of defending claims against them and third-party liabilities. A deed of indemnity in favour of Clo Moriarty was entered into during the year following her appointment as Chief Executive Officer.

All indemnities, the provisions of which are deemed to be qualifying third-party indemnity provisions pursuant to section 234 of the Act, were in force throughout FY26 (or, in the case of Clo Moriarty from the date of her appointment and thereafter for the remainder of FY26) and remain in force as at the date of this report.

A copy of each indemnity is available for inspection at the Company's registered office during normal business hours and will be available for inspection at the Company's Annual General Meeting.

The Group maintained Directors' and Officers' liability insurance cover for its Directors and officers as permitted under the Company's Articles of Association and the Companies Act 2006 throughout the financial year.

Managing conflicts of interest and related party matters

The Companies Act 2006 allows the board of a public company to authorise conflicts and potential conflicts of interest of individual Directors where the Articles of Association contain a provision to that effect. The Company's Articles of Association give the Board this authority subject to the following safeguards:

- Directors who have an interest in matters under discussion at a Board meeting must declare that interest and abstain from voting;
- only Directors who have no interest in the matter being considered are able to approve a conflict of interest and, in taking that decision, the Directors must act in a way they consider, in good faith, would be most likely to promote the success of the Company; and
- the Directors are able to impose limits or conditions when giving authorisation if they feel this is appropriate.

Directors are required to disclose any actual or potential conflicts of interests to the Board immediately when they arise. In addition, a formal process is undertaken each year when all Directors confirm to the Board details of any other directorships and confirm relevant information in connection with related parties.

Further to the above, the Board believes it has effective procedures in place to monitor and manage conflicts of interest and ensure that any related party transactions involving Directors or their connected persons are conducted on an arm's length basis.

Directors' report continued**Donations**

The Group does not make any political donations.

Public Policy

We are members of the British Retail Consortium and support relevant campaigning activity by that body. During the year we have not taken part in any direct lobbying or public policy activity.

Articles of association

The Company's Articles of Association may only be amended, or new articles adopted, by a special resolution of shareholders.

Independent auditors

In accordance with section 489 of the Companies Act 2006 and the recommendation of the Audit and Risk Committee, a resolution will be proposed at the 2026 AGM to reappoint PricewaterhouseCoopers LLP as external auditor of the Group.

Disclaimer

This Directors' report, the Strategic report and the financial statements contain certain forward-looking statements with respect to the financial condition, results, operations and business of Dunelm Group plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future.

There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. Nothing in this Directors' report, the Strategic report or in these financial statements should be construed as a profit forecast.

This document also contains non-financial information and data. While reasonable steps have been taken to ensure that this is correct, it has not been externally audited or verified unless specifically stated in this document.

Annual General Meeting

The 2026 Annual General Meeting will be held at Dunelm Store Support Centre, Watermead Business Park, Syston, Leicester, Leicestershire, LE7 1AD on Tuesday 10 November 2026 at 10:30am.

A formal notice of meeting, explanatory circular and a form of proxy will accompany this Annual Report and financial statements.

This report was reviewed and signed by order of the Board on 8 September 2026.

Luisa Wright

Company Secretary
8 September 2026

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Accounts 2026 and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year.

Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the parent company financial statements, subject to any material departures disclosed and explained in the financial statements;

- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

Each of the Directors, whose names and functions are listed in the Governance report confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the parent company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the parent company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and parent company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and parent company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and parent company's auditors are aware of that information.

Clo Moriarty

Chief Executive Officer
8 September 2026

Financial statements

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Independent auditors' report to the members of Dunelm Group plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Dunelm Group plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 27 June 2026 and of the group's profit and the group's cash flows for the 52 week period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2026 (the "Annual Report"), which comprise:

- the Consolidated Statement of Financial Position as at 27 June 2026;
- the Parent Company Statement of Financial Position as at 27 June 2026;
- the Consolidated Income Statement for the period then ended;
- the Consolidated Statement of Comprehensive Income for the period then ended;
- the Consolidated Statement of Cash Flows for the period then ended;
- the Consolidated Statement of Changes in Equity for the period then ended;
- the Parent Company Statement of Changes in Equity for the period then ended;
- the Consolidated Accounting Policies; and
- the notes to the financial statements.

Our opinion is consistent with our reporting to the Audit and Risk Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 3, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The group is structured with one segment which comprises a consolidation of the parent company and eleven additional components.
- For the purposes of the group financial statements, we conducted an audit of the complete financial information of one financially significant component, together with additional procedures performed centrally including the group consolidation.
- We separately audited the parent company financial statements.

Key audit matters

- Inventory provision (group)
- Recoverability of investments in subsidiary undertakings (parent)

Materiality

- Overall group materiality: £10,600,000 (2025: £10,600,000) based on 5% of profit before tax.
- Overall company materiality: £1,797,000 (2025: £1,506,000) based on 1% of total assets.
- Performance materiality: £7,950,000 (2025: £7,950,000) (group) and £1,347,750 (2025: £1,129,500) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Independent auditor's report continued

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Inventory provision (group) Refer to the Audit and Risk Committee Report, the Consolidated Accounting Policies, Note 3 (Operating Profit) and Note 14 (Inventories) to the Consolidated Financial Statements. Inventory represents a significant asset on the Group's Statement of Financial Position and is carried at the lower of cost and net realisable value ("NRV"). The Group's accounting policy is to determine a provision based upon: the historic negative margin of the type of inventory, by ageing category, which is calculated by analysing the historic sales price compared to the cost of inventory, and applying a percentage provision to each line of inventory; and also a further provision for 'at risk' lines where the calculated provision was not considered to be sufficient.	We tested sales made post period-end to assess whether inventory items were held at the lower of cost and NRV. We examined inventory write-offs in the financial period to assess whether they are consistent with the key assumptions used in the inventory provision model at the year end. We tested the inputs to the provision calculation, including the classification of inventory and sales data for each of the ageing categories from the Buying department, which is segregated from the Finance department. We tested the average cost of inventory for a sample of articles by agreeing inputs to source documentation and testing freight and duty costs. We tested the integrity of the provision model to ensure that it was using the underlying data correctly and calculating provision amounts accurately. We challenged management's assumptions on what deemed the 'at risk' inventory lines were, and corroborated whether these lines were at risk with the Merchandising team. We also independently challenged the completeness of the 'at risk' lines based on our understanding of the nature of the group's inventory lines. We found that the NRV provision recognised against inventory was consistent with the evidence obtained.
Recoverability of investments in subsidiary undertakings (parent) Refer to note 4 (Investments) to the Parent Company Financial Statements. In accordance with IAS 36 (Impairment of assets), the Parent Company's investments balance should be carried at no more than its recoverable amount, being the higher of fair value less costs to sell and its value in use. IAS 36 requires an entity to determine whether there are indications that an impairment loss may have occurred and if so, make a formal estimate of the recoverable amount.	We evaluated whether there are any indications that an impairment loss may have occurred in relation to the Parent Company's investments balance with specific consideration given to the following: – the market capitalisation of the Group is significantly in excess of the investments balance, noting that substantially all of the market capitalisation is considered to be in relation to one indirect subsidiary (Dunelm (Soft Furnishings) Ltd) of the Parent Company; – the trading results of Dunelm Soft Furnishings Limited are not worse than expected and are not expected to be worse in future periods; and – there have not been and are not expected to be any significant changes with an adverse impact in relation to the technological, market, economic or legal environment in which this indirect subsidiary operates. We consider management's conclusion that there are no indicators of impairment to be appropriate.

Independent auditor's report continued**How we tailored the audit scope**

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is structured with one reporting segment which comprises a consolidation of the parent company and eleven additional components.

In establishing the overall approach to the group audit, we identified one component: Dunelm (Soft Furnishings) Limited, which required an audit of its complete financial information due to its financial significance to the group.

Further specific audit procedures over large balances and central functions including the Group consolidation, equity and taxes were performed.

All audit procedures were performed by the Group Engagement Team. The scoping above gave us the evidence we needed for our opinion on the group financial statements as a whole.

The Parent Company is comprised of one component which was subject to a full scope audit for the purposes of the Parent Company financial statements.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the process adopted to assess the extent of the potential impact of climate risk on the financial statements and to support the disclosures made within the Annual Report.

Our risk assessment was based on enquiry, as well as the review of Dunelm's corporate responsibility reporting and climate related commitments. As detailed in the group accounting policies, management considers that there is no material risk to the financial statements in respect of climate change.

We challenged, based on our knowledge of the business, the impact of climate risk on right-of-use assets, property, plant and equipment and investment properties, which were considered to be the assets at most risk of the effects of climate change.

We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures (TCFD) section) within the Annual Report with the financial statements and our knowledge obtained from our audit.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters for the 52 week period ended 27 June 2026.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£10,600,000 (2025: £10,600,000).	£1,797,000 (2025: £1,506,000).
How we determined it	5% of profit before tax	1% of total assets.
Rationale for benchmark applied	Profit before tax is the primary measure used by the shareholders in assessing the performance of the group and is a generally accepted auditing benchmark.	The parent company does not trade and therefore total assets is considered to be the most appropriate benchmark.

For the component in the scope of our group audit, we allocated a materiality of £10,000,000 that is less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2025: 75%) of overall materiality, amounting to £7,950,000 (2025: £7,950,000) for the group financial statements and £1,347,750 (2025: £1,129,500) for the company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above £530,000 (group audit) (2025: £530,000) and £89,850 (company audit) (2025: £75,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent auditor's report continued**Conclusions relating to going concern**

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's going concern assessment and ensured that this was consistent with board approved budgets;
- We have evaluated management's forecasting accuracy based on historical budgets versus actual performance;
- We obtained confirmation from lenders of the level of drawn and undrawn revolving credit facilities and tested the actual and forecast covenant compliance associated with these facilities;
- We considered the mitigating actions available to Dunelm to increase liquidity, if required, with the key actions being reductions in stock purchases and capex, as well as cessation of dividends; and
- We assessed the adequacy of the going concern disclosures in the accounting policies.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 27 June 2026 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Remuneration Committee report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Independent auditor's report continued

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Risk Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit**Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of Directors' responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and taxation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of journals with unexpected account combinations, which manipulate revenue or profits, and management bias in significant accounting estimates and judgements.

