

DFS Furniture PLC

FY26 Results

24 September 2026

DFS GROUP



Agenda

Highlights

Tim Stacey

Financials

Dominique Highfield

Strategy & Operational Update

Tim Stacey

Outlook & Summary

Tim Stacey

Questions & Answers

Tim Stacey & Dominique Highfield



Highlights

Strategic execution delivers profit growth, cash generation and record customer scores underpinning confidence in medium term targets

Strong profit performance and financial position strengthened:

- Revenue growth; +2.6% YoY in a weak market
- Gross margin target achieved; 58.1% / +160 bps YoY
- Substantial free cash flow generation: £40m
- Reintroduction of dividend

Operational momentum across customers and colleagues:

- Customer experience and proposition supporting record net promoter scores
- New DFS Group purpose and values driving colleague engagement
- Continuous improvement across core operational metrics

Significant growth potential:

- Core upholstery: Extend our 40% market leadership position
- £5bn Home market: Significant profit opportunity
- Market recovery potential: 40% revenue-to-profit drop-through
- Strong FCF expected: Negative working capital model

**£45M
PBTU(A)**

Up +£15m YoY

**0.9X
LEVERAGE**

Down from 1.4X
at FY25

+7% YoY

DFS customer NPS now
at record levels

+19% YoY

Colleague engagement
scores

**£1.4BN REVENUE & 8% PBT
MARGIN**

Confident in medium-term target

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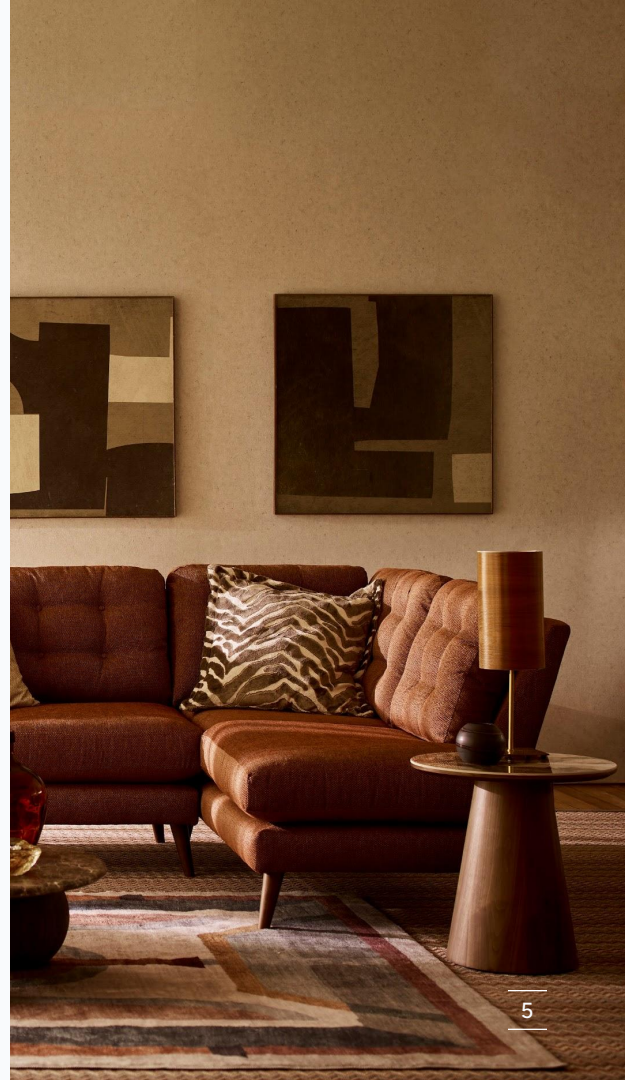


Results overview

Strong P&L and cash flow performance

£m (unless otherwise stated)	FY26	FY25	YoY
Revenue	1,057.5	1,030.3	2.6%
Underlying PBT(A)¹	44.9	30.2	14.7
Reported PBT	43.7	32.9	10.8
Underlying basic EPS	13.8p	9.2p	4.6p
Net bank debt	69.0	107.0	(38.0)
Leverage²	0.9x	1.4x	(0.5x)

