Dunelm

The Home of Homes

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the contents of this document or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 immediately.

If you sell or otherwise transfer or have sold or otherwise transferred all of your Ordinary Shares you should send this document and the accompanying Form of Proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However such documents should not be distributed, forwarded or transmitted into any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction. If you sell or have sold or otherwise transferred only part of your holding, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

Dunelm Group PLC

(Incorporated and registered in England and Wales with No. 4708277)

Notice of Annual General Meeting

including Authority to Make Market Purchases of its Ordinary Shares and certain other matters

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Dunelm set out in Part 1 of this document which contains the recommendation by the Directors (excluding Sir Will Adderley for the purposes of the Waiver Resolution) to Shareholders to vote in favour of the Resolutions to be proposed at the Annual General Meeting, notice of which is set out in Part 4 of this document. Shareholders should read the whole of this document and not rely just on the summarised information set out in the Chairman's letter.

Barclays Bank PLC, acting through its Investment Bank ("Barclays"), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively for Dunelm and no one else in connection with the Waiver Resolution and will not be responsible to anyone other than Dunelm for providing the protections afforded to clients of Barclays nor for providing advice in relation to the Waiver Resolution or any other matter referred to in this document. Persons other than Dunelm are recommended to seek their own financial and other professional advice.

This document includes forward-looking statements concerning the Group. Forward-looking statements are based on current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about the Group. The Group undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise save to the extent required in accordance with the Company's continuing obligations under the Listing Rules, the Disclosure Guidance and Transparency Rules and applicable laws and regulations.

Notice of the Annual General Meeting of Dunelm to be held at Dunelm Store Support Centre, Watermead Business Park, Syston LE7 1AD at 11.30 am on 16 November 2021 is set out at the end of this document. The Form of Proxy for use at the Annual General Meeting accompanies this document and, to be valid, should be completed and returned in accordance with the instructions set out thereon as soon as possible but in any event so as to reach Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, not later than 11.30 am on 12 November 2021. Shareholders who hold their Ordinary Shares in CREST may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Equiniti so that it is received no later than 11.30 am on 12 November 2021. Completion and return of the Form of Proxy or the transmission of a CREST Proxy Instruction will not preclude Shareholders from attending and voting in person at the Annual General Meeting, should they so wish.

Contents

Your attention is drawn to the Definitions in Part 3 which apply throughout this document and the Form of Proxy unless the context requires otherwise.

All times referred to are London times unless otherwise stated.

Dunelm Group PLC
(incorporated and registered in England and Wales with No. 4708277)

Directors:
Sir Will Adderley (Deputy Chairman)
Ian Bull (Independent Non-Executive Director)
Laura Carr (Chief Financial Officer)
Andy Harrison (Chairman)
William Reeve (Independent Non-Executive Director)
Peter Ruis (Independent Non-Executive Director)
Marion Sears (Non-Executive Director)
Arja Taaveniku (Independent Non-Executive Director)
Vijay Talwar (Independent Non-Executive Director)
Nick Wilkinson (Chief Executive Officer)

Registered office:
Watermead Business Park
Syston
Leicester
Leicestershire
LE7 1AD

14 October 2021

To Shareholders of the Company

Dear Shareholder

1 INTRODUCTION

The purpose of this letter is to provide you with an explanation of the Resolutions to be proposed at the Annual General Meeting of the Company which will be held at Dunelm Store Support Centre, Watermead Business Park, Syston LE7 1AD at 11.30 am on 16 November 2021 and to seek your approval of them. The notice of Annual General Meeting is set out at Part 4 of this document and definitions which apply throughout this document are set out in Part 3.

The Directors believe that the Resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and Shareholders as a whole and accordingly they recommend that you vote in favour of each of the Resolutions at the Annual General Meeting, save that Sir Will Adderley makes no recommendation with regard to the Waiver Resolution (being Resolution 27) as, in accordance with the provisions of the Takeover Code, Sir Will Adderley is considered to be interested in the outcome of the Waiver Resolution.

All of the Resolutions to be proposed at the Annual General Meeting are explained in further detail below.

2 ORDINARY BUSINESS

The ordinary business of the Annual General Meeting comprises Resolutions 1 to 22 inclusive.

Resolution 1: Report and Accounts

The Directors are required to lay the Directors' Report, the audited annual accounts of the Company and the independent Auditor's Report before Shareholders at the Annual General Meeting. Accordingly, Resolution 1 presents the accounts for the year ended 26 June 2021 and, although not a statutory requirement, proposes the accounts for adoption. A copy of the Annual Report accompanies this document.

Resolution 2: Final Dividend

Shareholder approval is required for the payment of a final dividend as recommended by the Board. Subject to Shareholder approval this dividend will be paid on 19 November 2021 to Shareholders on the register of member of the Company at the close of business on 29 October 2021.

Resolutions 3 to 19: Election and re-election of Directors

In accordance with the provisions of the UK Corporate Governance Code, all directors will be retiring and will offer themselves for re-election at the Annual General Meeting.

In accordance with Listing Rule 9.2.2E R (2), there will be an ordinary resolution and a separate resolution of the Non-Concert Party Shareholders in respect of the appointment of each of the independent directors of the Company. The Board considers that the following Directors are independent for the purposes of Listing Rule 9.2.2 E R (2): Andy Harrison, William Reeve, Ian Bull, Arja Taaveniku, Peter Ruis and Vijay Talwar. Although no longer considered by the Board to be an Independent Director due to her tenure of over nine years, Marion Sears will also put herself forward for reappointment by Non-Concert Party Shareholders. No Controlling Shareholder or Associate of a Controlling Shareholder will be eligible to vote in respect of these additional resolutions.

At the date of this document Sir Will Adderley and the other members of the Concert Party are the only Controlling Shareholders, and are precluded from voting on Resolutions 7, 9, 11, 13, 15, 17 and 19.

Biographies of each of the Directors apart from Vijay Talwar are contained on page 96 - 98 of the Annual Report, which can be found at https://corporate.dunelm.com and a hard copy is available on request from Dawn Durrant at investorrelations@dunelm.com.

Vijay Talwar joined the Board on 1 October 2021. Vijay is an Executive Committee member at Foot Locker, Inc., the New York-based specialty athletic retailer, where he is Executive Vice President and Chief Executive Officer of Europe, Middle East and Africa. During his tenure at the company, he has supported global digital development in varying leadership roles. Prior to his current role for instance, Vijay served as the company's Global President of Digital where he was charged with driving successful transformation of the direct to consumer platform. Overall, he holds a wide range of commercial experience from companies such as Sears Holdings and Blue Nile, Inc, The William J. Clinton Foundation India and E.L. Rothschild.

The Board believes, following the completion of the annual performance evaluation and appraisal exercise, that the performance of the Directors seeking re-election continues to be effective and that these Directors demonstrate commitment to their roles.

Further information is given below in relation to the independence of the independent directors named above:

(a) confirmation is given that none of the independent directors named above has or had any existing or previous relationship, transaction or arrangement with the Company, any of its Directors, any Controlling Shareholder or any other Associate of a Controlling Shareholder;

(b) the independence of Non-Executive Directors is considered on appointment and then reviewed annually by the Chairman as part of the evaluation process. There is also an annual Board discussion. The Board takes into account the provisions of the UK Corporate Governance Code, as well as policies and guidelines issued by investor representatives such as the Investment Association and the National Association of Pension Funds; and

(c) the process for the selection of new Directors is described in the report of the Nominations Committee in the Annual Report. Thereafter the Nominations Committee formally puts forward the names of Directors to be proposed for reappointment at the Annual General Meeting.

Resolution 20: Directors' Annual Report on Remuneration

Under Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the **"Regulations"**), the Directors must prepare an annual report which sets out how the Remuneration Policy that has been in force during the financial year has been applied during the year, and how the policy will be applied in the coming year. The Annual Report on Remuneration must also be put to Shareholders for approval at the Annual General Meeting, although this vote is advisory. If this vote is not passed, the Company would consult with Shareholders and will be obliged to put the Remuneration Policy back to Shareholders for approval at the Annual General Meeting of the Company in 2022.