Independent auditor's report continued

Audit procedures performed by the engagement team included:

- Discussions with management, internal audit and the Company Secretary, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Assessment of matters reported on Dunelm Group plc's whistleblowing log;
- Searches for news articles which would highlight potential non-compliance with laws and regulations;
- Identifying and testing certain journal entries, in particular journal entries posted with unusual account combinations which manipulate revenue or profits;
- Challenging assumptions and judgements made by management in their key accounting estimates and judgements, in particular in relation to inventory provisions;

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Remuneration Committee report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

We were first appointed by the company for the financial year ended 28 June 2014. Our uninterrupted engagement covers 12 financial years.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Gillian Hinks

(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
East Midlands

8 September 2026

Consolidated Income Statement

For the 52 weeks ended 27 June 2026

	Note	2026 52 weeks £'m	2025 52 weeks £'m
Revenue	1	1,825.5	1,771.0
Cost of sales		(866.5)	(842.7)
Gross profit		959.0	928.3
Other operating income		7.3	4.7
Operating costs	2	(741.4)	(711.0)
Operating profit	3	224.9	222.0
Finance income	5	1.0	1.4
Finance costs	5	(14.9)	(12.4)
Profit before taxation		211.0	211.0
Taxation	6	(55.5)	(54.7)
Profit for the period		155.5	156.3
Earnings per Ordinary Share – basic	8	77.0p	77.2p
Earnings per Ordinary Share – diluted	8	76.8p	76.8p

Consolidated Statement of Comprehensive Income

For the 52 weeks ended 27 June 2026

	Note	2026 52 weeks £'m	2025 52 weeks £'m
Profit for the period		155.5	156.3
Other comprehensive income/(expense):			
Items that may be subsequently reclassified to profit or loss:			
Movement in fair value of cash flow hedges	18	9.7	(21.5)
Deferred tax on hedging movements	13	(4.7)	3.0
Other comprehensive income/(expense) for the period, net of tax		5.0	(18.5)
Total comprehensive income for the period		160.5	137.8

Consolidated Statement of Financial Position

As at 27 June 2026

	Note	27 June 2026 £'m	28 June 2025 £'m
Non-current assets			
Intangible assets	9	18.1	10.8
Property, plant and equipment	10	181.6	178.7
Right-of-use assets	11	246.1	221.1
Investment property	12	29.2	29.5
Deferred tax assets	13	0.2	3.2
Derivative financial instruments	18	0.7	–
Total non-current assets		475.9	443.3
Current assets			
Inventories	14	212.1	226.3
Trade and other receivables	15	39.2	40.1
Derivative financial instruments	18	3.1	–
Current tax asset		4.1	1.8
Cash and cash equivalents	16	22.4	30.0
Total current assets		280.9	298.2
Total assets		756.8	741.5
Current liabilities			
Trade and other payables	17	(217.5)	(220.0)
Lease liabilities	11	(57.1)	(53.1)
Derivative financial instruments	18	(2.0)	(13.3)
Total current liabilities		(276.6)	(286.4)
Non-current liabilities			
Borrowings	19	(115.4)	(130.2)
Lease liabilities	11	(211.4)	(194.4)
Provisions	20	(4.9)	(7.7)
Derivative financial instruments	18	–	(4.0)
Total non-current liabilities		(331.7)	(336.3)
Total liabilities		(608.3)	(622.7)
Net assets		148.5	118.8

	Note	27 June 2026 £'m	28 June 2025 £'m
Equity			
Issued share capital	21	2.0	2.0
Share premium account		1.7	1.7
Capital redemption reserve		43.2	43.2
Hedging reserve		1.3	(13.0)
Retained earnings		100.3	84.9
Total equity attributable to equity holders of the Parent		148.5	118.8

The financial statements on pages 131 to 157 were approved by the Board of Directors on 8 September 2026 and were signed on its behalf by:

Karen Witts

Chief Financial Officer
8 September 2026

Consolidated Statement of Cash Flows

For the 52 weeks ended 27 June 2026

	Note	2026 52 weeks £'m	2025 52 weeks £'m
Cash flows from operating activities			
Profit before taxation		211.0	211.0
Net financial expense	5	13.9	11.0
Operating profit		224.9	222.0
Depreciation and amortisation of investment property, property, plant and equipment, and intangible assets	9,10,12	33.0	31.3
Depreciation of right-of-use assets	11	54.4	50.9
Loss on disposal and impairment of property, plant and equipment and intangible assets	9,10	1.2	0.5
(Gain)/loss on disposal and impairment of right-of-use assets	11	(0.1)	0.7
Share-based payments expense		5.9	5.5
Operating cash flows before movements in working capital		319.3	310.9
Decrease/(increase) in inventories	14	14.2	(1.4)
Decrease/(increase) in trade and other receivables	15	0.9	(13.5)
(Decrease)/increase in trade and other payables		(6.0)	14.4
Net movement in working capital		9.1	(0.5)
Tax paid		(58.0)	(54.5)
Net cash generated from operating activities		270.4	255.9
Cash flows from investing activities			
Acquisition of intangible assets	9	(11.0)	(9.3)
Acquisition of property, plant and equipment	10	(31.7)	(35.2)
Acquisition of Investment Property		–	(22.3)
Acquisition of subsidiary, net of cash		–	(0.5)
Interest received	5	1.0	1.4
Net cash used in investing activities		(41.7)	(65.9)

	Note	2026 52 weeks £'m	2025 52 weeks £'m
Cash flows from financing activities			
Proceeds from issue of treasury shares and Ordinary Shares	22	9.2	0.7
Purchase of treasury shares	22	(15.6)	(14.7)
Drawdowns on Revolving Credit Facility		147.0	152.0
Repayments of Revolving Credit Facility		(162.0)	(99.0)
Interest paid and loan transaction costs	5	(4.8)	(4.7)
Interest paid on lease liabilities	11	(10.1)	(7.3)
Repayment of principal element of lease liabilities		(59.0)	(50.6)
Dividends paid	7	(141.0)	(159.4)
Net cash used in financing activities		(236.3)	(183.0)
Net (decrease)/increase in cash and cash equivalents		(7.6)	7.0
Foreign exchange revaluations		–	(0.4)
Cash and cash equivalents at the beginning of the period	16	30.0	23.4
Cash and cash equivalents at the end of the period	16	22.4	30.0

Consolidated Statement of Changes in Equity

For the 52 weeks ended 27 June 2026

	Note	Issued share capital £'m	Share premium account £'m	Capital redemption reserve £'m	Hedging reserve £'m	Retained earnings £'m	Total equity attributable to equity holders of the Parent £'m
As at 29 June 2024		2.0	1.7	43.2	(3.8)	94.8	137.9
Profit for the period		–	–	–	–	156.3	156.3
Movement in fair value of cash flow hedges	18	–	–	–	(21.5)	–	(21.5)
Deferred tax on hedging movements	13	–	–	–	3.0	–	3.0
Total comprehensive income for the period		–	–	–	(18.5)	156.3	137.8
Proceeds from issue of treasury shares	22	–	–	–	–	0.7	0.7
Purchase of treasury shares	22	–	–	–	–	(14.7)	(14.7)
Share-based payments	23	–	–	–	–	5.5	5.5
Deferred tax on share-based payments	13	–	–	–	–	1.0	1.0
Current tax on share options exercised		–	–	–	–	0.7	0.7
Movement on cash flow hedges transferred to inventory	18	–	–	–	9.3	–	9.3
Dividends paid	7	–	–	–	–	(159.4)	(159.4)
Total transactions with owners, recorded directly in equity		–	–	–	9.3	(166.2)	(156.9)

	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 28 June 2025		2.0	1.7	43.2	(13.0)	84.9	118.8
Profit for the period		–	–	–	–	155.5	155.5
Movement in fair value of cash flow hedges	18	–	–	–	9.7	–	9.7
Deferred tax on hedging movements	13	–	–	–	(4.7)	–	(4.7)
Total comprehensive income for the period		–	–	–	5.0	155.5	160.5
Proceeds from issue of treasury shares	22	–	–	–	–	9.2	9.2
Purchase of treasury shares	22	–	–	–	–	(15.6)	(15.6)
Share-based payments	23	–	–	–	–	5.9	5.9
Deferred tax on share-based payments	13	–	–	–	–	1.5	1.5
Current tax on share options exercised		–	–	–	–	(0.1)	(0.1)
Movement on cash flow hedges transferred to inventory	18	–	–	–	9.3	–	9.3
Dividends paid	7	–	–	–	–	(141.0)	(141.0)
Total transactions with owners, recorded directly in equity		–	–	–	9.3	(140.1)	(130.8)
As at 27 June 2026		2.0	1.7	43.2	1.3	100.3	148.5

Consolidated Accounting Policies

For the 52 weeks ended 27 June 2026

General information

The Group financial statements consolidate those of Dunelm Group plc ('the Company') and its subsidiaries (together referred to as 'the Group'). The Company financial statements on pages 158 to 163 present information about the Company as a separate entity and not about its Group.

Dunelm Group plc is incorporated and domiciled in the UK, and registered in England and Wales. Dunelm Group plc is a listed public Company, limited by shares and the Company registration number is 04708277. The registered office is Dunelm Store Support Centre, Watermead Business Park, Syston, Leicester, Leicestershire, England, LE7 1AD.

The primary business activity of the Group is the sale of homewares in the UK and Ireland through its omnichannel platform.

Basis of preparation

The financial statements presented cover a 52-week trading period for the financial period ended 27 June 2026 (2025: 52-week period ended 28 June 2025).

The financial statements of Dunelm Group plc have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. These financial statements are presented on pages 131 to 157.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

The annual financial statements are prepared under the historical cost convention except for financial assets and financial liabilities (including derivative financial instruments and share-based payments), which have been stated at fair value. The financial statements are prepared in pounds sterling, rounded to the nearest 0.1 million.

Going concern

At the time of approving the financial statements, the Board of Directors is required to formally assess that the business has adequate resources to continue in operational existence and can therefore continue to adopt the going concern basis of accounting for a period of at least 12 months post accounts signing. To support these statements, the Board has considered the Group's current financial position, its strategy, the market outlook and its principal risks.

The key judgement that the Directors have considered in forming their conclusion is the potential impact on future revenue, profits and cash flows of a downturn in consumer spending away from the homewares due to the current economic environment. The downside scenario assumes 3% lower growth in Year 1 and 4% lower growth in Year 2 and higher costs to sales ratio and no mitigating reduction actions. They have also considered a deeper downturn in consumer spending, which assumes 5% sales decline in Year 1 and 7% lower growth vs the base case in Year 2, again assuming no mitigating cost reduction actions.

In both downside scenarios, the Group has sufficient liquidity to continue trading, including maintaining the payment of dividends in line with its dividend policy, whilst comfortably meeting its financial covenant requirements. The Directors also continue to assess the risks that climate change poses to the business via modelling and disclosures in line with the Task Force on Climate-related Financial Disclosures. Currently, climate change is not expected to have a significant impact on the Group's going concern assessment.

Reverse stress modelling has demonstrated that a prolonged sales reduction of 26% in both FY27 and FY28 is required to breach covenants by the end of FY28 and a 39% sales reduction in both FY27 and FY28 is required to breach the RCF limit by the end of FY28, assuming reasonable mitigating actions have been implemented.

Even in such an event, management would follow a similar course of action to that initially undertaken during the COVID-19 pandemic. Such actions could include further reductions in discretionary spend (e.g. marketing and travel), headcount, and capital investment in new stores and refits.

Lastly, the Directors have reviewed the potential impact of material disruption to trading in our digital channels (including home delivery, tablet-based sales in store, and Click & Collect sales) in FY27, reflecting the ongoing cyber security risks faced by retailers. The Directors are satisfied that the Group maintains appropriate access to short-term liquidity in the event of such a circumstance.

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

Further detail in respect of the Directors' going concern assessment is included in the going concern statement on page 55.

Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Strategic Report on pages 1 to 55. In addition, note 18 includes the Group's objectives, policies, and processes for managing its capital, its financial risk management objectives and its exposures to credit risk and liquidity risk.

Consolidated Accounting Policies continued**Critical accounting judgements and sources of significant estimation uncertainty**

Based on the IAS 1 definitions, there are no significant estimates or critical judgements used in the Financial Statements.

The inventory provision is not considered a significant estimate as there is not a significant risk of a material adjustment to the level of the provision in the next 12 months. Management does, however, consider the inventory provision to be a key estimate as it is based on assumptions relating to a highly material balance (gross inventory) and is subject to uncertainty. It is therefore disclosed as an other estimate in line with IAS 1.

Inventory provisions

The Group provides against the carrying value of the inventories held where it is anticipated that net realisable value (NRV) will be below cost. NRV is based on estimated selling price with future price reductions assumed to be in line with historic margin analysis on a line-by-line basis and applied to the inventory population as deemed appropriate given the expected sell through period and discontinuation status. A 100 basis points change in the provision rate of each stock discontinuation category would lead to a change in the provision of £1.9m (2025: £1.9m). Consideration is also given to whether any stock categories require additional provision due to specific circumstances in place at the period end date.

Basis of consolidation**Subsidiaries**

Subsidiaries are entities controlled by the Company. The Financial Statements of subsidiaries are fully consolidated from the date on which control is transferred to the Group.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements. Consistent accounting policies have been adopted across the Group.

Revenue

Revenue is generated from the sale of homewares and related goods and services through the Group's stores and website, excluding sales between Group companies, and is after deducting returns, relevant discounts and VAT. Revenue is recognised when the Group has satisfied its performance obligations to its customers and the customer has obtained control of the goods and services being transferred.

In general, these conditions for store sales are met at the point of sale. The exceptions to this are custom-made products and Click & Collect sales, where revenue is recognised at the point that the goods are collected, and gift cards, where revenue is deferred and subsequently recognised when redeemed or expired. Gift card obligations are recognised as deferred income as shown in note 17.

An estimate of breakage is made on outstanding gift card balances based on historical data and estimates of future usage patterns and recognised in line with the pattern of utilisation of the gift card balances. Revenue on home delivery sales is recognised at the point of delivery.

The Group has two types of products; stocked products and products which are sent directly from suppliers to customers. Management has established that the Group acts as a principal for both types of products and thus should recognise revenue as the gross amount of consideration to which it expects to be entitled.

The Group holds a sales return provision in the Consolidated Statement of Financial Position to provide for expected levels of returns on sales made before the period end but returned after the period end. The Group recognises the expected value of revenue relating to returns within sales provisions and the expected value of cost of sales relating to the returned items is included within inventories.

Expenses**Rebates**

Rebates are recognised once the relevant performance conditions have been satisfied and are accrued based on contractual terms with suppliers, with amounts recognised as a deduction from costs of purchased inventory.

Operating costs

The Group analyses operating costs into two main categories: Sales and distribution costs and Tech and support expenses. Sales and distribution costs includes all operating costs relating to direct sale and distribution, including related marketing costs. Tech and support expenses includes all digital and technology costs alongside other costs such as product design, legal and other similar head office costs.

Financial income and expenses

Financial income and expenses comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested and related foreign exchange gains and losses.

Retirement benefits

The Group operates a defined contribution pension plan using a third-party provider. Obligations for the contributions to this plan are recognised as an expense in the Consolidated Income Statement as incurred.

Consolidated Accounting Policies continued**Share-based payments**

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance condition (for example, an entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- Including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Consolidated Income Statement, with a corresponding adjustment to equity.

When options are exercised, the Company either issues new shares, or uses treasury shares purchased for this purpose. For newly issued shares, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and the share premium account.

Social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Foreign currencies

Transactions in foreign currencies are recorded at the prevailing rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the rates ruling at the Consolidated Statement of Financial Position date. Resulting exchange gains or losses are recognised in the Consolidated Income Statement for the period in financial income and expenses, except when deferred as qualifying cash flow hedges.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax represents the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the Consolidated Statement of Financial Position date, together with any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the Consolidated Statement of Financial Position date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recognised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividends

Dividends are recognised as a liability in the period in which they are approved such that the Group is obligated to pay the dividend.

Consolidated Accounting Policies continued**Intangible assets**

Intangible assets comprise of software development, licences, rights to brands and customer lists and are stated at cost less accumulated amortisation and impairment. Costs incurred in developing the Group's own brands are expensed as incurred.

Separately acquired brands and customer lists are shown at historical cost. Software, brands and customer lists acquired in a business combination are recognised at fair value at the acquisition date. These assets are deemed to have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the estimated useful life.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Computer software development costs recognised as assets are amortised over their estimated useful lives.

Amortisation

Amortisation is charged to the Consolidated Income Statement on a straight-line basis over the estimated useful life of the asset. These are as follows:

Software development and licences	3 to 5 years
Rights to brands and customer lists	5 to 15 years

Property, plant and equipment**Owned assets**

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for intended use.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Investment properties

Property held by the Group to earn rental income or for capital appreciation is classified as investment property. Property occupied by the Group is recognised within property, plant and equipment. Judgement is applied in determining classification when management's future plans for properties include possible changes in future use.

Investment property is initially measured at cost being purchase price and directly attributable expenditure. Subsequently investment properties are held at cost less accumulated depreciation and impairment losses. Depreciation is provided on a consistent basis with that applied to property, plant and equipment.

Depreciation

Depreciation is charged to the Consolidated Income Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, to write down the cost to its estimated residual value. Land is not depreciated.

The estimated useful lives are as follows:

Freehold buildings	50 years
Long Leasehold Buildings	over the remaining period of the lease
Leasehold improvements	over the remaining period of the lease, or useful life if shorter
Fixtures, fittings, and equipment	3 to 10 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Consolidated Accounting Policies continued**Leases****Lease recognition**

At the inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, adjusted for any lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis. Right-of-use assets are subject to, and reviewed regularly for, impairment. Depreciation of right-of-use assets is included in operating costs in the Consolidated Income Statement.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term. Lease payments include fixed payments less any lease incentives receivable.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the fixed lease payments. Interest charges are included in finance costs in the Consolidated Income Statement.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery and equipment that have a lease term of less than 12 months and leases of low-value assets (defined as assets with a value, when new, of £5,000 or less). Lease payments relating to short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Subsequent measurement

The lease liability and right-of-use asset is subsequently remeasured to reflect changes in:

- The lease term (using a revised discount rate);
- The assessment of a purchase option (using a revised discount rate); and
- Future lease payments resulting from a change in an index, or a rate used to determine those payments (using an unchanged discount rate).

Lease modifications may also prompt remeasurement of the lease liability unless they are determined to be separate leases.

The payments related to leases are presented under cash flow from financing activities in the Consolidated Cash Flow Statement.

Financial instruments**Recognition and measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the Consolidated Income Statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the Consolidated Income Statement and presented in other gains/(losses) together with foreign exchange gains and losses.
- **FVPL:** All other financial assets that do not meet the criteria for amortised cost are measured at FVPL, unless the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the Consolidated Income Statement in the period in which it arises.

Consolidated Accounting Policies continued**Impairment of financial assets**

The Group uses a forward-looking approach to assess the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Derivatives

Derivative financial instruments used are forward foreign exchange contracts. These are measured at fair value. The fair values are determined by reference to the market prices available from the market on which the instruments are traded.

Certain derivative financial instruments are designated as hedges in line with the Group's treasury policy. These are instruments that hedge exposure to variability in cash flows that is attributable to a particular risk associated with a highly probable forecasted transaction.

Any gains or losses arising from changes in fair value derivative financial instruments not designated as hedges are recognised in the Consolidated Income Statement.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Income Statement, within operating costs.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options and time value of options are recognised in the cash flow hedge reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. The gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss. Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in the Consolidated Income Statement as the hedged item affects profit or loss (for example, through cost of sales).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain/loss and deferred costs of hedging in equity at that time remain in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain/loss and deferred costs of hedging that were reported in equity are immediately reclassified to the Consolidated Income Statement.

Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and then carried at amortised cost using the effective interest method, net of impairment provisions.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is derived using the average cost method and includes costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price less cost to sell in the ordinary course of business. Provisions are made for obsolete, slow-moving or discontinued stock and for stock losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances including credit card receipts and deposits. All cash equivalents have an original maturity of three months or less.

Trade and other payables

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

Bank borrowings and borrowing costs

Interest-bearing bank loans are initially recorded at their fair value and subsequently held at amortised cost. Transaction costs incurred are amortised over the term of the loan.

Borrowings are classed as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the Consolidated Statement of Financial Position date.

Consolidated Accounting Policies continued**Impairment of non-financial assets**

The carrying amounts of the Group's assets are reviewed annually at each Consolidated Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount is the greater of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time-value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for assets grouped at the lowest levels for which there are largely independent cash flows, i.e. the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount. A cash-generating unit has been defined as an individual store as well as online sales within a reasonable drive time of a store, or the online business. If an impairment loss is identified for a cash-generating unit, the loss shall be allocated to reduce the carrying amount of the assets of the unit pro-rated on the basis of the carrying amount of each asset in the unit for both property, plant and equipment and right-of-use assets. Impairment losses are recognised in the Consolidated Income Statement.

Share capital

Where the Group purchases its own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Group's equity holders.

Provisions

A provision is recognised in the Consolidated Statement of Financial Position when the Group has a current legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount has been reliably measured.

A provision for onerous contracts is recognised when the expected benefit to be derived by the Group from a contract is lower than the unavoidable costs of meeting its obligations under the contract.

A dilapidations provision is recognised when there is an expectation of future obligations relating to the maintenance of leasehold properties arising from events such as lease renewals or terminations.

Climate change

Climate change risks including the impact of achieving the Group's carbon emissions reduction targets and the risks identified in the TCFD disclosures on pages 44 to 53 have been considered and assessed in the preparation of the Consolidated Financial Statements for the period to 27 June 2026.

There has been no material impact identified on the financial reporting judgements and estimates applied in the preparation of the Group's Consolidated Financial Statements as a result of climate change risks.

Given that the identified risks of climate change are expected to be present in the medium to long term our focus has been on the non-current assets within the Consolidated Statement of Financial Position. Specifically, for the material non-current assets, we note the following:

- The property, plant, property and equipment, and the right-of-use assets have relatively short useful lives (the average remaining lease term of our leasehold land and buildings is 4.9 years (2025: 4.5 years)). The longer life assets relate to freehold stores, investment properties and our head office, none of which are located in areas identified as being at significant risk to climate change.
- The intangible assets, which consist of a brand, internally generated and other software, have a useful life of 3 to 5 years and therefore we would not expect the identified risks to impact these assets.

The other non-current assets were also reviewed, and no risk was identified. Current assets, by their nature, are expected to be fully utilised within the business in the short term and no climate risk has been identified in this time horizon.

