DFS FURNITURE PLC

Delivering Sustainable Growth

INTERIM RESULTS - MARCH 2022

dfs dwell sofology THE SOFA DELIVERY CO

Our agenda

CMD HIGHLIGHTS	Tim Stacey
H1 HIGHLIGHTS	Tim Stacey
FINANCIAL OVERVIEW	Mike Schmidt
OPERATIONAL UPDATE	Tim Stacey

INTERIM RESULTS

Capital Markets Day highlights

A new £1.4bn revenue ambition

Growth & capital returns

New strategic plan & delivery

Ambition: to lead **furniture** retailing in the digital age

+

New 'Pillars & Platforms' strategy

INTERIM RESULTS

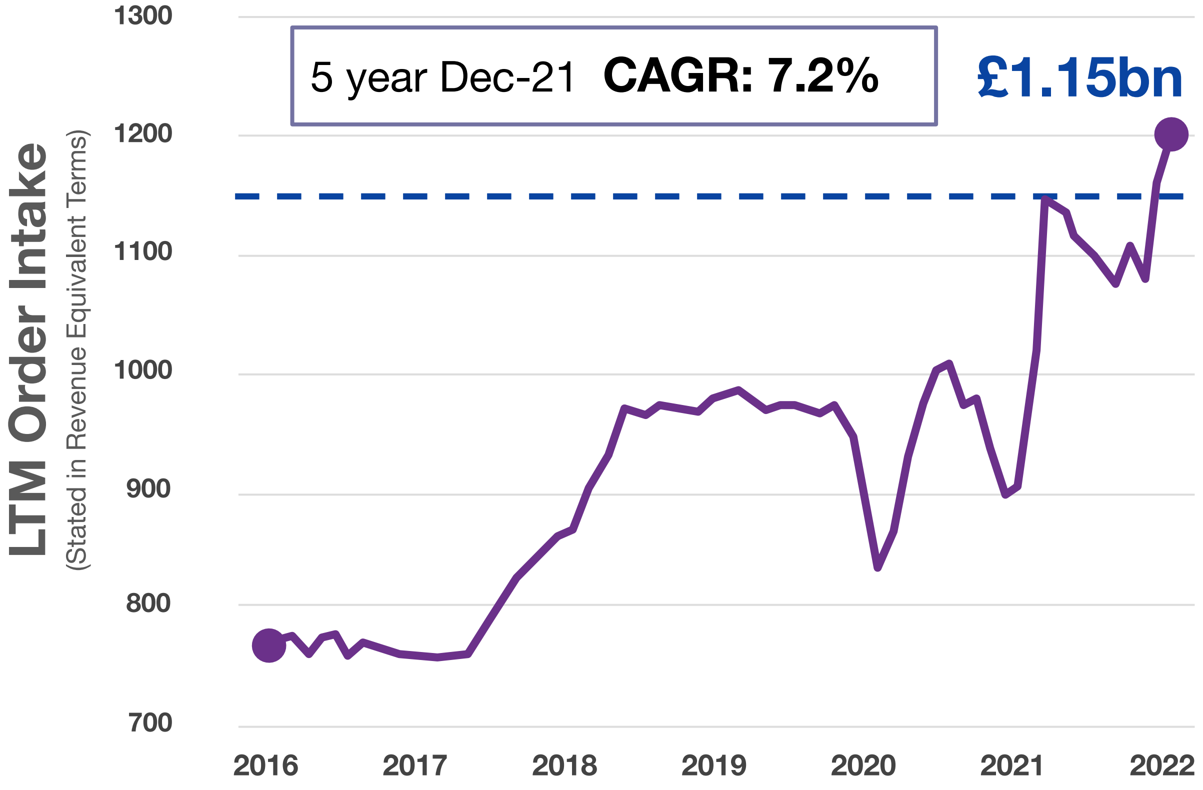
Our agenda

CMD HIGHLIGHTS	Tim Stacey
H1 HIGHLIGHTS	Tim Stacey
FINANCIAL OVERVIEW	Mike Schmidt
OPERATIONAL UPDATE	Tim Stacey

dfs dwell sofology THE SOFA DELIVERY CO

Proving our new scale

New c.£1.15bn of scale established



Substantial, sustainable growth: market share gain & store roll-out delivered

Scaled-up supply chain: Logistics investment & new manufacturing partnerships

Strongly positioned for the future: robust order bank; strong cash position; powerful infrastructure

