

25 September 2024

Immediate release

**DFS Furniture plc ("DFS" and the "Group")
Preliminary Results**

Successful gross margin and operating cost improvements partially mitigate exceptionally low market demand

Well placed to capitalise on anticipated demand recovery given strong market leadership position

DFS Furniture plc (the "Group"), the market leading retailer of living room and upholstered furniture in the United Kingdom, today announces its preliminary results for the 53 weeks ended 30 June 2024 (prior year comparative period is the 52 weeks ended 25 June 2023).

£m	FY24	FY23	Change
Gross sales from continuing operations ¹	1,311.8	1,423.6	(7.9%)
Revenue from continuing operations ¹	987.1	1,088.9	(9.3%)
Gross margin ¹	55.8%	54.4%	1.4%pts
Underlying PBTA from continuing operations ^{1 2}	10.5	30.6	(65.7%)
Reported (LBT)/PBT	(1.7)	29.7	n/a
Basic underlying EPS from continuing operations ^{1 2}	1.5p	9.6p	(84.4%)
Reported EPS	(1.9p)	11.1p	n/a
Dividends per share (pence)	1.1p	4.5p	(75.6%)
Underlying free cash flow	(10.0)	(7.0)	(42.9%)
Net bank debt ²	164.8	140.3	(17.5%)
Leverage ²	2.5x	1.9x	(0.6x)

Strategic and operational highlights:

- Achieved record high post purchase and post delivery net promoter scores
- Consolidated our clear market leadership position (up 4% vs 2020) supported by:
 - DFS brand broadening its appeal to a wider potential customer base
 - Evolving Sofology's proposition through H2 driving a return to order intake growth in Q4
- Good progress improving the efficiency of our operations, resulting in cost savings that partially mitigated record low market volumes
 - £27.5m cost efficiencies in the current year through reducing our operating cost base and lowering cost of goods
 - On track to deliver at least £50m of targeted annualised savings by FY26

Financial overview:

- Revenue down -9.3% / £101.8m YoY due to:
 - Lower order intake (down -1.8% YoY⁴)
 - Delivered sales in the comparator period benefitting from the unwinding of an elevated opening order bank
 - Red Sea shipping delays deferring Q4 sales recognition to future periods
 - Higher Bank of England rates increasing the cost of providing interest free credit
- Continued gross margin rate progression (+140bps YoY) and operating efficiency cost savings, partially offset the impact of the weaker market demand
- Reported loss before tax of £1.7m. Adjusted PBTu of £10.5m, down £20.1m YoY and below our start of year expectations due to record low market demand and Red Sea shipping disruption deferring sales and profits to future periods
- Closing net bank debt of £168.4m comfortably within £250m facility
- Prudent, temporary widening of covenants secured in September 2024 provides extra headroom in the unforeseen event of a severe market downside scenario
- No final dividend proposed; interim dividend covers the lower than anticipated full year profit based on our dividend cover policy

Outlook

- FY25 trading to date is in line with the Board's expectations; order intake in YoY growth over the first 12 weeks
- Expect a gradual market recovery over the course of the year and for the Group to grow profits in line with market consensus⁵ supported by recent housing market recovery and real household disposable income growth
- The Board remains confident in delivering our £1.4bn revenue and 8% PBT medium-term targets as the market recovers

Tim Stacey, Group Chief Executive Officer said:

"I want to sincerely thank all our colleagues for their enthusiasm and continued commitment to delivering a great service to our customers in what has been a very challenging period for the Group given the market conditions.

Despite the challenges that the business has seen, we are optimistic for the future and see signs that market growth could soon return. We expect recent improvements in housing transaction data and strengthening consumer balance sheets to lead to increased upholstery market demand across the FY25 financial year. In addition, thanks to the success we have had growing our gross margin and improving our operational efficiency we expect to deliver profits in line with market consensus, weighted to the second half.

It is clear that the upholstery market has a long road to recovery given the 20% decline on pre-pandemic levels that we have seen. Despite the challenges we have faced, we remain confident that the business is well positioned to capitalise on market recovery. Given our strong market leadership position, the operational leverage in the business, our well invested asset base and negative working capital cycle we expect to deliver strong returns for our shareholders."

¹ Excludes the discontinued Netherlands and Spain businesses

² Definitions and reconciliations of KPIs including Alternative Performance Measures ("APMs") are provided at the end of this statement in Note 13 to the condensed consolidated financial statements.

³ Banking covenant leverage calculated using IAS17 calculated EBITDA

⁴ Calculated by comparing first 52 weeks of the 53 week FY24 period to the 52 week FY23 period

⁵ Company compiled market consensus underlying profit before tax and brand amortisation £23.2m

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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 web sites in the United Kingdom, Republic of Ireland, trading through our leading brands, DFS and, Sofology and Dwell. We attract customers through our targeted 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 three 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".

CHAIR'S STATEMENT

This past year has seen continued and sustained improvements in the operational capabilities of the Group to a level that the business has not seen before. Building for the future, we have optimised our cost base and delivered improved levels of customer satisfaction.

We believe that the outlook for DFS remains positive despite the extremely challenging global and domestic environment that we are operating in. As expected, our revenue performance has been impacted by the significant fall in market volumes year on year and on pre-pandemic levels. In addition, the business has had to absorb significantly higher costs due to high levels of international freight rates and continued elevated interest rates. We have responded well to these challenges by progressing with our cost action plan and achieving significant savings of £27.5m to underlying costs. The savings achieved to date demonstrate our ability to remain agile and reshape our operations in light of prevailing market conditions.

The medium term prospects for the upholstered furniture market remains strong and we are confident that our market leading position and long term growth strategy will ensure the business is well positioned to take advantage of the market recovery.

We view the recent acquisition of both ScS by the Italian company Poltronesofà and Anglia Home Furnishings, which trades as Fabb Furniture, by the Australian company Nick Scali Furniture as further evidence of confidence that in the medium to long term the UK market will see strong growth as the economy recovers and consumer confidence returns.

The ability of our colleagues across the business to continue to innovate and to deliver in this challenging environment has been invaluable and my thanks on behalf of the Board go to all of them.

Financial results

Whilst overall our financial results are disappointing, we recognise they are an inevitable result of the market backdrop during the year being significantly more challenging than we expected before the year began.

The focus of the Board and the Executive team has been between achieving the best possible short term results and ensuring that the business is still well positioned to take advantage of the inevitable market rebound.

This has meant balancing our approach to costs and operational capability as well as to talent recruitment and retention, being very judicious with capex at the same time as ensuring that the business remains primed to respond to a better market, and it means balancing the need to retain cash in the business to invest for the future with the expectations of our shareholders.

Leverage at year end was 2.5x which remains above our stated target level, although ample liquidity headroom remains. Bringing the level down towards our target remains a key focus using the twin levers of absolute debt reduction and profit improvement.

As detailed in the Financial review we are pleased that the business has been able to work with its lenders to amend the terms of its debt facilities to provide sufficient flexibility and headroom going forward.

Strategic focus

Inevitably when performance is under pressure, hard choices have to be made on which strategic options to prioritise and this has meant that we have temporarily deprioritised our focus on growing our wider Home offering. The Board is determined to achieve the right balance between justifiable caution given the short term environment and the need to ensure that the business continues to invest and improve for the future.

We have carried out a detailed review of our strategy during the year. We are confident that our pillars and platforms strategy remains the right long term strategy for the Group and we have continued to make good progress on our areas of focus.

We continue to leverage our two market-leading complementary brands, DFS and Sofology - they appeal to different customer segments and allow us to target the majority of the market with creative direction managed by each brand team. Each brand curates its own ranges, supported by specialist in-house design teams.

We continue to innovate in partnership with a small group of specialist suppliers and brands. Over the last 12 months we were excited to bring our new Cinesound™ range to market. This cinema sofa turns home entertainment into a 4D immersive experience, packed with state-of-the-art features - a 3D audio system, vibration pads and powered head and foot rests.

We continue to invest in our national network of showrooms across the UK and the Republic of Ireland and in our websites to ensure they continue to inspire our customers and provide a leading customer experience.

During the period, we were proud to announce that we have entered into an exclusive agreement with Ted Baker. The range has been incredibly well received by our customers looking for that extra bit of luxury.

As a business with our customers at its heart the ongoing evolution of our product range across both our brands is a critical component of what we do. I am proud of the progress that our teams have made working with our suppliers and brand partners such as Ted Baker and La-Z-Boy as well as with our in-house factories to continue to improve our product proposition.

We will continue to assess the pace and priorities of all our strategic objectives as market conditions evolve over the next 12 months.

Culture and purpose

We strongly believe that our colleagues and their contribution to our culture and values is what makes DFS great. Our colleagues across the Group have yet again played a pivotal role in the progress we continue to make and I would like to thank them for their continued outstanding contribution.

It is important that the Board stays close to the views of our colleagues and Directors devote significant time to activity that lets them hear first-hand what is on our people's minds. Visits to our showrooms, manufacturing sites, customer distribution centres and Group Support Centre, as well as attendance at our Voice Forums equip Directors to understand the practical implications of our plans and the challenges faced by our colleagues.

Environmental, social and governance ('ESG')

We continue to make excellent progress on our environmental goals, and we were delighted to be named a Climate Leader by the Financial Times earlier this year. This is a testament to our commitment to sustainable performance. In June 2024 we took the next step on our journey and submitted our plan for Net Zero for validation to the Science Based Targets initiative.

