



DFS FURNITURE PLC

FY25 RESULTS

SEPTEMBER 2025



DFS FURNITURE PLC | FY25 RESULTS

OVERVIEW

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Tim Stacey

Financials

Marie Wall

Strategy & Operational update

Tim Stacey

Future Growth, Outlook & Summary

Tim Stacey

Questions & Answers

Tim Stacey & Marie Wall

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INTRODUCTION

EXECUTING OUR STRATEGY HAS DRIVEN SIGNIFICANT PROFIT GROWTH AND LEVERAGE REDUCTION

Growth in market share, margins and profitability:

- Outperforming a market in slight decline; order intake +10.2% YoY¹
- Continued gross margin rate improvement; +70 bps YoY
- Delivered our £50m cost saving target a year ahead of plan

£30M PBTU(A)
UP +£20M YOY

Financial position strengthened:

- Disciplined capital investment
- Absolute debt reduced by £58m
- Significant reduction in leverage

1.4X LEVERAGE
DOWN FROM 2.5X
AT FY24

Optimistic about the future:

- Expect to grow FY26 profit through cost & efficiency actions and our compelling customer proposition
- Well positioned for market recovery; market leadership position, scale benefits and high operational gearing driving 40% revenue to profit drop through
- Strong FCF expected: well invested asset base & negative working capital model

MEDIUM-TERM TARGETS:
£1.4BN REVENUE & 8%
PBT MARGIN

HEADLINES

+9%

DFS YoY order
intake¹

+16%

Sofology YoY order
intake¹

+21%

Home Q4 YoY order
intake¹

54.1%

DFS Established
Customer NPS score

¹ Measured on a 52 week vs 52 week basis to enable a like for like comparison YoY
(FY24 was a 53 week period)



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RESULTS OVERVIEW

<i>(£m) unless otherwise stated</i>	FY25 (52 weeks)	FY24 (53 weeks)	YoY
Revenue	1,030.3	987.1	4.4%
Underlying PBT(A)²	30.2	10.5	19.7
Reported PBT	32.9	(1.7)	34.6
Underlying basic EPS	9.2p	1.5p	7.7p
Net bank debt	107.0	164.8	(57.8)
Leverage³	1.4x	2.5x	(1.1x)

- Strong trading performance driving revenue growth of 4.4% in a subdued market
- PBTu(A) and EPS growth driven by trading performance, gross margin progression and disciplined cost management
- Strong cash flow generation used to pay down debt; significant improvement in leverage

¹ Excludes brand amortisation of £1.4m in each of FY24 and FY25

² Leverage per banking covenant definition (Pre-IFRS 16)



REVENUE

REVENUE GROWTH OF 4.4%, AHEAD OF THE MARKET

Order intake growth	FY25 YoY
DFS	8.7%
Sofology	16.2%
Order Intake (LFL¹)	10.2%
<i>Order Intake (Reported²)</i>	<i>8.7%</i>

Gross sales & revenue growth ² (£m)	FY25	FY24	YoY
DFS	1,091	1,047	4.2%
Sofology	297	265	12.2%
Gross Sales	1,388	1,312	5.8%
Revenue	1,030	987	4.4%

- Both brands delivering strong order intake growth across the period
- Gross sales increased to a lesser extent than order intake due to a late Easter and customer demand for longer lead time products resulting in a resilient order bank ending FY25
- Revenue growth reflects the DFS brand's investment in market leading interest free credit proposition to stimulate demand & higher average order values,



COST TO OPERATE EFFICIENCIES: £50M TARGET ACHIEVED A YEAR AHEAD OF PLAN

Gross margin

- Optimisation of product margins through redistribution of volumes with key supplier partnerships