Sustainable development

STRATEGIC PROGRESS

New scale of business established

Overcoming operational pressures

Platform set for future growth

FINANCIAL HIGHLIGHTS

+17.4%
Y-o-2Y Revenue Growth*

+33.1%
Y-o-2Y uPBTA Growth

£123m
L18M Free Cash Flow

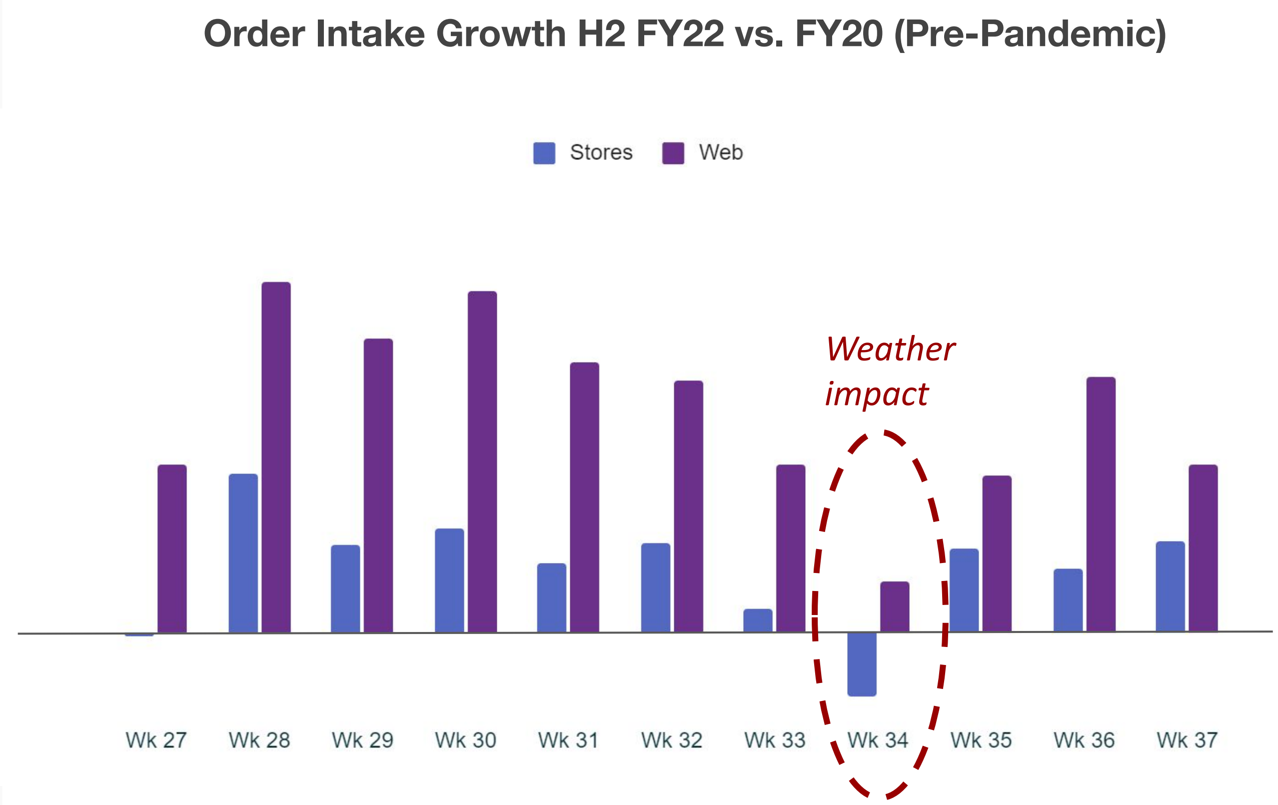
c.£80m
Overall Capital Return

c.£175m
Incremental Order Bank Outstanding**

*ongoing operations
**incremental to pre-pandemic comparator periods

INTERIM RESULTS

H2 momentum continues



H2 trading: material volume & value growth
(vs pre-pandemic comparator periods)

Volume growth despite inflationary pressures
through ranging & price management

Positive trend in both stores & online:
demonstrating importance of integrated retail

dfs dwell sofology The Sofa Delivery Co

INTERIM RESULTS

Our agenda

CMD HIGHLIGHTS	Tim Stacey
H1 HIGHLIGHTS	Tim Stacey
FINANCIAL OVERVIEW	Mike Schmidt
OPERATIONAL UPDATE	Tim Stacey

dfs dwell sofology THE SOFA DELIVERY CO

Revenue performance drives profit and deleveraging

(£m) unless stated	**H1 2022** 26 weeks to 26- Dec-21	**H1 2021** 26 weeks to 27- Dec-20	**H1 2020** 26-weeks to 29- Dec-19
Revenues[1]	**561.1**	572.6	477.9
Growth vs. FY20[1]	***17.4%***	*n/a*	*n/a*
Reported PBT	**21.6**	72.1	15.9
Underlying PBTA[2]	**22.1**	76.5	16.6
Growth vs FY20	***33.1%***	*n/a*	*n/a*
Underlying EPS	**6.9p**	23.5p	6.0p
Net bank debt	**65.4**	38.2	147.8
Leverage	***1.0x***	*1.1x*	*2.2x*