This is the resolution to approve the Company's Annual Report on Remuneration, which is set out on pages 153 to 171 of the Annual Report.

Resolution 21: Appointment of the auditors

The Company's auditors must offer themselves for reappointment at each general meeting at which accounts are presented. The Company proposes that PricewaterhouseCoopers LLP, who have been the Company's auditors since January 2014, be appointed as auditors of the Company.

Resolution 22: Remuneration of the auditors

This resolution, which is conditional on the passing of Resolution 21, gives authority to the Directors to agree the auditors' remuneration.

3 SPECIAL BUSINESS

The special business to be considered at the Annual General Meeting comprises Resolutions 23 to 28 inclusive.

Resolution 23: Authority to allot Ordinary Shares

This Resolution gives the Directors authority to allot share capital with a nominal value of up to £676,498, which, as at the Latest Practicable Date, represented approximately one third of the Company's issued Ordinary Share capital of £2,029,495.

This authority will expire at the conclusion of the next annual general meeting of the Company after the passing of this Resolution or, if earlier, on 31 December 2022 unless it is previously renewed, varied or revoked.

Resolution 24 and 25: Authority to issue shares on a non pre-emptive basis

These Resolutions (which are Special Resolutions) give the Directors authority to allot equity securities of the Company (including any Ordinary Shares held which the Company has purchased and elected to hold as treasury shares) for cash other than on a pre-emptive basis as provided by the CA 2006. Other than in connection with a rights or other pre-emptive issue, the authority contained in these Resolutions will be limited to issues of Ordinary Shares representing an aggregate nominal value of £202,949, which in turn represents approximately 10 per cent. of the issued Ordinary Shares of the Company as at the Latest Practicable Date.

The Directors intend to adhere to the provisions in the Pre-Emption Group's Statement of Principles, most recently published prior to the date of this Notice of Annual General Meeting, not to allot shares for cash on a non-pre-emptive basis pursuant to the authority in Resolution 21 :(i) in excess of an amount equivalent to 5 per cent. of the total issued Ordinary Share capital of the Company; or (ii) in excess of an amount equal to 7.5 per cent. of the total issued Ordinary Share capital of the Company in a rolling three year period, without prior consultation with Shareholders, in each case other than in connection with an acquisition or specified capital investment which is announced contemporaneously with the allotment or which has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

In accordance with the Pre-Emption Group's 2016 statement, separate Resolutions are being proposed to (a) disapply pre-emption rights on up to five per cent. of the issued share capital (Resolution 24) and (b) disapply pre-emption rights for an additional five per cent. for transactions which the Board determines to be an acquisition or other capital investment as defined by the Statement of Principles (Resolution 25).

In relation to Resolutions 24 and 25, the Directors consider that it is in the best interests of the Company and its shareholders generally that the Company should have the flexibility conferred by the above authorities. This is in line with corporate governance guidelines. However, the Directors have no present intention of exercising any of these authorities or to issue any unissued Ordinary Shares in the Company, other than in respect of the exercise of Share Options by employees under the Employee Share Schemes. If Resolutions 24 and 25 are passed, both authorities will expire on the earlier of either the conclusion of the Annual General Meeting to be held in 2022 or on 31 December 2022.

Resolution 26: Authority to Make Market Purchases of Ordinary Shares

This Resolution (which is a Special Resolution) seeks authority for the Company to buy back its own Ordinary Shares in the market as permitted by the CA 2006 (the **"Market Purchase Authority"**). The authority, if granted, limits the number of Ordinary Shares that could be purchased to a maximum of 5,000,000 Ordinary Shares, representing approximately 2.5 per cent. of the Company's issued Ordinary Share capital as at the Latest Practicable Date. The Company may either retain any of its own Ordinary Shares which it has purchased as treasury shares with a possible re-issue at a future date, or cancel them.

Since the Company started a buy back programme of its Ordinary Shares in 2007, it has not cancelled any of the Ordinary Shares that it has bought. The Company intends to hold any Ordinary Shares that it purchases pursuant to the Market Purchase Authority as treasury shares for re-issue to employees exercising Share Options under the Employee Share Schemes, because the Board believes that this gives the Company the ability to cost-effectively fulfill Share Option entitlements, and provides the Company with additional flexibility in the management of its capital base. The Company does not currently intend to re-issue for sale or cancel any Ordinary Shares that it purchases pursuant to this Resolution.

In 2007, the Company commenced a share buyback programme. Since that date it has bought back 3,047,513 Ordinary Shares and has transferred 2,911,026 shares out of treasury to employees who have exercised options under the Company's share option schemes. No Ordinary Shares have been cancelled.

As at the Latest Practicable Date, the Company held 136,487 Ordinary Shares in treasury.

The Company intends on an annual basis to grant Share Options to executive Directors and senior employees pursuant to the LTIP and to employees pursuant to the Dunelm Sharesave Scheme.

The total number of options over Ordinary Shares outstanding as at the Latest Practicable Date was 3,332,111, representing approximately 1.64 per cent. of the issued Ordinary Share capital of the Company as at that date. If the authority to buy back shares were utilised in full, the total number of options to subscribe for Ordinary Shares outstanding as at the Latest Practicable Date would, assuming no further Ordinary Shares are issued and no further options granted, represent approximately 1.68 per cent. of the issued share capital of the Company.

A purchase of Ordinary Shares by the Company pursuant to the Market Purchase Authority could increase the percentage of voting rights held by the Concert Party. In certain circumstances (described below) such an increase could trigger an obligation on the Concert Party to make a mandatory offer for the whole of the issued share capital of the Company pursuant to the Takeover Code. Non-Concert Party Shareholders will be asked, under Resolution 27, to approve the waiver by the Panel of the mandatory offer provisions such that the Market Purchase Authority will not trigger a requirement for the Concert Party to make a mandatory offer for the entire issued share capital of the Company. Further details of this waiver are set out below.

Resolution 27: The Waiver Resolution

The Waiver Resolution, which will be proposed as an ordinary resolution to be taken by poll, seeks Non-Concert Party Shareholders' approval of a waiver of the obligation that could arise on the Concert Party (as defined below) to make a general offer for the entire issued share capital of the Company as a result of purchases by the Company of Ordinary Shares pursuant to the Market Purchase Authority.

Background

As an English company with its shares admitted to listing on the premium listing segment of the Official List and admitted to trading on the Main Market of the London Stock Exchange, the Company is subject to the Takeover Code. Under Rule 9 of the Takeover Code, when (i) any person acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which, taken together with shares in which he and persons acting in concert with him are interested, carry 30 per cent. or more of the voting rights of a company subject to the Takeover Code, or (ii) any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company, but does not hold shares carrying more than 50 per cent. of such voting rights, and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of the shares carrying voting rights in which he is interested, then, in either case, that person is normally required to make a general offer to all other shareholders to acquire their shares. An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any persons acting in concert with him, for any interest in shares in the company during the twelve months prior to the announcement of the general offer.

Where members of a concert party hold more than 50 per cent. of the voting rights in a company, no obligations under Rule 9 normally arise from acquisitions by any member of the concert party. They may accordingly increase their aggregate interests in shares without incurring any obligation under Rule 9 to make a general offer, although individual members of a concert party will not be able to increase their percentage interests in shares through or between a Rule 9 threshold without Panel consent.

Impact of Rule 37 of the Takeover Code

Under Rule 37 of the Takeover Code, when a company purchases its own voting shares, any resulting increase in the percentage of shares carrying voting rights in which a person or group of persons acting in concert is interested will be treated as an acquisition for the purposes of Rule 9 of the Takeover Code (although a shareholder who is neither a director nor acting in concert with a director will not normally incur an obligation to make a Rule 9 offer). Accordingly if the Concert Party's aggregate shareholding increased as a result of the exercise of the Market Purchase Authority, the Concert Party would be required to make a mandatory offer for the remainder of the issued share capital of the Company.