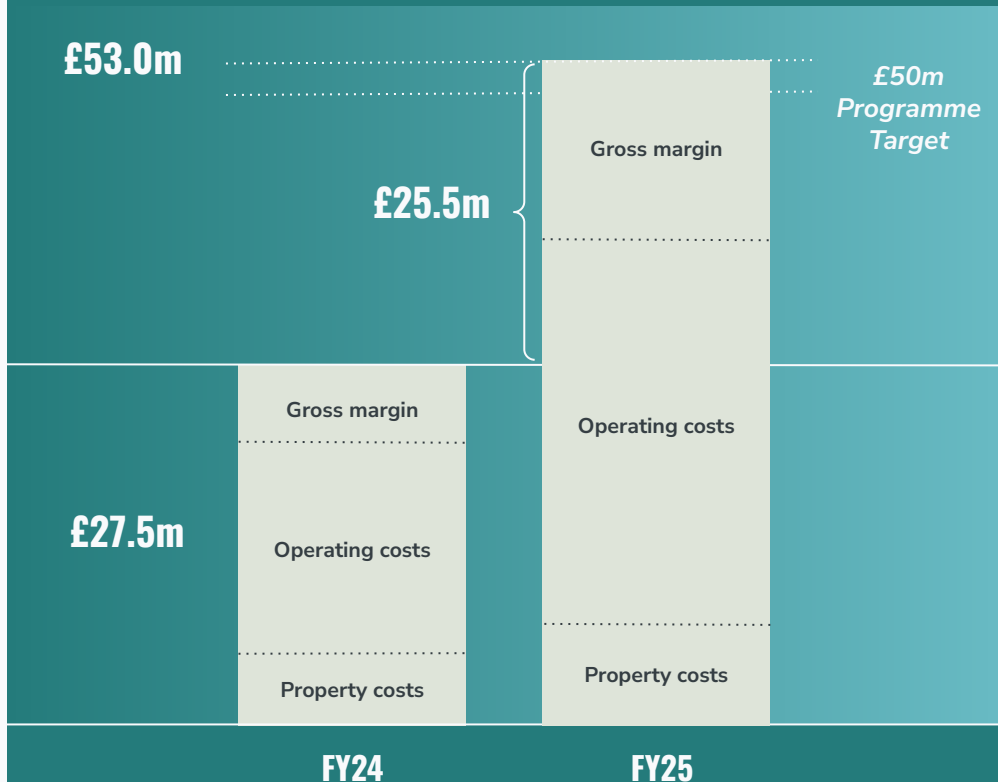
Operating and property costs

- Optimising labour models across our brands, operations and head office
- Brand systems alignment
- GNFR improved procurement
- Sofa Delivery Company efficiencies
- Property regears

Future opportunities

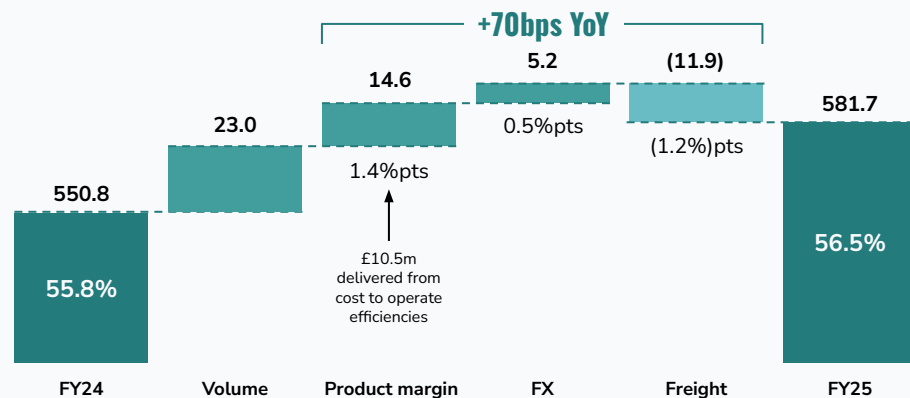
- Further opportunities identified across the Group
- Pipeline of property cost savings
- Operationally we have capacity to capitalise on future market recovery