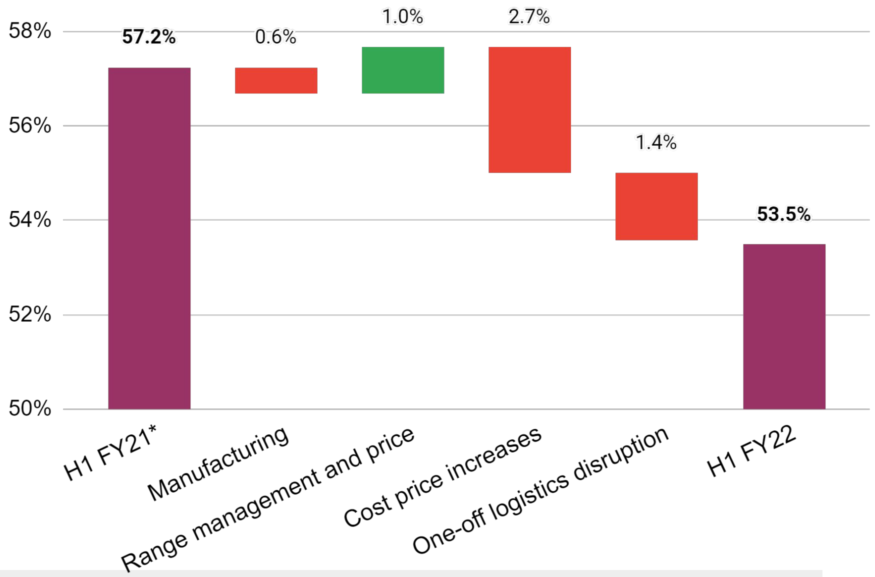
Revenue and profit growth relative to pre-pandemic comparator

Trading environment impacting delivery rate and operating cost inflation

Robust balance sheet position and outlook underpins special capital returns plans

(1) Continuing operations only in FY20
(2) Profit before tax and acquired brand amortisation

Offset of inflationary pressure on finished goods input prices

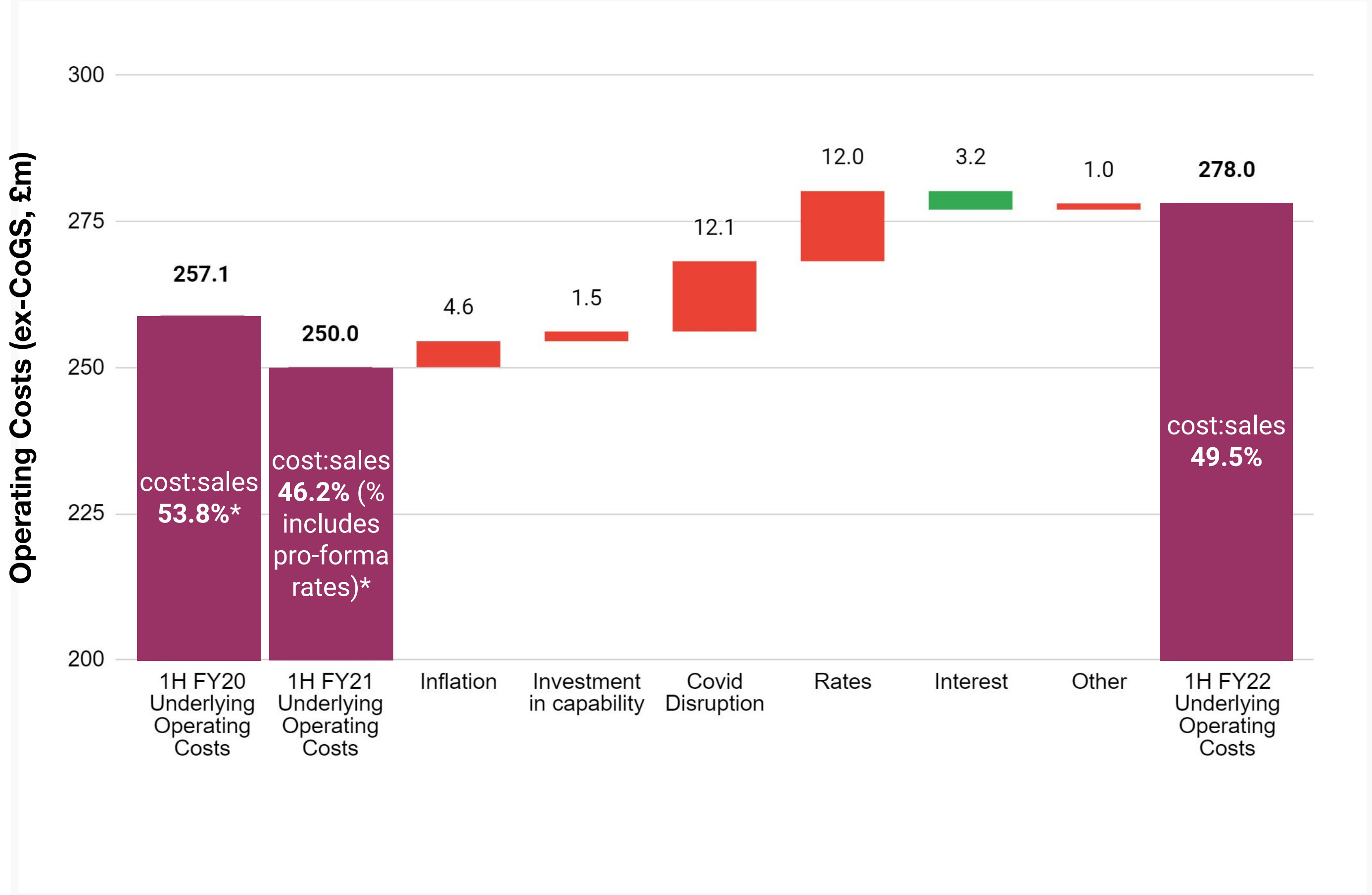


Cash gross margin reduction driven by lower volumes and one-off disruption; underlying cash gross margin is stable…