Board changes

At the end of July we gave our thanks to Loraine Martins who stepped down from the Board. Loraine has made a significant contribution to our People Strategy and has worked with the team to develop the Group's wider approach to equity, diversity and inclusion.

In August we welcomed Bruce Marsh to the Board. Bruce is a seasoned retailer and is currently the Chief Financial Officer at Currys plc. He brings expertise in retail, finance, financial markets, investors and governance and will provide fresh insight as to how the Company should address the ongoing challenges facing UK retailers. The approach to any appointment to the Board is on ensuring we have the right blend of skills for the current and likely future environment and that we have the right experience and tenure to deliver continuity and succession over time.

Governance and reporting

The Board generally meets eight times per year when we have a formal agenda and additional meetings are arranged as required for specific items or such matters are delegated to ad hoc committees and reported upon at subsequent meetings. More details of the Board's activities, and key decisions taken during the year are set out in the Governance section of our Annual Report.

I am pleased to say that we were compliant with the UK Corporate Governance Code (2018) ('the Governance Code') throughout the year, and further details are set out in our Annual Report. I invite you to consider that alongside the report on how the Directors have fulfilled their duties in accordance with section 172 of the Companies Act 2006.

Dividend

At the time of the interim results in March 2024 the Board declared an interim ordinary dividend of 1.1 pence per share (2023: 1.5 pence per share).

Given the challenging trading conditions described above, the Board concluded that it would not be appropriate to propose a final dividend. Whilst this may be disappointing for some of our shareholders, we believe it is in the best long term interests of the Group.

We continue to encourage all shareholders to attend our 'in person' annual general meeting, which will be held in Doncaster on 22 November 2024. This provides a great opportunity to hear from and speak with members of the Board and Group Leadership Team.

Looking ahead

I am proud of the Group's achievements in 2024 and remain confident in the plans that we have for the year ahead. Our clear strategy, great team, market-leading position, innovative products and the strength of our brands all bode well for the future.

STEVE JOHNSON
Chair of the Board
25 October 2024

CHIEF EXECUTIVE'S REVIEW

In financial year 2024 the Group has made good progress improving our gross profit margin rate and reducing our operating costs whilst achieving record NPS scores. This progress has been delivered against a backdrop of very challenging market conditions.

Market update and financial overview

Consumer demand fell significantly in the financial period driven by the cost of living crisis. The level of decline was beyond our initial expectations with overall demand levels reaching record lows. In addition, supply chain disruption in the Red Sea that emerged in the second half of the period extended our made-to-order product lead times delaying the recognition of revenues.

We took decisive action through the period as the scale of market decline, now over 20% below pre-pandemic levels in volume terms, became apparent. We accelerated a number of initiatives across our Cost to Operate efficiencies programme reducing our costs by £27.5m year on year. Despite these actions, the Group's profits were unfortunately impacted by the extent of the market decline and the supply chain disruption. Underlying profit before tax and brand amortisation reduced from £30.6m in our FY23 financial period to £10.5m in FY24 and reported profit before tax reduced from £29.7m to a loss of £1.7m.

When formulating our cost-out action plans we have been resolute in protecting and improving our customer facing resources to continue to deliver good outcomes for our customers and record high post purchase and post delivery NPS scores were achieved. With our retail brands clearly positioned and operations now leaner and more effective than ever, the Group is in a strong position to capitalise when the market recovers and deliver strong returns for our shareholders.

Progress on our three focus areas

The Group has consolidated its position as the clear market leader having added 4ppts to our market share¹ since 2020.

We have improved our gross margins by 140bps to 55.8% as we target our historical level of 58%. The growth has been supported by redistributing goods across our supplier base to optimise the cost and quality of production as well as from retail price increases in the final quarter of the prior year.

We have reduced operating costs across all areas of the business, be it by operating segment or expense type. This has been accomplished by undertaking a rigorous review and reappraisal of the cost base to ensure it is appropriate for both today's market environment and future, stronger market environments. This programme is ongoing with examples of cost reductions to date achieved via improved operating models, utilising AI, enhanced procurement activities, and utilising data/ML to improve operational performance. The savings achieved in FY24 will provide a further uplift into the following year in addition to new initiatives that we have planned. I'm pleased with the progress we have made which has had the end customer impact core to decision-making to ensure we do not hamper our ability to capture demand when the market recovers.

¹ GlobalData August 2024

Strategic update

Our strategy is to profitably and sustainably grow our core upholstery brands, DFS and Sofology, utilising all channels to create a seamless experience for our customers and to grow our share of the £5bn non-upholstery Home market. This growth is supported by utilising and enhancing our enabling platforms; technology and data, logistics, sourcing and manufacturing, and people and culture.

Our pillars

The DFS brand, which has a broad appeal offers a market-leading choice of products. Its trusted, friendly service and digital approach to connect our showroom, web and telesales channels enabling customers to shop their preferred way has continued to improve with post purchase NPS scores reaching record highs of 92.8%.

We have successfully broadened DFS's appeal to a wider range of customers over time. This has been facilitated, for example, by the addition of exclusive brand partnerships and through adapting our marketing strategy to focus more on improved product showcasing supported by improved showroom formats. Our exclusive brand sales now account for over 41% of total sales. The most recent addition to our exclusive brand partnerships in the period was Ted Baker and the three ranges launched have performed very well. We continue to develop new ranges to add to our existing exclusive brands such as the new Carlisle French Connection range. All these factors have supported the brand in consolidating recent market share gains. I'm also pleased to announce that we have recently launched a new exclusive partnership with La-Z-Boy which will be a great addition to our existing brand partnerships.

We adopt good governance practices to ensure our brands play to their relative strengths, targeting their customer segments accordingly to reduce the risk of cannibalising one another's sales.

Our Sofology brand offers an inspiring and exciting range of well targeted products that bring quality, style and luxury within reach and targets a slightly older demographic than the DFS brand.

Sofology over the year as a whole performed broadly in line with the wider market. Following a relatively tough start to the year we adapted the brand's retail pricing and introduced a number of new product ranges to provide an overall refresh to the Sofology proposition. These changes have had an almost instantaneous impact with the brand returning to order intake growth in the final quarter of the year.

To further bolster the brand's potential we plan to commence a refurbishment programme of the Sofology showroom estate in calendar year 2025 to modernise some of the older sites within the portfolio. These will be the first refurbishments carried out across the estate and we will adopt a test and learn approach to ensure we optimise the returns available. When we see a prolonged period of improving like for like performance and as our balance sheet strengthens we plan to continue our showroom roll out to grow the estate from the current 58 showrooms to 65-70 showrooms and have our target locations lined up.

The Home market represents a great opportunity for the Group to expand its addressable market to the wider £5bn Home (non-upholstery) market, first targeting the £3bn beds and mattress sub segment. As announced in our half year update we have completed the development of supporting infrastructure including a drop ship solution and warehouse management system that provide the foundations for growth. We have also expanded some of our exclusive brand partnerships to include beds as well as upholstery. We have decided to temporarily pause further investment into marketing to drive sales and instead focus our investments into our core upholstery offer in this period of weak market demand. Profitability in our Home offer has however stepped up, increasing year on year due to improved gross margins and lower operating costs. We continue to see great potential for the Group to drive incremental profits with limited further incremental investment as we target a 4% share in this market.

Our platforms

Our enabling platforms play a pivotal role in supporting the Group to deliver value. This is achieved through a number of means such as sourcing efficiently utilising the Group's scale, developing our market-leading delivery services and providing our highly motivated colleagues with data to drive insight and improved decision-making across the business.

Sourcing and manufacturing: We are aiming to improve our gross margins to our long term historical pre-pandemic level of 58% following a reduction across 2021 and 2022. This reduction resulted from rising input costs, freight rates and Bank of England base rates that were not fully passed on with a profit mark up. In addition, lower market volumes impacted the efficiency of our own and external manufacturing operations. We expect to deliver cost of goods savings through redistributing goods to optimise the cost and quality across our supplier base and in addition we expect further uplifts through reducing interest rates over time. We took the decision to close the smallest of our three manufacturing sites and one of our two wood mills in the first half of the financial period and redistributed production across the remainder of our supplier base. This resulted in cost savings that contributed to the 140bps gross margin improvement in the period. These types of decisions are never straightforward and have significant impacts on our colleagues and other stakeholders. Following a consultation with 215 colleagues, we were able to retain 44 colleagues including at our recently formed sewing hub and we supported the remaining workforce through a comprehensive outplacement support service.

Technology and data: Our investments continue to centre heavily on utilising technology and data to improve the efficiency of our operations and the customer experience. We have recently undertaken the process of moving away from a number of legacy systems and implementing Google's contact centre AI platform in Sofology. This will help enable us to utilise AI in the future to further improve our customer service levels and optimise costs. To date we have automated the process to take customer payments over the phone as well as deliver a full self service customer delivery proposition. We see numerous opportunities ahead to reduce the number of customer contacts to enable our teams to focus on the more complex service situations. In the second half of the year we also successfully launched our proprietary Intelligent Lending Platform used in DFS, into Sofology. This has broadened the number of lending partners available to Sofology, increasing the probability of customers obtaining the credit that is right for them, reducing the time taken to deal with credit applications and reducing the cost to the Group of providing credit to customers.