Panel Waiver – exercise of the Market Purchase Authority

The Company has applied to the Panel for a waiver of Rule 9 of the Takeover Code in order to permit the Market Purchase Authority to be exercised by the Board (if such authority is approved by Shareholders) without triggering an obligation on the part of the Concert Party to make a general offer to Shareholders. The Panel has agreed that, subject to Non-

Concert Party Shareholders' approval on a poll, to waive the requirement for the Concert Party to make a general offer to all Shareholders where such an obligation would arise as a result of purchases by the Company of up to 5,000,000 Ordinary Shares.

Accordingly the Waiver Resolution is being proposed and will be taken on a poll, to be passed by more than 50 per cent. of votes cast by Non-Concert Party Shareholders at the Annual General Meeting present in person or by proxy and voting at the Annual General Meeting.

The members of the Concert Party will not be entitled to vote on the Waiver Resolution and have undertaken not to vote on the Waiver Resolution. No other shareholder is considered to be acting in concert with the Concert Party.

Outline of the Concert Party
Sir Will Adderley joined the business in 1992. He has worked in and is familiar with all major areas of the business and took over the running of the Group as Chief Executive from his father in 1996. In February 2011 he relinquished the role of Chief Executive to Nick Wharton, and became Deputy Chairman. Following the resignation of Nick Wharton, Sir Will Adderley was re-appointed Chief Executive on 11 September 2014. He resumed his previous role as Deputy Chairman in January 2016. He continues to hold an executive role to support the business in matters agreed with the current Chief Executive, Nick Wilkinson, as required.

Sir Will Adderley is currently beneficially interested in an aggregate of 75,231,779 Ordinary Shares, representing 37.07 per cent. of the issued share capital of the Company as at the Latest Practicable Date, held by himself directly and through WA Capital Limited (a private company established by Sir Will Adderley to act as a long term holding company for his beneficial shareholding in the Company) and WA Capital Investments Limited (a wholly owned subsidiary of W A Capital Limited).

Sir Will Adderley, his wife, Nadine Adderley and his mother, Jean Adderley are considered to be acting in concert for the purposes of Rule 9 of the Takeover Code. The Stoneygate Trust (a private charitable trust of which Sir Will Adderley and Nadine Adderley are trustees) and the Paddocks Discretionary Trust (a private trust relating to the Adderley family), WA Capital Limited and WA Capital Investments Limited are also members of the Concert Party. The Concert Party holds and/or is presumed to be interested in 86,340,279 Ordinary Shares representing 42.5 per cent. of the issued share capital of the Company as at the Latest Practicable Date.

Pursuant to the Relationship Agreement, each of J Adderley, Bill Adderley and Sir Will Adderley accepted certain restrictions relating, inter alia, to their relationship with the Dunelm Group and their voting rights for so long as, individually or together, they are entitled to exercise, or to control the exercise of, 30 per cent. 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. Bill Adderley, Sir Will Adderley's father is no longer considered to be a member of the Concert Party as he transferred his entire shareholding to Sir Will Adderley and Jean Adderley in 2018 and has no further involvement with the business.

Further information on the Concert Party is set out in Part 2 of this document. Shareholders should, in particular, note the commentary around any further increases in the aggregate interests in shares in the Company of the Concert Party.

Impact of the exercise of the Market Purchase Authority
If the Company were to repurchase from persons other than Sir Will Adderley all the Ordinary Shares for which it is seeking authority, Sir Will Adderley's interest in shares would (assuming no other allotments of Ordinary Shares) increase to 38.0 per cent. of the issued share capital of the Company by virtue of such actions. If the Company were to repurchase from persons other than members of the Concert Party all the Ordinary Shares for which it is seeking authority, the interests of the Concert Party would similarly increase to 43.6 per cent. of the issued share capital of the Company.

Following exercise of the Market Purchase Authority (either in whole or in part) Sir Will Adderley and separately the Concert Party will continue to be interested in shares which carry more than 30 per cent. but will not hold more than 50 per cent. of the Company's voting share capital, and any further increase in the number of shares in which he or they are interested (other than a further exercise of the Market Purchase Authority) will be subject to the provisions of Rule 9 of the Takeover Code.

Intentions of the Concert Party
Apart from supporting the Board's process for continually refreshing its membership, and the Board changes announced, being (i) the resignation of Paula Vennells on 25 April 2021 (ii) the appointment of Arja Taaveniku on 15 February 2021; and (iii) the appointment of Vijay Talwar on 1 October 2021, each member of the Concert Party has confirmed to the Company that no member of the Concert Party has any current intention to change the Company's plans with respect to (i) the future business of the Company, including any research and development functions; (ii) the continued employment of the employees and management of the Company and of its subsidiaries, including any material change in conditions of employment or balance of skills and functions of the employees and management; (iii) its strategic plans for the Company, or their likely repercussions on employment and on the locations of the Company's places of business, including on the location of the Company's headquarters and headquarters functions; (iv) employer contributions into the Company's pension scheme(s) (including with regard to current arrangements for the funding of any scheme deficit), the accrual of benefits for existing members, or the admission of new members; (v) the redeployment of the fixed assets of the Company; and/or (vi) the maintenance of the Company's listing on the London Stock Exchange, as a result of the proposals set out in Resolution 27.

No member of the Concert Party is intending to purchase any additional Ordinary Shares during the period covered by the Authority to Make Market Purchases.

If the Waiver Resolution is passed, the Concert Party will not be restricted from making an offer for the Company.

Intentions of the Directors

The Directors intend to maintain the listing of the Ordinary Shares on the Official List for the foreseeable future.

The Independent Directors anticipate that they will continue to seek Shareholder approval on an annual basis of the waiver of any Rule 9 obligation which may arise as a result of the exercise of a renewed buy back authority.

Resolution 28: Notice Period for General Meetings

This Resolution relates to the CA 2006 which increase the notice period for general meetings of traded companies to 21 days unless certain conditions are met. One of the conditions is that a shareholder resolution, such as Resolution 28, reducing the notice period to 14 clear days, is passed on an annual basis. The shorter notice period would not be used as a matter of routine for such meetings, but only where the flexibility is merited by the business of the meeting and is thought to be in the best interests of Shareholders as a whole.

4 AUDITED CONSOLIDATED ACCOUNTS AND SIGNIFICANT CHANGE

The audited consolidated accounts for the periods to 27 June 2020 and 26 June 2021 can be found at https://corporate.dunelm.com, and are incorporated into this document by reference. For the avoidance of doubt, the content of the website is not incorporated into and does not form part of this document.

If you require a hard copy of any of the audited consolidated accounts for 2020 or 2021 or the trading update dated 14 October 2021 referred to below, a request should be sent to Dawn Durrant at investorrelations@dunelm.com or Dunelm (Soft Furnishings) Ltd, Watermead Business Park, Syston, Leicester, LE7 1AD (Tel 0116 264 4400).

The Directors are not aware of any significant change in the financial or trading position of the Group since 14 October 2021, being the date upon which its latest trading update was published.

5 ACTION TO BE TAKEN

A Form of Proxy for use at the Annual General Meeting is enclosed. Whether or not you intend to be present at the meeting, you are requested to complete, sign and return the Form of Proxy to, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA as soon as possible and in any event so that it is received not later than 11.30 am on 12 November 2021.

Shareholders who hold their Ordinary Shares in CREST may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Equiniti so that it is received not later than 11.30 am on 12 November 2021.

Completion and return of the Form of Proxy or the transmission of a CREST Proxy Instruction will not preclude Shareholders from attending and voting in person at the Annual General Meeting, should they so wish.

6 ADDITIONAL INFORMATION

Your attention is drawn to the Annual Report and to Part 2 of this document which contain certain additional information in respect of the Company, including Directors' interests. Shareholders are advised to read the whole of this document and the Annual Report and not rely solely on the summary information set out in this letter.

7 RECOMMENDATIONS

In the opinion of the Board, each of the Resolutions to be proposed at the Annual General Meeting is in the best interests of the Company and Shareholders as a whole, save that Sir Will Adderley makes no recommendation with regard to the Waiver Resolution (being Resolution 27) as, in accordance with the provisions of the Takeover Code, Sir Will Adderley is considered to be interested in the outcome of the Waiver Resolution.

