DFS FURNITURE PLC

INTERIM RESULTS

MARCH 2026

dfs

sofology
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THE SOFA DELIVERY CO

OVERVIEW

INTRODUCTION

STRATEGIC PROGRESS DRIVES SIGNIFICANT PROFIT GROWTH; LEVERAGE NOW IN TARGET RANGE

Order intake growth, GM progression and increased profit:

- Group order intake outperformance; +2.3% YoY in broadly flat market
- Gross margin rate progression continues; +110 bps YoY
- Revenue growth and cost discipline driving strong year on year PBTu(A) growth

Financial position strengthened:

- Substantial absolute debt reduction
- Significant reduction in leverage, now within target range (0.5x-1.0x)
- Reintroduction of dividend

Significant growth potential:

- Expect to grow profit through core upholstery growth, Home opportunity and leveraging platforms
- Well positioned for market recovery; market leadership position, scale benefits and high operational gearing driving c40% revenue to profit drop through
- Strong FCF expected: well invested asset base & cash generative model

£31M PBTU(A) / 5% MARGIN
UP +£14M YOY

0.8X LEVERAGE
DOWN FROM 1.4X
AT FY25

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

HIGHLIGHTS

+14%

Home YoY order intake growth

42%

Exclusive brand participation

+10%

DFS customer NPS now at record levels
(YoY % improvement in score)

OVERVIEW

RESULTS OVERVIEW

STRONG REVENUE & PROFIT GROWTH SUPPORT CONTINUED DELEVERAGING

(£m) unless otherwise stated	**H1 FY26**	**H1 FY25**	**YoY**
Revenue	547.7	504.5	8.6%
Underlying PBT(A)[1]	**30.9**	**17.0**	**13.9**
Reported PBT	30.3	15.8	14.5
Underlying basic EPS	**9.8p**	**5.3p**	**4.5p**
Net bank debt	60.6	116.7	(56.1)
Leverage[2]	**0.8x**	**1.6x**	**(0.8x)**

- Order intake growth and benefit from a stronger opening order book drove 8.6% year on year revenue growth
- PBTu(A) and EPS growth supported by revenue growth, gross margin progression and operational leverage
- Continued strengthening of the balance sheet; net debt reducing significantly and leverage of 0.8x now within our target range of 0.5x-1.0x (1.0x adjusted for working capital phasing)

[1] *Excludes brand amortisation of £1.4m in each of H1 FY25 and H1 FY26*
[2] *Leverage per banking covenant definition (Pre-IFRS 16)*

REVENUE

STRONGER OPENING ORDER BOOK AND YOY ORDER INTAKE GROWTH DRIVING 8.6% REVENUE GROWTH

Order intake growth	H1 FY26 YoY
DFS	2.0%
Sofology	3.4%
Order Intake	**2.3%**

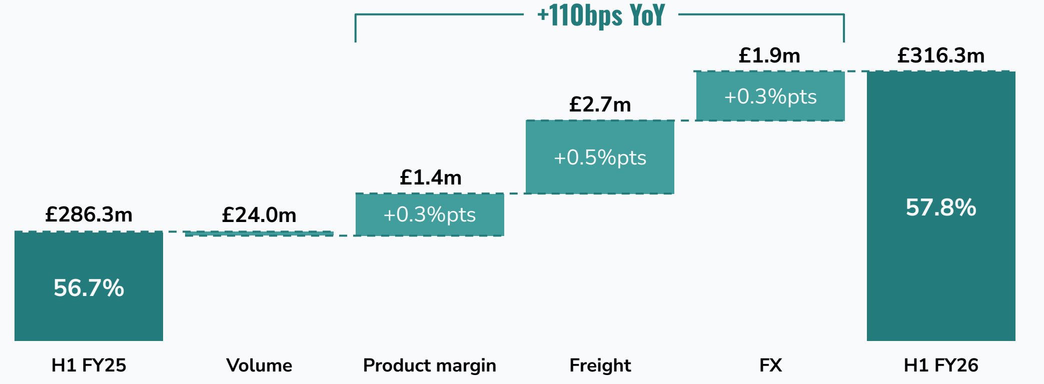
Gross sales & revenue growth (£m)	H1 FY26	H1 FY25	YoY
DFS	573.1	523.1	9.6%
Sofology	161.2	152.5	5.7%
Other[1]	0.2	-	-
Gross Sales	**734.5**	**675.6**	**8.7%**
Revenue[2]	**547.7**	**504.5**	**8.6%**