Logistics: Last year we completed the remaining integration activities to combine and rationalise the logistics assets from the DFS and Sofology brands. Now the Sofa Delivery Company, which fulfils deliveries for both brands through utilising the same systems, distribution centre network, fleet and workforce is performing very strongly with key performance indicators such as vehicle fill, labour productivity and delivery failure rates all improving. This has both driven down costs significantly and improved the customer experience with post delivery NPS scores reaching record highs. We believe that we have created a valuable asset and there are additional opportunities available to further refine and improve performance.

People and culture: Our colleagues are the Group's most important asset. Ensuring the Group is a great place to work that has an open, collaborative and inclusive culture where people can be their best is key to our future success. We are constantly looking to evolve and improve our colleague experience and we have been focusing over the last year on colleague development. We have launched a number of programmes to help our people thrive and grow, for example by running a management academy programme within the Sofa Delivery Company to upskill over 150 colleagues, launching a Group leadership academy programme with monthly workshops attended by over 300 aspiring leaders and via developing finance academy courses led by subject matter experts. To help ensure everyone feels welcome we have established six colleague networks and partnered with Diversity in Retail, enabling us to collaborate with other businesses and benefit from adopting best practices. We are constantly seeking to raise standards and I'm pleased to say we have achieved accreditation in the Inclusive Employers Standard.

Sustainability

In June this year we submitted our Net Zero strategy to the SBTi. We decided to shift our Net Zero target to before 2050, aligning with climate science and the UK government targets. I'm pleased to say that this year we have secured commitments from our manufacturing partners that cover 59% of our scope 3 emissions to commit to developing their own science-based Net Zero plans.

Whilst making up a relatively low proportion of our total emissions I'm nevertheless proud that the consolidation of our delivery fleets, AI route planning tools, and driver efficiency training, as well as removing gas from our retail estate has delivered a significant reduction in our scope 1 emissions. We are already making great strides to ensure our business can make the most of the opportunities of a circular economy to deliver sustainable performance for the Group.

Conclusion and outlook

I want to sincerely thank all of our colleagues for their enthusiasm and continued commitment to delivering a great service to our customers in what has been a very challenging period for the Group given the market conditions.

Despite the challenges that the business has seen, we are optimistic for the future and see signs that market growth could soon return. We expect recent improvements in housing transaction data and strengthening consumer balance sheets to lead to increased upholstery market demand across the FY25 financial year. In addition, thanks to the success we have had growing our gross margin and improving our operational efficiency, we expect to deliver profits in line with market consensus¹, weighted to the second half.

It is clear that the upholstery market has a long road to recovery given the 20% decline on pre-pandemic levels that we have seen. Despite the challenges we have faced, we remain confident that the business is well positioned to capitalise on market recovery. Given our strong market leadership position, the operational leverage in the business, our well invested asset base and negative working capital cycle we expect to deliver strong returns for our shareholders.

TIM STACEY

Chief Executive Officer
25 September 2024

¹. Company derived market consensus for underlying profit before tax £23.2m.

FINANCIAL REVIEW

The Group's financial performance in FY24 has been heavily impacted by the decline in market demand levels and in the second half by Red Sea related shipping disruption. This has required decisive actions to protect profitability and cash flow, whilst maintaining our position as the clear market leader.

We saw order intake decline by 1.8% for the year in challenging market conditions, with market order volumes down over 20% compared with the pre-pandemic period.

over 2023 compared with the prior period.

After positive growth in our first quarter summer sale trading period, we saw customer footfall and order intake decline year on year through the second and third quarters, including the important winter sale trading period (January to mid-March). However, within this period we did record good positive order intake growth across our guaranteed Christmas delivery campaign, supported by increased customer choice on 7-10 day express delivery ranges. In the final quarter of the period, we were pleased to see order intake growth improve to +8.4% as we annualised weaker comparatives and following actions in Sofology to strengthen product ranging and pricing, and in DFS to reintroduce 4 years interest free credit at select times.

Basis of preparation

The reporting period covers 53 weeks to 30 June 2024 (FY24). As a result of the adverse impact from Red Sea shipping delays in quarter four, the net effect of the additional week on reported revenues in FY24 is relatively low (+c. £7m year on year) and the profit impact is not significant. Consequently, other than order intake growth metrics we have not included 52 week pro forma numbers for FY24. Year on year order intake has been calculated by comparing the first 52 weeks of the 53 week financial period to the 52 week comparator period.

Revenue and gross sales

£m	FY24	FY23	YoY
Gross sales			
DFS (incl. Dwell)	1,047.0	1,125.5	(7.0%)
Sofology	264.8	298.1	(11.2%)
Total gross sales	1,311.8	1,423.6	(7.9%)
Digital sales %	24.3%	24.0%	
Revenue	987.1	1,088.9	(9.3%)

Total gross sales, which are recognised on delivery of orders to customers, decreased by 7.9% year on year to £1,311.8m with both brands reporting a decline on prior year. The broader appeal of the DFS proposition supported a relatively better sales performance, whilst Sofology sales were more closely aligned with the market.

Gross sales saw a higher rate of decline than order intake as a result of Red Sea disruption deferring £12m of deliveries into FY25 and the higher order bank at the start of the comparative period converting into sales.

Digital sales mix increased slightly by 0.3ppts year on year to 24.3%. Our market research consistently indicates the majority of consumers utilise both channels in their shopping journey and we have a well-invested asset base across both physical and digital sales channels enabling a seamless customer experience.

Group revenue of £987.1m was 9.3% lower than the prior year (£1,088.9m). The rate of decline is greater than the gross sales reduction due to the higher cost of providing interest free credit.

Interest free credit remains an important part of our overall customer value proposition. The increased cost is a result of higher Bank of England base interest rates and to a lesser extent an increase in the mix of sales made on credit, all partially offset by the impact of reducing our maximum every day interest free credit offer from 48 months to 36 months from March 2024.

Gross profit

Gross profit of £550.8m was £41.4m (7.0%) lower year on year, primarily due to the revenue shortfall.

We delivered good further progress on gross margin rate in the year, whilst continuing to offer customers market-leading quality, choice and value. As a percentage of revenue, gross margin in the period was 55.8% (FY23: 54.4%), an increase of +140bps year on year (in addition to the 170bps increase in FY23).

The margin improvement was supported by our decision to close our smallest manufacturing facility and woodmill in the first half of the year, which enabled us to shift production volumes across our supplier base and reduce our cost of goods, contributing to an overall product margin improvement of c.£9.8m. This decision was disclosed as a post balance sheet event in our FY23 annual report.

In addition, average freight rates across the period were significantly lower than the prior year which helped to partly offset the adverse impacts of higher interest free credit costs and a lower USD rate applied to our Far East purchases. The net impact across these items was a net reduction to gross margin of c.£5.1m. Despite being lower year on year, freight costs were higher than we expected in the final quarter of the year as a result of Red Sea disruption related increases.

The margin rate in the second half was below our expectations as we responded to the weak market conditions with additional promotional activity, together with the Red Sea related freight cost increases noted above.

Whilst the near term freight market is expected to remain volatile and hard to forecast, we are confident that our scale and buying processes will enable us to continue to secure market-leading rates.

We continue to see opportunities to grow gross margin rate, supported by further cost of goods efficiencies across our supply chains and as lower Bank of England rates reduce interest free credit costs (on an annualised basis a 1% change in base rates equates to £7m-£8m cost impact).

We hedge our USD FX requirements with 90% of our expected USD spend currently hedged at a rate that is 4 cents favourable to the FY24 average rate paid. Every 1 cent movement in the USD rate equates to a c.£1.1m change in costs to the Group.

Selling, distribution and administration costs

Underlying selling, distribution and administration costs totalled £408.8m (2023: £434.8m), representing 31.2% of gross sales (2023: 30.5%).

We continue to work hard to bring down our operating costs across the business, and we are making good progress towards the £50m operating efficiencies target we set at the end of FY23. Whilst this requires some difficult decisions, it has helped to protect profitability in the current period and sets the business up for stronger future returns.

The £26.0m reduction in costs included £8.8m of volume related variable costs and £22.0m of savings from more efficient operating models across our stores and online sales teams, logistics and manufacturing operations, customer service teams and across other central support functions. This includes the Sofa Delivery Company, where we are seeing strong improvements in customer and operational KPIs at the same time as significantly lowering

we are seeing strong improvements in customer and operational F&S, at the same time as significantly reducing costs through a combination of productivity improvements, a reduction in third-party fulfilment partners and further consolidation of operational distribution centres. In addition, we reduced marketing by £3.8m in the period, principally through reducing our investment in driving the awareness of our Home ranges until market conditions recover.

Inflationary cost increases were contained to c.£12.0m (3%), mainly relating to wages. This increase was partly offset by £4.7m of cost avoidance and one-off savings including rebates on historical business rates, and through not paying a financial performance-related bonus to senior management and our central support teams.

Looking forward, we are confident we have line of sight to additional cost efficiencies that can help us to offset future expected inflationary cost pressures.

Depreciation, amortisation, impairment and underlying net finance cost

Depreciation, amortisation and underlying interest charges have increased by £4.7m to £132.9m (2023: £128.2m).

Underlying net interest increased by £7.0m to £41.1m (2023: £34.1m) as a result of the higher cost of debt servicing due to the higher average SONIA rates and a higher average net debt level through the period.