Accordingly, the Board, excluding Sir Will Adderley for the purposes of the Waiver Resolution (on the grounds that he is interested in the outcome of the Waiver Resolution), recommends that Shareholders vote in favour of the Resolutions at the Annual General Meeting, as the Directors intend to do in respect of their own beneficial holdings of Ordinary Shares, which amount to 37.4 per cent. of the issued Ordinary Shares, save that Sir Will Adderley will not vote in respect of his beneficial holdings of Ordinary Shares, which amount to 37.1 per cent. of the issued Ordinary Shares, on the Waiver Resolution, in which he is considered to be interested.

The Independent Directors, who have been so advised by Barclays, consider the Waiver Resolution to be fair and reasonable and to be in the best interests of the Non-Concert Party Shareholders and the Company as a whole. In providing its advice to the Independent Directors, Barclays has taken account of the Independent Directors' commercial assessments.

Accordingly, the Independent Directors unanimously recommend that Non-Concert Party Shareholders vote in favour of the Waiver Resolution to be proposed at the Annual General Meeting, as the Independent Directors intend to do in respect of their own beneficial holdings of Ordinary Shares, which amount to approximately 0.4 per cent. of the issued Ordinary Shares.

Yours sincerely

Andy Harrison

Chairman

Part 2 – Additional information

1 RESPONSIBILITY

1.1 The Directors take responsibility for the information contained in this document other than:

(a) the recommendation and associated opinion attributed to the Independent Directors set out in paragraph 7 of the Chairman's Letter; and

(b) the statement in paragraph 3 of the Chairman's Letter (under the heading 'Intentions of the Concert Party') that Sir Will Adderley has no present intention of changing the Board or the employment rights of employees,

and the only responsibility accepted by the Directors in respect of the information in this document in respect of the information relating to the Concert Party has been to ensure that such information has been correctly and fairly reproduced or presented (and not steps have been taken by the Directors to verify this information).

To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that this is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 The Concert Party takes responsibility for the statement in paragraph 3 of the Chairman's Letter that relates to him and his intentions. To the best of the knowledge and belief of each member of the Concert Party (who have taken all reasonable care to ensure that this is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.3 The Independent Directors take responsibility for the recommendation and associated opinion attributed to them in paragraph 7 of the Chairman's Letter. To the best of the knowledge and belief of the Independent Directors (who have taken all reasonable care to ensure that this is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

2 THE COMPANY

2.1 The Company was incorporated and registered in England and Wales on 23 March 2003 and with registered number 4708277. The registered office of the Company and the business address of all of the Directors is Watermead Business Park, Syston, Leicester, Leicestershire LE7 1AD.

2.2 The Company is a UK homewares retailer.

2.3 As at the Latest Practicable Date the issued share capital of the Company was 203,085,964 Ordinary Shares, carrying one vote each and the Company held 136,487 Ordinary Shares in treasury. Therefore, the total number of voting rights in the Company as at the Latest Practicable Date was 202,949,477.

2.4 As at the Latest Practicable Date there were 3,332,111 Share Options outstanding over the Company's Ordinary Shares representing 1.64 per cent. of the Ordinary Shares in issue.

3 THE CONCERT PARTY

3.1 The Concert Party holds and/or is deemed to be interested in 86,340,279 Ordinary Shares representing 42.5 per cent. of the issued share capital of the Company as at the Latest Practicable Date.

3.2 Sir Will Adderley is currently beneficially interested in an aggregate of 75,231,779 Ordinary Shares, representing 37.07 per cent. of the issued share capital of the Company as at the Latest Practicable Date. 36,070,000 Ordinary Shares are held by him directly. 3,161,779 Ordinary Shares are registered in the name of WA Capital Limited, a private company established by Sir Will Adderley to act as a long term holding company for his beneficial shareholding in the Company. Sir Will Adderley is a director, and he and his wife Nadine Adderley are the sole shareholders of WA Capital Limited. 36,000,000 Ordinary Shares are registered in the name of WA Capital Investments Limited, a private company and wholly owned subsidiary of WA Capital Limited. On 20 September 2016, WA Capital Investments Limited entered into a loan facility with Barclays Bank plc and granted a security interest in favour of Barclays Bank plc over 18,000,000 Ordinary Shares as security for any amounts which may be due from time to time under the facility. On 8 December 2017 the size of this security interest increased by 18,000,000 ordinary shares to 36,000,000 in total. On 23 September 2021 this security was released and a replacement granted in favour of Banco Santander S.A in connection with a loan facility with that bank. In the case of both the security interest granted to Barclays Bank plc and the replacement to Banco Santander S.A, WA Capital Investments Limited remains the beneficial owner of the Ordinary Shares subject to the security interest and retains full voting rights.

3.3 In addition Will Adderley is presumed to hold a legal interest in 967,250 Ordinary Shares held by The Stoneygate Trust (formerly known as the Leicester Foundation) and 172,750 Ordinary Shares held by the Paddocks Discretionary Trust. Sir Will Adderley and Nadine Adderley are the trustees, but not beneficiaries, of The Stoneygate Trust and the Paddocks Discretionary Trust.

3.4 Furthermore 9,968,500 Ordinary Shares are held by Jean Adderley, Sir Will Adderley's mother.

Part 2 – Additional information

4 DIRECTORS AND CONCERT PARTY INTERESTS AND DEALINGS

4.1 The names of the Directors and their functions are set out on page 1 of this document.

4.2 As at the close of business on the Latest Practicable Date, the interests, rights to subscribe and short positions of each Director, their immediate families and persons connected with them in the Ordinary Share capital of the Company, together with any options in respect of such share capital, (all of which are beneficial unless otherwise stated) were as follows:

Director	Ordinary Shares
Sir Will Adderley[1]	75,231,779
Ian Bull	8,000
Laura Carr	46,597
Andy Harrison	416,480
William Reeve	18,000
Peter Ruis	–
Marion Sears	105,000
Arja Taaveniku	–
Vijay Talwar	–
Nick Wilkinson	141,505

Notes:

1. 36,070,000 Ordinary Shares are held by Sir Will Adderley. 3,161,779 Ordinary Shares are registered in the name of WA Capital Limited. 36,000,000 Ordinary Shares are registered in the name of WA Capital Investments Limited. This number does not include the following Concert Party holdings: 967,250 Ordinary Shares held by The Stoneygate Trust and 172,750 Ordinary Shares held by the Paddocks Discretionary Trust and 9,968,500 Ordinary Shares held by Jean Adderley.

	Date of award	Nature of award	Share options at Latest Practicable Date	End of performance period	Option price
Sir Will Adderley	–	–	Nil	–	–
Nick Wilkinson	October 2018	2019–21 LTIP	180,802	June 2021	Nil
	October 2019	2020-22 LTIP	134,984	June 2022	Nil
	November 2020	2021-23 LTIP	94,846	June 2023	Nil
	November 2020	FY20 Share Bonus	5,797	June 2020	Nil
	November 2020	FY21 Share Bonus	24,012	June 2021	Nil
	November 2018	Sharesave	3,757	December 2021	479.0p
Laura Carr	November 2018	2019–21 LTIP	105,893	June 2021	Nil
	October 2019	2019-22 LTIP	71,481	June 2022	Nil
	November 2020	2021-23 LTIP	58,166	June 2023	Nil
	November 2020	FY20 Share Bonus	3,837	June 2020	Nil
	November 2020	FY21 Share Bonus	16,211	June 2021	Nil
	November 2019	Sharesave	2,752	December 2022	654.0p

4.3 As at the close of business on the Latest Practicable Date the interests, rights to subscribe and short positions (all of which are beneficial unless otherwise stated) of each member of the Concert Party in the Ordinary Share capital of the Company as notified to the Company were as follows:

Concert Party member	Number of Ordinary Shares	per cent. of the issued Ordinary Share capital
Sir Will Adderley	36,070,000	17.8
N Adderley	0	–
W A Capital Limited	3,161,779	1.6
W A Capital Investments Limited	36,000,000	17.7
J Adderley	9,968,500	4.9
The Stoneygate Trust	967,250	0.5
The Paddocks Discretionary Trust	172,750	0.1
Total	**86,340,279**	**42.5**

4.4 During the period of twelve months immediately prior to the publication of this document, the Directors, any member of their immediate families or related trusts and/or any member of the Concert Party has dealt in the Ordinary Shares as follows:

(a) Sir Will Adderley sold 15,000,000 Ordinary Shares at a price of 1,280 pence per Ordinary Share as part of a secondary placing by the Company managed by Barclays and Goldman Sachs International acting as Joint Global Co-Coordinators and Joint Bookrunners.

