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Dunelm Group plc
10 February 2026

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Interim Results for the 26 weeks ended 27 December 2025

Building on our strengths

Dunelm Group plc ("Dunelm" or "the Group"), the UK's leading homewares retailer, today announces its Interim Results for the 26 weeks to 27 December 2025.

	H1 FY26	H1 FY25	YoY
Total sales	£926.3m	£893.7m	+3.6%
Digital % total sales[1]	41%	39%	+2ppts
Gross margin	53.4%	52.8%	+60bps
Net operating costs:sales ratio[2]	40.5%	38.4%	+210bps
Profit before tax ("PBT")	£114.0m	£123.2m	(7.5%)
Diluted earnings per share	41.7p	45.0p	(7.3%)
Free cash flow[3]	£171.4m	£168.5m	+£2.9m
Net cash[4]	£13.3m	£57.1m	(£43.8m)
Ordinary dividend per share	17.0p	16.5p	+3.0%
Special dividend per share	25.0p	35.0p	n/a

Performance

- Solid first half trading, despite a challenging environment
- Sales growth of 3.6%, with total sales increasing to £926m (FY25 H1: £894m)
- Sales growth ahead of the combined homewares and furniture market, with market share up 20bps to 7.9%[5] (FY25 H1: 7.7%)
- Digital participation up 2ppts to 41% (FY25 H1: 39%)
- Strong gross margin of 53.4% (FY25 H1: 52.8%), up 60bps largely driven by FX gains with retail prices held broadly stable
- Profit before tax of £114m (FY25 H1: £123m); down year-on-year reflecting the softer trading in Q2 and the timing of certain costs
- Free cash flow of £171m (FY25 H1: £169m); including timing benefit of £93m (FY25 H1: £88m)
- Interim ordinary dividend per share of 17.0 pence (FY25 H1: 16.5 pence), an increase of 3.0%
- Special dividend of 25.0 pence per share (FY25 H1: 35.0 pence)

Current trading and outlook

- Following a softer Q2, we have seen stronger sales growth in Q3 to date, more in line with H1 as a whole
- The consumer environment remains challenging, with variable trading patterns
- We remain confident in our plans for the second half, with the full launch of our app planned for spring and furniture availability recovery plans in place
- We see clear opportunities to build on our strengths with a relentless customer focus, product excellence and retail rigour
- We expect PBT for FY26 to be in line with current consensus expectations[6]

Clo Moriarty, Chief Executive Officer, commented*:*

"Since joining Dunelm in October, I've been struck by the magic that has turned this very special business from a market stall into a market leader. Dunelm is a universal brand with something for everyone, powered by a compelling combination of physical stores, a growing digital platform, and passionate colleagues who care deeply about delivering for customers.

"We delivered a solid first half performance despite a softer second quarter, and we are seeing stronger sales growth in early Q3 following a good Winter Sale and an encouraging response to our new Spring ranges.

"What I've seen so far gives me real confidence in our future. With only 7.9%[5] market share and clear opportunities to enhance and expand our assets, we have significant headroom for growth. We will build on our existing strengths with relentless customer focus, product excellence and retail rigour, underpinned by the financial discipline for which Dunelm is known. There is much more in the tank, and I'm excited for what lies ahead."

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

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

[2] Net operating costs are defined as operating costs net of other operating income. Other operating income includes rental and insurance income

[3] Free cash flow is defined as net cash generated from operating activities less capex (net of disposals), net interest paid (including leases) and loan transaction costs, and repayment of principal element of lease liabilities. A reconciliation of operating profit to free cash flow is included in the CFO review. Free cash flow in the half included a timing benefit of £93m (FY25 H1: £88m) due to a payment in transit which cleared on the second working day of H2

[4] Cash and cash equivalents less total borrowings, excluding transaction costs (as shown in note 16). Excludes IFRS 16 lease liabilities

[5] Market share of the combined UK homewares and furniture markets (excluding kitchen cabinetry, bathroom furniture and decorative DIY) as reported by GlobalData UK for the period January to December 2025. Market share for 2024 was 7.7% (restated from 7.8%)

[6] Company compiled average of analysts' expectations for FY26 PBT is £214m, with a range of £210m to £221m

Analyst presentation:

There will be an in-person presentation for analysts and institutional investors this morning at 9.30am, hosted at Peel Hunt LLP, 100 Liverpool Street, London, EC2M 2AT, as well as a webcast and conference call with a facility for Q&A. Please register for the webcast via https://brrmedia.news/DNLM_IR_26. For conference call details please contact dunelm@mhpgroup.com. A copy of the presentation will be made available at corporate.dunelm.com.

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Next scheduled event:
Dunelm will release its third quarter trading update on 16 April 2026.

Quarterly analysis:

	52 weeks to 27 June 2026						
	Q1	Q2	H1	Q3	Q4	H2	FY
Total sales	£428.1m	£498.2m	£926.3m				
Total sales growth	+6.2%	+1.6%	+3.6%				
Digital % total sales	40%	42%	41%				

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

Notes to Editors:

Dunelm is the UK's market leader in homewares with a purpose 'to help create the joy of truly feeling at home, now and for generations to come'. Its specialist customer proposition offers value, quality, choice and style across an extensive range of more than 100,000 SKUs, spanning multiple homewares and furniture categories and including services such as Made-to-Measure window treatments.

The business was founded in 1979 by the Adderley family, beginning as a curtains stall on Leicester market before expanding its store footprint. The business has grown to 203 stores across the UK and Ireland and has developed a successful online offer through dunelm.com which includes home delivery and Click & Collect options. 160 UK stores now include Pausa coffee shops, where customers can enjoy a range of hot and cold food and drinks.

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

Dunelm is headquartered in Leicester and employs c.12,500 colleagues. It has been listed on the London Stock Exchange since October 2006 (DNLM.L) and the business has returned more than £1.5bn in distributions to shareholders since IPO[7].

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

[7] Ordinary dividends plus special distributions

CHIEF EXECUTIVE OFFICER'S REVIEW

Introduction

This is my first set of results since joining the business in October 2025 and an ideal opportunity to share some initial reflections on the business, alongside our review of performance over the first six months of the financial year.

These first few months have been a Dunelm whirlwind - immersing myself in the business across our stores and sites, speaking and listening to customers, understanding our colleagues and capabilities, and seeing first-hand the qualities that attracted me to Dunelm in the first place. We have outstanding products with something for everyone; brilliant partners across our supply chain; a compelling combination of physical and digital retail; and some amazingly passionate colleagues who really care about delivering for their customers.