Depreciation, amortisation and impairment costs reduced £2.3m. Lower depreciation charges and impairment on right of use assets arose as a result of the consolidation of our distribution centre network and associated lease exits in the prior period and renegotiating property leases approaching expiry to lower rent levels.

Non-underlying costs

FY24 (£m)	Income statement	Cash outflow
Restructuring costs	6.5	4.1
Land slippage costs	3.1	0.2
Release of lease guarantee	(0.7)	-
Refinancing costs	1.9	0.8
Total	10.8	5.1

Non-underlying costs for the year were £10.8m (2023: benefit of £0.5m), including £5.1m of cash outflows in the year.

£6.5m of costs were incurred in relation to the restructuring of our manufacturing operations and central support functions in response to lower demand and to enable productivity improvements. This consists of redundancy and termination costs totalling £4.1m, non-cash write-off losses totalling £2.0m and other closure costs totalling £0.4m.

£1.9m of costs were incurred upon refinancing our banking facilities in September 2023, with the majority of this cost covering the write off of unamortised issue costs. The cash outflows associated with these activities totalled £0.8m.

£2.9m of non-cash costs and £0.2m of cash costs relate to a provision made for expected remediation works required to an area of land slippage identified at one of our remaining manufacturing sites. We expect the necessary works to be carried out and paid for in FY25.

£0.7m of non-cash lease guarantee provision release associated with former subsidiary companies partly offsets the above costs.

Profits, tax and earnings per share

Reported loss before tax for the 53 week period to 30 June 2024 was £1.7m (FY23: profit of £29.7m). Reported loss after tax for the period was £4.4m (FY23: profit of £26.2m).

The tax charge recognised in the financial statements was £3.0m (FY23: £7.1m) despite there being a reported loss for the period. This is primarily due to disallowable depreciation on non-qualifying assets. The Group updates its Tax Strategy Statement each year, which is published on the Group's website, in compliance with its duty under the Finance Act 2016, which sets out details of the Group's attitude to tax planning and tax risk.

Underlying profit before tax and brand amortisation was £10.5m, which is £20.1m lower than the comparable period (FY23: £30.6m). This reflects record low market demand levels and higher interest costs, partly offset by gross margin improvements and operating cost savings.

Basic underlying earnings per share from continuing operations was 1.5 pence (FY23: 9.6 pence).

Cash flow, net debt and lending facilities

Net bank debt in the period increased from £140.3m to £164.8m.

£m	FY24	FY23
Underlying EBITDA	142.0	157.4
Other*	1.2	6.6
Capital expenditure	(21.6)	(34.9)
Interest	(18.4)	(10.3)
Tax	(3.0)	(0.7)
Principal and interest paid on lease liabilities	(92.4)	(85.1)
Working capital	(17.8)	(40.0)
Underlying free cash flow	(10.0)	(7.0)
Non-underlying items	(5.1)	(0.3)
Free cash flow	(15.1)	(7.3)
Shareholder returns	(9.4)	(43.0)
Cash flow	(24.5)	(50.3)
Closing net bank debt	(164.8)	(140.3)

*Other includes discontinued operations, gains on disposal of right of use assets, profit on disposal of fixed assets, FX revaluations and share based payments expense.

Cash capital expenditure of £21.6m in the period reduced from £34.9m in FY23 and £25-£30m guided at the start of FY24, as the business took a more disciplined approach to capital spend prioritisation in response to the more challenging market conditions and our lower profit expectations. Approximately 50% was incurred on maintenance activities. Growth investment was predominantly incurred on technology investments to enhance the customer experience and support our operational efficiency. In addition, one new DFS showroom was opened in Greenwich and we refurbished one DFS showroom (59 showrooms completed over the last five years). £9.8m of capital expenditure was also incurred on leased motor vehicle additions (FY23: £8.7m) which includes company cars and commercial vehicles.

Cash interest paid increased £8.1m year on year and non-underlying cash costs of £5.1m were incurred due to the reasons provided above.

Total working capital outflow in the period was £26m inclusive of additional rent payments included in the lease liabilities line. £13m of the outflow is due to additional VAT (£5m) and rent (£8m) payments in this 53 week accounting period relative to 52 week periods. These outflows will reverse in future periods. The remaining working capital outflow is due to the lower level of trading activity in the period. We expect our negative working capital model to result in working capital cash inflows when market demand recovers.

In September 2023 we successfully completed the refinancing of our debt facilities, increasing the total amount available from £215m to £250m. The facilities comprise a £200m revolving credit facility with a syndicate of banking partners which is in place until September 2027, with a further 16-month extension option, and £50m of US private placement notes with redemption dates split equally between September 2028 and September 2030.

The facility is subject to half yearly covenant tests of 3.0x maximum leverage net debt/EBITDA and 1.5x minimum fixed charge cover (both measured on an IAS 17 basis), which we have fully satisfied during FY24, ending the period with leverage of 2.5x¹ and fixed charge cover of 1.57x.

Whilst the Group expects to stay within the existing facility covenants, in September 2024 we agreed a widening of covenants with our lenders, which provides additional headroom in the event of unanticipated downside scenarios that result in a further decline in market volumes and lower EBITDA.

The amended leverage covenant widens to 3.9x at H1 FY25 and 3.7x at FY25, before returning to 3.0x at H1 FY26. The amended fixed charge cover covenant widens to 1.3x at H1 FY25, 1.3x at FY25 and 1.4x at H1 FY26, before returning to 1.5x at FY26. The revised covenant agreement includes some limited restrictions on the payments of future dividends as detailed in the note below².

Dividends

The Board does not propose a final FY24 dividend. Our interim dividend of 1.1 pence per share was predicated on delivering a higher full year underlying profit than we achieved. Based on our dividend cover policy of 2.25x-2.75x underlying EPS, the interim dividend has already covered the implied full year total dividend. Furthermore, this is consistent with our current leverage position and our focus on reducing leverage and net debt over time to our 0.5x-1.0x target range.

Outlook

After two challenging years of market and Group revenue declines, we see increasing reasons to be optimistic about a return to top line growth over the course of the year ahead. However, we are planning prudently with a focus on generating increased profits and free cash flow through improved commercial and operating performance, additional cost efficiencies and disciplined management of our working capital and capital expenditure. In the medium term as the market recovery accelerates, we are confident of generating strong returns for our shareholders.

JOHN FALLON

Chief Financial Officer
25 September 2024

¹. Refer to APM definitions.

². Covenant amendment dividend terms:

A maximum £2.0m dividend may be declared in respect of H1 FY25 performance (i.e. FY25 interim dividend) subject to:

- Leverage at the December 2024 assessment being less than 2.50x and fixed charge cover being greater than 1.50x; and
- For the future two tests, leverage is forecast to be less than 2.50x and fixed charge cover is forecast to be greater than 1.60x (after dividend payments).

Any subsequent dividends declared during the remainder of the covenant amendment period are subject to:

- Leverage being less than 2.50x at the last test and is forecast (after the payment of such dividend) to remain below 2.50x at each of the next two tests; and
- Fixed charge cover being greater than 1.60x at the last test and is forecast (after the payment of such dividend) to remain above 1.60x at each of the next two financial covenant tests.

Subject to lender consent we retain the right to revert to the previous covenant terms at any time.

Consolidated income statement

	Note	53 weeks to 30 June 2024			52 weeks to 25 June 2023		
		Underlying £m	Non- underlying £m	Total £m	Underlying £m	Non- underlying £m	Total £m
Gross sales ¹	2	1,311.8	-	1,311.8	1,423.6	-	1,423.6
Revenue	2	987.1	-	987.1	1,088.9	-	1,088.9
Cost of sales		(436.3)	-	(436.3)	(496.7)	-	(496.7)
Gross profit		550.8	-	550.8	592.2	-	592.2
Selling and distribution costs		(342.9)	-	(342.9)	(364.6)	-	(364.6)
Administrative expenses	3	(65.9)	(8.9)	(74.8)	(70.2)	0.5	(69.7)
Operating profit before depreciation and amortisation		142.0	(8.9)	133.1	157.4	0.5	157.9
Depreciation	3	(77.8)	-	(77.8)	(80.5)	-	(80.5)
Amortisation	3	(13.7)	-	(13.7)	(11.6)	-	(11.6)

Impairment	3	(0.3)	-	(0.3)	(2.0)	-	(2.0)
Operating profit/(loss)	2, 3	50.2	(8.9)	41.3	63.3	0.5	63.8
Finance income	4	0.4	-	0.4	0.2	-	0.2
Finance expenses	4	(41.5)	(1.9)	(43.4)	(34.3)	-	(34.3)
Profit/(loss) before tax		9.1	(10.8)	(1.7)	29.2	0.5	29.7
Taxation		(5.7)	2.7	(3.0)	(6.6)	(0.1)	(6.7)
Profit/(loss) for the period from continuing operations		3.4	(8.1)	(4.7)	22.6	0.4	23.0
Profit/(loss) for the period from discontinued operations		-	0.3	0.3	(0.3)	3.5	3.2
Profit/(loss) for the period		3.4	(7.8)	(4.4)	22.3	3.9	26.2
Earnings per share							
Basic	5						
- from continuing operations		1.5p	(3.5)p	(2.0)p	9.6p	0.2p	9.8p
- from discontinued operations		-	0.1p	0.1p	(0.2)p	1.5p	1.3p
Total		1.5p	(3.4)p	(1.9)p	9.4p	1.7p	11.1p
Diluted	5						
- from continuing operations		1.5p	(3.5)p	(2.0)p	9.5p	0.2p	9.7p
- from discontinued operations		-	0.1p	0.1p	(0.2)p	1.5p	1.3p
Total		1.5p	(3.4)p	(1.9)p	9.3p	1.7p	11.0p

