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DFS Furniture plc

Interim Results Announcement

Strategic execution driving robust earnings growth and cash generation

DFS Furniture plc (the "Group"), the market leading retailer of living room and upholstered furniture in the United Kingdom, today announces its interim results for the 26 weeks ended 28 December 2025 (H1 FY26). The prior year comparative period is the 26 weeks ended 29 December 2024 (H1 FY25).

	H1 FY26	H1 FY25	Change
Order intake growth YoY	+2.3%	+10.1%[1]	n/a
Gross sales[2]	£734.5m	£675.6m	+8.7%
Revenue	**£547.7m**	**£504.5m**	**+8.6%**
Gross margin	57.8%	56.7%	+1.1%pts
Underlying PBT(A)[2]	**£30.9m**	**£17.0m**	**+£13.9m**
Reported profit/(loss) before tax	**£30.3m**	**£15.8m**	**+£14.5m**
Underlying basic EPS	**9.8p**	**5.3p**	**+4.5p**
Reported basic EPS	**9.8p**	**5.1p**	**+4.7p**
Net bank debt[2]	£60.6m	£116.7m	£56.1m
Bank leverage[2, 3]	**0.8x**	**1.6x**	**0.8x**

Strategic and operational highlights

- **Leveraging our scale and vertical integration**: High profile exclusive brand partnerships reached record sales levels and are now being utilised in our growing Home (non-upholstery) proposition, cost of goods optimisation is driving gross margins up and our logistics platform is now being leveraged to deliver for third parties
- **Utilising data and technology:** Technology based product innovation is driving up average order values and we are utilising AI to optimise the online customer journey and our operational efficiency
- **Harnessing our unique culture**: Our dedicated colleagues are critical to our success; a continued focus on our diversity and inclusion agenda is driving engagement scores with our seventh employee network now launched and a new enhanced employee value proposition developed for roll out in H2

Financial overview

- 2.3% YoY order intake growth achieved in a subdued market and against a strong comparator of +10.1%[1]
- Revenue growth of 8.6% reflecting the growth in order intake and the benefit of a stronger opening order bank
- Gross margin increased 110bps to 57.8%, approaching our 58% target. This is the fourth consecutive year of margin expansion reflecting ongoing product margin improvement and normalisation of input costs, particularly freight rates and the USD/GBP exchange rate
- Underlying profit performance, PBTu(A)[2] up significantly (+£13.9m) YoY to £30.9m reflecting the impact of operational leverage[2,3]
- Strong free cash flow generation and cash discipline reducing net bank debt to £60.6m, down over £100m over the last eighteen months with leverage[2,3] of 0.8x (1.0x adjusting for working capital phasing) now within our 0.5x-1.0x target range
- Recognising the Group's improved financial position an interim dividend of 1.0 pence / share has been declared

Current trading and outlook

- Since the half year we have seen some softening in footfall linked to adverse weather conditions over the period and consumer confidence remains delicately balanced. We remain focused on executing our strategy and in combination with our disciplined approach to gross margin and cost management we are comfortable reiterating our guidance of full year PBTu(A) in the range of £43-50m. This assumes no material supply chain disruption resulting from current geo-political events impacting the timing of delivery of customer orders.

- The Board remains confident in achieving our £1.4bn full year revenue and 8% PBT medium term targets

Tim Stacey, Group Chief Executive Officer said:

"In summary, the first half performance was reflective of our strengthening business and the dedication of our colleagues across the Group. We delivered robust financial results in a subdued market environment and improved our financial position. As we look to the second half of the year and beyond, we remain focused on executing our strategy, driving profitable growth, strengthening our balance sheet and delivering long term value for our shareholders, customers and colleagues"

[1] To avoid the distorting impact caused by a different number of winter sale trading days in each trading period H1 FY25 YoY order intake growth (+10.1%) is measured using weeks 1-25 of each trading period.

[2] Definitions and reconciliations of KPIs including Alternative Performance Measures ("APMs") are provided at the end of this statement in note 12 to the condensed consolidated interim financial statements

[3] Banking covenant leverage calculated using IAS17 calculated EBITDA

[4] Proprietary Lloyds banking data covering 14 specialist upholstery retailers

[5] Company compiled market consensus profit before tax and brand amortisation: £47.3m

FY26 Interim Results Presentation

A webcast for analysts and investors will be held at 9.00am (GMT) today to announce the H1 FY26 results. Virtual presentation link:

https://brrmedia.news/DFS_HY26

A copy of the presentation will be made available at: https://www.dfscorporate.co.uk/

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About DFS Furniture plc

The Group is the clear market-leading retailer of upholstered furniture in the United Kingdom. Our Group purpose is to bring great design and comfort into every home, 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 innovative products and services, 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".

CEO Statement
The Group delivered a strong operational and financial performance in H1 FY26, reflecting the continued execution of our strategic priorities and the inherent strength of our vertically integrated business model. In a broadly flat market, we delivered order intake growth of +2.3% year on year, with solid contributions from both retail brands and double digit growth in our non-upholstery Home category.

The upholstery market remained subdued over the first half, with consumer confidence and discretionary spending influenced by broader macroeconomic uncertainty. Despite this backdrop, financial performance in the period was robust, with underlying profit before tax and brand amortisation of £30.9m, representing a significant £13.9m improvement on the prior year. Cash generation was also strong, delivering on a key focus area of reducing debt, and bringing leverage back within our target range (0.5x-1.0x). In addition, our operational performance goes from strength to strength with record net promoter scores (NPS) achieved in the period.

The transition to more integrated group functions over recent years has enhanced our operational advantages, enabling us to better leverage our scale, data and skills across the Group and operate more efficiently. While we have made significant progress on this journey, there remains further opportunity ahead.

Our improved financial performance and stronger balance sheet enables us to better leverage our retail brand pillars and our operating platforms to maximise our growth opportunities, giving us confidence in meeting our medium term targets of £1.4bn revenue and 8% PBT margin.

Strategic progress
Our strong performance in the first half reflects the good progress we have made against our strategy. This has been supported by our three key enablers:

Leveraging our scale and vertical integration:
Our scale and vertical integration drive efficiency and value across the Group enabling us to have exclusive brand collaborations, the best sourcing rates and optimised supply chain operations.

In dfs our exclusive brands sit at the heart of our proposition, allowing us to create distinctive ranges that reflect the latest customer tastes and emerging home trends. Working closely with trusted partners and supported by our in-house design expertise, we are able to move quickly from concept to showroom, being the first to market with new and innovative products. Over recent years, we have collaborated with well-known brands such as French Connection, Joules, Ted Baker and Country Living, with participation across these ranges now at record levels. More recently, we have introduced more technology into our products to further differentiate our customer proposition, accelerating the success of our exclusive brand ranges. Our Cinesound and Soundwave by Shaquille O'Neal Home are particularly popular, bringing bluetooth connectivity, wireless charging, 4D vibration and immersive sound to our customers' homes. We are also excited to announce our most recent collaboration with Amanda Holden which brings statement sofas and Amanda's style and vivacious personality to our customers' homes.

In Sofology we launched its new 'So Fussy' marketing campaign, this includes a collaboration with Craig Revel Horwood which has landed exceptionally well with customers. In addition, we launched two new La-Z-Boy ranges in February 2026; the Atlanta which focuses on technology, and the Colorado which features a comfortable sofa bed. These new ranges were selected for their appeal to the Sofology customer and to complement the existing product range. We also launched our first ever Sofology sale post-Christmas which has proven to be successful in driving order intake and incremental profit.

We continue to expand our successful exclusive brand partnerships into Home. In the first half of the financial year, we launched a number of beds and dining ranges with brands such as House Beautiful and Ted Baker, alongside our own in-house Platinum and Cinesound brands. In tandem with the launch of the enhanced Home product proposition, we have increased investment in marketing to raise awareness of our non-upholstery range, as well as an additional mezzanine within our dfs Stockton showroom to provide a dedicated environment to showcase our products, building on the successful introduction of mezzanines in five other showrooms. We are pleased with the progress made to date, with order intake in our Home offer growing +14% year on year and we are confident this momentum will continue to strengthen our overall customer proposition.

