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DFS Furniture PLC
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Immediate release

DFS Furniture plc ("DFS" and the "Group")

FY26 Full Year Trading Update

Delivered upgraded profit guidance, despite softer market conditions in H2

Strong progress made against our customer and colleague initiatives

DFS Furniture plc, the market leading retailer of upholstered furniture in the United Kingdom, today issues the following trading update for the 52 week year ending 28 June 2026 ("FY26").

Financial and strategic progress summary:

- Full year PBTu(A)[1] expected to be around £45m, within our previously upgraded guidance of £43-50m and up around +£15m year on year despite weaker market demand in H2.
- Profit performance underpinned by 2.7% revenue growth, gross margin expansion and continued cost discipline.
- Robust free cash flow generation resulted in a reduction in net bank debt to c£69m at 28 June (from £107m in FY25) with leverage[2] reducing to 0.9x (FY25 1.4x).
- Continued investment in innovation across our platforms and people has achieved record customer net promoter scores (up +7% YoY[3]) and sustained strong colleague engagement (up +19% YoY).
- Business well positioned to achieve medium-term ambitions.

Market backdrop:

- Following signs of some market recovery in H1 there was a notable softening in market demand[4] in H2. This was driven by a decline in consumer confidence and housing transactions, in part related to the Iran War.
- This softening is reflected with Group H1 order intake of +2.3% YoY reducing to -4.4% YoY in H2. Full year order intake of -1.0% was broadly in line with the market[4]. On a Yo2Y[5] basis growth was +9.1% reflecting significant market share gains in FY25.
- Our position as the clear market leader, combined with the decisive cost actions over the past three years and the strengthening of our balance sheet has improved the business's resilience and we remain positive about the medium-term ambitions of the Group.

The Group will announce its full year results for the period ending 28 June 2026 on 24 September 2026.

Comment from Tim Stacey, Group Chief Executive
"I would like to express my gratitude to all our talented and dedicated colleagues, whose continued commitment strengthens the DFS Group and ensures outstanding products and services for our customers."

"Through the year we have made important strategic progress across the business while also delivering a strong financial performance. We have navigated the complex and changing market environment focusing on our customer propositions combined with disciplined cost management ensuring that we delivered our upgraded profit expectations despite the market softening in the second half.

"Importantly, a strong profit performance and capital rigour has enabled us to further reduce our net bank debt and improve our leverage position, providing the Group with a solid financial foundation to navigate any further market volatility.

"We remain firmly committed to our medium term ambitions of £1.4bn revenue and an 8% PBT margin, and I am confident that our strategy will drive strong shareholder returns as market conditions improve."

[1] *PBTu(A): Underlying profit before tax and brand amortisation*

[2] *Banking covenant IAS17 leverage definition*

[3] *DFS established customer NPS*

[4] *Proprietary banking data covering 13 specialist upholstery retailers*

[5] *Year on two year order intake growth calculated using weeks 2-53 of the 53 week FY24 accounting period*

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About DFS Furniture plc

The Group is the clear market-leading retailer of upholstered furniture in the United Kingdom. Driven by our purpose of furnishing better lives, together, we help customers create spaces they love to live in. We operate an integrated physical and digital retail network of living room furniture showrooms and web sites in the United Kingdom and Republic of Ireland, trading through our leading retail 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".

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