…reported gross margin percentage however is additionally diluted by inflation pass-through effect

* Continuing operations

Scale brings better cost margins



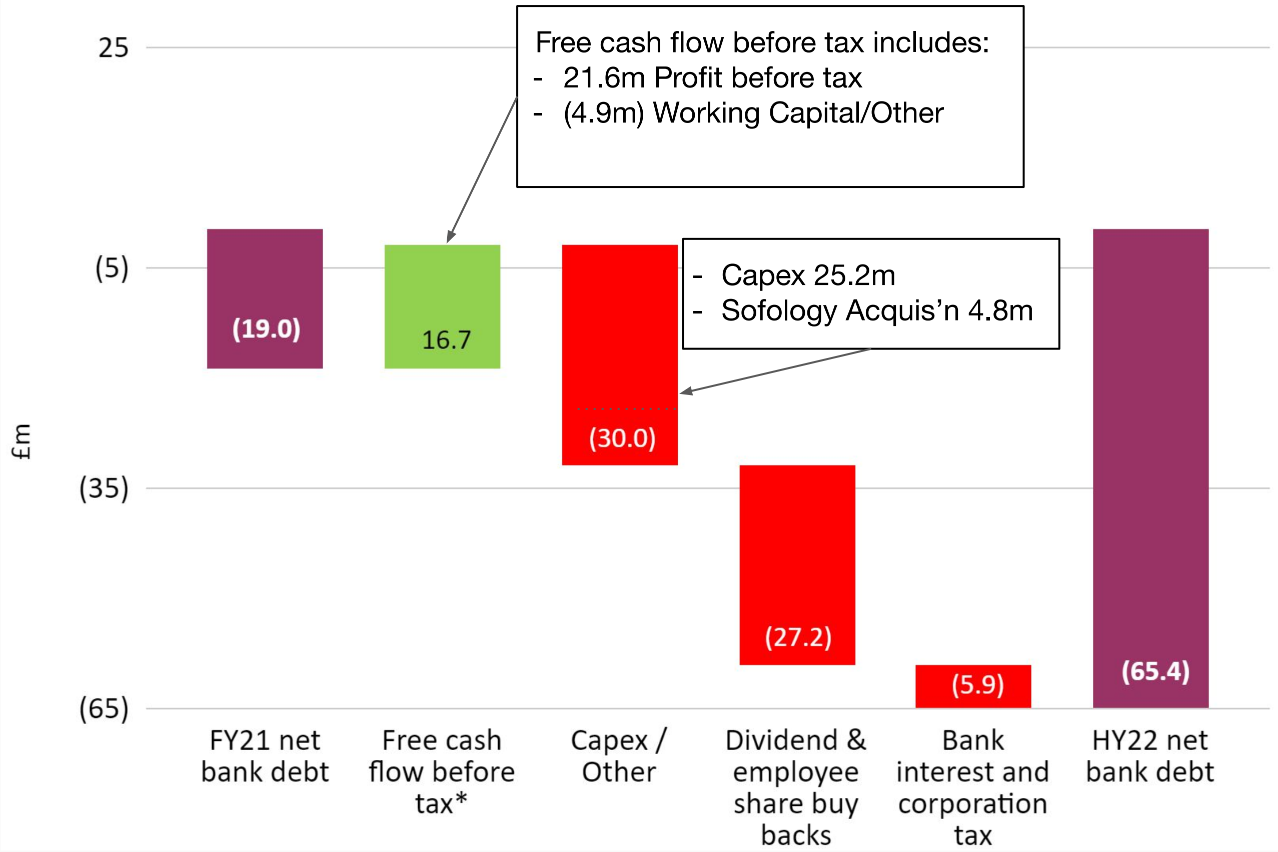
* *continuing operations*

Operating cost : sales ratio reducing relative to pre-pandemic from efficiency of growing revenue base

H1 costs impacted by one-offs of £12.1m from customer service and logistics disruption

Future inflationary pressure to be offset through pricing, operating efficiency and scale benefits