For nearly 50 years, these strengths have enabled the business to grow from a market stall into a market leader, and give me confidence that there remains so much more in the tank, with clear headroom for the next phase of growth.

I outline some initial thoughts on how we will approach that next phase below, as we continue to develop our plans, build on Dunelm's strengths and work towards turning a nation of home lovers into a nation of Dunelm lovers.

H1 Review

This was a half of two quarters: overall trading performance was solid in the first half, with strong sales growth in Q1 of 6.2%, followed by a softer Q2 at 1.6%. Sales in the second quarter were below our expectations, and whilst there are some identifiable reasons for this, it's the third year in a row in which we have seen lower growth in this particular quarter. We deliberately opt to be disciplined in our promotional activity in the run up to Christmas, holding our two main sales in January and June. However, we are currently reviewing the role our Q2 trading approach plays for customers and the impact on our business.

In the first half consumer confidence remained subdued, and market data pointed towards a particularly challenging December for both homewares and the UK retail sector more generally. We also saw an extremely competitive Black Friday period, both in terms of the depth of discounts and performance marketing spend.

During this time, whilst core categories continued to drive our growth, our furniture sales, which in recent times have been a tailwind, were softer. Furniture was generally impacted by the market factors above, although certain sub-categories continued to trade well. However, the forecasting and ordering of a small number of key product lines did not match up to customer demand, resulting in availability shortfalls for those products. We have recovery plans in place.

Gross margin was again strong in H1, up 60bps to 53.4%, largely driven by FX tailwinds, which we expect to continue into the second half. We held prices broadly constant in the period, and as ever will continue balancing pricing decisions with promotional activity to manage our overall profitability and ensure we offer customers value.

The timing of cost headwinds and productivity benefits resulted in an H1 increase in costs of 9.2%. We expect this year-on-year increase to moderate significantly in the second half.

Overall PBT of £114m was down year-on-year, reflecting both the timing of certain costs and the softer Q2 trading performance. With early trading in Q3 more in line with H1 as a whole and plans in place for the second half including the full launch of our app, we are confident of delivering full-year PBT in line with current consensus expectations [8].

Reflecting confidence in our future prospects, and commitment to returning surplus cash to shareholders, the Board is proposing an interim dividend of 17.0 pence per share and a special dividend of 25.0 pence per share.

[8] Company compiled average of analysts' expectations for FY26 PBT is £214m, with a range of £210m to £221m

Building on our strengths

As I've immersed myself in the business over the last few months, we have delved into our data to look at how to best curate the next stage of growth for this magical business. We are able to build on a number of fantastic strengths and the core opportunity remains in the UK, where a 7.9% share is small for a market leader[9].

With a fresh look at the business, it is clear that we have a brilliant suite of assets, each of which presents further headroom to capture growth. To show our emerging thoughts on how we will shape our strategic evolution over the coming months and years, I outline six of these assets and their corresponding opportunities below.

[9] Market share of the combined UK homewares and furniture markets (excluding kitchen cabinetry, bathroom furniture and decorative DIY) as reported by GlobalData UK for the period January to December 2025

1. **Universal appeal:** *maximising our appeal through a clearer brand proposition*

Firstly, we have universal appeal. Our customer base represents the broader UK population and, through the breadth of our ranges, we truly have something for everyone. This gives us a fantastic platform.

Awareness of the Dunelm brand is very high at c.90%[10], indicating the UK consumer knows who we are. However, 'Consideration to Buy' drops off, more in line with industry benchmarks. As a market leader, this represents a significant opportunity.

Equally, looking at where we really stand out for customers, particularly in Textiles, we perform well across many of customers' key purchasing criteria. There is significant opportunity to be number one in terms of perception across more categories and more criteria.

Overall, we can realise these opportunities through a clearer brand proposition, strengthening our appeal for our customers.

[10] BrandVue Retail Tracker (Savanta), Dec 2025 data

2. **Loyal customers:** *engaging and delighting our customers to drive loyalty and share of wallet*

Our total customer base continued to grow in 2025[11]. Within that base, one-third of these customers account for two-thirds of our product sales[12], demonstrating their importance to us. These are also the customers that we know and increasingly understand best; we are well placed to engage and inspire them as they shop across multiple channels and, importantly, multiple categories. Given only c.15% of our most loyal customers' total homewares spend is with Dunelm[13], we see a large and addressable opportunity.

[11] UK unique active customers who have transacted at least once in the 12 months to December 2025. Management estimates using Barclays data

[12] Management estimates using Barclays data

[13] Management estimates using Barclays and Kantar data

3. **Outstanding choice:** *harnessing our master brand and making our ranges more shoppable*

We are a product-centric business with an excellent range of core and bespoke products, spanning over 100k SKUs. We bring choice to customers, balancing continuity in our core ranges with regular newness inspiring fresh styles and designs each season. Harnessing our in-house expertise in design, and our long-term supplier relationships, around 70% of these products are Dunelm's own brand, cementing our position as a leading homewares specialist.

We have successfully extended our ranges in recent years to offer greater breadth to our customers, however the vast majority of our sales now come from only half of the products we sell. We therefore have an opportunity to make our product ranges clearer and simpler for our customers to shop. With a focus on our master Dunelm own-brand, and a deeper understanding of our customers' wants and needs, rather than range extension alone, there's lots we can do in this space.

4. **Physical and digital reach:** *accelerating growth through existing and white space across channels*

The world is becoming more digital, but our stores continue to play a critical role in bringing products to our customers; having both digital and physical reach is a real asset to the business.

Seeing and feeling products remains an indispensable part of the retail experience for many customers shopping for their homes. Our stores support walk-in missions, as well as fulfilling Click & Collect orders - in total supporting c.70% of our total sales. Our store sales, however, are not growing fast enough and despite expansion over many decades, our store portfolio is within a 15-minute drive for only c.60% of the UK population. We know that some competitors reach more, and we can see clear white space for significant footprint expansion into new locations where Dunelm can thrive without significant risk of cannibalisation.

Meanwhile, our digital offer has grown significantly over the last decade, and despite coming to the market late, it now accounts for more than 40%[14] of our total sales and continues to grow quarter by quarter.

Our digital journey benchmarks strongly, in particular through SEO. I'm confident that the rollout of the app will further enhance these engaging journeys driving higher conversion. However, our presence in social commerce is minimal, as is our generative engine optimisation, both of which can help us accelerate into a new landscape of shopping habits to drive omnichannel excellence.

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

5. **Strong customer satisfaction:** *driving repeat purchases through better customer experiences*

We have a high, and increasing customer satisfaction as measured by 'CSAT[15], a metric we have been tracking internally for over a year. This measure is giving us much better insight into where we are delivering for our customers, and where we can do better - we see it as a key strategic lever for growth, given its proven correlation as a leading indicator of future sales performance.