CUMULATIVE COST BENEFITS VS £50M TARGET



GROSS MARGIN

A THIRD YEAR OF GROSS MARGIN RATE IMPROVEMENT



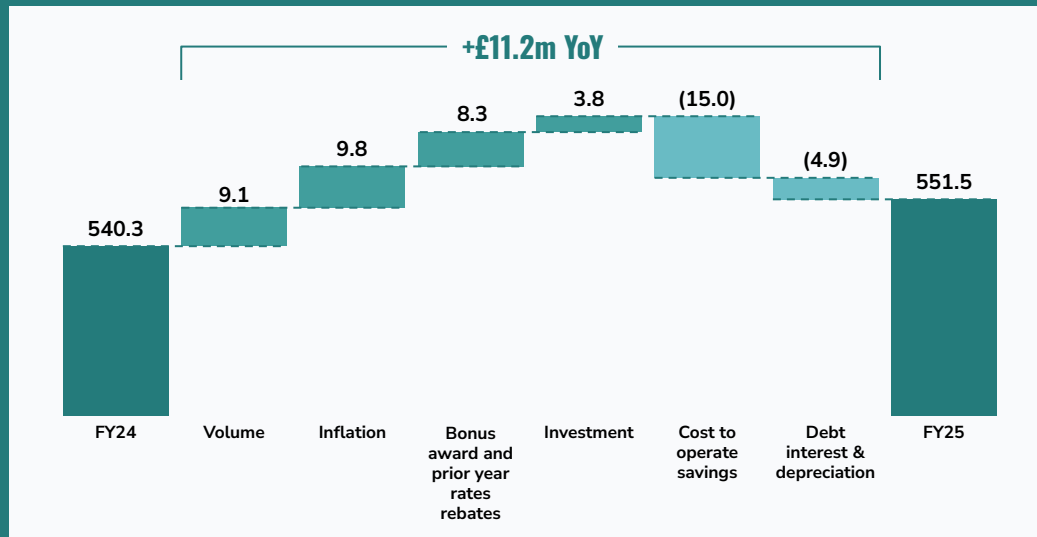
- Product margin improvements supported by consolidation of suppliers, redistribution of production across key partners and improved clear through of cancelled / damaged orders
- Net drag from Freight and FX:
 - Freight rate per container over double prior year; \$1k change in cost per container equates to c £7-8m annualised impact
 - FX benefit of 5 cents YoY
- Confident in achieving 58% through further initiatives, BoE base rate reductions and the potential for freight rates reducing



OPERATING COSTS (INC DEP & INTEREST)

COST EFFICIENCIES MORE THAN OFFSET INFLATION AND INVESTMENT CHOICES

- Volume costs include wage commissions and delivery costs
- Strong operating cost savings have enabled us to offset inflation and invest in our customer proposition to drive future growth
- Interest reduction driven by lower average debt levels.
- Lower depreciation (non-IFRS16) from lower recent growth capital investment



CASH FLOW

STRONG FREE CASH FLOW GENERATION RESULTS IN SIGNIFICANT DEBT REDUCTION

£m (unless otherwise stated)	FY25	FY24
Underlying EBITDA	157.2	142.0
Capex	(20.9)	(21.6)
Interest	(14.0)	(18.4)
Tax	(3.7)	(3.0)
Principal & interest paid on lease liabilities	(88.7)	(92.4)
Working capital	24.9	(17.8)
Other ¹	3.7	1.2
Underlying free cash flow	58.5	(10.0)
Non underlying items	(0.7)	(5.1)
Free cash flow	57.8	(15.1)
Shareholder returns	-	(9.4)
Cash flow	57.8	(24.5)
Closing net bank debt	(107.0)	(164.8)
Leverage²	1.4x	2.5x
Fixed Charge Cover²	1.8x	1.6x