Cash utilisation in reinvestment and returns



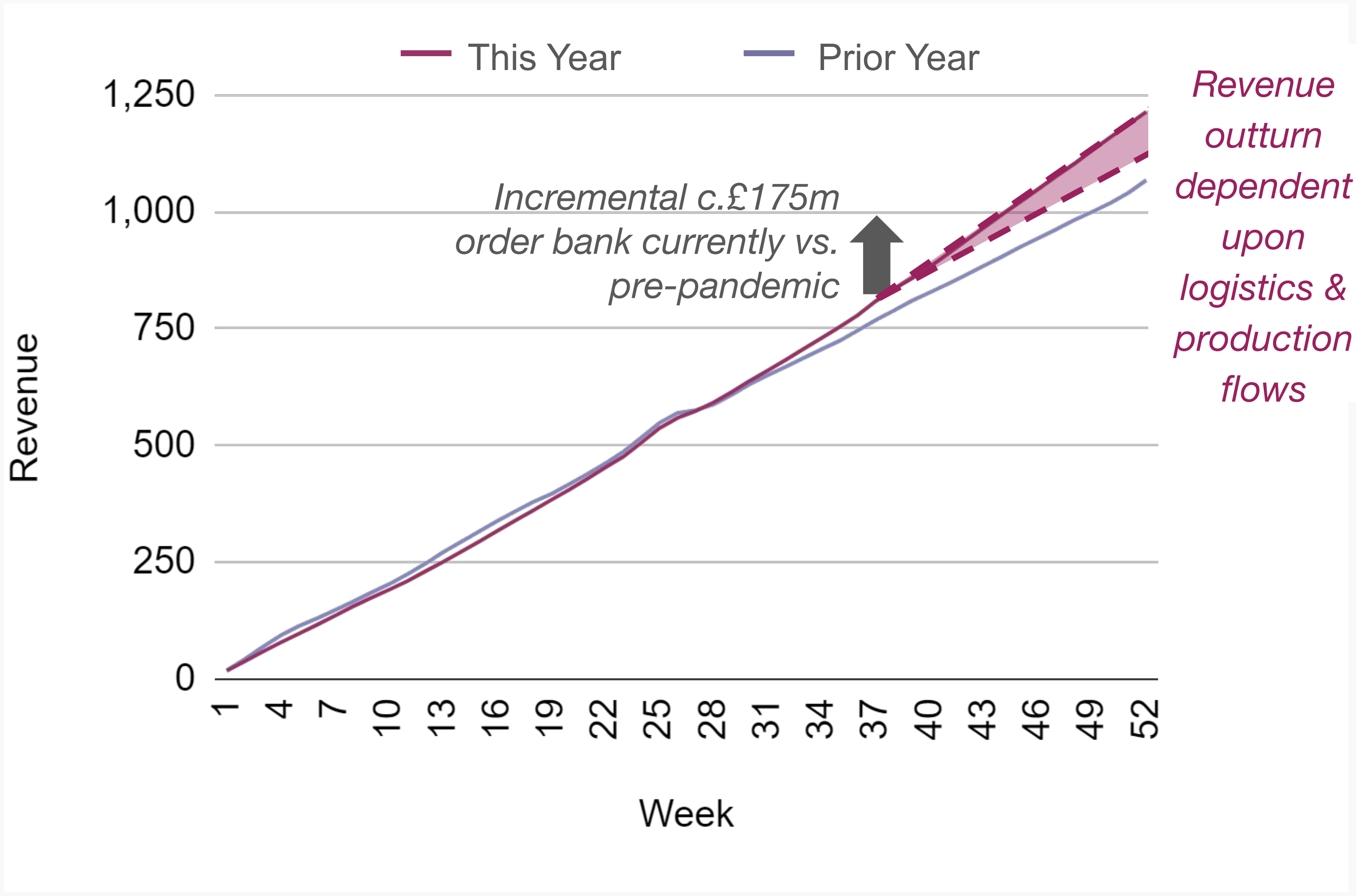
** continuing operations*

Normal seasonal H1/H2 working capital trend

Capital investment, dividends and share buy-backs are the key driver of net debt movement

Robust balance sheet position with 1.0x Net Bank Debt / Cash EBITDA supporting capital returns

Continuing order intake and order bank providing ongoing resilience



Order intake has remained strong in the second half compared to pre-pandemic periods giving a significant incremental order bank

Delivery rate accelerating across the year to date

FY22 / FY23 split of sales and profits now dependent on production and delivery performance in remaining weeks

dfs dwell sofology THE SOFA DELIVERY CO

FINANCIAL OVERVIEW

Outlook scenarios

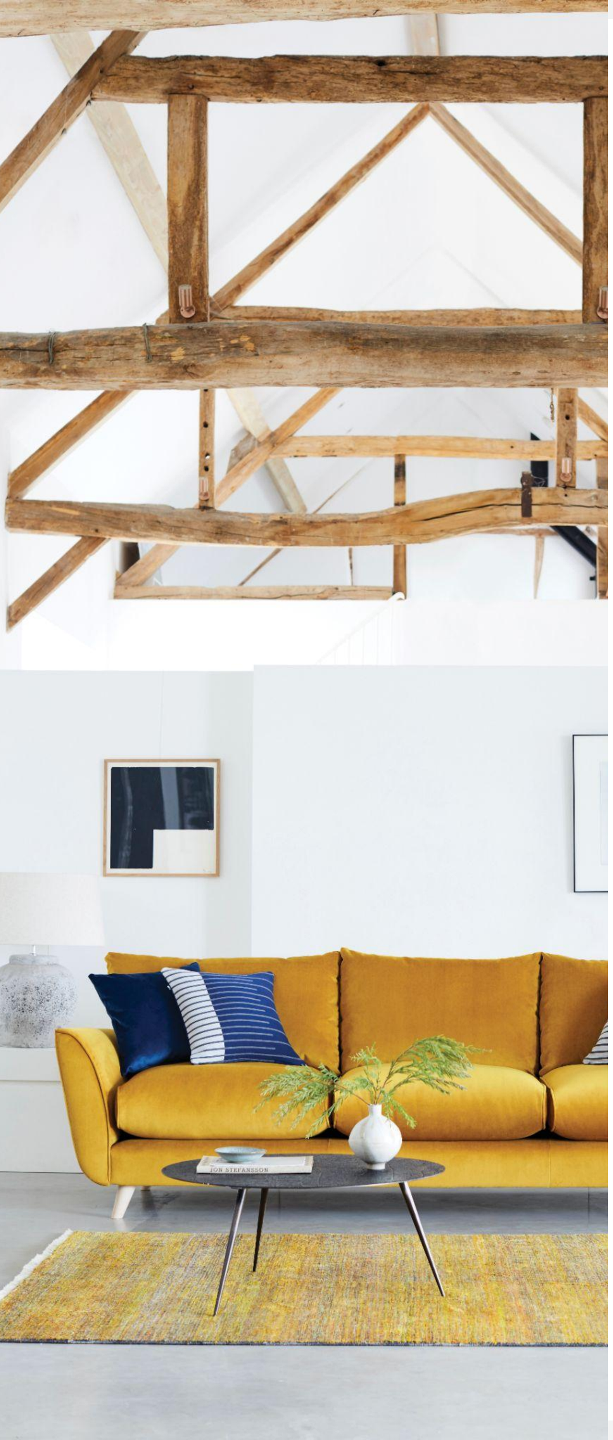
Two-year outlook unchanged with FY22/FY23 profit split dependent upon production progress