Consolidated Accounting Policies continued**New standards and interpretations**

The Group has applied the following new standards and interpretations for the first time for the annual reporting period commencing 29 June 2025:

– IAS 21 The Effects of Changes in Foreign Currency;

The adoption of the standards and interpretations listed above has not led to any changes to the Group's accounting policies or had any other material impact on the financial position or performance of the Group.

New accounting standards in issue but not yet effective

The following standards and amendments have been issued but are not yet effective and have not been early adopted by the Group.

– IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements for annual reporting periods beginning on or after 1 January 2027. The standard introduces new presentation requirements, which will increase comparability of the financial performance of similar entities. Specifically classifying income and expenses into three new defined categories – 'operating', 'investing' and 'financing' and two new subtotals 'operating profit and loss' and 'profit or loss before financing and income tax', introducing disclosures of management defined performance measures (MPMs) and enhancing general requirements on aggregation and disaggregation.

The Group has completed an assessment of the impact of IFRS 18. Based on work performed to date, the standard is expected to primarily affect the presentation and disclosure of information within the financial statements, rather than the recognition or measurement of assets, liabilities, income and expenses. The Group will apply the standard from its mandatory effective date and does not intend to adopt early. IFRS 18 requires retrospective application. Accordingly, comparative information for the financial year ended 3rd July 2027 will be restated in the Group's financial statements for the financial year ended July 2028.

– Other standards and amendments not yet effective

The Group has considered other standards and amendments issued by the IASB that are not yet effective, including amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures, Annual Improvements to IFRS Accounting Standards – Volume 11 and amendments relating to Contracts Referencing Nature-dependent Electricity. The Group does not currently expect these amendments to have a material impact on its consolidated financial statements.

The Directors do not expect any other standards, amendments or interpretations issued but not yet effective to have a material impact on the Group's consolidated financial statements when they become effective.

Notes to the Consolidated Financial Statements

For the 52 weeks ended 27 June 2026

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 omnichannel platform. Customers engage with the Group across various touchpoints including physical stores, the website, the mobile app, and customer service channels and their journeys can span multiple channels before completing a purchase. Given this interconnected customer experience, the Group does not distinguish between the different operations. Instead, performance is monitored and reported at the Group level, reflecting the holistic nature of the retail proposition.

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

The Chief Operating Decision-maker is the Executive Board of Dunelm Group plc. The Executive Board reviews internal management reports on a monthly basis and performance is assessed based on a number of financial and non-financial KPIs as well as on profit before taxation. The list of our financial and non-financial KPIs can be found on pages 34 and 35.

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

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 £15.3m (2025: £15.8m) 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

	2026 52 weeks £'m	2025 52 weeks £'m
Selling and distribution costs	594.8	560.5
Tech and Support expenses	146.6	150.5
	741.4	711.0

3. Operating profit

Operating profit is stated after charging the following items:

	2026 52 weeks £'m	2025 52 weeks £'m
Cost of inventories included in cost of sales	842.9	831.6
Amortisation of intangible assets	3.7	2.3
Depreciation of owned property, plant and equipment	29.0	28.7
Depreciation of Investment Property	0.3	0.3
Depreciation of right-of-use assets	54.4	50.9
Loss on disposal and impairment of property, plant and equipment and intangible assets	1.2	0.5
(Gain)/Loss on disposal and Impairment of right-of-use assets	(0.1)	0.7
Expense related to short-term leases	2.9	4.7

The cost of inventories included in cost of sales includes the impact of a net increase in the provision for obsolete inventory of £0.1m (2025: £6.0m decrease).

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

	2026 52 weeks £'000	2025 52 weeks £'000
Fees payable to the Group's auditors for the audit of the Parent and consolidated annual financial statements	42	43
Fees payable to the Group's auditors and its associates for other services to the Group		
– Audit of the Company's subsidiaries pursuant to legislation	336	352
– Other assurance services (See Audit and Risk Committee Report on page 87 for further information)	65	67

Notes to the Consolidated Financial Statements continued

4. Employee numbers and costs

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

	2026 52 weeks Number of heads	2026 52 weeks Full time equivalents	2025 52 weeks Number of heads	2025 52 weeks Full time equivalents
Selling	9,955	5,507	9,973	5,420
Distribution	1,130	1,091	1,139	1,105
Administration	1,196	1,176	1,196	1,178
	12,281	7,774	12,308	7,703

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

	2026 52 weeks £'m	2025 52 weeks £'m
Wages and salaries	279.7	275.4
Social security costs	28.2	21.2
Share-based payment expense (note 23)	5.9	5.5
Other pension costs	7.9	7.3
	321.7	309.4

Details of Directors' remuneration, share options, long-term incentive schemes and pension entitlements are disclosed in the Directors' Remuneration Report on pages 89 to 117 and in the Related Parties note on page 157.

5. Finance income and costs

	2026 52 weeks £'m	2025 52 weeks £'m
Finance income		
Interest on bank deposits	1.0	1.4
	1.0	1.4
Finance costs		
Interest on bank borrowings	(4.1)	(4.1)
Net foreign exchange losses	(0.1)	(0.4)
Amortisation of issue costs of bank loans	(0.6)	(0.6)
Interest on lease liabilities	(10.1)	(7.3)
	(14.9)	(12.4)
Net finance expense	(13.9)	(11.0)

6. Taxation

	2026 52 weeks £'m	2025 52 weeks £'m
Current taxation		
UK corporation tax charge for the period	53.6	53.2
Adjustments in respect of prior periods	2.1	(1.4)
	55.7	51.8
Deferred taxation		
Origination of temporary differences	1.0	2.9
Adjustments in respect of prior periods	(0.9)	–
Recognition of deferred tax asset	(0.3)	–
	(0.2)	2.9
Total tax expense	55.5	54.7

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

	2026 52 weeks £'m	2025 52 weeks £'m
Profit before taxation	211.0	211.0
UK corporation tax at standard rate of 25.0% (2025: 25.0%)	52.8	52.8
Factors affecting the charge in the period:		
Non-deductible expenses	1.8	3.3
Adjustments in respect of prior periods	1.2	(1.4)
Recognition of deferred tax asset	(0.3)	–
Tax expense	55.5	54.7

The taxation expense for the period as a percentage of profit before tax is 26.3% (2025: 25.9%).

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 IAS 12 issued in May 2023.

Notes to the Consolidated Financial Statements continued

7. Dividends

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

Dividend type	In respect of period ended	Pence per share	2026 52 weeks £'m	2025 52 weeks £'m
Final	29 June 2024	27.5	—	55.6
Interim	28 June 2025	16.5	—	33.4
Special	28 June 2025	35.0	—	70.4
Final	28 June 2025	28.0	56.5	—
Interim	27 June 2026	17.0	34.2	—
Special	27 June 2026	25.0	50.3	—
			141.0	159.4

The Board is proposing a final dividend of 28.5 pence per Ordinary Share for the period ended 27 June 2026 which equates to £57.4m (2025: 28 pence per Ordinary Share which equated to £56.5m). Subject to shareholder approval at the AGM this will be paid on 17 November 2026 to shareholders on the register at the close of business on 23 October 2026. The Ordinary Shares will be quoted ex dividend on 22 October 2026. The proposed dividend is not recognised as a liability at year end.

8. Earnings per Ordinary Share

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of Ordinary Shares in issue during the period, excluding Ordinary Shares purchased by the Company and held as treasury shares (note 22).

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

	2026 52 weeks £'m	2025 52 weeks £'m
Profit for the period	155.5	156.3

	2026 52 weeks '000	2025 52 weeks '000
Weighted average number of shares in issue during the period	201,820	202,366
Impact of number of share options	596	1,019
Number of shares for diluted earnings per share	202,416	203,385

	2026 52 weeks p	2025 52 weeks p
Earnings per Ordinary Share		
Basic (pence)	77.0	77.2
Diluted (pence)	76.8	76.8

Notes to the Consolidated Financial Statements continued

9. Intangible assets

	Software development and licences £'m	Rights to brands and customer lists £'m	Total £'m
Cost			
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
Additions	11.0	–	11.0
Disposals	(51.0)	(9.7)	(60.7)
At 27 June 2026	16.7	8.8	25.5
Accumulated amortisation			
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
Charge for the financial period	3.0	0.7	3.7
Disposals	(51.0)	(9.7)	(60.7)
At 27 June 2026	5.0	2.4	7.4
Net book value			
At 29 June 2024	3.5	0.3	3.8
At 28 June 2025	3.7	7.1	10.8
At 27 June 2026	11.7	6.4	18.1

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 (2025: £nil).

Within software development and licences there were £8.7m additions (2025: £2.2m additions) relating to internally generated assets.

Within rights to brands and customers lists there were £nil additions (2025: £7.0m additions) relating to acquired intellectual property and brands.

During the year, the Group undertook a review of the Intangible Asset Register which identified £60.7m of fully amortised assets that were no longer in use. Their removal had no impact on the net book value. Excluding the impact of this review, disposals for the financial year amounted to £nil at cost.

10. Property, plant and equipment

	Freehold land and buildings £'m	Leasehold land and buildings £'m	Leasehold improvements £'m	Fixtures, fittings and equipment £'m	Total £'m
Cost					
At 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
Additions	0.1	–	13.5	18.1	31.7
Disposals	–	–	(46.2)	(112.9)	(159.1)
At 27 June 2026	116.0	0.2	151.0	70.6	337.8
Accumulated depreciation					
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
Charge for the financial period	0.8	–	13.6	14.6	29.0
Disposals	–	–	(46.1)	(112.5)	(158.6)
Impairment	–	–	(0.6)	(0.1)	(0.7)
At 27 June 2026	27.0	–	92.3	36.9	156.2
Net book value					
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
At 27 June 2026	89.0	0.2	58.7	33.7	181.6

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

An impairment charge of £(0.7)m was recognised in the period (2025: £(1.4)m).

During the year, the Group undertook a review of the Tangible Fixed Asset Register which identified £158.1m of fully depreciated assets that were no longer in use. Their removal had no impact on the net book value. Excluding the impact of this review, disposals for the financial year amounted to £1m at cost.

Notes to the Consolidated Financial Statements continued

11. Leases

Right-of-use assets included in the Consolidated Statement of Financial Position at 27 June 2026 were as follows:

	2026 Land and buildings £'m	2026 Motor vehicles, plant and equipment £'m	2026 Total £'m	2025 Total £'m
At the beginning of the period	196.3	24.8	221.1	222.9
Additions	69.8	12.6	82.4	49.9
Disposals	(2.9)	–	(2.9)	(0.1)
Impairment	(0.1)	–	(0.1)	(0.7)
Depreciation	(47.3)	(7.1)	(54.4)	(50.9)
At the end of the period	215.8	30.3	246.1	221.1

Additions to right-of-use assets include new leases for new stores, extensions and rent changes to existing leases, and renewals to leases on existing stores.