The Sofa Delivery Company, our logistics operation, is the largest two person sofa delivery company in the UK. It supports both of our retail brands through a shared infrastructure and provides a seven day a week installation and delivery service with a strong focus on customer experience, including the removal and recycling of all packaging waste. Our consistently high post-delivery NPS scores have earned us a reputation for delivering a market leading service, and I am pleased to announce that we have signed our first contracts with two third party retailers. These opportunities will generate additional revenue by utilising spare capacity within our existing infrastructure, supporting our broader growth strategy of leveraging our platforms to create new profit streams for the Group.

We are continually working to optimise our operating structures in order to leverage the skills of our dedicated and talented colleagues whilst ensuring we retain distinct brand identities. Recent examples include our customer service function where we have consolidated elements of our customer service teams to better utilise specialist skill sets and we have also brought more creative work in-house, enabling the delivery of marketing assets more efficiently and at greater speed to market.

Utilising data and technology:
Through the strategic use of data and technology, we drive insight, innovation and more informed decision making. Our platforms and technology investments aim to personalise the customer journey, improve operational efficiency and create a more engaging customer experience at every touchpoint.

In the first half of the financial year, we continued to invest in our dfs and Sofology websites to deliver more brand-enhancing omnichannel experiences for our customers. In FY25 we began to utilise AI to create a more personalised customer experience on our retail websites, and we continue to utilise data to further optimise our dfs website, recognising that new and returning users have different needs. New users are guided with more inspirational content to support their research journey, while returning users can pick up where they left off, with previously viewed products surfaced on a personalised homepage.

Over the last six months, we have further strengthened the capabilities of the Sofology website to enhance the customer experience. We have introduced new tools, including a range locator that helps customers find products in their nearest showroom for the all-important 'sit test', which alongside the 'Complete at Home' option has driven higher utilisation with 9% of Sofology transactions started in the showroom now completed at home. In Sofology, we are also using data to drive more targeted marketing and unlock further personalisation.

Our aim is to deliver a truly channel-agnostic experience, enabling our customers to shop through the channel that suits them best. These innovations have driven our ecommerce NPS score to the highest levels ever.

Interest-free credit ("IFC") continues to be a key feature of the UK upholstery market, and our scale makes us a major customer of IFC lending partners, enabling us to offer a market-leading proposition. As part of our ongoing investment in enhancing our digital platforms, we have recently introduced a credit checker that allows customers to assess their eligibility from the comfort of their own home using only a soft credit check. This provides reassurance and confidence when visiting our stores or shopping online, supporting customers to take the next step in their buying journey, whilst supporting operational efficiencies for our sales colleagues.

We have also strengthened our customer service operations by embedding AI into a number of areas. Having previously introduced AI to enhance colleagues' written emails, AI now supports faster, more accurate routing of customer calls, intelligently handling high volume, low complexity enquiries and ensuring customers are seamlessly directed to the right colleague. It also enhances how we develop our teams, with AI-assisted call analysis providing targeted feedback and training support. Together, these improvements are driving quicker resolutions, higher service quality and greater colleague productivity.

Harnessing our unique culture to drive performance:
Our unique culture is the foundation of our performance. By fostering an open, inclusive and customer centric culture we unlock the full potential of our colleagues, enabling them to deliver exceptional experiences for our customers and strong results for our business.

Over the past few years, we have been working hard to consolidate the operations of our business, and I am so proud of this year's Leadership Development Programme cohort, who have collaborated to develop our new enhanced Group Employee Value Proposition, launching in the second half of the financial year. The next cohort has now started and we are excited to see the contribution they will make to the Group.

To support our colleagues in building long and fulfilling careers with us, we're committed to creating an environment where everyone feels welcome. A diverse workforce strengthens our Group, bringing broader perspectives, fuelling innovation and helping us better serve our customers. Our colleague networks, each with senior leadership

innovation and helping us better serve our customers. Our colleague networks, each with senior leadership sponsorship, are central to delivering our inclusion agenda by connecting people, amplifying voices and driving meaningful change across the Group. With the recent launch of the Mankind Network, we now have seven networks in total. The Mankind Network brings men from across the organisation together to support one another in navigating the modern workplace and to champion positive mental health, further strengthening our commitment to inclusion and wellbeing for all.

Sustainability is also embedded in our culture. Our property decarbonisation agenda is underway to deliver our SBTi target of a 54.6% reduction in Scope 1 and 2 emissions by 2032.

Our continued strategic execution has driven strong performance across three key financial areas:

Growth
We delivered order intake growth across both retail brands, demonstrating the strength of our proposition and disciplined execution in a subdued market. In dfs, performance was driven by strong demand for exclusive brand ranges and differentiated, technology-led products, supporting both volume growth and higher average order values. Our non-upholstery Home offer was a particular standout as increased marketing investment and an expanded range supported double digit growth in the period. Overall, dfs achieved order intake growth of 2.0%.

Sofology delivered 3.4% year-on-year order intake growth, against a strong comparator of +19.1% in the prior year. This reflects the sustained benefits of range and pricing changes made in the prior year along with more recent changes alongside continued improvements to the customer journey. Growth in the period was supported by the opening of one new showroom in Carlisle and the refurbishment of our Bolton showroom which has seen a significant uplift in performance.

Overall, I'm really pleased with the performance of both our retail brands which is supported by the tireless efforts of our colleagues and the desire for continuous improvement which is embedded in the culture of the Group.

Gross margin
During the first half, we made further progress increasing our gross margins. In the first half, margins were up 110bps year on year to 57.8%, approaching our 58% target. This is the fourth consecutive year of margin progression, with underlying product margins continuing to improve as we see the benefits of combining the commercial buying teams as well as from freight rates reducing towards long term average levels and an improvement in the USD/GBP exchange rate.

Costs
We continue to manage our costs with discipline while investing strategically to support growth, building on the successful completion of our £50m Cost to Operate programme last year, which delivered savings ahead of plan, ongoing initiatives including smarter technology and AI based ways of operating are continuing to help mitigate inflationary pressures.

Future growth
In our FY25 results, I outlined several growth opportunities, in part enabled by the evolution of our operating model over the past five years. As our financial position improved we invested in some additional growth opportunities including mezzanine investments in dfs to support our non-upholstery Home offer, a new Sofology showroom and various showroom refurbishments and we're pleased with the initial results. We remain confident in the Group's ability to drive growth from the following initiatives:

- **Innovation:** Supported by innovative new product development, we leverage our scale to offer great value for money, deliver leading customer service through our experienced colleagues, and create a seamless technology-enabled customer journey. We see continued innovation as a means to extend our market leadership in our core upholstery business.

- **Growth of share in the £5bn non-upholstery Home market (beds and mattresses, dining and other living room furniture):** Having established the foundations to enable future growth in the non-upholstery Home market including the roll out of a warehouse management system, the expansion of some of our exclusive upholstery brand partnerships to bed frames and the consolidation of supply to improve gross margins we have invested in marketing to drive awareness. Having achieved 14% year on year growth in order intake in the first half we remain confident in delivering our medium term target of £100m of incremental revenue.

- **Sofology footprint expansion:** Having grown Sofology from 38 showrooms when we acquired the business in 2017 to 57 at the end of H1 FY26 we see an opportunity to increase the estate to between 65 and 70 showrooms over the medium term. We know the target locations and there is relatively low cannibalisation when opening near dfs showrooms.

- **Core sofa market recovery:** Market volumes remain c.20% below pre-pandemic levels. Market recovery is linked to consumer confidence and the housing market and when the recovery comes, the operational leverage in the business is expected to result in high profit growth with revenue to profit drop through at around 40%.

- **Business development opportunities:** The Sofa Delivery Company has recently contracted with two third party retailers to deliver their products using our existing infrastructure. We believe that there will be additional opportunities to provide great customer service and further maximise utilisation of our assets, generating incremental profit for the Group.

Outlook
Since the half year we have seen some softening in footfall linked to adverse weather conditions over the period and consumer confidence remains delicately balanced.

We remain focused on executing our strategy and in combination with our disciplined approach to gross margin and cost management we are comfortable reiterating our guidance of full year PBTu(A) in the range of £43-50m. This assumes no material supply chain disruption resulting from current geo-political events impacting the timing of delivery of customer orders.

As we move forward, we are well positioned for further growth. While the market remains subdued we will balance investment in growth with continued deleveraging over time, strengthening both our resilience and our capacity to capitalise on future opportunities. As noted above, a number of sustainable growth initiatives remain firmly within our control to enhance profitability, and we remain committed to our £1.4bn revenue and 8% PBT margin targets when the market recovers.