- Order intake growth in both brands despite strong comparatives and a broadly flat market[3]
- Exclusive brands and tech enabled sofas resonating well in DFS driving up average order values; Home proposition performed strongly with order intake growth +14% year on year
- Sofology range evolution and marketing driving order volumes up
- Gross sales recognised on delivery of orders to customers; YoY growth higher than order intake growth due starting the year with a higher order bank, impacting Q1 sales

[1] *Sales generated by The Sofa Delivery Company*
[2] *Stated after deducting VAT, the cost of providing warranty products and interest free subsidy costs from gross sales*
[3] *Proprietary banking data covering 14 specialist upholstery retailers*

GROSS MARGIN

FOURTH CONSECUTIVE YEAR OF GROSS MARGIN RATE IMPROVEMENT

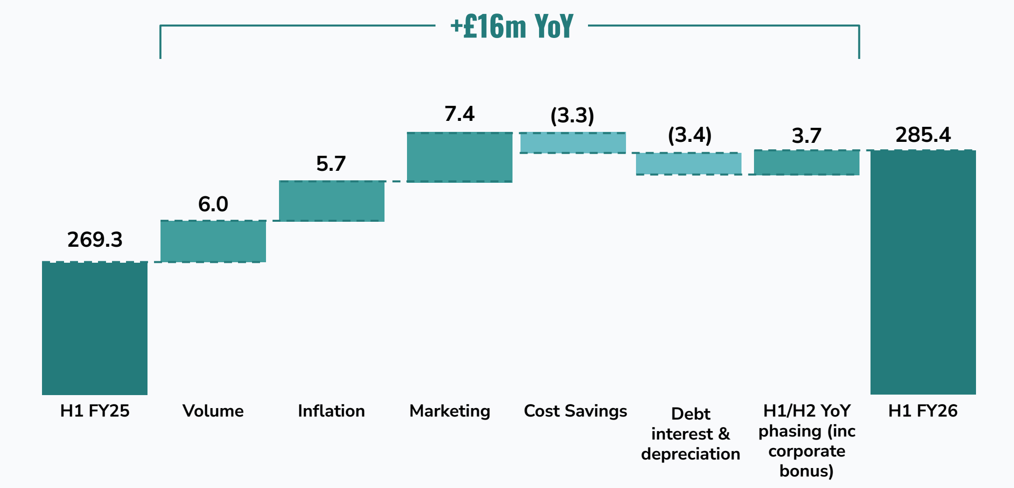


- Continued improvements in product margin through group buying synergies and product reengineering, benefit of Sonia rates coming down, offset by investment in interest free credit proposition
- Benefits from freight and FX tailwinds:
  - Freight rate per container down YoY: $1k change in cost per container equates to c£7-8m annualised impact
  - FX benefit of 3 cents YoY
- Now close to target 58% rate

OPERATING COSTS (INC DEP & INTEREST)

ONGOING COST SAVINGS & LOWER FINANCING COSTS, PARTIALLY OFFSET COST INFLATION & FUND INVESTMENT

- Volume costs include wage commissions and delivery costs
- Inflation is primarily wage and NIC rate / threshold change related
- Marketing investment to build awareness of Home proposition and Sofology brand via the 'So Fussy' campaign
- Savings include FYE of £50m cost saving programme initiatives and new customer service projects
- Interest reduction driven by lower average debt levels and lower SONIA rate and leverage premium
- Some costs phased earlier in the year, principally the weighting of the corporate bonus



Operating costs include selling & distribution, administration, depreciation, amortisation, impairment and interest charges and excludes brand amortisation charges