(b) On 11 February 2021, Karina Wardle, a person closely associated with Andy Harrison, Chairman, transferred 416,480 Ordinary Shares to him for nil consideration.

(c) Nick Wilkinson, CEO, exercised options over 22,697 Ordinary Shares under the Long Term Incentive Plan on 2 March 2021 and sold 10,700 Ordinary Shares at a price of 1,286 pence per share to fund his tax and national insurance liability in respect of that exercise.

(d) J Adderley sold 1,031,500 Ordinary Shares between 15 and 20 October 2020 and 1,000,000 Ordinary Shares between 25 May and 7 July 2021.

(e) On 9 September 2021, 29,809 shares vested to Nick Wilkinson, CEO, under the Dunelm 2020 Share Plan. Mr Wilkinson sold 14,053 shares at a price of £14.221804 per share to fund the payment of his income tax and national insurance liabilities on exercise, and retained the remainder of his shares.

(f) On 9 September 2021, 20,048 shares vested to Laura Carr, CFO, under the Dunelm 2020 Share Plan. Mrs Carr sold 9,451 shares at a price of £14.221804 per share to fund the payment of her income tax and national insurance liabilities on exercise, and transferred the remainder to David Antony Carr, her husband and a person closely associated with her, for nil consideration.

(g) On 9 September 2021, Ian Bull, Non-Executive Director, purchased 4,000 shares at a price of 1422.37p per share.

(h) On 23 September 2021, WA Capital Investments Limited, a member of the Concert Party, granted a security interest over 36,000,000 Ordinary Shares in Dunelm Group Plc in favour of Banco Santander S.A.

This replaced a security interest previously held by Barclays Bank plc. WA Capital Investments remains the beneficial owner of the shares subject to the security interest, and retains full voting rights.

4.5 If the Company were to repurchase from persons other than Sir Will Adderley, the maximum number of Ordinary Shares pursuant to the Market Purchase Authority, Sir Will Adderley's interest in Ordinary Shares would (assuming no other allotments of Ordinary Shares) increase to 38.0 per cent. of the issued share capital of the Company by virtue of such actions.

4.6 If the Company were to repurchase from persons other than members of the Concert Party, the maximum number of Ordinary Shares pursuant to the Market Purchase Authority, the Concert Party's aggregate percentage interest in the Ordinary Share capital of the Company would (assuming no other allotments of Ordinary Shares) increase to 43.6 per cent. of the issued share capital of the Company by virtue of such actions.

5 CONCERT PARTY AND OTHER RELATED PARTY ARRANGEMENTS

5.1 No member of the Concert Party has entered into any agreements, arrangements or understandings (including any compensation arrangement) with any of the Directors which has any connection with or dependence upon the Waiver Resolution. In addition, save as disclosed in this document, there is no agreement, arrangement or understanding (including any compensation arrangement) having any connection with or dependence upon the Waiver Resolution between any member of the Concert Party and any person interested or recently interested in shares in the Company, or any other recent director of the Company.

5.2 Each member of the Concert Party has confirmed that there is no agreement, arrangement or understanding for the transfer of their Ordinary Shares to any third party.

5.3 It is not the Directors' intention to sell any of their shareholdings back to the Company pursuant to the Market Purchase Authority. The Directors also believe that there are no related parties from whom Ordinary Shares are proposed to be purchased and in the event that any Shareholders of the Company come within the definition of related party set out in the Listing Rules, the Directors confirm that there is no prior understanding, arrangement or agreement between the Company and any related party.

6 MATERIAL CONTRACTS

6.1 Except as specified in paragraphs 6.2 and 6.3 below there are no contracts (not being in the ordinary course of business) entered into by the Company or any member of the Group in the two years immediately preceding the date of this document which are, or may be, material or which contain any provision under which the Company or any member of the Group has any obligation or entitlement which is, or may be, material to the Company as at the date of this document save as follows:

6.2 In April 2020 the Company applied for, and was confirmed as eligible for the Government's Covid Corporate Financing Facility (CCFF). The CCFF allowed businesses to offer commercial paper to the Bank of England as a form of short term debt purchase to bridge coronavirus disruption to cash flows. The Company has not made any use of the CCFF and the Government has now closed the CCFF to new purchases as per the planned schedule.

6.3 The Company has in place a Revolving Credit Facility (RCF) dated 6 March 2018 with a five year term expiring 5 March 2023. Under the terms of the facility, Lloyds Bank PLC, HSBC PLC and Barclays Bank as facility agent, make funds of up to £165,000,000 available for drawn down by the Company as required. The RCF was amended on 17 April 2020 to permit the Company to enter into the CCFF referred to in paragraph 6.2.

7 MIDDLE MARKET QUOTATIONS

The middle market quotations for the Ordinary Shares of the Company, as derived from the London Stock Exchange Daily Official List, on the first Business Day of each of the six months immediately preceding the date of this document and on the Latest Practicable Date were:

Date	Price per Ordinary Share (p)
Latest Practicable Date	1,255.00
1 October 2021	1,365.00
1 September 2021	1,300.00
2 August 2021	1,332.00
1 July 2021	1,451.00
1 June 2021	1,490.00
4 May 2021	1,440.00

8 GENERAL

8.1 Barclays has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in this document in the form and context in which they appear.

8.2 As at the Latest Practicable Date, and save as disclosed in paragraphs 4.2 to 4.4 of this Part 2 of this document:

(a) no member of the Concert Party nor any members of their immediate families, any related trust, nor any connected persons (within the meaning of section 252 of the CA 2006), nor any person acting in concert with such persons, nor any member of their immediate families or related trusts owns or controls, or has borrowed or lent, or is interested in, or has any right to subscribe for, or any arrangement concerning, directly or indirectly, any relevant shares or securities of the Company, or has any short position (whether conditional or absolute and whether in the money or otherwise), including a short position under a derivative, any agreement to sell or any delivery obligation in respect of any right to require any person to purchase or take delivery of, any such relevant shares or securities of the Company;

(b) no member of the Concert Party nor any members of their immediate families, any related trust, nor any connected persons (within the meaning of section 252 of the Companies Act), nor any person acting in concert with such persons, nor any member of their immediate families or related trusts has dealt in relevant securities during the period of twelve months prior to the Latest Practicable Date;

(c) there are no relevant securities which any member of the Concert Party has borrowed or lent (excluding any borrowed relevant securities which have either been on lent or sold);

(d) none of:

(i) the Directors or any member of their immediate families or related trusts;

(ii) the Company or any associated company of the Company; and/or

(iii) any pension fund or employee benefit trust of the Company or of any associated company of the Company; and/or

(iv) any connected adviser to the Company or any associated company of the Company or any person acting in concert with the Directors; and/or

(v) any person controlling, controlled by or under the same control as any connected adviser falling within (iv) above (except for an exempt principal trader or an exempt fund manager); and/or

(vi) any other person acting in concert with the Company,

owns or controls, has a short position, or has borrowed or lent (or entered into any financial collateral arrangement of the kind referred to in Note 4 on Rule 4.6 of the Takeover Code), or has any interest in, right to subscribe in respect of or short position in relation to, or any arrangement concerning, directly or indirectly, any relevant securities of the Company;

(e) none of the Directors, nor any member of their immediate families or related trusts (so far as the Directors are aware having made due enquiry), dealt in relevant securities of the Company during the period of twelve months prior to the Latest Practicable Date;

(f) there are no relevant securities which the Company or any person acting in concert with the Directors has borrowed or lent (excluding any borrowed relevant securities which have either been on lent or sold);

(g) neither of the Company nor any of the Directors nor any member of their immediate families or related trusts, owns or controls or is interested, directly or indirectly in or has any short position in, any member of the Concert Party or any securities convertible into, or exchangeable for, rights to subscribe for and options (including traded options) in respect of, and derivatives referenced to, any of the foregoing.