- Cash capex focused on lower risk, short payback growth investments consistent with prior year
- Debt interest reduced due to lower average net debt levels and non-recurrence of FY24 refinancing costs
- Corporation tax payments low relative to profit performance due to utilisation of historical overpayments
- Lease liability payments: prior year impacted by additional payments falling into longer 53 week accounting period
- Working capital inflows driven by negative working capital model and one fewer VAT payments (reversing FY24 53rd week impact)
- No payment of a dividend in FY25 supports deleveraging
- Significant improvement in covenant metrics with leverage reducing from 2.5x to 1.4x as we target a return to our 0.5x-1.0x target

¹ Other of £3.7m for FY25 and £1.2m for FY24 includes losses/gains on disposal of assets, FX revaluations, share based payments expense and adjustment for non-underlying P&L charge/credit

² IAS17 based covenant metrics

CAPITAL ALLOCATION

FOCUSED ON STRENGTHENING OUR BALANCE SHEET

	FRAMEWORK	CURRENT POSITION
LEVERAGE ¹ (EXCLUDING LEASES)	0.5x-1.0x	<ul style="list-style-type: none"> Expect to continue operating outside the Group's target leverage range in the near-term Making progress towards reducing the ratio and deleveraging remains a high priority
ORGANIC INVESTMENT	Strategic organic capital investment to deliver attractive returns	<ul style="list-style-type: none"> Maintenance capital requirements c.1.5%-2.0% of revenue In the near-term expect to continue to incur prudent levels of capex, up slightly from low recent levels to £24-28m to pursue growth opportunities where risk adjusted returns are attractive
DIVIDEND	Dividend payout ratio of 2.25x - 2.75x	<ul style="list-style-type: none"> No FY25 dividend recommended A decision will be made on the payment of an FY26 interim dividend based on profit & leverage outturn for the full year and outlook
SUPPLEMENTARY SHAREHOLDER RETURNS	When operating below target leverage special dividends / buybacks will be considered by the Board	<ul style="list-style-type: none"> No supplementary returns expected given the Group will be operating above its target leverage ratio in the near term

¹ IAS17 based covenant definition

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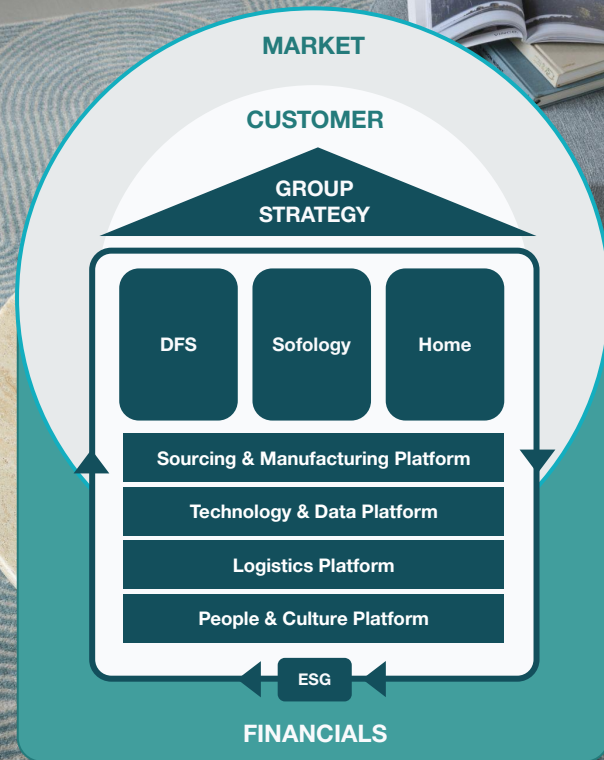
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STRATEGIC PROGRESS RESULTING FROM OUR FOCUS IN THREE KEY AREAS