CASH FLOW

SIGNIFICANT DELEVERAGE THROUGH STRONG FREE CASH FLOW GENERATION

£m (unless otherwise stated)	H1 FY26	H1 FY25
Underlying EBITDA[1]	90.4	80.9
Capex	(13.1)	(10.4)
Interest	(5.2)	(7.5)
Tax	(4.3)	1.9
Principal & interest paid on lease liabilities	(39.3)	(46.6)
Working capital	17.7	28.9
Other[2]	0.2	1.0
Underlying free cash flow	**46.4**	**48.2**
Non-underlying items	-	(0.1)
Free cash flow	**46.4**	**48.1**
Closing net bank debt	**(60.6)**	**(116.7)**
Leverage[3]	**0.8x**	**1.6x**
Fixed Charge Cover[3]	**1.9x**	**1.7x**

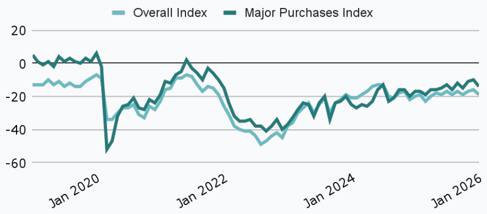
- Capex investments maintained at relatively low levels compared to long term average; full year expectation remains at £24-28m
- Debt interest reduced £2.3m due to lower average net debt levels and to a lesser extent falling SONIA rates
- Corporation tax increase due to profit performance and the prior year including receipts from historical overpayments
- Lease payments reflect £7m timing benefit that will reverse in H2
- Working capital
    - Inflow driven by negative working capital model; Expect partial unwind in H2 aligned to typical seasonality trends
    - Higher inflow in the prior year associated with strengthening trading performance across the period
- Significant reduction in leverage; at 0.8x now within 0.5x-1.0x target range (1.0x adjusted for working capital phasing)

[1] Underlying operating profit before interest, tax, depreciation, amortisation and impairment
[2] Other of £0.2m (H1 FY25: £1.0m) includes losses/gains on disposal of assets, FX revaluations, share based payment expense, purchase of shares by Employee Benefit Trust and adjustment for non-underlying P&L charge/credit
[3] Per banking covenant definitions (Pre-IFRS 16)

MARKET DRIVERS AND NEAR TERM OUTLOOK

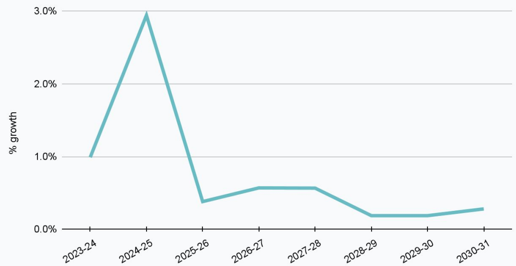
MARKET DRIVERS RELATIVELY STABLE

CONSUMER CONFIDENCE - MAJOR PURCHASES



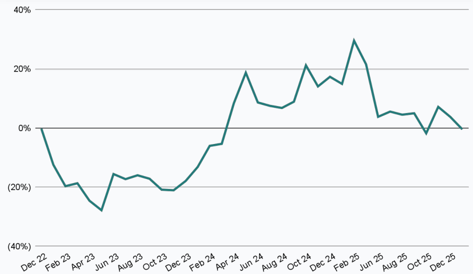
- c80% of transactions are replacements
- Strong correlation between consumer confidence and market demand
- Overall index and appetite for major purchases slightly improving over last 12 months but below pre-pandemic average
- Unemployment rate has increased to 5.2% for the period of October to December 2025

REAL HOUSEHOLD DISPOSABLE INCOME



- Real disposable income in growth and projected to continue albeit at relatively low levels
- Household savings rates remain well above pre-pandemic averages but are slowly falling

PROPERTY TRANSACTIONS



- Drive c20% of upholstery purchases
- Long term YoY growth now likely feeding into market demand
- Growth rate has slowed given recent macro uncertainty