Within CSAT we see clear opportunities for improvement by fulfilment channel. Specifically, in Home Delivery our score for smaller items is materially lower than for larger two-person deliveries, giving us a clear area of focus. By improving experiences through the logistics process and customer journey, we will reduce the cost of failure and therefore increase the likelihood of repeat purchases to drive further growth in this important channel.

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

6. **Great colleagues and platforms:** *building capabilities to be future fit: people, processes and systems*

We have a fantastic set of colleagues who truly care about Dunelm and its continued success. We also have a solid technical platform on which to build, and we have invested in technology and people to drive our growth agenda over recent years, with data increasingly at the heart of our decision-making.

This work is not yet done, and must continue: we need to do more to be future fit, investing in required capabilities which will deliver returns; building out our platforms to further support our foundations; and maintaining our proven track record of financial discipline whilst driving productivities to underpin future growth investments.

Summary

All of these insights drive a strong belief in the untapped potential of this business, and we have so much more in the tank. We are the market leader, but with a market share of only 7.9%[16]. We have a fantastic set of assets at our disposal across our customers, brand, products and channels; each of these with significant further headroom into which we can grow.

Going forward, we will evolve to build on our strengths and capture the opportunities in front of us with a relentless customer focus, product excellence and retail rigour. We'll continue to develop these strategic plans whilst maintaining our H2 trading focus, and I look forward to updating you on our progress.

The UK opportunity remains compelling and we continue to build our status as the Home of Homes.

[16] Market share of the combined UK homewares and furniture markets (excluding kitchen cabinetry, bathroom furniture and decorative DIY) as reported by GlobalData UK for the period January to December 2025

Clodagh Moriarty
Chief Executive Officer
10 February 2026

CHIEF FINANCIAL OFFICER'S REVIEW

Income Statement

	H1 FY26	H1 FY25	YoY
Revenue	£926.3m	£893.7m	+£32.6m
Gross profit	**£494.7m**	**£471.9m**	**+£22.8m**
Gross margin %	*53.4%*	*52.8%*	+60 bps
Net operating costs[17]	(£374.8m)	(£343.3m)	(£31.5m)
Operating profit	**£119.9m**	**£128.6m**	**(£8.7m)**
Net finance costs	(£5.9m)	(£5.4m)	(£0.5m)
Profit before tax	**£114.0m**	**£123.2m**	**(£9.2m)**
PBT margin %	*12.3%*	*13.8%*	(150bps)
Taxation	(£29.2m)	(£31.6m)	+£2.4m
Profit after tax	**£84.8m**	**£91.6m**	**(£6.8m)**
Effective tax rate	*25.6%*	*25.6%*	+0bps

[17] Net operating costs are defined as operating costs net of other operating income. Other operating income includes rental and insurance income

Revenue

	H1 FY26	H1 FY25	YoY
Digital % total sales[18]	41%	39%	+2ppts
Market share[19]	7.9%	7.7%	+20bps

Total sales for the first half of the year increased by 3.6% to £926m (FY25 H1: £894m). Our first quarter delivered strong year on year growth of 6.2%, however trading softened through the second quarter, with sales up 1.6%. Whilst Q2 sales were lower than anticipated, over the first half of this year we have continued to grow ahead of what has remained a subdued market, and our market share increased by 20bps year-on-year to 7.9%[19].

Volumes in the first half were broadly stable year-on-year whilst average item values increased, driven by category and product mix, rather than headline retail prices. Growth across the half was again driven by core categories, coming from our heritage ranges in soft textiles, including bedding and cushions, and also more recent areas of specialism such as lighting.

We have been encouraged by trading in the early part of the third quarter, with customers responding well to both our Winter Sale and new ranges launching for spring. Sales growth in Q3 to date has been more aligned to the first half overall.

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

[19] Market share of the combined UK homewares and furniture markets (excluding kitchen cabinetry, bathroom furniture and decorative DIY) as reported by GlobalData UK for the period January to December 2025. Market share for 2024 was 7.7% (restated from 7.8%)

Gross margin

Gross margin for the first half increased by 60bps to 53.4% (FY25 H1: 52.8%), driven primarily by FX tailwinds. We remained disciplined in our promotional approach, despite elevated competitive activity, particularly from around Black Friday and in the run up to Christmas.

Looking ahead, we expect an FX tailwind to continue into the second half and we will retain optionality over pricing decisions and approach to discounting, always prioritising our customer value proposition.

Net operating costs

Net operating costs were £375m (FY25 H1: £343m), up 9.2% year-on-year driven by volume-related costs, inflation (most notably wages) and the timing of investments and productivity savings.

Volume related costs added £11m; primarily due to logistics and performance marketing costs associated with growth in the digital business. Inflation increased costs by a further £11m, including the impact of increased National Living Wage and employer National Insurance Contributions from April 2025. A lower rate of National Living Wage increase has been announced for April 2026, therefore we expect inflation to moderate slightly from Q4.

We have invested an incremental £9m in the business in the first half. This investment primarily related costs associated with new stores opened in the prior year, including Ireland. We expect this year-on-year increase to be lower in the second half, principally due to annualising prior year store openings.

Productivity gains saved £6m in the first half, including from further optimisation of performance marketing spend and store labour costs. The latter included initial benefits from the rollout of self service checkouts, alongside tactical improvements to our operating model which are expected to drive larger savings into the second half.

In addition, smaller individual items collectively added £7m in H1, comprising timing effects, smaller year-on-year cost increases and non-recurring items. Included in timing effects was brand marketing, where some costs were brought forward from the second half. The net of these effects is expected to be a reduction to year-on-year costs in H2, including from brand marketing and the planned reduction to business rates in the final quarter.

Net operating costs included £3m (FY25 H1: £2m) of other operating income, primarily related to insurance receipts associated with two store fires last year. This compensation was for loss of trade during the period of closure, therefore across the Income Statement there is no net profit made from the insurance claim.

Profit before tax

Net finance costs were £6m for the half (FY25 H1: £5m). Finance costs included £4m of interest on IFRS 16 lease liabilities (FY25 H1: £4m).

Profit before tax for the first half was £114m (FY25 H1: £123m), £9m lower year-on-year, with higher gross profit more than offset by the cost phasing set out above, and representing a PBT margin of 12.3% (FY25 H1: 13.8%). Our plans for the second half, in combination with the cost phasing described above, provide confidence that we will deliver PBT for the full year in line with current consensus[20] expectations.