¹ Refer to note 13 to the condensed consolidated financial statements for definitions and reconciliations of alternative performance measures

Consolidated statement of comprehensive income

	53 weeks to 30 June 2024 £m	52 weeks to 25 June 2023 £m
Profit for the period	(4.4)	26.2
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges	5.1	(8.7)
Net change in fair value of cash flow hedges reclassified to profit or loss		
Recognised in cost of sales	(1.3)	(13.7)
Income tax on items that are/may be reclassified subsequently to profit or loss	(1.3)	5.9
Other comprehensive expense for the period, net of income tax	2.5	(16.5)
Total comprehensive income for the period	(1.9)	9.7
Total comprehensive income for the period attributable to owners of the parent		
- from continuing operations	(2.2)	6.5
- from discontinued operations	0.3	3.2
	(1.9)	9.7

Consolidated balance sheet

	Note	25 June 2023 £m	25 June 2023 £m
Non-current assets			
Property, plant and equipment		83.8	97.4
Right of use assets		315.0	312.6
Intangible assets	9	532.9	536.7
Deferred tax assets		10.8	15.5
		942.5	962.2
Current assets			
Inventories		59.0	55.8
Other financial assets		0.1	0.7
Trade and other receivables		12.0	11.1
Current tax assets		6.1	2.7
Cash and cash equivalents		26.8	26.7
		104.0	97.0
Total assets		1,046.5	1,059.2
Current liabilities			
Bank overdraft		(2.6)	-
Trade payables and other liabilities		(209.3)	(224.9)
Lease liabilities		(75.1)	(84.1)
Provisions	10	(9.7)	(6.2)
Other financial liabilities		14.2	16.7

Other financial liabilities		(1.4)	(0.1)
		(297.9)	(321.9)
Non-current liabilities			
Interest bearing loans and borrowings	11	(187.4)	(165.8)
Lease liabilities		(326.6)	(327.3)
Provisions	10	(5.6)	(6.9)
Other financial liabilities		-	(0.2)
		(519.6)	(500.2)
Total liabilities		(817.5)	(822.1)
Net assets		229.0	237.1
Equity attributable to equity holders of the parent			
Share capital		23.6	24.1
Share premium		40.4	40.4
Merger reserve		18.6	18.6
Capital redemption reserve		360.1	359.6
Treasury shares		(2.9)	(10.1)
Employee Benefit Trust shares		(5.9)	(6.6)
Cash flow hedging reserve		(1.1)	(4.9)
Retained earnings		(203.8)	(184.0)
Total equity		229.0	237.1

Consolidated statement of changes in equity

	Share capital £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m	Treasury shares £m	Employee Benefit Trust shares £m	Cash flow hedging reserve £m	Retained earnings £m
Balance at 26 June 2022	25.9	40.4	18.6	357.8	(4.9)	(6.9)	17.5	(179.5)
Profit for the period	-	-	-	-	-	-	-	26.2
Other comprehensive income/(expense)	-	-	-	-	-	-	(22.4)	5.9
Total comprehensive income for the period	-	-	-	-	-	-	(22.4)	32.1
Dividends	-	-	-	-	-	-	-	(12.1)
Purchase of own shares	-	-	-	-	(30.9)	-	-	-
Employee Benefit Trust shares issued	-	-	-	-	-	0.3	-	(0.3)
Settlement of share based payments	-	-	-	-	-	-	-	(0.3)
Share based payments	-	-	-	-	-	-	-	1.8
Shares purchased for cancellation	(1.8)	-	-	1.8	25.7	-	-	(25.7)
Balance at 25 June 2023	24.1	40.4	18.6	359.6	(10.1)	(6.6)	(4.9)	(184.0)
Profit for the period	-	-	-	-	-	-	-	(4.4)
Other comprehensive income/(expense)	-	-	-	-	-	-	3.8	(1.3)
Total comprehensive income for the period	-	-	-	-	-	-	3.8	(5.7)
Dividends	-	-	-	-	-	-	-	(9.4)
Employee Benefit Trust shares issued	-	-	-	-	-	0.7	-	(0.7)
Share based payments	-	-	-	-	-	-	-	3.2
Cancellation of treasury shares	(0.5)	-	-	0.5	7.2	-	-	(7.2)
Balance at 30 June 2024	23.6	40.4	18.6	360.1	(2.9)	(5.9)	(1.1)	(203.8)

Consolidated cash flow statement

	53 weeks to 30 June 2024 £m	52 weeks to 25 June 2023 £m
Profit for the period	(4.4)	26.2
Adjustments for:		
Income tax expense	2.8	7.1

income tax expense	3.0	7.1
Finance income	(0.4)	(0.2)
Finance expenses	41.5	34.3
Exceptional financing costs	1.9	-
Depreciation of property, plant and equipment	22.0	22.1
Depreciation of right of use assets	55.8	58.4
Amortisation of intangible assets	13.7	11.6
Impairment of assets	0.3	2.0
Loss/(gain) on sale of property, plant and equipment	2.0	(0.8)
Gain on disposal of right of use assets	(0.6)	(1.2)
Settlement of share based payments	-	(0.3)
Share based payment expense	3.2	1.8
Foreign exchange impact on cash flow hedges	(1.3)	1.4
(Increase)/decrease in trade and other receivables	(0.9)	13.2
(Increase)/decrease in inventories	(3.2)	8.6
Decrease in trade and other payables	(15.9)	(55.8)
Increase/(decrease) in provisions	2.2	(6.0)
Net cash from operating activities before tax	118.9	122.4
Tax paid	(3.0)	(0.7)
Net cash from operating activities	115.9	121.7
Investing activities		
Proceeds from sale of property, plant and equipment	1.4	1.3
Interest received	0.4	0.2
Acquisition of property, plant and equipment	(11.6)	(20.4)
Acquisition of other intangible assets	(10.0)	(14.5)
Net cash used in investing activities	(19.8)	(33.4)
Financing activities		
Interest paid	(18.8)	(10.5)
Interest paid on lease liabilities	(24.8)	(23.5)
Payment of lease liabilities	(67.6)	(61.6)
Net (repayment)/draw down of borrowings	(28.0)	72.0
Draw down of senior secured notes	50.0	-
Purchase of treasury shares	-	(30.9)
Ordinary dividends paid	(9.4)	(12.1)
Net cash used in financing activities	(98.6)	(66.6)
Net increase/(decrease) in cash and cash equivalents	(2.5)	21.7
Cash and cash equivalents at beginning of period	26.7	5.0
Cash and cash equivalents (including bank overdrafts) at end of period	24.2	26.7

Notes to the condensed consolidated financial statements

1 Basis of preparation

The condensed consolidated financial statements have been prepared and approved by the Directors in accordance with UK adopted international accounting standards and applicable law. The financial information is derived from the Group's consolidated financial statements for the period ended 30 June 2024. The financial statements are prepared on the historical cost basis except for certain financial instruments and share based payment charges which are measured at their fair value. The financial statements are for the 53 weeks to 30 June 2024 (last year 52 weeks to 25 June 2023) and were approved by the Directors on 25 September 2024.

The financial information set out above does not constitute the Company's statutory accounts for the periods ended 30 June 2024 or 25 June 2023 but is derived from those accounts. Statutory accounts for the period ended 25 June 2023 have been delivered to the registrar of companies, and those for the period ended 30 June 2024 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Going concern

The financial statements are prepared on a going concern basis, which the directors believe to be appropriate for the following reasons.

The Company heads a group which has a £200.0m revolving credit facility with a consortium of lending banks maturing in September 2027 with a further 16 month extension option for £175.0m of the facility, and £50.0m of private placement debt, £25.0m of which matures in September 2028 and £25.0m in September 2030. At 18 September 2024, £63.0m of the revolving credit facility remained undrawn, in addition to cash in hand, at bank of £5.7m.

Covenants applicable to both the revolving credit facility and the private placement debt are: 3.0x net debt / EBITDA and 1.5x fixed charge cover, and are assessed on a six-monthly basis at June and December. Recent discussions with the consortium of lending banks have resulted in a modification to the covenants to 3.9x net debt/EBITDA and 1.3x fixed charge cover for the half yearly assessment at H1 FY25, 3.7x and 1.3x for the FY25 year end assessment, with leverage returning to 3.0x and fixed charge increasing to 1.4x for the

H1 FY26 assessment.

The Directors have prepared cash flow forecasts and performed a going concern assessment for the Group covering a period of at least twelve months from the date of approval of these financial statements (the 'going concern assessment period'), which indicate that the Group will be in compliance with the agreed covenants. These forecasts include a number of assumptions in relation to: market size (assumed to grow by 2% in FY25, from an already low base relative to pre-pandemic levels) and the resulting order intake volumes for the Group; inflationary impacts on gross margin and other costs; sector-wide manufacturing and supply chain capacities; and achievement of cost savings in line with the Group's strategic plans.

The Directors have also prepared severe but plausible downside sensitivity scenarios which cover the same going concern assessment period as the base case. These scenarios include significantly reduced customer spending, impacts on gross margin and other costs from inflationary cost pressures, and a combination of these scenarios. The Directors have also performed reverse stress testing analysis to confirm that circumstances resulting in a covenant breach were beyond those considered plausible.