- Revenue growth in a weak market; solid order intake performance and benefit of a stronger opening order book
- PBTu(A) and EPS growth driven by revenue growth, gross margin progression and cost discipline
- Continued strengthening of the balance sheet; net debt reduced significantly and leverage now within our target range



Order intake and revenue

Sustained market outperformance amid macroeconomic headwinds

Order intake growth	YoY
H1	2.3%
H2	(4.4%)
Order Intake	(1.0%)

Brand order intake growth	YoY	Yo2Y ¹
dfs	(2.0%)	6.5%
Sofology	2.6%	19.3%
Order Intake	(1.0%)	9.1%

Gross sales & revenue growth (£m)	FY26	YoY
Gross Sales	1,420.1	2.3%
Revenue²	1,057.5	2.6%

Order intake growth:

- Order intake slightly ahead of the wider market³ and significant prior year market share gains maintained
- Solid H1 (+2.3%) softened into H2 (-4.4%) amid weaker consumer confidence and macro headwinds

Brand order intake growth:

- Cost of living pressures impacting appetite for big ticket purchases
- More resilient demand from higher income households
- dfs exclusive brands reached record sales mix penetration (45%), Home order intake grew +10.9% and Sofology benefited from range refreshes & enhancements to customer journey

Gross sales & revenue growth:

- Gross sales and revenue recognised on delivery of orders; growth rate ahead of order intake. Strong FY25 order growth resulted in a growing order bank, FY26 gross sales are more closely aligned to orders booked

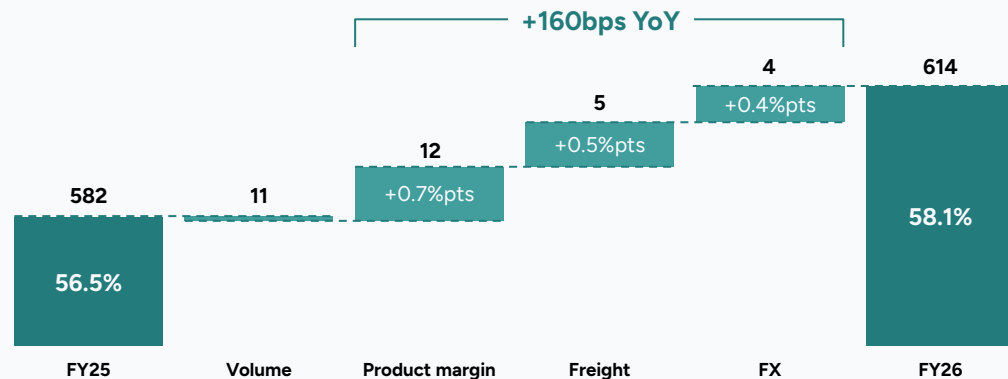
¹ Year on two year order intake growth calculated using weeks 2-53 of the 53 week FY24 accounting period

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

58% target rate achieved



Product margin

- Group buying synergies
- Supplier rationalisation & redistribution
- Process optimisation in own factories
- Benefit from lower Sonia rates partially offset by interest-free credit investments.

Freight & FX tailwinds

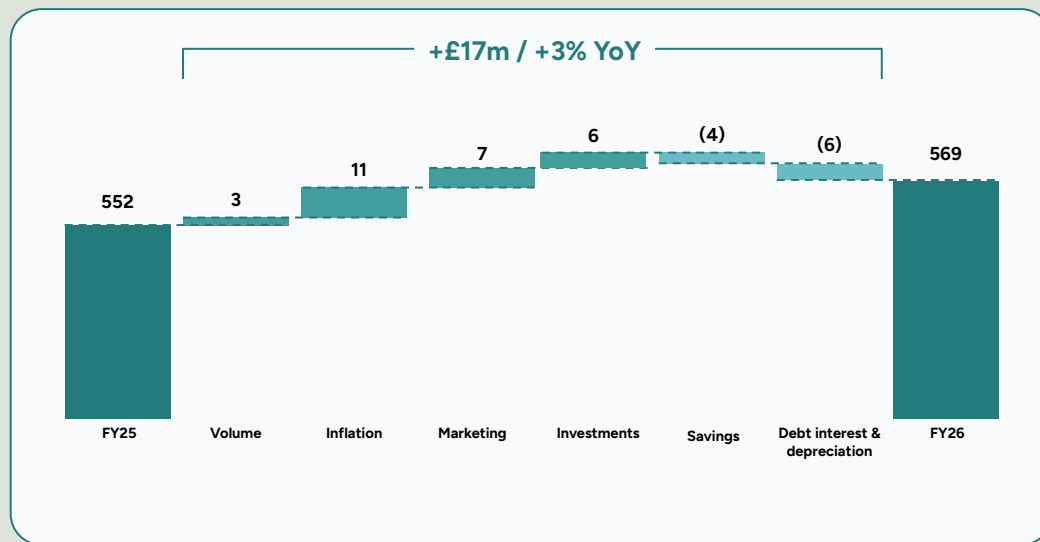
- **Freight:** Container rates normalised YoY, reverting toward average levels. A \$1k change in cost equates to c. £7-8m annualised impact.
- **FX:** Benefit of 3 cents YoY.