SCALE AND VERTICAL INTEGRATION

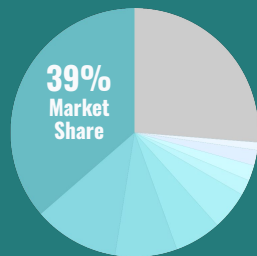
DATA AND TECHNOLOGY

PEOPLE & CULTURE

**OUR KEY
ENABLERS THAT
HELP US SUCCEED**

LEVERAGING OUR SCALE

ENABLING US TO LEAD THE MARKET WITH NPD, INNOVATION AND GROSS MARGINS



- Exclusive brand partnerships; over 40% of DFS sales mix
- Priority access to best products
- Own manufacturing gives agility and cost insight
- Cost of goods benefits
- Market leading interest free credit proposition

JOULES
EXCLUSIVELY AT DFS

TED BAKER
LONDON
EXCLUSIVELY AT DFS

FRENCH
CONNECTION
EXCLUSIVELY AT DFS

COUNTRY LIVING
EXCLUSIVELY AT DFS

HouseBeautiful
EXCLUSIVELY AT DFS

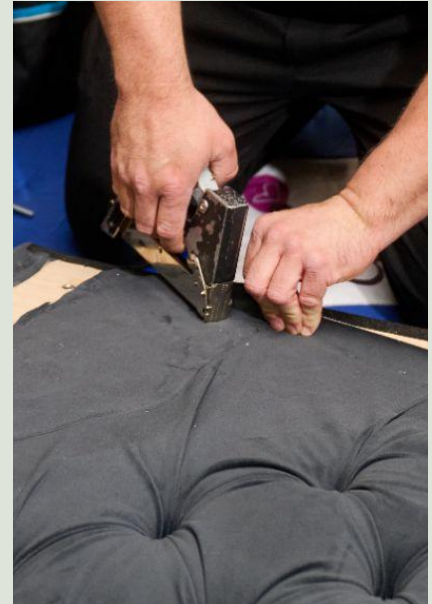
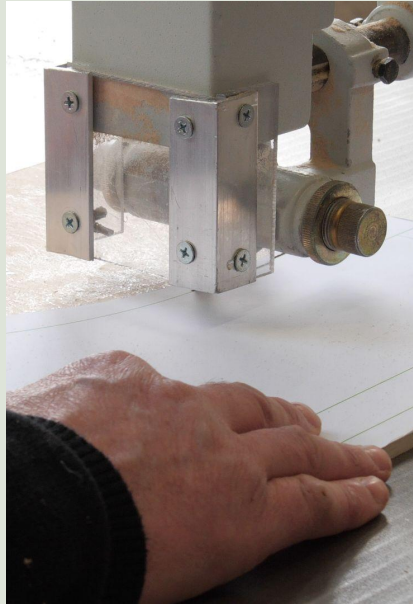
La-Z-boy
RANGES EXCLUSIVELY AT DFS



LEVERAGING OUR VERTICAL INTEGRATION

COMBINING VOLUME WITH OUR VERTICALLY INTEGRATED BUSINESS MODEL DRIVES EFFICIENCY AND PROFITABILITY

- Design driven efficiency
- Largest sofa manufacturer in UK
- Best in class two person delivery service
- Customer service and repair scale



UTILISING DATA

BUILDING OUR DATA AND INSIGHT PLATFORMS TO DRIVE EFFICIENCY AND IMPROVE OUR CUSTOMER EXPERIENCE

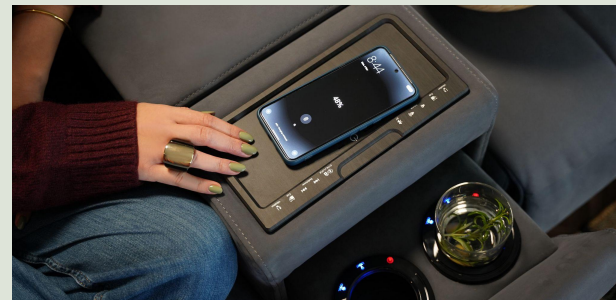
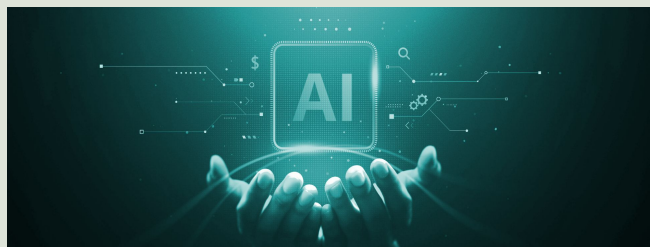
- Central hub capturing 85 internal and external data sources
- Detailed product productivity and elasticity models
- Data driven marketing
- Store level dynamic balanced scorecards
- The Sofa Delivery Company drill down dashboards and AI driven delivery routing software