£m	**Low** (2 week delay in production)	**Mid** (1 week delay in production)	**High** (No Disruption)
FY22 Revenues	1,165	1,185	1,205
FY22 PBTA	**66**	**78**	**85**
FY23 PBTA roll-forward from FY22 order bank	**31**	**19**	**12**
FY22 reported net debt position (pre-capital return)	-50	-44	-40

Remain on track to deliver significant profit growth relative to pre-pandemic

Logistics and macro environment will drive profit timing

Disruption in FY22 likely to feed through to increased FY23 expectations through order bank tailwind



Driving significant cash returns to shareholders

LTM ordinary dividend at 11.2p (3.7p interim)	£28.9m
Special dividend declared of 10.0p	£25.5m
Up to £25m share buyback commencing today	£25.0m
TOTAL 12 MONTH RETURN	**c.£80m**

Attractive Cash Profit Margins + **Negative Working Capital Model** + **Proven Post Tax Capex Returns** = **Advantaged Cash Generation for Shareholders**

Strong trading and outlook drive increased annual profit generation

Conversion of PBT to pre-tax free cashflow of 100%+ (75%+ post tax)

We have a continued expectation of good cash generation

INTERIM RESULTS

Our agenda

CMD HIGHLIGHTS	Tim Stacey
H1 HIGHLIGHTS	Tim Stacey
FINANCIAL OVERVIEW	Mike Schmidt
OPERATIONAL UPDATE	Tim Stacey

dfs dwell sofology THE SOFA DELIVERY CO

H1 Operational Update

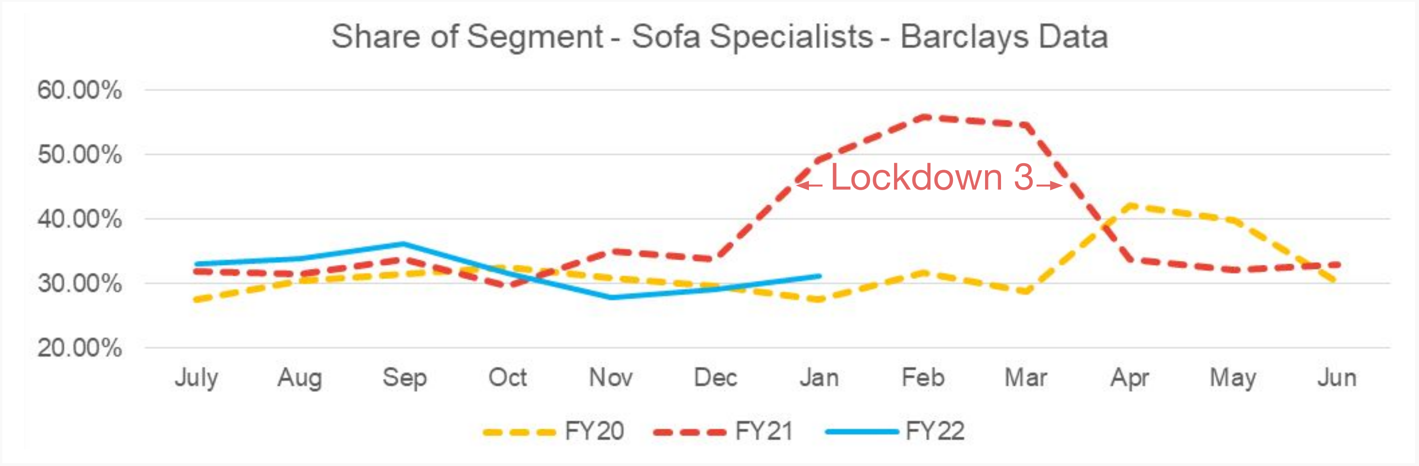
1. New scale of business established	**Market share gains, new showrooms and market growth support £1.15bn+ revenue base**
2. Overcoming operational pressures	**Weekly production and deliveries now at long-term target levels**
3. Platform set for future growth	**Prioritisation of investment to drive future performance & shareholder returns**