Lease liabilities included in the Consolidated Statement of Financial Position at 27 June 2026 were as follows:

	2026 Land and buildings £'m	2026 Motor vehicles, plant and equipment £'m	2026 Total £'m	2025 Total £'m
At the beginning of the period	(221.9)	(25.6)	(247.5)	(249.6)
Additions	(70.2)	(12.9)	(83.1)	(51.9)
Disposals	3.1	–	3.1	0.1
Interest	(8.5)	(1.6)	(10.1)	(7.3)
Repayment of lease liabilities	60.1	9.0	69.1	61.2
At the end of the period	(237.4)	(31.1)	(268.5)	(247.5)

The discount rate applied across all lease liabilities ranged between 0.90% and 6.76% (2025: 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.

The lease liability, as split between current and non-current liabilities in the Statement of Financial Position, is as follows:

	2026 £'m	2025 £'m
Current	(57.1)	(53.1)
Non-current	(211.4)	(194.4)
	(268.5)	(247.5)

The remaining contractual maturities of the lease liabilities, which are gross and undiscounted, are as follows:

	2026 £'m	2025 £'m
Less than one year	(67.8)	(62.7)
One to two years	(61.2)	(53.8)
Two to five years	(128.5)	(116.8)
Five to ten years	(48.6)	(55.8)
More than ten years	(0.3)	(0.8)
Total undiscounted lease liability	(306.4)	(289.9)

The average remaining lease term of our leasehold land and buildings is 4.9 years (2025: 4.5 years).

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

	2026 52 weeks Land and buildings £'m	2026 52 weeks Motor vehicles, plant and equipment £'m	2026 52 weeks Total £'m	2025 52 weeks Total £'m
Depreciation of right-of-use assets	47.3	7.1	54.4	50.9
Gain on disposal of right-of-use assets	(0.2)	–	(0.2)	–
Impairment of right-of-use assets	0.1	–	0.1	0.7
Interest expenses (included in financial expenses)	8.5	1.6	10.1	7.3
Expense relating to short-term leases	2.2	0.7	2.9	4.7

The total cash outflow for leases during the financial period was £69.1m (2025: £57.9m).

Notes to the Consolidated Financial Statements continued

12. Investment Property

	Investment Properties £'m
Cost	
At 29 June 2024	7.5
Additions	22.3
At 28 June 2025	29.8
Additions	–
At 27 June 2026	29.8
Accumulated amortisation/depreciation	
At 29 June 2024	–
Charge for the financial period	0.3
At 28 June 2025	0.3
Charge for the financial period	0.3
At 27 June 2026	0.6
Net book value	
At 29 June 2024	7.5
At 28 June 2025	29.5
At 27 June 2026	29.2

Investment properties are stated at cost less accumulated depreciation. All amortisation and depreciation charges have been included within operating costs in the Consolidated Income Statement.

An external valuation for the properties 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 27 June 2026 investment properties rental income was £0.9m (2025: £1.5m) included within other operating income in the Consolidated Income Statement.

13. Deferred tax assets/liabilities

Deferred tax is provided in full on temporary differences under the liability method using a taxation rate of 25.0% (2025: 25.0%).

Deferred taxation assets and liabilities are attributable to the following:

	Assets		Liabilities		Net assets/(liabilities)	
	2026 £'m	2025 £'m	2026 £'m	2025 £'m	2026 £'m	2025 £'m
Property, plant and equipment	0.3	0.3	(5.2)	(5.3)	(4.9)	(5.0)
Share-based payments	5.1	3.7	–	–	5.1	3.7
Hedging	–	4.3	(0.4)	–	(0.4)	4.3
Other temporary differences	0.6	0.4	(0.2)	(0.2)	0.4	0.2
	6.0	8.7	(5.8)	(5.5)	0.2	3.2

	Assets		Liabilities		Net assets/(liabilities)	
	2026 £'m	2025 £'m	2026 £'m	2025 £'m	2026 £'m	2025 £'m
Deferred tax recoverable/(payable) after more than 12 months	2.2	0.6	(5.4)	(5.5)	(3.2)	(4.9)
Deferred tax recoverable/(payable) within 12 months	3.8	8.1	(0.4)	–	3.4	8.1
	6.0	8.7	(5.8)	(5.5)	0.2	3.2

The movement in the net deferred tax balance is as follows:

	Balance at 29 June 2024 £'m	Recognised in income £'m	Recognised in equity £'m	Balance at 28 June 2025 £'m
Property, plant and equipment	(2.7)	(2.6)	0.3	(5.0)
Share-based payments	3.0	(0.3)	1.0	3.7
Hedging	1.3	–	3.0	4.3
Other temporary differences	0.2	–	–	0.2
	1.8	(2.9)	4.3	3.2

	Balance at 28 June 2025 £'m	Recognised in income £'m	Recognised in equity £'m	Balance at 27 June 2026 £'m
Property, plant and equipment	(5.0)	0.1	–	(4.9)
Share-based payments	3.7	(0.1)	1.5	5.1
Hedging	4.3	–	(4.7)	(0.4)
Other temporary differences	0.2	0.2	–	0.4
	3.2	0.2	(3.2)	0.2

Notes to the Consolidated Financial Statements continued

14. Inventories

	2026 £'m	2025 £'m
Raw materials	1.4	0.9
Work in progress	0.2	0.1
Goods for resale	210.5	225.3
	212.1	226.3

Goods for resale includes a net realisable value provision of £15.4m (2025: £15.3m). Write-downs of inventories to net realisable value amounted to £28.2m (2025: £20.9m). These were recognised as an expense during the period and were included in cost of sales in the Consolidated Income Statement.

15. Trade and other receivables

	2026 £'m	2025 £'m
Trade receivables	5.9	9.6
Other receivables	0.8	3.6
Prepayments	17.6	13.8
Accrued income	14.9	13.1
	39.2	40.1

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 £0.4m (2025: £nil). No material amounts are overdue (2025: £nil).

16. Cash and cash equivalents

	2026 £'m	2025 £'m
Cash at bank and in hand	22.4	30.0

The Group deposits funds only with institutions that have a credit rating of 'A' and above and the term is less than three months.

17. Trade and other payables

	2026 £'m	2025 £'m
Trade payables	92.5	93.7
Accruals	79.6	79.6
Deferred income	15.3	15.8
Taxation and social security	29.7	30.8
Other payables	0.4	0.1
	217.5	220.0

Deferred income includes contract liabilities of £11.7m (2025: £12.1m) where payment has been received in respect of performance obligations which will be met in future periods. Performance obligations associated with contract liabilities relating to unfulfilled sales orders of £8.2m (2025: £8.9m) are expected to be met within twelve months of the reporting date.

Contract liability for gift cards of £3.5m (2025: £3.2m) may be met over a period of up to two years from the reporting date, consistent with the term of the gift cards in issue. Movement in the gift card deferred income balance is as follows:

	2026 £'m	2025 £'m
Opening balance	3.2	1.3
Issued in the year	23.1	16.6
Released to income statement	(22.8)	(14.7)
Closing balance	3.5	3.2

Notes to the Consolidated Financial Statements continued

18. Financial risk management

The Board of Directors has overall responsibility for the oversight of the Group's risk management framework. A formal process for reviewing and managing risk in the business is in place.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's deposits with banks and financial institutions as well as foreign exchange hedging agreements with its banking counterparties. The Group only deals with creditworthy counterparties and uses publicly available financial information to rate its counterparties, therefore credit risk is considered to be low.

Group policy is that surplus funds are placed on deposit with counterparties approved by the Board, with a minimum of an 'A' credit rating. The credit limit for the syndicate banks is £60m. All other parties are limited to £25m.

The Group's maximum exposure to credit risk is represented by the carrying amount of financial assets. No collateral is held (2025: nil). At the period end the maximum exposure is detailed in the table below.

	2026 £'m	2025 £'m
Current		
Cash and cash equivalents	22.4	30.0
Trade and other receivables	6.7	13.2
Accrued income	14.9	13.1
Derivative financial instruments	3.1	–
Total current financial assets	47.1	56.3
Non-current		
Derivative financial instruments	0.7	–
Total financial assets	47.8	56.3

Trade and other receivables include rebates due from suppliers recognised as a reduction to cost of sales in the period to which they relate. The rebates are recovered through deductions from future payments to suppliers and therefore management is confident of the recoverability of these balances.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses ('ECL') which uses a lifetime expected loss allowance for all trade and other receivables and accrued income. To measure the expected credit losses, trade and other receivables and accrued income have been grouped based on shared credit risk characteristics and the days past due. There is limited exposure to ECL due to the way the Group operates.

The Group will write off, either partially or in full, the gross carrying amount of a financial asset when there is no realistic prospect of recovery. This is usually the case when it is determined that the debtor does not have the assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, the Group may still choose to pursue enforcement in order to recover the amounts due.

On that basis, the loss allowance as 28 June 2025 and 27 June 2026 was determined to not be significant for trade and other receivables, accrued income and cash and cash equivalents.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and extreme circumstances. The Group manages this risk by continuously monitoring cash flow forecasts. Further details of the Group's available facilities can be found in capital management section of this note.

All cash flows on financial liabilities for 2026 and 2025 are contractually due within one year with the exception of provisions, bank loans, derivative financial liabilities and lease liabilities. The details of lease liabilities are shown in note 11.

Total borrowings of £117.0m (2025: £132.0m) reflect the level of facility drawdown at the period end on the Group's RCF.

Interest rate risk

The Group's bank borrowings incur variable interest rate charges. The Group's policy aims to manage the interest cost of the Group within the constraints of its financial covenants. The Group will continue to monitor movements in the interest rate swap market.

During the period, if Sterling Overnight Index Average (SONIA) interest rates had been 100 basis points higher with all other variables held constant, post-tax profit would have been the £0.6m lower (2025: £0.5m lower).

Notes to the Consolidated Financial Statements continued**18. Financial risk management** continued**Foreign currency risk**

All of the Group's revenues are in sterling. The majority of purchases are also in pounds sterling, but some goods purchased direct from overseas suppliers are paid for in US dollars, accounting for just over 30.0% (2025: 30.0%) of stock purchases in the period ended 27 June 2026.

The Group uses various means to cover its exposure to US dollars including holding US dollar cash balances and taking out forward foreign exchange contracts for the purchase of US dollars. All the Group's foreign exchange transactions are designed to satisfy US dollar denominated liabilities. The maximum level of hedging coverage which will be undertaken is 100.0% of anticipated expenditure on a three-month horizon, stepping down to 75.0% on a four- to 12-month horizon and 50.0% on a 13- to 18-month horizon. There is a low level of coverage beyond the 18-month horizon.

Cash flow hedges are in place to manage foreign exchange rate risk arising from forecast purchases denominated in US dollars. At the Consolidated Statement of Financial Position date, the fair value of US dollar foreign exchange forward contracts held in cash flow hedges was a £1.8m asset (2025: £17.3m liability) which relates to a commitment to purchase \$368.0m (2025: \$414.0m) for a fixed sterling amount. A fair value gain of £9.7m (2025: loss of £21.5m) was recognised in other comprehensive income and no loss (2025: nil) was recognised on cash flow hedges during the period. In the period, a loss of £9.3m (2025: £9.3m loss) was recycled from the cash flow hedge reserve to inventory to offset foreign exchange movements on purchases. The remaining hedge reserve balance will be recycled to the Consolidated Income Statement to offset future purchases occurring after the Consolidated Statement of Financial Position date, the majority of which expire in the next 12 months.