[20] Company compiled average of analysts' expectations for FY26 PBT is £214m, with a range of £210m to £221m

Earnings

Profit after tax of £85m (FY25 H1: £92m) reflects an effective tax rate of 25.6% (FY25 H1: 25.6%). The difference between the effective tax rate and the headline rate reflected disallowable expenditure related to property purchases. The impact of the Irish tax rate on the Group is immaterial.

Basic earnings per share (EPS) were 42.0 pence (FY25 H1: 45.2 pence). Diluted earnings per share were 41.7 pence (FY25 H1: 45.0 pence), a decrease of 7.3%, driven by the decrease in profit before tax.

Cash generation and net debt

	H1 FY26	**H1 FY25**	**YoY**
Operating profit	£119.9m	£128.6m	(£8.7m)
Depreciation and amortisation[21]	£40.2m	£40.9m	(£0.7m)
Net movement in working capital	£91.0m	£93.6m	(£2.6m)
Share-based payments	£4.8m	£1.5m	+£3.3m
Tax paid	(£28.9m)	(£25.5m)	(£3.4m)
Net cash generated from operating activities	**£227.0m**	**£239.1m**	**(£12.1m)**
Capex & business combination	(£23.2m)	(£39.0m)	+£15.8m
Net interest and loan transaction costs[22]	(£6.0m)	(£5.2m)	(£0.8m)
Repayment of principal element of lease liabilities	(£26.4m)	(£26.4m)	+£0.0m
Free cash flow	**£171.4m**	**£168.5m**	**+£2.9m**
Net cash[23]	**£13.3m**	**£57.1m**	**(£43.8m)**

[21] Including impairment and loss on disposal

[22] Including interest on lease liabilities

[23] Cash and cash equivalents less total borrowings, excluding transaction costs (as shown in note 16). Excludes IFRS 16 lease liabilities

The Group has again generated strong cash flows in the first half, with free cash flow of £171m up by £3m year-on-year (FY25 H1: £169m), despite lower operating profit. As with last year, free cash flow included a timing benefit of £93m (FY25 H1: £88m), due, in both years, to a cash payment in transit at the period end. This cleared on the second working day of the second half; the impact on our reported numbers is shown below:

	H1 FY26		**H1 FY25**	
	Reported	***Underlying***	***Reported***	***Underlying***
Net movement in working capital (£m)	£91.0m	(£1.9m)	£93.6m	£5.5m
Free cash flow (£m)	£171.4m	£78.5m	£168.5m	£80.4m
Free cash flow to operating profit (%)	143.0%	65.5%	131.0%	62.5%
Net cash / (debt) (£m)[24]	£13.3m	(£79.6m)	£57.1m	(£31.0m)
Net cash / (debt) : annualised EBITDA (x)	0.0x	(0.3)x	0.2x	(0.1)x

Underlying working capital was neutral year-on-year, and is expected to remain so in the second half with consistent levels of inventory despite continued business growth.

Total capital expenditure for the first half was £23m (FY25 H1: £39m), materially lower year on year, due to a £22m freehold store purchase in the prior year. Capex includes £14m spent on the store estate (FY25 H1: £11m), including six refits.

This year, we have also reopened our Yeovil superstore, and opened our second inner London store in Wandsworth. Two planned store openings for H2 are now very likely to move into early FY27, leaving the number of openings for the full year lower than previously guided (five to ten superstores). Future openings remain a key part of our growth plans, and with a stronger pipeline for next year, we will continue to prioritise disciplined, high-return growth opportunities. We now expect capital expenditure for the full year to be around £40m.

Cash tax paid in the year was £29m (FY25 H1: £26m)

Cash tax paid in the year was £29m (FY25 H1: £26m).

Total dividend payments for the half were £56m (FY25 H1: £56m), related to the FY25 final ordinary dividend. No share repurchases were made in the period.

After adjusting for the impact of timing in working capital, the underlying conversion of operating profit to free cash was strong at 65% (FY25 H1: 63%), with the improvement year-on-year primarily driven by lower capital expenditure. The Group ended the first half with net cash of £13m[24] (FY25 H1: £57m), including the timing benefit in working capital set out above. After adjusting for this impact, net debt was £80m (FY25 H1: £31m).

[24] Cash and cash equivalents less total borrowings, excluding transaction costs (as shown in note 16). Excludes IFRS 16 lease liabilities

Banking agreements

At 27 December 2025, 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 debt[25] to be no greater than 2.5× adjusted EBITDA[26]) and fixed charge cover (EBITDAR[27] to be no less than 1.75× fixed charges[28]), both of which were met comfortably as at 27 December 2025. The Group also maintains £10m of uncommitted overdraft facilities.

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

[26] Adjusted EBITDA defined as EBITDA less depreciation of right-of-use assets

[27] EBITDAR defined as EBITDA plus rent

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

Capital and dividend policies

The Board policy on capital structure targets an average net debt level (excluding lease obligations and short-term fluctuations in working capital) of between 0.2× and 0.6× the last 12 months' EBITDA[29].

The Group's dividend policy targets ordinary dividend cover[30] of between 1.75× and 2.25× earnings per share during the financial year to which the dividend relates, and expects to maintain or progress, the absolute amount of each dividend payment in line with the growth of the business. The Board may allow a temporary fall in dividend cover requirements to maintain the dividend.

The Board will continue to consider returning surplus cash to shareholders if average net debt, excluding lease liabilities, over a period, consistently falls below the minimum target of 0.2× EBITDA[29], 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.

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

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

Dividends

With confidence in the prospects of the business, the Board has proposed an interim ordinary dividend of 17.0 pence, an increase of 3.0% on the prior year (FY25 H1: 16.5 pence). The interim dividend will be paid on 8 April 2026. The ex-dividend date is 12 March 2026 and the record date is 13 March 2026.

Whilst the period ended in a net cash position, excluding the working capital timing benefit of £93m, underlying net debt of £80m represented 0.3× annualised EBITDA. Although the underlying ratio was within the targeted range at the period end date, at most period ends within the half year net debt:EBITDA fell below the targeted minimum of 0.2×. The Board is declaring a special dividend of 25.0 pence per share. The special dividend will also be paid on 8 April 2026. The ex-dividend date is 12 March 2026 and the record date is 13 March 2026.

Share buyback

In order to satisfy obligations under employee share schemes, the Group intends to commence a share buyback programme shortly and a further announcement will be made prior to the commencement of trading. The maximum number of shares that may be purchased will be 1.7 million ordinary shares. No shares will be cancelled.

Principal risks and uncertainties

The Board regularly reviews and monitors the risks and uncertainties which could have a material effect on the Group's results. The principal risks and uncertainties that could lead to a material impact have not changed from those listed in the FY25 Annual Report.