Directorate changes
I would like to take this opportunity to thank Marie Wall for her contribution as Interim Chief Financial Officer during this period. Marie has provided strong leadership and continuity, supporting the business through an important phase

of delivery and momentum. We look forward to working with Dominique Highfield, our new Chief Financial Officer who will join in May.

Conclusion
In summary, the first half performance was reflective of our strengthening business and the dedication of our colleagues across the Group. We delivered robust financial results in a subdued market environment and improved our financial position. As we look to the second half of the year and beyond, we remain focused on executing our strategy, driving profitable growth, strengthening our balance sheet and delivering long term value for our shareholders, customers and colleagues.

TIM STACEY
Chief Executive Officer
19 March 2026

FINANCIAL REVIEW

The Group's performance in the first half of FY26 built on the momentum achieved in FY25, marking another period of strong profit growth, free cash flow generation and debt reduction.

In a subdued market, the Group delivered 2.3% year on year order intake growth against a strong comparative period of 10.1%. Gross sales increased 8.7% reflecting growth in order intake and the benefit of a stronger opening order bank. Gross margins increased 110 basis points and costs remained under strong control building on the successful completion of our £50m Cost to Operate programme last year. The cumulative impact of these factors resulted in underlying profit before tax and brand amortisation[2] increasing by £13.9m to £30.9m.

Reported profit before tax increased to a greater extent than the underlying result, up by £14.5m to £30.3m reflecting non-underlying restructuring charges in the prior year.

We continued to reduce our absolute debt levels to build balance sheet resilience and ended the period with net bank debt of £60.6m, down £56.1m year on year. Adjusting for working capital phasing benefits we are pleased that we have now reduced our bank leverage[3] to the top end of our target range of 0.5x-1.0x.

The Group's financial position has improved significantly over the last eighteen months resulting from its improved profit performance, cost programme and disciplined approach to cash management. Looking ahead the Group is well positioned to continue to execute on growth and efficiency initiatives, continuing to deleverage and deliver long term value for our shareholders.

Order intake
Following a slower than envisaged start to the period, due to exceptional hot weather in July and August, order intake performance strengthened and for the period as a whole the Group achieved 2.3% year on year order intake growth, in a market that was broadly flat year on year[4].

Order intake growth:

	Order intake YoY
dfs	2.0%
Sofology	3.4%
Group	**2.3%**

Both our retail brands grew their order intake in the period.

dfs's exclusive brands continue to perform strongly reaching record levels, with French Connection, La-Z-Boy, Grand Designs and Joules brands performing particularly well. In addition, sofas with a high number of technology components such as wireless chargers, vibrating seats, wine fridges, our patented heated seats and sound systems helped contribute to both increased volumes and higher average order values. Finally, our Home (non-upholstery) category performed strongly in the period, up 14% year on year, benefitting from recent marketing investment to grow awareness and the roll out of some of our exclusive upholstery brand partnerships to our Home product ranges. Overall dfs achieved order intake growth of 2.0%.

The range and price changes made by Sofology in the prior year and our continued focus on range optimization has meant that the proposition continues to resonate well with the consumer. This has led to higher conversion driving the brand's 3.4% year on year growth. In addition, we have evolved the selling journey leading to an increasing number of customers completing their transactions in their homes, utilising Sofology's 'Complete at Home' functionality.

Gross sales and revenue
Gross sales[2], which are reported on delivery of customer orders, increased 8.7% year on year which is higher than the order intake growth of 2.3%. This is a result of a higher opening order bank relative to the prior year which supported higher levels of deliveries in the first quarter.

Gross sales[2] and revenue growth:

	H1 FY26	H1 FY25	YoY
dfs	573.1	523.1	9.6%
Sofology	161.2	152.5	5.7%
Other	0.2	-	n/a
Gross sales	**734.5**	**675.6**	**8.7%**
Revenue	**547.7**	**504.5**	**8.6%**

Other represents gross sales generated from delivering goods for third parties

Revenue, which is stated after deducting VAT, the cost of providing warranty products and interest free credit subsidy costs from Gross sales grew at a similar rate to Gross sales.

Gross margin
Following three consecutive years of gross margin rate progression, the Group delivered a further 110 basis points of margin expansion in the half. We are making strong progress toward our 58% target, supported by improved product

margins, stronger USD/GBP exchange rate and a return towards historic average levels on freight rates and SONIA rates.

Gross profit and margin H1 FY25 to H1 FY26:

	£m	% of revenue
H1 FY25 gross profit and margin	**286.3**	**56.7%**
Volume	24.0	0.0%
Product margin	1.4	0.3%
FX	1.9	0.3%
Freight	2.7	0.5%
H1 FY26 gross profit and margin	**316.3**	**57.8%**

The increase in gross sales resulted in an incremental £24.0m of gross margin year on year.

Product margins increased 30 basis points or £1.4m through a number of initiatives initially started under our cost to operate program. These include redistribution of products across our supplier base to optimise cost of goods & quality, product reengineering and reviewing opportunities to better leverage the Group's scale with the latter enabled by bringing together the commercial buying teams of each brand under one leader. Cost benefits from SONIA rate reductions have been reinvested into strengthening the commercial proposition.

We hedge 90% of our expected USD currency requirements 9 months ahead and 50% of our expected requirement for the following 6 months. We benefitted from improved FX rates as anticipated; the average rate paid through the period was 3 cents favourable year on year resulting in a £1.9m / 30 basis point rate benefit.

Freight rates gradually reduced through the first half returning back towards longer term historic levels by the end of the period. This drove a £2.7m or 50 basis point year on year rate improvement.

The 110 basis points of overall gross margin rate progression in the period sits predominantly within the dfs brand with Sofology's margin rate broadly flat reflecting range and price changes to optimise volumes and cash profit.

Operating costs
Underlying operating costs which include selling and distribution, administration, depreciation, amortisation and impairment costs totalled £269.4m, an increase of £19.7m year on year. This represents a percentage cost of revenue of 49.1%, an improvement on H1 FY25 (49.5%).

Underlying operating cost breakdown H1 FY26 vs H1 FY25:

£m	H1 FY26	H1 FY25	YoY
Selling, distribution and admin costs	(225.9)	(205.4)	(20.5)
Depreciation, amortisation and impairment	(43.5)	(44.3)	0.8
Underlying operating costs	(269.4)	(249.7)	(19.7)

Selling, distribution and administration costs increased by £20.5m due to three reasons:

- Volume related costs increased as a result of the higher gross sales achieved in the period.
- We invested in marketing to drive awareness of dfs's Home (non-upholstery) proposition as well as returning Sofology to TV advertising with the launch of its new 'So Fussy' campaign which is resonating well with consumers.
- Wage and NIC related inflation and a higher weighting of the corporate bonus accrual to H1 relative to the prior year

At our FY25 results we announced the delivery of our £50m Cost to Operate saving target one year ahead of plan. Initiatives launched last year have continued to provide savings in the current year helping to partially mitigate cost inflation, for example in our customer service operations we are transitioning to service both retail brands through one Group function leveraging standardised processes and utilising new technology to drive efficiency and improve the customer experience.

The Group has taken a very disciplined approach to capital investment over the last three years with absolute levels of investment being lower than historical levels. This is the driver of the lower depreciation, amortisation and impairment charges which fell by £0.8m year on year to £43.5m

Looking forward to the second half, we do not expect the year on year operating cost increases to be as significant as in the first half as we cycle the inflationary headwinds experienced in Q4 last year and annualise the marketing investment increases.

We are mindful of the potential impact of the war in the Middle East, and expect our exposure to higher levels of inflation to be limited in FY26 due to our contracted positions across energy costs and our shipping agreements. This is something that we are keeping a close eye on and will seek to minimise any potential longer term impacts.

Finance costs
Finance costs of £16.7m were £3.6m lower year on year.

Debt interest charges were the main driver of the reduction, principally resulting from the high levels of free cash generation over the last year to reduce absolute debt levels. In addition our average funding cost reduced from over 8.0% in the prior year to 7.5% due to both lower SONIA rates and a lower premium arising from our improved leverage position.

Lease interest reduced £1.1m due to a reduction in the lease liability position associated with a year on year reduction in the average remaining lease term.