The outstanding US dollar liabilities at the period end were \$0.0m (2025: \$0.1m).

At the period end if GBP had strengthened by 10.0% against US dollar with all other variables held constant, post-tax profit would have been £0.1m lower (2025: £0.1m lower) as a result of foreign exchange gains on translation of US dollar denominated trade payables and cash and cash equivalents. Other components of equity would have been £0.2m higher (2025: £1.7m higher) as a result of a decrease in fair value of derivatives designated as cash flow hedges.

Conversely, if GBP had weakened by 10.0% against US dollar with all other variables held constant, post-tax profit for the period would have been £0.1m higher (2025: £0.1m higher) and other components of equity would have been £0.2m lower (2025: £1.7m lower).

The US dollar period end exchange rate applied in the above analysis is £1=\$1.3191 (2025: £1=\$1.2372).

Capital management

The Group considers equity plus debt as capital. There are no externally imposed capital requirements on the Group.

The Board's objective with respect to capital management is to ensure the Group continues as a going concern in order to optimise returns to shareholders. The Board regularly monitors the level of capital in the Group to ensure that this can be achieved.

The Company has a syndicated RCF of £250m which is committed until 6 September 2029. There is also an optional accordion facility of £100m. The terms of the RCF are consistent with normal practice and include covenants in respect of leverage (Group net debt to be no greater than 2.5x Adjusted EBITDA before exceptional items) and fixed charge cover (Group Earnings before interest, tax, depreciation, amortisation and rent before exceptional items to be no less than 1.75x Group fixed charges), both of which were met comfortably as at 27 June 2026 as shown below. In addition, the Company maintains £10m of uncommitted overdraft facilities with one syndicate partner bank.

The gearing ratio and banking covenants were as follows:

	2026 £'m	2025 £'m
Total borrowings (note 19)	117.0	132.0
Less: cash and cash equivalents (note 16)	(22.4)	(30.0)
Net debt	94.6	102.0
Less: unamortised debt issue costs (note 19)	(1.6)	(1.8)
Net debt including unamortised debt issue costs	93.0	100.2
Total equity	148.5	118.8
Total capital	241.5	219.0
Gearing ratio	38.5%	45.8%

Notes to the Consolidated Financial Statements continued

18. Financial risk management continued

	2026 52 weeks £'m	2025 52 weeks £'m
Operating profit	224.9	222.0
Add: Depreciation and amortisation of investment property, property, plant and equipment, and intangible assets (note 3)	33.0	31.0
Add: Loss on disposal and impairment of property, plant and equipment and intangible assets (note 3)	1.2	0.5
Adjusted EBITDA	259.1	253.5
Leverage ratio	0.36	0.40
Adjusted EBITDA	259.1	253.5
Add: RoUA depreciation	54.4	50.9
Add: RoUA impairment	0.1	0.7
EBITDA	313.6	305.1
Add: Rent	7.4	6.9
EBITDAR	321.0	312.0
Net interest (note 5)	13.9	11.0
Rent plus RoUA depreciation	61.8	57.8
Fixed charges	75.7	68.8
Fixed charge cover	4.2	4.5

Derivatives: Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group therefore performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

In hedges of foreign currency purchases, ineffectiveness may arise if the timing of the forecast transaction changes from what was originally estimated, or if there are changes in the credit risk of the Group or the derivative counterparty.

Market risk

The Group uses a combination of foreign currency options and foreign currency forwards to hedge its exposure to foreign currency risk.

The Group only designates the spot component of foreign currency forwards in hedge relationships. The spot component is determined with reference to relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as the forward points. It is discounted where material.

The changes in the forward element of the foreign currency forwards and the time value of the options that relate to hedged items are deferred in the hedging reserve.

Effects of hedge accounting on the financial position and performance

	2026 £'m	2025 £'m
Foreign currency forwards		
Carrying amount of asset/(liability)	1.8	(17.3)
Notional amount	277.0	329.9
Maturity date	July 2026–April 2028	July 2025–March 2027
Hedge ratio	1:1	1:1
Change in value of hedged item used to determine hedge effectiveness	£(9.7)m	£21.5m
Change in the value of hedging instruments	£9.7m	£(21.5)m
Weighted average hedged rate for the year (including forward points)	£1:US\$1.3028	£1:US\$1.2508

Notes to the Consolidated Financial Statements continued

18. Financial risk management continued

Fair values

The fair value of the Group's financial assets and liabilities are equal to their carrying value.

The fair value of foreign currency contracts are amounts required by the counterparties to cancel the contracts at the end of the period.

Fair value hierarchy

Financial instruments carried at fair value are required to be measured by reference to the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All derivative financial instruments carried at fair value have been measured by a Level 2 valuation method, based on observable market data.

Financial assets/(liabilities)

The carrying value of all financial assets and financial liabilities was materially equal to their fair value.

	Financial assets at amortised cost £'m	Financial liabilities at amortised cost £'m	Derivatives used for hedging £'m	Total £'m
At 28 June 2025				
Cash and cash equivalents	30.0	–	–	30.0
Trade and other receivables	13.2	–	–	13.2
Accrued income	13.1	–	–	13.1
Total financial assets	56.3	–	–	56.3
Trade and other payables	–	(93.8)	–	(93.8)
Accruals	–	(79.6)	–	(79.6)
Lease liabilities	–	(247.5)	–	(247.5)
Bank loans	–	(130.2)	–	(130.2)
Derivative financial instruments	–	–	(17.3)	(17.3)
Total financial liabilities	–	(551.1)	(17.3)	(568.4)
Net financial assets/(liabilities)	56.3	(551.1)	(17.3)	(512.1)

	Financial assets at amortised cost £'m	Financial liabilities at amortised cost £'m	Derivatives used for hedging £'m	Total £'m
At 27 June 2026				
Cash and cash equivalents	22.4	–	–	22.4
Trade and other receivables	6.7	–	–	6.7
Accrued income	14.9	–	–	14.9
Derivative financial instruments	–	–	3.8	3.8
Total financial assets	44.0	–	3.8	47.8
Trade and other payables	–	(92.9)	–	(92.9)
Accruals	–	(79.6)	–	(79.6)
Lease liabilities	–	(268.5)	–	(268.5)
Bank loans	–	(115.4)	–	(115.4)
Derivative financial instruments	–	–	(2.0)	(2.0)
Total financial liabilities	–	(556.4)	(2.0)	(558.4)
Net financial assets/(liabilities)	44.0	(556.4)	1.8	(510.6)

The currency profile of the Group's cash and cash equivalents is as follows:

	2026 £'m	2025 £'m
Sterling	22.1	29.6
US dollar	0.1	0.1
Euro	0.2	0.3
	22.4	30.0

Notes to the Consolidated Financial Statements continued

19. Borrowings

Borrowings are classified as current and non-current based on their schedule repayment date, and not their maturity date. Repayments of principal amounts are classified as current if the repayment is scheduled to be made within one year of the balance sheet date.

	52 weeks ended 27 June 2026			52 weeks ended 28 June 2025		
	Current £'m	Non-current £'m	Total £'m	Current £'m	Non-current £'m	Total £'m
Revolving Credit Facility	–	117.0	117.0	–	132.0	132.0
Transaction costs	–	117.0	117.0	–	132.0	132.0
	–	(1.6)	(1.6)	–	(1.8)	(1.8)
Total borrowings	–	115.4	115.4	–	130.2	130.2

Borrowing facilities

The Group has a £250.0m syndicated revolving credit facility committed until 6 September 2029. As at 27 June 2026 £117.0m was drawn down (2025: £132.0m). All conditions subject has been met at those dates.

There is then an associated accordion facility of £100.0m, subject to lenders consent. The Group also has an uncommitted overdraft facility of £10.0m.

20. Provisions

	Balance at 28 June 2025 £'m	Utilised in the period £'m	Created in the period £'m	Released in the period £'m	Balance at 27 June 2026 £'m
Property related	5.5	(0.5)	1.5	(1.6)	4.9
Legal related and other	2.2	(2.2)	–	–	–
	7.7	(2.7)	1.5	(1.6)	4.9

Property-related provisions consist of costs associated with vacant property and dilapidations. Legal-related and other provisions include potential costs for legal disputes with the business. All provisions are based on the Directors' best estimate of the Company's future liabilities.

21. Issued share capital

	2026 Number of Ordinary Shares of 1p each	2025 Number of Ordinary Shares of 1p each
In issue at the start of the period	203,426,835	203,426,835
In issue at the end of the period	203,426,835	203,426,835

	2026 Number of shares	2026 £'m	2025 Number of shares	2025 £'m
Ordinary shares of 1p each:				
Authorised	500,000,000	5.0	500,000,000	5.0
Allotted, called up and fully paid	203,426,835	2.0	203,426,835	2.0

Proceeds received in relation to shares issued during the period were £nil (2025: £nil).

22. Treasury shares

	2026 Number of shares	2026 £'m	2025 Number of shares	2025 £'m
Outstanding at the beginning of the period	2,144,012	20.6	1,226,461	11.5
Purchased during the period	1,600,000	15.6	1,500,000	14.7
Reissued during the period in respect of share option schemes	(1,827,386)	(17.6)	(582,449)	(5.6)
Outstanding at the end of the period	1,916,626	18.6	2,144,012	20.6

Proceeds from the issue of treasury shares included in the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity of £9.2m (2025: £0.7m) is the amount employees contributed.

The Group has the right to reissue the remaining treasury shares at a later date.

Notes to the Consolidated Financial Statements continued

23. Share-based payments

The Group operates a number of share-based payment schemes as follows:

Dunelm Group Savings Related Share Option Plan (Sharesave)

The Dunelm Group plc Savings Related Share Option Plan (Sharesave) scheme is open to all colleagues with eligible length of service. Invitations to participate in the scheme are issued annually and the scheme is 'approved' under HMRC rules. The current maximum monthly savings for the schemes detailed below is £500. Options are granted at the prevailing market rate less a discount of 20.0%. Options may be exercised under the scheme within six months of the completion of each three-year savings contract (from the grant date). There is provision for early exercise in certain circumstances such as death, disability, redundancy, and retirement. Sharesave options are accounted for as equity-settled awards under IFRS 2.

The following table summarises the movement in Dunelm Group plc Sharesave options during the period:

Sharesave Plans	2026 Number of options	2026 Weighted average exercise price (p)	2025 Number of options	2025 Weighted average exercise price (p)
Outstanding at beginning of period	2,442,899	745.81	2,435,045	735.95
Granted	799,551	927.00	459,799	929.00
Exercised	(1,371,724)	671.03	(78,695)	932.51
Forfeited	(407,536)	899.73	(373,250)	867.83
Outstanding at end of period	1,463,190	872.04	2,442,899	745.81
Exercisable at end of period	126,694	667.00	2,044	1,046.00

Exercisable at end of period refers to all share options not exercised which have passed their vesting date, but not yet reached their expiry date. The figure of 126,694 options (2025: 2,044 options) excludes the provisions for early exercise explained above.