As part of this analysis, the Directors have considered mitigating actions within the Group's control which could reduce the impact of these severe but plausible downside scenarios. These mitigating actions include reducing discretionary operating expenditure, a pause on expansionary capital investment, a reduction or pause in dividend payments, and other measures to protect cash balances. These forecast cash flows, considering the ability and intention of the Directors to implement mitigating actions should they need to, indicate that there remains sufficient headroom in the forecast period for the Group to operate within the committed facilities and to comply with all relevant revised banking covenants during the going concern assessment period.

1 Basis of preparation (continued)

The Directors have considered all of the factors noted above, including the inherent uncertainty in forecasting the impact of the current economic and political environment, and are confident that the Group has adequate resources to continue to meet all liabilities as and when they fall due for at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements are prepared on a going concern basis.

2 Segmental Analysis

The Group's operating segments under IFRS 8 have been determined based on management accounts reports reviewed by the Group Leadership Team. Segment performance is assessed based upon brand contribution. Brand contribution is defined as underlying EBITDA (being earnings before interest, tax, depreciation, amortisation, impairments and non-underlying items) excluding property costs and central administration costs.

The Group reviews and manages the performance of its operations on a retail brand basis, and the identified reportable segments and the nature of their business activities are as follows:

DFS: the retailing of upholstered furniture and related products through DFS and Dwell branded stores and websites.

Sofology: the retailing of upholstered furniture and related products through Sofology branded stores and website.

Other segments comprises the manufacture of upholstered furniture and the supply of contract logistics.

2 Segmental Analysis (continued)

Segment revenue and profit - continuing operations

	External gross sales		Inter-segment sales		Total gross sales	
	53 weeks to 30 June 2024 £m	52 weeks to 25 June 2023 £m	53 weeks to 30 June 2024 £m	52 weeks to 25 June 2023 £m	53 weeks to 30 June 2024 £m	52 weeks to 25 June 2023 £m
DFS	1,047.0	1,125.5	-	-	1,047.0	1,125.5
Sofology	264.8	298.1	-	-	264.8	298.1
Other segments	-	-	198.2	215.6	198.2	215.6
Eliminations	-	-	(198.2)	(215.6)	(198.2)	(215.6)
Gross sales	1,311.8	1,423.6	-	-	1,311.8	1,423.6
	53 weeks to 30 June 2024 £m				52 weeks to 25 June 2023 £m	
Total segments gross sales	1,311.8				1,423.6	
Less: value added and other sales taxes	(207.3)				(226.2)	
Less: costs of interest free credit and aftercare products	(117.4)				(108.5)	
Revenue	987.1				1,088.9	
Of which:						
Furniture sales	935.1				1,033.3	
Sales of aftercare products	52.0				55.6	
Revenue	987.1				1,088.9	

53 weeks to 30 June 2024 - continuing operations

	DFS £m	Sofology £m	Other £m	Eliminations £m	Total £m
Revenue	786.5	200.6	198.2	(198.2)	987.1
Cost of sales	(376.0)	(90.5)	(56.1)	86.3	(436.3)
Gross profit	410.5	110.1	142.1	(111.9)	550.8
Selling & distribution costs (excluding property costs)	(224.3)	(58.8)	(114.1)	81.3	(315.9)
Brand contribution (segment profit)	186.2	51.3	28.0	(30.6)	234.9
Property costs					(27.0)
Underlying administrative expenses					(65.9)
Underlying EBITDA					142.0

2 Segmental Analysis (continued)

Segment revenue and profit - continuing operations (continued)

52 weeks to 25 June 2023 - continuing operations

	DFS £m	Sofology £m	Other £m	Eliminations £m	Total £m
Revenue	858.5	230.4	215.6	(215.6)	1,088.9
Cost of sales	(424.8)	(106.8)	(61.6)	96.5	(496.7)
Gross profit	433.7	123.6	154.0	(119.1)	592.2
Selling & distribution costs (excluding property costs)	(229.0)	(64.5)	(129.3)	88.4	(334.4)
Brand contribution (segment profit)	204.7	59.1	24.7	(30.7)	257.8
Property costs					(30.2)
Underlying administrative expenses					(70.2)
Underlying EBITDA					157.4

	53 weeks to 30 June 2024 £m	52 weeks to 25 June 2023 £m
Underlying EBITDA	142.0	157.4
Non-underlying items	(8.9)	0.5
Depreciation & amortisation	(91.8)	(94.1)
Operating profit	41.3	63.8
Finance expenses	(41.1)	(34.1)
Non-underlying financing costs	(1.9)	-
Profit before tax	(1.7)	29.7

A geographical analysis of revenue is presented below:

	53 weeks to 30 June 2024 £m	52 weeks to 25 June 2023 £m
United Kingdom	967.4	1,067.7
Europe	19.7	21.2
Total revenue	987.1	1,088.9

2 Segmental Analysis (continued)

	Additions to non-current assets		Depreciation, amortisation and impairment	
	53 weeks to 30 June 2024 £m	52 weeks to 25 June 2023 £m	53 weeks to 30 June 2024 £m	52 weeks to 25 June 2023 £m
DFS	35.5	42.7	67.5	70.1
Sofology	12.2	11.4	18.0	17.6

Other segments	7.9	6.0	6.3	6.4
Total Group	55.6	60.1	91.8	94.1

Additions to non-current assets include both tangible and intangible non-current assets.

3 Operating profit - continuing operations

Group operating profit is stated after charging/(crediting):

	53 weeks to 30 June 2024 £m	52 weeks to 25 June 2023 £m
Depreciation on tangible assets (including depreciation on right of use assets)	77.8	80.5
Amortisation of intangible assets	13.7	11.6
Impairments	0.3	2.0
Net gain on disposal of property, plant and equipment	-	(0.8)
Net gain on disposal of right of use assets	(0.6)	(1.2)
Cost of inventories recognised as an expense	435.9	509.1
Write down of inventories to net realisable value	0.3	2.0
Other cost of sales	0.1	(14.4)
Release of provisions (note 10)	(3.4)	(0.9)
Government grants received (business rates relief)	-	(0.2)
Operating lease rentals	-	0.2
<i>Non-underlying items</i>	<i>53 weeks to 30 June 2024 £m</i>	<i>52 weeks to 25 June 2023 £m</i>
Restructuring costs	6.5	-
Land slippage costs	3.1	-
Release of lease guarantee provision	(0.7)	(0.5)
	8.9	(0.5)

The release of the lease guarantee provision relates to the property provisions detailed in note 10.

4 Finance income and expense - continuing operations

	53 weeks to 30 June 2024 £m	52 weeks to 25 June 2023 £m
<i>Finance income</i>		
Interest income on bank deposits	0.4	0.2
Total finance income	0.4	0.2
<i>Finance expense</i>		
Interest payable on senior revolving credit facility	(12.6)	(10.4)
Interest payable on senior secured notes	(3.5)	-
Bank fees	(0.4)	(0.4)
Unwind of discount on provisions	(0.2)	(0.1)
Interest on lease liabilities	(24.8)	(23.4)
Total underlying finance expense	(41.5)	(34.3)
<i>Non-underlying items:</i>		
Refinancing costs	(1.9)	-
Total finance expense	(43.4)	(34.3)

Non-underlying finance costs of £1.9m relate to the refinancing of the Group's credit facilities in September 2023. This includes the write off of unamortised underwriting fees associated with the old revolving credit facility and professional fees incurred in relation to the arrangement of the new revolving credit facility and senior secured loan notes.

5 Earnings per share

	53 weeks to 30 June 2024 pence	52 weeks to 25 June 2023 pence
Basic earnings/(loss) per share		
- from continuing operations	(2.0)	9.8
- from discontinued operations	0.1	1.3
Total basic earnings per share	(1.9)	11.1
Diluted earnings/(loss) per share		
- from continuing operations	(2.0)	9.7
- from discontinued operations	0.1	1.3
Total diluted earnings per share	(1.9)	11.0

	53 weeks to 30 June 2024 £m	52 weeks to 25 June 2023 £m
(Loss)/profit attributable to equity holders of the parent company	14.7	22.0

- from continuing operations	(4.1)	23.0
- from discontinued operations	0.3	3.1
	(4.4)	26.1

	30 June 2024 No.	25 June 2023 No.
Weighted average number of shares for basic earnings per share	230,566,306	235,470,857
Dilutive effect of employee share based payment awards	-	1,783,365
Weighted average number of shares for diluted earnings per share	230,566,306	237,254,222

Where a loss has been recorded, the potential ordinary shares would be anti-dilutive, and therefore in this situation the weighted average number of shares used does not include the dilutive effect of share based payment awards.

5 Earnings per share (continued)

Underlying earnings per share

Underlying basic earnings per share and underlying diluted earnings per share are calculated by dividing the profit for the period attributable to ordinary equity holders of the parent company, as adjusted to exclude the effect of non-underlying items, by the applicable weighted average numbers of ordinary shares.