£m	H1 FY26	H1 FY25	YoY
Lease interest	(11.4)	(12.5)	1.1
Debt and other interest	(5.3)	(7.8)	2.5
Underlying finance costs	**(16.7)**	**(20.3)**	**3.6**

Profits, tax and earnings per share
Sales growth, gross margin expansion and good cost control have resulted in underlying profit before tax and brand amortisation[2] for the period increasing by £12.0m year on year to £33.9m. Reported profit before tax increased by

amortisation* for the period increasing by £13.9m year on year to £30.9m. Reported profit before tax increased by a greater extent, by £14.5m to £30.3m due to the non recurrence of restructuring charges associated with the Cost to Operate program in H1 FY25.

£m	H1 FY26	H1 FY25	YoY
Underlying profit before tax and brand amortisation	30.9	17.0	13.9
Brand amortisation	(0.7)	(0.7)	-
Non-underlying credits/(charges)	0.1	(0.5)	0.6
Reported profit before tax	**30.3**	**15.8**	**14.5**

Tax
The tax charge recognised in the financial statements is £7.6m (H1 FY25 £4.0m) and the effective tax rate is 25.1% (H1 FY25 25.3%).

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.

EPS
Basic earnings per share was 9.8 pence (H1 FY25: 5.1 pence) with the year on year increase reflecting higher levels of profit after tax. There was a very small (0.3m / 0.2%) increase in the weighted average number of shares due to the issue of shares from the Employee Benefit Trust in settlement of the Group's share scheme obligations.

Cash flow, debt facilities and return on capital
Building on a strong cash performance in FY25, the Group again generated a high level of free cash flow in H1 FY26. Over the last eighteen months we have focussed on building a stronger, more resilient balance sheet and have reduced absolute debt levels by £104.2m versus peak debt of £164.8m at FY24. This cash flow generation has been supported by improved profit performance, working capital inflows linked to improved trading and a disciplined approach to capital investment whilst pausing on returns to shareholders.

£m	H1 FY26	H1 FY25	YoY
Underlying EBITDA*	90.4	80.9	9.5
Capex	(13.1)	(10.4)	(2.7)
Interest	(5.2)	(7.5)	2.3
Tax	(4.3)	1.9	(6.2)
Principal & interest paid on lease liabilities	(39.3)	(46.6)	7.3
Working capital	17.7	28.9	(11.2)
Other**	0.2	1.0	(0.8)
Underlying free cash flow	**46.4**	**48.2**	**(1.8)**
Non underlying items	-	(0.1)	0.1
Free cash flow / total cash flow	**46.4**	**48.1**	**(1.7)**

Closing net bank debt	**(60.6)**	**(116.7)**	**56.1**

*Underlying operating profit before interest, tax, depreciation, amortisation and impairment
**Other of £0.2m (H1 FY25: £1.0m) includes losses/gains on disposal of assets, FX revaluations, share based payment expense, purchase of shares by EBT and adjustment for non-underlying P&L charge/credit

£46.4m of free cash was generated in the period, a similar amount to H1 FY25 with the stronger profit performance and a timing benefit on lease payments offset by a lower working capital inflow and higher tax payments as detailed below.

We have maintained capital expenditure at relatively low levels compared to long term average levels for the Group as we prioritised debt reduction, limiting growth investment to capital light, short payback growth projects. As our financial position improved, in H1 FY26 we invested in some additional growth opportunities including a new Sofology showroom in Carlisle and a mezzanine investment in DFS's Stockton showroom to expand the upholstery ranges on display and create dedicated space for our expanding 'Home' offer. We have continued to invest in data and technology to both enhance the customer experience across the buying journey and to improve the quality and efficiency of our supporting operations. We expect capital investment for the full year to be in a range of £24-28m.

Lower interest costs were incurred due to the lower average net bank debt levels through the period and to a lesser extent by a lower average cost of financing.

Corporation tax payments are higher year on year due to the benefit in H1 FY25 of recovering historical overpayments, and lease payments were £7.3m lower year on year reflecting a timing difference on the final rent payments in the period which will reverse in the second half.

Working capital inflows in the period totalled £17.7m. This inflow is driven by seasonal flows associated with the large volume of 'guaranteed for Christmas' orders. Following typical seasonal trends this inflow is expected to unwind by the year end. Working capital inflows were £11.2m higher in H1 FY25; this is primarily due to a large increase in the level of customer deposits held following the significant improvement in trading performance across that period.

Debt and debt facilities
The Group ended the period with £60.6m of net bank debt and bank leverage of 0.8x, this represents a significant improvement on H1 FY25 (where net bank debt was £116.7m and leverage of 1.6x). After adjusting for the phasing of working capital leverage is 1.0x, representing the top end of our target leverage range of 0.5x-1.0x.

At the half year reporting date of 28 December 2025 the period under which we temporarily operated with widened covenants concluded. Following the significant debt reduction over the last two years the Group's financial position has strengthened significantly. The banking covenants, which are tested half yearly revert to 3.0x maximum leverage[3] (net debt/EBITDA) and 1.5x minimum fixed charge cover[3] (both measured on an IAS 17 basis). Through the period we operated with significant headroom against each of these.

The Group has debt facilities available to provide sufficient liquidity and a solid foundation for the future. At the end of

The Group has debt facilities available to provide sufficient liquidity and a solid foundation for the future. At the end of the period the Group had in place £250m of debt facilities comprising a £200m unsecured revolving credit facility ('RCF') and £50m of US private placement notes. These facilities have a staggered maturity profile as follows: £250m is available until September 2027 reducing to £225m until September 2028, £200m until January 2029 and £25m until September 2030.

Return on capital employed
The Group's return on capital employed of 21.6% at the end of H1 FY26 has increased from 13.8% at the end of H1 FY25 and 16.3% at the end of FY25. This increase was driven by the Group's strengthened profit performance and reduced capital employed resulting from a lower tangible asset base reflecting lower levels of capital expenditure; and a lower right of use asset base linked to lower average remaining lease terms. We expect returns to continue growing over the medium term supported by our expectation of improved profitability.

Capital allocation and dividends
The Group's capital allocation priorities are for the Group to operate with net debt levels (excluding capitalised lease obligations) of between 0.5x-1.0x of trailing 12 month EBITDA; to invest to maintain the Group's asset base and support future growth and to provide sustainable shareholder returns.

The Group's financial position has significantly strengthened over the last eighteen months with debt reducing by £104.2m at FY24 to £60.6m at H1 FY26 and our leverage improving from 2.5x at FY24 to 1.0x (adjusting for working capital phasing) at H1 FY26, bringing leverage to the top end of our target range.

In light of this improved position and reiterated guidance for the full year, the Board has approved the payment of an interim dividend of 1.0 pence per share (total cost £2.3m). This dividend will be paid on 29 May 2026 to shareholders on the register on 17 April 2026.

In determining the appropriate size of the dividend, the Board took into account that demand drivers remain delicately balanced and that the Group is not immune to geo-political events and their potential impact on the macro environment. The Board believes that returning to the dividend register in a measured way is the right course of action to balance investment in growth, continue deleveraging towards the lower end of our target range and support sustainable shareholder returns.

MARIE WALL
Interim Chief Financial Officer
19 March 2026

[1] Prior year 10.1% growth reflects the first 25 weeks trading of the FY25 and FY24 periods in order to remove the distorting impact of a differing number of key winter sale trading days in week 26.

[2] Definitions and reconciliations of KPIs including Alternative Performance Measures ("APMs") are provided at the end of this statement in note 12 to the condensed consolidated interim financial statements.

[3] Bank leverage calculated as net debt divided by last 12 months IAS 17 EBITDA. Net debt is net bank debt plus a proportion of finance leased assets. Fixed charge cover is calculated as last 12 months EBITDARent divided by rent + interest.

[4] Proprietary banking data covering 14 specialist upholstery retailers

The Board continually reviews and monitors the risks and uncertainties which could have a material effect on the Group's results. The Group's risks, and the factors which mitigate them, are set out in more detail in the Principal risks and uncertainties section of the FY25 Annual Report and Accounts and remain relevant, but have evolved, in the current period.