*ongoing operations
**incremental to pre-pandemic comparator periods

OPERATIONAL UPDATE

1. New scale of business now established

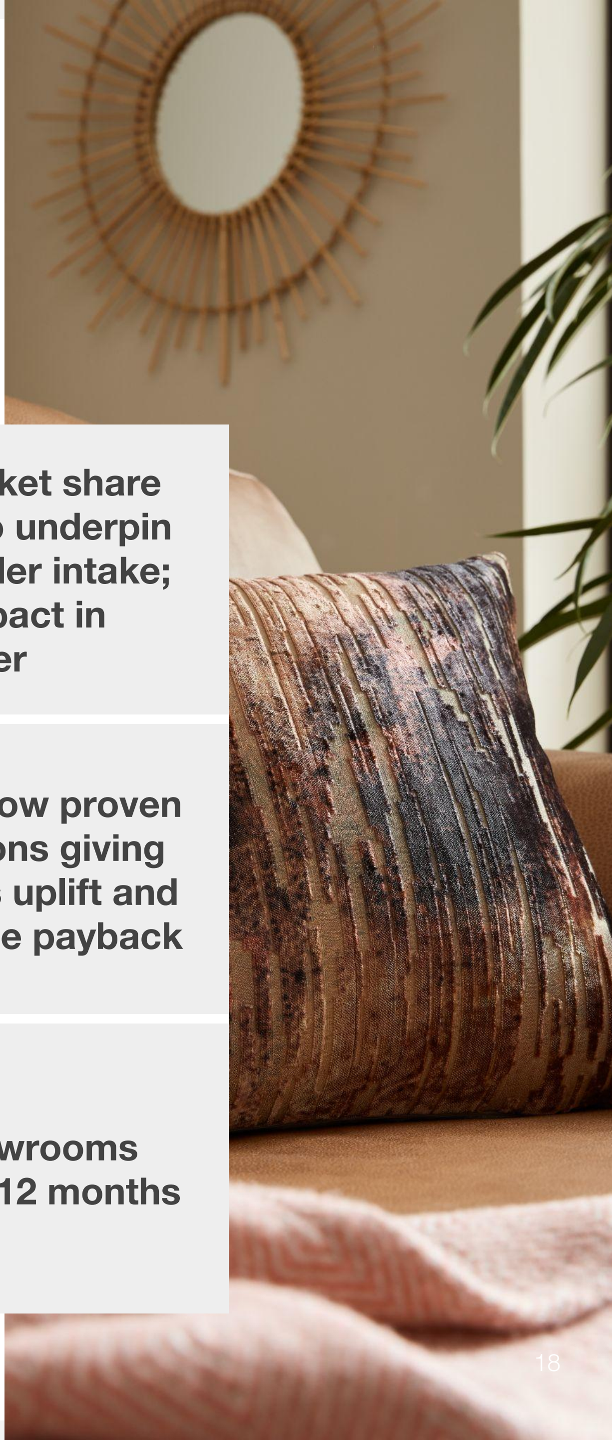
Market share capture and geographical roll-out underpin new levels of order intake



Measurable market share gain continues to underpin our growth in order intake; lead-time impact in November

“Format 1” DFS now proven across 37 locations giving typical >5% sales uplift and sub 2 year average payback

7 Sofology showrooms opened over last 12 months



OPERATIONAL UPDATE

1. New scale of business now established

Fulfilment being supported by enlarged manufacturing partner base & logistics network

Successful launch of new partner ranges giving increased production capacity, despite macro constraints

Sodelco investment including three new large "hub" warehouses opened within last twelve months

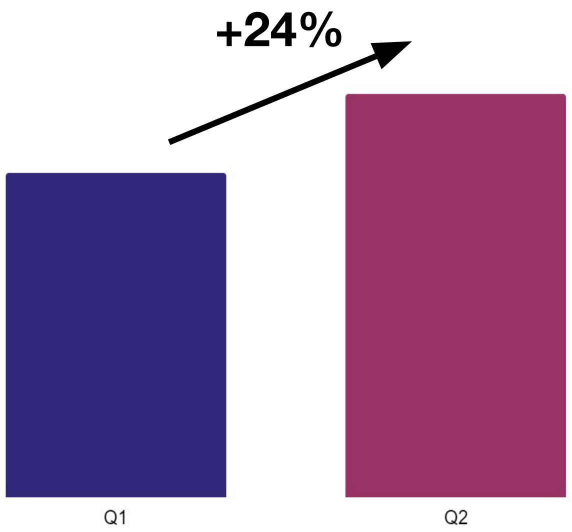
Progress limited by industry-wide supply chain disruption across Half 1

2. Overcoming operational pressure

Significant international shipping, UK logistics and manufacturing disruption especially in Q1

10% *H1 Logistics Absences*	**Far East Shipping and UK HGV disruption, coupled with increased colleague absence levels**
+6% *H1 COGS Inflation*	**Substantial cost of goods inflation that has been offset through range mix and pricing**
+£12.1m *Operating cost impacts*	**One off operating cost impact in H1 to cover exceptional logistics and customer service costs**