Operating costs (inc dep & interest)

Ongoing cost savings & lower financing costs, partially offset cost inflation & funded investment

- **Volume:** Wage commissions and delivery costs
- **Inflation:** Primarily wage related and NIC rate / threshold change
- **Marketing:** Building awareness of Home proposition and Sofology brand via 'So Fussy' campaign
- **Investments:** Partially self-funded growth investments into revenue drivers (including +1 Sofology showroom) and technology initiatives
- **Cost savings:** Cost savings (e.g. customer service efficiencies, property rationalisation and business rates)
- **Debt Interest & depreciation:** Lower average debt, SONIA rate & leverage premium, lease interest saving from average term reduction and impact of lower recent capital investment levels



Cash flow

Strong cash generation supporting increased growth investment, debt reduction and recommencement of ordinary dividend payments

£m (unless otherwise stated)	FY26	FY25
Underlying EBITDA ¹	162.9	157.2
Capex	(27.6)	(20.9)
Interest	(9.1)	(14.0)
Tax	(6.6)	(3.7)
Principal & interest paid on lease liabilities	(86.6)	(88.7)
Working capital	10.2	24.9
Share transactions	(3.8)	-
Other ²	0.9	3.7
Underlying free cash flow	40.3	58.5
Non-underlying items	-	(0.7)
Free cash flow	40.3	57.8
Ordinary dividends	(2.3)	-
Cash flow	(38.0)	57.8
Closing net bank debt	(69.0)	(107.0)
Leverage³	0.9x	1.4x
Fixed Charge Cover³	1.9x	1.8x

- Capital investment rose to fund growth projects, including a new mezzanine to support our Home proposition, one new Sofology showroom and store refurbishments across both retail brands
- Net interest cash outflows reduced due to lower average net debt levels combined with a lower average funding rate
- Corporation tax increase driven by YoY profit growth
- Lease payments reduced year on year resulting from the exit of warehouse leases as we continued to optimise our Sofa Delivery Company operations, moving to fewer larger sites
- Working capital
 - FY26 benefited from renegotiated payment terms and shift in mix to suppliers with longer terms
 - Significant strengthening in trading performance in FY25 drove large inflow
- Share purchases incurred to satisfy anticipated future employee share scheme vesting
- Significant reduction in leverage to 0.9x (target range 0.5x-1.0x)

¹ Underlying operating profit before interest, tax, depreciation, amortisation and impairment

² Other of £0.9m (FY25: £3.7m) includes losses/gains on disposal of assets, FX revaluations, share based payment expense and adjustment for non-underlying P&L charge/credit

³ Per banking covenant definitions (Pre-IFRS 16)

Capital allocation

Remain focused on further strengthening our balance sheet over time, balanced with growth investment and shareholder returns