	53 weeks to 30 June 2024 £m	52 weeks to 25 June 2023 £m
Continuing operations		
(Loss)/profit for the year attributable to equity holders of the parent company	(4.7)	23.0
Non-underlying (profit)/loss after tax	8.1	(0.4)
Underlying profit for the period attributable to equity holders of the parent company from continuing operations	3.4	22.6

	53 weeks to 30 June 2024 £m	52 weeks to 25 June 2023 £m
Discontinued operations		
Profit/(loss) for the year attributable to equity holders of the parent company	0.3	3.1
Non-underlying loss after tax	(0.3)	(3.5)
Underlying loss for the period attributable to equity holders of the parent company from discontinued operations	-	(0.4)

	30 June 2024 No.	25 June 2023 No.
Weighted average number of shares for basic earnings per share	230,566,306	235,470,857
Dilutive effect of employee share based payment awards	452,561	1,783,365
Weighted average number of shares for diluted earnings per share	231,018,867	237,254,222

6 Dividends

	Pence per ordinary share	53 weeks to 30 June 2024 £m	52 weeks to 25 June 2023 £m
Final dividend for FY22	3.7p	-	8.6
Interim ordinary dividend for FY23	1.5p	-	3.5
Final dividend for FY23	3.0p	6.9	-
Interim ordinary dividend for FY24	1.1p	2.5	-
		9.4	12.1

The Directors do not recommend the payment of a final dividend in respect of the financial period ended 30 June 2024.

7 Financial instruments

All derivatives are categorised as Level 2 under the requirements of IFRS 7 as they are valued using techniques based significantly on observed market data.

The Directors have reviewed for expected credit losses and consider the amount of any such losses to be immaterial.

The Directors consider that the fair values of each category of the Group's financial instruments are materially the same as their carrying values.

8 Capital expenditure

For the 53 weeks to 30 June 2024, additions of property, plant and equipment (including those acquired under finance leases) totalled £42.3m (2023: £45.6m).

At 30 June 2024 the Group had contracted capital commitments of £7.9m (2023: £9.1m) for which no provision has been made in the financial statements.

9 Intangible assets

	Computer software £m	Brand names £m	Goodwill £m	Total £m
Cost				
Balance at 26 June 2022	55.3	14.8	509.3	579.4
Reclassification	0.9	-	-	0.9
Additions	14.5	-	-	14.5
Disposals	(0.1)	-	-	(0.1)
Balance at 25 June 2023	70.6	14.8	509.3	594.7
Additions	10.0	-	-	10.0
Disposals	(0.2)	-	-	(0.2)
Balance at 30 June 2024	80.4	14.8	509.3	604.5
Amortisation and impairments				
Balance at 26 June 2022	37.6	7.0	1.0	45.6
Reclassification	0.9	-	-	0.9
Amortisation charge for the period	10.2	1.4	-	11.6
Disposals	(0.1)	-	-	(0.1)
Balance at 25 June 2023	48.6	8.4	1.0	58.0
Amortisation charge for the period	12.3	1.4	-	13.7
Disposals	(0.1)	-	-	(0.1)
Balance at 30 June 2024	60.8	9.8	1.0	71.6
Net book value				
At 26 June 2022	17.7	7.8	508.3	533.8
At 25 June 2023	22.0	6.4	508.3	536.7
At 30 June 2024	19.6	5.0	508.3	532.9

Goodwill

The carrying amount of goodwill is allocated to the following cash generating units:

	30 June 2024 £m	25 June 2023 £m
DFS Trading Limited	479.9	479.9
Sofology	28.4	28.4
	508.3	508.3

Goodwill is tested annually for impairment on the basis of value in use. The key assumptions underlying the calculations are those regarding expected future sales volumes, changes in selling prices and direct costs and the discount rate applied. The inputs applied in respect of these key assumptions are based on management experience and external inputs in relation to market outlook.

Cash flow forecasts are prepared from the latest financial results and internal budgets for the next four years, which take into account external macroeconomic indicators as well as internal growth expectations for each cash generating unit. Selling prices and related costs are based on past practice and expected future changes in the market. The base case forecast assumes market growth of 2% in FY25, followed by continued low single digit annual growth in subsequent years. The base case also reflects a cautious assessment of the anticipated growth in the Group's market share driven by delivery of our strategic initiatives. Revenue is assumed in line with order intake, keeping order book levels relatively consistent across the assessment period.

Gross margin percentage for FY25 is expected to be ahead of FY24 through more effective sourcing and the annualised impact of price increases already implemented. Other costs reflect anticipated inflationary increases and benefits from specific cost saving initiatives. Capital expenditure is assumed to remain in line with planned investments and strategic initiatives.

9 Intangible assets (continued)

A terminal value was then calculated on the basis of the four year plan and an estimated long-term growth rate for the UK upholstery furniture sector of 2.0% (2023: 2.0%). These cash flow forecasts were then discounted at pre-tax discount rates of 14.0% to 15.1% (2023: 13.3% to 14.6%). The discount rates are estimated based on the Group's weighted average cost of capital (derived from market indices of risk-free rates, market risk premia, peer group analysis and the Group's own borrowing costs), risk adjusted for an individual unit's circumstances. The Group incurs certain overhead costs in respect of support services provided centrally to the CGUs. Such support services include Finance, Human Resources, Legal, IT and central management support in respect of stewardship and governance. These overhead costs have been allocated to the CGUs using relative CGU EBITDA as a proxy for the time spent in supporting the CGU.

For DFS and Sofology, the value in use calculations showed a significant headroom between the calculated value in use and the carrying value of goodwill in the financial statements. A number of sensitivities were then applied to the base case model to assess whether any reasonably possible changes in assumptions could cause an impairment that would be material to these consolidated financial statements. This analysis applied a number of challenging scenarios, including possible shortfalls in revenue or gross margin compared to plan, a decrease in the long term growth rate of the UK upholstery market and changes in applicable discount rates. On the basis of this analysis the Directors concluded that a reasonably possible change in these assumptions would not lead to an impairment being recognised.

Further analysis was then applied to consider simultaneous shortfalls in revenue and in gross margin compared to plan at the reasonably possible levels outlined above. The outcome of this simultaneous shortfall scenario was that in the event of these reasonably possible scenarios occurring simultaneously, an impairment to the DFS Trading Limited goodwill would result. Under the base case, recoverable amount exceeds carrying value by £159.8m. If order intake were to fall 4.0% below expectation, and gross margin were to fall 0.8% points below expectation, an impairment of £44.7m would occur. No reasonably possible scenarios result in an impairment of the Sofology Limited goodwill.

10 Provisions

	Guarantee provision £m	Property provisions £m	Other provisions £m	Total £m
Balance at 25 June 2023	7.5	4.6	1.0	13.1
Provisions made during the period	7.3	4.0	0.5	11.8
Provisions used during the period	(5.3)	(0.3)	(0.3)	(5.9)

Provisions released during the period	(2.6)	(0.8)	(0.3)	(3.7)
Balance at 30 June 2024	6.9	7.5	0.9	15.3
Current	5.8	3.3	0.6	9.7
Non-current	1.1	4.2	0.3	5.6
	6.9	7.5	0.9	15.3

The Group offers a long-term guarantee on its upholstery products and in accordance with accounting standards a provision is maintained for the expected future cost of fulfilling these guarantees on products which have been delivered before the reporting date. In calculating this provision the key areas of estimation are the number of future claims, average cost per claim and the expected period over which claims will arise (nearly all claims arise within two years of delivery). The Group has considered the sensitivity of the calculation to these key areas of estimation, and determined that a 10% change in either the average cost per claim or the number of expected future calls would change the value of the calculated provision by £0.5m. The directors have therefore concluded that reasonably possible variations in estimate would not result in a material difference.

Property provisions relate to potential obligations under lease guarantees offered to former subsidiary companies, the majority of which expire in 2025, and wear and tear costs for Group properties based on anticipated lease expiries and renewals, which will predominantly be utilised more than five years from the reporting date, and a provision for the best estimate of the costs of rectification of an area of land slippage at one of the Group's manufacturing facilities.

Other provisions relate to payment of refunds to customers for payment protection insurance policies and other regulatory costs.

11 Net debt

	25 June 2023 £m	Cash flow £m	Other non-cash changes £m	30 June 2024 £m
Cash in hand, at bank	26.7	0.1	-	26.8
Bank overdraft	-	(2.6)	-	(2.6)
Cash and cash equivalents	26.7	(2.5)	-	24.2
Senior revolving credit facility	(165.8)	28.0	0.4	(137.4)
Senior secured loan notes	-	(50.0)	-	(50.0)
Finance lease liabilities	(411.4)	92.4	(82.7)	(401.7)
Total net debt	(550.5)	67.9	(82.3)	(564.9)

	26 June 2022 £m	Cash flow £m	Other non-cash changes £m	25 June 2023 £m
Cash in hand, at bank	17.3	9.4	-	26.7
Bank overdraft	(12.3)	12.3	-	-
Cash and cash equivalents	5.0	21.7	-	26.7
Senior revolving credit facility	(93.5)	(72.0)	(0.3)	(165.8)
Finance lease liabilities	(445.4)	61.6	(27.6)	(411.4)
Total net debt	(533.9)	11.3	(27.9)	(550.5)

Non-cash changes include the addition of leases within the period, lease remeasurements, disposals of leases, lease interest and the prepayment of debt issue costs net of amortisation.

11 Annual General Meeting

The Annual General Meeting will be held on 22 November 2023 at 1 Rockingham Way, Redhouse Interchange, Adwick-le-Street, Doncaster, DN6 7NA. The Annual Report and Accounts and Notice of Meeting will be sent to shareholders and copies will be available from the Company's registered office: 1 Rockingham Way, Redhouse Interchange, Adwick-le-Street, Doncaster, DN6 7NA and on the Company's website at www.dfscorporate.co.uk.