8.3 No management incentivisation arrangements have been discussed.

8.4 The Directors are not aware of any agreement or arrangement or understanding by which the beneficial ownership of any Ordinary Shares acquired by the Company pursuant to the Authority to Make Market Purchases will be transferred to any other person. Such Ordinary Shares will, in accordance with the CA 2006, either be held in treasury up to the amounts permitted to be held in treasury by the CA 2006 or be cancelled and the issued share capital of the Company reduced by the nominal amount of those Ordinary Shares so purchased.

9 DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

9.1 Each Executive Director has entered into a service contract of no fixed term with a notice period for termination from either the Executive Director or the Company of 12 months for Sir Will Adderley and 6 months for each of Nick Wilkinson and Laura Carr. In addition to basic salary (as set out in paragraph 9.3 below), each Executive Director is entitled to benefits including pension, car and travel allowance, a discretionary bonus and discretionary entitlements under the Company's Employee Share Schemes (details of which are set out in paragraph 4.2 above and the Annual Report). Payments on termination are restricted to a maximum of the value of base salary and benefits for the notice period and the Remuneration Committee may apply mitigation in respect of any termination payment. Each service contract includes a non-compete arrangement.

9.2 Each Non-Executive Director has entered into a letter of appointment with the Company for an initial period of three years with a notice period for termination from either the Non-Executive Director or the Company of one month (or 3 months in the case of the Chairman). Since Marion Sears has now served more than nine years on the Board her contract is renewed annually.

9.3 Further details of each service contract or letter of appointment are set out below:

Name	Contract date	Base salary/Fee (2021/2022)	Notice period
Sir Will Adderley	28 September 2016	£1	12 months
Nick Wilkinson	1 February 2018	£582,125	6 months
Laura Carr	29 November 2018	£396,663	6 months
Marion Sears	22 July 2004	£53,624	1 month
Andy Harrison	1 September 2014	£216,487	3 months
William Reeve	1 July 2015	£70,524	1 month
Peter Ruis	10 September 2015	£53,624	1 month
Ian Bull	10 July 2019	£64,028	1 month
Arja Taaveniku	15 February 2021	£53,624	1 month
Vijay Talwar	1 October 2021	£53,624	1 month

9.4 Other than as described above, no service contract or letter of appointment has been entered into or amended within 6 months of the date of this document.

9.5 There are no commission or profit sharing arrangements between the Company and any of the Directors. On termination of any Director's service contract, the maximum amount payable by the Company is the value of salary and benefits for the notice period.

10 DOCUMENTS AVAILABLE FOR INSPECTION

10.1 Copies of the following documents are available on the Company's website: https://corporate.dunelm.com/ and a hard copy is available on request from Dawn Durrant at investorrelations@dunelm.com.

(a) this document;

(b) the Articles;

(c) the audited consolidated accounts of the Company for the financial years ended 27 June 2020 and 26 June 2021; and

(d) the consent letter from Barclays referred to in paragraph 8.1 above.

Dated 14 October 2021

Part 3 – Definitions

The following definitions apply throughout this document, unless the context otherwise requires:

"Annual General Meeting" or "AGM"	the annual general meeting of the Company to be held at Dunelm Store Support Centre, Watermead Business Park, Syston LE7 1AD at 11.30 am on 16 November 2021, notice of which is set out at the end of this document
"Annual Report"	the annual report and accounts of the Company for the year ended 26 June 2021 a copy of which accompanies this document
"Articles"	the articles of association of the Company that are in force at the date of this document
"Associate"	in relation to a Controlling Shareholder has the meaning set out in the Listing Rules
"associated company"	in the context of the Takeover Code means in relation to any company, that company's parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies. For these purposes, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status
"Board" or "Directors"	the board of directors of the Company
"Business Day"	any date on which banks are generally open in England and Wales for the transaction of normal banking business other than a Saturday, Sunday or public holiday
"CA 2006"	the Companies Act 2006, as amended
"Company" or "Dunelm"	Dunelm Group plc
"Concert Party"	together, Sir Will Adderley, Jean Adderley, Bill Adderley, Nadine Adderley, The Stoneygate Trust, the Paddocks Discretionary Trust, WA Capital Limited and WA Capital Investments Limited
"connected adviser"	has the meaning set out in the Takeover Code
"control"	in the context of the Takeover Code means an interest, or interests in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company, which are exercisable at a general meeting irrespective of whether such interest or interests give de facto control;
"Controlling Shareholder"	has the meaning set out in the Listing Rules
"CREST"	the system for the paperless settlement of trades in securities operated by Euroclear in accordance with the CREST Regulations
"CREST Manual"	the current version of the CREST Manual which at the date of this document is available on www.euroclear.co.uk/CREST
"Crest Proxy Instruction"	has the meaning in the CREST Manual
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended)
"dealing" or "dealt"	in the context of the Takeover Code means: (a) acquiring or disposing of relevant securities, of the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities, or of general control of relevant securities; (b) taking, granting, acquiring, disposing of, entering into, closing out, terminating, exercising (by either party) or varying an option (including a traded option contract) in respect of any relevant securities; (c) subscribing or agreeing to subscribe for relevant securities; (d) exercising or converting, whether in respect of new or existing relevant securities, any securities carrying conversion or subscription rights, (e) acquiring, disposing of, entering into, closing out, exercising (by either party) of any rights under, or varying, a derivative referenced, directly or indirectly, to securities; (f) entering into, terminating or varying the terms of any agreement to purchase or sell securities; (g) redeeming or purchasing, or taking or exercising an option over, any of its own relevant securities by the offeree company or an offeror; and (h) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position
"derivatives"	include any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security
"Directors' Remuneration Report"	the Directors' Remuneration Report set out in the Annual Report, comprising the Letter from the Chair of the Remuneration Committee, the Policy Report and the Annual Report on Implementation
"Disclosure Guidance and Transparency Rules"	the disclosure guidance and transparency rules made by the FCA in exercise of its functions as competent authority pursuant to Part VI of FSMA
"Dunelm 2020 Share Plan"	the Dunelm 2020 Share Plan
"Dunelm Group Company Share Option Scheme"	the Dunelm Group Company Share Option Scheme, under the 2003 or 2013 rules as the case may be
"Dunelm Group 2014 Sharesave Plan"	the Dunelm Group 2014 Sharesave Plan
"Dunelm SAYE Scheme"	the Dunelm Group Savings Related Share Option Plan 2005, and/or the Dunelm Group 2014 Sharesave Plan as the case may be

"Employee Share Schemes"	the LTIP, the Dunelm SAYE Scheme, the Dunelm Group Company Share Option Scheme and the Dunelm 2020 Share Plan
"Equiniti"	a trading name of Equiniti Limited
"Euroclear"	Euroclear UK & Ireland Limited, the operator of CREST
"Form of Proxy"	the form enclosed with this document for use by Shareholders in connection with the Annual General Meeting
"FCA"	the Financial Conduct Authority
"FSMA"	the Financial Services and Markets Act 2000
"Group"	the Company and its subsidiary undertakings
"Independent Directors"	the directors of the Company other than Sir Will Adderley, who are presumed not to be interested in the Waiver Resolution
"Independent Shareholders"	Shareholders other than a Controlling Shareholder and its or their Associates
"interest"	in the context of the Takeover Code, a person having an interest in relevant securities including where a person: (a) owns securities; (b) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to securities or has general control of them; (c) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or (d) is party to any derivative whose value is determined by reference to the prices of securities and which results, or may result, in his having a long position in them
"Latest Practicable Date"	12 October 2021
"Listing Rules"	the listing rules made by the FCA in exercise of its functions as competent authority pursuant to Part VI of FSMA
"London Stock Exchange"	London Stock Exchange plc or its successor
"LTIP"	the Dunelm Group Long-Term Incentive Plan, under the 2005 or the 2014 rules as the case may be
"Main Market"	the main market for listed securities of the London Stock Exchange
"Market Purchase Authority"	the authority for the Company to make market purchases of Ordinary Shares to be proposed to Shareholders in the terms of Resolution 26 set out in the notice of Annual General Meeting set out in Part 4 of this document