	Framework	Current Position
Balance Sheet & Liquidity	Leverage 0.5x-1.0x	• Making strong progress with the ratio now in target range. • Further reduction remains a high priority
Organic Investment	Strategic organic capital investment to deliver attractive returns	• Maintenance capital requirements c.2.0% of revenue • Total FY26 cash capital expenditure was £27.6m. Focus remains on low risk growth projects with proven returns • FY27 capex expectation c£27-32m
Ordinary dividend	Dividend cover ratio of 2.25x - 2.75x	• Reintroducing the ordinary dividend; recommending a total dividend of 3.0p per share (4.6x cover) for FY26 (1.0p interim / 2.0p final) • Outside of policy range, reflecting demand drivers remaining uncertain, a desire to further de-lever and focus on organic investment
Supplementary Returns	When operating below target leverage special dividends / buybacks will be considered by the Board	• No supplementary returns as the Group is operating towards the top of our target leverage range

Financial performance summary

Navigating macro pressures to deliver profit growth and shareholder value

Upweighted guidance delivered

Outperformed market demand in H2 through strong customer proposition and disciplined strategic execution.

PBT growth

Driven by solid gross margin progression and sharp cost discipline across the business.

Balance sheet health

Strong cash flow generation and reduced debt provide Board confidence to reinstate shareholder dividends.

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Our updated growth strategy

Strengthen our upholstery leadership position, capture more Home spend and leverage our platforms

Our Purpose and Mission

Furnishing better lives, together. *Through our passion for style and comfort, we help customers create spaces they love to live in.*

Our Growth Strategy

Strengthen our upholstery leadership position, capture more Home spend, and leverage our platforms to drive sustainable growth.

Our Key Enablers

Help us succeed and drive sustainable growth.

Furnishing better lives, together



**Play to win
in the sofa
market**



**Build and scale
our Home
business**



**Leverage
and build
platforms**

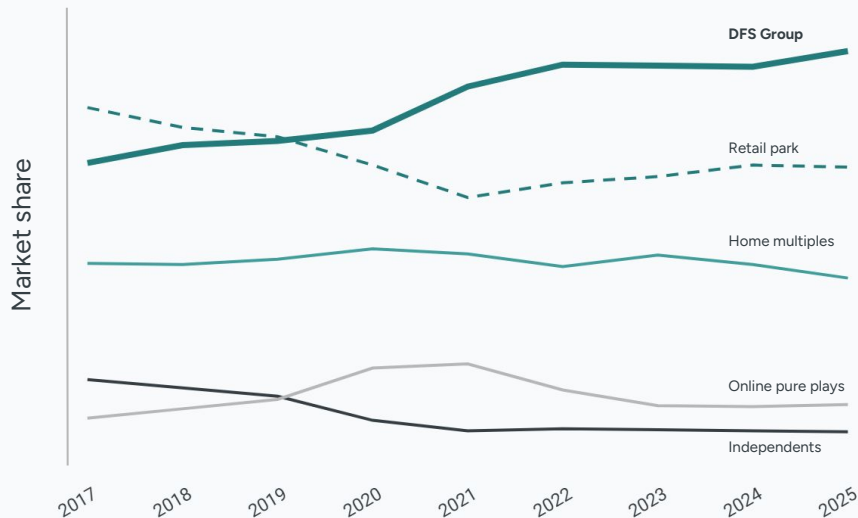
Scale and Vertical Integration

Data, Technology and AI

People and Culture

Market share evolution

Steady and consistent market share gains, extending our market leadership position



DFS Group:

- Steady share progression, extending market leadership position
- Significant uplift in 2021 following major competitor closure

Retail park:

- Examples: Furniture Village, ScS/Poltronesofa, Barker & Stonehouse
- Share recovery since 2021/22 following a period of decline

Home multiples:

- Examples: Argos, John Lewis, Next, M&S, IKEA and Dunelm
- Overall relatively stable market share, occasionally impacted by new entrants / departures

Online pure plays:

- Examples: Very Group, Amazon, Dusk, Wayfair
- Share relatively stable, elevated in COVID pandemic period

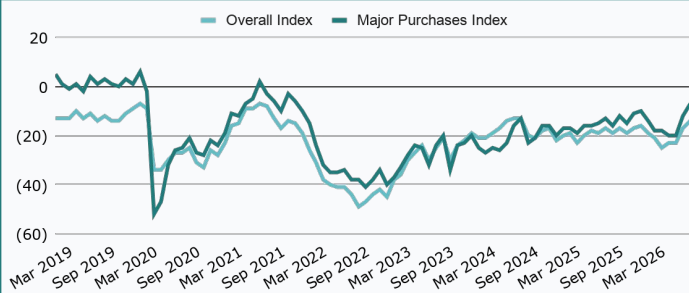
Independents:

- Had been in long term decline
- Share relatively stable; stronger players remain

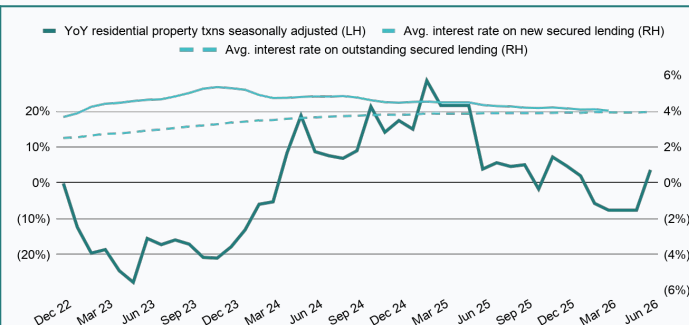
Market drivers and market size

Demand remains low relative to long term averages, potential for significant market recovery if macro conditions improve

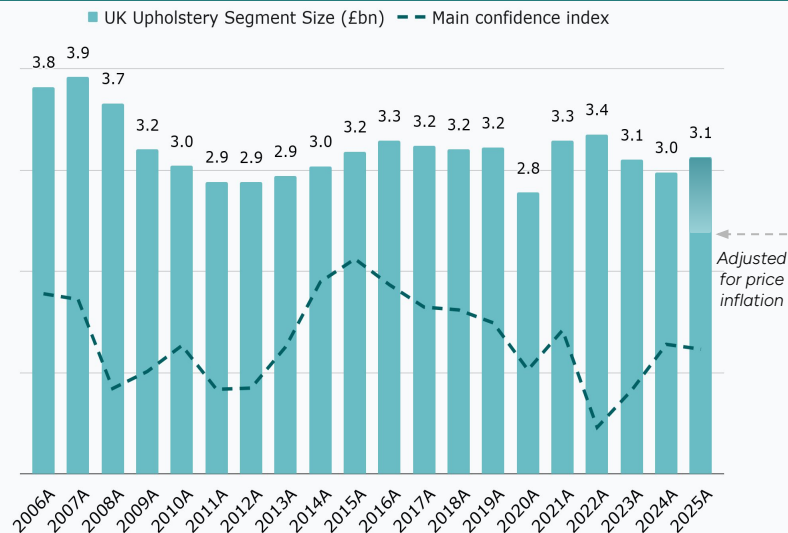
Consumer Confidence



Property transactions



Upholstery market size



Consumer confidence: GfK

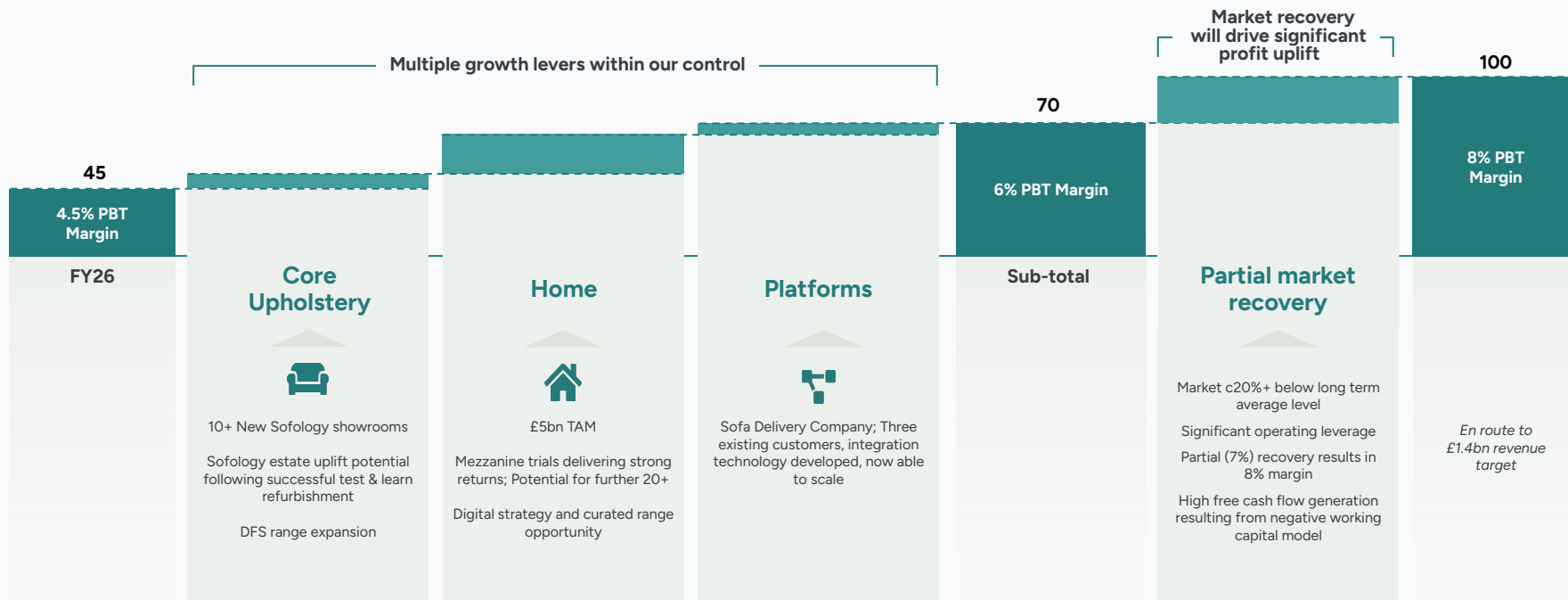
Property transactions: HMRC - March - May 2025 and 2026 average used to avoid distorting impact of stamp duty changes in the prior year

Interest rates on secured lending: Bank of England

UK upholstery segment size: GlobalData

Medium term opportunity

Significant profit growth potential



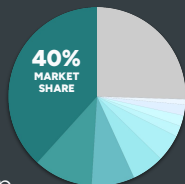
Leveraging our scale & vertical integration

Driving leadership through market reach, exclusive partnerships and innovation

Market Leadership & Scale

40% share