DRIVING TECHNOLOGY AND INNOVATION

OUR PROPRIETARY TECHNOLOGY PLATFORMS CONTINUALLY IMPROVE OUR CUSTOMER EXPERIENCE

- New tech based sofa innovations
- AI driven homepage personalisation
- CRM - AI driven marketing
- Intelligent Lending Platform
- AI enhanced customer service



HARNESSING OUR UNIQUE CULTURE TO DRIVE PERFORMANCE

OUR PEOPLE AND CULTURE DELIVER EXPERTISE AND CARE

- Customer led values
- Colleague listening
- Leadership development
- Everyone Welcome



SUSTAINABILITY

SHAPING SUSTAINABILITY TOGETHER

- SBTI
 - Near-term science-based emissions reduction target approved by SBTi
 - Commitments secured from partners to develop their own science-based Net Zero plans covering 59% of our scope 3
- Scope 1
 - Electric-only company car scheme
 - Introduced EV service manager vans into our fleet
- Materials
 - FSC & PEFC-certified timber: 93%
 - Leather used in upholstery sourced from LWG-certified supply chains: 100%



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



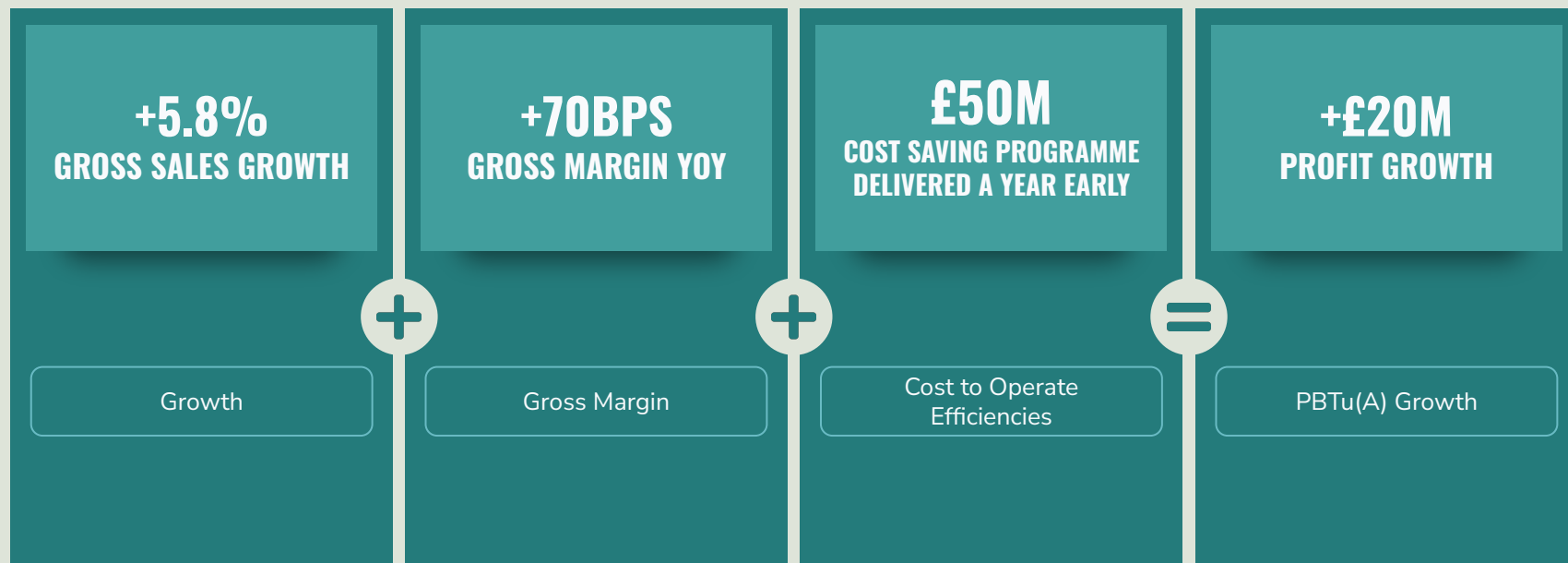
LEATHER
WORKING
GROUP



FSC® C016391

FORESTS
FOR ALL
FOREVER

AS A RESULT OF OUR STRATEGIC PROGRESS WE HAVE DELIVERED AGAINST OUR KEY FINANCIAL FOCUS AREAS



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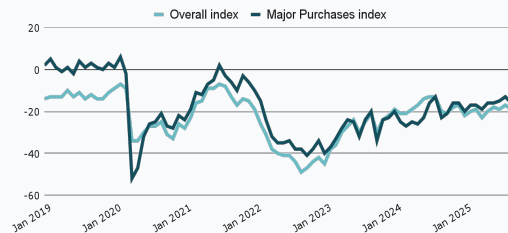
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MARKET DRIVERS AND NEAR TERM OUTLOOK

MARKET DRIVERS STABLE TO POSITIVE ALBEIT AUTUMN BUDGET CONCERNS ARE LIKELY TO DAMPEN APPETITE FOR BIG TICKET PURCHASES IN THE NEAR TERM

CONSUMER CONFIDENCE - MAJOR PURCHASES



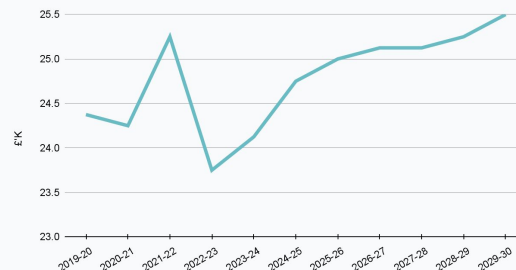
- c80% of transactions are replacements
- Strong correlation between consumer confidence and market demand
