

THIS STATEMENT CONTAINS INSIDE INFORMATION

DFS FURNITURE PLC

MARKET SHARE GAINS AND COST BASE ACTIONS PARTIALLY MITIGATE A WEAK TRADING ENVIRONMENT

DFS Furniture Plc, ("DFS" and "the Group"), the market leading retailer of living room and upholstered furniture in the United Kingdom, announces the following update on recent trading through to 11 June 2024 of the 53 week period to 30 June 2024.

FY24 guidance update:

At our interim results update on 19 March 2024 we guided that we expected revenues of £1,000m-£1,015m and PBT(A) of £20-£25m, with an additional profit risk of up to £4m if Red Sea shipping delays continued through to our year end date.

Since that update, consumer demand in the upholstery sector has remained challenging and Red Sea routing issues have persisted resulting in delays to customer deliveries and higher freight costs.

As a result, we now expect PBT(A) to fall in the range of £10-12m, with the reduction in profit expectations being driven by:

- A lower level of delivered customer orders, with £12-14m of delayed deliveries from the Red Sea disruption. Those deliveries are expected to move into FY25. FY24 revenues are now expected to be in a range of £995m-£1,000m.
- Higher shipping costs as a result of freight rates increasing above previous expectations in our fourth quarter.
- A weak upholstery market partially mitigated by selective investments to stimulate required order volume levels in Quarter 4.

Progress on our focus areas has helped to partly mitigate the profit impact of a very weak upholstery market:

Consumer demand in the upholstery sector has declined c-10% in volume terms* year on year from a weak starting point bringing overall market demand levels to record lows. The Group has continued to operate through the period with record value market share of over 38.5%*.

Despite higher shipping costs and investments to drive required order intake volumes in Q4, we have continued to grow our full year gross margin rate, which is expected to be up +140bps year on year. In addition, we have reduced our operating costs** which are expected to be down approximately £25m year on year. Together these have limited the lower sales impact on our profitability.

Net bank debt at the end of the period is expected to be £165-170m (total facility size £250m).

**Proprietary banking data from external third party providers*

***Excluding depreciation and interest*

Recent trading and outlook into FY25:

We have been encouraged by an improving trend in our Group order intake, which is up over +9% in our fourth quarter to date, in line with our expectations. The recent improvement comes as we annualise weaker prior year comparatives and also following successful initiatives to strengthen the product ranging and pricing in Sofology and reintroducing 4 year interest free credit at select times to maximise revenue and profit in this difficult trading environment.

Whilst the economic outlook remains hard to predict we expect the widely predicted lower inflation and interest rate environment to have a positive impact on upholstery market demand levels with the declines experienced across the last three years starting to reverse and the market slowly recovering in our FY25 period. We are well placed to capitalise on any market recovery given our market leadership position, the operational leverage in the business and the progress we are making on our cost base.

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About DFS Furniture plc

The Group is the clear market-leading retailer of living room furniture in the United Kingdom. Our Group purpose is to bring great design and comfort into every living room, in an affordable, responsible and sustainable manner. We operate an integrated physical and digital retail network of living room furniture showrooms and websites in the United Kingdom and Republic of Ireland, trading through our leading brands, DFS and Sofology. We attract customers through our targeted and national marketing activities and our reputation for high quality products and service breadth of product offer and

national marketing activities and our reputation for high quality products and service, breadth of product offer and favourable consumer financing options. We fulfil orders for our exclusive product ranges through our own UK finished goods factories, and through manufacturing partners located in the UK, Europe and Far East, and delivered with care through our expert final-mile delivery service "The Sofa Delivery Company Limited".

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