with integrated
end-to-end platform

Scale protects leadership
and underpins our **58% gross margin**.



Exclusive Partnerships

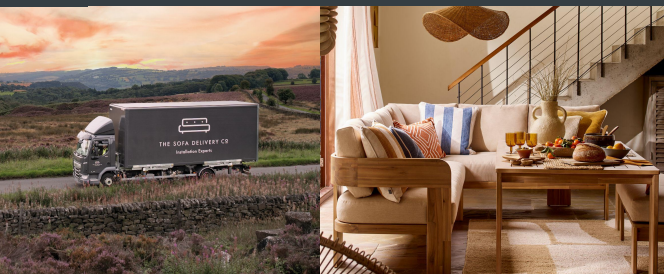
45% dfs brand sales from exclusive
brand partnerships.

Exclusive brands **expanding into**
Home proposition

Product, Showroom & Brand Innovation

Smart, tech-enabled ranges displayed
in **elevated showroom** formats and
mezzanines

Sofology 'So Fussy' campaign featuring
Craig Revel Horwood, **driving brand**
presence.



JOULES
EXCLUSIVELY AT DFS

TED BAKER
LONDON
EXCLUSIVELY AT DFS

FRENCH
CONNECTION
EXCLUSIVELY AT DFS

COUNTRY LIVING
EXCLUSIVELY AT DFS

HouseBeautiful
EXCLUSIVELY AT DFS

LaZboy
RANGES EXCLUSIVELY AT DFS



Data, technology and AI

Enhancing our data and technology lever through scaling our proven AI capabilities

Inspire

Audio-integrated ranges and immersive room sets - like Cinesound - bringing cinema-style tech and comfort directly into the home.