- Overall index and appetite for major purchases relatively steady over last 12 months but below pre-pandemic average

PROPERTY TRANSACTIONS



- Drive c20% of upholstery purchases
- 15 months of YoY growth now likely feeding into market demand
- Recent drop off in transactions but still in positive year on year growth

REAL HOUSEHOLD DISPOSABLE INCOME



- Real disposable income in growth and projected to continue
- Consumer balance sheets strengthening; savings rates remain high

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FY26 OUTLOOK

EXPECT TO DELIVER PROFIT GROWTH

- Expect to grow profits YoY driven by our compelling customer proposition, gross margin progression and continued cost discipline
- Trading through first 12 weeks has been in line with our expectations
- Cash capex guidance: £24-28m
- FX hedged at \$3c favourable to FY25
- Operating cost inflation assumed at £15m (pre mitigation)
- Comfortable with consensus PBT forecasts*

*Company compiled analyst consensus £39.4m underlying profit before tax and brand amortisation (PBTu(A))



sofology
Feel at home on a sofa you love



PROFIT GROWTH DRIVERS

THREE CLEAR MEDIUM TERM OPPORTUNITIES

Core self help

- Consistent track record of market share gains
- 10-15 new Sofology showrooms
- 58% gross margin target
- Continued cost discipline

Significant core market recovery potential

- Market volumes c20%+ below average; potentially exiting cyclical trough
- Structurally improved cost base
- Vertically integrated capturing value throughout the supply chain
- 40% revenue to profit drop through
- Highly cash generative; negative working capital and low maintenance capex (<2% revenue)