12 Subsequent events

Refinancing

As detailed in the Financial review, whilst the Group expects to stay within the covenants applicable to its borrowing facilities, in September 2024 a temporary widening of covenants was agreed which provides additional headroom in the event of unanticipated downside scenarios that result in a further decline in market volumes and lower EBITDA.

The amended leverage covenant widens to 3.9x at H1 FY25 and 3.7x at FY25, before returning to 3.0x at H1 FY26. The amended fixed charge cover covenant widens to 1.3x at H1 FY25, 1.3x at FY25 and 1.4x at H1 FY26, before returning to 1.5x at FY26.

13 Alternative Performance Measures

In reporting the Group's financial performance, the Directors make use of a number of alternative performance measures ("APMs") in addition to those defined or specified under UK-adopted International Financial Reporting Standards ("IFRS"). APMs are not IFRS measures, nor are they intended to be a substitute for IFRS measures.

The Directors consider that these APMs provide useful additional information to support understanding of underlying trends and business performance. In particular, APMs enhance the comparability of information between reporting periods by adjusting for non-underlying items. APMs are therefore used by the Group's Directors and management for internal performance analysis, planning and incentive setting purposes in addition to external communication of the Group's financial results.

In order to facilitate understanding of the APMs used by the Group, and their relationship to reported IFRS measures, definitions and numerical reconciliations are set out below.

Definitions of APMs may vary from business to business and accordingly the Group's APMs may not be directly comparable to similar APMs reported by other entities.

APM	Definition	Rationale
Gross sales	Amounts payable by external customers for goods and services supplied by the Group, including aftercare services (for which the Group acts as an agent), delivery charges and value added and other sales taxes.	Key measure of overall sales performance which unlike IFRS revenue is not affected by the cost of or the extent to which customers take up the Group's interest free credit offering.
Brand contribution	Gross profit less selling and distribution costs, excluding property and administration costs.	Measure of brand-controllable profit as it excludes shared Group costs.
Adjusted EBITDA	Earnings before interest, taxation, depreciation and amortisation adjusted to exclude impairments.	A commonly used profit measure.
Non-underlying items	Items that are material in size, unusual or non-recurring in nature which the Directors believe are not indicative of the Group's underlying performance.	Clear and separate identification of such items facilitates understanding of underlying trading performance.
Underlying EBITDA	Earnings before interest, taxation, depreciation and amortisation from continuing operations, as adjusted for non-underlying items.	Profit measure reflecting underlying trading performance.
Underlying profit before tax and brand amortisation PBT(A)	Profit before tax from continuing operations adjusted for non-underlying items and amortisation associated with the acquired brands of Sofology and Dwell.	Profit measure widely used by investors and analysts.
Underlying earnings per share	Post-tax earnings per share from continuing operations as adjusted for non-underlying items.	Exclusion of non-underlying items facilitates year on year comparisons of the key investor measure of earnings per share.
Net bank debt	Balance drawn down on interest bearing loans, with unamortised issue costs added back, less cash and cash equivalents (including bank overdrafts).	Measure of the Group's cash indebtedness which supports assessment of available liquidity and cash flow generation in the reporting period.
Cash EBITDA	Net cash from operating activities before tax less movements on working capital and provisions balances and payments made under lease obligations, adding back non-underlying items before tax.	Measure of the non-underlying operating cash generation of the business, normalised to reflect timing differences in working capital movements.
Underlying free cash flow to equity holders	The change in net bank debt for the period after adding back dividends, acquisition related consideration, share based payment transactions and non-underlying cash flows.	Measure of the underlying cash return generated for shareholders in the period and a key financial target for Executive Director remuneration.
Leverage (or gearing)	The ratio of period end net bank debt to cash EBITDA for the previous twelve months.	Key measure which indicates the relative level of borrowing to operating cash generation, widely used by investors and analysts.
Underlying return on capital employed (underlying ROCE)	Underlying post-tax operating profit, from continuing operations expressed as a percentage of the sum of: property, plant & equipment, computer software, right of use assets and working capital.	Represents the post-tax return the Group achieves on the investment it has made in its business.

13 Alternative Performance Measures (continued)

Reconciliations to IFRS measures

Adjusted EBITDA	Note	FY24 £m	FY23 £m
Operating profit from continuing operations	2	41.3	63.8
Depreciation	3	77.8	80.5
Amortisation	3	13.7	11.6
Impairments	3	0.3	2.0
Adjusted EBITDA from continuing operations		133.1	157.9
Underlying EBITDA		FY24 £m	FY23 £m
Adjusted EBITDA from continuing operations		133.1	157.9
Non-underlying operating items	3	8.9	(0.5)
Underlying EBITDA from continuing operations		142.0	157.4
Underlying profit before tax and brand amortisation - PBTa		FY24 £m	FY23 £m
(Loss)/profit before tax from continuing operations	2	(1.7)	29.7
Non-underlying items	3	10.8	(0.5)
Amortisation of brand names	9	1.4	1.4
Underlying profit before tax and brand amortisation		10.5	30.6

Net bank debt		FY24 £m	FY23 £m
Interest bearing loans and borrowings		187.4	165.8
Unamortised issue costs		1.6	1.2
Cash and cash equivalents (including bank overdraft)		(24.2)	(26.7)
Net bank debt		164.8	140.3
Closing net bank debt		(164.8)	(140.3)
Less: Opening net bank debt		140.3	90.0
Movement in net bank debt		(24.5)	(50.3)
Underlying free cash flow to equity holders		FY24 £m	FY23 £m
	Note		
Movement in net bank debt		(24.5)	(50.3)
Dividends	5	9.4	12.1
Purchase of own shares		-	30.9
Non-underlying cash items included in cash flow statement		5.1	0.3
Underlying free cash flow (from)/to equity holders		(10.0)	(7.0)
<i>Exclude:</i>			
Working capital outflow		17.8	40.0
Operating result from discontinued operations		(0.3)	(3.6)
Underlying free cash flow to equity holders excluding operating result from discontinued operations and working capital outflow		7.5	29.4

13 Alternative Performance Measures (continued)

Leverage		FY24 £m	FY23 £m
Net bank debt (A)		164.8	140.3
Net cash from operating activities before tax		118.9	122.4
add back:			
Pre-tax non-underlying items		10.5	(4.3)
less:			
Movement in trade and other receivables		0.9	(13.2)
Movement in inventories		3.2	(8.6)
Movement in trade and other payables		15.9	55.8
Movement in provisions		(2.2)	6.0
Payment of lease liabilities		(67.6)	(61.6)
Payment of interest on lease liabilities		(24.8)	(23.5)
Cash EBITDA (B)		54.8	73.0
Leverage (A/B)		3.0x	1.9x
IAS 17 bank covenant difference		(0.5x)	-
Bank leverage		2.5x	1.9x

FY24 cash EBITDA is materially different from bank covenant IAS 17-based EBITDA due to week 53 cash flows

Underlying return on capital employed from continuing operations		FY24 £m	FY23 £m
Operating profit from continuing operations		41.3	63.8
Non-underlying items		8.9	(0.5)
Pre-tax return		50.2	63.3
Adjusted effective tax rate ¹		25.0%	22.6%
Tax adjusted return (A)		37.7	49.0
Property, plant and equipment		83.8	97.4
ROU assets		315.0	312.6
Computer software		19.6	22.0
		418.4	432.0
Inventories		59.0	55.8
Trade receivables		6.7	7.7
Prepayments		4.0	3.0
Accrued income		0.1	0.1
Other receivables		1.2	0.3
Payments received on account		(40.9)	(39.1)
Trade payables		(100.4)	(97.6)
Working capital		(70.3)	(69.8)
Total capital employed (B)		248.4	262.2

Underlying ROCE (A/B)	10.8%	13.5%
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1. Effective tax rate for FY24 has been adjusted to eliminate the disproportionate impact of disallowable depreciation on non-qualifying assets in the year.

This preliminary results statement, the full text of the Stock Exchange announcement and the results presentation can be found on the Company's website at www.dfscorporate.co.uk

This report contains statements that constitute forward-looking statements relating to the business, financial performance and results of the Company and the industry in which the Company operates. These statements may be identified by words such as "may", "will", "shall", "anticipate", "believe", "intend", "project", "goal", "expectation", "belief", "estimate", "plan", "target", or "forecast" and similar expressions for the negative thereof; or by forward-looking nature of discussions of strategy, plans or intentions; or by their context. No representation is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. All statements regarding the future are subject to inherent risks and uncertainties and various factors that would cause actual future results, performance or events to differ materially from those described or implied in these statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate and neither the Company nor any other person accepts any responsibility for the accuracy of the opinions expressed in this interim report or the underlying assumptions. Past performance is not an indication of future results and past performance should not be taken as a representation that trends or activities underlying past performance will continue in the future. The forward-looking statements in this interim report speak only as at the date of this interim report and the Company expressly disclaims any obligation or undertaking to release any updates or revisions to these forward-looking statements to reflect any change in the Company's expectations in regard thereto or any change in events, conditions or circumstances on which any statement is based after the date of this interim report or to update or to keep current any other information contained in this interim report or to provide any additional information in relation to such forward-looking statements. Undue reliance should not therefore be placed on such forward-looking statements.



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