Risk	**Impact**
Financial liquidity	Adequate access to liquidity is key to delivering the Group's strategy. The Group is reliant on the availability of adequate financing from banks and capital markets to meet its liquidity needs
Regulatory and compliance	We operate in an increasingly complex legal and regulatory environment and are governed by a wide range of laws, regulations, standards and guidance. A failure to consistently deliver against our legal and regulatory obligations or broader corporate responsibility commitment would undermine our reputation as a responsible retailer. This may result in sanctions and financial loss, and could negatively impact our ability to operate and remain trusted by our customers, colleagues, investors and other stakeholders. It is essential that as a Group we are aware and can fulfil all our obligations in the regions in which we operate.
Cyber security, IT infrastructure and Data	Our data and IT systems and infrastructure enable us to fulfil our obligations to customers and manage our operations. Ensuring we both protect our data, and utilise it effectively is necessary to deliver our strategy. If a critical system, our IT infrastructure or our business data was not available, regardless of the cause, it could impact our operations, result in a loss of sales as well as incur regulatory penalties and reputational damage.
Supplier and Manufacturing resilience	We are reliant on external suppliers, both in the UK and worldwide, to provide our finished products to customers or supply raw materials for our UK manufacturing sites. If that supply chain is affected by availability, labour shortages, transport details or failure of a key supplier, this could increase the costs to the business or impact our ability to fulfil customer orders.

	As we continue to develop and broaden our product range, failure to maintain adequate procedures and complete the appropriate due diligence and consistently deliver against our regulatory obligations would undermine our reputation as a responsible retailer.
Macro economic uncertainty	Volatility in global economic conditions, inflationary pressures, changes in interest rates, currency fluctuations, and ongoing geopolitical tensions may adversely impact market confidence, supply chains, customer demand, and overall business performance. Unpredictable policy responses, trade restrictions, or regional instability could further disrupt operations, increase costs, and affect strategic decision-making.
Environmental and sustainability	Failure to anticipate and respond to the environmental, regulatory, and climate impacts of our operations could fall short of stakeholder expectations, causing reputational and financial damage. Poor management of sustainability and climate risks may disrupt supply chains, limit access to key materials, and reduce revenue through production delays or rising costs. Over time, a lack of innovation and slow transition to circular business models could weaken competitiveness and long-term resilience.
People and culture	We aim to create an inclusive workplace with a positive contribution to the communities we serve as well as all our stakeholders, including our customers, colleagues, communities and suppliers, creating a 'great place to work'. We need to ensure we have the right skills for today and the future.
Brand, proposition and reputation	The reputation of, and value associated with, the Group's brands and product offering is central to the success of the business. Failure to maintain a well-designed, high quality product range that is priced attractively could compromise the success of the Group. Over time, a failure to meet the product design, the quality and a customer experience expected by our customers will have an adverse effect on the reputation of the Group.
Business transformation	The Group undertakes a number of significant investment or business change projects that are key to successfully executing its strategy. As the Group looks to make changes to the data, processes and IT systems, it is imperative that any risk of business interruption is managed. Failure to successfully implement these changes could mean the business fails to deliver its strategy.
Inbound and Outbound logistics	Our distribution operations are key to the running of our business and any factors that impact the ability to operate has a direct impact on our supply chain and our customers. This could be as a result of challenges to both inbound logistics from suppliers to our distribution centres as well as disruption to outbound deliveries to our customers.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK;
- the interim management report includes a fair review of the information required by:

  (a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

  (b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board

Tim Stacey
Chief Executive Officer

Marie Wall
Interim Chief Financial Officer

19 March 2026

Independent Review Report to DFS Furniture plc

Conclusion

We have been engaged by DFS Furniture plc ("the Company") to review the condensed set of financial statements in

the half-yearly financial report for the 26 weeks ended 28 December 2025 which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Balance Sheet, Condensed Consolidated Statement of Changes in Equity, Condensed Consolidated Cash Flow Statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26 weeks ended 28 December 2025 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity ("ISRE (UK) 2410") issued for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention that causes us to believe that the directors have inappropriately adopted the going concern basis of accounting, or that the directors have identified material uncertainties relating to going concern that have not been appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the Group to cease to continue as a going concern, and the above conclusions are not a guarantee that the Group will continue in operation.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with UK-adopted international accounting standards.

The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted for use in the UK.

In preparing the condensed set of financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion section of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Matthew Radwell
for and on behalf of KPMG LLP
Chartered Accountants
20 Station Road
Cambridge
CB1 2JD
United Kingdom

19 March 2026

Unaudited condensed consolidated income statement

		26 weeks to 28 December 2025			26 weeks to 29 December 202		
	Note	**Underlying £m**	**Non-underlying £m**	**Total £m**	Underlying £m	Non-underlying £m	
Gross sales[1]	*3*	**734.5**	-	**734.5**	675.6	-	6
Revenue	*3*	**547.7**	**-**	**547.7**	504.5	-	5

	Note	26 weeks to 28 December 2025 Underlying £m	Non-underlying £m	Total £m	26 weeks to 29 December 20 Underlying £m	Non-underlying £m	
Cost of sales		(231.4)	-	(231.4)	(218.2)	-	(2
Gross profit		316.8	-	316.8	296.8	-	2
Selling and distribution costs		(186.7)	-	(186.7)	(170.8)	-	(17
Administrative expenses		(39.2)	0.1	(39.1)	(34.6)	(0.5)	(3
Operating profit before depreciation, amortisation and impairment	3	90.4	0.1	90.5	80.9	(0.5)	8
Depreciation		(36.9)	-	(36.9)	(37.9)	-	(3
Amortisation		(0.7)	-	(0.7)	(0.4)	-	
Impairment		-	-	-	-	-	(2
Operating profit/(loss)	4	52.8	0.1	52.9	42.6	(0.5)	4
Finance income		0.2	-	0.2	0.3	-	
Finance expenses	5	(22.8)	-	(22.8)	(26.6)	-	(2
Profit/(loss) before tax		30.2	0.1	30.3	16.3	(0.5)	1
Taxation	6	(7.6)	-	(7.6)	(4.1)	0.4	
Profit/(loss) for the period		22.6	0.1	22.7	12.2	(0.4)	1
Earnings per share							
Basic	7	9.8p	-	9.8p	5.3p	(0.2)p	
Diluted	7	9.6p	-	9.6p	5.3p	(0.2)p	

1. Refer to note 12 for APM definitions.

Unaudited condensed consolidated statement of comprehensive income

	26 weeks 28 Decemb 20 £
Profit for the period	22
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	2
Net change in fair value of cash flow hedges reclassified to profit or loss recognised in cost of sales	2
Income tax on items that are or may be reclassified subsequently to profit or loss	(1.
Other comprehensive income/(expense) for the period, net of income tax	3
Total comprehensive income for the period	26

Unaudited condensed consolidated balance sheet

	Note	28 December 2025 £m	29 December 2024 £m	29 June 2025 £m
Non-current assets				
Property, plant and equipment	9	73.4	79.7	75.2
Right of use assets	9	265.0	296.3	276.9
Intangible assets	9	529.6	531.5	531.2
Other financial assets		-	0.2	-
Deferred tax assets		9.5	10.0	11.6
		877.5	917.7	894.9
Current assets				
Inventories		55.2	59.1	56.6
Other financial assets		0.3	2.2	-
Trade and other receivables		13.3	12.3	15.8
Current tax assets		-	0.1	2.4
Cash and cash equivalents (excluding bank overdrafts)		20.5	22.4	13.9
		89.3	96.1	88.7
Total assets		966.8	1,013.8	983.6
Current liabilities				
Bank overdraft		(6.1)	(12.1)	(13.9)
Trade payables and other liabilities		(245.8)	(239.4)	(231.8)
Lease liabilities		(66.9)	(86.2)	(64.2)
Provisions	10	(10.7)	(11.7)	(13.0)
Current tax liabilities		(0.1)	-	-
Other financial liabilities		(2.6)	(0.2)	(8.1)

		(332.2)	(349.6)	(331.0)
Non-current liabilities				
Interest bearing loans and borrowings		**(73.6)**	(125.7)	(105.3)
Lease liabilities		**(274.0)**	(291.2)	(288.7)
Provisions	*10*	**(8.1)**	(2.8)	(6.1)
Other financial liabilities		**(0.3)**	-	(0.3)
		(356.0)	(419.7)	(400.4)
Total liabilities		**(688.2)**	(769.3)	(731.4)
Net assets		**278.6**	244.5	252.2
Equity attributable to owners of the Company				
Share capital		**23.6**	23.6	23.6
Share premium		**40.4**	40.4	40.4
Merger reserve		**18.6**	18.6	18.6
Capital redemption reserve		**360.1**	360.1	360.1
Treasury shares		**-**	(2.9)	(2.9)
Employee Benefit Trust shares		**(8.0)**	(5.3)	(5.2)
Cash flow hedging reserve		**(2.2)**	2.2	(7.2)
Retained earnings		**(153.9)**	(192.2)	(175.2)
Total equity		**278.6**	244.5	252.2