"Non-Concert Party Shareholders"	Shareholders other than members of the Concert Party
"Official List"	the official list maintained by the Financial Conduct Authority for the purposes of Part VI of FSMA
"Ordinary Shares"	ordinary shares of 1 pence each in the capital of the Company
"Panel"	the Panel on Takeovers and Mergers
"Registrars" or "Equiniti"	the registrars of the Company
"Relationship Agreement"	the relationship agreement dated 2 October 2006 and entered into between J Adderley (1), Bill Adderley (2), Sir Will Adderley (3) and the Company (4), to which Nadine Adderley and W A Capital Limited have become a party, as amended on 10 July 2014;
"relevant securities"	in the context of the Takeover Code, means Ordinary Shares, or any securities convertible into, or exchangeable for, rights to subscribe for and options (including traded options) in respect of, and derivatives referenced to, any Ordinary Shares
"Resolution" or "Resolutions"	the resolutions set out in the notice of Annual General Meeting at Part 4 of this document
"Shareholder(s)" or "Ordinary Shareholder(s)"	(a) holder(s) of Ordinary Shares
"Share Options"	options to subscribe for Ordinary Shares pursuant to an award made under the Employee Share Schemes
"short position"	in the context of the Takeover Code, means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery
"subsidiary undertaking"	shall, unless otherwise stated, be construed in accordance with the CA 2006 (but for these purposes ignoring paragraph 19(1)(b) of Part 1 of Schedule 6A to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008)
"Takeover Code"	the City Code on Takeovers and Mergers
"United Kingdom" or "UK"	the United Kingdom of Great Britain and Northern Ireland
"Waiver Resolution"	Resolution 27 in the form set out in the notice of Annual General Meeting at the end of this document approving a waiver of the mandatory offer provisions set out in Rule 9 and Rule 37 of the Takeover Code

DUNELM GROUP PLC (the "Company")

(Incorporated and registered in England and Wales with No. 4708277)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2021 Annual General Meeting of the Company will be held at Dunelm Store Support Centre, Watermead Business Park, Syston LE7 1AD at 11.30 am on 16 November 2021 for the purpose of considering and, if thought fit, passing the following resolutions, which, in the case of resolutions 24, 25, 26 and 28 will be proposed as special resolutions and, in the case of the other resolutions, will be proposed as ordinary resolutions.

Resolutions 7, 9, 11, 13, 15, 17 and 19 will be voted on only by Independent Shareholders as required by the Listing Rules.

Resolution 27 will be voted on only by the Non-Concert Party Shareholders of the Company and will be taken by poll. As Sir Will Adderley is interested in the outcome of Resolution 27 he and all other members of the Concert Party of which he is a member, will be precluded from voting on that resolution.

ORDINARY BUSINESS

1 That the Company's annual accounts for the financial year ended 26 June 2021 together with the Directors' Report and the Auditors' Report on those accounts be received and adopted.

2 To declare a final ordinary dividend on the Ordinary Shares of 23p per Ordinary Share in respect of the year ended 26 June 2021.

3 That Sir Will Adderley, who is retiring as a Director of the Company, and being eligible, is offering himself for re-election, be reappointed as an Executive Director of the Company.

4 That Nick Wilkinson, who is retiring as a Director of the Company, and being eligible, is offering himself for re-election, be reappointed as an Executive Director of the Company.

5 That Laura Carr, who is retiring as a Director of the Company, and being eligible, is offering herself for re-election, be reappointed as an Executive Director of the Company.

6 That Andy Harrison, who is retiring as a Director of the Company, and being eligible, is offering himself for re-election, be reappointed as a Non-Executive Director of the Company.

7 That Andy Harrison, who is retiring as a Director of the Company, and being eligible, is offering himself for re-election, be reappointed as a Non-Executive Director of the Company (Independent Shareholder vote).

8 That Marion Sears, who is retiring as a Director of the Company, and being eligible, is offering herself for re-election, be reappointed as a Non-Executive Director of the Company.

9 That Marion Sears, who is retiring as a Director of the Company, and being eligible, is offering herself for re-election, be reappointed as a Non- Executive Director of the Company (Independent Shareholder vote).

10 That William Reeve, who is retiring as a Director of the Company, and being eligible, is offering himself for re-election, be reappointed as a Non-Executive Director of the Company.

11 That William Reeve, who is retiring as a Director of the Company, and being eligible, is offering himself for re-election, be reappointed as a Non- Executive Director of the Company (Independent Shareholder vote).

12 That Peter Ruis, who is retiring as a Director of the Company, and being eligible, is offering himself for election, be appointed as a Non-Executive Director of the Company.

13 That Peter Ruis, who is retiring as a Director of the Company, and being eligible, is offering himself for election, be appointed as a Non-Executive Director of the Company (Independent Shareholder vote).

14 That Ian Bull, who is retiring as a Director of the Company, and being eligible, is offering himself for re-election, be reappointed as a Non-Executive Director of the Company.

15 That Ian Bull, who is retiring as a Director of the Company, and being eligible, is offering himself for re-election, be re-appointed as a Non-Executive Director of the Company (Independent Shareholder vote).

16 That Arja Taaveniku, who is retiring as a Director of the Company, and being eligible, is offering herself for re-election, be re-appointed as a Non-Executive Director of the Company.

17 That Arja Taaveniku, who is retiring as a Director of the Company, and being eligible, is offering herself for re-election, be re-appointed as a Non-Executive Director of the Company (Independent Shareholder vote).

18 That Vijay Talwar, who is retiring as a Director of the Company, and being eligible, is offering himself for election, be appointed as a Non-Executive Director of the Company.

19 That Vijay Talwar, who is retiring as a Director of the Company, and being eligible, is offering himself for election, be appointed as a Non-Executive Director of the Company (Independent Shareholder vote).

20 That the Directors' Annual Report on Implementation for the year ended 26 June 2021 be approved.

21 That PricewaterhouseCoopers LLP be re-appointed as auditors to the Company.

22 That, subject to the passing of Resolution 21, the Directors be authorised to determine the auditors' remuneration.

SPECIAL BUSINESS

23 That in accordance with section 551 of the Companies Act 2006, the Directors be authorised to allot Ordinary Shares in the Company or grant rights to subscribe for Ordinary Shares or to convert any securities into Ordinary Shares in the Company up to a maximum nominal amount of £676,498 to such persons and on such terms as the Directors may determine provided that this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution, or, if earlier on 31 December 2022 unless previously renewed, varied or revoked although the Directors may exercise this authority after this date in respect of an offer or agreement made while this authority was in force.

24 That subject to the passing of resolution 23 above, and in accordance with section 570 of the Companies Act 2006, the Directors be given power to allot equity securities for cash or by way of a sale of treasury shares pursuant to the previous resolution as if section 561(1) of the Companies Act 2006 does not apply to the allotment provided that:

(a) the powers under this resolution shall be limited to the allotment of equity securities:

(i) where securities have been offered to holders of Ordinary Shares in proportion (as nearly as may be) to their existing holdings of Ordinary Shares subject to any exclusions or other arrangements that the Directors consider necessary or expedient to deal with fractional entitlements and legal or practical problems under the law of, or the requirements of any recognised regulatory body or stock exchange in any territory; and

(ii) otherwise than pursuant to paragraph (a)(i) above, having a nominal amount not exceeding in aggregate £101,475;

(b) this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, on 31 December 2022 although the Directors may exercise this authority after this date in respect of an offer or agreement made while this authority was in force; and

(c) all previous unutilised authorities under section 570 of the Companies Act 2006 shall cease to have effect (save to the extent that the same are exercisable pursuant to section 570(4) of the Companies Act 2006 by reason of any offer or agreement made prior to the date of this resolution which would or might require equity securities to be allotted on or after that date).