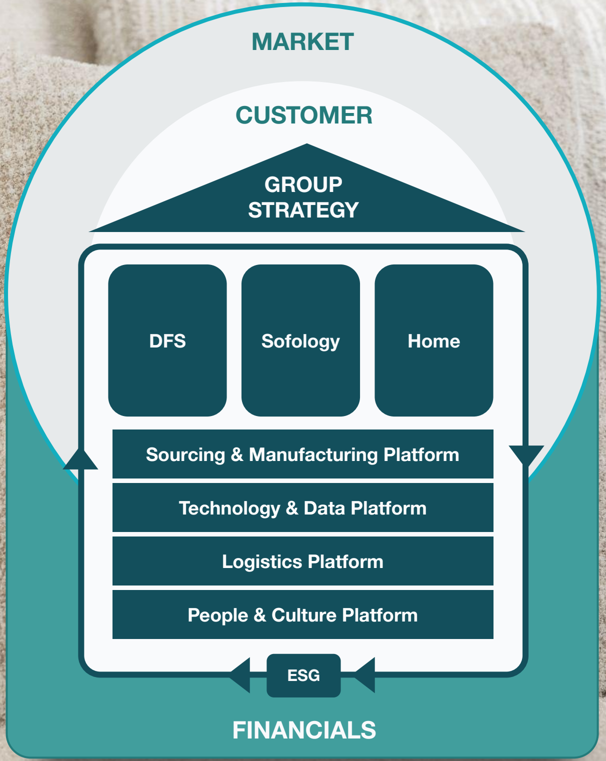
Consumer confidence: GFK
Property transactions: HMRC (March - May 2025 - average used to avoid distorting impact of stamp duty changes)
Household disposable income growth: OBR forecasts - November 2025

FY26 OUTLOOK
PREVIOUS GUIDANCE REITERATED

- Remain comfortable with our previous guidance of £43-50m PBTu(A)*
  - Some softening in footfall trends linked to adverse weather conditions
  - Gross margins remain strong
  - Costs under good control
- Expect to see a partial reversal of H1 working capital inflow
- Cash capex guidance unchanged at £24-28m
- Continue to focus on deleveraging, investment in growth and sustainable returns to shareholders
- Reinstating Interim dividend of 1.0 pence / share (£2.3m)

**Subject to no material supply chain disruption resulting from current geopolitical events impacting the timing of delivery of customer orders.*

OVERVIEW



MARKET
CUSTOMER
GROUP STRATEGY
DFS
Sofology
Home
Sourcing & Manufacturing Platform
Technology & Data Platform
Logistics Platform
People & Culture Platform
ESG
FINANCIALS

STRATEGIC PROGRESS RESULTING FROM OUR FOCUS IN THREE KEY AREAS

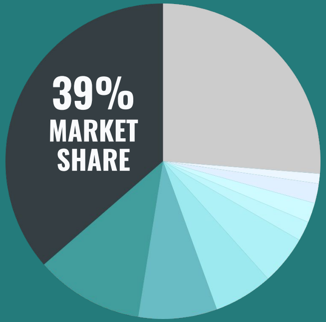
- SCALE AND VERTICAL INTEGRATION
- DATA AND TECHNOLOGY
- PEOPLE & CULTURE

OUR KEY ENABLERS THAT HELP US SUCCEED

LEVERAGING OUR SCALE

DRIVING MARKET LEADERSHIP THROUGH SCALE, INNOVATION AND MARGIN STRENGTH

Market Leader
39% share with integrated end-to-end platform



Exclusive & Differentiated
42% of DFS mix from exclusive brand partnerships

Innovation Built In
Tech-enabled ranges and high-impact collaborations

Sofology Momentum
Strong marketing campaigns and new ranges

Home Growth Engine
Brand partnerships and space expansion driving order intake growth

JOULES EXCLUSIVELY AT DFS

FRENCH CONNECTION EXCLUSIVELY AT DFS

HouseBeautiful EXCLUSIVELY AT DFS

TED BAKER LONDON EXCLUSIVELY AT DFS

COUNTRY LIVING 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-Led Value Creation
Margin and cost discipline engineered from day one

Integrated Creative Engine
Faster execution, lower external spend

Manufacturing Scale & Control
Experience and capacity driving quality and cost leverage

Delivery Advantage
The Sofa Delivery Company delivering strong NPS and driving new opportunities