Unaudited condensed 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**	**Ca h r**
Balance at 30 June 2024	23.6	40.4	18.6	360.1	(2.9)	(5.9)	
Profit for the period	-	-	-	-	-	-	
Other comprehensive income/(expense)	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	-	-	
Employee benefit trust shares issued	-	-	-	-	-	0.6	
Share based payments	-	-	-	-	-	-	
Balance at 29 December 2024	**23.6**	**40.4**	**18.6**	**360.1**	**(2.9)**	**(5.3)**	
Balance at 29 June 2025	23.6	40.4	18.6	360.1	(2.9)	(5.2)	
Profit for the period	-	-	-	-	-	-	
Other comprehensive income/(expense)	-	-	-	-	-	-	
Total comprehensive income for the period	-	-	-	-	-	-	
Purchase of shares by Employee Benefit Trust	-	-	-	-	-	(0.4)	
Employee Benefit Trust shares issued	-	-	-	-	-	0.5	
Transfer of treasury shares to Employee Benefit Trust	-	-	-	-	2.9	(2.9)	
Settlement of share based payments	-	-	-	-	-	-	
Share based payments	-	-	-	-	-	-	
Balance at 28 December 2025	**23.6**	**40.4**	**18.6**	**360.1**	**-**	**(8.0)**	

Unaudited condensed consolidated cash flow statement

	26 weeks to 28 December 2025 £m	26 weeks to 29 December 2024 £m	52 weeks to 29 June 2025 £m
Profit for the period	**22.7**	11.8	24.2
Adjustments for:			
Income tax expense	**7.6**	4.0	8.7
Finance income	**(0.2)**	(0.3)	(0.4)
Finance expenses	**16.9**	20.6	38.6
Depreciation of property, plant and equipment	**8.2**	9.3	17.2
Depreciation of right of use assets	**28.7**	28.6	54.0

Amortisation of intangible assets	**6.6**	6.4	13.0
Impairment of assets	**-**	-	1.3
Loss/(gain) on sale of property, plant and equipment	**0.2**	(0.3)	0.3
Loss/(gain) on disposal of right of use assets	**-**	0.1	(0.8)
Settlement of share based payments	**(1.0)**	-	-
Share based payment expense	**1.5**	1.3	2.8
Foreign exchange impact on cash flow hedges	**(0.8)**	(0.1)	1.1
Decrease/(increase) in trade and other receivables	**2.5**	(0.3)	(3.8)
Decrease/(increase) in inventories	**1.4**	(0.1)	2.4
Increase in trade and other payables	**14.1**	30.1	22.5
(Decrease)/increase in provisions	**(0.3)**	(0.8)	3.8
Net cash from operating activities before tax	**108.1**	110.3	184.9
Tax (paid)/received	**(4.3)**	1.9	(3.7)
Net cash from operating activities	**103.8**	112.2	181.2
Investing activities			
Proceeds from sale of property, plant and equipment	**0.6**	0.4	0.2
Interest received	**0.2**	0.3	0.4
Acquisition of property, plant and equipment	**(7.3)**	(5.4)	(9.0)
Acquisition of property, plant and equipment - right of use assets	**(0.8)**	-	(0.6)
Acquisition of other intangible assets	**(5.0)**	(5.0)	(11.3)
Net cash used in investing activities	**(12.3)**	(9.7)	(20.3)
Financing activities			
Interest paid	**(5.4)**	(7.8)	(14.4)
Interest paid on lease liabilities	**(11.4)**	(12.5)	(24.2)
Payment of lease liabilities	**(27.9)**	(34.1)	(64.5)
Purchase of shares by Employee Benefit Trust	**(0.4)**	-	-
Net repayment of senior revolving credit facility	**(32.0)**	(62.0)	(82.0)
Net cash used in financing activities	**(77.1)**	(116.4)	(185.1)
Net increase/(decrease) in cash and cash equivalents	**14.4**	(13.9)	(24.2)
Cash and cash equivalents at beginning of period	**-**	24.2	24.2
Cash and cash equivalents (including bank overdraft) at end of period	**14.4**	10.3	-

1. Basis of preparation

These unaudited condensed consolidated interim financial statements for DFS Furniture plc ("the Company") and its subsidiaries (together, "the Group") were approved for release on 19 March 2026.

The condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted for use in the UK, and comprise the results for the 26 weeks ended 28 December 2025, the 26 weeks ended 29 December 2024, and the 52 weeks ended 29 June 2025.

The condensed consolidated interim financial statements do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the condensed consolidated interim financial statements have been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the 52 weeks ended 29 June 2025 which were prepared in accordance with UK-adopted international accounting standards ('UK-adopted IFRS').

The statutory accounts for the 52 weeks ended 29 June 2025 have been reported on by the Company's auditor and delivered to the Registrar of Companies. The auditor's report for those accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006. The auditor's review report for the 26 weeks ended 28 December 2025 is attached.

Going concern

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

The Group's existing debt facilities are available as follows: £250m to September 2027, £225m to September 2028, £200m to January 2029 and £25m to September 2030.

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.

At 17 March 2026, the last practicable date prior to approval of the interim financial statements, £166.0m of the revolving credit facility remained undrawn, in addition to cash in hand, at bank of £3.9m.

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 condensed consolidated interim financial statements (the 'going concern assessment period'), which indicate that the Group will be in compliance with these covenants. These forecasts include a number of assumptions in relation to: market size and the Group's order intake volumes; 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, 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 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 condensed consolidated interim financial statements. Accordingly, the condensed consolidated interim financial statements are prepared on a going concern basis.

2. Principal accounting policies

As required by the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority, the accounting policies adopted in preparing the condensed consolidated interim financial statements are consistent with the policies in the Group's financial statements for the 52 weeks ended 29 June 2025. These are consistent with UK-adopted international accounting standards. There are no new standards, amendments to existing standards or interpretations that are effective for the first time in the period ended 28 December 2025 that have a material impact on the Group's results.

3. 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 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 branded stores and websites.

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

Other: the manufacture of upholstered furniture and the supply of contract logistics.

3. Segmental analysis (*continued*)

Segment revenue

	External gross sales			**Internal sales**			**Total gross sales**		
	26 weeks to 28 December 2025 £m	26 weeks to 29 December 2024 £m	52 weeks to 29 June 2025 £m	**26 weeks to 28 December 2025 £m**	26 weeks to 29 December 2024 £m	52 weeks to 29 June 2025 £m	**26 weeks to 28 December 2025 £m**	26 weeks to 29 December 2024 £m	52 weeks to 29 June 2025 £m
DFS	**573.1**	523.1	1,091.3	**-**	-	-	**573.1**	523.1	1,091.3
Sofology	**161.2**	152.5	297.0	**-**	-	-	**161.2**	152.5	297.0
Other segments	**0.2**	-	-	**98.6**	98.2	195.5	**98.8**	98.2	195.5
Eliminations	**-**	-	-	**(98.6)**	(98.2)	(195.5)	**(98.6)**	(98.2)	(195.5)
Gross sales	**734.5**	675.6	1,388.3	**-**	-	-	**734.5**	675.6	1,388.3

	26 weeks to 28 December 2025 £m	26 weeks to 29 December 2024 £m	52 weeks to 29 June 2025 £m
Total segments gross sales	**734.5**	675.6	1,388.3
Value added and other sales taxes	**(120.0)**	(106.8)	(222.5)
Interest free credit subsidy	**(52.6)**	(51.9)	(108.8)
Cost of aftercare products	**(14.2)**	(12.4)	(26.7)
Revenue	**547.7**	504.5	1,030.3
Of which:			
Furniture sales	**521.6**	477.8	977.5
Commission on sales of aftercare products	**26.1**	26.7	52.8
Revenue	**547.7**	504.5	1,030.3

Segment profit

26 weeks to 28 December 2025	**DFS**	**Sofology**	**Other**	**Eliminations**	**Total**