A summary of the principal risks has been provided below:

Risk	Description
Geopolitical uncertainty	The geopolitical landscape is complex and unpredictable. Global tensions, trade disputes and regional conflicts continue to disrupt supply chains, driving up costs and creating uncertainty across key markets. These pressures are compounded by shifting domestic regulations, economic weakness and expectations around ethical sourcing and social responsibility. Our ability to anticipate and respond to these pressures is essential to protecting operations, supporting our colleagues, and sustaining growth.
Customer offer	Ongoing macroeconomic uncertainty and inflationary pressure on consumers has led to significant change in consumer behaviour. Failure to respond to changing consumer needs and to maintain a competitive offer will undermine our ambition to increase market

	share and drive profitable and sustainable growth.
Product reputation and trust	Our stakeholders expect us to deliver products that are safe, compliant with legal and regulatory requirements, and fit for purpose. Our customers are increasingly aware of the environmental and social impact of their purchases and want to know that our products have been responsibly sourced and that their environmental impact is minimised. Failure by our suppliers to uphold our approach to business ethics, regulatory compliance, human rights (including safety and modern slavery) and the environment may undermine or damage our reputation as a responsible retailer and result in a loss of confidence in Dunelm.
Business change	Dunelm recognises that there is significant opportunity in digitalising the business and has invested and will continue to invest in system improvements to drive growth and efficiency. Failing to successfully introduce, deliver, and leverage new technology and systems, along with the associated process, organisational and people related changes across the business could result in reduced operational efficiency, competitiveness, relevance and growth. Furthermore, failure to deliver the expected objectives on time and on budget and without effective engagement, training and support for colleagues could risk delivery of the planned business benefits.
People and culture	Our business could be adversely impacted if we fail to attract, retain, and develop diverse colleagues with the appropriate skills and capabilities. Failing to embed and live our values could impact business performance, the delivery of our purpose and the long-term sustainability of our business.
IT systems, data and cyber security	Our IT systems and infrastructure are critical to managing our operations, interacting with customers, and trading successfully. A key system being unavailable or suffering a security breach could lead to operational difficulties, loss of sales and productivity, legal and regulatory penalties due to loss of personal data, reputational damage, and loss of stakeholder trust.
Regulatory and compliance	We operate in an increasingly regulated environment and must comply with a wide range of laws, regulations, and standards. Failure to comply with or take appropriate steps to prevent a breach of these requirements could result in formal investigations, legal and financial penalties, reputational damage and loss of business.
Supply chain resilience	We are dependent on complex global supply chains and fulfilment solutions to deliver products to our customers. Instability in the global supply chain or failure of a key supplier may impact our ability to effectively manage stock and satisfy customer demand.
Finance and treasury	Progress against business objectives may be constrained by a lack of short-term funding or access to long-term capital.
Climate change and environment	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.

Alternative performance measures (APMs)

APM	Definition, purpose and reconciliation to statutory measure
Total sales	Equivalent to revenue (from all channels). This is net of customer returns.
Digital sales	Digital sales include home delivery, Click & Collect and tablet-based sales in store.
Digital % total sales	Digital sales (as defined above) expressed as a percentage of revenue. This is not a measure that we seek to maximise in itself, but we measure it to track our adaptability to changing customer behaviours.
Ordinary dividend cover	Ordinary dividend cover is calculated as earnings per share divided by the total ordinary dividend relating to the financial year. This measure is used in our capital and dividend policy.
Gross margin %	Gross profit expressed as a percentage of revenue. Measures the profitability of product sales prior to operating costs.
Net operating costs	Other operating income less operating costs. Measures the total cost base net of operating income, which comprises rent from investment property and insurance payments.
EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment. Operating profit plus depreciation and amortisation of property, plant and equipment, right-of-use assets and intangible assets plus loss on disposal and impairment of property, plant and equipment and intangible assets. Used in our capital and dividend policy.
Adjusted EBITDA	EBITDA less depreciation on right-of-use assets. To measure compliance with bank covenants.
EBITDAR	EBITDAR is calculated as EBITDA plus rent. To measure compliance with bank covenants.
Effective tax rate	Taxation expressed as a percentage of profit before taxation. To measure how close we are to the UK corporation tax rate and understand the reasons for any differences.
Capex (net of disposals)	Acquisition of intangible assets, property, plant and equipment and investment properties, less proceeds on disposal of intangible assets, property, plant and equipment and investment properties.
Free cash flow	Free cash flow is defined as net cash generated from operating activities less capex (net of disposals), net interest paid (including leases) and loan transaction costs, and repayment of

	principal element of lease liabilities. Measures the cash generated that is available for disbursement to shareholders.
Net cash / (debt)	Cash and cash equivalents less total borrowings, 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.

Karen Witts
Chief Financial Officer
10 February 2026

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

The directors of Dunelm Group Plc are listed in the Company's annual report for 28 June 2025. A list of current directors is maintained on the Company's website: www.corporate.dunelm.com.

By order of the board

Clodagh Moriarty
Chief Executive Officer
10 February 2026

Karen Witts
Chief Financial Officer
10 February 2026

INDEPENDENT REVIEW REPORT TO DUNELM GROUP PLC

Report on the condensed consolidated interim financial statements

Our conclusion
We have reviewed Dunelm Group Plc's condensed consolidated interim financial statements (the "interim financial statements") in the Interim Results of Dunelm Group Plc for the 26 week period ended 27 December 2025 (the "period").
Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the consolidated statement of financial position as at 27 December 2025;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of cash flows for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

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

Basis for conclusion
We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial

information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

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

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

INDEPENDENT REVIEW REPORT TO DUNELM GROUP PLC (CONTINUED)

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

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors
The Interim Results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Interim Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Interim Results, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
East Midlands
10 February 2026

CONSOLIDATED INCOME STATEMENT

(UNAUDITED)
For the 26 weeks ended 27 December 2025

	Note	26 weeks ended 27 December 2025 £'m	26 weeks ended 28 December 2024 £'m	52 weeks ended 28 June 2025 £'m
Revenue	5	**926.3**	**893.7**	**1,771.0**
Cost of sales		(431.6)	(421.8)	(842.7)
Gross profit		**494.7**	**471.9**	**928.3**
Other operating income		3.3	1.6	4.7
Operating costs		(378.1)	(344.9)	(711.0)
Operating profit		**119.9**	**128.6**	**222.0**
Financial income		0.4	0.6	1.4
Financial expenses		(6.3)	(6.0)	(12.4)
Profit before taxation		**114.0**	**123.2**	**211.0**
Taxation	6	(29.2)	(31.6)	(54.7)
Profit for the period		**84.8**	**91.6**	**156.3**
Earnings per Ordinary Share - basic	8	42.0p	45.2p	77.2p
Earnings per Ordinary Share - diluted	8	41.7p	45.0p	76.8p