Customer Experience Excellence
Shared expertise, consistent customer outcomes

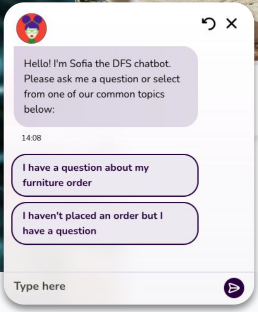
UTILISING DATA AND TECHNOLOGY

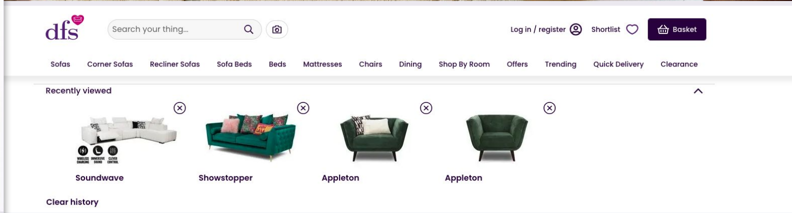
DRIVING EFFICIENCY AND CONTINUOUS CUSTOMER EXPERIENCE IMPROVEMENT THROUGH OUR PROPRIETARY PLATFORMS

Building Capability Across Platforms
Proprietary systems and AI personalised journeys, enhance operational performance and boost customer engagement

Technology Embedded In Product & Tools
Integrated sound, wireless charging, showroom locators, ‘Complete at Home’ features and soft search credit checker drive differentiation and higher order values

Tech Enabled Customer Service & Performance
Intelligent call routing, automated communications and call analysis improve service, productivity and ecommerce NPS





HARNESSING OUR UNIQUE CULTURE TO DRIVE PERFORMANCE

OUR UNIQUE CULTURE IS THE FOUNDATION OF OUR PERFORMANCE

- Leadership Development Programme
- New DFS Group Employee Value Proposition
- Seven Colleague Inclusion Networks
- Property decarbonisation agenda supporting SBTi target

WOMEN'S NETWORK

ASIAN NETWORK

BLACK HERITAGE NETWORK

CARERS' NETWORK

DISABILITY INCLUSION NETWORK

LGBTQ+ & ALLIES

MEN'S NETWORK

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

Growth	+	Gross Margin Expansion	+	Cost Discipline	=	PBTu(A) Growth
+8.6% REVENUE GROWTH		**+110BPS GROSS MARGIN YOY**		**Ongoing benefits from £50M cost programme**		**+£14M PROFIT GROWTH**

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PROFIT GROWTH DRIVERS

THREE CLEAR MEDIUM TERM OPPORTUNITIES

H1 FY26 PBT MARGIN

5%

CORE UPHOLSTERY

Market Share Leadership
Consistent outperformance in a flat market

Operational Gearing
40% revenue-to-profit drop-through

Cash Generative
Negative working capital model

Sofology footprint expansion
Increase the estate in the medium term

HOME MARKET OPPORTUNITY £100M

£3bn Target Market
Initial focus on Beds and Mattresses

Exclusive Partnerships
Leveraging exclusive brands

Showroom Mezzanines Dedicated environments to showcase the range

LEVERAGING PLATFORMS

Logistics Monetisation Utilising spare capacity within The Sofa Delivery Co

New Revenue Streams 3rd-party retail contract opportunities

Scale Benefits
Shared infrastructure driving efficiency across all brands

MARKET RECOVERY

FUTURE PBT MARGIN

8%

CONCLUSIONS

WELL POSITIONED FOR FUTURE GROWTH

- Resilient performance in a subdued market
- Continued margin progression, strong cash generation and reduced leverage
- Multiple self-help and growth levers within our control
- Structurally better positioned for market recovery
- Confident in delivering medium term targets

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Introduction
Tim Stacey

Financials & FY26 Outlook
Marie Wall

Strategy & Operational Update
Tim Stacey

Future Growth & Summary
Tim Stacey

Questions & Answers
Tim Stacey & Marie Wall

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APPENDIX

GROUP SHOWROOM PROFILE

AS AT 28 DECEMBER 2025 (VS. 29 DECEMBER 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
DFS outlet	1	-	1
DFS TOTAL	**110 (0)**	**5 (0)**	**115 (0)**
Large format (c. 15,000sq.ft.+)	55	-	55
Medium format (c.10,000-15,000 sq.ft)	2	-	2
Sofology TOTAL	**57 (0)**	**-**	**57 (0)**