	£m	£m	£m	£m	£m
Revenue	**424.5**	**123.0**	**98.8**	**(98.6)**	**547.7**
Cost of sales	**(195.2)**	**(53.2)**	**(25.7)**	**42.7**	**(231.4)**
Gross profit	**229.3**	**69.8**	**73.1**	**(55.9)**	**316.3**
Selling and distribution costs (excluding property costs)	**(118.3)**	**(36.3)**	**(58.8)**	**41.7**	**(171.7)**
Brand contribution (segment profit)	**111.0**	**33.5**	**14.3**	**(14.2)**	**144.6**
Property costs					**(15.0)**
Underlying administrative expenses					**(39.2)**
Underlying EBITDA					**90.4**

26 weeks to 29 December 2024	DFS	Sofology	Other	Eliminations	Total
	£m	£m	£m	£m	£m
Revenue	389.8	114.7	98.2	(98.2)	504.5
Cost of sales	(184.4)	(49.5)	(25.9)	41.6	(218.2)
Gross profit	205.4	65.2	72.3	(56.6)	286.3
Selling and distribution costs (excluding property costs)	(113.9)	(29.1)	(54.5)	41.9	(155.6)
Brand contribution (segment profit)	91.5	36.1	17.8	(14.7)	130.7
Property costs					(15.2)
Underlying administrative expenses					(34.6)
Underlying EBITDA					80.9

3. Segmental analysis *(continued)*

52 weeks to 29 June 2025	DFS	Sofology	Other	Eliminations	Total
	£m	£m	£m	£m	£m
Revenue	804.6	225.7	195.5	(195.5)	1,030.3
Cost of sales	(383.1)	(98.1)	(48.5)	81.1	(448.6)
Gross profit	421.5	127.6	147.0	(114.4)	581.7
Selling and distribution costs (excluding property costs)	(234.8)	(62.0)	(109.8)	84.6	(322.0)
Brand contribution (segment profit)	186.7	65.6	37.2	(29.8)	259.7
Property costs					(31.2)
Underlying administrative expenses					(71.3)
Underlying EBITDA					157.2

	26 weeks to 28 December 2025 £m	26 weeks to 29 December 2024 £m	52 weeks to 29 June 2025 £m
Underlying EBITDA	**90.4**	80.9	157.2
Non-underlying administrative expenses	**0.1**	(0.5)	(0.6)
Depreciation, amortisation & impairment	**(43.5)**	(44.3)	(85.5)
Operating profit	**47.0**	36.1	71.1
Net finance expense	**(16.7)**	(20.3)	(38.2)
Profit before tax	**30.3**	15.8	32.9

4. Operating profit

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

	26 weeks to 28 December 2025 £m	26 weeks to 29 December 2024 £m	52 weeks to 29 June 2025 £m
Net foreign exchange losses/(gains)	**1.1**	0.2	(1.6)
Depreciation on tangible assets (including depreciation on right of use assets)	**36.9**	37.9	71.2
Amortisation of intangible assets	**6.6**	6.4	13.0
Impairments	**-**	-	1.3
Net loss/(gain) on disposal of property, plant and equipment	**0.2**	(0.3)	0.3
Net loss/(gain) on disposal of right of use assets	**-**	0.1	(0.8)
Cost of inventories recognised as an expense	**235.2**	219.9	456.4
Release of provisions (note 10)	**(0.5)**	-	(0.5)
Non-underlying items:			
Restructuring costs	**-**	0.7	0.7
Land slippage costs	**-**	-	0.5
Release of lease guarantee provision (note 10)	**(0.1)**	(0.2)	(0.6)
Fair value lease adjustment	**-**	-	(4.7)
	(0.1)	0.5	(4.1)

The release of the lease guarantee provision relates to potential obligations under lease guarantees offered to former subsidiary companies, the majority of which expire in FY26.

Restructuring costs included redundancy costs associated with further integrating Sofology into the Group. Land slippage costs related to costs of remediation works required at one of our manufacturing sites. The fair

Land slippage costs related to costs of remediation works required at one of our manufacturing sites. The fair value lease adjustment arose from the release of acquisition-related fair value lease adjustments relating to properties where the rent had since been renegotiated and therefore represented a market rate. It related to negotiations that had taken place in previous periods, and should have been recorded at the time of the negotiation, but as it was not material to individual previously reported periods it was corrected in the year ended 29 June 2025.

5. Finance expense

	26 weeks to 28 December 2025 £m	26 weeks to 29 December 2024 £m	52 weeks to 29 June 2025 £m
Interest payable on senior revolving credit facility	**2.6**	5.4	8.7
Interest payable on private placement debt	**2.1**	2.1	4.3
Bank fees	**0.8**	0.6	1.4
Interest on lease liabilities	**11.4**	12.5	24.2
Total finance expense	**16.9**	20.6	38.6

6. Taxation

The tax charge recognised in the interim financial statements has been calculated on the basis of the expected effective tax rate for the 52 weeks to 28 June 2026 of 25.0% (52 weeks to 29 June 2025: 25.0%).

7. Earnings per share

	26 weeks to 28 December 2025 pence	26 weeks to 29 December 2024 pence	52 weeks to 29 June 2025 pence
Basic earnings per share	**9.8**	5.1	10.5
Diluted earnings per share	**9.6**	5.1	10.3

	26 weeks to 28 December 2025 £m	26 weeks to 29 December 2024 £m	52 weeks to 29 June 2025 £m
Profit attributable to equity holders of the parent company	**22.7**	11.8	24.2

	26 weeks to 28 December 2025 No.	26 weeks to 29 December 2024 No.	52 weeks to 29 June 2025 No.
Weighted average number of shares for basic earnings per share	**231,187,820**	230,840,654	230,954,285
Dilutive effect of employee share based payment awards	**4,864,776**	1,124,397	4,018,845
Weighted average number of shares for diluted earnings per share	**236,052,596**	231,965,051	234,973,130

7. 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 same weighted average numbers of ordinary shares above used for basic and diluted earnings per share respectively.

	26 weeks to 28 December 2025 £m	26 weeks to 29 December 2024 £m	52 weeks to 29 June 2025 £m
Profit attributable to equity holders of the parent company	**22.7**	11.8	24.2
Non-underlying items after tax	**(0.1)**	0.4	(3.1)
Underlying profit attributable to equity holders of the parent company	**22.6**	12.2	21.1

	26 weeks to 28 December 2025 pence	26 weeks to 29 December 2024 pence	52 weeks to 29 June 2025 pence
Underlying basic earnings per share	**9.8**	5.3	9.2
Underlying diluted earnings per share	**9.6**	5.3	9.0

8. Dividends

No dividends were recognised or paid during the current period or during the previous reporting periods.

The directors have declared an interim dividend for the period ending 28 December 2025 of 1.0p per ordinary share to be paid on 29 May 2026. DFS Furniture plc shares will trade ex-dividend from 16 April 2026 and the record date will be 17 April 2026.

9. Capital asset movements

	Property, plant and equipment £m	Right of use asset £m	Intangible assets £m
Net book value as at 29 June 2025	75.2	276.9	531.2
Additions	7.3	6.3	5.0
Remeasurements	-	10.9	-
Disposals	(0.9)	(0.4)	-
Depreciation, amortisation and impairment	(8.2)	(28.7)	(6.6)
Net book value as at 28 December 2025	73.4	265.0	529.6

	Property, plant and equipment £m	Right of use asset £m	Intangible assets £m
Net book value as at 30 June 2024	83.8	315.0	532.9
Additions	5.4	4.1	5.0
Remeasurements	-	5.9	-
Disposals	(0.2)	(0.1)	-
Depreciation, amortisation and impairment	(9.3)	(28.6)	(6.4)
Net book value as at 29 December 2024	79.7	296.3	531.5

In accordance with IAS 36, the Directors have considered both internal and external factors for indicators of impairment at 28 December 2025. No such indicators were identified.