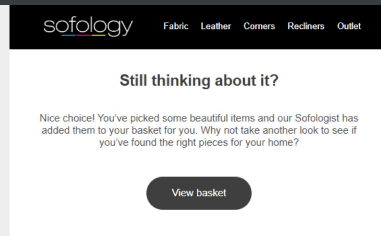
Discover

Personalised web experience and augmented reality in-room viewing, connecting digital browsing with the showroom journey.



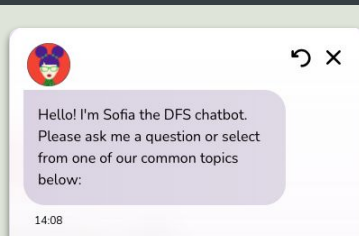
Transact

Soft credit checks, complete-at-home transactions, and automated basket recovery making buying effortless at every step.



Support

AI chatbots, intelligent call routing, and The Sofa Delivery Company Satalia logistics solution delivering fast, proactive support through to delivery.



Where we are with AI: We already know AI works for us.

Logistics & Routing:

20% reduction in overtime costs and an 18% cut in road miles via Apollo route planning tool.

Colleague Capacity:

17k tickets handled monthly, cutting admin time by up to 5 minutes per interaction.

Where we are going with AI: An AI-Enabled Organisation

People & Upskilling

Multi-phase deployment of model-agnostic tools to empower our teams safely.

Front-End Growth

Driving higher search-to-sale conversions online and in showrooms.

Back-End Efficiency

Re-imagining workflows across the supply chain to unlock capacity and drive down costs.

Harnessing our unique culture

Driven by our purpose, values and communities

Our Purpose

Furnishing better lives, together

Through our passion for style and comfort, we help customers create spaces they love to live in.

Customer
at our heart

Better
never stops

Everyone
together

+19% YoY Engagement

Our values give us our **focus**, **drive**, and **strength**. Bringing these values into our everyday leadership is creating a culture where colleagues feel supported, heard, and motivated to grow.

Giving Back

Furnishing better lives, together

DFS GROUP

dfs | sofabuddy | DFS HOME ESSENTIALS



Social Impact

Launching our partnership with BBC Children in Need to tackle **furniture poverty** and support local communities.



Black Heritage
Network



The Bridge
Connecting Diverse Abilities



Carers'
Network



Mankind
Men's Network



Sofabulous
LGBTQ+ Network



Women's 364
Network



Asian Inclusion
Celebrating Culture

Colleague Networks

Building an inclusive culture of belonging through our seven colleague-led networks, creating a safe, welcoming community where everyone can thrive.

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Outlook

Expect to deliver moderate profit growth in FY27 in a soft market.

Confident in achieving medium term targets

Near Term

- We are planning for a flat market
- Expect to deliver moderate profit growth YoY driven by our compelling customer proposition and continued cost discipline
- Comfortable with consensus PBT forecasts*
- Trading through first 12 weeks has been in line with our expectations; order intake -2.5% YoY
- Cash capex guidance: £27-32m

**Company compiled consensus £48.0m PBTu(a)*

Medium Term

- Multiple growth levers fully within control to drive future performance
- Better positioned than ever to capitalise on future market recovery
 - Highest market share
 - All areas of the business in great shape; record customer NPS scores
- Confident in delivering medium-term financial targets

Conclusions

Strong profit progression, well positioned for future growth

Strong Financial Performance

- Delivered upgraded profit guidance despite market softening in H2
- Strong cash generation and reduced leverage

Operational Momentum

- Business operations in great shape
- Structurally better positioned for market recovery

Growth Potential

- Multiple growth levers within our control
- Confident in delivering medium term targets

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Q&A



Appendix

Group showroom profile

As at 28 June 2026 (Vs June 2025)

	UK	ROI	TOTAL
Large format (c. 15,000sq.ft.+)	91 (+1)	3	94 (+1)
Medium format (c. 10,000sq.ft.)	17	2	19
Small format (c. 5,000sq.ft.)	2	-	2
DFS outlet	0 (-1)	-	0 (-1)
DFS TOTAL	110 (0)	5	115 (0)
Large format (c. 15,000sq.ft.+)	54 (-1)	-	54 (-1)
Medium format (c.10,000-15,000 sq.ft)	2	-	2
Sofology TOTAL	56 (-1)	-	56 (-1)