Earnings per Ordinary Share - diluted	8	41.7p	45.0p	76.8p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(UNAUDITED)
For the 26 weeks ended 27 December 2025

	26 weeks ended 27 December 2025 £'m	26 weeks ended 28 December 2024 £'m	52 weeks ended 28 June 2025 £'m
Profit for the period	84.8	91.6	156.3
Other comprehensive (expense)/income:			
Items that may be subsequently reclassified to profit or loss:			
Movement in fair value of cash flow hedges	5.1	0.6	(21.5)
Deferred tax on hedging movements	(2.8)	(1.6)	3.0
Other comprehensive (expense)/income for the period, net of tax	2.3	(1.0)	(18.5)
Total comprehensive income for the period	**87.1**	**90.6**	**137.8**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(UNAUDITED)
As at 27 December 2025

	Note	27 December 2025 £'m	28 December 2024 £'m	28 June 2025 £'m
Non-current assets				
Intangible assets	9	15.3	5.2	10.8
Property, plant and equipment	9	182.2	171.8	178.7
Right-of-use assets	11	231.6	218.8	221.1
Investment property	10	29.3	29.6	29.5
Deferred tax assets		4.2	3.4	3.2
Derivative financial instruments		0.4	1.2	-
Total non-current assets		**463.0**	**430.0**	**443.3**
Current assets				
Inventories	12	228.3	228.5	226.3
Trade and other receivables	13	40.5	37.0	40.1
Derivative financial instruments		0.3	1.7	-
Current tax asset		0.8	-	1.8
Cash and cash equivalents		46.3	57.1	30.0
Total current assets		**316.2**	**324.3**	**298.2**
Total assets		**779.2**	**754.3**	**741.5**
Current liabilities				
Trade and other payables	14	(315.8)	(311.9)	(220.0)
Lease liabilities	11	(57.7)	(52.2)	(53.1)
Current tax liability		-	(7.6)	-
Derivative financial instruments		(6.3)	(1.2)	(13.3)
Total current liabilities		**(379.8)**	**(372.9)**	**(286.4)**
Non-current liabilities				
Borrowings	16	(31.1)	-	(130.2)
Lease liabilities	11	(198.8)	(192.2)	(194.4)
Provisions		(5.4)	(5.5)	(7.7)
Derivative financial instruments		(0.5)	-	(4.0)
Total non-current liabilities		**(235.8)**	**(197.7)**	**(336.3)**
Total liabilities		**(615.6)**	**(570.6)**	**(622.7)**
Net assets		**163.6**	**183.7**	**118.8**
Equity				
Issued share capital		2.0	2.0	2.0
Share premium account		1.7	1.7	1.7
Capital redemption reserve		43.2	43.2	43.2
Hedging reserve		(4.6)	1.3	(13.0)

Retained earnings	121.3	135.5	84.9
Total equity	**163.6**	**183.7**	**118.8**

Karen Witts
Chief Financial Officer
10 February 2026

CONSOLIDATED STATEMENT OF CASH FLOWS

(UNAUDITED)

For the 26 weeks ended 27 December 2025

	Note	26 weeks ended 27 December 2025 £'m	26 weeks ended 28 December 2024 £'m	52 weeks ended 28 June 2025 £'m
Cash flows from operating activities				
Profit before taxation		114.0	123.2	211.0
Net financial expense		5.9	5.4	11.0
Operating profit		**119.9**	**128.6**	**222.0**
Depreciation and amortisation of investment property, property, plant and equipment and intangible assets	9, 10	15.4	15.8	31.3
Depreciation on right-of-use assets	11	24.8	24.9	50.9
Loss on disposal and impairment of property, plant and equipment and intangible assets	9	-	0.2	0.5
Loss on disposal and impairment of right-of-use assets	11	-	-	0.7
Share-based payments expense		4.8	1.5	5.5
Operating cash flow before movements in working capital		**164.9**	**171.0**	**310.9**
(Increase) in inventories	12	(2.0)	(3.5)	(1.4)
(Increase) in trade and other receivables	13	(0.4)	(8.3)	(13.5)
Increase in trade and other payables		93.4	105.4	14.4
Net movement in working capital		**91.0**	**93.6**	**(0.5)**
Tax paid		(28.9)	(25.5)	(54.5)
Net cash generated from operating activities		**227.0**	**239.1**	**255.9**
Cash flows from investing activities				
Acquisition of intangible assets	9	(6.1)	(3.0)	(9.3)
Acquisition of property, plant and equipment	9	(17.1)	(13.2)	(35.2)
Acquisition of Investment Property	10	-	(22.3)	(22.3)
Acquisition of subsidiary, net of cash acquired		-	(0.5)	(0.5)
Interest received		0.4	0.6	1.4
Net cash used in investing activities		**(22.8)**	**(38.4)**	**(65.9)**
Cash flows from financing activities				
Proceeds from issue of treasury shares and Ordinary Shares		0.2	0.1	0.7
Purchase of treasury shares		-	-	(14.7)
Drawdowns on Revolving Credit Facility		15.0	36.0	152.0
Repayments of Revolving Credit Facility		(114.0)	(115.0)	(99.0)
Interest paid and loan transaction costs		(2.3)	(2.3)	(4.7)
Interest paid on lease liabilities	11	(4.1)	(3.5)	(7.3)
Repayment of principal element of lease liabilities		(26.4)	(26.4)	(50.6)
Ordinary dividends paid	7	(56.4)	(55.7)	(159.4)
Net cash flows used in financing activities		**(188.0)**	**(166.8)**	**(183.0)**
Net increase in cash and cash equivalents		16.2	33.9	7.0
Foreign exchange revaluations		0.1	(0.2)	(0.4)
Cash and cash equivalents at the beginning of the period		30.0	23.4	23.4
Cash and cash equivalents at the end of the period		**46.3**	**57.1**	**30.0**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(UNAUDITED)

For the 26 weeks ended 27 December 2025

	Note	Issued share capital £'m	Share premium account £'m	Capital redemption reserve £'m	Hedging reserve £'m	Retained earnings £'m	Total equity attributable to equity holders of the Parent £'m