10. Provisions

	Guarantee provision £m	Property provisions £m	Other provisions £m	Total £m
Balance at 29 June 2025	**8.3**	**8.5**	**2.3**	**19.1**
Provisions made during the period	**2.0**	**1.5**	**0.8**	**4.3**
Provisions used during the period	**(2.0)**	**(1.0)**	**(1.0)**	**(4.0)**
Released during the period	**-**	**(0.6)**	**-**	**(0.6)**
Balance at 28 December 2025	**8.3**	**8.4**	**2.1**	**18.8**
Current	**7.0**	**1.8**	**1.9**	**10.7**
Non-current	**1.3**	**6.6**	**0.2**	**8.1**
	8.3	**8.4**	**2.1**	**18.8**

	Guarantee provision £m	Property provisions £m	Other provisions £m	Total £m
Balance at 30 June 2024	6.9	7.5	0.9	15.3
Provisions made during the period	1.2	0.6	0.1	1.9
Provisions used during the period	(1.7)	(0.7)	(0.1)	(2.5)
Released during the period	-	(0.2)	-	(0.2)
Balance at 29 December 2024	6.4	7.2	0.9	14.5
Current	5.4	5.7	0.6	11.7
Non-current	1.0	1.5	0.3	2.8
	6.4	7.2	0.9	14.5

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. An expectation of future claims under the warranty is made, based on past experience of the proportion of items where a claim has been made, and the expected average cost per claim. 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 £0.6m. 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 FY26, wear and tear costs for Group properties based on anticipated lease expiries and renewals and experience of costs incurred in relation to similar properties, 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. Uncertainties exist in relation to the timing and value of the rectification costs for the land slippage. In calculating the provision management has assumed that the costs will be as per the best estimate available from external sources.

Other provisions relate to payment of future refunds to customers, other regulatory costs and insurance provisions.

11. Net debt

	29 June 2025 £m	Cash flow £m	Other non-cash changes £m	28 December 2025 £m
Cash in hand, at bank	**13.9**	**6.6**	**-**	**20.5**
Bank overdraft	**(13.9)**	**7.8**	**-**	**(6.1)**
Cash and cash equivalents (including bank overdraft)	**-**	**14.4**	**-**	**14.4**
Senior revolving credit facility	**(55.3)**	**32.0**	**(0.3)**	**(23.6)**
Private placement debt	**(50.0)**	**-**	**-**	**(50.0)**
Lease liabilities	**(352.9)**	**39.3**	**(27.3)**	**(340.9)**
Total net debt	**(458.2)**	**85.7**	**(27.6)**	**(400.1)**

	30 June 2024 £m	Cash flow £m	Other non-cash changes £m	29 December 2024 £m
Cash in hand, at bank	26.8	(4.4)	-	22.4
Bank overdraft	(2.6)	(9.5)	-	(12.1)
Cash and cash equivalents (including bank overdraft)	24.2	(13.9)	-	10.3
Senior revolving credit facility	(137.4)	62.0	(0.3)	(75.7)
Private placement debt	(50.0)	-	-	(50.0)
Lease liabilities	(401.7)	46.6	(22.3)	(377.4)
Total net debt	(564.9)	94.7	(22.6)	(492.8)

12. 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 accounting standards ("UK-adopted IFRS").

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 glossary and definitions

APM	Definition	Rationale
Gross sales	Amounts payable by external customers for goods and services supplied by the Group, inclusive of VAT and other sales taxes and prior to any adjustments for interest free credit fees or aftercare product costs. See note 2 for a reconciliation from gross sales to revenue.	Key measure of overall sales performance which unlike IFRS revenue is not affected by 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, adjusted to exclude impairments and non-underlying items.	Profit measure reflecting underlying trading performance.

12. Alternative performance measures (*continued*)

Underlying profit before tax and brand amortisation uPBT(A)	Profit before tax 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 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.
Free cash flow	The movement in cash and cash equivalents (including bank overdrafts), excluding the impact of drawdowns/repayments of financing arrangements and dividends paid.	Measure of the cash return generated in the period and a key financial target for Executive Director remuneration.
Leverage (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, 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.
LTM Dec-24	Last twelve months/53 weeks ended 29 December 2024 (unaudited, pro forma period).	Certain KPIs (e.g. Leverage) are only meaningful when assessed on a full year basis.
LTM Dec-25	Last twelve months/52 weeks ended 28 December 2025 (unaudited, pro forma period).	Certain KPIs (e.g. Leverage) are only meaningful when assessed on a full year basis.

12. Alternative performance measures (*continued*)

Reconciliations to IFRS measures

Adjusted EBITDA	**H1 FY26 £m**	**H1 FY25 £m**	**FY25 £m**
Operating profit	47.0	36.1	71.1
Depreciation	36.9	37.9	71.2
Amortisation	6.6	6.4	13.0
Impairments	-	-	1.3
Adjusted EBITDA	90.5	80.4	156.6

Underlying EBITDA	**H1 FY26 £m**	**H1 FY25 £m**	**FY25 £m**
Adjusted EBITDA	90.5	80.4	156.6
Non-underlying operating items	(0.1)	0.5	0.6
Underlying EBITDA	90.4	80.9	157.2

Underlying profit before tax and brand amortisation - uPBT(A)	**H1 FY26 £m**	**H1 FY25 £m**	**FY25 £m**
Profit before tax	30.3	15.8	32.9
Non-underlying items	(0.1)	0.5	(4.1)
Amortisation of brand names	0.7	0.7	1.4
Underlying profit before tax and brand amortisation	30.9	17.0	30.2

Net bank debt	H1 FY26 £m	H1 FY25 £m	FY25 £m
Interest bearing loans and borrowings	73.6	125.7	105.3
Unamortised issue costs	1.4	1.3	1.7
Cash and cash equivalents (including bank overdraft)	(14.4)	(10.3)	-
Net bank debt	60.6	116.7	107.0

Movement in net bank debt	H1 FY26 £m	H1 FY25 £m	FY25 £m
Closing net bank debt	(60.6)	(116.7)	(107.0)
Less: Opening net bank debt	107.0	164.8	164.8
Movement in net bank debt	46.4	48.1	57.8

Free cash flow	H1 FY26 £m	H1 FY25 £m	FY25 £m
Net increase/(decrease) in cash and cash equivalents	14.4	(13.9)	(24.2)
Net repayment of senior revolving credit facility	32.0	62.0	82.0
Free cash flow	46.4	48.1	57.8

12. Alternative performance measures (*continued*)

Leverage	LTM Dec-25 £m	LTM Dec-24 £m	FY25 £m
Net bank debt (A)	60.6	116.7	107.0
Net cash from operating activities before tax	182.7	156.1	184.9
Add back:			
Pre-tax non-underlying items	(4.7)	4.2	(4.1)
Less:			
Movement in trade and other receivables	1.0	1.8	3.8
Movement in inventories	(3.9)	7.0	(2.4)
Movement in trade and other payables	(6.5)	(14.0)	(22.5)
Movement in provisions	(4.3)	(1.2)	(3.8)
Payment of lease liabilities	(58.3)	(70.6)	(64.5)
Payment of interest on leases	(23.1)	(24.9)	(24.2)
Cash EBITDA (B)	82.9	58.4	67.2
Leverage (A/B)	0.7x	2.0x	1.6x
IAS 17 bank covenant difference	0.1x	(0.4x)	(0.2x)
Bank leverage	0.8x	1.6x	1.4x

LTM Dec-24 cash EBITDA is materially different from bank covenant IAS 17-based EBITDA due to timing of rent payments included within payment of lease liabilities and interest on leases.

Underlying return on capital employed	LTM Dec-25 £m	LTM Dec-24 £m	FY25 £m
Operating profit	82.0	54.6	71.1
Non-underlying operating items	(4.7)	4.2	(4.1)
Pre-tax return	77.3	58.8	67.0
Effective tax rate	*26.2%*	*28.0%*	*26.7%*
Tax adjusted return (A)	57.0	42.3	49.1
Property, plant and equipment	73.4	79.7	75.2
ROU assets	265.0	296.3	276.9
Computer software	18.4	18.9	19.3
	356.8	394.9	371.4
Inventories	55.2	59.1	56.6
Trade receivables	7.6	7.0	10.5
Prepayments	4.1	4.6	4.7
Accrued income	0.1	0.2	0.2
Other receivables	1.5	0.5	0.4
Payments received on account	(48.1)	(48.6)	(50.4)
Trade payables	(113.0)	(110.8)	(91.6)
Working capital	(92.6)	(88.0)	(69.6)
Total capital employed (B)	264.2	306.9	301.8
Underlying ROCE (A/B)	21.6%	13.8%	16.3%

This interim report, 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 interim 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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