H1 Delivered Revenues: Q1 vs Q2 growth

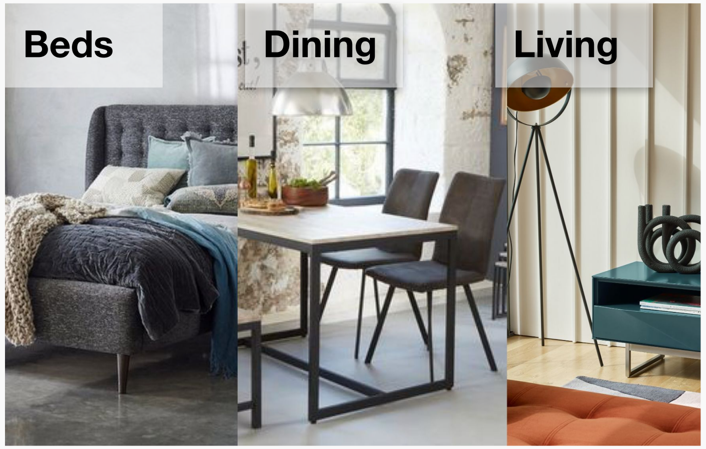


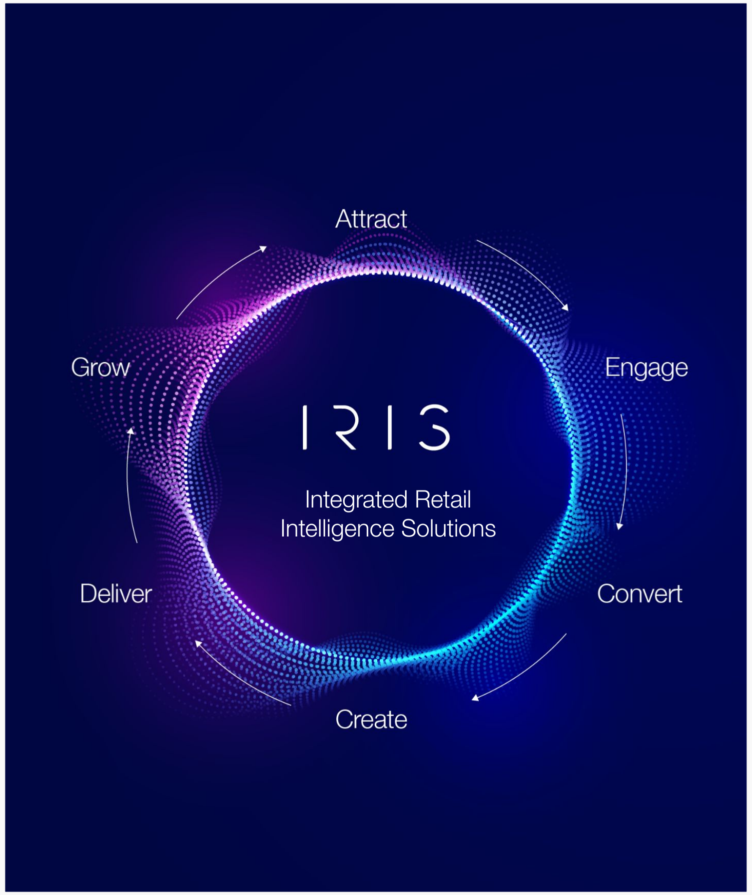
Q1 **Q2**

OPERATIONAL UPDATE

3. Disciplined investment for future growth

Accelerating progress in home, data and manufacturing





Increase presence in Home markets

Leverage data to drive LFL performance & efficiency

Upgrade of Doncaster Upholstery factory commencing in H2

We look forward to sharing further details at our Investor Event in Milton Keynes starting today at 11am

OPERATIONAL UPDATE

3. Disciplined investment for future growth

Consultation on Potential Closure of Netherlands Operations Commencing Shortly

DFS NETHERLANDS: KEY FACTS

- Six stores and online operation / c. £2m combined annual PBT loss, although individual stores made positive contributions

- c.£10m cash exposure to lease liabilities and other obligations
  - Non-cash P&L charges likely of £2m
  - Should a closure be pursued, we will seek to mitigate this

- Potential to wind down order book and stockholding in an orderly fashion releasing some cash to offset

Pathway to NL profitability was identified, however relative financial returns look poor compared to other choices for capital utilisation within the UK

We will consult stakeholders and our colleagues fully in line with Netherlands employment laws

Update to be announced once this consultation is complete

OPERATIONAL UPDATE

Conclusion and Outlook

Increasing our scale through sustainable development

H1 SUMMARY

- Strong performance in Sales and Profits: 17% revenue growth and and 33% PBT growth on pre-pandemic comparator
- Achieved against backdrop of industry wide operational challenges from Covid disruption
- Robust balance sheet and strong, resilient order bank underpinning capital returns

OUTLOOK

- New base scale of business and growth ambition: Moving from £1.15bn revenue to £1.4bn
- Positive start to trading in H2, despite well-publicised macroeconomic risks
- Two year profit outlook remains in line with previous expectations.