Options outstanding at 27 June 2026 are exercisable at prices ranging between 667.00p and 929.00p (2025: 667.00p and 1,046.00p) and have a weighted average remaining contractual life of 2.0 years (2025: 1.5 years), as analysed in the table below:

Sharesave Plans	2026 Number of options	2026 Weighted average remaining contractual life (years)	2025 Number of options	2025 Weighted average remaining contractual life (years)
Exercise price (pence):				
667.00	142,878	–	1,536,869	1.0
810.00	374,729	1.0	445,636	2.0
927.00	655,433	3.0	–	–
929.00	290,150	2.0	390,610	3.0
1,046.00	–	–	69,784	–
	1,463,190	2.0	2,442,899	1.5

Long-Term Incentive Plan (LTIP)

As explained in the Remuneration Report, the Group operates an equity-settled LTIP scheme for Executive Directors and other senior colleagues. Performance conditions for the LTIP awards are detailed in the Remuneration Report. LTIP options are also accounted for as equity-settled awards under IFRS 2.

The following table summarises the movements in nil-cost LTIP awards during the period:

LTIP awards	2026 Number of options	2025 Number of options
Outstanding at beginning of period	2,262,813	1,991,911
Granted	1,104,808	656,910
Dividend equivalent awarded in the period	70,024	96,169
Exercised	(318,778)	(349,808)
Forfeited	(869,364)	(132,369)
Outstanding at end of period	2,249,503	2,262,813
Exercisable at end of period	24,351	4,717

Exercisable at end of period refers to all share options not exercised which have passed their vesting date, but not yet reached their expiry date. The weighted average share price at date of exercise during the period was 1,113.28p (2025: 1,136.46p).

The weighted average remaining contractual life of these options is 7.0 years (2025: 8.0 years).

Notes to the Consolidated Financial Statements continued

23. Share-based payments continued

Restricted Stock Award (RSA)

These awards are granted to particular individuals and are dependent on continuing employment. The only performance condition is that the threshold diluted earnings per share as per the LTIP conditions is met as detailed in the Directors' Remuneration Report on pages 89 to 117. RSA options are also accounted for as equity-settled awards under IFRS 2.

The following table summarises the movements in nil-cost RSA options during the period:

	2026 Number of options	2025 Number of options
Restricted Stock Awards		
Outstanding at beginning of period	513,418	334,747
Granted	189,249	336,113
Dividend equivalent awarded in the period	12,836	16,377
Exercised	(80,406)	(153,786)
Forfeited	(175,127)	(20,033)
Outstanding at end of period	459,970	513,418
Exercisable at end of period	22,615	35,239

Exercisable at end of period refers to all share options not exercised which have passed their vesting date, but not yet reached their expiry date. The weighted average share price at date of exercise during the period was 1,104.36p (2025: 1,129.92p).

The weighted average remaining contractual life of these options is 6.5 years (2025: 5.4 years).

Bonus Deferred Shares Award

The Bonus Deferred Shares Award provides options over shares in Dunelm Group plc for colleagues of the Group as a discretionary bonus. This is an equity-settled share option scheme and there are no performance conditions attached to these awards, they are only dependent on continued employment. The shares granted in October 2025 and June 2026 were granted at the following share price 1,103.67p and 763.83p, and these schemes will vest in March 2027 and March 2028 as outlined in the Remuneration Report.

The Bonus Deferred Shares Award is structured as nil-cost options and the following table summarises their movement during the period:

	2026 Number of options	2025 Number of options
Bonus Deferred Shares Award		
Outstanding at beginning of period	2,709	2,709
Granted	131,604	—
Dividend equivalent awarded in the period	—	—
Exercised	(56,478)	—
Forfeited	—	—
Outstanding at end of period	77,835	2,709
Exercisable at end of period	2,709	2,709

The weighted average share price at date of exercise during the period was 778.46p (2025: 0.00p).

The weighted average remaining contractual life of these options is 1.1 years (2025: nil years).

Fair value calculations

The fair values of all share options granted are calculated at the date of grant using a Black-Scholes option pricing model except for the LTIPs granted in October 2024 and October 2025 for which fair values are calculated at the date of grant using a Monte-Carlo option pricing model. Expected volatility is determined by calculating the historical volatility of the Group's share price over a period equivalent to the expected life of an option which is aligned to its vesting period.

The following tables list the inputs to the model used for options granted in the periods ended 27 June 2026 and 28 June 2025 based on information at the date of grant:

Shareave plans	2026	2025
Share price at date of grant	1,158.00p	1,161.00p
Exercise price	927.00p	929.00p
Volatility	29.83%	31.42%
Expected life	3 years	3 years
Risk-free rate	4.00%	4.13%
Dividend yield	4.00%	3.90%
Fair value per option	337.50p	359.70p

Notes to the Consolidated Financial Statements continued

23. Share-based payments continued

Fair value calculations continued

LTIP awards	2026	2025
Share price at date of grant	1,050.00p–1,158.00p	1,078.00p–1,161.00p
Exercise price	0.00p	0.00p
Volatility	0.01%–30.41%	31.80–31.97%
Expected life	0–3 years	3 years
Risk-free rate	4.00%	4.13%
Dividend yield	0%–4.00%	3.90%
Fair value per option	424.00p–1,103.70p	544.0p–988.0p
Restricted Stock awards	2026	2025
Share price at date of grant	1,158.00p	1,161.00p
Exercise price	0.00p	0.00p
Volatility	29.08%	28.90%–31.80%
Expected life	2 years	1–3 years
Risk-free rate	4.00%	4.13%
Dividend yield	4.00%	3.90%
Fair value per option	776.20–807.70p	786.10p–1,116.50p
Bonus Deferred Share awards	2026	2025
Share price at date of grant	763.00p–1103.70p	0.00p
Exercise price	0.00p	0.00p
Volatility	29.25%–31.03%	0.00%
Expected life	0–2 years	0 years
Risk-free rate	4.00%–4.26%	0.00%
Dividend yield	0.00%	0.00%
Fair value per option	763.80p–1103.70p	0.00p

The charge to the Income Statement for all share option schemes is disclosed in note 4.

24. Commitments

As at the period end date, the Group had entered into capital contracts for technology, new stores and refits amounting to £1.3m (2025: £5.9m).

25. Contingent liabilities

The Group had no contingent liabilities at the period end date (2025: £nil).

26. Related parties

Identity of related parties

The Group has related party relationships with its subsidiaries and with its Directors. Transactions between the Group and its subsidiaries, which are related parties, have been eliminated on consolidation for the Group. A list of subsidiaries can be found in note C4 to the Parent Company Financial Statements.

Key management personnel

The key management personnel of the Group comprise members of the Board of Directors and the Executive Board.

Directors of the Company and their close relatives control 37.3% (2025: 37.5%) of the voting shares of the Company.

Disclosures relating to remuneration of Directors are set out in the Directors' Remuneration Report on pages 89 to 117. The remuneration of the key management personnel is set out below:

	2026 52 weeks £'m	2025 52 weeks £'m
Wages and salaries	4.0	4.0
Short-term employee benefits	3.4	2.9
Post-employment benefits	0.1	0.1
Share-based payments (including NI)	4.3	2.1
	11.8	9.1

The amount of gains made by Directors on the exercise of share options are disclosed in the Directors' Remuneration Report on page 104.

From time to time Directors of the Group, or their related entities, may purchase goods from the Group. These purchases are on the same terms and conditions as those entered into by other Group employees and values involved are trivial.

27. Ultimate controlling party

The Directors consider that there is no ultimate controlling party of Dunelm Group plc.

Parent Company Statement of Financial Position

As at 27 June 2026

	Note	27 June 2026 £'m	28 June 2025 £'m
Non-current assets			
Investments in subsidiary undertakings	C4	80.0	77.4
Deferred tax assets	C5	0.7	0.2
Total non-current assets		80.7	77.6
Current assets			
Trade and other receivables	C6	99.6	72.8
Total current assets		99.6	72.8
Total assets		180.3	150.4
Current liabilities			
Trade and other payables	C7	(0.3)	(0.2)
Total current liabilities		(0.3)	(0.2)
Total liabilities		(0.3)	(0.2)
Net assets		180.0	150.2
Equity			
Issued share capital	C11	2.0	2.0
Share premium account		1.7	1.7
Non-distributable reserves		34.9	32.3
Capital redemption reserve		43.2	43.2
Retained earnings		98.2	71.0
Total equity attributable to equity holders of the Parent		180.0	150.2

The Company recorded a profit after tax of £171.2m (2025: £160.8m).

The financial statements on pages 158 to 163 were approved by the Board of Directors on 8 September 2026 and were signed on its behalf by:

Karen Witts

Director

Company number 04708277

8 September 2026

Parent Company Statement of Changes in Equity

For the 52 weeks ended 27 June 2026

	Note	Issued share capital £'m	Share premium account £'m	Non- distributable reserves £'m	Capital redemption reserve £'m	Retained earnings £'m	Total equity attributable to equity holders of the Parent £'m
As at 29 June 2024		2.0	1.7	27.4	43.2	83.1	157.4
Profit for the period		–	–	–	–	160.8	160.8
Total comprehensive income for the period		–	–	–	–	160.8	160.8
Purchase of treasury Shares		–	–	–	–	(14.7)	(14.7)
Proceeds from issue of Treasury Shares	C12	–	–	–	–	0.7	0.7
Share-based payments	C13	–	–	4.9	–	0.6	5.5
Deferred tax on share-based payments	C5	–	–	–	–	(0.1)	(0.1)
Dividends	C3	–	–	–	–	(159.4)	(159.4)
Total transactions with owners, recorded directly in equity		–	–	4.9	–	(172.9)	(168.0)
As at 28 June 2025		2.0	1.7	32.3	43.2	71.0	150.2
Profit for the period		–	–	–	–	171.2	171.2
Total comprehensive income for the period		–	–	–	–	171.2	171.2
Purchase of treasury Shares		–	–	–	–	(15.6)	(15.6)
Proceeds from issue of Treasury Shares	C12	–	–	–	–	9.2	9.2
Share-based payments	C13	–	–	2.6	–	3.3	5.9
Deferred tax on share-based payments	C5	–	–	–	–	0.1	0.1
Dividends	C3	–	–	–	–	(141.0)	(141.0)
Total transactions with owners, recorded directly in equity		–	–	2.6	–	(144.0)	(141.4)
As at 27 June 2026		2.0	1.7	34.9	43.2	98.2	180.0

The non-distributable reserves' purpose is to reflect movements in share-based payments in respect of awards given by the Parent Company to employees of its subsidiaries.

At the time of declaring dividends, the Directors assessed the level of available distributable reserves with reference to relevant accounts and considered there to be sufficient levels to support the dividend.

Parent Company Accounting Policies

For the 52 weeks ended 27 June 2026

General information

Dunelm Group plc (the 'Company') is incorporated and domiciled in the UK. Dunelm Group plc is a listed public Company, limited by shares and the Company registration number is 04708277. The registered office is Dunelm Store Support Centre, Watermead Business Park, Syston, Leicester, Leicestershire, England, LE7 1AD.