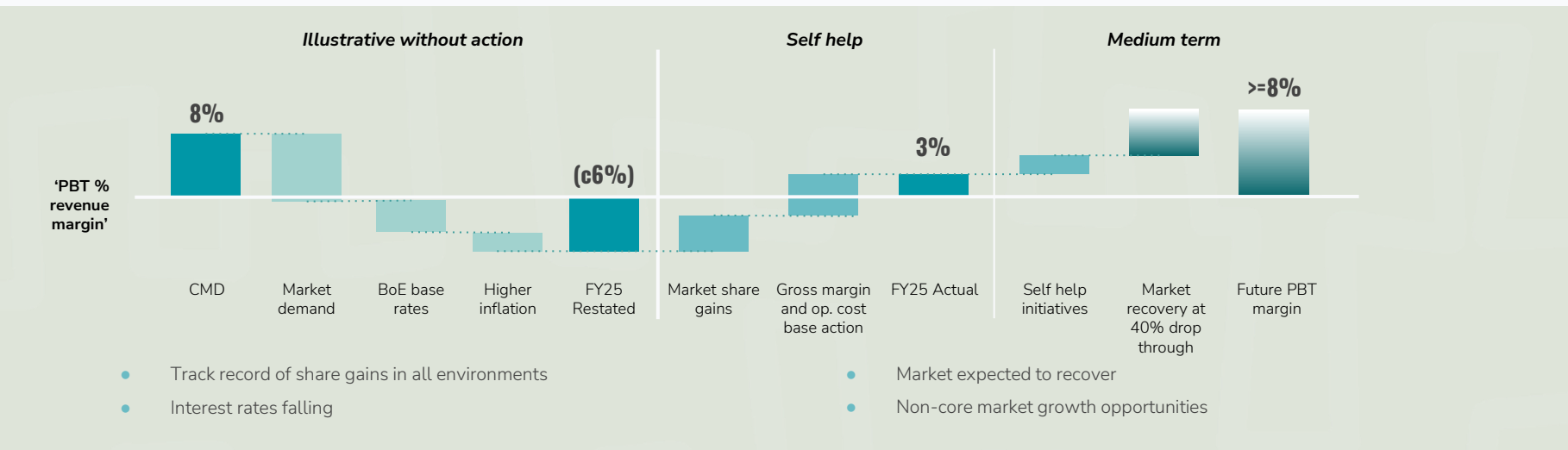
Growth beyond the core

- Sofa Delivery Company a unique and scalable asset through third party opportunities
- Large £5bn TAM Home market opportunity with an initial focus on £3bn beds and mattresses market; utilising existing exclusive brand partnerships



PROFIT GROWTH TARGETS

£1.4bn revenue and 8% PBT margin



Profit growth, negative working capital model and disciplined cash management will drive strong free cash flow conversion and debt paydown, enabling further growth investment and improved shareholder returns

CONCLUSIONS

WELL POSITIONED FOR FUTURE GROWTH

- Significant profit growth achieved in subdued market
- Financial position significantly improved; significant deleveraging achieved
- Customer proposition in great shape
- Comfortable with market consensus
- Significant profit growth potential
- Confident in delivering medium term targets



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APPENDIX



GROUP SHOWROOM PROFILE

AS AT 29 JUNE 2025 (VS. 30 JUNE 2024)

	UK	ROI	TOTAL
Large Format (c. 15,000sq.ft.+)	90	3	93
Medium Format (c. 10,000sq.ft.)	17	2	19
Small Format (c. 5,000sq.ft.)	2	-	2
Dwell standalone	1	-	1
DFS TOTAL	110 (0)	5 (0)	115 (0)
Large format (c. 15,000sq.ft.+)	55 (-1)	-	55 (-1)
Medium format (c.10,000-15,000 sq.ft)	2	-	2
Sofology TOTAL	57 (-1)	-	57 (-1)