As at 28 June 2025		**2.0**	**1.7**	**43.2**	**(13.0)**	**84.9**	**118.8**
Profit for the period		-	-	-	-	84.8	84.8
Movement in fair value of cash flow hedges		-	-	-	5.1	-	5.1
Deferred tax on hedging movements		-	-	-	(2.8)	-	(2.8)
Total comprehensive income for the period		-	-	-	2.3	84.8	87.1
Proceeds from issue of treasury shares		-	-	-	-	0.2	0.2
Share-based payments		-	-	-	-	4.8	4.8
Deferred tax on share-based payments		-	-	-	-	2.9	2.9
Current tax on share options exercised		-	-	-	-	0.1	0.1
Movement on cash flow hedges transferred to inventory		-	-	-	6.1	-	6.1
Ordinary dividends paid	7	-	-	-	-	(56.4)	(56.4)
Total transactions with owners, recorded directly in equity		-	-	-	6.1	(48.4)	(42.3)
As at 27 December 2025		**2.0**	**1.7**	**43.2**	**(4.6)**	**121.3**	**163.6**

As at 29 June 2024		**2.0**	**1.7**	**43.2**	**(3.8)**	**94.8**	**137.9**
Profit for the period		-	-	-	-	91.6	91.6
Movement in fair value of cash flow hedges		-	-	-	0.6	-	0.6
Deferred tax on hedging movements		-	-	-	(1.6)	-	(1.6)
Total comprehensive income for the period		-	-	-	(1.0)	91.6	90.6
Proceeds from issue of treasury shares		-	-	-	-	0.1	0.1
Share-based payments		-	-	-	-	1.5	1.5
Deferred tax on share-based payments		-	-	-	-	3.0	3.0
Current tax on share options exercised		-	-	-	-	0.2	0.2
Movement on cash flow hedges transferred to inventory		-	-	-	6.1	-	6.1
Ordinary dividends paid	7	-	-	-	-	(55.7)	(55.7)
Total transactions with owners, recorded directly in equity		-	-	-	6.1	(50.9)	(44.8)
As at 28 December 2024		**2.0**	**1.7**	**43.2**	**1.3**	**135.5**	**183.7**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

For the 26 weeks ended 27 December 2025 (UNAUDITED)

1 General information

The Group financial statements consolidate those of Dunelm Group plc ('the Company') and its subsidiaries (together referred to as 'the Group'). Dunelm Group plc is incorporated and domiciled in the UK, and registered in England and Wales. Dunelm Group plc is a listed public Company, limited by shares and the Company registration number is 04708277. The registered office is Dunelm Store Support Centre, Watermead Business Park, Syston, Leicester, Leicestershire, England, LE7 1AD.

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

These condensed interim financial statements do not comprise statutory accounts as per the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 28 June 2025 were approved by the Board of Directors on 9 September 2025 and delivered to the Registrar of Companies. The independent auditors' report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act.

The financial statements have been reviewed, not audited.

2 Basis of preparation

This condensed consolidated interim financial report for the half-year reporting period ended 27 December 2025 has been prepared in accordance with the UK-adopted International Accounting Standard 34 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 28 June 2025, which has been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards and any public announcements made by Dunelm Group Plc during the interim reporting period.

3 Going concern basis

In adopting the going concern basis for preparing the interim financial statements, the Directors have considered the Group's business activities, strategy, and principal risks and uncertainties. The Board has also assessed the Group's current cash position, the maturity profile of its borrowing facilities, including the Group's committed Revolving Credit Facility ('RCF') which extends to 6 September 2029 and the Group's financial covenants

Facility ("RCF") which extends to 6 September 2029 and the Group's financial covenants.

The Directors have reviewed the resilience of the Group's 12 month cash flow forecasts, including a series of severe but plausible downside scenarios. These scenarios include a general economic downturn resulting in reduced consumer spending on homewares, the potential impact of material disruption to trading reflecting the ongoing cyber security risk to retailers and the Group is projected to maintain sufficient liquidity and continue to comply with its financial covenants.

Having considered these factors, the Board is satisfied that the Group has adequate resources to continue in operational existence for at least 12 months from the date of approval of these interim financial statements. Accordingly, the Directors consider it appropriate to adopt the going concern basis in preparing these consolidated interim financial statements for the 26 weeks ended 27 December 2025.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(CONTINUED)

For the 26 weeks ended 27 December 2025 (UNAUDITED)

4 Accounting policies

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

The accounting policies adopted, as well as significant and key estimates and critical judgements applied, are consistent with those in the annual financial statements for the period ended 28 June 2025 and interim reporting period ended 28 December 2024, as described in those financial statements, except as described below:

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

5 Revenue

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

The Group operates a unified business model, offering homewares and furniture products through an integrated multichannel platform. Customers engage with the Group across various touchpoints including physical stores, the website, the App and customer service 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.

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

6 Taxation

The taxation charge for the interim period has been calculated on the basis of the estimated effective tax rate for the full year of 25.6% (26 weeks ended 28 December 2024: 25.6%, 52 weeks ended 28 June 2025: 25.9%).

7 Dividends

Dividend type	In respect of period ended	Pence per share	26 weeks ended 27 December 2025 £'m	26 weeks ended 28 December 2024 £'m	52 weeks ended 28 June 2025 £'m
Final	29 June 2024	27.5	-	55.7	55.7
Interim	28 June 2025	16.5	-	-	33.4
Special	28 June 2025	35.0	-	-	70.3
Final	28 June 2025	28.0	56.4	-	-
Total dividends			**56.4**	**55.7**	**159.4**

The Directors have declared an interim dividend of 17.0 pence per Ordinary Share for the financial year ending 27 June 2026. This equates to an interim dividend of £34.3m. The Directors have also declared a special dividend of 25.0 pence per Ordinary Share for the period ending 27 June 2026 which equates to £50.4m. These dividends will be paid to shareholders on the 8 April 2026, for shareholders on the register at close of business on 13 March 2026. The Ordinary Shares will be quoted ex dividend on 12 March 2026. The interim and special dividends have not been recognised as a liability in these interim financial statements. They will be recognised in the Consolidated Statement of Changes in Equity in the period ending 27 June 2026.