25 That subject to the passing of resolution 23 above, and in accordance with section 570 of the Companies Act 2006, the Directors be given power to allot equity securities for cash or by way of a sale of treasury shares pursuant to the previous resolution as if section 561(1) of the Companies Act 2006 does not apply to the allotment provided that:

(a) the powers under this resolution shall be:

(i) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £101,475; and

(ii) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice;

(b) this authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, on 31 December 2022 although the Directors may exercise this authority after this date in respect of an offer or agreement made while this authority was in force; and

(c) save for any authority granted pursuant to resolution 23 above, all previous unutilised authorities under section 570 of the Companies Act 2006 shall cease to have effect (save to the extent that the same are exercisable pursuant to section 570(4) of the Companies Act 2006 by reason of any offer or agreement made prior to the date of this resolution which would or might require equity securities to be allotted on or after that date).

26 That the Company be generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693 of the Companies Act 2006) of Ordinary Shares provided that:

(a) the maximum aggregate number of Ordinary Shares authorised to be purchased is 5,000,000 (being approximately 2.5 per cent. of the issued ordinary share capital at the Latest Practicable Date;

(b) the maximum price (not including expenses) which may be paid for each Ordinary Share is an amount equal to the higher of (i) 105 per cent. of the average of the middle market quotations for an Ordinary Share, as derived from the London Stock Exchange Daily Official List, for the five business days immediately before the day on which the purchase is made; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out (being the price stipulated by Article 5(1) of the Buy-Back and Stabilisation Regulation 2003); and

(c) the minimum price (not including expenses) which may be paid for each Ordinary Share is 1p.

This authority shall, unless previously varied, revoked or renewed, expire at the conclusion of the next annual general meeting of the Company or, if earlier, on 31 December 2022, except in relation to a purchase of Ordinary Shares the contract for which was concluded before such time and which will or may be executed wholly or partly after such time.

27 That approval is granted for the waiver by the Panel on Takeovers and Mergers of any obligation that would otherwise arise, pursuant to Rule 9 of the City Code on Takeovers and Mergers, on any member of the Concert Party to make a general offer for all the ordinary issued share capital of the Company, following any increase in the percentage of shares of the Company carrying voting rights in which any member of the Concert Party is interested resulting from the exercise by the Company of the authority to purchase its own Ordinary Shares granted to the Company pursuant to resolution 26 above provided that such approval shall expire at the conclusion of the next annual general meeting of the Company or on 31 December 2022, whichever is earlier.

28 That a general meeting of the Company other than an annual general meeting may be called on not less than 14 days' notice.

Dated: 14 October 2021

Registered Office:

Watermead Business Park

Syston

Leicester

Leicestershire

LE7 1AD

By order of the board

D Durrant
Secretary

NOTES:

1 Voting on the resolutions will be conducted on a show of hands, save for voting on resolution 27, which will be conducted by way of a poll.

2 A form of proxy is enclosed for use by shareholders and, if appropriate, must be deposited with the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, not less than 48 hours (excluding non-working days) before the time of the Annual General Meeting. Appointment of a proxy does not preclude a shareholder from attending the Annual General Meeting and voting in person.

3 A member entitled to attend, speak and vote at the Annual General Meeting may appoint one or more proxies (who need not be a member of the Company) to attend and to speak and to vote on his or her behalf whether by show of hands or on a poll. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him. To appoint more than one proxy, please contact the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. In order to be valid an appointment of proxy (together with any authority under which it is executed or a copy of the authority certified notarially) must be returned by one of the following methods: or

3.1 in hard copy form by post, by courier or by hand (during normal business hours) to the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA; or

3.2 in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below;

and in each case must be received by the Company not less than 48 hours (excluding non-working days) before the time of the Annual General Meeting.

4 CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment thereof by using the procedures described in the CREST Manual available at www.euroclear.com. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

5 In order for a proxy appointment, or instruction, made by means of CREST to be valid, the appropriate CREST message (a **"CREST Proxy Instruction"**) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (**"EUI"**) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA19) by the latest time(s) for receipt of proxy appointments specified in the notice of Annual General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5) of the Uncertificated Securities Regulations 2001. CREST members and where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is therefore the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

6 The "vote withheld" option is to enable shareholders to abstain on any particular resolution. This is not a vote in law and will not be counted in the votes "for" or "against" any resolution.

7 The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communication from the Company in accordance with section 146 of the Companies Act 2006 (**"nominated persons"**). Nominated persons may have a right under an agreement with the registered shareholder who holds shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to given instructions to the person holding the shares as to the exercise of voting rights.

8 Representatives of Shareholders that are corporations will have to produce evidence of their proper appointment when attending the Annual General Meeting. Please contact our Registrar if you need any further guidance on this.

9 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, in order to be able to attend and vote at the Annual General Meeting or any adjourned meeting (and also for the purpose of calculating how many votes a person may cast), a person must have his/her name entered on the register of members of the Company by 6.30 pm on 12 November 2021 (or 6.30 pm on the date two business days before any adjourned meeting). Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend, speak or vote at the Annual General Meeting.

10 The issued share capital of the Company as at 12 October 2021 (being the latest practicable date prior to the publication of this document) was 203,085,964 Ordinary Shares. The Company held 136,487 Ordinary Shares in treasury and is not permitted to exercise voting rights in respect of those Ordinary Shares. Therefore, the total number of voting rights in the Company on 12 October 2021 was 202,949,477, each Ordinary Share carrying one vote.

11 Please note that the Company takes all reasonable precautions to ensure no viruses are present in any electronic communication it sends out but the Company cannot accept responsibility for loss or damage arising from the opening or use of any email or attachments from the Company and recommends that the members subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company, including the lodgment of an electronic proxy form, that is found to contain any virus will not be accepted.

12 Information regarding the Annual General Meeting, including the information required by section 311A of the Companies Act 2006, is available from https://corporate.dunelm.com/.

13 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions. Any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

14 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any authority under which the revocation notice is executed or a copy of the authority certified notarially) must be included with the revocation notice.

The revocation notice must be received by Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA no less than 48 hours (excluding non-working days) before the time of the Annual General Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then your proxy appointment will remain valid.

15 Pursuant to section 319A of the Companies Act 2006, the Company must cause to be answered at the Annual General Meeting any question relating to the business being dealt with at the Annual General Meeting which is put by a member attending the meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the meeting that the question be answered or if to do so would involve the disclosure of confidential information.

16 Shareholders who have general queries about the Annual General Meeting should contact Dawn Durrant at dawn.durrant@dunelm.com. No other methods of communication will be accepted. You may not use any other electronic address provided either in this notice of Annual General Meeting; or any related documents (including the form of proxy), to communicate with the Company for any purposes other than those expressly stated.

17 Copies of the Executive Directors' service agreements with the Company and the Non-Executive Directors' terms of appointment will be available for inspection during normal business hours on each business day at the registered office of the Company from the date of this notice until the date of the Annual General Meeting and also at the place of the Annual General Meeting for 15 minutes prior to and during the Annual General Meeting.

18 As soon as practicable following the Annual General Meeting, the results of the voting at the Annual General Meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a Regulatory Information Service and also be available from https://corporate.dunelm.com/.

19 Pursuant to Chapter 5 of Part 16 of the Companies Act 2006 (sections 527 to 531), where requested by either: (a) a member or members having a right to vote at the Annual General Meeting and holding at least 5 per cent. of total voting rights of the Company; or (b) at least 100 members having a right to vote at the Annual General Meeting and holding, on average, at least £100 of paid up share capital, the Company must publish on its website a statement setting out any matter that such members propose to raise at the Annual General Meeting relating to the audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the Annual General Meeting.

20 Where the Company is required to publish such a statement on its website: (a) it may not require the members making the request to pay any expenses incurred by the Company in complying with the request; (b) it must forward the statement of the Company's auditors no later than the time the statement is made available on the Company's website; and (c) the statement may be dealt with as part of the business of the Annual General Meeting.

21 A member wishing to request publication of such a statement on the Company's website must send the request to the Company using one of the following methods:

(a) in hard copy form to Dawn Durrant, Company Secretary, at the Company's registered office; or

(b) by email to dawn.durrant@dunelm.com and be confirmed in writing to the registered office address.

22 Whichever form of communication is chosen, the request must: either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported; and be received by the Company at least one week before the Annual General Meeting.