Basis of preparation

These financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework' (FRS 101).

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to standards not yet effective, presentation of a cash flow statement and requirements to disclose related party transactions entered into between two or more members of a group.

The accounting policies adopted for the Parent Company, Dunelm Group plc, are otherwise consistent with those used for the Group which are set out on pages 135 to 142.

The annual financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 and other applicable law. The financial statements are prepared in pounds sterling, rounded to the nearest 0.1 million.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Additional considerations relating to the potential downturn in the homewares market on the going concern assumptions are set out in the Consolidated Financial Statements on page 135. The Directors have considered if required the Company would take relevant steps (draw upon funding arrangements from Group undertakings) to ensure that the Company had adequate liquidity to maintain a going concern for a period of at least 12 months post accounts signing.

Use of estimates and judgements

Based on the IAS 1 definitions, there are no significant estimates or critical judgements used in the Company Financial Statements.

Share-based payments

Employees of the Company have been granted options for two equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions (for example, an entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- Including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity.

When the options are exercised, the Company either issues new shares, or uses treasury shares purchased for this purpose. For newly issued shares, the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Parent Company Accounting Policies continued**Taxation**

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax represents the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the Statement of Financial Position date, together with any adjustment to tax payable in respect of previous periods.

Deferred tax provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the Statement of Financial Position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recognised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividends

Dividends are recognised as a liability in the period in which they are approved such that the Company is obligated to pay the dividend.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and then carried at amortised cost, net of impairment provisions.

Share capital

Where the Company purchases its own equity share capital (treasury shares) the consideration paid, including any directly attributable incremental costs, is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Investments

Investments in subsidiary undertakings are stated at the adjusted cost of the investment. IFRS 2 requires the Parent Company to recognise an increase in the cost of its investment in a subsidiary, when that subsidiary has issued share options in the Parent Company's shares to its employees.

Notes to the Parent Company Financial Statements

For the 52 weeks ended 27 June 2026

C1. Income Statement

The Company made a profit after tax of £171.2m (2025: £160.8m). The Directors have taken advantage of the exemption available under section 408 of the Companies Act 2006 and have not presented an Income Statement for the Company.

Disclosures relating to the fees paid to the Company's auditors are set out in note 3 in the Group's consolidated financial statements on page 143.

C2. Employee costs

The Company's employees are the three Executive Directors and the Non-Executive Directors. Full details of the Directors' remuneration and interests are set out in the Directors' Remuneration Report on pages 89 to 117. Share-based payments details are given in note C13 on page 163.

C3. Dividends and special distributions to shareholders

Disclosures relating to dividends and special distributions to shareholders are set out in note 7 in the Group's consolidated financial statements on page 145.

C4. Investments in subsidiary undertakings

Shares in subsidiary undertakings:

	£'m
As at 29 June 2024	72.5
Share-based payments	4.9
As at 28 June 2025	77.4
Share-based payments	2.6
As at 27 June 2026	80.0

The share-based payment adjustment to investments reflects share option awards given by the Parent Company to employees of its subsidiaries.

The following were subsidiaries as at 27 June 2026:

Subsidiary	Proportion of ordinary shares held	Nature of business
Dunelm Limited	100%	Holding company
Dunelm (Soft Furnishings) Ltd*	100%	Retailer of soft furnishings
Dunelm Estates Limited*	100%	Dormant company
Zoncolan Limited*	100%	Dormant company
Fogarty Holdings Limited*	100%	Non-trading company
Globe Online Limited*	100%	Dormant company
Dunelm (Soft Furnishings) Holdings Limited*	100%	Holding Company
Homefocus Group Limited*	100%	Retailer of soft furnishings
Hickey and Company Limited*	100%	Retailer of soft furnishings
Fashion Fabrics Limited*	100%	Retailer of soft furnishings
Dunelm IP (Ireland) Limited*	100%	IP Assets
Dunelm (Soft Furnishings) Londonderry Ltd*	100%	Non-trading company

* Share capital held by subsidiary undertaking.

Dunelm Group plc, the Parent Company, and its subsidiaries (excluding Dunelm (Soft Furnishings) Londonderry Ltd, Homefocus Group Limited, Dunelm (Soft Furnishings) Holdings Limited, Dunelm IP (Ireland) Limited, Hickey and Company Limited and Fashion Fabrics Limited are incorporated and domiciled in the UK. The registered office is Dunelm Store Support Centre, Watermead Business Park, Syston, Leicester, Leicestershire, England, LE7 1AD.

The registered address for Dunelm (Soft Furnishings) Londonderry Ltd is Faustina Retail Park, 35 Buncrana Road, Londonderry, Northern Ireland, BT48 8QN.

The registered address for Dunelm (Soft Furnishings) Holdings Limited, Dunelm IP (Ireland) Limited, Homefocus Group Limited, Hickey and Company Limited and Fashion Fabrics Limited is Unit 41, Hawthorn Road, Western Industrial Estate Dublin 12, Dublin 12, Dublin, Ireland D12 WR25.

Notes to the Parent Company Financial Statements continued

C5. Deferred tax assets

	2026 £'m	2025 £'m
Employee benefits	0.7	0.2

The movement in deferred tax assets is as follows:

	Balance at 29 June 2024 £'m	Recognised in income £'m	Recognised in equity £'m	Balance at 28 June 2025 £'m
Employee benefits	0.4	(0.1)	(0.1)	0.2

	Balance at 28 June 2025 £'m	Recognised in income £'m	Recognised in equity £'m	Balance at 27 June 2026 £'m
Employee benefits	0.2	0.4	0.1	0.7

C6. Trade and other receivables

	2026 £'m	2025 £'m
Amounts owed by subsidiary undertakings	99.6	72.8

Amounts owed by subsidiary undertakings are repayable on demand. Interest is charged monthly on all intercompany balances at an annual rate of 2.0%. There is no security on these balances.

These amounts pose no liquidity or credit risk as they are owed by other Group undertakings and are expected to be settled by Group transactions.

C7. Trade and other payables

	2026 £'m	2025 £'m
Accruals and deferred income	0.3	0.2

C8. Taxation

	2026 52 weeks £'m	2025 52 weeks £'m
Current taxation		
UK corporation tax charge for the period	–	–
Deferred taxation		
Origination of temporary differences	(0.4)	0.1
Tax (credit)/expense	(0.4)	0.1

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

	2026 52 weeks £'m	2025 52 weeks £'m
Profit before taxation	170.8	160.8
UK corporation tax at standard rate of 25.0% (2025: 25.0%)	42.7	40.2
Factors affecting the charge in the period:		
Income not subject to tax	(44.6)	(40.8)
Impact of change in tax rate	–	(0.1)
Group relief	1.5	0.8
Tax (credit)/expense	(0.4)	0.1

C9. Interest-bearing loans and borrowings

The Company's only interest-bearing borrowings relate to amounts owed by subsidiary undertakings which have interest charges of 2.0% and are not affected by changes in SONIA.

C10. Financial risk management**Capital management**

The Board's objective with respect to capital management is to ensure the Company continues as a going concern in order to optimise returns to shareholders. The Board's policy is to retain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development. The Board regularly monitors the level of capital in the Group to ensure that this can be achieved.

Notes to the Parent Company Financial Statements continued**C11. Issued share capital**

Disclosures relating to issued share capital are set out in note 21 in the Group's consolidated financial statements on page 154.

C12. Treasury shares

Disclosures relating to treasury shares are set out in note 22 in the Group's consolidated financial statements on page 154.

C13. Share-based payments

The Company operates the following share-based payment schemes for the CEO and CFO:

a. Dunelm Group Savings Related Share Option Plan (Sharesave)

The Dunelm Group plc Savings Related Share Option Plan (Sharesave) scheme is open to all colleagues with eligible length of service. Invitations to participate in the scheme are issued annually and the scheme is 'approved' under HMRC rules. The current maximum monthly savings for the schemes is £500. Options are granted at the prevailing market rate less a discount of 20%. Options may be exercised under the scheme within six months of the completion of each three-year savings contract (from the grant date). There is provision for early exercise in certain circumstances such as death, disability, redundancy, and retirement. Sharesave options are accounted for as equity-settled awards under IFRS 2.

b. Long-Term Incentive Plan (LTIP)

As explained in the Remuneration Report, the Company operates an equity-settled LTIP scheme. Performance conditions for the LTIP awards are detailed in the Remuneration Report. LTIP options are also accounted for as equity-settled awards under IFRS 2.

c. Bonus Deferred Shares Award

The Bonus Deferred Shares Award provides options over shares in the Company for colleagues of the Company as a discretionary bonus. This is an equity-settled share option scheme and there are no performance conditions attached to these awards, they are only dependent on continued employment.

C14. Contingent liabilities

The Company had no contingent liabilities at the period end date (2025: £nil).

C15. Related parties**Key management personnel**

All employees of the Company are key management personnel.

Directors of the Company and their close relatives control 37.3% (2025: 37.5%) of the voting shares of the Company.

	2026 52 weeks £'m	2025 52 weeks £'m
Wages and salaries	2.1	1.9
Short-term employee benefits	2.2	1.4
Share-based payments (including NI)	3.5	0.7
	7.8	4.0

There were no termination benefits for employees of the Company (2025: £nil).

The amount of gains made by Directors on the exercise of share options are disclosed in the Directors' Remuneration Report on page 104.

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.
Store-enabled like-for-like sales growth %	Year-on-year sales for all stores trading in comparable periods in the reported year and the preceding year. Includes completed in-store transactions, sales transacted through in-store tablets, and Click & Collect orders.
Digital % total sales	Digital sales (as defined above) expressed as a percentage of revenue. This is not a measure that we seek to maximise in itself, but we measure it to track our adaptability to changing customer behaviours.
Ordinary dividend cover	Ordinary dividend cover is calculated as earnings per share divided by the total ordinary dividend relating to the financial year. This measure is used in our capital and dividend policy.
Gross margin %	Gross profit expressed as a percentage of revenue. Measures the profitability of product sales prior to operating costs.
Net operating costs	Other operating income less operating costs. Measures the total cost base net of operating income, which comprises rent from investment property and insurance payments.
EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment. Operating profit plus depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets plus loss on disposal and impairment of property, plant and equipment and intangible assets. Used in our capital and dividend policy.

APM	Definition, purpose and reconciliation to statutory measure
Adjusted EBITDA	EBITDA less depreciation on right-of-use assets. To measure compliance with bank covenants.
EBITDAR	EBITDAR is calculated as EBITDA plus rent. To measure compliance with bank covenants.
Effective tax rate	Taxation expressed as a percentage of profit before taxation. To measure how close we are to the UK corporation tax rate and understand the reasons for any differences.
Return on capital employed	Return on Capital Employed refers to net operating profit after tax as a proportion of total assets excluding non-current liabilities and current lease liabilities
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, excluding transaction costs (as shown in note 16). Excludes IFRS 16 lease liabilities.
Cash conversion	Free cash flow expressed as a percentage of operating profit.

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