8 Earnings per share

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

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

Weighted average numbers of shares:	26 weeks ended 27 December 2025	26 weeks ended 28 December 2024	52 weeks ended 28 June 2025

	2025 '000	'000	'000
Weighted average number of shares in issue during the period	**201,721**	202,691	202,366
Impact of share options	**1,741**	1,049	1,019
Number of shares for diluted earnings per share	**203,462**	203,740	203,385

	26 weeks ended 27 December 2025	26 weeks ended 28 December 2024	52 weeks ended 28 June 2025
Profit for the period (£'m)	**84.8**	91.6	156.3
Earnings per Ordinary Share - basic	**42.0p**	45.2p	77.2p
Earnings per Ordinary Share - diluted	**41.7p**	45.0p	76.8p

9 Intangible assets and property, plant and equipment

	Intangible assets £'m	Property, plant and equipment £'m
Cost		
At 28 June 2025	75.2	465.2
Additions	6.1	17.1
Disposals	-	(0.5)
At 27 December 2025	**81.3**	**481.8**
Accumulated amortisation / depreciation		
At 28 June 2025	64.4	286.5
Charge for the financial period	1.6	13.6
Disposals	-	(0.5)
At 27 December 2025	**66.0**	**299.6**
Net book value		
At 28 June 2025	10.8	178.7
At 27 December 2025	**15.3**	**182.2**

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(CONTINUED)

For the 26 weeks ended 27 December 2025 (UNAUDITED)

10 Investment Property

	Investment Property £'m
Cost	
At 28 June 2025	29.8
At 27 December 2025	**29.8**
Accumulated amortisation / depreciation	
At 28 June 2025	0.3
Charge for the financial period	0.2
At 27 December 2025	**0.5**
Net book value	
At 28 June 2025	29.5
At 27 December 2025	**29.3**

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(CONTINUED)

For the 26 weeks ended 27 December 2025 (UNAUDITED)

11 Leases

Right-of-use assets included in the Consolidated Statement of Financial Position at 27 December 2025 were as follows:

	Land and buildings £'m	Motor vehicles, plant and equipment £'m	Total £'m
At 28 June 2025	196.3	24.8	221.1
Additions	29.7	5.6	35.3
Depreciation	(21.7)	(3.1)	(24.8)

At 27 December 2025	**204.3**	**27.3**	**231.6**

Lease liabilities included in the Consolidated Statement of Financial Position at 27 December 2025 were as follows:

	Land and buildings £'m	Motor vehicles, plant and equipment £'m	Total £'m
At 28 June 2025	(221.9)	(25.6)	(247.5)
Additions	(30.7)	(5.7)	(36.4)
Interest	(3.3)	(0.8)	(4.1)
Repayment of lease liabilities	27.4	4.1	31.5
At 27 December 2025	**(228.5)**	**(28.0)**	**(256.5)**

The discount rate applied to lease liabilities ranged between 0.9% and 6.76% (FY25 H1: 0.9% and 6.8%, FY25: 0.9% and 6.76%).

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

	26 weeks ended 27 December 2025 £'m	26 weeks ended 28 December 2024 £'m	52 weeks ended 28 June 2025 £'m
Depreciation of right-of-use assets	**24.8**	24.9	50.9
Impairment of right-of-use assets	**-**	-	0.7
Interest expenses (included in financial expenses)	**4.1**	3.5	7.3
Expense relating to short-term leases	**3.3**	2.3	4.7

The total cash outflow for the leases in the 26 weeks ended 27 December 2025 was £30.1m (26 weeks ended 28 December 2024: £29.9m, 52 weeks ended 28 June 2025: £57.9m).

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(CONTINUED)

For the 26 weeks ended 27 December 2025 (UNAUDITED)

12 Inventories

	27 December 2025 £'m	28 December 2024 £'m	28 June 2025 £'m
Raw materials	**1.1**	1.1	0.9
Work in progress	**0.1**	0.1	0.1
Goods for resale	**227.1**	227.3	225.3
Total inventories	**228.3**	228.5	226.3

Goods for resale includes a net realisable value provision of £15.2m (FY25 H1: £20.3m, FY25: £15.3m). Write-downs of inventories to net realisable value in the 26 weeks ended 27 December 2025 amounted to £12.0m (26 weeks ended 28 December 2024: £11.4m, 52 weeks ended 28 June 2025: £20.9m). These were recognised as an expense during the period and were included in cost of sales in the Consolidated Income Statement.

13 Trade and other receivables

	27 December 2025 £'m	28 December 2024 £'m	28 June 2025 £'m
Current			
Trade receivables	**10.3**	8.7	9.6
Other receivables	**3.6**	1.6	3.6
Prepayments and accrued income	**26.6**	24.6	26.9
Unamortised debt issue costs	**-**	2.1	-
Total trade and other receivables	**40.5**	37.0	40.1

14 Trade and other payables

	27 December 2025 £'m	28 December 2024 £'m	28 June 2025 £'m
Current			
Trade payables	**94.8**	89.3	93.7
Items in the course of clearing	**92.9**	88.1	-
Accruals	**72.0**	70.7	79.6

Accruals	**[illegible]**	[illegible]	[illegible]
Deferred income	**14.3**	15.4	15.8
Taxation and social security	**41.3**	48.0	30.8
Other payables	**0.5**	0.4	0.1
Total trade and other payables	**315.8**	311.9	220.0

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(CONTINUED)

For the 26 weeks ended 27 December 2025 (UNAUDITED)

15 Financial risk management and financial instruments

Financial risk factors

The Group's activities expose it to a variety of financial risks including foreign currency risk, fair value interest rate risk, credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 28 June 2025. There have been no changes in any risk management policies since the year end.

Fair values

The fair value of the Group's financial assets and liabilities are equal to their carrying value. The fair value of foreign currency contracts are 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)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

All derivative financial instruments carried at fair value have been measured by a Level 2 valuation method, based on observable market data.

16 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.

	26 weeks ended 27 December 2025			26 weeks ended 28 December 2024		
	Current £'m	Non-current £'m	Total £'m	Current £'m	Non-current £'m	Total £'m
Revolving Credit Facility	-	33.0	33.0	-	-	-
	-	33.0	33.0	-	-	-
Transaction costs	-	(1.9)	(1.9)	-	(2.1)	(2.1)
Total borrowings	-	31.1	31.1	-	(2.1)	(2.1)

HY FY25 transaction costs were included within note 13 Trade and other receivables as there were no borrowings at HY FY24.

Borrowing facilities

The Group has a £250.0m syndicated revolving credit facility committed until 6 September 2029. As at 27 December 2025 £33.0m was drawn down (As at 28 December 2024 £nil). 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(CONTINUED)

For the 26 weeks ended 27 December 2025 (UNAUDITED)

17 Commitments & Contingent liabilities

As at 27 December 2025 the Group had entered into capital contracts amounting to £3.5m (FY25 H1: £3.9m; FY25: £5.9m).

The Group had no contingent liabilities at the period end date (FY25 H1: £nil; FY25: £nil).

18 Announcement

The Interim Results, comprising the Interim Report and Financial Statements, were approved by the Board on 10 February 2026. Copies are available from corporate.dunelm.com.

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